

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

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

DATE: WEDNESDAY, JUNE 19, 2024

TIME: 4:00 P.M.

PLACE: HYBRID REGULAR MEETING VIA ZOOM AND IN-PERSON

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

For Zoom Participation:
www.zoom.us/join
Meeting ID: 826 5315 7714
Passcode: 040422

For Zoom Call-in Only:
Call: (669) 900-9128
Meeting ID: 826 5315 7714
Passcode: 040422

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

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

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

7. PRESENTATION OF AWARDS AND HONORABLE MENTIONS

Service Awards, Promotions and Honorable Mentions

- * WaterSmart Landscape Contest Winner, Rick Whitney
- * Elfin Forest Recreational Reserve Photo Contest Winners
- * American Public Works Association’s San Diego and Imperial County Chapter Project of the Year Award - Honor Award – Manchester Avenue Recycled Water Project
- * Gary Briant – Purchasing/Warehouse Clerk – 5 Years – June
- * Lauren Swauger – Accountant I – New Hire – May
- * David Cope – Utility I – New Hire – June
- * Johny Lamb – Utility I – New Hire – June

8. CONSIDER APPROVAL OF THE MINUTES OF THE MAY 15, 2024, REGULAR BOARD OF DIRECTORS MEETING

9. CONSENT CALENDAR

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

C-a	CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT’S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF; AND MONTHLY INVESTMENT REPORT
C-b	CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT’S CONSOLIDATED STATEMENT OF NET POSITION, CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS BUDGET SUMMARY, AND CONSTRUCTION IN PROGRESS REPORTS
C-c	CONSIDER ADOPTION OF A RESOLUTION ESTABLISHING THE APPROPRIATION LIMIT AND AUTHORIZING THE APPLICATION OF PROCEEDS OF TAXES FOR FISCAL YEAR 2024-2025
C-d	CONSIDER APPROVAL OF THE DETACHMENT OF PARCEL 1 OF SAN DIEGO COUNTY TRACT NO. 4558, MAP NO. 11899 (ECKELMAN) FROM OLIVENHAIN MUNICIPAL WATER DISTRICT’S SPHERE OF INFLUENCE
C-e	CONSIDER ACCEPTANCE OF THE FOUR GEE PARK WATER SERVICE INSTALL (GEM INDUSTRIALS, INC.) INTO OMWD’S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED
C-f	CONSIDER APPROVAL OF AMENDMENT 2 WITH VALLEY CONSTRUCTION MANAGEMENT FOR CONTINUED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FOR THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT IN THE AMOUNT OF \$79,060 AND GRANT A TIME EXTENSION TO CLOSE OUT THE PROJECT
C-g	CONSIDER VOTE FOR SOUTHERN NETWORK (SEAT A) REPRESENTATIVE TO THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS

10. CONSIDER DISCUSSION AND DIRECTION TO STAFF ON SAN DIEGO COUNTY WATER AUTHORITY UPFRONT FIXED COST PREPAYMENT OPTION(S)
11. CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT APPROVING THE GENERAL MANAGER'S RECOMMENDED OPERATING AND CAPITAL BUDGET FOR FISCAL YEARS 2025 AND 2026 (RECOMMENDED BUDGET)
12. CONSIDER APPROVAL OF OLIVENHAIN MUNICIPAL WATER DISTRICT'S WASTEWATER SERVICE FEE INCREASES FOR 4S RANCH AND RANCHO CIELO SANITATION DISTRICTS OVER A FIVE-YEAR PERIOD STARTING IN FISCAL YEAR 2024-2025 AND ADOPTION OF AN ORDINANCE AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (Article 28 – Sanitation Districts and Use of Rules and Regulations)
13. CONSIDER ADOPTION OF A RESOLUTION MAKING CEQA EXEMPTION FINDINGS FOR THE WASTEWATER RATE INCREASES AND ORDERING A NOTICE OF EXEMPTION BE FILED WITH THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO
14. CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE WASTEWATER SERVICE FEES WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR
15. CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE WASTEWATER SERVICE FEES WITHIN THE RANCHO CIELO SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR
16. CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE WASTEWATER SERVICE FEES FOR THE SANTA LUZ AFFORDABLE HOUSING AREA, BLACK MOUNTAIN RANCH EAST CLUSTERS PROJECT, AND AVION AREA WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR
17. INFORMATIONAL REPORTS
 - A. PRESIDENT
 - B. GENERAL MANAGER
 - C. CONSULTING ENGINEER
 - D. GENERAL COUNSEL
 - E. SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE
 - F. LEGISLATIVE
 - G. TWELVE MONTH CALENDAR / OTHER MEETINGS / REPORTS BY BOARD MEMBERS PER AB 1234
 - H. BOARD COMMENTS
18. CORRESPONDENCE
19. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

20. FUTURE AGENDA ITEMS
21. CONSIDER PUBLIC COMMENTS
22. CLOSED SESSION
 - A) CONSIDER LITIGATION – OLIVENHAIN MUNICIPAL WATER DISTRICT v. COUNTY OF SAN DIEGO [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
 - B) CONSIDER LITIGATION – STANLEY D. JONES ET AL. VS. OLIVENHAIN MUNICIPAL WATER DISTRICT [PURSUANT TO GOVERNMENT CODE SECTION 54956.9]
 - C) CONSIDER GENERAL COUNSEL REVIEW [PURSUANT TO GOVERNMENT CODE SECTION 54957] • Additional Facts: Preliminary input provided on May 15, 2024; full review to be held on June 19, 2024.
23. OPEN SESSION
24. OPEN SESSION DISCUSSION OF GENERAL COUNSEL COMPENSATION
25. ADJOURNMENT



2024 WATERSMART LANDSCAPE CONTEST





17TH ANNUAL
AMATEUR PHOTOGRAPHY
CONTEST

JUNE 19, 2024

CATEGORY:
EMPLOYEE
RUNNER UP

“NATURE’S
RAINBOW”
BY MELODY
COLUMBO



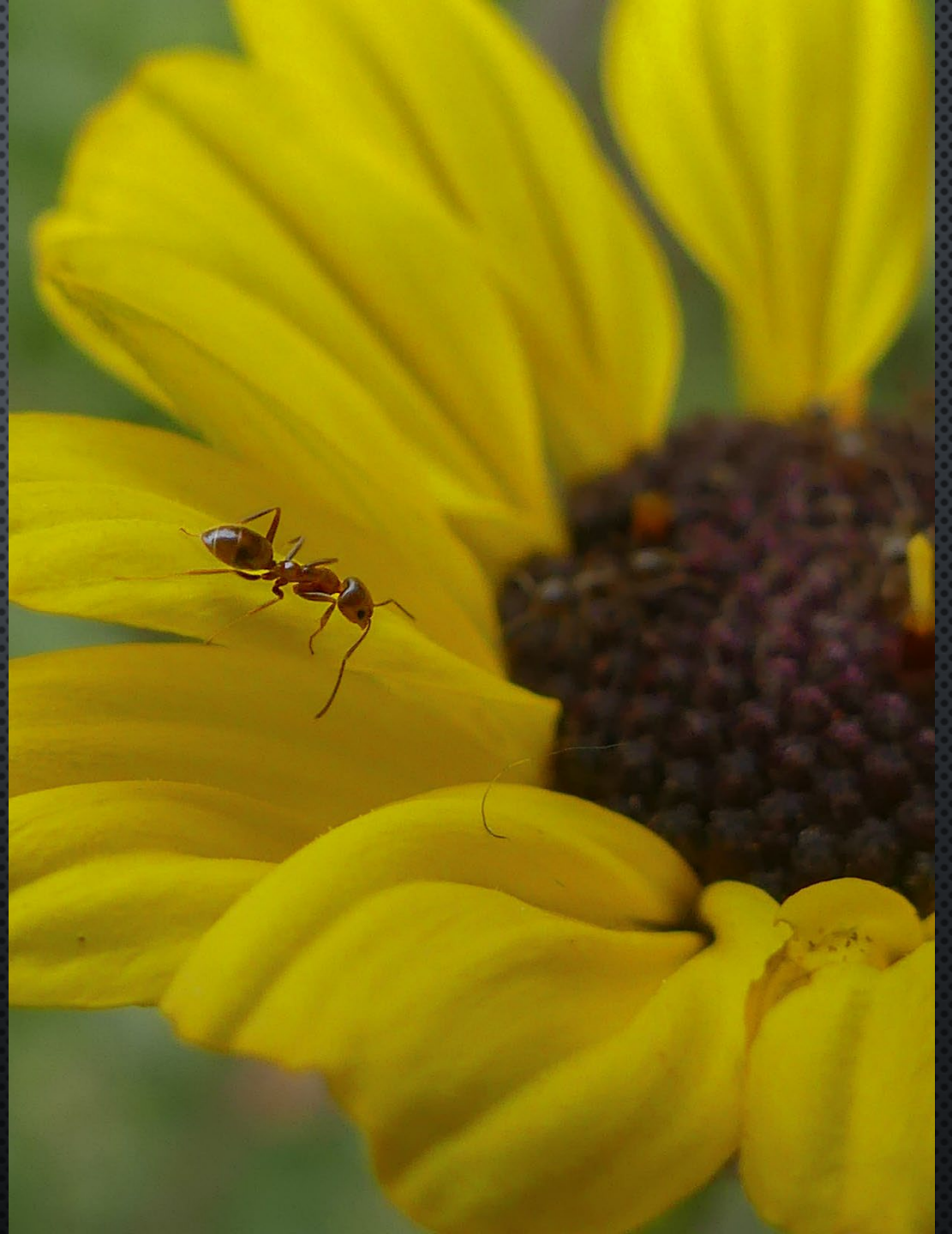
CATEGORY:
EMPLOYEE

“LILAC
GIRAFFE”
BY TERESA
CHASE



CATEGORY:
YOUTH

“OVERLOOKED ELEGANCE”
BY RAY SANTIAGO



CATEGORY:
PLANTS

“MUSHROOM :)”
BY ADRIAN FLORES



CATEGORY:
SCENIC VIEW

“COLOR PALETTE
ON THE CREEK”
BY SYLVIA GAFFNEY



PEOPLE'S CHOICE
AWARD

“SERENITY BY
THE CREEK”
BY SYLVIA GAFFNEY



CATEGORY:
ANIMALS

“QUACK”
BY KEITH KELLEY



CATEGORY:
WATER

“LEAF RACE”
BY KEITH KELLEY



BEST IN SHOW

“WARBLER WITH BEE”
BY KEITH KELLEY





Memo

To: Board of Directors
From: Stephanie Kaufmann, Executive Secretary
Via: Kimberly A. Thorner, General Manager
Subject: BOARD MEETING MINUTES

Draft minutes of the most recently held Board of Directors meeting will be provided separately. Following board approval, the minutes will be posted on OMWD's website.

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A MOTION APPROVING THE PAYMENT OF LISTED WARRANTS FROM THE DISTRICT'S REVOLVING AND REGULAR ACCOUNTS; LISTED TRANSFERS OF FUNDS; REIMBURSEMENT OF EXPENSES TO BOARD MEMBERS AND STAFF; AND MONTHLY INVESTMENT REPORT**

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

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

Olivenhain Municipal Water District
Proposed Motions for June 19, 2024 Board of Directors Meeting
May 2024 Activities
Consent Calendar Item # C-a

Proposed Motions:

I. That the following warrants and transfers be approved:

Regular Account	Warrants - by check	035327 ✓	to	035452 ✓	\$	1,156,327.72
	Warrants - by EFT	EFT000000001256 ✓	to	EFT000000001353 ✓		645,485.08
						1,801,812.80
	2021B Debt Service Payment					590,000.00
	2021A Debt Service Payment					260,000.00
	2016A Debt Service Payment					773,000.00
	ACH Payments - Payroll					220,862.71
	Wire - SDCWA - Monthly Purchased Water Payment					1,928,348.10
	ACH Payments - Payroll					224,502.71
	2015A Debt Service Payment					2,162,000.00
					\$	7,960,526.32 ✓

Major Category of Disbursements

Total warrants from the District's checking account:

\$ 1,801,812.80 ✓

Following is a breakdown of this total by major categories:

Category

Outside services	\$	1,069,819.12
Inventory and supplies		156,050.51
Utilities		146,887.37
Repairs and maintenance		244,325.96
Other		10,176.24
Refunds		4,700.71
Insurance		166,053.89
Permit Fees		3,799.00

Total

\$ 1,801,812.80 ✓

Sincerely,



Rainy K. Selamat/Finance Manager

Olivenhain Municipal Water District
Proposed Motions for June 19, 2024 Board of Directors Meeting
May 2024 Activities

California Bank and Trust

Regular Account

Warrants - by check	035327	to	035452	\$	1,156,327.72
Warrants - by EFT	EFT000000001256	to	EFT000000001353		645,485.08
					1,801,812.80
5/2/2024 2021B Debt Service Payment					590,000.00
5/2/2024 2021A Debt Service Payment					260,000.00
5/8/2024 2016A Debt Service Payment					773,000.00
5/10/2024 ACH Payments - Payroll					220,862.71
5/15/2024 Wire - SDCWA - Monthly Purchased Water Payment					1,928,348.10
5/23/2024 ACH Payments - Payroll					224,502.71
5/24/2024 2015A Debt Service Payment					2,162,000.00
				Total	\$ 7,960,526.32

Approved:

For Board Consideration and Approval

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

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
035327	5/1/2024	Asbury Environmental Services	1,340.21	WASTE DISPOSAL	
035328	5/1/2024	AT & T	674.01	UTILITIES	
035329	5/1/2024	Boot World Inc	389.06	Safety Boots	Yes
035330	5/1/2024	California Municipal Utilities Association	5,000.00	LEGISLATIVE PR SUPPORT EFFORT	
035331	5/1/2024	City Of Carlsbad	2,130.75	SETTLEMENT AGREEMENT	
035332	5/1/2024	City Treasurer	729.83	3/24 METER CHARGE	
035333	5/1/2024	County Of San Diego	3,799.00	PERMITS - VARIOUS SITES	Yes
035334	5/1/2024	Dennis Coffin	3.08	REF:1046189_207285	
035335	5/1/2024	Dhanalakshmi Nair Schaeff	154.15	REF:1090205_160320	
035336	5/1/2024	Edco Waste & Recycling	660.09	WASTE DISPOSAL	Yes
035337	5/1/2024	Fallbrook Printing Corp	2,950.58	TRAIL MAPS	Yes
035338	5/1/2024	Fieldman, Rolapp & Assoc	1,105.00	WATER COST OF SERVICE STUDY	Yes
035339	5/1/2024	Firehawk Fire & Safety	720.80	WWTP FIRE SPRINKLER INSPECTION	Yes
035340	5/1/2024	Guardian	959.14	5/24 DENTAL INSURANCE ADMIN	
035341	5/1/2024	Gabriel Hernandez	24.00	GYM REIMBURSEMENT	
035342	5/1/2024	Infosend	9,260.12	WATER BILLING	
035343	5/1/2024	Jennette Company Inc.	4,230.62	TUBING & HEAT TRACER INSTALL	
035344	5/1/2024	Joe Patchett	133.96	REF:1091682_231710	
035345	5/1/2024	John Williams	104.17	REF:1081988_161310	
035346	5/1/2024	Justin Rahimi	144.44	REF:1093109_146980	
035347	5/1/2024	Liebert Cassidy Whitmore	5,176.50	LEGAL SERVICES	
035348	5/1/2024	Monique Ramirez	947.69	REF:1092190_231380	
035349	5/1/2024	Oakhurst Builders	1,542.16	REF:1084881_301105	
035350	5/1/2024	ORCA Properties Inc	114.82	REF:1086289_239680	
035351	5/1/2024	Orion Construction Corporation	133,522.50	Construction Services - N1SPS	Yes
035352	5/1/2024	Pacific Pipeline Supply	1,678.23	SUPPLIES	Yes
035353	5/1/2024	Palomar Health	185.00	EMPLOYEE SERVICES	
035354	5/1/2024	PDQ Enterprises, Inc. dba	1,322.00	TRACTOR RENTAL - PARKS	
035355	5/1/2024	Peter Good	147.34	REF:1091930_140400	
035356	5/1/2024	Richard F. Yeager Jr. Db	8,940.00	Consulting services	Yes
035357	5/1/2024	Shane Sullivan	24.00	GYM REIMBURSEMENT	
035358	5/1/2024	Tetra Tech Inc	1,470.00	Engineering Support PLC Replacement Project (Potable/Recycled)	Yes
035359	5/1/2024	Two Oaks Sweeping LLC	740.00	HQ SWEEPING SERVICES	
035360	5/1/2024	US Bank	2,190.51	PRINTERS LEASE	
035361	5/1/2024	Vikram Yashpal Malhotra	11.79	REF:1055969_221265	
035362	5/1/2024	White Cap Construction Supply	3,199.10	WACKER (FB03)	
035363	5/1/2024	Wyland Foundation	1,500.00	MOBILE LEARNING CENTER 5/7/24	
035364	5/8/2024	American Messaging	61.75	L1-072035	
035365	5/8/2024	Applied Best Practices	1,700.00	CONTINUING DISCLOSURE REPORT	
035366	5/8/2024	AT & T	28.97	UTILITIES	
035367	5/8/2024	California State Disbursement Unit	123.23	GARNISHMENT	
035368	5/8/2024	Encinitas Ford	518.49	PU88 SUPPLIES	Yes
035369	5/8/2024	Federal Express Corp	142.35	SHIPPING	
035370	5/8/2024	First Choice Technology	158.92	13001474	Yes
035371	5/8/2024	Lomeli, George	350.00	BETTER WAY AWARD	
035372	5/8/2024	Infosend	3,869.78	3/24 MAINT FEE	
035373	5/8/2024	Infrastructure Engineering Corporation	17,097.10	RECYC WATER HYDRAULIC MODELING, POTABLE WALL MAP, FIRE FLOW	Yes
035374	5/8/2024	Interstate Battery Of San Diego Inc	177.06	SHOP SUPPLIES	
035375	5/8/2024	McCall's Meter Sales & Service	980.00	FIELD METER TEST	
035376	5/8/2024	Morton Salt Inc	6,143.99	WTP CHEMICALS	
035377	5/8/2024	Pacific Pipeline Supply	7,177.03	FITTING RESTRAINT KITS, SADDLES, BRASS FITTINGS, HYDRANT CAPS	Yes
035378	5/8/2024	Republic Services	1,995.85	WASTE DISPOSAL	
035379	5/8/2024	Republic Services #661	728.59	3-0661-1001776	
035380	5/8/2024	San Diego Cty. Assessor/Recorder/Clerk	125.00	MPR EXTRACT - 2024 ROLL	
035381	5/8/2024	San Diego Gas & Electric	33,036.66	Utilities	Yes
035382	5/8/2024	Southern Contracting	2,126.96	WWTP SERVICES	
035383	5/8/2024	Steven Mair	84.93	REF:1090447_165760	
035384	5/8/2024	UniFirst Aid Corp	233.10	FIRST AID SUPPLIES	
035385	5/8/2024	Utility Service Co. Inc	218,323.67	QTRLY TANK MAINTENANCE	Yes
035386	5/8/2024	Verizon Connect Fleet USA, LLC	924.85	VEHICLE TRACKING SERVICES	
035387	5/8/2024	VWR International LLC	160.51	WTP SUPPLIES	
035388	5/15/2024	Amanda Kee	137.62	REF:1062087_194850	
035389	5/15/2024	Asbury Environmental Services	100.00	WASTE OIL DISPOSAL SERVICES	
035390	5/15/2024	AT & T	371.24	UTILITIES	Yes
035391	5/15/2024	Bee Rescue LLC	1,680.00	MESAMINT STREET	Yes
035392	5/15/2024	Christie Arellano	73.94	REF:1087670_196185	
035393	5/15/2024	City Treasurer	363.75	UTILITIES	
035394	5/15/2024	Core & Main LP	11,339.62	Clow 2065 Commercial Hydrant, 2" CI300 90 Fip x Fix Angle Valve	Yes
035395	5/15/2024	Corodata	707.02	OFFSITE RECORDS STORAGE	
035396	5/15/2024	Corodata Shredding, Inc	69.87	RECORDS DESTRUCTION SVCS	
035397	5/15/2024	CSDA San Diego Chapter	240.00	5/16 DINNER MTG - KT, MH, NM	
035398	5/15/2024	DCL Enterprise Inc Db	26.31	KEYS	
035399	5/15/2024	Edco Waste & Recycling	526.73	25-2R 821380	
035400	5/15/2024	Fallbrook Printing Corp	439.30	AMI POSTCARDS	Yes
035401	5/15/2024	Ferguson Enterprises Inc. #1083	2,120.52	WTP SUPPLIES	Yes
035402	5/15/2024	Frost Company	4,500.00	WWTP SERVICES - REPAIRS	
035403	5/15/2024	Gary Briant	50.00	5 YEAR SERVICE AWARD	
035404	5/15/2024	Grangetto's Ag. Supply	204.71	SUPPLIES	
035405	5/15/2024	Hi-Line Electric Company, Inc.	456.16	SHOP SUPPLIES	
035406	5/15/2024	Home Depot/Gecf	2,166.56	4/24 SUPPLIES	Yes
035407	5/15/2024	Infrastructure Engineering Corporation	17,336.25	NBHD SPS Replacement Design Support	Yes
035408	5/15/2024	Interstate Battery Of San Diego Inc	168.35	SHOP SUPPLIES	
035409	5/15/2024	J.M.D. Landscape Inc	8,150.00	WWTP SERVICES	Yes
035410	5/15/2024	Julie Harju	42.12	REF:1093056_123400	
035411	5/15/2024	Katie Woidneck	7.42	REF:1089877_191465	
035412	5/15/2024	KDC Inc. dba	38,869.36	PLC Replacement Project Construction (Potable/Recycled/Wastewater)	Yes
035413	5/15/2024	Vince Dixon Ford dba	1,801.60	PU94 SERVICES	Yes
035414	5/15/2024	Linda DeMento	133.22	REF:1083851_191130	
035415	5/15/2024	Orion Construction Corporation	380,301.34	Construction Services - N1SPS	Yes
035416	5/15/2024	Pacific Pipeline Supply	794.07	10" Pipe/Fitting Restraint- Romac ONLY	Yes
035417	5/15/2024	Paul Zamora	1,398.00	TUITION REIMBURSEMENT	
035418	5/15/2024	PWLC I, INC	14,848.00	LANDSCAPE MAINTENANCE	Yes

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

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
035419	5/15/2024	Rachel Douglass	123.94	REF:1091131_104255	
035420	5/15/2024	Ralph Andersen & Associates	9,000.00	OMWD Salary Survey	Yes
035421	5/15/2024	Republic Services #661	6,681.84	WASTE DISPOSAL SERVICES	Yes
035422	5/15/2024	Rockwell Construction	7,980.00	Construction Mgmt Services PLC Replacement Project (Potable/Recycled/Wastewater)	Yes
035423	5/15/2024	S D G & E	264.85	UTILITIES	
035424	5/15/2024	San Diego Gas & Electric	12,417.92	Utilities	Yes
035425	5/15/2024	Santa Fe Irrigation Dist	122.32	008128-005	
035426	5/15/2024	SiteOne Landscape Supply, LLC	215.54	OMWD HQ IRRIGATION SUPPLIES	
035427	5/15/2024	Sonsray Machinery LLC	825.25	SHOP SUPPLIES	Yes
035428	5/15/2024	TASC	679.40	QTRLY TRUSTEE FEE	Yes
035429	5/15/2024	Virginia Palafox	180.66	REF:1050953_196780	
035430	5/15/2024	West Coast Telcom Products	4,867.88	LINE LOCATOR	
035431	5/15/2024	West Yost & Associates, Inc	12,804.26	Support for Manchester Recycled Water site connections	Yes
035432	5/22/2024	Annie Yeo	93.38	REF:1036895_176375	
035433	5/22/2024	AT & T	905.18	9391059578	Yes
035434	5/22/2024	Bee Rescue LLC	40.00	3013 PUEBLO STREET	
035435	5/22/2024	Blue-White Industries	1,778.23	WWTP SUPPLIES	
035436	5/22/2024	California State Disbursement Unit	123.23	GARNISHMENT	
035437	5/22/2024	Carla Anderson	111.05	REF:1080976_192910	
035438	5/22/2024	Frost Company	4,850.00	WWTP SERVICES - MEMBRANE REPAIRS	
035439	5/22/2024	Havelyn Stogner	98.73	REF:1058971_237455	
035440	5/22/2024	Henry Rosenzweig	50.37	REF:1063211_180815	
035441	5/22/2024	Gabriel Hernandez	24.00	GYM DUES REIMBURSEMENT	
035442	5/22/2024	Infosend	8,315.70	WATER BILLING	
035443	5/22/2024	Karen Stroup	259.73	REF:1032484_218070	
035444	5/22/2024	Marcela Novy	51.38	MILEAGE REIMB, 11/23 - 4/30/24	
035445	5/22/2024	Nat'L Safety Compliance	139.95	D.O.T. TESTING	
035446	5/22/2024	Newark	259.67	SUPPLIES	
035447	5/22/2024	PTS Communications	78.00	760-489-9971	
035448	5/22/2024	Palomar Health	110.00	EMPLOYEE SERVICES	
035449	5/22/2024	Republic Services	3,046.65	WASTE DISPOSAL	
035450	5/22/2024	San Diego Building Maintenance	5,396.00	4/24 JANITORIAL SERVICES	
035451	5/22/2024	San Diego Gas & Electric	84,047.29	Utilities	Yes
035452	5/22/2024	Specops Software USA Inc dba	7,468.80	Specops Breached Password Protection - Subscription	Yes
EFT000000001256	5/1/2024	Standard Insurance Co.	6,212.77	5/24 LIFE & LTD PREMIUM	
EFT000000001257	5/1/2024	Ababa Bolt Inc	134.45	SUPPLIES	Yes
EFT000000001258	5/1/2024	Cyber Marketing Network Inc	67.86	Safety Boots	Yes
EFT000000001259	5/1/2024	Southern Counties Lubricants, LLC.	6,420.76	FUEL SUPPLIES	
EFT000000001260	5/1/2024	North County Powder Coating	1,217.00	WTP SERVICES	Yes
EFT000000001261	5/1/2024	PSI Water Technologies, Inc	1,801.25	WTP SERVICES	
EFT000000001262	5/1/2024	McMaster-Carr Supply Co.	1,675.29	SUPPLIES	Yes
EFT000000001263	5/1/2024	Geoscience Support Svcs, Inc.	19,798.00	Consulting Services for the San Dieguito Valley Groundwater Desal project	Yes
EFT000000001264	5/1/2024	Radwell International, Inc.	1,371.87	WWTP SUPPLIES	
EFT000000001265	5/1/2024	Transnet Investigative Group Inc.	140.00	PRE-EMPLOYMENT BACKGROUND	
EFT000000001266	5/1/2024	On-Sight Safety Optics, Inc.	200.00	SAFETY GLASSES - PETERSON	
EFT000000001267	5/1/2024	GEI Consultants, Inc	2,202.25	AS NEEDED WTR QUALITY SVCS	
EFT000000001268	5/1/2024	Exaro Technologies Corporation	14,307.22	CATHODIC PROTECTION REPLACEMENT PROJECT	
EFT000000001269	5/1/2024	Rincon Consultants Inc.	624.50	NSDWRC GRANT ADMIN SUPPORT	Yes
EFT000000001270	5/1/2024	Samba Holdings Inc	215.29	DRIVER RECORD MONITORING	
EFT000000001271	5/1/2024	CDW Government Inc	394.20	SUPPLIES	
EFT000000001272	5/1/2024	Pacific Safety Center	1,675.00	TRAFFIC CONTROL SAFETY CLASS	Yes
EFT000000001273	5/1/2024	Diamond Environmental	138.88	OMWD HQ SERVICES	
EFT000000001274	5/1/2024	Valley Construction Management	26,369.50	SDVGW, CELL TOWER/ROW COORDINATOR, WTP STAGE 4 UPGRADES, UNIT A, RW PIPELINE EXTENSION	Yes
EFT000000001275	5/1/2024	Harrington Industrial Plastics Inc	976.70	WWTP SUPPLIES	Yes
EFT000000001276	5/8/2024	Traffic Supply Inc	1,258.75	SUPPLIES	Yes
EFT000000001277	5/8/2024	Controlled Entry Specialists	1,004.00	VIA AMBIENTE GATE SERVICES	
EFT000000001278	5/8/2024	North County Powder Coating	186.47	WTP COUPLING COVER COATING	
EFT000000001279	5/8/2024	San Elijo Joint Powers Auth.	11,885.00	GRANT ADMIN SUPPORT	
EFT000000001280	5/8/2024	McMaster-Carr Supply Co.	389.85	SUPPLIES	Yes
EFT000000001281	5/8/2024	CyberlinkASP Technology	10,312.00	HOSTING SERVICES	
EFT000000001282	5/8/2024	Transene Company, Inc.	330.94	WTP SUPPLIES	
EFT000000001283	5/8/2024	D-Max Engineering, Inc.	1,296.50	FOG Inspections for the 4S and Cielo Collection Systems	Yes
EFT000000001284	5/8/2024	Be Gone Graffiti	1,025.00	HQ SERVICES	Yes
EFT000000001285	5/8/2024	Mitsubishi Electric Power Products, Inc. dba	3,168.70	BATTERY REPLACEMENT SERVICES	
EFT000000001286	5/8/2024	Aqua Metric	11,647.78	3/4" METERS (QTY 56)	Yes
EFT000000001287	5/8/2024	West Coast Sand & Gravel	2,992.51	YARD MATERIALS	Yes
EFT000000001288	5/8/2024	Global Power Group Inc	614.58	WWTP PREVENT MAINT SERVICES	
EFT000000001289	5/8/2024	CDW Government Inc	118.39	SUPPLIES	
EFT000000001290	5/8/2024	MGM Plastics Inc	242.44	SUPPLIES	Yes
EFT000000001291	5/8/2024	TK Elevator Corporation	1,057.48	WTP SERVICES	
EFT000000001292	5/8/2024	Western Hose & Gasket	4,047.09	Continental 21053485 Clearwater Flextra 3" Hose (QTY 200)	Yes
EFT000000001293	5/8/2024	Water for People	63.00	WTRPL 5/9/2024	
EFT000000001294	5/15/2024	ACWA - JPIA	158,881.98	6/24 GROUP INSURANCE PREM.	
EFT000000001295	5/15/2024	Underground Service Alert	435.25	DIG ALERT TICKETS	
EFT000000001296	5/15/2024	Dudek	18,471.25	Engineering Services for the Wastewater Master Plan Update (D700032)	Yes
EFT000000001297	5/15/2024	Ababa Bolt Inc	738.09	WTP SUPPLIES	Yes
EFT000000001298	5/15/2024	C E Wilson Corporation	24,408.72	VALVE REPLACEMENT PROJECT	
EFT000000001299	5/15/2024	Southern Counties Lubricants, LLC.	4,335.61	FUEL SUPPLIES	
EFT000000001300	5/15/2024	DLM Engineering Inc	10,655.91	ENGINEER CONSULTING SERVICES	Yes
EFT000000001301	5/15/2024	Interface Automation Inc.	11,103.75	WTP CT REPORT, CIELO FLOW METERS, 4SWRF SCADA UPGRADE	Yes
EFT000000001302	5/15/2024	Mesa Products	87.95	LEAK STOP GEL	Yes
EFT000000001303	5/15/2024	AG Tech Llc	2,311.00	WWTP BIOSOLIDS DISPOSAL SVCS	
EFT000000001304	5/15/2024	Hasa	9,651.09	WTP CHEMICALS	
EFT000000001305	5/15/2024	Wageworks	278.00	4/24 ADMIN FEES	
EFT000000001306	5/15/2024	Controlled Entry Specialists	452.00	WTP GATE SERVICES	
EFT000000001307	5/15/2024	North County Powder Coating	372.92	WTP SERVICES	Yes

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

Number	Date	Name	Amount	Inv Reference	Multiple Invoices?
EFT000000001308	5/15/2024	Fastpath Solutions Inc	1,608.12	ANNUAL SUBSCRIPTION	
EFT000000001309	5/15/2024	Evoqua Water Technologies	371.67	WWTP PREVENT MAINT SERVICES	
EFT000000001310	5/15/2024	McMaster-Carr Supply Co.	789.93	WTP SUPPLIES	Yes
EFT000000001311	5/15/2024	Steven L. Sherman DBA	2,390.00	Conservation landscape services-evaluation	Yes
EFT000000001312	5/15/2024	Citrix Systems, Inc.	7,680.00	SHAREFILE ADVANCED 5/24-4/25	Yes
EFT000000001313	5/15/2024	Calif. Surveying & Drafting Supply	3,721.71	MAGNETIC LOCATOR (QTY 2)	Yes
EFT000000001314	5/15/2024	Traffic Safety Solutions	3,790.00	RANCHO DIEGUENO RD	Yes
EFT000000001315	5/15/2024	Alpha Mechanical, Inc	1,041.09	HVAC SVC - MECHANICS OFFICE	
EFT000000001316	5/15/2024	WREGIS	0.42	RENEW ENERGY FEE	
EFT000000001317	5/15/2024	EcosConnect LLC	6,095.50	BACKFLOW REPORTING JAN - APRIL	Yes
EFT000000001318	5/15/2024	Martin Marietta Materials Inc	410.00	DUMP YARD MATERIALS	
EFT000000001319	5/15/2024	Mark Snyder Electric	431.25	INTERPRETIVE CENTER	
EFT000000001320	5/15/2024	Rusty Wallis Inc.	4,290.00	WTP SUPPLIES	
EFT000000001321	5/15/2024	BreakAway Promo	3,980.96	65TH ANNIVERSARY SHIRTS	
EFT000000001322	5/15/2024	Mitsubishi Electric Power Products, Inc. dba	895.37	BATTERY REPLACEMENT	
EFT000000001323	5/15/2024	Nobel Systems	2,500.00	LCRR MODULE SUBSCRIPTION	
EFT000000001324	5/15/2024	Gallade Chemical	6,290.36	WTP CHEMICALS	
EFT000000001325	5/15/2024	USA Blue Book	192.49	WTP SUPPLIES	
EFT000000001326	5/15/2024	West Coast Sand & Gravel	3,153.41	YARD MATERIALS	Yes
EFT000000001327	5/15/2024	Patriot Environmental	2,610.50	WWTP ROLLOFF BIN DISPOSAL SVC	
EFT000000001328	5/15/2024	Raftelis Financial Consultant	4,250.00	WATER RATE STUDY	
EFT000000001329	5/15/2024	Whitson CM	1,050.00	HQ SITE INSPECTIONS	
EFT000000001330	5/15/2024	CDW Government Inc	13,123.63	MICROSOFT SURFACE PRO, DOC, PEN (QTY 4)	Yes
EFT000000001331	5/15/2024	Western Hose & Gasket	1,164.41	SUPPLIES	
EFT000000001332	5/15/2024	Valley Construction Management	35,737.50	Construction Management and Inspection Services	Yes
EFT000000001333	5/15/2024	County of San Diego, RCS	171.00	4/24 RADIO SERVICES	
EFT000000001334	5/15/2024	Harrington Industrial Plastics Inc	315.95	WTP SUPPLIES	
EFT000000001335	5/22/2024	Brown & Bigelow	908.44	65TH ANNIVERSARY MUGS	
EFT000000001336	5/22/2024	CFM-San Diego Inc	266.25	4" Wafer Valve S30	Yes
EFT000000001337	5/22/2024	Evoqua Water Technologies	258.60	WWTP VAPORLINK SERVICES	
EFT000000001338	5/22/2024	Sloan Electric	1,020.02	AMMONIA PUMP ALIGNMENT SVCS	
EFT000000001339	5/22/2024	CyberlinkASP Technology	10,305.24	HOSTING SERVICES	
EFT000000001340	5/22/2024	Calif. Surveying & Drafting Supply	294.93	BLUE CONSTRUCTION PAINT	
EFT000000001341	5/22/2024	G. Brist Consulting, Inc.	6,752.55	ENGINEER CONSULTING SERVICES	Yes
EFT000000001342	5/22/2024	Transnet Investigative Group Inc.	184.99	PRE-EMPLOYMENT BACKGROUND	
EFT000000001343	5/22/2024	Industrial Solution Services, Inc.	8,787.56	40% Liquid Ammonium Sulfate Annual Purchase	Yes
EFT000000001344	5/22/2024	West Coast Sand & Gravel	1,110.69	YARD MATERIALS	
EFT000000001345	5/22/2024	Global Power Group Inc	1,641.25	NBHD #3 PM SERVICES	Yes
EFT000000001346	5/22/2024	Samba Holdings Inc	208.29	DRIVER RECORD MONITORING	
EFT000000001347	5/22/2024	CDW Government Inc	9,229.02	SUPPLIES	Yes
EFT000000001348	5/22/2024	Pacific Safety Center	3,598.00	COSY TRAINING (MW & JT)	
EFT000000001349	5/22/2024	Nossaman LLP	46,474.52	LEGAL SERVICES	Yes
EFT000000001350	5/22/2024	Insight Public Sector, Inc.	22,460.17	POWEREDGE R350, R650 TAILOR MADE	Yes
EFT000000001351	5/22/2024	Valley Construction Management	42,796.50	Construction management services for the DCMWTP Stage 4 Upgrades, Recycled Water Pipeline Extensions, RSF Pipeline Replacement, Unit A	Yes
EFT000000001352	5/22/2024	Integrity Municipal Systems	1,303.00	WWTP ODOR SCRUBBER SERVICE	
EFT000000001353	5/22/2024	Water for People	63.00	WTRPL 5/23/2024	
			<u>1,801,812.80</u>		

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

<u>Name</u>	<u>Payment Date</u>	<u>Check#/ Credit Card</u>	<u>Meals & Lodging</u>	<u>Travel & Transport</u>	<u>Other</u>	<u>Total Reimbursed Expenses</u>	<u>Directors Fee*</u>
Director Guerin			0.00	0.00	0.00	0.00	600.00
			0.00	0.00	0.00	0.00	600.00
Director Hahn			0.00	0.00	0.00	0.00	300.00
			0.00	0.00	0.00	0.00	300.00
Director Meyers			0.00	0.00	0.00	0.00	1,050.00
			0.00	0.00	0.00	0.00	1,050.00
Director San Antonio			0.00	0.00	0.00	0.00	300.00
			0.00	0.00	0.00	0.00	300.00
Director Watt			0.00	0.00	0.00	0.00	600.00
			0.00	0.00	0.00	0.00	600.00
General Manager Thorner			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Human Resources Manager Joslin			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Finance Manager Selamat			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Operations Manager Bartlett-May			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Engineering Manager Stephenson			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Assistant General Manager Randall			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	
Customer Service Manager Carnegie			0.00	0.00	0.00	0.00	
			0.00	0.00	0.00	0.00	

*Includes April and May Per Diems.

Notes:

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

Olivenhain Municipal Water District
MONTHLY CASH AND INVESTMENT SUMMARY
As of April 30, 2024

Active Deposits

	Book Value
Checking Accounts	\$ 6,031,533
Cash Restricted for Specific Use	1,819,195
Petty Cash/Disaster Preparedness	1,496
Total Active Deposits	\$ 7,852,225

Deposits Not Covered by Investment Policy

Cash with Fiscal Agents	1,926,614
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Investments	Face Value	Market Value	Current Yield	
LAIF	\$ 6,633,847	6,595,313	4.27%	\$ 6,633,847
CAMP - US Bank	24,542,645	24,542,645	5.44%	24,542,645
Money Market Funds	4,226,590	4,226,590	4.78%	4,226,590
Municipal Bonds	1,000,000	996,280	5.02%	1,216,760
U.S. Treasury Securities	23,400,000	23,066,998	5.01%	23,051,869
U.S. Agency Securities	28,475,000	26,817,798	0.95%	28,472,000
Total Investments	\$ 88,278,083	\$ 86,245,624	3.80%	\$ 88,143,712

Total - All Deposits/Investments

\$ 97,922,550

Maturity Analysis of Investments

	Percent	Balance
Demand Deposits	40.2%	\$ 35,403,083
Maturity within the next two months	12.1%	10,632,273
Maturity within three months and one year	21.4%	18,881,912
Maturity beyond one year	26.4%	23,226,444
Total Investments	100.0%	\$ 88,143,712

Weighted Average Days to Maturity

224

Other Required Disclosures:

Accrued interest receivable as of 04/30/2024 \$ 206,856

The above investments are in accordance with the portfolio limitations in the Investment Policy approved by the Board in December 2023.

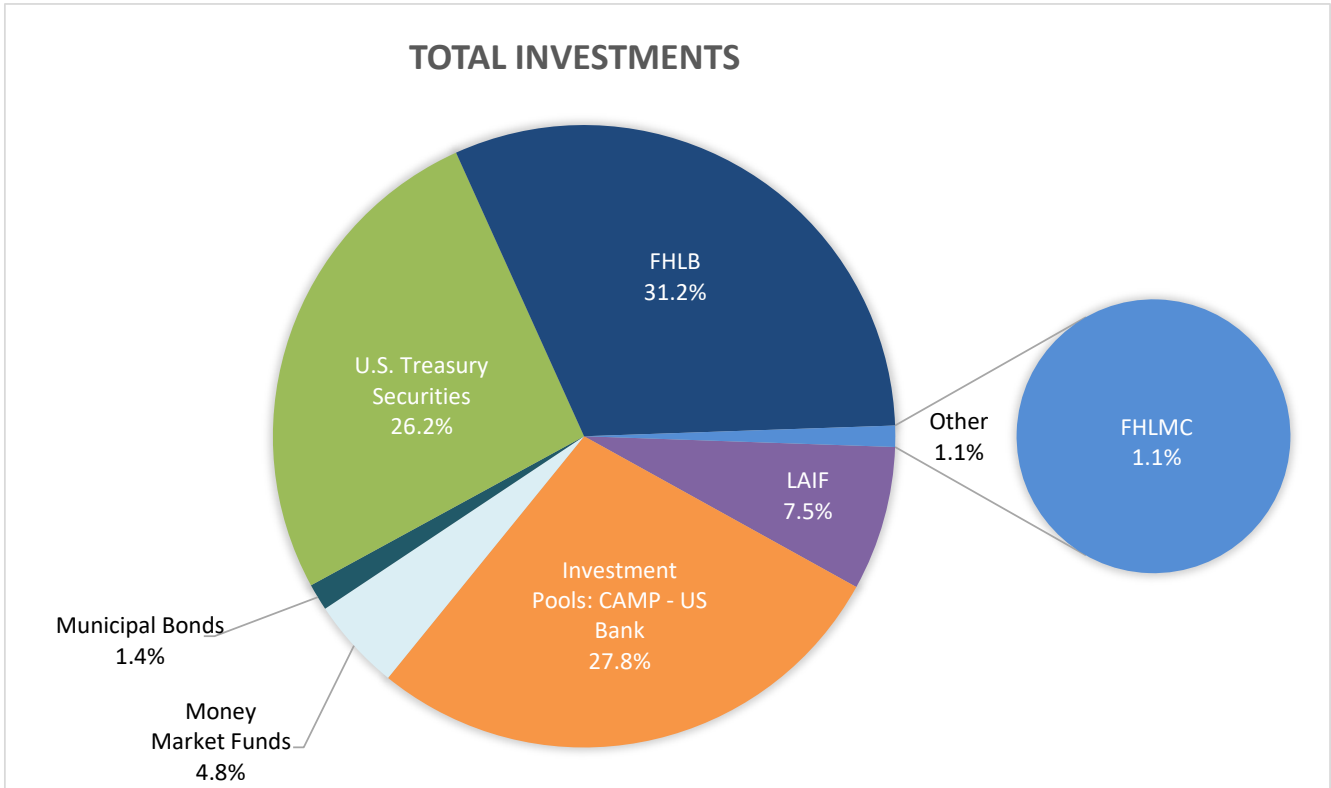
The District has sufficient funds on hand to meet the next 60 days' obligations.

Olivenhain Municipal Water District
PORTFOLIO LIMITATIONS ANALYSIS PER INVESTMENT POLICY
April 30, 2024

	Book Value	Percent	Permitted Percent	In Compliance?
LAIF	\$ 6,633,847	7.5%	50.0% (1)	Yes
Investment Pools: CAMP - US Bank	24,542,645	27.8%	30.0%	Yes
Money Market Funds	4,226,590	4.8%	20.0% (2)	Yes
Municipal Bonds	1,216,760	1.4%	30.0%	Yes
U.S. Treasury Securities	23,051,869	26.2%	100.0% (3)	Yes
U.S. Agency Securities	28,472,000	32.3%	50.0%	Yes
<i>FHLB</i> <i>Federal Home Loan Bank</i>	<i>27,472,000</i>	<i>31.2%</i>		
<i>FHLMC</i> <i>Freddie Mac</i>	<i>1,000,000</i>	<i>1.1%</i>		
Total Investments	\$ 88,143,712	100%		

Note:

- (1) No more than 50% of the total value of all District Investments or \$40 million.
- (2) May not exceed 5% in any money market fund.
- (3) No limit.



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

**Olivenhain Municipal Water District
MONTHLY INVESTMENTS DETAIL
April 30, 2024**

ACTIVE DEPOSIT		Book Value
Checking A/C: California Bank and Trust for General Purpose		6,031,533
California Bank and Trust for Specific Purpose		504,269
CAMP 2021A Bond		1,314,926
Petty Cash/Disaster Preparedness		1,496
Total - Active Deposits		7,852,225

DEPOSITS NOT COVERED BY INVESTMENT POLICY		
Cash with Fiscal Agents:		
Union Bank - RAD 96-1 Refunding Bond		818,122
Union Bank - 2015A Refunding Bond		12,306
SRF Loan		1,082,672
Union Bank - 2016A Refunding Bond		8,443
Union Bank - 2021A WW Revenue Bond		1,656
Union Bank - 2021B Refunding Bond		3,416

Total Deposits Not Covered by Investment Policy **1,926,614**

	RATING		DATE				Weighted Average Days to Maturity	Call	Stated Coupon	Current Yield	Market Value	Face Value	Book Value
	Moody's	S&P	Purchase	Maturity	Next Call	Next S-U							

INVESTMENTS												
Invest. Pools:	US Bank Calif. Asset Mgmt Prgm (CAMP)			Demand			1		5.44%	\$ 24,542,645	\$ 24,542,645	\$ 24,542,645
	State Local Agency Investment Fund (LAIF)			Demand			1		4.27%	6,595,313	6,633,847	6,633,847
	First American Government 31846V567			Demand			1		5.19%	176,759	176,759	176,759
	CB&T Money Market Account			Demand			1		4.76%	4,049,830	4,049,830	4,049,830

U.S. Treasury Notes/Bills

912797HH3	U.S. Treasury Bills	Aaa	-	02/08/24	05/02/24		3		5.30%	5.30%	999,850	1,000,000	988,115
912797HQ3	U.S. Treasury Bills	Aaa	-	02/13/24	05/09/24		10		5.32%	5.33%	998,830	1,000,000	987,648
912797JX6	U.S. Treasury Bills	Aaa	-	02/21/24	05/21/24		22		5.31%	5.32%	997,070	1,000,000	987,123
912797HR1	U.S. Treasury Bills	Aaa	-	02/23/24	05/23/24		24		5.32%	5.34%	3,239,503	3,250,000	3,208,913
912797FS1	U.S. Treasury Bills	Aaa	-	03/19/24	06/13/24		45		5.32%	5.35%	993,710	1,000,000	987,660
912796ZW2	U.S. Treasury Bills	Aaa	-	03/21/24	06/20/24		52		5.34%	5.38%	1,985,340	2,000,000	1,973,815
912796Y52	U.S. Treasury Bills	Aaa	-	04/09/24	07/05/24		67		5.30%	5.35%	1,980,980	2,000,000	1,975,100
912797GB7	U.S. Treasury Bills	Aaa	-	04/11/24	07/11/24		73		5.33%	5.38%	1,979,260	2,000,000	1,973,859
912797KC0	U.S. Treasury Bills	Aaa	-	02/29/24	08/22/24		115		5.29%	5.38%	2,606,540	2,650,000	2,584,572
912797GL5	U.S. Treasury Bills	Aaa	-	03/14/24	09/05/24		129		5.27%	5.37%	1,963,200	2,000,000	1,950,809
91282CBQ3	U.S. Treasury Notes	Aaa	-	03/09/21	09/30/24		154		0.50%	0.54%	920,550	1,000,000	984,478
912797GW1	U.S. Treasury Bills	Aaa	-	04/11/24	10/03/24		157		5.31%	5.43%	1,466,535	1,500,000	1,462,852
912797KU0	U.S. Treasury Bills	Aaa	-	04/25/24	10/17/24		171		5.32%	5.45%	1,951,360	2,000,000	1,950,243
912828YH7	U.S. Treasury Notes	Aaa	-	03/09/21	02/28/26		670		1.50%	1.52%	984,270	1,000,000	1,036,684
							88		4.94%	5.01%	\$ 23,066,998	\$ 23,400,000	\$ 23,051,869

U.S. Agency Securities

3130AMMV1	FHLB Callable	Aaa	AA+	06/03/21	06/03/24		35		0.40%	0.40%	497,750	500,000	500,000
3130ALHM9	FHLB Callable	Aaa	AA+	03/10/21	06/10/24		42		0.30%	0.30%	994,450	1,000,000	999,000
3130ANTP5	FHLB Callable	Aaa	AA+	09/16/21	09/16/24	06/16/24	140	48	0.50%	0.51%	981,590	1,000,000	1,000,000
3130ANSP6	FHLB Callable	Aaa	AA+	09/17/21	10/17/24	09/17/24	171	141	0.50%	0.51%	977,460	1,000,000	1,000,000
3130AKEW2	FHLB Callable	Aaa	AA+	11/04/20	11/04/24	Anytime	189	1	0.43%	0.44%	1,952,720	2,000,000	2,000,000
3130ANGN4	FHLB Step-up Callable	Aaa	AA+	08/18/21	02/18/25	05/18/24	295	19	1.00%	1.03%	969,210	1,000,000	1,000,000
3130AMKE1	FHLB Callable	Aaa	AA+	05/27/21	02/27/25	05/27/24	304	28	0.66%	0.69%	963,050	1,000,000	1,000,000
3134GWAQ9	FHLB Callable	Aaa	AA+	07/28/20	07/28/25	07/28/24	455	90	0.65%	0.69%	945,690	1,000,000	1,000,000
3130AKGX8	FHLB Step-up Callable	Aaa	AA+	12/15/20	12/15/25	06/15/24	595	47	0.75%	0.79%	1,892,340	2,000,000	2,000,000
3130AKMD5	FHLB Callable	Aaa	AA+	01/26/21	01/26/26	07/26/24	637	88	0.50%	0.54%	919,560	1,000,000	999,500
3130AKU53	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	07/28/24	639	90	0.52%	0.56%	922,050	1,000,000	1,000,000
3130AKN69	FHLB Callable	Aaa	AA+	01/28/21	01/28/26	01/28/25	639	274	0.50%	0.54%	921,720	1,000,000	1,000,000
3130AKVN3	FHLB Callable	Aaa	AA+	01/29/21	01/29/26	07/29/24	640	91	0.52%	0.56%	921,940	1,000,000	1,000,000
3130AKWK8	FHLB Callable	Aaa	AA+	02/12/21	02/12/26	05/12/24	654	13	0.51%	0.55%	919,710	1,000,000	1,000,000
3130AKX43	FHLB Step-up Callable	Aaa	AA+	02/24/21	02/24/26	05/24/24	666	25	0.70%	0.76%	1,845,320	2,000,000	2,000,000
3130AL7M0	FHLB Callable	Aaa	AA+	02/24/21	02/24/26	05/24/24	666	25	0.63%	0.68%	920,290	1,000,000	1,000,000
3130AKYR1	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/25	667	302	0.55%	0.60%	918,890	1,000,000	1,000,000
3130AL6K5	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/25	667	302	0.58%	0.63%	919,400	1,000,000	1,000,000
3130ALD76	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	05/25/24	667	26	0.70%	0.76%	921,460	1,000,000	1,000,000
3130ALCW2	FHLB Callable	Aaa	AA+	02/25/21	02/25/26	02/25/25	667	302	0.63%	0.68%	920,170	1,000,000	998,500
3130ALGJ7	FHLB Callable	Aaa	AA+	03/23/21	03/23/26	05/23/24	693	24	1.00%	1.08%	902,538	975,000	975,000
3130ALPQ1	FHLB Step-up Callable	Aaa	AA+	03/30/21	03/30/26	06/30/24	700	62	1.50%	1.60%	937,170	1,000,000	1,000,000
3130ALVC5	FHLB Step-up Callable	Aaa	AA+	04/14/21	04/14/26	07/14/24	715	76	1.25%	1.34%	935,050	1,000,000	1,000,000
3130APAY1	FHLB Callable	Aaa	AA+	10/21/21	10/21/26	07/21/24	905	83	1.10%	1.21%	906,030	1,000,000	1,000,000
3130APL78	FHLB Callable	Aaa	AA+	10/28/21	10/28/26	07/28/24	912	90	1.38%	1.51%	911,700	1,000,000	1,000,000
3130BOWG0	FHLB Callable	Aaa	AA+	04/17/24	04/17/29	07/17/24	1,814	79	6.00%	6.00%	1,000,540	1,000,000	1,000,000
							583	89	0.89%	0.95%	\$ 26,817,798	\$ 28,475,000	\$ 28,472,000

Municipal Bonds

882724RA7	TEXAS ST PUB FIN AUTH	Aaa	AAA	10/30/20	10/01/25		520		5.00%	5.02%	996,280	1,000,000	1,216,760
							22		5.00%	5.02%	\$ 996,280	\$ 1,000,000	\$ 1,216,760
Total Investments							224		3.72%	3.80%	\$ 86,245,624	\$ 88,278,083	\$ 88,143,712

TOTAL - ALL DEPOSITS AND INVESTMENTS **\$ 97,922,550**

**Olivenhain Municipal Water District
INVESTMENTS TRANSACTION
April 30, 2024**

PURCHASED

DATE				Investment Description	Stated	Current	Face Value	Book Value
Purchase	Maturity	Call	Step-Up		Coupon	Yield		
04/09/24	07/05/24			U.S. Treasury Bills	5.304%	5.355%	2,000,000	1,975,100
04/11/24	07/11/24			U.S. Treasury Bills	5.326%	5.382%	2,000,000	1,973,859
04/11/24	10/03/24			U.S. Treasury Bills	5.311%	5.432%	1,500,000	1,462,852
04/17/24	04/17/29	07/17/24		FHLB Callable	6.000%	5.997%	1,000,000	1,000,000
04/25/24	10/17/24			U.S. Treasury Bills	5.321%	5.454%	2,000,000	1,950,243

MATURED / REDEEMED / CALLED

DATE				Investment Description	Stated	Current	Face Value	Book Value
Redemption	Maturity	Call	Step-Up		Coupon	Yield		
04/04/24	04/04/24			U.S. Treasury Bills	5.303%	5.305%	1,200,000	1,184,385
04/11/24	04/11/24			U.S. Treasury Bills	5.317%	5.325%	3,500,000	3,454,334
04/23/24	04/23/24			U.S. Treasury Bills	5.322%	5.339%	1,000,000	986,354
04/25/24	04/25/24			U.S. Treasury Bills	5.287%	5.306%	1,000,000	987,025

Olivenhain Municipal Water District
UNAUDITED CASH POSITION BY FUNDING SOURCES
As of April 30, 2024

<u>Water Funds (Potable & Recycled)</u>		<u>Balance</u>
10050-100	Cash - Petty Cash Fund	1,496
10010-100	Cash - Operating Fund	18,392,394
10030-100	Cash - Capital and Equipment Fund	38,723,395
10040-100	Cash - Rate Stabilization Fund	11,780,066
10080-100	Cash - Pension Stabilization Fund	673,655
10060-100	Cash - Deposit Work for Other	168,815
14000-500	Restricted Cash - Capacity Fee Fund	6,790,708
Total Water Funds (Potable & Recycled)		<u>76,530,529</u>
<u>Wastewater Funds</u>		
10010-110	Wastewater - Operating Fund	5,447,026
10030-110	Wastewater - Capital Replacement Fund	9,397,773
10040-110	Wastewater - Rate Stabilization Fund	2,741,070
10080-110	Cash - Pension Stabilization Fund	60,344
Total Wastewater Funds		<u>17,646,212</u>
<u>Non Fiscal Agent Debt Service Cash</u>		
14020-570	Cash non-agent - RAD 96-1	493,069
10070-561	Cash non-agent - Bond 2015A	621
10070-581	Cash non-agent - Bond 2016A	10,580
14020-521	Cash non-agent - Bond 2021A	1,314,926
Total Non Fiscal Agent Debt Service Cash		<u>1,819,195</u>
<u>Debt Service Funds</u>		
14030-510	SRF Loan - Fiscal Agent	1,082,672
14105-570	Redemption fund - RAD 96-1	767,546
14110-570	Reserve fund - RAD 96-1	50,576
14100-561	Redemption fund - Bond 2015A	12,306
14100-581	Redemption fund - Bond 2016A	8,443
14100-521	Redemption fund - Bond 2021A	1,656
14100-522	Redemption fund - Bond 2021B	3,416
Total Debt Service Funds		<u>1,926,614</u>
TOTAL FUND BALANCES		<u>97,922,550</u>

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy K. Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A MOTION APPROVING THE DISTRICT'S CONSOLIDATED STATEMENT OF NET POSITION, CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED ACTUAL VS BUDGET SUMMARY, AND CONSTRUCTION IN PROGRESS REPORTS**

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

- April 2024 Monthly Statement of Net Position Report.
- April 2024 Statement of Revenues, Expenses, and Changes in Net Position Report.
- April 2024 Consolidated Statement of Cash Flows.
- April 2024 Monthly Consolidated Actual VS Budget Summary and explanation of significant variance report.
- April 2024 Construction In Progress Report.

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Net Position (Unaudited)
All Funds
4/30/2024

Assets

Current assets:

Unrestricted assets:

Cash and cash equivalents	\$84,759,986
Accounts receivable - water and sewer, net	6,066,154
Interest Receivable	206,856
Taxes receivable	210,021
Other receivables	169,527
Lease receivable	403,389
Inventories	1,633,701
Prepaid expenses and deposits	935,042
Total unrestricted assets	<u>94,384,677</u>

Restricted assets:

Cash and cash equivalents	10,198,347
Assesments receivable	46,287
Grants receivable	728,459
Total restricted assets	<u>10,973,093</u>

Total current assets	<u>105,357,770</u>
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Noncurrent assets:

Capital assets, nondepreciable	51,019,702
Capital assets, depreciable/amortizable, net	325,055,124
Capital assets, net	<u>376,074,826</u>
Prepaid bond insurance	14,301
Lease receivable	9,355,778
Total noncurrent assets	<u>385,444,904</u>
Total assets	<u>490,802,674</u>

Deferred Outflows of Resources

Deferred amount on refunding	(740,451)
Deferred amount from pension	(7,296,286)
Total deferred outflows of resources	<u>(8,036,737)</u>

Liabilities

Current Liabilities

Liabilities payable from unrestricted assets:

Accounts payable	5,097,405
Accrued payroll	361,808
Customer deposits	403,389
Payable related to work in progress	161,629
Compensated absences, current portion	961,315
Current portion of long-term debt:	
Wastewater Revenue Bonds 2021A	211,680
Wastewater Refunding Revenue Bonds 2021B	575,630
Water Revenue Refunding Bonds 2016A	585,000
Water Revenue Refunding Bonds 2015A	1,935,000
Special Assessment Debt with Government Commi...	892,931
Notes Payable	846,161
Subscription Liability	67,952
Total liabilities payable from unrestricted assets	<u>12,099,900</u>

Liabilities payable from restricted assets:

Accounts payable	20,692
Interest payable	586,069
Total liabilities payable from restricted assets	<u>606,761</u>
Total current liabilities	<u>12,706,661</u>

Noncurrent liabilities

Compensated absences	1,192,893
Net pension liability	16,832,760
Long-term debt, excluding current portion:	
Wastewater Revenue Bonds 2021A	4,377,480
Wastewater Refunding Revenue Bonds 2021B	2,368,430
Water Revenue Refunding Bonds 2016A	12,382,444
Water Revenue Refunding Bonds 2015A	9,280,854
Special Assessment Debt with Government Commi...	2,797,851
Notes Payable	9,083,311
Subscription Liability	47,800

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Net Position (Unaudited)

All Funds

4/30/2024

Total noncurrent liabilities	58,363,824
Total liabilities	<u>71,070,485</u>

Deferred Inflows of Resources

Deferred amounts on pension	720,171
Deferred amounts on leases	8,953,346

Total deferred inflows of resources	<u>9,673,517</u>
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Net Position

Investment in Capital Assets, net of related debt	332,677,679
Restricted Net Position	9,051,406
Unrestricted Net Position	<u>76,366,325</u>
Total Net Position	<u><u>418,095,409</u></u>

OLIVENHAIN MUNICIPAL WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
All Funds
For the Ten Months Ending 4/30/2024

	2024
Operating Revenues:	
Water Sales	\$44,640,872
Sewer Charges	5,347,720
Other Water Operating revenues	939,801
Total Operating Revenues	50,928,394
Operating Expenses	
Cost of Purchased Water Sold	24,401,161
Pumping and Water Treatment	4,188,431
Transmission and Distribution	3,856,348
Sewer Collection and Treatment	1,553,331
Elfin Forest Recreation Operations	386,723
Facilities Maintenance	1,075,492
Customer Service	1,966,881
General and Administrative	6,886,665
Depreciation and Amortization	7,962,300
Total Operating Expenses	52,277,332
Operating Income (Loss)	(1,348,939)
Nonoperating Revenues (Expenses)	
Investment income	2,537,892
Property taxes	4,627,131
Capacity charges	528,588
Benefit assessments	1,011,459
Other nonoperating revenues	839,132
Interest expense, net	(998,530)
Other nonoperating expenses	(461,637)
Total nonoperating revenues (expenses)	8,084,035
Income before capital contributions	6,735,096
Capital contributions	127,190
Change in net position	6,862,287
Net Position, Beginning of year	411,233,123
Net Position, End of year	418,095,409

OLIVENHAIN MUNICIPAL WATER DISTRICT
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
AS OF APRIL 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from water and sewer customers	\$	53,458,220
Payments for water		(25,428,198)
Payments for services and supplies		(8,458,257)
Payments for employee wages, benefits and related costs		(13,601,601)
Net cash provided by operating activities		5,970,164

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:

Property taxes and benefit assessments received		5,645,509
Net cash provided by noncapital and related financing activities		5,645,509

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets		(9,194,793)
Proceeds from Grants		1,350,329
Principal paid on long-term debt		(1,573,997)
Interest paid on long-term debt		(568,481)
Capacity charges received		528,588
Other capital financing receipts (expenses)		497,851
Net cash used by capital and related financing activities		(8,960,503)

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income received		2,668,563
Net cash provided (used) by investing activities		2,668,563

Net increase (decrease) in cash and cash equivalents 5,323,733

Cash and cash equivalents, beginning of year 53,421,745

Cash and cash equivalents, end of period \$ 58,745,478

FINANCIAL STATEMENT PRESENTATION:

Cash and cash equivalents - current assets		51,308,532
Cash and cash equivalents - restricted assets		7,436,946
Total cash and cash equivalents		\$ 58,745,478

CASH AND CASH EQUIVALENTS RECONCILIATION			
		Balance Includes Mkt Securities	Without Mkt Securities
Unrestricted cash	4/30/2024	84,759,986	51,308,532
Restricted cash	4/30/2024	10,198,347	7,436,946
Total cash and cash equivalents			58,745,478

OLIVENHAIN MUNICIPAL WATER DISTRICT
Consolidated Actual vs Budget Summary
For the Ten Months Ending 4/30/2024

	Approved Budget	Actual YTD	Budget YTD	Variance Amt	Variance %	Notes
Operating Revenues						
Commodity Water Sales	\$45,715,000.00	\$30,662,755.73	\$35,999,400.00	(\$5,336,644.27)	(14.8%)	1
Water Fees and Services	18,651,000.00	14,917,917.81	15,548,500.00	(630,582.19)	(4.1%)	2
Sewer Revenue	5,390,000.00	5,347,720.11	5,138,200.00	209,520.11	4.1%	
Total Operating Revenues	69,756,000.00	50,928,393.65	56,686,100.00	(5,757,706.35)	(10.2%)	
Operating Expenses						
Purchased Water - Variable	24,514,000.00	17,107,831.13	19,704,800.00	2,596,968.87	13.2%	1
Purchased Water - Fixed	8,731,000.00	7,293,330.00	7,246,700.00	(46,630.00)	(0.6%)	
General Manager Dept	2,102,000.00	1,765,023.54	1,752,100.00	(12,923.54)	(0.7%)	3
Engineering Dept	2,497,000.00	1,923,297.55	2,080,300.00	157,002.45	7.5%	3
Finance Dept	1,713,000.00	1,416,449.15	1,427,000.00	10,550.85	0.7%	3
Customer Service Dept	3,104,000.00	2,305,744.72	2,588,260.00	282,515.28	10.9%	3
Human Resources Dept	860,300.00	691,075.84	717,580.00	26,504.16	3.7%	3
Water Operations and Maintenance Dept	12,339,000.00	9,931,233.24	10,312,690.00	381,456.76	3.7%	3
Parks Dept	451,000.00	422,527.06	377,360.00	(45,167.06)	(12.0%)	3
Other Operating Expenses	50,000.00	50,000.00	42,000.00	(8,000.00)	100.0%	
Wastewater Operations and Maintenance Dept	3,256,000.00	2,538,209.61	2,723,830.00	185,620.39	6.8%	
Recycled Water Operations Dept	1,293,000.00	874,102.18	1,077,600.00	203,497.82	18.9%	
Paygo Transfers						
Water Operations	5,400,000.00	4,500,000.00	4,500,000.00		0.0%	
Sanitation Operations	1,100,000.00	920,000.00	920,000.00		0.0%	
Recycled Operations	2,200,000.00	1,830,000.00	1,830,000.00		0.0%	
Capitalized Operations Expenditures	(1,619,000.00)	(1,241,491.64)	(1,352,700.00)	(111,208.36)	8.2%	4
Total Operating Expenses	67,991,300.00	52,277,332.38	55,947,520.00	3,670,187.62	6.6%	
Net Operating Income (Loss)	1,764,700.00	(1,348,938.73)	738,580.00	(2,087,518.73)		
Nonoperating Revenues						
Water Funds	6,571,200.00	7,048,814.87	5,070,700.00	1,978,114.87	39.0%	5
Debt Service Funds	1,044,000.00	1,151,201.30	971,800.00	179,401.30	18.5%	5
Wastewater Funds	29,000.00	169,278.69	24,000.00	145,278.69	605.3%	5
Recycled Water Funds	225,000.00	205,194.25	187,800.00	17,394.25	9.3%	5
Total Nonoperating Revenue	7,869,200.00	8,574,489.11	6,254,300.00	2,320,189.11	37.1%	
Nonoperating Expense						
Capacity Fee Funds	30,000.00	19,758.30	24,800.00	5,041.70	20.3%	
Debt Service Funds	1,400,000.00	1,072,192.13	1,168,500.00	96,307.87	8.2%	6
Potable Water Funds	493,000.00	368,216.68	410,500.00	42,283.32	10.3%	7
Total Nonoperating Expense	1,923,000.00	1,460,167.11	1,603,800.00	143,632.89	9.0%	
Inc before Cap Fees and Capital Contributions	7,710,900.00	5,765,383.27	5,389,080.00	376,303.27		
Capacity Fee Funds	798,000.00	969,712.80				
Capital contributions	2,429,000.00	127,190.47				
Change in Net Position		6,862,286.54				

OLIVENHAIN MUNICIPAL WATER DISTRICT
Actual vs Budget Variance
For the Ten Months Ending 4/30/2024

1. Water Sales revenue was lower than Budget YTD by approximately \$5.4 million resulting in an unfavorable variance of 14.8%. The negative variance is primarily due to lower water consumption than budgeted. Consumption has remained lower than expected coming out of a particularly wet season last year which has continued into this current winter with El Niño weather conditions. Consequently, purchased water variable expenses were also lower than the Budget YTD for a favorable variance of \$2.6 million or 13.2%.
2. Water Fees and Services revenue were lower than Budget YTD primarily due the amount of water treatment services provided to Vallecitos Water District (VWD) being lower than anticipated in the budget. Water supply from the District's treatment plant was limited in July and August due to water quality issues from San Diego County Water Authority which reduced the amount of water being supplied to VWD.
3. Actual departmental expenses varied from the Budget YTD amounts due to the timing of actual operating expenses. The Budget YTD amounts assume expenditures are incurred evenly throughout the year. General Manager actual departmental expenses exceed Budget YTD primarily due to legal costs. Parks actual departmental expenses exceed Budget YTD due to an increase in their allocation of support costs from other departments based on the most recent cost allocation plan. Additionally, Parks actual expenses also includes \$25,000 in trail maintenance costs for which the District received grant funding for 100% of the cost.
4. Actual Capitalized Operating Expenses were lower than the Budget YTD amount due to the timing of capitalized labor spent on District projects. The Budget YTD amount assumes expenditures are incurred evenly throughout the year.
5. Actual Non-operating Revenues – Water Funds, Debt Service Funds, Wastewater Funds, and Recycled Water Funds were greater than Budget YTD for a positive variance due to higher interest income earned on investments from increased yields on short-term investments and the timing of property tax revenues received from the County.
6. Actual Non-operating Expenses - Debt Service Funds were lower than the Budget YTD amount for a positive variance because amortization of the issuance premium is not included in the 2015A Bonds interest expense.
7. Actual Non-operating Expenses – Potable Water Funds were lower than the Budget YTD amount for a positive variance due to a lower amount of total credits being issued to customers since actual water sales are less than budgeted through April, as described in note 1 above. Additionally, the Budget YTD amounts assume credits are issued evenly throughout the year.

Construction Work In Progress Report as of 4/30/2024

Project Name	Budget	Appropriation to Date	Expenditures & Encumbrance	(Over) / Under
Replace Neighborhood 1 SPS	\$8,132,000	\$8,132,000	\$7,996,847	\$135,153
San Dieguito Desalination	\$42,837,000	\$6,662,000	\$6,281,373	\$380,627
HOA Pipeline Ext - CB, VP, SH	\$4,145,000	\$4,145,000	\$3,585,711	\$559,289
DCMWTP 4th Stage Centrifuge	\$3,340,000	\$3,340,000	\$3,006,185	\$333,815
RSFe Rd Unit A North PL	\$2,094,000	\$2,094,000	\$1,583,641	\$510,359
District-Wide PLC replacements	\$1,466,000	\$1,466,000	\$1,371,582	\$94,418
District-Wide PLC Repl (WW)	\$1,456,000	\$1,456,000	\$1,337,486	\$118,514
Replace Valves	\$8,856,000	\$1,106,000	\$280,447	\$825,553
Replace Pipelines	\$8,983,000	\$965,000	\$336,424	\$628,576
Village Park PRS	\$960,000	\$960,000	\$145,659	\$814,341
Gardendale PRS	\$960,000	\$960,000	\$130,930	\$829,070
Replace DCMWTP Membranes	\$8,970,000	\$900,000	\$896,515	\$3,485
Fixed Base AMI	\$2,416,000	\$739,000	\$686,474	\$52,526
DCMWTP Condition Assessment	\$690,000	\$690,000	\$688,167	\$1,833
Replace Headworks Manual Sys	\$3,160,000	\$619,000	\$454,195	\$164,805
Gaty II Safety Improvements	\$590,000	\$590,000	\$111,584	\$478,416
Pot & Recycled Master Plan	\$583,000	\$583,000	\$522,299	\$60,701
Units B & K Rehabilitation	\$2,095,000	\$562,000	\$235,080	\$326,920
Hydropower Turbine Refurb	\$850,000	\$450,000	\$413,481	\$36,519
Replace Potable Meters	\$4,921,000	\$415,000	\$362,475	\$52,525
Residuals Handling Bldg Canopy	\$400,500	\$400,500	\$51,453	\$349,047
Steel Mains Protection	\$3,455,000	\$393,000	\$383,568	\$9,432
Ext. 153 Flow Meter	\$385,000	\$285,000	\$119,147	\$165,853
District-Wide Scada Upgrades	\$256,000	\$256,000	\$242,364	\$13,636
Raw Water Equalizer Tank Rehab	\$250,000	\$250,000	\$3,078	\$246,922
DCMWTP 2nd Stage Memb. Train	\$807,500	\$232,500	\$148,424	\$84,076
Palms I and II Reservoirs	\$1,307,000	\$223,000	\$77,967	\$145,033
EFRR Parking Lot Repair	\$990,000	\$218,000	\$91,353	\$126,647
Replace WW Pumps/ Motors/Equip	\$2,024,000	\$215,000	\$197,433	\$17,567
4SWRF Digester Blower Replmnt	\$200,000	\$200,000	\$207,677	(\$7,677)
Collection System SPS Rehab	\$912,000	\$169,000	\$163,111	\$5,889
Rancho La Cima/Aliso Canyon PL	\$300,000	\$165,000	\$63,359	\$101,641
Replace Meter Anodes	\$1,754,000	\$152,000	\$36,141	\$115,859
Manchester Recyc PL Exten.	\$5,225,000	\$150,000	\$34,379	\$115,621
District-Wide Facility Securit	\$240,000	\$150,000	\$80,767	\$69,233
Golem 14" Pipeln Cond. Assess.	\$150,000	\$150,000	\$17,082	\$132,918
Fleet Electrification Plan	\$150,000	\$150,000	\$19,427	\$130,573
Wanket RW Reservoir Rehab	\$150,000	\$150,000	\$12,981	\$137,019
Encinitas Blvd Insp. & Repair	\$682,000	\$145,000	\$2,992	\$142,008
Chlorine Gen Rm Lining Rehab	\$145,000	\$145,000	\$22,779	\$122,221
Replace Pot. Pumps and Motors	\$1,022,000	\$123,000	\$78,986	\$44,014
Network Security	\$1,175,000	\$115,000	\$10,197	\$104,803
4S WRF Scada Upgrades	\$64,000	\$64,000	\$59,847	\$4,153
Recycled Conversions	\$719,000	\$62,000	\$23,790	\$38,210
Replace PRS Valves	\$602,600	\$52,000	-	\$52,000
CIS System Upgrade	\$305,000	\$38,500	\$2,766	\$35,734
Catalytic Converter Theft Prev	\$38,000	\$38,000	\$10,525	\$27,475
4S Physical Security Upgrades	\$210,000	\$30,000	\$525	\$29,475
4S System Manhole Lining	\$206,000	\$28,000	\$19,550	\$8,450
Physical Security Upgrades	\$250,000	\$25,000	\$6,021	\$18,979
Replace Overflow Pond Strainer	\$231,000	\$25,000	\$12,961	\$12,039
Meter Replacement, Recycled	\$241,000	\$18,000	\$16,299	\$1,701
Automotive Equipment Purchases (Small Cap)	\$581,000	\$581,000	\$531,581	\$49,419
Shop & Field Equipment Purchases (Small Cap)	\$46,000	\$46,000	\$45,076	\$924
Computer Hardware/Software Purchases (Small Cap)	\$87,500	\$87,500	\$39,037	\$48,463
Office Furniture/Equipment Purchases (Small Cap)	\$48,000	\$48,000	\$18,915	\$29,085
Total:	\$133,113,100	\$42,414,000	\$33,278,113	\$9,135,887

1. Project is complete. The District filed an insurance claim for the digester blower fire and received \$116,156.27 in compensation from its insurance carrier. Project overage is due to \$4,200 in shipping costs not included in the quote and more staff time than anticipated to complete the work.

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION ESTABLISHING THE APPROPRIATION LIMIT AND AUTHORIZING THE APPLICATION OF PROCEEDS OF TAXES FOR FISCAL YEAR 2024-2025**

Purpose

This is a request for the Board's consideration and adoption of a resolution establishing the appropriation limit for fiscal year 2024-2025 and authorization for Staff to apply all proceeds of taxes for approved debt service payments and the District's Capital Improvement Program in accordance with Article XIII B of the California constitution.

This is an annual housekeeping item that allows the District to secure the maximum amount of taxes it is allowed under the law, so long as they are spent on qualified capital projects.

Government Code section 7910 states that, fifteen days prior to the board meeting, documentation used in the determination of the appropriations limit and other necessary determinations shall be available for public to review. Such notice has been posted outside of the District's front office for public review and on the District's website, along with the supporting documentation used in the determination of the appropriation limit for the year, including a special population calculation completed by the Department of Finance for the District.

Recommendation

Staff requests the Board to adopt this resolution to comply with Government Code Sections 7900-7914.

Alternative

None. We need to complete this process to receive our property tax revenues to build projects that benefit our customers.

Background

Effective July 1, 1990, Article XIIB of the California Constitution took effect, limiting the appropriations of certain State and Local agencies. The legislature has adopted Government Code sections 7900 through 7914, which sets forth procedures to be followed by local agencies including a recorded vote of the governing body of the special district in determining its appropriation limit.

The State Department of Finance has supplied the District with the required data to calculate its appropriation limit each fiscal year. The District's finance staff calculates the appropriation limit, and the District's auditor performs an agreed upon procedure to verify and confirm staff's calculation as part of their financial audit process.

Fiscal Impact

The District's appropriation limit for fiscal year 2024-2025 is \$3,055,652. This amount is calculated by District staff based on percentage changes in the California per capita personal income and population increases calculated and supplied by the State Department of Finance.

The remaining proceeds of taxes for fiscal year 2024-2025 will be used to finance the District's fixed assets with estimated useful lives of ten years or more and a value equal to greater than \$100,000 (including land and construction).

Discussion

This is the Board's declaration of intention to appropriate fiscal year 2024-2025 property tax revenues to help offset the District's outstanding annual debt service payments and to finance the District's capital improvement projects that will benefit the local community.

Attachment: Resolution

RESOLUTION NO. 2024-xx

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE OLIVENHAIN MUNICIPAL WATER DISTRICT
ESTABLISHING AN APPROPRIATION LIMIT AND
AUTHORIZING THE APPLICATION OF PROCEEDS OF
TAXES FOR THE 2024-2025 FISCAL YEAR

WHEREAS, effective July, 1980 Article XIII B of the California Constitution took effect limiting the appropriations of certain state and local agencies; and

WHEREAS, effective July 1, 1990, Article XIII B of the California Constitution was amended; and

WHEREAS, the Legislature has adopted Government Code Sections 7900 through 7914 setting forth procedures to be followed by affected local agencies in fixing and determining their appropriation limit; and

WHEREAS, the District had a tax rate in excess of 12.5 cents per \$100 of assessed valuation during the 1977-78 fiscal year, and therefore, is subject to the provisions of Article XIII B and implementing legislation; and

WHEREAS, pursuant to said Government code sections, the Board is required to select the method of determining a "change in population" which is defined as either a change in population within the District's jurisdiction estimated by the State Department of Finance, or a change in population within the county in which the District is located as provided by the State Department of Finance in determining its appropriation limit; and

WHEREAS, Section 8 (e)(2) of Article XIII B of the Constitution of California requires the Board to select the method of determining "change in the cost of living" which can be either the percentage change in California per capita personal income from the preceding year as provided by the State Department of Finance, or the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential construction supplied by the County of San Diego in determining its appropriation limit; and

WHEREAS, 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; and

WHEREAS, the Government Code further states that any revenue from "proceeds of taxes" in excess of that amount which is appropriated by the District in compliance with the Article during a fiscal year shall be returned to taxpayers within the next two fiscal years; or such revenues may instead be appropriated to reduce bonded and unbonded debt of the District existing on or before January 1, 1979, or voter approved bonded debt incurred after January 1, 1979; and

RESOLUTION NO. 2024-xx *continued*

WHEREAS, Government Code § 7914 defines a “qualified capital outlay project” as an appropriation for a fixed asset (including land and construction) with a useful life of ten or more years, and a value which equals or exceeds one hundred thousand dollars (\$100,000). Section 9 of Article XIII B provides that “appropriations subject to limitation” do not include appropriations for all qualified capital outlay projects, as defined by the Legislature. Therefore, appropriations by the Board of Directors of the Olivenhain Municipal Water 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 is not an appropriation subject to the limitation contained in Article XIII B and;

WHEREAS, appropriations for fixed assets (including land and construction) expended by the Olivenhain Municipal Water District on or after November 1979 with a useful life of at least 10 years, and a value equal to or exceeding \$100,000, shall not be included in the appropriation limit of the Olivenhain Municipal Water District; and

WHEREAS, Section 3 of Article XIII B permits adjustments to the appropriation limits for transfers of financial responsibility from one entity of government to another that did not exist when Article XIII B was passed by the voters in November 1979; and

WHEREAS, after November 1979 the District annexed and assumed financial responsibility for providing sewer services for the 4S Ranch and Rancho Cielo service areas; and

WHEREAS, at least 15 days prior to the meeting at which this resolution was adopted, the documentation used in the determination of the appropriation limit was made available to the public at the offices of the District; and

WHEREAS, the Board has fully considered said laws, the revenues and expenditures of the District during the relevant years, the data received from the State Department of Finance, the reports and recommendations of Staff, and the opinions of its General Counsel.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Olivenhain Municipal Water District as follows:

1. That the foregoing facts are true and correct.
2. That all additional revenues from proceeds of taxes for the fiscal year ended June 30, 2025 be appropriated and applied to reduce bonded and unbonded debt of the District existing on or before January 1, 1979, or voter approved bonded debt incurred after January 1, 1979.
3. That in determining the appropriation limit for fiscal year 2024-2025, that all appropriations by the District Board of Directors for fixed assets (including land and construction) with a useful life of ten or more years, and a value which equals or exceeds \$100,000 expended on and after

RESOLUTION NO. 2024-xx *continued*

November 1979, shall not be included in the appropriation limit of the Olivenhain Municipal Water District as provided in Government Code Section 7914.

4. That the appropriation limit of the District be adjusted in years in which it assumes financial responsibility for providing services transferred from another entity of government as provided in Section 3 of Article XIII B.
5. That in determining the appropriation limit for fiscal year 2024-2025, the District shall use the percentage change in the California per capita personal income and population increases, as provided by the State of California, Department of Finance.
6. That pursuant to Article XIII B and Section 7910 of the Government Code, the appropriation limit for Olivenhain Municipal Water District for the 2024-2025 fiscal year is established as \$3,055,652.

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

ATTEST:

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

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

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Lindsey Stephenson, Engineering Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER APPROVAL OF THE DETACHMENT OF PARCEL 1 OF SAN DIEGO COUNTY TRACT NO. 4558, MAP NO. 11899 (ECKELMAN) FROM OLIVENHAIN MUNICIPAL WATER DISTRICT'S SPHERE OF INFLUENCE**

Purpose

The purpose of this agenda item is to approve the detachment of Parcel 1 of Map No. 11899, also known as Assessor Parcel No. 265-441-01-00 (Parcel), from Olivenhain Municipal Water District (OMWD) on behalf of the Owner (Mr. and Mrs. Brendan and Samantha Eckelman). The Parcel currently lies within OMWD's sphere of influence, and the Owner has engaged in a Local Agency Formation Commission's (LAFCO) process to detach from OMWD and annex to the Santa Fe Irrigation District (SFID) service area. In October of 2022, the Board of Director's voted in favor of allowing the detachment process to commence, and the Owner has now received approval from SFID and LAFCO.

Recommendation

Staff recommends that the Board approve the detachment of the Parcel from the OMWD Sphere of Influence.

Alternative

The Board of Directors could elect not to allow the proposed detachment to finalize and require the Owner to obtain water service by connecting to the existing OMWD water main in Via Ascenso.

Background

In July of 2022, OMWD received a letter from the Owner requesting detachment of the Parcel from OMWD so the Owner could then annex into SFID. The Owner's request was based on two justifications.

An alternate water supply in a closer vicinity that was more recently installed by SFID is now available to serve the parcel. When the parcel was first mapped, the water service was only available from OMWD service via Via Ascenso, across an open space easement. To the south of the Parcel, SFID now has existing facilities in Colina Fuerte within an existing utility easement. This utility easement was granted in 1997 and extends to the southern property line of the Parcel. The SFID facilities in Colina Fuerte can be extended to the Parcel to provide water and fire service.

Secondly, detachment from OMWD will minimize the property owner's environmental impact. A large portion of the Parcel is encumbered by a biological open space easement granted to the County of San Diego per the map, which would have to be crossed to obtain water service from OMWD. A biological report prepared by the Owner concluded that extending the water facilities from Colina Fuerte through SFID service was the least impactful option to the sensitive habitat.

Based on this information, OMWD determined that it was in both the property owner and OMWD's best interest to allow for SFID to be the entity to provide water service to the property because of cost and environmental reasons. By detaching from OMWD and connecting to the SFID infrastructure that is in close vicinity, the Owner can extend the SFID water facilities that now exist in Colina Fuerte, approximately 200 feet through developed lands to the building site.

Fiscal Impact

All costs for the detachment of the Parcel from OMWD are being paid by the Owner. Per the previously approved Board item in October 2022, the Parcel was to close out their balance on AD96-1 for a remaining balance of \$229.02, and this has since been completed.

Discussion

Since the OMWD Board conceptually approved the detachment in October 2022, the Owner has also received conditional approval from the SFID Board in September of 2023, as well as condition approval from the San Diego County Local Agency Formation Commission (LAFCO) in December of 2023.

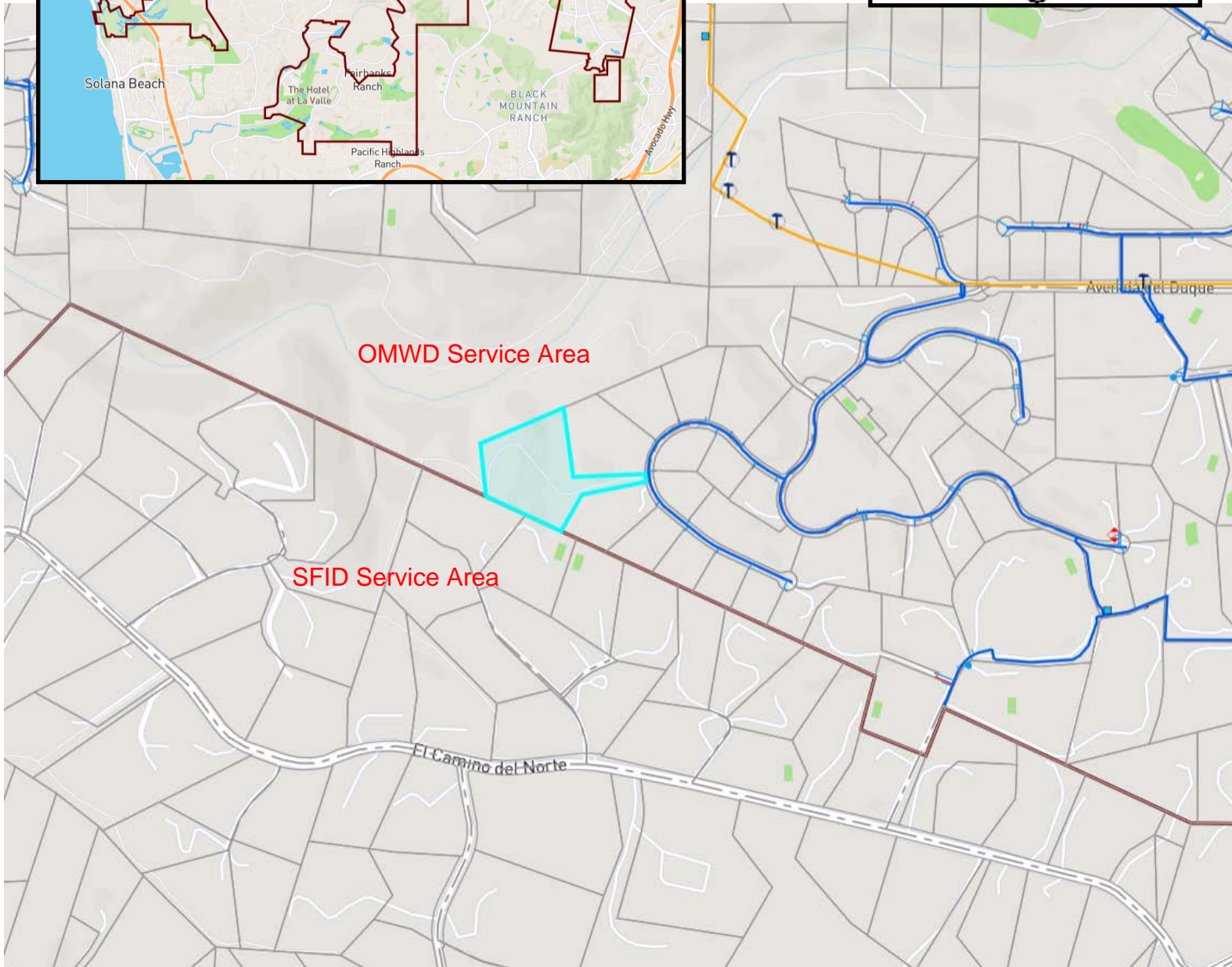
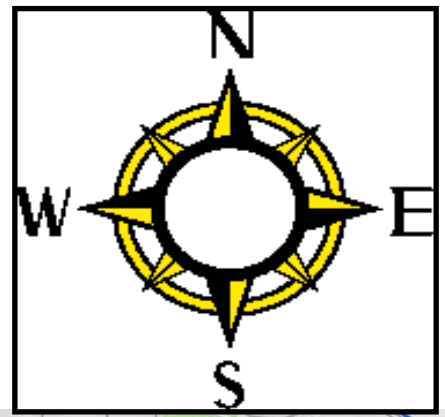
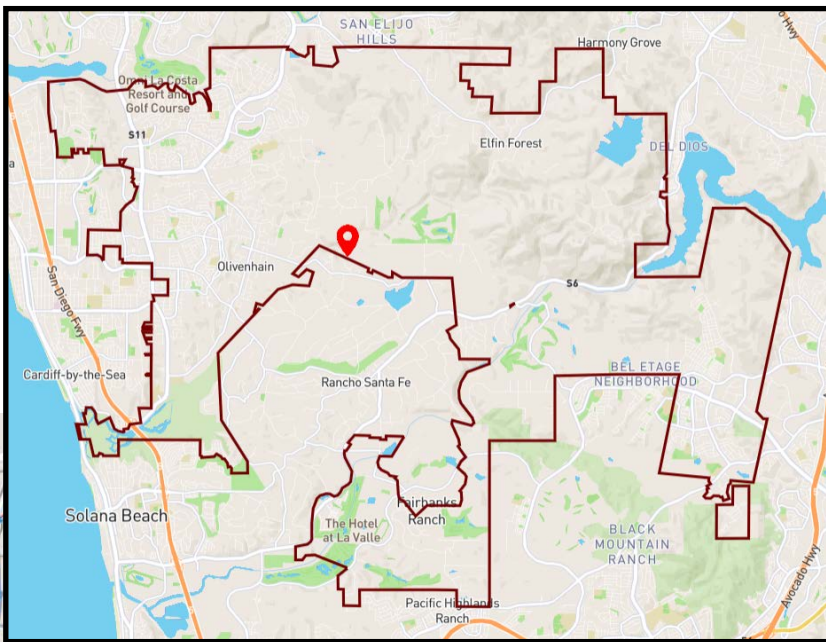
Following the final consideration by the OMWD Board, the SFID Board will still need to finalize the request and then LAFCO will require that both resolutions be forwarded to them to complete the boundary adjustment between OMWD and SFID service areas. The detachment will be considered complete when all three agencies have approved, all costs have been paid, and a resolution is adopted by each respective agency.

Staff is available to answer any questions.

Attachments:

Location Map

Resolution No. 2024 - XXX



LOCATION MAP
265-441-01-00
ECKELMAN LOT
DISTRICT PROJECT NO. W590311

RESOLUTION NO. 2024 -

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OLIVENHAIN MUNICIPAL WATER DISTRICT TO DETACH LOT 1
OF PARCEL MAP 11899 FROM THE OLIVENHAIN MUNICIPAL
WATER DISTRICT SPHERE OF INFLUENCE

WHEREAS, Parcel 1 of Map No. 11899, also known as Assessor Parcel No. (“APN”) 265-441-01 (“Parcel”), is a 5.14-acre property currently located within the boundaries of the Olivenhain Municipal Water District (“OMWD”) and

WHEREAS, the owner of the currently undeveloped parcel, Mr. Brendan Eckelman (“Property Owner”), is planning to build a residence on the parcel and desires to establish permanent water service; and

WHEREAS, because connection to OMWD’s water system would require significant biological mitigation, Property Owner desires that the parcel be allowed to detach from the OMWD sphere of influence and annexed into the Santa Fe Irrigation District’s (SFID) sphere of influence because SFID’s water distribution system is within relatively close proximity to the parcel and is less impactful to the environment and natural habitat; and

WHEREAS, the Property Owner received conditional approval from the OMWD Board on October 19, 2022 to pursue the detachment;

WHEREAS, the Property Owner received conditional consent from SFID to pursue annexation of the parcel into SFID’s Sphere of Influence as of September 21, 2023; and

WHEREAS, the Property Owner received conditional consent on December 4, 2023 from the San Diego Local Agency Formation Commission (“LAFCO”) for the detachment/annexation pursuant to the property owner petition referenced as Colina Fuerte-Via Ascenso Reorganization, Reference No. RO23-08, dated August 16, 2023, as well as conforming sphere of influence amendments (“Reorganization”); and

WHEREAS, based on OMWD staff’s review, the detachment of the parcel into SFID’s boundaries and the associated sphere of influence adjustment will not be detrimental to OMWD.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of OMWD as follows:

Section 1: The foregoing facts are found and determined to be true.

Section 2: The Board of Directors determines that all of the territory described in Exhibit "A" shall be detached from the OMWD and that all the territory described in Exhibit "A" shall be annexed to the Santa Fe Irrigation District.

Section 3: The Board of Directors of OMWD does hereby order the detachment of all the territory described in Exhibit "A" to the Olivenhain Municipal Water District.

Section 4: The terms and conditions of said detachment and annexation are as follows:

4.1 The boundaries of the OMWD and the SFID shall be modified to

RESOLUTION NO. 2024 - continued

conform to the legal descriptions as approved by both Districts.

4.2 Payment of OMWD Administrative Directive 96-01 has been processed by Mr. Brendan Eckelman and accounted for per the October of 2022 Board Item "CONSIDER APPROVAL OF COMMENCEMENT OF THE PROCESS TO DETACH PARCEL 1 OF SAN DIEGO COUNTY TRACT NO. 4558, MAP NO. 11899 (ECKELMAN) FROM OLIVENHAIN MUNICIPAL WATER DISTRICT'S SPHERE OF INFLUENCE".

4.3 That OMWD shall no longer be the supplier of potable water after the detachment is completed.

Section 5: This Resolution shall become effective immediately upon its adoption; it is adopted pursuant to Section 56425 et. seq. of the Government Code and aforesaid Resolution of the Local Agency Formation Commission authorizing the initiation of proceedings without notice and hearing and without an election.

Section 6: By certified copy of this Resolution, the Executive Officer of the Local Agency Formation Commission is requested to complete proceedings and make the necessary filings required by law, including forwarding certified copies of the proceeding to the County of San Diego Tax Assessors Office and State Franchise Tax Board.

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

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

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

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Paul Martinez, Engineering Technician I
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ACCEPTANCE OF THE FOUR GEE PARK WATER SERVICE INSTALLATION PROJECT (GEM INDUSTRIALS, INC.) INTO OMWD'S SYSTEM AND ORDER A NOTICE OF COMPLETION FILED**

Purpose

The purpose of this agenda item is to consider acceptance of the transfer of the facilities constructed by GEM Industrials, Inc., (Developer) into Olivenhain Municipal Water District's (OMWD) system and authorize the filing of a Notice of Completion with the San Diego County Recorder.

Recommendation

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

Alternative(s)

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

Background

The Four Gee Park Water Service Installation Project (Project) is located on Four Gee Road, north of Camino Del Sur in Director Division 1 (Director San Antonio). The Project consisted of the installation of a 1-inch water service .

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

Fiscal Impact

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

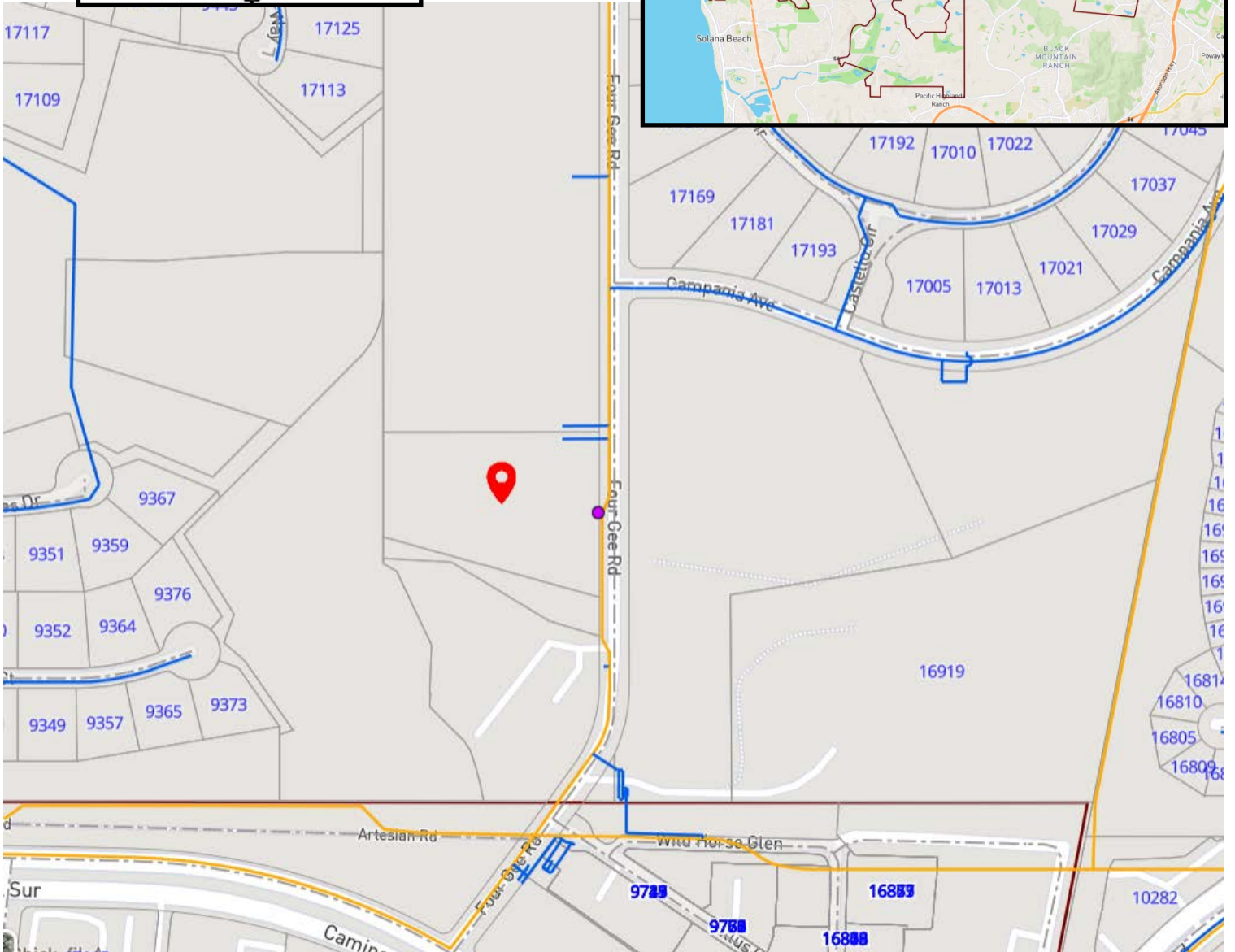
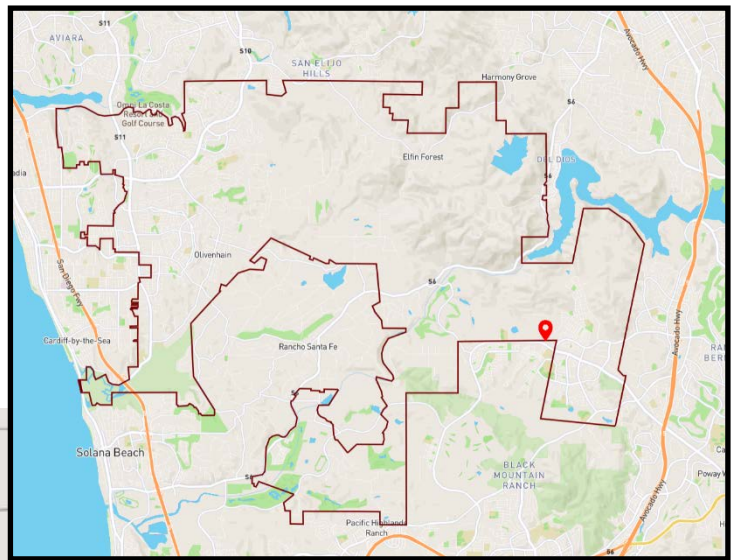
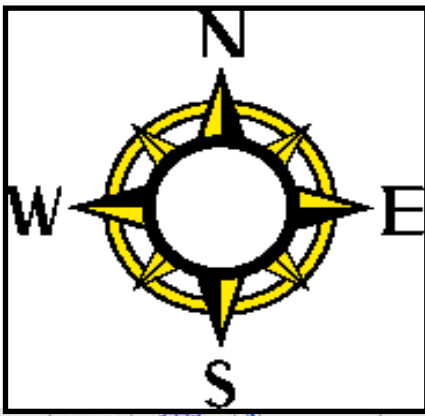
Discussion

Staff is available to answer questions.

Attachments:

Location Map

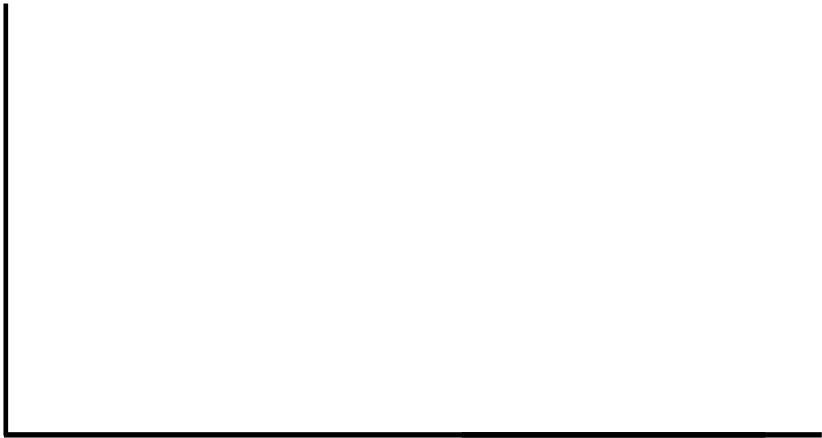
Notice of Completion



LOCATION MAP
FOUR GEE PARK WS INSTALL
DISTRICT PROJECT NO. W590321

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

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



(This space for recorder's use)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN that the facilities shown on improvement plans for Parcel 678-422-06-00 of Map No. 13734, recorded on Date of Map Recording located in the County of San Diego, State of California for which Gem Industrial, Inc., (“Developer”) contracted with the OLIVENHAIN MUNICIPAL WATER DISTRICT (“Owner,” in fee, of the facilities), headquartered at 1966 Olivenhain Road, Encinitas, CA 92024, have been completed in accordance with the approved plans and standard specifications and drawings as of May 20th, 2024. The facilities have been accepted by the Board of Directors of the OLIVENHAIN MUNICIPAL WATER DISTRICT on this 19th day of June 2024.

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

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

OLIVENHAIN MUNICIPAL WATER DISTRICT

Date: _____, 20__

By: _____
Kimberly A. Thorner
General Manager

Memo

Date: June 19, 2024

To: Olivenhain Municipal Water District Board of Directors

From: Steven Weddle, Engineering Services Supervisor

Via: Kimberly A. Thorner, General Manager

Subject: **CONSIDER APPROVAL OF AMENDMENT 2 WITH VALLEY CONSTRUCTION MANAGEMENT FOR CONTINUED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FOR THE 4S RANCH NEIGHBORHOOD 1 SEWER PUMP STATION REPLACEMENT PROJECT IN THE AMOUNT OF \$79,060 AND GRANT A TIME EXTENSION TO CLOSE OUT THE PROJECT**

Purpose

The purpose of this agenda item is to consider approval of Amendment 2 to the Professional Services Agreement (PSA, 21AGR080) with Valley Construction Management (Valley) on the 4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project (Project) for continued construction management and inspection (CM&I) Services.

Recommendation

Staff recommends approval of Amendment 2 for \$79,060 to provide continued CM&I services for the remaining work to be done, as well as extend the agreement duration by 4 months. The Project has remaining funds available in current fiscal year (FY 2024) approved appropriations and the approved budget for this amendment.

Alternative(s)

The Board could elect to:

- Reject the Amendment;
- Direct staff to re-negotiate; or
- Proceed in a manner as otherwise directed by the Board.

Background

The 4S Ranch Neighborhood 1 Sewer Pump Station (NBHD1 SPS) is located at the south end of 4S Ranch Parkway near the 4S Ranch Sports Park/Boys & Girls Club of Greater San Diego and Stone Ranch Elementary School in Director Division 4 (Hahn). The facility was constructed in 2000 by 4S Kelwood and dedicated to OMWD in 2002 as a part of the 4S Ranch Water Reclamation Facility (4S WRF) expansion. The NBHD1 SPS collects tributary flows from customers in the south end of the 4S Ranch development, including Black Mountain Ranch East Clusters, Heritage Bluffs, and the Avion developments. NBHD1 SPS pumps the effluent up 4S Ranch Parkway and over to the 4S Water Reclamation Facility on Dove Canyon Road through sewer force mains. The pump station consists of two (2) pumps: one (1) submersible pump in a wet well and one (1) centrifuge pump located in an above-ground, previously unconditioned structure along with the electrical equipment.

Originally contemplated in 2015 in the Capital Improvement Plan for 4S Ranch and Rancho Cielo Wastewater Systems report published by Dudek, the Project was placed for bid in 2019, and then canceled and postponed until fiscal year 2020/2021. Following a successful bid in Fall of 2021, the Board awarded the construction contract to Orion in February 2022.

In addition to the construction contract, CM&I services were also identified to manage the Project. Following a competitive selection, a Professional Services Agreement was awarded by the Board to Valley in November 2021 for CM&I services with an upper limit of \$328,305. A no-cost 18-month time extension was granted in December 2022 via Amendment #1 to align with the contractor's construction schedule. The contractor's (Orion Construction) contractual completion date was extended to August 30, 2024 via Board action in February 2024 via Construction Change Order #6. The proposed amendment under consideration will provide additional services to provide additional CM&I services for the extended schedule and closeout services through December 31, 2024.

Fiscal Impact

The project has approximately \$113,000 of appropriated budget available for FY24 to accommodate this request. No increase to the overall project budget, nor the FY appropriation is being requested at this time.

Is this a Multi Fiscal Year Project? Yes

In which FY did this capital project first appear in the CIP budget? FY 2014

Total Project Budget: \$8,132,000

Current Fiscal Year Appropriation: \$5,174,604

To Date Approved Appropriations: \$8,132,000

Target Project Completion Date: August 2024

Expenditures and Encumbrances as of (May 29, 2024): \$8,018,688

Is this change order within the appropriation of this fiscal year? Yes

Discussion

Due to lost production associated with the infiltration water, changed conditions, and material delays throughout the project, the contractor has been granted approximately 560 additional days in the contract through a series of construction change orders, extending the completion date to August 2024. Critical work remains to be completed before contractual completion, including the bypass, final piping connections, electrical and mechanical equipment, and start-up. Continuity in CM&I services is key to these efforts.

Valley has worked with OMWD to accommodate the extensions to date by thoughtfully assigning staff and reducing efforts wherever possible. Valley has projected their remaining needed efforts through completion per the attached proposal. Engineering recommends approving Amendment 2 for \$79,060 to provide continued CM&I services

for the remaining work to be done, as well as extend the contractual duration by 4 months to align with the contractor's contractual deadline.

Once these key efforts are completed, staff also anticipates a close out change order with Orion Construction for remaining work, including final restoration efforts of the HOA-owned access road damaged during construction duration. Although the magnitude of this anticipated change order is currently unknown until construction of the new facilities are complete, staff anticipates additional appropriations may be needed at that time, and requests will be brought to the Board concurrently with future change order considerations. Most project contingency funds available within the approved appropriations have been utilized by unforeseen conditions related to the infiltration/ groundwater issues encountered during construction of the project.

