



General Manager's Recommended Biennial Operating and Capital Budget

Fiscal Years 2023 and 2024



OLIVENHAIN MUNICIPAL WATER DISTRICT, ENCINITAS, CALIFORNIA



General Manager's Recommended
Biennial Operating and Capital Budget
Fiscal Years 2023 and 2024

C O V E R



"Water Behind the Grass"
Submitted by Daniel Humphrey
2019 Elfin Forest Recreational Reserve Photo Contest
Water Scenery 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: Alfred Smith, Robert F. Topolovac, Kristie Bruce-Lane, Lawrence A. Watt, Christy Guerin, Kimberly A. Thorner, Neal Meyers

Board of Directors

Lawrence A. Watt, President

Kristie Bruce-Lane, Vice President

Christy Guerin, Treasurer

Robert F. Topolovac, Secretary

Neal Meyers, 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. 2022-16

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OLIVENHAIN MUNICIPAL WATER DISTRICT APPROVING THE
OPERATIONS, MAINTENANCE, AND CAPITAL
IMPROVEMENT BUDGET FOR FISCAL YEARS 2023 AND 2024

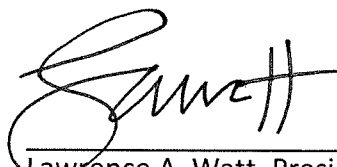
WHEREAS, the Board of Directors has reviewed and considered the General Manager's Recommended Operating and Capital Budget Fiscal Years 2023 and 2024 as presented, hereinafter referred to as the "Budget;" and

WHEREAS, the Budget provides a comprehensive plan of financial operations for the District including an estimate of revenues and the anticipated requirements for expenditures, appropriations, and reserves for fiscal year ending June 30, 2023 and for fiscal year ending June 30, 2024; and

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

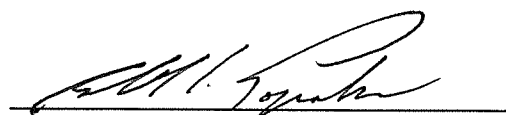
NOW THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED by the Board of Directors of the Olivenhain Municipal Water District that the Budget, and each and every part thereof, is hereby approved and adopted for fiscal years 2023 and 2024.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 22, 2022.



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

ATTEST:



Robert F. Topolovac, Secretary
Board of Directors
Olivenhain Municipal Water District

Board of Directors

Lawrence A. Watt, President
Kristie Bruce-Lane, Vice President
Christy Guerin, Treasurer
Robert F. Topolovac, Secretary
Neal Meyers, 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 2023 and 2024 (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 sewer collection and treatment services in a cost-effective and environmentally responsive manner.

Since the onset of the COVID-19 pandemic, the District is realizing the full extent of the impact the pandemic has had on its projects, plans, and budgets. Among the many budget challenges faced, the District must maintain compliance with federal and state requirements.

The General Manager's Recommended Biennial Operating and Capital Budget for fiscal years 2023 and 2024 includes the impact of rising costs from the pandemic, high inflation, global supply chain issues, impacts from the Russia-Ukraine War, and additional mandates required by the State to address California's persistent drought conditions. This Budget document is a reflection of the District's commitment to long-term financial stability, exceptional customer service, and reliable potable and recycled water supply and sewer collection and treatment services. These are achieved through continued replacement of aging infrastructure and maintenance of capital facilities in order to serve our ratepayers while complying with federal and state regulations.

Challenges and Risks

COVID-19 and related government mitigation measures have impacted the operating and financial condition of many local agencies throughout San Diego County, including the District. The District has experienced a delay in collection of its water service revenues since the Governor put a moratorium on water service disconnections for delinquent water accounts to ensure water services will continue under any circumstance as water is critical for everyone (Governor's Executive Order N-28-20 issued on March 16, 2020). Several strategies such as assessing more liens on properties for non-payment of water services, offering payment arrangements to help ratepayers, conducting more aggressive collection efforts, and utilizing available reserves to cover temporary delays in collection of revenues were implemented to mitigate the potential impact of the Governor's Executive Order on the District's finances. Fortunately, the Governor's Executive Order was lifted in early 2022 allowing the District to resume business as usual in its efforts to collect delinquent water accounts. Due to its



mitigation measures, the District's financial position has not been significantly impacted by the Governor's mandate to date.

As COVID-19 cases became under-control and restrictions began to ease, labor shortages, supply chain disruptions, and oil prices have accelerated the U.S inflation rate. The current inflation adjustment hovering around 8% combined with labor shortages and a year-to-year increase in Engineering News Record Construction Cost Index of 8.9% compared to the first quarter of 2021 have created an impact to the District's Budget. Several bids received for projects included in the District's Capital Improvement Program have been higher than the District's engineering estimates. The District has pushed out its non-critical projects to help mitigate the fiscal impact of rising costs. Uncertainties of the current economic environment will continue to create pressures on the District's Budget until economic uncertainties are under control.

California Drought

California entered into its third consecutive dry year in 2022 following Governor Gavin Newsom extending a State of Emergency to the entire state on October 19, 2021. The State Water Project allocation for 2022 was reduced to just 5% of requested supplies and a continued dry weather forecast has state officials considering implementing mandatory conservation measures.

As a result, several assembly and senate bills such as AB 1668, SB 606, and SB 1157 have been introduced to limit indoor water use to 42 gallons by 2030 followed by Governor Newsom's Executive Order N-7-22. The Executive Order requires the District to submit an Annual Water Supply and Demand Assessment to determine if a shortage exists and to potentially determine if a mandatory conservation requirement is necessary. Mandatory cutbacks to water use will have direct impacts on the revenue projections for the District, such that imposing water shortage rates to maintain revenue neutrality may be required in the near term.

The District addressed revenue neutrality of a prolonged drought through the implementation of its revenue policy whereby the District can collect up to 30% of its revenue from fixed components of its water rate structure and implement the Demand Reduction Rate Adjustments. The District's Demand Reduction Rate Adjustments will increase potable water rates, when implemented, so that the District could continue to collect the cost of providing water service in order to sustain operations during locally declared water shortages, mandatory potable water use cutbacks, or other natural disasters to be revenue neutral. Demand Reduction Rates would only be implemented by the General Manager or Board action under the terms of the District's Water Supply Shortage Condition ordinance. Such action by the District is generally triggered by the San Diego County Water Authority and/or Metropolitan Water District of Southern California declaration of a specific level of water shortage.

Rising Purchased Water Wholesale Costs

The District purchases 100 percent of its untreated water supply from the San Diego County Water Authority (SDCWA) which in turn purchases its water supply from Metropolitan Water District of Southern California (MWD). Therefore, purchased water wholesale cost increases from SDCWA and MWD will have a negative impact on District water prices.

SDCWA's supply diversification goals have resulted in the increased availability of alternative water supplies, such as Imperial Irrigation District transfers and desalinated water from the Claude "Bud" Lewis Carlsbad Desalination Plant, in order to reduce dependence on imported water from MWD. Some alternative water supplies are more expensive than imported water due to treatment costs and purchase agreements. Consequently, SDCWA's cost of water to the District and other member agencies is expected to continue to rise in the future.

The outcome of the California Water Fix project will also have an impact on the District's purchased water wholesale costs from MWD and SDCWA in the future. The actual impact of purchased water wholesale costs from the California Water Fix project to water retail agencies is difficult to estimate at this time because it would depend on a cost of allocation methodology approved by SDCWA's Board of Directors. The District will continue to monitor rising purchased water wholesale costs on future water rates and charges. The objective of the California Water Fix project is to provide water supply reliability for Californians.

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 and continues to diversify its water supply through recycled water and other local water sources. The District currently meets approximately 13 percent of its water demand with local water supplies from its water reclamation facilities and recycled water suppliers. 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 \$6.1 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 \$750,000 for the District's Manchester Avenue Recycled Water Project. The Coalition has requested additional funding for Fiscal Year 2022 from Proposition 1 Round 2 as well as the USBR's Title XVI Water Reclamation and Reuse Program to support ongoing projects and if awarded, could receive an additional \$6 million or more.

The District is also exploring groundwater as a potable water source, having completed a brackish groundwater desalination feasibility study in the San Dieguito Valley basin. The goal of this facility would be to produce at least one million gallons per day of potable water. The District was awarded \$650,000 in grant funding from California's Department of Water Resources and \$175,000 in funding from MWD's Future Supply Funding Program to facilitate the design and construction of a test well in San Dieguito Valley. A pilot test well was constructed in April 2019 and a twelve-month pump test was completed to verify the water balance of the groundwater basin, potential impacts on current wells in the area, and water treatment technologies. The results of the one-year pump test were favorable and further confirmed that this project is feasible and will have minimal impact on the greater basin. The District also completed an economic analysis with favorable results. The District will now continue with further project studies through 2023 intended to inform the decision to potentially move forward with an additional hydrogeologic investigation, siting analysis, and confirmation of water rights.

Fiscal Stability

Maintaining the District's financial stability and balanced operations are important considerations to address challenges that lie ahead. The District's AAA bond rating remained unchanged for 2022 by Fitch Ratings despite current economic uncertainties. The District has adequate reserves to cover temporary budgetary shortfalls from inflation and global supply issues, and has implemented cost containment strategies in order to provide essential services to ratepayers while continuing to meet its financial obligations.

The District's long-term operating and capital spending plans are updated regularly to project the impacts of their future spending plan needs from rising costs and economic uncertainties and potential impact on District water rates and charges. This budget document represents the District's commitment to achieving structural balance as well as a reflection of the Board of Directors' support for fiscal stability.

In order to ensure that the District's resources are planned, managed, and used effectively and efficiently, while continuing to focus on the Board of Director's critical mission, the following priorities have been established.

Priorities for fiscal years 2023 and 2024

The Budget provides needed resources to accomplish the following objectives and critical capital improvement programs to serve current and future customers with a reliable water supply as well as sewer collection and treatment services in a cost-effective and environmentally responsive manner:

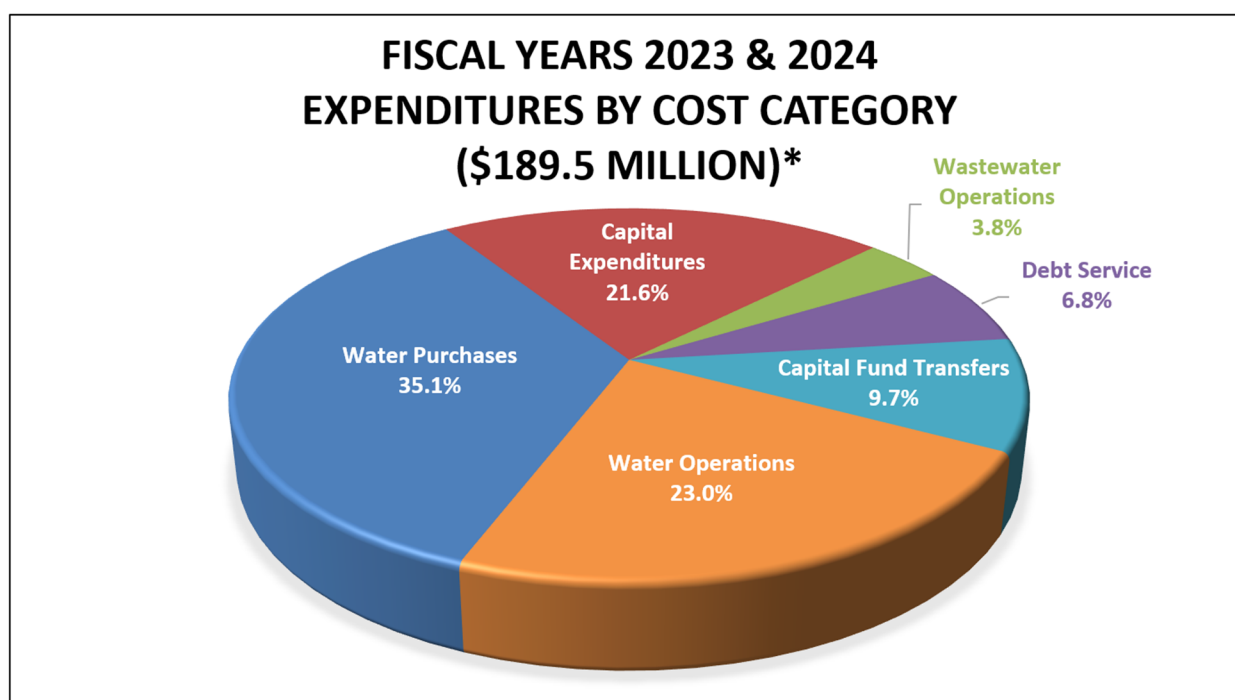
- Complete a condition assessment and structural integrity analysis of the DCMWTP membrane basins and chemical feed rooms (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).

- Commence 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).
- Commence overhaul and rehabilitation of one DCMWTP energy recovery turbines to ensure continuous energy savings Project (District goal 4 – Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability).
- Continue Valve Replacement Project (District goal 6 – Exceed regulatory requirements).
- 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).
- Complete Phases 7 and 8 of the AMI Expansion Project (District Goal 7 – Minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Achieve District of Distinction and District Transparency Certificate of Excellence re-accreditation from Special District Leadership Foundation (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).
- Complete the Long-Term CIP Study and report findings to 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).
- Commence construction of the Neighborhood #1 Sewer Pump Station Rehabilitation Project (District Goal 10 - plan and construct facilities to meet needs).
- Continue investigations to determine viability for the San Dieguito Valley Groundwater Project (District goal 11 – Establishing programs and policies to develop alternative water supplies to serve existing and future customers). Additional investigations will include additional hydrogeologic investigations, performing a siting analysis and further refining the economic analysis.
- Coordinate elections with Registrar of Voters (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD’s operations).

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 2023 and 2024, total expenditures are projected to be \$189.5 million, consisting of \$117.4 million in operating expenditures, \$12.8 million in debt service, \$40.9 million in capital expenditures, and \$18.4 million in Pay-As-You-Go (PAYGO) transfers from rates and charges to finance planned capital improvement programs.

Water Purchases (35.1%): The District purchases 100% of its untreated water supply from SDCWA to meet potable water demand. Effective January 1, 2023, untreated purchased water wholesale cost is expected to increase from \$1,523 to \$1,579 per acre-foot or 3.7%, if approved by the SDCWA Board of Directors in June 2022, and is estimated to increase to \$1,727 per acre-foot or 9.4% effective January 1, 2024 based on SDCWA's long range financial plan. The actual impact of purchased water wholesale cost increases on the District vary each year depending

on the agency's historical rolling average deliveries and allocation of SDCWA's fixed charges to its member agencies.

The SDCWA rates and charges are currently broken down into two cost components: variable rates and fixed charges. The variable rates consist of the Melded M&I Supply Rate, Melded M&I Treatment Rate, and the Transportation Rate. The fixed charges include the Storage Charge, Infrastructure Access Charge, Supply Reliability Charge, Customer Service Charge, Readiness to Serve Charge, and Capacity Charge (the last two being pass-through charges from Metropolitan Water District of Southern California). The variable rate is a commodity charge based on actual volume of water purchases. SDCWA fixed charges are billed and collected monthly by SDCWA from all member agencies irrespective of the actual amount of water purchased by each member agency during the month.

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 roughly 60% of the recycled water demand with treated effluent from the 4S Water Reclamation Facility, owned and operated by the District. Of the remaining 40% 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) (23.0%)

Potable Water Operations (21.4%): The Fiscal Year 2023 and 2024 budgets include a 6.3% and 5.9% increase, respectively, in operating expenditures, net of capitalized labor and indirect costs, 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 keeping up with annual inflation adjustments, and higher labor and benefits costs to implement the terms of the District's 2022 labor negotiations agreement between the District and its Employee Association and Bargaining Unit Members Association. The District has seen an increase in overall operating and maintenance costs from many of its suppliers recently due to current inflation rates and supply chain issues which has been accounted for in Fiscal Year 2023. Depending on the severity and duration of the current inflationary trend Fiscal Year 2024 operating expenditures may need to be adjusted at the midterm budget adjustment process in 2023.

Recycled Water Operations (1.7%): 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 multiple 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 for Fiscal Years 2023 and 2024 are budgeted to increase approximately 3.8% and 4.5% respectively over the prior fiscal year. The increases include projected increases in purchased recycled water wholesale costs and an increase in labor and benefits costs based on the 2022 Memorandum of Understanding between the District and its Employee Association and Bargaining Unit Members Association.

Capital Expenditures (21.6%) and Fund Transfers (9.7%): Approximately \$40.9 million of capital and equipment spending is anticipated in Fiscal Years 2023 and 2024, and \$18.4 million of fund transfers to capital reserves are contemplated from water and sewer rates and charges to pay for planned capital spending in future years (PAYGO). Actual fund transfers will be proposed by Staff for the Board's approval following completion of the District's financial audit by the auditors.

Large capital projects such as the San Dieguito Groundwater Desalination project, the Pipeline and Valve Replacement projects, construction of the Manchester Avenue Recycled Water Pipeline Extension, and the Neighborhood 1 Pump Station Rehabilitation project are included in Fiscal Years 2023 and 2024 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 (6.8%): These items are budgeted at \$12.8 million over Fiscal Years 2023 and 2024. 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.

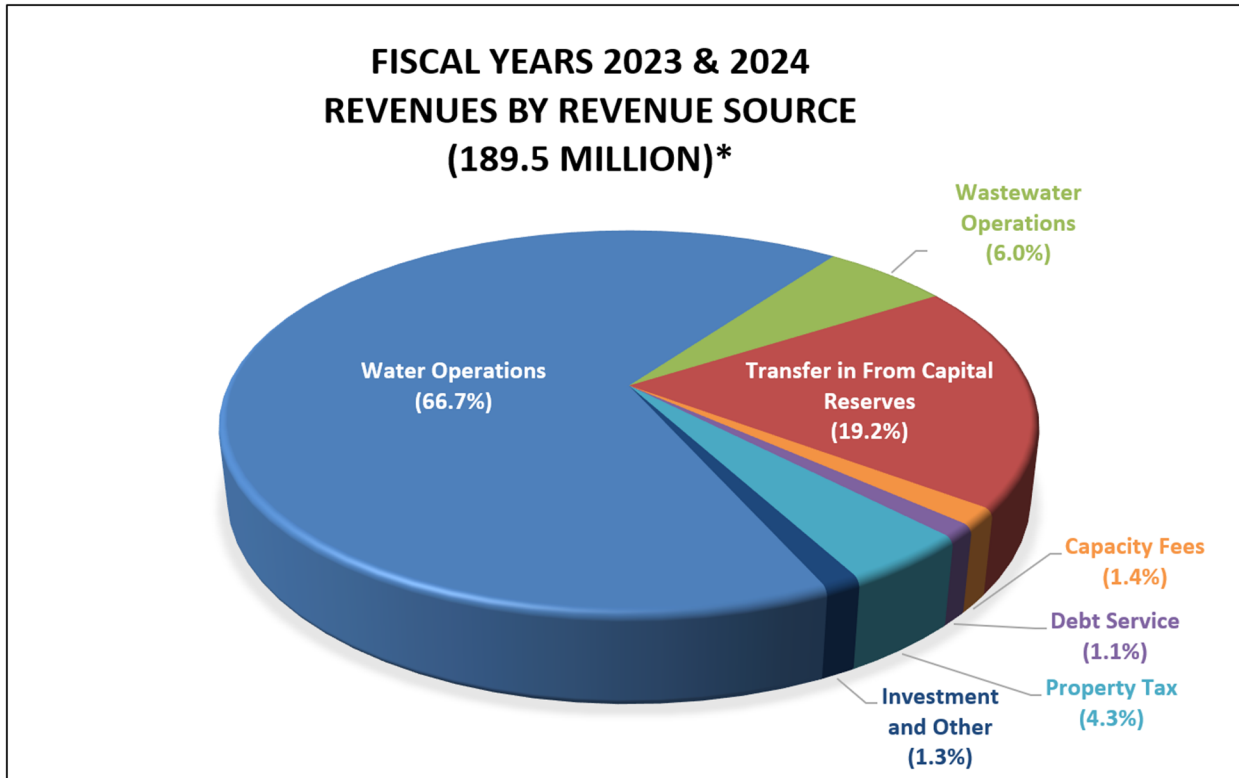
In October 2021 the District issued 2021A Wastewater Revenue Bonds to finance wastewater (sewer) improvements at the 4S Wastewater Treatment Plant, including rehabilitations, replacements, and modifications to the existing Neighborhood One Sewer Pump Station and the Headworks Screening System at the 4S Wastewater Treatment Plant. At the same time, the District also issued the 2021B Refunding Revenue Bonds 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, for lower borrowing costs resulting in a net present value savings of \$243,900.

The District pledged water and sewer 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 sewer customers. 4S WRF produces tertiary recycled water to meet irrigation demands in the Southeast Quadrant recycled water system. 4S WRF is a 2 million gallons per day (MGD) water reclamation plant.

Fiscal Year 2023 wastewater operating expenditures (net of capitalized labor) are budgeted to increase only slightly compared to Fiscal Year 2022. Most of the increase in operating costs for Fiscal Year 2023 is offset from an increase in capitalized labor (which reduces operating costs) to complete significant sewer projects, such as the Neighborhood 1 Pump Station Rehabilitation project scheduled for Fiscal Year 2023. Fiscal Year 2024 operating expenditures are projected to be higher than in Fiscal Year 2023 due to inflation, the addition of one full-time sewer plant operator, and a reduction in capitalized labor since time spent on District projects is anticipated to decrease with the completion of the Neighborhood 1 Pump Station Rehabilitation project in the prior year.

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 at 95% build-out based on 100% ultimate build-out projection at 34,400 equivalent dwelling units.

Water Operations Revenues (Potable and Recycled) (66.7%)

Potable Water Operations (61.5%): 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 80.2% of total potable water sales, irrigation for 13.4%, commercial and industrial for 3.8%, and agricultural for 2.6%, based on Fiscal Year 2021 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 due to external factors from drought, variation in weather conditions, and economic conditions. The Budget includes sales projections of about 17,000 acre-feet of potable water each fiscal year, or approximately 87% of total projected water sales, during Fiscal Years 2023 and 2024.

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 2022, the District raised its monthly commodity charge and fixed rates by 4.27% to pass through increased costs in wholesale purchased water and increases to the District's cost of operations and maintenance. The 4.27% increase is net of a Rate Reimbursement Credit that credits customers 6.9 cents per unit of potable water purchased effective March 1, 2022. 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 budget assumes planned rate increases of 5.0% for Fiscal Years 2023 and 2024 to the District's commodity rates and monthly fixed charges to pass through purchased water wholesale cost increases for the next two years, and annual inflation adjustments based on the San Diego Consumer Price Index. Water demand is assumed to remain relatively the same throughout Fiscal Years 2023 and 2024, which are based on the average actual water demand over the last two calendar years (2020 and 2021). 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 2,500 acre-feet of recycled water each year, or approximately 13% of total projected water sales, during Fiscal Years 2023 and 2024. 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 (Sewer) Operations Revenues (6.0%): Revenue is projected at approximately \$5.6 million and \$5.8 million from sewer service fees in Fiscal years 2023 and 2024 respectively. The District currently collects and treats sewage from approximately 7,250 sewer connections based on 2021 figures. An additional 200 wastewater service connections are anticipated in future years from annexed properties to the District's sewer system. The District's sewer service area is anticipated to be 100% build-out at 7,450 EDUs.

In May 2021 the District's Board of Directors adopted a sewer rate ordinance to automatically adjust sewer service fees by 2% on July 1, 2021, and by 3% on July 1 of the next four years thereafter through Fiscal Year 2026 to keep pace with inflation and increases in costs associated with the operations, maintenance, and replacement of aging wastewater

infrastructure. A 2020 Wastewater Rate Study, conducted by an independent financial consultant, was used as the basis for calculating the District's sewer rates and charges.

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

Transfer-In from Capital Reserves (19.2%): 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 (sewer) 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 (1.4%): The District's capacity fees are developed based on facilities included in the District's Water Capital Improvement Program and past capitalized projects. Capacity fee revenue is used to pay for the District's capital improvement projects to meet current and future demands. Capacity fee revenue is based on adopted land use tracked by the Engineering department from the remaining Equivalent Dwelling Units in each zone of benefit. At 95% build-out, the District's capacity fee revenues are assumed to fluctuate from year-to-year depending on developer's intent.

Debt Service (1.1%): 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 (4.3%): The District will receive approximately \$4.1 million in Fiscal Year 2023 and Fiscal Year 2024 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 is 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 (1.3%): 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.

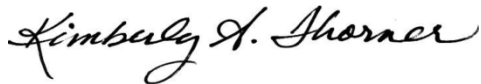
CONCLUSION

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 cursive script that reads "Kimberly A. Thorner". The signature is written in black ink and is positioned below the "Respectfully submitted," text.

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 2021 and 2022. 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 **twentieth** consecutive year the District has received this award from the GFOA. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

CSMFO Operating Budget Excellence Award

The California Society of Municipal Finance Officers (CSMFO) presented their Award for Operating Budget Excellence to Olivenhain Municipal Water District for the District's Fiscal Year 2021 and 2022 biennial budget.

This is the **sixteenth** 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 2023 plan for the District.
- **Long-Term Financial Plan** – This section details the District's ten-year financial plan and projected cash position after fulfilling its commitments. It also includes explanations about major assumptions used in forecasting the District's operating and capital planned expenditures, as well as information about the District's reserves 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 operation and by fund.
- **Expenditures** – Contains information on the District's operating and non-operating expenditures (with purchased water cost shown separately) by operation and by department within each operation.

SECTION II – BIENNIAL CAPITAL BUDGET

- **Capital Expenditures Summary** – Contains a discussion on capital item purchases, capital facilities, and capital improvement funds. It also contains a capital project summary for Fiscal Years 2023 and 2024, and project summary sheets for non-recurring projects with budgets in excess of \$1 million.
- **Capital Expenditures by Fund** – Contains a list of capital projects by funding source and a brief description of each project.
- **Glossary** – Contains a list of terms used in this document and their definitions, as well as a chart with water unit equivalencies.

ABOUT THE DISTRICT

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

Service Area

Potable Water Operations

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

The District is primarily a retail agency which sells water to end users. The District delivered roughly 18,000 acre feet (AF) of potable water and 2,700 AF of recycled water during Calendar Year 2021. The District currently provides water services to approximately 28,700 potable water meters and 314 recycled water meters, and has a population of about 87,000.

Based upon the most recent Comprehensive Water Master Plan, it is estimated that the District is approximately 95% built out from an ultimate 34,400 equivalent dwelling units (EDUs). The District customer base is primarily residential and very diverse. The District's service area is an economically vibrant suburban service area in northern San Diego County.

The District has enough capacity at its water treatment plant to exceed its customer's needs and sells excess treated water to other water districts in the area. 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 DCMWTP celebrated its 20th anniversary in April of 2022. When it was first built in 2002 it was the largest ultrafiltration membrane plant in the world. For 20 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 7,250 EDUs. The number of serviced EDUs is expected to remain relatively unchanged in future years, reaching approximately 7,450 EDUs by 2030.



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

*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 SDCWA as its only water supplier. The District serves two areas in its recycled water system: the Northwest Quadrant and Southeast Quadrant.

The 4S Ranch Water Reclamation Facility (4S WRF) is capable of treating wastewater effluent to California Administrative Code Title 22 levels so that treated



Recycled water use at a golf course

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 treated at 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 314 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/>*

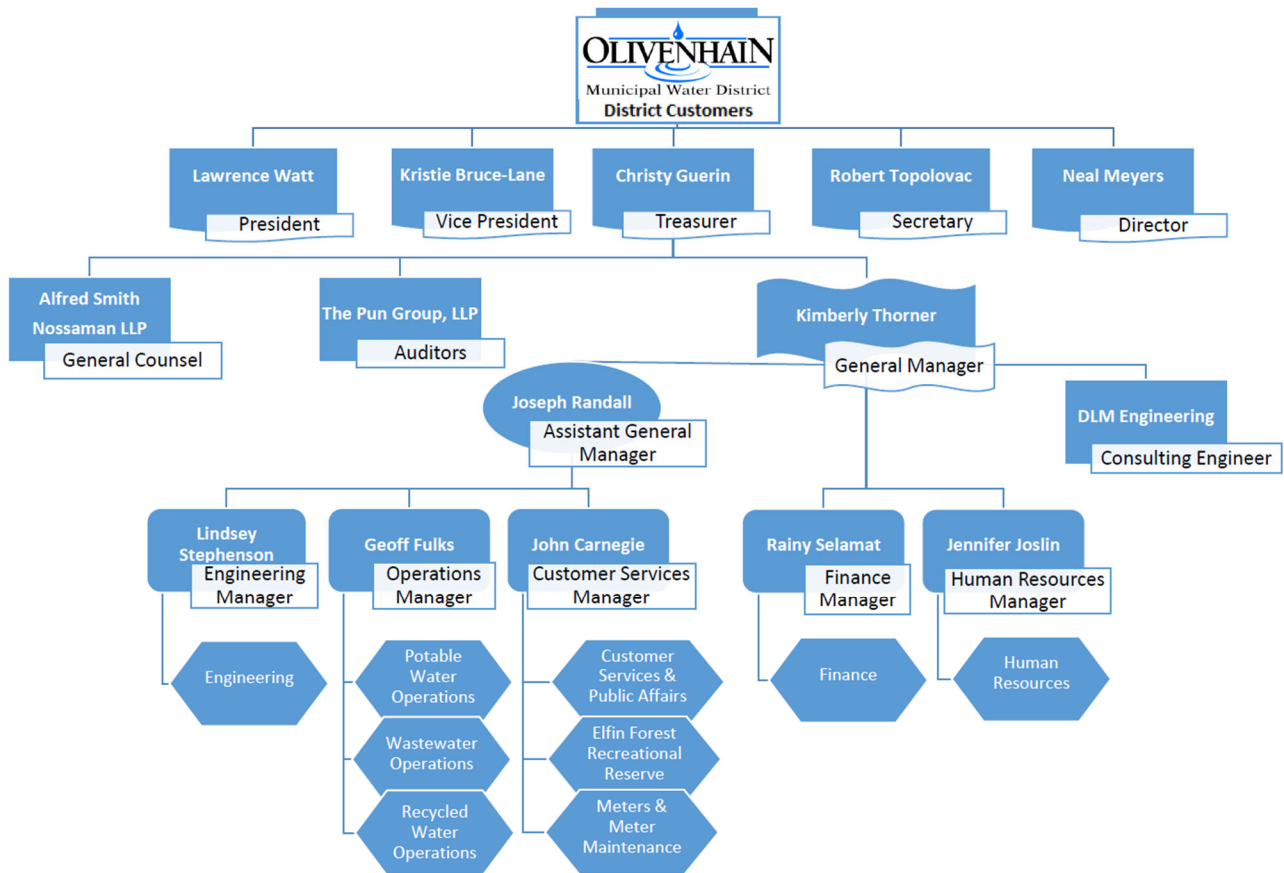
Governance

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.

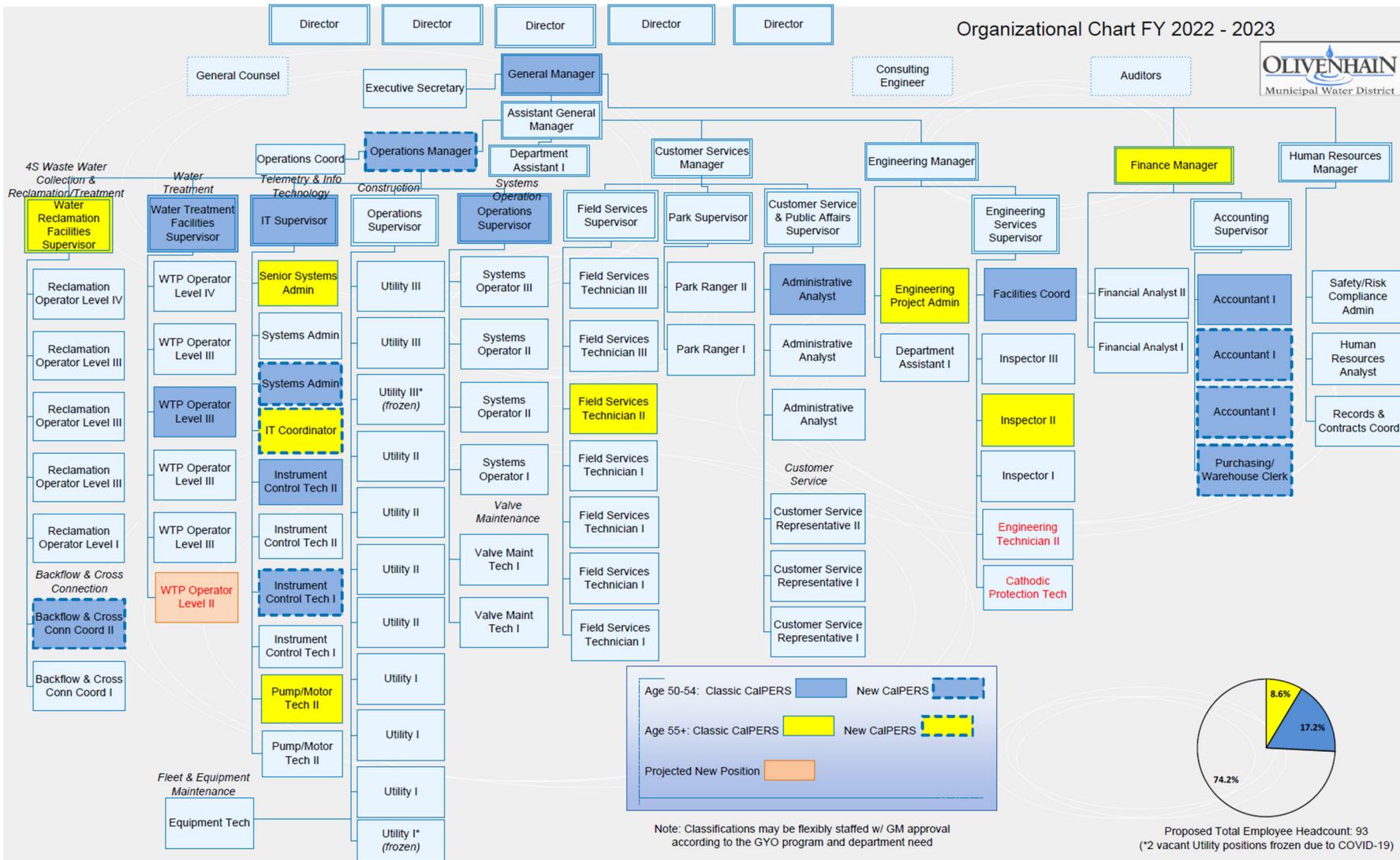
Organizational Structure

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. Planned staffing levels for the next five years were developed in the District's five-year staffing analysis and reviewed with the Board prior to adoption of the District's biennial budget by the Board of Directors.

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



Organizational Chart FY 2022 - 2023



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 2022, 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. During this time there were two staff workshops 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 2022, 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 2023 and 2024 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 the OMWD Board Finance Committee and the board in public meetings in May for consideration and approval. The budget was formally adopted by the District's Board of Directors at the June 22nd, 2022 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 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 a tool to develop the District's budget.

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

BUDGET CALENDAR

The figure displays six calendar grids for the first half of 2022, with events color-coded according to the legend:

- 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** (Dark Blue)
- Board meetings** (Dark Green)
- Holidays** (Grey)

January 2022

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

February 2022

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

March 2022

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

April 2022

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

May 2022

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June 2022

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

January 24, 2022	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, 2021 through December 31, 2021.
February 1, 2022	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 11, 2022	Departmental Budgets, Small Cap Requests and 10 YR CIP were received from department managers.
March 23, 2022	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 last year's budget and projected actuals. Finance Department presented the proposed biennial budget for fiscal years 2023 and 2024 to the General Manager for consideration and approval.
April 5, 2022	Finance department presented the preliminary draft biennial operating and capital budget for fiscal years 2023 and 2024 to the Board Finance Committee for consideration and approval prior to the Board budget workshop.
April 15, 2022	Objectives, Accomplishments, and KPIs were received from department managers.
April 20, 2022	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 spending plans were also reviewed by the Board. The Board accepted budget information presented by General Manager and Staff.
May 10, 2022	Finance department presented a revised draft biennial operating and capital budget for fiscal years 2023 and 2024 to the Board Finance Committee for consideration and approval prior to the May 18th board meeting.
May 18, 2022	Finance department presented the final draft biennial operating and capital budget for fiscal years 2023 and 2024 to the full board for consideration and approval prior to adoption at the June board meeting.
June 22, 2022	Adoption of the biennial Operating and Capital Budget for Fiscal Years 2023 and 2024 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 within each department starting July 1 of each fiscal year.

In March 2023, the Finance department and other department managers will begin a Biennial Budget Midterm Adjustment review, a budget adjustment process to update the District's Biennial Operating and Capital Budget adopted by the Board. District Staff will present proposed budget adjustments to the second fiscal year of a biennial budget to the Board for approval following recommendation by the District's Finance Committee. The District's midterm biennial budget adjustments occurs in June of each year.

Adjustments to capital budget appropriations are also recommended during the midterm budget review. Project managers find that many projects that were contemplated at the beginning of the fiscal year have been delayed or accelerated due to changes in conditions, and are rolled forward to the next budget year. Proposed changes and reasons for adjustments are presented to 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 projects its resources on a fiscal year basis which begins July 1 and ends on the following June 30. The Biennial Budget is approved and adopted by the Board every two years.

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 Sewer 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 (sewer) 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, and Rate 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.

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 sewer 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 (sewer) 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 - Rate Stabilization Fund

Purpose:	To protect the District's financial resources against economic shortfalls or an unexpected increase in expenditures, including sewage spill clean-up costs, a penalty imposed by the Regional Water Quality Control Board when sewage spills occur, or an emergency repair to damaged sewer facilities following natural disasters or other unforeseen emergencies. These conditions can lead the District to operating deficits.
Target Balance:	A minimum of 25 percent of 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 sewer 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 sewer 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 sewer rates and charges and to secure the District's ability to pay its sewer 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 - Capital and Equipment Fund

Purpose:	To provide funding for the District's Wastewater (sewer) 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 (sewer) 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 (sewer) 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.

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 Investment Policy

I. Introduction

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

The Board of Directors of the District has delegated authority to invest funds on behalf of the District to its Treasurer for one (1) year. The Treasurer is required to provide a monthly report of all District investments to the Board. The Treasurer's authority to make investments for the District under this policy is limited to a one (1) year term expiring on December 31, 2022. 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

- A. 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.
- B. 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.
- C. Return on Investments. The Treasurer should invest all District funds in investments that maximize the return for the District keeping in mind that safeguarding the principal and providing liquidity are more important objectives than the return obtained. All investment decisions made by the Treasurer shall be, first, to ensure protection of the principal of all District funds and investments, second, to provide adequate liquidity for the District's future needs, and third, to maximize return where possible without jeopardizing the principal or creating liquidity problems for the District.
- D. Market-Average Rate of Return. The investment portfolio shall be designed to attain a market-average rate of return throughout economic cycles, taking into account the District's risk and liquidity constraints, the cash flow characteristics of the portfolio, State laws limiting District investments, and ordinances or resolutions that restrict investments. To determine if the District is attaining its return objectives, the Treasurer will periodically review the portfolio's performance against an appropriate benchmark(s).
- E. 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.

- F. Prudence. The District adheres to the guidance provided by the “Prudent Investor Rule” California Government Code (Sec. 53600.3), which obligates a fiduciary to 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.

- G. 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.

- H. Risk Tolerance. The District recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Treasurer is expected to display prudence in diversifying the District’s investments as a way to minimize default risk. No individual investment transaction 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:

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

IV. Delegation Of Authority

The investment of District money is delegated to the Treasurer by the Board of Directors for one year ending December 31, 2022. The Treasurer may delegate the day-to-day operations of investing to his/her designee(s), but not the responsibility for the overall investment program. At least once each quarter, a sub-committee of the Board shall meet with the General Manager or his/her designee to review the District's portfolio and provide guidance for future investments. All transactions will be reviewed by the Treasurer on a regular basis to assure compliance with this Statement of Investment Policy and a monthly report shall be provided to the Board on all District investments.

V. Reporting

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

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

VI. Authorized Investment Instruments

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

A. Local Agency Investment Fund (LAIF): The District may invest in LAIF, which was 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 LAIF. Liquidity for bond proceeds, per fund regulations, is thirty calendar day increments from the date of the initial deposit.

B. 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.

C. 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. For deposits of up to federal insurance limit the Treasurer may waive collateral requirements. A maximum deposit of up to the 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.

D. Placement Service Deposit: The District may invest in insured deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Government Code Section 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Service Deposits, 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.

E. 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.

F. 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)). Purchases of commercial paper shall not exceed 10% of the outstanding paper of the issuing corporation. The maximum investment maturity for commercial paper shall be restricted to 270 days. Purchases of commercial paper shall not exceed 20% the total value of all District investments at any time and single-issuer holdings to no more than \$1,000,000 per issuer.

G. 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.

H. 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.

I. Money Market Funds: Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following) (Government Code 53601(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.

J. Banker's Acceptances: Banker's 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.

K. Repurchase Agreements and Reverse Repurchase Agreements: A Repurchase Agreement is a purchase of securities by the District under an agreement with another party who will repurchase these securities on or before a specified date and for a specified amount and the other party delivers the underlying securities to the District by book entry, physical delivery, or by

third-party custodial account. A Reverse Repurchase Agreement means a sale of securities by the District under an agreement where the District will repurchase the securities on or before a specified date. While Repurchase Agreements and Reverse Repurchase Agreements are permitted by state law (Government Code 53601(j)), the Treasurer shall 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.

L. 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.

M. 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.

N. 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:

<u>Investment Description</u>	Percentage Limitation	Dollar Limitation
Local Agency Investment Fund	50%	\$40,000,000
Treasury Securities	None	-
Certificates of Deposit, Placement Service Deposits and Negotiable Certificates of Deposit	30%	Placement service deposits may be made up to FDIC limit per financial institution. No more than 5% per issuer
Local Government Investments Pools (such as CAMP)	30%	-
Commercial Paper	20%	No more than 5% per issuer
Medium Term Notes	30%	No more than 5% per issuer
Agencies	50%	-
Depository Accounts, Money Market Funds	20%	No more than 5% in any money market fund
Investments Pools	30%	-
Municipal Bonds	30%	No more than 5% per issuer
Banker's Acceptances	20%	No more than 3% per issuer with prior approval of the Board
Repurchase Agreements	20%	With the prior approval of the Board
Reverse Repurchase Agreements	10%	With the prior approval

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.

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.

VIII. Bond Proceeds, Bond Reserve Funds And Bond Service Funds

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

IX. Internal Controls

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

X. Qualified Banks And Securities Dealers

The District shall conduct business only with nationally or state-chartered banks, savings and loans or credit unions that are licensed and operating in the United States or a state of the

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

XI. Ethics And Conflicts Of Interest

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

XII. Board Discretion

The District recognizes that this policy consists of guidelines designed to protect District funds and to provide liquidity for the on-going District operations. The Board of Directors may 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.

XIII. Safekeeping And Custody

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

XIV. Interest Earnings

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

XV. Prohibited Investments

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

XVI. Investment Purchases

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

XVII. Quarterly Reports

At least once each 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.

XVIII. Treasurer's Authority And Review Of Investment Policy

The Authority of the Treasurer to make investment decisions on behalf of the District shall automatically expire on December 31, 2022 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, 2022 and annually thereafter.

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 31st 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 Sewer 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.

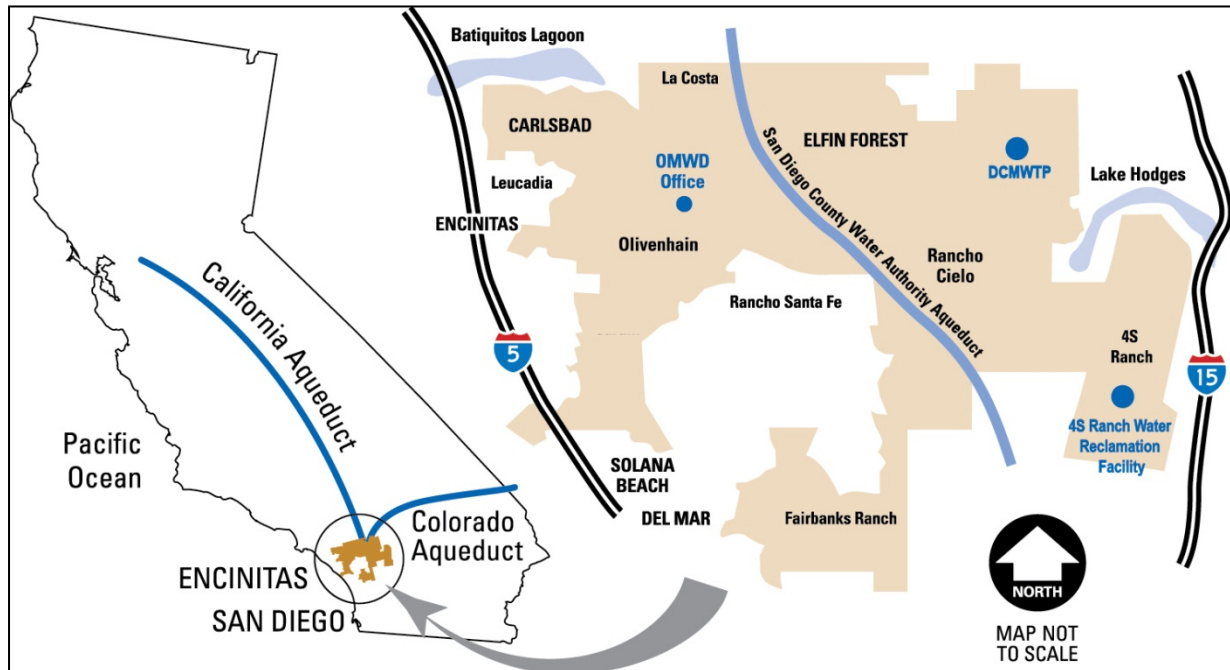
Reporting

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 2021 making up 70% of water deliveries. The District's other customers shared the remaining 30%, with recycled customers consuming 13%, potable irrigation 12%, commercial/industrial 3%, and agricultural customers 2% of all water consumed during the year.

The table below shows the District's top ten customers based on actual water sales for FY 2021.

District's principal water consumers for Fiscal Year ended 2021		
Customer Name	Usage (AF)	% of Water Sold
4S Ranch Master HOA ¹	472.4	2.28%
The Bridges Club at RSF Inc ¹	416.2	2.01%
Bando National Corporation ^{2,3}	292.4	1.41%
Rancho Santa Fe Farms Golf Inc ²	245.9	1.19%
Del Mar Country Club ²	227.7	1.10%
Crosby Estate HOA ²	216.3	1.05%
La Costa Oaks Association ²	191.6	0.93%
La Costa Glen Carlsbad CCRC LLC ^{1,4}	132.4	0.64%
Surf Cup Soccer Field ²	127.2	0.62%
La Costa Valley Master Assn ²	126.2	0.61%
Total top ten consumers	2,448.30	11.84%
Other Consumers	18,227.80	88.16%
Total water billed	20,676.10	100.00%

Source: Olivenhain Municipal Water District

¹ Primarily potable water customer

² Primarily recycled water customer

³ Previously named Crosby National Golf Club

⁴ Previously named Continuing Life Communities

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 takes measures to make water conservation way of life in the state.

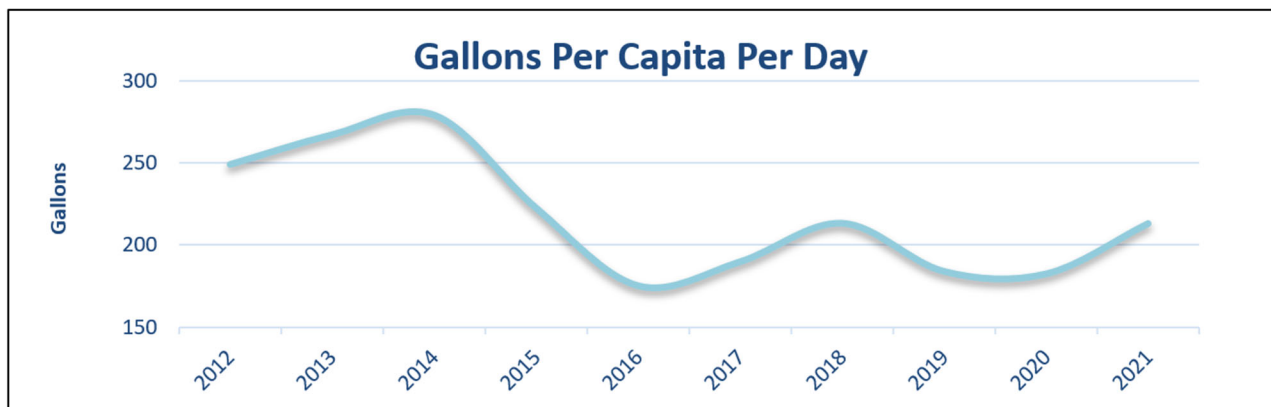
On May 31, 2018, Governor Brown signed AB 1668 (2018) and SB 606 (2018), intending to build off of SB X7-7 to achieve greater reduction in statewide water use. This legislation will result in a water use objective that dictates the amount of water the District will be allowed to sell, based on efficiency standards that are to be finalized in 2022. The District's water use objective will be based on indoor standards, outdoor standards, and distribution system water loss. Commercial, industrial, and institutional (CII) water use standards will also be established, which may require separate irrigation meters and be included in the water use objective. The District will be required to calculate its water use objective and report its actual water use starting November 2023. The indoor standard has been set at 55 gallons per person per day, dropping to 50 gallons per person per day by 2030, and state legislators are currently considering new legislation, Senate Bill 1157, that would further reduce this target to only 42 gallons per person per day by 2030. The outdoor standard is expected to be determined based on landscape area and other data (e.g., evapotranspiration rates). The methods of determination for CII standards and system water loss standards have not been made available. The estimated cost to comply with the regulations without validation of the data is \$575,000 initially, and \$375,000 each year thereafter.

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 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.

Due to worsening drought conditions, Governor Newsom implemented a series of executive orders in 2021 and 2022 declaring states of emergency and providing direction to preserve California's water supplies. Executive Order N-7-22, issued in March 2022, included such measures as prohibiting the irrigation of non-function turf in CII sectors, and imploring the State Water Resources Control Board to consider adopting emergency regulations to curtail potable water use. The SWRCB heeded the governor's call, and in May 2022, adopted an emergency regulation requiring that all urban water suppliers in California implement water use reduction actions associated with Level 2 of their Water Shortage Contingency Plan. The impact to the District's

customers is that they are asked to voluntarily limit irrigation to no more than three days per week and ten minutes per cycle, discontinue use of fountains or water features using potable water, and fix leaks within 72 hours. If these methods are not effective in reducing statewide potable water demands, state officials have indicated that mandatory water use restrictions may be imposed later in 2022. This would require the District to formally declare a Level 2 condition (if not a higher level) and enforce the mandatory restrictions. To maintain revenue neutrality the District's board may also consider implementing Demand Reduction Rates at that time.



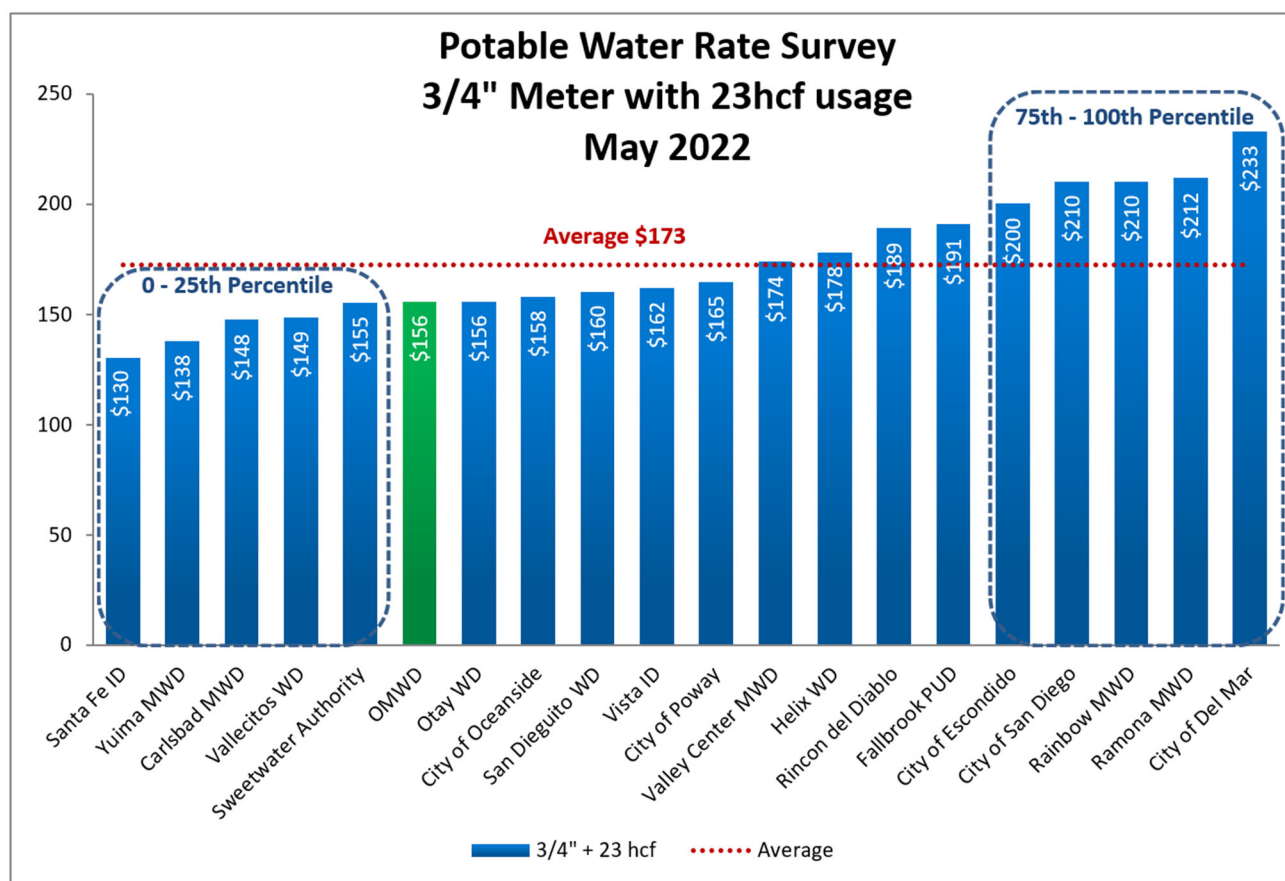
Source: California DOF for population estimates and Olivenhain Municipal Water District for water deliveries.

Residential Water Bill Comparison

Although the District faces consistent increases to its wholesale water rates and charges imposed by the San Diego County Water Authority, the District's efforts to contain costs has afforded 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)³ of water per month as of May 2022 at Olivenhain Municipal Water District compared to other local water agencies in San Diego County.

Estimated Monthly Single Family Residential Water Bills Comparison



³ 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. To help reduce the economic impact of COVID-19, the 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. With the influx of money into the US economy coupled with supply chain issues resulting from COVID-19 shutdowns has led to significant increases in the consumer price index throughout the nation over the past 12 months. Current inflation rates are above 8% and the highest increases in decades. Furthermore, the Russian invasion of Ukraine has caused economic uncertainty on several levels and has resulted in increased oil prices throughout the world with Russia being one of the largest exporters, which has caused significant increases in gas prices and costs of goods that rely on transportation.

The unemployment rate ended at 3.9% by the end of 2021 down from a high of 13.2% in May 2020 stemming from the mandated closures of non-essential businesses due to COVID-19. The unemployment rate is anticipated to remain below 5% over the next few years.

Selected U.S. Economic Indicators

				Forecast		
	2019	2020	2021	2022	2023	2024
Real GDP (% Change)	2.2%	-3.6%	3.1%	2.5%	2.5%	2.9%
Federal funds rate	1.6%	0.9%	0.1%	0.3%	0.1%	0.1%
Personal income (change)	3.9%	6.6%	7.4%	3.6%	4.4%	5.1%
CPI (1982-84=100)	257.0	260.5	278.8	300.8	307.7	314.5
CPI (% Change)	2.3%	1.4%	7.0%	7.9%	2.3%	2.2%
Nonfarm employment (millions)	147.4	138.9	144.5	151.3	153.4	155.1
Nonfarm employment (% Change)	-1.0%	-5.8%	4.0%	4.7%	1.4%	1.1%
Unemployment Rate	3.7%	6.7%	3.9%	4.7%	4.4%	4.0%
Housing starts (in thousands)	1,295	1,379	1,601	1,298	1,274	1,270

Source: BLS, BEA, CA Governor's Budget 2021-22; BLS Historical CPI

California Economy

California's economy experienced a rapid decline in 2020 from the effects of the COVID-19 pandemic. The sectors impacted the most were Leisure and Hospitality (-33%) and Other Services (-19%). As COVID-19 cases began to decline and mandatory travel restrictions were lifted, these two sectors recovered much of what was lost in 2020 increasing 29.2% and 12.9 %, respectively, in 2021, and show continued growth into 2022.