Staff is available to answer questions.

Attachments:

Amendment 2: Request for Additional Work 21AGR080

EXHIBIT "B"

**Olivenhain Municipal Water District
Request for Additional Work
(Includes Authorization to Perform Additional Services and Inter-Task Transfers)**

Consultant name Valley CM Request # 2

Project name 4S Ranch Neighborhood 1 SPS Replacement Project Date Required 12/20/2022

Project Task	Current Budget	Change	Revised Budget
Original Authorization	\$328,305.00		\$328,305.00
Amendment 2		\$79,060.00	
Total Contract Change Amount		\$79,060.00	\$407,365.00

Original Project Budget	\$328,305.00
Prior requests approved	\$0.00
This request	\$79,060.00
Revised Project Budget	\$407,365.00

Reason for requested change(s), please attach supporting documentation

Amendment 2 for an additional \$79,060 and a time extension to December 31, 2024 to close out the project.
See Attached Scope and Fee for cost details.
See Construction Change Order #6 for revised completion date of Orion Construction through August 30, 2024.

Paul Mochel 5/20/24
 Signature of consultant representative Date
 e-mail paul.mochel@valleycm.com

Email the completed form to dspencer@olivenhain.com or mail to 1966 Olivenhain Rd., Encinitas, CA. 92024

OMWD use only below this line

Approved by _____ Date _____
 D700004 _____ 21AGR080 _____
 Workorder number(s) to charge OMWD Record No.

Original to General Manager

Copies to

Originating Dept. Consultant Project Acct



May 6, 2024

Steve Weddle
Engineering Services Supervisor
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

SUBJECT: 4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project
Construction Management & Inspection Amendment Request #1
Contract 21AGR080

Dear Mr. Weddle:

Valley CM respectfully request an amendment to our contract to cover additional costs required to complete the project due to the contractor's extended schedule for completion of the project.

Valley CM's original contract to provide Construction Management and Inspection services for the above project included a 10-month contract duration. Change Order #6 extended the contract completion date to August 30, 2024 which results in a total contract duration of 31-months. While Valley CM has managed the existing budget to cover a portion of the extended contract duration, we respectfully request a contract amendment be executed to cover the additional costs required to provide Construction Management and Inspection services for the extended duration of the contract. The additional costs are outlined below:

- a. Construction Management (Paul Mochel)
 - i. 5 remaining months (May through September 2024) @ 12 hours per month = 60 hours
60 hours – 0 hours remaining (as of 5/1/24)
60 hours @ \$165/hour = \$9,900.00.
- b. Construction Inspection (Lisa Laszlo/George Foote)
 - i. 4 remaining months (May through August 2024) @ 125 hours per month = 500 hours
500 hours – 6 hours remaining (as of 5/1/24)
494 hours @ \$140/hour = \$69,160.00

TOTAL CM&I REQUESTED: \$79,060.00

Please call me if you have any questions.

Sincerely,
Valley Construction Management

A handwritten signature in black ink that reads 'Paul Mochel'.

Paul Mochel, PE, CCM

www.ValleyCM.com

3525 Del Mar Heights Rd Suite 192

San Diego, CA 92130

866 966 2720

Info@ValleyCM.com



Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Kimberly A. Thorner, General Manager
Subject: **CONSIDER VOTE FOR SOUTHERN NETWORK (SEAT A) REPRESENTATIVE TO THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS**

Purpose

The purpose of this agenda item is to vote for one representative to the California Special Districts Association's (CSDA) Board of Directors. The successful candidate will fill Seat A for CSDA's Southern Network for the 2025-2027 term.

Recommendation

While all the candidates are qualified for this position, staff recommends incumbent Jo MacKenzie from Vista Irrigation District.

Alternative(s)

The board could choose against participating in this year's election or select an alternative candidate.

Background

Each of CSDA's six regional divisions has three seats on the Board of Directors, holding staggered three-year terms. The term for the director holding the Southern Network's Seat A is expiring and the seat is currently up for election. Southern Network member

districts are entitled to vote for one candidate in this election by which to fill Seat A for the upcoming term. This election there are three candidates; incumbent Jo MacKenzie of Vista Irrigation District, Jason Dafforn of Valley Sanitary District, and Ross A. Leja of Jurupa Area Recreation & Park District.

Fiscal Impact

There is no cost associated with participation in this election.

Discussion

Voting will take place online through July 26, 2024, with the winner to be announced on July 29. Attached are the CSDA information sheets on each of the three candidates as well as any election correspondence OMWD has received to date.

Attachments: CSDA election packet



**California Special
Districts Association**
Districts Stronger Together

2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: JO MacKENZIE

District/Company: Vista Irrigation District, *CSDA District of Distinction, Platinum Level*

Title: Director, Certificate in Special District Governance

Elected/Appointed/Staff: Elected

Length of Service with District: 32 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

- ✚ CSDA Board of Directors, President 2011, Vice President 2010, Treasurer 2008-2009
- ✚ CSDA Finance Corporation Board of Directors, 2007-present; President 2012, 2013, 2015- present
- ✚ Special District Leadership Foundation Board of Director, Treasurer, currently Vice President
- ✚ Fiscal and Audit Committees, rewrote 'Treasurer Job Description'; Membership Committee 2011-present; Chair 2020-2021, 2022 and 2024
- ✚ Legislative Committee 2004-present; Chair, 2006-2010 and 2012
- ✚ CSDA San Diego Chapter, Board of Directors, 1993-present; President 1998-2000; presently serve on the Chapter Executive Board
- ✚ Attend all Annual Conferences and Legislative Days

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

- ✚ ACWA: Past Board Director; Local Government, Chair 2014-2015 and Membership Committee
- ✚ ACWA Region 10 Board of Directors, Vice Chair, Alternate Chair, Director 1997-2010
- ✚ The California Association of Local Agency Formation Commissions (CALAFCO), Board Member and Legislative Committee member, 2017-2023

3. List local government involvement (such as LAFCO, Association of Governments, etc.):

- ✚ San Diego LAFCO, 1994-present: Commission Chair 2018 & 2019; Alternate 5 years; Special District Advisory Committee 14 years, Chair 2005-2009
- ✚ City of San Marcos Planning and Traffic Commissions
- ✚ Personally initiated the City of San Marcos Budget Review Committee in 1980, Chair 1996-2006
- ✚ Resource Conservation District of Greater San Diego County, Association Director, 2016 to present

4. List civic organization involvement and recognitions

- ✚ Special District Official of the Year by PublicCEO
- ✚ CSDA Legislative Advocate of the Year, 2011
- ✚ Graduate of CSDA's Special District Leadership Academy
- ✚ San Marcos Chamber of Commerce, Lifetime Ambassador
- ✚ Graduate of Leadership 2000, Cal State San Marcos
- ✚ Vista Community Development Associates, Treasurer
- ✚ Soroptimist International



RE-ELECT JO MACKENZIE

PROVEN EXPERIENCE LEADING SPECIAL DISTRICTS

- **DEDICATED**
- **FISCALLY RESPONSIBLE**
- **COMMITTED TO SPECIAL DISTRICTS**

It has been a privilege and honor to serve on the CSDA Board of Directors (Board) representing the Southern Network. Serving on the Board requires a commitment of time; I am in Sacramento at least twice a month for CSDA meetings. I have served as President, Vice President and Treasurer, and served as a Chair and/or member of the various committees. In 2010 and 2011, respectively, I was recognized as CSDA's Legislative Advocate of the Year and by PublicCEO as Special District Official of the Year.

During my tenure on the CSDA Board, I have formed working relationships throughout the Network and State that have given me an insight regarding the needs of special districts. Based on these insights and input from other CSDA directors, CSDA has worked to provide webinars at no cost to its members, begun offering the leadership academy three times a year and on-line, and the SDLF Board eliminated budget limits for scholarships. I serve on the CSDA and SDLF Boards, and I am proud of the collaboration that allows all special districts to take advantage of CSDA's programs.

During my term, I have been committed to continue building on the present foundation of CSDA's educational programs, state and federal legislative advocacy, and public outreach. CSDA is now the "voice of Special Districts", "the third leg of local government", and the 'go-to' association for legislative issues.

My proven leadership and public service experience, commitment to fiscal responsibility, and comprehensive LAFCO and special district knowledge make me the most qualified candidate to represent the Southern Network.

I have a true passion for and proven experience in leading Special Districts. I would be honored to continue serving on the CSDA Board as your Southern Network Director.

I am asking for your **Vote**.

ELECTRONIC VOTING ENDS JULY 26 AT 5:00 P.M.

**50+ CSDA EDUCATIONAL OPPORTUNITIES ARE LISTED ON
CSDA'S HOME PAGE**

From: [Ramae Ogilvie](#)
Subject: Jo MacKenzie for CSDA Board of Directors, Southern Network, Seat A
Date: Wednesday, June 5, 2024 3:50:27 PM
Attachments: [2024 Jo MacKenzie CSDA Candidate Statement.pdf](#)
[6.5.2024 Letter of Support from VID President Richard Vasquez.docx.pdf](#)

CAUTION: EXTERNAL EMAIL. Do not click any links or open attachments unless you recognize the sender, verified their email address, and know the content is safe.

On behalf of the Vista Irrigation District (VID), I am requesting your agency's support and vote for Jo MacKenzie for the California Special Districts Association (CSDA) Board of Directors for the Southern Network, Seat A. We are fortunate to have such a qualified candidate in Director MacKenzie. She has the unanimous support of VID's Board, as noted in the attached letter from VID's Board President Richard Vásquez.

Having known Director MacKenzie for more than 20 years and working with her at VID, I can attest to her very active involvement in special districts and her acquired comprehensive knowledge in statewide and local special districts issues. Attached you will find a candidate's statement summarizing Director MacKenzie's qualifications. As you will see, she possesses the knowledge and experience necessary to be an outstanding, engaged and highly effective CSDA Board member.

I urge your Board of Directors to vote for Jo MacKenzie to continue her service as Seat A Director for the Southern Network on the CSDA Board; electronic ballots will be emailed to your district's contact person on June 10, 2024 and must be received by CSDA by 5:00 PM on July 26, 2024. Please do not hesitate to contact me if have any questions or need additional information. Thank you for your consideration.

Regards,

Brett Hodgkiss
General Manager
bhodgkiss@vidwater.org



1391 Engineer Street • Vista, California 92081-8840
Phone (760) 597-3100 • Fax: (760) 598-8757
www.vidwater.org

Board of Directors

Richard L. Vásquez, *President, Division 2*
Marty Miller, *Division 1*
Peter Kuchinsky II., *Division 3*
Patrick H. Sanchez, *Division 4*
Jo MacKenzie, *Division 5*

Administrative Staff

Brett L. Hodgkiss
General Manager
Ramae A. Ogilvie
Board Secretary
Elizabeth A. Mitchell
General Counsel

June 5, 2024

Re: Jo MacKenzie for CSDA Board of Directors, Southern Network, Seat A

Dear Board President:

On February 20, 2024, the Vista Irrigation District (VID) Board nominated Jo MacKenzie to the California Special Districts Association (CSDA) Board of Directors for the Southern Network, Seat A. As President of the Board, I'm requesting that your Board cast its vote for Jo MacKenzie, CSDA Board of Directors. Electronic ballot voting begins on June 10, 2024.

Jo's enthusiasm, commitment, and comprehensive knowledge of special districts have brought a high level of experience to the CSDA Board of Directors. Jo believes it is important that CSDA continue to be the voice of all special districts and build on the present foundation of legislative advocacy, educational programs, and public outreach.

Currently serving on the CSDA Board of Directors (Past President, 2011), Jo serves on the CSDA Legislative Committee; she served as the Committee Chair from 2006-2010 and in 2012 and was named Legislative Advocate of the Year in 2010. Jo currently serves as President of the CSDA Finance Corporation, and Vice President of the Special District Leadership Foundation. She also serves on the CSDA Member Services Committee and is very active with the San Diego Chapter of CSDA, serving as its President 1998-2000.

Jo was elected to the VID Board of Directors in 1992 and has since served as President nine times. She is currently a Commissioner on the San Diego Local Agencies Formation Commission (LAFCO) and served as Chair in 2019-2020; Jo has continuously served in various capacities on LAFCO since 1994. She has also served on the California Association LAFCO Board of Directors. Jo is a past Board Director for the Association of California Water Agencies and currently serves on its Membership and Local Government committees.

Jo is active in her local community, having served on the City of San Marcos Planning Commission, Traffic/Safety Commission, Budget Review Committee and Affordable Housing Task Force. She has also been active in the San Marcos Chamber of Commerce for over 30 years, serving as a Board Member and a Life Member Ambassador.

Jo is extremely active and engaged in all aspects of California special districts and her wealth of experience makes her the obvious choice for Southern Network, Seat A. I urge your Board to vote for Jo MacKenzie to continue her service as Seat A Director for the Southern Network. Thank you for your support!

Very truly yours,

A handwritten signature in blue ink that reads "Richard L. Vásquez".

Richard L. Vásquez
President, Board of Directors



**California Special
Districts Association**
Districts Stronger Together

2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Jason Dafforn

District/Company: Valley Sanitary District

Title: General Manager

Elected/Appointed/Staff: Staff

Length of Service with District: 1 year

- 1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):**

Attend CSDA Conference and Leadership Academy

- 2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):**

ACWA, CASA

- 3. List local government involvement (such as LAFCo, Association of Governments, etc.):**

N/A

- 4. List civic organization involvement:**

Desert Recreation Foundation Board of Directors

****Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**

My name is Jason Dafforn. I am a Licensed Civil Engineer in the State of California with over 30 years of experience in the water and wastewater industry. I have 17 years of experience as a utility manager working for California local governments, including over eight years working for a special district.

California's special districts play a crucial role in the daily lives of millions, providing essential services ranging from water and sanitation to fire protection, healthcare, and many others. The California Special District Association (CSDA) provides resources, training, state and federal advocacy, and professional development to help special districts across the State flourish.

Today, special districts are confronted with unprecedented challenges. As a special district manager, I have gained a comprehensive understanding of these challenges, which positions me to provide valuable guidance and develop effective resolutions. My fresh ideas and unique perspective will enable the Board of Directors to proactively address current issues and future challenges, keeping CSDA ahead of the curve.

Together, we hold the power to shape the future and provide exceptional resources for special districts in California. By ensuring they remain at the forefront of delivering essential services and improving the quality of life for all residents, we can make a significant impact.

Let us build a stronger, more resilient future for California's special districts and the communities they serve.



2024 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: ROSS A. LEJA

District/Company: JURUPA AREA RECREATION & PARK DISTRICT

Title: DIRECTOR DIVISION 5

Elected/Appointed/Staff: ELECTED

Length of Service with District: 6 YEARS

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

NO

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

NO

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

NONE

4. List civic organization involvement:

JURUPA CHILDRENS CHRISTMAS PARTY

JURUPA DISTRICT LIONS CLUB

****Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**

I am running for the open board position to bring representation for the Inland Empire to CSDA and grow CSDA in the Inland Empire. San Bernardino and Riverside Counties, together known as the Inland Empire, is one of the fastest growing regions of California and home to over 80 special districts. However, the Inland Empire currently has no representation on the Southern District Board.

I currently serve on the Board of Directors for the Jurupa Area Recreation and Parks District (JARPD). Our district serves the city of Jurupa Valley and a portion of the city of Eastvale. I have been in this position for six years. During this time we have grown our district by fourteen facilities. I have made it a mission to develop relationships with the other special districts in our area to help JARPD better serve its residents. I look forward to expanding this mission to the other special districts in the Inland Empire if I am elected to the Board representing the Southern District

I am an eight year Air Force Veteran, husband, father and grandfather. My wife of 49 years and I have made our home in Jurupa Valley for over three decades. I have served on the City of Jurupa Valley Traffic Safety Committee, acting as its first chair for three years. I also served on the Jurupa Unified School District Citizen Oversight Committee for a \$144 million bond measure as both Vice Chair and Chair. A cause close to my heart is my work with the Jurupa Children's Christmas Party, an organization that has distributed presents to underprivileged in Jurupa Valley for over 40 years.

I have always considered service to my country and community a privilege and would like to continue by serving on the board of the California Special Districts Association.

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Kimberly Thorner, General Manager
Subject: **CONSIDER DISCUSSION AND DIRECTION TO STAFF ON SAN DIEGO COUNTY WATER AUTHORITY UPFRONT FIXED COST PREPAYMENT OPTION(S)**

Purpose

The purpose of this item is for the Board to provide direction to the General Manager on participation in the newly released program offered by the San Diego County Water Authority (SDCWA) to pre-pay fixed costs under three different proposed alternatives, to assist the SDCWA with their cash flow issues.

Recommendation

The General Manager does **not** recommend that OMWD participate in any of the alternatives offered by SDCWA, as the proposal is estimated to be a loss to OMWD based on the analysis below and the risks are significant. The option discussed with the OMWD board last month to pre-buy 3,449-acre feet of water in December of 2024 will yield positive financial benefits to OMWD in the coming fiscal year at virtually nonexistent risk and is the better alternative.

Background

In their most recent communications to their board, the SDCWA has indicated that it needs an 18.15% rate increase for CY 2025, which will be voted on by the SDCWA Board at the June 27, 2024, meeting. SDCWA staff further indicated that it will still have cash flow issues and will need a total of 39% rate increase over the next two calendar years. The City of San Diego stated at the SDCWA May 2024 Board meeting that they would not be supportive of an 18.15% increase and pushed for both delays and alternative measures to decrease the rate increase. The delay motion was not successful by San Diego. On May 31, SDCWA sent the memo, attached as Exhibit A, offering a discount to member agencies to prepay their fixed costs in advance under three different scenarios.

Every member agency pays a portion of its costs as fixed costs monthly regardless of how much water it takes. Separately, each member agency then pays its variable costs each month based on its own water use demand each month. If the SDCWA Board votes in favor of Option 9, which is a 18.15% rate increase, the total fixed costs SDCWA would collect from member agencies for the year are as follows:

	SDCWA Alternative 9
	Fixed Charges
	CY 2025
Transportation	30,000,000
Customer Service	30,000,000
Storage	65,000,000
Supply Reliability	53,180,000
IAC	45,768,066
MWD RTS	11,453,673
MWD CRC	10,944,700
TOTAL FIXED COSTS	216,346,439

OMWD will not know exactly what our CY 2025 fixed cost allocation from SDCWA will be until the SDCWA Board adopts the rates at their June board meeting and each member agency's allocation of SDCWA's fixed costs is provided. The prepayment among and the Net Potential Savings (loss) shown for each option are based on OMWD Staff's estimate of OMWD's fixed costs would be using CY 2024 Adopted Fixed Charges and adding in changes that we know are coming to fixed costs such as transportation as follows:

Estimated net potential savings (loss) on prepayment options

	Option 1 - (July payment for CY 2025 Fixed Charges)	Option 2 - (January payment for CY 2025 Fixed Charges)	Option 3 - (July payment for FY 2025 Fixed Charges)
Prepayment amount*	\$ 11,008,800	\$ 11,008,800	\$ 10,028,400
% Discount	6%	4%	4%
Discount amount	\$ 660,528	\$ 440,352	\$ 401,136
Opportunity Cost**	18-month investment @ 5.22%	12-month investment @ 5.45%	12-month investment @ 5.45%
Opportunity Cost** (investment income lost)	\$ (861,989)	\$ (599,980)	\$ (546,548)
Net potential savings (Loss)	\$ (201,461)	\$ (159,628)	\$ (145,412)

**Options 1 and 2 prepayment amounts are estimated based on CWA's latest DRAFT rates for CY 2025 (Alternative 9 released by CWA staff on May 15, 2024).

Since Option 3 is for the fiscal year rather than calendar year, Option 3 is based on known CY 2024 fixed charges for July - December 2024, and CWA's latest DRAFT rates for January - June 2025 (partial CY 2025).

**Based on current agency security offerings as of June 4, 2024.

SDCWA collects their fixed costs from each of their member agencies monthly through their monthly invoice. SDCWA has indicated that even with an 18.15% rate increase for CY 2025, it still has concerns about cash flow and has offered discounts for the options as noted above, ranging from 4 to 6%, depending on how early the member agency prepays (July of 2024 or January of 2025) and how far out they pay their fixed costs for (remainder of CY 2024 or CY 2025).

Fiscal Impact

Each alternative has varying fiscal impacts and discount rates. To analyze potential reduction in cost of water for our rate payers, one must both assume the estimated fixed costs as noted above, the discount being offered and then deduct from the savings what OMWD would have yielded on its investments in that equivalent period. As stated in each of the alternatives above, SDCWA Upfront Payment Discount Pilot Program with discount rates ranging from 4%-6%, based on the current market condition and yields on OMWD short-term investment, would result in a net loss to OMWD.

Discussion

Other factors such as compliance with the Board's Operating Reserves Policy and borrowing funds through issuance of short-term notes to raise cash for the Program have also been considered by the General Manager. Those other factors are as follows:

1. An upfront payment of \$10 or \$11 million would cause OMWD to fall below its Operating Fund Reserve Minimums for almost a year before the reserves would be brought back up to minimums. Specifically, OMWD's Operating Fund has a maximum of 120 days of operating requirements and a minimum of 60 days. For June of 2024, this places the maximum at @\$19 million and the minimum at @\$9 million. A draw of \$11 million in June of 2024 would place us \$5 million below our minimum balance. This would likely place OMWD's AAA bond rating into a review by the rating agencies, with a potential negative outcome.
2. The number one financial investment priority of OMWD is to protect the principal and assets of OMWD, which is reflected in its Board adopted financial policies. Putting our cash at risk is not fiscally prudent and responsible.
3. What if SDCWA gets it wrong. What if water sales remain low and they increase rates more than projected next year? This has happened repeatedly in recent years. OMWD would be in an ominous situation if wholesale rate increases continue to escalate before its Operating Fund minimum balance was replenished.
4. OMWD is not anyone's sugar daddy. (See VOSD article attached.) The goal of the District's Investment Policy is to meet the liquidity needs of the District, to ensure cash resources are available to pay day-to-day disbursements, and to have cash

on hand to pay for emergencies. Based on our analysis above, the program just doesn't pan out for OMWD.

Further options were evaluated by OMWD staff, but were also considered non-viable as follows:

1. OMWD could raise rates an additional incremental amount to support the early cash pre-payment to SDCWA in order to replenish its reserves faster, however this is not a fair nor equitable solution for our ratepayers, especially considering that we know a rate increase near 18% is likely coming from SDCWA already.
2. OMWD could consider borrowing funds and pay interest expenses to make the prepayment however, this would not enhance OMWD's ability to float debt and provide OMWD more flexibility for funding a more meaningful option in reducing purchased water cost from SDCWA, such as pre-buying water at a lower cost in December 2024. We were advised that issuing debt would take two months to complete, so the July timeframe for the 6% discount could not be met either.

Staff will be available to discuss this proposal with the board at the meeting and will provide any updates verbally at that time if there have been changes to the program proposed by SDCWA.

Attachments:

SDCWA Communications on the Program (Exhibit A)

Voice of San Diego Article on Program (Exhibit B)

May 30, 2024

Subject: Upfront Payment Discount Pilot Program

Dear Member Agency Rate Workgroup,

In keeping with the Water Authority's commitment to seek innovative solutions during this challenging rate cycle, we are preparing to offer all member agencies a 4% discount for upfront payments of fixed charges for CY 2025. This pilot program would allow member agencies to make a single payment by January 3, 2025, to cover their fixed costs for the year rather than paying in 12 equal installments.

If every member agency participated, the Upfront Payment Discount would reduce the projected regional effective rate increase for CY 2025 by nearly 1.5 percentage points. For example, if the Board selects rate increase Alternative 9 (moderate -risk CIP) and the payment discount is fully adopted by member agencies, the average effective rate would decrease from 18.15% to 16.7%. If only some agencies participate, those agencies would accrue the savings while other agencies remain at the average effective rate increase.

The actual figures are subject to change pending Board action, and the logistical details remain under development. However, we anticipate that an Upfront Payment Discount of 4% would be applied to participating agencies' annual fixed charge allocations that are set when the Water Authority Board adopts rates. In addition, a discount of 6% is available for prepayment funds received in July 2024. Fixed charges include Customer Service, Storage, Transportation (fixed portion only), Supply Reliability, Infrastructure Access Charge, MWD RTS and MWD Capacity Charge. No discount will be offered for any variable or volumetric-based rate.

The tentative roll-out schedule is as follows:

1. Meetings with member agency finance staff in June 2024
2. Opt-in deadline of October 31, 2024
3. Upfront payment invoices issued in November 2024
4. Payments due by COB January 3, 2025
5. Fixed charge allocation credits will be provided in each monthly bill during 2025
6. The program will be evaluated in late 2025 for potential future applicability

The Water Authority can offer this incentive because upfront payments will be invested at approximately the same rate as the discount. This approach is assumed to be revenue neutral over the course of the year and would continue to meet cost-of-service requirements. Upfront payments benefit the Water Authority – and therefore the entire region – by enhancing our ability to float debt related to future water exchanges and by providing flexibility for funding CIP projects that enhance regional supply reliability.

Member Agency Rate Workgroup
May 30, 2024
Page 2

We hope that you will consider this opportunity to make a small but meaningful reduction in the cost of water for your ratepayers, and we look forward to partnering with you on this approach. Please email Pierce Rossum at prossum@sdcwa.org to schedule an appointment to discuss details of this pilot program for your agency.

Sincerely,

Lisa Marie Harris
CFO/Finance Director
San Diego County Water Authority

Upfront Payment Discount Pilot Program Frequently Asked Questions

- **Can agencies select certain fixed charges to prepay or select different pay periods?**
 - At this time, we don't have the capacity to customize plans, however, we welcome suggestions for improving the overall program and may be able to offer variations in future years. The exception is that we will accept prepayment in July for a 6% discount on fixed charges.

- **Why is the discount 4%?**
 - The discount is based on reasonably anticipated investment earnings.

- **Does the influx of cash allow the Water Authority to reduce rates more than previously anticipated?**
 - No. The projected rate increases are necessary to cover higher costs for CY 2025. The discount program does not change total anticipated revenue needed to cover costs.

- **Will the discount program reduce future rate increases?**
 - No. At the end of the 12-month period, anticipated ending fund balances are expected to be neutral.

- **Will you offer this program every year?**
 - It's too early to say. We will evaluate it in partnership with member agencies in 2025 and make a determination about the following year.

- **Why don't you charge full cost and then provide interest credits through the year?**
 - The prepayment discount approach is easier to track and implement than having agencies pay the full cost and "crediting" interest. The discount also allows the Water Authority to forecast additional investment income without a higher interest expense that would require 1.5x coverage.

May 31, 2024

Subject: Upfront Payment Discount Pilot Program Follow-up

Dear Member Agency Rate Workgroup,

In response to this feedback, the Water Authority is offering the following FY 2025 Alternative to encourage maximum participation in this program to reduce the cost of water for ratepayers.

Alternative Upfront Payment of FY 2025 Fixed Charges

- 1) Payment in July 2024 for the remaining CY 2024 Fixed Charge allocation (July – December) and CY 2025 Fixed Charge allocations (January – June).
- 2) The 4% discount would be applied to CY 2025 Fixed Charges (to provide a reduction to CY 2025 Effective Rate impact).
- 3) The discount would be defined based on the specific 12-month period (FY 2025) total, rather than the CY 2025 total.

Note: This option is only viable with a June adoption of CY 2025 Rates and Charges by the Water Authority Board.

Accordingly, there are now three options available – the two outlined on May 30 and the alternative described above:

- 1) July payment for CY 2025 Fixed Charges (maximum effective rate savings of 6%)
- 2) January payment for CY 2025 Fixed Charges
- 3) July payment for FY 2025 Fixed Charges

Please continue to provide your comments and feedback. We appreciate the opportunity to partner with you on this approach and will continue to tailor this program as we are able to meet the needs of our member agencies.

Sincerely,

Lisa Marie Harris
CFO/Finance Director
San Diego County Water Authority

SCIENCE/ENVIRONMENT

San Diego Steps Up as Water Authority's 'Sugar Daddy'

To cover a short-term cash crunch and draw down huge water rate increases, the city of San Diego offered to pay its water bills in advance.

by MacKenzie Elmer
June 3, 2024



File illustration by Adriana Heldiz

When the region's water importer said it was hurting for cash, the city of San Diego said: I'll be your sugar daddy.

That's basically what happened last week after the San Diego County Water Authority – in charge of getting water from the Colorado River and northern California to San Diego – broke the news to its 22 customer water districts that its prices **were going up 39 percent** over the next two years. Mayor Todd Gloria **pushed back on the increase**, calling on his board members to find a way to soften the blow on San Diegans.

Then the city, the Water Authority's largest customer, stepped in and offered to help foot part of the bill by paying a few of its water bills in advance.

The Water Authority bit immediately, sending a letter on Friday to its 22 customer water districts that said, if everyone did the same, they could lower the 19 percent rate increase that would go into effect Jan. 1 by 1.5 percent.

The Water Authority's cash crunch exists for several reasons, namely because the Water Authority is selling less water – therefore it's making less money. The last few years have been inordinately rainy for southern California, which is great for cities and farmers because the land is so saturated and reservoirs are so full, but that means less water needs to be purchased from non-local sources through the Water Authority.

Also, the Water Authority has to buy water **from farmers in Imperial Valley** and from a desalination plant in Carlsbad, the region's most expensive water source, even if there's no demand for it. (The new leader of the agency has been trying to find ways **to sell off some of those supplies**.) Plus, the Water Authority **is still paying off about \$2 billion in debt** from building a lot of infrastructure to get and keep water here.

The crunch is a \$95 million bill coming due in April to help pay down some of that debt, confirmed Mike Lee, a Water Authority spokesman. Nick Serrano, Mayor Gloria's deputy chief of staff and vice chair of the Water Authority board, told Voice of San Diego the agency approached the Water Authority with the idea. Even if only the city of San Diego participates, a few fronted monthly bills could make a dent in that bill.



Vice Chair Nick Serrano during a Water Authority meeting in Kearny Mesa on July 27, 2023. / Photo by Ariana Drehsler

Beyond paying people and pensions, water is the city's largest expense. San Diego spent about \$300 million for water in 2023, records show, and that was during a nice rainy year.

Even though San Diego is having a tough budget year of its own, water is a planned expense that lives in its own, special untouchable fund. By law, water districts can only charge what it costs to provide water. Districts bank water rates and keep some cash on hand as an emergency reserve because, no water, no civilization.

"For everyone who has been critical of the city's influence on the Water Authority, this is us coming to the table with solutions," Serrano said.

The Water Authority is slated to vote on the rate increase at its June 27 meeting.

Bruce Higgins



Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT (DISTRICT) APPROVING THE GENERAL MANAGER’S RECOMMENDED OPERATING AND CAPITAL BUDGET FOR FISCAL YEARS 2025 AND 2026 (RECOMMENDED BUDGET)**

Purpose

Staff is requesting the Board to consider and approve the attached General Manager’s Recommended Operating and Capital Budget for Fiscal Years 2025 and 2026 (Recommended Budget) and to adopt the attached Resolution 2024-XX approving appropriations for Olivenhain Municipal Water District water and wastewater operations, maintenance, and capital improvements consistent with the Recommended Budget.

Recommendation

Staff recommends that the Recommended Budget be considered for approval and Resolution No. 2024-XX (attached) be adopted by the Board. No future increases or decreases to the Recommended Budget shall occur except upon approval by the Board, however it must be noted that the budget is being proposed without knowing the calendar year 2025 rates from our wholesaler, San Diego County Water Authority.

Projected Purchased Potable and Recycled Water Costs and Planned revenue adjustments to the District's water rates and charges will be revisited and discussed with the Board in July and August 2024 as part of the 2024 Water Rate Study and Financial Plan.

Alternative

The Board may choose to modify the Recommended Budget as presented. The District requires to have a budget formally approved by the Board for expenditures of appropriated funds for operations, maintenance, capital improvement, and debt service requirements for water and wastewater for each fiscal year to comply with certain sections of the District's Administrative and Ethics Code. Fitch Rating reviews financial assumptions and forecasts used in developing the Recommended Budget in assessing the District's credit risk as part of their annual surveillance rating process.

Background

A preliminary operating and capital budget for Fiscal Years 2025 and 2026 was presented by Staff for review and discussion with the Finance Committee (Director Meyers and Director Watt) on April 1, 2024. The preliminary budget is a reflection of District commitment to focus on completing the goals and objectives set by the Board and to maintain "Pure Excellence" in providing reliable water and wastewater services to its customers. The District's Water and Wastewater Operation and Maintenance, except for Purchased Water Costs, for Fiscal Years 2025 and 2026 were proposed to the Committee based on San Diego Consumer Price Index – Carlsbad half year increases, which is annual inflation adjustment used in the District's Water and Wastewater Long Range Financial Plans.

Staff was directed by the Finance Committee to bring the draft Operating and Capital Budget for Fiscal Years 2025 and 2026 forward for consideration and discussion with the Board.

The draft Operating and Capital Budget was presented and reviewed with the Board at the April 17, 2024, meeting. Staff received direction from the Board to present the final draft of the Budget including deceleration of the San Dieguito Valley Ground Water Desalination Project and revision to the purchased water cost estimates included in the draft Budget because of uncertainties in purchased water wholesale costs from San Diego County Water Authority. Purchased water wholesale costs are significant expenditures to the water operating budget.

Staff informed the Board that proposed changes over \$50,000 to the Draft Budget will be itemized and discussed with the Board at the June meeting prior to consideration and adoption.

Significant changes (over \$50,000) to the District's Draft Operating and Capital Budget for Fiscal Years 2025 and 2026 are itemized in the Fiscal Impact section for the Board's consideration.

Fiscal Impact

The impact of future Purchased Water Wholesale Cost increases from SDCWA on the Recommended Budget for water operations is difficult to estimate. Increases to purchased water wholesale costs from SDCWA are subject to SDCWA Board of Directors' approval at this time. An update to the District's water rate cost of service study is currently underway. The 2024 water rate study is expected to be completed in July/August 2024. Purchased Water Wholesale Costs and Water System Revenues will be revisited and discussed with the Board as part of the 2024 Water Rate Study workshops.

Proposed Changes Included in the Recommended Budget over \$50,000:

Operating Revenues – Potable and Recycled Water:

Proposed adjustments to the Operating Revenues – Potable and Recycled Water Operations assumptions for Fiscal Years 2025 and 2026 using the maximum threshold of 9% set by the Board to pass through purchased water wholesale cost increases in anticipating the double digit planned increases in purchase water wholesale costs from SDCWA starting January 1, 2025.

Budget Adjustments: Proposed increases of \$662 thousand and \$2.087 million in projected water operating revenues for Fiscal Year 2025 and Fiscal Year 2026, respectively.

Operating Expenses – Purchased Potable and Recycled Water Costs:

Proposed adjustments to the Operating Expenses – Purchased Potable Water Costs for Fiscal Years 2025 and 2026 using the High-Rate Scenario forecast for Calendar Year 2025 and Calendar Year 2026 included in the SDCWA's 2021 Long range Financial Plan. The 2021 Long Range Financial Plan includes the most current projections until a new Five-year Forecast is updated by SDCWA.

Budget Adjustments: Proposed increases of \$849 thousand and \$2.3 million in projected purchased water costs for Fiscal Year 2025 and Fiscal Year 2026, respectively.

Non-Operating Revenues – Capital Contributions from Others:

Proposed adjustments to Non-Operating Revenues – Capital Contributions from Others due to timing of grant receipts and change in capacity fee revenue estimates in from Engineering to reflect current progress on new housing development projects within the District’s service area.

Budget Adjustments: Proposed decreases in projected capital contributions of \$2.816 million and \$2.876 million for Fiscal Year 2025 and Fiscal Year 2026, respectively. Decreases in projected grant revenues in the Recommended Budget was offset by an increase in grant revenue projection for Fiscal Year 2024 of \$1.8 million for grant monies to be received sooner than planned.

Operating Expenses – Transfer To (From) Other Fund Balances:

A proposed reduction to PAYGO fund transfers from Operating to Capital in Fiscal Year 2025 due to construction delays and timing of capital expenditures on several capital improvement projects, such as DCMWTP 1st and 2nd Stage Beam Replacement projects, Headworks Screening Improvement project, the Unit B&K, and Dusty Trail pipeline projects.

Budget Adjustments: A proposed decrease in projected PAYGO transfers of \$876 thousand in Fiscal Year 2025 as a result of reductions in projected capital expenditures of \$2.1 million in Fiscal Year 2025. Staff is not proposing a change to the Fiscal Year 2026 PAYGO transfer.

The impact on net income from proposed budget adjustments since the April Board meeting is a decrease of \$2.15 million in Fiscal Year 2025 and a decrease of \$3.06 million in Fiscal Year 2026. The District’s Recommended Budget is still in compliance with the District’s debt service coverage ratio requirement.

Capital Improvement – Fiscal Years 2025 and 2026 Equipment Purchases

There are no proposed changes to the Equipment Purchases in the Recommended Budget since presented in April. Total projected capital expenditures for equipment purchases for Fiscal Years 2025 and 2026 is \$1,035,000.

Capital Improvement – Fiscal Years 2025 and 2026 Capital Expenditures

Projected capital expenditures in Fiscal Year 2025 are proposed to be decreased by \$2.1 million. Projected capital expenditures in Fiscal Year 2026 are proposed to be increased by \$785 thousand. Proposed adjustments to capital expenditures are mainly due to construction delays and timing of capital expenditures.

Discussion

The Recommended Budget, if adopted, is approved as the biennial budget for Fiscal Years 2025 and 2026. The Recommended Budget is developed based on assumptions to project the District's operating and capital expenditures in Fiscal Year 2025 and Fiscal Year 2026.

Any material changes to revenue or expense assumptions in the Recommended Budget will be reviewed and discussed with the Board as part of the 2024 Water Cost of Service Study workshop in July/August 2024.

Any material changes to revenue or expense assumptions used in the Recommended Budget will be addressed during the mid-term budget review process, which will start in April 2025.

Staff will be available to discuss the Recommended Budget with the Board at the meeting.

Attachments: Resolution

Final Draft of The General Manager's Recommended Operating and Capital Budget for Fiscal Years 2025 and 2026

RESOLUTION NO. 2024-XX

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

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

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

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

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

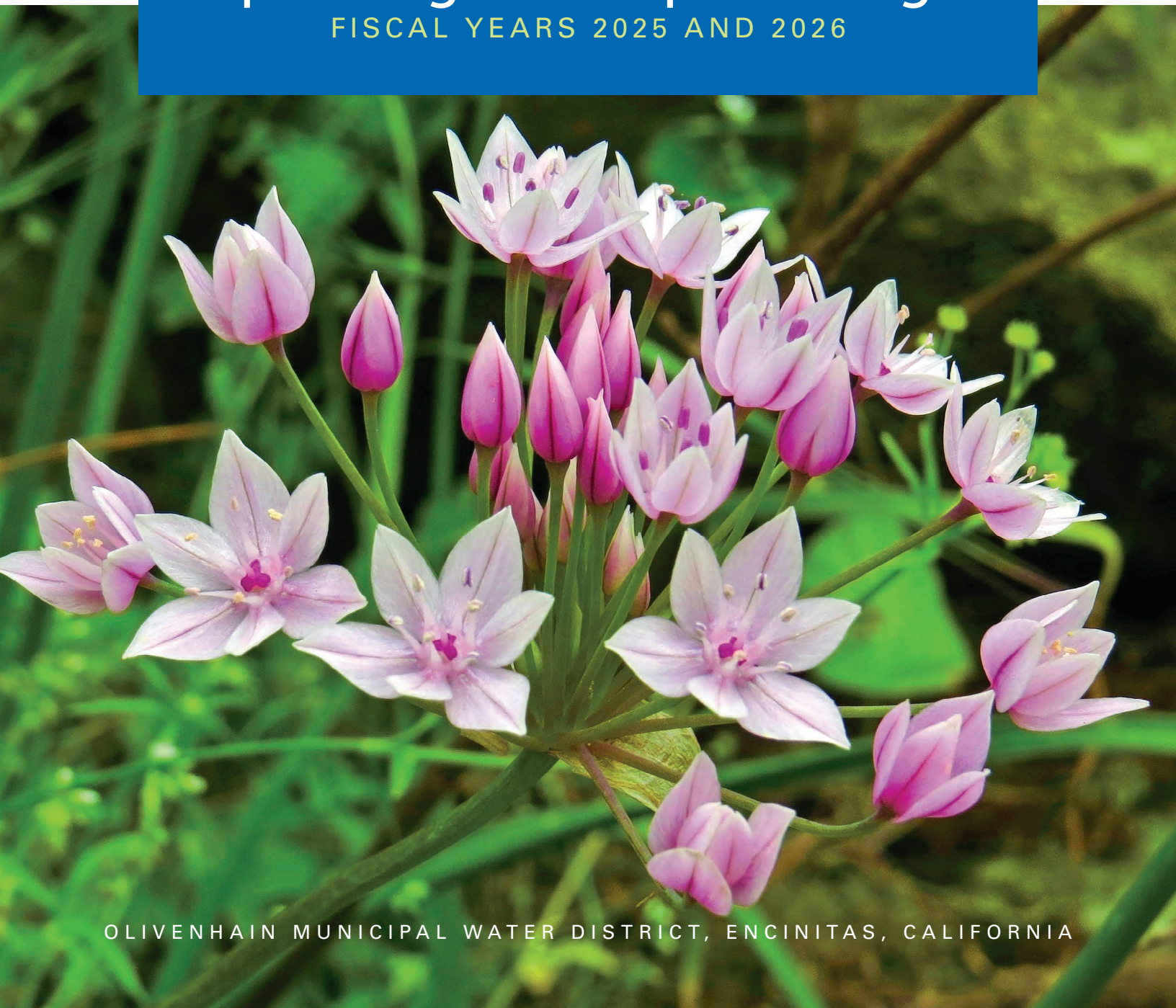
PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 19, 2024.

ATTEST:

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

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

**General Manager's
Recommended Biennial
Operating and Capital Budget**
FISCAL YEARS 2025 AND 2026



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

C O V E R



“Color Bloom”

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

Our Mission

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

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

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



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

Board of Directors

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

General Manager

Kimberly A. Thorner, Esq.

General Counsel

Alfred Smith, Esq., Nossaman LLP



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

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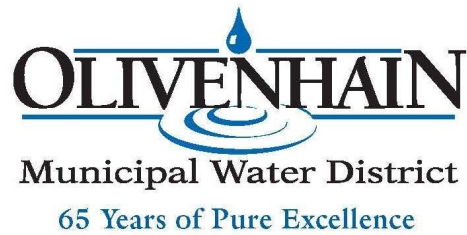
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Place holder for Board
resolution approving
budget

Board of Directors

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



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

Board of Directors
Olivenhain Municipal Water District

Board of Directors,

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

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

Challenges and Risks

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

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

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



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

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

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

Unprecedented Challenges - Rising Purchased Water Wholesale Costs

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

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

Alternative Water Supply from Local Sources

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

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

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

Fiscal Stability

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

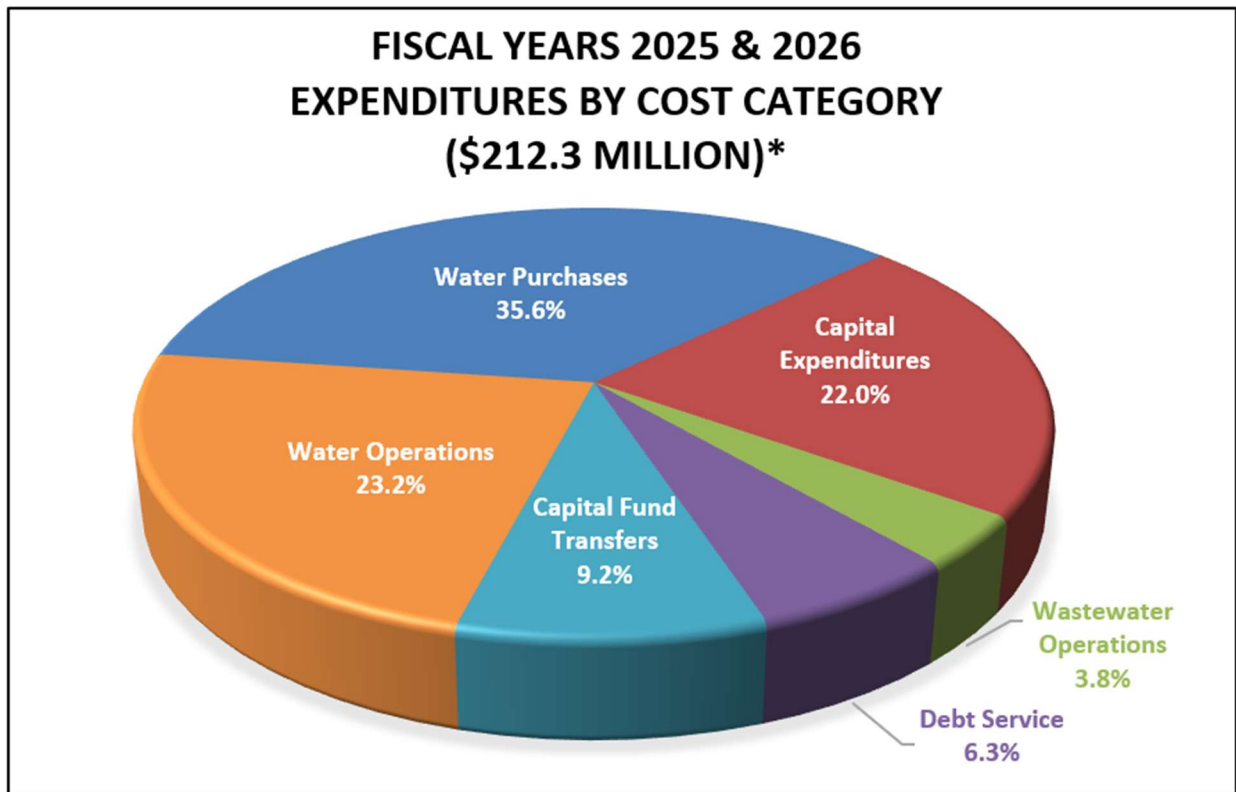
At the District's April 2024 Board Meeting, staff provided initial budget and rate impact presentations for Fiscal Year 2025 and Fiscal Year 2026. At that time, staff demonstrated the challenges brought by rising costs of untreated water supplies from MWD and SDCWA, combined with high inflation rates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

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

THE RECOMMENDED BUDGET

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

Expenditures



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

Summary of Major Expenditures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

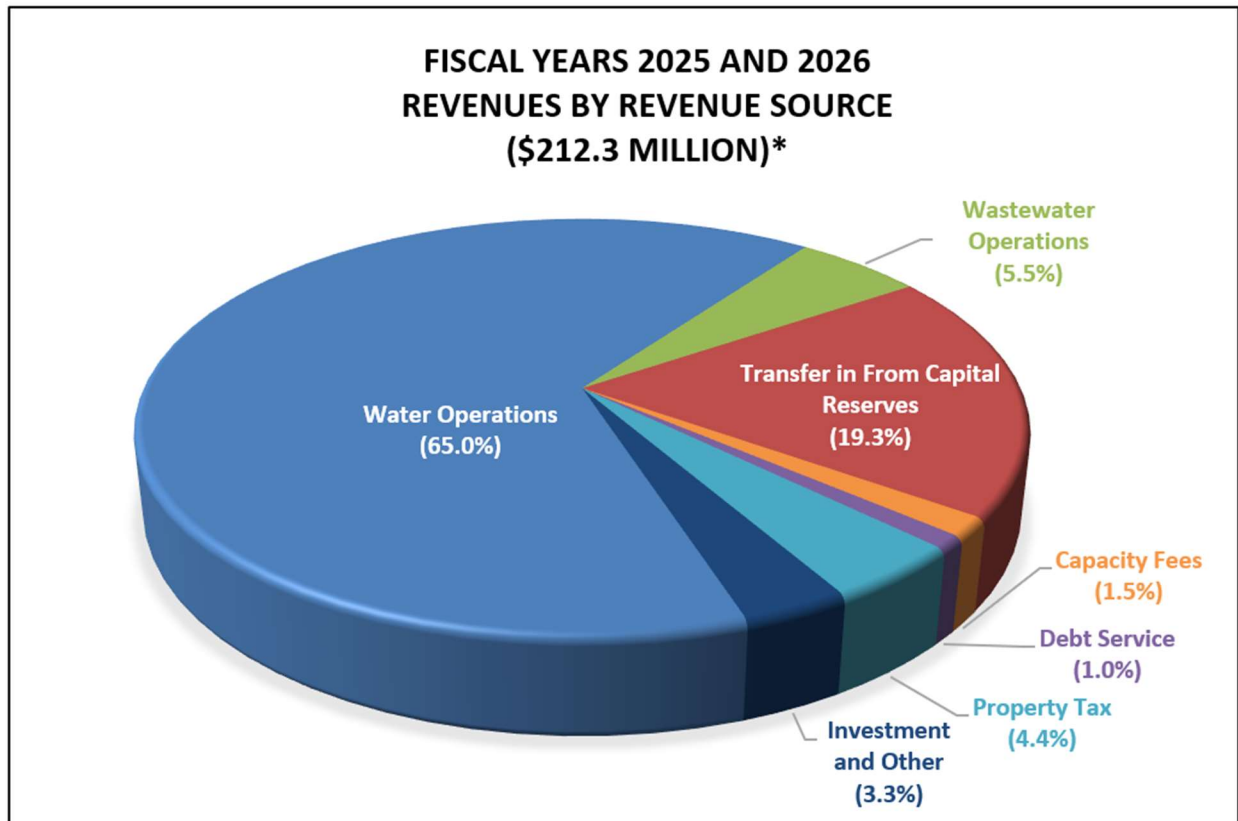
The District pledged water and wastewater system revenues to pay for its debt service obligations. Detailed information on the District's long-term financial obligations can be found in the Debt Service Section of this document.

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

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

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

Revenues



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

Summary of Major Revenues

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

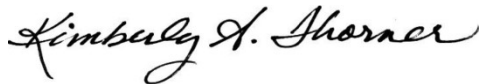
CONCLUSION

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

ACKNOWLEDGMENTS

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

Respectfully submitted,



Kimberly A. Thorner, Esq.
General Manager

GFOA Distinguished Budget Presentation Award

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



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

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

CSMFO Operating Budget Excellence Award

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

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



HOW TO USE THIS BUDGET DOCUMENT

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

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

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

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

SECTION I – BIENNIAL OPERATING BUDGET

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

SECTION II – BIENNIAL CAPITAL BUDGET

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

ABOUT THE DISTRICT

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

Service Area

Potable Water Operations

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

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

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

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

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

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

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

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



David C. McCollom Water Treatment Plant and the Olivenhain Dam

Wastewater Operations

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

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

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



4S Reclamation Facility and Recycled Water Pond

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

*For more about our Wastewater Operations go to:
<https://www.olivenhain.com/your-water-supplies/wastewater/>*

Recycled Water Operations

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



Recycled water use at a golf course

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

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

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

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

Elfin Forest Recreational Reserve

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



Elfin Forest Interpretive Center Honoring Susan J. Varty

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

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

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

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

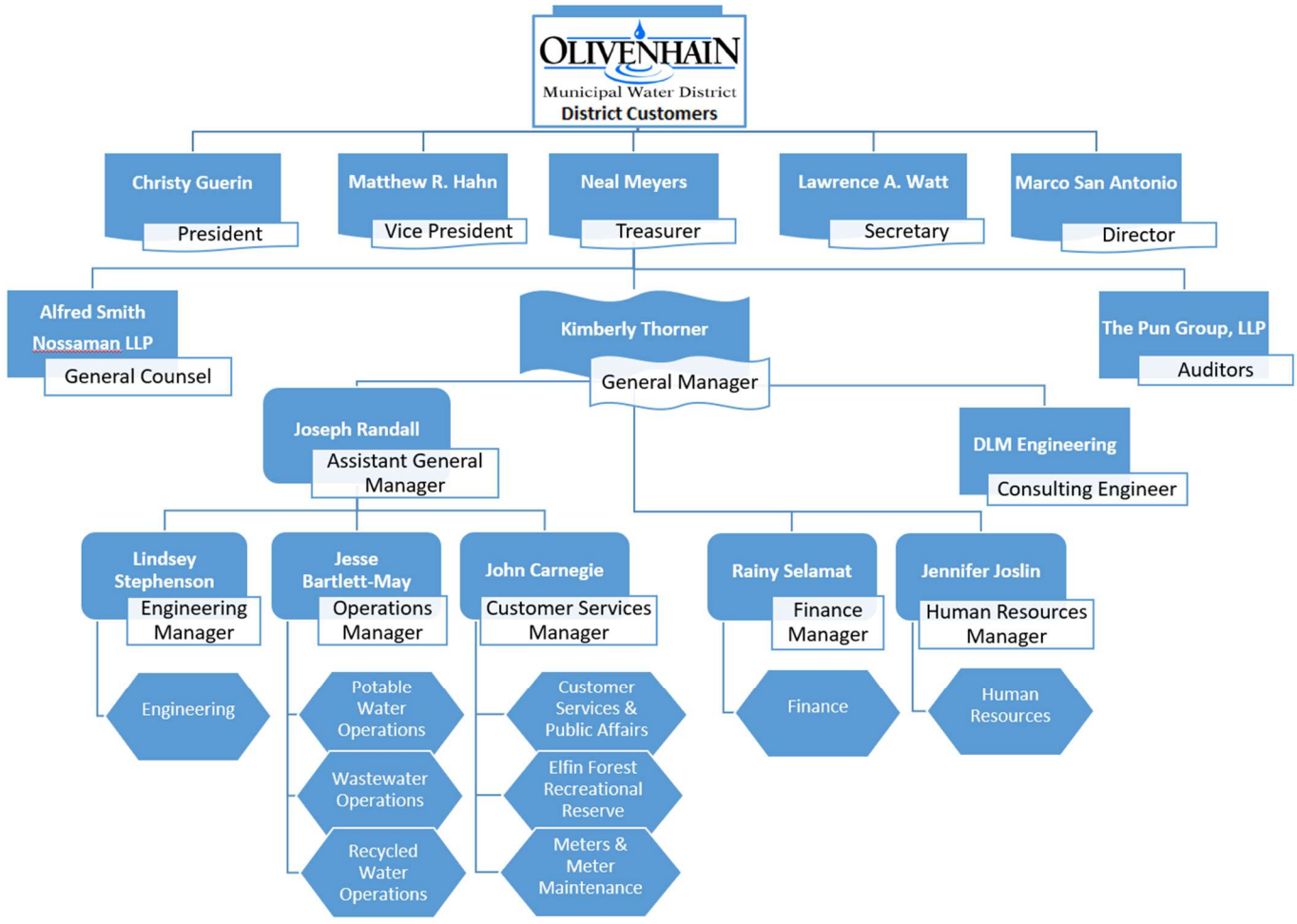
Governance

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

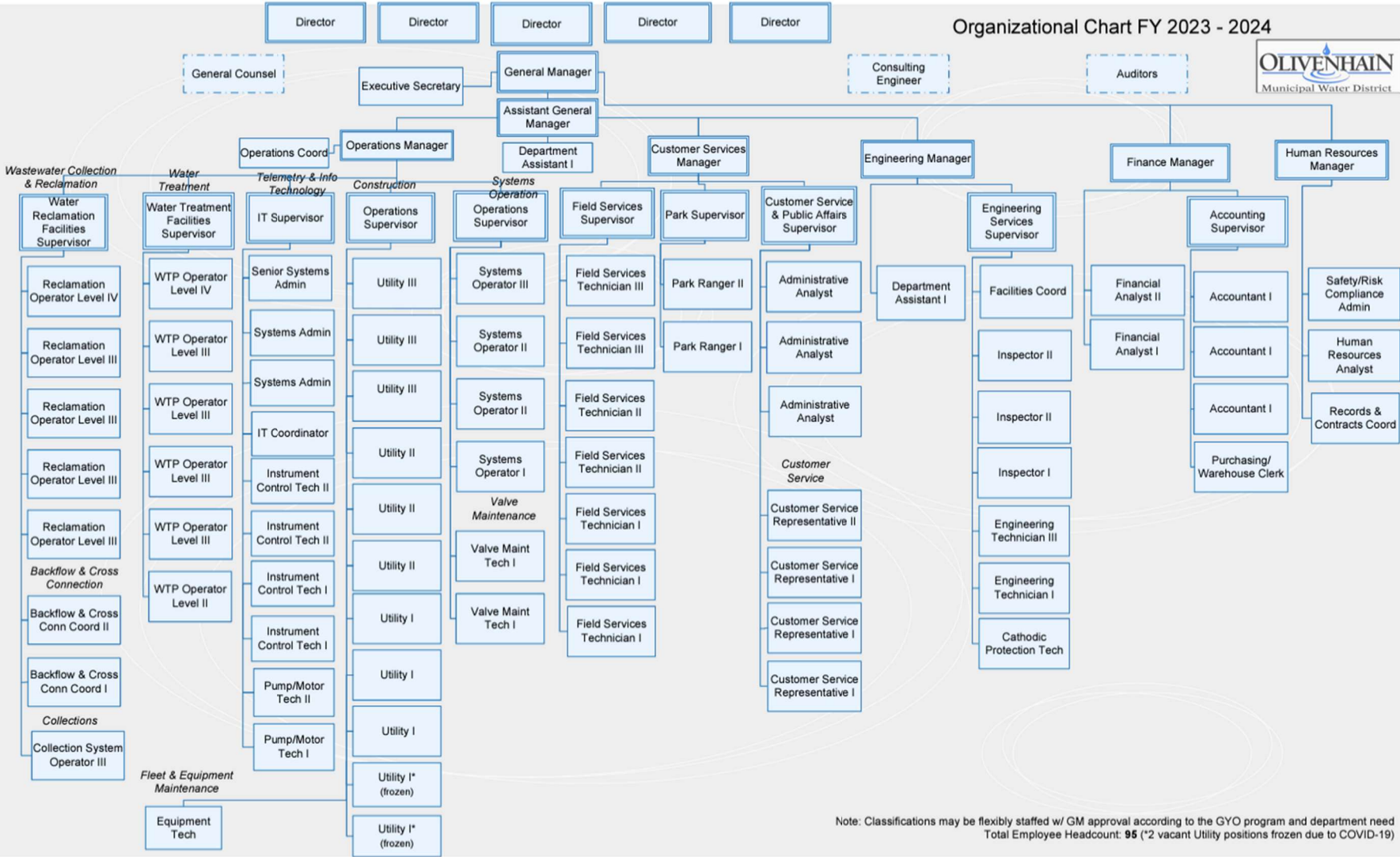
Organizational Structure

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

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



Organizational Chart FY 2023 - 2024



Note: Classifications may be flexibly staffed w/ GM approval according to the GYO program and department need
 Total Employee Headcount: 95 (*2 vacant Utility positions frozen due to COVID-19)

BUDGET GUIDELINES

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

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

BUDGET BASIS

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

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

BIENNIAL BUDGET PROCESS

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

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

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

BUDGET CALENDAR

January 2024							February 2024						March 2024						April 2024								
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6					1	2	3						1	2		1	2	3	4	5	6
7	8	9	10	11	12	13	4	5	6	7	8	9	10	3	4	5	6	7	8	9	7	8	9	10	11	12	13
14	15	16	17	18	19	20	11	12	13	14	15	16	17	10	11	12	13	14	15	16	14	15	16	17	18	19	20
21	22	23	24	25	26	27	18	19	20	21	22	23	24	17	18	19	20	21	22	23	21	22	23	24	25	26	27
28	29	30	31				25	26	27	28	29			24	25	26	27	28	29	30	28	29	30				
														31													

May 2024							June 2024						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4							1
5	6	7	8	9	10	11	2	3	4	5	6	7	8
12	13	14	15	16	17	18	9	10	11	12	13	14	15
19	20	21	22	23	24	25	16	17	18	19	20	21	22
26	27	28	29	30	31		23	24	25	26	27	28	29
							30						

	Department Managers Plan Budgets
	Staff Workshops
	ACWA Spring Conference
	Present to Finance Committee
	Objectives, Accomplishments & KPIs Due
	Present to Board of Directors
	Budget Adopted by Board of Directors
	Board meetings
	Holidays

- January 22, 2024 Distributed budget folders to all department managers. Included in each folder is the prior year’s budget with supporting data and actual departmental expenses from January 1, 2023 through December 31, 2023.

- February 1, 2024 Staff Budget Workshop 1 — General questions about the budget process were answered. Management had the opportunity to clarify any questions and ask for more detailed information about specific departmental expenses.

- March 6, 2024 Proposed departmental operating budgetes and capital expenditures submitted by department managers for discussion.

- March 14, 2024 Staff Budget Workshop 2 — Discussed the District’s short and long term goals and objectives; reviewed the District’s water and sewer operations; discussed budget proposals to improve operational efficiencies, strategic plans, and planned capital spending based on priorities and objectives set by the Board; reviewed key assumptions used in developing the budget including water sales and purchases; reviewed the District’s financial model with staff’s proposed 10 year operating and capital spending plan and financial targets. Each department manager provided explanations for proposed budget increases to the General Manager using prior year’s budget and projected actuals. Finance Department compiled and presented the proposed biennial budget for fiscal years 2025 and 2026 to the General Manager for consideration and approval.

- April 1, 2024 Finance department presented the preliminary draft biennial operating and capital budget for fiscal years 2025 and 2026 to the Finance Committee for consideration and approval prior to the Board budget workshop.

- April 17, 2024 Board Budget Workshop — Staff presented the General Manager’s recommended budget previously discussed with the Board Finance Committee to the Board at the budget workshop for Board consideration and tentative approval. Important underlying assumptions used in the budget were presented and discussed with the Board. Proposed capital expenditures for the next ten years were presented and revirewed with the Board.

- June 19, 2024 Consideration and adoption of the biennial Operating and Capital Budget for Fiscal Years 2025 and 2026 by the Board.

BIENNIAL BUDGET MIDTERM REVIEW PROCESS

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

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

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

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

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

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

FINANCIAL POLICY

Introduction

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

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

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

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

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

Olivenhain Municipal Water District Operating Budget Policy

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

Budget Development

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

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

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

Budget Form

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

Budget Calendar

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

Basis of Budgeting

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

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

Budget Process

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

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

Olivenhain Municipal Water District Revenues and Expenditures Policies

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

Revenues Policy

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

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

Diversification and Stabilization

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

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

Rates and Charges

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

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

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

Expenditures Policy

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

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

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

Maintenance of Capital Assets

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

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

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

Review of Services

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

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

Olivenhain Municipal Water District Board Designated Fund Balances Policy

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

This Policy has three primary goals:

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

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

Water - Operating Fund

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

Water - Capital and Equipment Fund

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

Water - Rate Stabilization Fund

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

Water - Pension Stabilization Fund

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

Wastewater - Operating (Revenue) Fund

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

Wastewater - Capital and Equipment Fund

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

Wastewater - Rate Stabilization Fund

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

Wastewater - Pension Stabilization Fund

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

Olivenhain Municipal Water District Debt Management Policy

Introduction

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

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

The District's debt management policy is designed to:

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

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

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

I. General Management Policies

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

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

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

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

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

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

II. Financial Management Policies

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

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

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

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

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

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

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

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

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

III. Debt And Capital Management Policies

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

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

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

Standards for Use of Debt Financing

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

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

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

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

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

Financing Criteria

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

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

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

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

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

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

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

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

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

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

Refinancing Outstanding Debt

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

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

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

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

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

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

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

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

Method of Issuance

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

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

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

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

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

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

Market Communication, Debt Administration and Reporting Requirements

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

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

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

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

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

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

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

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

I. INTRODUCTION

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

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

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

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

II. SCOPE

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

III. OBJECTIVES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. DELEGATION OF AUTHORITY

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

V. REPORTING

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

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

VI. AUTHORIZED INVESTMENT INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VII. PORTFOLIO LIMITATIONS

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

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

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

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

VIII. REVIEW OF INVESTMENT PORTFOLIO

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

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

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

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

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

X. INTERNAL CONTROLS

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

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

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

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

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

XI. QUALIFIED BANKS AND SECURITIES DEALERS

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

XII. ETHICS AND CONFLICTS OF INTEREST

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

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

XIII. BOARD DISCRETION

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

XIV. SAFEKEEPING AND CUSTODY

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

XV. INTEREST EARNINGS

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

XVI. PROHIBITED INVESTMENTS

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

XVII. INVESTMENT PURCHASES

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

XVIII. QUARTERLY REPORTS

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

XIX. TREASURER'S AUTHORITY AND REVIEW OF INVESTMENT POLICY

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

XX. GLOSSARY OF INVESTMENT TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PORTFOLIO: Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

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

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

Olivenhain Municipal Water District Pension Funding Policy

Purpose

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

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

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

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

Background

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

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

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

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

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

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

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

CalPERS Annual Adjustments to UAL/Amortization Bases

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

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

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

Funding Plan and Goal

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

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

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

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

1. Implement a 13-year Fresh Start that would re-amortize the District's UAL over a shorter time, allowing for a quicker pay-off and long-term savings.
2. Make regular annual additional discretionary payments (ADPs) of approximately \$311,000 to CalPERS before December 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 Wastewater Operating Fund in a manner consistent with the Board Designated Fund Balances Policy (aka Reserve Policy) to the Pension Stabilization Fund, in addition to its annual regular UAL and regular annual additional discretionary payment (ADP) described above.

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

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

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

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

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

Superfunded Status

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

Delegation of Authority

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

Board Discretion

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

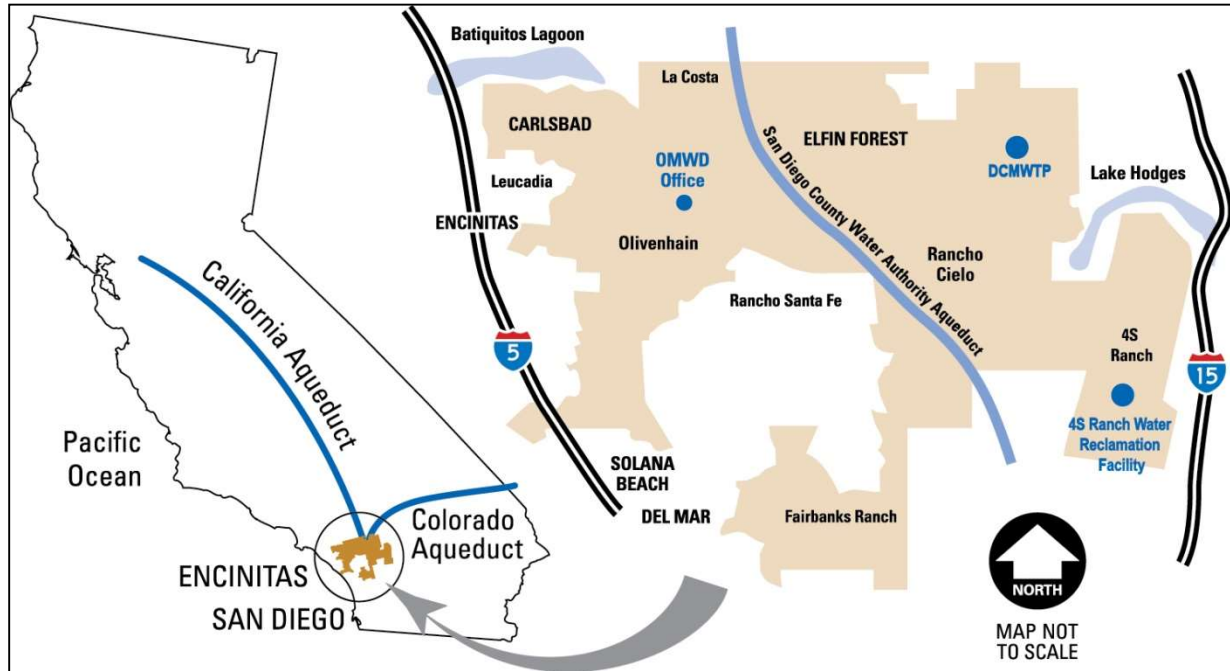
Reporting

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

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

HISTORY AND COMMUNITY PROFILE

Map of the District's Service Area



History

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

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

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

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

Consumers

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

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

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

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

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

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

Source: Olivenhain Municipal Water District

Potable Water Use and Conservation

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

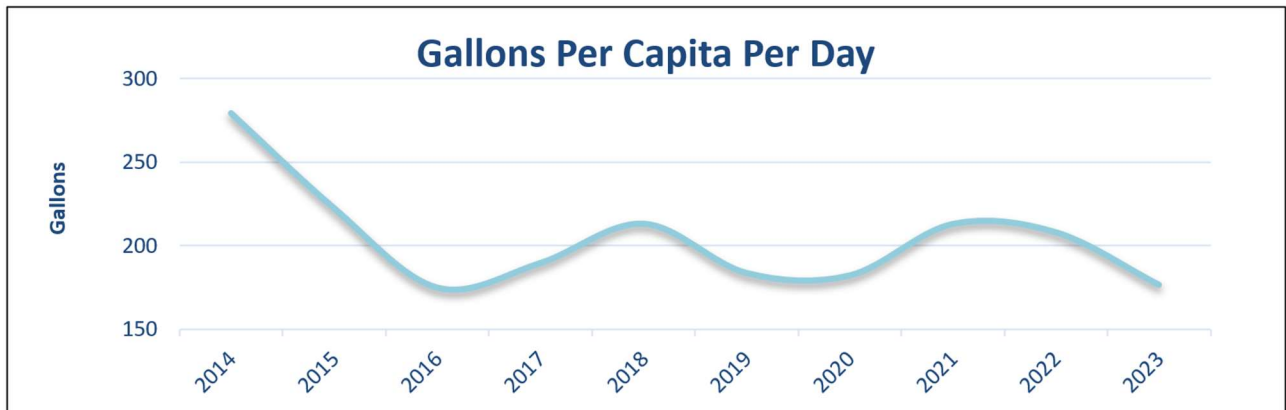
On May 31, 2018, Governor Brown signed AB 1668 (2018) and SB 606 (2018), intending to build off of SB X7-7 to achieve greater reduction in statewide water use. This legislation will result in a water use objective that dictates the amount of water the District will be allowed to sell, based on efficiency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

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

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

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

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



Source: California DOF population estimates.

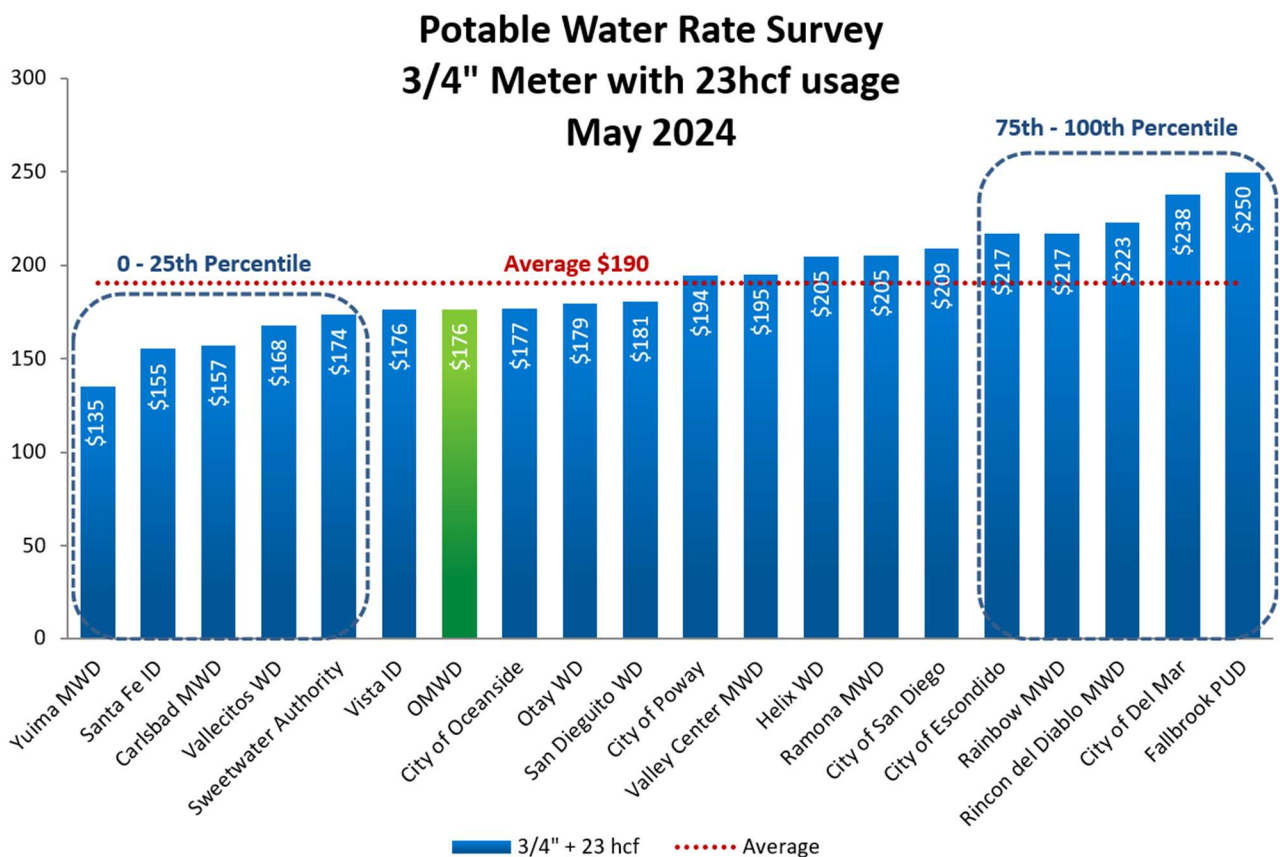
Source: Olivenhain Municipal Water District

Residential Water Bill Comparison

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

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

Estimated Monthly Single Family Residential Water Bills Comparison



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

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

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

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

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

Change in Selected U.S. Economic Indicators

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

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

California Economy

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

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

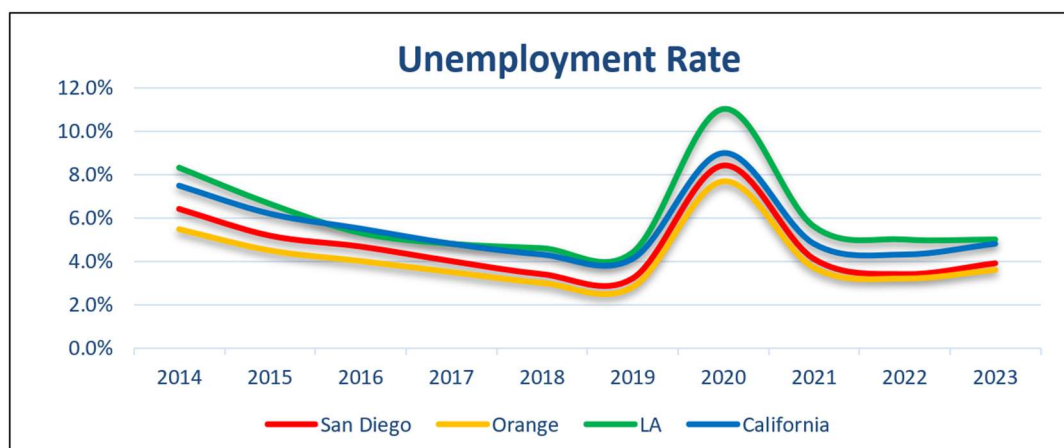
Selected California Economic Indicators

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

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

San Diego County Economy

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



Sources: California Employment Development Department

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

Selected San Diego Economic Indicators

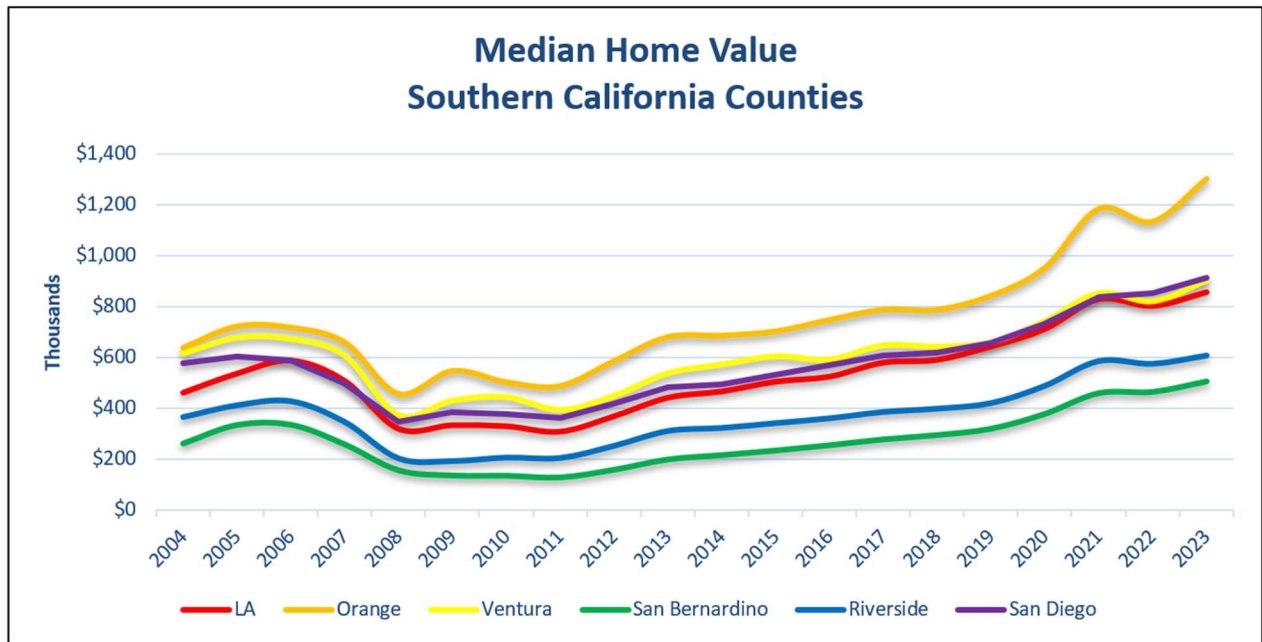
	2021	2022	Percent change	2023	Percent change
Civilian Unemployment	99,900	58,700	-41.2%	75,800	29.1%
Civilian Unemployment Rate	6.5%	3.7%		4.7%	
Total Farm	9,000	9,600	6.7%	9,500	-1.0%
Total Nonfarm	1,442,100	1,531,200	6.2%	1,552,100	1.4%
Mining and Logging	400	400	0.0%	300	-25.0%
Construction	83,800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

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

* 2024 data not yet available

San Diego County Residential Real Estate and Housing Prices

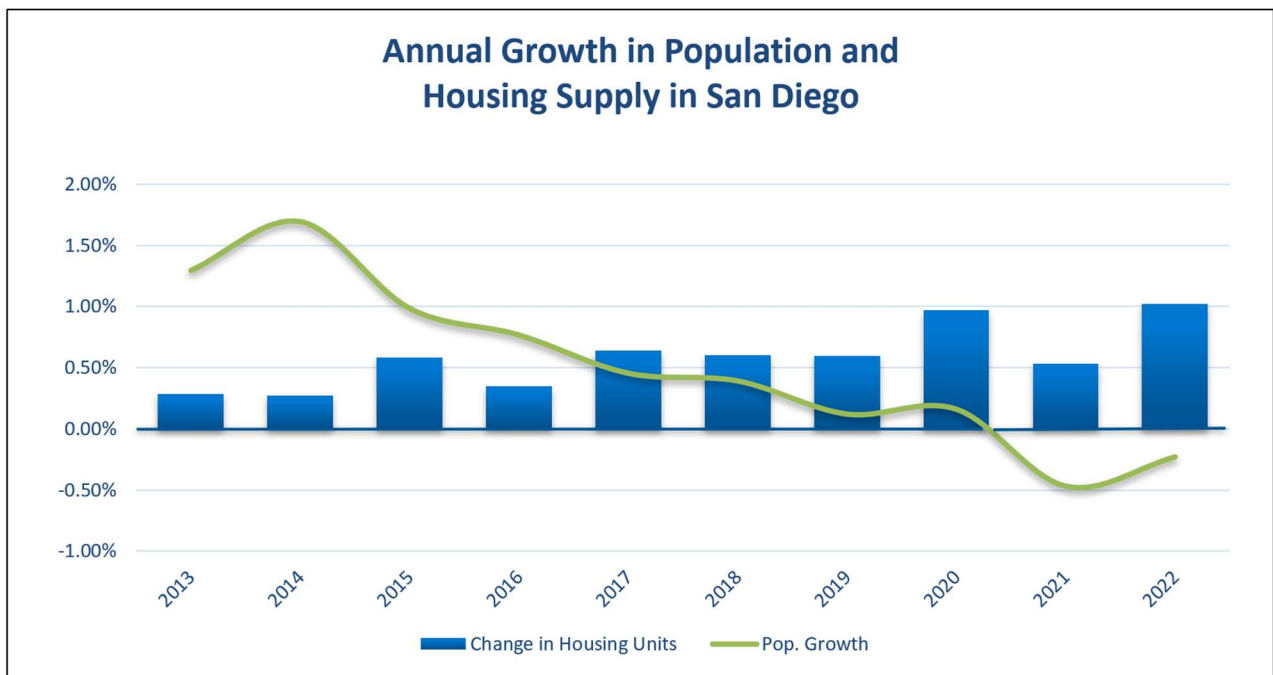
The residential real estate market in San Diego County has slowed slightly from its 2021 highs at a year-over-year increase of 14.6%, compared to a 2022 increase of 1.6% and 2023 increase of 7.2%. The median selling price for a single-family home in San Diego as of the end of 2019 was \$655,000, increasing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



Source: Los Angeles Almanac

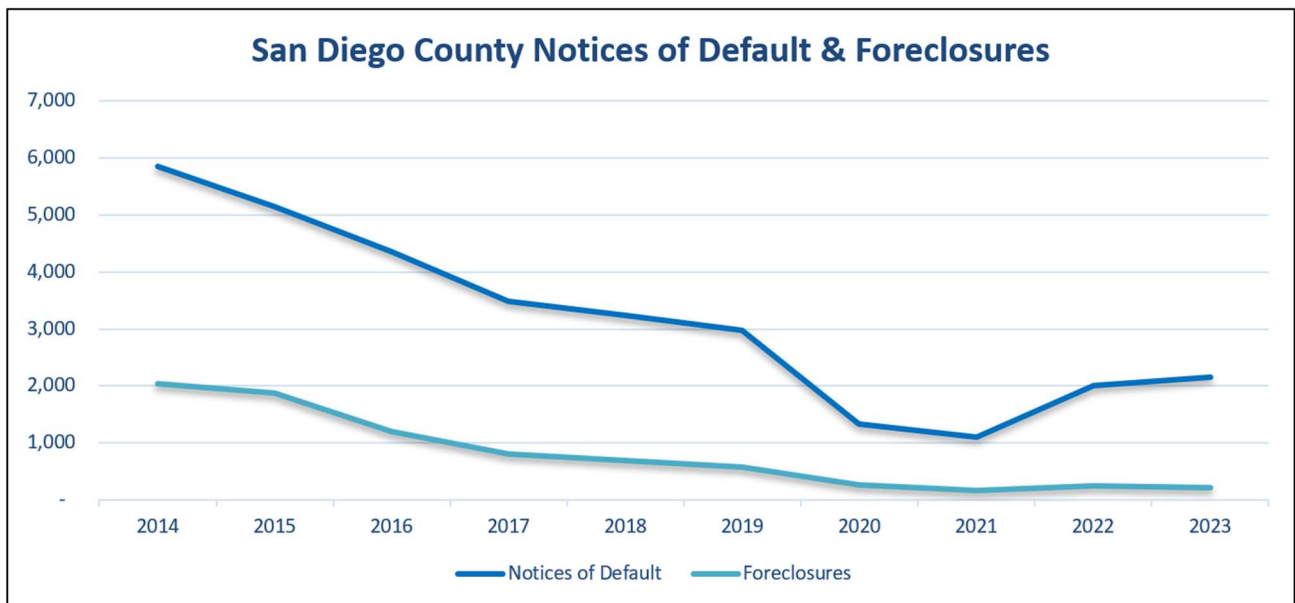
All values as of December

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



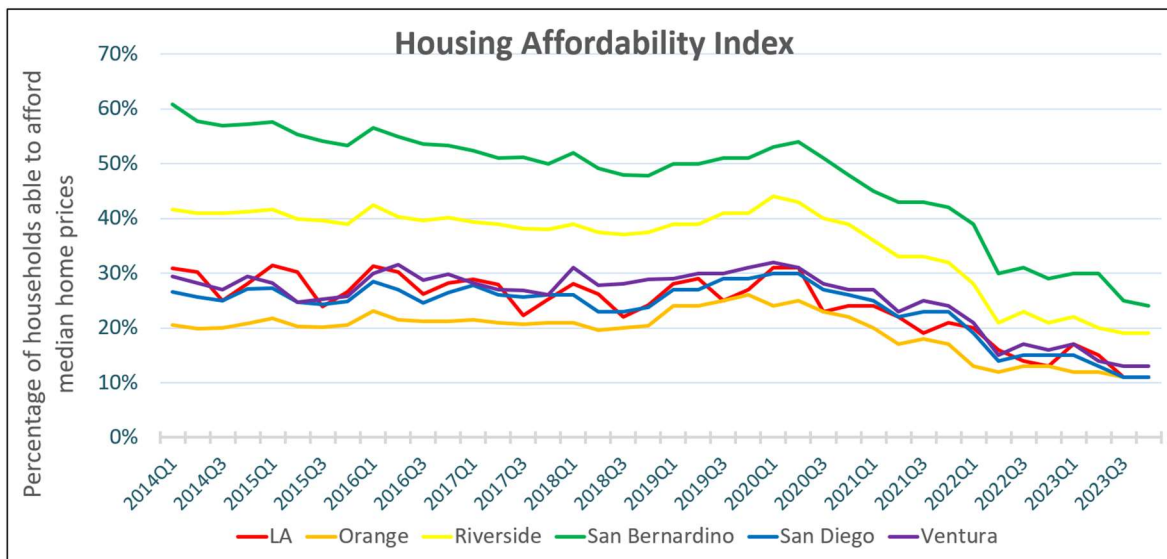
Source: SANDAG, US DoF

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



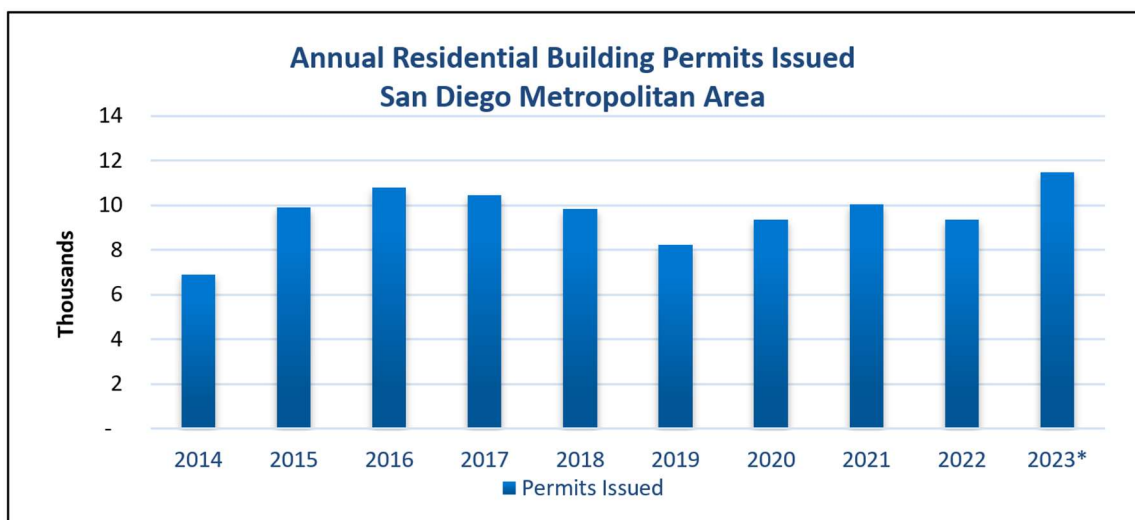
Strong price appreciation and increasing home prices are beneficial for homeowners, potential sellers, and the real estate industry. However, it has a detrimental effect on prospective buyers, particularly first-time home buyers. The California Association of Realtors' Traditional Housing Affordability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

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



Source: California Association of Realtors

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



Source: U.S. Census Bureau

*preliminary numbers

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

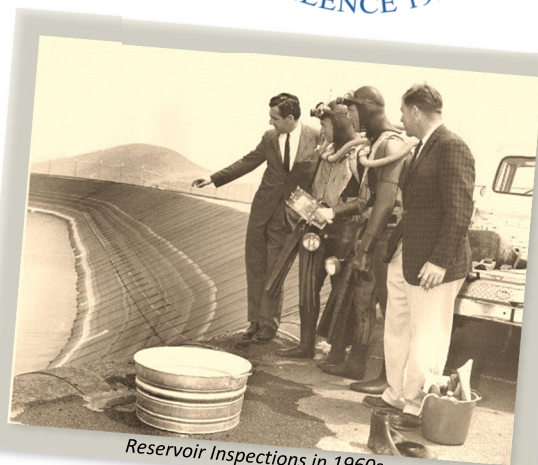
moderate-income housing categories. According to the report, San Diego had met only 42% of the housing production needs set by Regional Housing Needs Allocation, with only two years remaining in the cycle at the time. As a result of the shortage, housing prices have continued to increase each year over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

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

Olivenhain Municipal Water District 2024 Strategic Plan



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



Reservoir Inspections in 1960s



First board meetings were held in the Olivenhain Town Hall



introduction

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

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

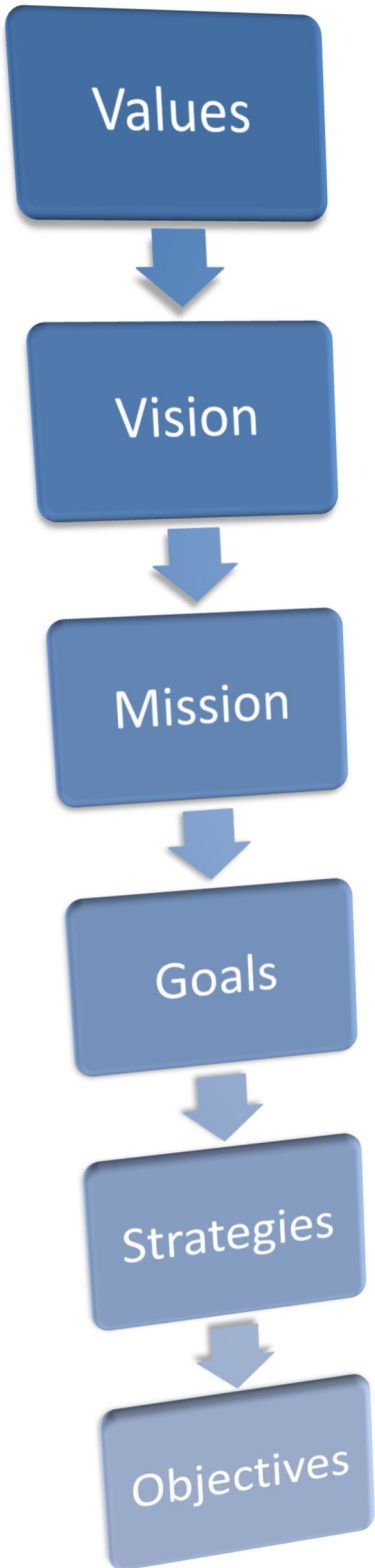


our values

Beliefs that set the tone and direction of the workforce

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





our vision

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
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goal 1

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

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

2024 Calendar Year Objectives

1. Commence construction on the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement Project pursuant to the recently completed condition assessment
2. Commence construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure
3. Complete Train 5 membrane replacement at David C. McCollom Water Treatment Plant (DCMWTP)
4. Commence construction of Stage 4 upgrades, including second centrifuge, at DCMWTP
5. Complete Phase 1A of systemwide programmable logic controller upgrades
6. Complete Customer Side Lead Service Line Inventory and report results to State Water Resources Control Board's (SWRCB) Division of Drinking Water (DDW)
7. Enhance experience of in-house staff by completing the replacement of 25 valves in support of the Valve Replacement Project.
8. Outside of bird breeding season, complete maintenance of five impacted easements

Stretch Objective

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

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goal 2

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

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

2024 Calendar Year Objectives

9. Complete construction at two of three sites for the Calle Barcelona, Village Park, and Summerhill recycled water pipelines
10. Complete construction on the Neighborhood 1 Sewer Pump Station Replacement Project
11. Make three new connections to the recycled water distribution system; provide to the board a comprehensive presentation on OMWD's recycled water program, including current project status, grant funding, and plans for system expansion
12. Procure and install flow monitoring equipment in Rancho Cielo collection system to assist in inflow and infiltration detection
13. Complete design of headworks rehabilitation at 4S Ranch Water Reclamation Facility (4S WRF)
14. Complete district-wide supervisory control and data acquisition (SCADA) upgrades for distribution system and 4S WRF

Stretch Objective

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

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goal 3

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

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

2024 Calendar Year Objectives

15. Provide update to Elfin Forest Recreational Reserve Executive Committee on status of the EFRR overflow parking lot expansion project, including design, environmental process, and grant funding
16. Revisit with EFRR Executive Committee the 2023 Nossaman memorandum on accessibility at EFRR; present results to full board
17. Continue education program for elementary schools in partnership with the Escondido Creek Conservancy, providing at least 2,000 students with in-person field trips to EFRR
18. Utilize volunteer groups such as San Diego Mountain Biking Association and EFRR trail patrol for two trail maintenance/repair projects
19. Participate in I Love a Clean San Diego Creek to Bay Cleanup event
20. Launch 18th annual photo contest
21. Submit grant proposal to fund trail rehabilitation
22. Utilize past Gold Spotted Oak Borer monitoring data to identify and treat problem areas, focusing on "high value" trees for treatment (e.g., 12"+ diameter, in aesthetically valuable area, etc.); target treatment of at least 150 trees
23. Host water conservation workshop at Elfin Forest Interpretive Center Honoring Susan J. Varty
24. Demonstrate appreciation to EFRR volunteers by providing two educational field trips
25. Commemorate 15th anniversary of Elfin Forest Interpretive Center Honoring Susan J. Varty

Stretch Objective

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

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goal 4

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

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

2024 Calendar Year Objectives

26. Develop strategy to address new California Air Resources Board zero-emission vehicle requirements, including timeline, compliance, phasing, budgets, financing options, and exemption request; provide report to Facilities Committee
27. Continue partnerships with energy providers and third-party consultants to optimize energy costs, including amending agreement with 3 Phases Renewables to extend term of service

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goal 5

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

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

2024 Calendar Year Objectives

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

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goal 6

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

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

2024 Calendar Year Objectives

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

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goal 7

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

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

2024 Calendar Year Objectives

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

Stretch Objectives

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

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goal 8

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

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

2024 Calendar Year Objectives

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

Stretch Objective

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

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goal 9

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

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

2024 Calendar Year Objectives

48. Complete update of wastewater cost of service study
49. Complete potable and recycled water cost of service study, including review of the Rate Reimbursement Credit Program
50. Complete public notice of increases in wastewater rates and charges per Proposition 218
51. Complete public notice of increases in potable water and recycled water rates and charges per Proposition 218
52. Complete annual review of water-related service charges
53. Implement second phase of water capacity fee increases
54. Complete Biennial Operating and Capital Budget for fiscal years 2025 and 2026
55. Continue to explore potential expense reduction options as part of the annual budget process
56. Complete Annual Comprehensive Financial Report and single audit report for fiscal year 2024
57. As part of the budget process for 2024, address and mitigate any extraordinary CY 2025 wholesale rate increases above those contemplated in prior financial planning, including potential expense reduction options relative to San Diego County Water Authority's (SDCWA) CY 2025 rate

Stretch Objective

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

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goal 10

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

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

2024 Calendar Year Objectives

58. Update the 10-year Capital Improvement Plan
59. Complete Potable Water and Recycled Water Master Plan update
60. Complete update to Wastewater Master Plan
61. Incorporate 2023 condition assessment results for DCMWTP, 4S WRF, wastewater system, and pipeline replacement into 2024 budget process, cost of service update, and Proposition 218 notices per the recommendation of the Facilities Committee

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goal 11

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

Strategy: Pursue recycled water, desalination, and conservation opportunities

2024 Calendar Year Objectives

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

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goal 12

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

Strategy: Continue involvement and participation with partner agencies and organizations

2024 Calendar Year Objectives

63. Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD's advocate in Sacramento
64. Coordinate with County of San Diego on board filings for the 2024 election
65. Work with San Diego Local Agency Formation Commission (SD LAFCO) on the preparation of municipal service reviews (MSR) for the Encinitas and Carlsbad areas; in conjunction with MSR completion, perform analysis of organizational efficiencies between OMWD and Leucadia Wastewater District, and provide report to board
66. Actively participate and advocate for OMWD interests on SD LAFCO key initiative areas for 2024, including but not limited to development of the "out of agency service agreements policy" and the MSRs of wholesale water providers in San Diego County; make presentation to board
67. Work with SDCWA to advance OMWD's legislative proposal to amend Public Contract Code to raise the limit for public works bidding requirements to match other public agencies throughout California
68. Continue work and active advocacy with Water for All statewide coalition (formerly Solve the Water Crisis) to advance Senate Bill 366 through the legislature, which sets specific targets for new water supply development and adequate funding for these projects; make presentation to board
69. Continue efforts with SDCWA on the development, implementation, and phase-in of a new equitable fixed rate component to SDCWA rates via the Member Agency Workgroup, the Financial Strategy Workgroup, and OMWD's SDCWA board representative
70. Work with legislators and member agencies to pursue equitable voting structure at SDCWA

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

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

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

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

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

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

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

2019 Water Rate Study:

https://www.olivenhain.com/wp-content/uploads/OMWD_Water_Rate_Study_Report.pdf

2023 Water Capacity Fee Report:

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

2024 Wastewater Rate Study:

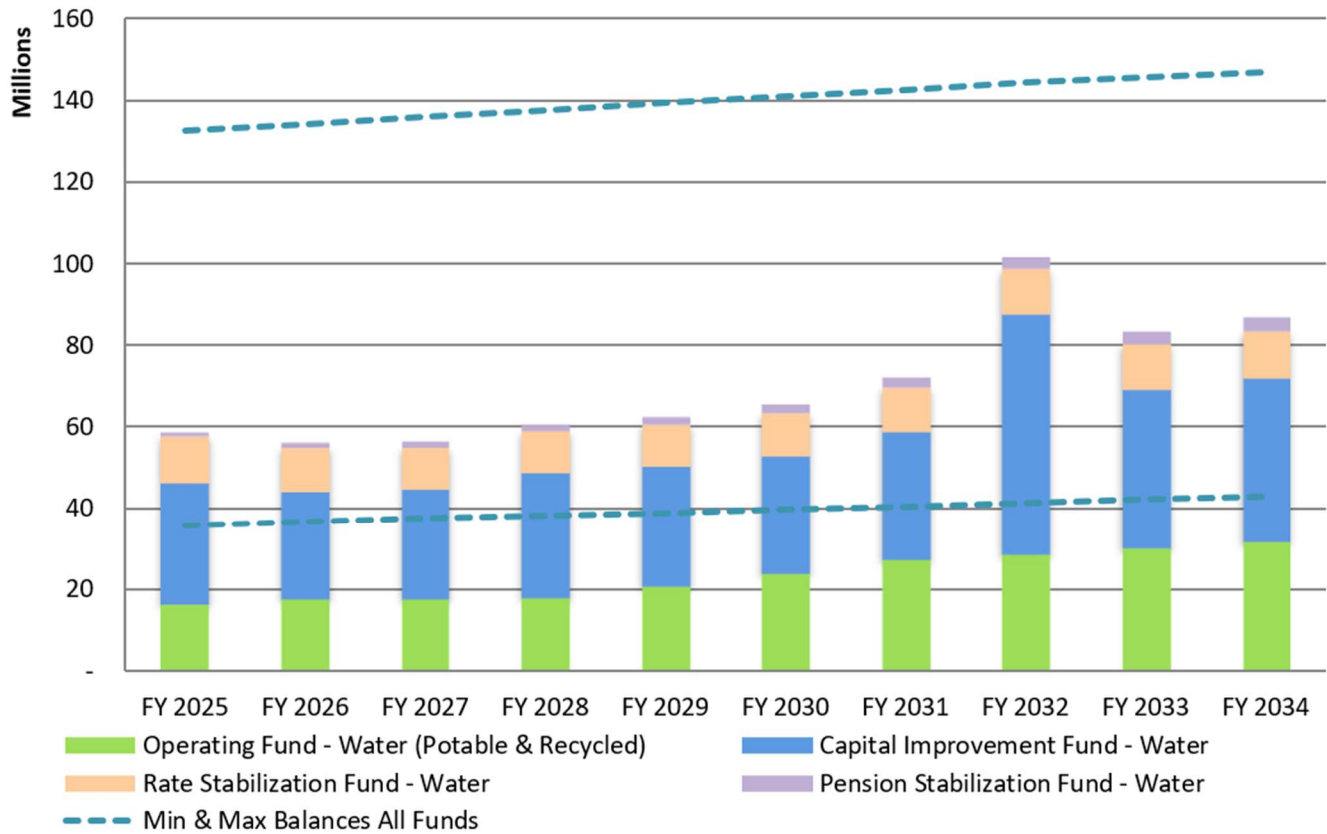
<https://www.olivenhain.com/wp-content/uploads/Sewer-Wastewater-Cost-of-Service-Study-Report-2024.pdf>

Long-Term Goals:

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

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

Water Funds - Potable & Recycled



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

Operating Fund – Water (Potable and Recycled)

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

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

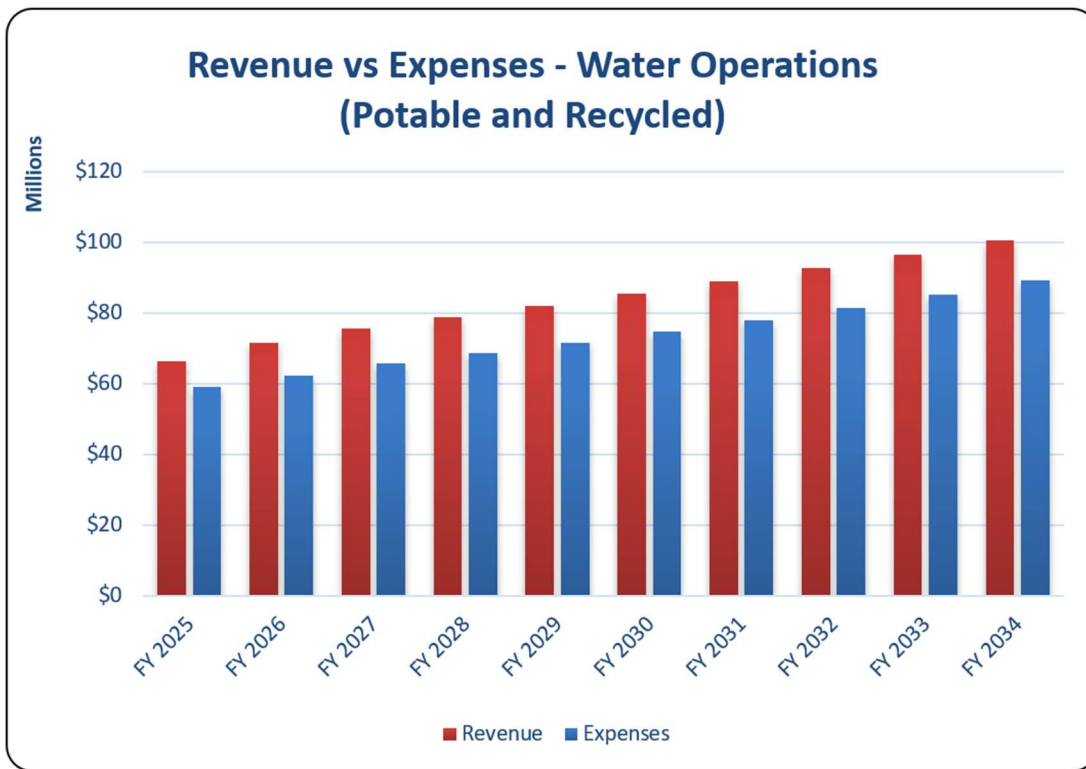
set by the Board can only be transferred through board approval after the adequacy of each fund balance is reviewed each year following completion of the District's financial audit.

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

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

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

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



Key Financial Assumptions – Water (Potable and Recycled)

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

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

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

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



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

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

Rate Stabilization Fund - Water (Potable and Recycled)

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

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

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

Pension Stabilization Fund - Water (Potable and Recycled)

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

Capital Improvement Funds – Water (Potable and Recycled)

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

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

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

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

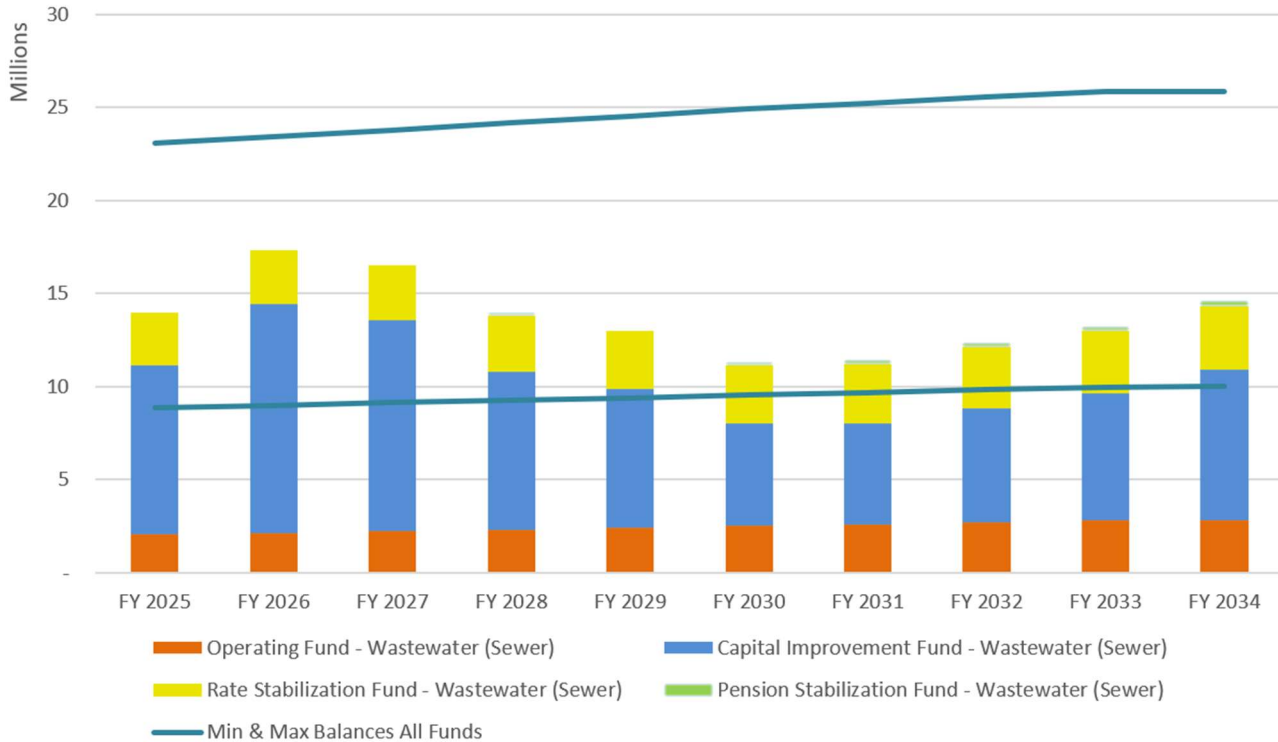
The Long-Term Financial Plan is used by the Finance Department as a cash management tool to forecast the District's cash position and funding requirements over the next ten years. Each fund's current and future projected revenue (cash inflow) is reviewed in relation to the existing reserve levels and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

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

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

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

Wastewater 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 2034 above will be addressed in the next cost of service study scheduled for 2029. Additional projects costs were added after the most recent study was completed leading to shortfalls in future years based on current rates and reserves.

Operating Fund – Wastewater

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

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

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

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

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

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

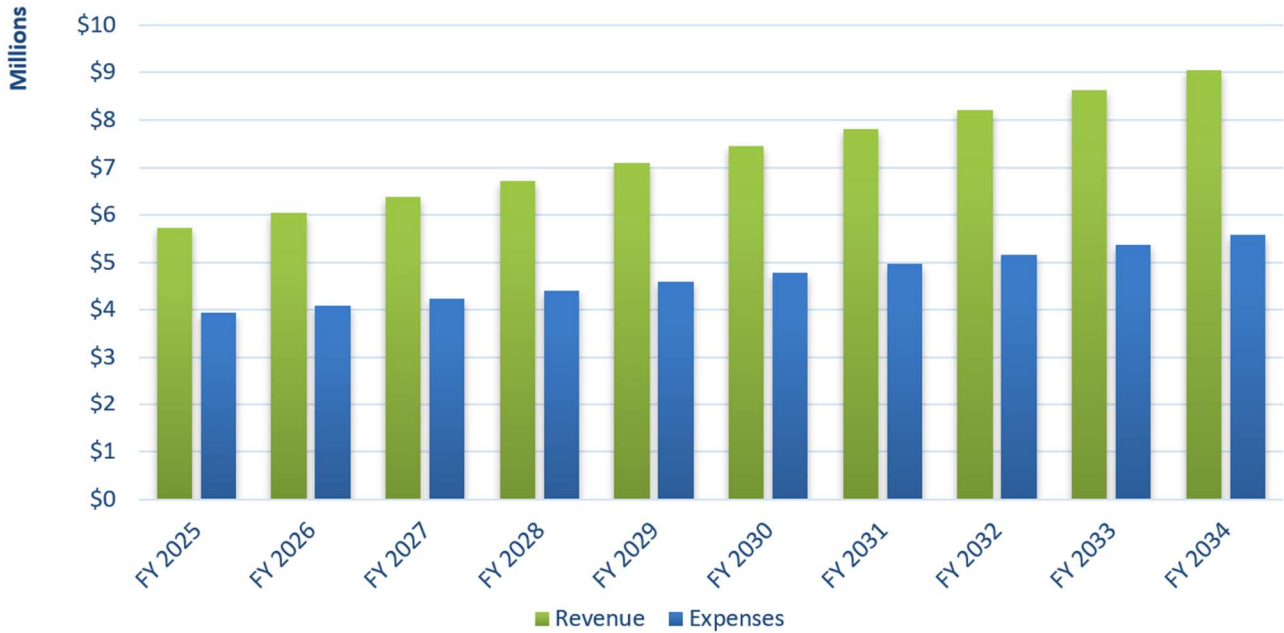
Due to the timing of receipts, the District needs to have adequate cash on hand to pay for operating expenditures (working capital). Wastewater Service fees are comprised of two components, a monthly system access charge (fixed revenue) and commodity rates based on an estimated amount of sewage generated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

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

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

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

Revenue vs Expenses - Wastewater Operations



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

Key Financial Assumptions

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

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

Rate Stabilization Fund - Wastewater

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

Pension Stabilization Fund - Wastewater

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

Capital Improvement Fund – Wastewater

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

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

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

Debt Service Fund

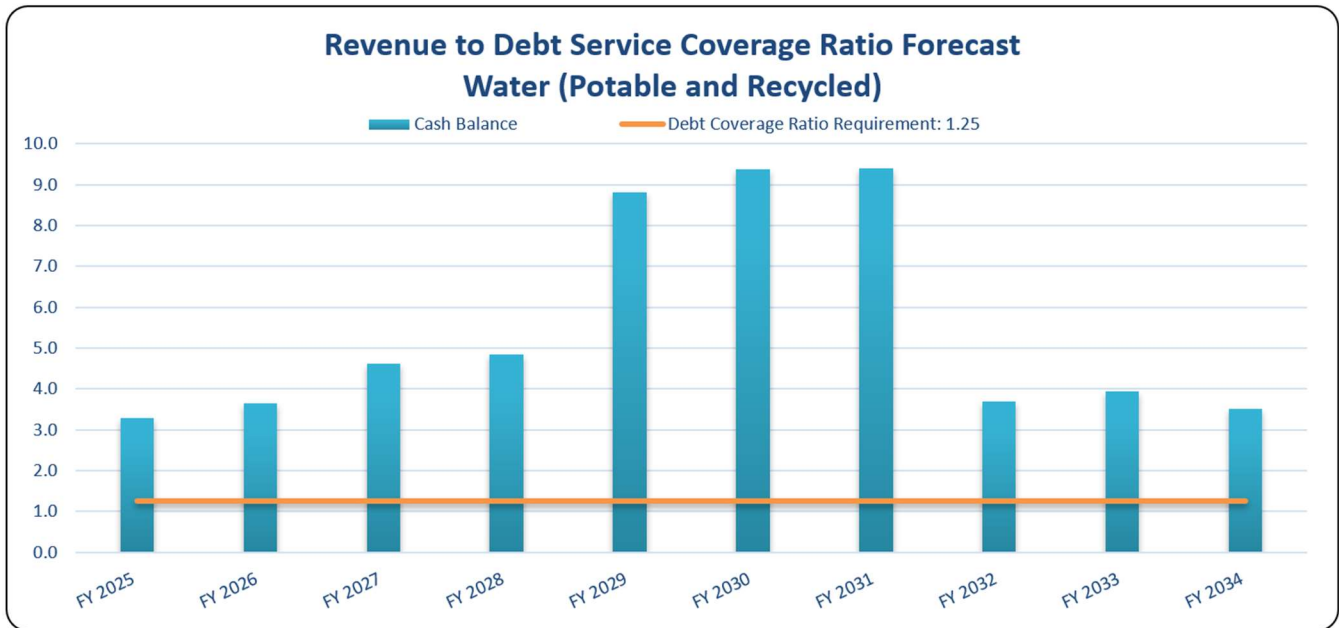
The District currently has six long-term debt issuances: the Reassessment District 96-1 Limited Obligation Improvement Bonds, the 2015A Water Revenue Refunding Bonds, the 2016A Water Revenue Refunding Bonds, the 2012 State Revolving Fund Loan, and the 2021A and 2021B Wastewater Revenue Bonds. The District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

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

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

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

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



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

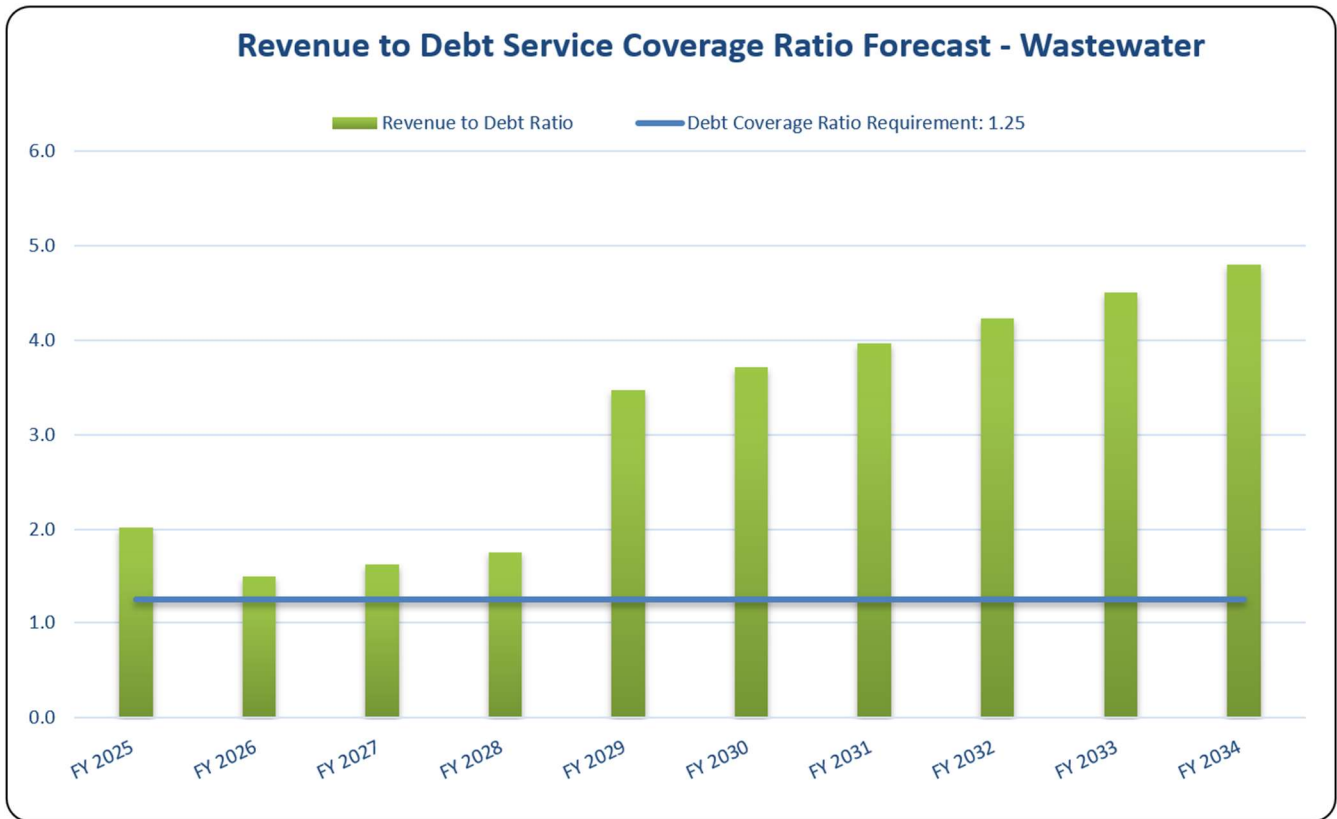
The 2021A Wastewater Revenue Bonds (2021A Bonds) in the amount of \$5,042,140 were issued through a private placement financing process to finance wastewater improvements at the 4S Wastewater Treatment Plant, including rehabilitations, replacements, and modifications to the existing Neighborhood One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

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

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

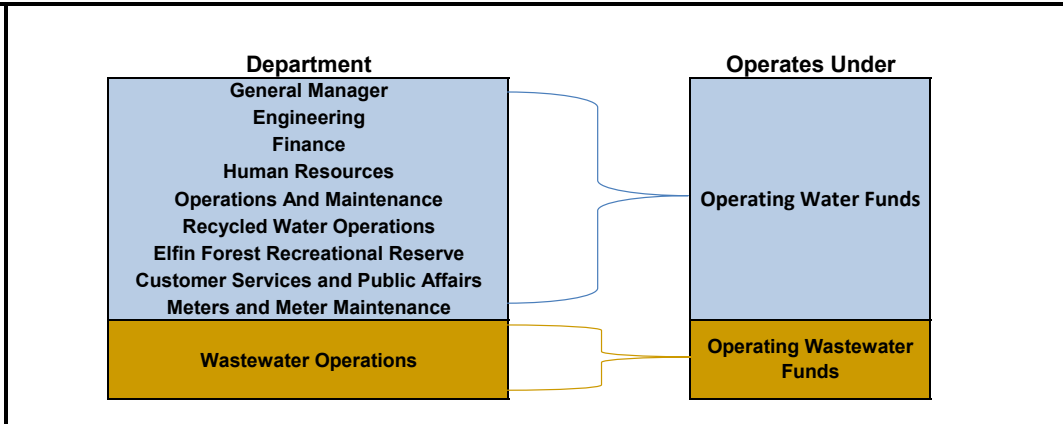
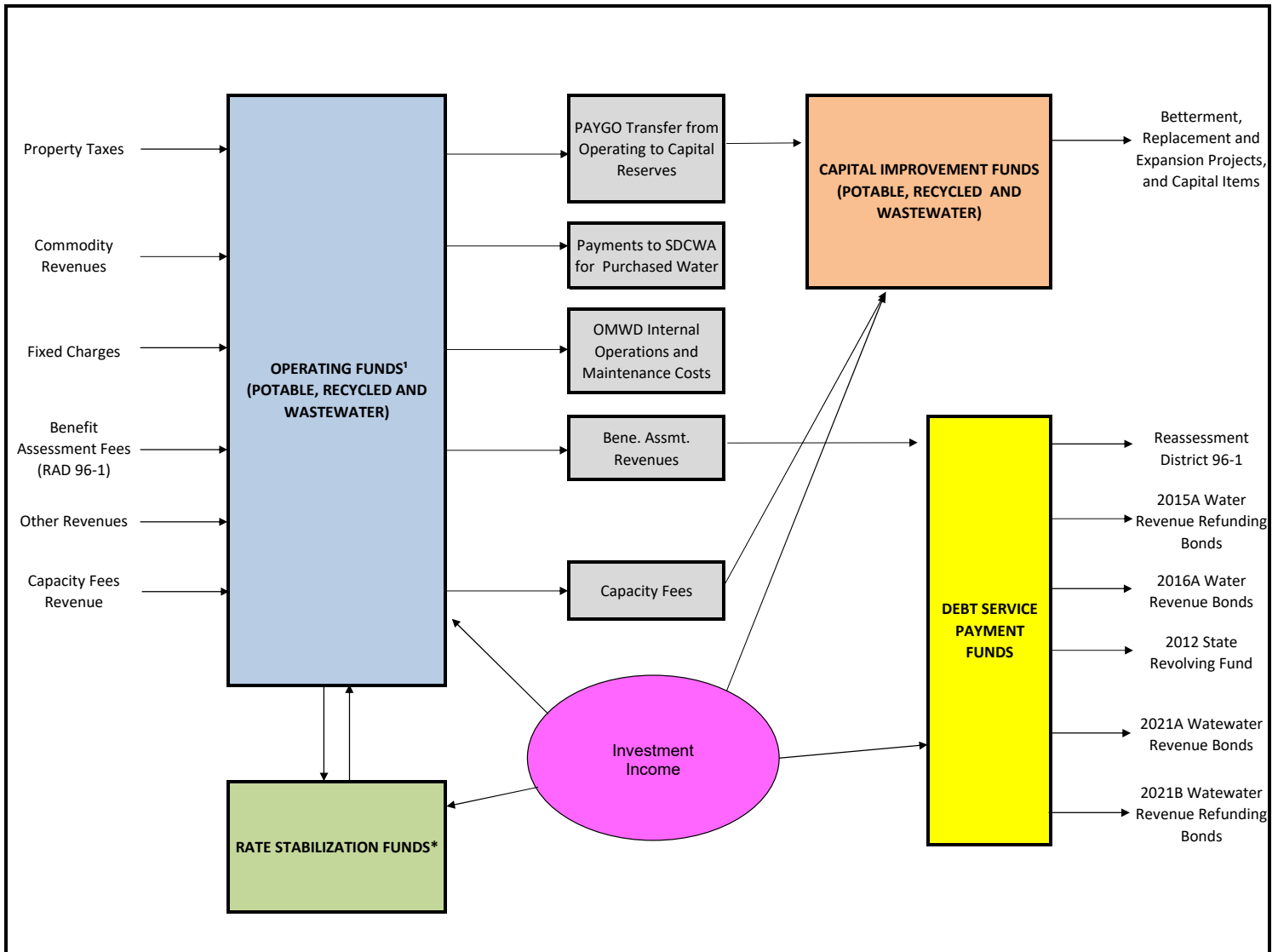
wastewater rate increases and still meet the financial obligation for the operating and capital needs of its Wastewater facilities. Per the study, the District intends to issue \$6.5 million in bonds in Fiscal Year 2026 which has been accounted for in the budget, with payments beginning in Fiscal Year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

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



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

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



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

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

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

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

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

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

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

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

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

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

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

- (1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025
(2) This project is still being considered by the Board. Construction costs have been deferred until FY 2032. More information on this project can be found with the on the applicable project summary sheet in the Capital section.

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

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

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

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

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

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

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

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

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

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

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2025
(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025

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

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

OPERATING BUDGET OVERVIEW

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

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

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

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

Water (Potable) System

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

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

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

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

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

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

Wastewater System

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

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

Recycled Water System

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

Southeast Quadrant:

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

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

Northwest Quadrant:

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

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

Operating Budget

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

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

The Operating Budget is divided into three sections as follows:

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

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

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

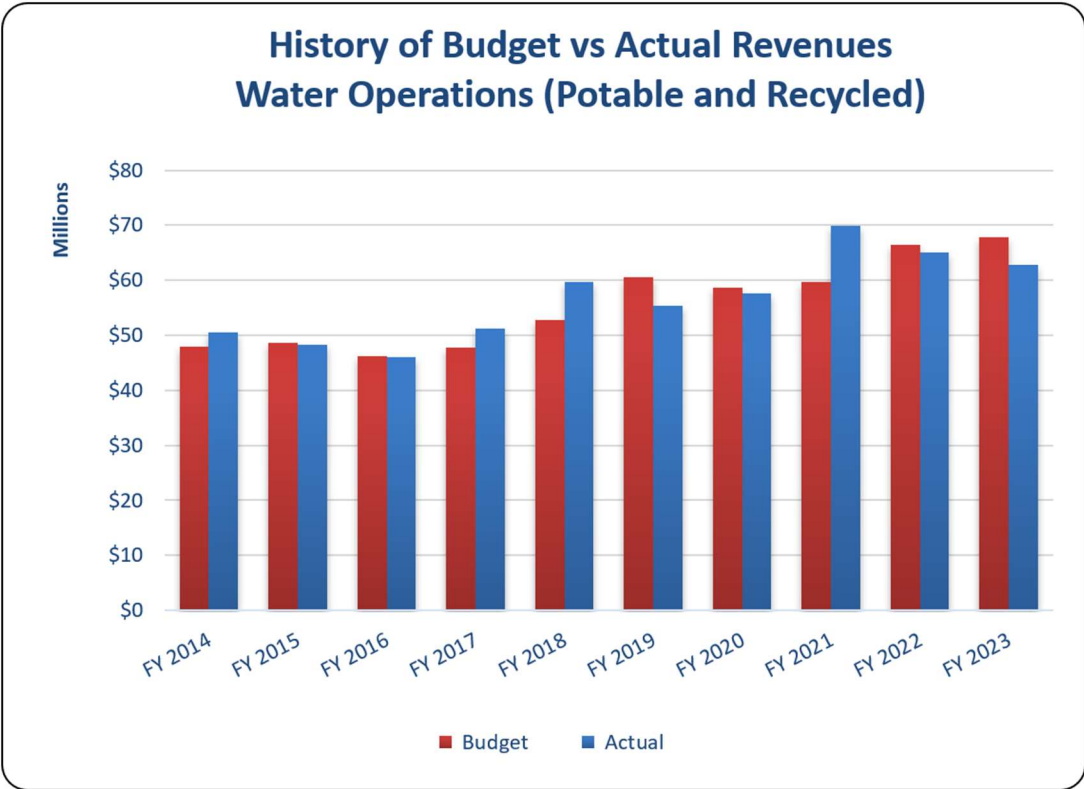
As of the writing of this document, future increases in purchased water costs from SDCWA have not been adopted. The Budget assumes increases to purchased water costs would be passed through to rate payers.

Cost Allocation Plan

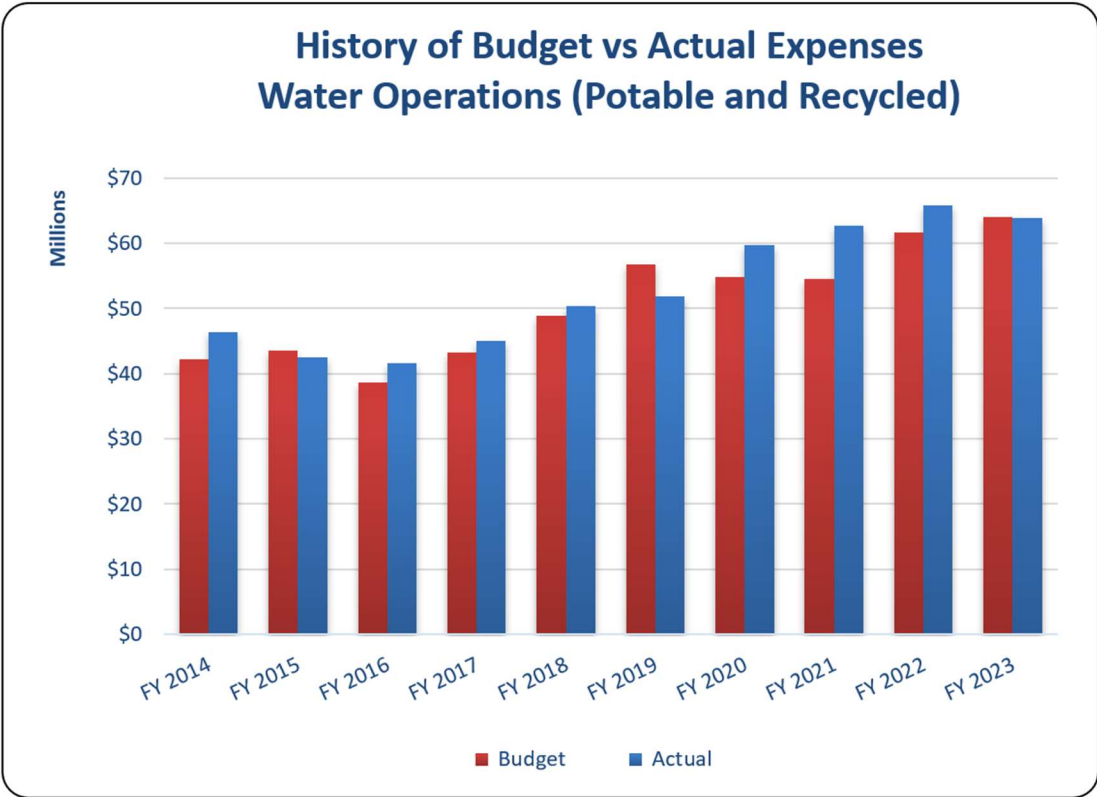
The District prepares and updates its cost allocation plan at the beginning of each Fiscal Year using eCivis software to calculate its indirect cost rate. Having a cost allocation plan and indirect cost rates in place allows the District to maximize funding, especially grant revenues.

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

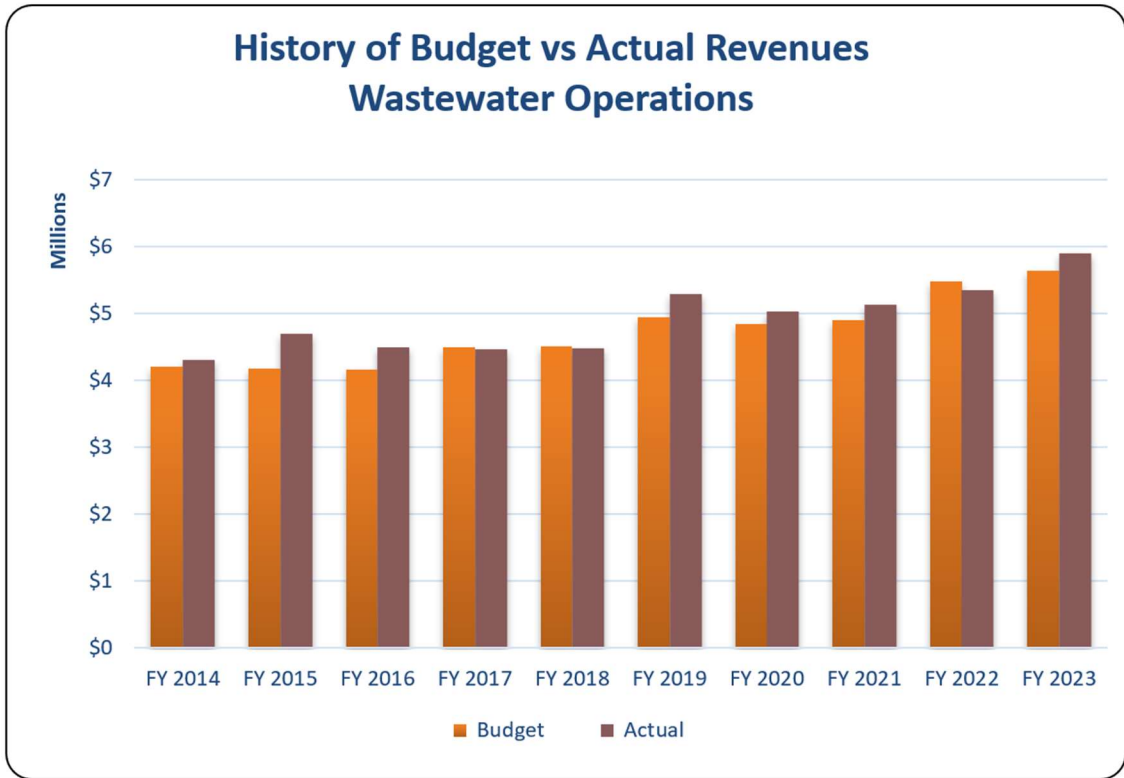
The District's last ten fiscal years of Budget vs Actual in water and wastewater as well as other information about water sales and purchased water wholesale costs are depicted in the following bar graphs for historical data and comparison purposes.



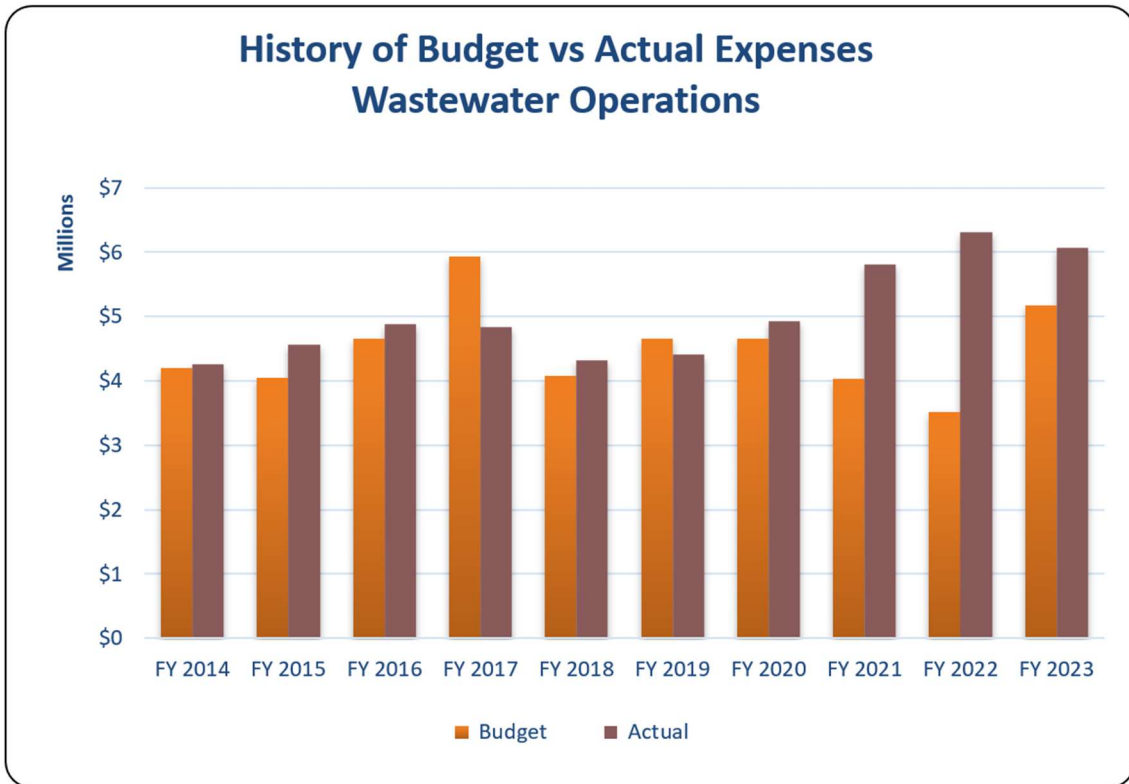
This chart depicts a summary comparison of the District’s historical operating revenues to the approved budgeted revenue projections for the Water Operating Funds



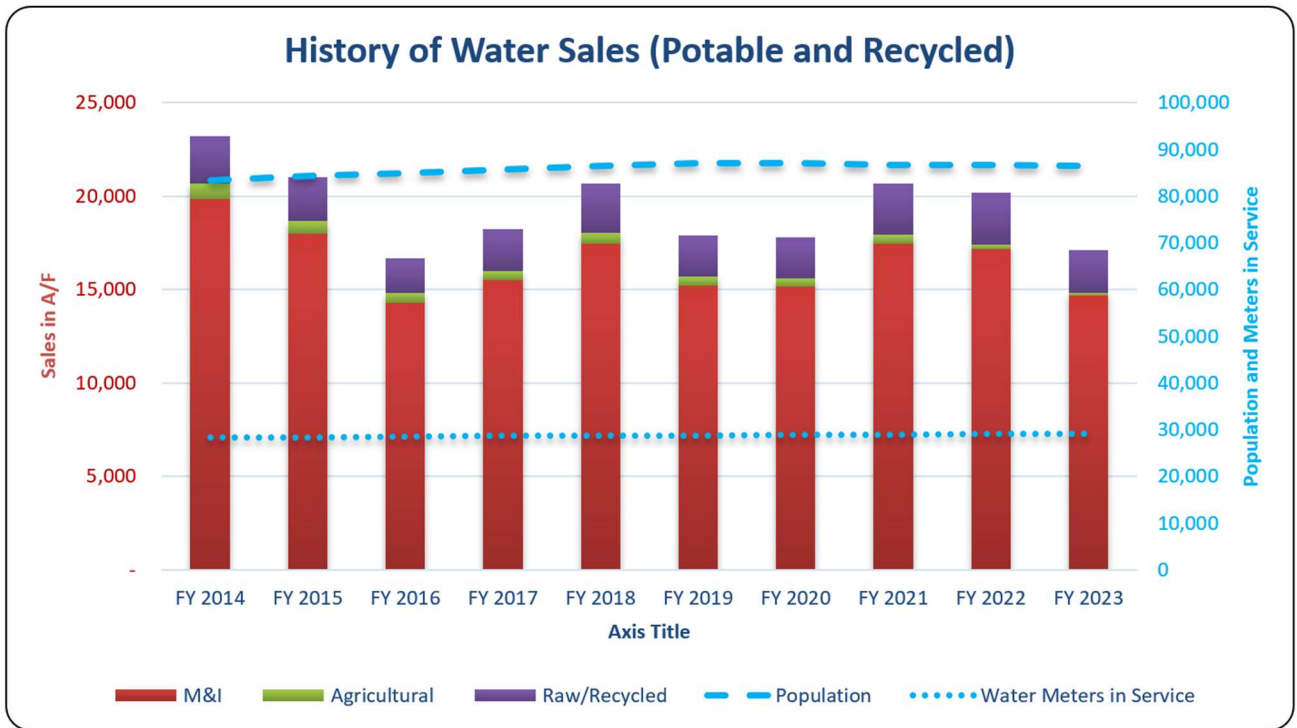
This chart depicts a summary comparison of the District’s historical operating expenditures to the approved budgeted expenditure projections for the Water Operating Funds



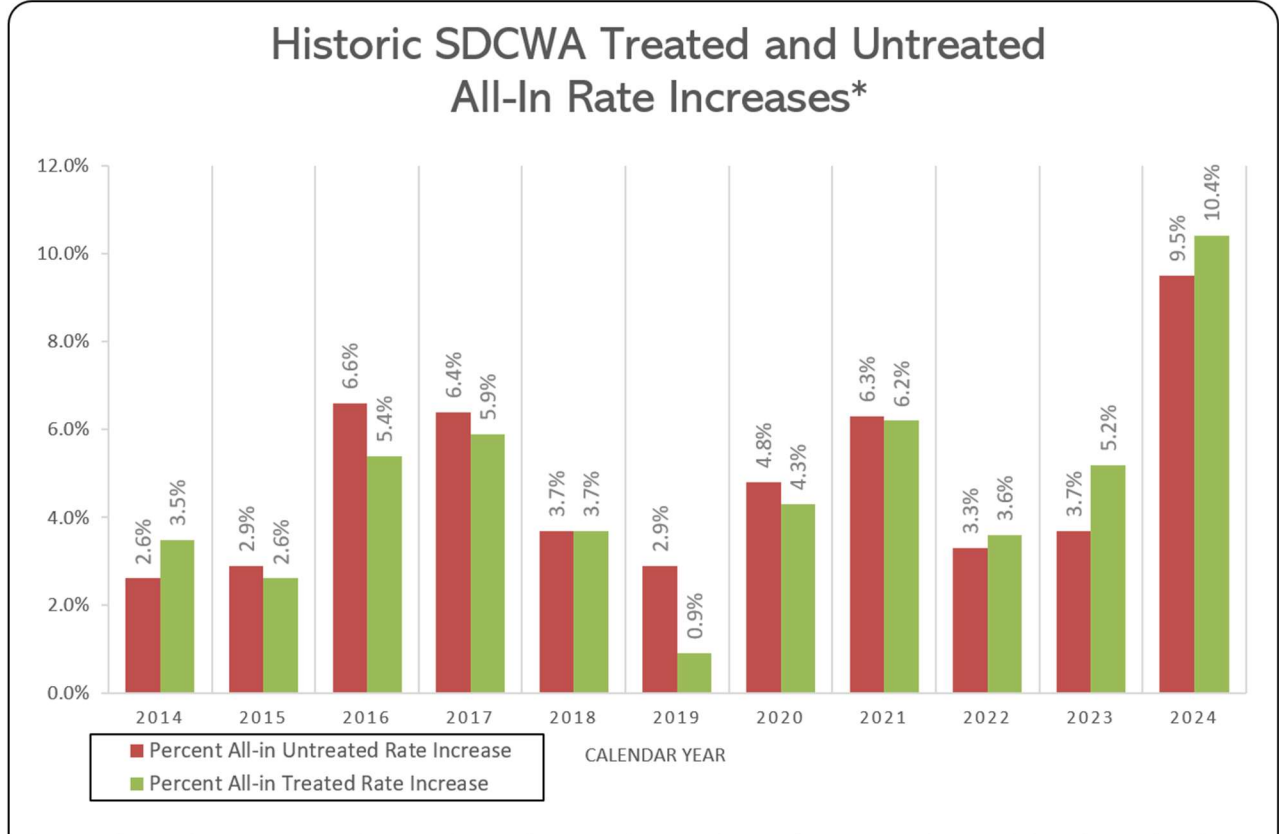
This chart depicts a summary comparison of the District's historical operating revenues to the approved budgeted revenue projections for the Wastewater Operating Funds.



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).



*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.

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

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

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

Notes:

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

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

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

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

Fund: Operating - Water (Potable and Recycled)

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

* Amended budget amounts approved by the Board.

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

*** Subject to change

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

Fund: Rate Stabilization - Water

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

* Amended budget amounts approved by the Board.

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

Fund: Pension Stabilization - Water

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

* Amended budget amounts approved by the Board.

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

Fund: Wastewater Operations

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

* Amended budget amounts approved by the Board.

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

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

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

Fund: Rate Stabilization - Wastewater

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

* Amended budget amounts approved by the Board.

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

Fund: Pension Stabilization - Wastewater

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

* Amended budget amounts approved by the Board.

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

Fund: Capital Improvement (All)**

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

* Amended budget amounts approved by the Board.

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

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

Fund: Debt Service (All)**

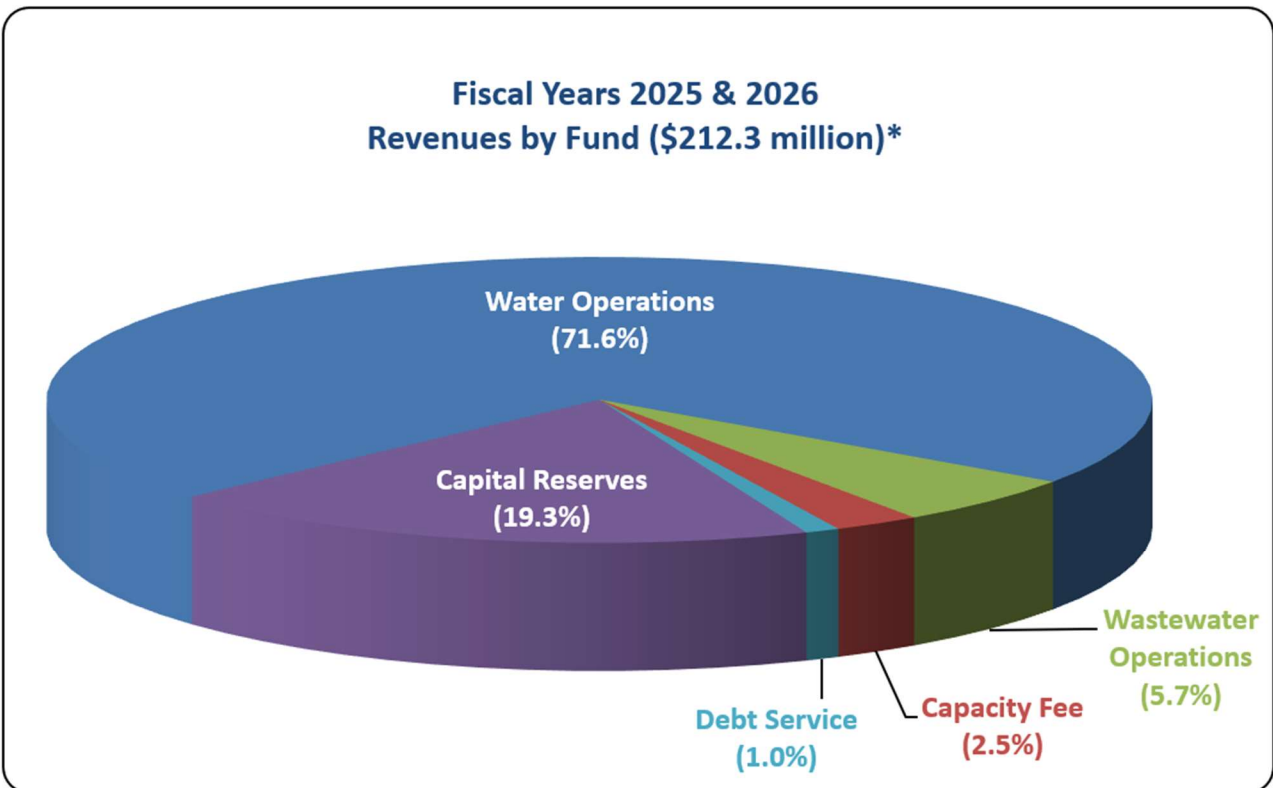
Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<u>Operating Revenues</u>						
Total Operating Revenues	-	-	-	0.00%	-	0.00%
<u>Operating Expenses</u>						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
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

* Amended budget amounts approved by the Board.

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

Revenues

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



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

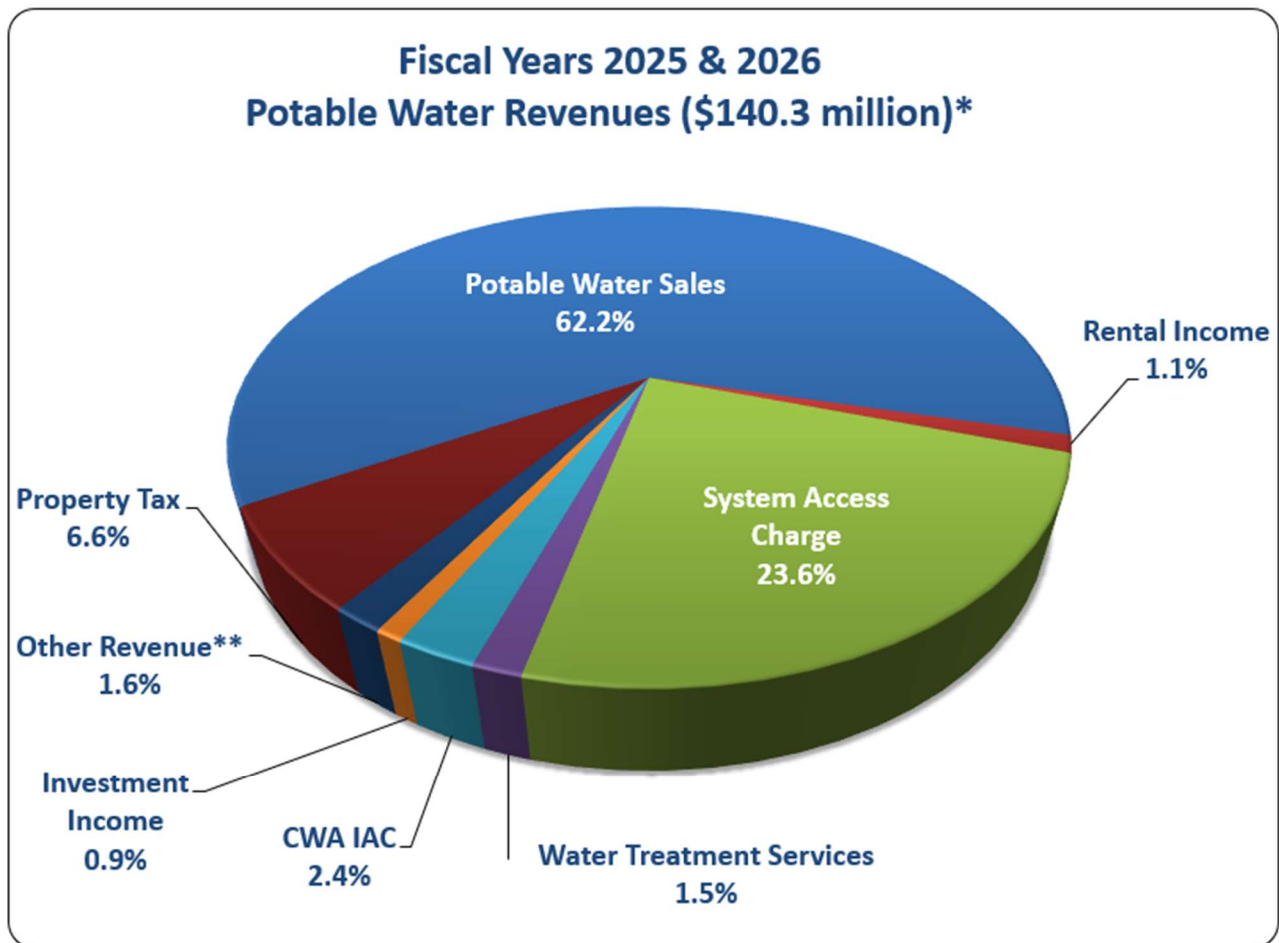
Water Operations (Potable and Recycled) (71.6%)

Potable Water Fund (66.1%)

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

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

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



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

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

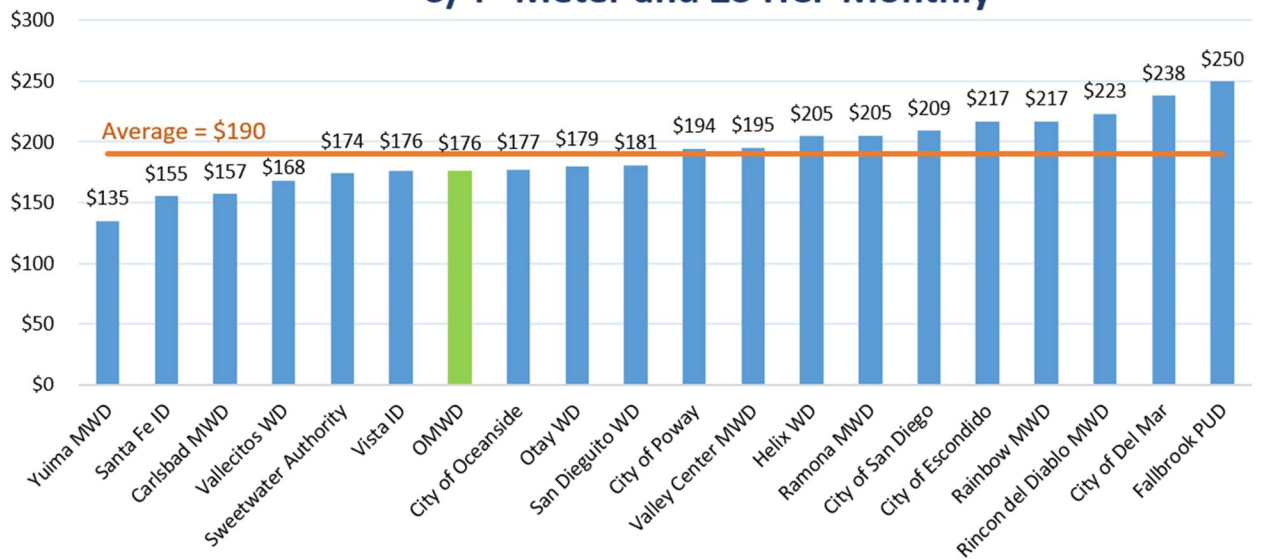
Description and Summary of Major Budget Elements and Variances

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

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

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

Survey of CWA Member Agency Monthly Water Bills ¾" Meter and 23 HCF Monthly



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

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

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

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

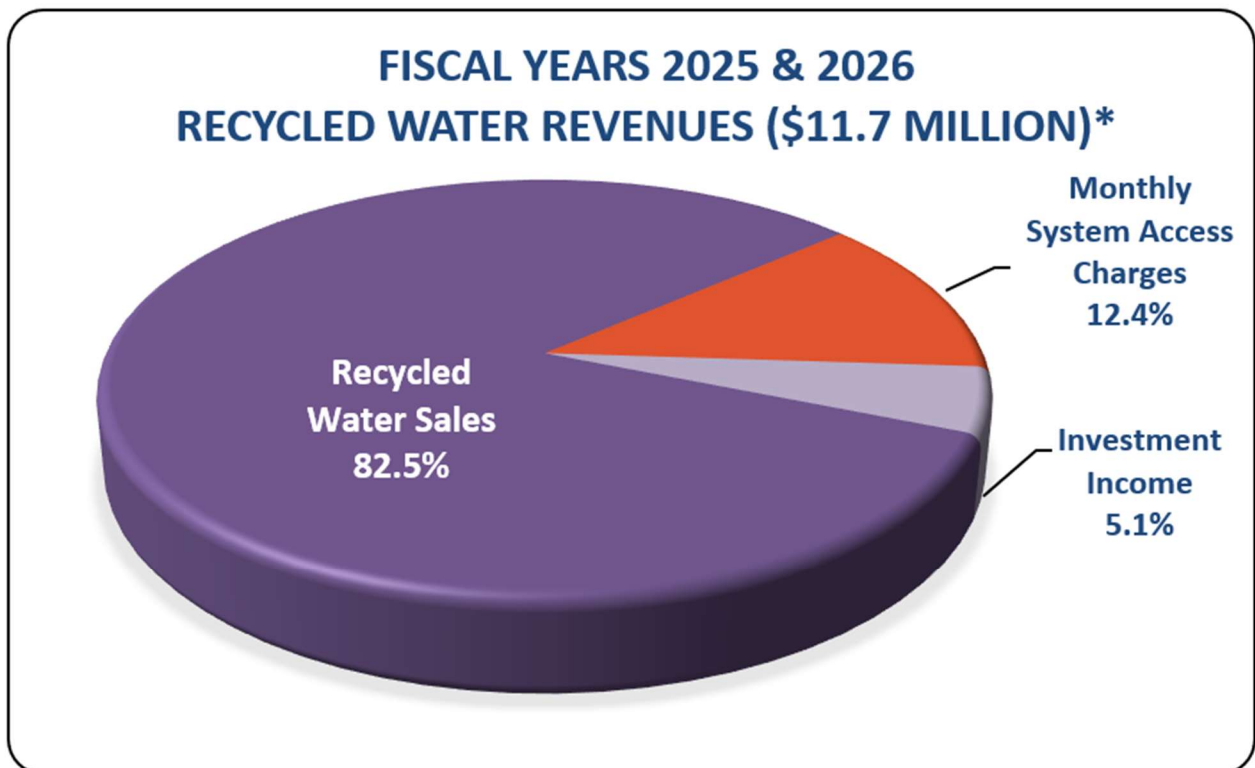
reimbursement is projected to increase to approximately \$397,000, and to \$412,000 for Fiscal Year 2026. SDCWA's reimbursement amount is adjusted annually based on annual increases in the consumer price index for San Diego County and are applied directly against the operating expenses of EFRR. EFRR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

Recycled Water Funds (5.5%)

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

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

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



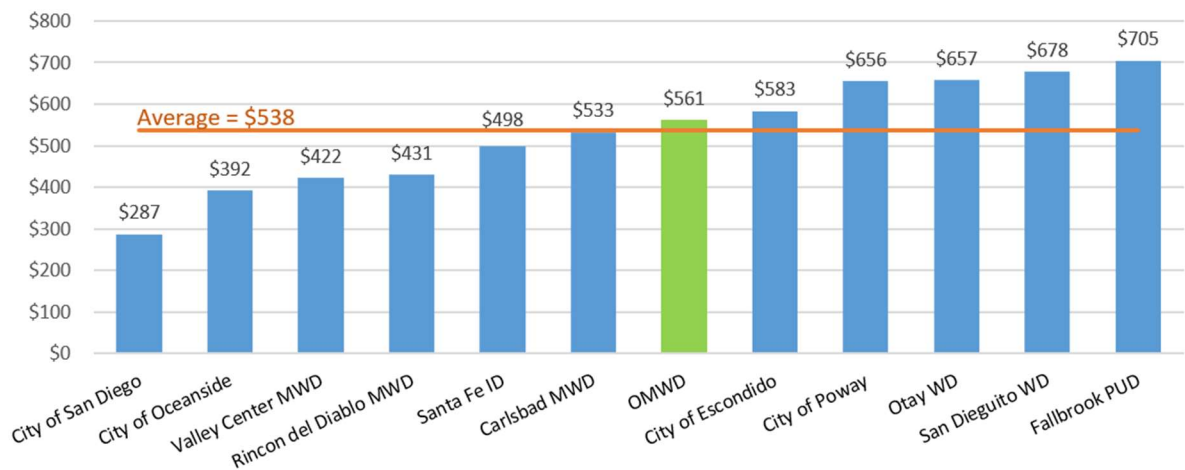
* Total may not add up to 100% due to rounding.

Description and Summary of Major Budget Elements and Variances

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

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

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



Survey of posted rates as of May 2024
 Does not include all 24 SDCWA member agencies for comparative purpose
 * Ramona provides an untreated melded supply of water to its agricultural customers

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

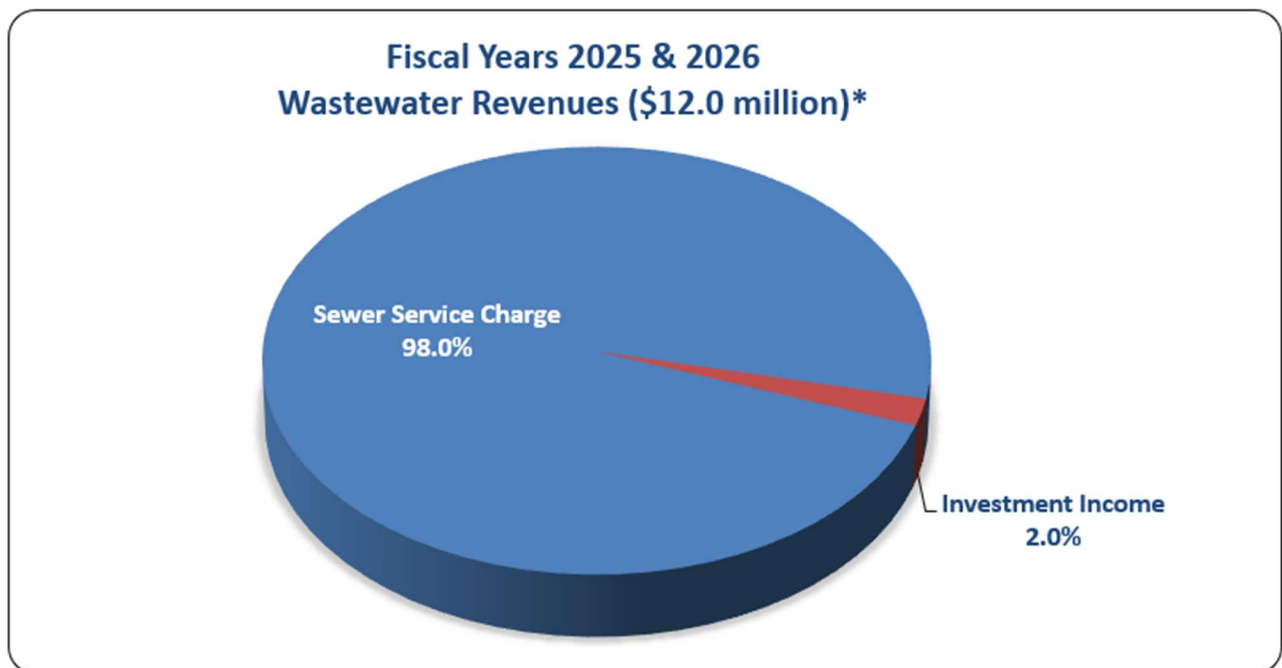
based on the 2024 Cost-of-Service study will be considered for approval by the Board in October 2024.

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

Capital Reserves (19.3%)

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

Wastewater Funds (5.7%)



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

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

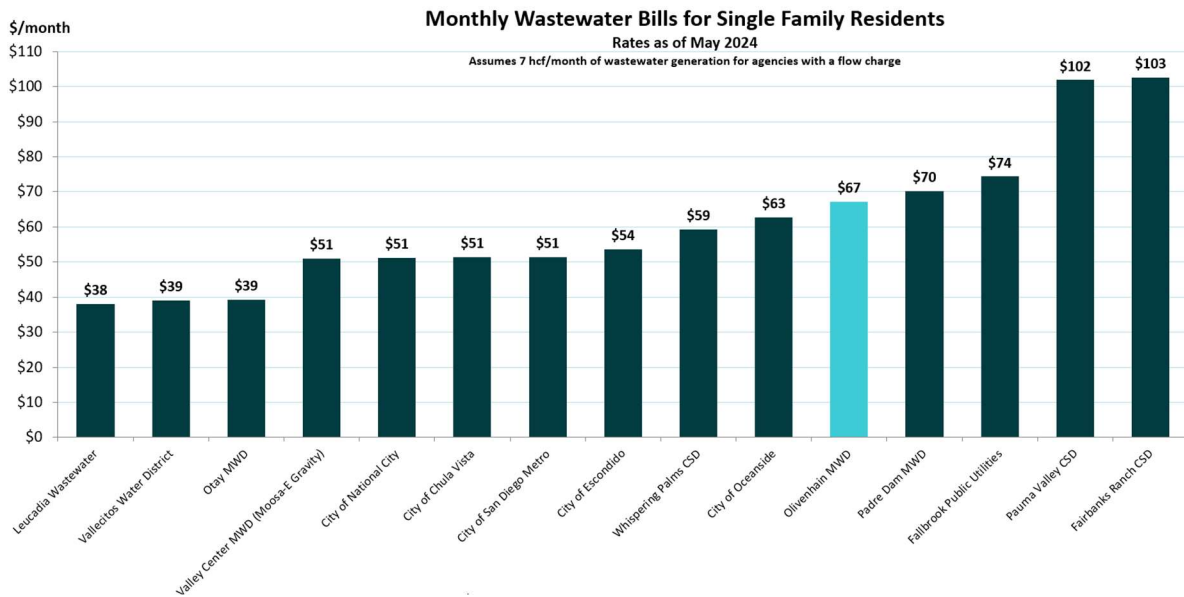
Wastewater revenues are collected from service fees. Service fees are charged to each wastewater customer based on EDUs. Wastewater fees and charges for single-family homes are in compliance with the California Urban Water Conservation Council's Best Management Practice No. 11 (BMP-11).

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

Description and Summary of Major Budget Elements and Variances

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

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



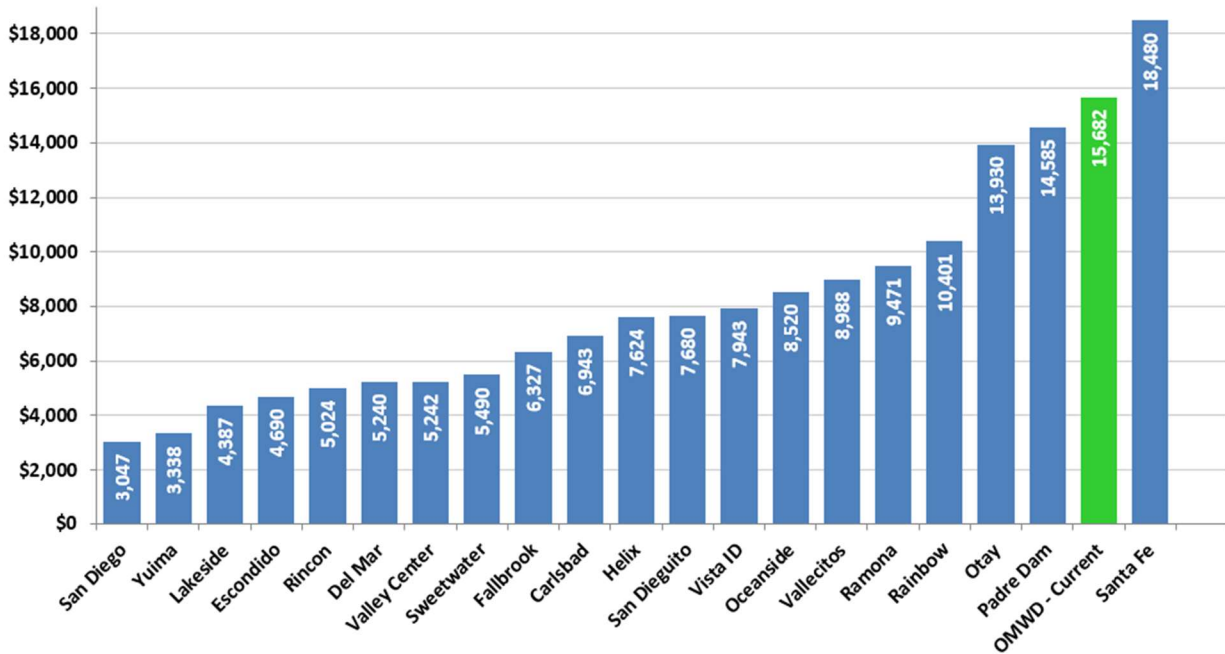
Capital Contributions (2.5%)

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

Description and Summary of Major Budget Elements and Variances

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

SURVEY OF SDCWA MEMBER AGENCY WATER CAPACITY FEES
As of July 2023



*OMWD - Average 3/4' meter fee for Single Family Dwelling across Zones A-E

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

Debt Service (1.0%)

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

Description and Summary of Major Budget Elements and Variances

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

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

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

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

* Amended budget amounts approved by the Board.

**Subject to change

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

Fund: 100

Rate Stabilization - Water

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

* Amended budget amounts approved by the Board.

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

Fund: 100

Pension Stabilization - Water

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

* Amended budget amounts approved by the Board.

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

Fund: 110 Wastewater Operations

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

* Amended budget amounts approved by the Board.

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

Fund: 110

Rate Stabilization - Wastewater

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

* Amended budget amounts approved by the Board.

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

Fund: 110

Pension Stabilization - Wastewater

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

* Amended budget amounts approved by the Board.

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

Fund: Capital Improvement (All)**

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

* Amended budget amounts approved by the Board.

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

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

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

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

* Amended budget amounts approved by the Board.

** Income from investment in Capacity Fees

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

Fund: 110

Capital Improvement - Wastewater

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

* Amended budget amounts approved by the Board.

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

Fund: Debt Service (All)**

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

* 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 2025 & 2026**

Fund: 570

Debt Service - Reassessment District 96-1

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

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
 Revenue
 Fiscal Years Ending 2025 & 2026

Fund: 561

Debt Service - 2015A Water Revenue Refunding Bonds

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

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
 Revenue
 Fiscal Years Ending 2025 & 2026

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

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
 Revenue
 Fiscal Years Ending 2025 & 2026

Fund: 510	Debt Service - 2012 State Revolving Fund				% Change From FYE '24 Approved*		% Change From FYE '25 Proposed
		<u>FYE 2023 Actual</u>	<u>FYE 2024 Approved*</u>	<u>FYE 2025 Proposed</u>		<u>FYE 2026 Proposed</u>	
	<u>Operating Revenues</u>						
	Total Operating Revenues	-	-	-	-	-	-
	<u>Non-operating Revenues</u>						
44100-510-000-000	Investment Income	3,806	1,000	1,000	0.00%	1,000	0.00%
	Total Non-operating Revenues	<u>3,806</u>	<u>1,000</u>	<u>1,000</u>	<u>0.00%</u>	<u>1,000</u>	<u>0.00%</u>
	Total	<u><u>3,806</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>	<u><u>0.00%</u></u>	<u><u>1,000</u></u>	<u><u>0.00%</u></u>

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
 Revenue
 Fiscal Years Ending 2025 & 2026

Fund: 521

Debt Service - 2021A Sewer Rev. Bonds

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

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
 Revenue
 Fiscal Years Ending 2025 & 2026

Fund: 522

Debt Service - 2021B Sewer Rev. Refunding Bonds

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

* Amended budget amounts approved by the Board.

Olivenhain Municipal Water District
 Revenue
 Fiscal Years Ending 2025 & 2026

Debt Service - Proposed 2026 Sewer Rev. Refunding Bonds

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

* Amended budget amounts approved by the Board.

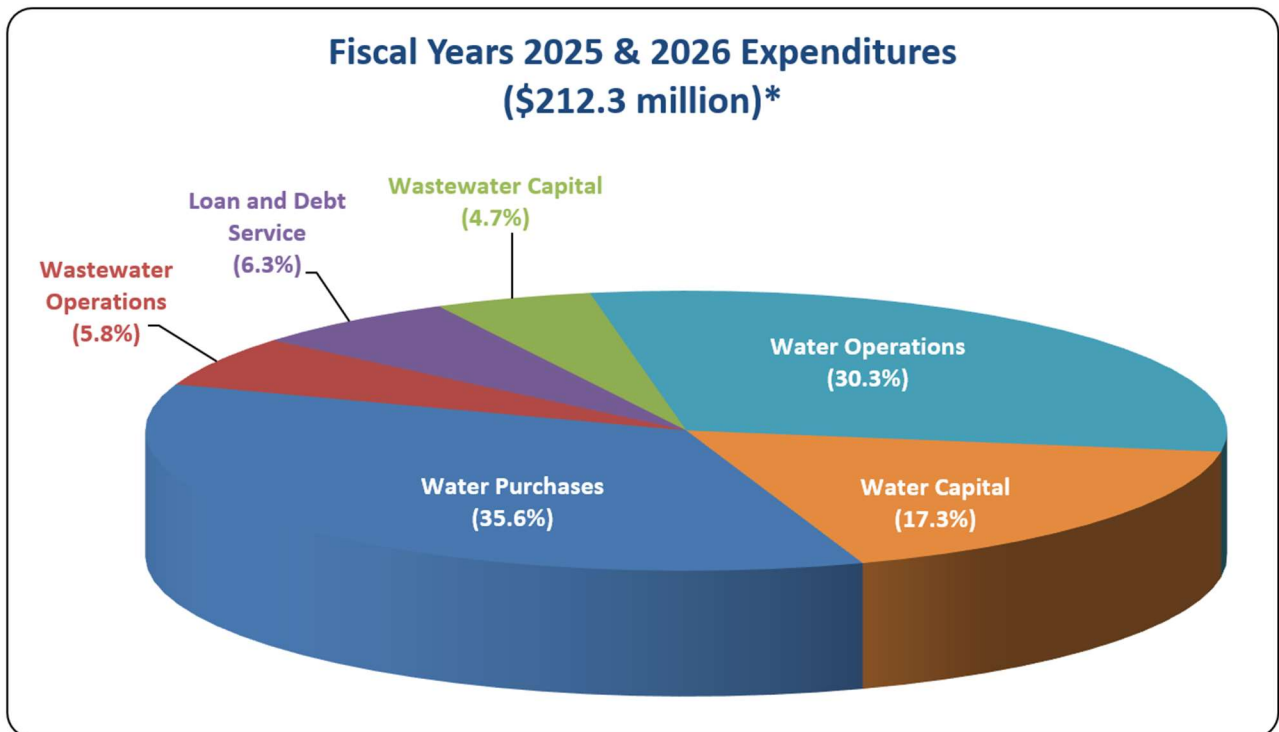
Expenditures

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

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

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

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



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

Water Purchases (35.6%)

Potable Water Purchases

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

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

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

The wholesale purchased water costs are broken down as follows:

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

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

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

Purchased Water Wholesale Fixed Charges

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

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

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

Recycled Water Purchases

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

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

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

The District purchases recycled water from the following suppliers:

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

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

Water Operations (30.3%)

Potable Water Operations Expenditures (27.3%)

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

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

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

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

Recycled Water Operations Expenditures (3.0%)

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

Wastewater Operations Expenditures (5.8%)

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

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

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

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

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

Loan and Debt Service Fund (6.3%)

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

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

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

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

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

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

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

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

The 2021B Wastewater Revenue bonds were issued on a private placement basis to refund and refinance the existing 2018A Sewer Revenue Bonds, which were issued in fiscal year 2018 to finance improvements to the District's administrative and operations building at 1966 Olivenhain Road, Encinitas, CA. The District received an interest rate of 1.14% for the 2021B Refunding Revenue Bonds, which resulted in an estimated net present value savings of \$243,900 after the cost of issuance. The 2021B Wastewater Revenue bonds will mature in June 2028.

The 2012 SRF loan was awarded by the California Department of Public Health in December 2011 and was used to fund a portion of the LT2-related construction improvements at the DCMWTP. The 2012 SRF loan will be paid off in July 2034.

Additionally, as part of the 2024 Wastewater Cost-of-Service study conducted by an independent financial consultant, the District reviewed the need for future debt to help smooth rates increases and still meet the financial obligation for the operating and capital needs of its Wastewater facilities and infrastructure. The 2024 Wastewater Study recommended issuance of new bonds in Fiscal Year 2026 to pay for the wastewater capital improvements program and to smooth out future rate increases. Annual debt service payments of \$423 thousand beginning in Fiscal Year 2026 is assumed in this budget.

Debt Coverage Ratio

The 2015A Water Revenue Refunding bonds and the 2016A Water System Refunding Revenue bonds require the District to maintain net system revenues equal to 125% or greater of debt service on senior obligations for each fiscal year and 100% of debt service on all obligations. Net system revenues equal all income and revenue received by the District from the operation or ownership of the water system, including all rates and charges received by the District for water system services, investment income, property taxes, and connection fees less costs expended or incurred by the District for maintaining and operating the water system, excluding depreciation expenses.

The coverage ratio is defined as net system revenues divided by senior liens overall debt service. The District has been and will remain in compliance with all of its bond covenants, which include meeting its debt service ratio requirements. In March 2024, Fitch Ratings reaffirmed the District's AAA credit rating for its 2015A and 2016A Water Revenue bonds.

The District's Debt Coverage Ratio information are shown on the following page. The consolidated debt service schedule of principal and interest payments through maturity and a separate debt service schedule by fund type are shown in the Debt Service section.

Water and Wastewater Capital (22.0%)

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

Olivenhain Municipal Water District
Projected Financial Water Operations Debt Service Coverage

(\$1,000s - Fiscal Years Ending June 30)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water System Revenue										
Water Sales	63,519	67,994	71,820	74,821	77,948	81,205	84,597	88,131	91,813	95,649
Other Operating Revenues	2,999	3,559	3,779	3,931	4,074	4,223	4,377	4,559	4,769	4,989
Capacity Fee, Net of Credit	118	412	4,047	4,687	803	1,544	1,118	952	2,504	155
Investment Income	1,755	1,158	1,207	1,293	1,352	1,403	1,519	2,064	1,703	1,758
Property Taxes	4,600	4,650	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700
Other Non-Operating Revenues	836	852	852	852	852	852	852	852	852	852
Total Water System Revenue	73,827	78,625	86,405	90,284	89,729	93,927	97,163	101,258	106,341	108,103
Water System Expenditures										
Purchased Water Cost - Potable	34,740	37,035	39,449	41,331	43,158	45,067	47,059	49,312	51,847	54,511
Purchased Water Cost - Recycled	2,117	1,721	1,803	1,868	1,932	1,998	2,066	2,150	2,242	2,339
Operations and Maintenance	22,327	23,649	24,595	25,581	26,608	27,679	28,795	29,958	31,170	32,433
Total Water System Expenditures	59,184	62,405	65,847	68,780	71,698	74,744	77,920	81,420	85,259	89,283
Net System Revenues	14,643	16,220	20,558	21,504	18,031	19,183	19,243	19,838	21,082	18,820
Coverage Calculation for Existing Debts										
2015A Refunding Bond Debt Services ¹	2,414	2,407	2,405	2,404	-	-	-	-	-	-
2016A Refunding Bond Debt Services	978	977	975	978	974	974	977	975	975	975
2012 SRF Debt Services	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070
2032 Proposed Debt ²	-	-	-	-	-	-	-	3,318	3,318	3,318
Total Debt Services	4,462	4,454	4,450	4,452	2,044	2,044	2,047	5,363	5,363	5,363
REVENUE TO DEBT COVERAGE RATIO	3.28	3.64	4.62	4.83	8.82	9.38	9.40	3.70	3.93	3.51
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

1) 2015A Refunding Bond Debt Services will be paid off by the end of Fiscal Year 2028

2) Proposed Debt issuance

Olivenhain Municipal Water District
Projected Financial Wastewater Operations Debt Service Coverage

(\$1,000s - Fiscal Years Ending June 30)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Wastewater System Revenue										
Service Charges	5,725	6,040	6,372	6,722	7,092	7,447	7,819	8,210	8,621	9,052
Investment Income	60	42	44	45	47	49	51	53	55	55
Total Wastewater System Revenue	5,785	6,082	6,416	6,767	7,139	7,496	7,870	8,263	8,676	9,107
Water System Expenditures										
Operations and Maintenance	3,935	4,080	4,243	4,413	4,590	4,774	4,965	5,164	5,371	5,586
Total Water System Expenditures	3,935	4,080	4,243	4,413	4,590	4,774	4,965	5,164	5,371	5,586
Net System Revenues	1,850	2,002	2,173	2,354	2,549	2,722	2,905	3,099	3,305	3,521
Coverage Calculation for Existing Debts										
2021A Sewer Revenue Bonds	310	310	310	309	310	310	310	310	310	310
2021B Sewer Revenue Bonds ¹	609	609	609	609	-	-	-	-	-	-
2026 Proposed Debt ²	-	423	423	423	423	423	423	423	423	423
Total Debt Services	919	1,342	1,342	1,341	733	733	733	733	733	733
REVENUE TO DEBT COVERAGE RATIO	2.01	1.49	1.62	1.76	3.48	3.71	3.96	4.23	4.51	4.80
Debt Coverage Ratio Requirement: 1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

1) 2021B Sewer Revenue Bond Debt Services will be paid off by the end of Fiscal Year 2028

2) Proposed Debt issuance

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

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

	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<u>Operating Expenses</u>						
Purchased Potable Water - Variable	19,647,127	23,013,000	25,114,000	9.13%	26,543,000	5.69%
Purchased Potable Water - Fixed	4,141,877	4,234,000	4,685,000	10.65%	5,107,000	9.01%
Purchased Potable Water - Agricultural Credits	29,062	31,000	33,000	6.45%	36,000	9.09%
MWD- Readiness-to-Serve	609,946	622,000	673,000	8.20%	734,000	9.06%
MWD- Capacity Reservation Charge	385,113	360,000	392,000	8.89%	427,000	8.93%
SDCWA - Infrastructure Access Charge	1,445,148	1,465,000	1,608,000	9.76%	1,753,000	9.02%
Purchased Recycled Water	1,435,662	1,470,000	2,117,000	44.01%	1,721,000	-18.71%
Recycled Credit	-	-	-	0.00%	-	0.00%
Supply Reliability Charge	1,915,846	2,050,000	2,235,000	9.02%	2,436,000	8.99%
Purchased Water	<u>29,609,781</u>	<u>33,245,000</u>	<u>36,857,000</u> **	<u>10.86%</u>	<u>38,757,000</u>	<u>5.16%</u>
Personnel	12,209,793	14,870,000	15,620,000	5.04%	16,674,000	6.75%
Operations	8,252,793	9,274,300	9,742,000	5.04%	10,183,000	4.53%
Capitalized Operating Expenditures	(2,676,755)	(1,975,000)	(2,270,000)	14.94%	(2,443,000)	7.62%
Other Operating Expenses - WFO	212,580	50,000	50,000	0.00%	50,000	0.00%
Other Operating Expenses	<u>17,998,411</u>	<u>22,219,300</u>	<u>23,142,000</u>	<u>4.15%</u>	<u>24,464,000</u>	<u>5.71%</u>
Total Operating Expenses	<u>47,608,192</u>	<u>55,464,300</u>	<u>59,999,000</u>	<u>8.18%</u>	<u>63,221,000</u>	<u>5.37%</u>
<u>Non-operating Expenses</u>						
Other Non-Operating Expenses - Potable	449,680	493,000	748,000	51.72%	748,000	0.00%
Loss disposal of Fixed Assets	148,023	-	-	0.00%	-	0.00%
Other Non-Operating Expenses - Recycled	1,020,928	-	-	0.00%	-	0.00%
Non-Operating Labor	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	<u>1,618,631</u>	<u>493,000</u>	<u>748,000</u>	<u>51.72%</u>	<u>748,000</u>	<u>0.00%</u>
Total Expenses	<u>49,226,823</u>	<u>55,957,300</u>	<u>60,747,000</u>	<u>8.56%</u>	<u>63,969,000</u>	<u>5.30%</u>

* Amended budget amounts approved by the Board.

**Subject to change

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

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

Fund: 110 Wastewater Operations

	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
<u>Operating Expenses</u>						
Personnel	1,229,350	1,620,000	1,633,000	0.80%	1,732,000	6.06%
Operations	1,626,506	1,649,000	1,764,000	6.97%	1,816,000	2.95%
Capitalized Operating Expenditures	600,790	575,000	538,000	-6.43%	532,000	-1.12%
Total Operating Expenses	<u>3,456,645</u>	<u>3,844,000</u>	<u>3,935,000</u>	<u>2.37%</u>	<u>4,080,000</u>	<u>3.68%</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>3,456,645</u>	<u>3,844,000</u>	<u>3,935,000</u>	<u>2.37%</u>	<u>4,080,000</u>	<u>3.68%</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 2025 & 2026**

Fund: Capital Improvement (All)**

	<u>FYE 2023 Actual</u>	<u>FYE 2024 Approved*</u>	<u>FYE 2025 Proposed</u>	<u>% Change From FYE '24 Approved*</u>	<u>FYE 2026 Proposed</u>	<u>% Change From FYE '25 Proposed</u>
<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	224,996	30,000	30,000	0.00%	30,000	0.00%
Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	<u>224,996</u>	<u>30,000</u>	<u>30,000</u>	<u>0.00%</u>	<u>30,000</u>	<u>0.00%</u>
Total	<u>224,996</u>	<u>30,000</u>	<u>30,000</u>	<u>0.00%</u>	<u>30,000</u>	<u>0.00%</u>

* Amended budget amounts approved by the Board.

** All operations include Potable water, Recycled water, and Wastewater.

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

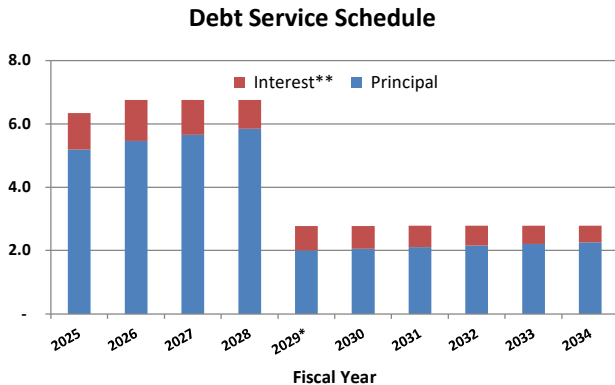
Fund: Debt Service (All)***

	<u>FYE 2023 Actual</u>	<u>FYE 2024 Approved*</u>	<u>FYE 2025 Proposed</u>	<u>% Change From FYE '24 Approved*</u>	<u>FYE 2026 Proposed</u>	<u>% Change From FYE '25 Proposed</u>
Operating Expenses	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	-
Non-operating Expenses						
Consultants	2,070	-	-	0.00%	35,000	100.00%
Investment Expense	-	-	-	0.00%	-	0.00%
Legal	-	-	-	0.00%	-	0.00%
Bank Svc Chgs	180	-	-	0.00%	-	0.00%
Other admin/gen exp	-	-	-	0.00%	-	0.00%
Outside Service	58,387	62,000	77,000	24.19%	80,000	3.90%
Postage and Shipping	-	-	-	0.00%	-	0.00%
Salaries and Wages	2,145	2,000	2,500	25.00%	2,500	0.00%
Employee Benefits	1,294	1,000	1,500	50.00%	1,500	0.00%
Principal	4,862,729	5,020,000	5,187,000	3.33%	5,462,000	5.30%
Loss on Payoff of Bonds	-	-	-	0.00%	-	0.00%
Net Interest Expense**	1,215,718	1,329,000	1,155,000	-13.09%	1,296,000	12.21%
Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
Amortization	3,502	4,000	4,000	0.00%	4,000	0.00%
Premium/Call Fee Defeased Debt	-	-	-	0.00%	-	0.00%
Fixed Charge County Assessment	2,313	2,000	2,400	20.00%	2,500	4.17%
Other Expenses	-	-	-	0.00%	-	0.00%
Other Non-labor Expenses	-	-	-	0.00%	-	0.00%
Other Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	6,148,338	6,420,000	6,429,400	0.15%	6,883,500	7.06%
Total	6,148,338	6,420,000	6,429,400	0.15%	6,883,500	7.06%

* 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.



* 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			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest**</u>	<u>Total</u>
2025	5,187,000	1,155,000	6,342,000
2026	5,462,000	1,296,000	6,758,000
2027	5,653,000	1,102,000	6,755,000
2028	5,848,000	907,000	6,755,000
2029*	2,005,000	772,000	2,777,000
2030	2,053,000	724,000	2,777,000
2031	2,107,000	673,000	2,780,000
2032	2,155,000	623,000	2,778,000
2033	2,210,000	568,000	2,778,000
2034	2,267,000	511,000	2,778,000
2035	1,795,000	454,000	2,249,000
2036	1,297,000	409,000	1,706,000
2037	1,341,000	370,000	1,711,000
2038	1,376,000	328,000	1,704,000
2039	1,420,000	285,000	1,705,000
2040	491,000	242,000	733,000
2041	506,000	225,000	731,000
TOTAL	61,385,000	16,715,000	78,100,000

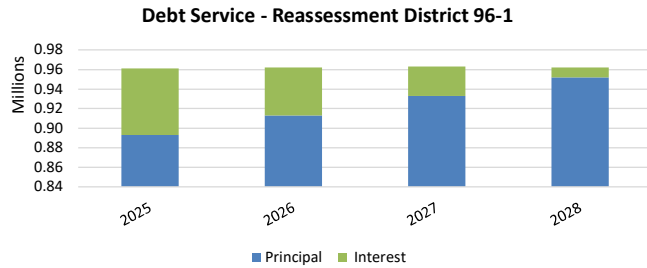
**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2025 & 2026**

Fund: 570 Debt Service - Reassessment District 96-1

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
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	47,446	50,000	65,000	30.00%	65,000	0.00%
51100-570-000-000 Salaries and Wages	2,145	2,000	2,500	25.00%	2,500	0.00%
51150-570-000-000 Employee Benefits	1,294	1,000	1,500	50.00%	1,500	0.00%
22510-570-000-000 Principal	863,064	885,000	893,000	0.90%	913,000	2.24%
59750-570-000-000 Interest Expense**	99,035	87,000	68,000	-21.84%	49,000	-27.94%
59200-570-000-000 Call Fee on Defeased Debt	-	-	-	0.00%	-	0.00%
59265-570-000-000 Amortization	-	-	-	0.00%	-	0.00%
59365-570-000-000 Fixed Charge County Assessment	2,313	2,000	2,400	20.00%	2,500	4.17%
59460-570-000-000 Other Non-labor Expenses	-	-	-	0.00%	-	0.00%
59560-570-000-000 Other Labor Expenses	-	-	-	0.00%	-	0.00%
53200-570-000-000 Other Admin and General Cost	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	1,015,297	1,027,000	1,032,400	0.53%	1,033,500	0.11%
Total	1,015,297	1,027,000	1,032,400	0.53%	1,033,500	0.11%

* Amended budget amounts approved by the Board.

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



Fiscal Year	Principal	Interest	Total
2025	893,000	68,000	961,000
2026	913,000	49,000	962,000
2027	933,000	30,000	963,000
2028	952,000	10,000	962,000
2029	-	-	-
TOTAL	7,101,000	613,000	7,714,000

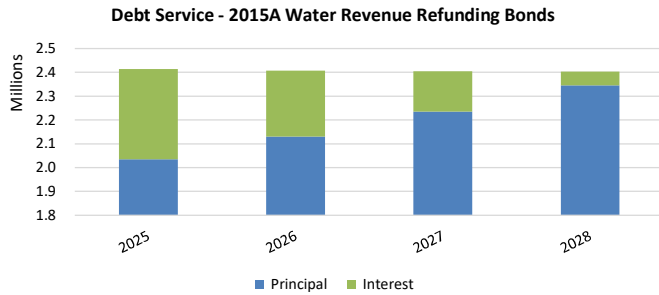
**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2025 & 2026**

Fund: 561 Debt Service - 2015A Water Revenue Refunding Bonds

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
Operating Expense						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
53250-561-000-000 Outside Services	2,870	3,000	3,000	0.00%	3,000	0.00%
22800-561-000-000 Principal	1,845,000	1,935,000	2,035,000	5.17%	2,130,000	4.67%
59750-561-000-000 Net Interest Expense**	306,507	475,000	379,000	-20.21%	277,000	-26.91%
59265-561-000-000 Amortization	3,502	4,000	4,000	0.00%	4,000	0.00%
52250-561-000-000 Consultants	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	2,157,879	2,417,000	2,421,000	0.17%	2,414,000	-0.29%
Total	2,157,879	2,417,000	2,421,000	0.17%	2,414,000	-0.29%

* Amended budget amounts approved by the Board.

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



Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	2,035,000	379,000	2,414,000
2026	2,130,000	277,000	2,407,000
2027	2,235,000	170,000	2,405,000
2028	2,345,000	59,000	2,404,000
2029	-	-	-
TOTAL	15,940,000	3,321,000	19,261,000

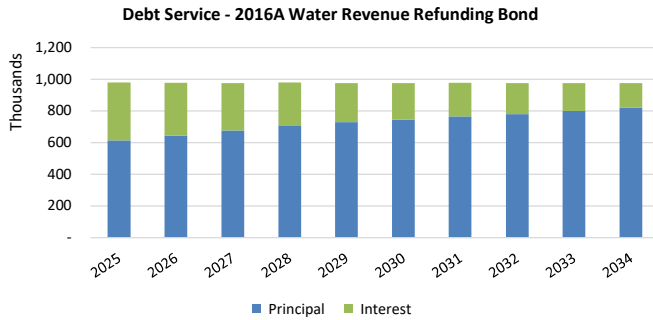
**Olivenhain Municipal Water District
Expenses
Fiscal Years Ending 2025 & 2026**

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

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
Operating Expense						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
52250-581-000-000 Consultants	-	-	-	0.00%	-	0.00%
53250-581-000-000 Outside Services	2,875	3,000	3,000	0.00%	3,000	0.00%
22800-581-000-000 Principal	560,000	585,000	615,000	5.13%	645,000	4.88%
59750-581-000-000 Interest Expense**	415,929	392,000	363,000	-7.40%	332,000	-8.54%
Total Non-operating Expenses	978,804	980,000	981,000	0.10%	980,000	-0.10%
Total	978,804	980,000	981,000	0.10%	980,000	-0.10%

* Amended budget amounts approved by the Board.

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



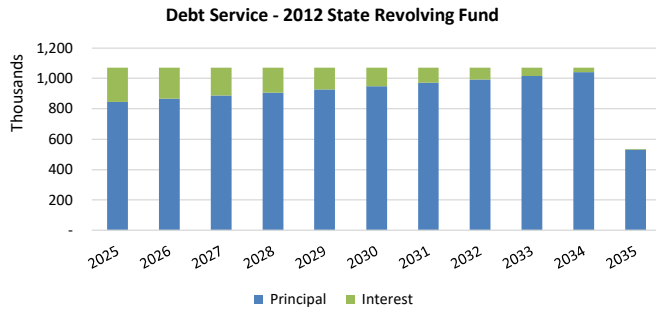
Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	615,000	363,000	978,000
2026	645,000	332,000	977,000
2027	675,000	300,000	975,000
2028	705,000	273,000	978,000
2029	730,000	244,000	974,000
2030	745,000	229,000	974,000
2031	765,000	212,000	977,000
2032	780,000	195,000	975,000
2033	800,000	175,000	975,000
2034	820,000	155,000	975,000
2035	845,000	134,000	979,000
2036	865,000	109,000	974,000
2037	895,000	83,000	978,000
2038	915,000	56,000	971,000
2039	945,000	28,000	973,000
TOTAL	13,925,000	4,618,000	18,543,000

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

Fund: 510 Debt Service - 2012 State Revolving Fund

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
Operating Expense						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
53150-510-000-000 Bank Svc Chgs	180	-	-	0.00%	-	0.00%
29800-510-000-000 Principal	817,585	827,000	846,000	2.30%	866,000	2.36%
59750-510-000-000 Interest Expense	252,457	243,000	224,000	-7.82%	204,000	-8.93%
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.



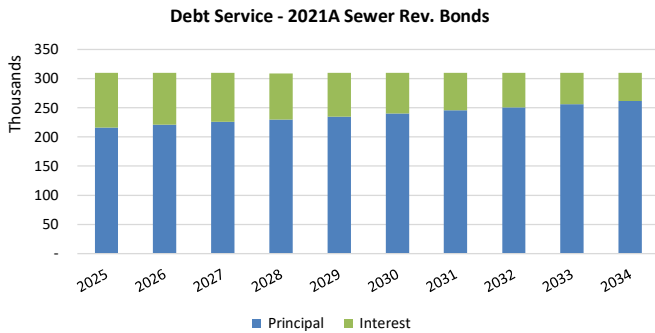
Schedule of Payments Remaining			
Fiscal Year	Principal	Interest	Total
2025	846,000	224,000	1,070,000
2026	866,000	204,000	1,070,000
2027	886,000	184,000	1,070,000
2028	906,000	164,000	1,070,000
2029	927,000	143,000	1,070,000
2030	949,000	121,000	1,070,000
2031	971,000	99,000	1,070,000
2032	993,000	77,000	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 2025 & 2026**

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

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
Operating Expense						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
52250-521-000-000 Consultants	1,035	-	-	0.00%	-	0.00%
53250-521-000-000 Outside Services	2,698	3,000	3,000	0.00%	3,000	0.00%
29800-521-000-000 Principal	207,240	212,000	216,000	1.89%	221,000	2.31%
59750-521-000-000 Interest Expense	102,273	98,000	94,000	-4.08%	89,000	-5.32%
59460-521-000-000 Other Non-Labor Expenses	-	-	-	0.00%	-	0.00%
Total Non-operating Expenses	313,246	313,000	313,000	0.00%	313,000	0.00%
Total	313,246	313,000	313,000	0.00%	313,000	0.00%

* Amended budget amounts approved by the Board.



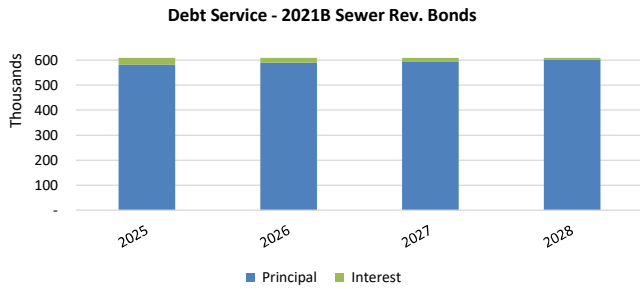
Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	216,000	94,000	310,000
2026	221,000	89,000	310,000
2027	226,000	84,000	310,000
2028	230,000	79,000	309,000
2029	235,000	75,000	310,000
2030	240,000	70,000	310,000
2031	246,000	64,000	310,000
2032	251,000	59,000	310,000
2033	256,000	54,000	310,000
2034	262,000	48,000	310,000
2035	267,000	43,000	310,000
2036	273,000	37,000	310,000
2037	279,000	31,000	310,000
2038	285,000	25,000	310,000
2039	291,000	19,000	310,000
2040	297,000	13,000	310,000
2041	303,000	6,000	309,000
TOTAL	5,043,000	1,155,000	6,198,000

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

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

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
Operating Expense						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
52250-522-000-000 Consultants	1,035	-	-	0.00%	-	0.00%
53250-522-000-000 Outside Services	2,498	3,000	3,000	0.00%	3,000	0.00%
29800-522-000-000 Principal	569,840	576,000	582,000	1.04%	589,000	1.20%
59750-522-000-000 Interest Expense	39,517	34,000	27,000	-20.59%	20,000	-25.93%
Total Non-operating Expenses	612,890	613,000	612,000	-0.16%	612,000	0.00%
Total	612,890	613,000	612,000	-0.16%	612,000	0.00%

* Amended budget amounts approved by the Board.



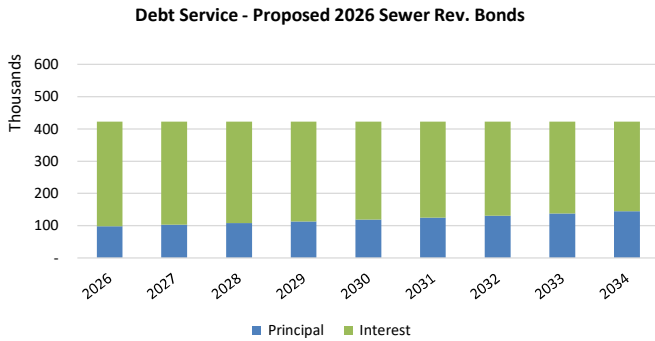
Fiscal Year	Principal	Interest	Total
2025	582,000	27,000	609,000
2026	589,000	20,000	609,000
2027	595,000	14,000	609,000
2028	602,000	7,000	609,000
2029	-	-	-
TOTAL	3,933,000	169,000	4,102,000

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

Debt Service - Proposed 2026 Sewer Rev. Bonds

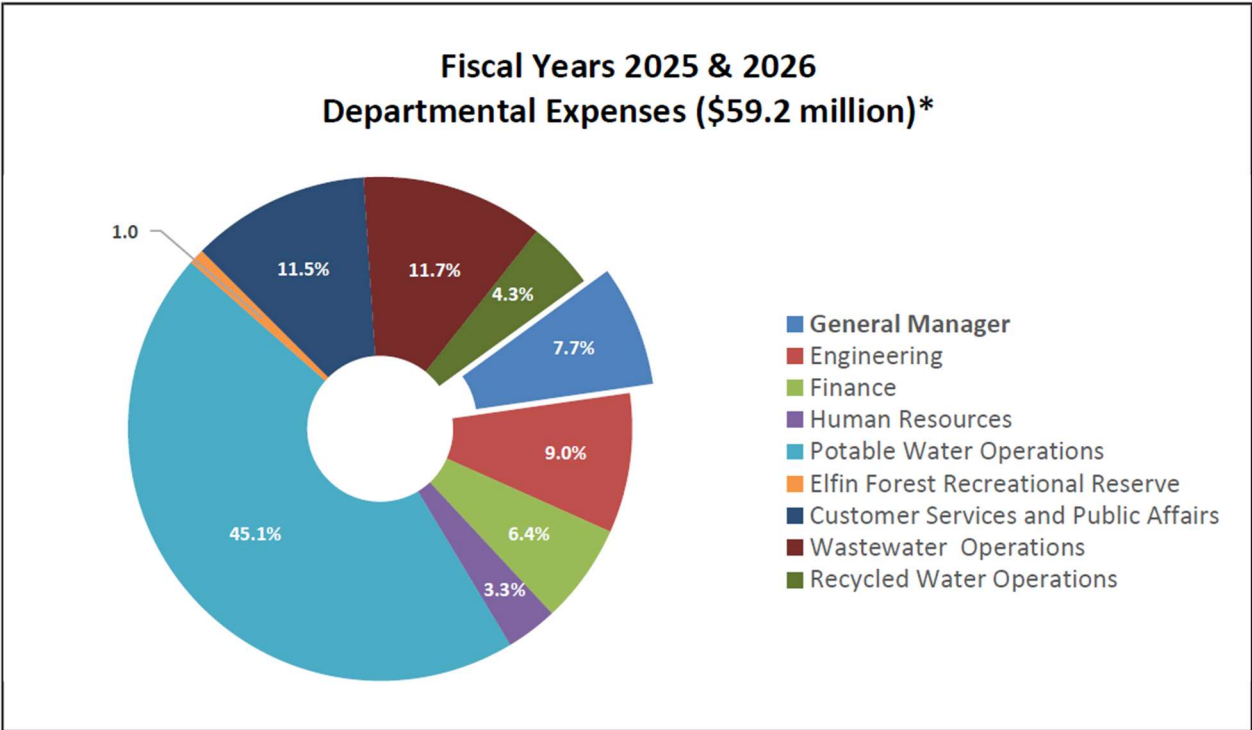
Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change From FYE '24 Approved*	FYE 2026 Proposed	% Change From FYE '25 Proposed
Operating Expense						
Total Operating Expenses	-	-	-	0.00%	-	0.00%
Non-operating Expenses						
Consultants	-	-	-	0.00%	35,000	100.00%
Outside Services	-	-	-	0.00%	3,000	100.00%
Principal	-	-	-	0.00%	98,000	100.00%
Interest Expense	-	-	-	0.00%	325,000	100.00%
Total Non-operating Expenses	-	-	-	0.00%	461,000	0.00%
Total	-	-	-	0.00%	461,000	0.00%

* Amended budget amounts approved by the Board.



Schedule of Payments			
Fiscal Year	Principal	Interest	Total
2025	-	-	-
2026	98,000	325,000	423,000
2027	103,000	320,000	423,000
2028	108,000	315,000	423,000
2029	113,000	310,000	423,000
2030	119,000	304,000	423,000
2031	125,000	298,000	423,000
2032	131,000	292,000	423,000
2033	138,000	285,000	423,000
2034	145,000	278,000	423,000
2035	152,000	271,000	423,000
2036	159,000	263,000	422,000
2037	167,000	256,000	423,000
2038	176,000	247,000	423,000
2039	184,000	238,000	422,000
2040	194,000	229,000	423,000
2041	203,000	219,000	422,000
TOTAL	2,315,000	4,450,000	6,765,000

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 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Assistant General Manager	1.00	1.00	1.00	1.00
Department Assistant I	1.00	1.00	1.00	1.00
Executive Secretary	1.00	1.00	1.00	1.00
General Manager	1.00	1.00	1.00	1.00
Department Total	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>

Responsibilities

The General Manager Department is responsible for the overall vision, mission, and direction of the District. It ensures that all operations of the District, including legal, administrative, financial, operational, customer service, engineering, conservation, public relations, grant administration, human resources, regulatory compliance, and other responsibilities are exercised and carried out effectively and efficiently in order to exceed the needs of District customers in accordance with District policy.

The department manages and directs all of the day-to-day activities of the District and is also responsible for preparation of board packets, including agendas, reports, presentations, ordinances, resolutions, and minutes; approval of public outreach communications and initiatives; and any and all interviews with the local media. It also oversees the implementation of the District's Master Plans of Facilities, Urban Water Management Plans, operating permits, and is responsible for negotiating agreements in support thereof.

Major Accomplishments – Fiscal Years 2023 & 2024

- Coordinated elections with Registrar of Voters in 2022 (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).
- Participated on regional SDLAFCO workgroup on the "out of agency" service policy, which was adopted in May of 2024 (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).
- Pursued and received award of \$2.8 million from USBR Title XVI Water Reclamation funding program for recycled water expansion projects; \$850,000 from Department of Parks & Recreation's Recreational Trails Program for EFRR Visitor Access Expansion Project; \$500,000 from USBR's waterSMART Grant for phases 9 and 10 of the AMI expansion project, \$471,148 from DWR's Proposition 1, Round 2 Integrated Regional Water Management grant funding for recycled water expansion projects among other funding opportunities (District goal 7 – Minimizing all of OMWD's operational costs while maintaining a high level of customer service).
- Achieved District of Distinction and District Transparency Certificate of Excellence re-accreditation from Special District Leadership Foundation in July 2022 (District goal 8 – Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Developed new fixed rate (Phase 1) at SDCWA with regional workgroup (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).
- Continued investigations to determine viability for the San Dieguito Valley Groundwater Project – held special board meetings on Project status, community meeting at Solana Santa Fe Elementary, and an independent risk analysis workshop. Additional investigations include ongoing hydrogeologic investigations, performing a siting analysis and further refinement of

the economic analysis. (District goal 11 – Establishing programs and policies to develop alternative water supplies to serve existing and future customers).

- Continued efforts with Water for All statewide coalition. Conducted first water summit in 2023 and met with legislators on SB 366 (District goal 12 – Cultivated supportive and positive relationships with federal, state, and local agencies which may impact OMWD’s operations).

Objectives - Fiscal Years 2025 & 2026

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

- Continue efforts with SDCWA on the development, implementation, and phase-in of the next component of equitable fixed rates to SDCWA rates via the Member Agency Workgroup, the Financial Strategy Workgroup, and OMWD’s SDCWA board representative (District goal 12 – Cultivating supportive and positive relationships with federal, state, and local agencies which may impact OMWD’s operations).
- Continue to evaluate the San Dieguito Valley Groundwater Project on revised schedule approved by Board in the 25/26 budget (District goal 11 – Establishing programs and policies to develop alternate water supplies to serve existing and future customers).
- Continue to pursue local, state, federal, and private grant funding to offset costs (District goal 7 – Minimizing all of OMWD’s operational costs while maintaining a high level of customer service).
- Achieve Special District Leadership Foundation’s Transparency Certificate of Excellence and District of Distinction re-accreditation (District goal 8 – Maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Incorporate 2023 condition assessment results for DCMWTP, 4S WRF, wastewater system, and pipeline replacement into 2024 budget process, cost of service update, and Proposition 218 notices per the recommendation of the Facilities Committee (District goal 10 – Planning and constructing the Master Plan of Facilities to meet the long-term water shortage, treatment, transmission, and distribution needs of OMWD).
- Actively participate and advocate for OMWD interests on the San Diego Local Agency Formation Commission (SD LAFCO) key initiative areas (District goal 12 – Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD’s operations).
- Complete MSR with SDLAFCO for OMWD (District goal 12 – Cultivating supportive and positive relationships with federal, state, and local agencies which may impact OMWD’s operations).
- Work with SDCWA to advance OMWD’s legislative proposal to amend Public Contract Code to raise the limit for public works bidding requirements to match other public agencies

throughout California (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

- Continue work and active advocacy with Water for All statewide coalition (formerly Solve the Water Crisis) to advance Senate Bill 366 through the legislature, which sets specific targets for new water supply development and adequate funding for these projects; make presentation to board (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).
- Work with legislators and member agencies to pursue equitable voting structure at SDCWA (District goal 12 - Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).
- Work with SDLAFCO on the wholesale agency MSR, addressing key issues submitted by the OMWD Board of Directors in 2023 (District goal 12 – Cultivating supportive and positive relationships with federal, state, and local agencies which may impact OMWD's operations).

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

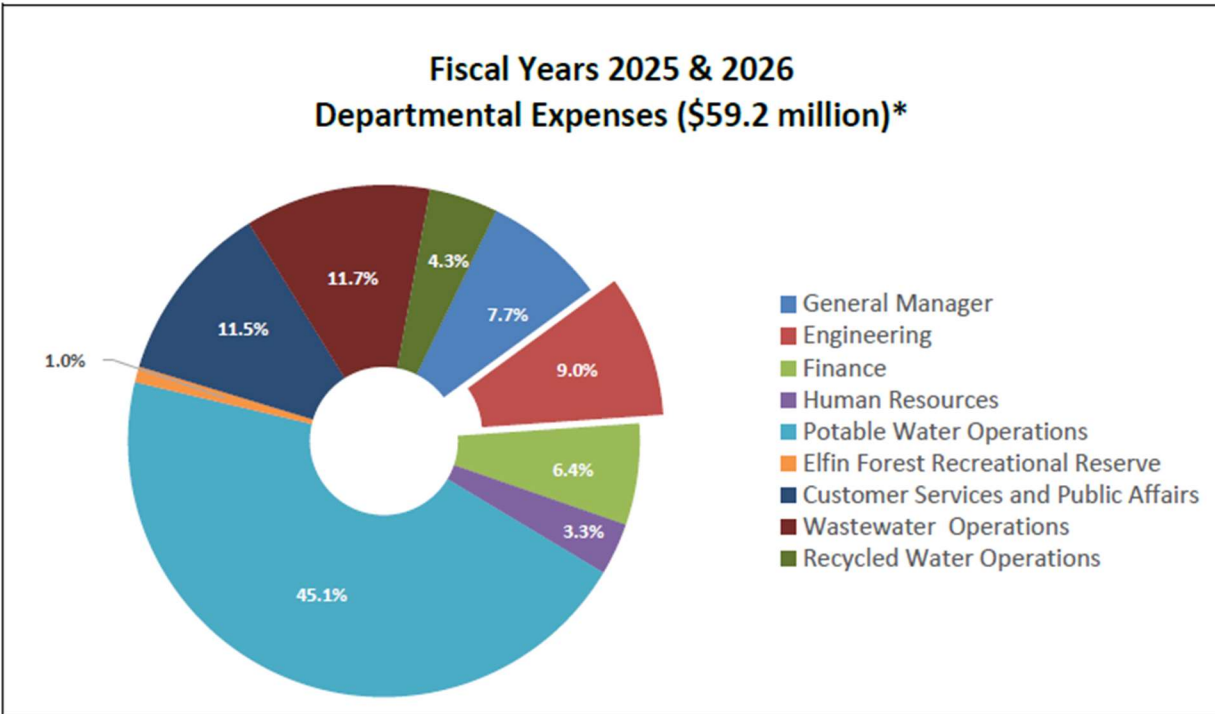
Fund: 100
Operating - Water

Department: 210
General Manager

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	635,788	666,000	685,000	2.85%	728,000	6.28%
51110 Salaries and Wages - Overtime	1,106	1,000	1,000	0.00%	1,000	0.00%
51120 Salaries and Wages - Training	1,873	5,000	5,000	0.00%	5,000	0.00%
51130 Salaries and Wages - Safety	1,692	8,000	8,000	0.00%	8,000	0.00%
51140 Salaries and Wages - Jury Duty	805	-	-	0.00%	-	0.00%
52400 Directors' Fees	30,150	62,000	62,000	0.00%	64,000	3.23%
51150 Allocated Employee Benefits	437,122	600,000	622,000	3.67%	661,000	6.27%
Subtotal	<u>1,108,535</u>	<u>1,342,000</u>	<u>1,383,000</u>	3.06%	<u>1,467,000</u>	6.07%
Operations:						
52000 Collection and Regulatory Fees	-	-	-	0.00%	-	0.00%
52030 Computer Supplies	-	-	-	0.00%	-	0.00%
52350 Customer Outreach Prog and Conservation	-	-	-	0.00%	-	0.00%
52250 Consultants	92,528	100,000	100,000	0.00%	103,000	3.00%
52500 Engineering	4,701	14,000	10,000	-28.57%	10,000	0.00%
52600 Equipment Rental	6,774	15,000	15,000	0.00%	15,000	0.00%
52800 Legal	347,221	280,000	350,000	25.00%	361,000	3.14%
52900 Maintenance and Repairs - General	-	4,000	4,000	0.00%	4,000	0.00%
53000 Membership Dues and Subscriptions	90,431	85,000	85,000	0.00%	88,000	3.53%
53100 Office Supplies and Expenses	20,611	15,000	15,000	0.00%	15,000	0.00%
53200 Other Admin and General Expenses	21,557	22,000	22,000	0.00%	23,000	4.55%
53250 Outside Services	11,525	16,000	16,000	0.00%	16,000	0.00%
53300 Postage and Shipping	4,801	5,000	5,000	0.00%	5,000	0.00%
53400 Printing and Copying	2,701	4,000	4,000	0.00%	4,000	0.00%
53500 Property Insurance	169,489	155,000	178,000	14.84%	183,000	2.81%
53800 Seminars and Meetings	26,492	30,000	30,000	0.00%	31,000	3.33%
53900 Supplies - Operations	2,649	2,000	2,000	0.00%	2,000	0.00%
53903 Supplies - Safety	-	1,000	1,000	0.00%	1,000	0.00%
54000 Telephone and Communications	12,175	12,000	12,000	0.00%	12,000	0.00%
51160 Temporary Labor	-	-	-	0.00%	-	0.00%
Subtotal	<u>813,654</u>	<u>760,000</u>	<u>849,000</u>	11.71%	<u>873,000</u>	2.83%
Capitalized Operating Expenditures:						
59009 Depreciation	-	29,000	30,000	3.45%	30,000	0.00%
59008 Support Allocation	(1,628,400)	(1,628,000)	(1,590,000)	-2.33%	(1,590,000)	0.00%
59004 Capitalized Labor	(4,235)	(7,000)	-	-100.00%	-	0.00%
59005 Capitalized Non-labor Expenses	(6,591)	(11,000)	-	-100.00%	-	0.00%
Subtotal	<u>(1,639,226)</u>	<u>(1,617,000)</u>	<u>(1,560,000)</u>	-3.53%	<u>(1,560,000)</u>	0.00%
Total, Net of Capitalized Expenses	<u>282,963</u>	<u>485,000</u>	<u>672,000</u>	38.56%	<u>780,000</u>	16.07%

* Amended budget amounts approved by the Board.

Engineering



* Total may not add up to 100% due to rounding
 * Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Cathodic Protection Tech	1.00	1.00	1.00	1.00
Department Assistant I	1.00	1.00	1.00	1.00
Engineering Manager	1.00	1.00	1.00	1.00
Engineering Project Administrator	1.00	1.00	1.00	1.00
Engineering Services Supervisor	1.00	1.00	1.00	1.00
Engineering Technician II	1.00	1.00	1.00	1.00
Facilities Coordinator	1.00	1.00	1.00	1.00
Inspector I	1.00	1.00	1.00	1.00
Inspector II	2.00	2.00	2.00	2.00
Department Total	10.00	10.00	10.00	10.00

Responsibilities

The Engineering Department is responsible for providing planning, design, coordination, and inspection of all District CIP and developer-contributed projects within District boundaries, including potable water, sewer, and recycled water facilities. This includes the creation and maintenance of records and specifications necessary to process proposed development of these facilities. In addition, the Engineering Department maintains the GIS system through the use of an independent consultant; maintains rights-of-way, easements, and encroachments; and contributes to the maintenance and repairs of all District-owned and operated facilities.

Major Accomplishments – Fiscal Years 2023 & 2024

- Completed preliminary design for the Unit A North Rancho Santa De Road potable water replacement or rehabilitation project (District Goal 1 – Providing safe, reliable, high quality drinking water in a cost-effective manner).
- Completed maintenance of five impacted easements annually (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Completed a condition assessment and structural integrity analysis of the DCMWTP membrane basins and chemical feed rooms (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).
- Commenced and completed construction of the Manchester Avenue Recycled Water Pipeline Project (District goal 2 – Providing wastewater collection and treatment services in an environmentally responsible manner, and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts).
- Completed preliminary design for the 4S Ranch Water Reclamation Facility Headworks Screening System Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commenced design of Extension 153 Flow Control Facility (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commenced construction of the 4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Commenced overhaul and rehabilitation of one DCMWTP energy recovery turbine to ensure continuous energy savings (District goal 4 – Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability).
- Filed application with SWCB to remove the industrial permit status for the 4S WRF for the purpose of securing a Storm Water Pollution Plan exemption (District Goal 6- Exceeding all

federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water).

- Commenced planning documents for the Potable and Recycled Water Master Plan (District Goal 10 – plan and construct facilities to meet needs).
- Create Pipeline Sampling Program for data collection and infrastructure assessment (District Goal 10 - plan and construct facilities to meet needs).
- Completed the Long-Term CIP Study and reported findings to Facilities Committee (District goal 10 – Planning a constructing the Master Plan of Facilities to meet the long-term water shortage, treatment, transmission, and distribution needs of OMWD).