The unemployment rate in California decreased significantly in 2021 averaging 4.8% from a high of 15.9% in April 2020 as a result of the COVID-19 shut-downs and impact on the travel industry.

Predicting future unemployment rates is difficult but economists currently predict the unemployment rate in California will remain around a 5.1% average for 2022.

Selected California Economic Indicators

	2019	2020	Percent change	2021	Percent change	Projected 2022	Percent change
Personal Income (\$ billions)	2,585.0	2,788.0	7.9%	2,989.0	7.2%	2,688.0	-10.1%
Nonfarm employment (thousands)	17,400.0	16,146.8	-7.2%	17,031.9	5.5%	17,443.0	2.4%
Mining & Logging	17.4	18.3	5.2%	18.9	3.3%	19.6	3.9%
Construction	887.4	861.9	-2.9%	857.6	-0.5%	885.0	3.2%
Manufacturing	1,322.4	1,252.4	-5.3%	1,275.0	1.8%	1,287.8	1.0%
Trade, Transportation & Utilities	3,045.0	2,984.0	-2.0%	3,103.9	4.0%	3,166.3	2.0%
Information	556.8	537.6	-3.4%	580.2	7.9%	604.2	4.1%
Financial Activities	817.8	816.8	-0.1%	823.7	0.8%	828.0	0.5%
Professional/Business Services	2,731.8	2,641.5	-3.3%	2,739.7	3.7%	2,777.4	1.4%
Education and Health Care	2,801.4	2,773.9	-1.0%	2,849.0	2.7%	2,891.1	1.5%
Leisure and Hospitality	2,035.8	1,361.5	-33.1%	1,759.1	29.2%	1,907.4	8.4%
Other Services	574.2	464.2	-19.2%	520.4	12.1%	529.2	1.7%
Government	2,610.0	2,434.7	-6.7%	2,504.4	2.9%	2,547.0	1.7%
Unemployment Rate*	4.1%	9.0%		4.8%		5.1%	
Housing permits (thousands)	109	105	-3.7%	117	11.4%		

Source: CA EDD March 25, 2022

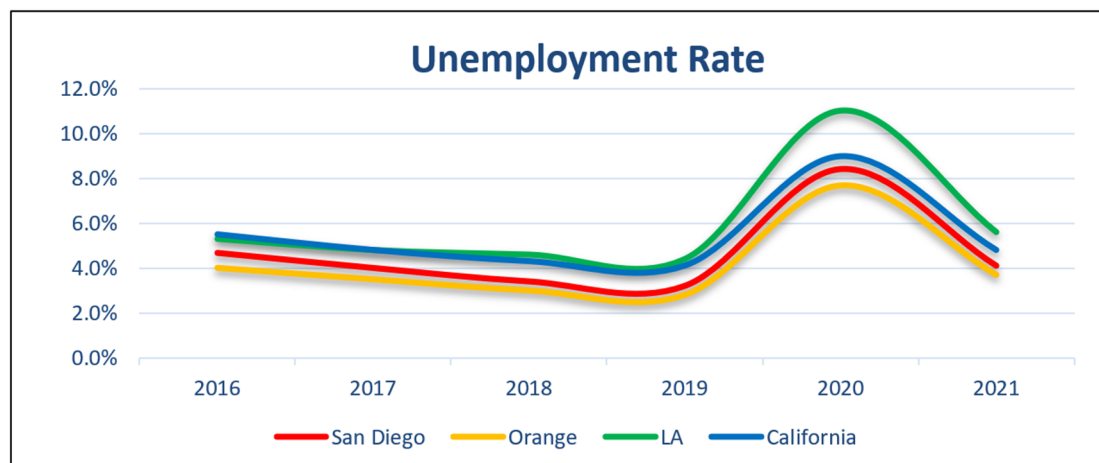
*Rates based on December of that year, 2022 based on best prediction by UCLA

Source: LADEC Economic Forecast, UCLA

**2022 Projected based on forecast in California 2021-2022 Budget

San Diego County Economy

San Diego's unemployment rate is 4.2% as of end of year 2021, representing a significant decrease from its peak of 15.9% in April 2020, and shows steady improvement compared to the 2020 average of 9%.



Sources: California Employment Development Department

*Annual Average

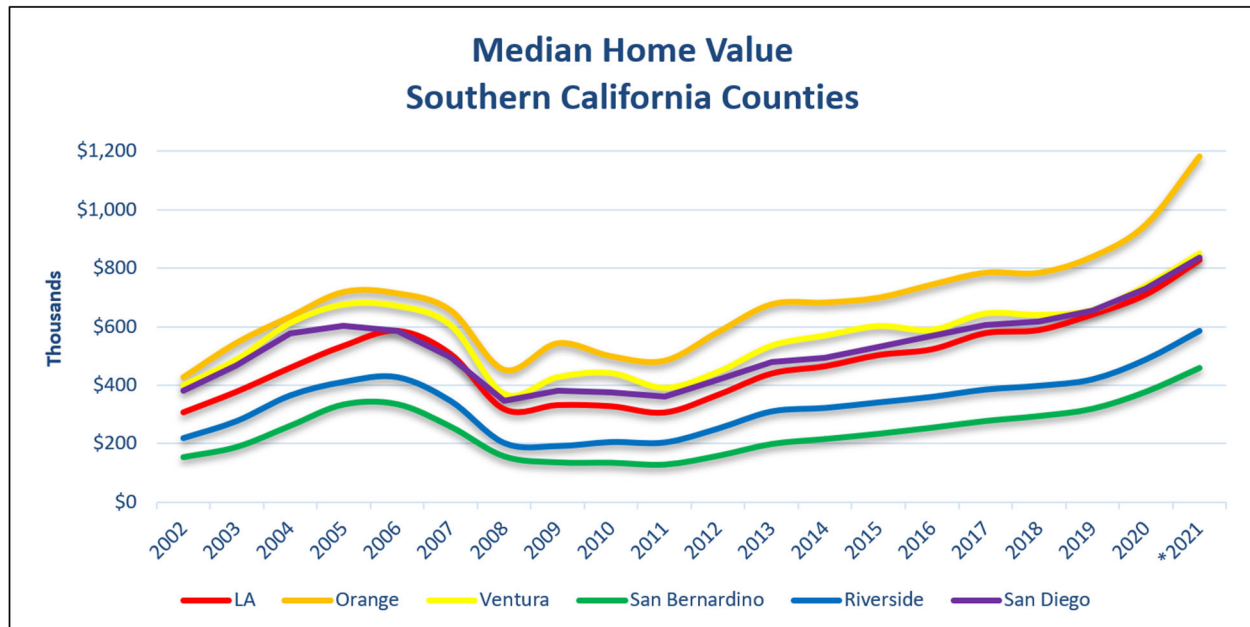
**As of Aug 2021

Like California, San Diego has experienced the sharpest decreases in the Leisure and Hospitality (-52.2%), Other Services (-30.8%), and Trade, Transportation & Utilities (-14.6%) sectors. These three sectors alone account for 155,600, or 76%, of the 204,900 reduction in non-farm jobs. All three sectors have rebounded in 2021 with Trade, Transportation & Utilities surpassing its 2019 numbers. All other sectors are recovering with the exception of Mining & Logging (-25%).

Selected San Diego Economic Indicators					
	2019	2020	Percent change	2021	Percent change
Civilian Unemployment	51,800	146,200	182.2%	99,900	-31.7%
Civilian Unemployment Rate	3.3%	9.5%		6.5%	
Total Farm	9,600	9,300	-3.1%	8,000	-14.0%
Total Nonfarm	1,503,900	1,299,000	-13.6%	1,497,700	15.3%
Mining and Logging	400	400	0.0%	300	-25.0%
Construction	84,000	75,700	-9.9%	83,300	10.0%
Manufacturing	115,100	111,200	-3.4%	115,100	3.5%
Trade, Transportation & Utilities	224,000	191,300	-14.6%	227,300	18.8%
Information	23,500	22,600	-3.8%	22,500	-0.4%
Financial Activities	76,400	74,800	-2.1%	74,500	-0.4%
Professional & Business Services	256,600	243,800	-5.0%	279,000	14.4%
Educational & Health Services	216,000	197,600	-8.5%	217,200	9.9%
Leisure & Hospitality	202,400	96,700	-52.2%	182,600	88.8%
Other Services	55,800	38,600	-30.8%	51,300	32.9%
Government	249,700	246,300	-1.4%	244,600	-0.7%
Building Permits (total units)	8,216	9,447	15.0%	9,429	-0.2%
Source: State of California Employment Development Department, US Census Bureau			* 2022 data not yet available		

San Diego County Residential Real Estate and Housing Prices

The residential real estate market in San Diego County increased significantly in 2020 (11.5%) and 2021 (14.6%). The median selling price for a single-family home in San Diego as of the end of 2019 was \$655,000 increasing to \$836,700 by end of 2021, a 28% increase in 24 months.

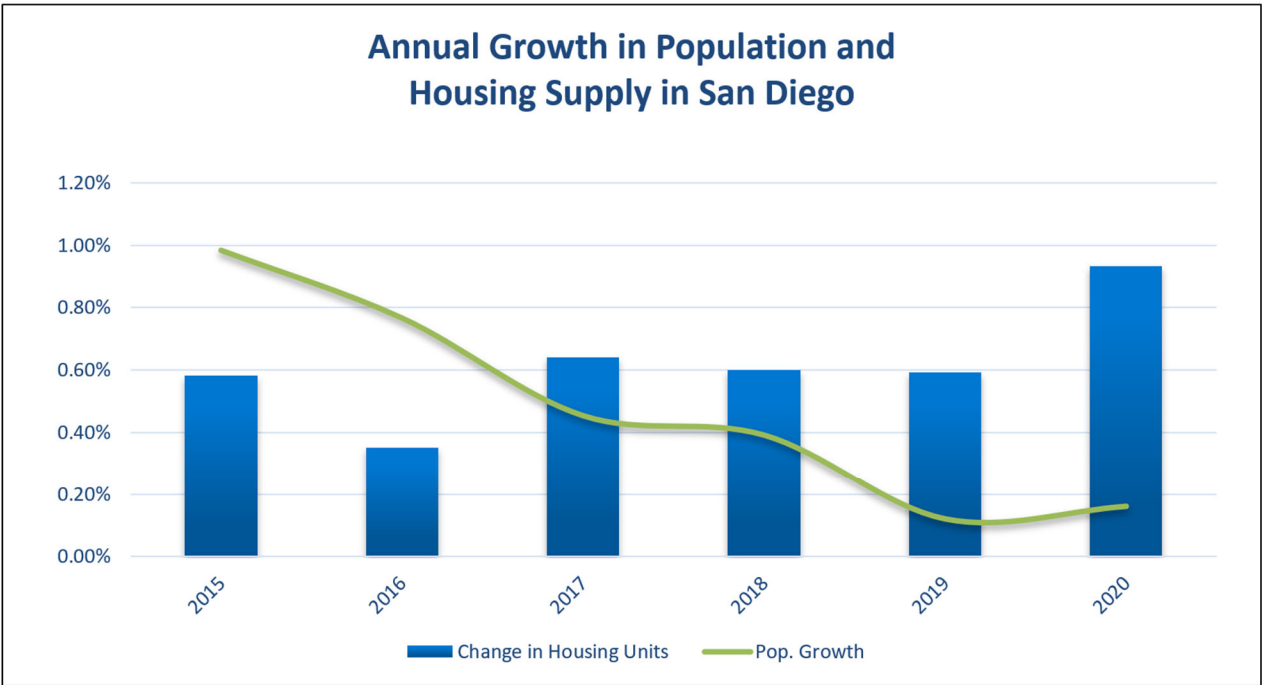


Source: UCLA Anderson Forecasts

Source: Los Angeles Almanac

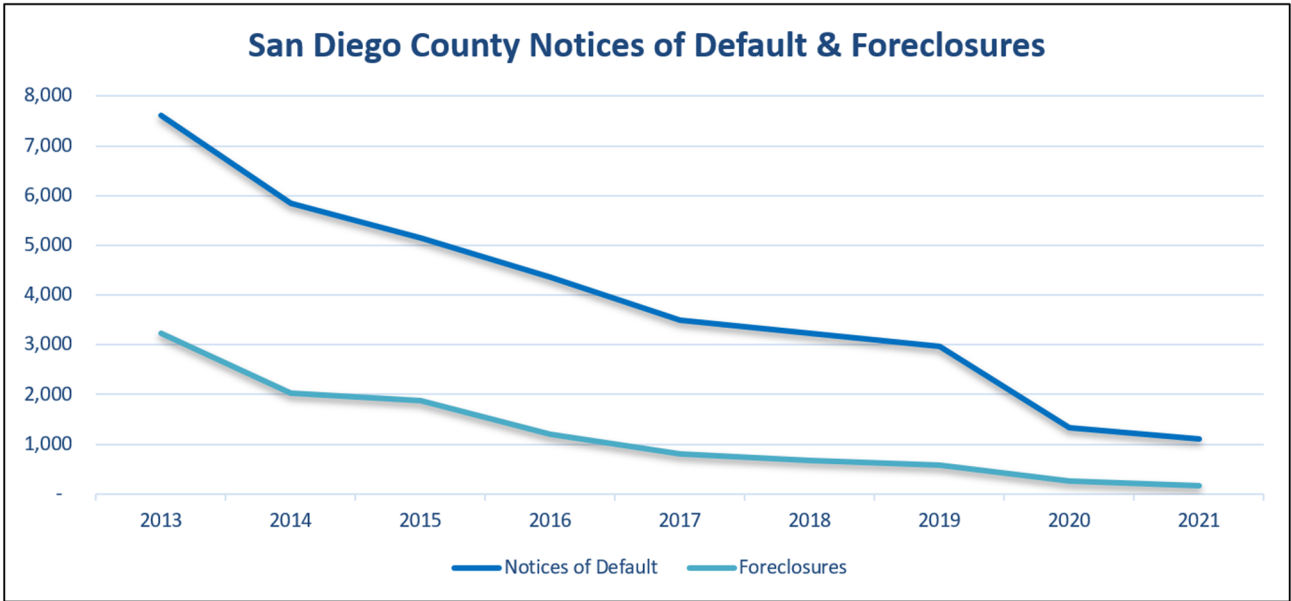
*All values as of December, except 2021 as of October

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 where 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 amount 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.

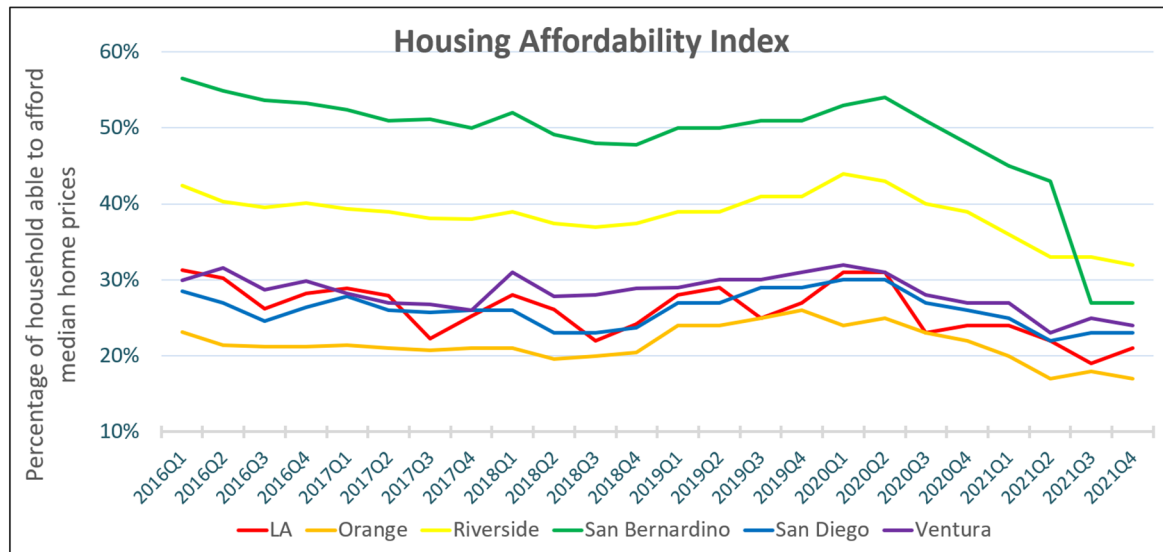


Source: SANDAG, US Census Bureau.

Further evidence of the San Diego real estate market recovery is the continued downward trend of notices of default and foreclosures issued in the county. The number of notices of default declined 8.1% in 2019, while the total number of foreclosed homes declined by 16.0% during the same period. However, 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. A decline in the number of distressed properties on the market also has a supply-reducing effect, and since distressed properties typically sell at lower than market prices, these dynamics have put upward pressure on prices, and have helped strengthen the county’s real estate market.

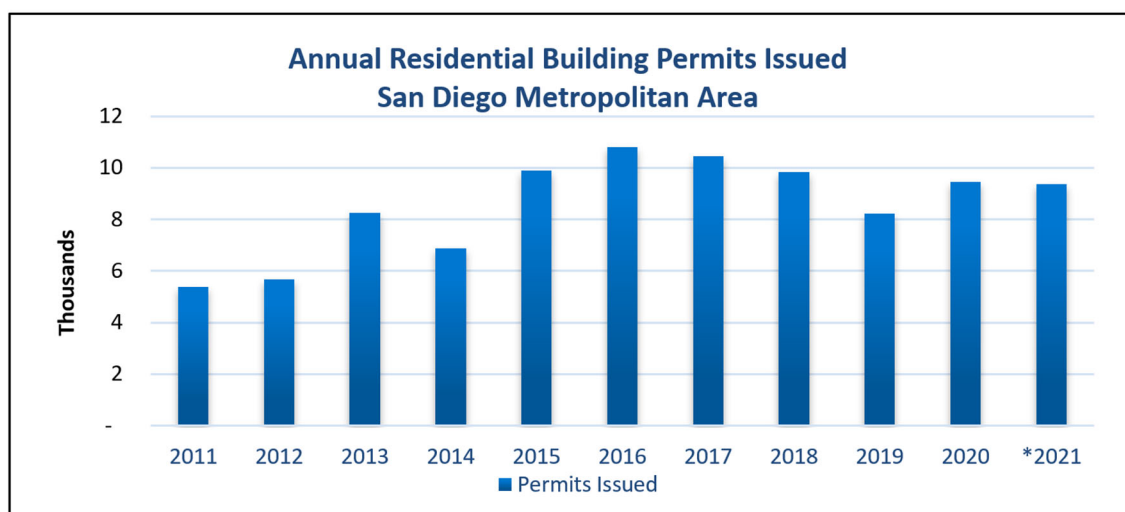


Strong price appreciation and increasing home prices are beneficial for homeowners, potential sellers, and the real estate industry. However, it has a detrimental effect on prospective buyers, particularly first-time home buyers. The California Association of Realtors' Traditional Housing Affordability 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 2021, approximately 23% of families in San Diego County can 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 2020 and 2021, reaching approximately 9,450 in both years. Local builders, taking notice of the continued demand are expected to apply for the same amount or more of building permits in 2022.



Source: U.S. Census Bureau

*preliminary numbers

Even though the number of permits issued is expected to be just as high or higher in 2022, 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 U.S. economy, as well as California and San Diego's economies, had strong economic indicators. As of end of year 2021, economists continue to debate what comes next. How long until the economy fully returns to pre-pandemic levels? So far 2022 is well ahead of where many economists thought California's economy might be. In early 2020 it was expected that unemployment in the state would be around 17.6% in 2021, but it is already down to 4.2% as of the end of 2021.

Olivenhain Municipal Water District

2022 Strategic Plan

David C. McCollom Water Treatment Plant



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.



our values

Beliefs that set the tone and direction of the workforce

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





our vision

What we aspire to be

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

our mission

Why we do what we do

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

water

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

recycled water/wastewater treatment

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

parks

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

emergency management

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

sustainable operations

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

our goals

What we strive to achieve

1. 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
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

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

2022 Calendar Year Objectives

1. Complete Train 2 membrane replacement at David C. McCollom Water Treatment Plant and commence membrane replacement of one additional train depending on the priority needs of the trains
2. Complete a condition assessment and structural integrity analysis of the DCMWTP membrane basins and chemical feed rooms
3. Partner with Asterra on satellite leak detection program and present findings to Facilities Committee
4. Complete construction of the DCMWTP pH Control System Project
5. Complete construction of the Manchester Avenue Potable Water Pipeline Replacement Project
6. Complete construction of the Lone Jack Pressure Reducing Station Replacement Project
7. Complete preliminary design for the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement or Rehabilitation Project
8. Outside of bird breeding season, complete maintenance of five impacted easements

Stretch Objective

- Complete maintenance of three additional impacted easements beyond Objective 8

Potable
Water

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Water

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Government
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

2022 Calendar Year Objectives

9. Complete preliminary design for the 4S Ranch Water Reclamation Facility Headworks Screening System Project
10. Make five new connections to the recycled water distribution system
11. Commence design of Extension 153 Flow Control Facility
12. Commence construction of the Manchester Avenue Recycled Water Pipeline Project
13. Commence construction of the 4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project

Stretch Objective

- Make two additional new connections to the recycled water distribution system beyond Objective 10 above

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

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Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 3

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

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

2022 Calendar Year Objectives

14. Continue education program for elementary schools in partnership with the Escondido Creek Conservancy as COVID restrictions allow, providing at least 1,000 students with in-person field trips to EFRR
15. Utilize volunteer groups such as San Diego Mountain Bike Association and EFRR trail patrol for two trail maintenance/repair projects as COVID restrictions allow
16. Participate in I Love a Clean San Diego Creek to Bay Cleanup event if COVID restrictions allow
17. Begin sixteenth annual photo contest if COVID restrictions allow
18. Conduct second round of oak tree monitoring for signs of Golden Spotted Oak Borer damage; report findings to EFRR Executive Committee with recommendations
19. Host water conservation workshop at Elfin Forest Interpretive Center Honoring Susan J. Varty if COVID restrictions allow
20. Investigate pedestrian safety along main driveway and report findings to EFRR Executive Committee with recommendations
21. Commemorate EFRR's 30th anniversary
22. Address maintenance demands on Ridgeline Maintenance Road by installing stabilized decomposed granite between Escondido Overlook and end of maintenance road
23. Replace fencing at Ridgetop Picnic Area and lower section of Cielo Trail

Stretch Objectives

- Cooperate with I Love a Clean San Diego on additional clean-up day if COVID restrictions allow
- Work with volunteer groups on two additional trail maintenance events if COVID restrictions allow

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
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Planning

Water
Master Plan

Water
Reliability

Government
Relations

goal 4

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

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

2022 Calendar Year Objectives

24. Commence overhaul and rehabilitation of one DCMWTP energy recovery turbine to ensure continuous energy savings
25. Continue partnerships with energy providers and third-party consultants to optimize energy costs
26. Install power monitoring equipment at a recycled water pump station and collect data on SCADA to be used for future energy intensity recording
27. Investigate cost/benefit alternatives for photovoltaic systems at Elfin Forest Interpretive Center Honoring Susan J. Varty to meet year-round power demands; submit a project for consideration in fiscal year 2023 annual budget

Stretch Objective

- Install power monitoring equipment at one additional recycled water pump station

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

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Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

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

2022 Calendar Year Objectives

28. Update Administrative and Ethics Code, Employee Handbook, and Compensation Policy to comply with new employee Memorandum of Understanding
29. Prepare staffing analysis succession planning document; present to Personnel Committee and full board
30. Add two less expensive ACWA HMO and PPO health insurance plans; make available to employees at open enrollment
31. Conduct employee morale survey in early October; meet with HEART Committee to review results and help determine the success of the 4/10 work schedule and remote work trial programs
32. Enhance employee health and wellness by providing quarterly wellness-related trainings and one wellness challenge
33. Conduct employee focus groups with General Manager
34. Develop and implement a network security training incentive program for employees
35. Complete installation of irrigation and plants in courtyards at headquarters
36. In coordination with local law enforcement, conduct active shooter training education/drills

Potable
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

OMWD Team Pledge

Rules of Engagement

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

Culture

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

Meeting Ground Rules

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

Communication Efforts

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

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

**Regulatory
Requirements**

Financial
Management

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

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

2022 Calendar Year Objectives

37. Complete and submit to the Department of Water Resources the first Annual Water Supply and Demand Assessment
38. Complete and submit to DWR the Annual Water Loss Audit using DWR's updated reporting criteria
39. Resume disconnections for non-payment in compliance with Senate Bill 998 (2018) upon discontinuation of the statewide moratorium
40. Enhance experience of in-house staff by completing replacement of 50 valves in support of the Valve Replacement Project
41. Complete self audit of the Sewer System Management Plan
42. Conduct Public Health Goal public hearing by June 2022 to complete the State Water Resources Control Board Division of Drinking Water's tri-annual requirement
43. File application with SWRCB to remove the industrial permit status for the 4S WRF for the purpose of securing a Storm Water Pollution Prevention Plan exemption
44. Continue to work with SWRCB on options/potential for a 4S WRF discharge permit and report findings to Facilities Committee
45. Based upon stormwater-related regulatory requirements, identify improvements to the headquarters site to enhance the site SWPPP, ensure regulatory compliance, and reduce potential violation exposure; present findings to Facilities Committee
46. Continue interdepartmental SWPPP committee to provide greater oversight for stormwater issues at headquarters and 4S WRF; conduct four quarterly meetings

Stretch Objective

- Complete replacement of 10 additional valves beyond Objective 40

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

**Financial
Management**

Community
Outreach

Financial
Planning

Water
Master Plan

Water
Reliability

Government
Relations

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

2022 Calendar Year Objectives

- 47. Continue to pursue local, state, federal, and private grant funding to offset costs
- 48. Upgrade to latest version of customer payment portal to facilitate autopay enrollment and eBilling for consolidated customers
- 49. Complete Phase 7 of the AMI Expansion Project
- 50. Review current and potential cost-sharing and/or resource-sharing opportunities with other local agencies; present to a board committee

Stretch Objective

- Achieve one or more new grant awards

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

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Management

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Relations

goal 8

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

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

2022 Calendar Year Objectives

51. Achieve District of Distinction and District Transparency Certificate of Excellence re-accreditation from Special District Leadership Foundation
52. Conduct comprehensive customer survey to measure customer satisfaction
53. Implement campaign to raise customer awareness of conservation-related resources and water use restrictions should they become mandated
54. Continue to develop messaging to protect customers' interests and to ensure customer awareness of SWRCB water use efficiency regulations and new legislative requirements
55. Partner with local businesses, vendors, and community organizations on a public service announcement and/or event
56. Complete redistricting process in advance of November 2022 general election
57. Commemorate DCMWTP's 20th anniversary
58. Complete installation of demonstration garden to model water-efficient landscaping for customers
59. Add a minimum of 500 households to My Water Use portal
60. Explore outreach efforts to increase customer e-newsletter participation by 500 subscribers
61. Update webpage to enhance user experience, including making the encroachment permit process and rebate programs more easily accessible

Stretch Objective

- Win award from CSDA, ACWA, or other local industry group

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

Financial
Management

Community
Outreach

**Financial
Planning**

Water
Master Plan

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Reliability

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Relations

goal 9

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

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

2022 Calendar Year Objectives

62. Complete fiscal year 2022 Annual Comprehensive Financial Report
63. Research and develop Pension Funding Policy; present to Finance Committee and full board
64. Complete Capital Assets Guidelines for GASB 87 implementation on leases
65. Complete the Fiscal Years 2022 and 2023 Biennial Operating and Capital Budget
66. Review and update water and sewer rates and charges
67. Update water capacity fees
68. Implement Rate Reimbursement Credit program
69. Expand Electronic Fund Transfer payment process to avoid fraudulent checks

Stretch Objective

- Keep OMWD's planned revenue adjustment at 5% or below for fiscal year 2023

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
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Relations

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

2022 Calendar Year Objectives

- 70. Commence planning documents for the Potable and Recycled Water Master Plan
- 71. Complete the Long-Term CIP Study and report findings to Facilities Committee
- 72. Create Pipeline Sampling Program for data collection and infrastructure assessment

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

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Relations

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

2022 Calendar Year Objectives

- 73. Continue investigations to determine viability for the San Dieguito Valley Groundwater Project and present update to board at the March 30 special board meeting

Stretch Objective

- Continue working with DWR/SWRCB for a variance for the urban water use objective for recycled water with high TDS

Potable
Water

Recycled
Water

Recreation

Sustainability

Employee
Relations

Regulatory
Requirements

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Relations

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

2022 Calendar Year Objectives

74. Coordinate with Registrar of Voters on the 2022 general election process for board members
75. Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento
76. Revisit position on Delta Conveyance with board when the EIR is released in summer 2022
77. Revisit position on Regional Conveyance with board at the completion of Phase B
78. Work with SDCWA on development of its 2023 rates and five-year financial plan development

LONG-TERM FINANCIAL PLAN (Fiscal Years 2023 to 2032)

The District has two separate Long-Term Financial Plans (LTFP) for both its water and wastewater operations. Each financial plan has a rate model built into the Plan that projects rate increases for the next ten years using certain financial assumptions and projections based on growth in operations and maintenance expenditures, capital needs, and reserve levels based on the cost of providing services to customers. The District's 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.

These plans 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, having long-term financial and capital planning help the District in assessing financial risks. The District has been successful in mitigating its fiscal challenges proactively before they lead to structural imbalance.

The District developed a 10-year Capital Improvement Program (CIP) spending plan for water and wastewater (sewer) facilities to address current and future capital replacement and betterment needs. The District's list of 10-year CIPs and Long-Term Financial Plans (LTFP) for water and wastewater are updated regularly based on capital needs, Board priorities, and reserve levels.

The District's LTFPs were developed based on certain financial assumptions. 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 budget process.

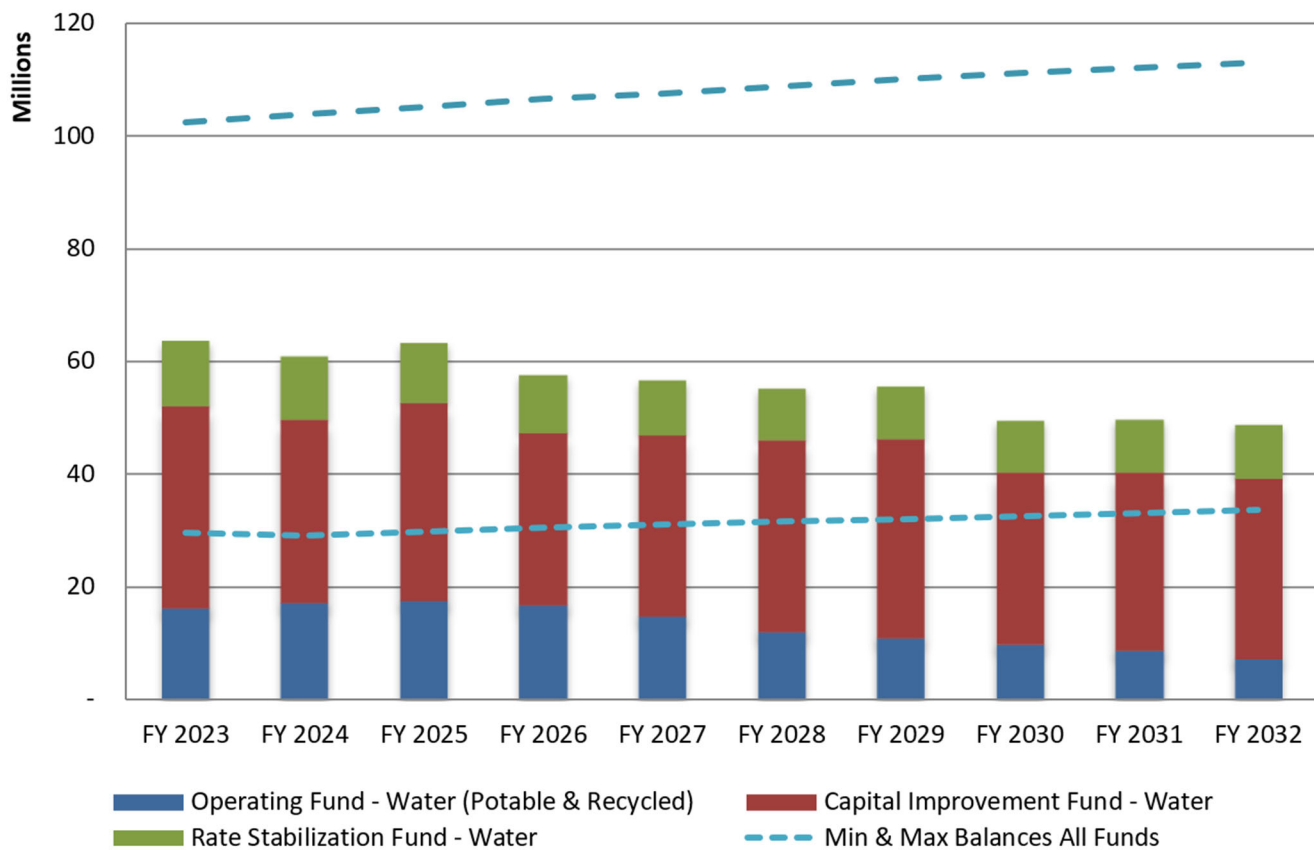
This section contains a ten-year financial projection for water and wastewater (sewer) operations, capital replacement and betterment needs, as well as a ten-year forecast of the District's fund balances. The District's water and wastewater CIP, which are listed in the District's 10 Year Capital Spending 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.

Detailed information about current water and wastewater (sewer) rate structures are available in the Olivenhain Municipal Water District 2019 Water Rate Study and the Olivenhain Municipal Water District Wastewater Rate Study (2021). The District is currently undergoing a new capacity fee study with an independent consultant that will be completed in Fiscal Year 2023 to help determine future rates.

Long-Term Goals:

- Continue the District's commitment to serving present and future customers with safe and reliable water in a cost-effective and environmentally responsive manner.
- Remain dedicated to provide high-quality customer service.
- 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 water fund collects revenues primarily from its water operations. Potable water sales are the District's largest source of operating revenue, followed by recycled water operations and property (ad valorem) tax revenue. The District uses property taxes to pay for its planned capital spending and to offset its revenue requirements from rates and charges in order to minimize future years' rate increases.

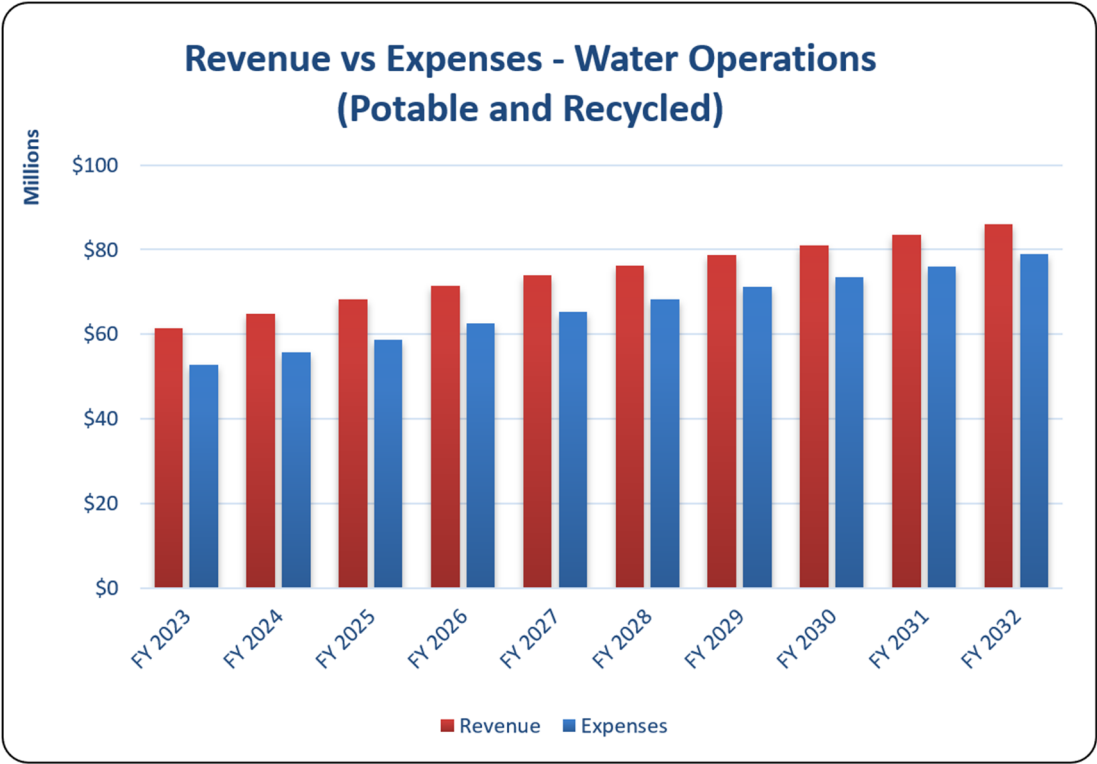
The District has a Revenues and Expenditures Policy and Board-Designated Fund Balances Policy. A copy of these Board-adopted policies is included in the introduction section of this budget document. These policies are used as a guideline for the rate-setting process and for determining reserve levels. Amounts 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 52% 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 60% of the District’s recycled water demand in the Southeast Quadrant is supplied through treated effluent from the 4S Water Reclamation Facility, owned and operated by the District. More information on the District’s recycled water purchases is located in the Expense section of the Budget.

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. As part of the biennial budget, the District has planned rate adjustments of 5% annually over the next two fiscal years to cover projected increases in purchased water wholesale costs and anticipated increases operating costs. Any rate adjustment requires Board approval prior to implementation.

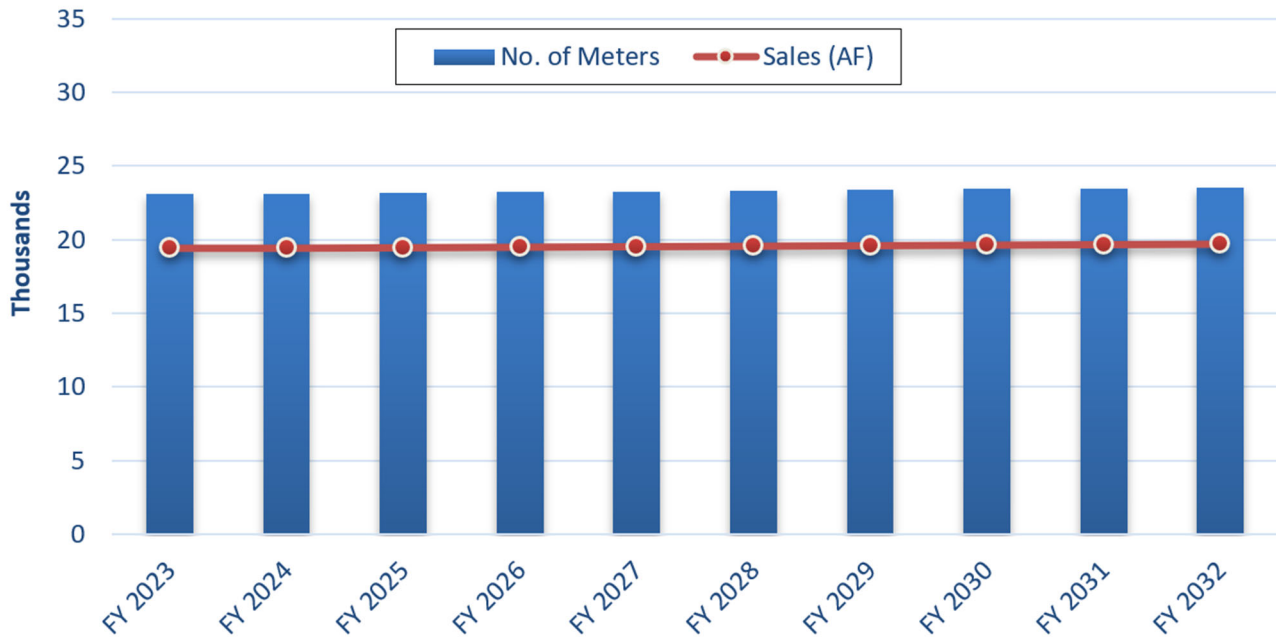


Key Financial Assumptions – Water (Potable and Recycled)

- 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 for each unit of potable water purchased until the full rebate amount has been refunded.
- Water sales volume for Fiscal Years 2023 and 2024 is estimated to remain the same based on the average actual water sales for Calendar Years 2020 and 2021. Fiscal Year 2024 projected sales will be revised at the midterm budget review in March 2023 if necessary.
- Potable and recycled rates and charges are reviewed and adjusted annually to pay for the cost of providing water services, including increased purchased water wholesale costs and to pay for the District’s planned capital needs.
- The District is at approximately 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 92% potable and 8% recycled in Fiscal Years 2023 and 2024.

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.
- 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 \$760,000 in rental income a year.
- The District relies on property tax revenues to pay for its water capital improvement projects. Property tax revenue is approximately \$4.1 million and is expected to increase slightly every year based on San Diego County's assessed property value and increased housing prices. More information about San Diego home prices can be found in the History and Community Profile section of this document.

- The Board approved and adopted a 4.27% rate adjustment effective March 1, 2022 to pass through an 8.38% increase in untreated purchased water wholesale variable and fixed costs (including both potable and recycled water suppliers) effective January 1, 2022, and to pass through a 1.7% annual inflation adjustment based on San Diego Consumer Price Index (SDCPI) for the second half of 2020 (over the second half of 2019 index). Fiscal Year 2023 and Fiscal Year 2024 assume a 5% projected revenue adjustment to pass through proposed increases in untreated purchased water wholesale costs on both commodity and fixed expenses, and annual inflation adjustments based on the SDCPI increase.
- The District's operation and maintenance expenses are budgeted to increase by 6.4% for Fiscal Year 2023, compared to the Board-approved budget for Fiscal Year 2022, and an increase of 5.9% for Fiscal Year 2024. The increase in operation and maintenance is to keep up with inflation, to pay for the District's long-term liabilities (such as CalPERS pension costs), and to pay for future operations and maintenance expenditures associated with new water capital facilities included in the District's long-term financial plan and model developed by the District's rate consultant.
- Increases in General Liability, Property, Automobile, Equipment, Excess, and Cybersecurity insurance costs are based on actual quotes received from carriers. Reinsurers are pulling back their capacity in California based on wildfire losses since 2015, which have dramatically impacted insurer loss ratios. The resulting effect on the District is a significant cost increase for insurance in Fiscal Year 2023 compared to prior years. For Fiscal Year 2024, the Board has approved the District to consider risk-sharing pools as an alternative to cut costs if similar coverage is obtainable.
- 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 1st of each year. For the duration of the MOU, the annual merit pool is determined based on San Diego County's CPI-U for the previous year, with a lower limit of 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 2023 is 6%, and estimated to be 6% for Fiscal Year 2024. 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 0.5% for Fiscal Year 2023 and 1.0% 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 recently 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 a 6.9 cent credit on their monthly water bill for each unit of potable water purchased with consumption beginning March 1, 2022. 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 will make annual transfers from the Rate Stabilization Fund to Operating Fund – Water to reimburse for the credit given to customers for that year.

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 address its planned capital expenditures.

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. 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 long-term financial plan are derived from the District's 20 Year Capital Improvement Programs for Potable Water and Recycled Water.

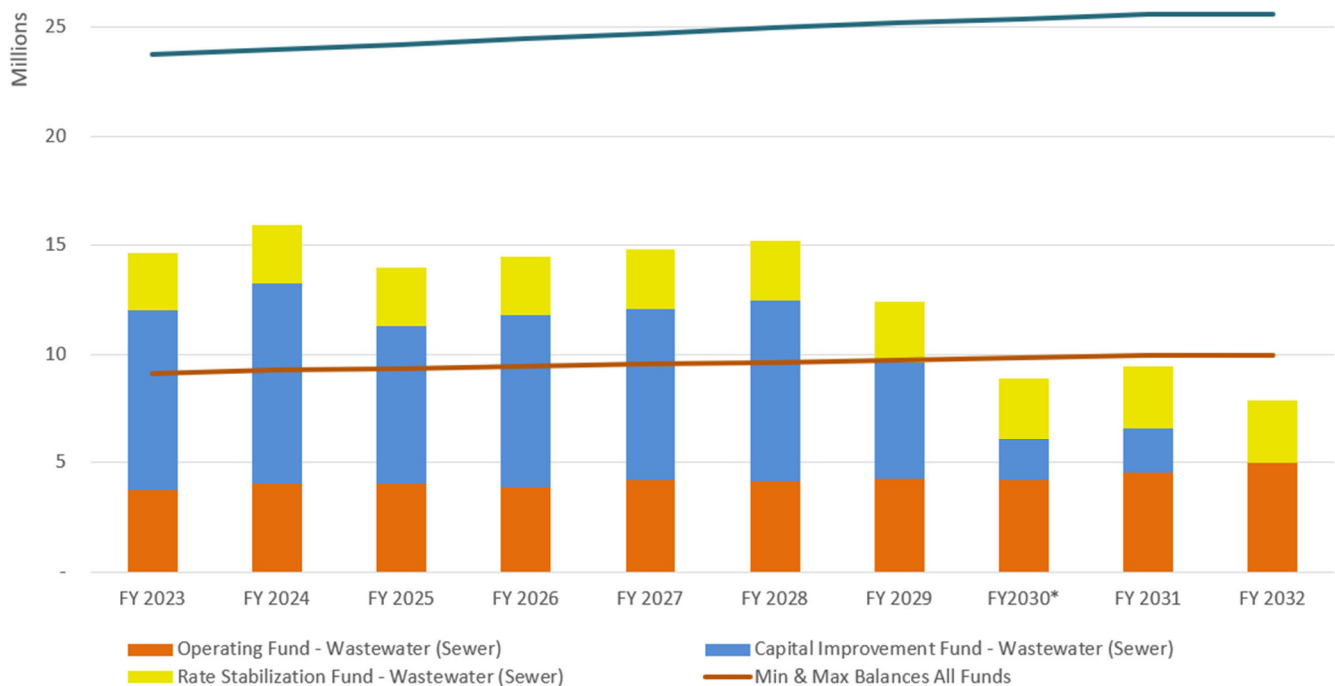
The Long-Term Financial Plan is used by the Finance Department as a cash management tool to forecast the District's cash position and funding requirements over the next ten years. Each fund's current and future projected revenue (cash inflow) is reviewed in relation to the existing reserve levels and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

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

Contributions to this fund to pay for 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 2023 to 2032 of planned potable and recycled water capital spending, based on based on the 10-year Capital Spending Plan for potable and recycled is approximately \$141.2 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.

Wastewater (Sewer) Funds



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 2030 above will be addressed in the next cost of service study scheduled for 2025. 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:

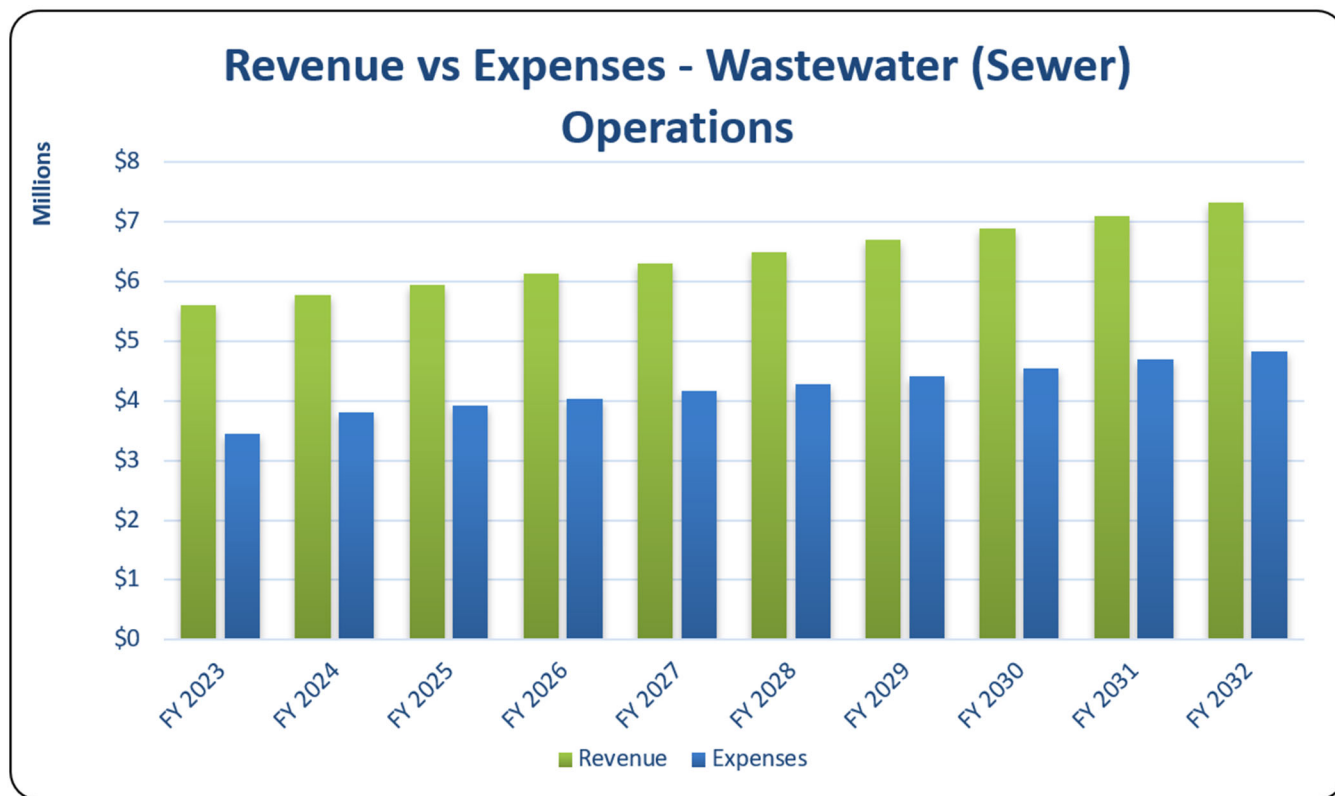
- **Rancho Cielo Sanitation District** – This includes the Rancho Cielo development and adjacent areas. It is located just east of the covenant area of Rancho Santa Fe and north of Del Dios Highway – in the Southeast Quadrant of the District’s water service area.
- **4S Ranch Sanitation District** –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

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

On May 19, 2021, the Board adopted Ordinance No. 487 increasing sewer rates and charges by 2% effective July 1, 2021, and by 3% each July 1 thereafter for the next four years through Fiscal Year 2026. A 2020 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.

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

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



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 (sewer) Service Fees for the next five years (covering fiscal years 2022 through 2026) are based on the 2020 Wastewater Cost of Service Study.
- The District has 10-year Wastewater Capital Spending Plan developed by the District's Engineering department.
- The Board adopted a sewer rate ordinance on May 19, 2021 that would allow the District to increase its sewer rates and charges 2% on July 1, 2021, and by 3% each July 1 thereafter over the next four years through Fiscal Year 2026.
- General inflation increases are estimated at 5% for 2023 and 2024, then 3% each year after based on the average annual change in the 15-year Consumer Price Index for the San Diego region.
- The District follows a five year wastewater long-term financial plan developed by the District's wastewater rate study consultant and approved by the Board.
- Growth is projected to be relatively flat, less than 1% each year, until build-out (2030). In Fiscal Year 2022 the District added 84 stand-by sewer EDUs from the addition of the Avion development. The Board approved annexing the Avion development into the District's sewer system which will be added over the next 24 months.
- Capital Inflation is currently estimated at 4%.
- 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 sewer operations. More information on the MOU is located in the Employee Benefit section.
- Utilities are projected to increase by 3% each year over the next ten years.
- Investment income is projected to be .50% for Fiscal Year 2023 and 1.0% thereafter.
- The District must meet debt service coverage requirements on its outstanding bond issues. The District's required debt coverage is 125 percent. The District's sewer revenue bonds were directly purchased by Sterling National Bank through a private placement financing process.

Rate Stabilization Fund - Wastewater

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

Capital Improvement Fund – Wastewater (Sewer)

The District's wastewater capital expenditures are financed from wastewater (sewer) rates and fees. The District sets aside funds from its wastewater (sewer) revenues to pay for its wastewater planned capital expenditures based on the amount required in the Wastewater Long Term Financial Plan approved by the Board. 4S Ranch and Rancho Cielo Wastewater 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. The Capital Improvement Fund shortfalls shown in FY 2030 above will be addressed in the next cost of service study scheduled for 2025. Additional projects costs were added after the most recent study was completed leading to shortfalls in future years based on current rates and reserves.

Estimated total capital costs for Fiscal Years 2023 to 2032 of planned wastewater (sewer) capital spending is approximately \$31.9 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 reconfirmed for a AAA rating on all bonds from Fitch Rating Agency in May of 2022.