Objectives – Fiscal Years 2025 & 2026

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

- Commence construction of the Unit A North Rancho Santa Fe Road Potable Water Pipeline Replacement Project (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Commence construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Commence construction of DCMWTP Stage 4 Upgrades, including second centrifuge (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Complete maintenance of five impacted easements annually (District Goal 1 - Providing safe, reliable, high-quality drinking water in a cost-effective manner).
- Complete construction on Calle Barcelona, Village Park, and Summerhill recycled water pipelines (District Goal 2 - Provide high quality wastewater services and recycled water.)
- Complete construction of the Neighborhood 1 Sewer Pump Station Replacement Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Complete design of the 4S Ranch Water Reclamation Facility Headworks Project (District Goal 2 - Provide high quality wastewater services and recycled water).
- Continue interdepartmental Stormwater Pollution Prevention Plan committee to provide greater oversight for stormwater issues at headquarters (District Goal 6 - Exceeding all federal, state and local regulatory requirements for providing potable water, wastewater treatment and recycled water.)

- Update the 10-year Capital Improvement Plan (District Goal 10 - plan and construct facilities to meet needs).
- Complete the Potable and Recycled Water Master Plan and hydraulic model updates (District Goal 10 - plan and construct facilities to meet needs).
- Complete update to Wastewater Master Plan (District Goal 10 - plan and construct facilities to meet needs.)

Note: Summary of all capital improvement projects for fiscal years 2023 & 2024 by funding sources and project details can be found in the CIP summary section of this budget. Lists of all District capital improvement and replacement projects for future years are included in both the Long-Term Financial and CIP by Funding Source sections.

Performance Indicators

Activity/ Criteria	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23 FY '24	FYE 2025 Target	FYE 2026 Target
Track Capital Projects Budgeted vs Expensed or Encumbered (Engineering Managed) ¹	75%	TBD	75%	● ●	75%	75%
Labor Capitalized or Billed to Projects	26%	TBD	25%	● ●	25%	25%
Construction Cost Deviations: Final Construction Costs/Bid Amount	106%	TBD	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. KPI has been adjusted for future years to include encumbered funds to better illustrate project progress.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

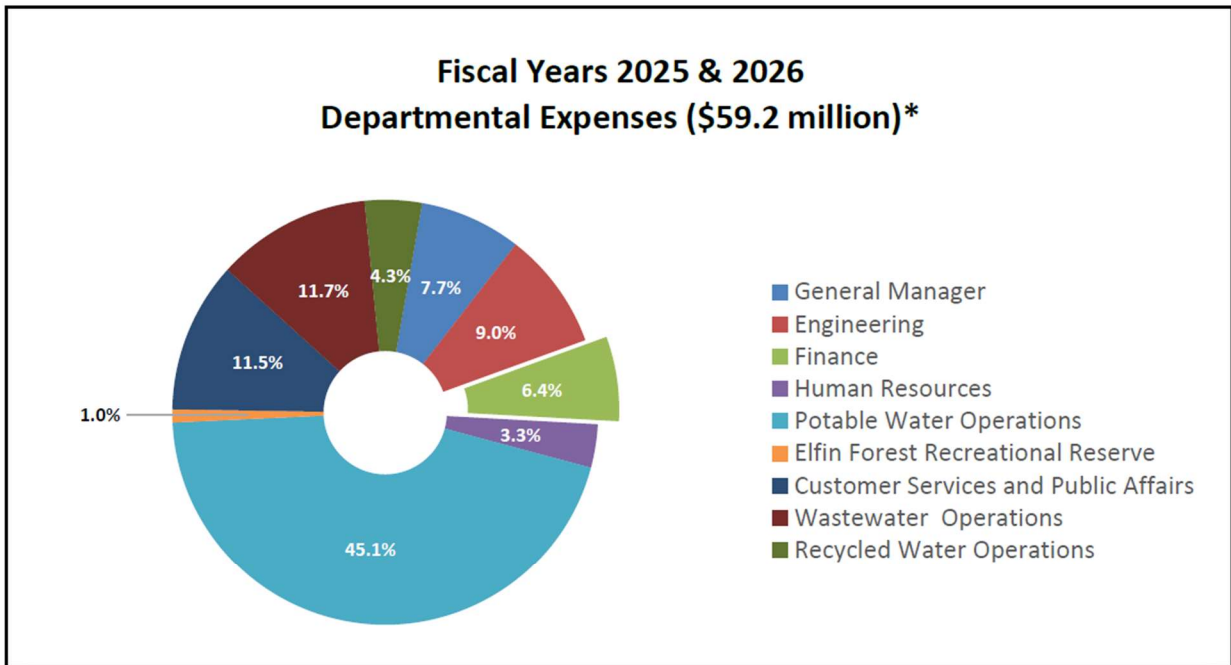
Fund: 100
Operating - Water

Department: 220
Engineering

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	822,503	931,000	948,000	1.83%	1,006,000	6.12%
51110 Salaries and Wages - Overtime	8,973	13,000	7,000	-46.15%	7,000	0.00%
51120 Salaries and Wages - Training	2,838	4,000	4,000	0.00%	4,000	0.00%
51130 Salaries and Wages - Safety	2,358	4,000	5,000	25.00%	5,000	0.00%
51140 Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150 Allocated Employee Benefits	542,025	835,000	859,000	2.87%	912,000	6.17%
Subtotal	<u>1,378,697</u>	<u>1,787,000</u>	<u>1,823,000</u>	<u>2.01%</u>	<u>1,934,000</u>	<u>6.09%</u>
Operations:						
52200 Collection and Regulatory Fees	12,255	15,000	16,000	6.67%	16,000	0.00%
52250 Consultants	27,293	40,000	35,000	-12.50%	37,000	5.71%
52500 Engineering	30,093	73,000	70,000	-4.11%	73,000	4.29%
52600 Equipment Rental	1,489	2,000	2,500	25.00%	3,000	20.00%
52900 Maintenance and Repairs - General	53,052	52,000	54,000	3.85%	56,000	3.70%
53000 Membership Dues and Subscriptions	3,290	4,000	5,000	25.00%	5,000	0.00%
53100 Office Supplies and Expenses	3,815	2,000	2,500	25.00%	3,000	20.00%
53200 Other Admin and General Expenses	41	1,000	1,500	50.00%	2,000	33.33%
53250 Outside Services	299,977	310,000	319,000	2.90%	329,000	3.13%
53300 Postage and Shipping	99	1,000	1,500	50.00%	2,000	33.33%
53400 Printing and Copying	763	1,000	1,500	50.00%	2,000	33.33%
53800 Seminars and Meetings	5,681	6,000	3,500	-41.67%	4,000	14.29%
53900 Supplies	49,009	62,000	64,000	3.23%	66,000	3.13%
53902 Supplies - Tools/Small Equip	3,920	7,000	7,500	7.14%	8,000	6.67%
53903 Supplies - Safety	4,718	5,000	5,500	10.00%	6,000	9.09%
54000 Telephone and Communications	9,334	12,000	12,500	4.17%	13,000	4.00%
51160 Temporary Labor	\$829.92	3,000	3,500	16.67%	4,000	14.29%
54300 Utilities	141,966	114,000	149,000	30.70%	156,000	4.70%
Subtotal	<u>647,624</u>	<u>710,000</u>	<u>754,000</u>	<u>6.20%</u>	<u>785,000</u>	<u>4.11%</u>
Capitalized Operating Expenditures:						
59009 Depreciation	-	53,000	50,000	-5.66%	50,000	0.00%
59008 Support Allocation	470,400	470,000	381,000	-18.94%	381,000	0.00%
59004 Capitalized Labor	(265,321)	(279,000)	(329,000)	17.92%	(350,000)	6.38%
59005 Capitalized Non-labor Expenses	(615,147)	(608,000)	(734,000)	20.72%	(781,000)	6.40%
Subtotal	<u>(410,068)</u>	<u>(364,000)</u>	<u>(632,000)</u>	<u>73.63%</u>	<u>(700,000)</u>	<u>10.76%</u>
Total, Net of Capitalized Expenses	<u>1,616,253</u>	<u>2,133,000</u>	<u>1,945,000</u>	<u>-8.81%</u>	<u>2,019,000</u>	<u>3.80%</u>

* Amended budget amounts approved by the Board.

Finance



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

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Accountant I	3.00	3.00	3.00	3.00
Accounting Supervisor	1.00	1.00	1.00	1.00
Finance Manager	1.00	1.00	1.00	1.00
Financial Analyst I	1.00	1.00	1.00	1.00
Financial Analyst II	1.00	1.00	1.00	1.00
Purchasing/Warehouse Clerk	1.00	1.00	1.00	1.00
Department Total	8.00	8.00	8.00	8.00

Responsibilities

The Finance Department performs accounting and financial services that are part of the District's administration, including: day-to-day accounting, the issuance of debt financings, the management and investment of District funds, the development of cost of service rate and fee studies, and the development of cost allocation plan for water and sewer operations. The department is responsible for financial reporting and forecasting, accounting, budgeting, investments, debt service administration, grant claims, rate-setting, and treasury functions of the District.

Major Accomplishments – Fiscal Years 2023 & 2024

- Successfully maintained the District's AAA bond rating (District goal 9 - ensure financial plans and practice).
- Completed the 2023 Water Capacity Fee Study and implemented new capacity fees (District goal 9- ensure financial plans and practice).
- Completed annual review of water and wastewater rates and charges (District goal 9- ensure financial plans and practice).
- Completed request for proposal (RFP) process for professional auditing services (District goal 9- ensure financial plans and practice).
- Completed the 2024 Wastewater (Sewer) Cost of Service Study and rate setting process, including Proposition 218 notice and rate hearing (District goal 9 - ensure financial plans and practice).
- Received Government Finance Officers Association's (GFOA) Certificate of Achievement in Financial Reporting award for the fiscal year 2021-2022 Annual Comprehensive Financial Report. (District goal 9 - ensure financial plans and practice).
- Completed and submitted the fiscal year 2022-2023 Annual Comprehensive Financial Report to GFOA for its Certificate of Achievement in Financial Reporting award program (District goal 9 - ensure financial plans and practice).
- Received GFOA's Distinguished Budget presentation Award for the Biennial Operating and Capital Budget for fiscal years 2023 and 2024 (District goal 9 – ensure financial plans and practice).
- Received California Society of Municipal Finance Officers' (CSMFO) Operating Budget Excellence Award for fiscal years 2023 and 2024 (District goal 9 – ensure financial plans and practice).
- Completed a Single Audit for the District's federal grants and received no findings from external auditors (District goal 9- ensure financial plans and practice).
- Completed the District's midterm budgeted adjustments for fiscal year 2024 (District goal 9 - ensure financial plans and practice).

- Completed Biennial Operating and Capital Budget for fiscal years 2025 and 2026.
- Completed annual review of water-related service charges (District goal 9- ensure financial plans and practice).
- Secured \$49,213.60 in funds from FEMA to help cover the District's COVID-19 costs (District goal 9 – ensure financial plans and practice).
- Expanded Electronic Fund Transfer payment process to reduce manual checks (District goal 9- ensure financial plans and practice).
- Continued to build, develop, and mentor a cohesive team (District goal 5- providing a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement).

Objectives - Fiscal Years 2025 & 2026

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

- Maintain the District's AAA bond rating (District goal 9 - ensure financial plans and practice).
- Complete the 2024 Water Cost of Service Study and rate setting process, including Proposition 218 notice, rate hearing, and review of the Rate Reimbursement Credit Program (District goal 9 - ensure financial plans and practice).
- Complete annual reviews of and update the District's water and wastewater (sewer) rates and charges (District goal 9 - ensure financial plans and practice).
- Implement second and third phase of water capacity fee increases recommended in the 2023 Water Capacity Fee Study (District goal 9 - ensure financial plans and practice).
- Complete annual review of water-related service charges (District goal 9 - ensure financial plans and practice).
- Complete fiscal year 2026 midterm budget adjustments (District goal 9 - ensure financial plans and practice).
- Complete fiscal years 2027 and 2028 General Manager's Recommended Biennial Operating and Capital Budget (District goal 9 - ensure financial plans and practice).
- Submit the District's Annual Comprehensive Financial Reports to GFOA for its Certificate of Achievement in Financial Reporting award program (District goal 9 - ensure financial plans and practice).
- Submit the District's Biennial Operating and Capital Budget to GFOA for their Distinguished Budget Award program (District goal 9 - ensure financial plans and practice).

Performance Indicators

Activity/ Criteria	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23 FY '24	FYE 2025 Target	FYE 2026 Target
Budgetary Management Variance: Operating Expenses To Budget ¹	87%	TBD	100% or less	● ●	100% or less	100% or less
Account Write-Offs: Total Amount of Accounts Written-off Each Year	\$19,977	TBD	Less than \$25,000	● ●	Less than \$25,000	Less than \$25,000
Year End Inventory Physical Count	2 working days	TBD	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	TBD	Complete within 7 working days after month ends	● ●	Complete within 7 working days after month ends	Complete within 7 working days after month ends
% of vendor payments made via Electronic Fund Transfers ²	20%	TBD	50 % or more	N/A - New KPI	50 % or more	50 % or more
Amount of Payments Processed Within 24hrs	100% except for holidays	TBD	100%	● ●	100%	100%

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

¹Excludes PAYGO, capitalized expenses, and purchased water costs. FY 2024 as of 8/XX/2024 (unaudited).

²Implemented Electronic Fund Transfers (EFT) as a payment option in 2022.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

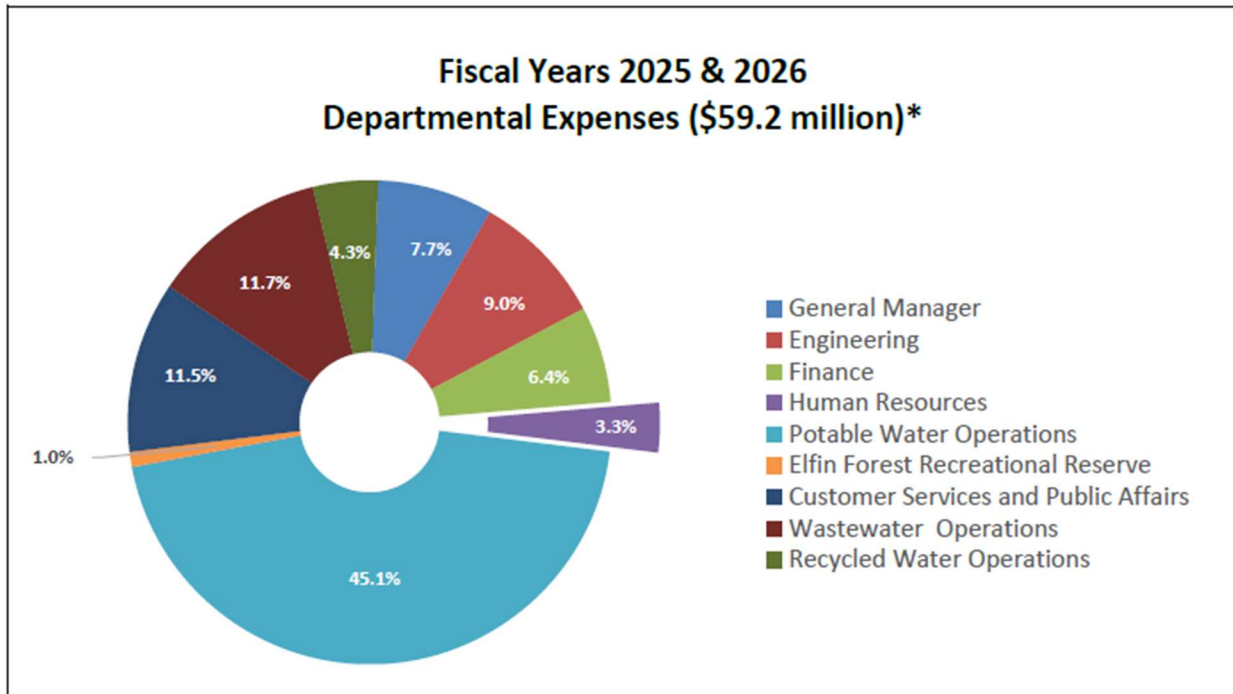
Fund: 100
Operating - Water

Department: 230
Finance

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	668,003	718,000	759,000	5.71%	805,000	6.06%
51110 Salaries and Wages - Overtime	1,721	2,000	2,000	0.00%	2,000	0.00%
51120 Salaries and Wages - Training	4,126	4,000	4,000	0.00%	4,000	0.00%
51130 Salaries and Wages - Safety	913	2,000	2,000	0.00%	2,000	0.00%
51140 Salaries and Wages - Jury Duty	-	1,000	1,000	0.00%	1,000	0.00%
51150 Allocated Employee Benefits	482,478	637,000	685,000	7.54%	727,000	6.13%
Subtotal	<u>1,157,242</u>	<u>1,364,000</u>	<u>1,453,000</u>	<u>6.52%</u>	<u>1,541,000</u>	<u>6.06%</u>
Operations:						
52100 Auditing and Accounting	20,822	35,000	38,000	8.57%	40,000	5.26%
52200 Collection and Regulatory Fees	636	5,000	4,000	-20.00%	4,000	0.00%
52230 Computer Supplies	-	2,000	2,000	0.00%	2,000	0.00%
52250 Consultants	37,023	63,000	109,000	73.02%	64,000	-41.28%
52600 Equipment Rental	1,601	10,000	5,000	-50.00%	5,000	0.00%
52900 Maintenance and Repairs - General	20,580	36,000	38,000	5.56%	40,000	5.26%
53000 Membership Dues and Subscriptions	1,520	2,000	2,000	0.00%	2,000	0.00%
53100 Office Supplies and Expenses	645	5,000	3,000	-40.00%	3,000	0.00%
53150 LockBox and Bank Service Charge	47,139	41,000	48,000	17.07%	49,000	2.08%
53200 Other Admin and General Expenses	2,100	5,000	5,000	0.00%	5,000	0.00%
53250 Outside Services	84,519	101,000	106,000	4.95%	109,000	2.83%
53300 Postage and Shipping	67	1,000	2,000	100.00%	2,000	0.00%
53400 Printing and Copying	5,833	9,000	25,000	177.78%	15,000	-40.00%
53800 Seminars and Meetings	4,066	6,000	5,000	-16.67%	5,000	0.00%
53900 Supplies - Operations	127	1,000	1,000	0.00%	1,000	0.00%
54000 Telephone and Communications	3,234	4,000	4,000	0.00%	4,000	0.00%
51160 Temporary Labor	-	-	-	0.00%	-	0.00%
54200 Uncollectible Accounts	(75,459)	23,000	25,000	8.70%	26,000	4.00%
Subtotal	<u>154,452</u>	<u>349,000</u>	<u>422,000</u>	<u>20.92%</u>	<u>376,000</u>	<u>-10.90%</u>
Capitalized Operating Expenditures:						
59009 Depreciation	-	\$122,000.00	132,000	8.20%	132,000	0.00%
59008 Support Allocation	(1,764,000)	(1,764,000)	(1,819,000)	3.12%	(1,819,000)	0.00%
59004 Capitalized Labor	(5,856)	(7,000)	(15,000)	114.29%	(16,000)	6.67%
59005 Capitalized non-labor Expenses	(8,876)	(11,000)	(23,000)	109.09%	(24,000)	4.35%
Subtotal	<u>(1,778,732)</u>	<u>(1,660,000)</u>	<u>(1,725,000)</u>	<u>3.92%</u>	<u>(1,727,000)</u>	<u>0.12%</u>
Total, Net of Capitalized Expenses	<u>(467,039)</u>	<u>53,000</u>	<u>150,000</u>	<u>183.02%</u>	<u>190,000</u>	<u>26.67%</u>

* Amended budget amounts approved by the Board.

Human Resources



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

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Human Resources Analyst	1.00	1.00	1.00	1.00
Human Resources Manager	1.00	1.00	1.00	1.00
Records and Contracts Coordinator	1.00	1.00	1.00	1.00
Safety/Risk Compliance Administrator	1.00	1.00	1.00	1.00
Senior Risk Administrative Analyst*	-	-	-	1.00
Department Total	4.00	4.00	4.00	5.00

*Senior Risk Administrative Analyst position added in FY 2026

Responsibilities

The Human Resources Department is responsible for providing leadership in employee and labor relations, classification and compensation, benefits administration, records administration, workers' compensation, and the District's risk and safety compliance programs.

The Department oversees coordination of recruitment and selection, employee training, leadership development, and performance planning.

Major Accomplishments – Fiscal Years 2023 & 2024

- Participated in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 - cultivate relationships with other agencies).
- Updated the Employee Handbook and relevant Administrative Code sections to comply with labor law changes and insurance carrier recommendations (District goal 5 - provide safe and rewarding work environment).
- Conducted a lunch and learn for staff regarding the District's performance review and merit pay system (District goal 5 – provide safe and rewarding work environment).
- Prepared the 2023 and 2024 five-year Staffing Analysis succession planning documents (District goal 5 - provide safe and rewarding work environment).
- Completed the comprehensive salary survey in spring of 2024 as negotiated per the current MOU (District goal 5 - provide safe and rewarding work environment).
- Conducted training sessions on the power of interdependence as well as effective workplace communication skills for all employees (District goal 5 - provide safe and rewarding work environment).
- Hosted several events to show appreciation for staff and enhance employee morale including the National Public Works Week luncheon, Healthy Heart Walk, Safety Recognition luncheon, and Kids Day (District goal 5 - provide safe and rewarding work environment).
- Enhanced employee health and wellness by hosting voluntary wellness challenges for staff (District goal 5 - provide safe and rewarding work environment).
- Maintained the workers' compensation experience modification (ex-mod) rating to below industry average (District goal 6 - exceed regulatory requirements).
- Conducted numerous recruitments to quickly fill vacancies and provided internal, promotional opportunities for staff when appropriate (District goal 5 – provide safe and rewarding environment).

Objectives – Fiscal Years 2025 & 2026

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

- Participate in the San Diego County Water Authority (SDCWA) regional water industry internship program by hosting interns during the year (District goal 12 - cultivate relationships with other agencies).
- Maintain the workers' compensation experience modification (ex-mod) rating to below industry average (District goal 6 - exceed regulatory requirements).
- Prepare the five-year Staffing Analysis succession planning document annually (District goal 5 - provide safe and rewarding work environment).
- Implement a new online employment application system on District website to improve data security (District goal 5 - provide safe and rewarding work environment).
- Conduct review of staff turnover in summer of 2025 as negotiated in the MOU to evaluate if moving to the 65th percentile in compensation has reduced turnover (District goal 5 – provide safe and rewarding work environment).
- Complete a comprehensive salary survey in spring of 2026 as negotiated per the current MOU (District goal 5 - provide safe and rewarding work environment).
- Provide sexual harassment training for employees and supervisors as required by legislation (District goal 5 - provide safe and rewarding work environment).
- Enhance employee health and wellness by hosting a wellness challenge for staff (District goal 5 - provide safe and rewarding work environment).

Performance Indicators

Activity/ Criteria	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23 FY '24	FYE 2025 Target	FYE 2026 Target
Interagency cooperative agreements for training, wellness, or safety	3	TBD	2	● ●	2	2
Conduct all required staff safety training on assigned topics	6	TBD	3	● ●	3	3
Total non-management safety training hours	1,886	TBD	1,500	● ●	1,500	1,500
Total preventable lost time injuries (as accepted by the Safety Committee)	0	TBD	=< 2	● ●	=< 2	=< 2
Total lost workdays due to a preventable injury	0	TBD	=< 1	● ●	=< 1	=< 1
Percentage of Annual Performance Evaluations (PPRs) completed by due date	97%	TBD	100%	● ●	100%	100%
Percentage of Mid-year Performance Evaluations (PPRs) completed by due date	93%	100%	92%	● ●	92%	92%

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

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

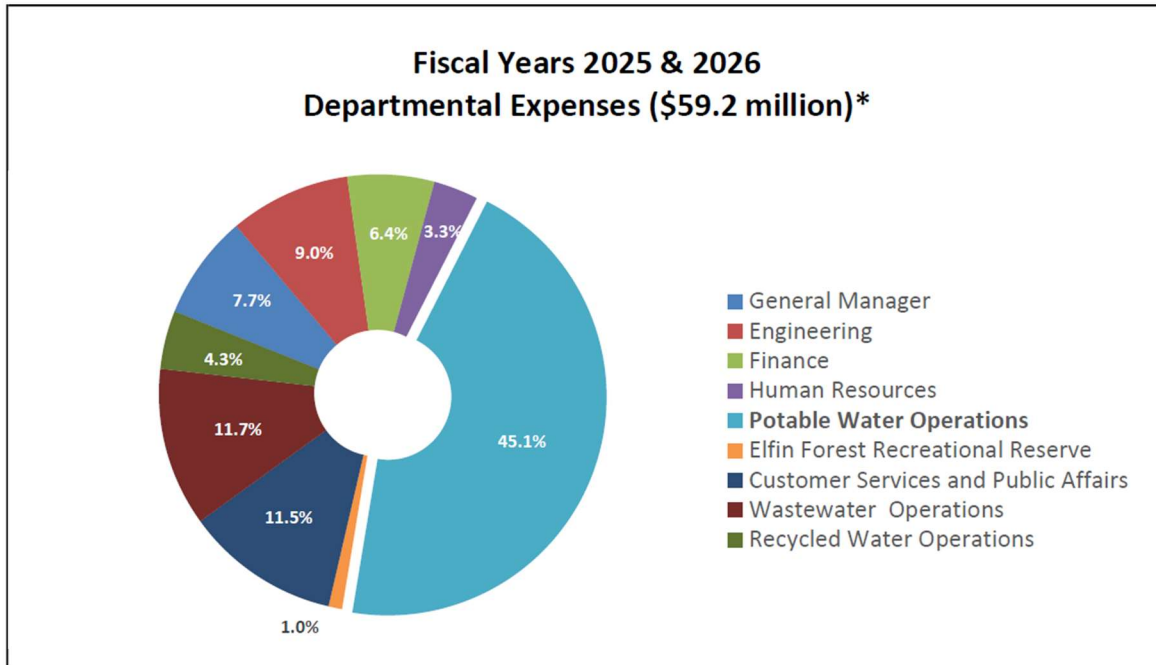
Fund: 100
Operating - Water

Department: 240
Human Resources

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	399,939	423,000	441,000	4.26%	571,000	29.48%
51110 Salaries and Wages - Overtime	127	1,000	1,000	0.00%	1,000	0.00%
51120 Salaries and Wages - Training	-	1,000	1,000	0.00%	1,000	0.00%
51130 Salaries and Wages - Safety	-	-	-	0.00%	-	0.00%
51140 Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150 Allocated Employee Benefits	280,452	373,000	394,000	5.63%	419,000	6.35%
Subtotal	<u>680,519</u>	<u>798,000</u>	<u>837,000</u>	<u>4.89%</u>	<u>992,000</u>	<u>18.52%</u>
Operations:						
52250 Consultants	1,751	27,000	3,000	-88.89%	43,000	1333.33%
52800 Legal	-	-	-	0.00%	-	0.00%
52900 Maintenance and Repairs - General	776	2,000	2,000	0.00%	2,000	0.00%
53000 Membership Dues and Subscriptions	5,206	5,000	6,000	20.00%	6,000	0.00%
53100 Office Supplies and Expenses	165	1,000	1,000	0.00%	1,000	0.00%
53200 Other Admin and General Expenses	614	1,000	1,000	0.00%	1,000	0.00%
53250 Outside Services	12,195	13,000	15,000	15.38%	15,000	0.00%
53300 Postage and Shipping	-	200	-	-100.00%	-	0.00%
53400 Printing and Copying	(15)	100	-	-100.00%	-	0.00%
53800 Seminars and Meetings	639	3,000	3,000	0.00%	3,000	0.00%
53900 Supplies - Operations	4,751	5,000	5,000	0.00%	5,000	0.00%
53903 Supplies - Safety	1,497	3,000	3,000	0.00%	3,000	0.00%
54000 Telephone and Communications	1,802	2,000	2,000	0.00%	2,000	0.00%
51160 Temporary Labor	-	-	-	0.00%	-	0.00%
Subtotal	<u>29,381</u>	<u>62,300</u>	<u>41,000</u>	<u>-34.19%</u>	<u>81,000</u>	<u>97.56%</u>
Capitalized Operating Expenditures:						
59009 Depreciation	-	24,000	24,000	0.00%	24,000	0.00%
59008 Support Allocation	(802,800)	(803,000)	(872,000)	8.59%	(872,000)	0.00%
59004 Capitalized Labor	-	-	-	0.00%	-	0.00%
59005 Capitalized Non-labor Expenses	-	-	-	0.00%	-	0.00%
Subtotal	<u>(802,800)</u>	<u>(779,000)</u>	<u>(848,000)</u>	<u>8.86%</u>	<u>(848,000)</u>	<u>0.00%</u>
Total, Net of Capitalized Expenses	<u>(92,900)</u>	<u>81,300</u>	<u>30,000</u>	<u>-63.10%</u>	<u>225,000</u>	<u>650.00%</u>

* Amended budget amounts approved by the Board.

Water Operations and Maintenance



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

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Equipment Technician	1.00	1.00	1.00	1.00
Information Technology Coord*	1.00	1.00	1.00	1.00
Information Technology Supervisor	1.00	1.00	1.00	1.00
Instrument Control Tech I	2.00	2.00	2.00	2.00
Instrument Control Tech II	2.00	2.00	2.00	2.00
Operations Coordinator*	1.00	1.00	1.00	1.00
Operations Manager*	1.00	1.00	1.00	1.00
Operations Supervisor	2.00	2.00	2.00	2.00
Pump/Motor Technician II*	2.00	2.00	2.00	2.00
Senior Systems Administrator*	1.00	1.00	1.00	1.00
Systems Administrator*	2.00	2.00	2.00	2.00
Systems Operator I ***	0.90	0.90	0.90	0.90
Systems Operator II ***	2.70	2.70	2.70	2.70
Utility I**	4.00	4.00	4.00	4.00
Utility II	4.00	4.00	4.00	4.00
Utility III**	3.00	3.00	3.00	3.00
Valve Maintenance Tech I	2.00	2.00	2.00	2.00
WT Facilities Supervisor	1.00	1.00	1.00	1.00
WTP Operator Level II	1.00	1.00	1.00	1.00
WTP Operator Level III	4.00	4.00	4.00	4.00
WTP Operator Level IV	1.00	1.00	1.00	1.00
Department Total	39.60	39.60	39.60	39.60

* Positions also support other departments, but are budgeted under Water Ops and Maintenance

** One Utility I position and one Utility III position are frozen through FY 2026

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

Responsibilities

The Operations and Maintenance Department is responsible for providing customers with high-quality, safe drinking water 24 hours per day, 365 days per year. Operations personnel maintain and operate 467 miles of pipelines and service laterals, 105 pressure control vaults, 2 hydroelectric facilities, close to 29,000 customer meters, 16 treated water reservoirs, 6 pump stations, and nearly 9,000 valves. The department also supports a comprehensive cathodic protection program and is responsible for maintaining the District's fleet.

This department is also responsible for the planning and ordering of water supplies and the operation of the 34 MGD potable David C. McCollom Water Treatment Plant.

Major Accomplishments – Fiscal Years 2023 & 2024

- Completed Train 4 membrane replacement at the David C. McCollom Water Treatment Plant. (District goal 1 - Provide safe, reliable drinking water).
- Obtained approval from SWRCB's Division of Drinking Water of the District's Lead Service Line Inventory plan; implemented the geographic information systems (GIS) module to track and report service line inventory. (District goal 3 - Provide safe, reliable drinking water).
- Completed refurbishment of Energy Recovery Turbine No. 124 (District goal 24 – Pursuing alternative and renewable energy sources as a means of offsetting costs and energy charges, providing sustainability).
- Completed registration with the EPA to perform UCMR 5 testing requirements and selected a water quality laboratory. (District goal 35 – Exceeding all federal, state, and local regulatory requirements for providing potable water, wastewater treatment and recycled water).
- Completed satellite scans and "boots on the ground" investigation of potential leaks; presented cost-benefit analysis to Facilities Committee. (District goal 43 – Minimizing all of the District's operational costs while maintaining a high level of customer service).
- Piloted two new leak monitoring devices in the distribution system and presented the findings to the Facilities Committee. (District goal 44 - Minimizing all of the District's operational costs while maintaining a high level of customer service).
- Completed the Electronic Annual Report for CY 2023 and successfully submitted it to DDW. (Goal not listed in Annual Objectives).

Objectives – Fiscal Years 2025 & 2026

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

- Commence construction of two pressure reducing station replacements to minimize water loss and control replacement of aging infrastructure. (District goal 1 – Provide safe, reliable drinking water).
- Complete Train 5 membrane replacement at David C. McCollom Water Treatment Plant (DCMWTP). (District goal 1 – Provide safe, reliable drinking water).
- Complete Phase 1A of systemwide programmable logic controller upgrades. (District goal 1 – Provide safe, reliable drinking water).
- Develop first phase strategy to address new California Air Resources Board zero-emission vehicle requirements, including timeline, compliance, phasing, budgets, financing options, and exemption requests.
- Complete Customer Side Lead Service Line Inventory and report results to State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW). (District goal 1 – Provide safe, reliable drinking water).
- Enhance experience of in-house staff by completing the replacement of 25 valves in support of the Valve Replacement Project. (District goal 1 – Provide safe, reliable drinking water).
- Prepare a SWRCB DDW request for treatment operator staff to receive partial distribution credit towards advanced certification. (District goal 5 – Provide a safe, healthful, and rewarding work environment which encourages communication as well as values employee participation and personal achievement).
- Commence United States Environmental Protection Agency Unregulated Contaminant Monitoring Rule 5 sampling and approve certified lab results. (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing potable water, wastewater treatment, and recycled water).
- Complete the Electronic Annual Report for CY 2024 and submit it to DDW. (Goal not listed in Annual Objectives).

Note: Summary of all capital improvement projects for Fiscal Year 2025 and Fiscal Year 2026 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 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23 FY '24	FYE 2025 Target	FYE 2026 Target
Number of main valves replaced	49	TBD	50	● ●	50	50
Rebuild PR stations, per year	12	TBD	100%	● ●	10	10
Lowest monthly percentage DCMWTP Combined Filter Effluent Turbidity \leq 0.1 NTU	>95%	TBD	>95%	● ●	>95%	>95%
Highest monthly percentage of Distribution System total coliform positive samples	0%	TBD	<5%	● ●	<5%	<5%
Minimum measured Distribution System total chlorine residual	>0.2 100% of time	TBD	>0.2 100% of time	● ●	>0.2 100% of time	>0.2 100% of time
Percentage of customer demand met by DCMWTP	95.29%	TBD	>90%	● ●	>90%	>90%
Distribution system water loss ¹	6.7%	TBD	<8.00%	● ●	<8.00%	<8.00%
Number of reservoir spills	0	TBD	0	● ●	0	0
Track Capital Projects Budgeted vs Expensed or Encumbered (Operations Managed) ²	79%	TBD	75%	● ●	75%	75%
Fix major leaks within 48 hours	100%	TBD	100%	● ●	100%	100%
O&M Dept. Cost per MG processed	2,114.16	TBD	<\$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.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

Fund: 100

Operating - Water

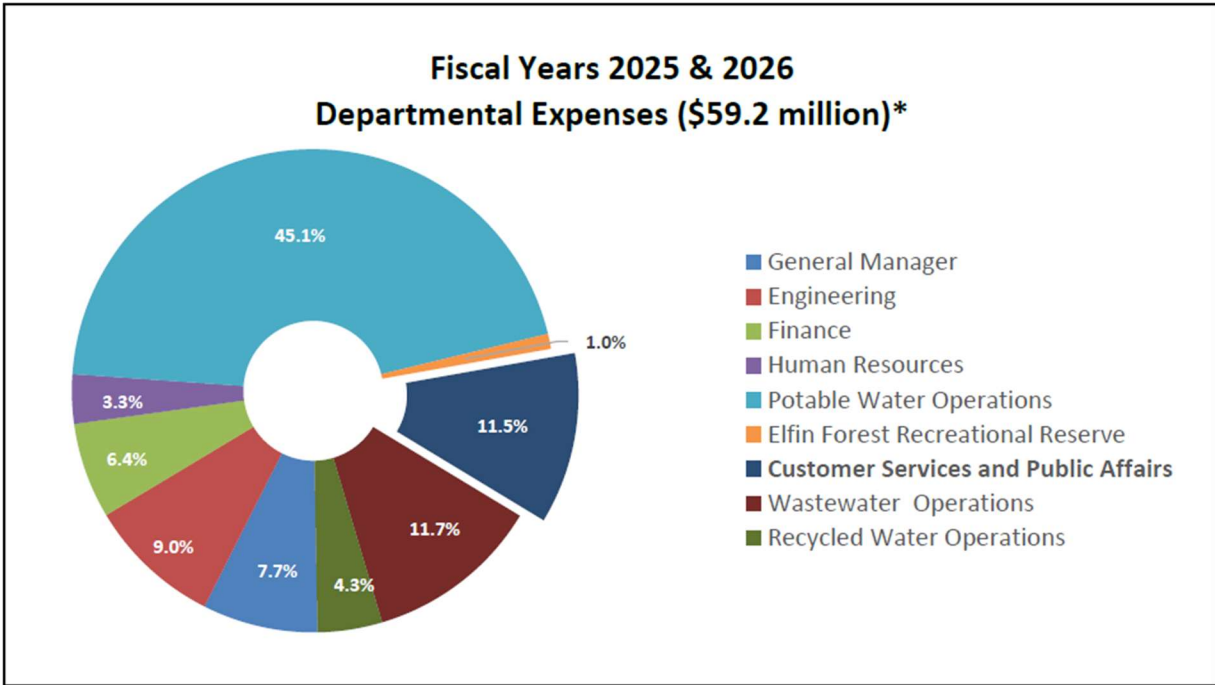
Departments: 250 to 258

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

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	2,741,101	2,951,000	3,190,000	8.10%	3,381,000	5.99%
51110 Salaries and Wages - Overtime	311,411	266,000	255,000	-4.14%	271,000	6.27%
51120 Salaries and Wages - Training	16,237	31,000	31,000	0.00%	33,000	6.45%
51130 Salaries and Wages - Safety	10,436	23,000	23,000	0.00%	24,000	4.35%
51140 Salaries and Wages - Jury Duty	907	1,000	1,000	0.00%	1,000	0.00%
51150 Allocated Employee Benefits	2,128,682	2,909,000	3,121,000	7.29%	3,313,000	6.15%
Subtotal	<u>5,208,773</u>	<u>6,181,000</u>	<u>6,621,000</u>	<u>7.12%</u>	<u>7,023,000</u>	<u>6.07%</u>
Operations:						
52200 Collection and Regulatory Fees	100,623	144,000	134,000	-6.94%	137,000	2.24%
52230 Computer Supplies	6,391	21,000	21,000	0.00%	22,000	4.76%
52250 Consultants	76,643	85,000	85,000	0.00%	87,000	2.35%
52375 Dam ops & maint	13,331	-	16,000	0.00%	17,000	6.25%
52500 Engineering	-	5,000	-	-100.00%	-	0.00%
52600 Equipment Rental	18,969	36,000	26,000	-27.78%	25,000	-3.85%
52900 Maintenance and Repairs - General	1,151,874	1,431,000	1,375,000	-3.91%	1,417,000	3.05%
52950 Maintenance and Repairs - Roads	-	68,000	38,000	-44.12%	39,000	2.63%
53000 Membership Dues and Subscriptions	64,750	11,000	69,500	531.82%	72,000	3.60%
53100 Office Supplies and Expenses	4,825	8,000	8,000	0.00%	8,000	0.00%
53200 Other Admin and General Expenses	1,468	3,000	3,000	0.00%	3,000	0.00%
53250 Outside Services	952,063	899,000	1,043,000	16.02%	1,074,000	2.97%
53260 Laboratory Services	112,951	134,000	155,000	15.67%	160,000	3.23%
53300 Postage and Shipping	1,317	4,000	3,500	-12.50%	4,000	14.29%
53400 Printing and Copying	1,612	3,000	3,000	0.00%	3,000	0.00%
53500 Property Insurance	282,481	266,000	306,000	15.04%	315,000	2.94%
53800 Seminars and Meetings	10,628	28,000	32,000	14.29%	32,000	0.00%
53900 Supplies - Operations	829,239	669,000	729,000	8.97%	751,000	3.02%
53901 Supplies - Fuel	154,417	152,000	157,000	3.29%	162,000	3.18%
53902 Supplies - Tools/Small Equip	35,591	45,000	41,000	-8.89%	36,000	-12.20%
53903 Supplies - Safety	31,469	35,000	42,000	20.00%	42,000	0.00%
53904 Supplies - Chemical	694,846	988,000	998,000	1.01%	1,068,000	7.01%
54000 Telephone and Communications	82,988	114,000	114,000	0.00%	116,000	1.75%
51160 Temporary Labor	29,393	111,000	35,000	-68.47%	36,000	2.86%
54200 Uncollectible Accounts	-	-	-	0.00%	-	0.00%
54300 Utilities	763,892	898,000	971,000	8.13%	1,010,000	4.02%
Subtotal	<u>5,421,761</u>	<u>6,158,000</u>	<u>6,405,000</u>	<u>4.01%</u>	<u>6,636,000</u>	<u>3.61%</u>
Capitalized Operating Expenditures:						
59009 Depreciation	-	359,000	368,000	2.51%	368,000	0.00%
59008 Support Allocation	1,274,400	1,274,000	1,485,000	16.56%	1,485,000	0.00%
59004 Capitalized Labor	(260,355)	(295,000)	(262,000)	-11.19%	(277,000)	5.73%
59005 Capitalized Non-labor Expenses	(552,139)	(642,000)	(585,000)	-8.88%	(618,000)	5.64%
Subtotal	<u>461,906</u>	<u>696,000</u>	<u>1,006,000</u>	<u>44.54%</u>	<u>958,000</u>	<u>-4.77%</u>
Total, Net of Capitalized Expenses	<u>11,092,440</u>	<u>13,035,000</u>	<u>14,032,000</u>	<u>7.65%</u>	<u>14,617,000</u>	<u>4.17%</u>

* Amended budget amounts approved by the Board.

Customer Services & Public Affairs



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

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Administrative Analyst	3.00	3.00	3.00	3.00
Customer Service Public AF Sup	1.00	1.00	1.00	1.00
Customer Service Rep I	2.00	3.00	3.00	3.00
Customer Service Rep II	1.00	1.00	1.00	1.00
Customer Services Manager	1.00	1.00	1.00	1.00
Field Services Supervisor	1.00	1.00	1.00	1.00
Field Services Technician I	4.00	4.00	4.00	4.00
Field Services Technician II	1.00	1.00	1.00	1.00
Field Services Technician III	2.00	2.00	2.00	2.00
Department Total	16.00	17.00	17.00	17.00

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 2023 & 2024

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

- Completed Phases 8 & 9 of the Advanced Metering Infrastructure implementation project (District goal 7 – minimizing all of OMWD’s operational costs while maintaining a high level of customer service).
- Reviewed eligibility requirements for OMWD’s Agricultural Water Program and conducted audit and recertification process on Agricultural Water Program participants (District goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Conducted a comprehensive customer survey to measure customer satisfaction that demonstrated that 97% of customers interviewed were satisfied with our efforts to provide reliable water service and 92% were generally satisfied with our customer service (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Continued to engage and influence State Water Resources Control Board regulations and water use efficiency legislation utilizing OMWD’s advocate in Sacramento (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Transitioned customers on the legacy Direct Payment Program to online autopayment to improve data security and customer self-service (District goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).
- Implemented campaign to increase customer use of online billing services, surpassing the goal of 500 accounts newly enrolled in online payments with over 2,200 newly enrolled accounts. (District goal 7 – minimizing all of the District’s operational costs while maintaining a high level of customer service).

- Surpassed the addition of 500 new subscribers to the MyWaterUse by AquaHawk digital dashboard with over 1,400 new subscribers. (District stretch goal 7 - minimizing all of OMWD's operational costs while maintaining a high level of customer service).
- Won the following awards: 4S WRF won California Water Environment Association's 2023 Plant of the Year award at both the local and state levels; American Public Works Association San Diego & Imperial Counties Chapter's Project of the Year for Manchester Potable Pipeline Project; won Industrial Environmental Association's Environmental Excellence Award for Recycled Water Pipeline Extension 153A Project; won WateReuse's Outreach and Education Excellence Award (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Commemorated 4S WRF's 20th and OMWD's 65th anniversaries (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Held ribbon-cutting ceremony to celebrate the completion of the Manchester Avenue Recycled Water Pipeline Project, which was attended by United States Congressman Mike Levin and other dignitaries. (District goal 12 – Cultivating supportive and positive relationships with the federal, state, and local agencies which may impact OMWD's operations).

Objectives – Fiscal Years 2025 & 2026

- Develop and implement process to increase customer communication by email, including sending new customer welcome letters electronically, reducing printing and postage costs (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).
- Increase customer use of online billing services, targeting 500 accounts newly enrolled in online payments (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).
- Complete 10th and final phase of the Advanced Metering Infrastructure Expansion Project, upgrading nearly 1,400 meters to AMI technology (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).
- Add 500 new subscribers to the MyWaterUse by AquaHawk digital dashboard (District goal 7 – minimizing all of the District's operational costs while maintaining a high level of customer service).

- Install informational signage at David C. McCollom Water Treatment Plant to improve guest experience (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Partner with local businesses, vendors, and community organizations on a public service announcement and/or event about water use efficiency (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Continue to develop messaging to protect customers’ interests and ensure customer awareness of SWRCB water use efficiency regulations and new legislative requirements (District goal 8 – maintaining open communication and participation with the public through active conservation and educational programs as well as continually seeking customer input for informed decision-making).
- Engage and influence SWRCB regulations and water use efficiency legislation utilizing OMWD’s advocate in Sacramento (District goal 12 – cultivating supportive and positive relationships with the federal, state and local agencies which may impact the District’s operations).

Performance Indicators

Activity/ Criteria	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23 FY '24	FYE 2025 Target	FYE 2026 Target
New grant applications per year	6	TBD	3	● ●	3	3
Education/outreach events per year	8	TBD	5	● ●	5	5
Facility tours per year	7	TBD	2	● ●	4	4
Social media posts per year	282	TBD	180	● ●	180	180
Application for awards per year	13	TBD	4	● ●	4	4
Water Use Evaluations (Commercial, Industrial and Residential)	125	TBD	75	● ●	110	110

Electronic bill accounts to total accounts	62%	TBD	55%	● ●	55%	55%
Billing accuracy rate	100%	TBD	99%	● ●	99%	99%
Percentage of meters read per month	100%	TBD	100%	● ●	100%	100%
Number of meters replaced or retrofitted	734	TBD	160	● ●	350	350

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

*As of 4/9/24. Additional posts/evaluations anticipated for the remainder of FY24.

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

Fund: 100

Operating - Water

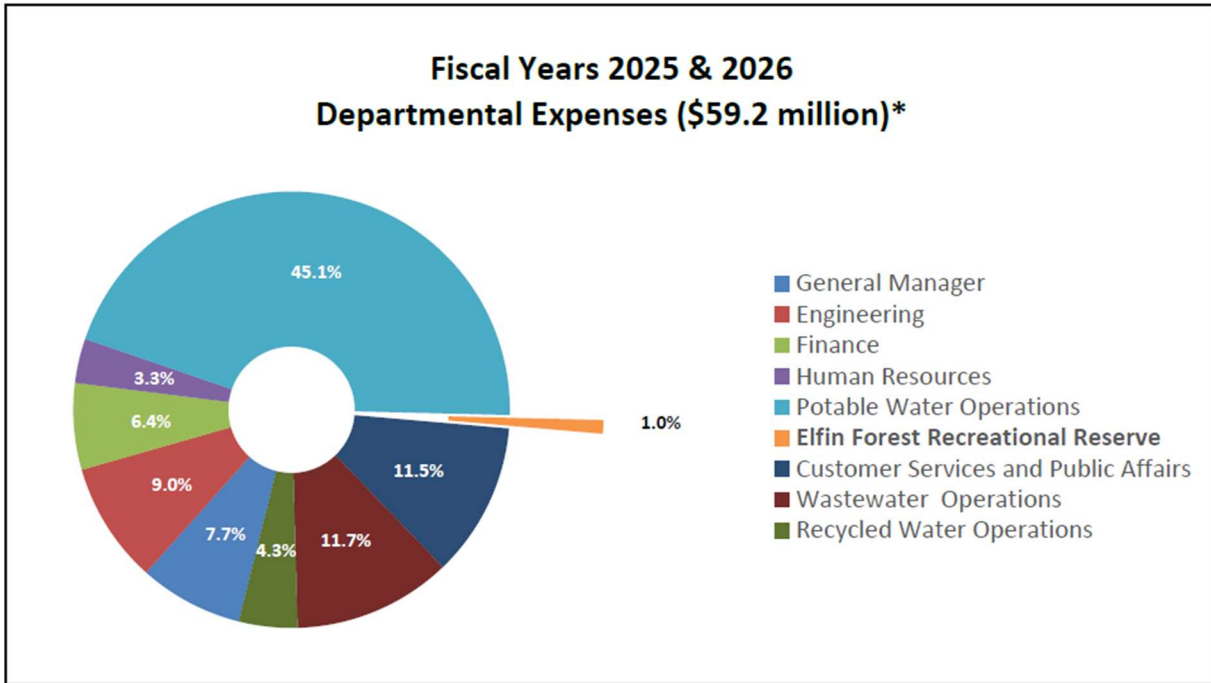
Departments: 290 to 292

Customer Services & Public Affairs

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	1,076,631	1,227,000	1,291,000	5.22%	1,369,000	6.04%
51110 Salaries and Wages - Overtime	31,019	45,000	45,000	0.00%	48,000	6.67%
51120 Salaries and Wages - Training	5,936	3,000	3,000	0.00%	3,000	0.00%
51130 Salaries and Wages - Safety	8,645	3,000	3,000	0.00%	3,000	0.00%
51140 Salaries and Wages - Jury Duty	-	1,000	1,000	0.00%	1,000	0.00%
51150 Allocated Employee Benefits	785,452	1,129,000	1,198,000	6.11%	1,272,000	6.18%
Subtotal	<u>1,907,683</u>	<u>2,408,000</u>	<u>2,541,000</u>	<u>5.52%</u>	<u>2,696,000</u>	<u>6.10%</u>
Operations:						
52230 Computer Supplies	-	2,000	2,000	0.00%	2,000	0.00%
52250 Consultants	108,793	69,000	50,000	-27.54%	200,000	300.00%
52350 Customer Outreach Programs	13,949	24,000	25,000	4.17%	26,000	4.00%
52600 Equipment Rental	-	-	-	0.00%	-	0.00%
52900 Maintenance and Repairs - General	92,322	111,000	120,000	8.11%	125,000	4.17%
53000 Membership Dues and Subscriptions	240	12,000	12,000	0.00%	12,000	0.00%
53100 Office Supplies and Expenses	1,351	3,000	4,000	33.33%	4,000	0.00%
53200 Other Admin and General Expenses	74	-	1,000	0.00%	1,000	0.00%
53250 Outside Services	104,749	213,000	227,000	6.57%	233,000	2.64%
53300 Postage and Shipping	93,681	113,000	101,000	-10.62%	104,000	2.97%
53400 Printing and Copying	74,362	80,000	82,000	2.50%	84,000	2.44%
53800 Seminars and Meetings	3,527	10,000	7,000	-30.00%	8,000	14.29%
53900 Supplies - Operations	64,191	15,000	15,000	0.00%	15,000	0.00%
53902 Supplies - Tools/Small Equip	7,194	10,000	10,000	0.00%	10,000	0.00%
53903 Supplies safety	1,032	2,000	3,000	50.00%	3,000	0.00%
54000 Telephone and Communications	13,146	18,000	18,500	2.78%	19,000	2.70%
51160 Temporary Labor	51,375	14,000	8,000	-42.86%	8,000	0.00%
54200 Uncollectible Accounts	-	-	-	0.00%	-	0.00%
Subtotal	<u>629,987</u>	<u>696,000</u>	<u>685,500</u>	<u>-1.51%</u>	<u>854,000</u>	<u>24.58%</u>
Capitalized Operating Expenditures:						
59009 Depreciation	-	161,000	153,000	-4.97%	153,000	0.00%
59008 Support Allocation	1,292,400	1,292,000	1,272,000	-1.55%	1,272,000	0.00%
59004 Capitalized Labor	(76,226)	(61,000)	(129,000)	111.48%	(137,000)	6.20%
59005 Capitalized Non-labor Expenses	(180,401)	(133,000)	(288,000)	116.54%	(306,000)	6.25%
Subtotal	<u>1,035,773</u>	<u>1,259,000</u>	<u>1,008,000</u>	<u>-19.94%</u>	<u>982,000</u>	<u>-2.58%</u>
Total, Net of Capitalized Expenses	<u><u>3,573,444</u></u>	<u><u>4,363,000</u></u>	<u><u>4,234,500</u></u>	<u><u>-2.95%</u></u>	<u><u>4,532,000</u></u>	<u><u>7.03%</u></u>

* Amended budget amounts approved by the Board.

Elfin Forest Recreational Reserve



*EFFF total is net of SDCWA reimbursement. Total may not add up to 100% due to rounding

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Park Ranger I	1.00	1.00	1.00	1.00
Park Ranger II	1.00	1.00	1.00	1.00
Park Ranger Supervisor	1.00	1.00	1.00	1.00
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 2023 & 2024

- Recruited and trained eight 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 on standards-based watershed and adaptation programs that brought over 4,000 students to EFRR on field trips. These programs are facilitated by docents and Escondido Creek Conservancy staff. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Provided 84 docent-led educational hikes/walks/concerts to the public, and hosted 82 school field trips. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Held 22 Special Events and collected \$4,100 in fees through the Special Event Policy. (District goal 4 - pursue alternative resources/sustainability).
- Hosted two Creek to Bay cleanup events in partnership with I Love a Clean San Diego. (District goal 8 - maintain open communication with public).
- Hosted the 16th and 17th annual photo contests and recognized winners at board meetings. (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 two EFRR awareness and scenario trainings with Rancho Santa Fe Fire Protection District. (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 12 - Cultivating supportive and positive relationships with the federal, state and local agencies which may impact the District's operations).
- Completed rehabilitation work to Equine Incline trail utilizing \$25K in grant funding from the County of San Diego. (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).

- Incorporated shoulder striping on EFRR driveway to improve pedestrian safety. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Replaced aging wood fencing on lower Cielo trail with steel post and cable fencing (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).
- Improved security of Interpretive Center by upgrading security camera system (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service)
- Achieved funding through Recreational Trails Program for EFRR Access Improvement Project (District goal 3 - operating EFRR in cost-effective and service oriented manner; District goal 7 - minimize costs while maintaining high level of service).
- Partnered with Escondido Creek Conservancy to complete third and fourth annual surveys of oak trees within EFRR for Gold-Spotted Oak Borer. Treated trees for GSOB in 2023 and 2024 based on data collected from surveys. (District goal 3 - operating EFRR in cost-effective and service oriented manner).

Objectives – Fiscal Years 2025 & 2026

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

- Continue education program for elementary schools in partnership with the Escondido Creek Conservancy. (District goal 8 - maintain open communication with public).
- Host annual EFRR photo contest, Earth Day, and OMWD water conservation workshop at IC. (District goal 8 - maintain open communication with public).
- Utilize volunteer groups such as San Diego Mountain Bike Association, I Love a Clean San Diego, and EFRR Trail Patrol for maintenance, upkeep, and repairs. (District goal 7 - minimize costs while maintaining high level of service).
- Complete design and begin construction phase of EFRR Access Improvement Project utilizing grant funding. (District goal 7 - minimize costs while maintaining high level of service).
- Complete comprehensive assessment of all trail signage and make replacements/repairs as needed. (District goal 3 - operating EFRR in cost-effective and service oriented manner).
- Continue with Gold-Spotted Oak Borer surveying within EFRR utilizing volunteers. (District goal 3 - operating EFRR in cost-effective and service oriented manner).

Performance Indicators

Activity/ Criteria	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23 FY '24	FYE 2025 Target	FYE 2026 Target
Number of educational/ community outreach events per year	119	TBD	100	● ●	100	100
Number of days taken to repair damaged signs/vandalism	<12	TBD	<12	● ●	<12	<12
Maximum number of days to patrol full trail network	<14	TBD	14	● ●	14	14
Number of ranger-led and docent-led hikes/interpretive orientations per month	>25	TBD	25	● ●	25	25
Number of days/year Interpretive Center open/ volunteer trail patrol	242	TBD	225	● ●	225	225
Number of volunteer maintenance/cleanup events	7	TBD	5	● ●	5	5
Number of volunteer appreciation events	3	TBD	3	● ●	3	3

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

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

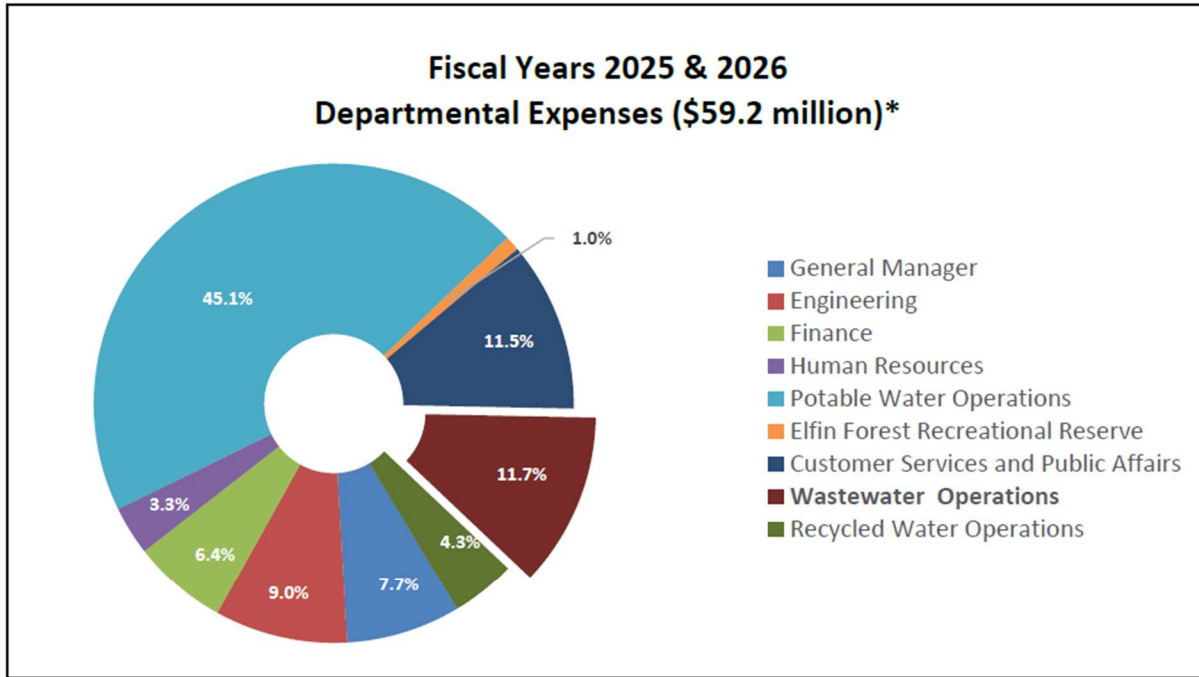
Fund: 100
Operating - Water

Department: 280
Elfin Forest Recreational Reserve

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	206,208	224,000	237,000	5.80%	252,000	6.33%
51110 Salaries and Wages - Overtime	16,263	14,000	14,000	0.00%	15,000	7.14%
51120 Salaries and Wages - Training	935	2,000	2,000	0.00%	2,000	0.00%
51130 Salaries and Wages - Safety	1,957	2,000	2,000	0.00%	2,000	0.00%
51140 Salaries and Wages - Jury Duty	-	-	-	0.00%	-	0.00%
51150 Allocated Employee Benefits	164,045	213,000	227,000	6.57%	241,000	6.17%
Subtotal	<u>389,407</u>	<u>455,000</u>	<u>482,000</u>	<u>5.93%</u>	<u>512,000</u>	<u>6.22%</u>
Operations:						
52230 Computer Supplies	75	1,000	1,000	0.00%	1,000	0.00%
52250 Consultant	-	1,000	1,000	0.00%	1,000	0.00%
52600 Equipment Rental	3,036	3,000	12,000	300.00%	12,000	0.00%
52800 Legal	1,124	-	2,000	0.00%	2,000	0.00%
52900 Maintenance and Repairs - General	5,828	11,000	27,000	145.45%	7,000	-74.07%
53000 Membership Dues and Subscription	180	1,000	1,000	0.00%	1,000	0.00%
53100 Office Supplies and Expenses	457	1,000	1,000	0.00%	1,000	0.00%
53200 Other Admin and General Expenses	(354,102)	(382,000)	(397,000)	3.93%	(412,000)	3.78%
53250 Outside Services	41,117	37,000	47,000	27.03%	48,000	2.13%
53300 Postage and Shipping	-	1,000	1,000	0.00%	1,000	0.00%
53400 Printing and Copying	3,493	3,000	3,000	0.00%	3,000	0.00%
53500 Property Insurance	18,832	16,000	18,000	12.50%	19,000	5.56%
53800 Seminars and Meetings	1,452	2,000	1,000	-50.00%	1,000	0.00%
53900 Supplies	29,461	18,000	18,000	0.00%	19,000	5.56%
53901 Supplies - Fuel	6,069	5,000	7,000	40.00%	7,000	0.00%
53902 Supplies - Tools/Small Equipment	3,167	2,000	2,000	0.00%	2,000	0.00%
53903 Supplies - Safety	646	1,000	1,000	0.00%	1,000	0.00%
54000 Telephone and Communications	5,624	7,000	6,000	-14.29%	6,000	0.00%
51160 Temporary Labor	10,570	8,000	12,000	50.00%	12,000	0.00%
54300 Utilities	6,627	6,000	8,000	33.33%	8,000	0.00%
54500 Park Depreciation	-	39,000	41,000	5.13%	41,000	0.00%
Subtotal	<u>(216,346)</u>	<u>(219,000)</u>	<u>(187,000)</u>	<u>-14.61%</u>	<u>(219,000)</u>	<u>-17.11%</u>
Capitalized Operating Expenditures:						
54400 Support Allocation	214,800	215,000	259,000	20.47%	259,000	0.00%
59004 Capitalized Labor	(233)	-	(5,000)	0.00%	(13,000)	160.00%
59005 Capitalized Employee Benefits	(512)	-	(11,000)	0.00%	(29,000)	163.64%
Subtotal	<u>214,056</u>	<u>215,000</u>	<u>243,000</u>	<u>13.02%</u>	<u>217,000</u>	<u>-10.70%</u>
Total, Net of Capitalized Expenses	<u>387,116</u>	<u>451,000</u>	<u>538,000</u>	<u>19.29%</u>	<u>510,000</u>	<u>-5.20%</u>

* Amended budget amounts approved by the Board.

Wastewater System Operations



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

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Collection Systems Operator	-	0.85	0.85	0.85
WRF Operator Level III*	3.40	3.40	3.40	3.40
WRF Operator Level IV*	0.85	0.85	0.85	0.85
WRF Supervisor*	0.85	0.85	0.85	0.85
Department Total	5.10	5.95	5.95	5.95

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

Note: Staffing requirements to supervise and to provide administrative support for the wastewater operations are included in the General Manager, Engineering, and Finance Departments.

Responsibilities

The District provides wastewater collection and reclamation services within the District's southeast service area. This includes the 4S Ranch and Rancho Cielo communities. The plant currently recycles wastewater discharge from approximately 7,100 Equivalent Dwelling Units (EDUs) within this service area. By 2030, these two areas will have nearly 7,450 EDUs from a combination of residential, commercial, industrial, and public uses.

This department is responsible for operating and maintaining the sewer collection and treatment system of the 4S Ranch Water Reclamation Facility (4S WRF).

Major Accomplishments – Fiscal Years 2023 & 2024

- Completed design of the Headworks Screening System Replacement Project (District Goal 10 - Plan and construct facilities to meet needs).
- Completed design of the Overflow Pond Strainer Project (District Goal 10 - Plan and construct facilities to meet needs).
- Commenced construction of the Neighborhood #1 Sewer Pump Station Rehabilitation Project (District Goal 10 - plan and construct facilities to meet needs).
- Completed the installation of 3 flow meters at 3 sewer pump stations in the Rancho Cielo Collection System (District Goal 10 - plan and construct facilities to meet needs)
- Updated Sewer System Master Plan (SSMP) (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing water reclamation, and recycled water).
- Operated the wastewater collection and water reclamation systems in full compliance with permits and regulatory requirements (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing water reclamation, and recycled water).
- Completed Closed-Circuit TV (CCTV) Inspections and Sewer Line Cleaning (District goal 2 – Provide high quality wastewater services and recycled water).

Objectives – Fiscal Years 2025 & 2026

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

- Operate the wastewater collection and water reclamation systems in full compliance with permits and regulatory requirements (District goal 6 – Exceed all federal, state, and local regulatory requirements for providing water reclamation, and recycled water).
- Commence construction of the Headworks Screening System Replacement Project (District Goal 10 - Plan and construct facilities to meet needs).

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

Performance Indicators

Activity/ Criteria	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23 FY '24	FYE 2025 Target	FYE 2026 Target
Percentage of compliance with Discharge Water Quality parameters	100%	TBD	100%	● ●	100%	100%
Wastewater Preventable Permit Violations	0	TBD	0	● ●	0	0
District Responsible Sewer Spills	1	TBD	0	● ●	0	0
Actual vs. Budgeted Expenses ¹	100%	TBD	102% or Less	● ●	102% or Less	102% or Less

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

¹FYE 2024 Actual pending...

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

Fund: 110 + 111

Operating - Wastewater

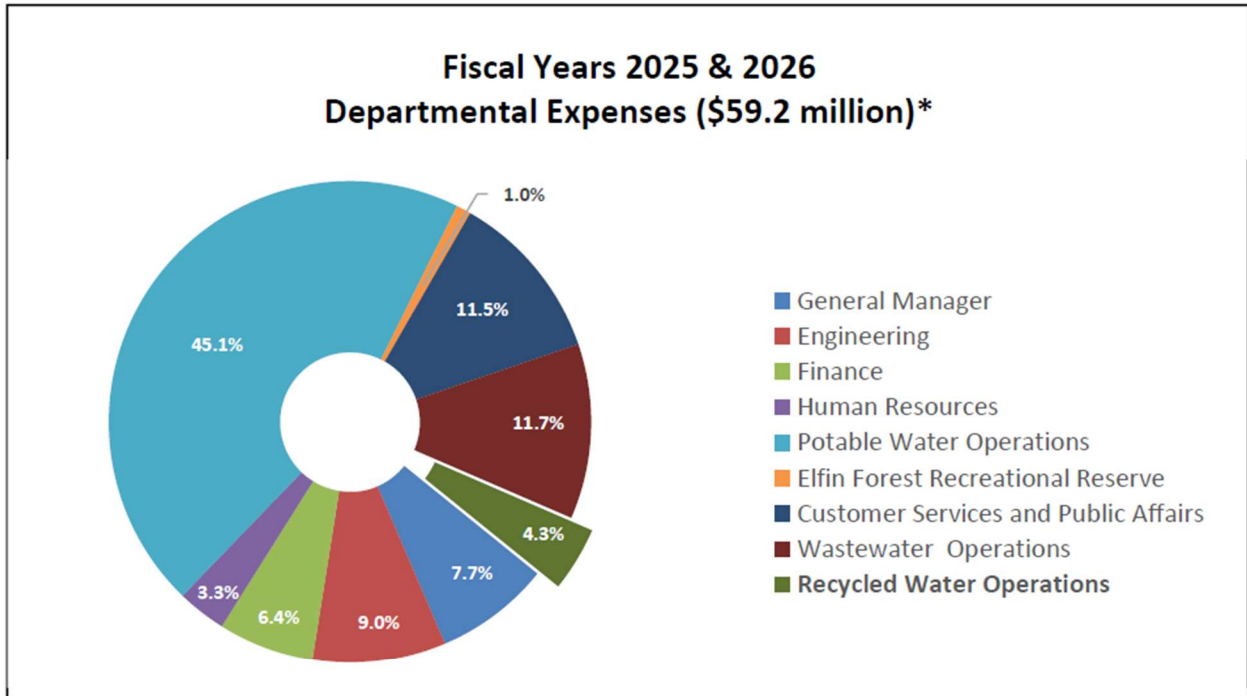
Department: 270 & 271

Wastewater (4S and RC Combined)

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	620,642	743,000	741,000	-0.27%	786,000	6.07%
51110 Salaries and Wages - Overtime	99,353	108,000	108,000	0.00%	114,000	5.56%
51120 Salaries and Wages - Training	-	8,000	8,000	0.00%	8,000	0.00%
51130 Salaries and Wages - Safety	6,020	6,000	6,000	0.00%	6,000	0.00%
51140 Salaries and Wages - Jury Duty	829	1,000	1,000	0.00%	1,000	0.00%
51150 Allocated Employee Benefits	502,506	754,000	769,000	1.99%	817,000	6.24%
Subtotal	<u>1,229,350</u>	<u>1,620,000</u>	<u>1,633,000</u>	<u>0.80%</u>	<u>1,732,000</u>	<u>6.06%</u>
Operations:						
52100 Auditing and Accounting	4,361	6,000	5,000	-16.67%	5,000	0.00%
52200 Collection and Regulatory Fees	46,259	55,000	45,000	-18.18%	46,000	2.22%
52230 Computer Supplies	398	-	-	0.00%	-	0.00%
52250 Consultants	7,708	21,000	15,000	-28.57%	15,000	0.00%
52350 Customer Outreach Programs	-	2,000	1,000	-50.00%	1,000	0.00%
52500 Engineering	-	1,000	1,000	0.00%	1,000	0.00%
52600 Equipment Rental	6,380	3,000	2,500	-16.67%	3,000	20.00%
52800 Legal	893	1,000	1,000	0.00%	1,000	0.00%
52900 Maintenance and Repairs - General	172,739	166,000	170,000	2.41%	175,000	2.94%
53000 Membership Dues and Subscriptions	35,050	16,000	25,000	56.25%	26,000	4.00%
53100 Office Supplies and Expenses	2,981	3,000	3,000	0.00%	3,000	0.00%
53200 Other Admin and General Expenses	149	2,000	1,000	-50.00%	1,000	0.00%
53250 Outside Services	418,873	468,000	480,000	2.56%	494,000	2.92%
53260 Laboratory Services	78,342	64,000	85,000	32.81%	88,000	3.53%
53300 Postage and Shipping	291	1,000	500	-50.00%	1,000	100.00%
53400 Printing and Copying	629	1,000	1,000	0.00%	1,000	0.00%
53500 Property Insurance	8,000	8,000	9,000	12.50%	9,000	0.00%
53800 Seminars and Meetings	7,711	7,000	8,000	14.29%	8,000	0.00%
53900 Supplies	108,152	182,000	140,000	-23.08%	144,000	2.86%
53901 Supplies - Fuel	8,004	11,000	9,000	-18.18%	9,000	0.00%
53902 Supplies - Tools/Small Equipment	2,123	4,000	3,000	-25.00%	3,000	0.00%
53903 Supplies - Safety	3,314	5,000	5,000	0.00%	5,000	0.00%
53904 Supplies - Chemicals	96,468	83,000	120,000	44.58%	124,000	3.33%
54000 Telephone and Communications	8,553	9,000	9,000	0.00%	9,000	0.00%
51160 Temporary Labor	314	5,000	-	-100.00%	-	0.00%
54300 Utilities	608,274	525,000	625,000	19.05%	644,000	3.04%
58370 Fixed Charge County Collect Fee	545	-	-	0.00%	-	0.00%
Subtotal	<u>1,626,506</u>	<u>1,649,000</u>	<u>1,764,000</u>	<u>6.97%</u>	<u>1,816,000</u>	<u>2.95%</u>
Capitalized Operating Expenditures:						
59009 Depreciation	-	35,000	41,000	17.14%	41,000	0.00%
59008 Support Allocation	657,600	658,000	617,000	-6.23%	617,000	0.00%
59004 Capitalized Labor	(17,865)	(37,000)	(37,000)	0.00%	(39,000)	5.41%
59005 Capitalized Non-labor Expenses	(38,945)	(81,000)	(83,000)	2.47%	(87,000)	4.82%
Subtotal	<u>600,790</u>	<u>575,000</u>	<u>538,000</u>	<u>-6.43%</u>	<u>532,000</u>	<u>-1.12%</u>
Total, Net of Capitalized Expenses	<u>3,456,645</u>	<u>3,844,000</u>	<u>3,935,000</u>	<u>2.37%</u>	<u>4,080,000</u>	<u>3.68%</u>

* Amended budget amounts approved by the Board.

Recycled Water Operations



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

* Departmental budgets without application of depreciation, support allocation and capitalization

Personnel Requirements:

Description	Approved FY 2023	Approved FY 2024	Proposed FY 2025	Proposed FY 2026
Backflow & Cross Conn Coord I	1.00	1.00	1.00	1.00
Backflow & Cross Conn Coord II	1.00	1.00	1.00	1.00
Collection Systems Operator	-	0.15	0.15	0.15
Systems Operator I **	0.10	0.10	0.10	0.10
Systems Operator II **	0.30	0.30	0.30	0.30
WRF Operator Level III *	0.60	0.60	0.60	0.60
WRF Operator Level IV *	0.15	0.15	0.15	0.15
WRF Supervisor *	0.15	0.15	0.15	0.15
Department Total	3.30	3.45	3.45	3.45

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

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

Note: Staffing requirements to supervise and to provide administrative support for the recycled water operations are included in the General Manager, Engineering, and Finance Departments.

Responsibilities

The Recycled Water System serves two areas of the District, the Northwest Quadrant, and Southeast Quadrant. The Northwest Quadrant's service area recycled water needs are supplied through purchase agreements with Vallecitos Water District and San Elijo Joint Powers Authority.

This department operates the District-owned 4S Ranch Water Reclamation Facility (4S WRF). Personnel responsible for operating the 4S WRF are also responsible for delivering tertiary-treated wastewater to the recycled water distribution system where it is then delivered to major irrigation users such as golf courses, large landscape areas, parks, and school grounds within the 4S Ranch and Santa Fe Valley (Southeast Quadrant) portions of the District.

Major Accomplishments – Fiscal Years 2023 & 2024

- Completed four new connections in The Lakes community, one connection to Rancho Paseana, and 7 to Village Park Manor Condo HOA. (District goal 10 - Providing wastewater collection and treatment services in an environmentally responsible manner and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts).
- Completed connection of the Rancho Paseana site which has an estimated use of 300 AFY of recycled water. (District goal 2 - Providing wastewater collection and treatment services in an environmentally responsible manner, and producing and supplying high-quality recycled water to irrigation customers in support of regional water conservation efforts).
- Implemented Wet Weather Incentive Program (District goal 2 – Provide wastewater collection services and reclamation in an environmentally responsible manner; and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).
- Completed and submitted updated Emergency Action Plan for 4S Wet Weather Storage Pond dam to Department of Safety of Dams (District goal 6 – Exceed regulatory requirements).
- Constructed recycled water flow meter facility (Ext. 153) serving the SE quadrant (District goal 10 – Plan and construct facilities to meet long term water storage, treatment, transmission, and distribution needs).
- Continued to operate the 4S Recycled Water Storage Pond in a safe, compliant, and effective manor (District goal 2 – Provide wastewater collection services and reclamation in an environmentally responsible manner; and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).

Objectives – Fiscal Years 2025 & 2026

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

- Make three new connections to the recycled water distribution system; provide to the board a comprehensive presentation on OMWD’s recycled water program, including current project status, grant funding, and plans for system expansion. (District goal 11 – Providing wastewater collection and treatment services in an environmentally responsible manner, and producing and supplying high-quality recycled water to irrigation customers in support of regional water).
- Complete additional new recycled water distribution line extensions to take advantage of Title 16/WIIN grant funding (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).
- Continue to operate the 4S Recycled Water Storage Pond in a safe, compliant and effective manor (District goal 2 – Provide wastewater collection services and reclamation in an environmentally responsible manner; and produce and supply high-quality recycled water to irrigation customers in support of regional water conservation efforts).
- Meet deliveries of take or pay recycled water contracts with City of San Diego, Vallecitos Water District, and San Elijo JPA (District goal 1 – Provide safe, reliable, high-quality drinking water to each customer in a cost-effective manner).

Performance Indicators

Activity/ Criteria	FYE 2023 Actual	FYE 2024 Actual	Annual Target	Target Met? FY '23 FY '24	FYE 2025 Target	FYE 2026 Target
<i>Recycled Water Program</i>						
Number of Recycled Water Meter Connections	328	TBD	+3	● ●	339	342
Percentage of user compliance with District Recycled Water Rules and Regulations	100%	TBD	100%	● ●	100%	100%
<i>Backflow Program</i>						
Number of Recycled Water sites inspected annually	100%	TBD	100%	● ●	100%	100%
Percent of Backflow Assemblies tested	100%	TBD	100%	● ●	100%	100%

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

**Olivenhain Municipal Water District
DEPARTMENTAL EXPENSES
Fiscal Years 2025 and 2026**

Fund: 120

Operating - Recycled

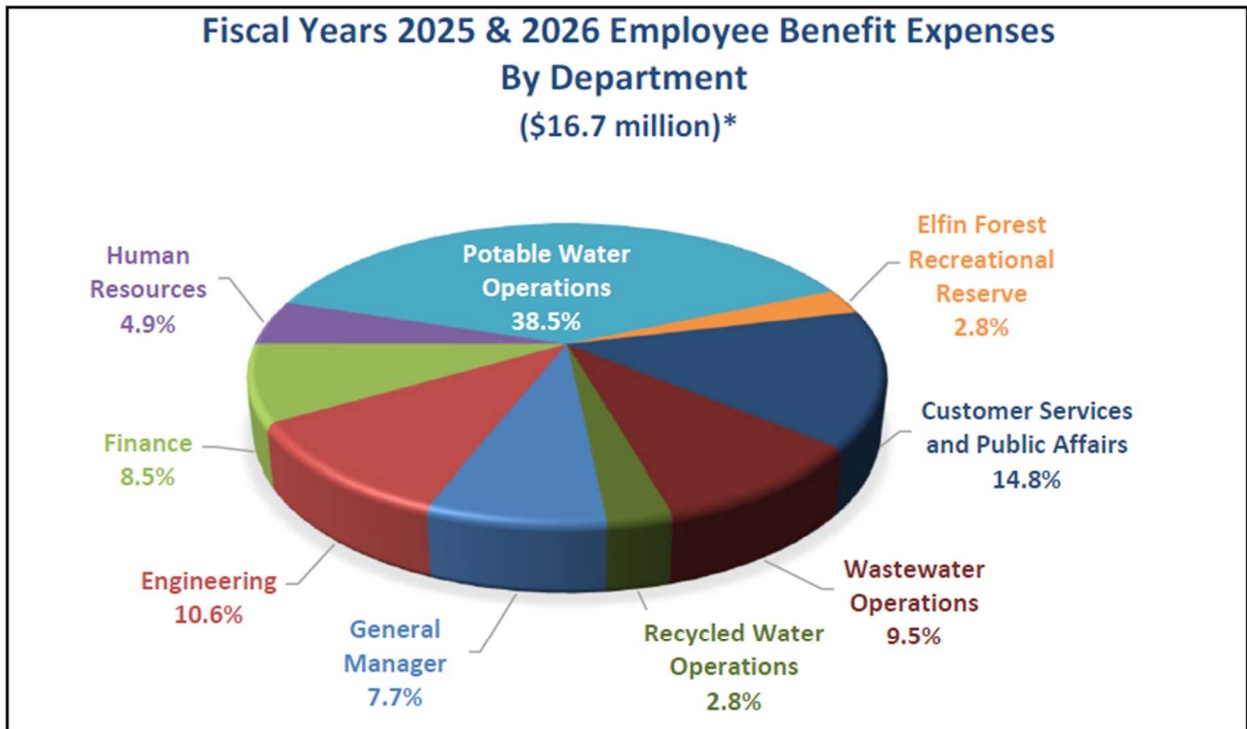
Department: 260 to 262

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

Account No. and Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 2024 Approved*	FYE 2026 Proposed	% Change from FYE 2025 Proposed
Personnel:						
51100 Salaries and Wages - Regular	222,518	282,000	229,000	-18.79%	243,000	6.11%
51110 Salaries and Wages - Overtime	10,563	17,000	17,000	0.00%	18,000	5.88%
51120 Salaries and Wages - Training	-	4,000	4,000	0.00%	4,000	0.00%
51130 Salaries and Wages - Safety	-	3,000	3,000	0.00%	3,000	0.00%
51140 Salaries and Wages - Jury Duty	-	-	1,000	0.00%	1,000	0.00%
51150 Allocated Employee Benefits	145,856	229,000	226,000	-1.31%	240,000	6.19%
Subtotal	<u>378,937</u>	<u>535,000</u>	<u>480,000</u>	<u>-10.28%</u>	<u>509,000</u>	<u>6.04%</u>
Operations:						
52100 Auditing and Accounting	1,061	3,000	1,000	-66.67%	1,000	0.00%
52200 Collection and Regulatory Fees	9,655	32,000	14,000	-56.25%	14,000	0.00%
52230 Computer Supplies	-	1,000	1,000	0.00%	1,000	0.00%
52250 Consultants	18,724	51,000	30,000	-41.18%	31,000	3.33%
52500 Engineering	-	4,000	4,000	0.00%	4,000	0.00%
52600 Equipment Rental	758	2,000	1,500	-25.00%	2,000	33.33%
52800 Legal	63,898	-	6,000	0.00%	6,000	0.00%
52900 Maintenance and Repairs - General	45,404	32,000	50,000	56.25%	51,000	2.00%
53000 Membership Dues and Subscriptions	672	5,000	1,500	-70.00%	2,000	33.33%
53100 Office Supplies	1,674	1,000	2,000	100.00%	2,000	0.00%
53200 Other Admin and General Expenses	-	1,000	500	-50.00%	1,000	100.00%
53250 Outside Services	198,567	216,000	205,000	-5.09%	212,000	3.41%
53260 Laboratory Services	-	-	-	0.00%	-	0.00%
53300 Postage and Shipping	-	-	-	0.00%	-	0.00%
53400 Printing and Copying	56	1,000	500	-50.00%	1,000	100.00%
53500 Property Insurance	4,000	5,000	6,000	20.00%	6,000	0.00%
53800 Seminars and Meetings	5,384	4,000	6,500	62.50%	7,000	7.69%
53900 Supplies - Operations	42,106	42,000	38,000	-9.52%	39,000	2.63%
53901 Supplies - Fuel	7,504	9,000	8,000	-11.11%	8,000	0.00%
53902 Supplies - Tools/Small Equipment	346	-	-	0.00%	-	0.00%
53903 Supplies - Safety	892	3,000	2,000	-33.33%	2,000	0.00%
53904 Supplies - Chemical	64,498	78,000	100,000	28.21%	103,000	3.00%
54000 Telephone and Communications	4,611	3,000	5,000	66.67%	5,000	0.00%
51160 Temporary Labor	-	-	-	0.00%	-	0.00%
54300 Utilities	302,472	265,000	290,000	9.43%	299,000	3.10%
Subtotal	<u>772,282</u>	<u>758,000</u>	<u>772,500</u>	<u>1.91%</u>	<u>797,000</u>	<u>3.17%</u>
Capitalized Operating Expenditures:						
59009 Depreciation	-	15,000	17,000	13.33%	17,000	0.00%
59008 Support Allocation	285,600	286,000	266,000	-6.99%	266,000	0.00%
59004 Capitalized Labor	(13,622)	(8,000)	(14,000)	75.00%	(15,000)	7.14%
59005 Capitalized Non-labor Expenses	(29,643)	(18,000)	(31,000)	72.22%	(33,000)	6.45%
Subtotal	<u>242,335</u>	<u>275,000</u>	<u>238,000</u>	<u>-13.45%</u>	<u>235,000</u>	<u>-1.26%</u>
Total, Net of Capitalized Expenses	<u>1,393,554</u>	<u>1,568,000</u>	<u>1,490,500</u>	<u>-4.94%</u>	<u>1,541,000</u>	<u>3.39%</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 2025 & 2026

<u>Department</u>	<u>Benefit Expense Percentage</u>	<u>Benefit Expense Amount¹</u>
General Manager (includes Board)	7.7%	\$ 1,283,000
Engineering	10.6%	1,771,000
Finance	8.5%	1,412,000
Human Resources	4.9%	813,000
Potable Water Operations	38.5%	6,434,000
Elfin Forest Recreational Reserve	2.8%	468,000
Customer Service	14.8%	2,470,000
Wastewater	9.5%	1,586,000
Recycled Water	2.8%	466,000
TOTAL	100%	\$ 16,703,000

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

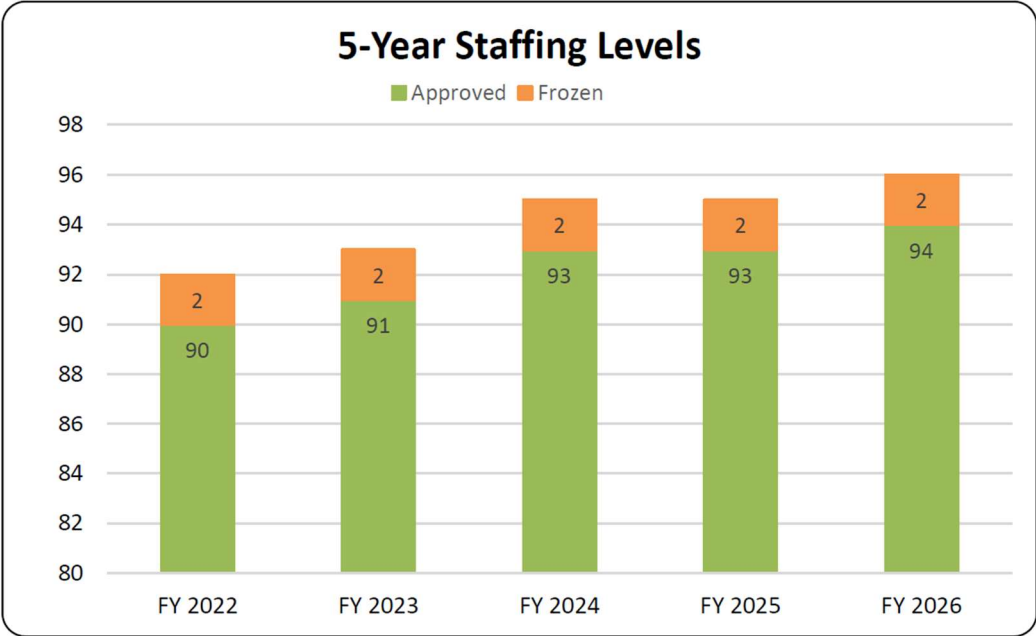
The District's Staffing Analysis is submitted to the Board for review and consideration prior to the adoption of the District's budget by the Board. The objective of this analysis is to show the necessary staffing levels in order to increase department efficiencies, provide better business practices, aid in succession planning, and prepare the District's future leaders (including Grow Your Own "GYO" promotional opportunities). Labor and Employee Benefits expenditures for Fiscal Years 2025 and 2026 were estimated based on current staffing level needs included in the 2024 Staffing Analysis report.

The District's annual Staffing Analysis, approved by the Board in April 2024, does not include any staffing changes in Fiscal Year 2025. Staffing levels are projected to increase by one additional full-time Senior Risk Administrative Analyst position in Fiscal year 2026, bringing the total employee count to 96 positions in fiscal year 2026. Two (2) Utility positions remained unfilled.

The addition of one Senior Risk Administrative Analyst position in Fiscal Year 2026 will primarily be responsible for assisting the Human Resources and General Manager's departments with litigation preparation and claims processing. These duties are currently being performed by staff in the Human Resources and General Manager's departments.

The charts below depict the District's historical and approved staffing trends by fiscal year.

CURRENT AND FUTURE STAFFING			
<u>Department</u>	<u>Approved Fiscal Year 2024</u>	<u>Approved Fiscal Year 2025</u>	<u>Proposed Fiscal Year 2026</u>
General Manager	4.00	4.00	4.00
Engineering	10.00	10.00	10.00
Finance	8.00	8.00	8.00
Human Resources	4.00	4.00	5.00
Potable Water Operations	40.00	40.00	40.00
Elfin Forest Recreational Reserve	3.00	3.00	3.00
Customer Service	17.00	17.00	17.00
Wastewater and Recycled Water	9.00	9.00	9.00
TOTAL	95.00	95.00	96.00



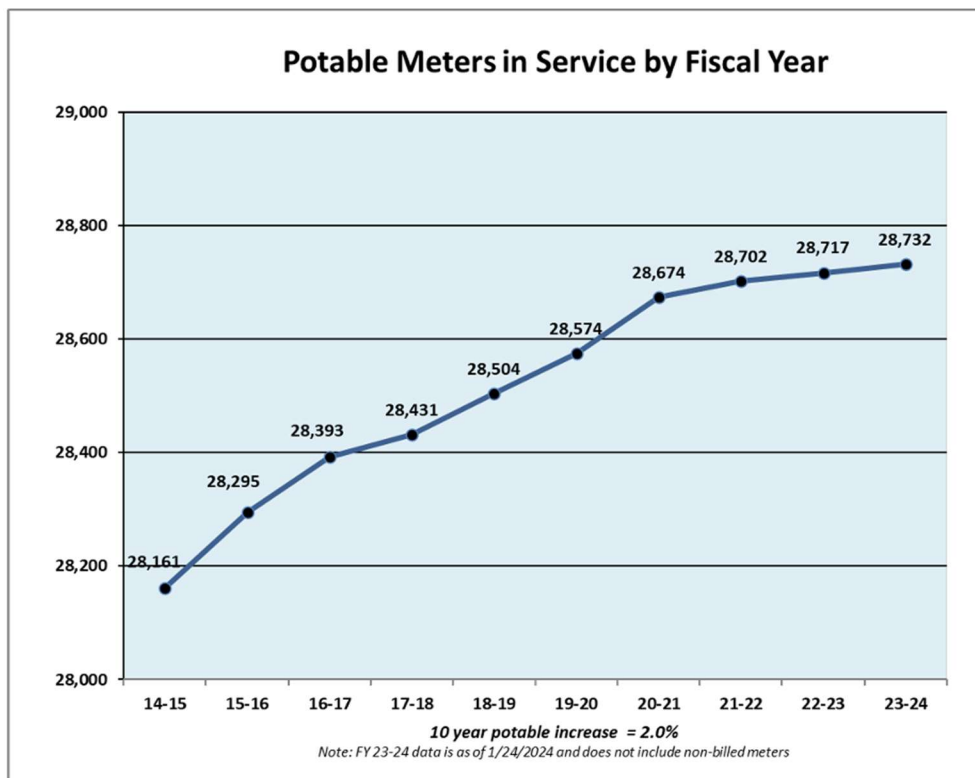
2021 Froze two positions indefinitely to mitigate impacts of COVID-19
 2023 New WTP Operator Level III Position
 2024 New Waste Collections System Operator and Customer Service Rep I Positions
 2026 New Senior Risk Administrative Analyst

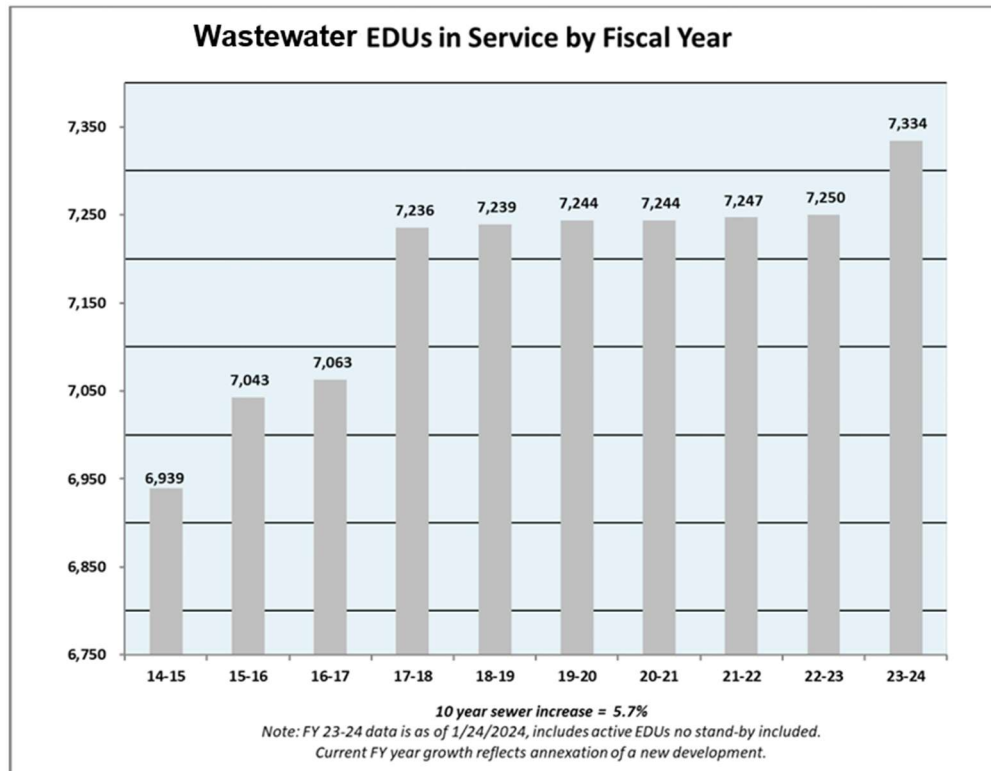
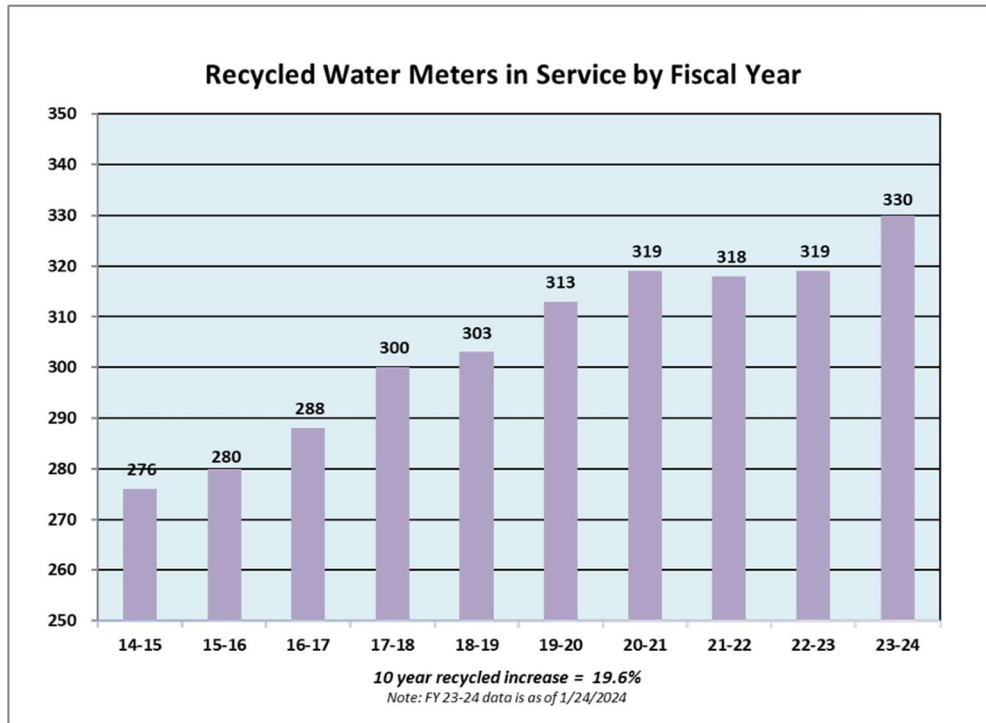
Staffing Analysis

The Staffing Analysis takes into consideration the District’s Mission Statement, Goals and Objectives, budget, economic revenue and constraints, and the Comprehensive Water Master Plan. Areas that impact the forecasting of the analysis include determining the levels of service provided, operating satellite facilities (including the Water Treatment Plant, 4S Water Reclamation Facility and Elfin Forest Recreational Reserve), and contracting labor. Staff is committed to seeking innovative and better ways of doing business to contain costs, improve efficiency, and meet regulatory requirements while meeting customer expectations. The challenge facing the District is to effectively perform the core District functions while maintaining established customer service levels, costs, and staffing at acceptable levels.

The District continues to increase its water and wastewater service connections from each year. New recycled water connections were added to expand the District’s recycled water system.

As of the preparation of the 2024 Staffing Analysis, the District had 28,732 active potable meters and 330 active recycled meters. The graphs below depict historical District growth as shown by the number of in service potable water meters (2.0% increase), recycled water meters (19.6% increase), and sewer equivalent dwelling units (EDUs) (5.7% increase) over the past 10 fiscal years.





Labor and Employee Benefits

For Fiscal Year 2025 the total projected costs for labor and benefits is \$17.3 million, an increase of approximately 4.6% compared to Fiscal Year 2024. For Fiscal Year 2026, total projected costs for labor and benefits is \$18.4 million which is an increase of approximately 6.7% compared to Fiscal Year 2025.

Employee benefits expenditures are expected to increase by approximately 5.5% in Fiscal Year 2025 compared to the Fiscal Year 2024, and increase by 6.2% in Fiscal Year 2026 compared to Fiscal Year 2025.

The increase in labor and benefit costs for Fiscal Years 2025 and 2026 are based on the anticipated increase in staffing included in the Staffing Analysis Report, and negotiated terms of the Memorandum of Understanding (MOU) between the District, its District Employee Association, and the Bargaining Unit Members Association.

The current MOU went into effect January 2022. Key changes from the prior MOU were a lower ceiling for the San Diego Consumer Price Index (SD CPI) portion of the District's merit pool from 4% to 3.5% The District's merit pool is made up of a SDCPI portion and a 2.5% merit portion.

Also, as part of the current MOU, the District's compensation policy was updated to reflect the current labor market which resulted in across-the-board salary grade change adjustments to all positions except the General Manager.

The 2022 MOU includes a re-opener of the existing MOU for health insurance if the average increase of the health insurance plans increases by more than 15% in one year.

District employees pay 100% of their employee's share of District pension costs and the District does not offer Other Post-Employment Benefits to its employees other than pension.

Major Benefits Changes in the Fiscal Year 2025 & 2026 Biennial Budget

Increases in employee benefit costs for Fiscal Years 2023 and 2024 are mainly due to projected increases in group health insurance premiums, payments to California Public Employees Retirement System (CALPERS) for pension costs, and an increase in accrued benefits. Which is offset by a decrease in workers compensation premiums.

- **Group Health Insurance** – Group health insurance expenditures are projected to increase based on estimated quotes received from Blue Cross of California and Kaiser Permanente. The District pays 100% of its employees, spouses, and dependents monthly group health insurance premiums for the Kaiser Permanente health plans and the lower cost option Blue Cross HMO/PPO plans. Employees participating in the District's higher cost Blue Cross HMO/PPO plans are required to contribute towards the premiums with the amount depending on which plan they participate in.
- **PERS Contribution** – Employer contributions to CalPERS pension fund for all members, including additional payments to reduce the District's unfunded liability, is approximately 15.3% of estimated total payroll for Fiscal Year 2025. More information on the District's Pension Funding Policy and Pension Stabilization Fund can be found in the Financial Policy and Long-Term Financial Plan sections of this budget document.

- **Accrued Benefits** – Accrued benefits current rate of pay increases commensurately with increases in salary and wages based on the 2022 labor MOU. Accrued Benefits are paid out at the employee’s pay rate when used even if accrued when the employee was at a lower pay rate.
- **Workers Compensation Insurance** – In Fiscal Year 2025, Workers Compensation insurance is expected to increase by 53% compared to Fiscal Year 2024, after strong decreases in Fiscal Years 2023 and 2024. Fiscal Year 2025 premiums are expected to be approximately the same as Fiscal Year 2022 premiums. The District’s outstanding safety records help reduce the overall worker's compensation premium.

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

Fund: All

Account Number	Description	FYE 2023 Actual	FYE 2024 Approved*	FYE 2025 Proposed	% Change from FYE 24 Approved*	FYE 2026 Proposed	% Change from FYE 25 Proposed
51200	Employee Programs	\$ 36,342	\$ 50,000	\$ 54,000	8.00%	\$ 59,000	9.26%
51205	Employee Recreation Club	10,512	11,000	12,000	9.09%	12,000	0.00%
51210	Employee Training and Education	45,205	64,000	70,000	9.38%	66,000	-5.71%
51215	FICA - Employer's Share	675,772	714,000	754,000	5.60%	802,000	6.37%
51220	Insurance - Dental	103,453	113,000	113,000	0.00%	114,000	0.88%
51225	Insurance - Group Health	2,064,662	2,211,000	2,412,000	9.09%	2,648,000	9.78%
51230	Insurance - Long Term Disability	23,088	25,000	26,000	4.00%	28,000	7.69%
51235	Insurance - Unemployment	7,097	4,000	4,000	0.00%	4,000	0.00%
51240	Insurance - Vision	18,775	20,000	19,000	-5.00%	20,000	5.26%
51245	Insurance - Worker's Compensation	123,103	113,000	173,000	53.10%	181,000	4.62%
51250	Leave - Employee Sick	521,658	427,000	452,000	5.85%	484,000	7.08%
51260	Leave - Holiday	493,428	498,000	527,000	5.82%	566,000	7.40%
51265	Leave - Vacation	613,774	586,000	620,000	5.80%	673,000	8.55%
51270	Others - Employer's share (457 and VEBA)	171,196	174,000	181,000	4.02%	193,000	6.63%
51275	PERS Contributions (UL, Normal Costs, ADP)	2,341,605	2,629,000	2,645,000	0.61%	2,714,000	2.61%
51280	Uniforms	53,968	40,000	40,000	0.00%	40,000	0.00%
Total Employee Benefit Cost		\$ 7,303,640	\$ 7,679,000	\$ 8,102,000	5.51%	\$ 8,604,000	6.20%

* Amended budget amounts approved by the Board.

Capital Budget Overview

A capital planning process involves identifying current and future capital needs and prioritizing these needs using certain operating assumptions. The primary objective of District capital planning process is to create a stable long-range financial plan to support an orderly, efficient program of improvement, expansion, and replacement of its capital needs. The goal of a capital plan is to develop an independent, self-sustaining capital improvement program using a mixture of financial resources.

In order to achieve its capital planning and objectives, the District has developed two separate 10-Year Capital Improvement Program (CIP) Spending Plans for its water and wastewater operations. The 10-Year Capital Spending Plans include planned and projected water and wastewater capital expenditures over the next ten years to provide funding for critical water and wastewater infrastructure needs and included in the District's Long-Term Financial Plan. More information about the 10-Year Capital Spending Plans can be found in the Long-Term Financial Section of this document.

The 10-Year Capital Spending Plans are brought to the Board for adoption as part of the District's Biennial Operating and Capital Budget approval process. Water and Wastewater Capital Improvement Projects included in the capital budget section of this document for fiscal years 2025 and 2026 are consistent with the list of projects included in the 10-Year Capital Spending Plans for water and wastewater.

Water and Wastewater Capital Improvement Program – Objectives

The following are the District's Capital Improvement Program Goals and Objectives for Fiscal Years 2025-2034:

- Within the resources available each fiscal year, in order to provide safe and reliable services to all customers, maintain and safeguard the District's capital assets and infrastructure through implementation of various replacement and betterment programs based on the District's on-going 10-year Capital Improvement Program.
- Complete replacement and betterment critical projects to sustain water and wastewater operations to meet demands.
- Continue efforts to develop alternate water supplies, including recycled water, through cooperative agreements with various agencies, to provide a reliable and drought-proof water supply to our customers in a cost-effective manner.

- Continue to operate the David C. McCollom Water Treatment Plant and the 4S Ranch Water Reclamation Facility in a cost-effective manner through operational enhancements and replacements as necessary.
- Use of advanced technology to increase operational efficiency.

The District's capital plan is a dynamic process. The 10-Year Capital Spending Plans are updated regularly to ensure the focus and scope of the District's Water and Wastewater Capital Improvement Programs remain in line with the District's Strategic Plan. CIP are reviewed regularly. Updates on approved capital projects are reported to the District Facilities Committee regularly. Proposed adjustments to the District's planned capital expenditures are brought to the board for consideration and approval as part of the District's mid-term budget review process. Proposed changes to the District's projected capital expenditures are primarily due to the timing of the construction of projects.

Summary of Completed Capital Improvement Projects Fiscal Years 2023 and 2024

The District completed several significant projects during the Fiscal Year 2023 and 2024 biennial budget period. Most notably were the Manchester Avenue Recycled Water Pipeline project, refurbishment of the David C. McCollom Hydropower Turbines, and completion of the Bob Topolovac Memorial Courtyard.

Completion of the Manchester Avenue Recycled Water Pipeline project added 1.4 miles of new pipeline to the District's recycled water system and will enable the District to deliver recycled water to schools, businesses, and other customers along the Manchester Avenue corridor. The drought-resilient water source will be used for irrigation and will offset the demand of imported drinking water by more than 27 million gallons per year.

To celebrate the completion of the Manchester Avenue Recycled Water Pipeline project, the District held a ribbon-cutting ceremony on April 11, 2023 at Mira Costa College. Congressman Mike Levin attended the celebration along with representatives from Senator Catherine Blakespear's office and Assembly member Tasha Boerner Horvath's, as did local agency partners San Diego County Water Authority, San Elijo Joint Powers Authority, and the City of Encinitas. The District aggressively sought grant funding for this pipeline project to make it cost-effective for ratepayers and was successful in securing \$1,350,000 in grant funding from California's Department of Water Resources.



Ribbon cutting ceremony at Mira Costa College to celebrate the completion of the Manchester Avenue Recycled Water Pipeline project

The District was also successful in refurbishing the two hydroelectric turbines at its David C. McCollom Water Treatment Facility. Imported water passes through turbines that convert the

kinetic energy into electricity, which is used to power a portion of the plant. By refurbishing the turbines, in place of replacing them outright, the District was able to save on replacement costs while continuing to help reduce the need for purchased electricity to operate the plant.



Refurbished turbines being reinstalled at the District's David C. McCollom Water Treatment Plant

Finally, the District completed the Bob Topolovac Memorial Courtyard which was in commemoration of Robert F. Topolovac, who served on the OMWD Board of Directors from 1999 until he passed away on October 7, 2022. During his time on the board, Mr. Topolovac served as Board Secretary, President, and Vice President. He served on the District's Safety, Personnel, Ad Hoc Facilities, Ad Hoc Cybersecurity, and Ad Hoc Public Policy committees. Mr. Topolovac served for over two years as the District's representative to the San Diego County Water Authority (SDCWA), the District's potable water wholesaler. Mr. Topolovac was Past Chair of SDCWA's Legislative, Conservation, and Outreach Committee, a member of its Administrative and Finance Committee, and a past representative of its Recycled Water Committee. Additionally, Mr. Topolovac impacted regional conservation and outreach efforts, most recently initiating the inclusion of water supply infrastructure lessons in SDCWA's school program. Mr. Topolovac was a tireless proponent of local government's need to protect the environment while tenaciously pursuing alternative, local water supplies.



Bob Topolovac Memorial Courtyard



Mr. Robert F. Topolovac

Olivenhain Municipal Water District
Summary of Completed Capital Improvement Projects
Fiscal Years 2023 and 2024 Biennial Budget

Project Name	Total Project Budget	Total Capital Expenditures			Total Project Cost	Over (Under) Project Budget
		Capital Improvement Funds *				
		Water	Recycled	Wastewater		
Vault Upgrades	20,400	20,395	-	-	20,395	(5)
Advanced Metering Infrastructure (AMI)	1,592,000	1,527,518	-	-	1,527,518	(64,482)
DCMWTP PH Control System	737,000	693,198	-	-	693,198	(43,802)
DCMWTP Analyzer Replacement	305,000	296,862	-	-	296,862	(8,138)
Network User Enhancements	200,000	173,970	-	-	173,970	(26,030)
Parking & Site Access Improvements	556,200	556,690	-	-	556,690	490
Hydropower Turbine Refurbishment	850,000	813,480	-	-	813,480	(36,520)
Landscape HQ Courtyards	54,000	52,317	-	-	52,317	(1,683)
SWPPP Facility Improvements	107,100	108,650	-	-	108,650	1,550
General DCMWTP Inspect & Condition Assessment	690,000	688,532	-	-	688,532	(1,468)
Lone Jack PRS	385,000	398,144	-	-	398,144	13,144
Replace PRS Valves	52,000	43,558	-	-	43,558	(8,442)
DCMWTP Backpulse Pipeline Repair	34,000	33,925	-	-	33,925	(75)
Catalytic Converter Theft Prev	38,000	12,091	-	-	12,091	(25,909)
Bob Topolovac Memorial Courtyard	68,700	68,652	-	-	68,652	(48)
Emergency Repair RSF Rd	105,000	89,052	-	-	89,052	(15,948)
Manchester Recycle Pipeline Extension	5,075,000	-	4,779,438	-	4,779,438	(295,562)
Ext. 153 RW Flow Meter	285,000	-	124,592	-	124,592	(160,408)
Wastewater Master Plan Update	170,000	-	-	174,534	174,534	4,534
Cielo SPS Flow Meters	163,000	-	-	174,289	174,289	11,289
Collection System SPS Rehab	169,000	-	-	168,916	168,916	(84)
4SWRF Emergency Wiring Replacement	224,000	-	-	156,105	156,105	(67,895)
4SWRF Digester Blower Replacement	200,000	-	-	207,677	207,677	7,677
	\$ 12,080,400	\$ 5,577,034	\$ 4,904,030	\$ 881,521	\$ 11,362,585	\$ (717,815)

Note: Project list excludes ongoing capital infrastructure replacement projects

Construction Project Awards

American Public Works Association (APWA) is a professional association of public works agencies, private companies, and individuals dedicated to promoting public awareness through education, advocacy, and the exchange of knowledge. APWA's local chapter annually recognizes the best public works projects and professionals in San Diego and Imperial Counties. The District received one award in 2023 and two awards in 2024 for projects completed in 2022 and 2023, respectively. The awards raise awareness of the necessary cooperation between public agencies, contractors, and consultants, such as architects and environmental engineers, to complete public works projects.

The District's Manchester Avenue Potable Water Pipeline Replacement project (completed in Fiscal Year 2022), the Lone Jack Pressure Reducing Station project (completed in Fiscal Year 2023), and the Manchester Avenue Recycled Water Pipeline project (completed in Fiscal Year 2023) were recognized as 2023 and 2024 Projects of the Year by APWA's San Diego and Imperial County Chapter at its awards event in Mission Valley.

Manchester Avenue Potable Water Pipeline Replacement Project

The Manchester Potable Pipeline Replacement project replaced 3,700 linear feet of aged potable water pipeline along Manchester Avenue, Rancho Santa Fe Road, and Encinitas Boulevard. The pipelines previously serving water in this area were installed in 1961 and were approaching the end of their lifespan. The District worked closely with the City of Encinitas to adhere to timelines and milestones while ensuring the least possible impact to the public and traffic for this critical pipeline replacement. Innovative construction management techniques, such as making necessary design and alignment changes in the field concurrent with construction, allowed mitigation of significant project delays due to unforeseen conditions and existing utilities. This project was completed on time and under budget.



Construction crews installing potable water pipeline along Manchester Avenue



Night crew working to install new potable water pipeline along Manchester Avenue

Lone Jack Pressure Reducing Station Project

The Lone Jack Pressure Reducing Station project replaced aging facilities, originally installed in 1971, at the end of their useful life. This advanced planning ensured reliable water service to the community and protected open space habitat by replacing the asset prior to failure. The Lone Jack Pressure Reducing Station Replacement project specifically consisted of the demolition and removal of the existing PRS and replacement with an above-ground premanufactured PRS, reconnection to the distribution system, and the installation of a gate valve and manual air release - all occurring within an unpaved, previously disturbed easement. The District completed the project on time and within budget.



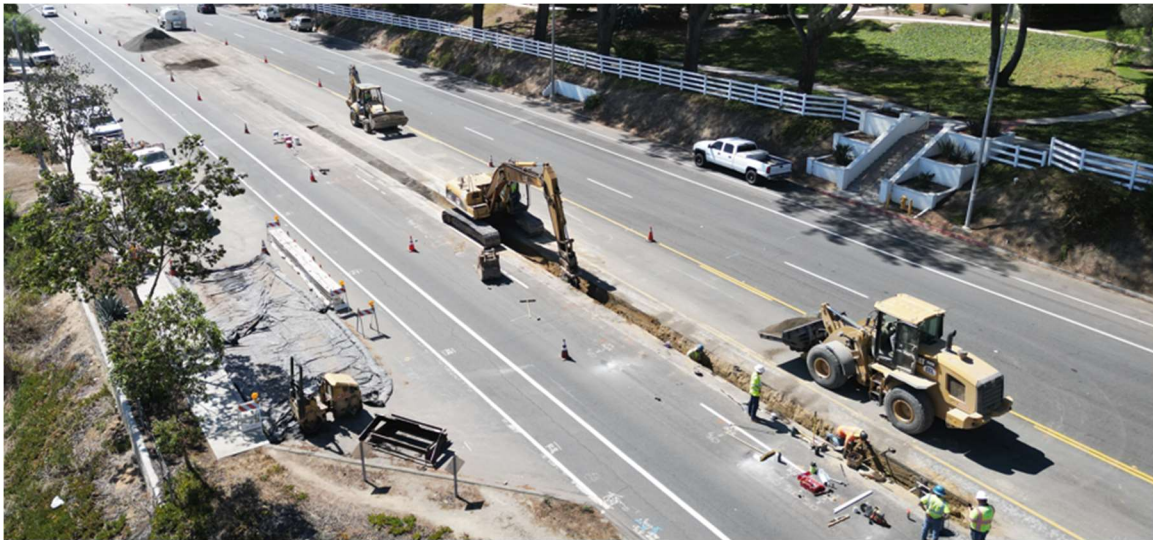
New pressure reducing stations being lowered



Newly installed pressure reducing stations at Lone Jack location

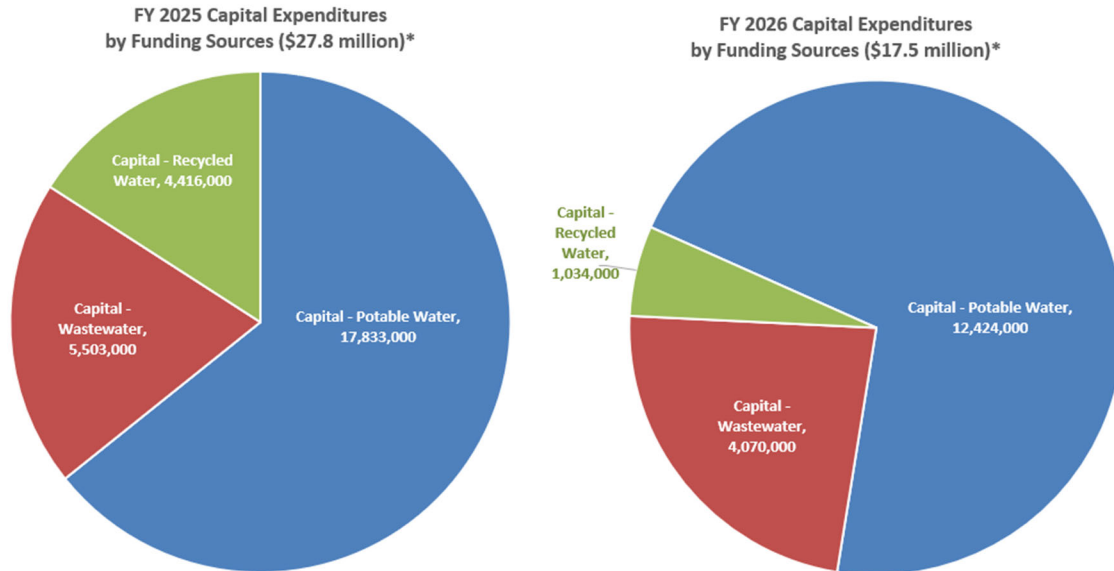
Manchester Avenue Recycled Water Pipeline Project

The Manchester Avenue Recycled Water Pipeline project added approximately 1.4 miles of new recycled water pipeline which will serve Mira Costa College, homeowners associations, religious centers, and other customers in Encinitas, offsetting imported potable water used for irrigation by up to 82 acre-feet (or approximately 27 million gallons) annually. In line with the City of Encinitas's 2020 Climate Action Plan, the addition of the newly constructed recycled water pipeline increases water reliability along the Manchester Avenue corridor. Maximizing potable water conservation and regional water reliability is also in line with the District's mission statement and the responsibility it has to its ratepayers. The District completed the project under budget due to effective management and collaboration efforts with the City of Encinitas, contractors, and consultants. More information on this project can be found in the Summary of Completed Capital Improvement Projects section.



New recycled water pipeline being installed along Manchester Avenue

Summary of Capital Expenditures



The District’s capital expenditures include capital item purchases and capital facilities. Total capital expenditures for Fiscal Years 2025 and 2026 are projected to be \$46.3 million, consisting of \$1.03 million in capital item purchases and \$45.3 million in capital facilities.

Capital item purchases are capital and equipment required for the District’s operational needs that cost at least \$10,000 each and have a life of more than three years. These purchases include vehicles, shop and field equipment, office furniture and equipment and computers and peripheral equipment. Summaries of capital item purchases for Fiscal Years 2025 and 2026 can be found on the following pages.

Capital expenditures are costs to complete Board’s approved water and wastewater infrastructure-related projects that require at least one year to complete. Capital expenditures include accumulated costs incurred for a project under construction, including design, construction, and capitalized expenses for District Staff’s time on a project and material/supplies. The District pays its capital improvement program from revenues collected from capacity/annexation fees, user rates and charges accumulated in the Water and Wastewater Capital Equipment Funds, and new debt issuances (when practicable).

The Board adopted a debt management policy that provides guidelines for the use of debt for financing District water and wastewater capital improvement program. The

District's debt management policy can be found in the Introduction section of this document.

When prioritizing and making decisions on funding for its capital improvement project included in the 10-Year Capital Spending Plans, the following criteria are used:

- Safety, restoration of service, immediate need, Board-directed or critical system need.
- System upgrades or requirements to improve or enhance system reliability
- Diversification of water supply portfolio

Capital Improvement Projects- Funding Sources

The District funds its Water and Wastewater Capital Improvement Projects separately from available funds in Water - Capital and Equipment Fund and Wastewater - Capital and Equipment Fund and new debt issuance, when practicable. The breakdown of funding sources and uses in Water- Capital and Equipment Fund and Wastewater-Capital and Equipment Fund are shown on the following pages in this section of the document for illustration. More detailed information on the District's Water-Capital and Equipment Fund and Wastewater-Capital Equipment Fund can be found in financial policy section of this document. More details on projected and forecasted balances in Water- Capital and Equipment and Wastewater- Capital and Equipment funds are provided in the Long-Term Financial Plan section of this document.

For Fiscal Years 2025 and 2026, total projected capital expenditures and small capital item purchases for Water and Wastewater CIP of \$28.2 million and \$18.1 million, respectively, will be financed through PAYGO from reserves available in the Water-Capital and Equipment Fund and Wastewater-Capital and Equipment Fund.

Water-Capital and Equipment Fund:

Proposed potable and recycled water capital budget expenditures for Fiscal Years 2025 and 2026 are \$22.2 million and \$13.5 million, respectively. Proposed potable and recycled capital item purchases for Fiscal Years 2025 and 2026 are \$421 thousand and \$512 thousand, respectively.

Revenues collected from water rates and charges, capacity fees, excess property revenue, and other one-time revenues, such as selling of District's parcels and grant monies, are used to fund Water-Capital and Equipment Fund. The District makes annual contributions from water rates and capacity fees to this fund to provide funding for District water capital improvement projects included in the 10-Year Capital Spending Plan. Cash available in this fund is used to construct, improve, and replace water capital

infrastructure and to purchase capital items approved by the Board and included in the District's Biennial Capital Budget.

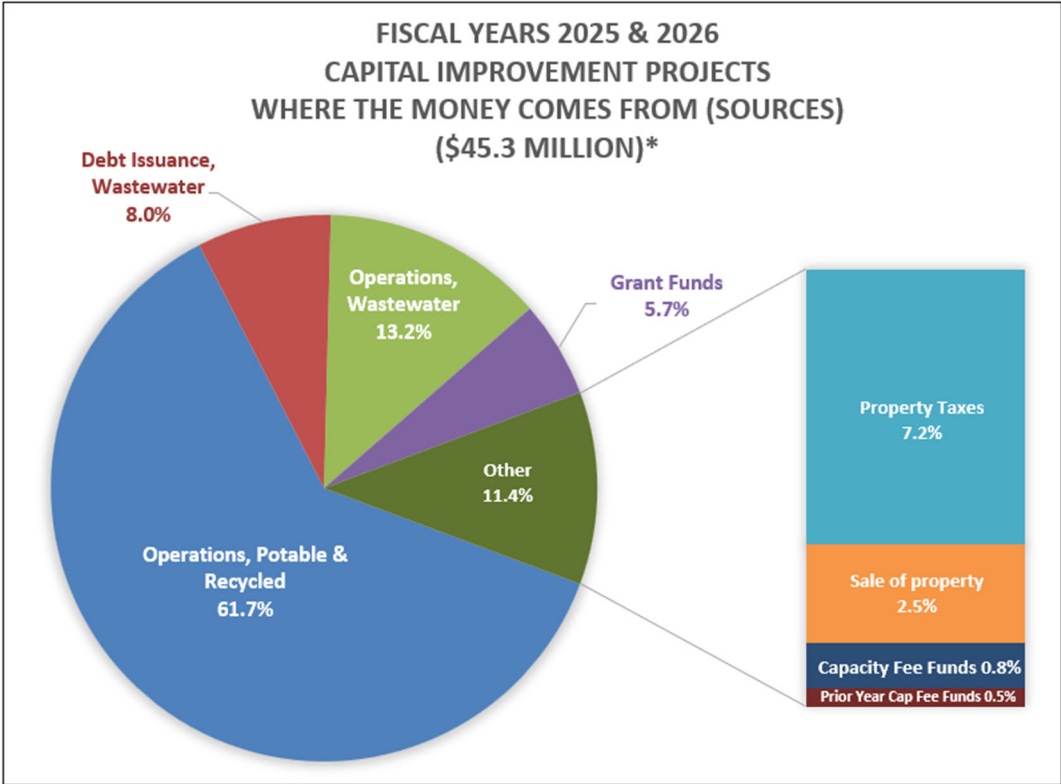
Wastewater-Capital and Equipment Fund:

Proposed wastewater capital budget expenditures for Fiscal Years 2025 and 2026 are \$5.5 million and \$4.1 million, respectively. Proposed wastewater capital item purchases for Fiscal Years 2025 and 2026 are \$46 thousand and \$56 thousand, respectively.

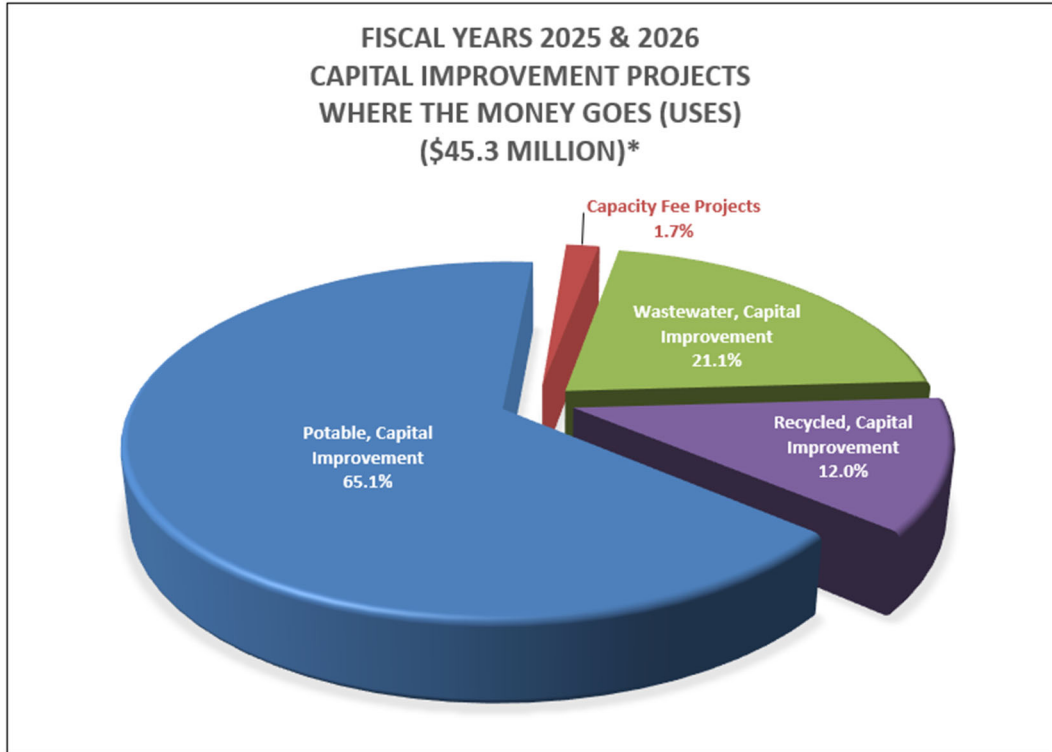
Revenues collected from wastewater rates and charges and annexation fees are funding sources for the Wastewater-Capital and Equipment Fund. The District issued debt in 2021 in the amount of \$5 million to pay for the Neighborhood 1 Sewer Pump Station Project. Detailed information about this project is included in the project summary sheet of this document. The District recently completed its 2024 Wastewater Cost of Service Study. To avoid future wastewater rate hike, the 2024 study is recommending a new debt issuance of \$6.5 million in Fiscal Year 2026 to help finance the District's wastewater capital improvement program.

Additional information on Fiscal Years 2025 and 2026 capital budget expenditures by funding sources is provided in the Capital Improvement Projects Summary and in the Summary of Small Capital Item Purchases sections of this budget document.

More details on each capital improvement project can be found in the CIP Detail by Funding Source section of the budget document.



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



* Total may not add up to 100% due to rounding. Excludes capital item purchases

Olivenhain Municipal Water District
SUMMARY OF SMALL CAPITAL ITEM PURCHASES
WATER, WASTEWATER AND RECYCLED OPERATIONS
Fiscal Year 2025

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *		
				Potable Water	Wastewater	Recycled Water
Shop and Field Equipment Project # D139820 - Potable Water Project # D739820 - Wastewater Project # D839820- Recycled Water	1	Forklift for 4S WRF (Replacement)	36,000	-	22,000	14,000
	1	SXS Honda Pioneer 700 side-by-side (New)	20,000	18,000	-	2,000
	10	Leak Detection Equipment (Replacement)	17,000	15,000	-	2,000
	2	Mobiltext Remote Monitor Unit (New)	6,000	6,000	-	-
	1	CX36B Mini Excavator (New)	100,000	90,000	5,000	5,000
Subtotal Shop and Field Equipment			\$ 179,000	\$ 129,000	\$ 27,000	\$ 23,000
Automotive Equipment Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	Ford F-650 Dump Truck (Replacement)	150,000	128,000	8,000	14,000
	1	Ford F-250 for Sys Ops (Replacement)	60,000	51,000	3,000	6,000
	Subtotal Automotive Equipment			\$ 210,000	\$ 179,000	\$ 11,000
Computer Hardware/Software Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	9	Desktop Computers	16,000	16,000	-	-
	14	Laptops	28,000	28,000		
	2	Servers	20,000	20,000		
	3	Desktop Computers	6,000			6,000
	2	Desktop Computers	4,000		4,000	
	2	Laptops	4,000		4,000	
Subtotal Computer Hardware/Software			\$ 78,000	\$ 64,000	\$ 8,000	\$ 6,000
TOTAL			\$ 467,000	\$ 372,000	\$ 46,000	\$ 49,000

* 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 2026

Asset Class	Qty.	Item Description	Budget Amount	Source of Funds *		
				Potable Water	Wastewater	Recycled Water
Shop and Field Equipment Project # D139820 - Potable Water Project # D739820 - Wastewater Project # D839820- Recycled Water	11	Automated External Defibrillators (AED Machines)	23,000	19,000	4,000	-
	10	Leak Detection Equipment (Replacement)	17,000	15,000	-	2,000
	2	Mobiltext Remote Monitor Unit (New)	6,000	6,000	-	-
Subtotal Shop and Field Equipment			\$ 46,000	\$ 40,000	\$ 4,000	\$ 2,000
Automotive Equipment Project # D139830 - Potable Water Project # D739830 - Wastewater Project # D839830- Recycled Water	1	Crew Truck for Operations (Replacement)	250,000	213,000	13,000	24,000
	1	PV 500 Vacuum Excavator Trailer (Replacement)	100,000	90,000	5,000	5,000
	1	F-450 Flatbed Truck for Operations (Replacement)	75,000	64,000	4,000	7,000
				-	-	-
Subtotal Automotive Equipment			\$ 425,000	\$ 367,000	\$ 22,000	\$ 36,000
Computer Hardware/Software Project # D139860- Potable Water Project # D739860 - Wastewater Project # D839860 - Recycled Water	6	Potable Desktop Computers	11,000	11,000	-	-
	9	Potable Laptops	20,000	20,000	-	-
	3	Potable Servers	35,000	35,000	-	-
	3	Wastewater Desktop Computers	6,000	-	6,000	-
	4	Wastewater Laptops	8,000	-	8,000	-
	1	Wastewater Servers	10,000	-	10,000	-
	1	Recycled Desktop Computers	2,000	-	-	2,000
	2	Recycled Laptops	5,000	-	-	5,000
			-	-	-	
Subtotal Computer Hardware/Software			\$ 97,000	\$ 66,000	\$ 24,000	\$ 7,000
				Potable Water	Wastewater	Recycled Water
TOTAL			\$ 568,000	\$ 473,000	\$ 50,000	\$ 45,000

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

**Olivenhain Municipal Water District
Capital Improvement Projects Summary
Fiscal Years 2025 and 2026**

Project Name	Total Project Budget	FY 2025 Capital Expenditures Capital Improvement Funds *			Total FY 2025 Capital Exp.	FY 2026 Capital Expenditures Capital Improvement Funds *			Total FY 2026 Capital Exp.	
		Water	Recycled	Wastewater		Water	Recycled	Wastewater		
On-Going Projects										
San Dieguito Valley Groundwater Desalination Plant	75,437,000	(1)	417,000	-	-	417,000	344,000	-	-	344,000
DCMWTP 4th Stage Centrifuge Addition	3,340,000		2,956,000	-	-	2,956,000	-	-	-	-
RSF Unit A North PL Repl	2,094,000		1,428,000	-	-	1,428,000	-	-	-	-
District-Wide PLC Replacements (PW/RCW)	1,466,000		1,237,000	-	-	1,237,000	-	-	-	-
Gardendale PRS Replacement	1,110,000		984,000	-	-	984,000	-	-	-	-
Village Park PRS Replacement	1,110,000		969,000	-	-	969,000	-	-	-	-
Advanced Metering Infrastructure (AMI)	1,454,000		715,000	-	-	715,000	-	-	-	-
Encinitas Blvd Pipeline Inspection and Rehab	677,000		271,000	-	-	271,000	403,000	-	-	403,000
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	671,000		668,000	-	-	668,000	-	-	-	-
Rancho La Cima/Aliso Canyon PL Relocation	315,000		102,000	-	-	102,000	150,000	-	-	150,000
Golem 14" Pipeline Inspection and Rehab	150,000		133,000	-	-	133,000	-	-	-	-
PW and RCW Master Plan Update	1,133,000		117,000	-	-	117,000	-	-	-	-
Tank Safety Improvements	1,900,000		516,000	-	-	516,000	-	-	-	-
District Wide Scada Upgrades	256,000		127,000	-	-	127,000	-	-	-	-
District Wide Physical Security Improvements	130,000		52,000	-	-	52,000	-	-	-	-
DCMWTP Chlorine Gen Rm Lining Rehab	145,000		123,000	-	-	123,000	-	-	-	-
Unit B & K Rehab	2,142,000		327,000	-	-	327,000	1,000,000	-	-	1,000,000
Palms I and II Reservoirs Replacem	1,792,000		194,000	-	-	194,000	303,000	-	-	303,000
EFRR Parking Lot Expansion	1,385,000		381,000	-	-	381,000	909,000	-	-	909,000
CIS Infinity System Upgrade	400,500		213,000	-	-	213,000	184,000	-	-	184,000
Fleet Electrification Project (PW/RCW)	2,450,000		165,000	-	-	165,000	750,000	-	-	750,000
DCMWTP 2nd Stage Membrane Train Overhaul	472,500		126,000	-	-	126,000	100,000	-	-	100,000
Galle Barcelona, VP, & Summerhill HOA Exten	4,145,000		-	3,298,000	-	3,298,000	-	-	-	-
Wanket RW Reservoir Rehabilitation	175,000		-	157,000	-	157,000	-	-	-	-
Manchester Recycled Pipeline Ext.	150,000		-	129,000	-	129,000	-	-	-	-
Headworks Screening System Improvements	3,369,000		-	-	1,034,000	1,034,000	-	1,890,000	-	1,890,000
District-Wide PLC Replacements (WW)	1,456,000		-	-	1,261,000	1,261,000	-	-	-	-
Rehab Neighborhood 1 Pump Station	8,132,000		-	-	1,903,000	1,903,000	-	-	-	-
Replace Overflow Pond Strainer	50,000		-	-	37,000	37,000	-	-	-	-
4S WRF SCADA Upgrades (Inductive Automation)	64,000		-	-	16,000	16,000	-	-	-	-
Total, On-going Projects	117,571,000		12,221,000	3,584,000	4,251,000	20,056,000	4,143,000	-	1,890,000	6,033,000
Recurring Replacement Projects										
Network Security	1,210,000		100,000	-	-	100,000	104,000	-	-	104,000
Replace Pumps and Motors	2,004,000		175,000	-	-	175,000	180,000	-	-	180,000
Replace Potable Meters	9,304,000		830,000	-	-	830,000	927,000	-	-	927,000
Replace Pipelines	5,725,000		500,000	-	-	500,000	515,000	-	-	515,000
Replace Valves	8,604,000		750,000	-	-	750,000	773,000	-	-	773,000
Steel Mains Protection	3,484,000		304,000	-	-	304,000	313,000	-	-	313,000
Replace Meter Anodes	1,811,000		158,000	-	-	158,000	163,000	-	-	163,000
Rehab Concrete Tanks	295,000		25,000	-	-	25,000	26,000	-	-	26,000
Replace PRS Valves	642,000		54,000	-	-	54,000	56,000	-	-	56,000
Replace DCM WTP Membranes	11,231,000		936,000	-	-	936,000	973,000	-	-	973,000
WTP Misc Equipment and Instrumentation Replacement	1,434,000		100,000	-	-	100,000	106,000	-	-	106,000
WTP Membrane Train Control Wiring Replacement	395,000		35,000	-	-	35,000	36,000	-	-	36,000
Recycled Conversions (formerly Retrofit Potable to Recycled)	819,000		-	65,000	-	65,000	-	80,000	-	80,000
Replace Recycled Meters	543,000		-	30,000	-	30,000	-	41,000	-	41,000
Replace Recycled Pipeline	590,000		-	50,000	-	50,000	-	52,000	-	52,000
Replace Recycled Valves	850,000		-	75,000	-	75,000	-	77,000	-	77,000
4S WRF Physical Security Upgrades	180,000	(2)	-	12,000	18,000	30,000	-	12,000	18,000	30,000
Small Pump and Motor Replacement Program	2,539,000	(2)	-	80,000	120,000	200,000	-	85,000	128,000	213,000
Miscellaneous Equipment Replacement Program	269,000	(2)	-	12,000	18,000	30,000	-	12,000	18,000	30,000
Valve and Gate Replacement Program	935,000	(2)	-	-	-	-	-	10,000	15,000	25,000
Collection System Pipeline Rehabilitation and Replacement	865,000		-	-	75,000	75,000	-	-	78,000	78,000
Collection System Manhole Rehabilitation Program	770,000		-	-	43,000	43,000	-	-	71,000	71,000
Pump Station Rehabilitation and Maintenance Program	813,000		-	-	50,000	50,000	-	-	75,000	75,000
Total, Recurring Projects	55,312,000		3,967,000	324,000	324,000	4,615,000	4,172,000	369,000	403,000	4,944,000
Proposed Projects										
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,784,000		577,000	-	-	577,000	1,207,000	-	-	1,207,000
DCMWTP Bridge Crane Rehab	65,000		65,000	-	-	65,000	-	-	-	-
DCMWTP Inlet Strainer MOV Actuator Replacement	63,000		63,000	-	-	63,000	-	-	-	-
DCMWTP 1st Stage Beam Replacement	2,206,000		560,000	-	-	560,000	980,000	-	-	980,000
Dusty Trail PL Replacement	1,180,000		120,000	-	-	120,000	710,000	-	-	710,000
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	708,000		180,000	-	-	180,000	528,000	-	-	528,000
Harris Ranch Right-of-Way Acquisition	150,000		-	-	-	-	150,000	-	-	150,000
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	142,000		-	-	-	-	142,000	-	-	142,000
RSF Rd Pipeline Inspection	688,000		-	-	-	-	164,000	-	-	164,000
Del Lago PRS Replacement	969,000		-	-	-	-	123,000	-	-	123,000
Site Asphalt Improvements	200,000		60,000	-	-	60,000	50,000	-	-	50,000
Access improvements to pipe below Gano to San Dieguito Road	75,000		20,000	-	-	20,000	55,000	-	-	55,000
Off-Spec and High Flow Diversion Pipeline	294,000		-	244,000	-	244,000	-	-	-	-
Santa Fe Valley RW Reservoir Improvements	150,000		-	150,000	-	150,000	-	-	-	-
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	514,000		-	75,000	-	75,000	-	439,000	-	439,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	147,000		-	22,000	-	22,000	-	125,000	-	125,000
Upgrade Filter Electrical	118,000		-	17,000	-	17,000	-	101,000	-	101,000
Replace Existing 75 HP Digester Blower	263,000		-	-	263,000	263,000	-	-	-	-
Off-Spec and High Flow Diversion Pipeline	391,000		-	-	366,000	366,000	-	-	25,000	25,000
Del Dios SPS Structural Improvements	773,000		-	-	139,000	139,000	-	-	634,000	634,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	772,000		-	-	113,000	113,000	-	-	659,000	659,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	220,000		-	-	32,000	32,000	-	-	188,000	188,000
Fleet Electrification (WW)	950,000		-	-	15,000	15,000	-	-	187,000	187,000
Neighborhood #3 Liner Improvements	84,000		-	-	-	-	-	-	84,000	84,000
Total, Proposed Projects	12,906,000		1,645,000	508,000	928,000	3,081,000	4,109,000	665,000	1,777,000	6,551,000
Total All Projects	\$ 185,789,000		\$ 17,833,000	\$ 4,416,000	\$ 5,503,000	\$ 27,752,000	\$ 12,424,000	\$ 1,034,000	\$ 4,070,000	\$ 17,528,000

* Includes Capacity Fee and Capital and Equipment Funds

(1) This project is still being considered by the Board. Construction costs have been deferred until FY 2032.

(2) These are multi-fund projects with 70% of the cost being funded by Wastewater and 30% by Recycled.

Significant Capital Improvement Projects

A list of significant capital improvement projects, with at least \$1 million in capital expenditures in Fiscal Years 2025 and 2026, are summarized below:

<u>Project</u>	<u>FY 2025 Capital Expenditures</u>	<u>FY 2026 Capital Expenditures</u>	<u>Total Cost to Complete</u>
Rehab Neighborhood 1 Pump Station	1,903,000	-	8,132,000
Calle Barcelona, VP, & Summerhill HOA Extension	3,298,000	-	4,145,000
Headworks Screening System Improvements	1,034,000	1,890,000	3,369,000
DCMWTP 4th Stage Centrifuge Addition	2,956,000	-	3,340,000
Fleet Electrification Project - Water & Wastewater	180,000	937,000	3,400,000
DCMWTP 1st Stage Beam Replacement	560,000	980,000	2,206,000
Unit B & K Rehab	327,000	1,000,000	2,142,000
RSF Unit A North PL Replacement	1,428,000	-	2,094,000
Palms I and II Reservoirs Replacement	194,000	303,000	1,792,000
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	577,000	1,207,000	1,784,000
District-Wide PLC Replacements - Water & Wastewater	2,498,000	-	2,922,000
Advanced Metering Infrastructure (AMI)	715,000	-	1,454,000
EFRR Parking Lot Expansion	381,000	909,000	1,385,000
Dusty Trail PL Replacement	120,000	710,000	1,180,000
Gardendale PRS Replacement	984,000	-	1,110,000
Village Park PRS Replacement	969,000	-	1,110,000
San Dieguito Valley Groundwater Desalination Plant (A)	417,000	344,000	75,437,000
Total	18,541,000	8,280,000	117,002,000

(A) This project is still being considered by the Board. A debt issuance of \$47 million is proposed to pay for construction of the project based on the Economic Feasibility Assessment Report released in June 2023. The District is pursuing federal and state grants and other funding opportunities to pay for at least 25% of the costs.

The enclosed project summary sheets contain details of each significant project including each project's potential impact on District water and wastewater operations, where applicable. To replace and maintain existing water and wastewater facilities, the District has developed Recurring Replacement Projects in the 10-Year Capital Spending Plan.

Project Summary

Project 1.

4S Ranch Neighborhood 1 Sewer Pump Station (SPS) Rehab

Project Description

Replacement of the SPS (except for certain structural components) to include new pumps, electrical systems, instrumentation and vault.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2014	FY 2022	1,140,000
<i>Construction Phase</i>	FY 2023	FY 2025	6,992,000
Total			\$ 8,132,000
<i>Total Spent Through FY 2024</i>			

Funding Source

Wastewater capital improvement funds.

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	(5,000)	Anticipate saving overtime costs due to a decrease in after-hours calls. New system has a chopper pump to eliminate stuck pumps.
<i>Other</i>	-	The new SPS will be more cost-effective due to more efficient motors and VFDs including elimination of submersible pumps which are susceptible to electrical shorting.
	\$ (5,000)	

Non-Financial Impacts

More reliable operation due to duplicity of equipment and elimination of submersible pumps will reduce likelihood of emergencies and spills. The project is also addressing electrical equipment that was in poor condition from corrosion and improving reliability and safety.

Why is Project Necessary

Redesign will eliminate maintenance and reliability issues which require significant staff time for correction. Replacement of the SPS will increase efficiency by resizing the new pumps, and replace/upgrade electrical equipment.

Project Summary

Project 2.

Calle Barcelona, VP, & Summerhill HOA Extension

Project Description

Approx 5400 ft of recycled water main extensions will extend District recycled water service to customers in Village Park and La Costa areas of the District. Title XVI grant money will be used to fund a portion of the project.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2022	FY 2023	500,000
<i>Construction Phase</i>	FY 2024	FY 2025	3,645,000
Total			\$ 4,145,000
<i>Total Spent Through FY 2024</i>			\$ 847,000

Funding Source

Water capital improvement and grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - expansion of system will be managed with existing staff; future O&M will be limited
<i>Other</i>	-	None
\$	-	

Non-Financial Impacts

Expansion of recycled water system will help make the District less dependent on potable water for irrigation purposes.

Why is Project Necessary

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

Project Summary

Project 3.

Headworks System Improvements

Project Description

To provide redundancy and improve operational performance, a parallel automatic screen and wash press will be installed in place of the existing manual bar rack. Project includes improvements to the grit handling equipment and odor scrubber.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2018	FY 2024	406,000
<i>Construction Phase</i>	FY 2025	FY 2026	2,963,000
Total			\$ 3,369,000
<i>Total Spent Through FY 2024</i>			

Funding Source

Wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited - additional equipment will have limited additional O&M
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

To provide redundancy in the event of a headworks screen failure. With a redundant screen system, the plant can remain in operation while maintenance and repairs are performed.

Project Summary

Project 4.

DCMWTP 4th Stage Centrifuge Addition

Project Description

Upgrades to the 4th stage of the DCMWTP, including addition of a second dewatering centrifuge, will increase system reliability and provide operational flexibility.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2022	FY 2024	340,000
<i>Construction Phase</i>	FY 2024	FY 2026	3,000,000
Total			\$ 3,340,000
<i>Total Spent Through FY 2024</i>			\$ 384,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - system will continue to be managed with existing staff
<i>Other</i>	-	Limited - additional equipment will have limited additional O&M
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Upgrades to the 4th stage of the DCMWTP, including addition of a second dewatering centrifuge, will increase system reliability and provide operational flexibility.

Project Summary

Project 5.

Fleet Electrification Project (Water & Wastewater)

Project Description

Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2024	FY 2025	620,000
<i>Construction Phase</i>	FY 2026	FY 2027	2,780,000
Total			\$ 3,400,000
<i>Total Spent Through FY 2024</i>			\$ 45,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Project is in the feasibility stage. Impact to operating costs is difficult to estimate at this time.
<i>Other</i>	-	
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Comply with legislative guidelines.

Project Summary

Project 6.

DCMWTP 1st Stage Beam Replacement

Project Description

Based on 2024 condition assessment results, replace structural membrane support beams in all 1st-Stage basins

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2025	420,000
<i>Construction Phase</i>	FY 2026	FY 2027	1,786,000
Total			\$ 2,206,000

Total Spent Through FY 2024

\$ -

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Results of the 2024 condition assessment determined structural aluminum support beams are inadequate to support stacked cassettes.

Project Summary

Project 7.

Unit B & K Pipeline Rehabilitation

Project Description

This project will replace defects in the interior lining of the Unit B and Unit K pipelines based on condition assessment results from 2019 inspections.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2026	327,000
<i>Construction Phase</i>	FY 2026	FY 2027	1,815,000
Total			\$ 2,142,000
<i>Total Spent Through FY 2024</i>			\$ 235,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

Reduce unplanned potable water service interruptions, improve water loss.

Why is Project Necessary

Condition assessment inspections revealed areas of internal corrosion and missing lining material. Project will repair those areas of defect and prolong the useful life of the pipelines.

Project Summary

Project 8.

Rancho Santa Fe Road Unit A North Pipeline Replacement

Project Description

This project will replace or rehab 1500-ft of 1961 12-inch steel pipeline with new PVC including connections to Avenida La Posta.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2022	FY 2024	228,000
<i>Construction Phase</i>	FY 2024	FY 2025	1,866,000
Total			\$ 2,094,000
<i>Total Spent Through FY 2024</i>			\$ 666,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

The existing pipeline, which was put into service in 1961, is nearing the end of its useful life and needs to be replaced before a major failure occurs.

Project Summary

Project 9.

Palms I and II Reservoirs Replacement

Project Description

Replacement of the existing 0.6MG and 1.2MG Palms I and II reservoirs with a pressure reducing station to supply necessary water pressure/supply to Pressure Zone 321.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2025	150,000
<i>Construction Phase</i>	FY 2026	FY 2026	1,642,000
Total			\$ 1,792,000
<i>Total Spent Through FY 2024</i>			\$ 83,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited - new and rehabilitated infrastructure will have limited additional O&M
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Existing tanks are aging and no longer needed for supply. Replace existing tanks with PR stations instead of rehabilitating two aging tanks.

Project Summary

Project 10.

DCMWTP 2nd Stage Basin Rehab and Beam Replacement

Project Description

Based on 2024 condition assessment results, rehabilitate all three 2nd stage basins to replace liner and repair concrete, rehabilitate the associated pipe supports, and replace all cassette support beams in each basin.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2025	360,000
<i>Construction Phase</i>	FY 2026	FY 2027	1,424,000
Total			\$ 1,784,000
<i>Total Spent Through FY 2024</i>			\$ -

Funding Source

Water capital improvement funds.

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Condition assessment revealed failed liner and degraded concrete behind liner. Also, condition assessment determined structural aluminum support beams are inadequate to support stacked cassettes.

Project Summary

Project 11.

District-Wide PLC Replacements (Water & Wastewater)

Project Description

Many PLCs are at end of life and will no longer be supported. This project will encompass potable, recycled water, and wastewater.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2022	FY 2022	322,000
<i>Construction Phase</i>	FY 2023	FY 2025	2,600,000
Total			\$ 2,922,000
<i>Total Spent Through FY 2024</i>			\$ 229,000

Funding Source

Water and wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

Increase the reliability of PLCs throughout the District's system and reduce unplanned service interruptions.

Why is Project Necessary

Existing PLC units are at end of life and no longer supported by manufacturer. Replacement of critical PLCs with supported units will ensure continuity of service throughout the District.

Project Summary

Project 12.

Advanced Metering Infrastructure (AMI)

Project Description

The District is planning to replace all AMR (Automated Meter Reading) meters which are read by the "drive-by" system, to AMI meters which can be read by radio-read towers.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Current Biennial Years</i>	FY 2023	FY 2024	
<i>Future Fiscal Years</i>	FY 2025	FY 2025	
Total			\$ 1,454,000

Total Spent Through FY 2024

\$ 739,000

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

Funding Source

Water capital improvement and grant funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<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>	-	Limited - additional equipment will have limited additional O&M
\$	-	

Non-Financial Impacts

Customers will be able to access real-time usage data from the AMI system, which will help them better manage their water use and reduce water loss by finding potential leaks prior to their meter being read.

Why is Project Necessary

AMI will allow staff to continue providing a high level of customer service while reaping the benefits of the latest meter-reading technology. The AMR system provides meter data once per month, whereas the AMI system provides meter data up to several times per day. The AMI system will enable greater conservation efforts, help pinpoint leaks on a timely basis, allow customers access to read data to better manage their usage, and reduce water loss.

Project Summary

Project 13.

EFRR Parking Lot Expansion

Project Description

This project will expand the parking lot at the Elfin Forest Recreation Reserve and will be partially funded with grants.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2015	FY 2025	258,000
<i>Construction Phase</i>	FY 2026	FY 2027	1,127,000
Total			\$ 1,385,000
<i>Total Spent Through FY 2024</i>			\$ 95,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - system will continue to be managed with existing staff
<i>Other</i>	-	Limited - additional infrastructure will have limited additional O&M
\$	-	

Non-Financial Impacts

Increased safety by allowing more visitors to park in the expanded parking lot rather than on the main road heading into EFRR.

Why is Project Necessary

To increase the overflow parking lot capacity to accommodate the public's growing recreation demand due to population increases and development. Expansion of the overflow parking lot will renovate an existing 16-stall parking lot to an approximate 60-stall parking lot.

Project Summary

Project 14.

Dusty Trail PL Replacement

Project Description

Replacement of existing 10" ACP pipeline on Dusty Trail which has failed numerous times over the past several years. Includes easement access improvements over a portion of the pipeline.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2025	FY 2026	120,000
<i>Construction Phase</i>	FY 2027	FY 2027	1,060,000
Total			\$ 1,180,000
<i>Total Spent Through FY 2024</i>			\$ -

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Several repairs along pipeline. Pipeline needs to be replaced before major failure occurs.

Project Summary

Project 15.

Gardendale PRS Replacement

Project Description

Pressure reducing station constructed in 1972 is at end of life and requires replacement.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2022	FY 2024	160,000
<i>Construction Phase</i>	FY 2025	FY 2025	950,000
Total			\$ 1,110,000
<i>Total Spent Through FY 2024</i>			\$ 126,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Existing PRS at the end of its useful life and needs to be replaced to sustain system pressure zones.

Project Summary

Project 16.

Village Park PRS Replacement

Project Description

Pressure reducing station constructed in 1978 is at end of life and requires replacement.

Estimated Schedule and Costs

	Start	Finish	Cost
<i>Planning and Design Phase</i>	FY 2022	FY 2024	170,000
<i>Construction Phase</i>	FY 2025	FY 2025	940,000
Total			\$ 1,110,000
<i>Total Spent Through FY 2024</i>			\$ 141,000

Funding Source

Water capital improvement funds

Estimated Annual Impact on Operating Costs

	INC (DEC)	COMMENTS
<i>Labor and Benefits</i>	-	Limited - rehabilitated system will continue to be managed with existing staff
<i>Other</i>	-	Limited
\$	-	

Non-Financial Impacts

None.

Why is Project Necessary

Existing PRS at the end of its useful life and needs to be replaced to sustain system pressure zones.

Project Summary

Project 17.

San Dieguito Groundwater Desalination

Project Description

This project is in the early feasibility/design stage. The District is planning a brackish groundwater desalination project to provide 1.0 million gallons per day local water supply to its customers. The supply will come from the San Dieguito Groundwater Basin. A pipeline would deliver the raw water to a reverse osmosis desalination 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 Phase</i>	FY 2012	FY 2029	9,701,000
<i>Construction Phase</i>	FY 2032	FY 2033	65,736,000
Total			\$ 75,437,000
<i>Total Spent Through FY 2024</i>			

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>	-	Project is in the feasibility stage. Impact of operating costs is difficult to estimate at this time.
<i>Other</i>	-	
\$	-	

Non-Financial Impacts

Less dependent on imported water supply as stated below.

Why is Project Necessary

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

Note: This project is still being considered by the Board. A debt issuance of \$47 million is proposed to pay for construction of the project based on the Economic Feasibility Assessment Report released in June 2023. The District is pursuing federal and state grants and other funding opportunities to pay for at least 25% of the costs.

Recurring Replacement Projects

Infrastructure Replacement Program

Project Description

This summarizes major replacement and betterment projects (budgets of \$1 million or more) which are included in the 10-Year Plan. Various infrastructure components will be replaced annually, based on historical information (year placed in service, etc.), maintenance records and prioritized need.

Projects:

- Replace DCM WTP Membranes*
- Replace Potable Meters*
- Replace Valves*
- Replace Pipelines*
- Steel Mains Protection*
- Replace Pumps and Motors*
- Replace Meter Anodes*
- Small Pump and Motor Replacement Program - Wastewater*
- WTP Misc Equipment and Instrumentation Replacement*
- Network Security*
- Small Pump and Motor Replacement Program - Recycled*
- Total**

FY 2025	FY 2026	FY 2027 - 2034	Total
936,000	973,000	9,322,000	11,231,000
830,000	927,000	7,547,000	9,304,000
750,000	773,000	7,081,000	8,604,000
500,000	515,000	4,710,000	5,725,000
304,000	313,000	2,867,000	3,484,000
175,000	180,000	1,649,000	2,004,000
158,000	163,000	1,490,000	1,811,000
120,000	128,000	1,275,000	1,523,000
100,000	106,000	1,228,000	1,434,000
100,000	104,000	1,006,000	1,210,000
80,000	85,000	851,000	1,016,000
\$ 4,053,000	\$ 4,267,000	\$ 39,026,000	\$ 47,346,000

Funding Sources

Water and wastewater capital improvement funds

Estimated Annual Impact on Operating Costs

- Labor and Benefits*
- Other*

INC (DEC)	COMMENTS
-	Anticipate saving overtime costs due to a decrease in after-hours calls due to system leaks.
-	None
\$ -	

Non-Financial Impacts

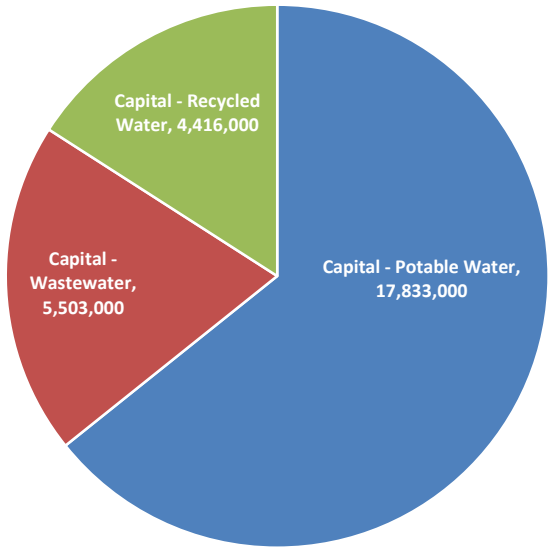
Customer service is negatively impacted when the District has unanticipated service shut-downs from equipment or system failures. The District wants to assure ratepayers that we have a plan for the orderly replacement of major facilities.

Why Projects are Necessary

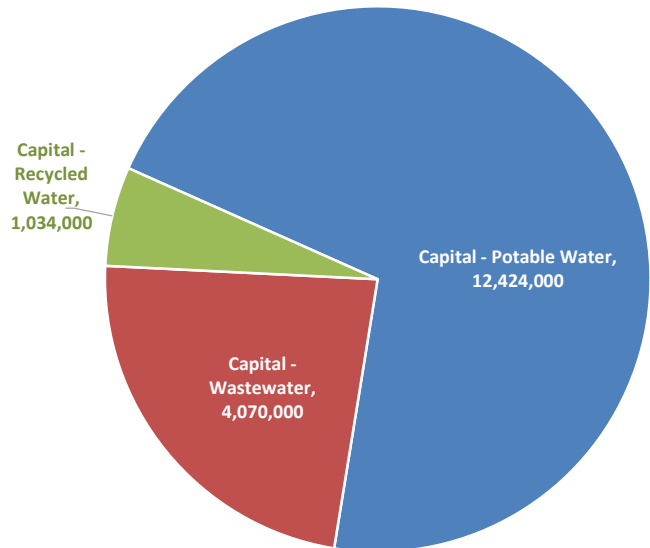
The District is shifting it's focus from building new infrastructure, to replacing existing infrastructure. Planned replacement makes better use of District resources and allows the District to budget costs in a methodical manner, thereby avoiding spending spikes as well as having sufficient funds available.

Capital Improvement Project Expenditures By Fund

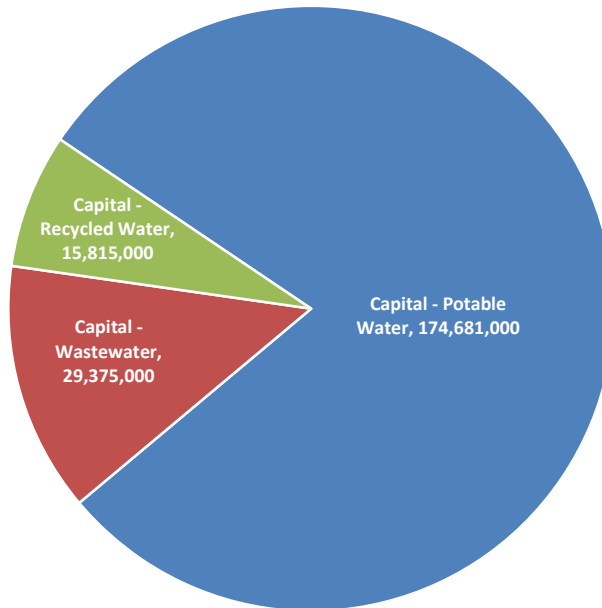
**FY 2025 Capital Expenditures
by Funding Sources (\$27.8 million)***



**FY 2026 Capital Expenditures
by Funding Sources (\$17.5 million)***



**10 Year Capital Improvement Project
Expenditures by Fund (\$219.9 million)*
FY 2025-2034**



* Total amounts are rounded

Olivenhain Municipal Water District
 Fiscal Years 2025 and 2026 Capital Improvement Program - Budget Review
 Capital Improvement Fund - Water (Potable and Recycled)

Project Name	Construction in Progress Budget			
	Project Budget 7/1/2023	Approved FY 2024	Increase (Decrease)	Project Budget 7/1/2024
On-Going Projects				
San Dieguito Valley Groundwater Desalination Plant (1)	42,837,000	-	32,600,000	75,437,000
DCMWTP 4th Stage Centrifuge Addition	3,340,000	-	-	3,340,000
RSF Unit A North PL Repl	2,094,000	-	-	2,094,000
District-Wide PLC Replacements (PW/RCW)	1,280,000	186,000	-	1,466,000
Gardendale PRS Replacement	960,000	-	150,000	1,110,000
Village Park PRS Replacement	960,000	-	150,000	1,110,000
Advanced Metering Infrastructure (AMI)	2,416,000	-	(962,000)	1,454,000
Encinitas Blvd Pipeline Inspection and Rehab	682,000	-	(5,000)	677,000
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	250,000	-	421,000	671,000
Rancho La Cima/Aliso Canyon PL Relocation	300,000	-	15,000	315,000
Golem 14" Pipeline Inspection and Rehab	150,000	-	-	150,000
PW and RCW Master Plan Update	583,000	-	550,000	1,133,000
Tank Safety Improvements	590,000	-	1,310,000	1,900,000
District Wide Scada Upgrades	256,000	-	-	256,000
District Wide Physical Security Improvements	240,000	-	(110,000)	130,000
DCMWTP Chlorine Gen Rm Lining Rehab	145,000	-	-	145,000
Unit B & K Rehab	2,095,000	-	47,000	2,142,000
Palms I and II Reservoirs Replacem	1,307,000	-	485,000	1,792,000
EFRR Parking Lot Expansion	990,000	-	395,000	1,385,000
CIS Infinity System Upgrade	305,000	-	95,500	400,500
Fleet Electrification Project (PW/RCW)	150,000	-	2,300,000	2,450,000
DCMWTP 2nd Stage Membrane Train Overhaul	807,500	-	(335,000)	472,500
Calle Barcelona, VP, & Summerhill HOA Exten	2,645,000	1,500,000	-	4,145,000
Wanket RW Reservoir Rehabilitation	150,000	-	25,000	175,000
Manchester Recycled Pipeline Ext.	5,225,000	-	(5,075,000)	150,000
Recurring Replacement Projects				
Network Security	1,175,000	-	35,000	1,210,000
Replace Pumps and Motors	1,022,000	-	982,000	2,004,000
Replace Potable Meters	4,921,000	-	4,383,000	9,304,000
Replace Pipelines	8,983,000	-	(3,258,000)	5,725,000
Replace Valves	8,856,000	-	(252,000)	8,604,000
Steel Mains Protection	3,375,000	80,000	29,000	3,484,000
Replace Meter Anodes	1,754,000	-	57,000	1,811,000
Rehab Concrete Tanks	904,000	-	(609,000)	295,000
Replace PRS Valves	602,600	-	39,400	642,000
Replace DCM WTP Membranes	8,970,000	-	2,261,000	11,231,000
WTP Misc Equipment and Instrumentation Replacement	-	-	1,434,000	1,434,000
WTP Membrane Train Control Wiring Replacement	-	-	395,000	395,000
Recycled Conversions (formerly Retrofit Potable to Recycled)	719,000	-	100,000	819,000
Replace Recycled Meters	241,000	-	302,000	543,000
Replace Recycled Pipeline	-	-	590,000	590,000
Replace Recycled Valves	-	-	850,000	850,000
4S WRF Physical Security Upgrades (2)	-	-	72,000	72,000
Small Pump and Motor Replacement Program (2)	-	-	1,016,000	1,016,000
Miscellaneous Equipment Replacement Program (2)	-	-	108,000	108,000
Valve and Gate Replacement Program (2)	-	-	374,000	374,000
<i>Total, On-Going and Replacement Projects</i>	\$ 112,280,100	\$ 1,766,000	\$ 40,964,900	\$ 155,011,000
Proposed New Projects				
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	-	-	1,784,000	1,784,000
DCMWTP Bridge Crane Rehab	-	-	65,000	65,000
DCMWTP Inlet Strainer MOV Actuator Replacement	-	-	63,000	63,000
DCMWTP 1st Stage Beam Replacement	-	-	2,206,000	2,206,000
Dusty Trail PL Replacement	-	-	1,180,000	1,180,000
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	-	-	708,000	708,000
Harris Ranch Right-of-Way Acquisition	-	-	150,000	150,000
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	-	-	142,000	142,000
RSF Rd Pipeline Inspection	-	-	688,000	688,000
Del Lago PRS Replacement	-	-	969,000	969,000
Site Asphalt Improvements	-	-	200,000	200,000
Access improvements to pipe below Gano to San Dieguito Road	-	-	75,000	75,000
Off-Spec and High Flow Diversion Pipeline	-	-	294,000	294,000
Santa Fe Valley RW Reservoir Improvements	-	-	150,000	150,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	-	-	514,000	514,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	-	-	147,000	147,000
Upgrade Filter Electrical	-	-	118,000	118,000
<i>Total, Proposed New Projects</i>	\$ -	\$ -	\$ 9,453,000	\$ 9,453,000
Total	\$ 112,280,100	\$ 1,766,000	\$ 50,417,900	\$ 164,464,000

(1) This project is still being considered by the Board. A debt issuance of \$47 million is proposed to pay for construction of the project based on the Economic Feasibility Assessment Report released in June 2023. The District is pursuing federal and state grants and other funding opportunities to pay for at least 25% of the costs.

(2) These projects are also funded by wastewater, only the costs funded by recycled are shown here.

Olivenhain Municipal Water District
 Fiscal Years 2025 and 2026 Capital Improvement Program - Expenditure and Appropriation Review
 Capital Improvement Fund - Water (Potable and Recycled)

Project Name	Capital Project Budget	Projected 10-Year Capital Expenditures					Construction in Progress Appropriation						
		Carryover at 6/30/2024	FY2025	FY2026	FYs 2027-2034	Total	As of 7/1/2023	Approved FY2024	Adjust	Balance 7/1/2024	Adjust	Balance 7/1/2025	
On-Going Projects													
San Dieguito Valley Groundwater Desalination Plant	(1) 75,437,000	6,612,000	417,000	344,000	68,064,000	75,437,000	6,662,000	-	367,000	7,029,000	344,000	7,373,000	
DCMWTP 4th Stage Centrifuge Addition	3,340,000	384,000	2,956,000	-	-	3,340,000	3,340,000	-	-	3,340,000	(3,340,000)	-	
RSF Unit A North PL Repl	2,094,000	666,000	1,428,000	-	-	2,094,000	2,094,000	-	-	2,094,000	(2,094,000)	-	
District-Wide PLC Replacements (PW/RCW)	1,466,000	229,000	1,237,000	-	-	1,466,000	1,280,000	186,000	-	1,466,000	(1,466,000)	-	
Gardendale PRS Replacement	1,110,000	126,000	984,000	-	-	1,110,000	960,000	-	150,000	1,110,000	(1,110,000)	-	
Village Park PRS Replacement	1,110,000	141,000	969,000	-	-	1,110,000	960,000	-	150,000	1,110,000	(1,110,000)	-	
Advanced Metering Infrastructure (AMI)	1,454,000	739,000	715,000	-	-	1,454,000	679,000	60,000	715,000	1,454,000	(1,454,000)	-	
Encinitas Blvd Pipeline Inspection and Rehab	677,000	3,000	271,000	403,000	-	677,000	145,000	-	129,000	274,000	403,000	677,000	
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	671,000	3,000	668,000	-	-	671,000	250,000	-	421,000	671,000	(671,000)	-	
Rancho La Cima/Aliso Canyon PL Relocation	315,000	63,000	102,000	150,000	-	315,000	165,000	-	-	165,000	150,000	315,000	
Golem 14" Pipeline Inspection and Rehab	150,000	17,000	133,000	-	-	150,000	150,000	-	-	150,000	(150,000)	-	
PW and RCW Master Plan Update	1,133,000	466,000	117,000	-	550,000	1,133,000	583,000	-	-	583,000	(583,000)	-	
Tank Safety Improvements	1,900,000	74,000	516,000	-	900,000	1,490,000	590,000	-	-	590,000	(590,000)	-	
District Wide Scada Upgrades	256,000	129,000	127,000	-	-	256,000	256,000	-	-	256,000	(256,000)	-	
District Wide Physical Security Improvements	130,000	78,000	52,000	-	-	130,000	150,000	(20,000)	-	130,000	(130,000)	-	
DCMWTP Chlorine Gen Rm Lining Rehab	145,000	22,000	123,000	-	-	145,000	145,000	-	-	145,000	(145,000)	-	
Unit B & K Rehab	2,142,000	235,000	327,000	1,000,000	580,000	2,142,000	562,000	-	-	562,000	1,000,000	1,562,000	
Palms I and II Reservoirs Replacemnt	1,792,000	83,000	194,000	303,000	1,212,000	1,792,000	223,000	54,000	-	277,000	303,000	580,000	
EFRR Parking Lot Expansion	1,385,000	95,000	381,000	909,000	-	1,385,000	218,000	-	258,000	476,000	909,000	1,385,000	
CIS Infinity System Upgrade	400,500	3,500	213,000	184,000	-	400,500	38,500	-	178,000	216,500	184,000	400,500	
Fleet Electrification Project (PW/RCW)	2,450,000	45,000	165,000	750,000	1,490,000	2,450,000	150,000	-	60,000	210,000	750,000	960,000	
DCMWTP 2nd Stage Membrane Train Overhaul	472,500	146,500	126,000	100,000	100,000	472,500	232,500	-	40,000	272,500	100,000	372,500	
Calle Barcelona, VP, & Summerhill HOA Exten	4,145,000	847,000	3,298,000	-	-	4,145,000	4,145,000	-	-	4,145,000	(4,145,000)	-	
Wanket RW Reservoir Rehabilitation	175,000	18,000	157,000	-	-	175,000	150,000	-	25,000	175,000	(175,000)	-	
Manchester Recycled Pipeline Ext.	150,000	21,000	129,000	-	-	150,000	150,000	-	-	150,000	(150,000)	-	
Recurring Replacement Projects													
Network Security	1,210,000	-	100,000	104,000	1,006,000	1,210,000	115,000	-	(15,000)	100,000	4,000	104,000	
Replace Pumps and Motors	2,004,000	-	175,000	180,000	1,649,000	2,004,000	123,000	-	52,000	175,000	5,000	180,000	
Replace Potable Meters	9,304,000	-	830,000	927,000	7,547,000	9,304,000	415,000	-	415,000	830,000	97,000	927,000	
Replace Pipelines	5,725,000	-	500,000	515,000	4,710,000	5,725,000	1,070,000	(105,000)	(465,000)	500,000	15,000	515,000	
Replace Valves	8,604,000	-	750,000	773,000	7,081,000	8,604,000	1,108,000	-	(356,000)	750,000	23,000	773,000	
Steel Mains Protection	3,484,000	-	304,000	313,000	2,867,000	3,484,000	292,000	101,000	(89,000)	304,000	9,000	313,000	
Replace Meter Anodes	1,811,000	-	158,000	163,000	1,490,000	1,811,000	152,000	-	6,000	158,000	5,000	163,000	
Rehab Concrete Tanks	295,000	-	25,000	26,000	244,000	295,000	-	-	25,000	25,000	1,000	26,000	
Replace PRS Valves	642,000	-	54,000	56,000	532,000	642,000	52,000	-	2,000	54,000	2,000	56,000	
Replace DCM WTP Membranes	11,231,000	-	936,000	973,000	9,322,000	11,231,000	900,000	-	36,000	936,000	37,000	973,000	
WTP Misc Equipment and Instrumentation Replacement	1,434,000	-	100,000	106,000	1,228,000	1,434,000	-	-	100,000	100,000	6,000	106,000	
WTP Membrane Train Control Wiring Replacement	395,000	-	35,000	36,000	324,000	395,000	-	-	35,000	35,000	1,000	36,000	
Recycled Conversions (formerly Retrofit Potable to Recycled)	819,000	-	65,000	80,000	674,000	819,000	62,000	-	3,000	65,000	15,000	80,000	
Replace Recycled Meters	543,000	-	30,000	41,000	472,000	543,000	18,000	-	12,000	30,000	11,000	41,000	
Replace Recycled Pipeline	590,000	-	50,000	52,000	488,000	590,000	-	-	50,000	50,000	2,000	52,000	
Replace Recycled Valves	850,000	-	75,000	77,000	698,000	850,000	-	-	75,000	75,000	2,000	77,000	
4S WRF Physical Security Upgrades	(2) 72,000	-	12,000	12,000	48,000	72,000	-	-	12,000	12,000	-	12,000	
Small Pump and Motor Replacement Program	(2) 1,016,000	-	80,000	85,000	851,000	1,016,000	-	-	80,000	80,000	5,000	85,000	
Miscellaneous Equipment Replacement Program	(2) 108,000	-	12,000	12,000	84,000	108,000	-	-	12,000	12,000	-	12,000	
Valve and Gate Replacement Program	(2) 374,000	-	-	10,000	364,000	374,000	-	-	-	-	10,000	10,000	
Total, On-Going and Replacement Projects		\$ 155,011,000	\$ 11,246,000	\$ 20,096,000	\$ 8,684,000	\$ 114,575,000	\$ 154,601,000	\$ 28,583,000	\$ 242,000	\$ 2,517,000	\$ 31,342,000	\$ (13,176,000)	\$ 18,166,000
Proposed New Projects													
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	1,784,000	-	577,000	1,207,000	-	1,784,000	-	-	577,000	577,000	1,207,000	1,784,000	
DCMWTP Bridge Crane Rehab	65,000	-	65,000	-	-	65,000	-	-	65,000	65,000	(65,000)	-	
DCMWTP Inlet Strainer MOV Actuator Replacement	63,000	-	63,000	-	-	63,000	-	-	63,000	63,000	(63,000)	-	
DCMWTP 1st Stage Beam Replacement	2,206,000	-	560,000	980,000	666,000	2,206,000	-	-	560,000	560,000	980,000	1,540,000	
Dusty Trail PL Replacement	1,180,000	-	120,000	710,000	350,000	1,180,000	-	-	120,000	120,000	710,000	830,000	
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	708,000	-	180,000	528,000	-	708,000	-	-	180,000	180,000	528,000	708,000	
Harris Ranch Right-of-Way Acquisition	150,000	-	-	150,000	-	150,000	-	-	-	-	150,000	150,000	
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	142,000	-	-	142,000	-	142,000	-	-	-	-	142,000	142,000	
RSF Rd Pipeline Inspection	688,000	-	-	164,000	524,000	688,000	-	-	-	-	164,000	164,000	
Del Lago PRS Replacement	969,000	-	-	123,000	846,000	969,000	-	-	-	-	123,000	123,000	
Site Asphalt Improvements	200,000	-	60,000	50,000	90,000	200,000	-	-	60,000	60,000	50,000	110,000	
Access improvements to pipe below Gano to San Dieguito Road	75,000	-	20,000	55,000	-	75,000	-	-	20,000	20,000	55,000	75,000	
Off-Spec and High Flow Diversion Pipeline	294,000	-	244,000	-	50,000	294,000	-	-	244,000	244,000	(244,000)	-	
Santa Fe Valley RW Reservoir Improvements	150,000	-	150,000	-	-	150,000	-	-	150,000	150,000	(150,000)	-	
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	514,000	-	75,000	439,000	-	514,000	-	-	75,000	75,000	439,000	514,000	
Replace WRF Electrical Conduits, Enclosures, and Lighting	147,000	-	22,000	125,000	-	147,000	-	-	22,000	22,000	125,000	147,000	
Upgrade Filter Electrical	118,000	-	17,000	101,000	-	118,000	-	-	17,000	17,000	101,000	118,000	
Total, Proposed New Projects		\$ 9,453,000	\$ -	\$ 2,153,000	\$ 4,774,000	\$ 2,526,000	\$ 9,453,000	\$ -	\$ -	\$ 2,153,000	\$ 2,153,000	\$ 4,252,000	\$ 6,405,000
Total	\$ 164,464,000	\$ 11,246,000	\$ 22,249,000	\$ 13,458,000	\$ 117,101,000	\$ 164,054,000	\$ 28,583,000	\$ 242,000	\$ 4,670,000	\$ 33,495,000	\$ (8,924,000)	\$ 24,571,000	

(1) This project is still being considered by the Board. Construction costs have been deferred until FY 2032.
 (2) These are multi-fund projects with 70% of the cost being funded by Wastewater and 30% by Recycled.

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

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

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

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

- (1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025
(2) This project is still being considered by the Board. Construction costs have been deferred until FY 2032. More information on this project can be found with the on the applicable project summary sheet in the Capital section.

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

Project Name	Cumulative Appropriation thru FY '26	Project Budget	Fiscal Year		Project Description
			Begin	Complete	
Ongoing Projects					
San Dieguito Valley Groundwater Desalination Plant*	\$ 7,373,000	\$ 75,437,000	FY '12	FY '33	This project is in the early feasibility/design stage. The District is planning a brackish groundwater desalination project to provide 1.0 million gallons per day local water supply to its customers. The supply will come from the San Dieguito Groundwater Basin. A pipeline would deliver the raw water to a reverse osmosis desalination treatment plant. The product water would then be delivered directly into the District's existing system.
DCMWTP 4th Stage Centrifuge Addition	\$ 3,340,000	\$ 3,340,000	FY '23	FY '25	Upgrades to the 4th stage of the DCMWTP, including addition of a second dewatering centrifuge, will increase system reliability and provide operational flexibility.
RSF Unit A North PL Repl	\$ 2,094,000	\$ 2,094,000	FY '22	FY '25	This project will replace or rehab 1500-ft of 1961 12-inch steel pipeline with new PVC including connections to Avenida La Posta.
District-Wide PLC Replacements (PW/RCW)	\$ 1,466,000	\$ 1,466,000	FY '22	FY '25	Many PLCs are at end of life and will no longer be supported. This project will encompass potable and recycled water.
Gardendale PRS Replacement	\$ 1,110,000	\$ 1,110,000	FY '22	FY '25	Pressure reducing station constructed in 1972 is at end of life and requires replacement.
Village Park PRS Replacement	\$ 1,110,000	\$ 1,110,000	FY '22	FY '25	Pressure reducing station constructed in 1978 is at end of life and requires replacement.
Advanced Metering Infrastructure (AMI)	\$ 1,454,000	\$ 1,454,000	FY '20	FY '25	The District is planning to replace all AMR (Automated Meter Reading) meters which are read by the "drive-by" system, to AMI meters which can be read by radio-read towers.
Encinitas Blvd Pipeline Inspection and Rehab	\$ 677,000	\$ 677,000	FY '24	FY '26	Condition assessment of these critical pipelines will determine any immediate repairs and make recommendations on eventual replacement
DCMWTP Raw Water Equal (RWEQ) Tanks Rehab	\$ 671,000	\$ 671,000	FY '24	FY '25	As identified in 2024 DCMWTP Condition Assessment, rehabilitate raw water equalization tanks that are in poor condition to maintain operational reliability.
Rancho La Cima/Aliso Canyon PL Relocation	\$ 315,000	\$ 315,000	FY '17	FY '26	The County of San Diego is constructing a 60-inch storm drain which will conflict with District pipeline. The District needs to relocate the pipeline as the County is senior in the road right-of-way.
Golem 14" Pipeline Inspection and Rehab	\$ 150,000	\$ 150,000	FY '23	FY '25	Conduct condition assessment of 14" CMLC steel pipeline which feeds the Golem Reservoir. Project is necessary to determine reliability of source water for future development.
PW and RCW Master Plan Update	\$ 583,000	\$ 1,133,000	FY '22	FY '25	Develop a plan that assesses current status of systems and create future outline of each distribution system to update the District's 10-year CIP project list and capital cost estimates.
Tank Safety Improvements	\$ 590,000	\$ 1,900,000	FY '23	FY '25	Safety improvements recommended as part of the 2022 concrete tank inspection project.
District Wide Scada Upgrades	\$ 256,000	\$ 256,000	FY '23	FY '25	Software version upgrade to SCADA that decreases network security risks and improves mobile device usage.
District Wide Physical Security Improvements	\$ 130,000	\$ 130,000	FY '22	FY '25	DCMWTP Physical Security Upgrades. A security assessment completed in 2019 discovered outdated and incomplete physical security systems. The project will upgrade the alarm system to better secure the facilities.
DCMWTP Chlorine Gen Rm Lining Rehab	\$ 145,000	\$ 145,000	FY '23	FY '25	Install protective lining inside the Chlorine Generation Room at the DCMWTP to protect concrete surfaces from corrosive environment
Unit B & K Rehab	\$ 1,562,000	\$ 2,142,000	FY '24	FY '27	This project will replace defects in the interior lining of the Unit B and Unit K pipelines based on condition assessment results from 2019 inspections.
Palms I and II Reservoirs Replacem	\$ 576,000	\$ 1,788,000	FY '24	FY '27	Replacement of the existing 0.6MG and 1.2MG Palms I and II reservoirs with a pressure reducing station to supply necessary water pressure/supply to Pressure Zone 321.
EFRR Parking Lot Expansion	\$ 1,385,000	\$ 1,385,000	FY '22	FY '27	This project will expand the parking lot at the Elfin Forest Recreation Reserve and will be partially funded with grants.
CIS Infinity System Upgrade	\$ 400,500	\$ 400,500	FY '24	FY '26	Upgrade CIS Infinity (Customer Information & Utility Billing System) to latest version before v4 is no longer supported
Fleet Electrification Project (PW/RCW)	\$ 960,000	\$ 2,450,000	FY '24	FY '27	Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles.
DCMWTP 2nd Stage Membrane Train Overhaul	\$ 372,500	\$ 472,500	FY '23	FY '27	Upgrade hardware on membrane train 2.
Calle Barcelona, VP, & Summerhill HOA Exten	\$ 4,145,000	\$ 4,145,000	FY '22	FY '25	Approx 5400 ft of recycled water main extensions will extend District recycled water service to customers in Village Park and La Costa areas of the District. Title XVI grant money will be used to fund a portion of the project.
Wanket RW Reservoir Rehabilitation	\$ 175,000	\$ 175,000	FY 23	FY '25	In partnership with SEJPA who desires to use the tank for recycled service, rehabilitate tank per 2022 condition assessment report.
Manchester Recycled Pipeline Ext.	\$ 150,000	\$ 150,000	FY 17	FY '25	The District will install approximately 1.4-miles of pipeline and then retrofit irrigation customers, to annually provide recycled water to users along the Manchester corridor. Grant funds were secured for this project.

*This project is still being considered by the Board. Construction has been delayed until FY 2032.

Project Name	Cumulative Appropriation thru FY '26	Project Budget	Fiscal Year		Project Description
			Begin	Complete	
<i>Recurring Replacement Projects</i>					
Network Security	\$ 204,000	\$ 1,210,000	FY '25	N/A	This project covers ongoing improvements suggested by the Department of Homeland Security. Mission critical Network Security upgrades are required to meet the changing cybersecurity threat environment.
Replace Pumps and Motors	\$ 355,000	\$ 2,004,000	FY '25	N/A	As part of the District's on-going maintenance program, equipment will be regularly and systematically replaced to maintain operational reliability.
Replace Potable Meters	\$ 1,757,000	\$ 9,304,000	FY '25	N/A	Meters and related equipment which are at the end of their useful life are systematically replaced.
Replace Pipelines	\$ 1,015,000	\$ 5,725,000	FY '25	N/A	This is an annually recurring program for the unplanned replacement of potable pipeline which may arise during the course of the year.
Replace Valves	\$ 1,523,000	\$ 8,604,000	FY '25	N/A	This is an annually recurring program for the planned replacement of valves in the potable system.
Steel Mains Protection	\$ 617,000	\$ 3,484,000	FY '25	N/A	This annual recurring program to protect pipelines from corrosion. Project includes sacrificial cathodic protection systems and stations.
Replace Meter Anodes	\$ 321,000	\$ 1,811,000	FY '25	N/A	This is an annually recurring program to assess and replace meter anodes, in order to protect water services and maintain a reliable distribution system.
Rehab Concrete Tanks	\$ 51,000	\$ 295,000	FY '25	N/A	This is a recurring program to periodically rehabilitate the District's 5 prestressed concrete water reservoirs to maintain system reliability and water quality.
Replace PRS Valves	\$ 110,000	\$ 642,000	FY '25	N/A	This is an annually recurring project to replace Cla-vals and valves in the pressure reducing stations to maintain system reliability.
Replace DCM WTP Membranes	\$ 1,909,000	\$ 11,231,000	FY '25	N/A	The membranes need to be replaced at the end of their estimated useful life, in order to maintain a safe and reliable treatment system.
WTP Misc Equipment and Instrumentation Replacement	\$ 206,000	\$ 1,434,000	FY '25	N/A	This is an annually recurring project to replace miscellaneous equipment and instruments at the DCMWTP on an as-needed basis based on equipment's useful life.
WTP Membrane Train Control Wiring Replacement	\$ 71,000	\$ 395,000	FY '25	N/A	Replace control wiring at each basin at the DCMWTP.
Impressed current system protection	\$ -	\$ 474,000	FY '27	N/A	This annual recurring program to protect pipelines from corrosion. Project includes impressed current cathodic protection systems and stations.
Recycled Conversions	\$ 145,000	\$ 819,000	FY '25	N/A	This is an annually recurring project to support and inspect customers who retrofit existing sites to be served by recycled.
Replace Recycled Meters	\$ 71,000	\$ 543,000	FY '25	N/A	Meters and related equipment at the end of their useful life are systematically replaced.
Replace Recycled Pipeline	\$ 102,000	\$ 590,000	FY '25	N/A	This is an annually recurring program for the unplanned replacement of recycled pipeline which may arise during the course of the year.
Replace Recycled Valves	\$ 152,000	\$ 850,000	FY '25	N/A	This is an annually recurring program for the planned replacement of valves in the recycled system.
4S WRF Physical Security Upgrades	\$ 24,000	\$ 72,000	FY '25	N/A	Assess 4S WRF physical security and plan upgrades such as perimeter security including adding cameras and enhanced fencing along with additional technologic features. This recycled's share.
Small Pump and Motor Replacement Program	\$ 165,000	\$ 1,016,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annual placeholder, used to replace failing equipment so as to maintain operational reliability. Budget reflects recycled's share.
Miscellaneous Equipment Replacement Program	\$ 24,000	\$ 108,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring program to replace miscellaneous equipment at the 4S Ranch WRF on an as-needed basis based on equipment's useful life. Miscellaneous equipment including compressors, conveyor belts, hoists, cranes, and other ancillary equipment. Budget reflects recycled's share.
Valve and Gate Replacement Program	\$ 10,000	\$ 374,000	FY '26	N/A	As identified in the 2024 Wastewater Master Plan Update, replace existing valves at the 4S Ranch WRF on an as-needed basis. Assuming a valve and gate average useful life of 25 -30 years. Includes valve actuators. Budget reflects recycled's share.
Instrumentation Replacement Program	\$ -	\$ 203,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, program to replace existing instrumentation equipment at the 4S Ranch WRF on an as-needed basis. Instrumentation includes floats, level switches, level transmitters, level transducers, flow meters, analyzers, and samplers. Budget reflects recycled's share.
Mechanical and Yard Piping Replacement Program	\$ -	\$ 446,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring project for the replacement of mechanical and yard piping at 4S Ranch WRF which may arise during the course of the year. Budget reflects recycled's share.
Plant A Rehabilitation	\$ -	\$ 134,000	FY '30	N/A	As identified in the 2024 Wastewater Master Plan Update, rehabilitate and maintain the 4S WRF "Plant A" system Plant A to keep the facility available for operation. Budget reflects recycled's share.

Project Name	Cumulative Appropriation thru FY '26	Project Budget	Fiscal Year		Project Description
			Begin	Complete	
Proposed Projects					
DCMWTP 2nd Stage Basin Rehab and Beam Replacement	\$ 1,784,000	\$ 1,784,000	FY '25	FY '26	Based on 2024 condition assessment results, rehabilitate all three 2nd stage basins to replace liner and repair concrete, rehabilitate the associated pipe supports, and replace all cassette support beams in each basin.
DCMWTP Bridge Crane Rehab	\$ 65,000	\$ 65,000	FY '25	FY '25	Vital WTP facility requires periodic replacement and rehab for handling equipment and membrane elements.
DCMWTP Inlet Strainer MOV Actuator Replacement	\$ 63,000	\$ 63,000	FY '25	FY '25	Based on 2024 condition assessment results, replace motorized actuators at the inlet strainers for reliability.
DCMWTP 1st Stage Beam Replacement	\$ 1,540,000	\$ 2,206,000	FY '25	FY '27	Based on 2024 condition assessment results, replace structural membrane support beams in all 1st-Stage basins
Dusty Trail PL Replacement	\$ 830,000	\$ 1,180,000	FY '25	FY '27	Replacement of existing 10" ACP pipeline on Dusty Trail which has failed numerous times over the past several years. Includes easement access improvements over a portion of the pipeline.
DCMWTP Combined Filter Influent & Backwash Pipe Replacement	\$ 708,000	\$ 708,000	FY '25	FY '26	Based on 2024 condition assessment results, replace the Combined Filter Influent piping within blower room and membrane room. Replace backpulse pipe elbow and floor penetration within membrane room.
Harris Ranch Right-of-Way Acquisition	\$ 150,000	\$ 150,000	FY '26	FY '26	The District needs to acquire various easements within the Harris Ranch area.
DCMWTP Fluoride Room, Permeate Pump Stanchion, Bldg Rehab	\$ 142,000	\$ 142,000	FY '26	FY '26	Based on 2024 condition assessment results, rehabilitate fluoride room ceiling and replace permeate pump e-stop stanchions; remove vines on external walls and surrounding area; repair or replace leaking administration area windows.
RSF Rd Pipeline Inspection	\$ 164,000	\$ 688,000	FY '26	FY '27	Condition assessment of existing 1960's vintage pipelines will determine repair or replacement of critical infrastructure.
Del Lago PRS Replacement	\$ 123,000	\$ 969,000	FY '26	FY '27	Scheduled PRS replacement due to end of life facility.
Off-Spec and High Flow Diversion Pipeline	\$ 244,000	\$ 294,000	FY '25	FY '25	Install dedicated pipe to convey water to Plant A tanks via the oxidation ditch splitter box to satisfy DDW request to diver off-spec water for re-treatment. Budget reflects recycled water's share.
Santa Fe Valley RW Reservoir Improvements	\$ 150,000	\$ 150,000	FY '25	FY '25	This project will address deficiencies and safety issues identified in the 2022 condition assessment.
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	\$ 514,000	\$ 514,000	FY '25	FY '26	Replace 2000 Amp Main Switchboard S (MSB-S) and Automatic Transfer Switch (ATS), NEMA 3R based on 2024 condition assessment for continued reliability and safety. Budget reflects recycled water's share.
Replace WRF Electrical Conduits, Enclosures, and Lighting	\$ 147,000	\$ 147,000	FY '25	FY '26	Replacement of damaged electrical conduits/condulets/fittings, fiberglass enclosures, conduit supports, and light poles. Budget reflects recycled water's share.
Upgrade Filter Electrical	\$ 118,000	\$ 118,000	FY '25	FY '26	Replace damaged electrical conduits and control panel at the tertiary filters to protect conductors and provide process reliability.
DCMWTP BWWEQ Tank Rehab	\$ -	\$ 596,000	FY '27	FY '27	Based on the 2024 condition assessment results, replace the corroded tank floor panels, interior ladders, and rails. Perform coating spot repairs on the interior and exterior of the tank to maintain operational reliability.
DCMWTP FCV Actuators Replacement	\$ -	\$ 310,000	FY '27	FY '27	Based on 2024 condition assessment results, replace all ten (10) 1st stage flow control valve (FCV) actuators to restore valve actuation to full accuracy.
DCMWTP 1st Stage Basins Rehab	\$ -	\$ 6,475,000	FY '27	FY '31	Based on 2024 condition assessment results, remove HDPE liner, perform concrete wall repairs, and replace HDPE liner for all 10 1st stage basins. Rehab pipe penetrations and pipe supports.
Gaty I Reservoir Decommissioning	\$ -	\$ 398,000	FY '28	FY '28	Project will decommission the floating cover Gaty I Reservoir that has reached the end of its useful life. Gaty I reservoir also restricted the usage of the Gaty II reservoir due to hydraulic limitation.
DCMWTP Brine Area Rehab	\$ -	\$ 192,000	FY '28	FY '28	Based on 2024 condition assessment results, remove and replace brine pump, pad, and tank. Project will also remove and replace concrete pad and damaged portion of surrounding pavement. New pad and pavement to received protecting coating to resist UV exposure.
DCMWTP Plate Settler Coating Rehab	\$ -	\$ 123,000	FY '28	FY '28	Based on 2024 condition assessment results, the plate settlers are showing signs of corrosion and minor pitting. Project will recoat interior and exterior of the plate settler units.
Unit B & K EM CCTV Inspect & Rehab Phase 2	\$ -	\$ 2,250,000	FY '28	FY '29	This project will perform EM and CCTV inspection of the lower reaches of Unit B and Unit K pipelines and will rehab the facilities as necessary.
DCMWTP Sodium Hypochlorite Room Rehab	\$ -	\$ 98,000	FY '29	FY '29	Based on 2024 condition assessment results, repair the chemical containment walls and coat pump pads in Raw Water Hypochlorite Pump Room and Finished Water Hypochlorite Pump Room.
DCMWTP HVAC Replacement	\$ -	\$ 46,000	FY '29	FY '29	The WTP HVAC system has three heat pump units. Based on 2024 condition assessment results, one is in poor condition and in need of replacement.
SE #1 PRS Replacement	\$ -	\$ 1,071,000	FY '29	FY '30	Scheduled PRS replacement due to end of life facility.
DCMWTP RWEQ BFVs Replacement Project	\$ -	\$ 525,000	FY '30	FY '30	Based on 2024 condition assessment results, replace raw water equalization butterfly valves.
DCMWTP General WTP Inspect & Cond Assessment	\$ -	\$ 1,190,000	FY '30	FY '30	This project will assess the condition of assets and equipment at the DCMWTP and make recommendations regarding replacement.
DCMWTP Septic Pipe Relining & Drain Pipe Cleaning	\$ -	\$ 469,000	FY '30	FY '30	Based on 2024 condition assessment results, re-line the septic pipe in the yard with cure-in-place concrete lining to extend useful life.

Project Name	Cumulative Appropriation thru FY '26	Project Budget	Fiscal Year		Project Description
			Begin	Complete	
Proposed Projects (Continued)					
Concrete Tank Condition Assessment	\$ -	\$ 275,000	FY '30	FY '30	Conduct condition assessment of concrete tanks/reservoirs to identify safety and rehab issues for correction.
OMWD Parking and Access Improvements	\$ -	\$ 255,000	FY '30	FY '30	Project will improve immediate pavement concerns at OMWD HQ upper employee parking lot and access around Denk Reservoir and budget for a more comprehensive pavement improvement project in 5-years for these 2 locations.
DCMWTP WTP Repl Main Compressors	\$ -	\$ 194,000	FY '30	FY '30	Replace existing equipment which is nearing the end of it's useful life.
DCMWTP WTP Replace Strainer Isolation Valves	\$ -	\$ 90,000	FY '30	FY '30	Replace the existing plant isolation valves which are nearing end of their useful life.
Long-term Pipeline Budget per HDR	\$ -	\$ 50,000	FY '30	FY '30	Strategically analyze the replacement of the District's aging potable and recycled water pipeline infrastructure. The project will establish a long-term pipeline replacement budget that incorporates age, performance, and desired service levels.
DCMWTP Replace Chemical Storage Systems	\$ -	\$ 1,171,000	FY '30	FY '32	Replace existing chlorine storage equipment which is nearing the end of useful it's life.
DCMWTP Replace Chemical Feed Systems	\$ -	\$ 544,000	FY '30	FY '32	Replace the existing chemical feed system which is nearing end of it's useful life.
DCMWTP Backpulse Tanks Replacement Project	\$ -	\$ 849,000	FY '31	FY '31	Based on 2024 condition assessment results, replace both backpulse tanks.
DCMWTP Plate Settlers MOV Actuators Replacement	\$ -	\$ 33,000	FY '31	FY '31	Based on 2024 condition assessment results, replace inlet and outlet valve actuators and drain valves to plate settler units.
Encinitas Blvd Pipeline Replacement	\$ -	\$ 8,100,000	FY '31	FY '33	Existing 12" cmic steel pipeline between RSF Road and Village Park Way requires replacement for increased reliability.
DCMWTP Sodium Hypochlorite Generation System Rehab	\$ -	\$ 959,000	FY '32	FY '32	Based on 2024 condition assessment results, repair chemical containment walls and pump pads in Raw Water Hypochlorite Pump Room and Finished Water Hypochlorite Pump Room. Project includes coating both chemical areas.
DCMWTP Replace Strainers	\$ -	\$ 1,073,000	FY '33	FY '33	Replace the existing plant isolation valves which are nearing end of their useful life.
Replace Maryloyd Pump Station	\$ -	\$ 510,000	FY '33	FY '33	Project to replace the aging Maryloyd Pump Station which is used for emergency operation and redundancy and reliability in the Cielo area.
RSF Rd Pipeline Replacement	\$ -	\$ 11,441,000	FY '33	FY '35	Existing 12" cmic steel pipeline constructed in early/mid 1960's requires replacement for increased reliability.
Quail Gardens PRS Replacement	\$ -	\$ 1,227,000	FY '33	FY '34	Scheduled PRS replacement due to end of life facility.
Via Valle Verde PSR Replacement	\$ -	\$ 1,227,000	FY '33	FY '34	Scheduled PRS replacement due to end of life facility.
Gano Reservoir Improvements	\$ -	\$ 205,000	FY '33	FY '34	2022 Condition assessment of concrete tank identified rehab issues for correction.
Berk Reservoir Improvements	\$ -	\$ 62,000	FY '33	FY '34	2022 Condition assessment of concrete tank identified rehab issues for correction.
DCMWTP Bridge Crane Coating Rehab	\$ -	\$ 112,000	FY '34	FY '34	Complete coating rehabilitation based on 2024 condition assessment results.
Chemical Area Upgrades	\$ -	\$ 37,000	FY '27	FY '27	Project will resurface the Sodium Hypochlorite and Sodium Hydroxide system containment area to extend useful life. Budget reflects recycled water's share.
Rehabilitation of Generator Enclosure Top	\$ -	\$ 8,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, Rehabilitate deteriorated generator enclosure top. Budget reflects recycled's share.
Upgrade Flow Equalization Basins	\$ -	\$ 2,609,000	FY '27	FY '28	As identified in the 2024 Wastewater Master Plan, upgrade the flow equalization basins to include piping & structural changes including vertical reinforced concrete walls and floors and piping improvements.
Recycled Water Storage Pond Upgrades	\$ -	\$ 2,668,000	FY '28	FY '29	As identified in the 2024 Wastewater Master Plan, replace or relocate duct bank providing power to storage pond pump station located below pond. Replace inlet gates and stem to improve access and mitigate risk of confined space entry.
Replace Roll-up doors	\$ -	\$ 91,000	FY '30	FY '30	As identified in the 2024 Wastewater Master Plan Update, replace four roll up doors to access headworks building reaching end of useful life. Budget reflects recycled's share.
Replace Existing Recycled Water Pump Station VFDs	\$ -	\$ 243,000	FY '32	FY '32	As identified in the 2024 Wastewater Master Plan Update, replace all three existing recycled water pump station VFDs which have reached the ends of their useful lives.
Site Paving Improvements	\$ -	\$ 197,000	FY '33	FY '34	4S WRF site paving improvements. Budget reflects recycled water's share.

Note: The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation as of July 1, 2025. The annual appropriations will be recorded on July 1, 2024 and July 1, 2025.

Olivenhain Municipal Water District
Fiscal Years 2025 and 2026 Capital Improvement Program - Budget Review
Capital Improvement Fund - Wastewater

Project Name	Construction in Progress Budget			
	Project Budget 7/1/2023	Approved FY 2024	Increase (Decrease)	Project Budget 7/1/2024
<u>On-Going Projects</u>				
Headworks Screening System Improvements	3,160,000	-	209,000	3,369,000
District-Wide PLC Replacements (WW)	1,280,000	176,000	-	1,456,000
Rehab Neighborhood 1 Pump Station	8,132,000	-	-	8,132,000
Replace Overflow Pond Strainer	231,000	-	(181,000)	50,000
4S WRF SCADA Upgrades (Inductive Automation)	64,000	-	-	64,000
<u>Recurring Replacement Projects</u>				
4S WRF Physical Security Upgrades (1)	210,000	-	(102,000)	108,000
Small Pump and Motor Replacement Program (1)	2,024,000	-	(501,000)	1,523,000
Miscellaneous Equipment Replacement Program (1)	-	-	161,000	161,000
Collection System Pipeline Rehabilitation and Replacement	-	-	865,000	865,000
Collection System Manhole Rehabilitation Program	206,000	-	564,000	770,000
Pump Station Rehabilitation and Maintenance Program	-	-	813,000	813,000
Valve and Gate Replacement Program (1)	-	-	561,000	561,000
<i>Total, On-Going and Replacement Projects</i>	\$ 15,307,000	\$ 176,000	\$ 2,389,000	\$ 17,872,000
<u>Proposed New Projects</u>				
Replace Existing 75 HP Digester Blower	-	-	263,000	263,000
Off-Spec and High Flow Diversion Pipeline	-	-	391,000	391,000
Del Dios SPS Structural Improvements	-	-	773,000	773,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	-	-	772,000	772,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	-	-	220,000	220,000
Fleet Electrification (WW)	-	-	950,000	950,000
Neighborhood #3 Liner Improvements	-	-	84,000	84,000
<i>Total, Proposed New Projects</i>	\$ -	\$ -	\$ 3,453,000	\$ 3,453,000
Total	\$ 15,307,000	\$ 176,000	\$ 5,842,000	\$ 21,325,000

(1) These projects are also funded by recycled, only the costs funded by wastewater are shown here.

Olivenhain Municipal Water District
 Fiscal Years 2025 and 2026 Capital Improvement Program - Expenditure and Appropriation Review
 Capital Improvement Fund - Wastewater

Project Name	Capital Project Budget	Projected Capital Expenditures					Construction in Progress Appropriation					
		Carryover at 6/30/2024	FY2025	FY2026	FYs 2027-2034	Total	As of 7/1/2023	Approved FY2024	Adjust	Balance 7/1/2024	Adjust	Balance 7/1/2025
On-Going Projects												
Headworks Screening System Improvements	3,369,000	445,000	1,034,000	1,890,000	-	3,369,000	619,000	-	860,000	1,479,000	1,890,000	3,369,000
District-Wide PLC Replacements (WW)	1,456,000	195,000	1,261,000	-	-	1,456,000	1,280,000	176,000	-	1,456,000	(1,456,000)	-
Rehab Neighborhood 1 Pump Station	8,132,000	6,229,000	1,903,000	-	-	8,132,000	8,132,000	-	-	8,132,000	(8,132,000)	-
Replace Overflow Pond Strainer	50,000	13,000	37,000	-	-	50,000	25,000	-	25,000	50,000	(50,000)	-
4S WRF SCADA Upgrades (Inductive Automation)	64,000	48,000	16,000	-	-	64,000	64,000	-	-	64,000	(64,000)	-
Recurring Replacement Projects												
4S WRF Physical Security Upgrades	(1) 108,000	-	18,000	18,000	72,000	108,000	30,000	-	(12,000)	18,000	-	18,000
Small Pump and Motor Replacement Program	(1) 1,523,000	-	120,000	128,000	1,275,000	1,523,000	175,000	40,000	(95,000)	120,000	8,000	128,000
Miscellaneous Equipment Replacement Program	(1) 161,000	-	18,000	18,000	125,000	161,000	-	-	18,000	18,000	-	18,000
Collection System Pipeline Rehabilitation and Replacement	865,000	-	75,000	78,000	712,000	865,000	-	-	75,000	75,000	3,000	78,000
Collection System Manhole Rehabilitation Program	770,000	-	43,000	71,000	656,000	770,000	18,000	10,000	15,000	43,000	28,000	71,000
Pump Station Rehabilitation and Maintenance Program	813,000	-	50,000	75,000	688,000	813,000	-	-	50,000	50,000	25,000	75,000
Valve and Gate Replacement Program	(1) 561,000	-	-	15,000	546,000	561,000	-	-	-	-	15,000	15,000
<i>Total, On-Going and Replacement Projects</i>	\$ 17,872,000	\$ 6,930,000	\$ 4,575,000	\$ 2,293,000	\$ 4,074,000	\$ 17,872,000	\$ 10,343,000	\$ 226,000	\$ 936,000	\$ 11,505,000	\$ (7,733,000)	\$ 3,772,000
Proposed New Projects												
Replace Existing 75 HP Digester Blower	263,000	-	263,000	-	-	263,000	-	-	263,000	263,000	(263,000)	-
Off-Spec and High Flow Diversion Pipeline	391,000	-	366,000	25,000	-	391,000	-	-	366,000	366,000	25,000	391,000
Del Dios SPS Structural Improvements	773,000	-	139,000	634,000	-	773,000	-	-	139,000	139,000	634,000	773,000
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	772,000	-	113,000	659,000	-	772,000	-	-	113,000	113,000	659,000	772,000
Replace WRF Electrical Conduits, Enclosures, and Lighting	220,000	-	32,000	188,000	-	220,000	-	-	32,000	32,000	188,000	220,000
Fleet Electrification (WW)	950,000	-	15,000	187,000	748,000	950,000	-	-	15,000	15,000	187,000	202,000
Neighborhood #3 Liner Improvements	84,000	-	-	84,000	-	84,000	-	-	-	-	84,000	84,000
<i>Total, Proposed New Projects</i>	\$ 3,453,000	\$ -	\$ 928,000	\$ 1,777,000	\$ 748,000	\$ 3,453,000	\$ -	\$ -	\$ 928,000	\$ 928,000	\$ 1,514,000	\$ 2,442,000
Total	\$ 21,325,000	\$ 6,930,000	\$ 5,503,000	\$ 4,070,000	\$ 4,822,000	\$ 21,325,000	\$ 10,343,000	\$ 226,000	\$ 1,864,000	\$ 12,433,000	\$ (6,219,000)	\$ 6,214,000

(1) These projects are also funded by recycled, only the costs funded by wastewater are shown here.

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

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

Source: Capital Projects Budget for Fiscal Year Ended June 30, 2025
(1) These projects are carried over from the prior year and have incurred costs prior to FYE 2025

**Olivenhain Municipal Water District
Summary of Ten Year Planned Capital Improvement Program
Wastewater - Capital and Equipment Fund**

Project Name	Cumulative Appropriation thru FY '26	Budget	Fiscal Year		Project Description
			Begin	Complete	
<u>Ongoing</u>					
Headworks Screening System Improvements	\$ 3,369,000	\$ 3,369,000	FY '18	FY '26	To provide redundancy and improve operational performance, a parallel automatic screen and wash press will be installed in place of the existing manual bar rack. Project includes improvements to the grit handling equipment and odor scrubber.
District-Wide PLC Replacements (WW)	\$ 1,456,000	\$ 1,456,000	FY '24	FY '25	Many PLCs are at end of life and will no longer be supported. This project will encompass wastewater.
Rehab Neighborhood 1 Pump Station	\$ 8,132,000	\$ 8,132,000	FY '14	FY '25	Replacement of the SPS (except for certain structural components) to include new pumps, electrical systems, instrumentation and vault.
Replace Overflow Pond Strainer	\$ 50,000	\$ 50,000	FY '22	FY '25	Install automated strainer system, piping changes, and SCADA integration for 4S WRF.
4S WRF SCADA Upgrades (Inductive Automation)	\$ 64,000	\$ 64,000	FY '23	FY '25	Software version upgrade to SCADA that decreases network security risks and improves mobile device usage.
<u>Recurring Replacement Projects</u>					
4S WRF Physical Security Upgrades	\$ 36,000	\$ 108,000	FY '25	N/A	Assess 4S WRF physical security and plan upgrades such as perimeter security including adding cameras and enhanced fencing along with additional technologic features. This reflects wastewater's share.
Small Pump and Motor Replacement Program	\$ 248,000	\$ 1,523,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annual placeholder, used to replace failing equipment so as to maintain operational reliability. Budget reflects wastewater's share.
Miscellaneous Equipment Replacement Program	\$ 36,000	\$ 161,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring program to replace miscellaneous equipment at the 4S Ranch WRF on an as-needed basis based on equipment's useful life. Miscellaneous equipment including compressors, conveyor belts, hoists, cranes, and other ancillary equipment. Budget reflects wastewater's share.
Collection System Pipeline Rehabilitation and Replacement	\$ 153,000	\$ 865,000	FY '25	N/A	As identified in 2024 Wastewater Master Plan Update, this is an annually recurring program to rehabilitate or replace collection system piping within the 4S Ranch and Rancho Cielo Collection Systems as-needed.
Collection System Manhole Rehabilitation Program	\$ 114,000	\$ 770,000	FY '25	N/A	As identified in 2024 Wastewater Master Plan Update, this is an annually recurring program to rehabilitate manholes in the collection system to maintain operational reliability
Pump Station Rehabilitation and Maintenance Program	\$ 125,000	\$ 813,000	FY '25	N/A	As identified in the 2024 Wastewater Master Plan Update, this project was created to allocate funds as necessary to provide minor rehabilitation of assets at any of the Olivenhain Municipal Water District Sewer Pump Stations and to implement proactive inspection/maintenance schedule of pipes, pumps, and valves, and perform routine pump testing and maintenance.
Valve and Gate Replacement Program	\$ 15,000	\$ 561,000	FY '26	N/A	As identified in the 2024 Wastewater Master Plan Update, replace existing valves at the 4S Ranch WRF on an as-needed basis. Assuming a valve and gate average useful life of 25 -30 years. Includes valve actuators. Budget reflects wastewater's share.
Instrumentation Replacement Program	\$ -	\$ 305,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, program to replace existing instrumentation equipment at the 4S Ranch WRF on an as-needed basis. Instrumentation includes floats, level switches, level transmitters, level transducers, flow meters, analyzers, and samplers. Budget reflects wastewater's share.
Mechanical and Yard Piping Replacement Program	\$ -	\$ 668,000	FY '28	N/A	As identified in the 2024 Wastewater Master Plan Update, this is an annually recurring project for the replacement of mechanical and yard piping at 4S Ranch WRF which may arise during the course of the year. Budget reflects wastewater's share.
Plant A Rehabilitation	\$ -	\$ 201,000	FY '30	N/A	As identified in the 2024 Wastewater Master Plan Update, rehabilitate and maintain the 4S WRF "Plant A" system Plant A to keep the facility available for operation. Budget reflects wastewater's share.
Replace Existing 75 HP Digester Blower	\$ 263,000	\$ 263,000	FY '25	FY '25	As identified in the 2024 Wastewater Master Plan Update, replace 4S WRF digester blower as it approaches end of life to maintain operational reliability.
Off-Spec and High Flow Diversion Pipeline	\$ 391,000	\$ 391,000	FY '25	FY '26	As identified in the 2024 Wastewater Master Plan Update, install dedicated pipe to convey water to Plant A tanks via the oxidation ditch splitter box to satisfy DDW request to diver off-spec water for re-treatment. Budget reflects wastewater's share.
Del Dios SPS Structural Improvements	\$ 773,000	\$ 773,000	FY '25	FY '26	As identified in the 2024 Wastewater Master Plan Update, structural rehabilitation improvements are recommended which include removal of existing wet well and storage tank liner, rehabilitate concrete, and install new liner. Also, install a standpipe with a quick connect and valve to facilitate bypass pumping operations.

Project Name	Cumulative Appropriation thru FY '26	Budget	Fiscal Year		Project Description
			Begin	Complete	
<i>Proposed Projects</i>					
Replace Main Switchboard S (MSB-S) and Automatic Transfer Switch	\$ 772,000	\$ 772,000	FY '25	FY '26	As identified in the 2024 Wastewater Master Plan Update, replace 4S WRF main electrical switch gear as it reaches end of life to maintain operational reliability. Budget reflects wastewater's share.
Replace WRF Electrical Conduits, Enclosures, and Lighting	\$ 220,000	\$ 220,000	FY '25	FY '26	As identified in the 2024 Wastewater Master Plan Update, Replace weather damaged electrical conduits/condulets/fittings, enclosures, conduit supports, and light poles. Budget reflects wastewater's share.
Fleet Electrification (WW)	\$ 202,000	\$ 950,000	FY '25	FY '27	Future legislative guidelines mandating the sale of electric vehicles will require facility necessary for the charging of District vehicles.
Neighborhood #3 Liner Improvements	\$ 84,000	\$ 84,000	FY '26	FY '26	As identified in the 2024 Wastewater Master Plan Update, localized lined failure in the west well under the manhole covers. Project will address the local liner failures identified at manhole locations.
Replace RAS Pump Station Suction Valves	\$ -	\$ 68,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, replace isolation valves on the Plant B RAS pump suction lines have reached the end of their useful life and need to be replaced. Budget reflects wastewater's share.
Chemical Area Upgrades	\$ -	\$ 55,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, project will resurface the Sodium Hypochlorite and Sodium Hydroxide system containment area to extend useful life. Budget reflects wastewater's share.
Rehabilitation of Generator Enclosure Top	\$ -	\$ 13,000	FY '27	FY '27	As identified in the 2024 Wastewater Master Plan Update, Rehabilitate deteriorated generator enclosure top. Budget reflects wastewater's share.
Cielo SPS Flow Meters	\$ -	\$ 250,000	FY '27	FY '30	Flow meters are needed in three Cielo SPSs to capture, monitor and track flows.
Del Dios SPS Improvements	\$ -	\$ 3,775,000	FY '27	FY '28	As identified in the 2024 Wastewater Master Plan Update, the Del Dios SPS requires upgrades to pumps, electrical, and other facility improvements.
Midpoint SPS Improvements	\$ -	\$ 2,179,000	FY '28	FY '29	As identified in the 2024 Wastewater Master Plan Update, site/civil, mechanical, and electrical improvements to address equipment conditions reaching the end of useful life.
Neighborhood #3 SPS Improvements	\$ -	\$ 2,552,000	FY '29	FY '30	As identified in the 2024 Wastewater Master Plan Update, replace existing equipment which is nearing the end of its useful life.
Wastewater Master Plan Update	\$ -	\$ 500,000	FY '30	FY '30	As identified in the 2024 Wastewater Master Plan Update, perform a comprehensive Wastewater Master Plan Update that includes an updated condition assessments, Consequence of Failure Analysis update, and technical studies depending on the future planning needs of the District to update the District's 10-year CIP project list and capital cost estimates.
Replace Roll-up doors	\$ -	\$ 136,000	FY '30	FY '30	As identified in the 2024 Wastewater Master Plan Update, replace four roll up doors to access headworks building reaching end of useful life. Budget reflects wastewater's share.
Upgrade Headworks Odor Control Scrubber	\$ -	\$ 1,577,000	FY '30	FY '31	As identified in the 2024 Wastewater Master Plan Update, replace odor scrubbing equipment as it reaches end of life to maintain operational reliability.
Fire House Pump Station Replacements	\$ -	\$ 596,000	FY '31	FY '32	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability.
Biological Treatment Upgrade (Process Study & Pre-Design)	\$ -	\$ 150,000	FY '32	FY '32	As identified in the 2024 Wastewater Master Plan Update, perform detailed process study and pre-design of biological treatment system to confirm and select aeration system upgrade needs.

Project Name	Cumulative Appropriation thru FY '26	Budget	Fiscal Year		Project Description
			Begin	Complete	
<u>Proposed Projects - Continued</u>					
Santaluz Pump Station Improvements	\$ -	\$ 1,093,000	FY '32	FY '33	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability.
Site Paving Improvements	\$ -	\$ 295,000	FY '33	FY '34	Perform 4S WRF site paving improvements. Budget reflects wastewater's share.
Upgrade Plant B Oxidation Ditch Aeration System	\$ -	\$ 2,072,000	FY '34	FY '34	As identified in the 2024 Wastewater Master Plan Update, retrofit or replace oxidation ditch aeration system based on biological process study project.
Connect Plant B clarifier splitter box to Plant A Clarifiers	\$ -	\$ 1,249,000	FY '34	FY '34	As identified in the 2024 Wastewater Master Plan Update, construct a new connection to the Plant B clarifier splitter box and a new pipe that conveys Plant B mixed liquor to the Plant A clarifiers, allowing the Plant A clarifiers to be used in case of a failure to one of the Plant B clarifiers, or maintenance / upgrades of the Plant B clarifiers.
Cerro Del Sol #1 and Cerro Del Sol #2 Pump Station Improvements	\$ -	\$ 282,000	FY '34	FY '34	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability.
Avenida Apice and Avenida Orilla Pump Station Improvements	\$ -	\$ 223,000	FY '34	FY '34	As identified in the 2024 Wastewater Master Plan Update, project will replace major equipment that has reached the end of its expected useful life to maintain operational reliability.

Note: The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation as of July 1, 2025.
The annual appropriations will be recorded on July 1, 2024 and July 1, 2025.

GLOSSARY

4S WRF

4S Ranch Water Reclamation Facility.

AB 32

Assembly Bill 32 – a bill requiring California to develop regulations that will reduce greenhouse gas emissions to 1990 levels by 2020.

AB 1668

Assembly Bill 1668 – a bill requiring the State Water Resources Control Board and the California Department of Water Resources to adopt water efficiency regulations, outlines reporting requirements for water suppliers, and specifies penalties for violations.

ACWA

Association of California Water Agencies. The largest statewide coalition of public water agencies in the country.

Accrual Basis of Accounting

The basis of accounting under which revenue is recognized when earned and expense is recorded as incurred, resulting in a matching of income and expense, regardless of the timing of cash receipts and disbursements.

Acre Foot (AF)

A unit of measure equivalent to 325,900 gallons of water, which meets the needs of two average families in and around the home for one year. Also the equivalent of an acre of land covered in one foot of water.

Activities

The major programs and projects performed by an organizational unit.

Ad Valorem

A tax assessed “according to value” of a property.