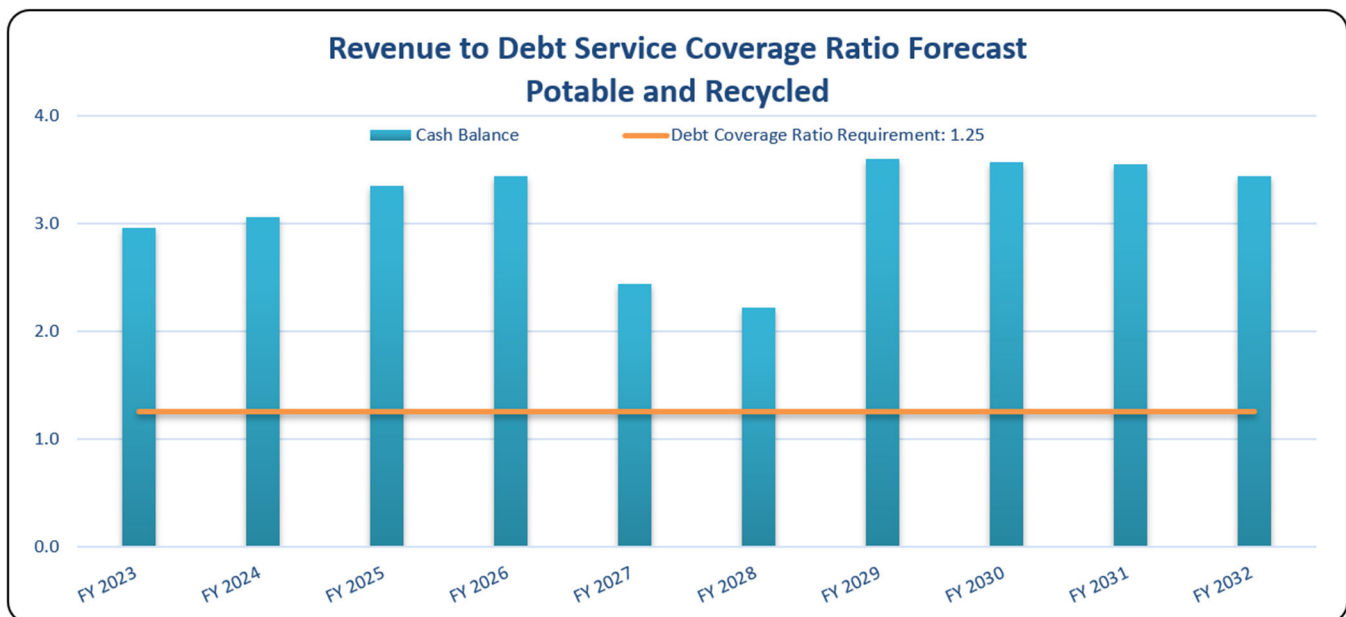
The 2019 RAD 96-1 bonds were issued to refund the 2007 RAD 96-1 bonds. The 2007 RAD 96-1 bonds were issued to refund the Assessment District 96-1 bonds. The Assessment District 96-1 bonds (\$22,530,000 original principal amount) were issued in August 1997 for the purpose of constructing the dam and reservoir 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

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 (sewer) 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 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

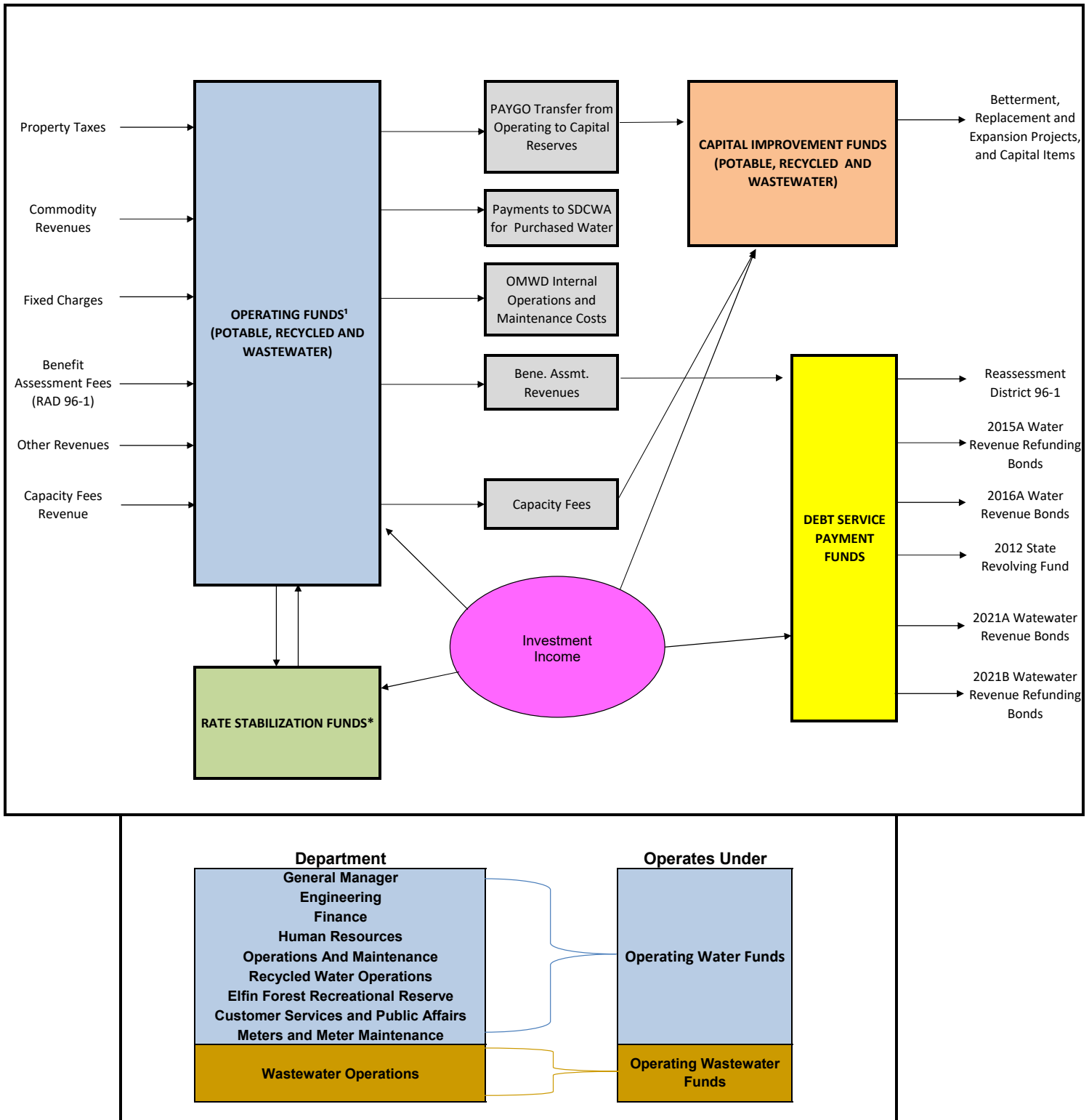
administrative and operations building at 1966 Olivenhain Road, Encinitas, CA. The District received an interest rate of 1.14% for the 2021B Bonds, which resulted in an estimated net present value savings of \$243,900 after the cost of issuance. The 2021B Bonds which were directly purchased by Sterling 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.

Pension Stabilization Fund

In June of 2022, the Board approved the addition of a Pension Funding Policy and the establishment 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 and Sewer 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.

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

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



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

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

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

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Operating Revenues										
Water Volume Sales	43,373,000	45,540,000	47,895,000	50,207,000	52,127,000	53,778,000	55,482,000	57,239,000	59,052,000	60,922,000
System Access Charge	14,801,000	15,567,000	16,372,000	17,164,000	17,828,000	18,404,000	18,998,000	19,612,000	20,246,000	20,900,000
SDCWA IAC	1,476,000	1,467,000	1,577,000	1,622,000	1,625,000	1,657,000	1,703,000	1,736,000	1,715,000	1,698,000
Selling Treatment Services to Vallecitos	654,000	1,194,000	1,208,000	1,252,000	1,263,000	1,252,000	1,270,000	1,263,000	1,245,000	1,285,000
Other Water Operating Revenues	1,205,000	1,170,000	1,186,000	1,202,000	1,218,000	1,235,000	1,252,000	1,269,000	1,286,000	1,304,000
Total Operating Revenues	61,509,000	64,938,000	68,238,000	71,447,000	74,061,000	76,326,000	78,705,000	81,119,000	83,544,000	86,109,000
Operating Expenses										
Purchased Water	32,241,000	34,195,000	36,423,000	38,713,000	40,698,000	42,895,000	45,079,000	46,725,000	48,411,000	50,559,000
Recycled Water Credit	-	-	-	-	-	-	-	-	-	-
Operating Expenses (exclude depreciation)	20,437,000	21,652,000	22,300,000	23,836,000	24,549,000	25,284,000	26,041,000	26,821,000	27,624,000	28,401,000
Total Operating Expenses	52,678,000	55,847,000	58,723,000	62,549,000	65,247,000	68,179,000	71,120,000	73,546,000	76,035,000	78,960,000
Net Operating Revenues	8,831,000	9,091,000	9,515,000	8,898,000	8,814,000	8,147,000	7,585,000	7,573,000	7,509,000	7,149,000
Other Cash Inflows										
Investment Income	122,000	244,000	255,000	250,000	226,000	196,000	190,000	180,000	169,000	154,000
Transfer from Rate Stabilization Fund	600,000	600,000	600,000	600,000	600,000	600,000	-	-	-	-
Property Taxes	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
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	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Other Cash Inflows	4,867,000	4,989,000	5,000,000	4,995,000	4,971,000	4,941,000	4,335,000	4,325,000	4,314,000	4,299,000
Other Cash Outflows										
Transfer to Capital Fund - PAYGO	7,300,000	6,800,000	7,800,000	8,300,000	8,300,000	8,300,000	8,300,000	8,300,000	8,300,000	8,300,000
Transfer to Capital Fund - Gann Limit	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Transfer to Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Transfer for 2015A Debt Service Payment	2,413,000	2,410,000	2,414,000	2,407,000	2,405,000	2,404,000	-	-	-	-
Transfer for 2016A Debt Service Payment	980,000	977,000	978,000	977,000	975,000	978,000	974,000	974,000	977,000	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	488,000	488,000	487,000	487,000	487,000	487,000	-	-	-	-
Transfer for 2021 Proposed Debt Service Payment	-	-	-	-	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000
Transfer for 2012 SRF Reserve Fund Requirement	107,000	107,000	107,000	107,000	-	-	-	-	-	-
Other Non-Operating Expenditures	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-	-
Total Other Cash Outflows	13,668,000	13,162,000	14,166,000	14,658,000	15,848,000	15,850,000	12,955,000	12,955,000	12,948,000	12,946,000
Net Other Cash Inflow (Outflow)	(8,801,000)	(8,173,000)	(9,166,000)	(9,663,000)	(10,877,000)	(10,909,000)	(8,620,000)	(8,630,000)	(8,634,000)	(8,647,000)
Net Cash Flow	30,000	918,000	349,000	(765,000)	(2,063,000)	(2,762,000)	(1,035,000)	(1,057,000)	(1,125,000)	(1,498,000)
Projected Beginning Fund Balance	16,325,000	16,355,000	17,273,000	17,622,000	16,857,000	14,794,000	12,032,000	10,997,000	9,940,000	8,815,000
Projected Cumulative Ending Fund Balance	\$ 16,355,000	\$ 17,273,000	\$ 17,622,000	\$ 16,857,000	\$ 14,794,000	\$ 12,032,000	\$ 10,997,000	\$ 9,940,000	\$ 8,815,000	\$ 7,317,000

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

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Operating Revenues										
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
Operating Expenses										
Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
Net Operating Revenues	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows										
Investment Income	58,000	110,040	105,140	100,192	95,194	90,146	91,047	91,958	92,877	93,806
Transfer from Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Inflows	58,000	110,040	105,140	100,192	95,194	90,146	91,047	91,958	92,877	93,806
Other Cash Outflows										
Transfer to Operating Fund	600,000	600,000	600,000	600,000	600,000	600,000	-	-	-	-
Total Other Cash Outflows	600,000	600,000	600,000	600,000	600,000	600,000	-	-	-	-
Net Other Cash Inflow (Outflow)	(542,000)	(489,960)	(494,860)	(499,808)	(504,806)	(509,854)	91,047	91,958	92,877	93,806
Net Cash Flow	(542,000)	(489,960)	(494,860)	(499,808)	(504,806)	(509,854)	91,047	91,958	92,877	93,806
Projected Beginning Fund Balance	12,146,000	11,604,000	11,114,040	10,619,180	10,119,372	9,614,566	9,104,712	9,195,759	9,287,716	9,380,593
Projected Cumulative Ending Fund Balance	\$ 11,604,000	\$ 11,114,040	\$ 10,619,180	\$ 10,119,372	\$ 9,614,566	\$ 9,104,712	\$ 9,195,759	\$ 9,287,716	\$ 9,380,593	\$ 9,474,399

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

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Other Cash Inflows										
Investment Income	178,000	322,000	348,000	303,000	319,000	337,000	350,000	301,000	312,000	318,000
Ordinance 280 Revenue	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Anticipated Grant Funds	1,897,000	514,000	5,000,000	5,000,000	-	-	-	-	-	-
Transfer from Operating Fund - PAYGO	7,300,000	6,800,000	7,800,000	8,300,000	8,300,000	8,300,000	8,300,000	8,300,000	8,300,000	8,300,000
Transfer from Oper. Fund -Excess Prop. Tax - Gann Limit	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Capacity Fee Revenues	132,000	163,000	1,022,000	2,053,000	852,000	264,000	135,000	38,000	60,000	60,000
Proceeds from the sale of Surplus Property	1,000,000	-	-	-	-	-	-	-	-	-
Transfer from Sewer	-	-	-	-	-	-	-	-	-	-
Proposed Debt	-	-	-	-	19,600,000	-	-	-	-	-
Total Other Cash Inflows	11,812,000	9,104,000	15,475,000	16,961,000	30,376,000	10,206,000	10,090,000	9,944,000	9,977,000	9,983,000
Other Cash Outflows										
Capital Item Purchases	517,000	422,500	425,000	425,000	425,000	425,000	425,000	425,000	425,000	425,000
Capital Projects (see next page for detail)	19,591,000	11,808,000	12,452,000	21,076,000	28,248,000	7,917,000	8,369,000	14,410,000	8,394,000	8,973,000
Other Expenditures	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Total Other Cash Outflows	20,138,000	12,260,500	12,907,000	21,531,000	28,703,000	8,372,000	8,824,000	14,865,000	8,849,000	9,428,000
Net Other Cash Inflow (Outflow)	(8,326,000)	(3,156,500)	2,568,000	(4,570,000)	1,673,000	1,834,000	1,266,000	(4,921,000)	1,128,000	555,000
Net Cash Flow	(8,326,000)	(3,156,500)	2,568,000	(4,570,000)	1,673,000	1,834,000	1,266,000	(4,921,000)	1,128,000	555,000
Projected Beginning Fund Balance	44,016,000	35,690,000	32,533,500	35,101,500	30,531,500	32,204,500	34,038,500	35,304,500	30,383,500	31,511,500
Projected Cumulative Ending Fund Balance	\$ 35,690,000	\$ 32,533,500	\$ 35,101,500	\$ 30,531,500	\$ 32,204,500	\$ 34,038,500	\$ 35,304,500	\$ 30,383,500	\$ 31,511,500	\$ 32,066,500

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

	Project Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
(1)	San Dieguito Groundwater Desalination	700,000	1,669,000	2,813,000	11,345,000	22,448,000	-	-	-	-	-
(1)	Advanced Metering Infrastructure (AMI)	853,000	679,000	884,000	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (PW/RCW)	198,000	90,000	386,000	386,000	-	-	-	-	-	-
	District Wide Scada Upgrades	256,000	-	-	-	-	-	-	-	-	-
(1)	Network User Enhancements	60,000	-	-	-	-	-	-	-	-	-
(1)	District Wide Physical Security Improvements	50,000	30,000	30,000	30,000	30,000	-	-	-	-	-
(1)	OMWWD Parking and Access Improvements	150,000	-	-	-	-	243,000	-	-	-	-
	SWPPP Facility Improvements	100,000	-	-	-	-	-	-	-	-	-
(1)	PW and RCW Master Plan Update	325,000	220,000	-	-	-	-	-	-	-	-
(1)	RSF Unit A North PL Repl	1,238,000	844,000	-	-	-	-	-	-	-	-
	Gaty II Safety Improvements	67,000	523,000	-	-	-	-	-	-	-	-
	Unit B & K Rehab	-	327,000	1,533,000	-	-	-	-	-	-	-
	Dusty Trail PL Replacement	-	-	698,000	-	-	-	-	-	-	-
	Encinitas Blvd PL Inspection and Repair	145,000	537,000	-	-	-	-	-	-	-	-
	Encinitas Blvd PL Replacement	-	-	-	-	-	500,000	2,282,000	7,617,000	-	-
	RSF Rd PL Inspection	-	-	164,000	524,000	-	-	-	-	-	-
	RSF Rd PL Replacement	-	-	-	-	-	-	-	-	460,000	885,000
(1)	Village Park PRS Replacement	180,000	760,000	-	-	-	-	-	-	-	-
(1)	Gardendale PRS Replacement	180,000	760,000	-	-	-	-	-	-	-	-
	Del Lago PRS Replacement	-	-	120,000	820,000	-	-	-	-	-	-
	SE #1 PRS Replacement	-	-	-	-	130,000	880,000	-	-	-	-
	Quail Gardens	-	-	-	-	-	-	140,000	960,000	-	-
	Via Valle Verde	-	-	-	-	-	-	-	-	150,000	1,030,000
	Palms I and II Reservoirs Replacemt	-	150,000	1,135,000	-	-	-	-	-	-	-
	Rancho La Cima/Aliso Canyon PL Relocation	102,000	5,000	130,000	-	-	-	-	-	-	-
	Harris Ranch Right-of-Way Acquisition	-	-	182,000	-	-	-	-	-	-	-
	Unit B & K EM CCTV Inspect & Rehab Phase 2	-	-	412,000	1,838,000	-	-	-	-	-	-
	EV Charging Station	-	-	60,000	750,000	1,485,000	-	-	-	-	-
	Pressure Zone 386 Expansion	-	-	-	989,000	-	-	-	-	-	-
	Gano Reservoir Improvements	-	-	-	20,000	159,000	-	-	-	-	-
	Gaty I Reservoir Decommissioning	-	-	-	-	-	398,000	-	-	-	-
	Berk Reservoir Improvements	-	-	-	-	-	-	22,000	179,000	-	-
	Replace Maryloyd Pump Station	-	-	-	-	-	-	-	506,000	-	-
	Replace Lone Jack Pipeline	-	-	-	-	-	-	-	-	1,447,000	-
(1)	Residuals Handling Building Canopy	414,000	-	-	-	-	-	-	-	-	-
(1)	DCMWTP pH Control Systems	586,000	-	-	-	-	-	-	-	-	-
	4th Stage Centrifuge Addition	996,000	-	-	-	-	-	-	-	-	-
(1)	Hydropower Turbine Refurbishment	479,000	-	-	-	-	-	-	-	-	-
	Chlorine Gen Rm Lining Rehab	150,000	-	-	-	-	-	-	-	-	-
	Air Monitoring and HVAC Improvement	50,000	100,000	-	-	-	-	-	-	-	-
	General WTP Inspect & Cond Assessment	400,000	-	-	-	-	-	-	-	-	-
	2nd Stage Membrane Train Overhaul	270,000	280,000	295,000	-	-	-	-	-	-	-
	Membrane Train Control Wiring Replacement	-	-	55,000	-	-	62,000	-	-	70,000	-
	Flow Meter Replacements	-	-	-	-	-	-	-	85,000	89,000	92,000
	DCMWTP Office Construction	-	-	-	-	-	1,874,000	1,423,000	-	-	-
	DCMWTP Analyzer Replacement	-	-	-	-	-	-	451,000	-	-	-
	Replace Strainer Isolation Valves	-	-	-	-	-	-	-	101,000	-	-
	Replace Chemical Feed Systems	-	-	-	-	-	-	-	-	108,000	112,000
	Replace Chemical Storage Systems	-	-	-	-	-	-	-	232,000	241,000	251,000
	DCMWTP Sewer Manhole Project	-	-	-	-	-	-	-	131,000	-	-
	Repl Main DCMWTP Compressors	-	-	-	-	-	-	-	216,000	-	-
	Replace Chlorine Generator	-	-	-	-	-	-	-	-	1,442,000	-
	DCMWTP Chemical Systems Upgrade	-	-	-	-	-	-	-	-	-	150,000
	3rd Stage DAF Addition	-	-	-	-	-	-	-	-	-	758,000
(1)	Landscape HQ Courtyards	35,000	-	-	-	-	-	-	-	-	-
	Bridge Crane Rehabilitation and Mods	-	-	-	-	-	-	-	-	-	836,000
	Golem 14" Pipeline Condition Assessment	150,000	-	-	-	-	-	-	-	-	-

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

Project Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Recurring Replacement Projects										
Network Security	165,000	115,000	96,000	100,000	104,000	109,000	114,000	119,000	124,000	129,000
Replace Pipelines	1,350,000	1,070,000	544,000	1,279,000	658,000	684,000	712,000	875,000	910,000	946,000
Replace Valves	1,085,000	1,106,000	917,000	907,000	888,000	854,000	821,000	789,000	759,000	730,000
Replace DCM WTP Membranes	725,000	749,000	900,000	936,000	842,000	876,000	911,000	947,000	985,000	1,024,000
Replace PRS Valves	50,000	52,000	54,000	56,000	58,000	60,000	62,000	65,000	68,000	71,000
Replace Potable Meters	315,000	328,000	336,000	342,000	515,000	575,000	598,000	615,000	637,000	660,000
Steel Mains Protection	281,000	292,000	304,000	316,000	329,000	342,000	356,000	370,000	385,000	400,000
Replace Meter Anodes	146,000	152,000	158,000	164,000	171,000	178,000	185,000	192,000	200,000	208,000
Replace Pumps and Motors	84,000	88,000	91,000	95,000	99,000	103,000	107,000	111,000	115,000	119,000
Rehab Concrete Tanks	45,000	47,000	49,000	51,000	53,000	55,000	57,000	60,000	62,000	425,000
Physical Security Upgrades	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Recycled Projects										
(1) Manchester Recycled Pipeline Ext.	4,465,000	-	-	-	-	-	-	-	-	-
Replace Recycled Meters	21,000	18,000	16,000	16,000	25,000	26,000	27,000	28,000	31,000	33,000
(1) Calle Barcelona, VP, & Summerhill HOA Exten	2,110,000	500,000	-	-	-	-	-	-	-	-
Retrofit Potable Meters to Recycled	60,000	62,000	65,000	67,000	70,000	73,000	76,000	79,000	82,000	85,000
(1) Ext. 153 Flow Meter	205,000	155,000	-	-	-	-	-	-	-	-
Wanket RW Reservoir Rehabilitation	75,000	75,000	-	-	-	-	-	-	-	-
Back-Up Generator Santa Fe Valley RW Pump Station	250,000	-	-	-	-	-	-	-	-	-
Santa Fe Valley RW Reservoir Improvements	-	-	-	20,000	159,000	-	-	-	-	-
Total	\$ 19,591,000	\$ 11,808,000	\$ 12,452,000	\$ 21,076,000	\$ 28,248,000	\$ 7,917,000	\$ 8,369,000	\$ 14,410,000	\$ 8,394,000	\$ 8,973,000

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2023

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2023

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

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Operating Revenues										
Service Charges(4S Ranch and Rancho Cielo)	5,598,000	5,766,000	5,939,000	6,117,000	6,301,000	6,490,000	6,685,000	6,886,000	7,093,000	7,306,000
Total Operating Revenues	5,598,000	5,766,000	5,939,000	6,117,000	6,301,000	6,490,000	6,685,000	6,886,000	7,093,000	7,306,000
Operating Expenses										
Operating Expenses	3,440,000	3,807,000	3,921,000	4,039,000	4,160,000	4,285,000	4,414,000	4,546,000	4,682,000	4,822,000
Total Operating Expenses	3,440,000	3,807,000	3,921,000	4,039,000	4,160,000	4,285,000	4,414,000	4,546,000	4,682,000	4,822,000
Net Operating Revenues	2,158,000	1,959,000	2,018,000	2,078,000	2,141,000	2,205,000	2,271,000	2,340,000	2,411,000	2,484,000
Other Cash Inflows										
Investment Income	19,000	40,000	40,000	38,000	42,000	41,000	42,000	42,000	45,000	49,000
Other Non-Operating Revenues/Annexation Fees	-	-	-	-	-	-	-	-	-	-
Proceeds 2021A Sewer Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Proceeds 2021B Sewer Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Transfer from Capital Replacement Fund	-	-	-	-	-	-	-	-	-	-
Other Non-Operating Revenues/Annexation Fees	-	-	-	-	-	-	-	-	-	-
Total Other Cash Inflows	19,000	40,000	40,000	38,000	42,000	41,000	42,000	42,000	45,000	49,000
Other Cash Outflows										
Annual Transfer to Capital Fund	1,590,000	1,300,000	1,581,000	1,860,000	1,435,000	1,859,000	1,915,000	2,118,000	1,807,000	1,765,000
Transfer to Pot. Capital Fund, bond proceeds	-	-	-	-	-	-	-	-	-	-
Transfer to Sewer Capital Fund, bond proceeds	-	-	-	-	-	-	-	-	-	-
Transfer to Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-
Transfer for 2021A Sewer Revenue Bond Debt Service	310,000	310,000	310,000	310,000	310,000	309,000	310,000	310,000	310,000	310,000
Transfer for 2021B Sewer Revenue Bond Debt Service	122,000	122,000	122,000	122,000	122,000	122,000	-	-	-	-
Other Non-Operating Expenditures	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	2,022,000	1,732,000	2,013,000	2,292,000	1,867,000	2,290,000	2,225,000	2,428,000	2,117,000	2,075,000
Net Other Cash Inflow (Outflow)	(2,003,000)	(1,692,000)	(1,973,000)	(2,254,000)	(1,825,000)	(2,249,000)	(2,183,000)	(2,386,000)	(2,072,000)	(2,026,000)
Net Cash Flow	155,000	267,000	45,000	(176,000)	316,000	(44,000)	88,000	(46,000)	339,000	458,000
Projected Beginning Fund Balance	3,589,221	3,744,221	4,011,221	4,056,221	3,880,221	4,196,221	4,152,221	4,240,221	4,194,221	4,533,221
Projected Cumulative Ending Fund Balance	\$ 3,744,221	\$ 4,011,221	\$ 4,056,221	\$ 3,880,221	\$ 4,196,221	\$ 4,152,221	\$ 4,240,221	\$ 4,194,221	\$ 4,533,221	\$ 4,991,221

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

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Other Cash Inflows										
Investment Income	13,000	26,000	26,000	27,000	27,000	27,000	28,000	28,000	28,000	28,000
Transfer from Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Inflows	13,000	26,000	26,000	27,000	27,000	27,000	28,000	28,000	28,000	28,000
Other Cash Outflows										
Transfer to Operating Fund	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	-	-	-	-	-	-	-	-	-	-
Net Other Cash Inflow (Outflow)	13,000	26,000	26,000	27,000	27,000	27,000	28,000	28,000	28,000	28,000
Net Cash Flow	13,000	26,000	26,000	27,000	27,000	27,000	28,000	28,000	28,000	28,000
Projected Beginning Fund Balance	2,608,495	2,621,495	2,647,495	2,673,495	2,700,495	2,727,495	2,754,495	2,782,495	2,810,495	2,838,495
Projected Cumulative Ending Fund Balance	\$ 2,621,495	\$ 2,647,495	\$ 2,673,495	\$ 2,700,495	\$ 2,727,495	\$ 2,754,495	\$ 2,782,495	\$ 2,810,495	\$ 2,838,495	\$ 2,866,495

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

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Other Cash Inflows										
Investment Income	41,000	92,000	72,000	78,000	78,000	82,000	53,000	19,000	20,000	-
Capacity Fees	-	-	-	-	-	-	-	-	-	-
Transfer from WW-Op, Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Required Transfer from Operations	1,590,000	1,600,000	1,600,000	1,860,000	1,435,000	1,859,000	1,915,000	2,118,000	1,807,000	1,765,000
Total Other Cash Inflows	1,631,000	1,692,000	1,672,000	1,938,000	1,513,000	1,941,000	1,968,000	2,137,000	1,827,000	1,765,000
Other Cash Outflows										
Capital Item Purchases	26,000	24,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Capital Projects (see next page for detail)	7,780,000	709,000	3,598,000	1,213,000	1,430,000	1,468,000	4,816,000	5,554,000	1,575,000	3,740,000
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-
Total Other Cash Outflows	7,806,000	733,000	3,673,000	1,288,000	1,505,000	1,543,000	4,891,000	5,629,000	1,650,000	3,815,000
Net Other Cash Inflow (Outflow)	(6,175,000)	959,000	(2,001,000)	650,000	8,000	398,000	(2,923,000)	(3,492,000)	177,000	(2,050,000)
Net Cash Flow	(6,175,000)	959,000	(2,001,000)	650,000	8,000	398,000	(2,923,000)	(3,492,000)	177,000	(2,050,000)
Projected Beginning Fund Balance	14,460,223	8,285,223	9,244,223	7,243,223	7,893,223	7,901,223	8,299,223	5,376,223	1,884,223	2,061,223
Projected Cumulative Ending Fund Balance	\$ 8,285,223	\$ 9,244,223	\$ 7,243,223	\$ 7,893,223	\$ 7,901,223	\$ 8,299,223	\$ 5,376,223	\$ 1,884,223	\$ 2,061,223	\$ 11,223

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

	Project Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
(1)	Rehab Neighborhood 1 Pump Station	6,592,000	-	-	-	-	-	-	-	-	-
(1)	Headworks Screening System Improvements	116,000	39,000	2,754,000	-	-	-	-	-	-	-
	Replace Overflow Pond Strainer	25,000	206,000	-	-	-	-	-	-	-	-
	District-Wide PLC Replacements (WW)	38,000	91,000	386,000	386,000	-	-	-	-	-	-
	4S WRF Scada Upgrades	64,000	-	-	-	-	-	-	-	-	-
	Cielo SPS Flow Meters	193,000	-	-	-	120,000	-	-	130,000	-	-
	Wastewater Master Plan	10,000	100,000	-	-	-	-	-	-	-	-
	4S WRF Tertiary Filter Condition Assessment	-	-	61,000	-	-	-	-	74,000	-	-
	EV Charging Station	-	-	15,000	187,000	748,000	-	-	-	-	-
	Replace Digester Blowers	-	-	-	-	75,000	802,000	213,000	-	-	-
	Main Electrical Switchgear Upgrade	-	-	-	-	-	366,000	3,405,000	3,316,000	-	-
	Stormwater Diversion Pipeline	-	-	-	-	-	-	80,000	530,000	-	-
	Emergency Generator Replacement	-	-	-	-	-	-	204,000	1,078,000	-	-
	Upgrade Plant B Oxidation Ditch	-	-	-	-	-	-	-	100,000	713,000	1,220,000
	Site Paving Improvements	-	-	-	-	-	-	-	-	151,000	313,000
	Neighborhood 3 SPS Pumps	-	-	-	-	-	-	-	-	142,000	993,000
	Non-Potable Water Pump Station Rehab	-	-	-	-	-	-	-	-	-	219,000
	Headworks Odor Scrubber Replacement	-	-	-	-	-	-	-	-	-	199,000
Recurring Replacement Projects											
	Replace Pumps/Motors/Equipment	169,000	175,000	182,000	190,000	197,000	205,000	213,000	222,000	231,000	240,000
	4S Ranch Pipe Replacement	136,000	-	-	153,000	-	-	172,000	-	-	199,000
	4S Ranch System Manhole Lining	17,000	18,000	18,000	19,000	20,000	21,000	21,000	23,000	24,000	25,000
	Collection System SPS Rehab	169,000	-	100,000	-	198,000	-	214,000	-	231,000	-
	Rancho Cielo Pipe Replacement	173,000	-	-	194,000	-	-	218,000	-	-	246,000
	Rancho Cielo System Manhole Lining	48,000	50,000	52,000	54,000	57,000	59,000	61,000	66,000	68,000	71,000
	4S WRF Physical Security Upgrades	30,000	30,000	30,000	30,000	15,000	15,000	15,000	15,000	15,000	15,000
Total		\$ 7,780,000	\$ 709,000	\$ 3,598,000	\$ 1,213,000	\$ 1,430,000	\$ 1,468,000	\$ 4,816,000	\$ 5,554,000	\$ 1,575,000	\$ 3,740,000

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2023

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2023

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

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Other Cash Inflows										
Investment Income	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Benefit Assessment Revenues	977,000	977,000	968,000	969,000	970,000	970,000	-	-	-	-
Administrative Fee Revenues	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Debt Service Payments - 2015A Refunding Bond	2,413,000	2,410,000	2,414,000	2,407,000	2,405,000	2,404,000	-	-	-	-
Debt Service Payments - 2016A Refunding Bond	980,000	977,000	978,000	977,000	975,000	978,000	974,000	974,000	977,000	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	310,000	310,000	309,000	310,000	310,000	310,000	310,000
Transfer from Pot. Operating Fund for 2021B Bonds	488,000	488,000	487,000	487,000	487,000	487,000	-	-	-	-
Transfer from Sewer Operating Fund for 2021B Bonds	122,000	122,000	122,000	122,000	122,000	122,000	-	-	-	-
Transfer from Pot. Operating Fund for 2027 Proposed	-	-	-	-	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000
Transfer from Pot. Operating Fund for 2012 SRF Reserv	107,000	107,000	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
Total Other Cash Inflows	6,534,000	6,528,000	6,523,000	6,516,000	7,707,000	7,708,000	3,722,000	3,722,000	3,725,000	3,723,000
Other Cash Outflows										
Debt Service Payments - RAD 96-1	970,000	972,000	968,000	969,000	970,000	970,000	-	-	-	-
Debt Service Payments - 2015A Refunding Bond	2,413,000	2,410,000	2,414,000	2,407,000	2,405,000	2,404,000	-	-	-	-
Debt Service Payments - 2016A Refunding Bond	980,000	977,000	978,000	977,000	975,000	978,000	974,000	974,000	977,000	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	310,000	310,000	309,000	310,000	310,000	310,000	310,000
Debt Service Payments - 2021B Sewer Revenue Bonds	610,000	610,000	609,000	609,000	609,000	609,000	-	-	-	-
Debt Service Payments - 2027 Proposed Debt	-	-	-	-	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000	1,301,000
2018 Sewer Revenue Bonds Acquis. Fund Payments	-	-	-	-	-	-	-	-	-	-
Other Expenses	71,000	73,000	75,000	77,000	79,000	81,000	83,000	85,000	88,000	91,000
Total Other Cash Outflows	6,424,000	6,422,000	6,424,000	6,419,000	7,719,000	7,722,000	3,738,000	3,740,000	3,746,000	3,747,000
Net Other Cash Inflow (Outflow)	110,000	106,000	99,000	97,000	(12,000)	(14,000)	(16,000)	(18,000)	(21,000)	(24,000)
Net Cash Flow	110,000	106,000	99,000	97,000	(12,000)	(14,000)	(16,000)	(18,000)	(21,000)	(24,000)
Projected Beginning Fund Balance	1,687,250	1,797,250	1,903,250	2,002,250	2,099,250	2,087,250	2,073,250	2,057,250	2,039,250	2,018,250
Projected Cumulative Ending Fund Balance	\$ 1,797,250	\$ 1,903,250	\$ 2,002,250	\$ 2,099,250	\$ 2,087,250	\$ 2,073,250	\$ 2,057,250	\$ 2,039,250	\$ 2,018,250	\$ 1,994,250

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 2023 and 2024 water sales volumes are projected to be the average of calendar years 2020 and 2021. The potential impact of the drought on 2023 and 2024 water sales volume is difficult to predict. The State Water Resources Control Board (SWRCB) has not formally activated Water Shortage Contingency Plan (WSCP) Level 2 as of the writing of this budget. The SWRCB has released an Emergency Regulation requiring water suppliers to implement demand reduction actions listed in the suppliers WSCP without formally moving to Level 2. The San Diego region does not have a water supply shortage and we are in the process of completing our Annual Waster Demand Assessment that shows there is no shortage. With few exceptions all retail water agencies in San Diego County are proposing to stay formally at Level 1 but implement Level 2 demand reduction actions. The SWRCB may require all agencies to mandatorily move to Level 2 in the future if water use in the state does not decrease. With the warm and dry weather, the District does not believe water use will decrease before mandatory cutbacks are required by the SWRCB. 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. The new facilities which were added and completed during the expansion period now need to be maintained to protect the investment as reflected in the District's planned capital improvement program.

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

Wastewater System

The District provides sewage collection and treatment services in the 4S Ranch and Rancho Cielo areas. The 4S Ranch area is comprised of a wide variety of commercial, industrial, and residential customers. The 4S Ranch and Rancho Cielo areas cover approximately 5,300 acres and will contain 7,450 equivalent dwelling units (EDUs) at build out. The District currently provides sewer collection and treatment services to approximately 7,250 EDUs in 4S Ranch and Rancho Cielo areas. The District is expected to begin providing sewer service to nearly 200 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 sewer 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:

We expect to sell 30% of our recycled water, around 750 AF, in the Southeast Quadrant. The 4S WRF supplies recycled water to golf courses, parks, schools, and greenbelts within the 4S Ranch, Santa Fe Valley, Crosby, and The Lakes areas. The construction of the 4S Ranch regional recycled water system was financed primarily through the issuance of \$13.95 million in taxable, variable rate bonds in July 2002. Federal and State grants from the U.S. Bureau of Reclamation and the State Water Resources Control Board were also received to finance the construction of this project. The 2002 variable rate taxable bonds were paid off in April 2011.

Northwest Quadrant:

We expect to sell 70% of our recycled water, around 1,750 AF, in the Northwest Quadrant. Diversification of water supply sources reduces the District's operational risks and reliance on a limited imported water supply. In the northwest portion of the District's service area, the Northwest Quadrant recycled water system Phase I was completed in May 2009. This project 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, further reducing reliance on potable water for irrigation purposes.

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

Operating Budget

The operating budget contains information about the District's revenues and expenditures with descriptions and summaries of major budget elements and variances for Fiscal Years 2023 and 2024 compared to prior Fiscal Years 2022 operating budget and 2021 actuals.

The District's Biennial Budget will be reviewed and updated for the Finance Committee and full Board approval in June of each year. Proposed changes and reasons for adjustments for the second year of the District's biennial budget are presented during the midterm budget adjustment process.

The Operating Budget is divided into three sections as follows:

Summary – contains summaries of the District's budgeted revenues and expenditures for Fiscal Years 2023 and 2024 by fund type.

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

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

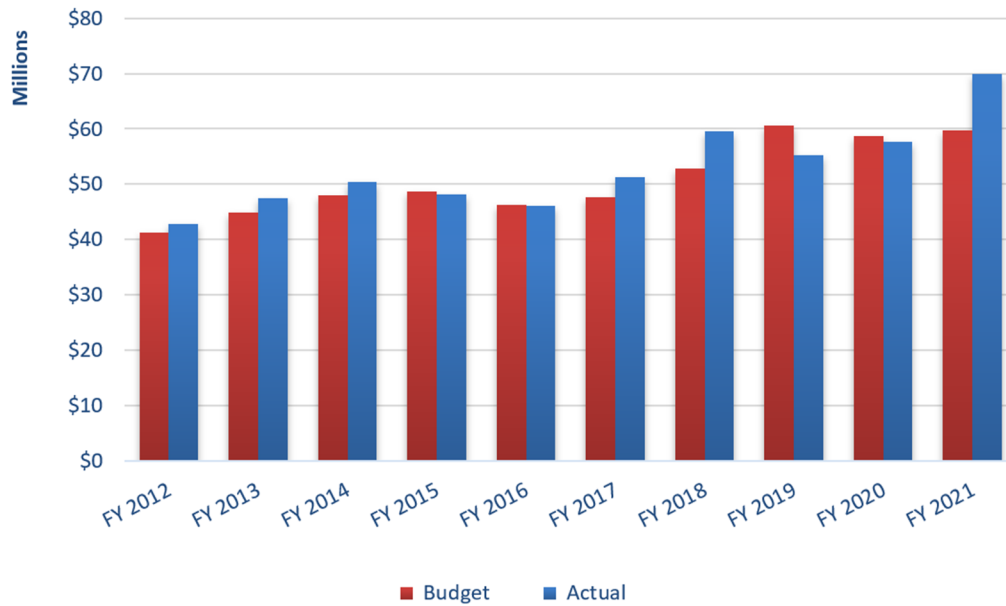
Cost Allocation Plan

The District 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

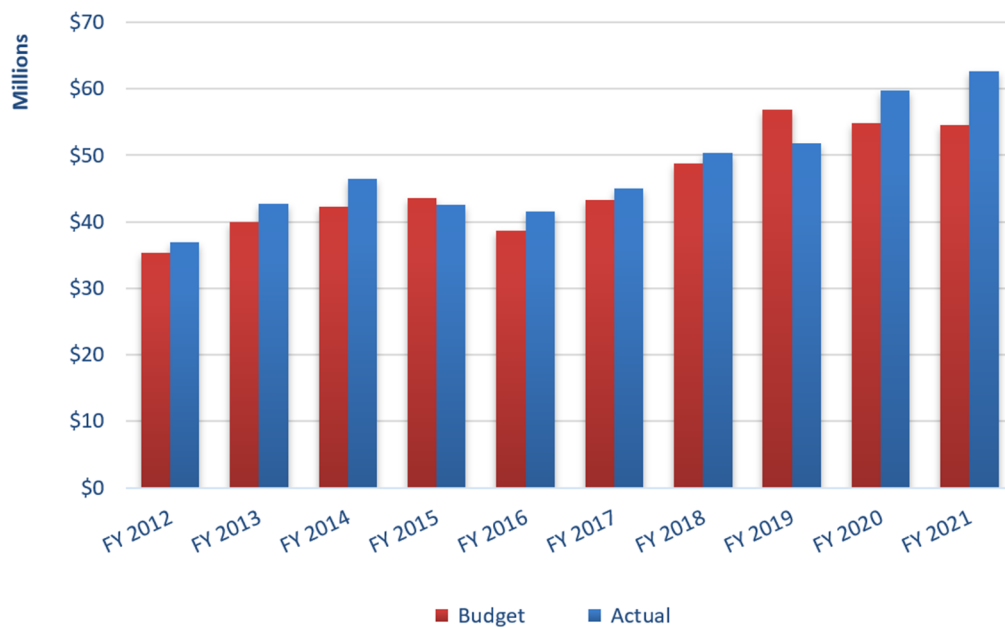
The District's last ten fiscal years of Budget vs Actual in water and sewer as well as other information about water sales and purchased water wholesale costs are depicted in the following bar graphs for historical data and comparison purposes.

History of Budget vs Actual Revenues Water Operations (Potable and Recycled)



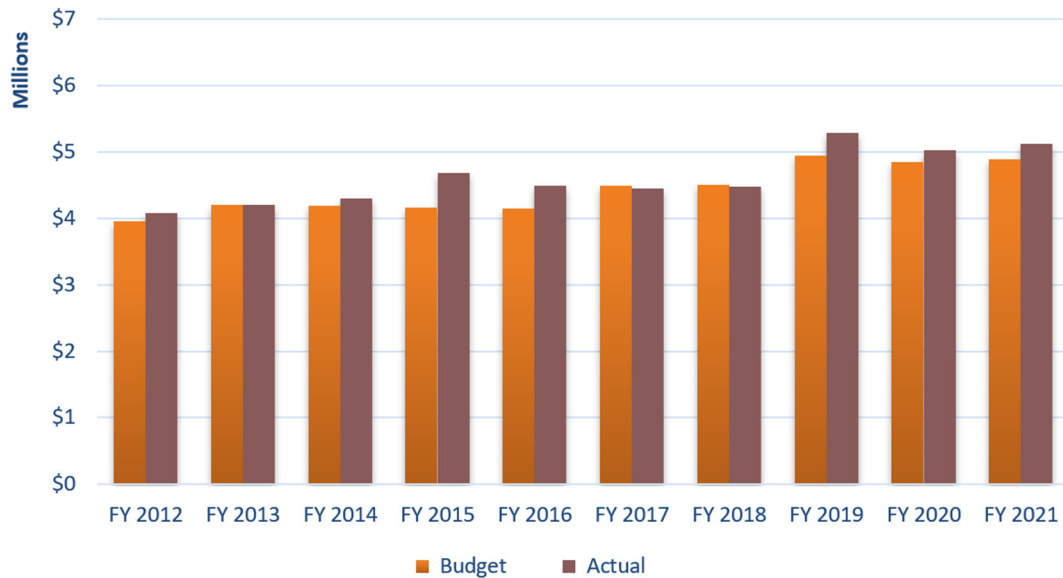
This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Water Operating Funds

History of Budget vs Actual Expenses Water Operations (Potable and Recycled)



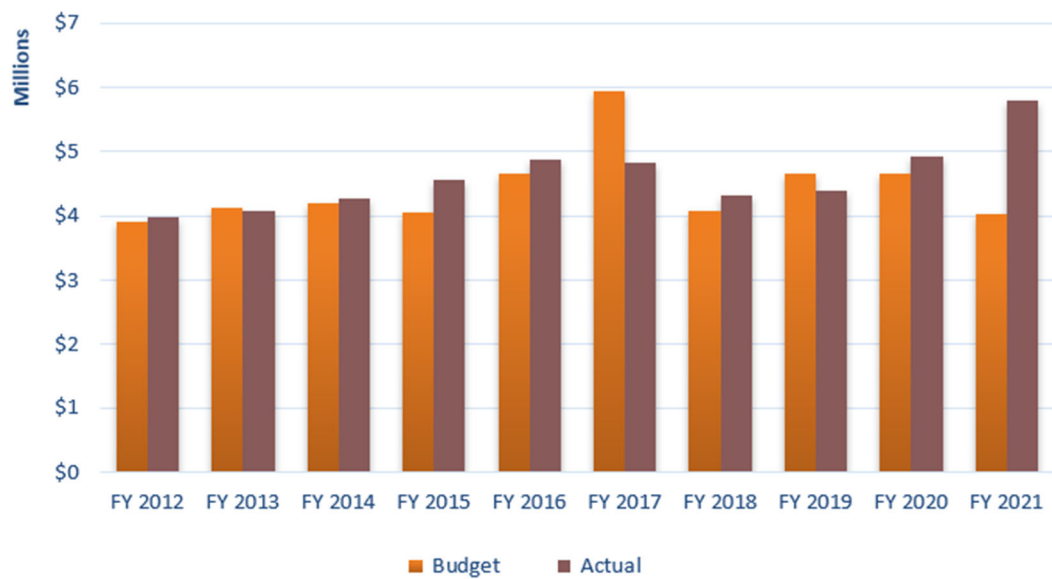
This chart depicts a summary comparison of the District's historical operating expenditures to the approved budgeted expenditure projections for the Water Operating Funds

History of Budget vs Actual Revenues Wastewater Operations

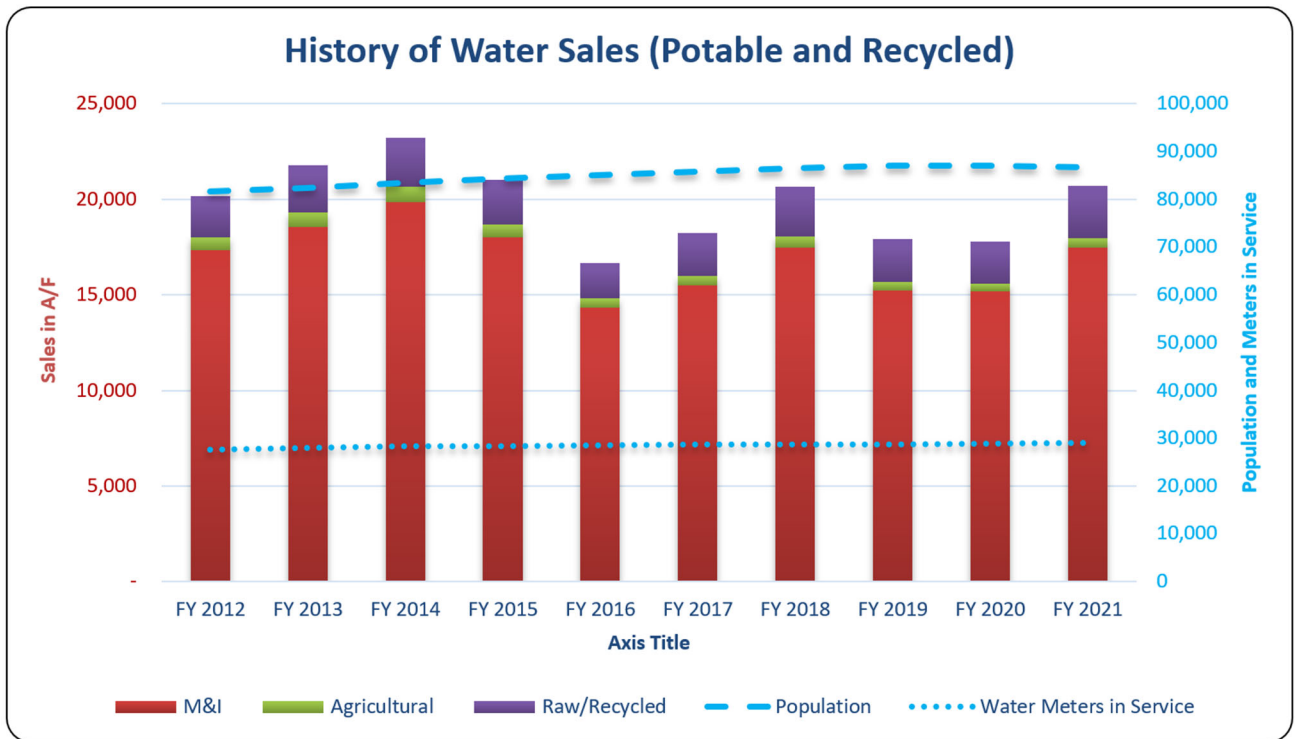


This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Wastewater Operating Funds.

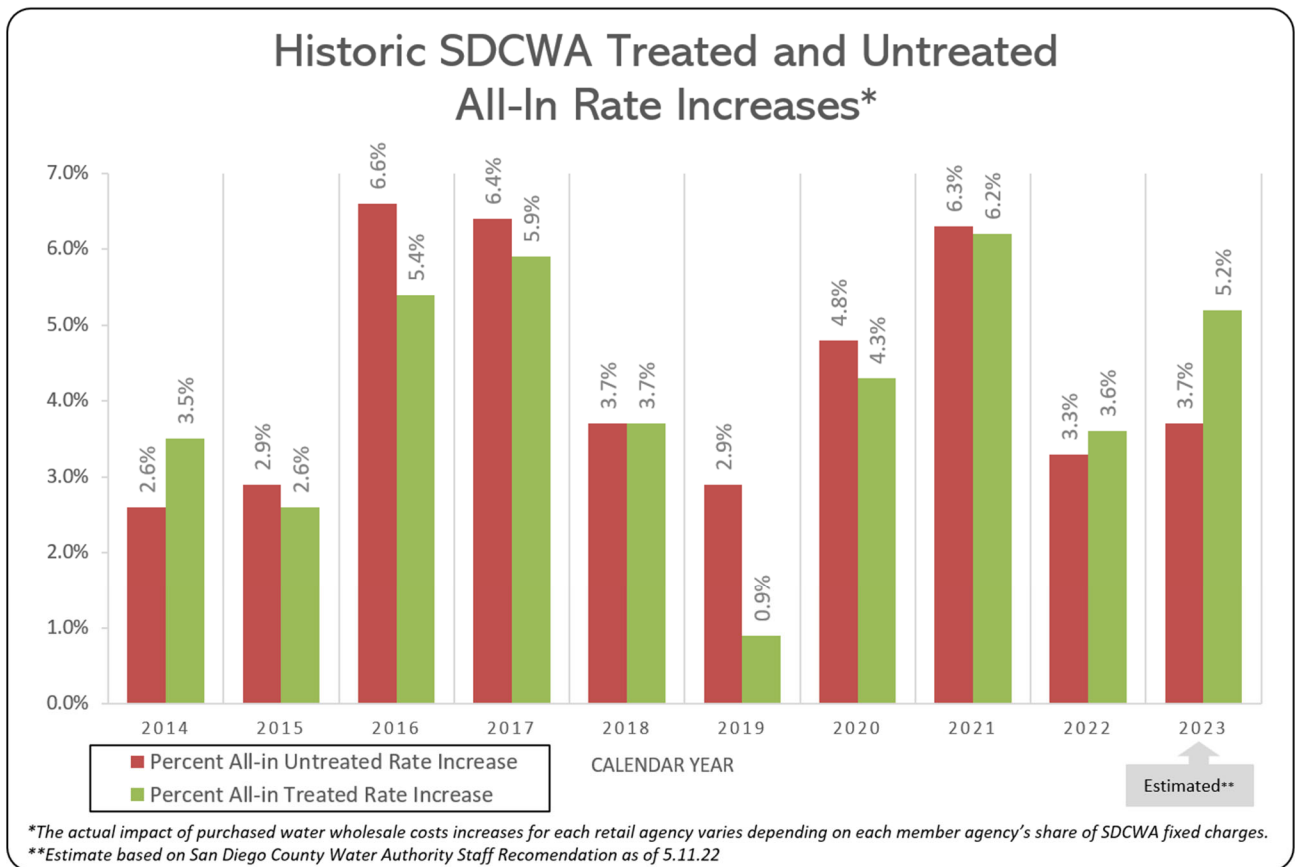
History of Budget vs Actual Expenses Wastewater Operations



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 2023 & 2024**

Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Potable Water Operations	55,528,789	54,802,000	56,665,000	3.40%	59,849,000	5.62%
Wastewater Operations	5,127,136	5,435,000	5,598,000	3.00%	5,766,000	3.00%
Recycled Water Operations	4,819,058	4,580,000	4,844,000	5.76%	5,089,000	5.06%
Total Operating Revenues	65,474,983	64,817,000	67,107,000	3.53%	70,704,000	5.36%
<u>Non-operating Revenues</u>						
Fund Potable Water - Property Tax	4,027,357	3,800,000	4,100,000	7.89%	4,100,000	0.00%
Water - Investment and Other **	5,581,795	1,909,000	1,173,000	-38.55%	300,000	-74.42%
Debt Service	1,175,805	1,049,000	1,044,000	-0.48%	1,045,000	0.10%
Wastewater - Investment and Other **	(4,634)	39,000	32,000	-17.95%	66,000	106.25%
Recycled - Investment and Other	4,555	60,000	52,000	-13.33%	99,000	90.38%
Capital Contributions from Others***	3,656,811	2,400,000	2,253,000	-6.13%	1,096,000	-51.35%
Total Revenues	79,916,672	74,074,000	75,761,000	2.28%	77,410,000	2.18%
<u>Operating Expenses</u>						
Purchased Potable Water Cost	29,145,311	29,312,000	30,868,000	5.31%	32,745,000	6.08%
Purchased Recycled Water Cost, net of credit	1,456,672	1,354,000	1,373,000	1.40%	1,449,000	5.54%
Potable Water Operations	19,220,585	20,422,400	21,728,000	6.39%	22,937,000	5.56%
Wastewater Operations	2,989,361	2,817,000	2,974,000	5.57%	3,209,000	7.90%
Elfin Forest Recreational Reserve (Park) Operations	419,355	443,300	478,000	7.83%	478,000	0.00%
Recycled Water Operations	1,194,205	1,239,500	1,287,000	3.83%	1,345,000	4.51%
Less: Capitalized Operating Expenditures	(1,733,991)	(1,519,000)	(1,843,000)	21.33%	(1,763,000)	-4.34%
Transfer To (From) Other Fund Balances	11,150,000	8,600,000	9,590,000	11.51%	8,800,000	-8.24%
Total Operating Expenses	63,841,497	62,669,200	66,455,000	6.04%	69,200,000	4.13%
<u>Non-operating Expenses</u>						
Loan and Debt Service Payments	5,776,055	6,344,000	6,424,000	1.26%	6,420,000	-0.06%
Water Other Non-Operating Expense	217,457	40,000	40,000	0.00%	40,000	0.00%
Wastewater Other Non-Operating Expense	780,517	-	-	0.00%	-	0.00%
Total Expenses	70,615,526	69,053,200	72,919,000	5.60%	75,660,000	3.76%
Net Income	9,301,146	5,020,800	2,842,000	-43.40%	1,750,000	-38.42%

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 2023 & 2024**

Fund: Operating - Water (Potable and Recycled)

Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Water Sales	42,879,845	41,465,000	43,373,000	4.60%	45,540,000	5.00%
Other Water Services and Charges	17,468,001	17,917,000	18,136,000	1.22%	19,398,000	6.96%
Total Operating Revenues	60,347,847	59,382,000	61,509,000	3.58%	64,938,000	5.57%
<u>Operating Expenses</u>						
Purchased Water	30,601,983	30,666,000	32,241,000	5.14%	34,194,000	6.06%
General Manager	1,900,428	1,964,000	2,044,000	4.07%	2,158,000	5.58%
Engineering	2,010,583	2,248,000	2,410,000	7.21%	2,545,000	5.60%
Finance	1,514,821	1,596,000	1,633,000	2.32%	1,728,000	5.82%
Human Resources	698,127	734,600	783,000	6.59%	848,000	8.30%
Operations and Maintenance	10,390,435	11,185,000	11,805,000	5.54%	12,499,000	5.88%
Elfin Forest Recreational Reserve (Park) Operations	419,355	443,300	478,000	7.83%	478,000	0.00%
Customer Services	2,477,252	2,694,800	3,003,000	11.44%	3,109,000	3.53%
Recycled Water Operations	1,194,205	1,239,500	1,287,000	3.83%	1,345,000	4.51%
Capitalized Operating Expenditures	(2,298,294)	(2,134,000)	(2,309,000)	8.20%	(2,361,000)	2.25%
Other Operating Expenses	228,939	-	50,000	0.00%	50,000	0.00%
Fund Transfer**	10,500,000	8,600,000	8,000,000	-6.98%	7,500,000	-6.25%
Total Operating Expenses	59,637,833	59,237,200	61,425,000	3.69%	64,093,000	4.34%
<u>Non-operating Revenues</u>						
Investment Income	(90,856)	92,000	122,000	32.61%	244,000	100.00%
Property Tax Revenue	4,027,357	3,800,000	4,100,000	7.89%	4,100,000	0.00%
Other Non Operating Revenues	5,683,466	1,825,000	1,045,000	-42.74%	45,000	-95.69%
Total Non-operating Revenues	9,619,967	5,717,000	5,267,000	-7.87%	4,389,000	-16.67%
<u>Non-operating Expenses</u>						
Other Non-Operating Expenses	42,882	10,000	10,000	0.00%	10,000	0.00%
Loss disposal of Fixed Assets	159,072	-	-	0.00%	-	0.00%
Non-Operating Labor	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	201,954	10,000	10,000	-	10,000	-
Net Income Before Debt Service	10,128,027	5,851,800	5,341,000	-8.73%	5,224,000	-2.19%

* 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.