Additional Discretionary Payment (ADP)

An optional payment made to CalPERS to help pay down the pension liability. This payment is in addition to the Normal Cost and UAL Payments that are described in this policy. ADPs serve to reduce the UAL and future required contributions and can result in significant long-term savings.

Agricultural Credit

Agricultural users of water receive a discounted rate on their water purchases. To qualify for this credit, the participant must grow or raise certain products for human consumption or for the market. The discount provided under this program is based upon the ability to reduce or interrupt water delivered to participating customers during a water shortage or other emergency.

GLOSSARY

Allocated Employee Benefits

Calculated as a percentage of labor-related expenses, this account represents a department's proportional share of employee benefits. This amount will be calculated at the end of each month by the accounting system. Refer to the Employee Benefits section of the budget for a detailed listing of expenses included in the benefit calculation.

AMI

Advanced Metering Infrastructure. Smart metering technologies to increase meter reading efficiency, reduce overhead costs and enhance customer service flexibility.

Amended Budget

The original adopted budget plus any amendments passed as of a certain date.

Amortization

Major outlays for intangible items are recorded as an asset, with the cost written off over the estimated useful life of the asset. This portion of the cost written off is amortization, and it is computed using the straight-line method (an equal amount written off each year.) Some examples of intangible assets are: large-scale studies which benefit multiple years; bond formation costs.

Amortization Bases (Pension)

Separate payment schedules for different portions of the Unfunded Accrued Liability. The separate bases consist of changes in the various factors/assumptions described in the "CalPERS Annual Adjustments to UAL/Amortization Bases" section of this policy. Year-to-year changes to the pension liability are added as new amortization bases by CalPERS.

Annual Revenue Requirement

The amount of money that must be generated through water revenues (fixed and commodity) to pay for the District's costs of service.

Appropriation

Action taken by the legislative body of a government that permits officials to incur obligations against and to make expenditures of government resources. Appropriations usually are made for fixed amounts and granted for a one-year period.

Appropriation, Cumulative

The cumulative appropriation is the amount approved by the Board as of the second year in the biennial budget, which is the cumulative appropriation balance as of July 1, 2025. The annual appropriations will be recorded on July 1, 2024 and July 1, 2025.

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

An 11 cent credit applied to District customers' monthly water bill for each unit of potable water purchased. The District's Board established the credit to begin passing through \$3.6 million in rebates received from the San Diego County Water Authority from whom the District purchase its untreated water. The credit became effective March 1, 2022 and will remain in effect until the full rebate amount has been refunded to customers.

Raw Water

Water delivered to member agencies which has received only chlorination.

Readiness to Serve Charge

This charge is assessed by MWD on an annual basis, and is a cost of being connected to SDCWA's distribution system.

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.



OLIVENHAIN
Municipal Water District

1966 OLIVENHAIN ROAD
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www.omwd.com



“Water Reflection”
Submitted by Sabine Kurz-Sherman
2023 Elfin Forest Recreational Reserve Photo Contest
Water Winner

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER APPROVAL OF OLIVENHAIN MUNICIPAL WATER DISTRICT'S WASTEWATER SERVICE FEE INCREASES FOR 4S RANCH AND RANCHO CIELO SANITATION DISTRICTS OVER A FIVE-YEAR PERIOD STARTING IN FISCAL YEAR 2024-2025 AND ADOPTION OF AN ORDINANCE AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE (*Article 28 – Sanitation Districts and Use of Rules and Regulations*)**

Purpose

The purpose of this item is for the Board to consider adoption of an ordinance to amend Section 28.5 of Article 28 of the District's Administrative and Ethics code.

If the attached ordinance is approved and adopted, the Wastewater (Sewer) Service Fees shown in Exhibit A of the ordinance will be used to calculate the District's annual sewer service fees for fiscal years 2025, 2026, 2027, 2028, and 2029.

Recommendation

Staff is requesting the Board to consider approval and adoption of the attached ordinance. Adoption of the ordinance would allow Staff to adjust Wastewater System

Access Charges and Wastewater Commodity Rates each year for the next five fiscal years starting with fiscal year 2024-2025 according to the rate tables shown in Exhibit A.

Justifications for the increases in the District's wastewater service fees are included in the 2024 Wastewater Rate Study prepared by Raftelis Financial Consultants, the District's rate consultant.

Alternative

The Board could elect not to adopt the attached ordinance and instruct staff to do otherwise.

Background

The District provides wastewater treatment and collection services in the southeast quadrant of the District's service area, 4S Ranch and Rancho Cielo. The District also collects and treats wastewater from other wastewater service areas annexed to the District. The wastewater is ultimately pumped and treated at the 4S Ranch Water Reclamation Facility.

The District retained Raftelis, a financial consulting firm, to conduct the 2024 Wastewater Rate Study. The objectives of the study were to: (1) develop a 5 year financial plan to cover the full costs of providing wastewater services, including costs related to operations, maintenance, and wastewater infrastructure needs; (2) conduct a cost of service analysis; and (3) develop fair and equitable five- year wastewater rates and charges which conform with Proposition 218 requirements.

The 2024 Wastewater Rate Study demonstrated that the District needs to implement revenue adjustments as current rates will not generate sufficient revenues to cover the District's wastewater operating costs and capital infrastructure needs over the next five years. The last wastewater service fees increase of three (3) percent took effect on July 1, 2023.

The 2024 Wastewater Rate Study results, along with recommended revenue adjustments, were presented to the Finance Committee (Director Meyers and Director Watt) on February 7, 2024, and to the full Board on February 21, 2024. The District's Board set a public hearing for the proposed increases on March 20, 2024, and the rate hearing for public comment was held on May 15, 2024.

The District delivered 5,796 notifications of the public hearing to the post office on March 25, 2024 to comply with the Proposition 218 requirements. Staff also published the rate hearing notice in the Union Tribune on May 3, 2024 and on May 10, 2024. Final draft copies of the Notice of Public Hearing and the 2024 Wastewater Rate Study (Attachment 2 and Attachment 3) have been made available for public review and comments at the District's office as well as on the District's website as of March 25, 2024.

To date, the District received one (1) written comment in support of the proposed sewer rate increase and zero protests on the proposed wastewater service fees.

Fiscal Impact

The District collects approximately \$5.6 million in wastewater service fees each year. Raftelis recommends a 5.5% revenue increase adjustment effective July 1, 2024 (fiscal year 2025) and 5.5% revenue increase adjustments on July 1st of each fiscal year for fiscal years 2026, 2027, 2028, and 2029. The recommended 5.5% revenue adjustment is estimated to generate about \$345 thousand in additional wastewater service fee revenue each year beginning July 1, 2024.

The District is planning to execute approximately \$15.5 million for replacing and refurbishment of its wastewater capital facilities over the next five years, and \$26.8 million over the next ten years. The planned capital improvement projects will be funded from cash available in the District's Wastewater Capital Reserve Fund and \$6.5 million in new monies from debt issuance in 2026. A \$1 million transfer from the wastewater rate stabilization reserve fund to the operating fund in fiscal 2025 is also part of the 2024 Wastewater Rate Study's plan to help mitigate the need for annual revenue adjustments higher than the recommended 5.5% and is included in the Report. The operating fund will then replenish the wastewater rate stabilization reserve fund the full \$1 million over a three-year period beginning in fiscal year 2026.

Discussion

These proposed increases to wastewater service fees are necessary to enable the District to: (1) recover current and projected increases in the cost of operating and maintaining the District's wastewater collection and treatment facilities to comply with state and federal regulatory wastewater and disposal requirements; (2) construct wastewater capital infrastructure improvements needed to replace and refurbish the

aging wastewater facilities; (3) maintain the operational and financial stability of the District's wastewater operations to avoid operational deficits and depletion of reserves.

The District will continue collecting wastewater service fees on each property owner's property tax bill on annual basis through the San Diego County's Tax Assessor Office to reduce billing and administration costs. The District's Wastewater bills are due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessors Office, in December and April of each year

Attachment: **Attachment 1** – Ordinance

Exhibit A – Article 28 – Sanitation Districts and Use of Rules and Regulations

Attachment 2 – Notice of Public Hearing

Attachment 3 – 2024 Wastewater Rate Study Report (FINAL DRAFT)

Attachment 4 – Public Comment

ORDINANCE NO. 5xx

AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE OLIVENHAIN MUNICIPAL WATER DISTRICT
AMENDING THE DISTRICT'S ADMINISTRATIVE AND ETHICS CODE
(Article 28 – Sanitation Districts and Use of Rules and Regulations)

BE IT ORDAINED by the Board of Directors of Olivenhain Municipal Water District as follows:

SECTION 1: Section 28 (5) of Article 28 of OMWD's Administrative and Ethics Code, Sanitation Districts and Use of Rules and Regulations, is hereby revised to read as shown on Exhibit A (attached).

PASSED, APPROVED AND ADOPTED at a regular meeting of Olivenhain Municipal Water District's Board of Directors held this 19th day of June 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Lawrence A. Watt, Secretary
Board of Directors
Olivenhain Municipal Water District

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	Latest Revision Date June May 19, 2021 <u>2024</u>	Ordinance No. 487

ARTICLE 28. SANITATION DISTRICTS AND USE OF RULES AND REGULATIONS.

Sec. 28.1. Declaration of Policy.

It is the policy of the Olivenhain Municipal Water District to provide for the maximum public benefit from the use of Sanitation District facilities. This shall be accomplished by regulating sewer use and wastewater discharges, by providing equitable distribution of District's costs and by providing procedures that will allow the District to comply with the requirements placed upon the District by other regulatory agencies. The revenues to be derived from the application of this policy shall be used to defray all costs of providing sewerage service by the District, including, but not limited to, administration, operation, monitoring, maintenance, financing, capital construction, replacement and recovery, and provisions for necessary reserves.

Sec. 28.2 revised by Ordinance No. 357 / January 23, 2008

Sec. 28.2. Regulatory Compliance.

The District shall comply with Federal and State of California policies to permit the District to meet applicable standards of treatment plant effluent quality; provisions shall be made in the Rules and Regulations for the regulation of wastewater discharges. These Rules and Regulations shall establish quantity and quality limitations on all wastewater discharges, which may adversely affect District sewerage systems treatment processes, or effluent quality. It shall be the intent of these limitations to improve the quality of wastewater received for treatment, so as to enhance and encourage recycled water use for irrigation and other non-potable purposes.

Sec. 28.3. Legislative Findings.

The Board of Directors finds and determines that the implementation of sewerage service within the service jurisdiction of the District is necessary to meet the growing demand for utility service within the District, to reduce the demand for imported water to serve the District's customers, and to properly utilize local sources of usable water through the process of reclaiming wastewater for irrigation and other non-potable uses.

Sec. 28.4 revised by Ordinance No. 305 / October 22, 2003

Sec. 28.4. Establishment of Rules and Regulations.

The General Manager or his designated representative is authorized and directed to draft and amend from time to time the Rules and Regulations for the use of Sanitation District Sewerage Facilities

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ARTICLE 28. SANITATION DISTRICTS AND USE OF RULES AND REGULATIONS.

within the Olivenhain Municipal Water District. All such Rules and Regulations shall be approved by the Board of Directors of the District. The Rules and Regulations shall be distributed to the California Department of Health Services, and the San Diego County Health Department for their approval, and as amended from time to time to ensure the preservation of these beneficial uses and to protect the public health. These Rules and Regulations are incorporated herein as Exhibit “A” to Ordinance 290.

- Sec. 28.5(A) revised by Ordinance No. ??? / June 19, 2024*
- Sec. 28.5(A) revised by Ordinance No. 487 / May 19, 2021*
- Sec. 28.5(A) revised by Ordinance No. 479 / November 18, 2020*
- Sec. 28.5(A) revised by Ordinance No. 475 / May 20, 2020*
- Sec. 28.5(A) revised by Ordinance No. 437 / June 15, 2016*
- Sec. 28.5(A) revised by Ordinance No. 371-A / June 24, 2009*
- Sec. 28.5(A) revised by Ordinance No. 361 / June 11, 2008*
- Sec. 28.5(A) revised by Ordinance No. 349 / June 27, 2007*
- Sec. 28.5(A) revised by Ordinance No. 332 / June 21, 2006*
- Sec. 28.5(A) revised by Ordinance No. 304 / June 25, 2003*

Sec. 28.5 Wastewater (Sewer) Service Fees and Charges.

Wastewater (Sewer) service fees are calculated to recover the cost to collect, treat and dispose of sewage, as well as to maintain the 4S Ranch Wastewater and Reclamation Facilities within the 4S Ranch Sanitation District and Rancho Cielo Sanitation District. There shall be established, based on the estimated amount of sewage generated by each user in hundred cubic feet, and based upon each parcel in the various Sanitation Districts that discharge sewage directly or indirectly into the sewer lines of the District and upon each person owning, letting, or occupying any parcel an annual sewer service charge for each equivalent dwelling unit. This charge is generally based on the annual operating and maintenance cost of the District.

- A. Wastewater (Sewer) Service Fees and Charges.
Based on sewage flows and strengths, the sewer rate structure for the District’s sewer service fees is comprised of four customer classes and is charged and collected for sewer services provided to all sewer customers as defined in the Olivenhain Municipal Water District Wastewater Rate Study, Capacity Fee, and Annexation Reports. The District’s Wastewater Rate Study was updated in ~~March~~January 20241.

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 28	Page 3 of 11
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ARTICLE 28.

SANITATION DISTRICTS AND USE OF RULES AND REGULATIONS.

The sewer customer classes and service fees are to be charged as follows:

OLIVENHAIN MUNICIPAL WATER DISTRICT ADMINISTRATIVE AND ETHICS CODE	Article No. 28	Page 4 of 11
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ARTICLE 28. SANITATION DISTRICTS AND USE OF RULES AND REGULATIONS.

Wastewater (Sewer) Service Fees – July 1, 2024~~1~~

	<u>Service Charge (Annual) Per EDU</u>	<u>Commodity Charge Variable Rate Per HCF</u>	<u>Total for Single Family Users</u>
<u>Residential Single Family</u>			
<u>Single Family – 4S Ranch, SantaLuz & BMR East Cluster</u>	\$ 486.17 217.59	\$ 6.8 17.49	<u>varies</u>
<u>Single Family – Rancho Cielo</u>	\$ 486.17 217.59	\$ 6.8 17.49	<u>varies</u>
<u>Multi-Family 4S Ranch</u>	\$ 147.33 172.19	\$ 6.8 17.49	<u>varies</u>
<u>Non-Residential –Commercial/Industrial</u>			
<u>Group I</u>	\$ 486.17 217.59	\$ 6.8 17.49	<u>varies</u>
<u>Group II</u>	\$ 486.17 217.59	\$ 9.43 10.72	<u>varies</u>

Wastewater (Sewer) Service Fees – July 1, 2025~~2~~

	<u>Service Charge (Annual) Per EDU</u>	<u>Commodity Charge Variable Rate Per HCF</u>	<u>Total for Single Family Users</u>
<u>Residential Single Family</u>			
<u>Single Family – 4S Ranch, SantaLuz & BMR East Cluster</u>	\$ 191.76 229.56	\$ 7.0 27.91	<u>varies</u>
<u>Single Family – Rancho Cielo</u>	\$ 191.76 229.56	\$ 7.0 27.91	<u>varies</u>
<u>Multi-Family 4S Ranch</u>	\$ 151.75 181.67	\$ 7.0 27.91	<u>varies</u>
<u>Non-Residential – Commercial/Industrial</u>			
<u>Group I</u>	\$ 191.76 229.56	\$ 7.0 27.91	<u>varies</u>
<u>Group II</u>	\$ 191.76 229.56	\$ 9.7 211.31	<u>varies</u>

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Wastewater (Sewer) Service Fees – July 1, 2026

	<u>Service Charge (Annual) Per EDU</u>	<u>Commodity Charge Variable Rate Per HCF</u>	<u>Total for Single Family Users</u>
<u>Residential Single Family</u>			
<u>Single Family – 4S Ranch, SantaLuz & BMR East Cluster</u>	\$ <u>197.52242.19</u>	\$ <u>7.248.35</u>	<u>varies</u>
<u>Single Family – Rancho Cielo</u>	\$ <u>197.52242.19</u>	\$ <u>7.248.35</u>	<u>varies</u>
<u>Multi-Family 4S Ranch</u>	\$ <u>156.31191.67</u>	\$ <u>7.248.35</u>	<u>varies</u>
<u>Non-Residential – Commercial/Industrial</u>			
<u>Group I</u>	\$ <u>197.52242.19</u>	\$ <u>7.248.35</u>	<u>varies</u>
<u>Group II</u>	\$ <u>197.52242.19</u>	\$ <u>10.0211.94</u>	<u>varies</u>

Wastewater (Sewer) Service Fees – July 1, 2027

	<u>Service Charge (Annual) Per EDU</u>	<u>Commodity Charge Variable Rate Per HCF</u>	<u>Total for Single Family Users</u>
<u>Residential Single Family</u>			
<u>Single Family – 4S Ranch, SantaLuz & BMR East Cluster</u>	\$ <u>203.45255.52</u>	\$ <u>7.468.81</u>	<u>varies</u>
<u>Single Family – Rancho Cielo</u>	\$ <u>203.45255.52</u>	\$ <u>7.468.81</u>	<u>varies</u>
<u>Multi-Family 4S Ranch</u>	\$ <u>161.00202.22</u>	\$ <u>7.468.81</u>	<u>varies</u>
<u>Non-Residential – Commercial/Industrial</u>			
<u>Group I</u>	\$ <u>203.45255.52</u>	\$ <u>7.468.81</u>	<u>varies</u>
<u>Group II</u>	\$ <u>203.45255.52</u>	\$ <u>10.3312.60</u>	<u>varies</u>

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Wastewater (Sewer) Service Fees – July 1, 2028~~5~~

	<u>System Access Charge (Annual) Per EDU*</u>	<u>Commodity Rate Per HCF**</u>	<u>Total for Single Family Users</u>
<u>Residential Single Family</u>			
<u>Single Family – 4S Ranch, SantaLuz & BMR East Cluster</u>	\$ 209.56 <u>269.58</u>	\$ 7.699.30	<u>varies</u>
<u>Single Family – Rancho Cielo</u>	\$ 209.56 <u>269.58</u>	\$ 7.699.30	<u>varies</u>
<u>Multi-Family 4S Ranch</u>	\$ 165.83 <u>213.35</u>	\$ 7.699.30	<u>varies</u>
<u>Non-Residential – Commercial/Industrial</u>			
<u>Group I</u>	\$ 209.56 <u>269.58</u>	\$ 7.699.30	<u>varies</u>
<u>Group II</u>	\$ 209.56 <u>269.58</u>	\$ 10.64 <u>13.30</u>	<u>varies</u>

*EDU=Equivalent Dwelling Unit. One Multi-Family Residential dwelling unit is equivalent to 0.79 EDU.

**HCF=hundred cubic foot

- B. Equivalent Dwelling Unit.
 Within the 4S Ranch Sanitation District and Rancho Cielo Sanitation District, an EDU shall mean the standard measurement of wastewater discharged into the collection and treatment system equal to the average discharge from a detached single-family unit.

Calculations of EDUs for commercial, industrial and other non-residential uses shall be made by District staff on a case-by-case basis.

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This standard measurement may be modified from time to time whenever determined appropriate by the District to reflect average actual utilization.

Equivalent dwelling unit calculations and subsequent capacity fees shall be based on an evaluation of the proposed fixture unit value and comparison with fees as set forth in this Ordinance, at the sole discretion of the District.

The use of a sewer connection shall be limited to the type and number of Equivalent Dwelling Units authorized by the original wastewater discharge permit. Prior to adding any additional Equivalent Dwelling Units, buildings, modifying existing buildings, or changing occupancy type, the property owner shall make a supplementary wastewater permit application to the District for such change in use and pay additional Sewer Service Fees, as may be applicable.

Sec. 28.6. Payment of Sewer Service Charge.

When application is made for permission to connect a premise to the sewer system of the District, there shall become owing, due and payable, in advance, the sewer service charges for the remainder of the fiscal year in which said application is made, such sewer service charges to be computed by prorating the annual charges from the first day of the second calendar month following the date of such application; provided, however, that where such application is made after the last day of February and prior to the first day of July of any year, there shall become owing, due and payable at the same time in advance the sewer charges for the next succeeding fiscal year. Sewer service charges which become owing, due and payable at the time such application is made for permission to connect to the sewer system of the District shall be paid to the Olivenhain Municipal Water District prior to the issuance of any permit authorizing the connection of such premise to the District's sewer system. Thereafter, the sewer service charges for such premise shall become owing, due and payable annually in advance on the first day of July. Such sewer service charges shall be payable to the Olivenhain Municipal Water District and become delinquent on the first day of September following the date on which they become due unless such sewer service charges are to be collected with the taxes of the District as authorized by Section 28.8 of the Ordinance.

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Sec. 28.7. Change in Discharges Resulting in Increased Rate.

Whenever the discharge of any premise is changed in either quantity or quality or both so that there is an increased sewer service charge applicable to such premises, as determined by the General Manager in his sole discretion, the District shall notify the owner of the premise in writing of the charge. Upon receipt of this notice there shall become owing, due and payable the prorated amount of the increase rate applicable to the premise for the remainder of the fiscal year in which the charge is made. The charge imposed by the section shall become delinquent sixty (60) days following the date it becomes due.

Sec. 28.8. Collection on the County of San Diego Tax Rolls.

Notwithstanding any other provisions of the Olivenhain Municipal Water District, the sewer service fees imposed by Section 28.5 of this Ordinance may be collected on the tax roll in the same manner and together with the general taxes of the District pursuant to Section 5473 of the Health and Safety Code.

Sec. 28.9 revised by Ordinance No. 437 / June 15, 2016

Sec. 28.9. Election to Have Fees and Charges Collected With Taxes.

The Board of the Olivenhain Municipal Water District pursuant to Section 5473 of the Health and Safety Code hereby elects to have the sewer service charges that are imposed by Section 28.5 of this Ordinance and become due July 1, 1998, and each July 1st thereafter, collected on the tax roll in the same manner, by the same persons, and at the time as, together with and not separately from the general taxes of the District.

Sec. 28.10. revised by Ordinance No. 479 / November 18, 2020

Sec.28.10. Sewer Capacity Fees.

In addition to any other fees for connections to the sewer system within a district, a Sewer Capacity Fee for district sewer capacity shall be established by each District and shall be set forth in the Sewer Capacity Fee Ordinance.

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SANITATION DISTRICTS AND USE OF RULES AND REGULATIONS.

- a. The Sewer Capacity Fee shall be applied to each Equivalent Dwelling Unit connected to the sewer system of a district after the effective date of the Ordinance. Equivalent Dwelling Units, as defined in Section 28.5 shall be used to compute the amount of the Sewer Capacity Fee.

- b. Changes in Use Resulting in Increased Sewer Capacity Fees: The use of a sewer connection shall be limited to the type and number of Equivalent Dwelling Units authorized by the original wastewater discharge permit. Before adding any additional Equivalent Dwelling Units, buildings, modifying existing buildings, or changing occupancy type, the property owner shall make a supplementary wastewater permit application to the District for such change in use and pay additional Sewer Capacity Fees, if necessary, as may be applicable.

Periodic inspection of the premises may be made by the District and if an unauthorized change in use is found, an assignment for sewer service shall be made by the District and any appropriate additional capacity fees shall be assessed in accordance with this Ordinance and the current District Sewer Capacity Fee Ordinance.

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Sec. 28.11. revised via Ordinance 305 / October 22, 2003

Sec. 28.11. Entry Upon Private Property to Enforce Provisions.

District employees, agents, and consultants shall be permitted to enter on private property to inspect, sample, test, or for other reasons to ensure compliance with all District rules and regulations, and this Administrative and Ethics Code with the consent of the owners. If the owners do not consent, the District may obtain a warrant to enter private property in accordance with Water Code Section 71601.

Sec. 28.12. Annexation Fee.

In addition to any other fees established by each district, annexation fees shall be paid in accordance with the following:

- a) Application Fee. Territories annexed to the District shall pay application fees as established by the District and set forth in the Olivenhain Municipal Water District Administrative Code, Article 24, Annexations.
- b) Annexation Fee. Each Sanitation District shall establish an annexation use fee comprised of a fixed fee per acre (prorated for fractional acre lots). These fees shall be set forth in accordance with the Administrative Code, Article 24, Annexations.

Sec. 28.14 (now 28.13) revised by Ordinance No. 437 / June 15, 2016

Sec. 28.14. revised by Ordinance No. 431 / October 14, 2015

Sec. 28.13. Miscellaneous Provisions.

- a) Users Outside the District. The Board of Directors of the District may establish by agreement that fees and charges and such other conditions as appropriate shall be imposed for providing sewer service to premises located outside of the District provided that such fees and charges shall not be less than would apply to similar services within the District.
- b) Modification of Fees and Charges. The fees and charges established by this Ordinance or by each District Fee Ordinance may be modified or amended by Ordinance of the Board of Directors.

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- c) Deposit and Expenditure of Fees and Charges. All fees and charges collected pursuant to each District Fee Ordinance shall be deposited in the revenue fund of the particular Sanitation District from where the revenues were collected.

- d) Use of District's Facilities Prohibited Unless Fees and Charges Paid. No person or entity shall discharge, or allow the discharge of, or dump sewage or other waste matter into the District's sewer system unless a sewer permit has been issued and all District fees and charges have been paid.

- e) Unlawful to make Sewer Connection Without Payment of Fee. It shall be unlawful for any person to connect any building to a District's sewerage system without first paying the fees prescribed by the District Fee Ordinance.

- f) Users Responsibility. The costs for installation, maintenance, replacement, and permitting of sewer service laterals shall be the responsibility of the property owner.



Municipal Water District

A Public Agency

1966 Olivenhain Road

Encinitas, CA 92024

www.olivenhain.com



NOTICE OF PUBLIC HEARING

May 15, 2024 at 5:30 p.m.
Boardroom of the District's Administrative Office*
1966 Olivenhain Road
Encinitas, California 92024

Olivenhain Municipal Water District is considering sewer service charge adjustments that will affect your property tax bill. This notice explains the public hearing and protest process, the reasoning behind the proposed wastewater rate adjustments, and the fee increases being proposed.

*See Public Hearing Information Section for information.

NOTICE OF PUBLIC HEARING

REGARDING PROPOSED INCREASES TO OLIVENHAIN MUNICIPAL WATER DISTRICT WASTEWATER SERVICE FEES

Olivenhain Municipal Water District ("OMWD") will conduct a public hearing on May 15, 2024 at 5:30 p.m., in the Boardroom of OMWD's administrative office, located at 1966 Olivenhain Road, Encinitas, California 92024, to consider adopting increases to the Wastewater Annual Service Access Charge and Commodity Rates beginning on July 1, 2024 and over the next four years, as described in this notice.

For Zoom Participation:

www.zoom.us/join

Meeting ID: 842 3513 4766 and Passcode: 505397

For Zoom Call-in Only:

Call: (669) 900-9218

Meeting ID: 842 3513 4766 and Passcode: 505397

You are receiving this notice because you are an OMWD wastewater customer or property owner. OMWD is proposing wastewater service fee increases that will affect your annual wastewater bill. OMWD's wastewater service fees are collected on each property owner's property tax bill on an annual basis.

This notice includes information about 1) the wastewater system, 2) why the proposed fee increases are necessary, 3) what wastewater fees pay for, 4) how your wastewater bill is calculated, 5) the proposed wastewater service fees, 6) impact of the proposed wastewater service fees on an average single-family and an average multi-family residential customer, and 7) procedures for protesting the proposed wastewater service fees.

A 2024 Wastewater Rate Study, conducted by an independent financial consulting firm, is the basis for allocating costs and calculating the proposed increases to OMWD's Wastewater Annual Service Access Charge and the Commodity Rates shown and described in this notice. A copy of OMWD's Wastewater Rate Study Report is available at www.olivenhain.com/rates or at our administrative office.

WASTEWATER SYSTEM

OMWD collects and treats sewage from the 4S Ranch and Rancho Cielo communities as well as other wastewater service areas annexed to OMWD. OMWD's wastewater service area spans approximately 5,500 acres. Wastewater is collected through approximately 65 miles of sewer pipes that rely on gravity to move the wastewater, and 13 miles of pipes that are pressurized via pumps. The wastewater is ultimately pumped to OMWD's 4S Ranch Water Reclamation Facility through 14 sewer lift stations.

Currently, OMWD bills approximately 7,334 equivalent dwelling units (EDUs) for wastewater discharged from single-family residential homes, multi-family residential units, commercial properties, and industrial accounts. OMWD's wastewater service fees are collected on each property owner's property tax bill and are due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessor's office in April and December of each year.

WHY ARE WASTEWATER SERVICE FEE INCREASES NECESSARY?

The proposed increases to the wastewater service fees are necessary to continue to provide wastewater collection and treatment services to the 4S Ranch and Rancho Cielo wastewater service areas. OMWD conducted a detailed review of its system and estimated the capital costs of maintaining the system, which is one of the main drivers of rate increases. The proposed increases to wastewater fees over the five-year period, as shown in this notice, were calculated by OMWD's independent financial consultant, and included in the 2024 Wastewater Rate Study Report. The proposed increases are based on the costs of providing wastewater collection and treatment services to our wastewater customers.

Wastewater fees that are collected by OMWD from wastewater customers reflect the full costs of providing wastewater services, including costs related to operations, maintenance, and wastewater infrastructure needs. OMWD strives to keep the costs of its wastewater operations as low as possible; however, costs continue to rise because of high inflation. These costs primarily include:

- (1) Increases in utility and chemical costs to treat wastewater;
- (2) Ongoing repair and maintenance needs; and
- (3) Anticipated increases in construction costs based on recent construction bids.

WHAT DO WASTEWATER FEES PAY FOR?

Each of OMWD's wastewater customers pay their fair share of the cost for wastewater treatment and disposal, which includes utilities, chemicals, supplies, outside services, administration, and labor and benefits. Wastewater customers also pay for OMWD's wastewater capital improvement program, which includes ongoing repairs, replacements, and betterments of wastewater infrastructure.

OMWD utilizes its reserves to provide working capital for operations and finance its wastewater capital improvement program. OMWD also issues debt to pay for wastewater capital replacement and betterment expenditures so that the cost of these projects is paid by sewer customers over the useful life of the infrastructure. Utilizing reserves and issuing debt helps maintain rate stability and avoids rate spikes while ensuring that OMWD can meet its wastewater system financial obligations for years to come.

HOW YOUR WASTEWATER BILL IS CALCULATED

Based on sewage flows and strengths, the rate structure for OMWD's wastewater service fees are comprised of the following four customer classes:

Customer Class	Includes
Single-Family Residential	Single-family homes
Multi-Family Residential	Condominiums, apartments, RV/mobile home parks
Commercial - Group I	Office buildings, small retail stores, schools, storage facilities, pools, government agencies, churches, sports parks
Commercial - Group II	Shopping centers, strip malls, medical office buildings, healthcare facilities, supermarkets, restaurants

OMWD's wastewater service fees for all customer classes are comprised of two components:

1. **A Service Access Charge (SAC)**, which is an annual flat charge based on one Equivalent Dwelling Unit (EDU). The SAC is calculated on the basis of recovering certain fixed costs of OMWD to operate and maintain wastewater facilities including repairs, maintenance, and customer services such as billing and collections.

The SAC is determined on an EDU basis. EDU is a term used to compare the amount and type of waste produced from a non-residential customer to the waste produced by a single-family home. The number of EDUs assigned to an account is based on the estimated potential amount and type of wastewater generated by that account. A single-family residential home, for example, is assigned one EDU.

2. **A Commodity Rate**, which is a charge based on the estimated type and amount of sewage generated by each user in hundred cubic feet (1 HCF is approximately 748 gallons). For each Single-Family Residential user, the commodity charge is determined based on the lowest monthly amount of potable water billed to that user in the winter months of December to March (i.e., the lowest number of units on your water bill on any of these winter months). The lowest winter month's water billed is used to represent the monthly amount of wastewater generated, since potable water use during winter months reflects mainly indoor water use. For the Single-Family Residential user, billed water use is capped at a maximum of 10 HCF per month to account for irrigation usage. The lowest monthly usage is multiplied by 12 to determine the yearly use and yearly charge. For Multi-Family and Commercial customers, the commodity charge is determined based on the actual billed water use of the prior year, which represents the amount each user discharges to the wastewater system in HCF.

All components of OMWD's wastewater service fees are structured in such a way to proportionately allocate the cost of collecting, treating, and disposing of sewage generated by each customer class in OMWD's wastewater service areas.

How Your Annual Wastewater Bill is Calculated – Examples		
SINGLE-FAMILY RESIDENTIAL	How it's calculated	The Service Access Charge, plus 12 times the monthly commodity charge. The monthly commodity charge is determined by multiplying the Commodity Rate by the lowest units billed in the winter months of the previous year, up to a maximum of 10 hundred cubic feet (HCF) per month.
	Example	A single-family residential wastewater customer with 7 HCF of minimum water use based on December to March water bills (of the prior year). Example charge for 2025 property tax bill: (System Access Charge of \$217.59) + (7 HCF water usage x 12 months x the Commodity Rate of \$7.49) = a total annual bill of \$846.75.
MULTI-FAMILY RESIDENTIAL	How it's calculated	The Service Access Charge for each dwelling unit plus a commodity charge based on actual water use (prior year) for the dwelling unit complex.
	Example	A condominium with four dwelling units totaling 288 HCF in annual usage. Example charge for 2025 property tax bill: (Dwelling units of 4 x annual Service Access Charge of \$172.19) + (288 HCF water usage x the Commodity Rate of \$7.49) = a total of \$2,845.88. The total of \$2,845.88 divided by four dwelling units = a total annual bill of \$711.47 per dwelling unit.
COMMERCIAL - GROUP I & II	How it's calculated	The Service Access Charge per EDU plus a commodity charge based on the customer's actual water use (prior year) for the Commercial account.
	Example	An office building (Commercial - Group I) with 408 HCF in annual water usage and Number of Service EDUs of 10. Example charge for 2025 property tax bill: (Number of Service EDUs of 10 x annual Service Access Charge of \$217.59) + (408 HCF water usage x the Commodity Rate of \$7.49) = a total annual bill of \$5,231.82.

PROPOSED WASTEWATER SERVICE FEES

OMWD is proposing to increase wastewater service fees annually over a five-year period. If approved, the proposed Wastewater Annual Service Access Charge and Commodity Rates will become effective July 1, 2024 and will increase on July 1 of each of the next four years thereafter, as included below.

Current and Five-Year Proposed System Access Charges (per EDU*)						
Customer Class	Current	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Single -Family Residential	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Multi-Family Residential**	\$ 156.31	\$ 172.19	\$ 181.67	\$ 191.67	\$ 202.22	\$ 213.35
Commercial - Group I	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Commercial - Group II	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58

*EDU=Equivalent Dwelling Unit

** The Multi-Family Service Access Charge is based on 0.79 EDU due to lower estimated flow of wastewater generated by this customer class.

Current and Five-Year Proposed Commodity Rates (per hundred cubic foot of wastewater - 1 HCF is approximately 748 gallons)						
Customer Class	Current	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
Single -Family Residential	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Multi-Family Residential**	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Commercial - Group I	\$ 7.24	\$ 7.49	\$ 7.91	\$ 8.35	\$ 8.81	\$ 9.30
Commercial - Group II	\$ 10.02	\$ 10.72	\$ 11.31	\$ 11.94	\$ 12.60	\$ 13.30

IMPACT OF PROPOSED WASTEWATER SERVICE FEES: AVERAGE SINGLE-FAMILY AND MULTI-FAMILY RESIDENTIAL CUSTOMERS

Below are examples of the impact to the average single-family residential and multi-family residential customer of the proposed wastewater service fees. The actual impact to each single-family and multi-family residential wastewater customer will vary depending on water used. Information on how to calculate your annual wastewater bill is included in the "How Your Wastewater Bill is Calculated" section of this notice.

Average Annual Single Family Residential Wastewater Bill*						
Annual Wastewater Bill	Current	Proposed 7/1/2024	Proposed 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028
Service Access Charge	\$ 197.52	\$ 217.59	\$ 229.56	\$ 242.19	\$ 255.52	\$ 269.58
Commodity Rate	\$ 608.16	\$ 629.16	\$ 664.44	\$ 701.40	\$ 740.04	\$ 781.20
Annual Total Bill	\$ 805.68	\$ 846.75	\$ 894.00	\$ 943.59	\$ 995.56	\$ 1,050.78
Monthly Total Bill	\$ 67.14	\$ 70.56	\$ 74.50	\$ 78.63	\$ 82.96	\$ 87.57
Monthly Rate Increase Impact		\$ 3.42	\$ 3.94	\$ 4.13	\$ 4.33	\$ 4.61

Average Annual Multi-Family Residential Wastewater Bill**						
Annual Wastewater Bill	Current	Proposed 7/1/2024	Proposed 7/1/2025	Proposed 7/1/2026	Proposed 7/1/2027	Proposed 7/1/2028
Service Access Charge	\$ 156.31	\$ 172.19	\$ 181.67	\$ 191.67	\$ 202.22	\$ 213.35
Commodity Rate	\$ 521.28	\$ 539.28	\$ 569.52	\$ 601.20	\$ 634.32	\$ 669.60
Annual Total Bill	\$ 677.59	\$ 711.47	\$ 751.19	\$ 792.87	\$ 836.54	\$ 882.95
Monthly Total Bill	\$ 56.47	\$ 59.29	\$ 62.60	\$ 66.07	\$ 69.71	\$ 73.58
Monthly Rate Increase Impact		\$ 2.82	\$ 3.31	\$ 3.47	\$ 3.64	\$ 3.87

*Based on OMWD's average Single Family Residential wastewater customer with 7 HCF lowest winter month usage.

**Based on OMWD's average Multi-Family Residential wastewater dwelling unit with 72 HCF water usage per year.

PROTESTING THE PROPOSED WASTEWATER SERVICE FEES

Any property owner of a parcel upon which the wastewater service fees are proposed for imposition or any tenant directly liable for the payment of wastewater service charges (i.e., a wastewater customer of the District who is not a property owner) may submit a written protest to the proposed wastewater fees and rate structure shown and described in this notice; however, only one protest will be counted per parcel subject to the wastewater fees. To be used in determining whether there is a majority protest, each protest must: (1) be in writing; (2) state that the identified property owner or tenant is opposed to the proposed wastewater fee increases; (3) provide the location of the identified parcel for which the protest is submitted (by assessor's parcel number or wastewater service address); and (4) include the printed full name and signature of the property owner or tenant submitting the protest for the identified parcel. Written protests may be submitted by mail or in person to the Board Secretary at OMWD's administrative office at 1966 Olivenhain Road, Encinitas, CA 92024, or at the public hearing, if they are received by the Board Secretary prior to the close of the public hearing. Any protest received after the close of the public hearing will not be accepted. Any protest submitted via e-mail or other electronic means will not be accepted.

The Board of Directors will consider all written protests and will hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as written protests to be used in determining whether there is a majority protest. At the conclusion of the public hearing, the Board of Directors will consider adoption of the proposed fees and rate structure. If written protests are not presented by owners or tenants of a majority of the parcels subject to the wastewater service fees, the Board of Directors will be authorized to adopt the fees. If approved, the Board of Directors will be authorized to adopt the proposed increases to the Service Access Charge and the Commodity Rate described in this notice, for a five-year period commencing July 1, 2024, through June 30, 2029.

California law (Government Code section 53759) provides a 120-day statute of limitations for judicially challenging any new, increased, or extended fee or charge such as these rates.

Questions? www.olivenhain.com/customer-services 760-753-6466

Olivenhain

MUNICIPAL WATER DISTRICT

Wastewater Rate Study Report

March 12, 2024

March 12, 2024

Ms. Kimberly A. Thorner
General Manager
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

Subject: Wastewater Rate Study Report

Dear Ms. Thorner:

Raftelis is pleased to provide this 2024 Wastewater Rate Study Report (Report) to the Olivenhain Municipal Water District (District).

The major objectives of the study include the following:

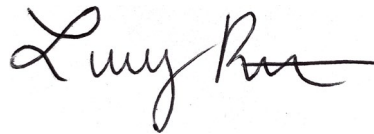
- Develop a financial plan for the District Wastewater utility to ensure financial sufficiency, meet operation and maintenance (O&M) costs, and help ensure sufficient funding for capital refurbishment and replacement needs;
- Conduct a cost-of-service (COS) analysis;
- Develop fair and equitable 5-year wastewater rates which conform to Proposition 218 requirements based on the analysis and methodology set out in this Report.

This Report summarizes our key findings and recommendations. It has been a pleasure working with you and we appreciate your help and the support provided by Ms. Rainy Selamat, Ms. Lindsey Stephenson, and Mr. Jared Graffam during the course of the study.

Sincerely,
RAFTELIS FINANCIAL CONSULTANTS, INC.

A blue ink signature of Sudhir Pardiwala, written in a cursive style.

Sudhir Pardiwala, PE
Executive Vice President

A black ink signature of Lindsay Roth, written in a cursive style.

Lindsay Roth
Consultant

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Abbreviations

Terms	Descriptions
4S	4S Ranch (Sanitation District)
4SWRF	4S Water Reclamation Facility
AF	Acre foot / Acre feet
AWWA	American Water Works Association
BOD	Biochemical oxygen demand
COS	Cost of Service
CIP	Capital Improvement Plan
EDU	Equivalent dwelling unit
FY	Fiscal Year ending (July 1 – June 30)
GPCD	Gallons per capita per day
GPM	Gallons per minute
HCF	Hundred cubic feet = 100 cubic feet = 748 gallons
Manual of Practice No. 27	Water Environment Federation’s (WEF) Financing and Charges for Wastewater Systems (Manual of Practice No. 27)
MFR	Multi-family residential
MGD	Million gallons per day
O&M	Operations and maintenance
PAYGO	PAYGO - Pay as you go - refers to annual fund transfers, collected from wastewater rates and charges, to pay for planned capital improvements
RC	Rancho Cielo (Sanitation District)
R&R	Refurbishment and Replacement
SCADA	Supervisory control and data acquisition (system)
SFR	Single-family residential
SL	Santa Luz
TSS	Total suspended solids
WEF	Water Environment Federation

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1. Executive Summary

1.1. Background of the Study

In September 2023, Olivenhain Municipal Water District (District) engaged Raftelis Financial Consultants (Raftelis) to update the District’s last wastewater rate study based on increased costs to recover the full cost of providing wastewater collection services. The last wastewater rate study was completed in 2020. The District last increased its wastewater rates in July 2023. This Wastewater Rate Study (Study) includes the preparation of a ten-year financial plan, cost of service analysis, and five-year implementation of wastewater rates.

This Report summarizes the key findings and recommendations of the Study. For purposes of the analysis set out in this Report, the terms “Rate(s)” and “Charge(s)” may be used interchangeably.

The District’s Wastewater System is an interconnected system comprised of two sub-districts with a wide variety of commercial, industrial, and residential uses:

- Rancho Cielo Sanitation District – This includes the Rancho Cielo Estates development and adjacent areas. It is located just east of the covenant area of Rancho Santa Fe and north of Del Dios Highway. The District provides sewer service to approximately 310 single family homes in the Cielo Sanitation District.
- 4S Ranch Sanitation District – This area consists of the 4S Ranch master planned community and other minor surrounding areas in the City of San Diego. It is located just west of Rancho Bernardo. The District provides sewer service to approximately 3,680 single family homes in the 4S Ranch Sanitation District and 1,540 multi-family and non-residential accounts. Santa Luz Housing Development and Black Mountain East Clusters were annexed to the 4S Ranch Sanitation District for sewer service only. Both are outside District boundaries.

The wastewater service area spans approximately 5,550 acres. Wastewater is collected through approximately 65 miles of gravity sewers and 13 miles of force mains, and ultimately pumped to the 4S Ranch Water Reclamation Facility (4SWRF). There are 14 sewer lift stations monitored by the District’s supervisory control and data acquisition (SCADA) system.

1.2. Objectives of the Study

The major objectives of the study include the following:

- Develop financial plans for the Wastewater utility to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and provide for the financial health of the enterprises;
- Conduct a cost-of-service (COS) analysis;
- Develop fair and equitable 5-year wastewater rates which conform with Proposition 218 requirements based on the analysis and methodology set out in this Report.

1.3. Legal Requirements and Rate Setting Methodology

1.3.1. LEGAL REQUIREMENTS

In November 1996, California voters approved Proposition 218, which amended the California Constitution by adding Articles XIII C and Article XIII D. Article XIII D placed certain limitations on the use of revenue collected from property-related fees and charges and on the amount of the fee or charge that may be imposed on each parcel by governmental agencies. Additionally, it established procedural requirements for imposing new, or increasing existing, property-related fees and charges.

The substantive requirements in Article XIII D place limitations on (1) the use of the revenue collected from property-related fees and charges and (2) the allocation of costs recovered by such fees or charges to ensure that they are proportionate to the cost of providing the service(s) attributable to each parcel.

1.3.2. RATE SETTING METHODOLOGY

The wastewater rates were prepared using the principles established by the Water Environment Federation's (WEF) *Financing and Charges for Wastewater Systems* (Manual of Practice No. 27) which establishes commonly accepted professional standards for wastewater cost of service (COS) studies. The WEF Manual's general principles and the objectives of the Report are described below.

The first step in ratemaking is to determine the adequate funding of a utility. This is referred to as the "revenue requirement" analysis. This analysis considers the utility's short-term and long-term service requirements and objectives over a given planning horizon, including capital facilities and system operations and maintenance, to determine the adequacy of a utility's existing rates to recover its costs. A number of factors may affect these projections, including the number of customers served, water-use trends, nonrecurring sales, conservation, inflation, interest rates, capital finance needs, and other changes in operating and economic conditions.

After determining a utility's revenue requirement, the next step is a cost of service (COS) analysis. Utilizing approved expense and revenue budgets and capital improvement plans, we first functionalize a utility's costs and assets among major operating functions (collection, treatment, etc.). After cost functionalization, we allocate the "functionalized costs" to cost causation components. For wastewater these cost components include wastewater flow, strength, and general admin costs. Wastewater strength is further defined as the Biochemical Oxygen Demand (BOD) and Total Suspended Solid (TSS) loads contributed by each class. We then distribute these cost causation components to each customer class (e.g., single-family residential, multi-family residential and commercial) by determining the loadings of flow and strength of each class.

Once the cost-of-service analysis is complete, we design rates to collect the cost to serve each customer class calculated as part of the cost-of-service analysis.

1.4. Wastewater Utility Financial Plan

Raftelis has projected the operating and capital expenditures over the planning period and is recommending a revenue increase of 5.5 percent for FY 2025, starting July 1, 2024, followed by annual revenue increases of 5.5 percent for the next four years. The 5.5 percent increase is an increase in total revenue requirement from rates. The rate increases for different customer classes will be different based on the cost-of-service analysis.

The proposed financial plan is shown graphically in **Figure 1-1** with the columns representing the operating expense, debt, and capital expenditures. The red line shows the revenues with no revenue adjustments and the green line shows the revenues with the proposed revenue adjustments. Expenditures in excess of the proposed revenues in each year are funded from reserves shown by the yellow bars below the horizontal axis. **Figure 1-2** shows graphically the financing plan for the capital improvement plan (CIP). Capital expenditures in FY 2026 through FY 2028 will be funded by a debt issue of \$6.5 million in FY 2026. To ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years.

Figure 1-1: Wastewater Utility Proposed Financial Plan

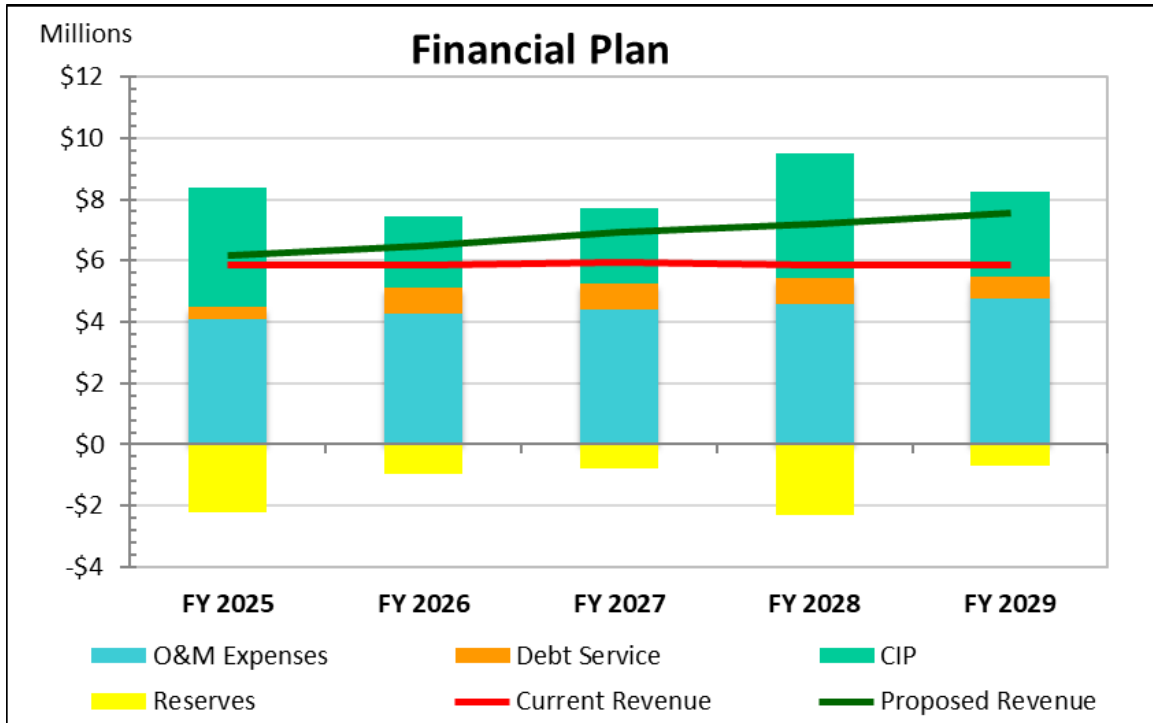
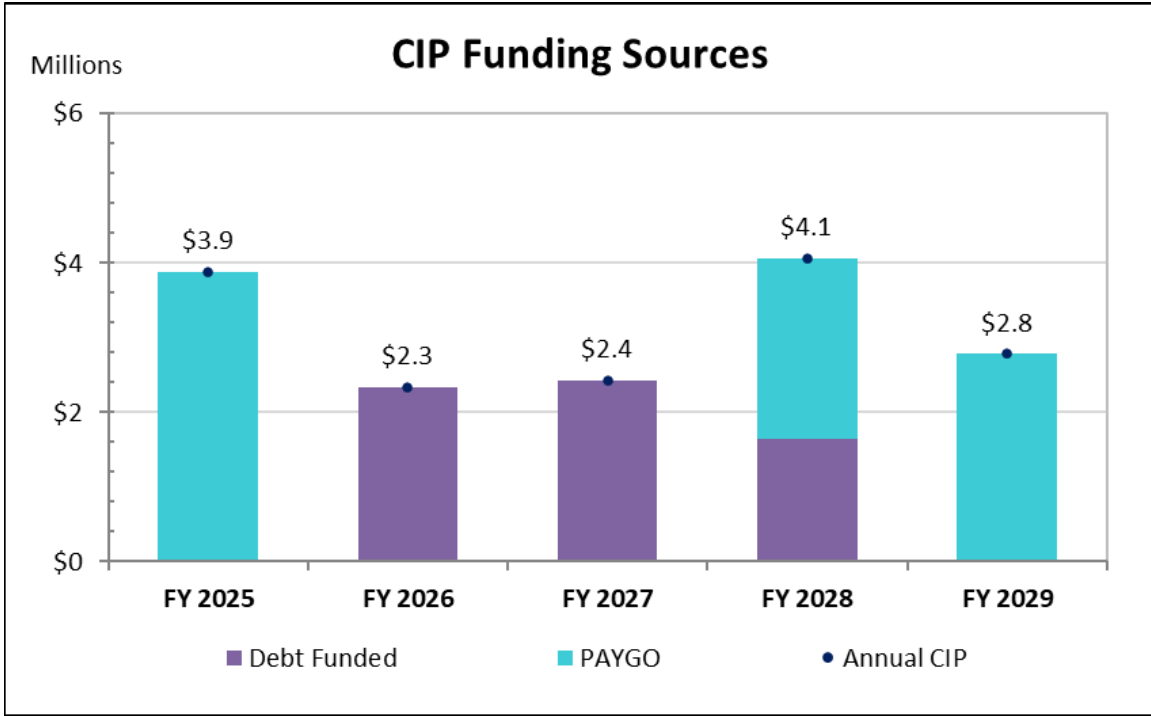


Figure 1-2: Capital Funding Sources



1.5. Proposed Wastewater Rates

The proposed rates across five years are presented for the annual service access charge in **Table 1-1** and the volumetric rate (\$/hcf) in **Table 1-2**.

Table 1-1: Five-Year Proposed Annual Fixed Charges

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Other						
Multi-Family	\$156.31	\$172.19	\$181.67	\$191.67	\$202.22	\$213.35
Commercial - Group I	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Commercial - Group II	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58

Table 1-2: Five-Year Proposed Volumetric Rates (\$/hcf)

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Other						
Multi-Family	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group I	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group II	\$10.02	\$10.72	\$11.31	\$11.94	\$12.60	\$13.30

2. Assumptions

This section summarizes the principal assumptions in this Study. Unless otherwise stated herein, these assumptions are used consistently in the Study.

2.1. Inflation

To develop a multi-year plan, we forecast future operating and capital expenditures and non-rate revenues. The Study Period includes cost projections from Fiscal Years (FY) 2025 to FY 2034. The inflationary assumptions to make projections for future years are based on input from District staff and averages of long-term expenditures. The inflationary assumptions are presented in **Table 2-1**. Note that the Study uses the District’s FY 2024 projected expenditures as the basis for future years’ projections based on these inflationary factors.

- General inflation is based on the change in the annual Consumer Price Index for all Urban Consumers for the San Diego-Carlsbad Region.
- Increases in certain wastewater Operations and Maintenance costs were supplied by the District based on discussions with District staff. Salaries, Benefits, and Utilities are projected to be higher than the General inflation factor.
- The District is using a 4% inflation adjustment for future wastewater CIP Projects.
- The reserve interest rate is assumed net of the District’s projected investment income based on current market conditions.

Table 2-1: Inflationary Assumptions

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
General	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Salaries	6.0%	6.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Benefits	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
CIP Projects	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Reserve Interest Rate	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

2.2. Account and EDU Growth Assumptions

Table 2-2 shows account growth assumptions developed in cooperation with District staff. Single family customer accounts are expected to increase by less than 0.2 percent or about 7 new units annually. No increase in multi-family or commercial customers is expected. Commercial Group I customers include office buildings, small retail stores, schools, etc. Commercial Group II customers represent shopping centers, strip malls, medical office buildings and/or restaurants, and manufacturing facilities.

Table 2-2: Account Growth Assumptions

Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Single Family Residential	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Other											
Multi-Family	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial - Group I	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial - Group II	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 2-3 shows the projected Equivalent Dwelling Units (EDUs) reflecting the growth assumptions in **Table 2-2**. Actual EDUs for FY 2023 were provided by District Staff and were used to project future EDUs (FY 2024 through FY 2034.) The EDU definition for Multi-Family, consistent with the last study, is based on the actual flow ratio between Multi-Family and Single-Family Residential wastewater (sewer) customers. One Multi-Family dwelling unit is equivalent to 0.79 EDU.

Table 2-3: Projected Wastewater EDUs

Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Single Family Residential	4,025	4,032	4,039	4,046	4,053	4,060	4,067	4,075	4,083	4,091	4,099	4,107
Other												
Multi-Family	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Commercial - Group I	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310
Commercial - Group II	400	400	400	400	400	400	400	400	400	400	400	400
Total EDUs	7,339	7,346	7,353	7,360	7,367	7,374	7,381	7,389	7,397	7,405	7,413	7,421

Table 2-4 shows the projected wastewater flow expressed in hundred cubic feet (hcf). FY 2023 actual flows, which are used to charge FY 2024 rates, are used to project flows from FY 2025 through FY 2034. Flow is a function of the return factor as shown in **Table 2-4** and account growth factors in **Table 2-2**. The return factor represents the amount of water use returned to the sewer. The Study assumes that the return factor will not change for any customer class throughout the Study Period. SFR flows increase due to more normal winter water use and the growth in those accounts shown in **Table 2-3**.

Note that the Single Family Residential (SFR) class flow is based on *annualized lowest winter water use* from December through March of the previous fiscal year and is capped at 10 hcf per month. SFR properties tend to have a substantial portion of outdoor water use, which does not flow back into the sewer system as wastewater. Wastewater flow equal to lowest month winter water use is a reasonable estimate of indoor water use as outdoor watering is limited in winter months. Other customer classes (e.g., Multi-Family Residential and Commercial) tend to have less outdoor water use. Thus, their flow is based on *actual* water use from the previous year.

Table 2-4: Projected Wastewater Flow (hcf)

Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Return Factor (all classes)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Single Family Residential (lowest winter use)	322,140	338,834	339,421	340,008	340,595	341,182	341,853	342,524	343,195	343,866	344,537
Other (actual use)											
Multi-Family	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892
Commercial - Group I	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892
Commercial - Group II	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941
Total Annual Flow (hcf)	535,865	552,559	553,146	553,733	554,320	554,907	555,494	556,081	556,668	557,255	557,842

2.3. Reserve Assumptions

2.3.1. RESERVE POLICY BACKGROUND

A reserve policy is a Board approved written document that defines the risk management policy for a public agency's financial reserves. The Board's Reserve Policy for the District is used to develop the financial plan. Wastewater reserves enable the District to meet working capital requirements, address revenue shortfalls due to economic recessions, and provide funds in case of an asset failure and/or natural disaster. Reserve policies provide guidelines for sound financial management with an overall long-range perspective to maintain financial solvency. Reserves also set aside funds for capital asset replacement as they age (and need to be replaced) and for new capital projects. Adhering to a sustainable reserve policy enhances financial management transparency and achieves or maintains favorable credit rating(s) for future District debt issues.

The appropriate amount of reserves and reserve types are determined by a variety of factors, such as the size of the operating budget, the amount of debt, the type of rate structure, frequency of customer billing and risk of natural disaster. While reserves vary by agency, most reserves tend to fall into the following categories: operating, rate stabilization, capital, pension stabilization, and emergency. These are each further discussed below.

Operating Reserve

The purpose of an operating reserve is to provide working capital to support the operation, maintenance, and administration. The District's wastewater service charges are collected through the County Tax Collector's office at the same time that property tax bills are paid by wastewater (sewer) customers (the majority of which are collected on December 10 and April 10.) Due to the timing of these receipts for sewer services, the operating reserve supports the District's cash flow needs during normal operations and ensures that operations can continue until the County forwards the rate revenues. As it is unlikely for a utility to precisely predict the revenues and revenue requirements for each billing period, a reserve set aside to hedge the risk of monthly negative cash positions is part of prudent financial planning and fiscal management.

Rate Stabilization

Rate stabilization reserves are used to minimize the need for abrupt rate increases that may be needed during times of decreased wastewater flow, economic recessions, or emergencies. The rate stabilization reserve would be used to offset the District's costs. A rate stabilization reserve acts as a buffer to protect customers from experiencing large rate increases.

Capital Reserve

Capital reserves fund the replacement and renewal of a utility's infrastructure. Because utilities are highly capital-intensive enterprises, it is important to accurately estimate long-term capital costs and develop a reserve to fund the eventual replacement of the system and new capital projects. Capital reserves vary the most (amongst all reserve targets) by agency. There are three accepted industry standard methods used to establish capital reserves:

- » One to five times the average capital expense over 5 to 10 years;
- » Given percentage of asset value, normally valued at replacement cost, of two to five percent; and
- » Asset depreciation normally calculated using replacement cost.

Pension Stabilization

The purpose of the pension stabilization reserve is to secure the District's ability to have a consistent annual Unfunded Accrued Liability (UAL) payment to California Public Employee's Retirement System (CalPERS), including Additional Discretionary Payment(s) while achieving its pension funding goal as outlined in the

District’s Pension Funding Policy. The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to the plan members.

Emergency

An emergency reserve seeks to minimize disruptions in service during a natural disaster or asset/facility failure. An emergency reserve decreases risk by setting aside adequate funds to rebuild/replace an essential facility or pipeline after failure/disaster. Normally, a local public agency performs a critical asset analysis as the basis for the target level of emergency reserve. The District does not currently have an emergency reserve – however the rate stabilization fund has a dual purpose as an emergency fund.

2.3.2. CURRENT RESERVES

The District’s current reserve policy follows:

- » **Operating Reserve:** A minimum of 180 days of annual wastewater (sewer) operations and maintenance expenditures approved by the Board. The maximum shall not exceed 365 days of annual sewer operations and maintenance expenditures approved by the Board in District’s budget. In FY 2024, the minimum and maximum targets were \$2.0 million and \$4.1 million, respectively.
- » **Rate Stabilization:** The rate stabilization reserve minimum is 25% of annual wastewater (sewer) operating and maintenance expenditures approved by the Board and the maximum is 100 percent of annual Board approved operating budget. The minimum and maximum target for FY 2024 were \$1.0 million and \$1.4 million, respectively.
- » **Capital Reserve:** The capital reserve minimum is two years’ average of planned capital expenditures of the approved 10-year Wastewater (sewer) Capital Spending Plan. The maximum shall not exceed five years’ average of the approved (ten-year) capital improvement plan. In FY 2024 the minimum and maximum targets were \$6.2 and \$15.5 million, respectively.
- » **Pension Stabilization:** The pension stabilization minimum balance is the one-year average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years based on the most current CalPERS annual actuarial report for Classic and PEPRA plans. The maximum balance is two times the one-year average noted in the minimum balance. In FY 2024 the minimum and maximum targets were \$106,000 and \$212,000, respectively.

Table 2-5 lists the District’s FY 2024 beginning fund balances for the Operating, Rate Stabilization, and Capital reserves as well as the minimum and maximum targets. The Operating Reserve is above its maximum target while the Capital Reserve is below its maximum but above its minimum. The Pension Stabilization fund is below the minimum target as the fund was only added in FY 2023 and will continue to be funded from the Operating Reserve to meet the minimum balance in future years. The total beginning balance is between the total minimum and maximum targets.

Table 2-5: FY 2024 Beginning Fund Balances

Reserve	FY 2024	Min Target	Max Target
Operating	\$4,196,892	\$2,039,497	\$4,078,995
Rate Stabilization	\$2,667,189	\$1,019,749	\$4,078,995
Capital	\$13,072,117	\$6,188,400	\$15,471,000
Pension Stabilization	\$40,576	\$106,285	\$212,569
Total Beginning Balance	\$19,936,198	\$9,247,646	\$23,628,989

2.4. Data Sources

The District provided the following data to aid in preparing this report:

- » Revenues and expenditures for FY 2023 (actuals) and FY 2024 budgeted
- » Ten-year Wastewater Capital Improvement Plan, based on:
 - Rancho Cielo and 4S Rancho Wastewater Collection System Sewer Pump Stations Condition Assessment (Dudek, 2024)
 - 4S Ranch Water Reclamation Facility Consequence of Failure Analysis (Dudek, 2024)
 - Wastewater System Electrical System Evaluation (Dudek, 2024)
- » Debt service payment schedules
- » Estimated beginning balances for FY 2024
- » Wastewater billing data (with identifying information removed) for FY 2023
- » Customer growth projections
- » Wastewater asset information
- » Total plant influent flow, BOD, and TSS
- » Sewer debt and reserve policies

3. Financial Plan

As the first step in the rate study process, Raftelis reviewed the District’s revenue requirements. Raftelis analyzed the District’s wastewater annual operating revenues, operation and maintenance (O&M) expenses, transfers between funds, and reserve requirements. This Section of the Report discusses projected revenues at current rates, O&M expenses, other reserve funding and revenue adjustments to ensure the Wastewater Utility’s fiscal solvency.

3.1. Revenues from Current Wastewater Rates

The total annual Single Family Residential (SFR) customer charge is the sum of the annual service access charge assessed per equivalent dwelling unit (EDU) plus a commodity charge assessed per hundred cubic feet (hcf) of water use. The current FY 2024 wastewater charges and rates are presented in **Table 3-1**.

The annual service access charge is a uniform flat charge across all customer classes. The commodity charge is based on an SFR customer’s annualized minimum prior year winter water use with a maximum monthly (or cap) use of 10 hcf.¹ For example, a customer with a minimum winter water use of 7 hcf would be charged the following:

$$\text{Total Annual SFR Bill} = \text{Annual Service Access Charge} + (7 \text{ hcf} \times \text{Flow Charge per hcf} \times 12 \text{ months}) = \$805.68$$

An SFR using more than 10 hcf will only be assessed the flow charge at 10 hcf monthly (or 120 hcf annually). For example, a customer with a minimum winter water use of 25 hcf would be charged the following:

$$\text{Total Annual SFR Bill} = \text{Annual Service Access Charge} + (10 \text{ hcf} \times \text{Flow Charge per hcf} \times 12 \text{ months}) = \$1,066.32$$

Table 3-1: FY 2024 (Current) Wastewater Charges and Rates

Customer Class	Annual Service Access Charge (per EDU)	Commodity Rate (\$/hcf)
Single Family Residential	\$197.52	\$7.24
Other		
Multi-Family	\$156.31	\$7.24
Commercial - Group I	\$197.52	\$7.24
Commercial - Group II	\$197.52	\$10.02

Non-SFR customers are charged similarly except the commodity portion of their charge is based on their actual water use. Additionally, non-SFR customers do not have a water use cap.

One Multi-Family (MFR) dwelling unit was revised to be equivalent to 0.79 EDU in the previous study. This was estimated as the ratio of SFR to MFR flow per EDU using housing density data. The annual fixed charge for MFR customers is adjusted to 79 percent of the SFR fixed charge to account for their lower sewer flow.

¹ For the purposes of determining the sewer use, the District defines winter months as December, January, February, and March of the prior fiscal year.

$$FY\ 2024\ MFR\ Fixed\ Charge = \$197.52 \times 0.79^2 = \$156.31$$

Raftelis calculated projected revenue under existing rates by multiplying the number of EDUs for each user class by the existing annual service access charge and added to that the revenue from the commodity rate which is the wastewater use for each class multiplied by the commodity rates shown in **Table 3-1**. The resulting revenue under existing rates is shown in line 3 of **Table 3-4**.

3.2. Operation and Maintenance Expenses

Using the District’s FY 2024 detailed Operation and Maintenance (O&M) budgeted values, future expenses were projected by using the inflation factors in **Table 2-1**. **Table 3-2** summarizes budgeted and projected O&M expenses.

Table 3-2: Projected O&M Expenses

Budget Item	FY 2024 <i>Projected</i>	FY 2025 <i>Forecast</i>	FY 2026 <i>Forecast</i>	FY 2027 <i>Forecast</i>	FY 2028 <i>Forecast</i>	FY 2029 <i>Forecast</i>	FY 2030 <i>Forecast</i>	FY 2031 <i>Forecast</i>	FY 2032 <i>Forecast</i>	FY 2033 <i>Forecast</i>	FY 2034 <i>Forecast</i>
Personnel	\$1,620,000	\$1,709,660	\$1,804,323	\$1,881,361	\$1,961,699	\$2,045,480	\$2,132,851	\$2,223,967	\$2,318,989	\$2,418,084	\$2,521,428
Operations	\$1,724,137	\$1,811,067	\$1,879,622	\$1,939,655	\$2,002,013	\$2,066,798	\$2,134,264	\$2,204,393	\$2,277,304	\$2,353,125	\$2,431,986
Other	\$540,000	\$558,268	\$577,154	\$596,678	\$616,864	\$637,732	\$659,306	\$681,610	\$704,668	\$728,507	\$753,152
Total O&M	\$3,884,137	\$4,078,995	\$4,261,099	\$4,417,694	\$4,580,576	\$4,750,010	\$4,926,421	\$5,109,970	\$5,300,961	\$5,499,716	\$5,706,566

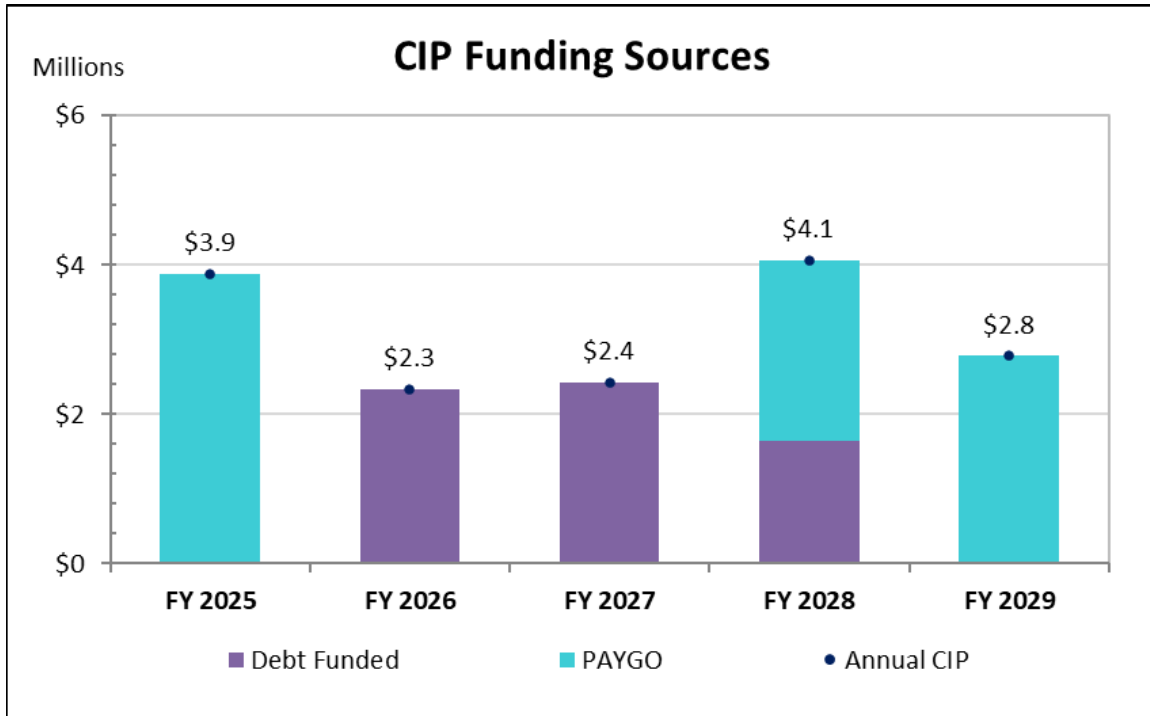
3.3. Projected Capital Improvement and Replacement Projects

The District plans to execute approximately \$26.8 million for the wastewater capital improvement plan (CIP) during the 10-year Study Period. The first five years of the CIP are shown in **Figure 3-1**. This is an average of \$2.7 million in annual CIP costs across the Study Period. Future CIP costs are inflated costs provided by District Engineering.³ Raftelis recommends use of rate revenue and reserves (PAYGO) and issue of new debt to help pay the remaining wastewater CIP to minimize the impact of increased CIP expenditures on future wastewater rate increases. **Figure 3-1** below shows District PAYGO funding by the light blue bars in and the purple bars indicate debt funding in FY 2026 – FY 2028

² Note the exact value differs slightly due to rounding.

³ Note that CIP projects were inflated 3.4% annually by the District prior to submitting to Raftelis based on a 20-year average inflation of the 20-City ENR Construction Cost Index.

Figure 3-1: Projected Replacement CIP and Funding Sources



3.4. Existing and Proposed Debt

The District currently has two outstanding debts, the 2021A Wastewater Revenue Bonds and the 2021B Wastewater Revenue Bonds. The 2021A Wastewater Revenue Bonds were issued on October 27, 2021, in the amount of \$5,042,140 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 Series 2021A bonds mature on June 1, 2041, and carry an interest rate of 2.14%. The District’s annual debt service cost for the 2021A bonds is approximately \$310,000 paid 100% from the Wastewater Fund. The 2021B Sewer Revenue Bonds were also issued on October 27, 2021, in the amount of \$3,932,970 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 2021B bonds mature on June 1, 2028, and carry an interest rate of 1.14%. The Wastewater Fund has been allocated 20% of the debt service payment for the 2021B bond issuance which equals approximately \$121,000 annually through FY 2028.

Raftelis recommends the District issue new debt in the amount of \$6.5 million in FY 2026 to pay for the wastewater capital improvement program resulting in approximately \$423,000 in annual debt service payment each year starting in FY 2026 for 30 years.

3.5. Proposed Financial Plan

The District’s wastewater utility needs revenue adjustments to cover O&M expenses, to fund capital improvement projects and meet target reserves per the Board’s reserves policy. The proposed sewer revenue adjustments for the next five years are shown in **Table 3-3**. Raftelis recommends the District implement a 5.5 percent annual revenue adjustment for FY 2025 and thereafter. It is also recommended that the District issue \$6.5 million in debt in FY 2026. The debt helps mitigate the need for higher revenue adjustments and meet the required minimum reserves.

To ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years.

Table 3-3: Proposed Five-Year Revenue Adjustments

Fiscal Year	Effective Date	Revenue Adjustment
FY 2025	July 1, 2024	5.5%
FY 2026	July 1, 2025	5.5%
FY 2027	July 1, 2026	5.5%
FY 2028	July 1, 2027	5.5%
FY 2029	July 1, 2028	5.5%

Table 3-4 shows the operating fund cash flow under the proposed wastewater revenue adjustments shown in **Table 3-3**. From FY 2030 to FY 2034, the Cashflow assumes five percent annual revenue adjustments. As shown in **Table 3-4** by the net cashflow (line 22), with the proposed revenue adjustment, revenues are sufficient to meet O&M expenses and debt service. The District will exceed its debt coverage target as shown by the projected debt service coverage ratios in **Table 3-4, line 24**, under the proposed five-year revenue adjustments in **Table 3-3**.

Table 3-4: Proposed Wastewater Financial Plan

Line No.	Description	FY 2024 <i>Projected</i>	FY 2025 <i>Forecast</i>	FY 2026 <i>Forecast</i>	FY 2027 <i>Forecast</i>	FY 2028 <i>Forecast</i>	FY 2029 <i>Forecast</i>	FY 2030 <i>Forecast</i>	FY 2031 <i>Forecast</i>	FY 2032 <i>Forecast</i>	FY 2033 <i>Forecast</i>	FY 2034 <i>Forecast</i>
1	REVENUES											
2	Operating Revenues											
3	Revenues from Current Rates	\$5,494,513	\$5,616,761	\$5,622,393	\$5,628,026	\$5,633,658	\$5,639,291	\$5,645,729	\$5,652,167	\$5,658,605	\$5,665,044	\$5,671,482
4	Proposed Revenue Adjustments	\$0	\$308,922	\$635,471	\$980,635	\$1,345,456	\$1,731,037	\$2,101,950	\$2,492,173	\$2,902,692	\$3,334,547	\$3,338,337
5	Total Operating Revenues	\$5,494,513	\$5,925,683	\$6,257,864	\$6,608,661	\$6,979,115	\$7,370,327	\$7,747,679	\$8,144,340	\$8,561,298	\$8,999,590	\$9,009,818
6	Non-Operating Revenues											
7	Interest Income	\$80,000	\$251,457	\$218,528	\$326,625	\$221,694	\$198,361	\$182,138	\$173,051	\$182,294	\$198,332	\$211,114
8	Total Non-Operating Revenues	\$80,000	\$251,457	\$218,528	\$326,625	\$221,694	\$198,361	\$182,138	\$173,051	\$182,294	\$198,332	\$211,114
9	TOTAL REVENUES	\$5,574,513	\$6,177,140	\$6,476,392	\$6,935,286	\$7,200,809	\$7,568,689	\$7,929,817	\$8,317,391	\$8,743,592	\$9,197,922	\$9,220,933
10												
11	EXPENSES											
12	Operating Expenses											
13	Personnel	\$1,620,000	\$1,709,660	\$1,804,323	\$1,881,361	\$1,961,699	\$2,045,480	\$2,132,851	\$2,223,967	\$2,318,989	\$2,418,084	\$2,521,428
14	Operations	\$1,724,137	\$1,811,067	\$1,879,622	\$1,939,655	\$2,002,013	\$2,066,798	\$2,134,264	\$2,204,393	\$2,277,304	\$2,353,125	\$2,431,986
15	Other	\$540,000	\$558,268	\$577,154	\$596,678	\$616,864	\$637,732	\$659,306	\$681,610	\$704,668	\$728,507	\$753,152
16	Subtotal Operating Expenses	\$3,884,137	\$4,078,995	\$4,261,099	\$4,417,694	\$4,580,576	\$4,750,010	\$4,926,421	\$5,109,970	\$5,300,961	\$5,499,716	\$5,706,566
17	Debt Service											
18	Series 2021A and 2021B Bonds	\$431,726	\$431,684	\$431,742	\$431,678	\$431,711	\$309,888	\$309,882	\$309,889	\$309,885	\$309,889	\$309,888
	New Debt Service	\$0	\$0	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834
19	Subtotal Debt Service	\$431,726	\$431,684	\$854,577	\$854,512	\$854,546	\$732,722	\$732,716	\$732,723	\$732,719	\$732,723	\$732,722
20	TOTAL EXPENSES	\$4,315,864	\$4,510,679	\$5,115,675	\$5,272,206	\$5,435,121	\$5,482,732	\$5,659,137	\$5,842,692	\$6,033,681	\$6,232,439	\$6,439,288
21												
22	NET CASHFLOW	\$1,258,650	\$1,666,461	\$1,360,717	\$1,663,079	\$1,765,687	\$2,085,956	\$2,270,679	\$2,474,699	\$2,709,911	\$2,965,483	\$2,781,644
23												
24	Debt Service Coverage Ratio	392%	486%	259%	295%	307%	385%	410%	438%	470%	505%	480%
25	Target Debt Service Coverage Ratio	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%

Projected reserve balances are shown below in **Table 3-5** and fall between the minimum and maximum targets for the five-year period of proposed rates (FY 2022 to FY 2026), as shown in **Figure 3-3**. The table shows the total ending balance of all four reserves and the total unrestricted balance of the operating, rate stabilization, and capital reserves, which are shown in **Figure 3-3**.

Table 3-5: Ending Reserve Balances

Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Operating	\$2,039,542	\$2,131,002	\$2,208,719	\$2,289,799	\$2,375,486	\$2,463,442	\$2,463,122	\$2,554,821	\$2,650,732	\$2,750,215	\$2,852,859
Rate Stabilization	\$2,667,189	\$1,667,189	\$2,017,189	\$2,367,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189
Capital	\$9,083,117	\$7,659,117	\$12,540,617	\$11,215,617	\$8,415,617	\$7,507,617	\$6,048,617	\$6,095,617	\$7,002,617	\$7,954,619	\$8,417,623
Pension Stabilization	\$59,576	\$78,576	\$97,576	\$116,576	\$135,576	\$154,576	\$173,576	\$192,576	\$211,576	\$230,576	\$249,576
Total Ending Balance	\$13,849,423	\$11,535,884	\$16,864,101	\$15,989,181	\$13,593,868	\$12,792,824	\$11,352,504	\$11,510,202	\$12,532,114	\$13,602,599	\$14,187,247
<i>Total Unrestricted Ending Balance</i>	<i>\$13,789,848</i>	<i>\$11,457,308</i>	<i>\$16,766,525</i>	<i>\$15,872,605</i>	<i>\$13,458,292</i>	<i>\$12,638,248</i>	<i>\$11,178,928</i>	<i>\$11,317,627</i>	<i>\$12,320,538</i>	<i>\$13,372,023</i>	<i>\$13,937,671</i>

Figure 3-2 shows the District’s five-year financial plan, with the operating expenses including debt service and the capital expenditures shown as stacked bars and the revenues under current and proposed rates shown by the lines. The proposed rate revenue (dark green line) is adequate to cover operating expenses (turquoise bar) and debt service (orange bar). However, when capital expenditures are included, the reserves have to be drawn down. This is represented by the yellow bars under the horizontal axis, which equals the size of the bar above the green line.

Figure 3-2: Proposed Wastewater Financial Plan

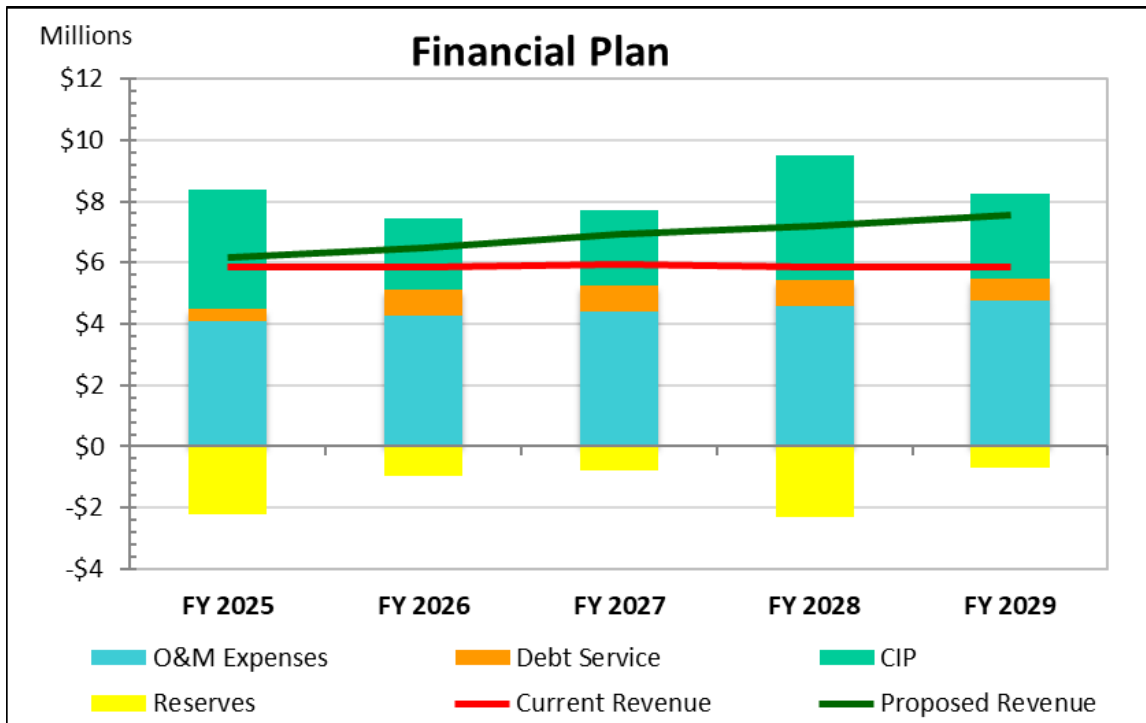
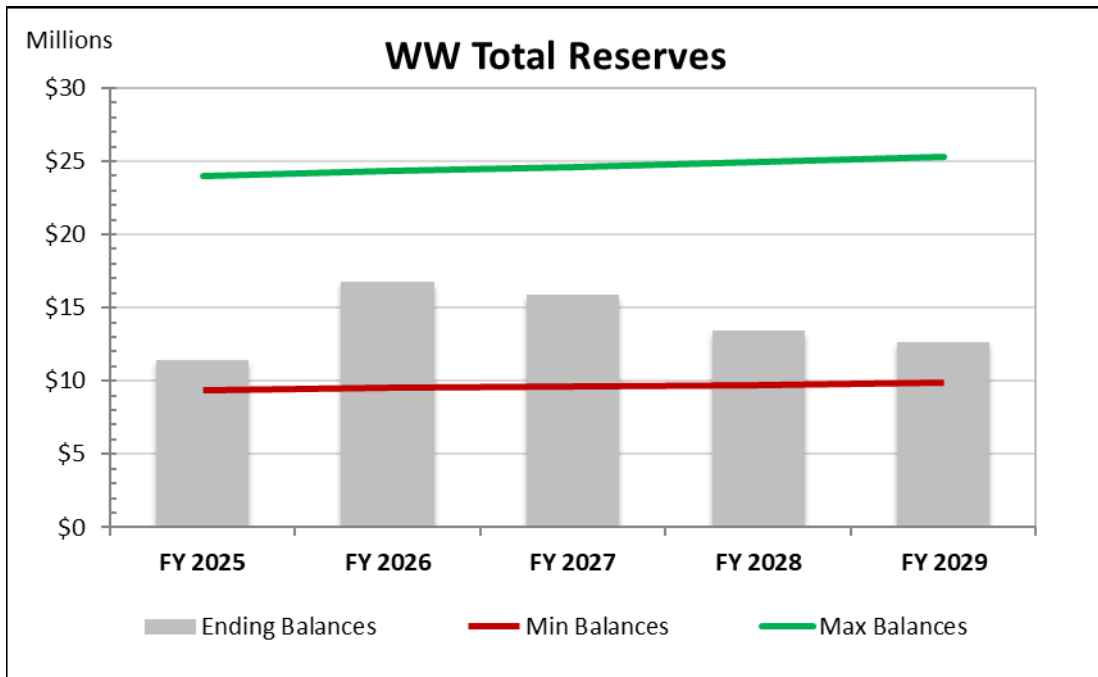


Figure 3-3 shows the total ending reserve balances (including operating reserve, rate stabilization reserve, and capital reserve) under the proposed wastewater revenue adjustments. The ending balances for each reserve are shown in **Table 3-5**. It should be noted that to ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years. With the proposed adjustments and debt issue, the total reserve falls between the minimum and maximum target balances for the five-year period during which these changes are proposed. Additionally, the District is setting aside funds to build up the Pension Stabilization Fund which will have a minimum target of the average 5-year unfunded accrued liability (UAL) and a maximum target of 2 times the average 5-year UAL.

Figure 3-3: Projected Wastewater Fund Ending Balances



4. Cost-of-Service Analysis

This Section discusses the allocation of Operating and Maintenance (O&M) costs and capital costs to wastewater functions, cost causation components, and subsequently the determination of unit costs and rate calculation by customer class. The proposed wastewater utility cost of service (COS) was developed consistent with guidelines detailed in the Water Environment Federation (WEF) Manual of Practice No. 27, *Financing and Charges for Wastewater Systems, 2018*.

A summary of the COS analysis Raftelis performed is as follows:

1. First, Raftelis used residential and non-residential wastewater strengths consistent with industry standards. Strengths are defined as the concentration of biochemical oxygen demand (BOD⁴) and total suspended solids (TSS)⁵ in milligrams per liter (mg/L) in wastewater.
2. Next Raftelis incorporated the estimated flow and strength loadings from each customer class. The wastewater flows were obtained from District provided water use data.
3. District wastewater expenses are categorized by functions. These functions are: Collection, Treatment, Disposal, Billing and Customer Service and General (Administration).
4. Raftelis allocated O&M costs in each function (from step 3) to cost causation components: Flow, BOD, TSS, Administrative and General. This was subsequently used to allocate the total revenue requirement to each cost causation component.
5. Raftelis calculated unit cost causation component rates by dividing the total cost allocated to each cost causation component in step 4 by the total flow and strength loadings (in pounds of BOD or SS) and equivalent dwelling units (EDU) of the customers.
6. Lastly, Raftelis calculated the cost by customer class by multiplying the unit cost components in step 5 by the flow and strength loading and EDUs from each class.

4.1. Flow and Strength Loadings

The class strengths are shown in **Table 4-1**. The strengths are representative of typical strengths from each class based on industry standards and the strengths used in the prior rate study. To simplify rates and minimize impacts, customers are grouped into three classes based on their strength: residential, low strength commercial and medium-high strength commercial. Residential and Commercial Group I customers, which include office buildings, small retail stores, schools, etc., have the lowest strength since their sewage is typical household wastewater. Commercial Group II customers represent shopping centers, strip malls, medical office buildings, industrial customers, supermarkets and/or restaurants which typically have a higher strength sewage due to the BOD associated with food wastes.

⁴ BOD is a measure of oxygen utilization by the microorganisms in wastewater. The more waste matter in a wastewater streams the higher the BOD which in turn incurs higher treatment costs since the wastewater treatment plant must oxygenate the wastewater.

⁵ TSS is a measure of the dry weight of suspended particles in wastewater that have not been dissolved. Filtration and sedimentation processes during treatment remove TSS. As with BOD, the treatment costs increase as the solid matter increases.

Table 4-1: Customer Class Strength Classifications

Customer Class	BOD (mg/L)	TSS (mg/L)
Single Family Residential	250	275
Other		
Multi-Family	250	275
Commercial - Group I	225	225
Commercial - Group II	725	725

Raftelis estimated the wastewater flow, BOD and TSS plant loadings generated by each customer class as shown in **Table 4-2** based on the prior year wastewater billings. Flows in FY 2025 were estimated to be 5% higher than FY 2023 and FY 2024 flows because of the wet winter in FY 2023. The flow is based on lowest winter water usage for single family customers and strengths shown in **Table 4-1**. The flow, loadings, and EDUs from each class were used to develop unit costs to distribute the total revenue requirement to each customer class so that each customer class is assigned costs proportionally to its customer characteristics.

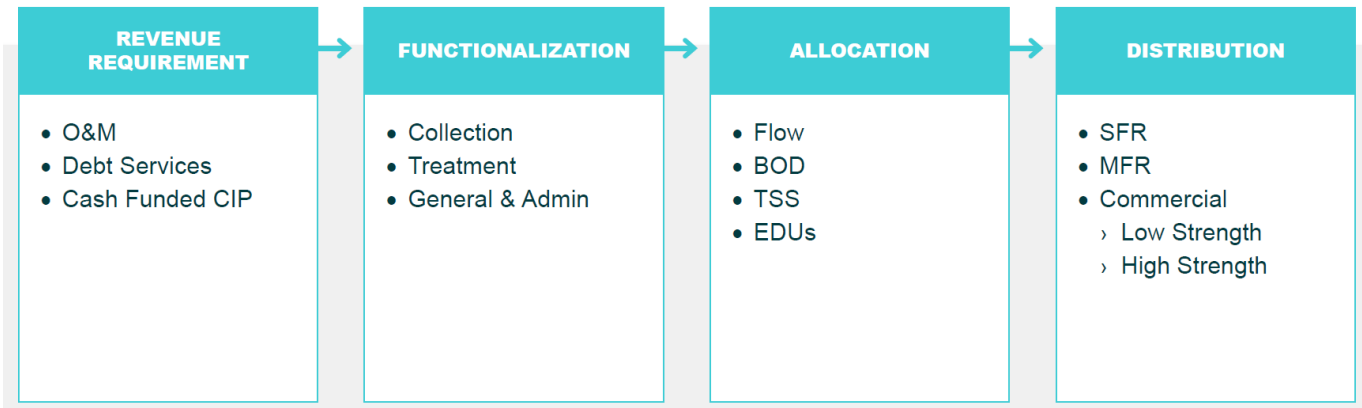
Table 4-2: FY 2025 Flow and Strength Loadings

Customer Class	FY 2025 Flow (MG / yr) (1)	BOD (lbs / yr) (2)	TSS (lbs / yr) (3)	FY 2025 Flow (hcf / yr) (4)	BOD (mg / L) (5)	TSS (mg / L) (6)
Single Family Residential	241.0	502,729	553,002	322,140	250	275
Other						
Multi-Family	69.5	144,966	159,463	92,892	250	275
Commercial - Group I	46.3	86,929	86,929	61,892	225	225
Commercial - Group II	44.1	266,750	266,750	58,941	725	725
	401	1,001,374	1,066,144	535,865	265	282

4.2. Allocation of O&M and Capital to Cost Causation Components

In the Cost-of-Service analysis, the goal of this study is to allocate the District’s yearly revenue requirement to each cost causation component (Flow, BOD, TSS, & EDUs). To do so we first functionalize each cost (determine whether its Collection, Treatment, or General & Admin) which is then allocated to the cost causation components of flow, BOD, TSS and Customer. The cost-of-service analysis process is displayed in **Figure 4-1**. The forecasted costs for FY 2025 are used to categorize the costs to the different functions. The total O&M Category expenses (shown in line 6 through 8, column 5 of **Table 4-3**) are allocated to each cost causation component as shown in **Table 4-3**. The allocation for each O&M functional cost is determined by multiplying the total in column 5 by the respective percentages for each cost causation component shown in lines 1 through 3. The resulting allocation (line 10) is calculated by dividing the total amount allocated to each cost causation component by the total O&M budget in line 9, column 5. Line 10 shows the resulting percentage allocation of O&M costs to each cost causation component and is used to allocate the FY 2025 O&M revenue requirements in **Table 4-7**.

Figure 4-1: Cost-of-Service Process



Approximately 38.3% of O&M costs are allocated to flow and 10.2% each to BOD and TSS and the remaining 41.3% to Customer/Capacity.⁶ The resulting allocation in line 10 is used in a subsequent step in **Table 4-7**.

Table 4-3: O&M Allocation

Line No.	O&M Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	
		(1)	(2)	(3)	(4)	(5)	
1	Collection	100%	0%	0%	0%	100%	
2	Treatment	50%	25%	25%	0%	100%	
3	General	0%	0%	0%	100%	100%	
4							
5	O&M Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	Percent Total
6	Collection	\$731,960	\$0	\$0	\$0	\$731,960	18%
7	Treatment	\$830,619	\$415,309	\$415,309	\$0	\$1,661,238	41%
8	General	\$0	\$0	\$0	\$1,685,797	\$1,685,797	41%
9	TOTAL	\$1,562,579	\$415,309	\$415,309	\$1,685,797	\$4,078,995	100%
10	% Allocation	38.3%	10.2%	10.2%	41.3%	100%	

Similar to the District’s O&M expenses, Raftelis functionalized District assets and allocated the functionalized asset value to the cost causation components. Raftelis used the replacement cost to value District assets.⁷ **Table 4-4** shows the functionalization and allocation of assets to cost causation components. The allocation of assets is developed in the same manner as that of O&M costs in **Table 4-3**. According to industry standards, collection assets are allocated 100% to flow and treatment is allocated to flow, BOD and TSS to reflect the cost of treating the

⁶ Due to rounding, the percentages may not add up to exactly 100%.

⁷ Replacement cost refers to the amount that the District would pay if they were to replace a given asset today. The 20-City Engineering News-Record Construction Cost Index is used to calculate replacement cost of capital assets.

strength component of sewage. Line 11 of **Table 4-4** shows the overall wastewater asset percentage allocation to the cost causation components.

The overall asset allocation, in line 11, is used in a subsequent step, in **Table 4-7**, to allocate capital related revenue requirements to the cost causation components. Since capital expense projects can vary from year to year, it is standard industry practice to use the basis for asset allocation to allocate capital costs to preclude sharp changes to rates from year to year because over the long term all assets need to be replaced and using the total asset allocation serves the purpose of assigning capital costs to the appropriate cost causation centers. Raftelis allocated each functionalized category (e.g., Land, Treatment, Collection, and General) to cost causation components to allocate the FY 2025 Capital Revenue Requirement. Note that the capital costs in the “Land” category in **Table 4-4** are combined with the capital costs in the “General” category.

Table 4-4: Capital Allocation using Replacement Costs

Line No.	Asset Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	
		(1)	(2)	(3)	(4)	(5)	
1	Land	0%	0%	0%	100%	100%	
2	Treatment	50%	25%	25%	0%	100%	
3	Collection	100%	0%	0%	0%	100%	
4	General	0%	0%	0%	100%	100%	
5	Asset Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	Percent Total
6	Land	\$0	\$0	\$0	\$625,802	\$625,802	0.5%
7	Treatment	\$22,256,543	\$11,128,272	\$11,128,272	\$0	\$44,513,087	32.6%
8	Collection	\$77,912,398	\$0	\$0	\$0	\$77,912,398	57.1%
9	General	\$0	\$0	\$0	\$13,414,907	\$13,414,907	9.8%
10	TOTAL	\$100,168,941	\$11,128,272	\$11,128,272	\$14,040,708	\$136,466,193	100%
11	% Allocation	73.4%	8.2%	8.2%	10.3%	100%	

4.3. Revenue Requirement Determination

Next Raftelis determined the wastewater revenue requirement, which includes funds to cover yearly operating expenses, capital expenditures and reserve funding. **Table 4-5** shows the determination of the rate revenue requirement. To determine the current revenue requirement, Raftelis added operating, debt service, and capital expenditures as shown in line 5 column 3, subtracted other non-rate revenues as shown in line 9, and subtracted the annual cash balance (drawdown of the reserves, in this case) in line 13 to arrive at the net revenue requirement shown in line 15, column 3. This is the total amount of revenue to be recovered from rates. This is also known as the test year rate revenue requirement.

Table 4-5: Revenue Requirement

Line No.	Description	Operating (1)	Capital (2)	Total (3)
1	Revenue Requirement			
2	O&M	\$4,078,995	\$0	\$4,078,995
3	Debt Service	\$0	\$431,684	\$431,684
4	Rate Funded Capital Projects	\$0	\$3,874,000	\$3,874,000
5	Total Revenue Requirement	\$4,078,995	\$4,305,684	\$8,384,679
6				
7	Revenue Offsets			
8	Interest Income	\$251,457	\$0	\$251,457
9	Total Revenue Offsets	\$251,457	\$0	\$251,457
10				
11	Less Adjustments			
12	Transfer from (to) Reserves	\$0	\$2,207,539	\$2,207,539
13	Total Less Adjustments	\$0	\$2,207,539	\$2,207,539
14				
15	Rate Revenue Requirement	\$3,827,538	\$2,098,145	\$5,925,683

4.4. Determine Units of Service

To develop unit costs by cost causation component, Raftelis first determined the units of service for each cost causation component from **Table 4-2**. The units of service by cost causation component and by class are shown in **Table 4-6**. Line 6 shows the total units of service for each cost causation component in hcf, pounds per year for BOD⁸ and TSS⁹ or equivalent dwelling units (EDUs) respectively. The flows and loadings represent FY 2025 projections.

Table 4-6: FY 2025 Units of Service Determination

Line No.	Customer Class	FY 2025 Billed Sewer Use (hcf) (1)	BOD (lbs / yr) (2)	TSS (lbs / yr) (3)	EDUs (4)
1	Single Family Residential	338,834	528,781	581,659	4,039
2	Other				
3	Multi-Family	92,892	144,966	159,463	1,604
4	Commercial - Group I	61,892	86,929	86,929	1,310
5	Commercial - Group II	58,941	266,750	266,750	400
6	TOTAL	552,559	1,027,427	1,094,802	7,353

⁸ For BOD: Yearly load in lbs = flow (hcf)*748 gal/1,000,000* strength (mg/L) * 8.34

⁹ For TSS: Same as BOD

8.34 is a conversion factor to convert MGD*mg/L into lbs. per day

4.5. Determine Unit Costs by Cost Component

In **Table 4-7**, each functional category (e.g., Collection, Treatment, and General) in O&M and Capital Revenue Requirements (**Table 4-5**, columns 1&2, line 16) is allocated to the cost causation components determined in **Table 4-3** and **Table 4-4**, respectively. The operating revenue requirement (Column 5, Line 2) is allocated to each function by the operating allocation percentages in line 1 from **Table 4-3**. The capital revenue requirement (Column 5, Line 5) is allocated to each function by the asset allocation percentages in Line 4 from **Table 4-4**. The operating and capital revenue requirements for each function are summed up in Line 7.

To cover the fixed costs of operations which are independent of the flows and loadings, a portion of the general Customer/Capacity costs are allocated to EDUs. Line 8 in **Table 4-7** makes an adjustment so that the District can maintain 27% fixed revenue collection consistent with prior rate structure in the 2020 sewer rate study. This provides the District with reasonable revenue stability in the case of drought and conservation and ensures that all customers share in the cost of the system. The resulting allocation of the revenue requirement to cost components is shown on line 9. To determine the unit cost (by cost causation component), Raftelis divided the revenue requirement for each cost causation component in line 9 by the units of service in line 11 (which were derived in **Table 4-6**, line 6) to yield the unit costs shown in line 13.

Table 4-7: Determination of Unit Costs of Service by Cost Component

Line No.	Description	Flow (1)	BOD (2)	TSS (3)	Customer / Capacity (4)	Total (5)
1	Operating Allocation	38%	10%	10%	41%	100%
2	Operating Revenue Requirement	\$1,466,251	\$389,707	\$389,707	\$1,581,873	\$3,827,538
3						
4	Capital Allocation	73%	8%	8%	10%	100%
5	Capital Revenue Requirement	\$1,540,081	\$171,095	\$171,095	\$215,874	\$2,098,145
6						
7	Total Operating and Capital Costs	\$3,006,331	\$560,802	\$560,802	\$1,797,747	\$5,925,683
8	Adjustments to Fixed Charges	\$144,065	\$26,874	\$26,874	(\$197,812)	\$0
9	Adjusted Revenue Requirement	\$3,150,396	\$587,676	\$587,676	\$1,599,934	\$5,925,683
10						
11	Units of Service	552,559	1,027,427	1,094,802	7,353	
12	Units	<i>hcf</i>	<i>lbs/yr</i>	<i>lbs/yr</i>	<i>EDUs</i>	
13	Unit Cost	\$5.70	\$0.57	\$0.54	\$217.59	

4.6. Determine the Costs of Service

The final and ultimate step is to determine the cost of service for each customer class. Raftelis calculated the cost to serve each class by multiplying the unit costs in **Table 4-7** (line 20) by the respective units of service in **Table 4-6** (lines 1-5). The general calculation for the customer class cost of service is as follows:

$$\sum_{n=1}^4 \text{unit of service}_n \times \text{unit cost}_n$$

where *n* represents the four cost components (e.g., Flow, BOD, TSS, Customer/Capacity), the *unit of service* is from **Table 4-6**, and *unit cost* is from **Table 4-7**. For example, the total calculation for Commercial Group I is:

$$(61,892 \times \$5.70) + (86,929 \times \$0.57) + (86,929 \times \$0.54) + (1,310 \times \$217.59) = \$734,302$$

Note that the total cost of service shown in line 6, column 5 equals the net revenue requirement shown in **Table 4-5** (line 15, column 3). This is the amount of revenue that needs to be collected from each class through a fixed and volumetric rate structure.

The results of the calculation of costs to each customer class are presented in **Table 4-8**.

Table 4-8: Cost of Service Derivation

Line No.	Description	Flow	BOD	TSS	Customer / Capacity	Total
		(1)	(2)	(3)	(4)	(5)
1	Single Family Residential	\$1,931,850	\$302,457	\$312,228	\$878,843	\$3,425,378
2	Other					
3	Multi-Family	\$529,621	\$82,919	\$85,598	\$349,013	\$1,047,151
4	Commercial - Group I	\$352,875	\$49,723	\$46,663	\$285,042	\$734,302
5	Commercial - Group II	\$336,050	\$152,578	\$143,188	\$87,036	\$718,852
6	TOTAL COST	\$3,150,396	\$587,676	\$587,676	\$1,599,934	\$5,925,683

5. Wastewater Rates

Wastewater rates and charges are derived based on the cost to serve each class. The annual service access charge is calculated in **Table 4-7**. This is a uniform rate for all customer classes that is assessed annually. **Table 5-1** shows the proposed annual service access charges for FY 2025. One Multi-Family (MFR) dwelling unit was revised to be equivalent to 0.79 EDU in the previous study. This was estimated as the ratio of SFR to MFR flow per dwelling unit based on residential density per household from Census data. The annual fixed charge for MFR customers is 79 percent of the SFR fixed charge to account for their lower sewer flow.

$$FY\ 2025\ MFR\ Fixed\ Charge = \$217.59 \times 0.79^{10} = \$172.19$$

Table 5-1: Proposed FY 2025 Annual Service Access Charge

Line No.	Customer Class	Service Access Charge (\$ / EDU)	Service Access Charge (\$ / dwelling unit)
1	Single Family Residential	\$217.59	\$217.59
2	Other		
3	Multi-Family	\$172.19	\$172.19
4	Commercial - Group I	\$217.59	
5	Commercial - Group II	\$217.59	

The differences and strengths of the residential and Group I commercial customer classes are narrow and within the margin of error. Therefore, for simplicity, and ease of administration, the District will continue charging the same commodity rate to SFR, Multi-family, and Group I Commercial customers. **Table 5-2** shows the sum of the commodity rate revenue requirement (line 5, column 1) for SFR, Multi-family, and Group I Commercial customers and sum of their water (wastewater) use (line 5, column 2). **Table 5-2** also presents Group II Commercial commodity rate revenue requirement and water use in line 6.

Table 5-2: Commodity Rate Revenue Requirement and Water Use

Line No.	Customer Class	Commodity Rate Revenue Requirement (1)	Water Use (hcf) (2)
1	SFR	\$2,546,535	338,834
2	Other		
3	Multi-Family	\$698,137	92,892
4	Commercial - Group I	\$449,260	61,892
5	SUBTOTAL	\$3,693,932	493,618
6	Commercial - Group II	\$631,816	58,941

¹⁰ Note the exact value differs slightly due to rounding.

Table 5-3 shows the commodity rates for customers for all customer classes. The commodity rate (\$/hcf) in column 3 is calculated by dividing the commodity rate revenue requirement (column 1) by the water use (column 2).

Table 5-3: Proposed FY 2025 Commodity Rate (\$/hcf)

Customer Class	Commodity Rate Revenue Requirement (1)	Water Use (hcf) (2)	Commodity Rate (\$/hcf) (3)
SFR, Multi-Family, Com. Group I	\$3,693,932	493,618	\$7.49
Commercial - Group II	\$631,816	58,941	\$10.72

Note: The exact value of the final commodity rates may differ +/- \$0.01 due to rounding.

Based on the proposed revenue adjustments in **Table 3-3**, Raftelis calculated rates from FY 2025 to FY 2029 for the annual service access charge (**Table 5-4**) and commodity rates (**Table 5-5**). Rates for FY 2025 are based on cost of service and rates for subsequent years are increased by the revenue adjustments.

Table 5-4: Proposed Five-Year Annual Service Access Charge

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Other						
Multi-Family	\$156.31	\$172.19	\$181.67	\$191.67	\$202.22	\$213.35
Commercial - Group I	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Commercial - Group II	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58

Table 5-5: Proposed Five-Year Commodity Rates (\$/hcf)

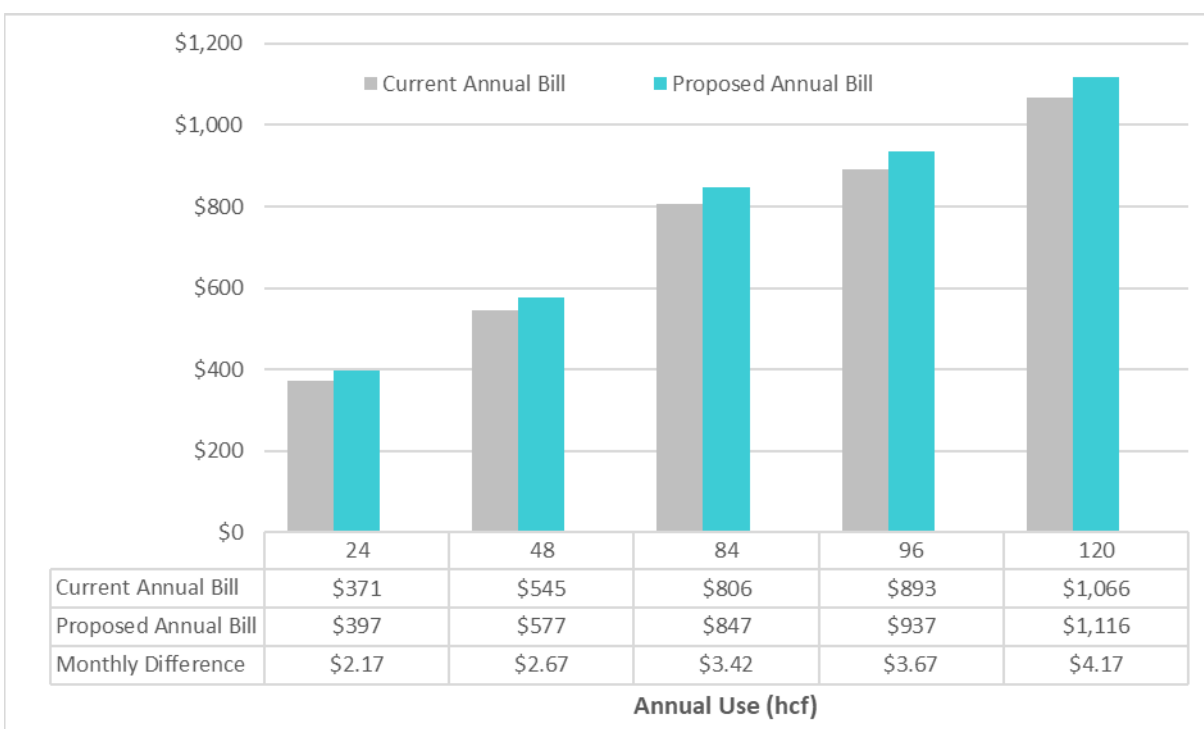
Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Other						
Multi-Family	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group I	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group II	\$10.02	\$10.72	\$11.31	\$11.94	\$12.60	\$13.30

6. Customer Bill Impact Analysis

The District’s wastewater service fees are collected on each property owner’s property tax bill on an annual basis. Wastewater bills are due and payable at the same time when a property owner’s tax bill is due to the San Diego County Tax Collector Office.

Figure 6-1 shows the customer bill impacts for Single Family customers assuming different winter water use points. Single Family customers are billed based on their minimum winter monthly (prior year) usage up to a cap of 10 hcf per month (120 hcf annually). The average SFR winter monthly use is 7 hcf, which is annualized to 84 hcf.

Figure 6-1: SFR Annual Bill Impacts



Multi-family customers are billed based on prior year’s actual water use. Bill impacts are shown in **Figure 6-2** for a four-unit MFR account. Similar to Single Family customers, each dwelling unit is assessed the annual service access charge plus their share of water use for the dwelling unit complex. For example, assuming a condominium with 4 dwelling units, the charge per dwelling unit would be \$172.19 plus $\frac{1}{4}$ of the water use for the complex multiplied by the commodity rate of \$7.49/hcf. The average MFR monthly use is 6 hcf, annualized to 72 hcf and for a four-unit account the average annual use is 288 hcf. The commodity portion of the MFR customer charge is based on their *actual water use*.

Figure 6-2: MFR Annual Bill Impacts For a 4 Unit Account

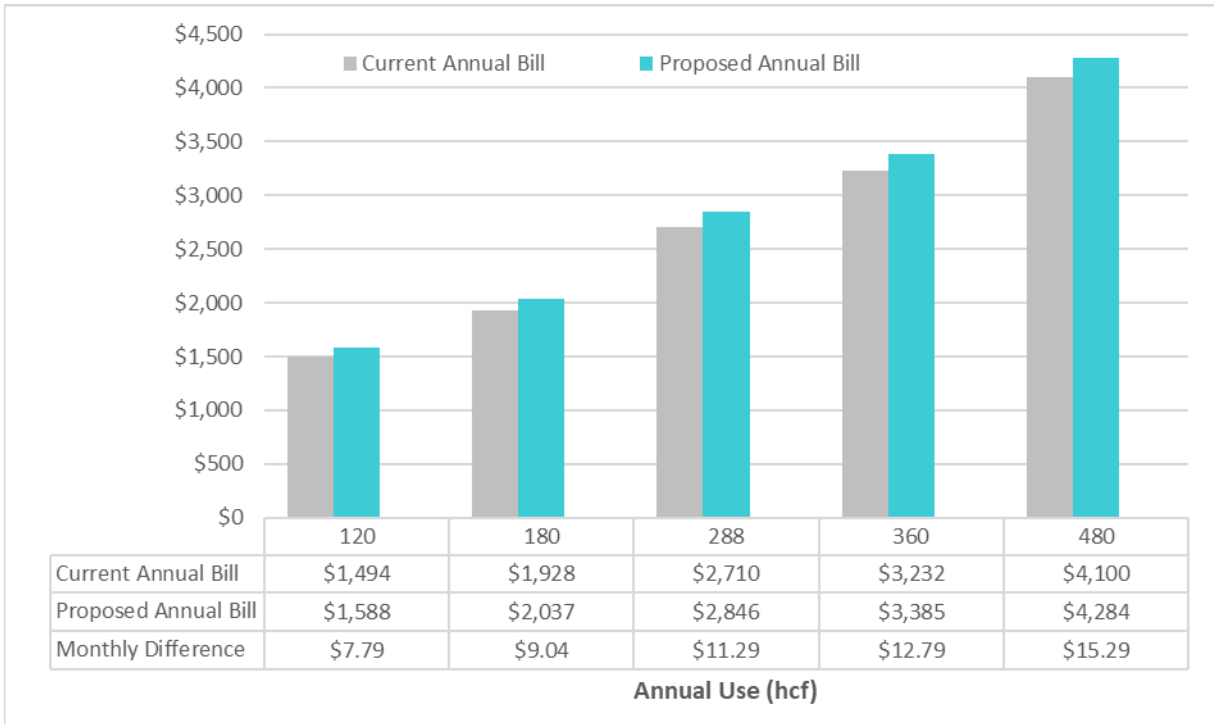
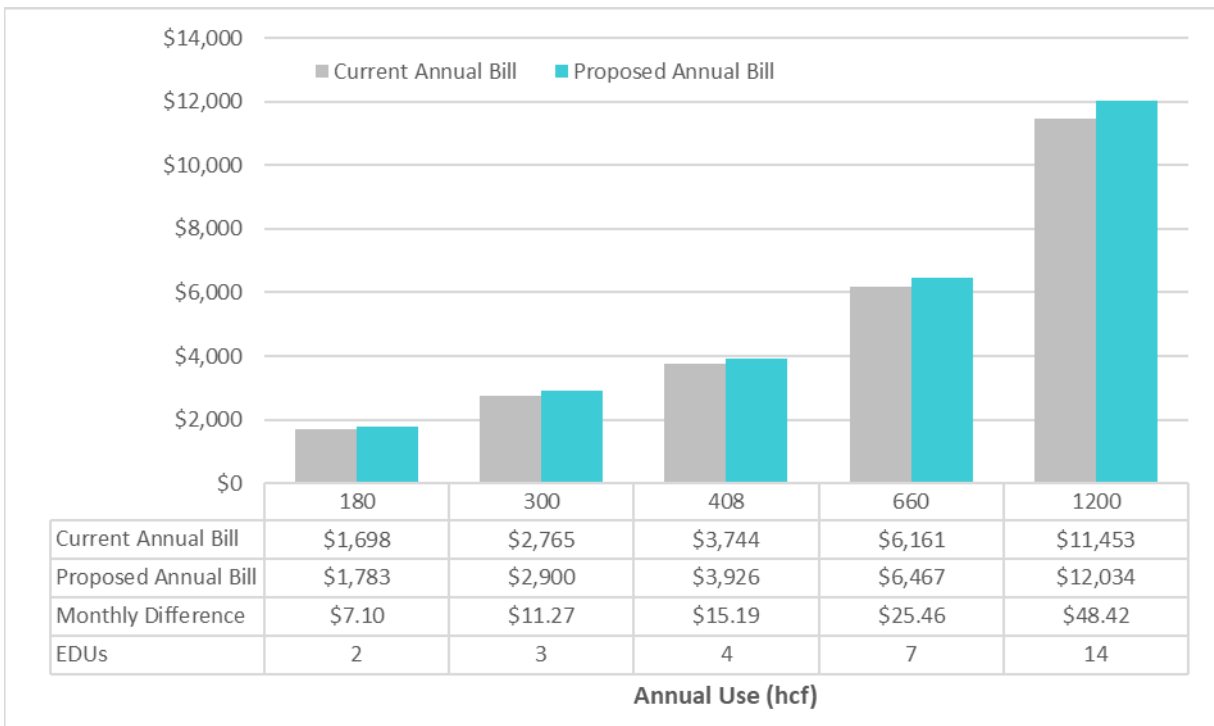


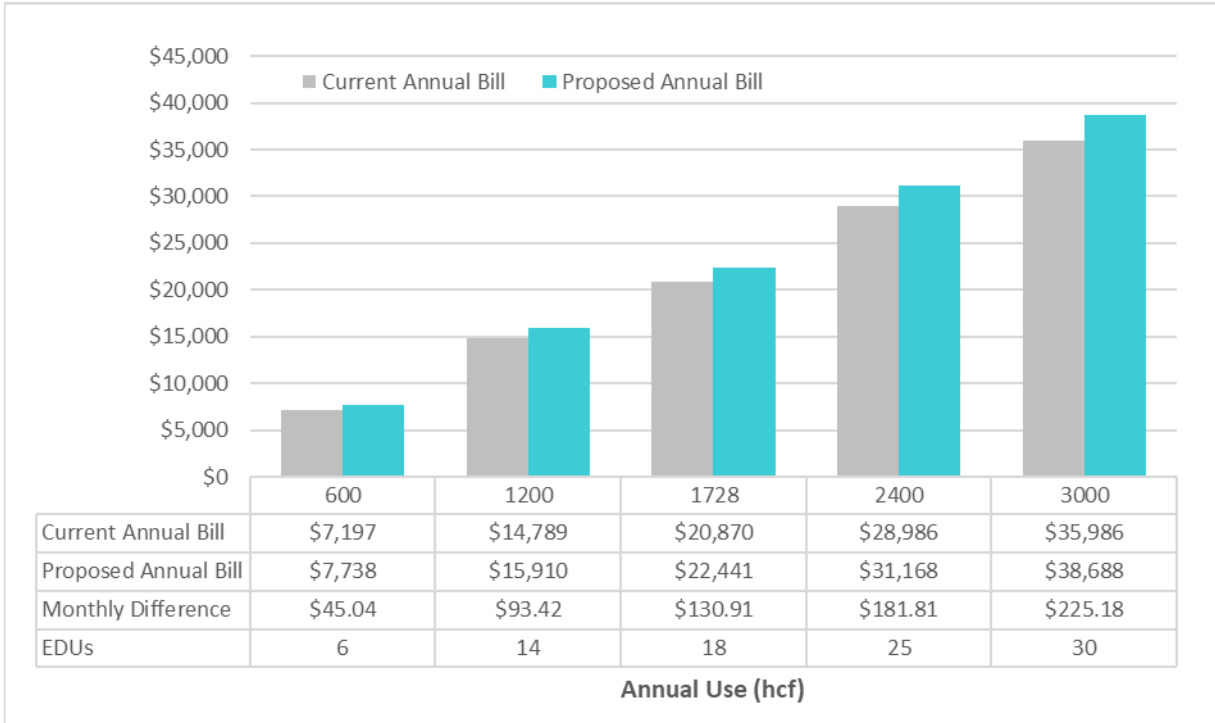
Figure 6-3 shows the bill impacts for Group I Commercial customers. Each commercial account is assessed a charge which is the sum of the number of EDUs times the annual service access charge and *actual water use* multiplied by the commodity rate. The average Group I Commercial monthly use is 34 hcf, annualized to 408 hcf.

Figure 6-3: Commercial Group I Annual Bill Impacts



Group II Commercial customers are charged in an analogous manner, with bill impacts illustrated in Figure 6-4. The average Group II Commercial monthly use is 144 hcf, annualized to 1,728 hcf.

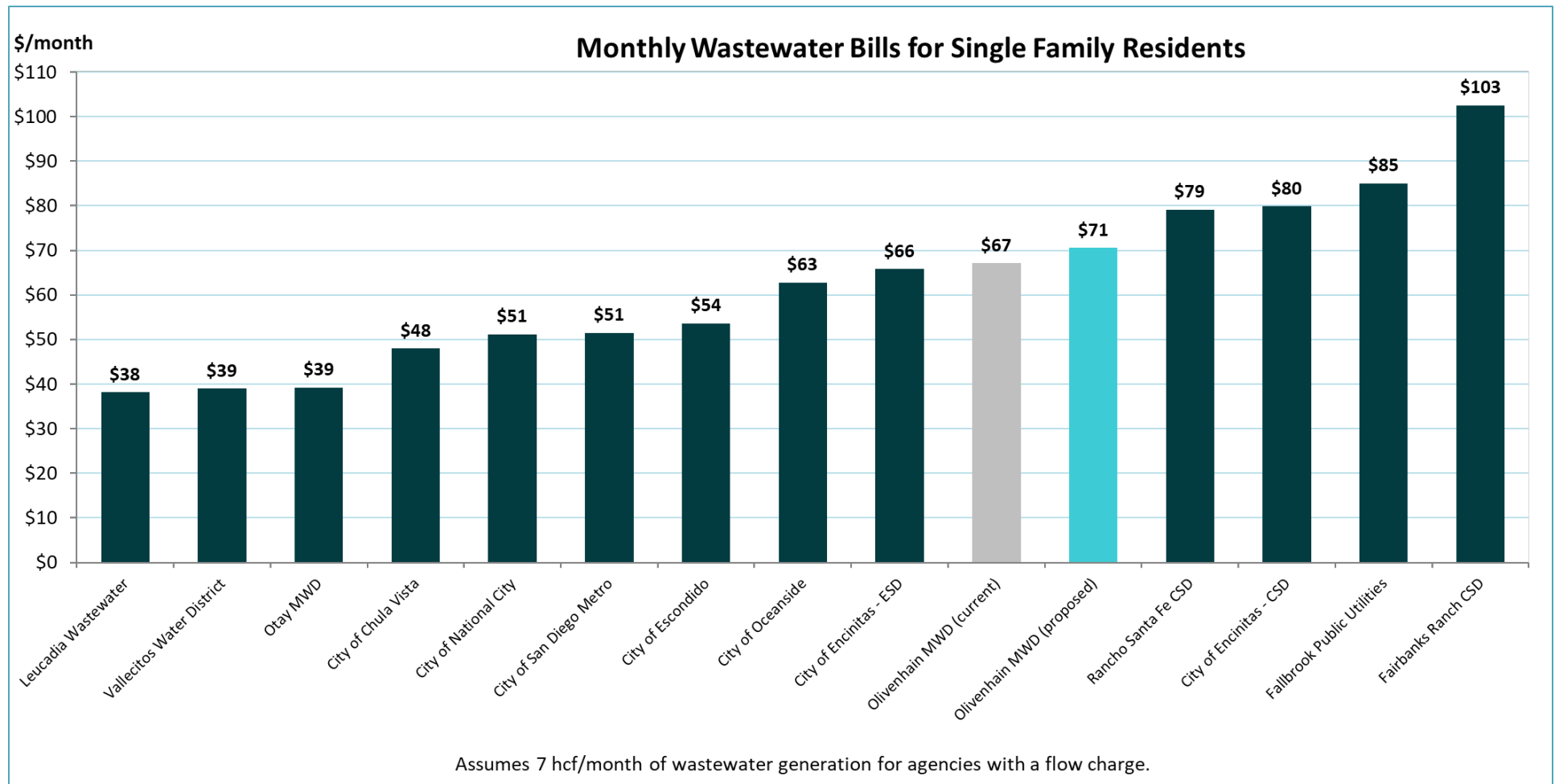
Figure 6-4: Commercial Group II Annual Bill Impacts



7. Rate Survey

Raftelis conducted a survey of surrounding agencies in San Diego County in January of 2024. The sewer service charges for single family customers using 7 hcf per month are shown below. Care should be taken however, in drawing conclusions from such a comparison as some factors including geographic location, demand, customer constituency, level of treatment, level of grant funding, age of system, level of capital funding and debt, and rate-setting methodology can affect the cost of providing service.

Figure 7-1: Single-Family Wastewater Bill Comparison



Attachment 4

From: Craig Forman <customerservice@olivenhain.com>
Sent: Tuesday, April 2, 2024 10:27 AM
To: Stephanie Kaufmann <skaufmann@olivenhain.com>
Subject: Contact Form: Increase in Wastewater Service Fees

Name: Craig Forman
Email: craigforman@live.com

Message:

So as not to alarm you, I will vote for the proposed increases in OMWD wastewater services fees.

Please note that on the November 5, 2024 ballot may be a measure called the "California Taxpayer Protection Initiative" which will reverse some already passed taxes and fees and prohibit certain future taxes and fees.

To assure passage of the proposed increase of OMWD wastewater service fees, please make sure that is excluded from the proposed ballot "California Taxpayer Protection Initiative" as an "exempt charge". The text of the initiative can be found at the California Secretary of State website.

<https://oag.ca.gov/system/files/initiatives/pdfs/21-0042A1%20%28Taxes%29.pdf>

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly A. Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION MAKING CEQA EXEMPTION FINDINGS FOR THE WASTEWATER RATE INCREASES AND ORDERING A NOTICE OF EXEMPTION BE FILED WITH THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO**

Purpose

The attached resolution declares the Board's intention to increase wastewater rates and charges and to comply with California Environmental Quality Act (CEQA), State of California CEQA guidelines and to authorize a Notice of Exemption (NOE) to be signed by the District's General Manager and filed with the County Clerk of the County of San Diego.

Increased wastewater rates and charges are needed to raise essential funds for meeting anticipated operating expenses, to meet financial reserve needs and requirements, and to maintain the 4S Ranch Wastewater Treatment Plant and Water Reclamation Facility within the existing Wastewater Service Area in order to continue to collect, treat, and dispose of sewage for the District's wastewater customers.

Recommendation

Staff is recommending the Board consider and approve increases to the District's wastewater rates and charges for the next five fiscal years (2025-2029) to cover the costs of wastewater operations, maintenance, and capital facilities and also adopt the Resolution to file the Notice of Exemption.

Wastewater rate increases qualify as exempt pursuant to the California Environmental Quality Act (CEQA), State of California CEQA guidelines section 15273(a) (1)-(4.)

Alternative

Although CEQA does not require approval of rates by public agencies when the rates are for the purpose of meeting operating expenses and financial reserve needs and requirements, and necessary to maintain service within the existing service areas, the Board may decide to adopt the resolution and direct staff to not file the NOE, which would increase the Statute of Limitations for filing protests from 35 days to 180 days.

The Board could also elect not to adopt the resolution and instruct staff to do otherwise.

Background

The District provides wastewater treatment and collection services in the southeast quadrant of the District's service area, 4S Ranch and Rancho Cielo. The District also collects and treats wastewater from other wastewater service areas annexed to the District. The wastewater is ultimately pumped and treated at the 4S Ranch Water Reclamation Facility.

The District retained Raftelis, a financial consulting firm, to conduct the 2024 Wastewater Rate Study. The objectives of the study were to: (1) develop a 5 year financial plan to cover the full costs of providing wastewater services, including costs related to operations, maintenance, and wastewater infrastructure needs; (2) conduct a cost of service analysis; and (3) develop fair and equitable five- year wastewater rates and charges which conform with Proposition 218 requirements. The 2024 Wastewater Rate Study demonstrated that the District needs to implement revenue adjustments as current rates will not generate sufficient revenues to cover the District's wastewater operating costs and capital infrastructure needs over the next five years.

The proposed increases to the District's wastewater (sewer) service fees were discussed with the Finance Committee (Director Meyers and Director Watt) on February 7, 2024, and with the full Board at the February 21, 2024 meeting. The District's Board set a public hearing for the proposed increases on March 20, 2024, and the rate hearing for public comment was held on May 15, 2024.

The District delivered 5,796 notifications of the public hearing to the post office on March 25, 2024 to comply with the Proposition 218 requirements. Staff also published the rate hearing notice in the Union Tribune on May 3, 2024 and on May 10, 2024. Final draft copies of the Notice of Public Hearing and the 2024 Wastewater Rate Study have been made available for public review and comments at the District's office as well as on the District's website as of March 25, 2024.

To date, the District received one (1) written comment in support of the proposed sewer rate increase and zero protests on the proposed wastewater service fees.

Fiscal Impact

The increases will be used to pay for operations, maintenance, and capital facility expenses, and to ensure financial reserve requirements are met. There is a \$50 fee to file the NOE with the County Clerk.

Discussion

By adopting the attached resolution, the Board is making CEQA exemption findings that the wastewater rates and charges will be used to meet anticipated operating expenses, financial reserve needs and requirements, and to fund necessary capital projects in order to maintain wastewater service within the District's wastewater service area.

Attachments: Resolution
 2024 Wastewater Rate Study Report (as Exhibit "A" of the Resolution)
 Notice of Exemption (as Exhibit "B" of the Resolution)

RESOLUTION NO. 2024-

RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN
MUNICIPAL WATER DISTRICT MAKING CEQA EXEMPTION
FINDINGS FOR WASTEWATER RATE INCREASES
AND ORDERING A NOTICE OF EXEMPTION BE FILED
WITH THE COUNTY CLERK OF THE COUNTY OF SAN DIEGO

WHEREAS, the Olivenhain Municipal Water District Board of Directors intends, by ordinance, to modify and increase wastewater rates and charges within the 4S Ranch Sanitation District and Rancho Cielo Sanitation District (Wastewater Service Area) for fiscal years 2025-2029; and

WHEREAS, the project is to increase wastewater rates and charges to customers within the Wastewater Service Area served by the Olivenhain Municipal Water District. The purpose of the project is to raise required funds to meet anticipated operating expenses, to meet financial reserve needs and requirements, and to maintain service within existing Wastewater Service Area; and

WHEREAS, pursuant to the California Environmental Quality Act, State of California (CEQA) Guidelines, the Olivenhain Municipal Board of Directors has caused to be prepared a Notice of Exemption according to State of California CEQA guidelines section 15273(a) (1)-(4); and

WHEREAS, the 2024 Wastewater Rate Study Report (Report) prepared by the District's rate consultant, Raftelis Financial Consultants, Inc., attached hereto and incorporated herein as Exhibit "A," recommended the needs for increasing wastewater rates and charges within the Wastewater Service Area for fiscal years 2025-2029; and

WHEREAS, the Report on the potential increase of wastewater rates and charges was approved by the Olivenhain Municipal Water District Board of Directors; and

WHEREAS, following the review of the Report on the potential increase of wastewater rates and charges, the Olivenhain Municipal Water District Board of Directors held a public hearing in accordance with California Constitution article XIID, Section 6 on Wednesday, May 15, 2024, to consider the increase in wastewater rates and charges for Olivenhain Municipal Water District wastewater service fees; and

WHEREAS, having heard, considered, and reviewed the Report, protest letters received, and comments from property owners who expressed their views to the Board of Directors, and being fully advised regarding the consequences of the proposed increases in wastewater rates and charges, it is in the interest of the Olivenhain Municipal Water District and the people it serves to order a Notice of Exemption be filed with the County Clerk of the County of San Diego, and approve the appropriate modifications by ordinance.

NOW, THEREFORE, the Board of Directors of the Olivenhain Municipal Water District does hereby find, determine, resolve and order as follows:

SECTION 1: The foregoing facts are found and determined to be true and correct.

SECTION 2: Certain wastewater rates and charges shall be increased to raise required funds for meeting anticipated operating expenses, meeting the reserve needs of wastewater operations and to maintain 4S Ranch Wastewater Treatment Plant and Water Reclamation Facility within the existing Wastewater Service Area in order to continue to collect, treat, dispose of sewage, to the wastewater (sewer) customers in the 4S Ranch Sanitation District and Rancho Cielo Sanitation District of Olivenhain Municipal Water District.

SECTION 3: Pursuant to the California Environmental Quality Act (CEQA), State of California CEQA guidelines section 15273(a) (1)-(4), the Olivenhain Municipal Water District Board of Directors finds and determines that increasing various rates and charges is exempt from CEQA for each of the following reasons:

- 1) The increases of wastewater rates and charges are not a "Project" as defined by Guidelines Section 15378 (b) (4).
- 2) The Project is exempt in accordance with Guidelines Section 15273 (a) (1), 15273 (a) (2), 15273 (a) (3), and 15273 (a) (4).
- 3) The activity will not have any significant effect on the environment.

SECTION 4: The Board of Directors of the Olivenhain Municipal Water District finds and determines that increases of wastewater rates and charges, is exempt for the following reasons:

- 1) No Project. The project is a continuing administrative activity of the 4S Ranch Sanitation District and Rancho Cielo Sanitation District which will not result in any physical change in the environment. The increase of various wastewater rates and charges is not being considered in conjunction with the approval of any specific project and will be used solely to meet anticipated operating expenses, to meet financial reserve needs and requirements, and to maintain wastewater service within existing Wastewater Service Area.
- 2) Exemption. The documents and materials that constitute the record of proceedings on which these findings have been based are located at the District, 1966 Olivenhain Road, Encinitas, California 92024. The custodian for these records is the Secretary of the District.
- 3) No Significant Effect. The activity will not have significant effect on the environment. The modifications of wastewater rates and charges have been set to maintain service within existing Wastewater Service Area and not to

expand the system. The wastewater rates and charges are not being considered in conjunction with any specific development activity.

- 4) Justification and Reasons. The Board finds that the reasons and justification for the increased wastewater rates and charges being exempt as set forth in the Notice of Exemption attached hereto and incorporated herein as Exhibit "B".

SECTION 5: The Olivenhain Municipal Water District Board of Directors orders and directs that the foregoing exemptions and reasons be made a part of the Notice of Exemption and that the Notice of Exemption be filed with the County Clerk of the County of San Diego.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on Wednesday, June 19, 2024 by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water
District

ATTEST:

Lawrence A. Watt, Secretary
Board of Directors
Olivenhain Municipal Water District

Olivenhain

MUNICIPAL WATER DISTRICT

Wastewater Rate Study Report

March 12, 2024

March 12, 2024

Ms. Kimberly A. Thorner
General Manager
Olivenhain Municipal Water District
1966 Olivenhain Road
Encinitas, CA 92024

Subject: Wastewater Rate Study Report

Dear Ms. Thorner:

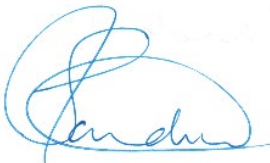
Raftelis is pleased to provide this 2024 Wastewater Rate Study Report (Report) to the Olivenhain Municipal Water District (District).

The major objectives of the study include the following:

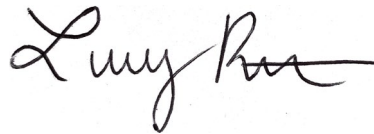
- Develop a financial plan for the District Wastewater utility to ensure financial sufficiency, meet operation and maintenance (O&M) costs, and help ensure sufficient funding for capital refurbishment and replacement needs;
- Conduct a cost-of-service (COS) analysis;
- Develop fair and equitable 5-year wastewater rates which conform to Proposition 218 requirements based on the analysis and methodology set out in this Report.

This Report summarizes our key findings and recommendations. It has been a pleasure working with you and we appreciate your help and the support provided by Ms. Rainy Selamat, Ms. Lindsey Stephenson, and Mr. Jared Graffam during the course of the study.

Sincerely,
RAFTELIS FINANCIAL CONSULTANTS, INC.

A blue ink signature of Sudhir Pardiwala, written in a cursive style.

Sudhir Pardiwala, PE
Executive Vice President

A black ink signature of Lindsay Roth, written in a cursive style.

Lindsay Roth
Consultant

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Abbreviations

Terms	Descriptions
4S	4S Ranch (Sanitation District)
4SWRF	4S Water Reclamation Facility
AF	Acre foot / Acre feet
AWWA	American Water Works Association
BOD	Biochemical oxygen demand
COS	Cost of Service
CIP	Capital Improvement Plan
EDU	Equivalent dwelling unit
FY	Fiscal Year ending (July 1 – June 30)
GPCD	Gallons per capita per day
GPM	Gallons per minute
HCF	Hundred cubic feet = 100 cubic feet = 748 gallons
Manual of Practice No. 27	Water Environment Federation’s (WEF) Financing and Charges for Wastewater Systems (Manual of Practice No. 27)
MFR	Multi-family residential
MGD	Million gallons per day
O&M	Operations and maintenance
PAYGO	PAYGO - Pay as you go - refers to annual fund transfers, collected from wastewater rates and charges, to pay for planned capital improvements
RC	Rancho Cielo (Sanitation District)
R&R	Refurbishment and Replacement
SCADA	Supervisory control and data acquisition (system)
SFR	Single-family residential
SL	Santa Luz
TSS	Total suspended solids
WEF	Water Environment Federation

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1. Executive Summary

1.1. Background of the Study

In September 2023, Olivenhain Municipal Water District (District) engaged Raftelis Financial Consultants (Raftelis) to update the District's last wastewater rate study based on increased costs to recover the full cost of providing wastewater collection services. The last wastewater rate study was completed in 2020. The District last increased its wastewater rates in July 2023. This Wastewater Rate Study (Study) includes the preparation of a ten-year financial plan, cost of service analysis, and five-year implementation of wastewater rates.

This Report summarizes the key findings and recommendations of the Study. For purposes of the analysis set out in this Report, the terms "Rate(s)" and "Charge(s)" may be used interchangeably.

The District's Wastewater System is an interconnected system comprised of two sub-districts with a wide variety of commercial, industrial, and residential uses:

- Rancho Cielo Sanitation District – This includes the Rancho Cielo Estates development and adjacent areas. It is located just east of the covenant area of Rancho Santa Fe and north of Del Dios Highway. The District provides sewer service to approximately 310 single family homes in the Cielo Sanitation District.
- 4S Ranch Sanitation District – This area consists of the 4S Ranch master planned community and other minor surrounding areas in the City of San Diego. It is located just west of Rancho Bernardo. The District provides sewer service to approximately 3,680 single family homes in the 4S Ranch Sanitation District and 1,540 multi-family and non-residential accounts. Santa Luz Housing Development and Black Mountain East Clusters were annexed to the 4S Ranch Sanitation District for sewer service only. Both are outside District boundaries.

The wastewater service area spans approximately 5,550 acres. Wastewater is collected through approximately 65 miles of gravity sewers and 13 miles of force mains, and ultimately pumped to the 4S Ranch Water Reclamation Facility (4SWRF). There are 14 sewer lift stations monitored by the District's supervisory control and data acquisition (SCADA) system.

1.2. Objectives of the Study

The major objectives of the study include the following:

- Develop financial plans for the Wastewater utility to ensure financial sufficiency, meet operation and maintenance (O&M) costs, ensure sufficient funding for capital replacement and refurbishment (R&R) needs, and provide for the financial health of the enterprises;
- Conduct a cost-of-service (COS) analysis;
- Develop fair and equitable 5-year wastewater rates which conform with Proposition 218 requirements based on the analysis and methodology set out in this Report.

1.3. Legal Requirements and Rate Setting Methodology

1.3.1. LEGAL REQUIREMENTS

In November 1996, California voters approved Proposition 218, which amended the California Constitution by adding Articles XIII C and Article XIII D. Article XIII D placed certain limitations on the use of revenue collected from property-related fees and charges and on the amount of the fee or charge that may be imposed on each parcel by governmental agencies. Additionally, it established procedural requirements for imposing new, or increasing existing, property-related fees and charges.

The substantive requirements in Article XIII D place limitations on (1) the use of the revenue collected from property-related fees and charges and (2) the allocation of costs recovered by such fees or charges to ensure that they are proportionate to the cost of providing the service(s) attributable to each parcel.

1.3.2. RATE SETTING METHODOLOGY

The wastewater rates were prepared using the principles established by the Water Environment Federation's (WEF) *Financing and Charges for Wastewater Systems* (Manual of Practice No. 27) which establishes commonly accepted professional standards for wastewater cost of service (COS) studies. The WEF Manual's general principles and the objectives of the Report are described below.

The first step in ratemaking is to determine the adequate funding of a utility. This is referred to as the "revenue requirement" analysis. This analysis considers the utility's short-term and long-term service requirements and objectives over a given planning horizon, including capital facilities and system operations and maintenance, to determine the adequacy of a utility's existing rates to recover its costs. A number of factors may affect these projections, including the number of customers served, water-use trends, nonrecurring sales, conservation, inflation, interest rates, capital finance needs, and other changes in operating and economic conditions.

After determining a utility's revenue requirement, the next step is a cost of service (COS) analysis. Utilizing approved expense and revenue budgets and capital improvement plans, we first functionalize a utility's costs and assets among major operating functions (collection, treatment, etc.). After cost functionalization, we allocate the "functionalized costs" to cost causation components. For wastewater these cost components include wastewater flow, strength, and general admin costs. Wastewater strength is further defined as the Biochemical Oxygen Demand (BOD) and Total Suspended Solid (TSS) loads contributed by each class. We then distribute these cost causation components to each customer class (e.g., single-family residential, multi-family residential and commercial) by determining the loadings of flow and strength of each class.

Once the cost-of-service analysis is complete, we design rates to collect the cost to serve each customer class calculated as part of the cost-of-service analysis.

1.4. Wastewater Utility Financial Plan

Raftelis has projected the operating and capital expenditures over the planning period and is recommending a revenue increase of 5.5 percent for FY 2025, starting July 1, 2024, followed by annual revenue increases of 5.5 percent for the next four years. The 5.5 percent increase is an increase in total revenue requirement from rates. The rate increases for different customer classes will be different based on the cost-of-service analysis.

The proposed financial plan is shown graphically in **Figure 1-1** with the columns representing the operating expense, debt, and capital expenditures. The red line shows the revenues with no revenue adjustments and the green line shows the revenues with the proposed revenue adjustments. Expenditures in excess of the proposed revenues in each year are funded from reserves shown by the yellow bars below the horizontal axis. **Figure 1-2** shows graphically the financing plan for the capital improvement plan (CIP). Capital expenditures in FY 2026 through FY 2028 will be funded by a debt issue of \$6.5 million in FY 2026. To ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years.

Figure 1-1: Wastewater Utility Proposed Financial Plan

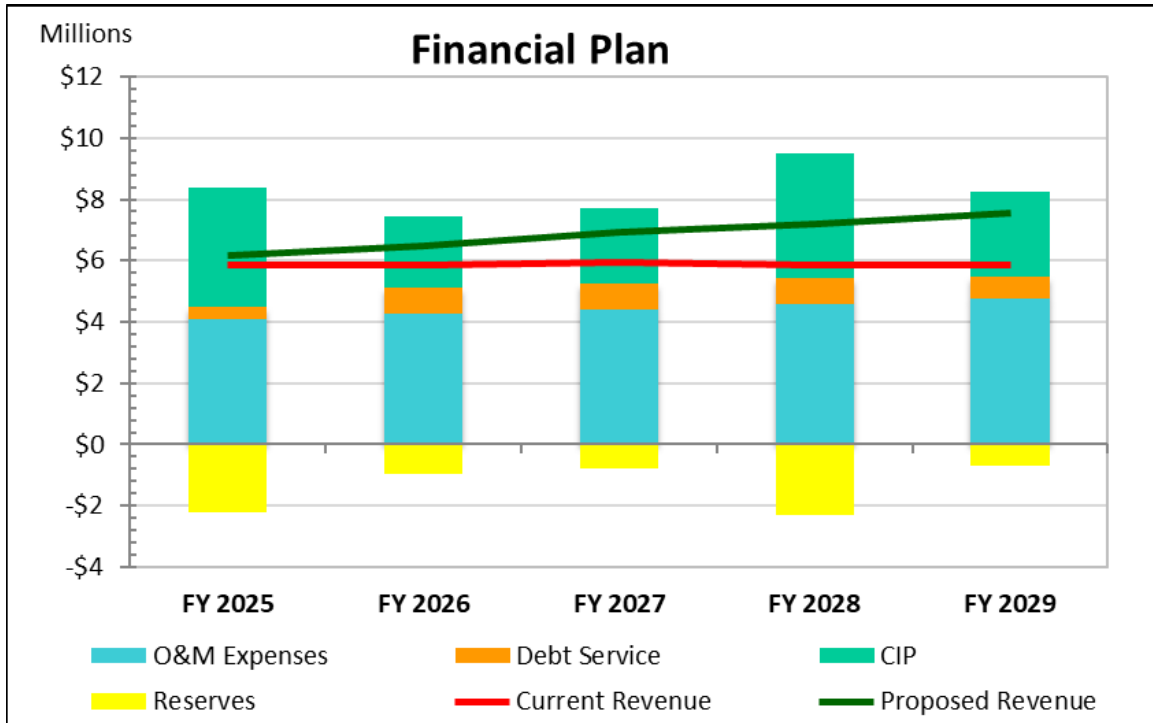
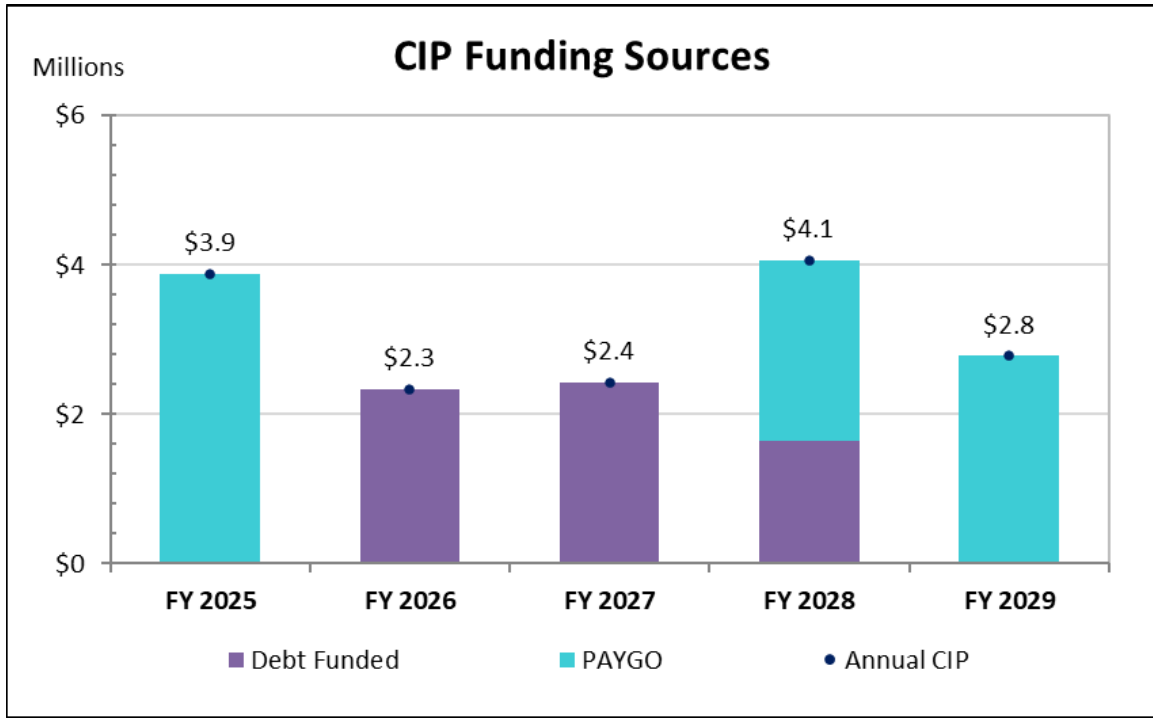


Figure 1-2: Capital Funding Sources



1.5. Proposed Wastewater Rates

The proposed rates across five years are presented for the annual service access charge in **Table 1-1** and the volumetric rate (\$/hcf) in **Table 1-2**.

Table 1-1: Five-Year Proposed Annual Fixed Charges

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Other						
Multi-Family	\$156.31	\$172.19	\$181.67	\$191.67	\$202.22	\$213.35
Commercial - Group I	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Commercial - Group II	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58

Table 1-2: Five-Year Proposed Volumetric Rates (\$/hcf)

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Other						
Multi-Family	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group I	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group II	\$10.02	\$10.72	\$11.31	\$11.94	\$12.60	\$13.30

2. Assumptions

This section summarizes the principal assumptions in this Study. Unless otherwise stated herein, these assumptions are used consistently in the Study.

2.1. Inflation

To develop a multi-year plan, we forecast future operating and capital expenditures and non-rate revenues. The Study Period includes cost projections from Fiscal Years (FY) 2025 to FY 2034. The inflationary assumptions to make projections for future years are based on input from District staff and averages of long-term expenditures. The inflationary assumptions are presented in **Table 2-1**. Note that the Study uses the District’s FY 2024 projected expenditures as the basis for future years’ projections based on these inflationary factors.

- General inflation is based on the change in the annual Consumer Price Index for all Urban Consumers for the San Diego-Carlsbad Region.
- Increases in certain wastewater Operations and Maintenance costs were supplied by the District based on discussions with District staff. Salaries, Benefits, and Utilities are projected to be higher than the General inflation factor.
- The District is using a 4% inflation adjustment for future wastewater CIP Projects.
- The reserve interest rate is assumed net of the District’s projected investment income based on current market conditions.

Table 2-1: Inflationary Assumptions

Category	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
General	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Salaries	6.0%	6.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Benefits	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
CIP Projects	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Reserve Interest Rate	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

2.2. Account and EDU Growth Assumptions

Table 2-2 shows account growth assumptions developed in cooperation with District staff. Single family customer accounts are expected to increase by less than 0.2 percent or about 7 new units annually. No increase in multi-family or commercial customers is expected. Commercial Group I customers include office buildings, small retail stores, schools, etc. Commercial Group II customers represent shopping centers, strip malls, medical office buildings and/or restaurants, and manufacturing facilities.

Table 2-2: Account Growth Assumptions

Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Single Family Residential	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Other											
Multi-Family	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial - Group I	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial - Group II	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 2-3 shows the projected Equivalent Dwelling Units (EDUs) reflecting the growth assumptions in **Table 2-2**. Actual EDUs for FY 2023 were provided by District Staff and were used to project future EDUs (FY 2024 through FY 2034.) The EDU definition for Multi-Family, consistent with the last study, is based on the actual flow ratio between Multi-Family and Single-Family Residential wastewater (sewer) customers. One Multi-Family dwelling unit is equivalent to 0.79 EDU.

Table 2-3: Projected Wastewater EDUs

Customer Class	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Single Family Residential	4,025	4,032	4,039	4,046	4,053	4,060	4,067	4,075	4,083	4,091	4,099	4,107
Other												
Multi-Family	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Commercial - Group I	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310
Commercial - Group II	400	400	400	400	400	400	400	400	400	400	400	400
Total EDUs	7,339	7,346	7,353	7,360	7,367	7,374	7,381	7,389	7,397	7,405	7,413	7,421

Table 2-4 shows the projected wastewater flow expressed in hundred cubic feet (hcf). FY 2023 actual flows, which are used to charge FY 2024 rates, are used to project flows from FY 2025 through FY 2034. Flow is a function of the return factor as shown in **Table 2-4** and account growth factors in **Table 2-2**. The return factor represents the amount of water use returned to the sewer. The Study assumes that the return factor will not change for any customer class throughout the Study Period. SFR flows increase due to more normal winter water use and the growth in those accounts shown in **Table 2-3**.

Note that the Single Family Residential (SFR) class flow is based on *annualized lowest winter water use* from December through March of the previous fiscal year and is capped at 10 hcf per month. SFR properties tend to have a substantial portion of outdoor water use, which does not flow back into the sewer system as wastewater. Wastewater flow equal to lowest month winter water use is a reasonable estimate of indoor water use as outdoor watering is limited in winter months. Other customer classes (e.g., Multi-Family Residential and Commercial) tend to have less outdoor water use. Thus, their flow is based on *actual* water use from the previous year.

Table 2-4: Projected Wastewater Flow (hcf)

Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Return Factor (all classes)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Single Family Residential (lowest winter use)	322,140	338,834	339,421	340,008	340,595	341,182	341,853	342,524	343,195	343,866	344,537
Other (actual use)											
Multi-Family	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892	92,892
Commercial - Group I	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892	61,892
Commercial - Group II	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941	58,941
Total Annual Flow (hcf)	535,865	552,559	553,146	553,733	554,320	554,907	555,494	556,081	556,668	557,255	557,842

2.3. Reserve Assumptions

2.3.1. RESERVE POLICY BACKGROUND

A reserve policy is a Board approved written document that defines the risk management policy for a public agency's financial reserves. The Board's Reserve Policy for the District is used to develop the financial plan. Wastewater reserves enable the District to meet working capital requirements, address revenue shortfalls due to economic recessions, and provide funds in case of an asset failure and/or natural disaster. Reserve policies provide guidelines for sound financial management with an overall long-range perspective to maintain financial solvency. Reserves also set aside funds for capital asset replacement as they age (and need to be replaced) and for new capital projects. Adhering to a sustainable reserve policy enhances financial management transparency and achieves or maintains favorable credit rating(s) for future District debt issues.

The appropriate amount of reserves and reserve types are determined by a variety of factors, such as the size of the operating budget, the amount of debt, the type of rate structure, frequency of customer billing and risk of natural disaster. While reserves vary by agency, most reserves tend to fall into the following categories: operating, rate stabilization, capital, pension stabilization, and emergency. These are each further discussed below.

Operating Reserve

The purpose of an operating reserve is to provide working capital to support the operation, maintenance, and administration. The District's wastewater service charges are collected through the County Tax Collector's office at the same time that property tax bills are paid by wastewater (sewer) customers (the majority of which are collected on December 10 and April 10.) Due to the timing of these receipts for sewer services, the operating reserve supports the District's cash flow needs during normal operations and ensures that operations can continue until the County forwards the rate revenues. As it is unlikely for a utility to precisely predict the revenues and revenue requirements for each billing period, a reserve set aside to hedge the risk of monthly negative cash positions is part of prudent financial planning and fiscal management.

Rate Stabilization

Rate stabilization reserves are used to minimize the need for abrupt rate increases that may be needed during times of decreased wastewater flow, economic recessions, or emergencies. The rate stabilization reserve would be used to offset the District's costs. A rate stabilization reserve acts as a buffer to protect customers from experiencing large rate increases.

Capital Reserve

Capital reserves fund the replacement and renewal of a utility's infrastructure. Because utilities are highly capital-intensive enterprises, it is important to accurately estimate long-term capital costs and develop a reserve to fund the eventual replacement of the system and new capital projects. Capital reserves vary the most (amongst all reserve targets) by agency. There are three accepted industry standard methods used to establish capital reserves:

- » One to five times the average capital expense over 5 to 10 years;
- » Given percentage of asset value, normally valued at replacement cost, of two to five percent; and
- » Asset depreciation normally calculated using replacement cost.

Pension Stabilization

The purpose of the pension stabilization reserve is to secure the District's ability to have a consistent annual Unfunded Accrued Liability (UAL) payment to California Public Employee's Retirement System (CalPERS), including Additional Discretionary Payment(s) while achieving its pension funding goal as outlined in the

District’s Pension Funding Policy. The funding goal of a defined benefit pension plan is 100%, which is to fund the long-term cost of benefits provided to the plan members.

Emergency

An emergency reserve seeks to minimize disruptions in service during a natural disaster or asset/facility failure. An emergency reserve decreases risk by setting aside adequate funds to rebuild/replace an essential facility or pipeline after failure/disaster. Normally, a local public agency performs a critical asset analysis as the basis for the target level of emergency reserve. The District does not currently have an emergency reserve – however the rate stabilization fund has a dual purpose as an emergency fund.

2.3.2. CURRENT RESERVES

The District’s current reserve policy follows:

- » **Operating Reserve:** A minimum of 180 days of annual wastewater (sewer) operations and maintenance expenditures approved by the Board. The maximum shall not exceed 365 days of annual sewer operations and maintenance expenditures approved by the Board in District’s budget. In FY 2024, the minimum and maximum targets were \$2.0 million and \$4.1 million, respectively.
- » **Rate Stabilization:** The rate stabilization reserve minimum is 25% of annual wastewater (sewer) operating and maintenance expenditures approved by the Board and the maximum is 100 percent of annual Board approved operating budget. The minimum and maximum target for FY 2024 were \$1.0 million and \$1.4 million, respectively.
- » **Capital Reserve:** The capital reserve minimum is two years’ average of planned capital expenditures of the approved 10-year Wastewater (sewer) Capital Spending Plan. The maximum shall not exceed five years’ average of the approved (ten-year) capital improvement plan. In FY 2024 the minimum and maximum targets were \$6.2 and \$15.5 million, respectively.
- » **Pension Stabilization:** The pension stabilization minimum balance is the one-year average of Projected Future Employer Contributions for UAL Payment over the next 5 fiscal years based on the most current CalPERS annual actuarial report for Classic and PEPRA plans. The maximum balance is two times the one-year average noted in the minimum balance. In FY 2024 the minimum and maximum targets were \$106,000 and \$212,000, respectively.

Table 2-5 lists the District’s FY 2024 beginning fund balances for the Operating, Rate Stabilization, and Capital reserves as well as the minimum and maximum targets. The Operating Reserve is above its maximum target while the Capital Reserve is below its maximum but above its minimum. The Pension Stabilization fund is below the minimum target as the fund was only added in FY 2023 and will continue to be funded from the Operating Reserve to meet the minimum balance in future years. The total beginning balance is between the total minimum and maximum targets.

Table 2-5: FY 2024 Beginning Fund Balances

Reserve	FY 2024	Min Target	Max Target
Operating	\$4,196,892	\$2,039,497	\$4,078,995
Rate Stabilization	\$2,667,189	\$1,019,749	\$4,078,995
Capital	\$13,072,117	\$6,188,400	\$15,471,000
Pension Stabilization	\$40,576	\$106,285	\$212,569
Total Beginning Balance	\$19,936,198	\$9,247,646	\$23,628,989

2.4. Data Sources

The District provided the following data to aid in preparing this report:

- » Revenues and expenditures for FY 2023 (actuals) and FY 2024 budgeted
- » Ten-year Wastewater Capital Improvement Plan, based on:
 - Rancho Cielo and 4S Rancho Wastewater Collection System Sewer Pump Stations Condition Assessment (Dudek, 2024)
 - 4S Ranch Water Reclamation Facility Consequence of Failure Analysis (Dudek, 2024)
 - Wastewater System Electrical System Evaluation (Dudek, 2024)
- » Debt service payment schedules
- » Estimated beginning balances for FY 2024
- » Wastewater billing data (with identifying information removed) for FY 2023
- » Customer growth projections
- » Wastewater asset information
- » Total plant influent flow, BOD, and TSS
- » Sewer debt and reserve policies

3. Financial Plan

As the first step in the rate study process, Raftelis reviewed the District’s revenue requirements. Raftelis analyzed the District’s wastewater annual operating revenues, operation and maintenance (O&M) expenses, transfers between funds, and reserve requirements. This Section of the Report discusses projected revenues at current rates, O&M expenses, other reserve funding and revenue adjustments to ensure the Wastewater Utility’s fiscal solvency.

3.1. Revenues from Current Wastewater Rates

The total annual Single Family Residential (SFR) customer charge is the sum of the annual service access charge assessed per equivalent dwelling unit (EDU) plus a commodity charge assessed per hundred cubic feet (hcf) of water use. The current FY 2024 wastewater charges and rates are presented in **Table 3-1**.

The annual service access charge is a uniform flat charge across all customer classes. The commodity charge is based on an SFR customer’s annualized minimum prior year winter water use with a maximum monthly (or cap) use of 10 hcf.¹ For example, a customer with a minimum winter water use of 7 hcf would be charged the following:

$$\text{Total Annual SFR Bill} = \text{Annual Service Access Charge} + (7 \text{ hcf} \times \text{Flow Charge per hcf} \times 12 \text{ months}) = \$805.68$$

An SFR using more than 10 hcf will only be assessed the flow charge at 10 hcf monthly (or 120 hcf annually). For example, a customer with a minimum winter water use of 25 hcf would be charged the following:

$$\text{Total Annual SFR Bill} = \text{Annual Service Access Charge} + (10 \text{ hcf} \times \text{Flow Charge per hcf} \times 12 \text{ months}) = \$1,066.32$$

Table 3-1: FY 2024 (Current) Wastewater Charges and Rates

Customer Class	Annual Service Access Charge (per EDU)	Commodity Rate (\$/hcf)
Single Family Residential	\$197.52	\$7.24
Other		
Multi-Family	\$156.31	\$7.24
Commercial - Group I	\$197.52	\$7.24
Commercial - Group II	\$197.52	\$10.02

Non-SFR customers are charged similarly except the commodity portion of their charge is based on their actual water use. Additionally, non-SFR customers do not have a water use cap.

One Multi-Family (MFR) dwelling unit was revised to be equivalent to 0.79 EDU in the previous study. This was estimated as the ratio of SFR to MFR flow per EDU using housing density data. The annual fixed charge for MFR customers is adjusted to 79 percent of the SFR fixed charge to account for their lower sewer flow.

¹ For the purposes of determining the sewer use, the District defines winter months as December, January, February, and March of the prior fiscal year.

$$FY\ 2024\ MFR\ Fixed\ Charge = \$197.52 \times 0.79^2 = \$156.31$$

Raftelis calculated projected revenue under existing rates by multiplying the number of EDUs for each user class by the existing annual service access charge and added to that the revenue from the commodity rate which is the wastewater use for each class multiplied by the commodity rates shown in **Table 3-1**. The resulting revenue under existing rates is shown in line 3 of **Table 3-4**.

3.2. Operation and Maintenance Expenses

Using the District’s FY 2024 detailed Operation and Maintenance (O&M) budgeted values, future expenses were projected by using the inflation factors in **Table 2-1**. **Table 3-2** summarizes budgeted and projected O&M expenses.

Table 3-2: Projected O&M Expenses

Budget Item	FY 2024 <i>Projected</i>	FY 2025 <i>Forecast</i>	FY 2026 <i>Forecast</i>	FY 2027 <i>Forecast</i>	FY 2028 <i>Forecast</i>	FY 2029 <i>Forecast</i>	FY 2030 <i>Forecast</i>	FY 2031 <i>Forecast</i>	FY 2032 <i>Forecast</i>	FY 2033 <i>Forecast</i>	FY 2034 <i>Forecast</i>
Personnel	\$1,620,000	\$1,709,660	\$1,804,323	\$1,881,361	\$1,961,699	\$2,045,480	\$2,132,851	\$2,223,967	\$2,318,989	\$2,418,084	\$2,521,428
Operations	\$1,724,137	\$1,811,067	\$1,879,622	\$1,939,655	\$2,002,013	\$2,066,798	\$2,134,264	\$2,204,393	\$2,277,304	\$2,353,125	\$2,431,986
Other	\$540,000	\$558,268	\$577,154	\$596,678	\$616,864	\$637,732	\$659,306	\$681,610	\$704,668	\$728,507	\$753,152
Total O&M	\$3,884,137	\$4,078,995	\$4,261,099	\$4,417,694	\$4,580,576	\$4,750,010	\$4,926,421	\$5,109,970	\$5,300,961	\$5,499,716	\$5,706,566

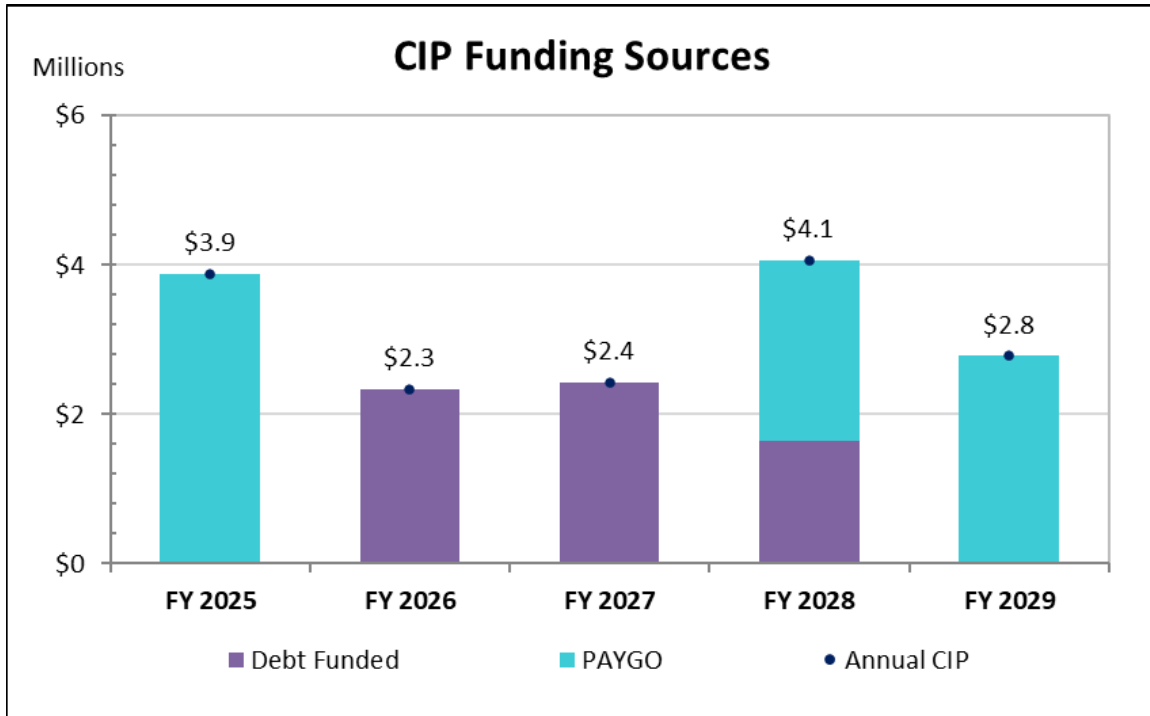
3.3. Projected Capital Improvement and Replacement Projects

The District plans to execute approximately \$26.8 million for the wastewater capital improvement plan (CIP) during the 10-year Study Period. The first five years of the CIP are shown in **Figure 3-1**. This is an average of \$2.7 million in annual CIP costs across the Study Period. Future CIP costs are inflated costs provided by District Engineering.³ Raftelis recommends use of rate revenue and reserves (PAYGO) and issue of new debt to help pay the remaining wastewater CIP to minimize the impact of increased CIP expenditures on future wastewater rate increases. **Figure 3-1** below shows District PAYGO funding by the light blue bars in and the purple bars indicate debt funding in FY 2026 – FY 2028

² Note the exact value differs slightly due to rounding.

³ Note that CIP projects were inflated 3.4% annually by the District prior to submitting to Raftelis based on a 20-year average inflation of the 20-City ENR Construction Cost Index.

Figure 3-1: Projected Replacement CIP and Funding Sources



3.4. Existing and Proposed Debt

The District currently has two outstanding debts, the 2021A Wastewater Revenue Bonds and the 2021B Wastewater Revenue Bonds. The 2021A Wastewater Revenue Bonds were issued on October 27, 2021, in the amount of \$5,042,140 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 Series 2021A bonds mature on June 1, 2041, and carry an interest rate of 2.14%. The District’s annual debt service cost for the 2021A bonds is approximately \$310,000 paid 100% from the Wastewater Fund. The 2021B Sewer Revenue Bonds were also issued on October 27, 2021, in the amount of \$3,932,970 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 2021B bonds mature on June 1, 2028, and carry an interest rate of 1.14%. The Wastewater Fund has been allocated 20% of the debt service payment for the 2021B bond issuance which equals approximately \$121,000 annually through FY 2028.

Raftelis recommends the District issue new debt in the amount of \$6.5 million in FY 2026 to pay for the wastewater capital improvement program resulting in approximately \$423,000 in annual debt service payment each year starting in FY 2026 for 30 years.

3.5. Proposed Financial Plan

The District’s wastewater utility needs revenue adjustments to cover O&M expenses, to fund capital improvement projects and meet target reserves per the Board’s reserves policy. The proposed sewer revenue adjustments for the next five years are shown in **Table 3-3**. Raftelis recommends the District implement a 5.5 percent annual revenue adjustment for FY 2025 and thereafter. It is also recommended that the District issue \$6.5 million in debt in FY 2026. The debt helps mitigate the need for higher revenue adjustments and meet the required minimum reserves.

To ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years.

Table 3-3: Proposed Five-Year Revenue Adjustments

Fiscal Year	Effective Date	Revenue Adjustment
FY 2025	July 1, 2024	5.5%
FY 2026	July 1, 2025	5.5%
FY 2027	July 1, 2026	5.5%
FY 2028	July 1, 2027	5.5%
FY 2029	July 1, 2028	5.5%

Table 3-4 shows the operating fund cash flow under the proposed wastewater revenue adjustments shown in **Table 3-3**. From FY 2030 to FY 2034, the Cashflow assumes five percent annual revenue adjustments. As shown in **Table 3-4** by the net cashflow (line 22), with the proposed revenue adjustment, revenues are sufficient to meet O&M expenses and debt service. The District will exceed its debt coverage target as shown by the projected debt service coverage ratios in **Table 3-4, line 24**, under the proposed five-year revenue adjustments in **Table 3-3**.

Table 3-4: Proposed Wastewater Financial Plan

Line No.	Description	FY 2024 <i>Projected</i>	FY 2025 <i>Forecast</i>	FY 2026 <i>Forecast</i>	FY 2027 <i>Forecast</i>	FY 2028 <i>Forecast</i>	FY 2029 <i>Forecast</i>	FY 2030 <i>Forecast</i>	FY 2031 <i>Forecast</i>	FY 2032 <i>Forecast</i>	FY 2033 <i>Forecast</i>	FY 2034 <i>Forecast</i>
1	REVENUES											
2	Operating Revenues											
3	Revenues from Current Rates	\$5,494,513	\$5,616,761	\$5,622,393	\$5,628,026	\$5,633,658	\$5,639,291	\$5,645,729	\$5,652,167	\$5,658,605	\$5,665,044	\$5,671,482
4	Proposed Revenue Adjustments	\$0	\$308,922	\$635,471	\$980,635	\$1,345,456	\$1,731,037	\$2,101,950	\$2,492,173	\$2,902,692	\$3,334,547	\$3,338,337
5	Total Operating Revenues	\$5,494,513	\$5,925,683	\$6,257,864	\$6,608,661	\$6,979,115	\$7,370,327	\$7,747,679	\$8,144,340	\$8,561,298	\$8,999,590	\$9,009,818
6	Non-Operating Revenues											
7	Interest Income	\$80,000	\$251,457	\$218,528	\$326,625	\$221,694	\$198,361	\$182,138	\$173,051	\$182,294	\$198,332	\$211,114
8	Total Non-Operating Revenues	\$80,000	\$251,457	\$218,528	\$326,625	\$221,694	\$198,361	\$182,138	\$173,051	\$182,294	\$198,332	\$211,114
9	TOTAL REVENUES	\$5,574,513	\$6,177,140	\$6,476,392	\$6,935,286	\$7,200,809	\$7,568,689	\$7,929,817	\$8,317,391	\$8,743,592	\$9,197,922	\$9,220,933
10												
11	EXPENSES											
12	Operating Expenses											
13	Personnel	\$1,620,000	\$1,709,660	\$1,804,323	\$1,881,361	\$1,961,699	\$2,045,480	\$2,132,851	\$2,223,967	\$2,318,989	\$2,418,084	\$2,521,428
14	Operations	\$1,724,137	\$1,811,067	\$1,879,622	\$1,939,655	\$2,002,013	\$2,066,798	\$2,134,264	\$2,204,393	\$2,277,304	\$2,353,125	\$2,431,986
15	Other	\$540,000	\$558,268	\$577,154	\$596,678	\$616,864	\$637,732	\$659,306	\$681,610	\$704,668	\$728,507	\$753,152
16	Subtotal Operating Expenses	\$3,884,137	\$4,078,995	\$4,261,099	\$4,417,694	\$4,580,576	\$4,750,010	\$4,926,421	\$5,109,970	\$5,300,961	\$5,499,716	\$5,706,566
17	Debt Service											
18	Series 2021A and 2021B Bonds	\$431,726	\$431,684	\$431,742	\$431,678	\$431,711	\$309,888	\$309,882	\$309,889	\$309,885	\$309,889	\$309,888
	New Debt Service	\$0	\$0	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834	\$422,834
19	Subtotal Debt Service	\$431,726	\$431,684	\$854,577	\$854,512	\$854,546	\$732,722	\$732,716	\$732,723	\$732,719	\$732,723	\$732,722
20	TOTAL EXPENSES	\$4,315,864	\$4,510,679	\$5,115,675	\$5,272,206	\$5,435,121	\$5,482,732	\$5,659,137	\$5,842,692	\$6,033,681	\$6,232,439	\$6,439,288
21												
22	NET CASHFLOW	\$1,258,650	\$1,666,461	\$1,360,717	\$1,663,079	\$1,765,687	\$2,085,956	\$2,270,679	\$2,474,699	\$2,709,911	\$2,965,483	\$2,781,644
23												
24	Debt Service Coverage Ratio	392%	486%	259%	295%	307%	385%	410%	438%	470%	505%	480%
25	Target Debt Service Coverage Ratio	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%

Projected reserve balances are shown below in **Table 3-5** and fall between the minimum and maximum targets for the five-year period of proposed rates (FY 2022 to FY 2026), as shown in **Figure 3-3**. The table shows the total ending balance of all four reserves and the total unrestricted balance of the operating, rate stabilization, and capital reserves, which are shown in **Figure 3-3**.

Table 3-5: Ending Reserve Balances

Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Operating	\$2,039,542	\$2,131,002	\$2,208,719	\$2,289,799	\$2,375,486	\$2,463,442	\$2,463,122	\$2,554,821	\$2,650,732	\$2,750,215	\$2,852,859
Rate Stabilization	\$2,667,189	\$1,667,189	\$2,017,189	\$2,367,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189	\$2,667,189
Capital	\$9,083,117	\$7,659,117	\$12,540,617	\$11,215,617	\$8,415,617	\$7,507,617	\$6,048,617	\$6,095,617	\$7,002,617	\$7,954,619	\$8,417,623
Pension Stabilization	\$59,576	\$78,576	\$97,576	\$116,576	\$135,576	\$154,576	\$173,576	\$192,576	\$211,576	\$230,576	\$249,576
Total Ending Balance	\$13,849,423	\$11,535,884	\$16,864,101	\$15,989,181	\$13,593,868	\$12,792,824	\$11,352,504	\$11,510,202	\$12,532,114	\$13,602,599	\$14,187,247
<i>Total Unrestricted Ending Balance</i>	<i>\$13,789,848</i>	<i>\$11,457,308</i>	<i>\$16,766,525</i>	<i>\$15,872,605</i>	<i>\$13,458,292</i>	<i>\$12,638,248</i>	<i>\$11,178,928</i>	<i>\$11,317,627</i>	<i>\$12,320,538</i>	<i>\$13,372,023</i>	<i>\$13,937,671</i>

Figure 3-2 shows the District’s five-year financial plan, with the operating expenses including debt service and the capital expenditures shown as stacked bars and the revenues under current and proposed rates shown by the lines. The proposed rate revenue (dark green line) is adequate to cover operating expenses (turquoise bar) and debt service (orange bar). However, when capital expenditures are included, the reserves have to be drawn down. This is represented by the yellow bars under the horizontal axis, which equals the size of the bar above the green line.

Figure 3-2: Proposed Wastewater Financial Plan

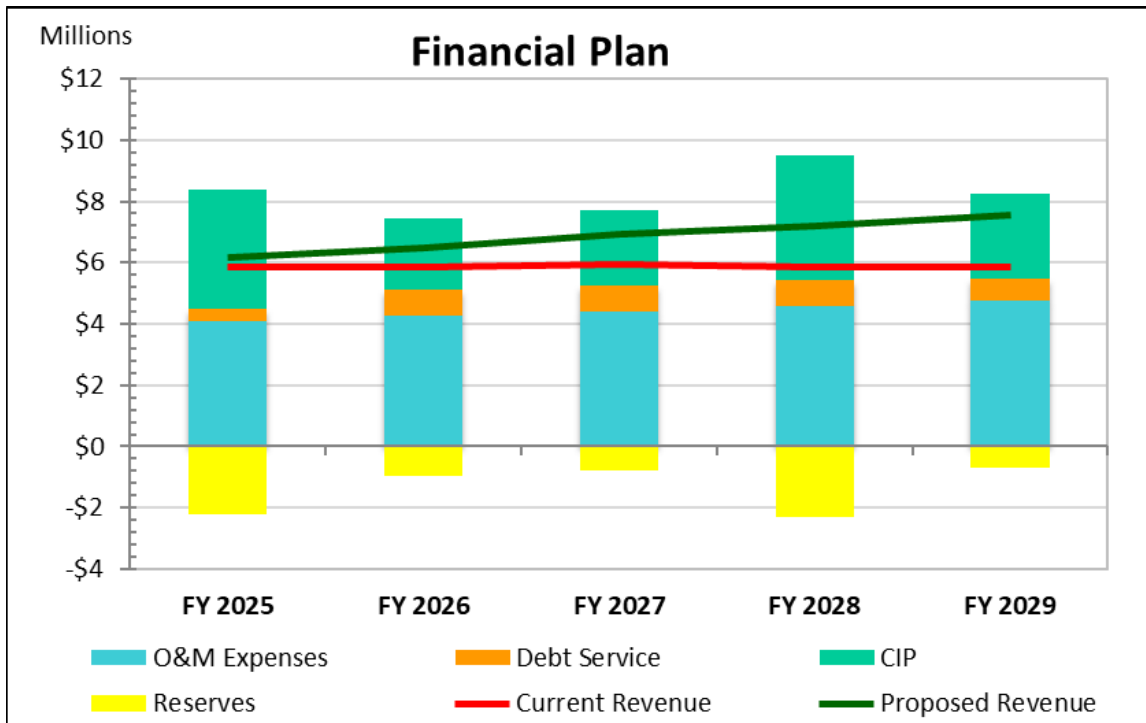
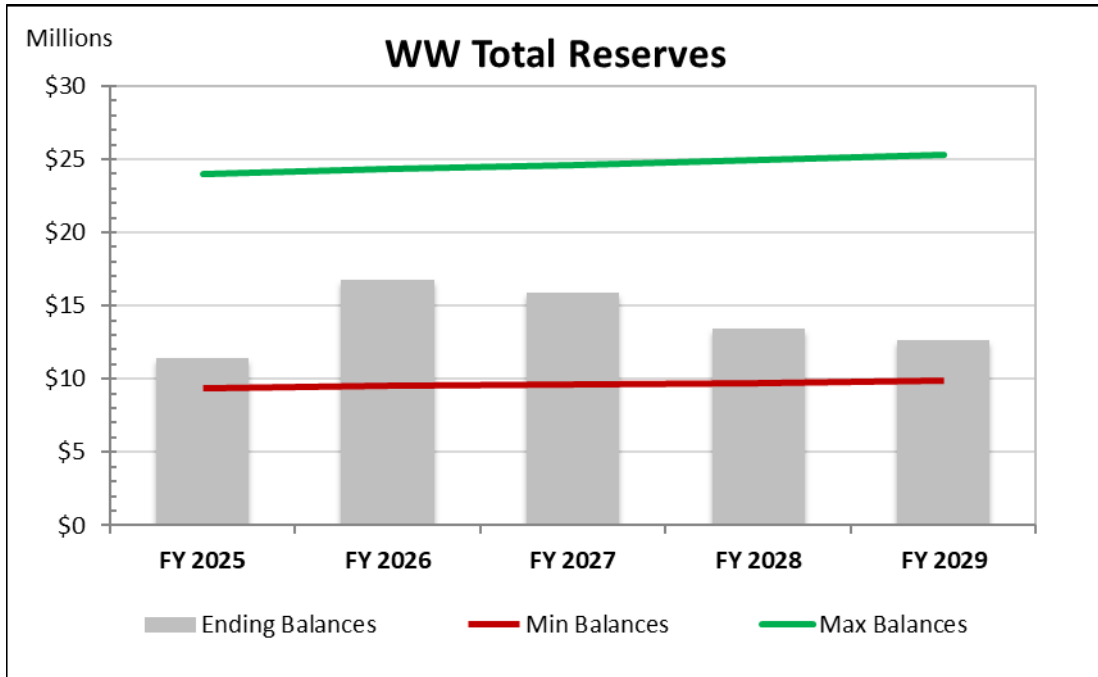


Figure 3-3 shows the total ending reserve balances (including operating reserve, rate stabilization reserve, and capital reserve) under the proposed wastewater revenue adjustments. The ending balances for each reserve are shown in **Table 3-5**. It should be noted that to ensure the capital reserve meets its minimum target there is a one-time withdrawal of \$1 million in FY 2025 from the rate stabilization reserve and that will be returned over the following three years. With the proposed adjustments and debt issue, the total reserve falls between the minimum and maximum target balances for the five-year period during which these changes are proposed. Additionally, the District is setting aside funds to build up the Pension Stabilization Fund which will have a minimum target of the average 5-year unfunded accrued liability (UAL) and a maximum target of 2 times the average 5-year UAL.

Figure 3-3: Projected Wastewater Fund Ending Balances



4. Cost-of-Service Analysis

This Section discusses the allocation of Operating and Maintenance (O&M) costs and capital costs to wastewater functions, cost causation components, and subsequently the determination of unit costs and rate calculation by customer class. The proposed wastewater utility cost of service (COS) was developed consistent with guidelines detailed in the Water Environment Federation (WEF) Manual of Practice No. 27, *Financing and Charges for Wastewater Systems, 2018*.

A summary of the COS analysis Raftelis performed is as follows:

1. First, Raftelis used residential and non-residential wastewater strengths consistent with industry standards. Strengths are defined as the concentration of biochemical oxygen demand (BOD⁴) and total suspended solids (TSS)⁵ in milligrams per liter (mg/L) in wastewater.
2. Next Raftelis incorporated the estimated flow and strength loadings from each customer class. The wastewater flows were obtained from District provided water use data.
3. District wastewater expenses are categorized by functions. These functions are: Collection, Treatment, Disposal, Billing and Customer Service and General (Administration).
4. Raftelis allocated O&M costs in each function (from step 3) to cost causation components: Flow, BOD, TSS, Administrative and General. This was subsequently used to allocate the total revenue requirement to each cost causation component.
5. Raftelis calculated unit cost causation component rates by dividing the total cost allocated to each cost causation component in step 4 by the total flow and strength loadings (in pounds of BOD or SS) and equivalent dwelling units (EDU) of the customers.
6. Lastly, Raftelis calculated the cost by customer class by multiplying the unit cost components in step 5 by the flow and strength loading and EDUs from each class.

4.1. Flow and Strength Loadings

The class strengths are shown in **Table 4-1**. The strengths are representative of typical strengths from each class based on industry standards and the strengths used in the prior rate study. To simplify rates and minimize impacts, customers are grouped into three classes based on their strength: residential, low strength commercial and medium-high strength commercial. Residential and Commercial Group I customers, which include office buildings, small retail stores, schools, etc., have the lowest strength since their sewage is typical household wastewater. Commercial Group II customers represent shopping centers, strip malls, medical office buildings, industrial customers, supermarkets and/or restaurants which typically have a higher strength sewage due to the BOD associated with food wastes.

⁴ BOD is a measure of oxygen utilization by the microorganisms in wastewater. The more waste matter in a wastewater streams the higher the BOD which in turn incurs higher treatment costs since the wastewater treatment plant must oxygenate the wastewater.

⁵ TSS is a measure of the dry weight of suspended particles in wastewater that have not been dissolved. Filtration and sedimentation processes during treatment remove TSS. As with BOD, the treatment costs increase as the solid matter increases.

Table 4-1: Customer Class Strength Classifications

Customer Class	BOD (mg/L)	TSS (mg/L)
Single Family Residential	250	275
Other		
Multi-Family	250	275
Commercial - Group I	225	225
Commercial - Group II	725	725

Raftelis estimated the wastewater flow, BOD and TSS plant loadings generated by each customer class as shown in **Table 4-2** based on the prior year wastewater billings. Flows in FY 2025 were estimated to be 5% higher than FY 2023 and FY 2024 flows because of the wet winter in FY 2023. The flow is based on lowest winter water usage for single family customers and strengths shown in **Table 4-1**. The flow, loadings, and EDUs from each class were used to develop unit costs to distribute the total revenue requirement to each customer class so that each customer class is assigned costs proportionally to its customer characteristics.

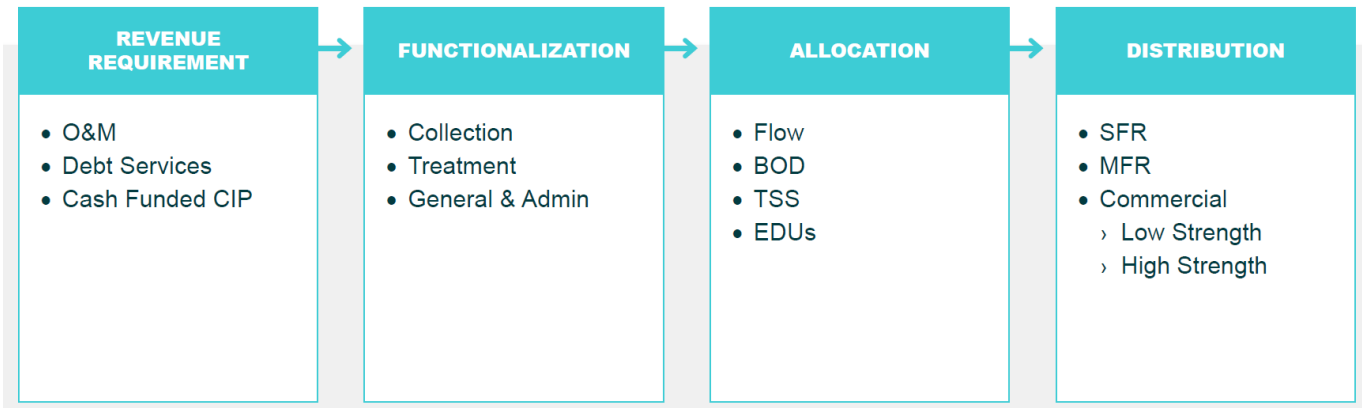
Table 4-2: FY 2025 Flow and Strength Loadings

Customer Class	FY 2025 Flow (MG / yr) (1)	BOD (lbs / yr) (2)	TSS (lbs / yr) (3)	FY 2025 Flow (hcf / yr) (4)	BOD (mg / L) (5)	TSS (mg / L) (6)
Single Family Residential	241.0	502,729	553,002	322,140	250	275
Other						
Multi-Family	69.5	144,966	159,463	92,892	250	275
Commercial - Group I	46.3	86,929	86,929	61,892	225	225
Commercial - Group II	44.1	266,750	266,750	58,941	725	725
	401	1,001,374	1,066,144	535,865	265	282

4.2. Allocation of O&M and Capital to Cost Causation Components

In the Cost-of-Service analysis, the goal of this study is to allocate the District’s yearly revenue requirement to each cost causation component (Flow, BOD, TSS, & EDUs). To do so we first functionalize each cost (determine whether its Collection, Treatment, or General & Admin) which is then allocated to the cost causation components of flow, BOD, TSS and Customer. The cost-of-service analysis process is displayed in **Figure 4-1**. The forecasted costs for FY 2025 are used to categorize the costs to the different functions. The total O&M Category expenses (shown in line 6 through 8, column 5 of **Table 4-3**) are allocated to each cost causation component as shown in **Table 4-3**. The allocation for each O&M functional cost is determined by multiplying the total in column 5 by the respective percentages for each cost causation component shown in lines 1 through 3. The resulting allocation (line 10) is calculated by dividing the total amount allocated to each cost causation component by the total O&M budget in line 9, column 5. Line 10 shows the resulting percentage allocation of O&M costs to each cost causation component and is used to allocate the FY 2025 O&M revenue requirements in **Table 4-7**.

Figure 4-1: Cost-of-Service Process



Approximately 38.3% of O&M costs are allocated to flow and 10.2% each to BOD and TSS and the remaining 41.3% to Customer/Capacity.⁶ The resulting allocation in line 10 is used in a subsequent step in **Table 4-7**.

Table 4-3: O&M Allocation

Line No.	O&M Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	
		(1)	(2)	(3)	(4)	(5)	
1	Collection	100%	0%	0%	0%	100%	
2	Treatment	50%	25%	25%	0%	100%	
3	General	0%	0%	0%	100%	100%	
4							
5	O&M Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	Percent Total
6	Collection	\$731,960	\$0	\$0	\$0	\$731,960	18%
7	Treatment	\$830,619	\$415,309	\$415,309	\$0	\$1,661,238	41%
8	General	\$0	\$0	\$0	\$1,685,797	\$1,685,797	41%
9	TOTAL	\$1,562,579	\$415,309	\$415,309	\$1,685,797	\$4,078,995	100%
10	% Allocation	38.3%	10.2%	10.2%	41.3%	100%	

Similar to the District’s O&M expenses, Raftelis functionalized District assets and allocated the functionalized asset value to the cost causation components. Raftelis used the replacement cost to value District assets.⁷ **Table 4-4** shows the functionalization and allocation of assets to cost causation components. The allocation of assets is developed in the same manner as that of O&M costs in **Table 4-3**. According to industry standards, collection assets are allocated 100% to flow and treatment is allocated to flow, BOD and TSS to reflect the cost of treating the

⁶ Due to rounding, the percentages may not add up to exactly 100%.

⁷ Replacement cost refers to the amount that the District would pay if they were to replace a given asset today. The 20-City Engineering News-Record Construction Cost Index is used to calculate replacement cost of capital assets.

strength component of sewage. Line 11 of **Table 4-4** shows the overall wastewater asset percentage allocation to the cost causation components.

The overall asset allocation, in line 11, is used in a subsequent step, in **Table 4-7**, to allocate capital related revenue requirements to the cost causation components. Since capital expense projects can vary from year to year, it is standard industry practice to use the basis for asset allocation to allocate capital costs to preclude sharp changes to rates from year to year because over the long term all assets need to be replaced and using the total asset allocation serves the purpose of assigning capital costs to the appropriate cost causation centers. Raftelis allocated each functionalized category (e.g., Land, Treatment, Collection, and General) to cost causation components to allocate the FY 2025 Capital Revenue Requirement. Note that the capital costs in the “Land” category in **Table 4-4** are combined with the capital costs in the “General” category.

Table 4-4: Capital Allocation using Replacement Costs

Line No.	Asset Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	
		(1)	(2)	(3)	(4)	(5)	
1	Land	0%	0%	0%	100%	100%	
2	Treatment	50%	25%	25%	0%	100%	
3	Collection	100%	0%	0%	0%	100%	
4	General	0%	0%	0%	100%	100%	
5	Asset Category	Flow	BOD	TSS	Customer / Capacity	TOTAL	Percent Total
6	Land	\$0	\$0	\$0	\$625,802	\$625,802	0.5%
7	Treatment	\$22,256,543	\$11,128,272	\$11,128,272	\$0	\$44,513,087	32.6%
8	Collection	\$77,912,398	\$0	\$0	\$0	\$77,912,398	57.1%
9	General	\$0	\$0	\$0	\$13,414,907	\$13,414,907	9.8%
10	TOTAL	\$100,168,941	\$11,128,272	\$11,128,272	\$14,040,708	\$136,466,193	100%
11	% Allocation	73.4%	8.2%	8.2%	10.3%	100%	

4.3. Revenue Requirement Determination

Next Raftelis determined the wastewater revenue requirement, which includes funds to cover yearly operating expenses, capital expenditures and reserve funding. **Table 4-5** shows the determination of the rate revenue requirement. To determine the current revenue requirement, Raftelis added operating, debt service, and capital expenditures as shown in line 5 column 3, subtracted other non-rate revenues as shown in line 9, and subtracted the annual cash balance (drawdown of the reserves, in this case) in line 13 to arrive at the net revenue requirement shown in line 15, column 3. This is the total amount of revenue to be recovered from rates. This is also known as the test year rate revenue requirement.

Table 4-5: Revenue Requirement

Line No.	Description	Operating (1)	Capital (2)	Total (3)
1	Revenue Requirement			
2	O&M	\$4,078,995	\$0	\$4,078,995
3	Debt Service	\$0	\$431,684	\$431,684
4	Rate Funded Capital Projects	\$0	\$3,874,000	\$3,874,000
5	Total Revenue Requirement	\$4,078,995	\$4,305,684	\$8,384,679
6				
7	Revenue Offsets			
8	Interest Income	\$251,457	\$0	\$251,457
9	Total Revenue Offsets	\$251,457	\$0	\$251,457
10				
11	Less Adjustments			
12	Transfer from (to) Reserves	\$0	\$2,207,539	\$2,207,539
13	Total Less Adjustments	\$0	\$2,207,539	\$2,207,539
14				
15	Rate Revenue Requirement	\$3,827,538	\$2,098,145	\$5,925,683

4.4. Determine Units of Service

To develop unit costs by cost causation component, Raftelis first determined the units of service for each cost causation component from **Table 4-2**. The units of service by cost causation component and by class are shown in **Table 4-6**. Line 6 shows the total units of service for each cost causation component in hcf, pounds per year for BOD⁸ and TSS⁹ or equivalent dwelling units (EDUs) respectively. The flows and loadings represent FY 2025 projections.

Table 4-6: FY 2025 Units of Service Determination

Line No.	Customer Class	FY 2025 Billed Sewer Use (hcf) (1)	BOD (lbs / yr) (2)	TSS (lbs / yr) (3)	EDUs (4)
1	Single Family Residential	338,834	528,781	581,659	4,039
2	Other				
3	Multi-Family	92,892	144,966	159,463	1,604
4	Commercial - Group I	61,892	86,929	86,929	1,310
5	Commercial - Group II	58,941	266,750	266,750	400
6	TOTAL	552,559	1,027,427	1,094,802	7,353

⁸ For BOD: Yearly load in lbs = flow (hcf)*748 gal/1,000,000* strength (mg/L) * 8.34

⁹ For TSS: Same as BOD

8.34 is a conversion factor to convert MGD*mg/L into lbs. per day

4.5. Determine Unit Costs by Cost Component

In **Table 4-7**, each functional category (e.g., Collection, Treatment, and General) in O&M and Capital Revenue Requirements (**Table 4-5**, columns 1&2, line 16) is allocated to the cost causation components determined in **Table 4-3** and **Table 4-4**, respectively. The operating revenue requirement (Column 5, Line 2) is allocated to each function by the operating allocation percentages in line 1 from **Table 4-3**. The capital revenue requirement (Column 5, Line 5) is allocated to each function by the asset allocation percentages in Line 4 from **Table 4-4**. The operating and capital revenue requirements for each function are summed up in Line 7.

To cover the fixed costs of operations which are independent of the flows and loadings, a portion of the general Customer/Capacity costs are allocated to EDUs. Line 8 in **Table 4-7** makes an adjustment so that the District can maintain 27% fixed revenue collection consistent with prior rate structure in the 2020 sewer rate study. This provides the District with reasonable revenue stability in the case of drought and conservation and ensures that all customers share in the cost of the system. The resulting allocation of the revenue requirement to cost components is shown on line 9. To determine the unit cost (by cost causation component), Raftelis divided the revenue requirement for each cost causation component in line 9 by the units of service in line 11 (which were derived in **Table 4-6**, line 6) to yield the unit costs shown in line 13.

Table 4-7: Determination of Unit Costs of Service by Cost Component

Line No.	Description	Flow (1)	BOD (2)	TSS (3)	Customer / Capacity (4)	Total (5)
1	Operating Allocation	38%	10%	10%	41%	100%
2	Operating Revenue Requirement	\$1,466,251	\$389,707	\$389,707	\$1,581,873	\$3,827,538
3						
4	Capital Allocation	73%	8%	8%	10%	100%
5	Capital Revenue Requirement	\$1,540,081	\$171,095	\$171,095	\$215,874	\$2,098,145
6						
7	Total Operating and Capital Costs	\$3,006,331	\$560,802	\$560,802	\$1,797,747	\$5,925,683
8	Adjustments to Fixed Charges	\$144,065	\$26,874	\$26,874	(\$197,812)	\$0
9	Adjusted Revenue Requirement	\$3,150,396	\$587,676	\$587,676	\$1,599,934	\$5,925,683
10						
11	Units of Service	552,559	1,027,427	1,094,802	7,353	
12	Units	<i>hcf</i>	<i>lbs/yr</i>	<i>lbs/yr</i>	<i>EDUs</i>	
13	Unit Cost	\$5.70	\$0.57	\$0.54	\$217.59	

4.6. Determine the Costs of Service

The final and ultimate step is to determine the cost of service for each customer class. Raftelis calculated the cost to serve each class by multiplying the unit costs in **Table 4-7** (line 20) by the respective units of service in **Table 4-6** (lines 1-5). The general calculation for the customer class cost of service is as follows:

$$\sum_{n=1}^4 \text{unit of service}_n \times \text{unit cost}_n$$

where *n* represents the four cost components (e.g., Flow, BOD, TSS, Customer/Capacity), the *unit of service* is from **Table 4-6**, and *unit cost* is from **Table 4-7**. For example, the total calculation for Commercial Group I is:

$$(61,892 \times \$5.70) + (86,929 \times \$0.57) + (86,929 \times \$0.54) + (1,310 \times \$217.59) = \$734,302$$

Note that the total cost of service shown in line 6, column 5 equals the net revenue requirement shown in **Table 4-5** (line 15, column 3). This is the amount of revenue that needs to be collected from each class through a fixed and volumetric rate structure.

The results of the calculation of costs to each customer class are presented in **Table 4-8**.

Table 4-8: Cost of Service Derivation

Line No.	Description	Flow	BOD	TSS	Customer / Capacity	Total
		(1)	(2)	(3)	(4)	(5)
1	Single Family Residential	\$1,931,850	\$302,457	\$312,228	\$878,843	\$3,425,378
2	Other					
3	Multi-Family	\$529,621	\$82,919	\$85,598	\$349,013	\$1,047,151
4	Commercial - Group I	\$352,875	\$49,723	\$46,663	\$285,042	\$734,302
5	Commercial - Group II	\$336,050	\$152,578	\$143,188	\$87,036	\$718,852
6	TOTAL COST	\$3,150,396	\$587,676	\$587,676	\$1,599,934	\$5,925,683

5. Wastewater Rates

Wastewater rates and charges are derived based on the cost to serve each class. The annual service access charge is calculated in **Table 4-7**. This is a uniform rate for all customer classes that is assessed annually. **Table 5-1** shows the proposed annual service access charges for FY 2025. One Multi-Family (MFR) dwelling unit was revised to be equivalent to 0.79 EDU in the previous study. This was estimated as the ratio of SFR to MFR flow per dwelling unit based on residential density per household from Census data. The annual fixed charge for MFR customers is 79 percent of the SFR fixed charge to account for their lower sewer flow.

$$FY\ 2025\ MFR\ Fixed\ Charge = \$217.59 \times 0.79^{10} = \$172.19$$

Table 5-1: Proposed FY 2025 Annual Service Access Charge

Line No.	Customer Class	Service Access Charge (\$ / EDU)	Service Access Charge (\$ / dwelling unit)
1	Single Family Residential	\$217.59	\$217.59
2	Other		
3	Multi-Family	\$172.19	\$172.19
4	Commercial - Group I	\$217.59	
5	Commercial - Group II	\$217.59	

The differences and strengths of the residential and Group I commercial customer classes are narrow and within the margin of error. Therefore, for simplicity, and ease of administration, the District will continue charging the same commodity rate to SFR, Multi-family, and Group I Commercial customers. **Table 5-2** shows the sum of the commodity rate revenue requirement (line 5, column 1) for SFR, Multi-family, and Group I Commercial customers and sum of their water (wastewater) use (line 5, column 2). **Table 5-2** also presents Group II Commercial commodity rate revenue requirement and water use in line 6.

Table 5-2: Commodity Rate Revenue Requirement and Water Use

Line No.	Customer Class	Commodity Rate Revenue Requirement (1)	Water Use (hcf) (2)
1	SFR	\$2,546,535	338,834
2	Other		
3	Multi-Family	\$698,137	92,892
4	Commercial - Group I	\$449,260	61,892
5	SUBTOTAL	\$3,693,932	493,618
6	Commercial - Group II	\$631,816	58,941

¹⁰ Note the exact value differs slightly due to rounding.

Table 5-3 shows the commodity rates for customers for all customer classes. The commodity rate (\$/hcf) in column 3 is calculated by dividing the commodity rate revenue requirement (column 1) by the water use (column 2).

Table 5-3: Proposed FY 2025 Commodity Rate (\$/hcf)

Customer Class	Commodity Rate Revenue Requirement (1)	Water Use (hcf) (2)	Commodity Rate (\$/hcf) (3)
SFR, Multi-Family, Com. Group I	\$3,693,932	493,618	\$7.49
Commercial - Group II	\$631,816	58,941	\$10.72

Note: The exact value of the final commodity rates may differ +/- \$0.01 due to rounding.

Based on the proposed revenue adjustments in **Table 3-3**, Raftelis calculated rates from FY 2025 to FY 2029 for the annual service access charge (**Table 5-4**) and commodity rates (**Table 5-5**). Rates for FY 2025 are based on cost of service and rates for subsequent years are increased by the revenue adjustments.

Table 5-4: Proposed Five-Year Annual Service Access Charge

Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Other						
Multi-Family	\$156.31	\$172.19	\$181.67	\$191.67	\$202.22	\$213.35
Commercial - Group I	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58
Commercial - Group II	\$197.52	\$217.59	\$229.56	\$242.19	\$255.52	\$269.58

Table 5-5: Proposed Five-Year Commodity Rates (\$/hcf)

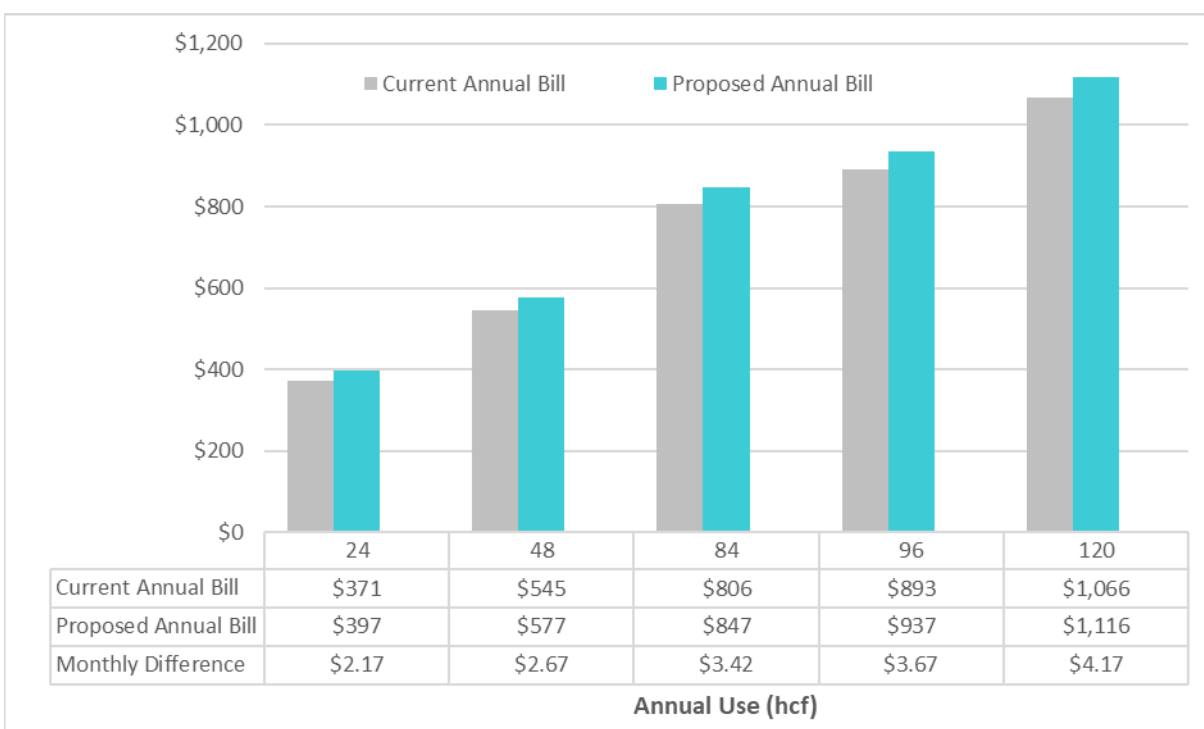
Customer Class	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Single Family Residential	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Other						
Multi-Family	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group I	\$7.24	\$7.49	\$7.91	\$8.35	\$8.81	\$9.30
Commercial - Group II	\$10.02	\$10.72	\$11.31	\$11.94	\$12.60	\$13.30

6. Customer Bill Impact Analysis

The District’s wastewater service fees are collected on each property owner’s property tax bill on an annual basis. Wastewater bills are due and payable at the same time when a property owner’s tax bill is due to the San Diego County Tax Collector Office.

Figure 6-1 shows the customer bill impacts for Single Family customers assuming different winter water use points. Single Family customers are billed based on their minimum winter monthly (prior year) usage up to a cap of 10 hcf per month (120 hcf annually). The average SFR winter monthly use is 7 hcf, which is annualized to 84 hcf.

Figure 6-1: SFR Annual Bill Impacts



Multi-family customers are billed based on prior year’s actual water use. Bill impacts are shown in **Figure 6-2** for a four-unit MFR account. Similar to Single Family customers, each dwelling unit is assessed the annual service access charge plus their share of water use for the dwelling unit complex. For example, assuming a condominium with 4 dwelling units, the charge per dwelling unit would be \$172.19 plus $\frac{1}{4}$ of the water use for the complex multiplied by the commodity rate of \$7.49/hcf. The average MFR monthly use is 6 hcf, annualized to 72 hcf and for a four-unit account the average annual use is 288 hcf. The commodity portion of the MFR customer charge is based on their *actual water use*.

Figure 6-2: MFR Annual Bill Impacts For a 4 Unit Account

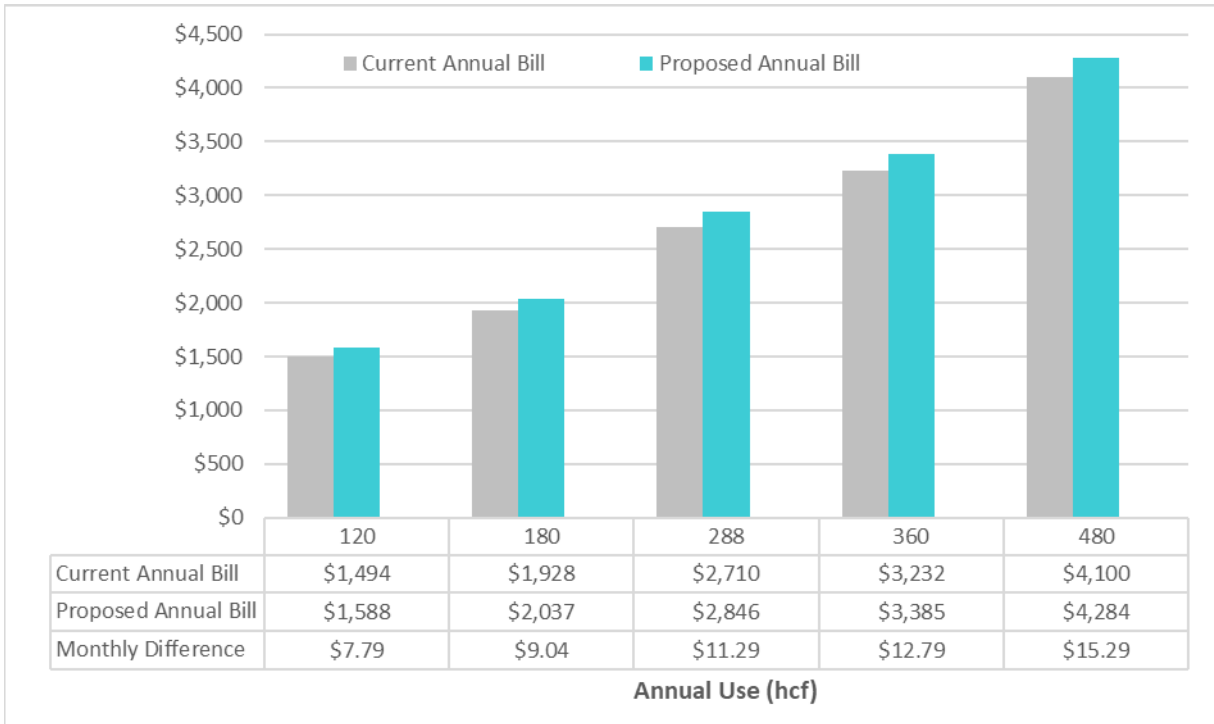
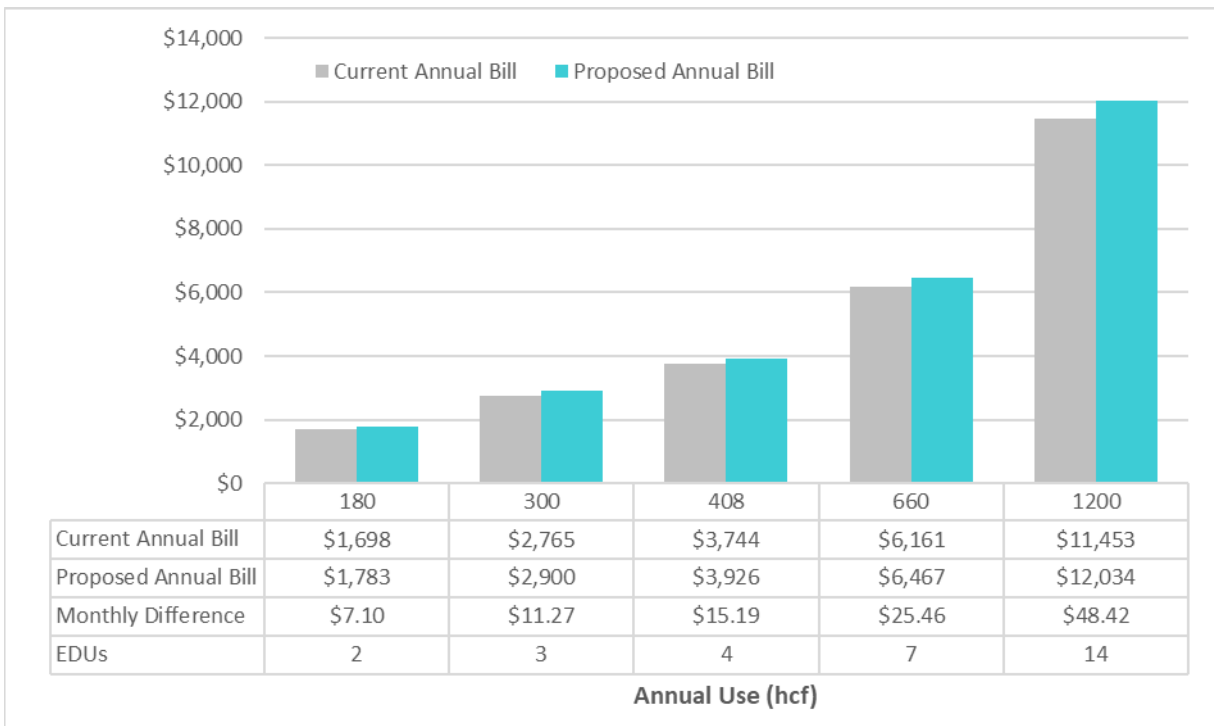


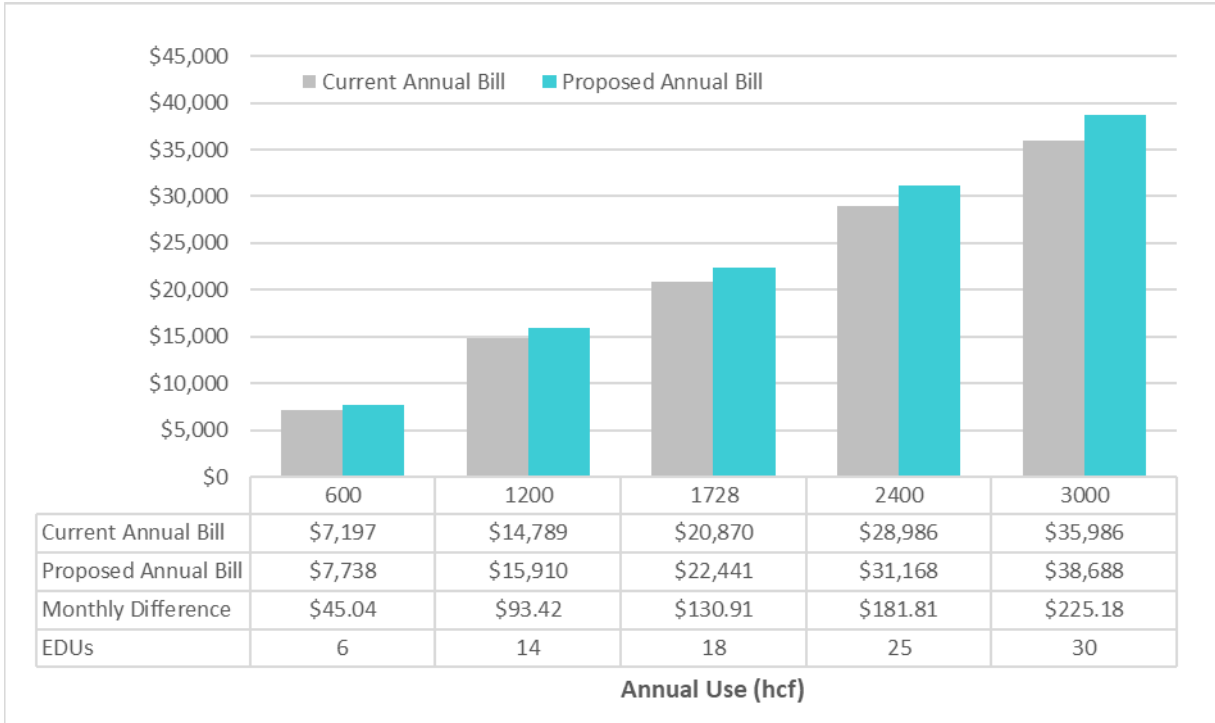
Figure 6-3 shows the bill impacts for Group I Commercial customers. Each commercial account is assessed a charge which is the sum of the number of EDUs times the annual service access charge and *actual water use* multiplied by the commodity rate. The average Group I Commercial monthly use is 34 hcf, annualized to 408 hcf.

Figure 6-3: Commercial Group I Annual Bill Impacts



Group II Commercial customers are charged in an analogous manner, with bill impacts illustrated in Figure 6-4. The average Group II Commercial monthly use is 144 hcf, annualized to 1,728 hcf.

Figure 6-4: Commercial Group II Annual Bill Impacts



7. Rate Survey

Raftelis conducted a survey of surrounding agencies in San Diego County in January of 2024. The sewer service charges for single family customers using 7 hcf per month are shown below. Care should be taken however, in drawing conclusions from such a comparison as some factors including geographic location, demand, customer constituency, level of treatment, level of grant funding, age of system, level of capital funding and debt, and rate-setting methodology can affect the cost of providing service.

Figure 7-1: Single-Family Wastewater Bill Comparison

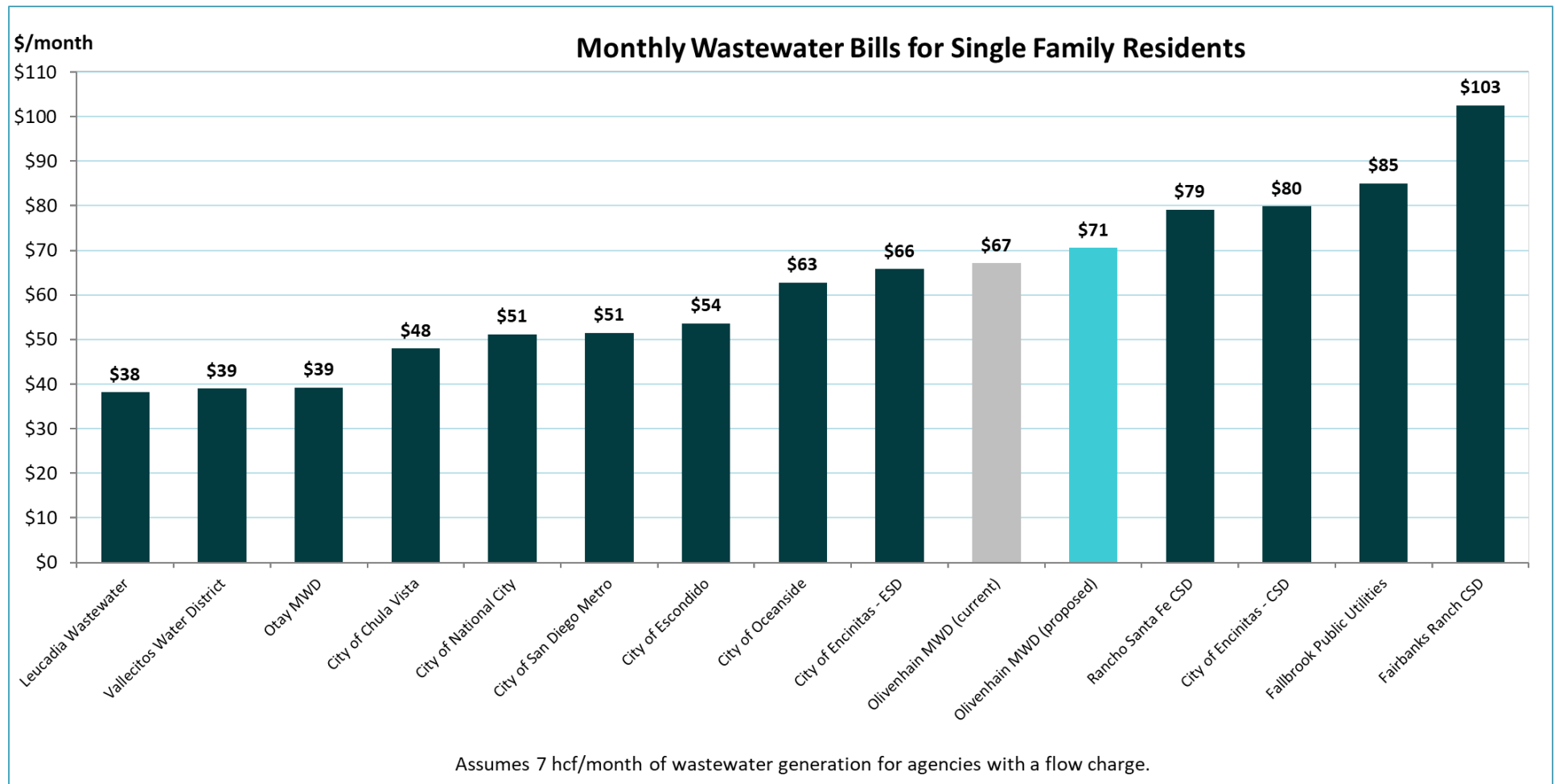


EXHIBIT B

Notice of Exemption

Appendix E

To: Office of Planning and Research
P.O. Box 3044, Room 113
Sacramento, CA 95812-3044

County Clerk

County of: _____

From: (Public Agency): _____

(Address)

Project Title: _____

Project Applicant: _____

Project Location - Specific:

Project Location - City: _____ Project Location - County: _____

Description of Nature, Purpose and Beneficiaries of Project:

Name of Public Agency Approving Project: _____

Name of Person or Agency Carrying Out Project: _____

Exempt Status: **(check one):**

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: _____
- Statutory Exemptions. State code number: _____

Reasons why project is exempt:

Lead Agency

Contact Person: _____ Area Code/Telephone/Extension: _____

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: _____ Date: _____ Title: _____

Signed by Lead Agency Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: _____

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE WASTEWATER SERVICE FEES WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR**

Purpose

The purpose of this item is to consider adoption of a resolution to collect wastewater service fees for the 4S Ranch Sanitation District on the San Diego County Tax rolls for administrative streamlining and as a cost containment effort and to certify said fees with the San Diego County Assessor.