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2023 & 2024

Fund: Rate Stabilization - Water

Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<u>Operating Expenses</u>						
Transfer to Operating Fund						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<u>Non-operating Revenues</u>						
Investment Income	(6,260)	52,000	58,000	11.54%	110,000	89.66%
Total Non-operating Revenues	(6,260)	52,000	58,000	11.54%	110,000	89.66%
<u>Non-operating Expenses</u>						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	(6,260)	52,000	58,000	11.54%	110,000	89.66%

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2023 & 2024**

Fund: 110 & 111 Wastewater Operations

Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Wastewater Services	5,127,136	5,435,000	5,598,000	3.00%	5,766,000	3.00%
Total Operating Revenues	5,127,136	5,435,000	5,598,000	3.00%	5,766,000	3.00%
<u>Operating Expenses</u>						
Wastewater Operations	2,989,361	2,817,000	2,974,000	5.57%	3,209,000	7.90%
Capitalized Operating Expenditures	564,304	615,000	466,000	-24.23%	598,000	28.33%
Fund Transfer**	650,000	-	1,590,000	0.00%	1,300,000	-18.24%
Total Operating Expenses	4,203,665	3,432,000	5,030,000	46.56%	5,107,000	1.53%
<u>Non-operating Revenues</u>						
Investment Income	(4,706)	21,000	19,000	-9.52%	40,000	110.53%
Standby Charges	-	-	-	0.00%	-	0.00%
Other Non-Operating Revenues	-	-	-	0.00%	-	0.00%
Total Non-operating Revenues	(4,706)	21,000	19,000	-9.52%	40,000	110.53%
<u>Non-operating Expenses</u>						
Other Non-Operating Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	-	-	-	0.00%	-	0.00%
Net Income	918,765	2,024,000	587,000	-71.00%	699,000	16.02%

* Amended budget amounts approved by the Board.

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

Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2023 & 2024

Fund: Rate Stabilization - Wastewater

Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<u>Non-operating Revenues</u>						
Investment Income	72	18,000	13,000	-27.78%	26,000	100.00%
Total Non-operating Revenues	72	18,000	13,000	-27.78%	26,000	100.00%
<u>Non-operating Expenses</u>						
Total Non-operating Expenses	-	-	-	-	-	-
Net Income	72	18,000	13,000	-27.78%	26,000	100.00%

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Operating Budget Summary by Fund
Fiscal Years Ending 2023 & 2024**

Fund: Capital Improvement (All)**

Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<u>Non-operating Revenues</u>						
Investment Income	2,083	173,000	219,000	26.59%	414,000	89.04%
Capacity Fee Revenue	2,505,555	567,000	132,000	-76.72%	163,000	23.48%
Ordinance 280 Revenue	249,175	5,000	5,000	0.00%	5,000	0.00%
Anticipated Grant Funds/Capital Cont.	899,998	1,655,000	1,897,000	14.62%	514,000	-72.90%
Total Non-operating Revenues	3,656,811	2,400,000	2,253,000	-6.13%	1,096,000	-51.35%
<u>Non-operating Expenses</u>						
Engineering	-	-	-	-	-	-
Salaries & Wages - Regular	-	-	-	0.00%	-	0.00%
Employee Benefits	-	-	-	0.00%	-	0.00%
Other Non-Operating Expenses	796,020	30,000	30,000	0.00%	30,000	0.00%
Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	796,020	30,000	30,000	0.00%	30,000	0.00%
Net Income	2,860,791	2,370,000	2,223,000	-6.20%	1,066,000	-52.05%

* 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 2023 & 2024**

Fund: Debt Service (All)**

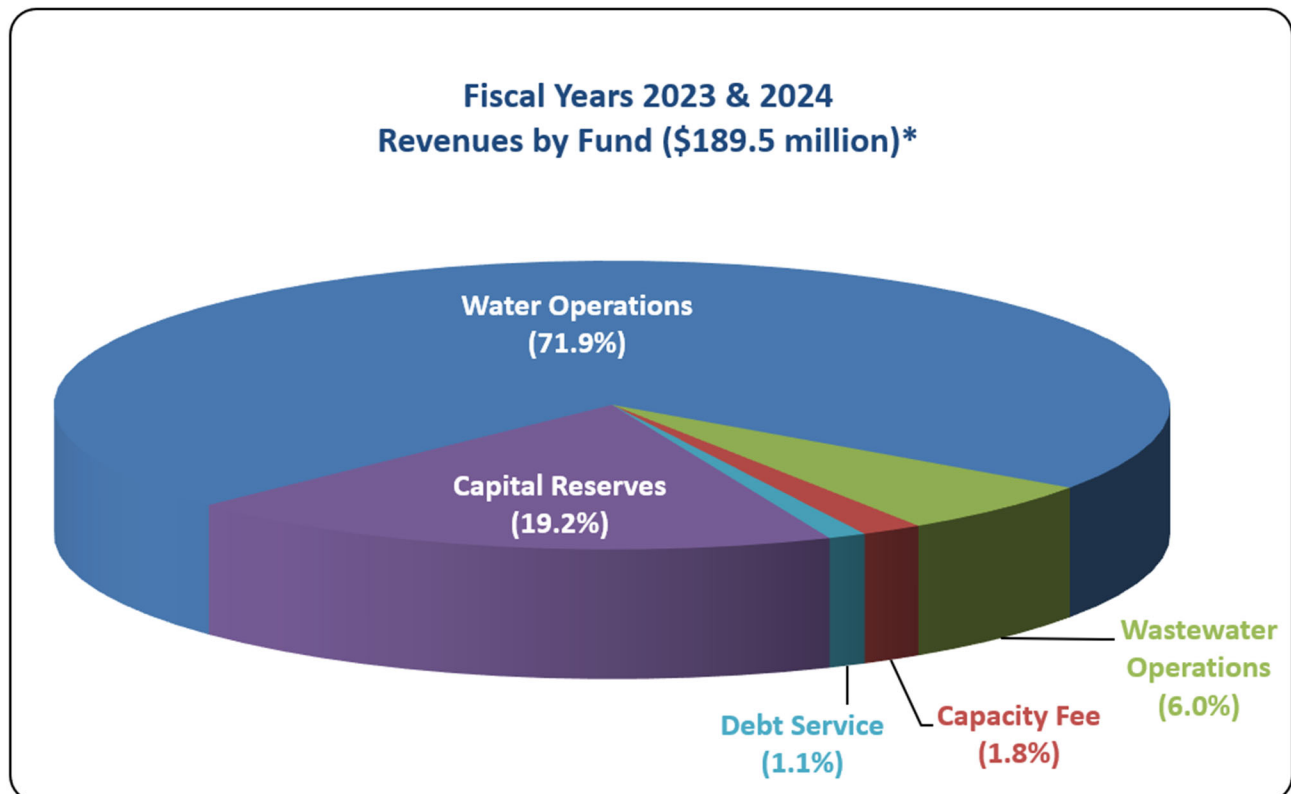
Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<u>Non-operating Revenues</u>						
Investment Income	(1,497)	11,000	6,000	-45.45%	7,000	16.67%
RAD 96-1 Benefit Assessment Rev.	983,526	977,000	977,000	0.00%	977,000	0.00%
Administrative Fee Revenues	79,909	49,000	49,000	0.00%	49,000	0.00%
Post-Financing Payoffs	11,107	4,000	4,000	0.00%	4,000	0.00%
Impact Charge Revenues	102,760	8,000	8,000	0.00%	8,000	0.00%
Total Non-operating Revenues	1,175,805	1,049,000	1,044,000	-0.48%	1,045,000	0.10%
<u>Non-operating Expenses</u>						
Consultants	664	64,000	-	-100.00%	-	0.00%
Bank Svc Chgs	180	-	-	0.00%	-	0.00%
Outside Service	58,886	48,000	62,000	29.17%	62,000	0.00%
Salaries and Wages	2,302	2,000	2,000	0.00%	2,000	0.00%
Employee Benefits	2,082	1,000	1,000	0.00%	1,000	0.00%
Principal	4,287,116	4,580,000	4,855,000	6.00%	5,020,000	3.40%
Interest Expenses	1,419,009	1,635,000	1,498,000	-8.38%	1,329,000	-11.28%
Amortization	3,502	12,000	4,000	-66.67%	4,000	0.00%
Fixed Charge County Assessment	2,314	2,000	2,000	0.00%	2,000	0.00%
Total Non-operating Expenses	5,776,055	6,344,000	6,424,000	1.26%	6,420,000	-0.06%
Net Income (Loss)	(4,600,250)	(5,295,000)	(5,380,000)	1.61%	(5,375,000)	-0.09%

* 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 2023 and 2024 from all funds is estimated at \$189.5 million. The Potable Water Fund has the largest portion of the District's revenues at approximately 66.6% or \$126.2 million. About 19.2% or \$36.3 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 2023 and 2024. The remaining 14.2% of revenues will come from Wastewater, Recycled Water, Capacity Fee, and Debt Service funds.



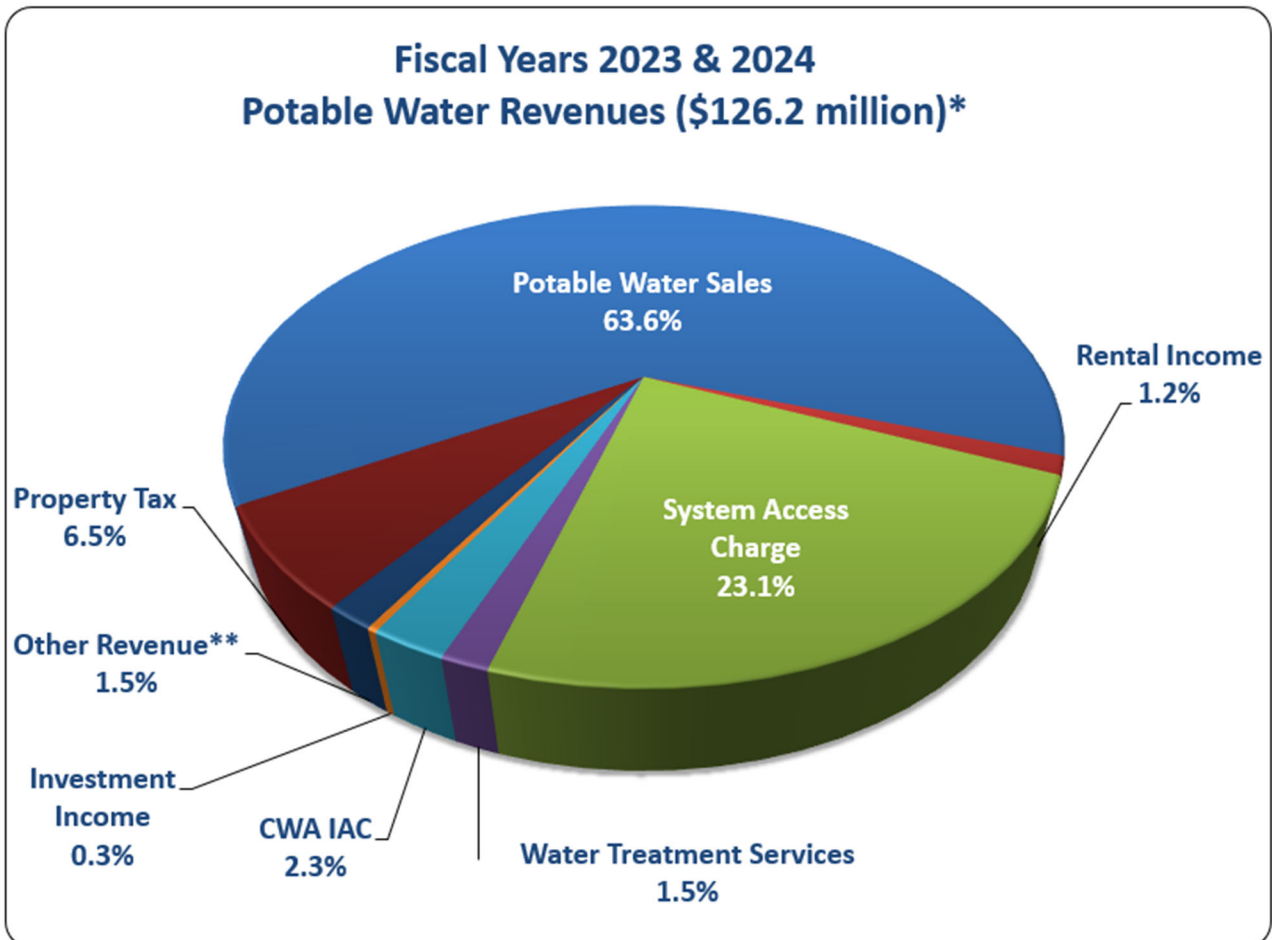
* Total may not add up to 100% due to rounding.

Water Operations (Potable and Recycled) (71.9%)

Potable Water Fund (66.6%)

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.

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 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 (63.6%)** – Potable water sales make up approximately 63.6% of the total Potable Water Fund projected revenue. Approximately 70% of the potable water sales is sold to residential customers. For Fiscal Years 2023 and 2024 annual potable water sales are estimated based on the average water deliveries of the prior two calendar years (2020 and 2021) at the base rates. Included in Fiscal Year 2023 potable water sales is a 4.3% rate increase approved and adopted by the Board which became effective March 1, 2022, and a projected rate increase of 5% effective March 1, 2023 (if approved by the Board) to pass through untreated purchased water wholesale cost increases for 2023. Fiscal Year 2024

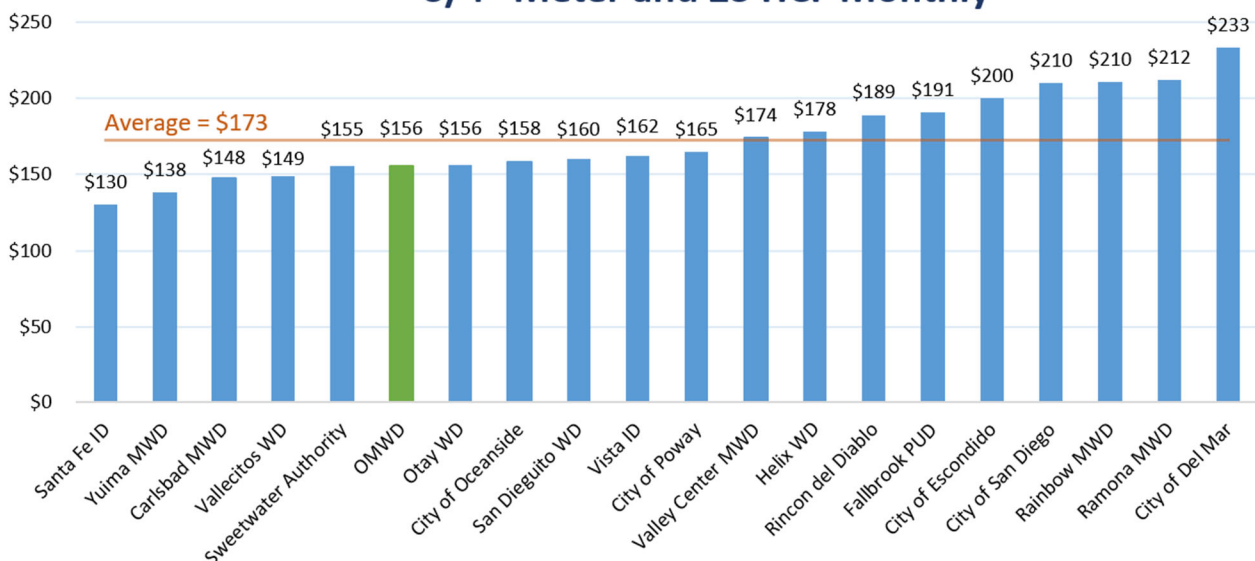
includes a planned rate increase of 5% to pass through anticipated untreated purchased water costs.

- System Access Charge (23.1%) - 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 District estimates 23.1% of the potable water revenue for Fiscal Years 2023 and 2024 will be collected from System Access Charges. System Access Charge revenues include a projected 5.0% rate increase, per a $\frac{3}{4}$ " meter, effective March 1, 2023 and 2024 based on the 2019 Cost of Service study and Prop 218 notice.
- SDCWA Infrastructure Access Charge (IAC) (2.3%) – 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 \$4.24 per $\frac{3}{4}$ " meter equivalent. SDCWA staff is proposing no increase to the IAC charge for CY 2023 which is pending board approval at the June 2022 meeting. SDCWA staff estimates the IAC charge will increase to \$4.36 per $\frac{3}{4}$ " meter equivalent for CY 2024, equaling a project increase of 2.8%.
- Property Tax Revenue (6.5%) – 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 \$4.1 million annually in Fiscal Years 2023 and 2024.
- 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 projected to exceed \$650k in Fiscal Year 2023 and \$1M in Fiscal Year 2024. FY 2023 includes a reduction in projected revenue due to temporary meter shutoff from VWD for tank maintenance in the early part of the year.
- Rental Income (1.2%) – 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 \$760,000 annually from rental income activities.

- **Investment Income (0.3%)** – 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 0.5% for Fiscal Year 2023, and 1.0% thereafter.
- **Other Revenue (1.5%)** – 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 \$100,000 annually in Fiscal Years 2023 and 2024. Additionally, the District anticipates selling its Wiegand parcel of land in Fiscal Year 2023 for an estimated gain of \$1 million.

SDCWA Reimbursement of Parks Costs - As a result of the approved Elfin Forest Recreational Reserve (EFRR) settlement agreement, the District's cost-sharing allocation is 25% and SDCWA's portion is 75%. This allocation has been in effect since Fiscal Year 2011. In Fiscal Year 2023, this reimbursement is projected to increase to approximately \$360,000, and to \$378,000 for Fiscal Year 2024. 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.

Survey of CWA Member Agency Monthly Water Bills 3/4" Meter and 23 HCF Monthly



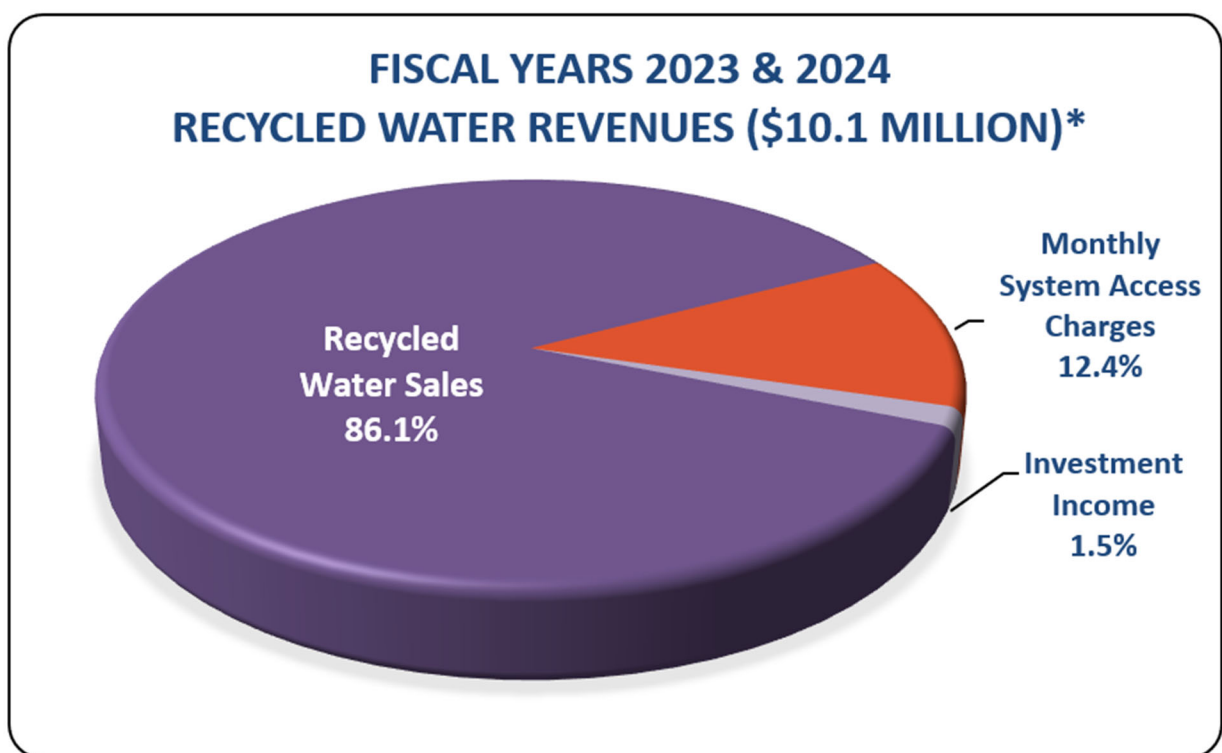
Survey as of May 2022

Recycled Water Funds (5.3%)

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.



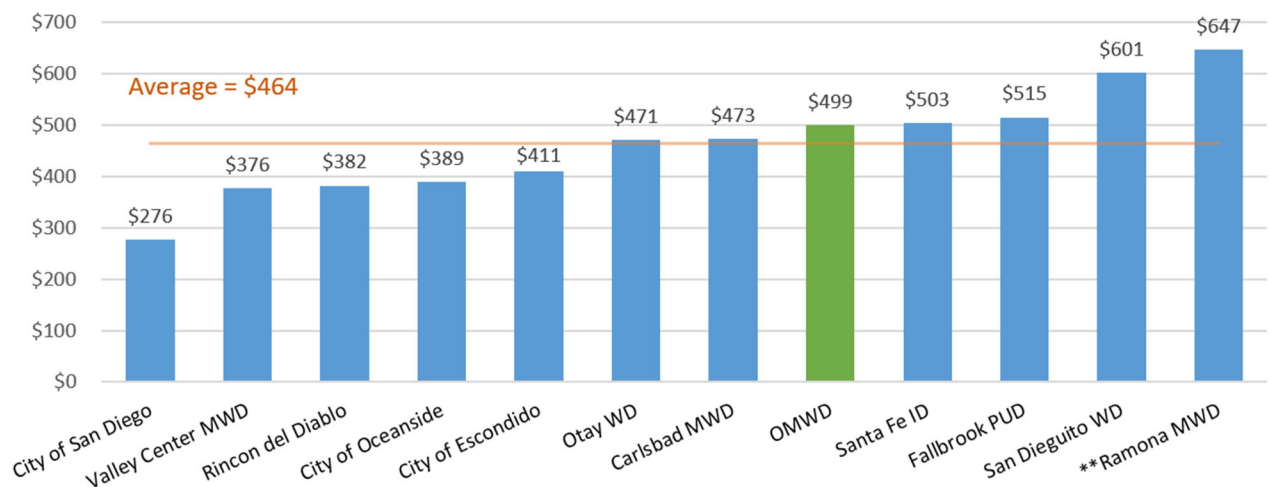
Description and Summary of Major Budget Elements and Variances

- Recycled Water Sales (86.1%) – 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 2023 budget for recycled water is a 3.8% approved increase in recycled commodity rates approved by the Board effective March 1, 2022. Also included in the budgeted sales are

projected increases of 5% to the commodity rate effective March 1, 2023 and 2024 per the 2019 Cost of Service study.

- 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 2023, SAC revenue growth includes a 2.5% increase, per a ¾" meter, to the District's SAC effective March 1, 2022. The estimated increases for March 1, 2023 and 2024 are estimated at 5% per the District's Proposition 218 notice and 2019 Cost of Service Study.
- Investment Income (1.5%)** – 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 0.5% for Fiscal Year 2023 and 1.0% thereafter.

Survey of CWA Member Agency Monthly Water Bills Recycled Water Survey - 1 1/2" - 100 HCF Monthly



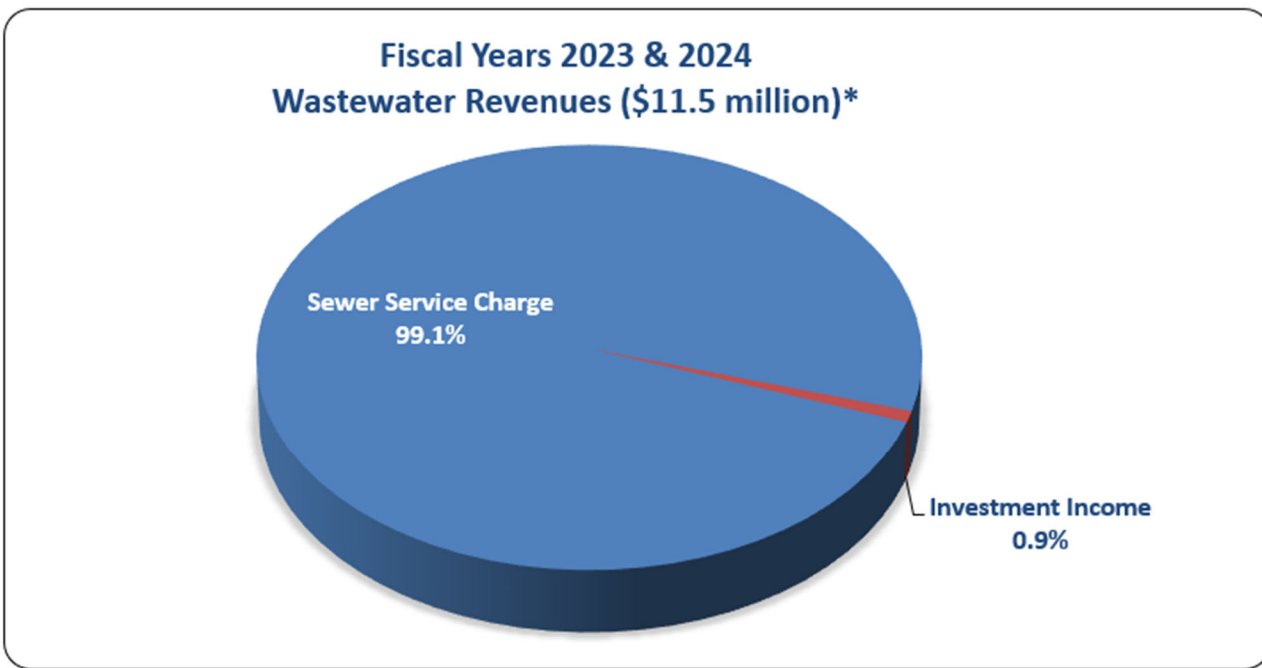
** Ramona provides an untreated melded supply of water to its agricultural customers.
Survey as of May 2022

Capital Reserves (19.2%)

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 (sewer) 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 (6.0%)



The District provides sewer collection and treatment services in the 4S Ranch and Rancho Cielo areas. The 4S Ranch service area is comprised of a wide variety of commercial, industrial, and residential uses, including the annexed areas of Black Mountain Ranch and Santaluz. The 4S Ranch and Rancho Cielo areas encompass a total of approximately 5,300 acres and will serve approximately 7,450 Equivalent Dwelling Units (EDUs) when they are fully built out. An EDU is the standard measurement of water discharged into the sewer collection and treatment system equal to the average discharge from a detached single-family unit.

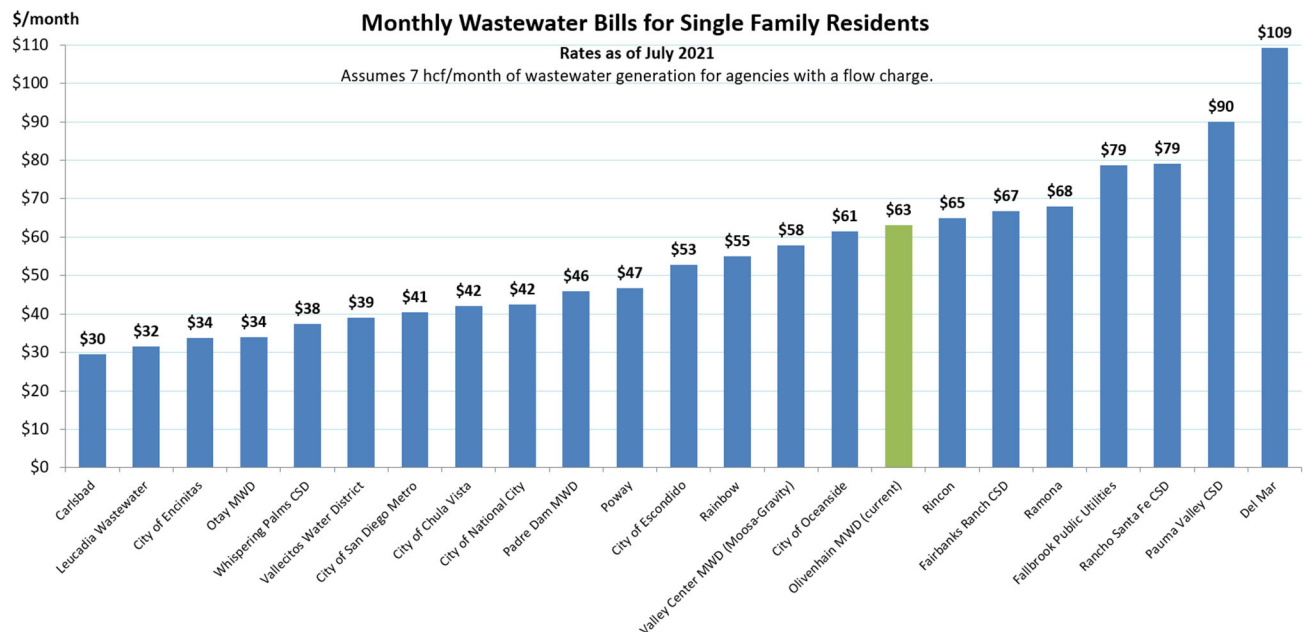
Wastewater revenues are collected from service fees. Service fees are charged to each wastewater customer based on EDUs. Sewer fees and charges for single-family homes are in compliance with the California Urban Water Conservation Council's Best Management Practice No. 11 (BMP-11).

Wastewater (Sewer) service fees are billed through the County of San Diego property tax rolls and are collected by the County of San Diego Property Treasurer-Tax Collector's Office on behalf of the District. At the May 2021 board meeting the Board adopted an ordinance to increase sewer service fees and charges by 2% effective July 1, 2022, and by 3% each July thereafter for the next four years through Fiscal Year 2026. The rate ordinance was based on a 2020 Wastewater Cost of Service study conducted by an independent consultant.

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

Description and Summary of Major Budget Elements and Variances

- Wastewater Service and Charges (99.1%)** – The amount of wastewater processed in Fiscal Year 2023 is predicted to be inline with the amount processed in Fiscal Year 2022. 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. Wastewater revenue for Fiscal Year 2023 is projected to increase from the prior year due to a 3% increase in rates to cover rising treatment costs. Fiscal Year 2024 is budgeted to have similar usage as Fiscal Year 2023 also with a 3% increase in wastewater revenue due to anticipated rate adjustments.
- Investment Income (0.9%)** – The District invests excess funds to earn interest in accordance with the approved statement of investment policy. This policy emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is estimated based on an average yield of 0.5% for Fiscal Year 2023 and 1.0% thereafter.



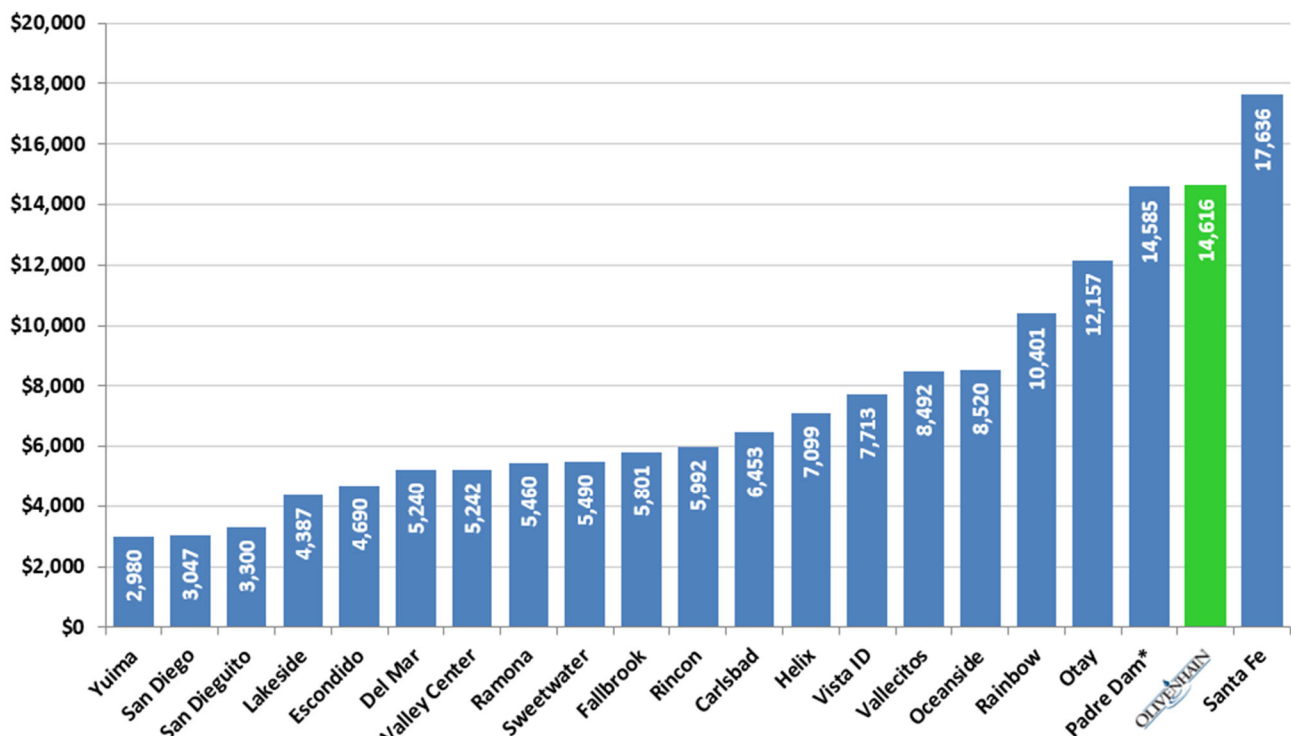
Capacity (Connection) Fees (1.8%)

These funds receive deposits from developers to pay for District facilities which are included in the District's capacity fee report and the Comprehensive Water Master Plan. These are restricted funds under Government Code section 66008. Capacity fees are intended to recover an equitable share of the value of the facilities that are needed to serve future customers. Therefore, these fees aim to minimize the burden imposed on current customers to pay for the future expansion, betterment, or reconditioning of District facilities intended to serve future customers.

Description and Summary of Major Budget Elements and Variances

- **Capacity Fee Revenues** – Capacity fees are one-time payments assessed against new development to cover its proportional share of facilities necessary to serve them. Capacity Fees are restricted funds. The District uses a “hybrid” method for calculating its capacity fee. Capacity fees are adjusted each year to keep up with annual inflation. The District is in the process of updating its capacity fees. At 95% build out, capacity fee revenue are predicted to be relatively flat in the future at approximately \$200,000 per year depending on developers intent and economic conditions.

SURVEY OF SDCWA MEMBER AGENCY WATER CAPACITY FEES
May 2022



*Padre Dam - Average 3/4' meter fee for Single Family Dwelling of 1/2 acre, 1/2 to 2 acres, and 2+ acres

- Investment Income – The District invests excess funds to earn interest in accordance with the approved statement of investment policy which emphasizes the safeguarding of principal over the earning of interest. Interest earned is allocated by the source of funds based upon the average cash balances within each fund from month to month. Investment income is projected to be 0.5% for Fiscal Year 2023 and 1.0% thereafter.
- Anticipated Grant Funds – The District consistently pursues local, state, and federal grants to reduce the fiscal impact of projects on its ratepayers. For Fiscal Year 2023 the District is expecting to receive grant monies of approximately \$1.9 million, and another \$514,000 in Fiscal Year 2024 to reimburse the District for project costs.

Debt Service (1.1%)

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 2023 and 2024 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 2023 & 2024**

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

		FYE 2021	FYE 2022	FYE 2023	% Change From FYE '22	FYE 2024	% Change From FYE '23
		Actual	Approved*	Proposed	Approved*	Proposed	Proposed
<u>Operating Revenues</u>							
41100-100-000-000	Potable Water Sales - Res/Comm/Irrig/Cons	37,850,576	36,299,000	38,201,000	5.24%	40,152,000	5.11%
41400-100-000-000	Potable Water Sales - Agriculture	773,166	1,162,000	928,000	-20.14%	928,000	0.00%
41600-100-000-000	Potable Water Sales - Miscellaneous	9,026	10,000	10,000	0.00%	10,000	0.00%
41700-120-000-000	Recycled Water Sales	4,247,078	3,994,000	4,234,000	6.01%	4,450,000	5.10%
	Water Sales	42,879,845	41,465,000	43,373,000	4.60%	45,540,000	5.00%
41800-100-000-000	System Access Charge - Potable	13,411,353	13,766,000	14,191,000	3.09%	14,928,000	5.19%
41800-120-000-000	System Access Charge - Recycled	571,634	586,000	610,000	4.10%	639,000	4.75%
41900-100-000-000	SDCWA Infrastructure Access Charge	1,306,980	1,411,000	1,476,000	4.61%	1,467,000	-0.61%
43210-100-000-000	Selling of Water Treatment Services	796,324	1,057,000	654,000	-38.13%	1,194,000	82.57%
43170-100-000-000	Hydro-electric Plant Revenues	107,700	80,000	100,000	25.00%	100,000	0.00%
43001-100-000-000	Turn Off/On Fees/ NSF Charges - Potable	6,675	10,000	15,000	50.00%	15,000	0.00%
43001-120-000-000	Turn Off/On Fees/ NSF Charges - Recycled	150	-	-	0.00%	-	0.00%
43002-100-000-000	Delinquency Charges - Potable	35,074	113,000	80,000	-29.20%	80,000	0.00%
43002-120-000-000	Delinquency Charges - Recycled	210	-	-	0.00%	-	0.00%
43003-100-000-000	Transfer Fees - Potable	47,475	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	11,940	5,000	15,000	200.00%	15,000	0.00%
43008-100-000-000	Cross Connection/Inspection - Potable	168,913	135,000	140,000	3.70%	140,000	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%
43123-100-000-000	Rental Income	716,805	663,000	760,000	14.63%	775,000	1.97%
43500-100-000-000	CWA Reimb of Park Costs	-	-	-	0.00%	-	0.00%
43100-100-000-000	Other Operating Revenues	277,902	51,000	55,000	7.84%	5,000	-90.91%
	Other Water Services	17,468,001	17,917,000	18,136,000	1.22%	19,398,000	6.96%
	Operating Revenues	60,347,847	59,382,000	61,509,000	3.58%	64,938,000	5.57%
<u>Non-operating Revenues</u>							
44100-100-000-000	Investment Income - Water	(95,411)	32,000	70,000	118.75%	145,000	107.14%
44100-120-000-000	Investment & Interest Income - Recycled	4,555	60,000	52,000	-13.33%	99,000	90.38%
44200-100-000-000	Property Tax Revenue	4,027,357	3,800,000	4,100,000	7.89%	4,100,000	0.00%
47000-100-000-000	Gain on Sale of Fixed Assets	1,996,776	1,805,000	1,025,000	-43.21%	25,000	-97.56%
47100-100-000-000	Other Non-Operating Revenues	3,686,690	20,000	20,000	0.00%	20,000	0.00%
	Non-operating Revenues**	9,619,967	5,717,000	5,267,000	-7.87%	4,389,000	-16.67%
	Total Revenue	69,967,814	65,099,000	66,776,000	2.58%	69,327,000	3.82%

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024**

Fund: 100

Rate Stabilization - Water

		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>							
Total Operating Revenues		<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
<u>Non-operating Revenues</u>							
44102-100-000-000	Investment Income	(6,260)	52,000	58,000	11.54%	110,000	89.66%
Total Non-operating Revenues		<u>(6,260)</u>	<u>52,000</u>	<u>58,000</u>	<u>11.54%</u>	<u>110,000</u>	<u>89.66%</u>
Total		<u>(6,260)</u>	<u>52,000</u>	<u>58,000</u>	<u>11.54%</u>	<u>110,000</u>	<u>89.66%</u>

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2023 & 2024**

Fund: 110 & 111 Wastewater Operations

	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Wastewater Services	5,127,136	5,435,000	5,598,000	3.00%	5,766,000	3.00%
Total Operating Revenues	<u>5,127,136</u>	<u>5,435,000</u>	<u>5,598,000</u>	<u>3.00%</u>	<u>5,766,000</u>	<u>3.00%</u>
<u>Non-operating Revenues</u>						
Investment Income	(4,706)	21,000	19,000	-9.52%	40,000	110.53%
Standby Charges	-	-	-	0.00%	-	0.00%
Other Non-Operating Revenue	-	-	-	0.00%	-	0.00%
Total Non-operating Revenues	<u>(4,706)</u>	<u>21,000</u>	<u>19,000</u>	<u>-9.52%</u>	<u>40,000</u>	<u>110.53%</u>
Total	<u>5,122,430</u>	<u>5,456,000</u>	<u>5,617,000</u>	<u>2.95%</u>	<u>5,806,000</u>	<u>3.36%</u>

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2023 & 2024**

Fund: 110 & 111 Rate Stabilization - Wastewater		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>							
Total Operating Revenues		-	-	-	0.00%	-	0.00%
<u>Non-operating Revenues</u>							
44102-110-000-000	Investment Income	72	18,000	13,000	-27.78%	26,000	100.00%
Total Non-operating Revenues		<u>72</u>	<u>18,000</u>	<u>13,000</u>	<u>-27.78%</u>	<u>26,000</u>	<u>100.00%</u>
Total		<u>72</u>	<u>18,000</u>	<u>13,000</u>	<u>-27.78%</u>	<u>26,000</u>	<u>100.00%</u>

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2023 & 2024**

Fund: Capital Improvement (All)**

	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<u>Non-operating Revenues</u>						
Investment Income	2,083	173,000	219,000	26.59%	414,000	89.04%
Capacity Fee	2,505,555	567,000	132,000	-76.72%	163,000	23.48%
Ordinance 280 Revenue	249,175	5,000	5,000	0.00%	5,000	0.00%
Anticipated Grant Funds	899,998	1,655,000	1,897,000	14.62%	514,000	-72.90%
Total Non-operating Revenues	3,656,811	2,400,000	2,253,000	-6.13%	1,096,000	-51.35%
Total	3,656,811	2,400,000	2,253,000	-6.13%	1,096,000	-51.35%

* Amended budget amounts approved by the Board.

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

**Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024**

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

	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<u>Non-operating Revenues</u>						
44100-500-000-000 Investment Income **	1,778	131,000	178,000	35.88%	322,000	80.90%
44300-500-000-000 Capacity Fee	2,505,555	567,000	132,000	-76.72%	163,000	23.48%
44103-120-000-000 Investment Income	292	-	-	0.00%	-	0.00%
44100-400-000-000 Investment Income	4	3,000	-	-100.00%	-	0.00%
44300-400-000-000 Ordinance 280 Revenue	249,175	5,000	5,000	0.00%	5,000	0.00%
49302-100-000-000 Contributed Revenue/Grants	899,998	1,655,000	1,897,000	14.62%	446,000	-76.49%
Total Non-operating Revenues	3,656,802	2,361,000	2,212,000	-6.31%	936,000	-57.69%
Total	3,656,802	2,361,000	2,212,000	-6.31%	936,000	-57.69%

* Amended budget amounts approved by the Board.

** Income from investment in Capacity Fees

**Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024**

Fund: 110 & 111

Capital Improvement - Wastewater

		FYE 2021	FYE 2022	FYE 2023	% Change	FYE 2024	% Change
		Actual	Approved*	Proposed	From FYE '22	Proposed	From FYE '23
					Approved*		Proposed
<u>Operating Revenues</u>							
	Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	0.00%	<u>-</u>	0.00%
<u>Non-operating Revenues</u>							
44103-110-000-000	Investment Income - Capital Replacement	9	39,000	41,000	5.13%	92,000	124.39%
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%
	Total Non-operating Revenues	<u>9</u>	<u>39,000</u>	<u>41,000</u>	5.13%	<u>92,000</u>	124.39%
	Total	<u><u>9</u></u>	<u><u>39,000</u></u>	<u><u>41,000</u></u>	5.13%	<u><u>92,000</u></u>	124.39%

* Amended budget amounts approved by the Board.

**Olivenhain Municipal Water District
Revenue Summary
Fiscal Years Ending 2023 & 2024**

Fund: Debt Service (All)**

	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	0%	-	0%
<u>Non-operating Revenues</u>						
Investment Income	(1,497)	11,000	6,000	-45.45%	7,000	16.67%
RAD 96-1 Benefit Assessment Revenues	983,526	977,000	977,000	0.00%	977,000	0.00%
Administrative Fee Revenues	79,909	49,000	49,000	0.00%	49,000	0.00%
Post-Financing Payoffs	11,107	4,000	4,000	0.00%	4,000	0.00%
Impact Charge Revenues	102,760	8,000	8,000	0.00%	8,000	0.00%
Total Non-operating Revenues	1,175,805	1,049,000	1,044,000	-0.48%	1,045,000	0.10%
Total	1,175,805	1,049,000	1,044,000	-0.48%	1,045,000	0.10%

* Amended budget amounts approved by the Board.

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

**Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024**

Fund: 570

Debt Service - Reassessment District 96-1

		FYE 2021	FYE 2022	FYE 2023	% Change	FYE 2024	% Change
		Actual	Approved*	Proposed	From FYE '22	Proposed	From FYE '23
					Approved*		Proposed
<u>Operating Revenues</u>							
	Total Operating Revenues	-	-	-	0%	-	0%
<u>Non-operating Revenues</u>							
44100-570-000-000	Investment Income	(2,092)	8,000	1,000	-87.50%	1,000	0.00%
44400-570-000-000	RAD 96-1 Benefit Assessment Revenues	983,526	977,000	977,000	0.00%	977,000	0.00%
44410-570-000-000	Administrative Fee Revenues	79,909	49,000	49,000	0.00%	49,000	0.00%
44420-570-000-000	Post-Financing Payoffs	11,107	4,000	4,000	0.00%	4,000	0.00%
44430-570-000-000	Impact Charge Revenues	102,760	8,000	8,000	0.00%	8,000	0.00%
	Total Non-operating Revenues	1,175,210	1,046,000	1,039,000	-0.67%	1,039,000	0.00%
	Total	1,175,210	1,046,000	1,039,000	-0.67%	1,039,000	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024

Fund: 561

Debt Service - 2015A Water Revenue Refunding Bonds

		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>							
	Total Operating Revenues	-	-	-	-	-	-
<u>Non-operating Revenues</u>							
44100-561-000-000	Investment Income	249	3,000	1,000	-66.67%	1,000	0.00%
	Total Non-operating Revenues	249	3,000	1,000	-66.67%	1,000	0.00%
	Total	249	3,000	1,000	-66.67%	1,000	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024

Fund: 580 & 581		Debt Service - 2009 Water Revenue Bond & 2016A Water Revenue Refunding Bond					
		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	0.00% FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>							
	Total Operating Revenues	-	-	-	-	-	-
<u>Non-operating Revenues</u>							
44100-581-000-000	Investment Income	88	-	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	88	-	1,000	0.00%	1,000	0.00%
	Total	88	-	1,000	0.00%	1,000	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024

Fund: 510

Debt Service - 2012 State Revolving Fund

		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Revenues</u>							
	Total Operating Revenues	-	-	-	-	-	-
<u>Non-operating Revenues</u>							
44100-510-000-000	Investment Income	244	-	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	244	-	1,000	0.00%	1,000	0.00%
	Total	244	-	1,000	0.00%	1,000	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024

Fund: 521

Debt Service - 2021A Sewer Rev. Bonds

		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
	<u>Operating Revenues</u>						
	Total Operating Revenues	-	-	-	-	-	-
	<u>Non-operating Revenues</u>						
44100-521-000-000	Investment Income	-	-	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	-	-	1,000	0.00%	1,000	0.00%
	Total	-	-	1,000	0.00%	1,000	0.00%

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
Revenue
Fiscal Years Ending 2023 & 2024

Fund: 522

Debt Service - 2021B Sewer Rev. Refunding Bonds

		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
	<u>Operating Revenues</u>						
	Total Operating Revenues	-	-	-	-	-	-
	<u>Non-operating Revenues</u>						
44100-522-000-000	Investment Income	-	-	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	-	-	1,000	0.00%	1,000	0.00%
	Total	-	-	1,000	0.00%	1,000	0.00%

* Amended budget amounts approved by the Board.

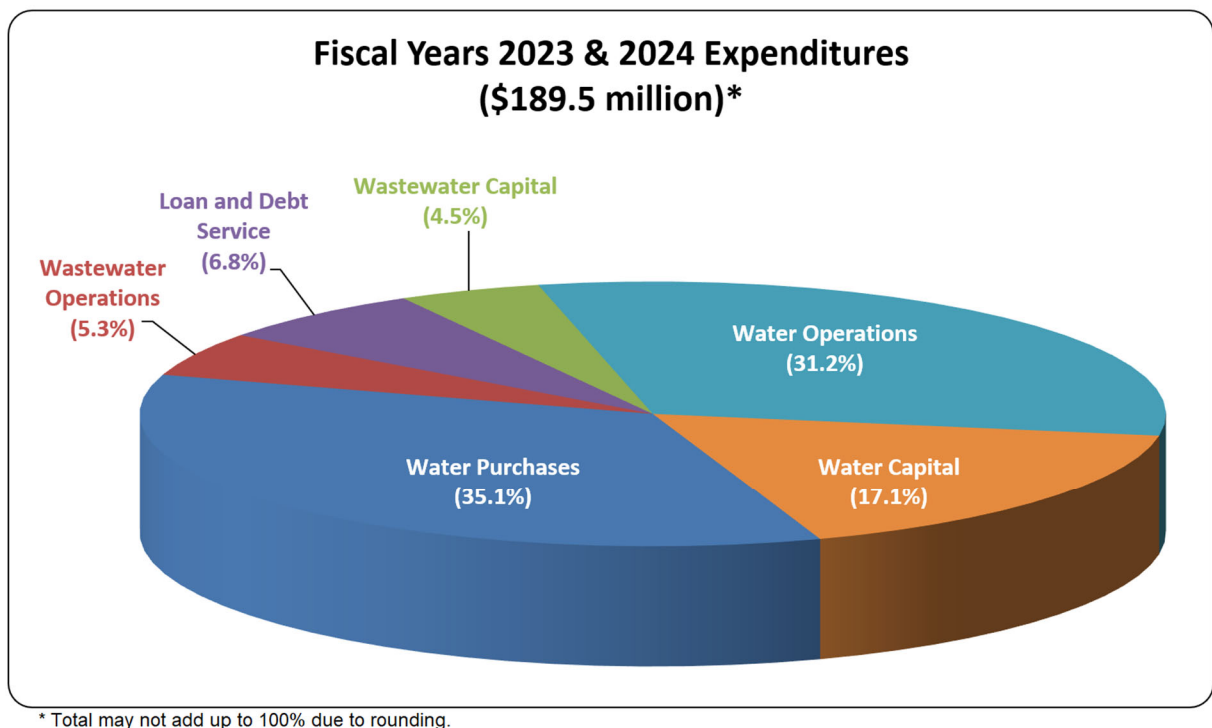
Expenditures

The District's expenditures for the biennial budget covering Fiscal Years 2023 and 2024 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 2023 and 2024 Capital Expenditures can be found in "Section II - Capital Budget."

The District's two-year total expenditures for Fiscal Years 2023 and 2024 are projected to be \$189.5 million. The breakdown of these expenditures by category is depicted in the graph below.



Water Purchases (35.1%)

Potable Water Purchases

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

Fiscal Years 2023 and 2024 untreated water purchases are estimated at 17,400 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 went up by 3.3% on January 1, 2022. It is expected to increase by another 3.7% starting January 1, 2023 pending SDCWA board approval at the June 2022 meeting. The actual impact of purchased water wholesale costs increases for each retail agency varies depending on each member agency's share of SDCWA fixed charges. SDCWA fixed charges are allocated to its 24 member agencies based on rolling averages of each agency's historical water deliveries.

Untreated water deliveries from SDCWA are processed at the District's David C. McCollom Water Treatment Plant to meet customer demand. The wholesale purchased water costs are broken down as follows:

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 is recommended by SDCWA staff to increase from \$1,009 per AF to \$1,085 per AF, or 7.5%, on January 1, 2023, subject to SDCWA board approval in June 2022.
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 is projected to increase from \$310 per AF to \$350 per AF, or 12.9%, effective January 1, 2023. For Fiscal Year 2024, SDCWA Melded Treatment Rate is estimated using the mid-point of SDCWA's high/low All-In Treated rate in SDCWA's long range 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. The transportation rate is

expected to remain at the current amount of \$173 per AF through calendar year 2023, based on the SDCWA staff-recommended adjustment, and increase by 9.2% to \$189 per AF on January 1, 2024, based on the mid-point of SDCWA's high/low All-In Untreated rate in SDCWA's long range plan.

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 \$799 and \$1,109 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 three-year rolling average of water purchases. The SDCWA customer service charge allocated to the District for FY 2023 is estimated at \$1,178,000.
2. **SDCWA Emergency Storage Charge:** This is a fixed charge to recover costs associated with the Emergency and Carryover Storage Program. It is charged monthly and allocated among member agencies based on each agency's three-year rolling average non-agricultural water deliveries. The SDCWA storage charge allocated to the District for FY 2023 is estimated at \$2,936,000.
3. **MWD Readiness-To-Serve Charge (RTS):** This is a fixed charge collected by MWD to recover costs associated with standby and peak conveyance activity and system emergency storage capacity. The RTS charge is allocated by SDCWA to all member agencies on the basis of each agency's ten-year rolling average of firm deliveries, including water transfers and exchanges conveyed through system capacity. The District's portion of MWD RTS for FY 2023 is estimated at \$575,000.
4. **MWD Capacity Charge (CRC):** This is a fixed charge set by MWD on an agency's peak week deliveries over the previous five fiscal years. It recovers the cost of providing peak capacity within the distribution system and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. The District's allocation of MWD CRC for FY 2023 is estimated at \$464,000. 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 estimated at \$1,405,000 for FY 2023.

6. **SDCWA Supply Reliability Charge:** This is a fixed monthly charge intended to recover a portion of the costs associated with the purchase and distribution of water from the Carlsbad Desalination Plant, IID, and the Canal Lining Project. SDCWA allocates this charge based on a five-year rolling average of firm, non-agricultural MWD deliveries. The District's share of the SDCWA supply reliability charge in FY 2023 is estimated at \$1.89 million. This is an increase of about \$6,250 per month compared to FY 2022.

Recycled Water Purchases

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

In the Northwest Quadrant, the District purchases 100% of its recycled water from Vallecitos Water District and San Elijo Joint Powers Authority through water purchase agreements. The District has been working aggressively to increase its recycled water customer base and distribution system in an effort to reduce dependence on potable water for irrigation purposes within its service area.

In the Southeast Quadrant, the District purchases a portion of its recycled water from the City of San Diego and Rancho Santa Fe Community Service District (RSFCSD). Roughly 60% of the District's recycled water demand in the Southeast Quadrant is supplied through treated effluent from the 4S Water Reclamation Facility, owned and operated by the District.

The District purchases recycled water from the following suppliers:

1. **City of San Diego (City):** The District is contractually obligated to buy at least 100 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 \$962.69 per AF for recycled water supplied by the City. The District is currently negotiating with the City to purchase additional recycled water to meet demand in the Southeast quadrant of the District's recycled water system.
2. **Rancho Santa Fe Community Services District (RSFCSD):** The District agrees to purchase available recycled water from the Santa Fe Valley Water Reclamation Facility (SFV WRF), which is owned by the RSFCSD. For Fiscal Year 2023, 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 \$825.46 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 2022-23, 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 2023 and 2024, the price for recycled water from VWD shall not exceed an estimated amount of \$1,430 and \$1,523 per AF, respectively.
4. **San Elijo Joint Powers Authority (SEJPA):** The District has entered into an agreement with the SEJPA to purchase a minimum of 125 AF of recycled water during Fiscal Year 2023. The Fiscal year 2023 price for recycled water purchased from SEJPA is \$1,770 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 \$1,839 starting July 1, 2023. The infrastructure credit will result in a net recycled water rate of \$1,389 per AF.

Water Operations (31.2%)

Potable Water Operations Expenditures (27.2%)

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 2023 potable water operating expenditures are budgeted at \$25.4 million which includes \$19.6 million of operating expenditures net of capitalized labor and non-labor expenses, and \$5.8 million of fund transfers. A 2.3% increase in water operating expenditures for Fiscal Year 2022, net of capitalized expenditures is primarily due to an increase in salary and wages based on the current labor agreement between the District and its employee association groups, additional full time employee (FTE) positions per the 2022 Staffing Analysis, and increases in the cost of supplies, power, and facilities repair and maintenance expenditures to keep up with annual inflation adjustments.

More detailed information on the 2022 Staffing Analysis and staffing levels is included in the Employee Benefit section of this budget.

Recycled Water Operations Expenditures (4.0%)

Recycled water operating expenditures for Fiscal Year 2023 are budgeted at \$1.29 million which represents a 3.75% increase compared to the revised Fiscal Year 2022 budget. Recycled water operating expenditures for Fiscal Year 2024 are budgeted at \$1.34 million which represents a 4.5% increase compared to the Fiscal Year 2023 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.

Wastewater Operations Expenditures (5.3%)

The District owns and operates the 4S Ranch Water Reclamation Facility (4S WRF) to provide sewer collection and treatment services to two sanitation districts within its boundaries, namely 4S Ranch and Rancho Cielo, as well as other annexed areas. These service areas, comprised of a wide variety of commercial, industrial, and residential uses, encompass approximately 5,500 acres and provides sewer service to about 7,250 equivalent dwelling units (EDUs), from its ultimate build-out of 7,450 EDUs.

For Fiscal Year 2023, wastewater operating expenditures are expected to remain relatively unchanged overall compared to the Fiscal Year 2022 budget. This is mainly due to an increase in capitalized labor for employee time spent on District projects which offset the budgeted increases in labor and benefits costs. Fiscal Year 2024 is projected to increase by approximately 10.7% over 2023 due to the addition of one full-time treatment operator and the estimated increase in labor and benefit costs.

A \$1.6 million transfer of funds from the wastewater operating fund to the capital fund is anticipated for Fiscal Year 2023, and a \$1.3 million transfer in Fiscal Year 2024, to pay for the wastewater capital improvement program. More information about the District's wastewater capital improvement program can be found in the District's 10-year spending plan as well as in the Capital Budget section of this document.

Loan and Debt Service Fund (6.8%)

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 Payments for Fiscal Years 2023 and 2024 are budgeted at \$12.7 million combined. The District currently has 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 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 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 2021A Wastewater Revenue bonds were issued to finance wastewater (sewer) 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 2021B Wastewater Revenue bonds were issued 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 2012 SRF loan was awarded by the California Department of Public Health in December 2011 and was used to fund a portion of the LT2-related construction improvements at the DCMWTP.

Debt Coverage Ratio

The 2015A Water Revenue Refunding bonds require the District to maintain net system revenues equal to 125% of debt service on senior obligations for each fiscal year and 100% of debt service on all obligations. Net system revenues equal all income and revenue received by the District from the operation or ownership of the water system, including all rates and charges received by the District for water system services, investment income, property taxes, and connection fees less costs

expended or incurred by the District for maintaining and operating the water system, excluding depreciation expenses.

The coverage ratio is defined as net system revenues divided by senior liens overall debt service. The District has been and will remain in compliance with all of its bond covenants, which include meeting its debt service ratio requirements.

The 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 (21.6%)¹

Detailed information on the District's capital expenditures, including project description, estimated project costs, and funding sources can be found in "Section II – Capital Budget" of this document. Project costs are estimated based on an updated list of capital improvement projects to be completed within the next ten years.

¹ Information about the District's labor and employee benefit expenses for water operations, wastewater, and recycled operations, including an allocation of employee benefit expenses to various departments within these operations, an organizational chart, and total staffing graphs, can be found on the following pages. A summary by department of staffing, objectives, accomplishments, and line item expenditures is located behind each department tab included in this section and following the employee benefits information

**OLIVENHAIN MUNICIPAL WATER DISTRICT
DEBT COVERAGE RATIOS - WATER***

	FY 2021 Audited Actual Through June 30, 2021	FY 2022 Projected Through June 30, 2022	FY 2023 Forecast Through June 30, 2023	FY 2024 Forecast Through June 30, 2024	Footnote
Water System Revenues					
Water Sales	58,169,813	58,057,300	59,684,918	62,563,625	
Other Operating revenues	2,178,034	1,890,524	1,846,200	2,373,928	
Capacity (Connection) Fee Revenues	2,754,730	392,449	137,000	168,000	
Investment income - Water	379,893	211,519	70,087	144,959	(A)
Property Taxes	4,027,357	4,155,000	4,100,000	4,100,000	
Other Non-Operating Revenues	5,685,803	1,135,653	2,993,913	658,041	(B)
Transfer to Rate Stabilization Fund (SDCWA rebate payer)	(2,039,332)	(1,622,585)			(C)
Total Water System Revenue	71,156,298	64,219,861	68,832,118	70,008,553	(D)
Water System Expenses					
Cost of Purchased Water Sold	30,601,983	30,666,000	32,327,522	34,194,226	
Operations and Maintenance	18,112,025	18,140,195	20,576,000	21,885,000	(E)
Total Water System Expenses	48,714,008	48,806,195	52,903,522	56,079,226	(F)
Net Water System Revenues	22,442,290	15,413,666	15,928,596	13,929,328	
Coverage Calculations for Existing Debts					
2013 State Revolving Fund Loan	1,070,000	1,070,000	1,070,000	1,070,000	
2015A	2,403,375	2,405,125	2,412,625	2,412,625	
2016A	976,663	976,413	976,913	976,913	
2027 Proposed Debt Issuance					
Total Debt Service Payments	4,450,038	4,451,538	4,459,538	4,459,538	
Revenue to Debt Coverage Ratio	5.04	3.46	3.57	3.12	

* FY 2021 Actuals are based on the audited Annual Comprehensive Financial Report. FY 2022 forecast is based on unaudited actuals and projections. The FY 2023 -2027 Forecasts are based on the District's budget model.

Footnotes

(A) Excludes unrealized gains or losses on sale of investments. Investment income only includes income relating to water and recycled water, and does not include investment income related to wastewater.

(B) FY 2022 includes SDCWA rebate payment received in the amount of \$3.661 million and \$1.905 million net proceeds from sale of Gaty parcel. Subsequent years include anticipated grant funds for various District projects.

(C) In November 2021, the District's Board of Directors voted to pass on the total rebate amount received of \$3,661,917 to the District's customers via a credit to their water bills based on consumption. This amount was recognized as "Other Non-Operating Revenue" in fiscal year 2021 as referenced in footnote (B). The District received an initial payment in the amount of \$2,039,332 in April 2021, and a second payment in the amount of \$1,622,584 in November 2021. Excluded as part of Debt Coverage Ratio since the District will pass on the funds to its customers.

(D) Excluded from Total Water System Revenue: Benefit Assessments related to the reassessment District 96-1 and noncash Capital Contributions.

(E) Operations and Maintenance expenses includes the following: Pumping and Water Treatment, Transmission & Distribution, Facilities Maintenance, Customer Service, General & Administrative.

(F) Excluded from Total Water System Expenses: Elfin Forest Recreational Reserve expenses (net), Depreciation & Amortization, and Other Nonoperating Expenses related to losses on the sale of fixed assets.

**OLIVENHAIN MUNICIPAL WATER DISTRICT
DEBT COVERAGE RATIOS - WASTEWATER (SEWER)***

	FY 2021 Audited Actual Through June 30, 2021	FY 2022 Projected Through June 30, 2022	FY 2023 Forecast Through June 30, 2023	FY 2024 Forecast Through June 30, 2024	Footnote
Wastewater (Sewer) System Revenues					
Sewer Charges	4,952,194	5,460,023	5,382,778	5,550,133	
Investment Income	6,462	45,538	85,649	71,958	
Other Non-operating Revenues		914,760			(A)
Total Wastewater (Sewer) System Revenues	4,958,656	6,420,321	5,468,428	5,622,091	
Wastewater (Sewer) System Expenses					
Operations & Maintenance Expenses	3,554,273	3,323,194	3,403,000	3,770,000	(B)
Total Wastewater (Sewer) System Expenses	3,554,273	3,323,194	3,403,000	3,770,000	
Net Wastewater (Sewer) System Expenses	1,404,383	3,097,127	2,065,428	1,852,091	
Coverage Calculations for Existing Debt					
2018A Wastewater (Sewer) Revenue Bonds	647,120	-	-	-	(C)
2021B Refunding Revenue Bonds	-	445,722	609,898	609,898	
2021A Wastewater (Sewer) Revenue Bonds	-	361,203	307,665	307,665	(D)
Total Debt Service Payments	647,120	806,926	917,564	917,564	
Revenue to Debt Coverage Ratio	2.17	3.84	2.25	2.02	

* FY 2021 Actuals are based on the audited Annual Comprehensive Financial Report. FY 2022 forecast is based on unaudited actuals and projections. The FY 2023 -2027 Forecasts are based on the District's budget model.

Footnotes

(A) Fiscal Year 2022 includes sewer capacity and annexation fees collected from a developer for the Avion Development.

(B) Includes the following expenses: Sewer and Collection Treatment, Facilities Maintenance, and General and Administrative. Excludes Depreciation & Amortization, and Other Nonoperating Expenses related to losses on the sale of fixed assets.

(C) During Fiscal Year 2022, the District issued 2021B Refunding Revenue Bonds in the amount of \$3,932,970 to refinance the existing 2018A Sewer Revenue Bonds. The District secured an interest rate of 1.14%, which resulted in estimated net present value savings of \$243,900 after the cost of issuance.

(D) During Fiscal Year 2022, the District issued 2021A Wastewater Revenue Bonds, Series 2021A in the amount of \$5,042,140 to finance wastewater (sewer) improvements at the 4S Wastewater Treatment Plant, including rehabilitation, replacements, and modifications to the existing Neighborhood One Sewer pump Station and the Headworks Screening System at the 4S Wastewater Treatment Plant. The Series 2021A Bonds mature on June 1, 2041 and carry an interest rate of 2.14%.

**Olivenhain Municipal Water District
Expense Summary
Fiscal Years Ending 2023 & 2024**

Fund: 100 & 120 Water Operations (Potable and Recycled)

	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Expenses</u>						
Purchased Potable Water - Variable	20,985,010	20,974,000	22,394,000	6.77%	23,932,000	6.87%
Purchased Potable Water - Fixed	4,043,761	4,042,000	4,114,000	1.78%	4,278,000	3.99%
Purchased Potable Water - Agricultural Credits	31,797	22,000	31,000	40.91%	33,000	6.45%
MWD- Readiness-to-Serve	655,081	615,000	575,000	-6.50%	598,000	4.00%
MWD- Capacity Reservation Charge	353,048	408,000	464,000	13.73%	483,000	4.09%
SDCWA - Infrastructure Access Charge	1,339,836	1,441,000	1,405,000	-2.50%	1,461,000	3.99%
Purchased Recycled Water	1,456,672	1,354,000	1,373,000	1.40%	1,449,000	5.54%
Recycled Credit	-	-	-	0.00%	-	0.00%
Supply Reliability Charge	1,736,778	1,810,000	1,885,000	4.14%	1,960,000	3.98%
Purchased Water	30,601,983	30,666,000	32,241,000	5.14%	34,194,000	6.06%
Personnel	13,065,989	13,629,000	14,260,000	4.63%	15,247,000	6.92%
Operations	7,335,446	8,276,200	8,970,000	8.38%	9,250,000	3.12%
Capitalized Operating Expenditures	(2,094,524)	(1,934,000)	(2,096,000)	8.38%	(2,148,000)	2.48%
Other Operating Expenses - WFO	228,939	-	50,000	0.00%	50,000	0.00%
Other Operating Expenses	18,535,850	19,971,200	21,184,000	6.07%	22,399,000	5.74%
Total Operating Expenses	49,137,833	50,637,200	53,425,000	5.51%	56,593,000	5.93%
<u>Non-operating Expenses</u>						
Other Non-Operating Expenses - Potable	42,882	10,000	10,000	0.00%	10,000	0.00%
Loss disposal of Fixed Assets	159,072	-	-	0.00%	-	0.00%
Other Non-Operating Expenses - Recycled	-	-	-	0.00%	-	0.00%
Non-Operating Labor	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	201,954	10,000	10,000	0.00%	10,000	0.00%
Total Expenses	49,339,787	50,647,200	53,435,000	5.50%	56,603,000	5.93%

* Amended budget amounts approved by the Board.

Note: Other District water operation expenditures can be found in the "Expenditures by Department" section of this document, broken down by department.

**Olivenhain Municipal Water District
Expense Summary
Fiscal Years Ending 2023 & 2024**

Fund: 110 & 111 Wastewater Operations

	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Expenses</u>						
Personnel	1,322,265	1,309,000	1,397,000	6.72%	1,570,000	12.38%
Operations	1,667,096	1,508,000	1,577,000	4.58%	1,639,000	3.93%
Capitalized Operating Expenditures	564,304	615,000	466,000	-24.23%	598,000	28.33%
Total Operating Expenses	<u>3,553,665</u>	<u>3,432,000</u>	<u>3,440,000</u>	<u>0.23%</u>	<u>3,807,000</u>	<u>10.67%</u>
<u>Non-operating Expenses</u>						
Other Non-Operating Expenses	-	-	-	0.00%	-	0.00%
Loss disposal of Fixed Assets	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total	<u>3,553,665</u>	<u>3,432,000</u>	<u>3,440,000</u>	<u>0.23%</u>	<u>3,807,000</u>	<u>10.67%</u>

* 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 2023 & 2024**

Fund: Capital Improvement (All)**

	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	-	-	-
<u>Non-operating Expenses</u>						
Engineering	-	-	-	0.00%	-	0.00%
Salaries & Wages - Regular	-	-	-	0.00%	-	0.00%
Employee Benefits	-	-	-	0.00%	-	0.00%
Other Non-Operating Expenses	796,020	30,000	30,000	0.00%	30,000	0.00%
Total Non-operating Expenses	796,020	30,000	30,000	0.00%	30,000	0.00%
Total	796,020	30,000	30,000	0.00%	30,000	0.00%

* 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 2023 & 2024**

Fund: Debt Service (All)***

	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
Operating Expenses	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	-

Non-operating Expenses

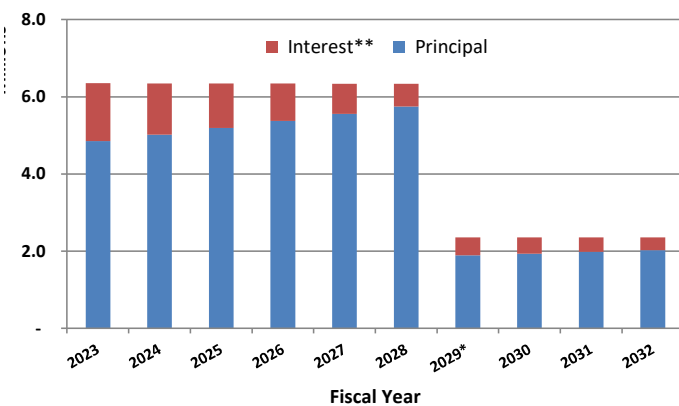
Consultants	664	64,000	-	-100.00%	-	0.00%
Bank Svc Chgs	180	-	-	0.00%	-	0.00%
Outside Service	58,886	48,000	62,000	29.17%	62,000	0.00%
Salaries and Wages	2,302	2,000	2,000	0.00%	2,000	0.00%
Employee Benefits	2,082	1,000	1,000	0.00%	1,000	0.00%
Principal	4,287,116	4,580,000	4,855,000	6.00%	5,020,000	3.40%
Net Interest Expense**	1,419,009	1,635,000	1,498,000	-8.38%	1,329,000	-11.28%
Amortization	3,502	12,000	4,000	-66.67%	4,000	0.00%
Fixed Charge County Assessment	2,314	2,000	2,000	0.00%	2,000	0.00%
Total Non-operating Expenses	5,776,055	6,344,000	6,424,000	1.26%	6,420,000	-0.06%
Total	5,776,055	6,344,000	6,424,000	1.26%	6,420,000	-0.06%

* 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.

Debt Service Schedule



* 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.

Schedule of Payments			
Fiscal Year	Principal	Interest**	Total
2023	4,855,000	1,498,000	6,353,000
2024	5,020,000	1,329,000	6,349,000
2025	5,194,000	1,155,000	6,349,000
2026	5,371,000	971,000	6,342,000
2027	5,557,000	782,000	6,339,000
2028	5,748,000	592,000	6,340,000
2029*	1,892,000	462,000	2,354,000
2030	1,934,000	420,000	2,354,000
2031	1,982,000	375,000	2,357,000
2032	2,024,000	331,000	2,355,000
2033	2,072,000	283,000	2,355,000
2034	2,122,000	233,000	2,355,000
2035	1,643,000	183,000	1,826,000
2036	1,138,000	146,000	1,284,000
2037	1,174,000	114,000	1,288,000
2038	1,200,000	81,000	1,281,000
2039	1,236,000	47,000	1,283,000
2040	297,000	13,000	310,000
2041	303,000	6,000	309,000
TOTAL	59,099,000	12,265,000	71,364,000

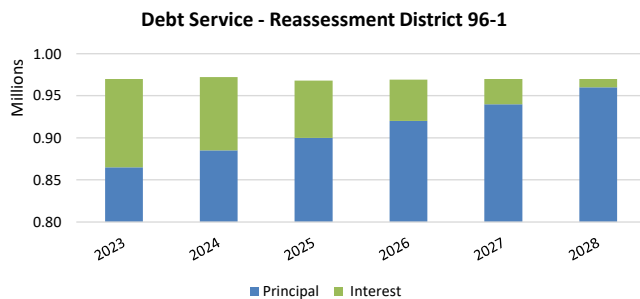
**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2023 & 2024**

Fund: 570 Debt Service - Reassessment District 96-1

Account No. and Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
Operating Expenses						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
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	53,152	43,000	50,000	16.28%	50,000	0.00%
51100-570-000-000 Salaries and Wages	2,302	2,000	2,000	0.00%	2,000	0.00%
51150-570-000-000 Employee Benefits	2,082	1,000	1,000	0.00%	1,000	0.00%
22510-570-000-000 Principal	829,137	845,000	865,000	2.37%	885,000	2.31%
59750-570-000-000 Interest Expense**	134,724	123,000	105,000	-14.63%	87,000	-17.14%
59200-570-000-000 Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
59265-570-000-000 Amortization	-	8,000	-	-100.00%	-	0.00%
59365-570-000-000 Fixed Charge County Assessment	2,314	2,000	2,000	0.00%	2,000	0.00%
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%
Total Non-operating Expenses	1,023,711	1,024,000	1,025,000	0.10%	1,027,000	0.20%
Total	1,023,711	1,024,000	1,025,000	0.10%	1,027,000	0.20%

* 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
2023	865,000	105,000	970,000
2024	885,000	87,000	972,000
2025	900,000	68,000	968,000
2026	920,000	49,000	969,000
2027	940,000	30,000	970,000
2028	960,000	10,000	970,000
2029	-	-	-
TOTAL	7,130,000	613,000	7,743,000

**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2023 & 2024**

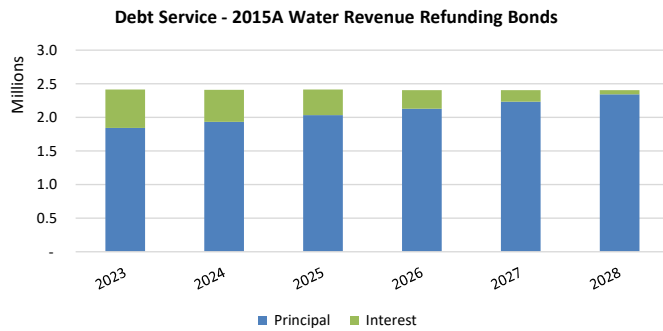
Fund: 561

Debt Service - 2015A Water Revenue Refunding Bonds

Account No. and Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
Operating Expense						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
53250-561-000-000 Outside Services	1,836	2,000	3,000	50.00%	3,000	0.00%
22800-561-000-000 Principal	1,665,000	1,750,000	1,845,000	5.43%	1,935,000	4.88%
59750-561-000-000 Net Interest Expense**	400,385	655,000	568,000	-13.28%	475,000	-16.37%
59265-561-000-000 Amortization	3,502	4,000	4,000	0.00%	4,000	0.00%
52250-561-000-000 Consultants	-	1,000	-	-100.00%	-	0.00%
Total Non-operating Expenses	2,070,723	2,412,000	2,420,000	0.33%	2,417,000	-0.12%
Total	2,070,723	2,412,000	2,420,000	0.33%	2,417,000	-0.12%

* 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
2023	1,845,000	568,000	2,413,000
2024	1,935,000	475,000	2,410,000
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	-	-	-
TOTAL	15,940,000	3,321,000	19,261,000

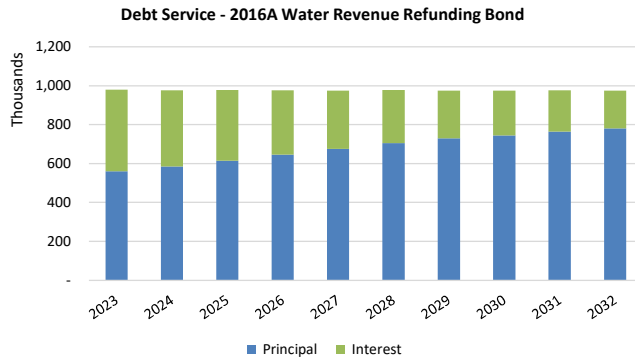
**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2023 & 2024**

Fund: 580 & 581 Debt Service - 2016A Water Revenue Refunding Bond

Account No. and Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
Operating Expense						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
52250-581-000-000 Consultants	664	1,000	-	-100.00%	-	0.00%
53250-581-000-000 Outside Services	1,836	2,000	3,000	50.00%	3,000	0.00%
22800-581-000-000 Principal	505,000	530,000	560,000	5.66%	585,000	4.46%
59750-581-000-000 Interest Expense**	467,703	446,000	420,000	-5.83%	392,000	-6.67%
Total Non-operating Expenses	975,203	979,000	983,000	0.41%	980,000	-0.31%
Total	975,203	979,000	983,000	0.41%	980,000	-0.31%

* Amended budget amounts approved by the Board.

** Net interest expense is adjusted for amortization of the bond premium.



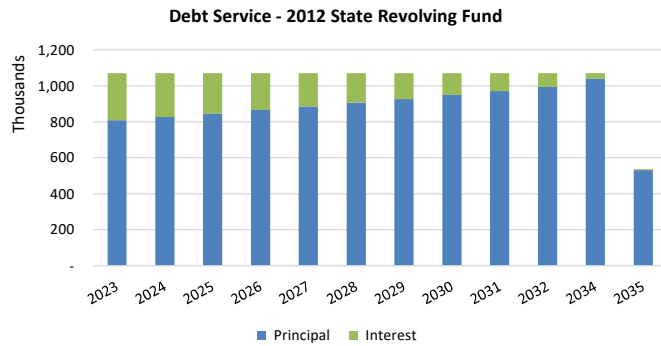
Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2023	560,000	420,000	980,000
2024	585,000	392,000	977,000
2025	615,000	363,000	978,000
2026	645,000	332,000	977,000
2027	675,000	300,000	975,000
2028	705,000	273,000	978,000
2029	730,000	244,000	974,000
2030	745,000	229,000	974,000
2031	765,000	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
TOTAL	13,925,000	4,618,000	18,543,000

**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2023 & 2024**

Fund: 510 Debt Service - 2012 State Revolving Fund

Account No. and Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Expense</u>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<u>Non-operating Expenses</u>						
53150-510-000-000 Bank Svc Chgs	180	-	-	0.00%	-	0.00%
29800-510-000-000 Principal	780,979	790,000	808,000	2.28%	827,000	2.35%
59750-510-000-000 Interest Expense	289,063	280,000	262,000	-6.43%	243,000	-7.25%
Total Non-operating Expenses	1,070,222	1,070,000	1,070,000	0.00%	1,070,000	0.00%
Total	1,070,222	1,070,000	1,070,000	0.00%	1,070,000	0.00%

* Amended budget amounts approved by the Board.



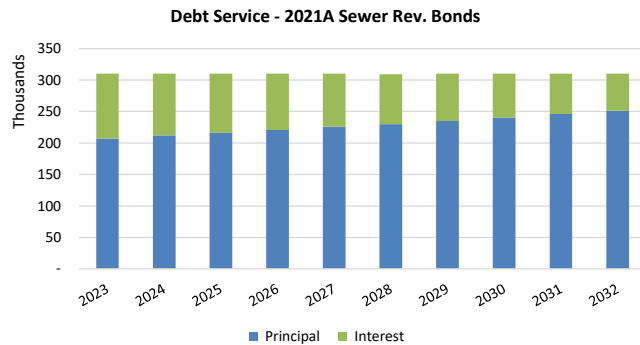
Schedule of Payments Remaining			
Fiscal Year	Principal	Interest	Total
2023	808,000	262,000	1,070,000
2024	827,000	243,000	1,070,000
2025	846,000	224,000	1,070,000
2026	866,000	204,000	1,070,000
2027	886,000	184,000	1,070,000
2028	906,000	164,000	1,070,000
2029	927,000	143,000	1,070,000
2030	949,000	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	-	-	-
TOTAL	13,128,000	2,389,000	15,517,000

**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2023 & 2024**

Fund: 521 Debt Service - 2021A Sewer Rev. Bonds

Account No. and Description	FYE 2021 Actual	FYE 2022 Approved*	0.00% FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Expense</u>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<u>Non-operating Expenses</u>						
52250-521-000-000 Consultants	-	35,000	-	-100.00%	-	0.00%
53250-521-000-000 Outside Services	-	1,000	3,000	200.00%	3,000	0.00%
29800-521-000-000 Principal	-	246,000	207,000	-15.85%	212,000	2.42%
59750-521-000-000 Interest Expense	-	64,000	103,000	60.94%	98,000	-4.85%
59460-521-000-000 Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	-	346,000	313,000	-9.54%	313,000	0.00%
Total	-	346,000	313,000	-9.54%	313,000	0.00%

* Amended budget amounts approved by the Board.



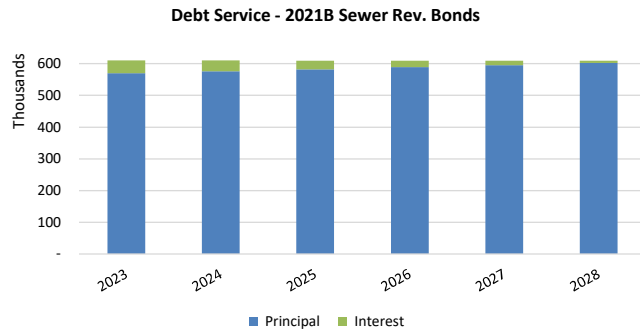
Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2023	207,000	103,000	310,000
2024	212,000	98,000	310,000
2025	216,000	94,000	310,000
2026	221,000	89,000	310,000
2027	226,000	84,000	310,000
2028	230,000	79,000	309,000
2029	235,000	75,000	310,000
2030	240,000	70,000	310,000
2031	246,000	64,000	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
TOTAL	5,043,000	1,155,000	6,198,000

**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2023 & 2024**

Fund: 522 Debt Service - 2021B Sewer Rev. Bonds

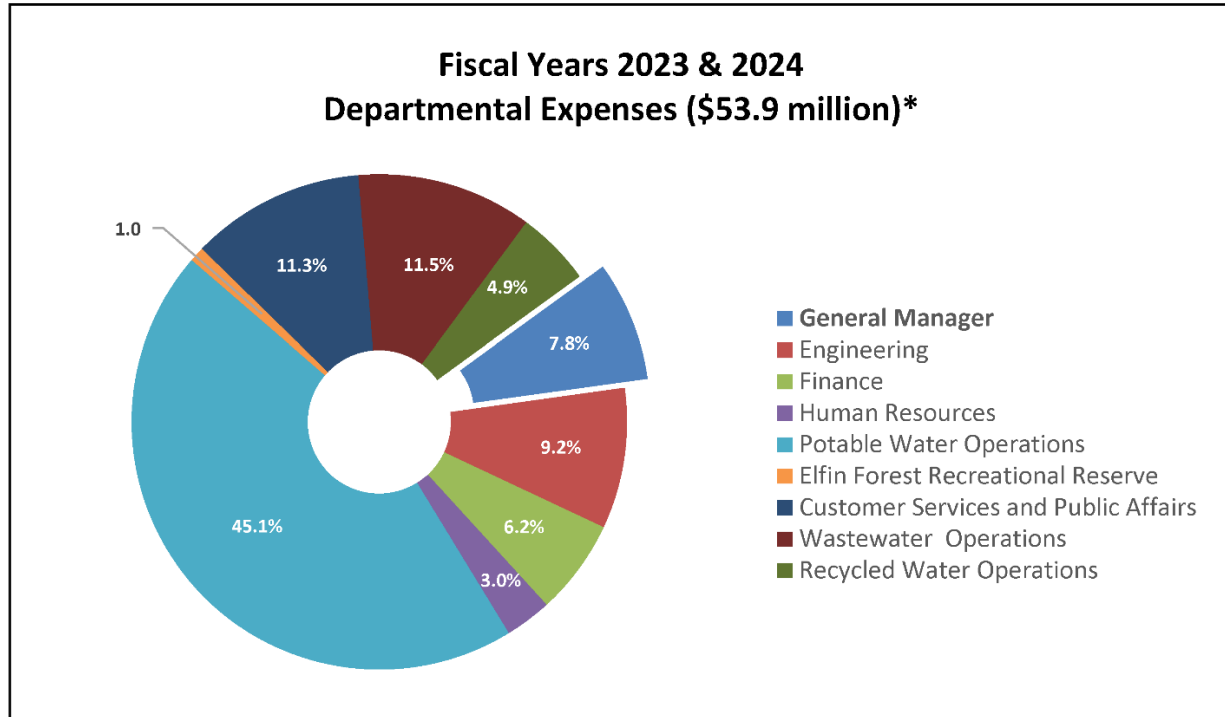
Account No. and Description	FYE 2021 Actual	FYE 2022 Approved*	0.00% FYE 2023 Proposed	% Change From FYE '22 Approved*	FYE 2024 Proposed	% Change From FYE '23 Proposed
<u>Operating Expense</u>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
<u>Non-operating Expenses</u>						
52250-521-000-000 Consultants	-	27,000	-	-100.00%	-	0.00%
53250-522-000-000 Outside Services	-	-	3,000	0.00%	3,000	0.00%
29800-522-000-000 Principal	-	419,000	570,000	36.04%	576,000	1.05%
59750-522-000-000 Interest Expense	-	27,000	40,000	48.15%	34,000	-15.00%
Total Non-operating Expenses	-	473,000	613,000	29.60%	613,000	0.00%
Total	-	473,000	613,000	29.60%	613,000	0.00%

* Amended budget amounts approved by the Board.



Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2023	570,000	40,000	610,000
2024	576,000	34,000	610,000
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	-	-	-
TOTAL	3,933,000	169,000	4,102,000

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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
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
Department Total	4.00	4.00	4.00	4.00

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 2021 & 2022

- Completed several replacement and upgrade projects at 4S Ranch Water Reclamation Facility, including the UV Disinfection System Replacement Project, the 4S Water Reclamation Facility and Cielo Pump Station EnerNOC controls removal and Cielo Pump Station automatic transfer switch replacement emergency project, and we completed the 4S Ranch Water Reclamation Facility Clarifier Drives Replacement 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).
- Negotiated a new Memorandum of Understanding with the employee associations (Bargaining Unit Members Association & District Employees Association), including potential salary review and range adjustments with a focus on employee retention (District goal 5 – Providing a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement).
- Continued to pursue local, state, federal and private grant funding to offset costs and won over \$6 million in Title XVI WIIN funding this year from the United States Bureau of Reclamation (USBR), were awarded an additional \$500,000 for AMI Conversion (Phases 7-8) from USBR WaterSMART Water and Energy Efficiency grant program, and won a \$1,700 wellness program funding from ACWA Joint Powers Insurance Authority (District goal 7 – Minimizing all of OMWD's operational costs while maintaining a high level of customer service).
- OMWD completed the El Camino Real Potable Water Pipeline Replacement and Green Bike Lane Striping Project (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).
- Completed aquifer test in San Dieguito Valley Groundwater Basin and continued to analyze viability (District goal 11 – Establishing programs and policies to develop alternative water

supplies to serve existing and future customers) and conducted a workshop on the project with the Board of Directors on March 30, 2022.

- Onboarded two new Board Members.
- Managed the operations of the District effectively in light of COVID restrictions (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 2023 & 2024

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Coordinate elections with Registrar of Voters (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).
- Complete 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).
- Commence 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).
- Commence overhaul and rehabilitation of one DCMWTP energy recovery turbines to ensure continuous energy savings Project (District goal 4 – Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability).
- 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 District of Distinction and District Transparency Certificate of Excellence re-accreditation from Special District Leadership Foundation (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).
- Complete the Long-Term CIP Study and report 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).
- Continue investigations to determine viability for the San Dieguito Valley Groundwater Project (District goal 11 – Establishing programs and policies to develop alternative water supplies to serve existing and future customers). Additional investigations will include

additional hydrogeologic investigations, performing a siting analysis and further refining the economic analysis.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024**

Fund: 100

Operating - Water

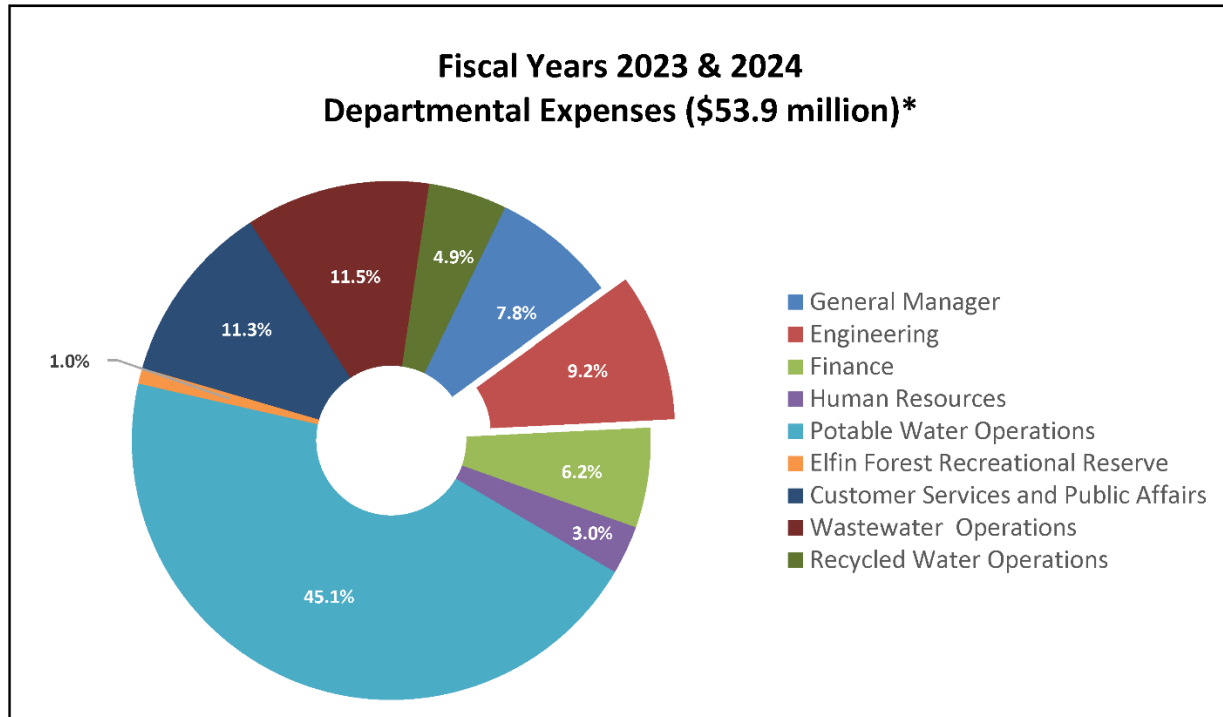
Department: 210

General Manager

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	569,030	583,000	625,000	7.20%	663,000	6.08%
51110	Salaries and Wages - Overtime	285	1,000	1,000	0.00%	1,000	0.00%
51120	Salaries and Wages - Training	2,982	5,000	5,000	0.00%	5,000	0.00%
51130	Salaries and Wages - Safety	4,473	8,000	8,000	0.00%	8,000	0.00%
52400	Directors' Fees	36,150	72,000	60,000	-16.67%	62,000	3.33%
51150	Allocated Employee Benefits	554,534	574,000	568,000	-1.05%	612,000	7.75%
	Subtotal	1,167,454	1,243,000	1,267,000	1.93%	1,351,000	6.63%
Operations:							
52250	Consultants	94,543	115,000	125,000	8.70%	130,000	4.00%
52500	Engineering	4,368	13,000	13,000	0.00%	14,000	7.69%
52600	Equipment Rental	18,929	29,000	25,000	-13.79%	26,000	4.00%
52800	Legal	355,664	269,000	280,000	4.09%	291,000	3.93%
52900	Maintenance and Repairs - General	20,299	4,000	4,000	0.00%	4,000	0.00%
53000	Membership Dues and Subscriptions	75,222	79,000	80,000	1.27%	83,000	3.75%
53100	Office Supplies and Expenses	9,560	13,000	11,000	-15.38%	11,000	0.00%
53200	Other Admin and General Expenses	11,928	6,000	21,000	250.00%	22,000	4.76%
53250	Outside Services	14,105	19,000	16,000	-15.79%	17,000	6.25%
53300	Postage and Shipping	8,368	10,000	10,000	0.00%	10,000	0.00%
53400	Printing and Copying	1,628	4,000	4,000	0.00%	4,000	0.00%
53500	Property Insurance	93,826	110,000	144,000	30.91%	150,000	4.17%
53800	Seminars and Meetings	10,148	38,000	30,000	-21.05%	31,000	3.33%
53900	Supplies - Operations	1,479	1,000	2,000	100.00%	2,000	0.00%
53903	Supplies - Safety	156	-	1,000	0.00%	1,000	0.00%
54000	Telephone and Communications	12,752	11,000	11,000	0.00%	11,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
	Subtotal	732,974	721,000	777,000	7.77%	807,000	3.86%
Capitalized Operating Expenditures:							
59009	Depreciation	-	23,000	23,000	0.00%	23,000	0.00%
59008	Support Allocation	(1,404,000)	(1,460,000)	(1,460,000)	0.00%	(1,460,000)	0.00%
59004	Capitalized Labor	(5,442)	(21,000)	(6,000)	-71.43%	(7,000)	16.67%
59005	Capitalized Non-labor Expenses	(7,799)	(31,000)	(9,000)	-70.97%	(11,000)	22.22%
	Subtotal	(1,417,241)	(1,489,000)	(1,452,000)	-2.48%	(1,455,000)	0.21%
	Total, Net of Capitalized Expenses	483,187	475,000	592,000	24.63%	703,000	18.75%

* 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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
Cathodic Protection Tech**	-	-	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 Right of Way Coordinator*	1.00	1.00	-	-
Engineering Services Supervisor	1.00	1.00	1.00	1.00
Engineering Technician II*	-	-	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
Department Total	9.00	9.00	10.00	10.00

* Engineering Right of Way Coordinator job title changed to Engineering Technician II

** Cathodic Protection Tech moved from Operations to Engineering Department

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 2021 & 2022

- Completed design and construction for the Manchester/Encinitas Boulevard Potable Water Pipeline Replacement project (District Goal 1 – Providing safe, reliable, high quality drinking water in a cost-effective manner).
- Formalized a risk assessment matrix and develop a metric for OMWD’s top 25 critical easements and presented process to OMWD Board (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Completed maintenance of eight (8) impacted easements (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Completed construction of the Morning Sun Pressure Reducing Station Abandonment project (District Goal 10 - plan and construct facilities to meet needs).
- Completed move from temporary mobile facilities to the New and Remodeled Operations and Administration Facilities Building with minimal disruption to customer service (District Goal 10 - plan and construct facilities to meet needs).
- Completed construction of the Overflow Storage Pond Landscape Rehabilitation project at the 4S Ranch Water Reclamation Facility.
- Completed construction of the El Camino Real Pipeline Replacement and Green Bike Lane project.
- Commenced construction of the Lone Jack Pressure Reducing Station Replacement project.

Objectives – Fiscal Years 2023 & 2024

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete 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).
- Complete maintenance of five (5) impacted easements (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Complete preliminary design for the 4S Ranch Water Reclamation Facility Headworks Screening System Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commence Design of Extension 153 Flow Control Facility (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commence Construction of the 4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- File 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).
- Commence 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).

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	FYE 2021 Actual	FYE 2022 Actual	Annual Target	Target Met? FY '21 FY '22	FYE 2023 Target	FYE 2024 Target
Track Capital Projects Budgeted vs Completed (Engineering Managed) ¹	49%	36%	75%	● ●	70%	70%
Labor Capitalized or Billed to Projects	26%	25%	25%	● ●	30%	30%
Construction Cost Deviations: Final Construction Costs/Bid Amount	106%	103%	110% or less	● ●	110% or less	110% or less

● Target met ● Target not met ● Target not available ■ Performance Measure Only

¹Large construction projects are under contract and progressing but are experiencing supply chain delays affecting the timing of expenditures.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024**

Fund: 100

Operating - Water

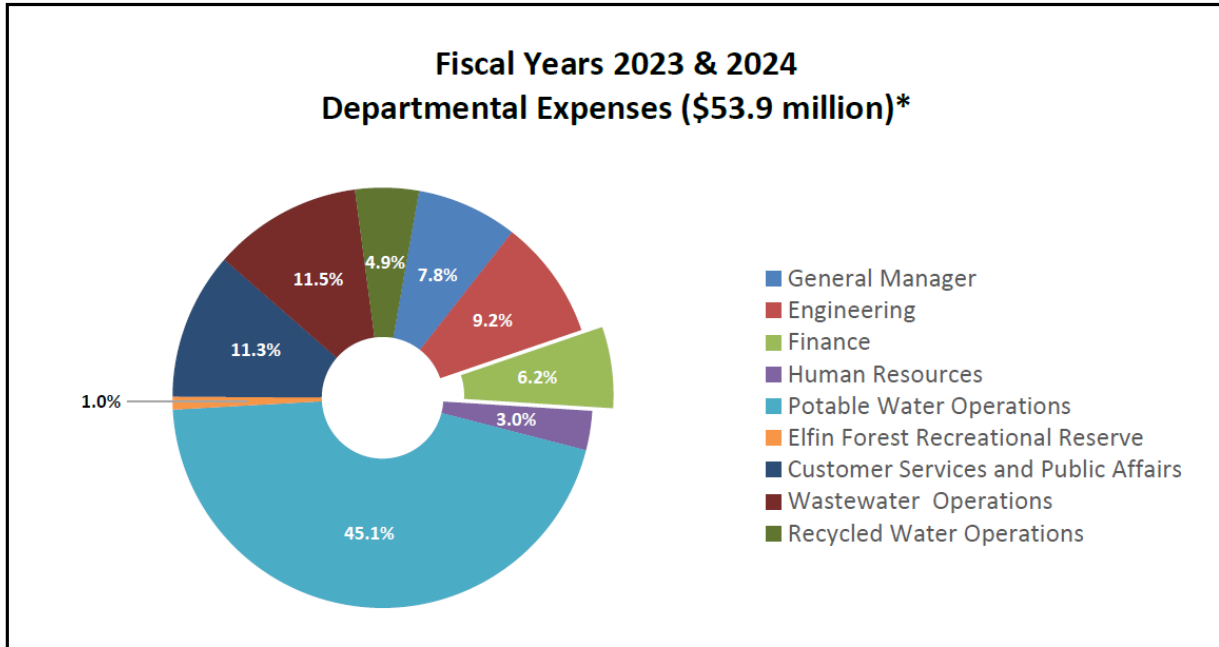
Department: 220

Engineering

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	737,072	833,000	914,000	9.72%	969,000	6.02%
51110	Salaries and Wages - Overtime	3,398	2,000	5,000	150.00%	5,000	0.00%
51120	Salaries and Wages - Training	4,388	4,000	4,000	0.00%	4,000	0.00%
51130	Salaries and Wages - Safety	894	2,000	4,000	100.00%	4,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150	Allocated Employee Benefits	719,920	796,000	830,000	4.27%	884,000	6.51%
Subtotal		1,465,672	1,637,000	1,757,000	7.33%	1,866,000	6.20%
Operations:							
52200	Collection and Regulatory Fees	10,950	14,000	14,000	0.00%	15,000	7.14%
52250	Consultants	5,232	38,000	38,000	0.00%	40,000	5.26%
52500	Engineering	21,175	70,000	70,000	0.00%	73,000	4.29%
52600	Equipment Rental	1,038	1,000	2,000	100.00%	2,000	0.00%
52900	Maintenance and Repairs - General	47,035	50,000	50,000	0.00%	52,000	4.00%
53000	Membership Dues and Subscriptions	510	4,000	4,000	0.00%	4,000	0.00%
53100	Office Supplies and Expenses	1,993	2,000	2,000	0.00%	2,000	0.00%
53200	Other Admin and General Expenses	-	1,000	1,000	0.00%	1,000	0.00%
53250	Outside Services	255,377	238,000	288,000	21.01%	300,000	4.17%
53300	Postage and Shipping	53	1,000	1,000	0.00%	1,000	0.00%
53400	Printing and Copying	240	1,000	1,000	0.00%	1,000	0.00%
53800	Seminars and Meetings	1,087	6,000	6,000	0.00%	6,000	0.00%
53900	Supplies	65,162	45,000	45,000	0.00%	47,000	4.44%
53902	Supplies - Tools/Small Equip	346	1,000	1,000	0.00%	1,000	0.00%
53903	Supplies - Safety	5,605	7,000	5,000	-28.57%	5,000	0.00%
54000	Telephone and Communications	13,055	14,000	12,000	-14.29%	12,000	0.00%
51160	Temporary Labor	-	3,000	3,000	0.00%	3,000	0.00%
54300	Utilities	116,053	115,000	110,000	-4.35%	114,000	3.64%
Subtotal		544,910	611,000	653,000	6.87%	679,000	3.98%
Capitalized Operating Expenditures:							
59009	Depreciation	-	38,000	38,000	0.00%	38,000	0.00%
59008	Support Allocation	468,000	513,000	513,000	0.00%	513,000	0.00%
59004	Capitalized Labor	(190,860)	(262,000)	(274,000)	4.58%	(291,000)	6.20%
59005	Capitalized Non-labor Expenses	(413,986)	(600,000)	(628,000)	4.67%	(666,000)	6.05%
Subtotal		(136,846)	(311,000)	(351,000)	12.86%	(406,000)	15.67%
Total, Net of Capitalized Expenses		1,873,736	1,937,000	2,059,000	6.30%	2,139,000	3.89%

* 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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
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
Department Total	8.00	8.00	8.00	8.00

Responsibilities

The Finance Department perform accounting and financial services for the District's administrations 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, rate-setting, and treasury functions of the District.

Major Accomplishments – Fiscal Years 2021 & 2022

- Successfully maintained the District's AAA bond rating (District goal 9 - ensure financial plans and practice).
- Successfully refunded and refinanced the 2018 Sewer Revenue Bonds and reissued the 2021B Sewer Refunding Revenue Bonds which resulted in a significant savings for the District. (District goal 9- ensure financial plans and practice).
- Successfully reissued the 2021A Wastewater Revenue Bonds to finance sewer improvements at the lowest borrowing costs for the District. (District goal 9 – ensure financial plans and practice).
- Completed the 2020 Wastewater (Sewer) Cost of Service Study and Long-Term Financial Plan (District goal 9- ensure financial plans and practice).
- Completed the Wastewater (Sewer) Proposition 218 and Wastewater Rate Setting Process (District goal 9 - ensure financial plans and practice).
- Received Government Finance Officer Associations' Certificate of Achievement in Financial Reporting award for the fiscal year 2019-2020 Annual Comprehensive Financial Report. (District goal 9 - ensure financial plans and practice).
- Completed and submitted the fiscal year 2020-2021 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 Government Finance Officer Associations' Distinguished Budget presentation Award for the Biennial Operating and Capital Budget for fiscal years 2021 and 2022 (District goal 9 – ensure financial plans and practice).
- Completed the District's first Biennial Budget for fiscal years 2022 and 2023 General Manager's Recommended Biennial Operating and Capital Budget (District goal 9 - ensure financial plans and practice).
- Implemented the District's Rate Reimbursement Credit program to pass on as a credit on customer's monthly water bill over the next 6 years from refund payments received San Diego County Water Authority of approximately \$3.6 million from Metropolitan Water

District of Southern California Legal Settlements (District goal 9 – ensure financial plans and practice).

- Developed the District’s Pension Funding Policy (District goal 9 – ensure financial plans and practice).
- Secured \$43,561 in funds from the COVID-19 Fiscal Relief for Special Districts program and submitted FEMA claim, which is pending as of this writing (District goal 9 – ensure financial plans and practice).
- Successfully completed District 2021 annual goals and objectives.
- 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 2023 & 2024

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 annual reviews of and update the District’s water and wastewater (sewer) rates and charges (District goal 9 - ensure financial plans and practice).
- Update the District’s water and sewer capacity fees (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).
- Complete fiscal years 2023 and 2024 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).
- Prepare Request for Proposal process for auditing services (District goal 9 - ensure financial plans and practice).
- Update the District’s policies and procedures to ensure compliance with current rules and regulations (District goal 9 – ensure financial plans and practice).

- Continue 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).

Performance Indicators

Activity/ Criteria	FYE 2021 Actual	FYE 2022 Actual	Annual Target	Target Met? FY '21 FY '22	FYE 2023 Target	FYE 2024 Target
Budgetary Management Variance: Operating Expenses To Budget ¹	99%	95%	100% or less	● ●	100% or less	100% or less
Account Write-Offs: Total Amount of Accounts Written-off Each Year	\$9,543	\$11,900	Less than \$25,000	● ●	Less than \$25,000	Less than \$25,000
Year End Inventory Physical Count	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	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
Amount of Payments Processed Within 24hrs	100% except for holidays	100% except for holidays	100%	● ●	100%	100%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

¹Excludes PAYGO, capitalized expenses, and purchased water costs. FY 2022 as of 8/9/2022 (unaudited).

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024**

Fund: 100

Operating - Water

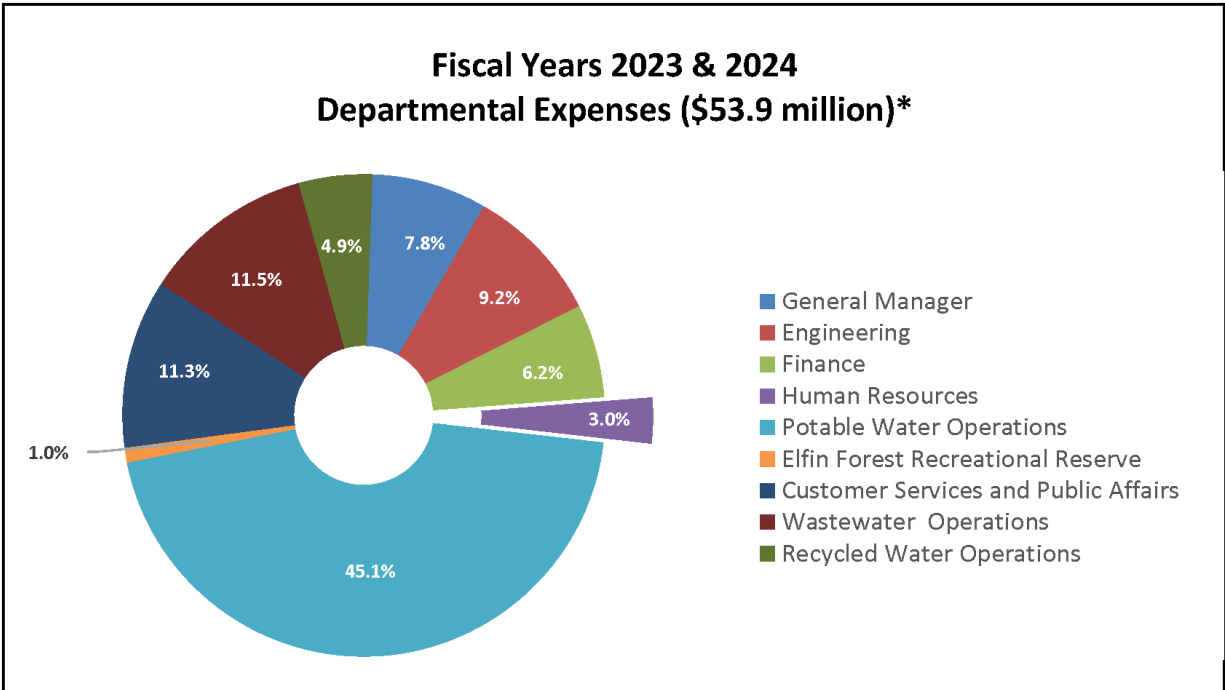
Department: 230

Finance

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	640,464	641,000	668,000	4.21%	709,000	6.14%
51110	Salaries and Wages - Overtime	1,810	2,000	2,000	0.00%	2,000	0.00%
51120	Salaries and Wages - Training	2,872	4,000	4,000	0.00%	4,000	0.00%
51130	Salaries and Wages - Safety	1,367	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	629,242	608,000	604,000	-0.66%	646,000	6.95%
Subtotal		1,275,754	1,258,000	1,281,000	1.83%	1,364,000	6.48%
Operations:							
52100	Auditing and Accounting	22,604	23,000	26,000	13.04%	27,000	3.85%
52200	Collection and Regulatory Fees	1,380	5,000	5,000	0.00%	5,000	0.00%
52230	Computer Supplies	(1,231)	2,000	3,000	50.00%	3,000	0.00%
52250	Consultants	37,328	75,000	90,000	20.00%	94,000	4.44%
52600	Equipment Rental	7,223	10,000	10,000	0.00%	10,000	0.00%
52900	Maintenance and Repairs - General	32,063	30,000	35,000	16.67%	36,000	2.86%
53000	Membership Dues and Subscriptions	1,499	2,000	2,000	0.00%	2,000	0.00%
53100	Office Supplies and Expenses	(203)	4,000	5,000	25.00%	5,000	0.00%
53150	LockBox and Bank Service Charge	22,805	29,000	32,000	10.34%	33,000	3.13%
53200	Other Admin and General Expenses	5,442	7,000	5,000	-28.57%	5,000	0.00%
53250	Outside Services	90,672	105,000	98,000	-6.67%	102,000	4.08%
53300	Postage and Shipping	-	2,000	1,000	-50.00%	1,000	0.00%
53400	Printing and Copying	6,878	10,000	8,000	-20.00%	8,000	0.00%
53800	Seminars and Meetings	1,797	2,000	3,000	50.00%	3,000	0.00%
53900	Supplies - Operations	(806)	2,000	2,000	0.00%	2,000	0.00%
54000	Telephone and Communications	3,817	5,000	5,000	0.00%	5,000	0.00%
51160	Temporary Labor	-	-	-	0.00%	-	0.00%
54200	Uncollectible Accounts	7,799	25,000	22,000	-12.00%	23,000	4.55%
Subtotal		239,067	338,000	352,000	4.14%	364,000	3.41%
Capitalized Operating Expenditures:							
59009	Depreciation	-	127,000	127,000	0.00%	127,000	0.00%
59008	Support Allocation	(1,672,800)	(1,852,000)	(1,852,000)	0.00%	(1,852,000)	0.00%
59004	Capitalized Labor	(5,131)	-	(7,000)	0.00%	(7,000)	0.00%
59005	Capitalized non-labor Expenses	(7,577)	-	(11,000)	0.00%	(11,000)	0.00%
Subtotal		(1,685,508)	(1,725,000)	(1,743,000)	1.04%	(1,743,000)	0.00%
Total, Net of Capitalized Expenses		(170,687)	(129,000)	(110,000)	-14.73%	(15,000)	-86.36%

* 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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
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
Department Total	4.00	4.00	4.00	4.00

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 2021 & 2022

- 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).
- Maintained the workers' compensation injury rate and lost work days to below industry standards (District goal 6 - exceed regulatory requirements).
- Provided sexual harassment training for employees and supervisors as required by legislation (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 2021 and 2022 Staffing Analysis succession planning documents (District goal 5 - provide safe and rewarding work environment).
- Conducted virtual leadership and COVID fatigue trainings for all staff, and emotional intelligence training for supervisors and managers (District goal 5 – provide safe and rewarding environment).
- Negotiated a new five year Memorandum of Association (MOU) with the employee associations effective for CY 2022 (District goal 5 – provide safe and rewarding environment).
- Performed a comprehensive review of potential workers' compensation insurance carriers (District goal 5 – provide safe and rewarding environment).
- 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 2023 & 2024

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Maintain the workers' compensation injury rate and lost work days to below industry standards (District goal 6 - exceed regulatory requirements).
- 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).
- Prepare the Staffing Analysis succession planning document annually (District goal 5 - provide safe and rewarding work environment).
- Enhance employee health and wellness by providing quarterly wellness-related trainings (District goal 5 - provide safe and rewarding work environment).
- Conduct an employee morale survey in October 2022 then meet with the HEART Committee to review the results (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).
- Complete the comprehensive salary survey in spring of 2024 as negotiated per the current MOU (District goal 5 - provide safe and rewarding work environment).

Performance Indicators

Activity/ Criteria	FYE 2021 Actual	FYE 2022 Actual	Annual Target	Target Met? FY '21 FY '22	FYE 2023 Target	FYE 2024 Target
Interagency cooperative agreements for training, wellness, or safety	2	3	2	● ●	2	2
Conduct all required staff safety training on assigned topics	4	4	3	● ●	3	3
Total non-management safety training hours	1,576	1,570	1,500	● ●	1,500	1,500
Total preventable lost time injuries (as accepted by the Safety Committee)	1	0	=< 2	● ●	=< 2	=< 2
Total lost work days due to a preventable injury	6	0	=< 1	● ●	=< 1	=< 1
Percentage of Annual PPRs conducted by due date ¹	95%	96%	100%	● ●	100%	100%
Percentage of Mid-year PPRs (Employee Evaluations) conducted by due date	95%	94%	92%	● ●	92%	92%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

¹COVID-19's extraordinary impacts prevented staff from reaching several targets in FYs 2021 and 2022.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024**

Fund: 100

Operating - Water

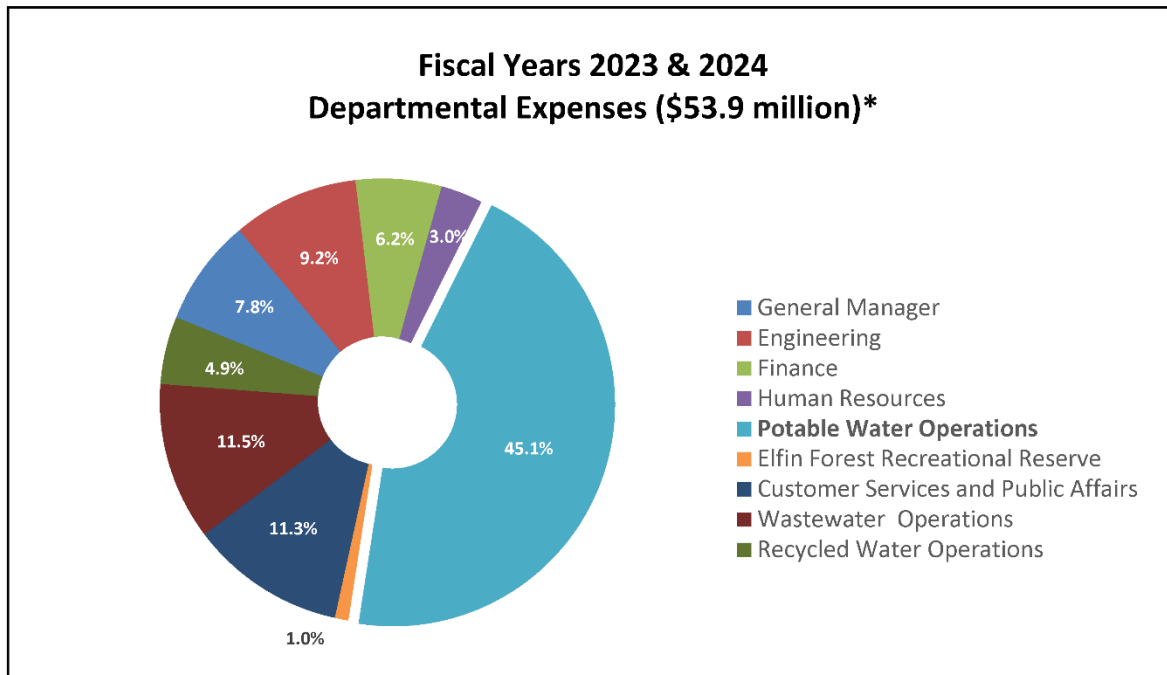
Department: 240

Human Resources

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	335,853	337,000	387,000	14.84%	410,000	5.94%
51110	Salaries and Wages - Overtime	0	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	326,478	334,000	347,000	3.89%	369,000	6.34%
Subtotal		662,331	673,000	736,000	9.36%	781,000	6.11%
Operations:							
52250	Consultants	5,056	27,000	5,000	-81.48%	27,000	440.00%
52800	Legal	-	-	-	0.00%	-	0.00%
52900	Maintenance and Repairs - General	840	2,000	2,000	0.00%	2,000	0.00%
53000	Membership Dues and Subscriptions	4,303	3,000	5,000	66.67%	5,000	0.00%
53100	Office Supplies and Expenses	373	1,000	1,000	0.00%	1,000	0.00%
53200	Other Admin and General Expenses	125	300	1,000	233.33%	1,000	0.00%
53250	Outside Services	19,857	18,000	16,700	-7.22%	17,700	5.99%
53300	Postage and Shipping	37	200	200	0.00%	200	0.00%
53400	Printing and Copying	74	100	100	0.00%	100	0.00%
53800	Seminars and Meetings	306	4,000	5,000	25.00%	3,000	-40.00%
53900	Supplies - Operations	-	2,000	6,000	200.00%	5,000	-16.67%
53903	Supplies - Safety	1,367	2,000	3,000	50.00%	3,000	0.00%
54000	Telephone and Communications	1,956	2,000	2,000	0.00%	2,000	0.00%
51160	Temporary Labor	1,500	-	-	0.00%	-	0.00%
Subtotal		35,796	61,600	47,000	-23.70%	67,000	42.55%
Capitalized Operating Expenditures:							
59009	Depreciation	-	20,000	20,000	0.00%	20,000	0.00%
59008	Support Allocation	(925,200)	(976,000)	(976,000)	0.00%	(976,000)	0.00%
59004	Capitalized Labor	-	-	-	0.00%	-	0.00%
59005	Capitalized Non-labor Expenses	-	-	-	0.00%	-	0.00%
Subtotal		(925,200)	(956,000)	(956,000)	0.00%	(956,000)	0.00%
Total, Net of Capitalized Expenses		(227,073)	(221,400)	(173,000)	-21.86%	(108,000)	-37.57%

* 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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
Cathodic Protection***	1.00	1.00	-	-
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*	1.00	2.00	2.00	2.00
Systems Operator I	1.00	1.00	1.00	1.00
Systems Operator II	3.00	3.00	3.00	3.00
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
WTP Operator Level III	4.00	4.00	4.00	4.00
WTP Operator Level IV	1.00	1.00	1.00	1.00
Department Total	39.00	40.00	40.00	40.00

*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 2023

*** Cathodic Protection Tech moved from Operations to Engineering Department

**** New position added in FY 2023, see Benefits section for more information

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 2021 & 2022

- Maintained water treatment plant performance during water quality changes tied to increased deliveries of State Project Water Source by MWD (District goal 1 – Provide safe, reliable drinking water).
- Operated distribution system in full compliance with permits and regulatory requirements (District goal 1 – Provide safe, reliable drinking water).
- Implemented the use of liquid ammonium sulfate to replace aqueous ammonia at the AFIF for disinfection/chloramination (District goal 1 – Provide safe, reliable drinking water).
- Completed the installation of new valve actuators at the DCMWTP (District goal 1 – Provide safe, reliable drinking water).
- Commenced refurbishment of Energy Recovery Turbine 123 at the David C. Malcolm Water Treatment Plant (District Goal 4 – Pursue renewable resources as a means of offsetting costs and energy charges, providing sustainability).
- Completed annual membrane replacements (Train 2 & 8) at David C. McCollom Water Treatment Plant (District goal 1 – Provide safe, reliable drinking water).
- Continued Valve Replacement Project (District goal 6 – Exceed regulatory requirements).
- Continued implementation of infrastructure improvements recommended by DAR-NAVV assessment in support of network security program (District goal 7 – Minimize costs while maintaining high level of service).
- Met contracted deliveries (2,750 AF) of treated water to Vallecitos Water District.

Objectives – Fiscal Years 2023 & 2024

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete one membrane replacement and commence additional membrane replacement at the David C. Malcolm Water Treatment Plant (District goal 1 – Provide safe, reliable drinking water).
- Commence and complete design for the David C. Malcolm Water Treatment Plant 4th Stage Centrifuge project (District goal 1 – Provide safe, reliable drinking water).
- Commence overhaul and rehabilitation of Energy Recovery Turbine 124 at the David C. Malcolm Water Treatment Plant to ensure continuous energy savings. (District Goal 4 – Pursue renewable resources as a means of offsetting costs and energy charges, providing sustainability).
- Complete triennial distribution system lead and copper sampling (District goal 6 – Exceed regulatory requirements).
- Complete Lead Service Line Inventory (District goal 6 – Exceed regulatory requirements).
- Complete triennial Public Health Goal report and present to the Board in a Public Hearing (District goal 6 – Exceed regulatory requirements).
- Commence design of District Wide PLC Replacements (District goal 7 – Minimize costs while maintaining high level of service).
- Complete construction of new RHB Canopy at the DCMWTP (District goal 7 – Minimize costs while maintaining high level of service).
- Complete construction of a dedicated pH control system at the DCMWTP (District goal 1 – Provide safe, reliable drinking water).
- Continue Valve Replacement Project (District goal 6 – Exceed regulatory requirements).

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	FYE 2021 Actual	FYE 2022 Actual	Annual Target	Target Met? FY '21 FY '22	FYE 2023 Target	FYE 2024 Target
Number of main valves replaced	49	50	50	● ●	50	50
Rebuild PR stations, per year	10	12	10	● ●	10	10
Lowest monthly percentage DCMWTP Combined Filter Effluent Turbidity ≤ 0.1 NTU	>95%	>95%	>95%	● ●	>95%	>95%
Highest monthly percentage of Distribution System total coliform positive samples	0%	0%	<5%	● ●	<5%	<5%
Minimum measured Distribution System total chlorine residual	>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	98%	94%	>90%	● ●	>90%	>90%
Distribution system water loss ¹	6.5%	6.1%	<8.00%	● ●	<8.00%	<8.00%
Number of reservoir spills	0	0	0	● ●	0	0
Track Capital Projects Budgeted vs Completed (Operations Managed) ²	73%	48%	75%	● ●	75%	75%
Fix major leaks within 48 hours	100%	100%	100%	● ●	100%	100%
O&M Dept. Cost per MG processed	\$1,439	\$1,672	<\$1,575	● ●	<\$1,575	<\$1,575

● Target met ● Target not met ● Target not available ■ Performance Measure Only

¹KPI based on prior calendar year to align with state-mandated reporting for SB 555.

²Excludes placeholder projects for unscheduled replacement of pipelines, pumps, and motors. FY '22 experienced supply chain issues affecting the timeline of several projects.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024**

Fund: 100

Operating - Water

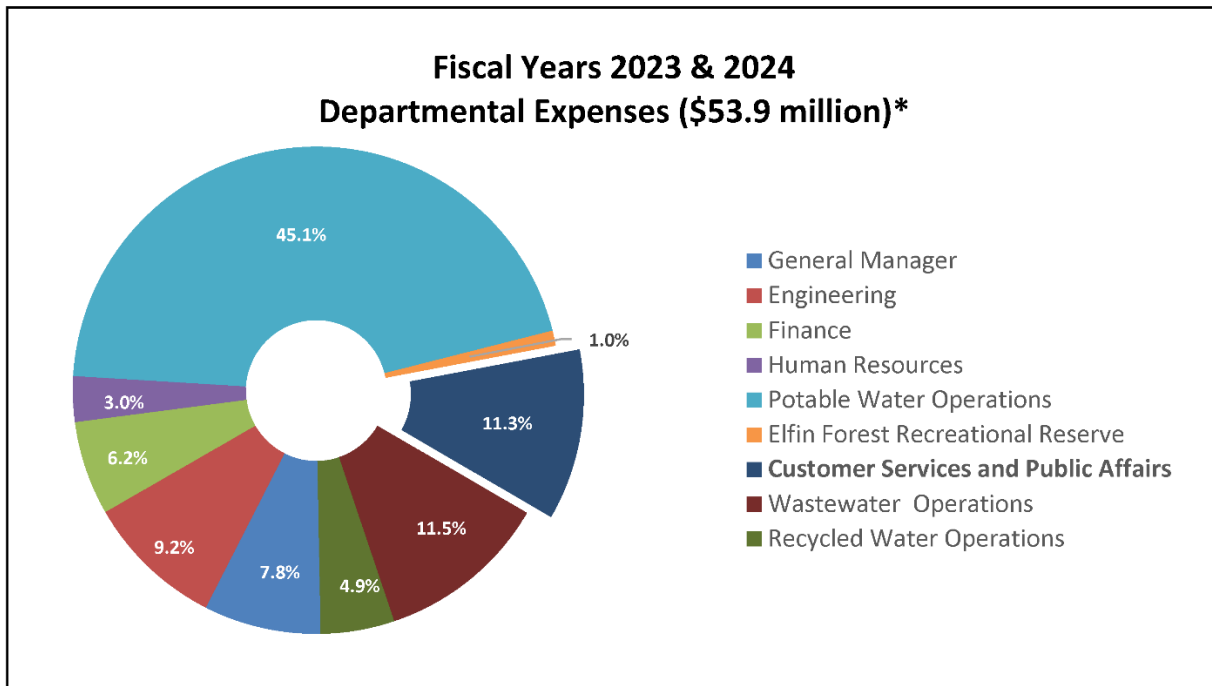
Departments: 250 to 258

Operations and Maintenance (Water O&M and Water Treatment Plant)

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	2,530,709	2,734,000	2,842,000	3.95%	3,116,000	9.64%
51110	Salaries and Wages - Overtime	275,629	255,000	255,000	0.00%	271,000	6.27%
51120	Salaries and Wages - Training	11,961	24,000	31,000	29.17%	33,000	6.45%
51130	Salaries and Wages - Safety	16,165	18,000	23,000	27.78%	24,000	4.35%
51140	Salaries and Wages - Jury Duty	-	1,000	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	2,743,636	2,760,000	2,828,000	2.46%	3,002,000	6.15%
Subtotal		5,578,101	5,792,000	5,980,000	3.25%	6,447,000	7.81%
Operations:							
52200	Collection and Regulatory Fees	75,043	130,000	134,000	3.08%	139,000	3.73%
52230	Computer Supplies	20,416	17,000	19,500	14.71%	21,000	7.69%
52250	Consultants	28,506	115,000	106,500	-7.39%	111,000	4.23%
52500	Engineering	-	29,000	28,000	-3.45%	29,000	3.57%
52600	Equipment Rental	44,520	37,000	35,000	-5.41%	36,000	2.86%
52900	Maintenance and Repairs - General	1,192,527	1,230,000	1,370,000	11.38%	1,416,000	3.36%
52950	Maintenance and Repairs - Roads	21,735	91,000	85,000	-6.59%	93,000	9.41%
53000	Membership Dues and Subscriptions	18,706	11,000	11,000	0.00%	11,000	0.00%
53100	Office Supplies and Expenses	2,677	7,000	8,000	14.29%	8,000	0.00%
53200	Other Admin and General Expenses	54	4,000	4,000	0.00%	4,000	0.00%
53250	Outside Services	624,724	678,000	817,000	20.50%	849,000	3.92%
53260	Laboratory Services	91,244	110,000	129,000	17.27%	134,000	3.88%
53300	Postage and Shipping	1,413	3,000	3,500	16.67%	4,000	14.29%
53400	Printing and Copying	1,436	3,000	2,500	-16.67%	3,000	20.00%
53500	Property Insurance	157,501	179,000	249,000	39.11%	259,000	4.02%
53800	Seminars and Meetings	5,903	34,000	28,000	-17.65%	28,000	0.00%
53900	Supplies - Operations	506,426	568,000	602,000	5.99%	626,000	3.99%
53901	Supplies - Fuel	101,920	130,000	146,000	12.31%	152,000	4.11%
53902	Supplies - Tools/Small Equip	31,150	44,000	48,000	9.09%	50,000	4.17%
53903	Supplies - Safety	27,672	36,000	32,000	-11.11%	33,000	3.13%
53904	Supplies - Chemical	950,018	920,000	950,000	3.26%	988,000	4.00%
54000	Telephone and Communications	90,862	99,000	109,000	10.10%	114,000	4.59%
51160	Temporary Labor	87,922	57,000	44,000	-22.81%	46,000	4.55%
54200	Uncollectible Accounts	-	-	-	0.00%	-	0.00%
54300	Utilities	729,960	861,000	864,000	0.35%	898,000	3.94%
Subtotal		4,812,334	5,393,000	5,825,000	8.01%	6,052,000	3.90%
Capitalized Operating Expenditures:							
59009	Depreciation	-	347,000	347,000	0.00%	347,000	0.00%
59008	Support Allocation	1,341,600	1,324,000	1,324,000	0.00%	1,324,000	0.00%
59004	Capitalized Labor	(252,479)	(266,000)	(341,000)	28.20%	(336,000)	-1.47%
59005	Capitalized Non-labor Expenses	(544,475)	(609,000)	(780,000)	28.08%	(769,000)	-1.41%
Subtotal		544,646	796,000	550,000	-30.90%	566,000	2.91%
Total, Net of Capitalized Expenses		10,935,081	11,981,000	12,355,000	3.12%	13,065,000	5.75%

* 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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
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	2.00	2.00	2.00
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
Department Total	16.00	16.00	16.00	16.00

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 2021 & 2022

Departmental Objectives are listed in relation to District goals. Please see Strategic Plan section for complete list of District goals.

- Completed Phases 5 and 6 of the Advanced Metering Infrastructure implementation project, including completion of a cooperative agreement with Vallecitos Water District and installation of a tower gateway base station at the Double Peak Reservoir site (District goal 7 – minimizing all of OMWD’s operational costs while maintaining a high level of customer service; District goal 12 – cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD’s operations).
- Went live with customer portal and engaged customers to maximize enrollment rate (District goal 7 – minimizing all of OMWD’s operational costs while maintaining a high level of customer service).
- Prepared and submitted 2020 Update to the Urban Water Management Plan following the release of the Department of Water Resources guidelines (District goal 6 – exceeding all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water).
- Developed and implemented plan to shift to multiple billing cycles, improving ability of Customer Service to promptly address customer inquiries (District goal 7 – minimizing all of OMWD’s operational costs while maintaining a high level of customer service).
- 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).
- Reviewed eligibility requirements for OMWD’s Agricultural Water Program and conducted audit and recertification process on Agricultural Water Program participants (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 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).
- Maintained Special District Leadership Foundation’s Districts of Distinction 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).

Objectives – Fiscal Years 2023 & 2024

- Complete and submit to the Department of Water Resources the first Annual Water Supply and Demand Assessment (District Goal 6 – exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water).
- Complete and submit to DWR the Annual Water Loss Audit using DWR’s updated reporting criteria (District goal 6 – exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water).
- Resume disconnections for non-payment in compliance with Senate Bill 998 (2018) (District goal 6 – exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water).
- Continue to pursue local, state, federal, and private grant funding to offset costs; achieve one or more new grant awards (District Goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Complete Phases 7 and 8 of the AMI Expansion Project (District Goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Review current and potential cost-sharing and/or resource-sharing opportunities with other local agencies; present to a board committee (District Goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Achieve District of Distinction and District Transparency Certificate of Excellence re-accreditation from Special District Leadership Foundation (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).
- Conduct comprehensive customer survey to measure customer satisfaction (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).
- Implement campaign to raise customer awareness of conservation-related resources and water use restrictions should they become mandated (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 to 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).
- Complete redistricting process in advance of November 2022 general election (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).
- Commemorate DCMWTP's 20th anniversary (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).
- Complete installation of demonstration garden to model water-efficient landscaping for customers (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).
- Add a minimum of 500 households to My Water Use portal (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).
- Win award from CSDA, ACWA, or other industry group (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 working with DWR/SWRCB for a variance for the urban water use objective for recycled water with high TDS (District Goal 11 – establishing programs and policies to develop alternative water supplies to serve existing and future customers).
- 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	FYE 2021 Actual	FYE 2022 Actual	Annual Target	Target Met? FY '21 FY '22	FYE 2023 Target	FYE 2024 Target
New grant applications per year	7	10	3	● ●	3	3
Education/outreach events per year	6	5	5	● ●	5	5
Facility tours per year ¹	0	0	2	● ●	4	4
Social media posts per year	258	243	180	● ●	180	180
Application for awards per year	15	9	4	● ●	4	4
Water Use Evaluations (Commercial, Industrial and Residential)	168	131	75	● ●	110	110
Electronic bill accounts to total accounts	62%	62%	55%	● ●	55%	55%
Billing accuracy rate	100%	100%	99%	● ●	99%	99%
Percentage of meters read per month	100%	100%	100%	● ●	100%	100%
Number of meters replaced or retrofitted	595	581	160	● ●	350	350

● Target met ● Target not met ● Target not available ■ Performance Measure Only

¹COVID-19's extraordinary impacts prevented staff from reaching several targets in FYs 2021 and 2022.

Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024

Fund: 100

Operating - Water

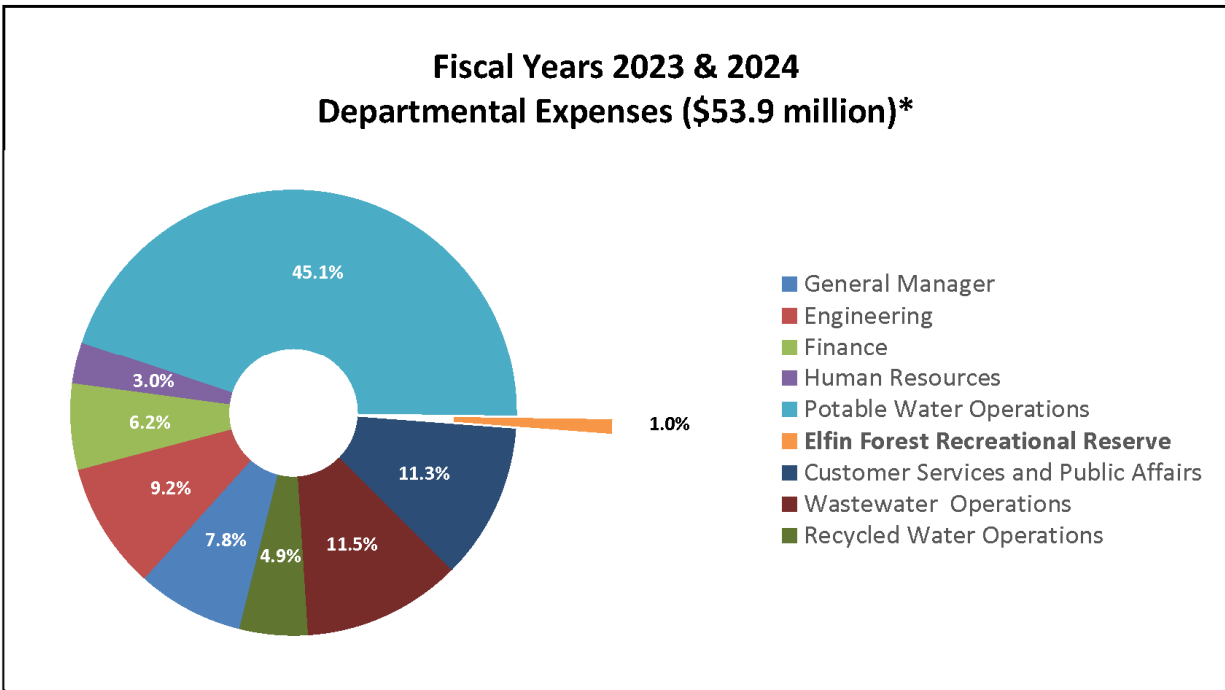
Departments: 290 to 292

Customer Services & Public Affairs

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	967,685	1,010,000	1,122,000	11.09%	1,190,000	6.06%
51110	Salaries and Wages - Overtime	31,484	45,000	45,000	0.00%	48,000	6.67%
51120	Salaries and Wages - Training	2,325	3,000	3,000	0.00%	3,000	0.00%
51130	Salaries and Wages - Safety	3,089	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	975,626	982,000	1,052,000	7.13%	1,121,000	6.56%
	Subtotal	1,980,209	2,044,000	2,226,000	8.90%	2,366,000	6.29%
Operations:							
52230	Computer Supplies	60	2,000	2,000	0.00%	2,000	0.00%
52250	Consultants	142,010	136,000	144,000	5.88%	86,000	-40.28%
52350	Customer Outreach Programs	8,585	23,000	23,000	0.00%	24,000	4.35%
52600	Equipment Rental	-	-	-	0.00%	-	0.00%
52900	Maintenance and Repairs - General	77,210	86,000	107,000	24.42%	111,000	3.74%
53000	Membership Dues and Subscriptions	4,290	13,000	11,500	-11.54%	12,000	4.35%
53100	Office Supplies and Expenses	1,653	3,000	3,000	0.00%	3,000	0.00%
53200	Other Admin and General Expenses	(8)	-	-	0.00%	-	0.00%
53250	Outside Services	100,812	143,800	205,000	42.56%	213,000	3.90%
53300	Postage and Shipping	58,074	123,000	123,000	0.00%	128,000	4.07%
53400	Printing and Copying	39,392	49,000	77,000	57.14%	80,000	3.90%
53800	Seminars and Meetings	149	9,000	9,500	5.56%	10,000	5.26%
53900	Supplies - Operations	8,335	14,000	14,000	0.00%	15,000	7.14%
53902	Supplies - Tools/Small Equip	2,758	9,000	10,000	11.11%	10,000	0.00%
53903	Supplies safety	2,334	6,000	6,000	0.00%	6,000	0.00%
54000	Telephone and Communications	21,013	21,000	29,000	38.10%	30,000	3.45%
51160	Temporary Labor	30,378	13,000	13,000	0.00%	13,000	0.00%
54200	Uncollectible Accounts	-	-	-	0.00%	-	0.00%
	Subtotal	497,044	650,800	777,000	19.39%	743,000	-4.38%
Capitalized Operating Expenditures:							
59009	Depreciation	-	157,000	157,000	0.00%	157,000	0.00%
59008	Support Allocation	1,123,200	1,313,000	1,313,000	0.00%	1,313,000	0.00%
59004	Capitalized Labor	(18,994)	(60,000)	(32,000)	-46.67%	(34,000)	6.25%
59005	Capitalized Non-labor Expenses	(55,762)	(137,000)	(73,000)	-46.72%	(78,000)	6.85%
	Subtotal	1,048,445	1,273,000	1,365,000	7.23%	1,358,000	-0.51%
	Total, Net of Capitalized Expenses	3,525,697	3,967,800	4,368,000	10.09%	4,467,000	2.27%

* Amended budget amounts approved by the Board.

Elfin Forest Recreational Reserve



*EFFR 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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
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
Department Total	3.00	3.00	3.00	3.00

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 2021 & 2022

- Recruited and trained ten new docents to staff the IC and patrol EFRR trails, bringing the total number of volunteers to 66 docents. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Hosted two virtual water conservation workshops at Interpretive Center. (District goal 8 - maintain open communication with public).
- Continued partnership with the Escondido Creek Conservancy, San Diego Zoo, and San Elijo Lagoon Conservancy on standards-based watershed and adaptation programs that brought over 2,800 students to EFRR on field trips. These programs are facilitated by docents, zoo staff, and The Escondido Creek Conservancy. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Provided 28 docent-led educational hikes/walks to the public, and hosted 54 school field trips. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Held 25 Special Events and collected \$2,802.50 in fees through the Special Event Policy. (District goal 4 - pursue alternative resources/sustainability).
- Hosted two virtual Coastal Cleanup events, and one virtual and one in-person Creek to Bay Cleanup events jointly with I Love a Clean San Diego. (District goal 8 - maintain open communication with public).
- Hosted the 15th annual photo contest and recognized winners at a board meeting. (District goal 8 - maintain open communication with public).
- Utilized volunteers to keep Interpretive Center open and conduct trail patrols. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Conducted EFRR awareness and scenario training with Rancho Santa Fe Fire Protection District and San Marcos Fire Department personnel. (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 significant repairs to lower Way Up Trail, Manzanita Trail, and Ridgeline Maintenance Road utilizing stabilized DG material that will last significantly longer than

traditional materials. (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).

- Completed two scout projects in EFRR. (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).
- Replaced Elfin Forest Interpretive Center Honoring Susan J. Varty's membrane roof utilizing staff as much as possible to offset costs of project. (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).
- Replaced Interpretive Center's photovoltaic system's batteries and solar panels. (District goal 7 - minimize costs while maintaining high level of service)
- Improved security of IC by designing, fabricating, and installing vandal-resistant locking mechanism for IC's roll-up door (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service)
- Submitted eight different funding proposals to fund parking lot expansion project. (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).
- Completed two thorough surveys of oak trees within EFRR for Gold-Spotted Oak Borer. (District goal 3 - operating EFRR in cost-effective and service oriented manner).

Objectives – Fiscal Years 2023 & 2024

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).
- Continue to maintain a high level of public access to EFRR by seeking outside funding for parking lot expansion. (District goal 7 - minimize costs while maintaining high level of service).
- Repair remote section of Equine Incline Trail utilizing volunteers. (District goal 3 - operating EFRR in cost-effective and service oriented manner).

- Replace fencing along Cielo Trail. (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	FYE 2021 Actual	FYE 2022 Actual	Annual Target	Target Met? FY '21 FY '22	FYE 2023 Target	FYE 2024 Target
Number of educational/ community outreach events per year ¹	65	81	100	● ●	100	100
Number of days taken to repair damaged signs/vandalism	<12	<12	<12	● ●	<12	<12
Maximum number of days to patrol full trail network	<14	<14	14	● ●	14	14
Number of ranger-led and docent-led hikes/interpretive orientations per month	35	38	25	● ●	25	25
Number of days/year Interpretive Center open/ volunteer trail patrol ¹	20	214	225	● ●	225	225
Number of volunteer maintenance/cleanup events ¹	3	3	5	● ●	5	5
Number of volunteer appreciation events ¹	0	3	3	● ●	3	3

● Target met ● Target not met ● Target not available ■ Performance Measure Only

¹COVID-19's extraordinary impacts prevented staff from reaching several targets in FYs 2021 and 2022.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024**

Fund: 100

Operating - Water

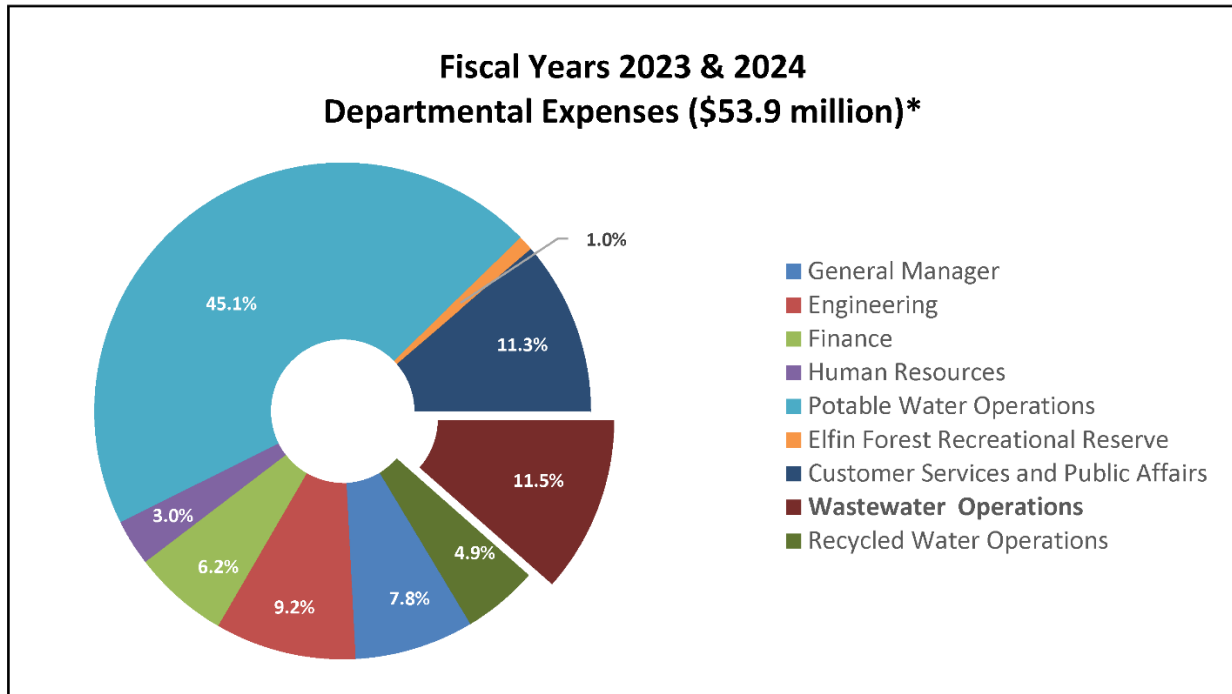
Department: 280

Elfin Forest Recreational Reserve

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	216,636	212,000	223,000	5.19%	236,000	5.83%
51110	Salaries and Wages - Overtime	14,437	14,000	14,000	0.00%	15,000	7.14%
51120	Salaries and Wages - Training	1,826	2,000	2,000	0.00%	2,000	0.00%
51130	Salaries and Wages - Safety	1,520	2,000	2,000	0.00%	2,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150	Allocated Employee Benefits	226,946	216,000	216,000	0.00%	229,000	6.02%
Subtotal		461,366	446,000	457,000	2.47%	484,000	5.91%
Operations:							
52230	Computer Supplies	130	1,000	1,000	0.00%	1,000	0.00%
52250	Consultant	303	1,000	1,000	0.00%	1,000	0.00%
52600	Equipment Rental	551	3,000	3,000	0.00%	3,000	0.00%
52900	Maintenance and Repairs - General	8,791	11,000	11,000	0.00%	11,000	0.00%
53000	Membership Dues and Subscription	120	1,000	1,000	0.00%	1,000	0.00%
53100	Office Supplies and Expenses	17	1,000	1,000	0.00%	1,000	0.00%
53200	Other Admin and General Expenses	(332,412)	(342,000)	(360,000)	5.26%	(378,000)	5.00%
53250	Outside Services	20,255	25,000	25,000	0.00%	26,000	4.00%
53300	Postage and Shipping	-	1,000	1,000	0.00%	1,000	0.00%
53400	Printing and Copying	1,810	3,000	3,000	0.00%	3,000	0.00%
53500	Property Insurance	10,425	12,000	15,000	25.00%	16,000	6.67%
53800	Seminars and Meetings	512	2,000	2,000	0.00%	2,000	0.00%
53900	Supplies	20,511	18,000	30,000	66.67%	18,000	-40.00%
53901	Supplies - Fuel	4,201	4,000	5,000	25.00%	5,000	0.00%
53902	Supplies - Tools/Small Equipment	2,808	2,000	2,000	0.00%	2,000	0.00%
53903	Supplies - Safety	1,316	1,000	1,000	0.00%	1,000	0.00%
54000	Telephone and Communications	6,360	6,000	7,000	16.67%	7,000	0.00%
51160	Temporary Labor	3,648	7,000	18,000	157.14%	19,000	5.56%
54300	Utilities	4,874	5,000	6,000	20.00%	6,000	0.00%
54500	Park Depreciation	-	35,300	35,000	-0.85%	35,000	0.00%
Subtotal		(245,781)	(202,700)	(192,000)	-5.28%	(219,000)	-14.06%
Capitalized Operating Expenditures:							
54400	Support Allocation	206,400	213,000	213,000	0.00%	213,000	0.00%
59004	Capitalized Labor	(840)	(4,000)	-	-100.00%	-	0.00%
59005	Capitalized Employee Benefits	(1,790)	(9,000)	-	-100.00%	-	0.00%
Subtotal		203,770	200,000	213,000	6.50%	213,000	0.00%
Total, Net of Capitalized Expenses		419,355	443,300	478,000	7.83%	478,000	0.00%

* 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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
WRF Operator Level I*	0.85	0.85	0.85	0.85
WRF Operator Level II*	-	-	-	0.85
WRF Operator Level III*	2.55	2.55	2.55	2.55
WRF Operator Level IV*	0.85	0.85	0.85	0.85
WRF Supervisor*	0.85	0.85	0.85	0.85
Department Total	5.10	5.10	5.10	5.95

*Positions are shared with Recycled Water Operations and reflect approx. FTE split percentage

** New position added FY 2024, see benefits section for more information

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 2021 & 2022

- Completed construction of the UV Disinfection System Replacement project at the 4S Ranch Water Reclamation Facility (District Goal 10 - Plan and construct facilities to meet needs).
- Completed construction of the Clarifier Drive Replacement project at the 4S Ranch Water Reclamation Facility (District Goal 2 - Provide high quality wastewater services and recycled water).
- Completed Rancho Cielo Infiltration and Inflow Study and Manhole Re-lining Project (District goal 2 – Provide high quality wastewater services and recycled water).
- Updated Sewer System Master Plan (SSMP) (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 2023 & 2024

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 design of the Headworks Screening System Replacement Project (District Goal 10 - Plan and construct facilities to meet needs).
- Complete design of the Overflow Pond Strainer Project (District Goal 10 - Plan and construct facilities to meet needs).
- Commence construction of the Neighborhood #1 Sewer Pump Station Rehabilitation Project (District Goal 10 - plan and construct facilities to meet needs).

Performance Indicators

Activity/ Criteria	FYE 2021 Actual	FYE 2022 Actual	Annual Target	Target Met? FY '21 FY '22	FYE 2023 Target	FYE 2024 Target
Percentage of compliance with Discharge Water Quality parameters	100%	100%	100%	● ●	100%	100%
Wastewater Preventable Permit Violations	0	0	0	● ●	0	0
District Responsible Sewer Spills	0	1	0	● ●	0	0
Actual vs. Budgeted Expenses ¹	106%	106%	102% or Less	● ●	102% or Less	102% or Less

● Target met ● Target not met ● Target not available ■ Performance Measure Only

¹COVID-19's extraordinary impacts prevented staff from reaching several targets in FYs 2021 and 2022. FY 2022 as of 8/9/2022 (unaudited).

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024**

Fund: 110 + 111

Operating - Wastewater

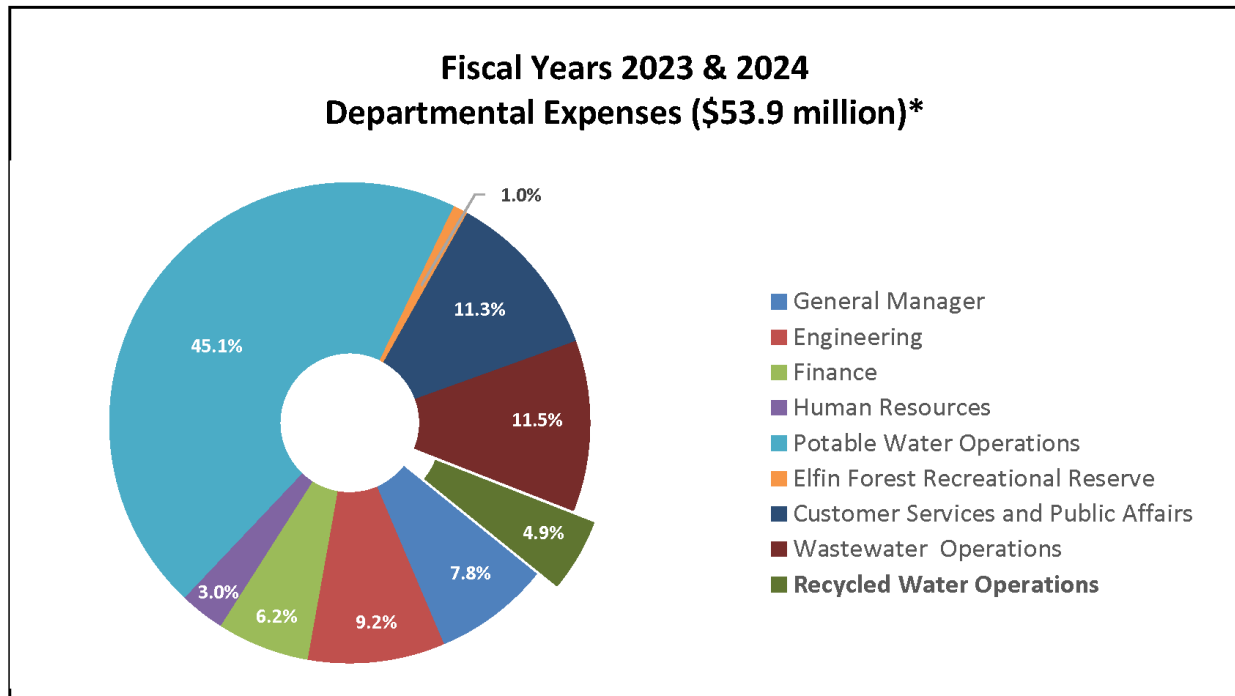
Department: 270 & 271

Wastewater (4S and RC Combined)

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	583,106	580,000	615,000	6.03%	737,000	19.84%
51110	Salaries and Wages - Overtime	81,446	108,000	108,000	0.00%	114,000	5.56%
51120	Salaries and Wages - Training	255	6,000	8,000	33.33%	8,000	0.00%
51130	Salaries and Wages - Safety	2,803	5,000	6,000	20.00%	6,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	654,656	610,000	659,000	8.03%	704,000	6.83%
	Subtotal	1,322,265	1,309,000	1,397,000	6.72%	1,570,000	12.38%
Operations:							
52100	Auditing and Accounting	6,465	4,000	6,000	50.00%	6,000	0.00%
52200	Collection and Regulatory Fees	41,419	46,000	48,000	4.35%	50,000	4.17%
52230	Computer Supplies	32	-	-	0.00%	-	0.00%
52250	Consultants	48,919	52,000	20,000	-61.54%	21,000	5.00%
52350	Customer Outreach Programs	1,600	-	1,500	0.00%	2,000	33.33%
52500	Engineering	6,900	1,000	1,000	0.00%	1,000	0.00%
52600	Equipment Rental	2,969	4,000	3,000	-25.00%	3,000	0.00%
52800	Legal	3,718	1,000	1,000	0.00%	1,000	0.00%
52900	Maintenance and Repairs - General	237,282	144,000	160,000	11.11%	166,000	3.75%
53000	Membership Dues and Subscriptions	18,976	15,000	15,000	0.00%	16,000	6.67%
53100	Office Supplies and Expenses	2,648	2,000	2,500	25.00%	3,000	20.00%
53200	Other Admin and General Expenses	650	3,000	1,500	-50.00%	2,000	33.33%
53250	Outside Services	471,970	472,000	450,000	-4.66%	468,000	4.00%
53260	Laboratory Services	47,951	48,000	52,000	8.33%	54,000	3.85%
53300	Postage and Shipping	408	1,000	500	-50.00%	1,000	100.00%
53400	Printing and Copying	6,566	1,000	1,000	0.00%	1,000	0.00%
53500	Property Insurance	6,000	6,000	8,000	33.33%	8,000	0.00%
53800	Seminars and Meetings	928	7,000	7,000	0.00%	7,000	0.00%
53900	Supplies	176,234	138,000	175,000	26.81%	182,000	4.00%
53901	Supplies - Fuel	10,006	9,000	11,000	22.22%	11,000	0.00%
53902	Supplies - Tools/Small Equipment	5,522	4,000	4,000	0.00%	4,000	0.00%
53903	Supplies - Safety	2,489	6,000	5,000	-16.67%	5,000	0.00%
53904	Supplies - Chemicals	49,962	62,000	80,000	29.03%	83,000	3.75%
54000	Telephone and Communications	8,701	8,000	9,000	12.50%	9,000	0.00%
51160	Temporary Labor	-	15,000	10,000	-33.33%	10,000	0.00%
54300	Utilities	508,237	459,000	505,000	10.02%	525,000	3.96%
58370	Fixed Charge County Collect Fee	544	-	-	0.00%	-	0.00%
	Subtotal	1,667,096	1,508,000	1,577,000	4.58%	1,639,000	3.93%
Capitalized Operating Expenditures:							
59009	Depreciation	-	37,000	37,000	0.00%	37,000	0.00%
59008	Support Allocation	582,000	633,000	633,000	0.00%	633,000	0.00%
59004	Capitalized Labor	(4,966)	(17,000)	(62,000)	264.71%	(22,000)	-64.52%
59005	Capitalized Non-labor Expenses	(12,731)	(38,000)	(142,000)	273.68%	(50,000)	-64.79%
	Subtotal	564,304	615,000	466,000	-24.23%	598,000	28.33%
	Total, Net of Capitalized Expenses	3,553,665	3,432,000	3,440,000	0.23%	3,807,000	10.67%

* 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 2021	Approved FY 2022	Proposed FY 2023	Proposed FY 2024
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
WRF Operator Level I *	0.15	0.15	0.15	0.15
WRF Operator Level II *	-	-	-	0.15
WRF Operator Level III *	0.45	0.45	0.45	0.45
WRF Operator Level IV *	0.15	0.15	0.15	0.15
WRF Supervisor *	0.15	0.15	0.15	0.15
Department Total	2.90	2.90	2.90	3.05

*Positions are shared with Wastewater Operations and reflect approx. FTE split percentage

Note: Staffing requirements to supervise and to provide administrative support for the recycled 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 2021 & 2022

- Completed 7 new recycled water connections/conversions (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).
- 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).
- Continued to meet deliveries of take or pay recycled water contract (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).

Objectives – Fiscal Years 2023 & 2024

Departmental Objectives are listed in its relations to District goals. Please see Strategic Plan section for complete list of District goals.

- Complete construction of Proposition 84-funded Manchester Avenue Recycled Water Pipeline (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).
- Continue new recycled water connections/conversions (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).

- Complete additional new HOA recycled water conversions 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).
- Construct 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).
- Meet deliveries of take or pay recycled water contract (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).

Performance Indicators

Activity/ Criteria	FYE 2021 Actual	FYE 2022 Actual	Annual Target	Target Met? FY '21 FY '22	FYE 2023 Target	FYE 2024 Target
<i>Recycled Water Program</i>						
Number of Recycled Water Meter Connections	313	317	318	● ●	322	327
Percentage of user compliance with District Recycled Water Rules and Regulations	100%	100%	100%	● ●	100%	100%
<i>Backflow Program</i>						
Number of Recycled Water sites inspected annually	100%	100%	100%	● ●	100%	100%
Percent of Backflow Assemblies tested	100%	100%	100%	● ●	100%	100%

● Target met ● Target not met ● Target not available ■ Performance Measure Only

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2023 and 2024**

Fund: 120

Operating - Recycled

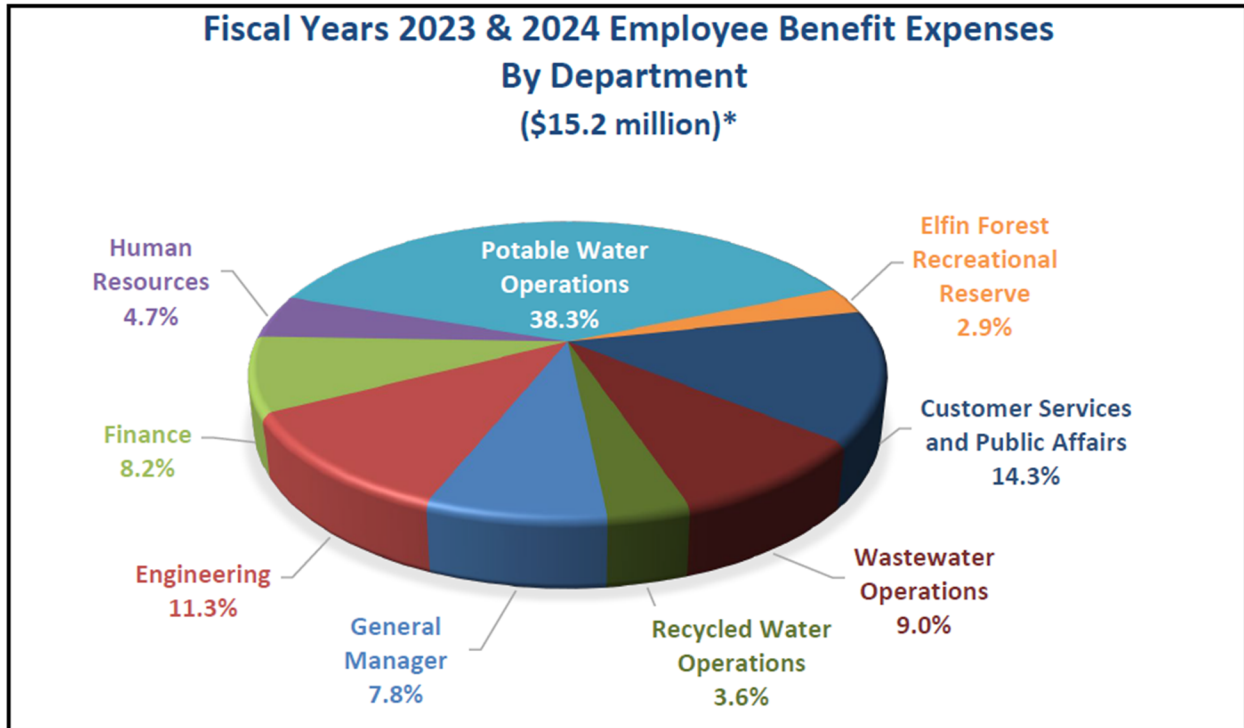
Department: **260 to 262**

Recycled Water Operations (4S, SE, and NW)

Account No. and Description		FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 2022 Approved*	FYE 2024 Proposed	% Change from FYE 2023 Proposed
Personnel:							
51100	Salaries and Wages - Regular	214,351	258,000	268,000	3.88%	284,000	5.97%
51110	Salaries and Wages - Overtime	25,195	17,000	17,000	0.00%	18,000	5.88%
51120	Salaries and Wages - Training	-	2,000	4,000	100.00%	4,000	0.00%
51130	Salaries and Wages - Safety	-	2,000	3,000	50.00%	3,000	0.00%
51140	Salaries and Wages - Jury Duty	-	-	1,000	0.00%	1,000	0.00%
51150	Allocated Employee Benefits	235,556	257,000	263,000	2.33%	278,000	5.70%
	Subtotal	<u>475,102</u>	<u>536,000</u>	<u>556,000</u>	<u>3.73%</u>	<u>588,000</u>	<u>5.76%</u>
Operations:							
52100	Auditing and Accounting	5,390	3,000	3,000	0.00%	3,000	0.00%
52200	Collection and Regulatory Fees	11,866	24,000	31,000	29.17%	32,000	3.23%
52230	Computer Supplies	(11)	1,000	1,000	0.00%	1,000	0.00%
52250	Consultants	52,845	87,000	70,000	-19.54%	73,000	4.29%
52500	Engineering	8,122	2,000	4,000	100.00%	4,000	0.00%
52600	Equipment Rental	2,141	4,000	2,000	-50.00%	2,000	0.00%
52800	Legal	10,872	-	-	0.00%	-	0.00%
52900	Maintenance and Repairs - General	15,557	30,000	31,000	3.33%	32,000	3.23%
53000	Membership Dues and Subscriptions	602	10,000	5,000	-50.00%	5,000	0.00%
53100	Office Supplies	1,411	1,000	1,000	0.00%	1,000	0.00%
53200	Other Admin and General Expenses	-	2,000	1,000	-50.00%	1,000	0.00%
53250	Outside Services	210,259	173,000	187,000	8.09%	194,000	3.74%
53260	Laboratory Services	40	-	-	0.00%	-	0.00%
53300	Postage and Shipping	-	1,000	-	-100.00%	-	0.00%
53400	Printing and Copying	-	2,000	1,000	-50.00%	1,000	0.00%
53500	Property Insurance	3,000	3,000	4,000	33.33%	4,000	0.00%
53800	Seminars and Meetings	445	3,500	4,000	14.29%	4,000	0.00%
53900	Supplies - Operations	49,110	47,000	41,000	-12.77%	42,000	2.44%
53901	Supplies - Fuel	8,516	9,000	9,000	0.00%	9,000	0.00%
53902	Supplies - Tools/Small Equipment	3,887	-	-	0.00%	-	0.00%
53903	Supplies - Safety	1,318	2,000	3,000	50.00%	3,000	0.00%
53904	Supplies - Chemical	78,594	82,000	75,000	-8.54%	78,000	4.00%
54000	Telephone and Communications	3,878	3,000	3,000	0.00%	3,000	0.00%
51160	Temporary Labor	-	5,000	-	-100.00%	-	0.00%
54300	Utilities	251,260	209,000	255,000	22.01%	265,000	3.92%
	Subtotal	<u>719,103</u>	<u>703,500</u>	<u>731,000</u>	<u>3.91%</u>	<u>757,000</u>	<u>3.56%</u>
Capitalized Operating Expenditures:							
59009	Depreciation	-	14,000	14,000	0.00%	14,000	0.00%
59008	Support Allocation	280,800	291,000	291,000	0.00%	291,000	0.00%
59004	Capitalized Labor	(2,346)	(8,000)	(8,000)	0.00%	(9,000)	12.50%
59005	Capitalized Non-labor Expenses	(5,044)	(19,000)	(19,000)	0.00%	(21,000)	10.53%
	Subtotal	<u>273,410</u>	<u>278,000</u>	<u>278,000</u>	<u>0.00%</u>	<u>275,000</u>	<u>-1.08%</u>
Total, Net of Capitalized Expenses		<u>1,467,615</u>	<u>1,517,500</u>	<u>1,565,000</u>	<u>3.13%</u>	<u>1,620,000</u>	<u>3.51%</u>

* 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 2023 & 2024

<u>Department</u>	<u>Benefit Expense Percentage</u>	<u>Benefit Expense Amount¹</u>
General Manager (includes Board)	7.8%	\$ 1,180,000
Engineering	11.3%	1,714,000
Finance	8.2%	1,250,000
Human Resources	4.7%	716,000
Potable Water Operations	38.3%	5,830,000
Elfin Forest Recreational Reserve	2.9%	445,000
Customer Service	14.3%	2,173,000
Wastewater	9.0%	1,363,000
Recycled Water	3.6%	541,000
TOTAL	100%	\$ 15,212,000

¹ 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 sewer operation's staffing needs in order to meet service growth over the next five years.

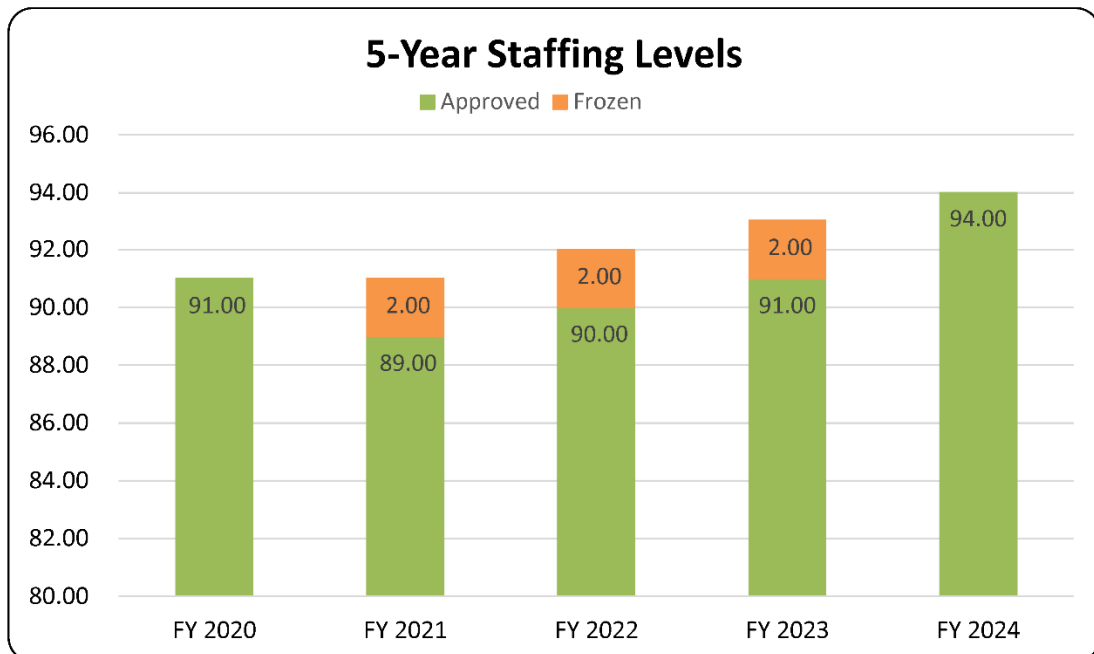
The District's Staffing Analysis is submitted to the Board for review and consideration prior to the adoption of the District's budget by the Board. The objective of this analysis is to show the necessary staffing levels in order to increase department efficiencies, provide better business practices, 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 2023 and 2024 were estimated based on current staffing level needs included in the 2022 Staffing Analysis report.

The District's annual Staffing Analysis, approved by the Board in May 2022, includes one additional Water Treatment Plant Operator for fiscal year 2023, bringing the total employee count to 93 positions in fiscal year 2023. Staffing levels are projected to increase by one additional full-time Wastewater Collections Systems Operator position in Fiscal year 2024, bringing the total employee count to 94 positions in fiscal year 2024. Two (2) Utility positions remained unfilled as part of the District's efforts to mitigate the financial impact of the COVID-19 pandemic.

The addition of one Water Treatment Plant Operator Level II position in Fiscal Year 2023 will help ensure completion of routine duties at the treatment plant that are currently handled by Water Treatment Plant Operator Level III staff, which will in turn allow them to handle more critical tasks. The new position also assists in the District's succession planning by creating an internal advancement opportunity for a future Level III Operator vacancy. The Wastewater Collections Systems Operator that'll be added in Fiscal Year 2024 will help coordinate maintenance related to the District's wastewater collection system. These duties are currently being performed by the Water Reclamation Plant Operators and contractors. These new positions are anticipated to be filled through the internal Grow Your Own (GYO) advancement process.

The charts below, from the 2022 Staffing Analysis report, depict the District's historical and approved staffing trends by fiscal year.

CURRENT AND FUTURE STAFFING			
<u>Department</u>	<u>Approved Fiscal Year 2022</u>	<u>Approved Fiscal Year 2023</u>	<u>Proposed Fiscal Year 2024</u>
General Manager	4.00	4.00	4.00
Engineering	9.00	10.00	10.00
Finance	8.00	8.00	8.00
Human Resources	4.00	4.00	4.00
Potable Water Operations	40.00	40.00	40.00
Elfin Forest Recreational Reserve	3.00	3.00	3.00
Customer Service	16.00	16.00	16.00
Wastewater and Recycled Water	8.00	8.00	9.00
TOTAL	92.00	93.00	94.00



2021 Froze two positions until FY 2024 to mitigate impacts of COVID-19

2022 New Systems Admin Position

2023 New WTP Operator Level II Position

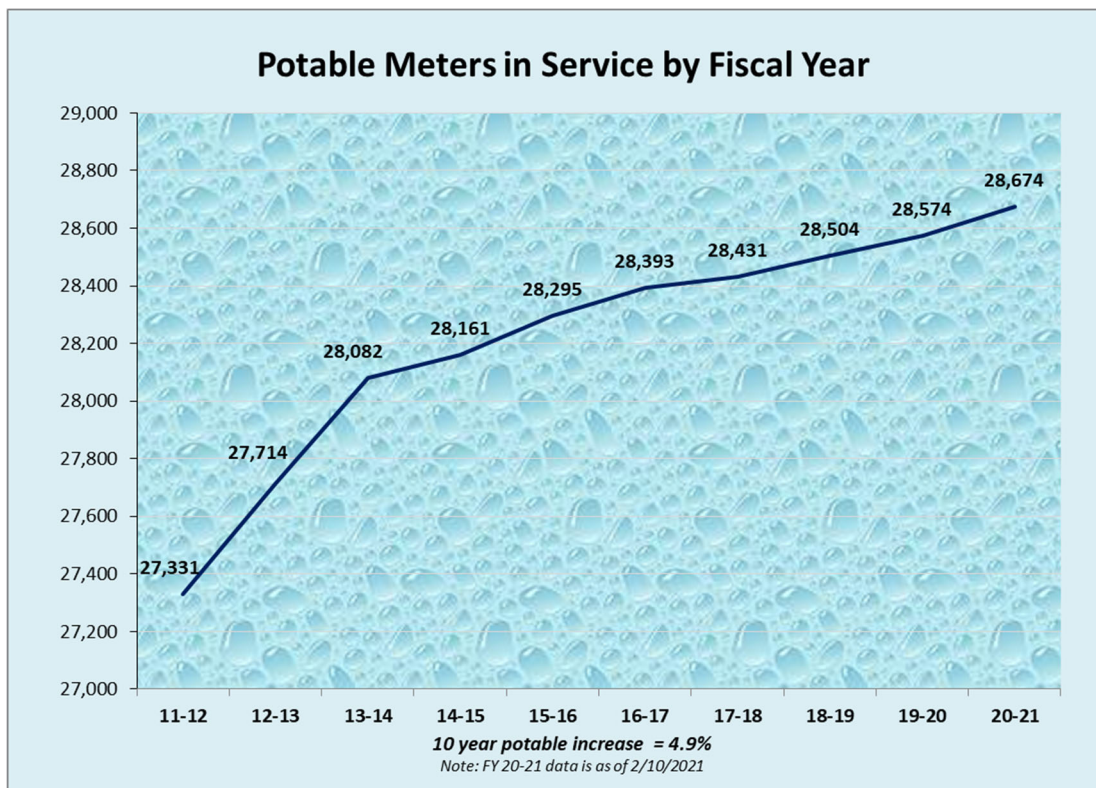
2024 New Waste Collections System Operator Position

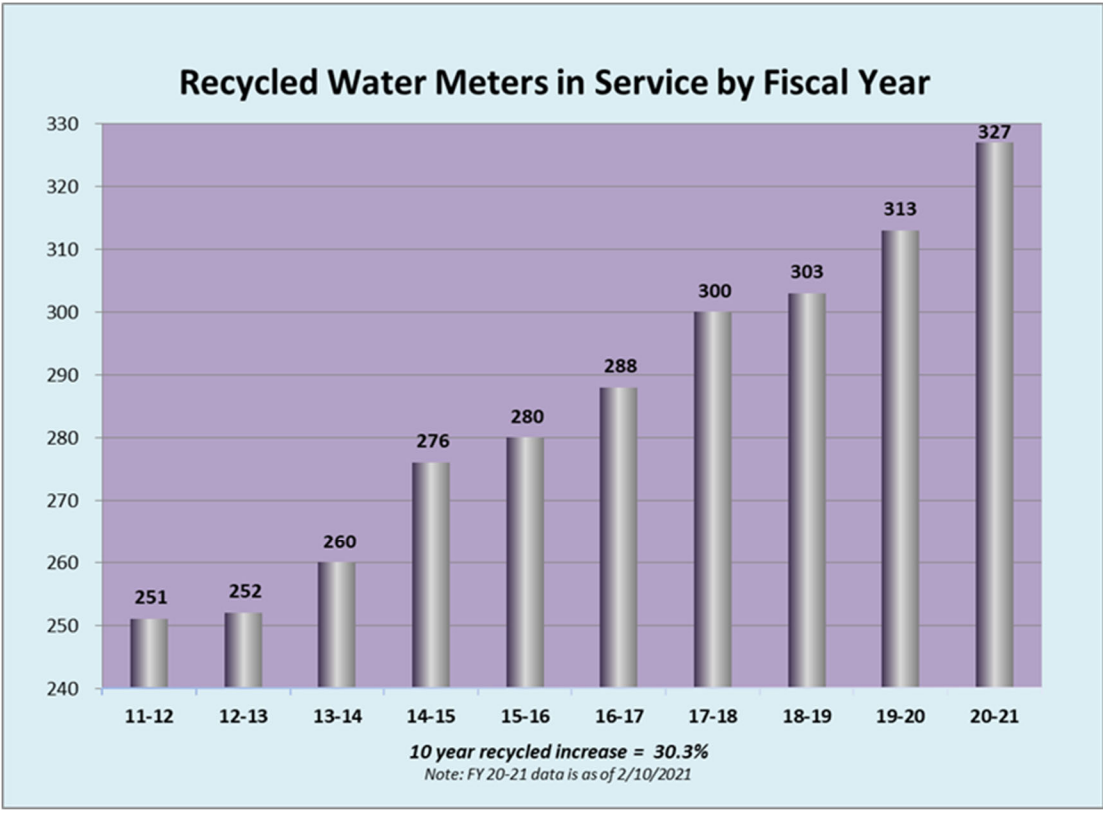
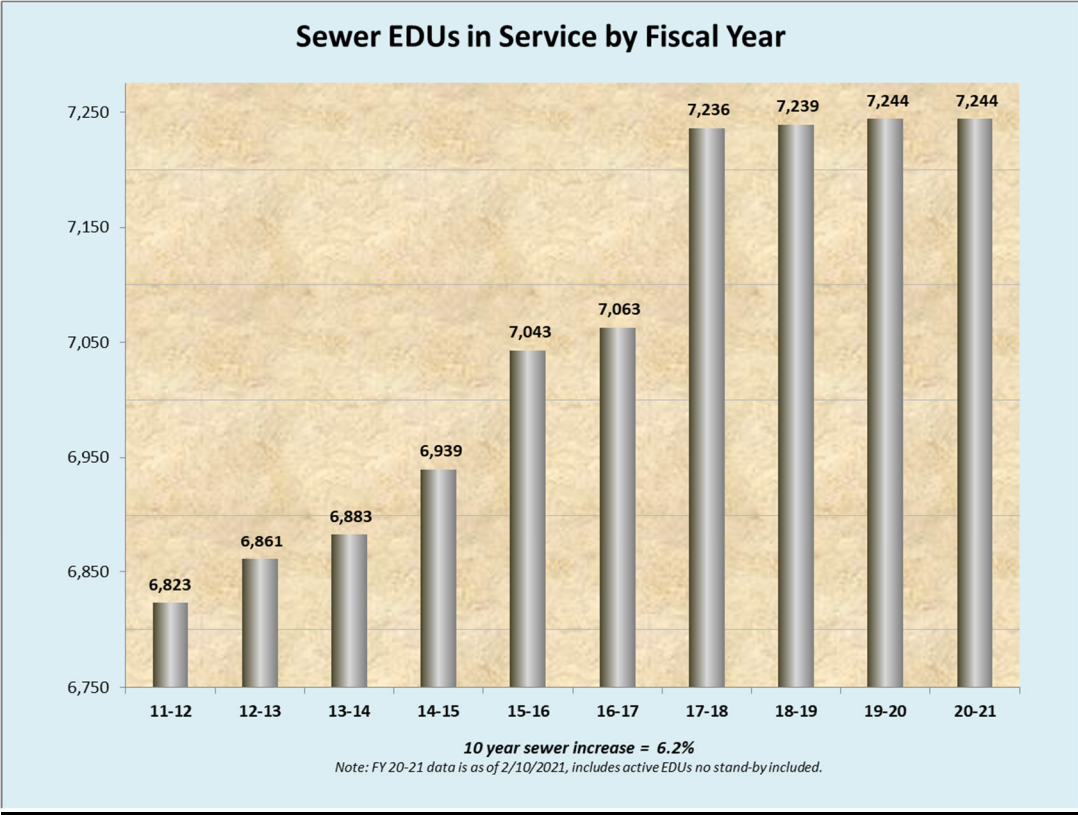
Staffing Analysis and Growth

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 has continued to grow and has experienced an increase in service demand in potable water, sewer, and recycled water. The District continues to increase recycled water sites throughout its service area via projects like the Village Park Recycled Water Project and recycled water purchase agreements with other agencies. The District plans to continue expanding recycled water infrastructure by way of projects such as the Manchester Avenue, South El Camino Real, and Garden View Road Recycled Water Projects.

As of the preparation of the 2022 Staffing Analysis, the District had 28,674 active potable meters and 327 active recycled meters. The graphs below depict historical District growth as shown by the number of in service potable water meters (4.9% increase), sewer equivalent dwelling units (EDUs) (6.2% increase), and recycled water meters (30.3% increase) over the past 10 fiscal years.





Labor and Employee Benefits

For Fiscal Year 2023 the total projected costs for labor and benefits is \$15.7 million, an increase of approximately 4.8% compared to Fiscal Year 2022. For Fiscal Year 2024, total projected costs for labor and benefits is \$16.8 million which is an increase of approximately 7.4% compared to Fiscal Year 2023. Employee benefits expenditures are expected to increase by approximately 3.2% in Fiscal Year 2023 compared to the Fiscal Year 2022, and increase by 6.5% in Fiscal Year 2024 compared to Fiscal Year 2023.

The increase in labor and benefit costs for Fiscal Years 2023 and 2024 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 included a lower ceiling for the San Diego Consumer Price Index (SD CPI) portion of the District's merit pool at 3.5% from 4%. The District's merit pool is made up of a SD CPI portion and a 2.5% merit portion.

The current MOU also 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.

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.

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 2023 & 2024 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. Employees participating in the District's existing Blue Cross HMO/PPO plans will be required to contribute premiums starting January 1, 2023, which may decrease costs. Additionally, the District will begin offering less robust health insurance plans to existing employees, beginning January 2023, in which the District covers 100% of the premiums at a lower cost, which could also result in savings to the District.

- **PERS Contribution** – Employer contributions to CalPERS pension fund for all members, including additional payments to reduce the District’s unfunded liability, is approximately 16.6% of estimated total payroll for Fiscal Year 2023. 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 costs will go up due to the increase in wages. Accrued Benefits are paid out at the employees pay rate when used even if accrued when the employee was at a lower pay rate.
- **Workers Compensation Insurance** – In Fiscal Year 2023, Workers Compensation insurance is expected to decrease by 30.6% due to a decrease in claims and a significant longevity distribution credit received by the provider. The District’s outstanding safety records help reduce the overall worker's compensation premium every fiscal year.

**Olivenhain Municipal Water District
Employee Benefits Summary
Fiscal Years 2023 & 2024**

Fund: All

Account Number	Description	FYE 2021 Actual	FYE 2022 Approved*	FYE 2023 Proposed	% Change from FYE 22 Approved*	FYE 2024 Proposed	% Change from FYE 23 Proposed
51200	Employee Programs	\$ 33,574	\$ 54,000	\$ 51,000	-5.56%	\$ 59,000	15.69%
51205	Employee Recreation Club	9,100	9,000	9,000	0.00%	9,000	0.00%
51210	Employee Training and Education	18,899	86,000	86,000	0.00%	74,000	-13.95%
51215	FICA - Employer's Share	611,951	621,000	654,000	5.31%	702,000	7.34%
51220	Insurance - Dental	108,563	111,000	109,000	-1.80%	111,000	1.83%
51225	Insurance - Group Health	1,937,900	2,024,000	2,079,000	2.72%	2,198,000	5.72%
51230	Insurance - Long Term Disability	15,673	23,000	23,000	0.00%	25,000	8.70%
51235	Insurance - Unemployment	4,711	3,000	3,000	0.00%	3,000	0.00%
51240	Insurance - Vision	18,360	21,000	20,000	-4.76%	21,000	5.00%
51245	Insurance - Worker's Compensation	263,534	318,000	127,000	-60.06%	146,000	14.96%
51250	Leave - Employee Sick	396,468	376,000	392,000	4.26%	424,000	8.16%
51260	Leave - Holiday	410,566	437,000	459,000	5.03%	496,000	8.06%
51265	Leave - Vacation	510,553	519,000	543,000	4.62%	587,000	8.10%
51270	Others - Employer's share	112,869	113,000	178,000	57.52%	178,000	0.00%
51275	PERS Contributions	1,706,286	1,905,000	2,602,000	36.59%	2,766,000	6.30%
51280	Uniforms	37,713	27,000	39,000	44.44%	42,000	7.69%
Total Employee Benefit Cost		\$ 6,196,720	\$ 6,647,000	\$ 7,374,000	10.94%	\$ 7,841,000	6.33%

* Amended budget amounts approved by the Board.

Capital Budget Overview

Long-term capital planning is a dynamic process and is part of the District's overall strategic plan. Because strategic planning is a process and its results are reviewed each year, the District's long-term capital plan is reviewed as part of the budget process.

A capital planning process involves identifying current and future capital needs and prioritizing these needs using certain operating assumptions. The primary objective of the District's 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.

The District has a 10-year Capital Spending Plan which outlines planned water and sewer capital expenditures for future replacement, maintenance, and betterment of its capital water and sewer facilities needs for the next ten years based on the District's 20-year Capital Improvement Program. The District prioritizes its planned capital spending every budget period. The District's capital expenditures are subject to Board's approval.

The 20-year Capital Improvement Program helps District staff answer the following questions:

- What facilities must be built or replaced?
- When should the facilities be built or replaced?
- How much will the facilities cost?
- How will we pay for the facilities?

The District's 10-year Capital Spending Plan is updated annually and combines various capital projects that address capital needs within two of the District's operations: water (which includes recycled water) and wastewater (sewer.)

Capital Improvement Program – Long-Term Goals and Objectives

The following are the District's Capital Improvement Program Goals and Objectives for Fiscal Years 2023-2032:

- 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 (sewer) operations to meet customer 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.

A comprehensive list of capital projects listed in the District's 20-year Capital Improvement Plan are updated regularly to allow the District to be more responsive to changing priorities, particularly with respect to changes in operational requirements and current economic conditions. Changes in the District's capital expenditures each year are primarily due to the timing of the construction of projects. Review of the District's 10-year Capital Spending Plan as part of the budget process has allowed the District to prioritize projects and to secure funding for projects approved by the Board and included in the District's 10-year Capital Spending Plan.

Summary of Completed Capital Improvement Projects Fiscal Years 2021 and 2022

The District completed several significant projects during the Fiscal Year 2021 and 2022 biennial budget period. Most notably were the New and Remodeled Facilities project, the Replace Ultra-Violet (UV) Disinfection System project, and the Manchester Potable Pipeline Replacement and El Camino Real Pipeline Replacement projects.

The New and Remodeled Facilities project included a realignment of the main access entrance to the Operations and Administration buildings, site grading, utility relocations, major improvements to two separate buildings totaling approximately 17,200 square feet, and the construction of a new 5,800 square foot building, conjoining the existing buildings into one 23,000 square foot building. The total project was completed on budget at \$16.8 million.



Replacement of the existing UV disinfection system at the District's 4S Water Reclamation Facility was necessary in order to maintain production and delivery capabilities of recycled water. The project included replacing the end-of-life UV system and associated equipment and controls with newer technology systems that are more energy efficient and reliable. The project was completed on time and came in under budget.



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. This project was completed on time and under budget.

Information on the El Camino Real Pipeline Replacement project is included in the Construction Project Awards section below. A list of all the completed projects within the biennial budget period is included on the next page.

Olivenhain Municipal Water District
Completed Capital Improvement Projects Summary
Fiscal Years 2021 and 2022

Project Name	Total Project Budget		Total Capital Expenditures			Total Project Cost	Over (Under) Project Budget
			Capital Improvement Funds *				
			Water	Wastewater	Recycled		
New and Remodeled Facilities	16,821,000	(1)	11,785,290	3,357,008	1,678,679	16,820,977	(23)
El Camino Real Pipeline Replacement	4,960,000		4,958,612	-	-	4,958,612	(1,388)
Manchester Potable Pipeline Replacement	4,198,000		3,355,663			3,355,663	(842,337)
Advanced Metering Infrastructure (AMI)	1,399,000		1,390,457	-	-	1,390,457	(8,543)
Morning Sun PRS	640,000		568,902	-	-	568,902	(71,098)
Lusardi Canyon CP	294,000		300,457	-	-	300,457	6,457
DCMWTP Chem. Sys. Upgrade	525,000		453,961	-	-	453,961	(71,039)
Golem PS Replacement	365,000		362,266	-	-	362,266	(2,734)
DCMWTP Valve Actuator	320,000		258,983	-	-	258,983	(61,017)
Phone System - Admin Bldg.	79,000		65,429	-	-	65,429	(13,571)
Replace EFRR Interpretive Roof	22,000		23,428	-	-	23,428	1,428
HQ Facilities Enhancements	45,000		44,173	-	-	44,173	(827)
DCMWTP Trains 9 & 10 Valves	45,000		43,847	-	-	43,847	(1,153)
Replace DCMWTP Membranes	725,000		681,754	-	-	681,754	(43,246)
GP Upgrade	54,000		23,424	-	-	23,424	(30,576)
Stratford HOA PL Repair & Paving	213,050		94,493	-	-	94,493	(118,557)
Storage Pond - Landscape	380,000		-		364,348	364,348	(15,652)
Replace 4S Clarifier Drives	271,000		-	217,140	-	217,140	(53,860)
Rehab UV Disinfect. Sys.	3,420,000		-	3,418,128	-	3,418,128	(1,872)
WW Biological Process Optimization	196,000		-	165,048	-	165,048	(30,952)
	\$ 34,972,050		\$ 24,411,138	\$ 7,157,325	\$ 2,043,027	\$ 33,611,489	\$ (1,360,561)

(1) Multi-Fund Project

Note: Project list excludes ongoing capital infrastructure replacement projects

Construction Project Awards

The District's Indian Head Canyon Pipeline Restoration Project (completed in Fiscal Year 2020) and El Camino Real Potable Water Pipeline Replacement Project (completed in Fiscal Year 2022) were both recognized as 2022 Projects of the Year by American Public Works Association's San Diego and Imperial County Chapter at its awards event in Mission Valley.

Indian Head Canyon Pipeline Restoration Project

Severe rainstorms had accelerated erosion along an Indian Head Canyon Preserve trail in Encinitas, washing away soil around a 12-inch pipeline. Without supportive soil, the 38-year-old pipeline was highly susceptible to failure. The emergency Indian Head Canyon Pipeline Restoration Project prevented negative environmental impacts while maintaining potable water and fire protection service to customers. Additionally, creative construction methods reduced the budget by 35 percent and decreased the project timeline from two weeks to two days.



Erosion and destabilization of 12-inch asbestos cement pipeline within highly used City of Encinitas trail system.



Pipeline stabilization and erosion repair complete with stormwater runoff velocity reduction berms in place.

El Camino Real Potable Water Pipeline Replacement Project

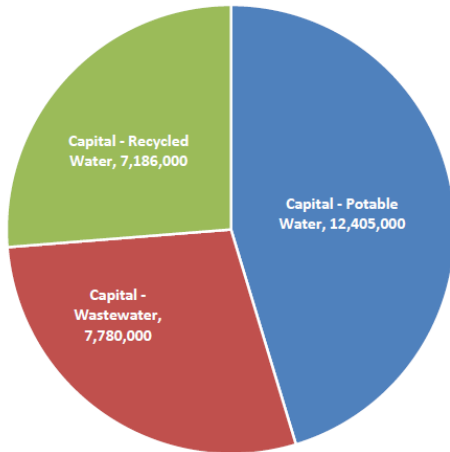
The El Camino Real Potable Water Pipeline Replacement project replaced approximately 4,700 linear feet of existing 12-inch diameter potable pipeline from Encinitas Boulevard to Garden View Road and 650 linear feet of 12-inch diameter pipeline between Via Molena and Mountain Vista Drive. Water service lines and fire hydrant laterals served by the existing pipelines were also replaced. The District worked closely with the City of Encinitas to ensure the least possible impact to the public and traffic for this critical pipeline replacement.



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 2022 awards recognize projects completed in 2021 and raise awareness of the necessary cooperation between public agencies, contractors, and consultants, such as architects and environmental engineers, to complete public works projects.

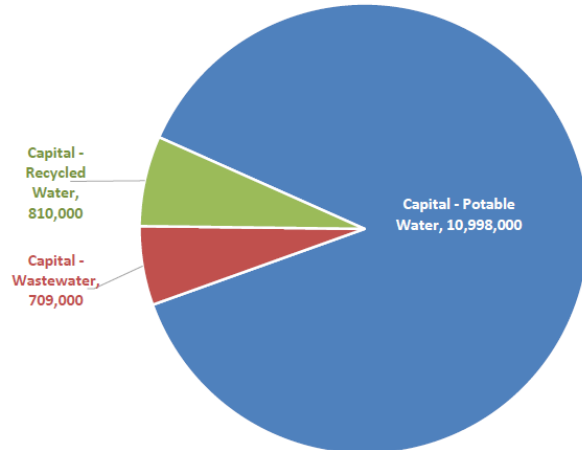
Summary of Capital Improvement Project (CIP) Expenditures

FY 2023 Capital Improvement Project
Expenditures by Funding Sources (\$27.4 million)*



* Total amounts are rounded

FY 2024 Capital Improvement Project
Expenditures by Funding Sources (\$12.5 million)*



The District's capital expenditures include capital item purchases and capital facilities. Total capital expenditures for Fiscal Years 2023 and 2024 are projected to be \$40.8 million, consisting of \$943,000 in capital item purchases and \$39.9 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 2023 and 2024 can be found on the following pages.

Capital improvement projects include potable, recycled water and wastewater (sewer) infrastructure-related projects that require a year or more to complete, including labor and material costs accumulated while under construction. The Capital Improvement Program includes water and sewer capital facilities such as reservoirs, pipelines, valves, and pump stations.

Capital expenditures are costs to complete capital projects in the 10-year Capital Spending Plan and Capital item purchases. The District funds its 20-year Capital Improvement Program from capacity fees collected from new developments within the District's service area, annexation fees collected from areas connected to the District outside the District's jurisdiction, user rates and charges accumulated in the capital

reserve fund, and issuance of new debts. The District follows its debt management policy when making decisions on funding for its Capital Improvement Program. Capital item purchases and capital facilities that are identified in the District's Capital Improvement Program are prioritized based on the following criteria:

- Safety, restoration of service, immediate need, Board-directed or critical system need.
- System upgrades or requirements to maintain water supply priorities, system facility priorities, and core business plans.
- Diversification of the water supply portfolio to improve system reliability

Capital Improvement Projects Funding Sources

The District funds its Capital Improvement Program using the pay-as-you-go (PAYGO) method collected from its user rates and charges, capacity/annexation fees, grants, and from debt issuance when practicable. The cost of capital projects has been spread among various capital improvement funds:

1. **Capacity Fee Funds** (Capital facilities that are necessary to support growth and to bring in local water supply) - The District collects capacity and annexation fees to cover the cost of expanding water and recycled system capacity to serve new development within the District's service area.

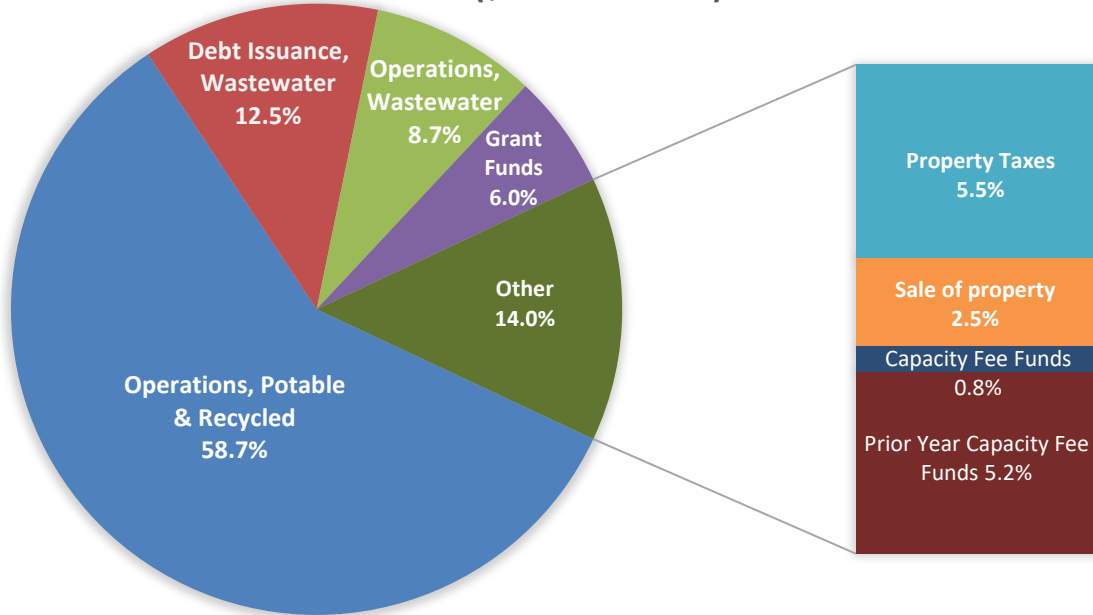
The District's potable capacity fees are calculated using a hybrid method based on growth (current and future CIP) and system buy-in (existing assets valued at replacement cost less depreciation.) The District is approximately 95% built out. Details on the District's capacity fees can be found in the District's Capacity Fee Study and 2015 Comprehensive Master Plans for water and sewer. The District is currently undergoing a capacity fee study with an independent consultant to review capacity fees for future years, which will be completed in Fiscal Year 2023.

2. **Capital (Replacement and Betterment) Funds** (Capital facilities that are needed which benefit existing users, and projects to refurbish or to replace existing facilities that have deteriorated or have exceeded their useful life) - These are funded from user rates and charges and excess property tax revenue. Capital fund monies are updated annually by transferring an amount equal to budgeted depreciation (PAYGO) and excess property tax revenue from the revenue fund to the capital fund as part of the budget process. The pie charts below show the District's capital improvement projects funding sources and uses.

For Fiscal Years 2023 and 2024, capital improvement projects of \$39.9 million will be financed by capital improvement funds, except for \$5 million in the Wastewater capital fund that will be financed by the 2021A debt issuance to construct the Rehabilitation of the Neighborhood 1 Sewer Pump Station project in Fiscal Year 2023. More information on the 2021A debt issuance can be found in the Long Term Financial Plan included in the budget under the Debt Service Fund section.

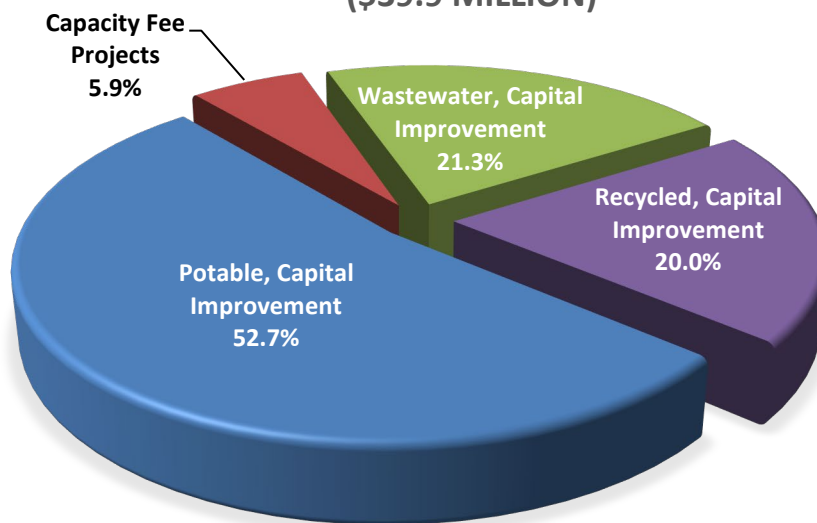
Details for each CIP project can be found in the CIP Detail by Funding Source section of the budget document.

**FISCAL YEARS 2023 & 2024
CAPITAL IMPROVEMENT PROJECTS
WHERE THE MONEY COMES FROM (SOURCES)
(\$39.9 MILLION)***



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

**FISCAL YEARS 2023 & 2024
CAPITAL IMPROVEMENT PROJECTS
WHERE THE MONEY GOES (USES)
(\$39.9 MILLION)***



* 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 2023

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *		
				Potable Water	Wastewater	Recycled Water
Automotive Equipment	1	New Vehicle for Ops Const Crew Valve Turning Truck / Ford 3500XD V-8 Engine	75,000	64,000	4,000	7,000
Project # D139830 - Potable Water	1	New Vehicle for Ops Const Crew Valve Turning Truck / Ford 3500XD V-8 Engine	75,000	64,000	4,000	7,000
Project # D739830 - Wastewater	1	New Vehicle for Ops Supervisor / Ford F-150 V-6	39,000	33,000	2,000	4,000
Project # D839830- Recycled Water	1	New Vehicle for Ops Const Crew Truck / Ford F-550 S/C V-8 Engine	150,000	120,000	15,000	15,000
Subtotal Automotive Equipment			\$ 339,000	\$ 281,000	\$ 25,000	\$ 33,000
Furniture and Fixtures	1	Office Workstations	35,000	35,000	-	-
Project # D139850 - Potable Water						
Project # D739850 - Wastewater						
Project # D809850 - Recycled Water						
Subtotal Furniture and Fixtures			\$ 35,000	\$ 35,000	\$ -	\$ -
Computer Hardware/Software	1	Help Desk System (Multi-Fund)	15,000	8,000	6,000	1,000
Project # D139860- Potable Water	62	Laptop Replacements (Potable)	124,000	124,000	-	-
Project # D739860 - Wastewater	2	Server Replacements (Recycled)	12,000	-	-	12,000
Project # D839860 - Recycled Water	1	Server Replacement (Wastewater)	6,000	-	6,000	-
Subtotal Computer Hardware/Software			\$ 157,000	\$ 132,000	\$ 12,000	\$ 13,000
				Potable Water	Wastewater	Recycled Water
TOTAL			\$ 531,000	\$ 448,000	\$ 37,000	\$ 46,000

* 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 2024

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *		
				Potable Water	Wastewater	Recycled Water
Automotive Equipment Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	New Vehicle for Ops Construction Dump Truck / Ford F-650 Reg Dump Truck	105,000	89,000	5,000	11,000
	1	New Vehicle for Ops Construction Dump Truck / Ford F-650 Reg Dump Truck	105,000	89,000	5,000	11,000
	1	New Vehicle for Cross Connection Specialist / Ford F-150 V-6	39,000	33,000	2,000	4,000
	1	New Vehicle for Ops Supervisor / Ford Explorer V-6	40,000	34,000	2,000	4,000
Subtotal Automotive Equipment			\$ 289,000	\$ 245,000	\$ 14,000	\$ 30,000
Furniture and Fixtures Project # D139850 - Potable Water Project # D739850 - Wastewater Project # D809850 - Recycled Water	1	Office Workstations	35,000	35,000	-	-
Subtotal Furniture and Fixtures			\$ 35,000	\$ 35,000	\$ -	\$ -
Computer Hardware/Software Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	4	Server Replacements (Potable)	50,000	50,000	-	-
	5	Laptop Replacements (Potable)	10,000	10,000	-	-
	1	Desktop Replacement (Potable)	1,500	1,500	-	-
	1	Server Replacement (Recycled)	12,000	-	12,000	-
	1	Server Replacement (Wastewater)	12,000	-	-	12,000
	1	Laptop Replacement (Wastewater)	2,000	-	-	2,000
Subtotal Computer Hardware/Software			\$ 87,500	\$ 61,500	\$ 12,000	\$ 14,000
				Potable Water	Wastewater	Recycled Water
TOTAL			\$ 411,500	\$ 341,500	\$ 26,000	\$ 44,000

* Capital item funding sources are allocated based on percentage of use of each asset.

Olivenhain Municipal Water District
Capital Improvement Projects Summary
Fiscal Years 2023 and 2024

Project Name	Total Project Budget	FY 2023 Capital Expenditures			Total FY 2023 Capital Exp.	FY 2024 Capital Expenditures			Total FY 2024 Capital Exp.	
		Capital Improvement Funds *				Capital Improvement Funds *				
		Water	Wastewater	Recycled		Water	Wastewater	Recycled		
<u>On-Going Projects</u>										
San Dieguito Groundwater Desalination	42,837,000	700,000	-	-	700,000	1,669,000	-	-	1,669,000	
Advanced Metering Infrastructure (AMI)	2,416,000	853,000	-	-	853,000	679,000	-	-	679,000	
District-Wide PLC Replacements (PW/RCW)	1,066,000	198,000	-	-	198,000	90,000	-	-	90,000	
Network User Enhancements	200,000	60,000	-	-	60,000	-	-	-	-	
District Wide Physical Security Improvements	240,000	50,000	-	-	50,000	30,000	-	-	30,000	
OMWD Parking and Access Improvements	584,000	150,000	-	-	150,000	-	-	-	-	
PW and RCW Master Plan Update	583,000	325,000	-	-	325,000	220,000	-	-	220,000	
RSF Unit A North PL Repl	2,177,000	1,238,000	-	-	1,238,000	844,000	-	-	844,000	
Village Park PRS Replacement	960,000	180,000	-	-	180,000	760,000	-	-	760,000	
Gardendale PRS Replacement	960,000	180,000	-	-	180,000	760,000	-	-	760,000	
Residuals Handling Building Canopy	482,000	414,000	-	-	414,000	-	-	-	-	
DCMWTP pH Control Systems	737,000	586,000	-	-	586,000	-	-	-	-	
Landscape HQ Courtyards	45,000	35,000	-	-	35,000	-	-	-	-	
Rancho La Cima/Aliso Canyon PL Relocation	300,000	102,000	-	-	102,000	5,000	-	-	5,000	
Ext. 153 Flow Meter	385,000	-	-	205,000	205,000	-	-	155,000	155,000	
Manchester Recycled Pipeline Ext.	5,225,000	-	-	4,465,000	4,465,000	-	-	-	-	
Calle Barcelona, VP, & Summerhill HOA Exten	2,645,000	-	-	2,110,000	2,110,000	-	-	500,000	500,000	
Rehab Neighborhood 1 Pump Station	7,732,000	-	6,592,000	-	6,592,000	-	-	-	-	
Headworks Screening System Improvements	3,160,000	-	116,000	-	116,000	-	39,000	-	-	
Hydropower Turbine Refurbishment	800,000	479,000	-	-	479,000	-	-	-	-	
Total, On-going Projects	72,734,000	5,550,000	6,708,000	6,780,000	19,038,000	5,057,000	39,000	655,000	5,712,000	
<u>Recurring Replacement Projects</u>										
Network Security	1,175,000	165,000	-	-	165,000	115,000	-	-	115,000	
Replace Pipelines	9,028,000	1,350,000	-	-	1,350,000	1,070,000	-	-	1,070,000	
Replace Valves	8,856,000	1,085,000	-	-	1,085,000	1,106,000	-	-	1,106,000	
Replace DCM WTP Membranes	8,895,000	725,000	-	-	725,000	749,000	-	-	749,000	
Replace PRS Valves	596,000	50,000	-	-	50,000	52,000	-	-	52,000	
Replace Potable Meters	4,921,000	315,000	-	-	315,000	328,000	-	-	328,000	
Steel Mains Protection	3,375,000	281,000	-	-	281,000	292,000	-	-	292,000	
Replace Meter Anodes	1,754,000	146,000	-	-	146,000	152,000	-	-	152,000	
Replace Pumps and Motors	1,012,000	84,000	-	-	84,000	88,000	-	-	88,000	
Rehab Concrete Tanks	904,000	45,000	-	-	45,000	47,000	-	-	47,000	
Physical Security Upgrades	250,000	25,000	-	-	25,000	25,000	-	-	25,000	
Replace Recycled Meters	241,000	-	-	21,000	21,000	-	-	18,000	18,000	
Retrofit Potable Meters to Recycled	719,000	-	-	60,000	60,000	-	-	62,000	62,000	
Replace Pumps/Motors/Equipment - WW	2,024,000	-	169,000	-	169,000	-	175,000	-	175,000	
4S Ranch System Manhole Lining	206,000	-	17,000	-	17,000	-	18,000	-	18,000	
Rancho Cielo System Manhole Lining	586,000	-	48,000	-	48,000	-	50,000	-	50,000	
4S WRF Physical Security Upgrades	210,000	-	30,000	-	30,000	-	30,000	-	30,000	
4S Ranch Pipe Replacement	660,000	-	136,000	-	136,000	-	-	-	-	
Rancho Cielo Pipe Replacement	831,000	-	173,000	-	173,000	-	-	-	-	
Collection System SPS Rehab	912,000	-	169,000	-	169,000	-	-	-	-	
Total, Recurring Projects	47,155,000	4,271,000	742,000	81,000	5,094,000	4,024,000	273,000	80,000	4,377,000	
<u>Proposed Projects</u>										
District Wide Scada Upgrades	256,000	256,000	-	-	256,000	-	-	-	-	
SWPPP Facility Improvements	100,000	100,000	-	-	100,000	-	-	-	-	
Gaty II Safety Improvements	590,000	67,000	-	-	67,000	523,000	-	-	523,000	
Unit B & K Rehab	1,860,000	-	-	-	-	327,000	-	-	327,000	
Encinitas Blvd PL Inspection and Repair	682,000	145,000	-	-	145,000	537,000	-	-	537,000	
Palms I and II Reservoirs Replacemnt	1,285,000	-	-	-	-	150,000	-	-	150,000	
4th Stage Centrifuge Addition	996,000	996,000	-	-	996,000	-	-	-	-	
Chlorine Gen Rm Lining Rehab	150,000	150,000	-	-	150,000	-	-	-	-	
Air Monitoring and HVAC Improvement	150,000	50,000	-	-	50,000	100,000	-	-	100,000	
General WTP Inspect & Cond Assessment	400,000	400,000	-	-	400,000	-	-	-	-	
2nd Stage Membrane Train Overhaul	845,000	270,000	-	-	270,000	280,000	-	-	280,000	
Golem 14" Pipeline Condition Assessment	150,000	150,000	-	-	150,000	-	-	-	-	
Wanket RW Reservoir Rehabilitation	150,000	-	-	75,000	75,000	-	-	75,000	75,000	
Back-Up Generator Santa Fe Valley RW Pump Station	250,000	-	-	250,000	250,000	-	-	-	-	
Replace Overflow Pond Strainer	231,000	-	25,000	-	25,000	-	206,000	-	206,000	
District-Wide PLC Replacements (WW)	901,000	-	38,000	-	38,000	-	91,000	-	91,000	
4S WRF Scada Upgrades	64,000	-	64,000	-	64,000	-	-	-	-	
Cielo SPS Flow Meters	443,000	-	193,000	-	193,000	-	-	-	-	
Wastewater Master Plan	110,000	-	10,000	-	10,000	-	100,000	-	100,000	
Total, Proposed Projects	9,613,000	2,584,000	330,000	325,000	3,239,000	1,917,000	397,000	75,000	2,389,000	
Total All Projects		\$ 129,502,000	\$ 12,405,000	\$ 7,780,000	\$ 7,186,000	\$ 27,371,000	\$ 10,998,000	\$ 709,000	\$ 810,000	\$ 12,478,000

* Includes Capacity Fee and Capital and Equipment Funds

Impact of Capital Improvement Projects

Each of the enclosed project summary sheets includes detailed information on projects with a total budget of at least \$1 million with expenditures in Fiscal Years 2023 and/or Fiscal Year 2024.

The following non-recurring capital projects represent 73% of total capital project expenditures for the biennial budget period.

Project	<u>FY 2023 Capital Expenditures</u>	<u>FY 2024 Capital Expenditures</u>	<u>Project Budget as of July 1, 2022</u>
San Dieguito Groundwater Desalination	700,000	1,669,000	42,837,000
Rehab Neighborhood 1 Pump Station	6,592,000	-	7,732,000
Manchester Avenue Recycled Water Pipeline Extension	4,465,000	-	5,225,000
Headworks Screening System Improvements	116,000	39,000	3,160,000
Calle Barcelona, VP, & Summerhill HOA Extension	2,110,000	500,000	2,645,000
Advanced Metering Infrastructure (AMI)	853,000	679,000	2,416,000
Rancho Santa Fe Road Unit A North Pipeline Replacement	1,238,000	844,000	2,177,000
Unit B & K Pipeline Rehabilitation	67,000	523,000	1,860,000
Palms I and II Reservoirs Replacement	-	150,000	1,285,000
District-Wide PLC Replacements (PW/RCW)	198,000	90,000	1,066,000
Infrastructure Replacement Program	4,320,000	4,075,000	41,040,000
Total	20,659,000	8,569,000	111,443,000

Project Summary

Project 1.

San Dieguito Groundwater Desalination

Project Description

The District is planning a brackish groundwater desalinization project to provide up to 1.5 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
<i>Planning and Design</i>	FY 2012	FY 2025	9,044,000
<i>Construction</i>	FY 2026	FY 2027	33,793,000
Total			\$ 42,837,000
<i>Total Spent Through FY 2022</i>			\$ 3,862,000

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
<i>O&M Costs</i>	-	There will be increase which is unknown at this time.
<i>Other</i>	-	None.
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

This local product will help the District diversify its current water supply portfolio and improve reliability. Because the supply is local, it is less subject to reduction from water supply shortages, regulatory pumping restrictions, or wholesale conveyance infrastructure interruptions.

Project Summary

Project 2.

Rehab Neighborhood 1 Pump Station

Project Description

Replacement of the sewer pump station (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</i>	FY 2014	FY 2022	1,140,000
<i>Construction</i>	FY 2023	FY 2023	6,592,000
Total			\$ 7,732,000
<i>Total Spent Through FY 2022</i>			\$ 1,140,000

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, and improve safety issues.

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 3.

Manchester Avenue Recycled Water Pipeline Extension

Project Description

Construction of a San Elijo Joint Power Authority recycled connection at Via Poco and extension of the District recycled water line north on Manchester Avenue to Tennis Club Drive.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design</i>	FY 2018	FY 2022	760,000
<i>Construction</i>	FY 2023	FY 2023	4,465,000
Total			\$ 5,225,000
<i>Total Spent Through FY 2022</i>			\$ 760,000

Funding Source

Recycled water capital improvement fund and grants

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None - expansion of system will be managed with existing staff
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

Replacement of use of imported potable water for irrigation uses with local sustainable recycled water source.

Why is Project Necessary

Expansion of the District's recycled water system will allow existing potable water irrigation users to be switched to recycled water and reduce the District's demand on imported potable water.

Project Summary

Project 4.

Headworks Screening 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</i>	FY 2018	FY 2024	406,000
<i>Construction</i>	FY 2025	FY 2025	2,754,000
Total			\$ 3,160,000
<i>Total Spent Through FY 2022</i>			\$ 251,000

Funding Source

Wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	
<i>Other</i>	-	
\$	-	

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 5.

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
<i>Planning and Design</i>	FY 2022	FY 2023	500,000
<i>Construction</i>	FY 2023	FY 2024	2,145,000
Total			\$ 2,645,000
<i>Total Spent Through FY 2022</i>			\$ 35,000

Funding Source

Potable capital improvement and grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None - expansion of system will be managed with existing staff
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

None

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 6.

Advanced Metering Infrastructure (AMI)

Project Description

Replacement of the AMR (Automated Meter Reading) system with the AMI system. AMI uses fixed-base receivers to record usage, whereas AMR uses the drive-by method to read meters.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Current Biennial Years</i>	FY 2023	FY 2024	1,532,000
<i>Future Fiscal Years</i>	FY 2025	FY 2025	884,000
Total			\$ 2,416,000

Total Spent Through FY 2022

\$ 3,646,000

Note: Annual expenditures for this project are capitalized at the end of each fiscal year as AMI meters are placed in service.

Funding Source

Potable capital improvement and grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	The time spent driving to read AMR meters will be available for other work, such as meter maintenance, customer service, conservation, and meter testing.
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

Customers will be able to access real-time usage data from the AMI system, which will help them better manage their water use and reduce water loss 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 7.

Rancho Santa Fe Road Unit A North Pipeline Replacement

Project Description

This project will replace 1500-ft of 12-inch steel pipeline, which was constructed in 1961, with new PVC pipeline, including connections to service users.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design</i>	FY 2022	FY 2023	228,000
<i>Construction</i>	FY 2023	FY 2024	1,949,000
Total			\$ 2,177,000
<i>Total Spent Through FY 2022</i>			\$ 95,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	
<i>Other</i>	-	
\$	-	

Non-Financial Impacts

Reduce unplanned potable water service interruptions.

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 8.

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</i>	FY 2024	FY 2024	327,000
<i>Construction</i>	FY 2025	FY 2025	1,533,000
Total			\$ 1,860,000
<i>Total Spent Through FY 2022</i>			\$ -

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	
<i>Other</i>	-	
\$	-	

Non-Financial Impacts

Reduce unplanned potable water service interruptions.

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 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. Project reduces maintenance expenses by replacing two aging reservoirs.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design</i>	FY 2024	FY 2024	150,000
<i>Construction</i>	FY 2025	FY 2025	1,135,000
Total			\$ 1,285,000
<i>Total Spent Through FY 2022</i>			\$ -

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	<i>No change in estimated labor costs/benefits</i>
<i>Other</i>	50,000	<i>Estimated costs for inclusion in Suez Maintenance Agreement</i>
	\$ 50,000	

Non-Financial Impacts

None

Why is Project Necessary

Replacing existing tanks with PR stations will avoid approximately \$500,000 in construction costs required to return tank(s) to "like new" condition per GASB. Additionally, avoided costs of approximately \$50k would be realized for annual maintenance of the tanks (painting, washout, disinfection, etc)

Project Summary

Project 10.

District-Wide PLC Replacements (PW/RCW)

Project Description

Many of the District's Programmable Logic Controllers (PLCs) are at end of life and will no longer be supported. This project will encompass potable and recycled water.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design</i>	FY 2022	FY 2023	166,000
<i>Construction</i>	FY 2023	FY 2025	900,000
Total			\$ 1,066,000
<i>Total Spent Through FY 2022</i>			\$ 6,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	None
<i>Other</i>	-	None
\$	-	

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.

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:

	FY 2023	FY 2024	FY 2025 - 2032	Total
<i>Replace Pipelines</i>	1,350,000	1,070,000	6,608,000	9,028,000
<i>Replace DCM WTP Membranes</i>	725,000	749,000	7,421,000	8,895,000
<i>Replace Valves</i>	1,085,000	1,106,000	6,665,000	8,856,000
<i>Replace Potable Meters</i>	315,000	328,000	4,278,000	4,921,000
<i>Steel Mains Protection</i>	281,000	292,000	2,802,000	3,375,000
<i>Replace Pumps/Motors/Equipment - WW</i>	169,000	175,000	1,680,000	2,024,000
<i>Replace Meter Anodes</i>	146,000	152,000	1,456,000	1,754,000
<i>Network Security</i>	165,000	115,000	895,000	1,175,000
<i>Replace Pumps and Motors</i>	84,000	88,000	840,000	1,012,000
Total	\$ 4,320,000	\$ 4,075,000	\$ 32,645,000	\$ 41,040,000

Funding Sources

Water and wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Anticipate saving overtime costs due to a decrease in after-hours calls due to system leaks.
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

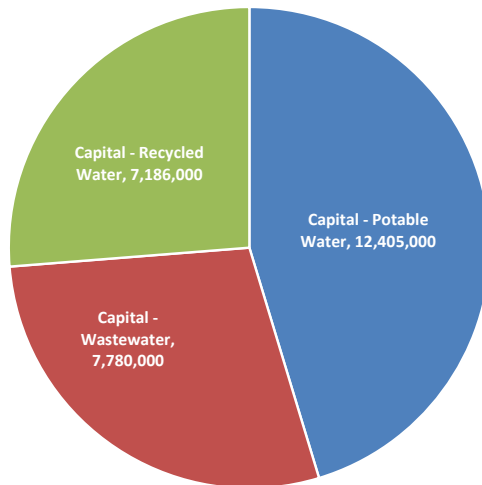
Customer service is negatively impacted when the District has unanticipated service shut-downs from equipment or system failures. The District wants to assure ratepayers that we have a plan for the orderly replacement of major facilities.

Why Projects are Necessary

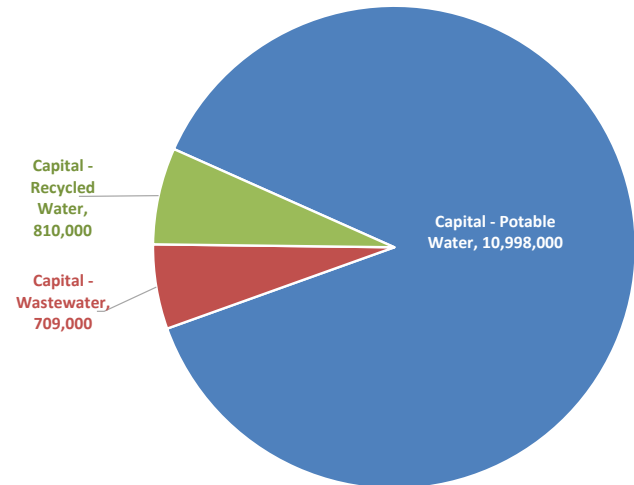
The District is shifting it's focus from building new infrastructure, to replacing existing infrastructure. Planned replacement makes better use of District resources and allows the District to budget costs in a methodical manner, thereby avoiding spending spikes as well as having sufficient funds available.

Capital Improvement Project Expenditures By Fund

**FY 2023 Capital Improvement Project
Expenditures by Funding Sources (\$27.4 million)***

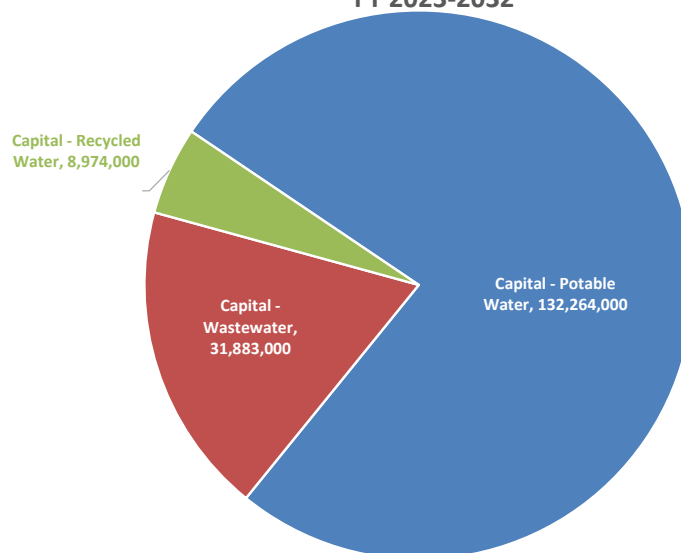


**FY 2024 Capital Improvement Project
Expenditures by Funding Sources (\$12.5 million)***



* Total amounts are rounded

**10 Year Capital Improvement Project
Expenditures by Fund (\$173.1 million)*
FY 2023-2032**



* Total amounts are rounded

Olivenhain Municipal Water District
Fiscal Years 2023 and 2024 Capital Improvement Program - Budget Review
Capital Improvement Fund - Water (Potable and Recycled)

Project Name	Construction in Progress Budget			
	Project Budget 7/1/2021	Approved FY 2022	Increase (Decrease)	Project Budget 7/1/2022
<u>On-Going Projects</u>				
San Dieguito Groundwater Desalination	42,837,000	-	-	42,837,000
Advanced Metering Infrastructure (AMI)	3,278,000		(862,000)	2,416,000
District-Wide PLC Replacements (PW/RCW)	1,618,000		(552,000)	1,066,000
Network User Enhancements	200,000		-	200,000
District Wide Physical Security Improvements	70,000		170,000	240,000
OMWD Parking and Access Improvements	265,000		319,000	584,000
PW and RCW Master Plan Update	524,000		59,000	583,000
RSF Unit A North PL Repl	1,748,000		429,000	2,177,000
Village Park PRS Replacement	-	80,000	880,000	960,000
Gardendale PRS Replacement	-	80,000	880,000	960,000
Residuals Handling Building Canopy	482,000		-	482,000
DCMWTP pH Control Systems	737,000		-	737,000
Landscape HQ Courtyards	45,000		-	45,000
Manchester Recycled Pipeline Ext.	3,906,000	728,000	591,000	5,225,000
Calle Barcelona, VP, & Summerhill HOA Exten	-	2,415,000	230,000	2,645,000
Ext. 153 Flow Meter	-	385,000	-	385,000
Rancho La Cima/Aliso Canyon PL Relocation	165,000		135,000	300,000
Hydropower Turbine Refurbishment	600,000	200,000	-	800,000
<u>Recurring Replacement Projects</u>				
Network Security	976,000		199,000	1,175,000
Replace Pipelines	8,233,000		795,000	9,028,000
Replace Valves	9,121,000		(265,000)	8,856,000
Replace DCM WTP Membranes	8,336,000		559,000	8,895,000
Replace PRS Valves	-		596,000	596,000
Replace Potable Meters	4,042,000		879,000	4,921,000
Steel Mains Protection	3,120,000		255,000	3,375,000
Replace Meter Anodes	1,496,000		258,000	1,754,000
Replace Pumps and Motors	1,026,000		(14,000)	1,012,000
Rehab Concrete Tanks	727,000		177,000	904,000
Physical Security Upgrades	-		250,000	250,000
Replace Recycled Meters	164,000		77,000	241,000
Retrofit Potable Meters to Recycled	1,267,000		(548,000)	719,000
<i>Total, On-Going and Replacement Projects</i>	\$ 94,983,000	\$ 3,888,000	\$ 5,497,000	\$ 104,368,000
<u>Proposed New Projects</u>				
District Wide Scada Upgrades	-	-	256,000	256,000
SWPPP Facility Improvements	-	-	100,000	100,000
Gaty II Safety Improvements	-	-	590,000	590,000
Unit B & K Rehab	-	-	1,860,000	1,860,000
Encinitas Blvd PL Inspection and Repair	-	-	682,000	682,000
Palms I and II Reservoirs Replacemt	-	-	1,285,000	1,285,000
4th Stage Centrifuge Addition	-	-	996,000	996,000
Chlorine Gen Rm Lining Rehab	-	-	150,000	150,000
Air Monitoring and HVAC Improvement	-	-	150,000	150,000
General WTP Inspect & Cond Assessment	-	-	400,000	400,000
2nd Stage Membrane Train Overhaul	-	-	845,000	845,000
Golem 14" Pipeline Condition Assessment	-	-	150,000	150,000
Wanket RW Reservoir Rehabilitation	-	-	150,000	150,000
Back-Up Generator Santa Fe Valley RW Pump Station	-	-	250,000	250,000
<i>Total, Proposed New Projects</i>	\$ -	\$ -	\$ 7,864,000	\$ 7,864,000
Total	\$ 94,983,000	\$ 3,888,000	\$ 13,361,000	\$ 112,232,000

Olivenhain Municipal Water District
Fiscal Years 2023 and 2024 Capital Improvement Program - Expenditure and Appropriation Review
Capital Improvement Fund - Water (Potable and Recycled)

	Capital Project Budget	Projected 10-Year Capital Expenditures					Construction in Progress Appropriation					
Project Name		Carryover at 6/30/2022	FY2023	FY2024	FYs 2025-2032	Total	As of 7/1/2021	Approved FY2022	Adjust	Balance 7/1/2022	Adjust	Balance 7/1/2023
<u>On-Going Projects</u>												
San Dieguito Groundwater Desalination	42,837,000	3,862,000	700,000	1,669,000	36,606,000	42,837,000	3,862,000	-	700,000	4,562,000	1,669,000	6,231,000
Advanced Metering Infrastructure (AMI)	2,416,000	-	853,000	679,000	884,000	2,416,000	627,000	-	226,000	853,000	(174,000)	679,000
District-Wide PLC Replacements (PW/RCW)	1,066,000	6,000	198,000	90,000	772,000	1,066,000	166,000	-	38,000	204,000	90,000	294,000
Network User Enhancements	200,000	140,000	60,000	-	-	200,000	200,000	-	-	200,000	(200,000)	-
District Wide Physical Security Improvements	240,000	70,000	50,000	30,000	90,000	240,000	70,000	-	50,000	120,000	30,000	150,000
OMWD Parking and Access Improvements	584,000	191,000	150,000	-	243,000	584,000	191,000	-	150,000	341,000	-	341,000
PW and RCW Master Plan Update	583,000	38,000	325,000	220,000	-	583,000	228,000	-	135,000	363,000	220,000	583,000
RSF Unit A North PL Repl	2,177,000	95,000	1,238,000	844,000	-	2,177,000	97,000	156,000	1,080,000	1,333,000	844,000	2,177,000
Village Park PRS Replacement	960,000	20,000	180,000	760,000	-	960,000	-	80,000	120,000	200,000	760,000	960,000
Gardendale PRS Replacement	960,000	20,000	180,000	760,000	-	960,000	-	80,000	120,000	200,000	760,000	960,000
Residuals Handling Building Canopy	482,000	68,000	414,000	-	-	482,000	482,000	-	-	482,000	(482,000)	-
DCMWTP pH Control Systems	737,000	151,000	586,000	-	-	737,000	737,000	-	-	737,000	(737,000)	-
Landscape HQ Courtyards	45,000	10,000	35,000	-	-	45,000	45,000	-	-	45,000	(45,000)	-
Manchester Recycled Pipeline Ext.	5,225,000	760,000	4,465,000	-	-	5,225,000	3,906,000	728,000	591,000	5,225,000	(5,225,000)	-
Calle Barcelona, VP, & Summerhill HOA Exten	2,645,000	35,000	2,110,000	500,000	-	2,645,000	-	315,000	1,830,000	2,145,000	500,000	2,645,000
Ext. 153 Flow Meter	385,000	25,000	205,000	155,000	-	385,000	-	105,000	125,000	230,000	155,000	385,000
Rancho La Cima/Aliso Canyon PL Relocation	300,000	63,000	102,000	5,000	130,000	300,000	165,000	-	-	165,000	5,000	170,000
Hydropower Turbine Refurbishment	800,000	321,000	479,000	-	-	800,000	300,000	380,000	120,000	800,000	(800,000)	-
<u>Recurring Replacement Projects</u>												
Network Security	1,175,000	-	165,000	115,000	895,000	1,175,000	84,000	-	81,000	165,000	(50,000)	115,000
Replace Pipelines	9,028,000	-	1,350,000	1,070,000	6,608,000	9,028,000	541,000	-	809,000	1,350,000	(280,000)	1,070,000
Replace Valves	8,856,000	-	1,085,000	1,106,000	6,665,000	8,856,000	1,044,000	-	41,000	1,085,000	21,000	1,106,000
Replace DCM WTP Membranes	8,895,000	-	725,000	749,000	7,421,000	8,895,000	725,000	-	-	725,000	24,000	749,000
Replace PRS Valves	596,000	-	50,000	52,000	494,000	596,000	-	-	50,000	50,000	2,000	52,000
Replace Potable Meters	4,921,000	-	315,000	328,000	4,278,000	4,921,000	270,000	-	45,000	315,000	13,000	328,000
Steel Mains Protection	3,375,000	-	281,000	292,000	2,802,000	3,375,000	270,000	-	11,000	281,000	11,000	292,000
Replace Meter Anodes	1,754,000	-	146,000	152,000	1,456,000	1,754,000	100,000	-	46,000	146,000	6,000	152,000
Replace Pumps and Motors	1,012,000	-	84,000	88,000	840,000	1,012,000	81,000	-	3,000	84,000	4,000	88,000
Rehab Concrete Tanks	904,000	-	45,000	47,000	812,000	904,000	186,000	-	(141,000)	45,000	2,000	47,000
Physical Security Upgrades	250,000	-	25,000	25,000	200,000	250,000	-	70,000	(45,000)	25,000	-	25,000
Replace Recycled Meters	241,000	-	21,000	18,000	202,000	241,000	14,000	-	7,000	21,000	(3,000)	18,000
Retrofit Potable Meters to Recycled	719,000	-	60,000	62,000	597,000	719,000	97,000	-	(37,000)	60,000	2,000	62,000
Total, On-Going and Replacement Projects	\$ 104,368,000	\$ 5,875,000	\$ 16,682,000	\$ 9,816,000	\$ 71,995,000	\$ 104,368,000	\$ 14,488,000	\$ 1,914,000	\$ 6,155,000	\$ 22,557,000	\$ (2,878,000)	\$ 19,679,000
<u>Proposed New Projects</u>												
District Wide Scada Upgrades	256,000	-	256,000	-	-	256,000	-	-	256,000	256,000	(256,000)	-
SWPPP Facility Improvements	100,000	-	100,000	-	-	100,000	-	-	100,000	100,000	(100,000)	-
Gaty II Safety Improvements	590,000	-	67,000	523,000	-	590,000	-	-	67,000	67,000	523,000	590,000
Unit B & K Rehab	1,860,000	-	-	327,000	1,533,000	1,860,000	-	-	-	-	327,000	327,000
Encinitas Blvd PL Inspection and Repair	682,000	-	145,000	537,000	-	682,000	-	-	145,000	145,000	537,000	682,000
Palms I and II Reservoirs Replacemnt	1,285,000	-	-	150,000	1,135,000	1,285,000	-	-	-	-	150,000	150,000
4th Stage Centrifuge Addition	996,000	-	996,000	-	-	996,000	-	-	996,000	996,000	(996,000)	-
Chlorine Gen Rm Lining Rehab	150,000	-	150,000	-	-	150,000	-	-	150,000	150,000	(150,000)	-
Air Monitoring and HVAC Improvement	150,000	-	50,000	100,000	-	150,000	-	-	50,000	50,000	100,000	150,000
General WTP Inspect & Cond Assessment	400,000	-	400,000	-	-	400,000	-	-	400,000	400,000	(400,000)	-
2nd Stage Membrane Train Overhaul	845,000	-	270,000	280,000	295,000	845,000	-	-	270,000	270,000	280,000	550,000
Golem 14" Pipeline Condition Assessment	150,000	-	150,000	-	-	150,000	-	-	150,000	150,000	(150,000)	-
Wanket RW Reservoir Rehabilitation	150,000	-	75,000	75,000	-	150,000	-	-	75,000	75,000	75,000	150,000
Back-Up Generator Santa Fe Valley RW Pump Station	250,000	-	250,000	-	-	250,000	-	-	250,000	250,000	(250,000)	-
Total, Proposed New Projects	\$ 7,864,000	\$ -	\$ 2,909,000	\$ 1,992,000	\$ 2,963,000	\$ 7,864,000	\$ -	\$ -	\$ 2,909,000	\$ 2,909,000	\$ (310,000)	\$ 2,599,000
Total	\$ 112,232,000	\$ 5,875,000	\$ 19,591,000	\$ 11,808,000	\$ 74,958,000	\$ 112,232,000	\$ 14,488,000	\$ 1,914,000	\$ 9,064,000	\$ 25,466,000	\$ (3,188,000)	\$ 22,278,000

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

	Project Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
(1)	San Dieguito Groundwater Desalination	700,000	1,669,000	2,813,000	11,345,000	22,448,000	-	-	-	-	-
(1)	Advanced Metering Infrastructure (AMI)	853,000	679,000	884,000	-	-	-	-	-	-	-
(1)	District-Wide PLC Replacements (PW/RCW)	198,000	90,000	386,000	386,000	-	-	-	-	-	-
	District Wide Scada Upgrades	256,000	-	-	-	-	-	-	-	-	-
(1)	Network User Enhancements	60,000	-	-	-	-	-	-	-	-	-
(1)	District Wide Physical Security Improvements	50,000	30,000	30,000	30,000	30,000	-	-	-	-	-
(1)	OMWWD Parking and Access Improvements	150,000	-	-	-	-	243,000	-	-	-	-
	SWPPP Facility Improvements	100,000	-	-	-	-	-	-	-	-	-
(1)	PW and RCW Master Plan Update	325,000	220,000	-	-	-	-	-	-	-	-
(1)	RSF Unit A North PL Repl	1,238,000	844,000	-	-	-	-	-	-	-	-
	Gaty II Safety Improvements	67,000	523,000	-	-	-	-	-	-	-	-
	Unit B & K Rehab	-	327,000	1,533,000	-	-	-	-	-	-	-
	Dusty Trail PL Replacement	-	-	698,000	-	-	-	-	-	-	-
	Encinitas Blvd PL Inspection and Repair	145,000	537,000	-	-	-	-	-	-	-	-
	Encinitas Blvd PL Replacement	-	-	-	-	-	500,000	2,282,000	7,617,000	-	-
	RSF Rd PL Inspection	-	-	164,000	524,000	-	-	-	-	-	-
	RSF Rd PL Replacement	-	-	-	-	-	-	-	-	460,000	885,000
(1)	Village Park PRS Replacement	180,000	760,000	-	-	-	-	-	-	-	-
(1)	Gardendale PRS Replacement	180,000	760,000	-	-	-	-	-	-	-	-
	Del Lago PRS Replacement	-	-	120,000	820,000	-	-	-	-	-	-
	SE #1 PRS Replacement	-	-	-	-	130,000	880,000	-	-	-	-
	Quail Gardens	-	-	-	-	-	-	140,000	960,000	-	-
	Via Valle Verde	-	-	-	-	-	-	-	-	150,000	1,030,000
	Palms I and II Reservoirs Replacemt	-	150,000	1,135,000	-	-	-	-	-	-	-
	Rancho La Cima/Aliso Canyon PL Relocation	102,000	5,000	130,000	-	-	-	-	-	-	-
	Harris Ranch Right-of-Way Acquisition	-	-	182,000	-	-	-	-	-	-	-
	Unit B & K EM CCTV Inspect & Rehab Phase 2	-	-	412,000	1,838,000	-	-	-	-	-	-
	EV Charging Station	-	-	60,000	750,000	1,485,000	-	-	-	-	-
	Pressure Zone 386 Expansion	-	-	-	989,000	-	-	-	-	-	-
	Gano Reservoir Improvements	-	-	-	20,000	159,000	-	-	-	-	-
	Gaty I Reservoir Decommissioning	-	-	-	-	-	398,000	-	-	-	-
	Berk Reservoir Improvements	-	-	-	-	-	-	22,000	179,000	-	-
	Replace Maryloyd Pump Station	-	-	-	-	-	-	-	506,000	-	-
	Replace Lone Jack Pipeline	-	-	-	-	-	-	-	-	1,447,000	-
(1)	Residuals Handling Building Canopy	414,000	-	-	-	-	-	-	-	-	-
(1)	DCMWTP pH Control Systems	586,000	-	-	-	-	-	-	-	-	-
	4th Stage Centrifuge Addition	996,000	-	-	-	-	-	-	-	-	-
(1)	Hydropower Turbine Refurbishment	479,000	-	-	-	-	-	-	-	-	-
	Chlorine Gen Rm Lining Rehab	150,000	-	-	-	-	-	-	-	-	-
	Air Monitoring and HVAC Improvement	50,000	100,000	-	-	-	-	-	-	-	-
	General WTP Inspect & Cond Assessment	400,000	-	-	-	-	-	-	-	-	-
	2nd Stage Membrane Train Overhaul	270,000	280,000	295,000	-	-	-	-	-	-	-
	Membrane Train Control Wiring Replacement	-	-	55,000	-	-	62,000	-	-	70,000	-
	Flow Meter Replacements	-	-	-	-	-	-	-	85,000	89,000	92,000
	DCMWTP Office Construction	-	-	-	-	-	1,874,000	1,423,000	-	-	-
	DCMWTP Analyzer Replacement	-	-	-	-	-	-	451,000	-	-	-
	Replace Strainer Isolation Valves	-	-	-	-	-	-	-	101,000	-	-
	Replace Chemical Feed Systems	-	-	-	-	-	-	-	-	108,000	112,000
	Replace Chemical Storage Systems	-	-	-	-	-	-	-	232,000	241,000	251,000
	DCMWTP Sewer Manhole Project	-	-	-	-	-	-	-	131,000	-	-
	Repl Main DCMWTP Compressors	-	-	-	-	-	-	-	216,000	-	-
	Replace Chlorine Generator	-	-	-	-	-	-	-	-	1,442,000	-
	DCMWTP Chemical Systems Upgrade	-	-	-	-	-	-	-	-	-	150,000
	3rd Stage DAF Addition	-	-	-	-	-	-	-	-	-	758,000
(1)	Landscape HQ Courtyards	35,000	-	-	-	-	-	-	-	-	-
	Bridge Crane Rehabilitation and Mods	-	-	-	-	-	-	-	-	-	836,000
	Golem 14" Pipeline Condition Assessment	150,000	-	-	-	-	-	-	-	-	-

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

Project Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Recurring Replacement Projects										
Network Security	165,000	115,000	96,000	100,000	104,000	109,000	114,000	119,000	124,000	129,000
Replace Pipelines	1,350,000	1,070,000	544,000	1,279,000	658,000	684,000	712,000	875,000	910,000	946,000
Replace Valves	1,085,000	1,106,000	917,000	907,000	888,000	854,000	821,000	789,000	759,000	730,000
Replace DCM WTP Membranes	725,000	749,000	900,000	936,000	842,000	876,000	911,000	947,000	985,000	1,024,000
Replace PRS Valves	50,000	52,000	54,000	56,000	58,000	60,000	62,000	65,000	68,000	71,000
Replace Potable Meters	315,000	328,000	336,000	342,000	515,000	575,000	598,000	615,000	637,000	660,000
Steel Mains Protection	281,000	292,000	304,000	316,000	329,000	342,000	356,000	370,000	385,000	400,000
Replace Meter Anodes	146,000	152,000	158,000	164,000	171,000	178,000	185,000	192,000	200,000	208,000
Replace Pumps and Motors	84,000	88,000	91,000	95,000	99,000	103,000	107,000	111,000	115,000	119,000
Rehab Concrete Tanks	45,000	47,000	49,000	51,000	53,000	55,000	57,000	60,000	62,000	425,000
Physical Security Upgrades	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Recycled Projects										
(1) Manchester Recycled Pipeline Ext.	4,465,000	-	-	-	-	-	-	-	-	-
Replace Recycled Meters	21,000	18,000	16,000	16,000	25,000	26,000	27,000	28,000	31,000	33,000
(1) Calle Barcelona, VP, & Summerhill HOA Exten	2,110,000	500,000	-	-	-	-	-	-	-	-
Retrofit Potable Meters to Recycled	60,000	62,000	65,000	67,000	70,000	73,000	76,000	79,000	82,000	85,000
(1) Ext. 153 Flow Meter	205,000	155,000	-	-	-	-	-	-	-	-
Wanket RW Reservoir Rehabilitation	75,000	75,000	-	-	-	-	-	-	-	-
Back-Up Generator Santa Fe Valley RW Pump Station	250,000	-	-	-	-	-	-	-	-	-
Santa Fe Valley RW Reservoir Improvements	-	-	-	20,000	159,000	-	-	-	-	-
Total	\$ 19,591,000	\$ 11,808,000	\$ 12,452,000	\$ 21,076,000	\$ 28,248,000	\$ 7,917,000	\$ 8,369,000	\$ 14,410,000	\$ 8,394,000	\$ 8,973,000

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2023

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2023

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Water (Potable and Recycled) - Capital and Equipment Fund

Project Name	Cumulative Appropriation (See Note)	Budget	Fiscal Year		Project Description
			Begin	Complete	
San Dieguito Groundwater Desalination	\$ 6,231,000	\$ 42,837,000	11/12	26/27	This project is in the early feasibility/design stage. The District is planning to add a local source of water so that the need for imported water will be reduced.
Advanced Metering Infrastructure (AMI)	\$ 1,532,000	\$ 2,416,000	19/20	24/25	The District is planning to replace all meters which are read by the "drive-by" system, to meters which can be read by radio-read towers.
District-Wide PLC Replacements (PW/RCW)	\$ 294,000	\$ 1,066,000	21/22	25/26	Many PLCs are at end of life and will no longer be supported. Design to occur fiscal year 2022 with construction occurring over the following three years. This project will encompass potable and recycled water, as well as wastewater.
Network User Enhancements	\$ 200,000	\$ 200,000	21/22	22/23	Migration from Office 2013 to Microsoft 365. Microsoft 365 offers enhanced collaboration tools and remote capabilities. Office 2013 is at end of life and will require an upgrade and true up on licenses.
District Wide Physical Security Improvements	\$ 150,000	\$ 240,000	21/22	26/27	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.
OMWD Parking and Access Improvements	\$ 341,000	\$ 584,000	21/22	26/27	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.
PW and RCW Master Plan Update	\$ 583,000	\$ 583,000	21/22	23/24	Develop a plan that assesses current status of systems and create future outline of each distribution system
RSF Unit A North PL Repl	\$ 2,177,000	\$ 2,177,000	21/22	23/24	This project will replace or rehab 1500-ft of 1961 12-inch steel pipeline with new PVC including connections to Avenida La Posta.
Village Park PRS Replacement	\$ 960,000	\$ 960,000	21/22	23/24	Pressure reducing station constructed in 1978 is at end of life and requires replacement.
Gardendale PRS Replacement	\$ 960,000	\$ 960,000	21/22	23/24	Pressure reducing station constructed in 1972 is at end of life and requires replacement.
Residuals Handling Building Canopy	\$ 482,000	\$ 482,000	16/17	21/22	Covered areas will protect exposed piping and storage tanks from ultra-violet exposure, to keep equipment from premature deterioration due to exposure to the elements.
DCMWTP pH Control Systems	\$ 737,000	\$ 737,000	20/21	22/23	The plant does not currently have a system to adjust the pH at the inlet. Due to recent changes in the source water coming into the plant, the operators need to make adjustments as needed for quality and equipment issues.
Landscape HQ Courtyards	\$ 45,000	\$ 45,000	21/22	22/23	This project will complete the landscape and hardscape within the District courtyard and Board courtyard areas.
Manchester Recycled Pipeline Ext.	\$ 5,225,000	\$ 5,225,000	16/17	22/23	The District will install approximately 1.4-miles of pipeline to annually provide recycled water to users along the Manchester corridor. Grant funds were secured for this project.
Calle Barcelona, VP, & Summerhill HOA Exten	\$ 2,645,000	\$ 2,645,000	21/22	23/24	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.
Ext. 153 Flow Meter	\$ 385,000	\$ 385,000	19/20	23/24	A meter is needed on the recycled water distribution system extension 153 to measure OMWD recycled usage and also allows for the isolation of the San Diego recycled water system in an emergency.
Rancho La Cima/Aliso Canyon PL Relocation	\$ 170,000	\$ 300,000	16/17	24/25	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.
Network Security	\$ 280,000	\$ 1,175,000	22/23	31/32	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 Pipelines	\$ 2,420,000	\$ 9,028,000	22/23	31/32	This is a placeholder for the unplanned replacement of pipeline which may arise during the course of the year.
Replace Valves	\$ 2,191,000	\$ 8,856,000	22/23	31/32	The District's goal is to replace 50 valves annually as part of the Valve Replacement Program.
Replace DCM WTP Membranes	\$ 1,474,000	\$ 8,895,000	22/23	31/32	The membranes need to be replaced at the end of their estimated useful life, in order to maintain a safe and reliable treatment system.
Replace PRS Valves	\$ 102,000	\$ 596,000	22/23	31/32	On going project to upgrade Cla-vals and valves to ensure proper functionality of pressure reducing stations
Replace Potable Meters	\$ 643,000	\$ 4,921,000	22/23	31/32	Meters and related equipment which are at the end of their useful life are systematically replaced.
Steel Mains Protection	\$ 573,000	\$ 3,375,000	22/23	31/32	This ongoing project is needed to ensure pipelines are protected from corrosion - more protection means fewer pipeline failures. Project includes sacrificial and impressed-current cathodic protection systems and stations.
Replace Meter Anodes	\$ 298,000	\$ 1,754,000	22/23	31/32	Methodically assess and replace meter anodes, in order to maintain a reliable distribution system. Ensures protection of water service laterals.
Replace Pumps and Motors	\$ 172,000	\$ 1,012,000	22/23	31/32	As part of the District's on-going maintenance program, equipment will be regularly and systematically replaced to maintain operational reliability.
Rehab Concrete Tanks	\$ 92,000	\$ 904,000	22/23	31/32	The District owns and operates 5 prestressed concrete water reservoirs, which need to be rehabilitated periodically to maintain water quality.
Physical Security Upgrades	\$ 50,000	\$ 250,000	22/23	31/32	On going project to upgrade physical security systems
Replace Recycled Meters	\$ 39,000	\$ 241,000	22/23	31/32	Meters and related equipment at the end of their useful life are systematically replaced.

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Water (Potable and Recycled) - Capital and Equipment Fund

Project Name	Cumulative Appropriation (See Note)	Budget	Fiscal Year		Project Description
			Begin	Complete	
Retrofit Potable Meters to Recycled	\$ 122,000	\$ 719,000	22/23	31/32	In the Northwest Quadrant service area, there is more recycled water available due to the Village Park Recycled Project which was capitalized in 2016/17. More customers are connecting to the system and the District incurs costs to inspect the retrofit.
District Wide Scada Upgrades	\$ 256,000	\$ 256,000	22/23	22/23	Software version upgrade to SCADA that decreases network security risks and improves mobile device usage.
SWPPP Facility Improvements	\$ 100,000	\$ 100,000	22/23	22/23	Site improvements to meet regulatory standards for water runoff from District property
Gaty II Safety Improvements	\$ 590,000	\$ 590,000	22/23	23/24	Safety improvements recommended as part of the concrete tank inspection project
Unit B & K Rehab	\$ 327,000	\$ 1,860,000	23/24	24/25	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.
Dusty Trail PL Replacement	\$ -	\$ 698,000	24/25	24/25	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
Encinitas Blvd PL Inspection and Repair	\$ 682,000	\$ 682,000	23/24	24/25	Inspection and replacement project that came of condition assessment study
Encinitas Blvd PL Replacement	\$ -	\$ 10,399,000	27/28	29/30	Existing 12" cmc steel pipeline between RSF Road and Village Park Way requires replacement for increased reliability.
RSF Rd PL Inspection	\$ -	\$ 688,000	24/25	25/26	Condition assessment of existing 1960's vintage pipelines will determine repair or replacement of critical infrastructure.
RSF Rd PL Replacement	\$ -	\$ 1,345,000	30/31	31/32	Existing 12" cmc steel pipeline constructed in early/mid 1960's requires replacement for increased reliability.
Del Lago PRS Replacement	\$ -	\$ 940,000	24/25	25/26	Scheduled PRS replacement due to end of life facility.
SE #1 PRS Replacement	\$ -	\$ 1,010,000	26/27	27/28	Scheduled PRS replacement due to end of life facility.
Quail Gardens	\$ -	\$ 1,100,000	28/29	29/30	Scheduled PRS replacement due to end of life facility.
Via Valle Verde	\$ -	\$ 1,180,000	30/31	31/32	Scheduled PRS replacement due to end of life facility.
Palms I and II Reservoirs Replacemt	\$ 150,000	\$ 1,285,000	23/24	24/25	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. Project reduces maintenance expenses by replacing two aging reservoirs.
Harris Ranch Right-of-Way Acquisition	\$ -	\$ 182,000	24/25	24/25	The District needs to acquire various easements within the Harris Ranch area.
Unit B & K EM CCTV Inspect & Rehab Phase 2	\$ -	\$ 2,250,000	24/25	25/26	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.
EV Charging Station	\$ -	\$ 2,295,000	24/25	26/27	Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District and customer vehicles.
Pressure Zone 386 Expansion	\$ -	\$ 989,000	25/26	25/26	Expand Pressure Zone 386 to move customer meters off high pressure pipelines onto lower pressure pipelines. New pipelines to be constructed in Cole Ranch Road and Lone Jack Road/11th Street.
Gano Reservoir Improvements	\$ -	\$ 179,000	25/26	26/27	Condition assessment of concrete tank identified safety and rehab issues for correction.
Gaty I Reservoir Decommissioning	\$ -	\$ 398,000	27/28	27/28	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 limitations.
Berk Reservoir Improvements	\$ -	\$ 201,000	28/29	29/30	Condition assessment of concrete tank identified safety and rehab issues for correction.
Replace Maryloyd Pump Station	\$ -	\$ 506,000	29/30	29/30	Project to replace the aging Maryloyd Pump Station which is used for emergency operation and redundancy and reliability in the Cielo area.
Replace Lone Jack Pipeline	\$ -	\$ 1,447,000	30/31	30/31	Existing 12" cmc steel pipeline constructed in early/mid 1960's requires replacement for increased reliability.
4th Stage Centrifuge Addition	\$ 996,000	\$ 996,000	22/23	22/23	Addition of a second dewatering centrifuge will reduce staffing overtime, stabilize WTP plant production and increase system reliability.
Hydropower Turbine Refurbishment	\$ 800,000	\$ 800,000	21/22	22/23	Energy recovery turbine refurbishment will extend life of units, increase reliability, and help offset WTP energy costs.
Chlorine Gen Rm Lining Rehab	\$ 150,000	\$ 150,000	22/23	22/23	Install protective lining inside the Chlorine Generation Room at the DCMWTP to protect concrete surfaces from corrosive environment
Air Monitoring and HVAC Improvement	\$ 150,000	\$ 150,000	22/23	23/24	Recommended air monitoring system as part of the air quality inspection report from ISE consultants
General WTP Inspect & Cond Assessment	\$ 400,000	\$ 400,000	22/23	22/23	This project will assess the condition of assets and equipment at the DCMWTP and make recommendations regarding replacement

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Water (Potable and Recycled) - Capital and Equipment Fund

Project Name	Cumulative Appropriation (See Note)	Budget	Fiscal Year		Project Description
			Begin	Complete	
2nd Stage Membrane Train Overhaul	\$ 550,000	\$ 845,000	22/23	24/25	Upgrade hardware on membrane train 2
Membrane Train Control Wiring Replacement	\$ -	\$ 187,000	24/25	24/25	Replace membrane train control wiring. Wiring is at end of life and we have experienced failures.
Flow Meter Replacements	\$ -	\$ 266,000	29/30	31/32	Replace existing flow meters which are nearing the end of their useful life.
DCMWTP Office Construction	\$ -	\$ 3,297,000	27/28	28/29	Construct facilities to increase the size of the control room, library, storage and locker room, which are undersized for long-term use.
DCMWTP Analyzer Replacement	\$ -	\$ 451,000	28/29	28/29	Replacement of water quality analyzers throughout the DCMWTP as they are obsolete and nearing the end of their useful life.
Replace Strainer Isolation Valves	\$ -	\$ 101,000	29/30	29/30	Replace the existing plant isolation valves which are nearing end of their useful life.
Replace Chemical Feed Systems	\$ -	\$ 336,000	29/30	31/32	Replace the existing chemical feed system which is nearing end of it's useful life.
Replace Chemical Storage Systems	\$ -	\$ 724,000	29/30	31/32	Replace existing chlorine storage equipment which is nearing the end of useful it's life.
DCMWTP Sewer Manhole Project	\$ -	\$ 131,000	29/30	29/30	Refurbish existing sewer system, manholes and holding tank as needed to extend useful life.
Repl Main DCMWTP Compressors	\$ -	\$ 216,000	29/30	29/30	Replace existing equipment which is nearing the end of it's useful life.
Replace Chlorine Generator	\$ -	\$ 1,442,000	30/31	30/31	Replace onsite chlorine generation system to ensure safe and reliable operation. System nearing end of expected life.
DCMWTP Chemical Systems Upgrade	\$ -	\$ 150,000	31/32	31/32	Replacement of 2002 chemical feed and storage systems which are obsolete or beyond useful life. Increased storage capacity for the 3rd stage coagulant saves \$50,000 annually due to being able to take larger bulk deliveries.
3rd Stage DAF Addition	\$ -	\$ 758,000	31/32	31/32	Addition of DAF at WTP will increase staff's ability to handle varying water quality issues and maintain stable water treatment output.
Bridge Crane Rehabilitation and Mods	\$ -	\$ 836,000	31/32	31/32	Vital WTP facility requires periodic replacement and rehab for handling equipment and membrane elements.
Golem 14" Pipeline Condition Assessment	\$ 150,000	\$ 150,000	22/23	22/23	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.
Wanket RW Reservoir Rehabilitation	\$ 150,000	\$ 150,000	22/23	23/24	Condition assessment and rehabilitation of tank
Back-Up Generator Santa Fe Valley RW Pump Station	\$ 250,000	\$ 250,000	22/23	22/23	Installation of generator at RW PS will increase reliability of station especially during summer high electric demand power outages.
Santa Fe Valley RW Reservoir Improvements	\$ -	\$ 179,000	25/26	26/27	Condition assessment of concrete tank identified safety and rehab issues for correction.

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, 2023.

The annual appropriations will be recorded on July 1, 2022 and July 1, 2023.

Olivenhain Municipal Water District
Fiscal Years 2023 and 2024 Capital Improvement Program - Budget Review
Capital Improvement Fund - Wastewater (4S Ranch and Rancho Cielo)

Project Name	Construction in Progress Budget			
	Project Budget 7/1/2021	Approved FY 2022	Increase (Decrease)	Project Budget 7/1/2022
<u>On-Going Projects</u>				
Rehab Neighborhood 1 Pump Station	4,832,000	2,900,000	-	7,732,000
Headworks Screening System Improvements	3,160,000	-	-	3,160,000
<u>Recurring Replacement Projects</u>				
Replace Pumps/Motors/Equipment - WW	1,799,000	-	225,000	2,024,000
4S Ranch System Manhole Lining	189,000	-	17,000	206,000
Rancho Cielo System Manhole Lining	539,000	-	47,000	586,000
4S WRF Physical Security Upgrades	35,000	-	175,000	210,000
4S Ranch Pipe Replacement	-	-	660,000	660,000
Rancho Cielo Pipe Replacement	-	-	831,000	831,000
Collection System SPS Rehab	-	-	912,000	912,000
<i>Total, On-Going and Replacement Projects</i>	\$ 10,554,000	\$ 2,900,000	\$ 2,867,000	\$ 16,321,000
<u>Proposed New Projects</u>				
Replace Overflow Pond Strainer	-	-	231,000	231,000
District-Wide PLC Replacements (WW)	-	-	901,000	901,000
4S WRF Scada Upgrades	-	-	64,000	64,000
Cielo SPS Flow Meters	-	-	443,000	443,000
Wastewater Master Plan	-	-	110,000	110,000
<i>Total, Proposed New Projects</i>	\$ -	\$ -	\$ 1,749,000	\$ 1,749,000
Total	\$ 10,554,000	\$ 2,900,000	\$ 4,616,000	\$ 18,070,000

Olivenhain Municipal Water District
Fiscal Years 2023 and 2024 Capital Improvement Program - Expenditure and Appropriation Review
Capital Improvement Fund - Wastewater (4S Ranch and Rancho Cielo)

Project Name	Capital Project Budget	Projected Capital Expenditures					Construction in Progress Appropriation				
		Carryover at 6/30/2022	FY2023	FY2024	FYs 2025-2030	Total	As of 7/1/2021	Approved FY2022	Adjust	Balance 7/1/2022	Balance 7/1/2023
On-Going Projects											
Rehab Neighborhood 1 Pump Station	7,732,000	1,140,000	6,592,000	-	-	7,732,000	4,831,000	2,901,000	-	7,732,000	(7,732,000)
Headworks Screening System Improvements	3,160,000	251,000	116,000	39,000	2,754,000	3,160,000	2,198,000	-			
Recurring Replacement Projects											
Replace Pumps/Motors/Equipment - WW	2,024,000	-	169,000	175,000	1,680,000	2,024,000	162,000	-	7,000	169,000	6,000
4S Ranch System Manhole Lining	206,000	-	17,000	18,000	171,000	206,000	16,000	-	1,000	17,000	1,000
Rancho Cielo System Manhole Lining	586,000	-	48,000	50,000	488,000	586,000	47,000	-	1,000	48,000	2,000
4S WRF Physical Security Upgrades	210,000	-	30,000	30,000	150,000	210,000	-	-	30,000	30,000	-
4S Ranch Pipe Replacement	660,000	-	136,000	-	524,000	660,000	-	-	136,000	136,000	(136,000)
Rancho Cielo Pipe Replacement	831,000	-	173,000	-	658,000	831,000	-	-	173,000	173,000	(173,000)
Collection System SPS Rehab	912,000	-	169,000	-	743,000	912,000	-	-	169,000	169,000	(169,000)
<i>Total, On-Going and Replacement Projects</i>	\$ 16,321,000	\$ 1,391,000	\$ 7,450,000	\$ 312,000	\$ 7,168,000	\$ 16,321,000	\$ 7,254,000	\$ 2,901,000	\$ 517,000	\$ 8,474,000	\$ (8,201,000)
Proposed New Projects											
Replace Overflow Pond Strainer	231,000	-	25,000	206,000	-	231,000	-	-	25,000	25,000	206,000
District-Wide PLC Replacements (WW)	901,000	-	38,000	91,000	772,000	901,000	-	-	38,000	38,000	91,000
4S WRF Scada Upgrades	64,000	-	64,000	-	-	64,000	-	-	64,000	64,000	(64,000)
Cielo SPS Flow Meters	443,000	-	193,000	-	250,000	443,000	-	-	193,000	193,000	(193,000)
Wastewater Master Plan	110,000	-	10,000	100,000	-	110,000	-	-	10,000	10,000	100,000
<i>Total, Proposed New Projects</i>	\$ 1,749,000	\$ -	\$ 330,000	\$ 397,000	\$ 1,022,000	\$ 1,749,000	\$ -	\$ -	\$ 330,000	\$ 330,000	\$ 140,000
Total	\$ 18,070,000	\$ 1,391,000	\$ 7,780,000	\$ 709,000	\$ 8,190,000	\$ 18,070,000	\$ 7,254,000	\$ 2,901,000	\$ 847,000	\$ 8,804,000	\$ (8,061,000)

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

	Project Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
(1)	Rehab Neighborhood 1 Pump Station	6,592,000	-	-	-	-	-	-	-	-	-
(1)	Headworks Screening System Improvements	116,000	39,000	2,754,000	-	-	-	-	-	-	-
	Replace Overflow Pond Strainer	25,000	206,000	-	-	-	-	-	-	-	-
	District-Wide PLC Replacements (WW)	38,000	91,000	386,000	386,000	-	-	-	-	-	-
	4S WRF Scada Upgrades	64,000	-	-	-	-	-	-	-	-	-
	Cielo SPS Flow Meters	193,000	-	-	-	120,000	-	-	130,000	-	-
	Wastewater Master Plan	10,000	100,000	-	-	-	-	-	-	-	-
	4S WRF Tertiary Filter Condition Assessment	-	-	61,000	-	-	-	-	74,000	-	-
	EV Charging Station	-	-	15,000	187,000	748,000	-	-	-	-	-
	Replace Digester Blowers	-	-	-	-	75,000	802,000	213,000	-	-	-
	Main Electrical Switchgear Upgrade	-	-	-	-	-	366,000	3,405,000	3,316,000	-	-
	Stormwater Diversion Pipeline	-	-	-	-	-	-	80,000	530,000	-	-
	Emergency Generator Replacement	-	-	-	-	-	-	204,000	1,078,000	-	-
	Upgrade Plant B Oxidation Ditch	-	-	-	-	-	-	-	100,000	713,000	1,220,000
	Site Paving Improvements	-	-	-	-	-	-	-	-	151,000	313,000
	Neighborhood 3 SPS Pumps	-	-	-	-	-	-	-	-	142,000	993,000
	Non-Potable Water Pump Station Rehab	-	-	-	-	-	-	-	-	-	219,000
	Headworks Odor Scrubber Replacement	-	-	-	-	-	-	-	-	-	199,000
Recurring Replacement Projects											
	Replace Pumps/Motors/Equipment - WW	169,000	175,000	182,000	190,000	197,000	205,000	213,000	222,000	231,000	240,000
	4S Ranch System Manhole Lining	17,000	18,000	18,000	19,000	20,000	21,000	21,000	23,000	24,000	25,000
	Rancho Cielo System Manhole Lining	48,000	50,000	52,000	54,000	57,000	59,000	61,000	66,000	68,000	71,000
	4S WRF Physical Security Upgrades	30,000	30,000	30,000	30,000	15,000	15,000	15,000	15,000	15,000	15,000
	4S Ranch Pipe Replacement	136,000	-	-	153,000	-	-	172,000	-	-	199,000
	Rancho Cielo Pipe Replacement	173,000	-	-	194,000	-	-	218,000	-	-	246,000
	Collection System SPS Rehab	169,000	-	100,000	-	198,000	-	214,000	-	231,000	-
Total		\$ 7,780,000	\$ 709,000	\$ 3,598,000	\$ 1,213,000	\$ 1,430,000	\$ 1,468,000	\$ 4,816,000	\$ 5,554,000	\$ 1,575,000	\$ 3,740,000

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2023

(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2023

Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Wastewater (Sewer) - Capital and Equipment Fund

Project Name	Cumulative Appropriation (See Note)	Budget	Fiscal Year		Project Description
			Begin	Complete	
Rehab Neighborhood 1 Pump Station	\$ 7,732,000	\$ 7,732,000	13/14	22/23	Replacement of the SPS (except for certain structural components) to include new pumps, electrical systems, instrumentation and vault.
Headworks Screening System Improvements	\$ 406,000	\$ 3,160,000	17/18	24/25	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.
Replace Overflow Pond Strainer	\$ 231,000	\$ 231,000	21/22	23/24	Install automated strainer system, piping changes, and SCADA intergration for 4S WRF.
District-Wide PLC Replacements (WW)	\$ 129,000	\$ 901,000	23/24	25/26	Many PLCs are at end of life and will no longer be supported. Design to occur fiscal year 2023 with construction occurring over the following three years. This project will encompass potable and recycled water, as well as wastewater.
4S WRF Scada Upgrades	\$ 64,000	\$ 64,000	22/23	22/23	Software version upgrade to SCADA that decreases network security risks and improves mobile device usage.
Cielo SPS Flow Meters	\$ 193,000	\$ 443,000	22/23	22/23	Flow meters are needed in three Cielo SPSs to capture, monitor and track flows.
Wastewater Master Plan	\$ 110,000	\$ 110,000	22/23	23/24	Review and update the 2015 Wastewater Master plan.
4S WRF Tertiary Filter Condition Assessment	\$ -	\$ 135,000	24/25	29/30	Evaluate the condition and operational status of the Sand Filter system.
EV Charging Station	\$ -	\$ 950,000	24/25	26/27	Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District and customer vehicles.
Replace Digester Blowers	\$ -	\$ 1,090,000	26/27	28/29	Replace 4S WRF digester blowers as they approach end of life to maintain operational reliability.
Main Electrical SwitchGear Upgrade	\$ -	\$ 7,087,000	27/28	29/30	Replace 4S WRF main electrical switch gear as it reaches end of life to maintain operational reliability.
Stormwater Diversion Pipline	\$ -	\$ 610,000	28/29	29/30	DDW requires management of non-spec recycled water to prevent comingling with tertiary treated RW. Project evaluates options for handling non-spec water and constructing facilities necessary for compliance.
Emergency Generator Replacement	\$ -	\$ 1,282,000	28/29	29/30	Replace critical 4S WRF back-up emergency generator to maintain operational reliability. Generator nearing end of life.
Upgrade Plant B Oxidation Ditch	\$ -	\$ 2,033,000	22/23	22/23	This project was identified in the September, 2015 Capital Improvement Plan which covers fiscal years 2016 - 2035 and was prepared by an outside consultant.
Site Paving Improvements	\$ -	\$ 464,000	30/31	31/32	4S WRF site paving improvements.
Neighborhood 3 SPS Pumps	\$ -	\$ 1,135,000	30/31	31/32	Replace existing equipment which is nearing the end of it's useful life.
Non-Potable Water Pump Station Rehab	\$ -	\$ 219,000	31/32	31/32	Replace the non-potable water pumps at the 4S Ranch WRF, which are reaching the end of their useful life. Project includes vertical turbine pumps, motors, electrical swithcgear and controls.
Headworks Odor Scrubber Replacement	\$ -	\$ 199,000	31/32	31/32	Replace odor scrubbing equipment as it reaches end of life to maintain operational reliability.
4S Ranch Pipe Replacement	\$ 136,000	\$ 660,000	22/23	31/32	This is a placeholder, grouped every three years, used to replace failing pipe so as to maintain operational reliability in the 4S Ranch Sanitation District.
4S Ranch System Manhole Lining	\$ 35,000	\$ 206,000	22/23	31/32	This is an annual placeholder, used to maintain key system components so as to maintain operational reliability in the 4S Ranch Sanitation District.
Collection System SPS Rehab	\$ 169,000	\$ 912,000	22/23	30/31	Assess each Collection System Sewer Pump Station for future upgrades or rehabilitation.
Rancho Cielo Pipe Replacement	\$ 173,000	\$ 831,000	22/23	30/31	This is a placeholder, grouped every three years, used to replace failing pipe so as to maintain operational reliability in the Rancho Cielo Sanitation District.
Rancho Cielo System Manhole Lining	\$ 98,000	\$ 586,000	22/23	31/32	This is an annual placeholder, used to maintain key system components so as to maintain operational reliability in the Rancho Cielo Sanitation District.
Replace Pumps/Motors/Equipment - WW	\$ 344,000	\$ 2,024,000	22/23	31/32	This is an annual placeholder, used to replace failing equipment so as to maintain operational reliability.
4S WRF Physical Security Upgrades	\$ 60,000	\$ 210,000	22/23	31/32	Assess 4S WRF physical security and plan upgrades such as perimeter security including adding cameras and enhanced fencing along with additional technologic features.

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, 2023.

The annual appropriations will be recorded on July 1, 2022 and July 1, 2023.

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, 2023. The annual appropriations will be recorded on July 1, 2022 and July 1, 2023.

Assessed Valuation

An official government value placed upon real estate or other property as a basis for levying taxes.

GLOSSARY

Assessment District Bond

Limited Obligation Improvement Bonds (LOIB's) issued pursuant to the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915.

The obligations of the District under the bonds are not general obligations of the District, but are limited obligations, payable solely from the assessments and other assets pledged under the bond indenture.

Assets

Resources owned or held which have monetary and economic value.

Balanced Budget

Anticipated operating expenditures do not exceed the sum of anticipated revenues.

Benefit Assessment Revenues

Assessments levied within the Assessment District, for the purpose of repaying principal and interest on the bonds, as well as to reimburse for administrative costs directly associated with the bonds.

BMP

Best Management Practices. Proven and reliable water conservation technologies and programs that address residential, commercial, industrial, and landscape water uses.

Bond

A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

Bond Covenant

A contractual provision in a bond indenture.

Budget

A balanced financial plan for a given period of time, which includes appropriations and revenues which finance the various funds. The budget is not only a financial plan; it also serves as a policy guide, as an operations guide, and as a communications medium.

Canal Lining Projects

All-American and Coachella canal lining projects. These projects are a key component of the San Diego County Water Authority's supply diversification and improved water supply reliability goals.

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.

GLOSSARY

Capital Items

These are major equipment purchases which are used for District operations.

Capital Equipment

Fixed assets such as vehicles, computers, furniture and technical instruments which have a life expectancy of more than three years and a value over \$5,000.

Capital Improvement Program

A multi-year plan – identifying capital projects to be funded during the planning period.

Capital Budget

A government's annual appropriation for capital spending that is legally adopted by the legislative body.

Capital Outlay

Expenditures which result in the acquisition of, or addition to, fixed assets, including land, buildings, improvements, machinery and equipment. Most equipment or machinery is included in the Annual Operating Budget. Capital improvements such as acquisition of land, construction and engineering expenses are included in the Capital Budget.

Capital Projects

Projects that result in the purchase or construction of capital assets.

Capitalized Non-labor Expenses

A transfer of indirect administrative and employee benefit costs, (using a percentage of direct labor,) which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

Capitalized Interest

Interest costs, less interest earned on long-term debt, are capitalized during the construction period of major capital asset additions.

Capitalized Labor

A transfer of direct labor costs, which are included in the Operating Budget and are for the benefit of projects in the Capital Improvement Program, to the Capital Budget.

Cash Basis

A projection of cash receipts and disbursements anticipated during a fiscal year.

Cash Management

A conscious effort to manage cash flows in such a way that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The District maximizes the return on all funds available for investment without the sacrifice of safety or necessary liquidity.

GLOSSARY

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.

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.

GLOSSARY

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.

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.)

GLOSSARY

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.

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.

GLOSSARY

Employee Programs

Expenses incurred for the purpose of District sponsorship of activities or programs that acknowledge the contributions of District employees. Examples may include plaques that recognize an employee's longevity with the District, reward an employee's suggestion for improving a District procedure, or support of employee health and wellness.

Employee Recreation Club

Expenses incurred for the purpose of the District's annual funding of a recreation club that is administered by the employees for group recreational activities.

Employee Training and Education

Expenses incurred for the purpose of sending employees to training classes or seminars. Also included are expenses incurred to reimburse employees for participation in classes in the pursuit of a college degree. Seminar fees for staff are not included in this account, and should be expensed to "seminars and meetings." Travel expenses incurred by employees while attending seminars and classes are also to be included in "seminars and meetings."

Engineering

Expenses incurred as a result of services provided by the District's engineers or any other engineering firms retained by the District.

Enterprise Fund

Fund that provides goods or services to the public for a fee that makes the entity self-supporting.

Equipment Purchases

The purchase of office equipment, furniture, automobiles trucks, shop equipment, office furniture, and other items.

Equipment Rental

Expenses incurred as a result of the one-time or monthly rental of equipment. This may include the rental of heavy machinery, computers, or any other type of equipment of which the District is not the owner.

Expansion Fund

See Capacity Fee Fund.

Expenditure

An amount of money disbursed or obligated. Expenditures include current operating disbursements requiring the present or future use of net current assets, debt service and capital improvements.

GLOSSARY

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.

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.

GLOSSARY

Gann Limit:

Government Code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriation limit for the following fiscal year. Any revenue from “proceeds of taxes” is appropriated by the Board of Directors of the District for fixed assets (including land and construction) with a useful life of ten years or more and a value which equals or exceeds \$100,000. Per resolution number 2021-14 of the Board of Directors of the Olivenhain Municipal Water District, the appropriation limit for Fiscal Year 2022 is \$2,629,274. Fiscal Years 2023 and 2024 will go to the Board for approval in June of 2022 and 2023.

GFOA

Government Finance Officers Association of United States and Canada.

Gain/Loss – Disposition of Assets

Income received or expenses incurred as a result of the voluntary (in the case of items sold by the District) or involuntary (in the case of theft or vandalism) disposition of District assets.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements. GAAP provides a standard by which to measure financial presentations.

GIS

Geographic Information System - an organized collection of computer hardware, software and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

Grow Your Own (GYO) Program

Program to allow the District to better retain qualified and productive employees for the District's future succession plan. The program does not limit employee's opportunity for growth while maintaining the same headcount.

HCF

Hundred Cubic Feet – equal to 748 gallons.

IAWP

Interim Agricultural Water Program.

GLOSSARY

Impact Charge Revenues

This charge resulted from an ordinance passed by the District's Board of Directors, and is intended to mitigate impacts to the District's water storage system caused by new development needing greater storage capacity than was originally assessed as part of Assessment District 96-1.

Implementing Policies

Specific guiding principles that directly guide and support achievement of strategic goals and objectives.

Improvement District Bond

Voters of select improvement districts authorize the issuance of these general obligation bonds in which principal and interest are repaid from operating revenues and ad valorem taxes levied upon taxable property located within the improvement district.

Infrastructure

Water, Recycled and Sewer backbone facilities, including collection, treatment and distribution systems, as well as office buildings.

Insurance – Dental

Expenses incurred for the purpose of providing dental insurance for District Board members, employees, and their dependents.

Insurance – Group Health

Expenses incurred for the purpose of providing health insurance for District Board members, employees, and their dependents.

Insurance – Long Term Disability

Expenses incurred for the purpose of providing long-term disability insurance for District employees.

Insurance – Unemployment

Expenses incurred for the purpose of providing unemployment insurance for former District employees.

Insurance – Vision

Expenses incurred for the purpose of providing vision care insurance for District Board members, employees, and their dependents.

Insurance –Workers' Compensation

Expenses incurred for the purpose of providing workers' compensation insurance for District Board members and District employees.

GLOSSARY

IRWM

Integrated Regional Water Management - a local water resources management approach preferred by the Governor, California Department of Water Resources, and State Water Resources Control Board aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment, and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources.

LAFCO

Local Agency Formation Commission.

Leave – Employee Sick

Expenses incurred for the purpose of accruing time-off allowed for illnesses of employees as specified in the District's Administrative & Ethics Code.

Leave – Holiday

Expenses incurred for the purpose of accruing time-off for District holidays as specified in the District's Administrative & Ethics Code.

Leave – Vacation

Expenses incurred for the purpose of accruing time-off for vacation as specified in the District's Administrative & Ethics Code.

Legal

Expenses incurred for the purpose of obtaining legal services from the District's legal counsel, Nossaman, LLP, or any other legal services retained by the District.

M&I

Municipal and Industrial.

Maintenance and Repairs

General expenses incurred as a result of the need to maintain equipment in normal operating condition or to repair equipment to return it to its normal operating condition. This account should not be used for repairs that extend the life of the equipment. In situations where a major repair extends the life of a piece of equipment, a tank, or a pipeline, one of the District's annual fixed asset work orders should be utilized.

Maintenance and Repairs – Roads

Expenses incurred to repair damages to roads caused by repairs to mains or service laterals. These costs include the charges from outside contractors to make the repairs, traffic control costs and materials.

GLOSSARY

Membership Dues and Subscriptions

Expenses incurred as a result of the establishment or renewal of District membership in professional or trade associations or the establishment or renewal of subscriptions for professional or trade publications. Both memberships and subscriptions should be in support of District activities.

Metropolitan Water District of Southern California (MWD)

MWD is one of the world's largest water agencies. It imports almost 60 percent of the water used by more than 19 million people in urban Southern California, including San Diego County. This water is wholesaled to Metropolitan's 27 member agencies, including SDCWA which conveys this water to the District. Metropolitan is governed by a 51-member Board of Directors representing its member agencies. MWD receives its water from two main sources: the Colorado River via the Colorado River Aqueduct and Northern California via the California Aqueduct.

Mission

The District's fundamental core responsibility.

MOU

Memorandum of Understanding.

Natural Decrease

Population decrease due to less births and more mortality.

Natural Increase

Population increase due to more births and less mortality.

Net Migration

Total of domestic and international migration.

NW

Northwest Quadrant, a recycled water service area located in the northwest quadrant of the District.

Objective

The yearly organizational levels of achievement expected. A statement of purpose defined more specifically than a goal.

Office Supplies and Expense

Expenses incurred as a result of the purchase of supplies necessary to perform day to day office work as well as other expenses that may be difficult to classify as office supplies. Examples of office supplies are paper, pencils, file folders, etc. and are characterized by their consumable nature. Examples of office expenses are items such as software (unless budgeted as a capital item), staplers, etc.

GLOSSARY

Operating Budget

The normal, ongoing operating costs incurred to operate the District including salaries, employer expenses, professional and outside services, and other operating expenses.

Organizational Philosophy

Formal, general guiding principles for the conduct of District business and the formulation of goals and objectives.

Other Administrative and General Expenses

Expenses incurred for general or administrative purposes that are not included in office supplies and expense. Examples of such expenses may be classified advertisements, plaques, expenses in recognition of ill employees, or application fees.

Other Fringe Benefits

Expenses incurred for fringe benefits not included in other specific fringe benefit accounts.

Outside Services

Services incurred as a result of retaining individuals or businesses to perform non-engineering services. Examples might include bee removal, laboratory testing of water samples, mailing services, couriers, and telephone message producers.

Performance

The measurable unit of types or work related to District activities and, where meaningful, the costs of operation that are used to develop the costs for each unit of activity.

Performance Measurement

A process for determining how a program is accomplishing its mission through the delivery of products, services, or processes.

PERS Contributions

Expenses incurred for the District's contributions to the California Public Employees' Retirement System as specified in the District's Administrative & Ethics Code.

Post-Financing Payoffs

Voluntary payments made by property owners within Assessment District 96-1 to completely pay off the bonded indebtedness on their property. The proceeds from these pay-offs are used to call bonds and reduce the outstanding bond debt.

Postage and Shipping

Expenses incurred for the purpose of mailing or delivering letters, packages, documents, or customer bills.

GLOSSARY

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

A 6.9 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.

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.

GLOSSARY

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.

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).

GLOSSARY

SDCWA Infrastructure Access Charges (IAC)

This charge is imposed by the San Diego County Water Authority and is assessed based on meter size. The charge is designed to collect a portion of SDCWA's fixed costs. It is collected by the District and remitted to the SDCWA.

SDMBA

San Diego Mountain Bike Association – the association holds a volunteer trail maintenance event at EFRR every year.

SDRMA

Special District Risk Management Authority.

SE

Southeast Quadrant, a recycled water service area located in the southeast quadrant of the District.

SRF

State Revolving Fund.

Seminars and Meetings

Expenses incurred for the purpose of staff attendance at seminars and meetings. Examples may include seminar fees, meals or lodging. Also included in this account would be travel expenses incurred by non-staff employees for the purpose of attending training. In this case, the fees for the training class would be charged to the fringe benefit account, “employee training.”

State Revolving Fund

A state program offering low interest financing agreements. The specific SRF related to the District is used to finance infrastructure improvements to ensure safe drinking water systems.

Strategies

The general approach taken to achieve strategic goals and objectives, inclusive of programs and activities within the programs.

Supplies

Expenses incurred for the purchase of items used to perform operating activities such as water treatment, meter installation, corrosion protection, telemetry, customer service, etc. Also included in this account are charges for auto fuel, small tools and safety supplies. Small tools are defined as tools that cost less than \$300. Small tools should not be charged to the annual work order for shop field and equipment.

GLOSSARY

Supply Reliability Charge

A new fee imposed by the San Diego County Water Authority to its member agencies intended to recover the cost of making system improvements to accept the desalinated seawater for distribution throughout the region from the Carlsbad desalination plant.

Support Allocation

Distribution of costs incurred by central service units (General Manager, Human Resource, Finance, Information Technology, Facilities Maintenance) for the benefit of operational departments (Engineering, EFRR, Wastewater, Project Team, Potable Water Operations, Recycled Water Operations, Customer Services).

SSMP

Sewer System Management Plan

SWRCB

State Water Resources Control Board - a five-member board in California that protects water quality by setting statewide policy, supporting Regional Water Quality Control Board efforts, and reviewing petitions that contest Regional Board actions.

TECC

The Escondido Creek Conservancy - a non-profit environmental steward of the Escondido Creek with which the District partnered to complete the Elfin Forest Interpretive Center Honoring Susan J. Varty.

Telephone and Communications Expense

Expenses incurred for the monthly service and charges for calls made from District landline and cellular telephones and for the monthly rental of pagers.

Temporary Labor

Expenses incurred for the purpose of obtaining temporary assistance for the completion of special tasks or projects.

Tertiary

A final treated water discharge from the 4S WRF.

Tiger Team

Program incorporating cost-saving efforts by District staff and pursuit of revenue enhancement programs such as energy saving programs to help offset cost increases.

GLOSSARY

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.

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.

GLOSSARY

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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Municipal Water District

"New World"

Submitted by Stella Klins

2019 Elfin Forest Recreational Reserve Photo Contest

Youth Winner