In accordance with California Health and Safety Code, Section 5470-5474.10, a written report containing a description of each parcel of real property receiving wastewater service and the proposed amount of wastewater service fee for FY 2025 has been filed with the General Manager.

Recommendation

Staff recommends the Board consider and adopt the Resolution as presented.

Alternative

The Board could choose to have District staff combine water and wastewater services into one (1) monthly bill and bill customers monthly for services provided. The District would need to add one additional employee in order to accomplish this task.

Background

The District has historically billed and collected wastewater service fees via the San Diego County Assessor's Office on the Property Tax Roll due to administrative convenience and low cost. The District's wastewater bills are collected on each property owner's property tax bill on an annual basis and payment is due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessor Office in April and December of each year.

This methodology allows the District to collect wastewater service fees without additional billing staff and secures the fees through a Tax Assessor's lien on the property if the fees are not paid.

Staff recommends that this method for collection of wastewater service fees be continued.

Fiscal Impact

Staff anticipates that 4S Ranch Sanitation District wastewater service fee revenues to be collected from the San Diego County Property Tax Roll for Fiscal Year 2025 will be approximately \$4,824,966.

Discussion

At the June 19, 2024, meeting, the Board will consider adopting Olivenhain Municipal Water District Wastewater Service fees for Fiscal Years 2025, 2026, 2027, 2028, and 2029 to be effective on July 1st of each year. The approved and adopted wastewater rates and charges for Fiscal Year 2025 shown on the Wastewater Proposition 218 Notice, which is consistent with the 2024 Wastewater Rate Study Report, were used to calculate the annual wastewater service fee for each property receiving wastewater service in the 4S Ranch Sanitation District.

Staff is recommending the Board adopt the attached resolution to file with the San Diego County Tax Assessor's Office to continue collecting the District's annual wastewater service charge for Fiscal Year 2025 on customer's property tax bills.

Attachment: Resolution

RESOLUTION NO. 2024-xx

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE OLIVENHAIN MUNICIPAL WATER DISTRICT
ELECTING TO HAVE WASTEWATER SERVICE FEES
WITHIN THE 4S RANCH SANITATION DISTRICT
COLLECTED ON THE COUNTY TAX ROLLS FOR THE
FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025

WHEREAS, the Olivenhain Municipal Water District (District) operates a wastewater district known as the 4S Ranch Sanitation District which provides wastewater service to the 4S Ranch area of the District; and

WHEREAS, the District completed 2024 Wastewater Rate Study to calculate wastewater service fees to pay for costs of operating and maintaining the 4S Wastewater Collection and Treatment Facilities; and

WHEREAS, the District's Wastewater Rate Study also analyzed costs to construct capital infrastructure improvements needed to replace and refurbish the aging wastewater collection and treatment facilities, to maintain the operational and financial stability of the District's wastewater operations, and to comply with state and federal regulatory wastewater and disposal requirements; and

WHEREAS, the District's wastewater service charges do not exceed the reasonable cost of providing wastewater services; and

WHEREAS, the Board of Directors of the Olivenhain Municipal Water District has elected to have wastewater service fees for fiscal year July 1, 2024 to June 30, 2025 within the 4S Ranch Sanitation District collected on the San Diego County tax rolls in accordance with California Health and Safety Code Section 5470-5474.0; and

WHEREAS, in accordance with California Health and Safety Code, Section 5470-5474.10, a written report was prepared and filed with the General Manager of the District which contains a description of each parcel of real property receiving wastewater service and the proposed amount of wastewater service fee for each parcel for FY 2025; and

NOW THEREFORE, the Board of Directors of the Olivenhain Municipal Water District does hereby find, determine, resolve, and order as follows:

SECTION 1. The Board of Directors of the District hereby finds and determines that the wastewater service fees have been adopted and levied in full compliance with all of the requirements contained in Section 6 of Article XIID of the California Constitution. The Board of Directors of the District further finds and

RESOLUTION NO. 2024-xx *continued*

determines that these wastewater service fees fully comply with all the requirements contained in Article XIID of the California Constitution.

SECTION 2. The Board of Directors of the District hereby finds and determines that imposition of a wastewater service fee for each parcel of land within the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2024 and ending June 30, 2025 is to pay for ongoing operating and maintenance costs of the 4S Wastewater Collection and Treatment Facilities.

SECTION 3. The Board of Directors of the District hereby finds that imposition of a wastewater service fee for the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2024 and ending June 30, 2025 does not exceed the reasonable cost of providing wastewater service.

SECTION 4. The Board of Directors hereby determines that the wastewater service fee for each property receiving wastewater service in the 4S Ranch Sanitation District for the fiscal year commencing July 1, 2024 and ending June 30, 2025 is correctly described in the written report.

SECTION 5. Pursuant to Water Code Sections 72094 and 72100, the Board of Supervisors and the San Diego County Tax Collector are hereby requested to collect on the tax rolls the wastewater service fees for each property receiving wastewater service listed in the written report.

SECTION 6. Pursuant to Section 72094 of the California Water Code, the Secretary is hereby authorized and directed to send a certified copy of this Resolution to the Clerk of the Board of Supervisors and the County Auditor on or before September 1, 2024.

RESOLUTION NO. 2024-xx *continued*

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 19, 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Lawrence A. Watt, Secretary
Board of Directors
Olivenhain Municipal Water District

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE WASTEWATER SERVICE FEES WITHIN THE RANCHO CIELO SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR**

Purpose

The purpose of this item is to consider adoption of a resolution to collect wastewater service fees for the Rancho Cielo Sanitation District on the San Diego County Tax rolls for administrative streamlining and as a cost containment effort and to certify said fees with the San Diego County Assessor.

In accordance with California Health and Safety Code, Section 5470-5474.10, a written report containing a description of each parcel of real property receiving wastewater service and the proposed amount of wastewater service fee for FY 2025 has been filed with the General Manager.

Recommendation

Staff recommends the Board consider and adopt the Resolution as presented.

Alternative

The Board could choose to have District staff combine water and wastewater services into one (1) monthly bill and bill customers monthly for services provided. The District would need to add one additional employee in order to accomplish this task.

Background

The District has historically billed and collected wastewater service fees via the San Diego County Assessor's Office on the Property Tax Roll due to administrative convenience and low cost. The District's wastewater bills are collected on each property owner's property tax bill on an annual basis and payment is due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessor Office in April and December of each year.

This methodology allows the District to collect wastewater service fees without additional billing staff and secures the fees through a Tax Assessor's lien on the property if the fees are not paid.

Staff recommends that this method for collection of wastewater service fees be continued.

Fiscal Impact

Staff anticipates that Rancho Cielo Sanitation District wastewater service fee revenues to be collected from the San Diego County Property Tax Roll for Fiscal Year 2025 will be approximately \$318,243.

Discussion

At the June 19, 2024, meeting, the Board will consider adopting Olivenhain Municipal Water District Wastewater Service fees for Fiscal Years 2025, 2026, 2027, 2028, and 2029 to be effective on July 1st of each year. The approved and adopted wastewater rates and charges for Fiscal Year 2025 shown on the Wastewater Proposition 218 Notice, which is consistent with the 2024 Wastewater Rate Study Report, were used to calculate the annual wastewater service fee for each property receiving wastewater service in the Rancho Cielo Sanitation District.

Staff is recommending the Board adopt the attached resolution to file with the San Diego County Tax Assessor's Office to continue collecting the District's annual wastewater service charge for Fiscal Year 2025 on customer's property tax bills.

Attachment: Resolution

RESOLUTION NO. 2024-xx

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE OLIVENHAIN MUNICIPAL WATER DISTRICT
ELECTING TO HAVE WASTEWATER SERVICE FEES
WITHIN THE RANCHO CIELO SANITATION DISTRICT
COLLECTED ON THE COUNTY TAX ROLLS FOR THE
FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025

WHEREAS, the Olivenhain Municipal Water District (District) operates a wastewater district known as the Rancho Cielo Sanitation District which provides wastewater service to the Rancho Cielo area of the District; and

WHEREAS, the District completed 2024 Wastewater Rate Study to calculate wastewater service fees to pay for costs of operating and maintaining the 4S Wastewater Collection and Treatment Facilities; and

WHEREAS, the District's Wastewater Rate Study also analyzed costs to construct capital infrastructure improvements needed to replace and refurbish the aging wastewater collection and treatment facilities, to maintain the operational and financial stability of the District's wastewater operations, and to comply with state and federal regulatory wastewater and disposal requirements; and

WHEREAS, the District's wastewater service charges do not exceed the reasonable cost of providing wastewater services; and

WHEREAS, the Board of Directors of the Olivenhain Municipal Water District has elected to have wastewater service fees for fiscal year July 1, 2024 to June 30, 2025 within the Rancho Cielo Sanitation District collected on the San Diego County tax rolls in accordance with California Health and Safety Code Section 5470-5474.0; and

WHEREAS, in accordance with California Health and Safety Code, Section 5470-5474.10, a written report was prepared and filed with the General Manager of the District which contains a description of each parcel of real property receiving wastewater service and the proposed amount of wastewater service fee for each parcel for FY 2025; and

NOW THEREFORE, the Board of Directors of the Olivenhain Municipal Water District does hereby find, determine, resolve, and order as follows:

SECTION 1. The Board of Directors of the District hereby finds and determines that the wastewater service fees have been adopted and levied in full compliance with all of the requirements contained in Section 6 of Article XIID of the California Constitution. The Board of Directors of the District further finds and

RESOLUTION NO. 2024-xx *continued*

determines that these wastewater service fees fully comply with all the requirements contained in Article XIID of the California Constitution.

SECTION 2. The Board of Directors of the District hereby finds and determines that imposition of a wastewater service fee for each parcel of land within the Rancho Cielo Sanitation District for the fiscal year commencing July 1, 2024 and ending June 30, 2025 is to pay for ongoing operating and maintenance costs of the 4S Wastewater Collection and Treatment Facilities.

SECTION 3. The Board of Directors of the District hereby finds that imposition of a wastewater service fee for the Rancho Cielo Sanitation District for the fiscal year commencing July 1, 2024 and ending June 30, 2025 does not exceed the reasonable cost of providing wastewater service.

SECTION 4. The Board of Directors hereby determines that the wastewater service fee for each property receiving wastewater service in the Rancho Cielo Sanitation District for the fiscal year commencing July 1, 2024 and ending June 30, 2025 is correctly described in the written report.

SECTION 5. Pursuant to Water Code Sections 72094 and 72100, the Board of Supervisors and the San Diego County Tax Collector are hereby requested to collect on the tax rolls the wastewater service fees for each property receiving wastewater service listed in the written report.

SECTION 6. Pursuant to Section 72094 of the California Water Code, the Secretary is hereby authorized and directed to send a certified copy of this Resolution to the Clerk of the Board of Supervisors and the County Auditor on or before September 1, 2024.

RESOLUTION NO. 2024-xx *continued*

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 19, 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Lawrence A. Watt, Secretary
Board of Directors
Olivenhain Municipal Water District

Memo

Date: June 19, 2024
To: Olivenhain Municipal Water District Board of Directors
From: Rainy Selamat, Finance Manager
Via: Kimberly Thorner, General Manager
Subject: **CONSIDER ADOPTION OF A RESOLUTION ELECTING TO HAVE WASTEWATER SERVICE FEES FOR THE SANTA LUZ AFFORDABLE HOUSING AREA, BLACK MOUNTAIN RANCH EAST CLUSTERS PROJECT, AND AVION AREA WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025 AND TO CERTIFY SAID FEES WITH THE SAN DIEGO COUNTY ASSESSOR**

Purpose

The purpose of this item is to consider adoption of a resolution to collect wastewater service fees for the Santa Luz Affordable Housing Area, Black Mountain Ranch East Clusters Project, and Avion Area within the 4S Ranch Sanitation District on the San Diego County Tax rolls for administrative streamlining and as a cost containment effort and to certify said fees with the San Diego County Assessor.

In accordance with California Health and Safety Code, Section 5470-5474.10, a written report containing a description of each parcel of real property receiving wastewater service and the proposed amount of wastewater service fee for FY 2025 has been filed with the General Manager.

Recommendation

Staff recommends the Board consider and adopt the Resolution as presented.

Alternative

The Board could choose to have District staff combine water and wastewater services into one (1) monthly bill and bill customers monthly for services provided. The District would need to add one additional employee in order to accomplish this task.

Background

The District has historically billed and collected wastewater service fees via the San Diego County Assessor's Office on the Property Tax Roll due to administrative convenience and low cost. The District's wastewater bills are collected on each property owner's property tax bill on an annual basis and payment is due and payable at the same time when a property owner's tax bill is due to the San Diego County Tax Assessor Office in April and December of each year.

This methodology allows the District to collect wastewater service fees without additional billing staff and secures the fees through a Tax Assessor's lien on the property if the fees are not paid.

Staff recommends that this method for collection of wastewater service fees be continued.

Fiscal Impact

Staff anticipates that wastewater service revenues to be collected from Santa Luz Affordable Housing Area and Black Mountain Ranch (BMR) East Clusters Project for Fiscal Year 2025 will be approximately \$427,874.

Discussion

At the June 19, 2024, meeting, the Board will consider adopting Olivenhain Municipal Water District Wastewater Service fees for Fiscal Years 2025, 2026, 2027, 2028, and 2029 to be effective on July 1st of each year. The approved and adopted wastewater rates and charges for Fiscal Year 2025 shown on the Wastewater Proposition 218 Notice, which is consistent with the 2024 Wastewater Rate Study Report, were used to calculate the annual wastewater service fee for each property receiving wastewater service in the Santa Luz Affordable Housing Area, BMR East Cluster, and Avion Area within the 4S Ranch Sanitation District.

Staff is recommending the Board adopt the attached resolution to file with the San Diego County Tax Assessor's Office to continue collecting the District's annual wastewater service charge for Fiscal Year 2025 on customer's property tax bills.

Attachment: Resolution

RESOLUTION NO. 2024-xx

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OLIVENHAIN MUNICIPAL WATER DISTRICT ELECTING TO HAVE WASTEWATER SERVICE FEES FOR THE SANTALUZ AFFORDABLE HOUSING AREA, BLACK MOUNTAIN RANCH EAST CLUSTERS PROJECT, AND AVION AREA WITHIN THE 4S RANCH SANITATION DISTRICT COLLECTED ON THE COUNTY TAX ROLLS FOR THE FISCAL YEAR JULY 1, 2024 TO JUNE 30, 2025

WHEREAS, the Olivenhain Municipal Water District (District) operates a wastewater district known as the 4S Ranch Sanitation District which provides wastewater service to the Santaluz Affordable Housing Area, Black Mountain Ranch East Clusters Project, and Avion Area; and

WHEREAS, the District completed 2024 Wastewater Rate Study to calculate wastewater service fees to pay for costs of operating and maintaining the 4S Wastewater Collection and Treatment Facilities to provide wastewater collection and treatment services to the Santaluz Affordable Housing Area, Black Mountain Ranch East Clusters, and Avion Area; and

WHEREAS, the District's Wastewater Rate Study also analyzed costs to construct capital infrastructure improvements needed to replace and refurbish the aging wastewater collection and treatment facilities, to maintain the operational and financial stability of the District's wastewater operations, and to comply with state and federal regulatory wastewater and disposal requirements; and

WHEREAS, the District's wastewater service charges do not exceed the reasonable cost of providing wastewater services; and

WHEREAS, the Board of Directors of the Olivenhain Municipal Water District has elected to have wastewater service fees for fiscal year July 1, 2024 to June 30, 2025 within the Santaluz Affordable Housing Area, Black Mountain Ranch East Clusters Project, and Avion Ara collected on the San Diego County tax rolls in accordance with California Health and Safety Code Section 5470-5474.0; and

WHEREAS, in accordance with California Health and Safety Code, Section 5470-5474.10, a written report was prepared and filed with the General Manager of the District which contains a description of each parcel of real property receiving wastewater service and the proposed amount of wastewater service fee for each parcel for FY 2025; and

NOW THEREFORE, the Board of Directors of the Olivenhain Municipal Water District does hereby find, determine, resolve, and order as follows:

RESOLUTION NO. 2024-xx continued

SECTION 1. The Board of Directors of the District hereby finds and determines that the wastewater service fees have been adopted and levied in full compliance with all of the requirements contained in Section 6 of Article XIID of the California Constitution. The Board of Directors of the District further finds and determines that these wastewater service fees fully comply with all the requirements contained in Article XIID of the California Constitution.

SECTION 2. The Board of Directors of the District hereby finds and determines that imposition of a wastewater service fee for each parcel of land within the Santaluz Affordable Housing Area, Black Mountain Ranch East Clusters Project, and Avion Area for the fiscal year commencing July 1, 2024 and ending June 30, 2025 is to pay for ongoing operating and maintenance costs of the 4S Wastewater Collection and Treatment Facilities operated and maintained by the District.

SECTION 3. The Board of Directors of the District hereby finds that imposition of a wastewater service fee for the Santaluz Affordable Housing Area, Black Mountain Ranch East Clusters Project, and Avion Area for the fiscal year commencing July 1, 2024 and ending June 30, 2025 does not exceed the reasonable cost of providing wastewater service.

SECTION 4. The Board of Directors hereby determines that the wastewater service fee for each property receiving wastewater service in the Santaluz Affordable Housing Area, Black Mountain Ranch East Clusters Project, and Avion Area for the fiscal year commencing July 1, 2024 and ending June 30, 2025 is correctly described in the written report.

SECTION 5. Pursuant to Water Code Sections 72094 and 72100, the Board of Supervisors and the San Diego County Tax Collector are hereby requested to collect on the tax rolls the wastewater service fees for each property receiving wastewater service listed in the written report.

SECTION 6. Pursuant to Section 72094 of the California Water Code, the Secretary is hereby authorized and directed to send a certified copy of this Resolution to the Clerk of the Board of Supervisors and the County Auditor on or before September 1, 2024.

RESOLUTION NO. 2024-xx *continued*

PASSED, ADOPTED AND APPROVED at a regular meeting of the Board of Directors of the Olivenhain Municipal Water District held on June 19, 2024.

Christy Guerin, President
Board of Directors
Olivenhain Municipal Water District

ATTEST:

Lawrence A. Watt, Secretary
Board of Directors
Olivenhain Municipal Water District

Memo

A

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
PRESIDENT

Any report will be oral at the time of the Board meeting.

Memo

B

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
GENERAL MANAGER

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

June 19, 2024

Board of Directors
 Olivenhain Municipal Water District
 1966 Olivenhain Road
 Encinitas, CA 92024

The following are brief highlights of the District's departmental operations for the month of **May 2024**:

Operations & Maintenance	May 2024	April 2024
David C. McCollom Water Treatment Plant (DCMWTP) Total Production	562.4 million gallons	417.9 million gallons
DCMWTP Average Daily Production	18.1 million gallons	13.9 million gallons
DCMWTP Peak Day Production	24.8 million gallons	22.1 million gallons
Source Water Blend (% State Project Water)	21%	37%
Total Deliveries to Vallecitos Water District	273.50 acre feet 89.12 million gallons	261.75 acre feet 85.29 million gallons
4S and Rancho Cielo Sewer Systems Total Inflow	38.15 million gallons	36.27 million gallons
4S and Rancho Cielo Sewer Systems Average Daily Inflow	1,230,642 gallons	1,209,243 gallons
4S and Rancho Cielo Sewer Systems Peak Day Inflow	1,335,059 gallons	1,325,007 gallons
4S and Rancho Cielo Sewer Systems Low Day Inflow	1,174,064 gallons	1,017,237 gallons
4S Water Reclamation Facility (4SWRF) Average Daily Production	947,631 gallons	588,943 gallons
4SWRF Peak Day Production	1,320,296 gallons	1,020,176 gallons
4SWRF Total to Recycled Water Distribution System	29.37 million gallons	17.61 million gallons
4S Recycled Water Storage Pond Volume	202 acre feet	309 acre feet
Repaired Potable Water Main Leak(s)	0	0
Repaired Potable Water Service Lateral Assembly Leak(s)	2	3
Repaired Recycled Water Main Leak(s)	0	0
Repaired Recycled Water Service Lateral Leak(s)	0	0
Repaired Hit Fire Hydrant Lateral Assembly Leak(s)	2	1
Replaced Valve(s) Monthly Total	3	2
Replaced Valve(s) Calendar Year to Date	6	3
Recycled Water Use Site Inspections & Visits	18	13
Recycled Water Use Site Cross Connection Tests	3	1
Cross Connection Site Surveys	1	1
Backflow Inspections & Testing (New)	2	2
IT Help Requests	15	28
Customer Services	May 2024	April 2024
Customer Calls and Inquiries	1,834	1,714
Total Monthly Bills Issued	22,996	22,996
Service Orders	789	913
New Potable Meters	1	3
New Fire Meters	0	1
New Recycled Water Meters	1	0

Advanced Metering Infrastructure (AMI) Troubleshooting Investigations	96	81
Customer Services - Continued	May 2024	April 2024
Automated Meter Reading (AMR) Troubleshooting	33	39
Stopped/Underperforming Meters Replaced	67	74
Meter Transceiver Units (MXU) Upgraded to AMI	187	344
Meter Accuracy Tests Performed	27	8
Water Use Evaluations	10	5
Water Use Violation Reports	2	0
Workshops, Events, and Tours	0	1
High-Efficiency Clothes Washer Rebate Applications	4	2
Weather-Based Irrigation Controller Rebate Applications	12	2
Hose Irrigation Controller Rebate Applications	0	0
High-Efficiency Rotating Nozzle Rebate Applications	0	0
High-Efficiency Toilet Rebate Applications	0	2
Rain Barrel Rebate Applications	2	3
Flow Monitor Device Rebate Applications	2	1
Turf Removal Project Rebate Applications	3	0
Social Media Posts	20	21
News Releases/Media Advisories	4	1
EFRR	May 2024	April 2024
Special Use/Event Permits	3	5
Parking Notices	142	160
Incident Reports	2	3
Vehicle Count	5,101	5,432
Trail Use Count	9,651	10,360
Days Closed Due to Rain/Red Flag	1	1
Days Interpretive Center (IC) Open	17	15
Number of IC Visitors	293	161
Volunteer Trail Patrol Shifts	10	2
Volunteer Docent Hours	75	54
Total Number of Docents	65	66
Finance	May 2024	April 2024
Infosend Payments (ACH and Credit Card)	13,008	14,863
California Bank & Trust Lockbox Payments	2,706	2,703
Over the Counter Payments	503	513
Check-free, Metavante and Chase	4,370	4,307
Finance Calls and Walk-ins	29	36
Service Orders/New Meters Processed	15	10
Service Orders Closed Out	0	0
Purchase Orders	15	10
Inventory Items Received	60	107
Invoices Processed	375	482
Payroll Direct Deposits Processed	247	246
Accounts Payable Checks and Electronic Fund Transfers	259	215

ENGINEERING DEPARTMENT

Engineering Manager Lindsey Stephenson Highlights for May 2024:

4S Ranch Neighborhood 1 Sewer Pump Station Replacement Project continued to progress through construction in preparation for bypass operations. The Recycled Water Pipeline Extensions Project has progressed with pipeline installations underway. Activities related to the construction of the David C. McCollom Water Treatment Plant (DCMWTP) 4th Stage Plant Improvement Project continue to progress. Activities related to the construction of the Unit A Potable Water Pipeline Replacement Project continue to progress through early construction phase, with material procurements and permits now issued. Staff continued to handle developer requests, continued to assist other departments with engineering-related work, and continued to manage OMWD’s right of ways and cell sites.

HUMAN RESOURCES DEPARTMENT

Human Resources Manager Jennifer Joslin Highlights for May 2024:

Human Resources staff conducted a new hire and safety orientation for the new Accountant I. Conducted interviews for the vacant Utility I position. Reviewed all completed annual performance reviews. Implemented a new online employment application system to improve data security. Held a Human Resources/Employee Association (HEART) Committee meeting to discuss the proposed Operations and Customer Services departments’ job description updates and shirt and jacket style selections for the upcoming fiscal year. Hosted the National Public Works Week (NPWW) employee appreciation luncheon event. Participated in Liebert Cassidy Whitmore’s (LCW) Difficult Conversations training. Attended the Water Utility Human Resources Consortium (WUHRC) meeting. Safety staff composed the draft Workplace Violence Prevention Plan (WVPP). Hosted the Department of Environmental Health (DEH) site inspection at Neighborhood 1 and Midpoint Pumpstations. Attended the spring Water Agency Emergency Coordinators (WAEC) meeting. Hosted the May Safety Committee meeting.

Requests Received Pursuant to the Public Records Act (May 1-31):

<u>Requestor</u>	<u>Documents Requested</u>
None	N/A

OPERATIONS & MAINTENANCE

Operations Manager Jesse Bartlett-May Highlights for May 2024:

Second stage membrane train 3 and first stage membrane train 5 work are complete as part of the Membrane Replacement Project, and first stage membrane train 5 will be commissioned on June 3rd. Daily laboratory services have been switched to Alpha Laboratories. Staff continues to evaluate intermittent faults to DCMWTP’s Programmable Logic Controllers (PLC) and will evaluate advancement of the PLC Replacement timeline. Rancho Sante Fe Fire performed annual inspection of DCMWTP and three manholes were rehabilitated and re-lined in the 4S Ranch Collection System as part of the 4S Collection System Manhole Lining Project. The Grauer School was connected to the Manchester recycled Water line and has started irrigating the landscape

with recycled water. Instrument Control Technicians completed the ControlNet replacement at the DCMWTP, IT performed network updates to mitigate vulnerabilities and Pump & Motor Technician staff provided support for the Neighborhood #1 Sewer Pump Station Replacement Project. System Operations took the Cielo Forebay offline for ceiling repairs and valve technicians assisted Leucadia Wastewater with valve turning. System Operators, Backflow and Cross Connection coordinators, and DCMWTP staff assisted with the completion of the Sanitary Survey with the State Water Resources Control Board, Division of Drinking Water. Construction replaced three valves in support of the Valve Replacement project and asphalt restoration work was completed in the intersection Camino De Las Coches and Rancho Santa Fe Road. A kick-off meeting was held for the Vehicle Electrification Feasibility Study and Conceptual Plan with TerraVerde Energy, LLC to initiate Phase 1 of the project.

CUSTOMER SERVICES DEPARTMENT

Customer Services Manager John Carnegie Highlights for May 2024:

Sent e-newsletter on May 1; published My Water Use tutorial video on website; submitted application to California Special Districts Association (CSDA) nominating OMWD's legislative program for its 2024 Exceptional Public Outreach and Advocacy Award; submitted to CSDA San Diego Chapter for inclusion in its summer newsletter an article on OMWD's 65th anniversary; submitted to SDCWA a FY 25 Demand Summary, to Department of Water Resources a FY 25 Water Supply and Demand Assessment, and to State Water Resources Control Board an Asset Management Questionnaire; published 2024 Consumer Confidence Report and June issue of Watching Water newsletter; participated in Ecoliteracy Showcase in partnership with Encinitas Union School District and BCK Programs; met with Senator Catherine Blakespear's office regarding proposed water use efficiency regulations and concerns about their impact to OMWD customers; submitted support letter for SB 366 relating to long-term supply targets, and signed on to a coalition of California agencies' support letter; signed on to a coalition letter urging a "yes" vote on SB 1218, relating to emergency water supplies; submitted to SWRCB a comment letter on proposed water use efficiency regulations; signed on to CSDA coalition support letter SB 1072 relating to Proposition 218; submitted comment letter on S. 3830 relating to the proposed Low-Income Household Water Assistance Program Establishment Act; submitted support letter on AB 1827 relating to fees and charges; signed on to coalition letter of support AB 2257 relating to water and sewer fees and assessments; and mailed 1,006 postcards notifying customers affected by the Recycled Water Extensions Project.

At Elfin Forest Recreation Reserve, finalized 2023 Gold Spotted Oak Borer surveying utilizing volunteers; held appreciation BBQ for volunteers; conducted Gold Spotted Oak Borer treatment on May 14; held training for new Trail Patrol members; and provided an inquiry-based learning workshop for interpretive center docents.

FINANCE DEPARTMENT

Finance Manager Rainy Selamat Highlights for May 2024:

Finalized Fiscal Years 2025 and 2026 operating and capital budget; Reviewed and edited draft of the GM Recommended Operating and Capital Budget document for Fiscal Years 2025 and 2026 for review and approval; met with Finance Committee to discuss District investments; staff is

working on updating the District's Cost Allocation Plan to calculate indirect rate; reviewed Water Rate Model with Raftelis; attended Raftelis Financial Plan Review meeting as part of 2024 Water Cost of Service Study and Financial Plan; updated annual sewer billing files, including APN verification and updated annual sewer bill files for the County's FY 25/26 Property Tax Roll; staff continued working on grant claims; reviewed Pinnacle CFD bond formation documents; reviewed terms included in the Draft Vallecitos Recycled Water Agreement with GM Thorner; staff provided the requested payroll data to Nyhart to complete actuarial calculation of incentive payments; reviewed SDCWA's 2025 Cost of Service Report and discussed with GM Thorner and Director Meyers; worked on updating Article 6 of Administrative and Ethics Code; participated in Accountant I interview and selection process; continued training the new Accountant I position due to vacancy; and completed staff annual reviews and submitted to HR for review and approval.

ASSISTANT GENERAL MANAGER:

The Assistant General Manager reports the following for May 2024:

Attended San Diego Integrated Regional Water Management Meeting, North San Diego Water Reuse Coalition Meeting at Leucadia Wastewater District, San Diego North Economic Development Council's Economic Summit at Cal State San Marcos, DCMWTP Tour with South Coast Water District, National Public Works Week Luncheon at OMWD, and Elfin Forest Photo Contest Judging. Engaged in meetings with consultants and continued project management efforts on San Dieguito Valley Brackish Groundwater Project, dedicated significant time to Customer Services, Engineering and Operations budget development, personnel matters including employee reviews, recruitment and participation in interviews for vacant Utility position, review and preparation of upcoming projects including Electric Vehicle Fleet Migration, and North San Diego Water Reuse Coalition coordination.

GENERAL MANAGER:

The General Manager reports the following for May 2024:

General Manager Thorner met with SDCWA General Manager Denham, attended the Finance Planning Work Group Meeting #9, attended the Water Reuse California Board of Trustees Meeting, met with Matt Rubel from Senator Blakespear's office, hosted a Human Resources/Employee Association Team Committee Meeting, hosted a Finance Committee Meeting, met with Vallecitos and Carlsbad Municipal Water District on our recycled water agreement, met with lawyer on La Valle RE: test wells, attended SDCWA Finance Planning Work Group Meeting, attended the Member Agency Managers Meeting, met with local General Managers on SDCWA budget issue, participated in OMWD's Vehicle Fleet Electrification Feasibility Study & Conceptual Plan Phase 1 Kick-off Meeting, Accountant I interviews, attended the San Diego Chapter California Special Districts Association Quarterly Dinner, hosted South Coast Water District on a tour of the David C. McCollom Water Treatment Plant, developed pre-buying water plan, held a National Public Works Week Luncheon for employees, held a Safety Committee Meeting, held a staff leadership meeting, rejected SDG&E claim, and dedicated significant time to preparing board items, finalization of budget, reviewing records requests, meeting with ACWA JPIA, legal review, writing annual reviews, and reviewing recycled water agreements and property sales.

Memo

C

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CONSULTING ENGINEER

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.

MEMORANDUM

To: Kimberly Thorner, Esq., Olivenhain MWD Board of Directors

From: Don MacFarlane, Consulting Engineer

Subject: Metropolitan Water District of Southern California (MWD)
Committee Meetings

Date: June 11, 2024

This is a report on the Finance and Asset Management Committee, the One Water and Stewardship Committee, and the Engineering, Operations, and Technology Committee meetings, held on May 10 and 11, 2024. This report is based on the One Water and Stewardship Committee webcast, Board presentations and reports.

Finance and Asset Management Committee –

1. Water Transactions Through April 2024 – Water transactions were 302.8 TAF and \$300 million less (revenue) than budget.
2. Update on Other Post-Employment Benefits – The percent funded status dropped from 78 to 75, as liabilities grew and assets underperformed.

One Water and Stewardship Committee –

1. Water Supply Drought Management (WSDM) Report –
 - a. The SWP allocation is likely to stay at 40 percent.
 - b. Estimated supplies now exceed estimated demands and MWD will have to manage the excess of approximately 250 TAF.
 - c. Current Water Year Statistics (Percent of Normal)

	Cumulative Precip.	Peak Snowpack	Forecasted Runoff
Northern Sierra	92	123	98
Upper Colorado River	100	115	81

2. Delta Conveyance Project (DCP) Updated Cost Estimate and Benefit Cost Analysis –
 - a. In public comment, there were 16 callers, both supporting and opposing the DCP.

MEMORANDUM

Metropolitan Water District of Southern California

June 10, 11, 2024 Committee Meetings

Page 2

6/11/2024

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- b. Within the next two years, DWR will ask MWD to make a significant financial contribution to the DCP and this is the first of several presentations by DWR.
 - c. Karla Nemeth, Director of DWR, provided introductory remarks.
 - d. Graham Bradner, Executive Director of the Delta Conveyance Design and Construction Authority, presented the updated cost estimate:
 - i. \$20.12 billion in 2023 dollars, 75 percent of which is construction.
 - ii. Two independent estimates were made and then reconciled within two percent.
 - iii. A 30 percent contingency was included.
 - iv. \$467 million of risk treatment costs were included. These account for risks associated with design and construction, and reflect costs beyond those developed by the direct interpretation of concept designs.
 - v. The 2020 estimate was \$15.9 billion and when this is escalated to 2023, it is \$20.17 billion.
 - vi. With identified innovations, the cost could be reduced by 1.2 billion.
 - vii. Project operation is projected to start in 2045.
 - e. Dr. David Sunding, Vice Chairman of the Berkeley Research Group, presented the benefit – cost analysis:
 - i. The benefits of the DCP include water supply reliability, water quality, and seismic reliability.
 - ii. The B-C ratio was favorable at 2.2 to 1. The range was from 1.5 to 2.6, depending on which sea level rise scenario was assumed. The cost of doing nothing is more expensive. The SWP production will decline over time, while the DCP would restore much of the existing production capacity.

Engineering, Operations, and Technology Committee –

1. May 2024 Demands - 95 TAF, approximately 1 TAF more than in 2023.
2. Target Percentage of SWP Water Delivered to the Skinner Water Treatment Plant – 25 percent.

CWA – San Diego County Water Authority

EIR – Environmental Impact Statement

EIS – Environmental Impact Statement

MCL – Maximum Contaminant Level

MGD – Million Gallons per Day

MWD – Metropolitan Water District of Southern California

PFAS – Per- and Polyfluoroalkyl Substances

SWP – State Water Project

DWR – California Department of Water Resources

MAF – Million acre-feet

TAF – Thousand acre-feet

Memo

D

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

GENERAL COUNSEL

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.



TO: Olivenhain Municipal Water District

FROM: Alfred Smith

DATE: June 19, 2024

RE: Attorney Report: Trail Immunity
150152-0005

I. INTRODUCTION.

This attorney report provides an update on a recent appellate court decision involving trail immunity for public agencies. In *Helm v. City of Los Angeles*, the plaintiff sued both the City and the County for injuries sustained when he tripped on a cable between two wooden posts on a pathway leading to a recreational area. The California Court of Appeal, Fourth Appellate District, ruled in favor of both the City and the County under the trail immunity doctrine.

In ruling in favor of the public agencies, the Court rejected the plaintiff's claim that the trail immunity doctrine did not apply to "man-made" conditions or improvements, such as wooden poles and wire cable stretched across the pathway, which were installed to create a defined barrier, and to block vehicles from using the pathway to access a recreational area.

In reaching its conclusion, the appellate court stated that the trail immunity doctrine provides broad protection to public agencies, covering claims arising not just from a trail's physical condition but also its design and location, including integral components and features of the trail. Because the plaintiff's slip-and-fall involved components and features integrated with the location and design of a recreational pathway, the trail immunity doctrine shielded the agencies from liability.

The appellate court's decision is helpful precedent to protect OMWD from liability related to operation of the Elfin Forest Recreational Reserve and the various conditions and improvements along the Reserve's pathways and trails.

II. BACKGROUND.

The plaintiff sued both the City of Los Angeles and the County. The City owned the area where the plaintiff was injured. The County maintained the area. The County installed numerous discarded wooden telephone poles, two feet apart, to create a defined barrier between vehicular traffic and trails down to a lake. The poles blocked vehicular traffic but not pedestrian traffic. The trails led to camping areas and a day-use

area with a beach used for various recreational activities. Two posts were eight-to-ten feet apart and spanned by a wire cable, two inches off the ground, that could be unlocked by park personnel for vehicular access.

The plaintiff saw three paths that led toward the beach area and water. The plaintiff stated that two paths looked unsafe to him; the third path looked like the best option. The third path included the space with a wire cable between two wooden posts. The plaintiff did not see the cable, tripped on the cable, and alleged injuries.

The plaintiff sued both the City and the County for dangerous condition of public property, negligence, and premises liability. The trial court ruled in favor of both the City and the County, granting summary judgment based on the trail immunity doctrine under Government Code section 831.4.

The plaintiff appealed alleging (1) there was a triable issue of fact on whether he was walking on a trail; and (2) that the trail immunity doctrine did not apply to “man-made” conditions or improvements, such as wooden poles and wire cables, that were not integral design features of the trail.

III. COURT’S ANALYSIS.

Both the City and the County prevailed on appeal under the trail immunity doctrine. The Court of Appeal, Fourth Appellate District, ruled that the area where the plaintiff fell was a trail for purposes of Government Code section 831.4, and the agencies were immune from liability because the wooden poles and wire cable were incorporated into the design of the trail.

The appellate court reasoned that whether a property is considered a trail under section 831.4 turns on considerations including (1) the accepted definitions of the property; (2) the purpose for which the property is designed and used; and (3) the purpose of the immunity statute. Finding that the property at issue was in fact a protected trail, the court noted that the plaintiff identified the path as a trail during his deposition, and both the City and County offered evidence that the pathway was a trail pedestrians could use to access a recreational area. The evidence also showed that the pathway was designed for recreational use. The plaintiff intended to use the path to access the beach, and others used the path for the same purpose.

The appellate court further stated that the purpose of the trail immunity statute supports the conclusion that the pathway was a trail, because the pathway allowed people to more easily access the area where they could engage in recreational activities. The appellate court further noted that the trail immunity doctrine provides

broad protection to local agencies, covering both the trail itself and integral features of the trail.

The appellate court accordingly rejected the plaintiff's contention that the poles and cable were not integral parts of the trail because they were intended to confine vehicular traffic to the roadway. The appellate court found the plaintiff's argument lacked merit as there was no intent to prohibit people from using the pathway to access the recreational area. The poles and cable merely created a defined barrier, delineated the trails from other areas, and increased safety for people walking along the pathway by protecting them from vehicles.

The appellate court concluded:

"A public entity is generally liable for an injury caused by a dangerous condition of its property if the plaintiff establishes that the property was in a dangerous condition at the time of the injury and the public entity had actual or constructive notice of the dangerous condition. However, the recreational trail immunity statute, section 831.4, provides that a public entity is not liable for an injury caused by a condition of the following: (a) Any unpaved road which provides access to fishing, hunting, camping, hiking, riding, including animal and all types of vehicular riding, water sports, recreational or scenic areas; or (b) Any trail used for the above purposes. (§ 831.4, subds. (a) & (b).) Subdivisions (a) and (b) should be read together such that immunity attaches to trails providing access to recreational activities as well as to trails on which those recreational activities take place.

The plainly stated purpose of immunity for recreational activities on public land is to encourage public entities to open their property for public recreational use, because the burden and expense of putting such property in a safe condition and the expense of defending claims for injuries would probably cause many public entities to close such areas to public use. Trail immunity applies to all manner of defects in the trail's condition....

And the purpose of the trail immunity statute supports the conclusion that the subject pathway to the lake was a trail. The paramount purpose of section 831.4 is keeping recreational areas open to the public by preventing burdens and costs on public entities. Here, the pathway allowed people to more easily access the beach along Diaz Lake where they could engage in water based recreational activities. Thus, treating

the pathway as a trail under section 831.4 satisfies the purpose of that statute.

Having determined that Helm was injured while accessing a trail, we next consider whether the wooden poles and wire cable were integral parts of that trail. As discussed *ante*, the purpose of section 831.4 is to encourage public entities to open their property for public recreational use, because the burden and expense of putting such property in a safe condition and the expense of defending claims for injuries would probably cause many public entities to close such areas to public use. Consistent with this purpose, trail immunity covers claims arising not just from a trail's physical condition but also its design and location, which are integral features of a trail.

The undisputed evidence establishes that the poles and cable stretched across one of the access ways to the pathway to the lake. In this sense, the wooden poles and wire cable were installed to create a defined barrier and delineate the trails to the lake. In addition, they increased safety for people walking along the pathway so that they would not have to worry about being struck by a vehicle driving down that pathway. Against this background, it is apparent that the wooden poles and wire cable were integral components of the pathway to the lake. Accordingly, the trial court did not err in applying trail immunity and granting Respondents' motion for summary judgment."

Because the appellate court concluded that both agencies are immune from liability under section 831.4, the court did not reach the plaintiff's arguments concerning whether the wire cable suspended between the two wooden posts constituted a dangerous condition.

IV. CONCLUSION.

The appellate court's decision is helpful to OMWD's operation of the Elfin Forest Recreational Reserve. The appellate court's decision upholds the broad scope of the trail immunity doctrine as to both the pathway used to access recreational areas, and the structures and improvements along the pathway that have been integrated into the trail's location and design.

AES

Memo

E

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

SAN DIEGO COUNTY WATER AUTHORITY REPRESENTATIVE

Any report will be oral at the time of the Board meeting.



SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING MAY 23, 2024

1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed the Treasurer's report.
2. Date change for September 2024 Board of Directors Regular Meeting.
The Board approved a date change for the Board of Directors September regular meeting from September 26, 2024, to September 19, 2024.
3. Finance Planning Work Group Recommendation for the Capital Improvement Program Appropriation for Fiscal Years 2024 and 2025.
The Board approved the FPWG recommendation to defer approximately \$13 million in infrastructure projects and to increase the Fiscal Years 2024 and 2025 CIP Board approved appropriation of \$183.9 million by \$7 million to support the critical bifurcation structures, to a new two-year appropriation of \$190.9 million.
4. Resolution setting a Public Hearing date and time for proposed Calendar Year 2025 Rates and Charges.
The Board adopted Resolution Number 2024-07 setting the time and place for a public hearing on June 27, 2024, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding the recommended rates and charges.
5. Liquidity Facility Supporting the Water Authority Tax-Exempt Commercial Paper Program.
The Board adopted Resolution 2024-08 authorizing the issuance and sale of short-term revenue certificates, approving Bank of America, N.A., as the liquidity provider for the Series 11 Commercial Paper Notes program and authorizing and approving certain actions in connection therewith.
6. Construction Contract with J.F. Shea Construction, Inc. for the Pipeline 5 Relining San Luis Rey Canyon Project.
The Board authorized the General Manager, or designee, to award a construction contract to J.F. Shea Construction, Inc. in the amount of \$47,913,795 for the Pipeline 5 Relining San Luis Rey Canyon Project.
7. Externally-funded Professional Services Contract with EcoTech Services, Inc., for the Large Landscape Direct Install Project within Disadvantaged Communities.
The Board awarded a professional services contract, with such non-material modifications as approved by the General Manager or General Counsel, with EcoTech Services, Inc., for a not-to-exceed amount of \$1.2 million, for the implementation and administration of the Large Landscape Direct Install Project through June 30, 2026, with the option to extend the contract term for up to one additional year, and authorized the General Manager, or designee, to execute the contract.



8. Adopt positions on various bills.
The Board adopted a position of Support on the federal “Drought Relief Obtained Using Government Help Today (DROUGHT)” Act, authored by Representative Scott Peters and Senator Padilla.
9. Adopt positions on various bills.
The Board adopted a position of Support on AB 1827 (Papan), relating to low water-use protection act – ensuring proportional water rates for all water users.
10. Approval of Minutes.
The Board approved the minutes of the Formal Board of Directors’ meeting of April 25, 2024.

Memo

F

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS
LEGISLATIVE REPORT

Any written report will be attached; any oral report will be provided at the time of the Board Meeting.



NOSSAMAN^{LLP} | Memorandum

TO: Olivenhain Municipal Water District (OMWD)
FROM: Ashley Walker, Senior Policy Advisor, Nossaman LLP
Jennifer Capitolo, Jennifer M. Capitolo and Associates LLC
DATE: June 5, 2024
RE: June 2024 Public Policy Report

State Legislative Updates:

Status of the Legislature: The fiscal deadline for bills with an impact to the State's General Fund was on May 17. Bills that made it out of the Appropriations Committees then moved to the floor and have been passed over to the second house. The legislature will now focus on two-year bill deadlines and policy deadlines for bills in the second house. Additionally, the legislature is focused on the state budget and potential bonds to be placed on the November 2024 ballot. The legislature will take a summer recess from July 3 until August 5. The final day of the legislative session is August 31. The governor has 30 days to take actions on all bills presented to him.

State Budget: The Assembly Budget Chair, and Subcommittee Chairs, and members of the Budget Committee met to discuss the 2024-25 budget and to adopt it. The Assembly's version of the budget has moved over to the Senate for action.

At the Assembly hearing, the Legislative Analyst Office and the Department of Finance were present. Both the LAO and the DOF expressed that they have not thoroughly gone through the budget proposed by the legislature but were encouraged that the legislature has adopted a more conservative rainy-day fund, increasing it from the May Revise proposal, and maintaining a multiyear budget review.

On the Senate side, all the Budget Subcommittees met to take up portions of the budget and to adopt it also.

These actions represent the legislature's state budget agreement; however, the governor has indicated he is not fully supportive of the proposal. There will still be negotiation between the governor and the legislature on the final budget. The legislature needs to pass their version of the budget by June 15, and the governor needs to sign the budget by June 30. It is likely that the legislature will pass a budget proposal that is not agreed upon by the governor, and there will be a budget trailer bill amended prior to June 30 that represents the budget agreement between the governor and legislature.

Climate Bond: Negotiations in the legislature are ongoing regarding whether or not to push through a climate bond for the November 2024 ballot, and how much the bond should be. Most recent information from the legislature indicates that the negotiation of a climate bond is between \$6 billion - \$10 billion, and of this amount, \$2.9 to \$3.9 billion being dedicated to water infrastructure. Nossaman has been participating in the ACWA lobbying coalition on this issue and have had several recent meetings with members and staff about the bond. During these conversations, the legislature has expressed an understanding of the need for water infrastructure, but it is also apparent that the legislature is waiting to solidify an amount on the education bond, before determining an amount on the climate bond. The legislature needs to pass all bonds and they need to be signed by the governor no later than June 27 to qualify for the November 2024 ballot.

Legislation: Nossaman has outlined legislation of interest to OMWD, with suggested or current positions below.

- **AB 1827 (Papan): Local government: fees and charges: water: higher-consumptive water parcels.** This bill would provide that the fees or charges for property-related water service imposed or increased, as specified, may include the incrementally higher costs of water service due to specified factors, including the higher water usage demand of parcels. The bill would provide that the costs associated with higher water usage demands, the maximum potential water use, or a projected peak water usage demand may be allocated using any method that reasonably assesses the water service provider's cost of serving those parcels that are increasing potential water usage demand, maximum potential water use, or project peak water use demand.
Current position: Support.
ACWA Position: Support.
- **AB 2257 (Wilson): Local government: property-related water and sewer fees and assessments: remedies.** This bill would prohibit, if a local agency complies with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with the constitutional provisions of Proposition 218 for any new, increased, or extended fee or assessment, unless that person or entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for alleging noncompliance.
Current position: Support.
ACWA Position: Sponsor.
- **SB 366 (Caballero): The California Water Plan: long-term supply targets.** This bill would revise and recast certain provisions regarding The California Water Plan to require the department to instead establish a stakeholder advisory committee and to expand the membership of the committee to include tribes, labor, and environmental justice interests. The bill would require the department to coordinate with California Water Commission, State Water Resources Control Board, other state and federal agencies as appropriate, and the stakeholder advisory committee to develop a comprehensive plan for addressing the

state's water needs and meeting specified long-term water supply targets established by the bill for purposes of The California Water Plan. The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all designated beneficial uses.

Current position: Support.

ACWA Position: Support.

- **SB 1072 (Padilla): Local government: Proposition 218: remedies.** Senate Bill 1072 provides that, if a court determines that fee or charge for a property related service, including water, sewer, and refuse collections violates Proposition 218, then the local agency must, in the next procedure to impose or increase the fee or charge, credit that amount against the cost of providing the property related service, unless statute explicitly provides a refund remedy. The measure also states it does not apply to claims related to billing errors.

Current position: Support.

ACWA Position: Support.

- **SB 1218 (Newman): Water: emergency water supplies.** This bill declares that it is the established policy of the state to encourage, but not mandate, the development of emergency water supplies, and to support their use during times of water shortage.

Current position: Support.

ACWA Position: Support.

- **SB 1255 (Durazo): Public water systems: needs analysis: water rate assistance program.** SB 1255 requires qualified California public water systems to establish a low-income rate assistance program funded by voluntary contributions from ratepayers. The bill would require water agencies to recommend a voluntary contribution amount on the bill of each ratepayer, at a level that will raise sufficient funding to provide a discount to eligible ratepayers, pay for the qualified system's administrative costs to implement the program (capped at 10 percent of contributions), and establish a balancing account. The bill also requires automatic enrollment for eligible ratepayers in the water rate assistance program.

Current position: Oppose.

ACWA Position: Needs analysis - Oppose unless amended is ACWA's recommended position.

They have formed a working group on this bill.

- **SB 1330 (Archuletta): Urban retail water supplier: water use.** This bill makes several changes to the urban water use efficiency framework including moving several dates to reflect implementation delays, among other provisions.

Current position: Support.

ACWA Position: Support.

Governor's Actions and Executive Orders: The following actions have been taken by Governor Newsom since the last report. This list is compiled from CalOES, California Health and Human Services, California Department of Public Health, and FEMA.

- June 4 – Governor Newsom announces that excessive heat watches and warnings will be in place ahead of upcoming heat wave.
- May 31 – Governor Newsom announces the reopening of Topanga Canyon and a new mutual aid partnership.
- May 29 – Governor Newsom convenes GenAI Summit.

Regulatory Updates:

Water Conservation: State Water Resources Control Board continues to work on the proposed regulation for making conservation a California way of life. A notice of additional changes to the proposed regulation and revised regulatory text was circulated on May 20, 2024, with comments on the changes due on June 4, 2024. Olivenhain submitted a comment letter. ACWA also submitted a coalition letter with other statewide water associations. Thus far, Nossaman has met with three of the five board members to reinforce comments outlined in the letters. SWRCB staff anticipates bringing the proposed regulation for consideration this summer, likely July 3, 2024.

Clean Water State Revolving Fund: State Water Resources Control Board has made changes to the Clean Water State Revolving Fund Intended Use Plan. They will host a board workshop in early July to provide an overview of the changes and receive public input. As a reminder, this funding source supports recycled water projects.

Water Quality: CrVI: The hexavalent chromium regulations were submitted to the Department of Finance on May 2, 2024, for their review and comments. Their response to the regulations is expected by Friday, May 31, 2024, and the final regulation package is due to the Office of Administrative Law by June 14, 2024.

State Water Resources Control Board: Fees: State Water Resources Control Board is holding a series of stakeholder meetings to discuss drinking water, water quality, and water rights fees. Those meetings will be held on the following dates:

- Water Quality: June 13 from 9:00 am – 11:00 am
- Water Rights: June 13 from 1:00 pm – 3:00 pm
- Drinking Water: June 14 from 9:00 am – 11:00 am

Model Water Use Efficiency Landscape Ordinance: On May 15, 2024, Department of Water Resources obtained approval from the California Water Commission for its proposed Model Water Use Efficiency Landscape Ordinance amendments. The amendments aim to reduce ambiguities, provide clarity, and improve organization. DWR anticipates submitting the final regulation to the Office of Administrative Law this summer and that the regulation will take effect in September/October.

Urban Water Management Plans: DWR is in the process of updating its 2025 Urban Water Management Plan Guidebook and will hold a series of meetings throughout the summer to solicit

input. DWR anticipates that it will release a draft 2025 UWMP Guidebook in November, a revised draft in February 2025, and a finalized version by July 1, 2025. The working group meetings will take place throughout June and will include groups on coordination, seawater desalination, stored water, and direct potable reuse.

Olivenhain Legislative Report as of 6/5/2024

Close Watch

[AB 1567](#) ([Garcia D](#)) **Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024.**

Last Amend: 5/26/2023

Status: 5/22/2024-Re-referred to Com. on N.R. & W.

Location: 5/22/2024-S. N.R. & W.

Summary: Would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,995,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, clean energy, and workforce development programs.

Position

Close Watch

Notes: ACWA position: support if amended 3/3/23.

[SB 638](#) ([Eggman D](#)) **Climate Resiliency and Flood Protection Bond Act of 2024.**

Last Amend: 6/28/2023

Status: 7/6/2023-July 11 hearing postponed by committee.

Location: 6/15/2023-A. W.,P. & W.

Summary: Would enact the Climate Resiliency and Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6,000,000,000 pursuant to the State General Obligation Bond Law, for flood protection and climate resiliency projects.

Position

Close Watch

Notes: ACWA position: favor if amended 3/3/23.

[SB 867](#) ([Allen D](#)) **Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024.**

Last Amend: 6/22/2023

Status: 7/6/2023-July 10 hearing postponed by committee.

Location: 6/20/2023-A. NAT. RES.

Summary: Would enact the Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,500,000,000 pursuant to the State General Obligation Bond Law to finance projects for drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate smart agriculture, park creation and outdoor access, and clean energy programs.

Position

Close Watch

Notes: ACWA position: support if amended 3/3/23.

Oppose

[SB 1255](#) ([Durazo D](#)) **Public water systems: needs analysis: water rate assistance program.**

Last Amend: 6/3/2024

Status: 6/3/2024-Referred to Com. on E.S. & T.M. From committee with author's amendments. Read second time and amended. Re-referred to Com. on E.S. & T.M.

Location: 6/3/2024-A. E.S. & T.M.

Summary: (1) Current law establishes the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Current law requires the State Water Resources Control Board to annually adopt a fund expenditure plan, as provided, and requires expenditures from the fund to be consistent with the fund expenditure plan. Current law requires the state board to base the fund expenditure plan on data and analysis drawn from a specified drinking water needs assessment. This bill would require the state board to update a needs analysis of the state's public water systems to include an assessment, as specified, of the funds necessary to provide a 20% bill credit for low-income households served by community water systems with fewer than 3,300 service connections and for community water systems with fewer than 3,300 service connections to meet a specified affordability threshold on or before July 1, 2026, and on or before July 1 of every 3 years thereafter. (2) Existing law requires the state board, by January 1, 2018, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program. Existing law requires the plan to include, among other things, a description of the method for collecting moneys to support and implement the program and a description of the method for determining the amount of moneys that may need to be collected from water ratepayers to fund the program. This bill would require qualified systems, defined as any retail water supplier that serves over 3,300 residential connections, to begin providing water rate assistance to eligible ratepayers, defined to mean a low-income residential ratepayer with an annual household income that is no greater than 200% of the federal poverty guideline level, on or before April 1, 2027. The bill would require a qualified system to automatically enroll an eligible ratepayer in the water rate assistance program if available information, which includes authorizing a ratepayer to confirm eligibility by self-certification made under penalty of perjury, indicates that they are qualified to receive assistance and provide a water bill credit. The bill would require a qualified system, on or before July 1, 2026, to provide an opportunity for each ratepayer to provide a voluntary contribution as part of the ratepayer's water bill to provide funding for the qualified system's water rate assistance program. The bill would require a qualified system to recommend a voluntary contribution amount on the bill of each ratepayer, other than an eligible ratepayer, at a level that will raise sufficient funding to provide a discount to eligible ratepayers, pay for the qualified system's administrative costs to implement the program, and establish a balancing account if the qualified system chooses to do so. The bill would require a qualified system to notify ratepayers of the voluntary contribution on the water bill and provide each ratepayer the option and method of opting out of the voluntary contribution, as specified. The bill would also prohibit a qualified system from sanctioning or holding liable a ratepayer in any manner for not paying the voluntary contribution. The bill would authorize a qualified system to use any state or federal funds that are available to support a ratepayer assistance program by offsetting or supplementing the funds collected from voluntary contributions. The bill would authorize the Attorney General to bring an action in state court to restrain the use of any method, act, or practice in violation of these provisions, except as provided.

Position

Oppose

Notes: ACWA position: Oppose unless amended. OMWD oppose position letter sent 6/10/2024.

Support

[AB 1827](#) (Papan D) Local government: fees and charges: water: higher consumptive water parcels.

Last Amend: 4/4/2024

Status: 5/29/2024-Referred to Com. on L. GOV.

Location: 5/29/2024-S. L. GOV.

Summary: The California Constitution specifies various requirements with respect to the levying of assessments and property-related fees and charges by a local agency, including requiring that the local agency provide public notice and a majority protest procedure in the case of assessments and submit property-related fees and charges for approval by property owners subject to the fee or charge or the electorate residing in the affected area following a public hearing. Current law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with these requirements and, among other things, authorizes an agency providing water, wastewater, sewer, or refuse collection services to adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation under certain circumstances. Current law defines, among other terms, the term "water" for these purposes to mean any system of public improvements intended to provide for the production, storage, supply, treatment, or distribution of water from any source. This bill would provide that the fees or charges for property-related water service imposed or increased, as specified, may include the incrementally higher costs of water service due to specified factors, including the higher water usage demand of parcels.

Position

Support

Notes: ACWA position- support. Olivenhain support letter 5/2/24.

[AB 2257](#) (Wilson D) Local government: property-related water and sewer fees and assessments: remedies.

Last Amend: 4/23/2024

Status: 5/29/2024-Referred to Coms. on JUD. and L. GOV.

Location: 5/29/2024-S. JUD.

Summary: The California Constitution specifies various requirements with respect to the levying of assessments and property-related fees and charges by a local agency, including notice, hearing, and protest procedures, depending on the character of the assessment, fee, or charge. Current law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with these requirements. This bill would prohibit, if a local agency complies with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with the constitutional provisions for any new, increased, or extended fee or assessment, as defined, unless that person or entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for alleging noncompliance, as specified. This bill would provide that local agency responses to the timely submitted written objections shall go to the weight of the evidence supporting the agency's compliance with the substantive limitations on fees and assessments imposed by the constitutional provisions.

Position

Support

Notes: ACWA position- sponsor/ support 3.13.24. Olivenhain & Padre Dam on coalition support letter 4/24/24. Olivenhain on coalition support ASM floor alert 5/13/24. Olivenhain & Padre Dam on coalition support SEN Judiciary letter 6/4/24.

[SB 366](#) (Caballero D) The California Water Plan: long-term supply targets.

Last Amend: 4/8/2024

Status: 4/8/2024-From committee with author's amendments. Read second time and amended. Re-referred to Com. on W., P., & W.

Location: 6/8/2023-A. W.,P. & W.

Summary: Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as "The California Water Plan." Current law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. Current law requires the department to establish an advisory committee to assist the department in updating the plan. This bill would revise and recast certain provisions regarding The California Water Plan to, among other things, require the department to instead establish a stakeholder advisory committee and to expand the membership of the committee to include tribes, labor, and environmental justice interests. The bill would require the department to coordinate with the California Water Commission, the State Water Resources Control Board, other state and federal agencies as appropriate, and the stakeholder advisory committee to develop a comprehensive plan for addressing the state's water needs and meeting specified long-term water supply targets established by the bill for purposes of The California Water Plan. The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all designated beneficial uses.

Position

Support

Notes: Coalition support letter 4/17/24. Olivenhain support letter to ASM Water, Parks and Wildlife committee 5/8/24. ACWA position – support.

SB 1072 (Padilla D) Local government: Proposition 218: remedies.

Last Amend: 4/24/2024

Status: 6/3/2024-Referred to Com. on L. GOV.

Location: 6/3/2024-A. L. GOV.

Summary: The California Constitution sets forth various requirements for the imposition of local taxes. The California Constitution excludes from classification as a tax assessments and property-related fees imposed in accordance with provisions of the California Constitution that establish requirements for those assessments and property-related fees. Under these requirements, an assessment is prohibited from being imposed on any parcel if it exceeds the reasonable cost of the proportional special benefit conferred on that parcel, and a fee or charge imposed on any parcel or person as an incident of property ownership is prohibited from exceeding the proportional cost of the service attributable to the parcel. Current law, known as the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local compliance with the requirements of the California Constitution for assessments and property-related fees. This bill would require a local agency, if a court determines that a fee or charge for a property-related service, as specified, violates the above-described provisions of the California Constitution relating to fees and charges, to credit the amount of the fee or charge attributable to the violation against the amount of the revenues required to provide the property-related service, unless a refund is explicitly provided for by statute.

Position

Support

Notes: ACWA position- support 3.13.24. Olivenhain signed on to the CSDA Coalition letter of support for SB 1072 on 5/17/24.

SB 1218 (Newman D) Water: emergency water supplies.

Last Amend: 5/16/2024

Status: 6/3/2024-Referred to Com. on W., P., & W.

Location: 6/3/2024-A. W.,P. & W.

Summary: The Urban Water Management Planning Act requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan. The act requires an urban water management plan to include a water shortage contingency plan, as provided. This bill would declare that it is the established policy of the state to encourage, but not mandate, the development of emergency water supplies, and to support their use during times of water shortage.

Position

Support

Notes: Coalition sign on letter 3/11/24. Coalition letter 4/9/24 to committee.

SB 1330 (Archuleta D) Urban retail water supplier: water use.

Last Amend: 4/24/2024

Status: 5/28/2024-Referred to Com. on W., P., & W.

Location: 5/28/2024-A. W.,P. & W.

Summary: Current law requires an urban retail water supplier to calculate its urban water use objective no later than January 1, 2024, and by January 1 every year thereafter. Current law requires each urban retail water supplier's water use objective to be composed of the sum of specified aggregate estimates, including efficient outdoor irrigation of landscape areas with dedicated irrigation meters or equivalent technology in connection with water used by commercial water users, industrial water users, institutional water users, and large landscape water users (CII). Existing law requires an urban retail water supplier to submit reports to the Department of Water Resources, as provided, by the same dates. This bill would require the department to collect and update data for outdoor residential landscapes and CII landscapes at least once every 10 years and post the data on its internet website.

Position

Support

Notes: ACWA position: favor 3/22/24.

Watch

AB 277 (Rodriguez D) Extreme Weather Forecast and Threat Intelligence Integration Center.

Last Amend: 7/3/2023

Status: 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/21/2023)(May be acted upon Jan 2024)

Location: 9/1/2023-S. 2 YEAR

Summary: Current law establishes the Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program within the department to, upon appropriation of special fund moneys, research climate forecasting and the causes and impacts that climate change has on atmospheric rivers, to operate reservoirs in a manner that improves flood protection in the state, and to reoperate flood control and water storage facilities to capture water generated by atmospheric rivers. This bill would establish the State-Federal Flood Operations Center within the Department of Water Resources and would authorize the department to administer the center in the department's divisions, offices, or programs. The bill would provide that the purpose of the center is to function as the focal point for gathering, analyzing, and disseminating flood and water-related information to stakeholders and would authorize the center to take specified actions for that purpose, including to function during emergency situations to enable the department to centrally coordinate statewide emergency responses.

Position

Watch

AB 305 (Villapudua D) California Flood Protection Bond Act of 2024.

Last Amend: 4/25/2023

Status: 5/22/2024-Re-referred to Com. on N.R. & W.

Location: 5/22/2024-S. N.R. & W.

Summary: Would enact the California Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$4,500,000,000 pursuant to the State General Obligation Bond Law for flood protection projects, as specified. The bill would provide for the submission of these provisions to the voters at the November 5, 2024, statewide general election.

Position

Watch

Notes: ACWA position: favor if amended 4/14/23.

[AB 460](#) ([Bauer-Kahan D](#)) State Water Resources Control Board: water rights and usage: civil penalties.

Last Amend: 6/3/2024

Status: 6/3/2024-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on N.R. & W.

Location: 6/3/2024-S. N.R. & W.

Calendar: 6/11/2024 9 a.m. - 1021 O Street, Room 2100 SENATE NATURAL RESOURCES AND WATER, MIN, DAVE, Chair

Summary: Under current law, the diversion or use of water other than as authorized by specified provisions of law is a trespass, subject to specified civil liability. This bill would require the State Water Resources Control Board to adjust for inflation, by January 1 of each year, beginning in 2025, the amounts of civil and administrative liabilities or penalties imposed by the board in water right actions, as specified.

Position

Watch

[AB 560](#) ([Bennett D](#)) Sustainable Groundwater Management Act: groundwater adjudication.

Last Amend: 6/26/2023

Status: 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/14/2023)(May be acted upon Jan 2024)

Location: 9/1/2023-S. 2 YEAR

Summary: Current law prohibits a court from approving entry of judgment in certain adjudication actions for a basin required to have a groundwater sustainability plan under the Sustainable Groundwater Management Act, unless the court finds that the judgment would not substantially impair the ability of a groundwater sustainability agency, the State Water Resources Control Board, or the Department of Water Resources to comply with the act and to achieve sustainable groundwater management. This bill would require the parties to an adjudication action to submit a proposed settlement agreement determining rights to water to the board for a nonbinding advisory determination as to whether the proposed settlement agreement will substantially impair the ability of a groundwater sustainability agency, the board, or the department to achieve sustainable groundwater management before filing the proposed settlement agreement with the court. The bill would require the board to provide its nonbinding advisory determination to the parties no later than 120 days after the proposed settlement agreement was submitted, and would require the parties to include the board's nonbinding advisory determination in the court filing, as provided.

Position

Watch

[AB 754](#) ([Papan D](#)) Water management planning: water shortages.

Last Amend: 8/14/2023

Status: 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/21/2023)(May be acted upon Jan 2024)

Location: 9/1/2023-S. 2 YEAR

Summary: Current law requires an urban water management plan to quantify past, current, and projected water use, identifying the uses among water use sectors, including, among others, commercial, agricultural, and industrial. Current law requires every urban water supplier to prepare and adopt a water shortage contingency plan as part of its urban water management plan. Current law requires the water shortage contingency plan to include the procedures used in conducting an annual water supply and demand assessment, including the key data inputs and assessment methodology used to evaluate the urban water supplier's water supply reliability for the current year and one dry year. Current law requires the key data inputs and assessment methodology to include specified information, including, among other things, a description and quantification of each source of water supply. This bill would require a water shortage contingency plan to include, if,

based on a description and quantification of each source of water supply, a single reservoir constitutes at least 50% of the total water supply, an identification of the dam and description of existing reservoir management operations, as specified, and if the reservoir is owned and operated by the urban water supplier, a description of operational practices and approaches, as specified.

Position

Watch

AB 828 (Connolly D) Sustainable groundwater management: managed wetlands.

Last Amend: 1/11/2024

Status: 5/1/2024-Referred to Com. on N.R. & W.

Location: 5/1/2024-S. N.R. & W.

Calendar: 6/25/2024 9 a.m. - 1021 O Street, Room 2100 SENATE NATURAL RESOURCES AND WATER, MIN, DAVE, Chair

Summary: The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Current law defines various terms for purposes of the act. This bill would add various defined terms for purposes of the act, including the terms "managed wetland" and "small community water system."

Position

Watch

Notes: ACWA position: oppose 1/19/24.

AB 830 (Soria D) Lake and streambed alteration agreements: exemptions.

Last Amend: 6/27/2023

Status: 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/21/2023)(May be acted upon Jan 2024)

Location: 9/1/2023-S. 2 YEAR

Summary: Current law prohibits a person, a state or local governmental agency, or a public utility from substantially diverting or obstructing the natural flow of, or substantially changing or using any material from the bed, channel, or bank of, any river, stream, or lake, or depositing or disposing of debris, waste, or other material containing crumbled, flaked, or ground pavement where it may pass into any river, stream, or lake, unless prescribed requirements are met, including written notification to the Department of Fish and Wildlife regarding the activity. Current law prescribes various requirements for lake and streambed alteration agreements. Current law also establishes various exemptions from these provisions, including exemptions for specified emergency work. This bill would additionally exempt from these provisions the temporary operation of existing infrastructure or temporary pumps being used to divert flood stage flows, as identified by the California Nevada River Forecast Center or the State Water Resources Control Board, or near-flood stage flows, as defined, to groundwater recharge as long as certain conditions are met.

Position

Watch

AB 1024 (Aguiar-Curry D) Water rights: small irrigation use: lake or streambed alteration agreements.

Last Amend: 5/18/2023

Status: 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/21/2023)(May be acted upon Jan 2024)

Location: 9/1/2023-S. 2 YEAR

Summary: The Water Rights Permitting Reform Act of 1988 authorizes a person to obtain a right to appropriate water for a small domestic use, small irrigation use, or livestock stockpond use upon first registering the use, as those uses are defined by the act, with the State Water Resources Control Board and thereafter applying the water to reasonable and beneficial use with due diligence. The act requires the registration of water use to be made upon a form prescribed by the board that requires, among other things, a certification that the registrant has contacted a representative of the Department of Fish and Wildlife and

has agreed to comply with conditions set forth by the department. The act requires the board to establish reasonable general conditions to which all appropriations made pursuant to the act are required to be subject, including, among other things, that all conditions lawfully required by the department are conditions upon the appropriations. The act provides that the board is not required to adopt general conditions for small irrigation use until the board determines that funds are available for that purpose, and that a registration for small irrigation use pursuant to the act is not authorized until the board establishes general conditions for small irrigation use to protect instream beneficial uses, as specified. This bill would require the board to give priority to adopting, on or before June 30, 2027, except as provided, general conditions that permit specified registrants to store water for small irrigation use during times of high streamflow in exchange for those registrants reducing diversions during periods of low streamflow, as specified.

Position

Watch

[AB 1205](#) (Bauer-Kahan D) Water rights: sale, transfer, or lease: agricultural lands.

Last Amend: 7/13/2023

Status: 9/14/2023-Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/11/2023)(May be acted upon Jan 2024)

Location: 9/14/2023-S. 2 YEAR

Summary: Current law declares that, because of the conditions prevailing in this state, the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of the water is to be exercised with a view to the reasonable and beneficial use of the water in the interest of the people and for the public welfare. This bill would require the State Water Resources Control Board to, on or before January 1, 2027, conduct a study and report to the Legislature and appropriate policy committees on the existence of speculation or profiteering by an investment fund in the sale, transfer, or lease of an interest in any surface water right or groundwater right previously put to beneficial use on agricultural lands, as specified. The bill would repeal this provision on January 1, 2031.

Position

Watch

[AB 1211](#) (Mathis R) Safe Drinking Water State Revolving Fund: internet website information: updates.

Status: 7/14/2023-Failed Deadline pursuant to Rule 61(a)(10). (Last location was E.Q. on 5/10/2023)(May be acted upon Jan 2024)

Location: 7/14/2023-S. 2 YEAR

Summary: The Safe Drinking Water State Revolving Fund Law of 1997, administered by the State Water Resources Control Board, establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards. Current law requires the board, at least once every 2 years, to post information on its internet website regarding implementation of the Safe Drinking Water State Revolving Fund Law and expenditures from the Safe Drinking Water State Revolving Fund, as specified This bill would require the board to post the information at least annually.

Position

Watch

[AB 1272](#) (Wood D) State Water Resources Control Board: drought planning.

Last Amend: 9/1/2023

Status: 9/14/2023-Withdrawn from Engrossing and Enrolling. Ordered to the Senate. In Senate. Held at Desk.

Location: 9/14/2023-S. DESK

Summary: Would require the State Water Resources Control Board, in consultation with the Department of Fish and Wildlife, to adopt principles and guidelines for diversion and use of water in coastal watersheds, as specified, during times of water shortage for drought preparedness and climate resiliency. The bill would require that the principles and

guidelines allow for the development of locally generated watershed-level plans to support public trust uses, public health and safety, and the human right to water in times of water shortage, among other things. The bill also would require the state board, prior to adopting those principles and guidelines, to allow for public comment and hearing, as provided. The bill would make the implementation of these provisions contingent upon an appropriation of funds by the Legislature for this purpose.

Position

Watch

AB 1573 (Friedman D) Water conservation: landscape design: model ordinance.

Last Amend: 9/1/2023

Status: 9/14/2023-Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/7/2023)(May be acted upon Jan 2024)

Location: 9/14/2023-S. 2 YEAR

Summary: The Water Conservation in Landscaping Act provides for a Model Water Efficient Landscape Ordinance that is adopted and updated at least every 3 years by the Department of Water Resources, unless the department makes a specified finding. Current law requires a local agency to adopt the model ordinance or to adopt a water efficient landscape ordinance that is at least as effective in conserving water as the updated model ordinance, except as specified. Current law specifies the provisions of the updated model ordinance, as provided. Current law includes a related statement of legislative findings and declarations. This bill would require the updated model ordinance to include provisions that require that plants included in a landscape design plan be selected based on their adaptability to climatic, geological, and topographical conditions of the project site, as specified. The bill would also exempt landscaping that is part of a culturally specific project, as defined, ecological restoration projects that do not require a permanent irrigation system, mined-land reclamation projects that do not require a permanent irrigation system, and existing plant collections, as part of botanical gardens and arboreturns open to the public, from the model ordinance. The bill would require the updated model ordinance to include provisions that, among other changes, prohibit the use of traditional overhead sprinklers on all new and rehabilitated landscapes and require that new and rehabilitated landscapes use only water efficient irrigation devices.

Position

Watch

Notes: ACWA concerns- AB 1573 instead only defines nonfunctional turf.

AB 1597 (Alvarez D) Water quality: California-Mexico cross-border rivers.

Last Amend: 6/22/2023

Status: 6/29/2023-In committee: Set, first hearing. Hearing canceled at the request of author. (Set for hearing on 06/19/2024)

Location: 5/31/2024-S. E.Q.

Calendar: 6/19/2024 9 a.m. - State Capitol, Room 112 SENATE ENVIRONMENTAL QUALITY, ALLEN, BENJAMIN, Chair

Summary: Would authorize, upon appropriation by the Legislature in the annual Budget Act or another statute, funds to be made available to the North American Development Bank (NADBank) for loans, grants, and direct expenditures to address water quality problems arising in the California-Mexico cross-border rivers. The bill would require the funding to be available for specified purposes, as provided, including water quality projects for the Tijuana River, and would make 10% of the funding available for the administrative costs of implementing these provisions. The bill would authorize funding provided for activities or projects in the State of Baja California to be provided through direct expenditures and for grants to an eligible funding recipient authorized to work in Mexico under a specified circumstance. The bill would authorize grant funding to be conditioned on enforceability and accountability mechanisms agreed upon by the North American Development Bank and the recipient, with the concurrence of the State Water Resources Control Board. The bill would require the California Environmental Protection Agency to notify the leadership office in each house of the Legislature on cross-border collaboration and the expenditure of the funding, as provided.

Position

Watch

[AB 1820](#) (Schiavo D) Housing development projects: applications: fees and exactions.

Last Amend: 4/29/2024

Status: 5/29/2024-Referred to Coms. on L. GOV. and HOUSING.

Location: 5/29/2024-S. L. GOV.

Calendar: 6/11/2024 9 a.m. - State Capitol, Room 113 SENATE LOCAL GOVERNMENT, DURAZO, MARIA ELENA, Chair

Summary: Current law requires a city or county to deem an applicant for a housing development project to have submitted a preliminary application upon providing specified information about the proposed project to the city or county from which approval for the project is being sought. Current law requires a housing development project be subject only to the ordinances, policies, and standards adopted and in effect when the preliminary application was submitted. This bill would authorize a development proponent that submits a preliminary application for a housing development project to request a preliminary fee and exaction estimate, as defined, and would require the local agency to provide the estimate within 30 business days of the submission of the preliminary application. For development fees imposed by an agency other than a city or county, the bill would require the development proponent to request the fee schedule from the agency that imposes the fee.

Position

Watch

Notes: ACWA position- watch.

[AB 1851](#) (Holden D) Drinking water: schoolsites: lead testing pilot program.

Last Amend: 6/3/2024

Status: 6/3/2024-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on ED.

Location: 5/29/2024-S. ED.

Calendar: 6/12/2024 9 a.m. - 1021 O Street, Room 2100 SENATE EDUCATION, NEWMAN, JOSH, Chair

Summary: Would require the Superintendent of Public Instruction to establish a pilot program to test for and remediate lead contamination in drinking water at participating local educational agency facilities with plumbing that was installed before January 1, 2010. The bill would require the Superintendent to select no fewer than 6 and no more than 10 local educational agencies for participation in the pilot program and, if a selected local educational agency consents to participate in the pilot program, the bill would require the Superintendent to provide grants to the participating local educational agencies for testing and remediating drinking water lead levels at eligible facilities. If sampling results show lead levels in excess of 5 parts per billion in water at any potable water system outlet, the bill would require a participating local educational agency to notify the parents and guardians of pupils who attend the school of the elevated lead levels, as provided, to take immediate steps to shut down all potable water use at potable water system outlets where excess lead levels may exist, and to ensure that a lead-free source of drinking water is provided for pupils at each potable water system outlet that has been shut down.

Position

Watch

Notes: ACWA position: watch 2/9/24.

[AB 2079](#) (Bennett D) Groundwater extraction: large-diameter, high-capacity water wells: permits.

Last Amend: 6/3/2024

Status: 6/3/2024-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on N.R. & W.

Location: 5/29/2024-S. N.R. & W.

Calendar: 6/11/2024 9 a.m. - 1021 O Street, Room 2100 SENATE NATURAL RESOURCES AND WATER, MIN, DAVE, Chair

Summary: The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Current law authorizes any local agency or

combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin and imposes specified duties upon that agency or combination of agencies, as provided. Current law requires the State Water Resources Control Board to adopt a model water well, cathodic protection well, and monitoring well drilling and abandonment ordinance implementing certain standards for water well construction, maintenance, and abandonment and requires each county, city, or water agency, where appropriate, to adopt a water well, cathodic protection well, and monitoring well drilling and abandonment ordinance that meets or exceeds certain standards. Under current law, if a county, city, or water agency, where appropriate, fails to adopt an ordinance establishing water well, cathodic protection well, and monitoring well drilling and abandonment standards, the model ordinance adopted by the state board is required to take effect, and is required to be enforced by the county or city and have the same force and effect as if adopted as a county or city ordinance. This bill would require a local enforcement agency, as defined, to perform specified activities at least 30 days before determining whether to approve a permit for a new large-diameter, high-capacity well, as defined. By imposing additional requirements on a local enforcement agency, the bill would impose a state-mandated local program.

Position

Watch

Notes: ACWA position: oppose unless amended 3/22/24.

AB 2454 (Lee D) Drinking water: rental property: domestic well testing.

Last Amend: 4/15/2024

Status: 5/23/2024-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/23/2024-S. RLS.

Summary: The California Safe Drinking Water Act provides for the operation of public water systems and imposes on the State Water Resources Control Board various duties and responsibilities for the regulation and control of drinking water in the State of California. The act requires the state board to adopt primary drinking water standards for contaminants in drinking water based upon specified criteria. Current law makes certain violations of the act a crime. This bill would require an owner of a domestic well that serves a rental property who is provided written notice of a free domestic well testing program, as defined, to participate in the program and its related requirements, as specified. The bill would require an owner of the rental property to provide testing results to all current residents of the rental property, as specified. The bill would require, if the testing demonstrates a violation of any primary drinking water standards, the domestic well owner to ensure that, within 14 days of receiving test results, tenants of rental properties served solely by that domestic well have access to an adequate supply of safe drinking water. The bill would prohibit an owner of a domestic well from imposing any charge, or increasing any fee, rent, or other charge imposed, on any tenant solely as a result of the requirements of these provisions.

Position

Watch

AB 3090 (Maienschein D) Drinking water standards: emergency notification plan.

Last Amend: 4/18/2024

Status: 5/8/2024-Referred to Com. on E.Q.

Location: 5/8/2024-S. E.Q.

Calendar: 6/5/2024 9:30 a.m. - 1021 O Street, Room 1200 SENATE ENVIRONMENTAL QUALITY, GONZALEZ, LENA, Chair

Summary: Would authorize and encourage a public water system, when updating an emergency notification plan, to provide notification to water users by means of other communications technology, including, but not limited to, text messages, email, or social media.

Position

Watch

Notes: ACWA position: watch 3/27/24.

AB 3121 (Hart D) Urban retail water suppliers: written notice: conservation order: dates.

Status: 5/8/2024-Referred to Com. on N.R. & W.

Location: 5/8/2024-S. N.R. & W.

Calendar: 6/11/2024 9 a.m. - 1021 O Street, Room 2100 SENATE NATURAL RESOURCES AND WATER, MIN, DAVE, Chair

Summary: Current law authorizes the State Water Resources Control Board, on and after January 1, 2025, to issue a written notice to an urban retail water supplier that does not meet its urban water use objective. Current law authorizes the board, on and after January 1, 2026, to issue a conservation order to an urban retail water supplier that does not meet its urban water use objective. This bill would instead provide that the date the board is authorized to issue a written notice to January 1, 2026 and a conservation order to January 1, 2027.

Position

Watch

ACA 2 (Alanis R) Water Resiliency Act of 2024.

Last Amend: 3/6/2024

Status: 3/19/2024-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 4/20/2023-A. W.,P. & W.

Summary: The California Constitution declares that the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, and that the right to the use of water does not extend to the waste or unreasonable use, method of use, or method of diversion of water. This measure would require the Treasurer to annually transfer an amount equal to 1.5% of all state revenues from the General Fund to the California Water Resiliency Trust Fund, which the measure would create. The measure would continuously appropriate moneys in the fund to the California Water Commission for its actual costs of implementing these provisions and for specified water infrastructure projects.

Position

Watch

SB 231 (Hurtado D) Department of Water Resources: water supply forecasting.

Last Amend: 7/12/2023

Status: 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/23/2023)(May be acted upon Jan 2024)

Location: 9/1/2023-A. 2 YEAR

Summary: Would require the Department of Water Resources, on or before December 31, 2025, to establish a formal process for annually evaluating and improving the accuracy of its water supply forecasts, adopt a new water supply forecasting model that better addresses the effects of climate change, and implement a formal policy and procedures for documenting its operational plans for the state's water supply and its rationale for its operating procedures. The bill would require the department, by December 1, 2024, to prepare, and submit to the Legislature, a report on its progress toward meeting these requirements.

Position

Watch

SB 537 (Becker D) Open meetings: multijurisdictional, cross-county agencies: teleconferences.

Last Amend: 9/5/2023

Status: 6/3/2024-From inactive file. Ordered to third reading.

Location: 6/3/2024-A. THIRD READING

Calendar: 6/6/2024 #29 ASSEMBLY THIRD READING FILE - SENATE BILLS

Summary: Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Current law, until January 1, 2026, authorizes the

legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely. This bill would expand the circumstances of "just cause" to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance of the members of the legislative body, the number of community members in attendance in the teleconference meeting, and the number of public comments on its internet website within 10 days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from one or more physical locations that are open to the public and within the boundaries of the territory over which the local agency exercises jurisdiction.

Position

Watch

SB 597 (Glazer D) Building standards: rainwater catchment systems.

Last Amend: 6/22/2023

Status: 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 7/12/2023)(May be acted upon Jan 2024)

Location: 9/1/2023-A. 2 YEAR

Summary: Current law makes the California Building Standards Commission responsible for the publication of an updated edition of the California Building Standards Code every 3 years. This bill would require the department to conduct research and develop recommendations regarding building standards for the installation of rainwater catchment systems in newly constructed residential dwellings and would authorize the department to propose related building standards to the commission for consideration, as specified. The bill would authorize the department to expend moneys from the Building Standards Administration Special Revolving Fund for the above-described purposes, upon appropriation by the Legislature, as specified. The bill would require the department, on or before January 1, 2025, to provide a report to specified committees of the Legislature regarding the outcomes of its research and the recommendations developed.

Position

Watch

SB 937 (Wiener D) Development projects: permits and other entitlements: fees and charges.

Last Amend: 4/8/2024

Status: 6/3/2024-Referred to Coms. on L. GOV. and H. & C.D.

Location: 6/3/2024-A. L. GOV.

Calendar: 6/12/2024 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, CARRILLO, JUAN, Chair

Summary: The Permit Streamlining Act, among other things, requires a public agency that is the lead agency for a development project to approve or disapprove that project within specified time periods. Current law extended by 18 months the period for the expiration, effectuation, or utilization of a housing entitlement, as defined, that was issued before, and was in effect on, March 4, 2020, and that would expire before December 31, 2021, except as specified. Current law provides that if the state or a local agency extended the otherwise applicable time for the expiration, effectuation, or utilization of a housing entitlement for not less than 18 months, as specified, that housing entitlement would not be extended an additional 18 months pursuant to these provisions. This bill would extend by 24 months the period for the expiration, effectuation, or utilization of a housing entitlement, entitlement for a priority residential development project, as those terms are defined, that was issued before January 1, 2024, and that will expire before December 31, 2025, except as specified. The bill would toll this 24-month extension during any time that the housing

entitlement is the subject of a legal challenge. By adding to the duties of local officials with respect to housing entitlements, this bill would impose a state-mandated local program. The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

Position

Watch

Notes: ACWA position- OUA 3.13.24. Amendments, ACWA analysis suggested a watch/neutral position 4/1/24.

SB 1110 (Ashby D) Urban retail water suppliers: informational order: conservation order.

Last Amend: 4/24/2024

Status: 5/28/2024-Referred to Com. on W., P., & W.

Location: 5/28/2024-A. W.,P. & W.

Summary: Current law authorizes the State Water Resources Control Board, on and after January 1, 2024, to issue informational orders pertaining to water production, water use, and water conservation to an urban retail water supplier that does not meet its urban water use objective, as provided. This bill would instead authorize the board to issue the informational orders on and after January 1, 2026.

Position

Watch

Notes: ACWA position: favor 3/22/24.

SB 1147 (Portantino D) Drinking water: bottled water: microplastics levels.

Last Amend: 4/10/2024

Status: 6/3/2024-Referred to Coms. on E.S. & T.M. and HEALTH.

Location: 6/3/2024-A. E.S. & T.M.

Summary: The Sherman Food, Drug, and Cosmetic Law regulates, among other things, the manufacture, production, processing, and packing of any food, drug, device, or cosmetic, and is administered by the State Department of Public Health. The law prescribes various quality and labeling standards for bottled water and vended water, and limits the levels of certain contaminants that may be contained in those water products. Current law makes a violation of the law or regulation adopted pursuant to the law a crime. Current law requires, as a condition of licensure, a water-bottling plant, as defined, to annually prepare a water-bottling plant report, as specified, and to make the report available to each customer, upon request. This bill would require, upon adoption by the State Water Resources Control Board of a primary drinking water standard for microplastics, any water-bottling plant that produces bottled water that is sold in this state to provide the State Department of Public Health's Food and Drug Branch an annual report on the levels of microplastics found in the source water used for bottling and in the final bottled water product that is offered for sale, as provided. The bill would require this report to be included with the annual water-bottling plant report and, upon request, be made available to each consumer.

Position

Watch

Notes: ACWA position: oppose unless amended 3/1/24.

SB 1156 (Hurtado D) Groundwater sustainability agencies: conflicts of interest: financial interest disclosures.

Last Amend: 4/29/2024

Status: 6/3/2024-Referred to Com. on ELECTIONS.

Location: 6/3/2024-A. ELECTIONS

Summary: Current law requires a groundwater sustainability plan to be developed and implemented for each medium- or high-priority basin by a groundwater sustainability agency. Current law authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin, as provided. The Political Reform Act of 1974 prohibits a public official from making, participating in making, or attempting to use their official position to influence a governmental decision in which they know or have reason to know that they have a

financial interest, as defined. The act requires specified public officials, including elected state officers, judges and court commissioners, members of certain boards and commissions, other state and local public officials, and candidates for these positions to file statements of economic interests, annually and at other specified times, that disclose their investments, interests in real property, income, and business positions. The Fair Political Practices Commission is the filing officer for such statements filed by statewide elected officers and candidates and other specified public officials. This bill would require members of the executive team, board of directors, and other groundwater management decision makers of groundwater sustainability agencies to file statements of economic interests according to the filing requirements described above. The bill would require that these statements be filed with the Fair Political Practices Commission, and would require the commission to establish guidelines and procedures for the submission and review of the statements.

Position

Watch

Notes: ACWA position: watch/amend 3/22/24.

SB 1178 (Padilla D) California Water Quality and Public Health Protection Act.

Last Amend: 4/29/2024

Status: 5/28/2024-Referred to Com. on E.S. & T.M.

Location: 5/28/2024-A. E.S. & T.M.

Summary: The State Water Resources Control Board and the 9 California regional water quality control boards regulate water quality and prescribe waste discharge requirements in accordance with the federal national pollutant discharge elimination system permit program established by the federal Clean Water Act and the Porter-Cologne Water Quality Control Act. This bill would require the board to, on or before August 1, 2025, establish regulations governing annual reporting by compliance entities, as defined, regarding waste discharges, as provided. The bill would require compliance entities to submit a report to the board by June 1, 2026, and annually thereafter on waste discharges and their locations, as provided. The bill would require the board to quantify the cost of mitigating contamination, if any, caused by those reported waste discharges and would require the board to notify the compliance entities of the cost of mitigating their contamination. The bill would authorize the compliance entity to elect to mitigate the contamination caused by the entity's reported waste discharges, or to have the board impose a surcharge for the cost of mitigating the compliance entity's contamination. The bill would create the California Water Quality and Public Health Impact Fund for receipt of revenue from the surcharge. The bill would require the moneys in the fund to be used exclusively to mitigate the impacts of the contamination on waters of the state caused by the reported waste discharges.

Position

Watch

SB 1210 (Skinner D) New housing construction: electrical, gas, sewer, and water service: service connection information.

Last Amend: 4/22/2024

Status: 6/3/2024-Referred to Coms. on U. & E. and L. GOV.

Location: 6/3/2024-A. U. & E.

Summary: Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including electrical corporations, gas corporations, sewer system corporations, and water corporations, while local publicly owned utilities, including municipal utility districts, public utility districts, and irrigation districts, are under the direction of their governing boards. This bill would, for new housing construction, require the above-described utilities, on or before January 1, 2026, to publicly post on their internet websites (1) the schedule of fees for a service connection, capacity, or other point of connection charge for each housing development type, including, but not limited to, accessory dwelling unit, mixed-use, multifamily, and single-family developments, except as specified, and (2) the estimated timeframes for completing typical service connections needed for each housing development type, as specified. The bill would exempt from its provisions an independent special district that does not maintain an internet website due to a hardship, as provided. To the extent that this bill imposes new requirements on certain

local agencies, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Position

Watch

Notes: ACWA position- oppose 3.13.24. Removed opposition on 4/20/24.

SB 1360 (Alvarado-Gil D) Water quality: state board certification.

Last Amend: 3/18/2024

Status: 3/18/2024-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 2/16/2024-S. RLS.

Summary: The Porter-Cologne Water Quality Control Act authorizes the State Water Resources Control Board to certify or provide a statement to a federal agency, as required pursuant to federal law, that there is reasonable assurance that an activity of any person subject to the jurisdiction of the state board will not reduce water quality below applicable standards. The federal act provides that if a state fails or refuses to act on a request for this certification within a reasonable period of time, which shall not exceed one year after receipt of the request, then the state certification requirements are waived with respect to the federal application. Current law authorizes the state board to issue the certificate or statement before completion of the required environmental review if the state board determines that waiting until completion of that environmental review to issue the certificate or statement poses a substantial risk of waiver of the state board's certification authority under the Federal Water Pollution Control Act or any other federal water quality control law, as provided. This bill would require the state board to issue the certificate or statement before completion of the required environmental review if the state board and Governor's Office of Business and Economic Development, in consultation with an applicant, jointly determine that the applicant's project will help the state meet its clean energy goals and increase electric reliability and waiting until completion of that environmental review to issue the certificate or statement poses a risk to the applicant of not being eligible for federal tax credits or incentives, as provided.

Position

Watch

SB 1387 (Newman D) California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: vehicle eligibility.

Last Amend: 4/25/2024

Status: 6/3/2024-Referred to Coms. on TRANS. and NAT. RES.

Location: 6/3/2024-A. TRANS.

Summary: Current law establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The state board, in this capacity, administers the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project under which the agency issues a limited number of vouchers to incentivize the purchase and use of zero-emission commercial vehicles. This bill would require the state board to authorize a voucher issued under the program to be used for the acquisition of any zero-emission vehicle that meets specified requirements, including that the vehicle has a gross vehicle weight rating that exceeds 8,500 pounds and the vehicle is purchased for fleet operations by a public or private fleet or for personal and commercial use by an individual. If the voucher is provided to an individual to acquire a vehicle for personal and commercial use, the bill would require that individual to attest under penalty of perjury that the vehicle will primarily be used in furtherance of a valid commercial or business purpose, including, but not limited to, hauling or towing.

Position

Watch

SB 1467 (Rubio D) California Water District Law.

Status: 2/29/2024-Referred to Com. on RLS.

Location: 2/16/2024-S. RLS.

Summary: The California Water District Law (CWDL) provides for the establishment of water districts, and grants a district the power to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage,

transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes. This bill would make a nonsubstantive change to the latter authorization.

Position

Watch

Total Measures: 42

Total Tracking Forms: 42

Memo

G, H

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

TWELVE MONTH CALENDAR / OTHER MEETINGS /

REPORTS / BOARD COMMENTS

Any report will be oral at the time of the Board meeting. Please refer to the TWELVE MONTH Calendar (attached) for meetings attended.

TWELVE MONTH CALENDAR OF EVENTS (AS OF 6/11/24)

Date(s)	Event	Time	Location	Attending Board Member(s)	Additional Information (Speakers' Topic, Cohosts, etc.)
<u>MAY 2024</u>					
16-May	CSDA Quarterly Dinner	6:00 - 9:00 PM	The Butcher Shop	Hahn, Meyers	
21-May	Conference Call with the General Manager			Meyers	
22-May	National Public Works Week Luncheon	11:30 AM - 12:30 PM	Jack's Shack	Meyers, San Antonio, Watt	
22-May	Safety Committee Meeting	2:30 PM	Boardroom	Hahn, Meyers	
23-May	Conference Call with the General Manager RE: General Counsel Input			Guerin	
30-May	Conference Call with the General Manager RE: General Counsel Input			Watt	
<u>JUNE 2024</u>					
7-Jun	Conference Call with the General Manager RE: SDCWA Issues and Pre-buy Water			Meyers	
10-Jun	Conference Call with the General Manager RE: Fixed Cost Pre-Payment and Central Basin			Meyers	
11-Jun	Conference Call with the General Manager RE: General Counsel Review Input			Guerin	
13-Jun	APWA Awards Luncheon	10:30 AM - 1:00 PM	Hilton Mission Valley	Watt	
18-Jun	Board Meeting Pre-Briefing			Guerin	

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: INFORMATIONAL REPORTS

CORRESPONDENCE

Any correspondence is attached.



SENATE FLOOR ALERT

SB 1218 (Newman): Emergency Supply - SUPPORT

We, the above coalition of associations and water suppliers, respectfully request your support and urge your “Yes” vote on SB 1218 (Newman), which would enact a state policy to encourage greater investment in and development of emergency water supplies across the state.

California has always had a climate that cycles between periods of large amounts of precipitation and times of drought. With climate change, however, we are experiencing greater weather whiplash. As the state sees more rainfall and less snow, earlier snowmelt, more intense rain events, aridification, and increasingly more frequent droughts, the state should support every responsible tool to enhance water resilience.

While adherence to feasible water use efficiency standards will continue to play an important role in the face of climate change, water resilience for the future will also require California to maximize various innovative approaches to ensure sufficient water for the state’s ecosystem, urban, and agriculture needs in times of shortage.

The development of emergency water supplies— a water supply that has been developed by a water supplier to enhance its water supply reliability during times of shortage and is a supply in addition to the baseline water supplies that the agency draws upon during non-shortage times to meet water demands within its service area— is one tool that can aid the state in mitigating the impacts of more frequent droughts. Unfortunately, few water suppliers have made the investment in emergency supplies because the state has not formally recognized them.

SB 1218 seeks to remedy this by enacting a policy in the Water Code that recognizes emergency water supplies, encourages their development, and supports their use during times of shortage. Our coalition believes that such a policy will encourage greater investment in and development of emergency supplies— making communities more resilient, better able to withstand drought and flood, and more prepared to provide safe and reliable water supplies to residents, business, and the environment.

OUR ORGANIZATIONS RESPECTFULLY REQUEST YOUR “AYE” VOTE ON SB 1218.

Board of Directors

Christy Guerin, President
Matthew R. Hahn, Vice President
Neal Meyers, Treasurer
Lawrence A. Watt, Secretary
Marco San Antonio, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

May 29, 2024

State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814
VIA EMAIL: commentletters@waterboards.ca.gov

Re: Comment Letter – Proposed Making Conservation a California Way of Life Regulation

Dear Clerk of the Board,

Olivenhain Municipal Water District appreciates the opportunity to submit comments to the State Water Resources Control Board on the proposed Regulatory Framework for Making Conservation a California Way of Life. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

OMWD has been and continues to be committed to water stewardship and water use efficiency. Over the past several decades, OMWD and water agencies statewide have developed and successfully implemented water use efficiency programs in partnership with our customers. As a result of these continuous statewide actions, the total amount of urban use water is roughly the same level as in 1990, despite a 30 percent increase in population (per the Legislative Analyst's Office January 2024 Report).

OMWD supports many of the changes already made to the proposed regulation to address the feasibility, cost, and flexibility concerns we expressed with the previous version. Thank you for considering our comments and acknowledging the considerable time invested by stakeholders in the regulation development process. However, the proposed regulations still include several areas of concern that we would like to bring to the attention of SWRCB.

We remain especially concerned with areas where SWRCB's proposed regulations contrast with the recommendations made by the Department of Water Resources. It should be noted that DWR's recommendations are a direct result of years of extensive analysis, workshop collaboration, and thorough discussion with hundreds of subject matter experts representing policymakers, water retail agencies, environmental groups, businesses, and the public. The following provides further detail regarding OMWD's concerns and potential adverse impacts on our customers:

Unrealistic Landscape Efficiency Factor: The proposed regulations continue to disregard DWR's recommendation to set the landscape efficiency standard at 0.63 in 2030 and beyond. The proposed regulation reflects an efficiency standard that decreases to 0.55 in 2040, without any reasonable basis. The 2018 legislation states that the landscape efficiency factor values should reflect a factor that allows



for “the amount of water necessary to efficiently irrigate both new and existing landscapes” (Water Code §10609.9). The proposed regulation’s landscape efficiency factor is too low to irrigate and maintain healthy new and existing landscapes within the region, introducing a conflict with existing state law. The proposed standards reflect design standards that are not based on, or reflective of, actual irrigation efficiency. The proposed 2040 standard of 0.55 would not provide adequate water supplies to existing landscapes. Over time, irrigation systems naturally degrade and become less efficient. Assuming a system continually operates at a design standard is not practical. The 0.55 landscape efficiency standard may be theoretically appropriate for new development; however, it does not properly account for existing landscapes and will place a financial burden on customers to convert significant portions of landscaping. Further, OMWD is concerned that as the landscape efficiency factor reduces from 0.80 to 0.55 the burden will disproportionately impact low-income and fixed-income customers.

Inclusion of Irrigable Non-Irrigated Landscape Area Allowance: Thank you for partly addressing OMWD’s concerns by including the 20 percent irrigable non-irrigated landscape area budget permanently. However, as previously stated, an automatic 20 percent allowance without further studies is insufficient and conflicts with the recommendation by DWR. DWR’s recommendation to SWRCB was to change the INI allowance based on the outcome of further studies to be conducted by DWR and SWRCB, and not without any empirical support. OMWD strongly encourages SWRCB to prioritize further research studies as recommended by DWR, to substantiate an appropriate INI allowance through empirical data. In addition, this proposed regulation is inconsistent with codified law through SB 606 and AB 1668, which require all irrigable landscapes to be included in urban water use efficiency standards and conservation measures.

New Tree Provisions are Overly Burdensome: While OMWD appreciates the intent of adding the variance category of “existing residential trees” to decrease urban heat and reduce turf water use by planting trees, the proposed regulations are complicated and burdensome. Notably, the start date for this variance type coincides with the aggressive landscape efficiency factor of 0.55 in 2040. Allowing this variance type no sooner than 2040 fails to address the needs of existing trees now. In order to take advantage of the variance, this new regulation mandates that water agencies conduct a comprehensive inventory and analysis of existing trees, including species identification and measurement of tree diameter for at least 10 percent of the trees or a statistically valid sample. The tree provisions for the variance require significant resources, including the hiring or consulting of certified urban foresters. The regulation also requires extensive documentation, including annual reports, urban forest management plans, and evidence of efforts to convert high-water use landscapes. As proposed, OMWD is concerned about creating further administrative and financial burdens through the addition of the new tree provisions.

Incongruencies Amongst Report Timeframes: The proposed regulations indicate that Urban Water Use Objective reporting will be conducted on a state fiscal year basis (July 1 through June 30). Metrics utilized in the Urban Water Use Objective calculations are taken from previously submitted reports (eARs, MWELo, etc.) that are based on the calendar year. Therefore, the requirement to incorporate metrics from previously submitted reports and compare with water use from July 1 through June 30 unnecessarily complicates the Urban Water Use Objective analysis. Switching audit reporting timesteps is costly and compromises data integrity.

Administratively Burdensome Reporting Requirements: California Water Code §10609(c)(4) specifies that the state must “identify opportunities for streamlined reporting, eliminate redundant data submissions, and incentivize open access to data collected by urban and agricultural water suppliers.” However, with the implementation of each additional reporting requirement, necessary departmental coordination, data collection, supplemental staffing or professional services support, and the myriad of associated costs, OMWD’s already-taxed resources will be even further depleted. Staff time spent on exhaustive, precise, and duplicative reporting will not result in additional water savings. The cumulative administrative burden upon water agencies to manage reporting compliance will inevitably have a financial impact, leading to upward pressure on future water rates. This will further aggravate the statewide water affordability crisis. To comply with existing state law, OMWD requests SWRCB prioritize the reduction of duplicative reporting and reduce reporting burdens associated with proposed regulations.

Inadequate Variance Threshold: While we appreciate the changes to focus the threshold on only the associated standard, we still disagree with the threshold of 5 percent for an urban retail water supplier to be able to incorporate one of the available variances. Water suppliers should be able to apply for any of the available variances if they meet the required conditions irrespective of what volume of water applies to said objective. This would be particularly relevant during the initial reporting years when water agencies may struggle to meet the unknown objectives and even small variances might alleviate significant penalties. Further, the efforts required for an urban water supplier to calculate each variance amount are not insignificant. It is likely that an urban water supplier will self-determine which variance to apply for, based on considerations such as amount of the staff time and expected cost to calculate the variance, the expected amount of variance, and whether the supplier is close to exceeding its water use objective. For example, the variances for livestock, evaporative coolers, emergencies, dust control, and ponds are not likely to represent a significant amount of water individually. The cost/benefit is high enough that OMWD would not likely apply for these variances, even without the 5 percent threshold requirement, if not needed. However, if OMWD determines it is exceeding its budget, every acre-foot matters, and being able to include any amount of variance will assist with meeting the water use objective. Despite the update to associate the required threshold with only the affiliated standard, OMWD still asks that the 5 percent threshold be removed entirely.

Disclosable Buildings Within Service Area – Unreasonable Effective Date: Despite the SWRCB providing the method by which to obtain information about disclosable buildings within our service area, adequate time was not allocated to gather the data on all disclosable buildings within our 48 square mile service area. This requires a significant administrative and field effort which involves extensive verification, coordination, and time. The proposal to meet this request by June 30, 2024, before it is expected to be adopted by SWRCB, is not acceptable. Asking water agencies to adhere to regulations before they are fully adopted or on the day they become effective is illogical and SWRCB should provide a reasonable timeline to allow agencies to acquire and report on the required information.

Net ETo Not Adequate for Geographically Diverse Water Districts: The method to determine the Net ETo does not adequately account for districts with multiple evapotranspiration zones. OMWD covers 48 square miles and includes coastal zones, inland valleys, and semi-arid deserts. Additionally, population density is not evenly distributed throughout district boundaries and property sizes (and associated irrigable areas) vary significantly. OMWD asks that the highest Net ETo to fall within district boundaries be used in the

calculation of the outdoor standard for residential landscapes and landscapes with a dedicated irrigation meter.

Expand List of Special Landscape Areas: Additional types of landscapes should include (but are not limited to) bioswales, retention areas, fire defense zones, etc. Further, the ask of water suppliers to quantify the measured total square footage of the irrigated area of CII landscapes with Dedicated Irrigation Meters is not practical and overly burdensome. SWRCB should provide these measurements to water suppliers similar to the requirement for residential areas.

Counterproductive Livestock Variance Definition: This variance is defined as the lesser of what is specified in the proposed regulations or the amount listed in §697; this is counterproductive and was not recommended by DWR. §697 should not be used in determining the variance amount. For example, the proposed variance for medium-sized livestock is 8 gallons per day. §697 allows just 1.5 and 2.5 gallons, for most medium-sized animals. However, §697 also allows for 35 gallons per day per head for hosing out a dairy barn. OMWD requests that reference to §697 be deleted, or alternatively, that the 35 gallons per day per head for hosing out dairy barns be added to the proposed variances.

We appreciate your consideration of our concerns. If you or your staff should need any additional details pertaining to this assessment, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,



Kimberly A. Thorner
General Manager

CC: California Special Districts Association [via email: advocacy@cdda.net]
Jennifer Capitolo [via email: jmcapitolo@gmail.com]
Association of California Water Agencies [via email: chelseah@acwa.com]

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Alfred Smith, Esq.

May 29, 2024

The Honorable Senator Alex Padilla
United States Senate
Washington, DC 20510

Re: Comments on Low-Income Household Water Assistance Program Establishment Act (S. 3830)

Dear Senator Padilla:

Olivenhain Municipal Water District appreciates the opportunity to provide input on the proposed Low-Income Household Water Assistance Program Establishment Act – S. 3830, which would permanently enshrine low-income water and wastewater ratepayer aid in the federal safety net. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services. Such a program, if designed in a reasonable, efficient, and effective manner – is something that OMWD would like to see advanced.

Communities across the country face hundreds of billions of dollars of costs in the coming decades to maintain and upgrade their water and wastewater systems. These investments will be needed to confront aging infrastructure, changing climate conditions, and to protect consumers from emerging contaminants. Despite the historic federal investments in water infrastructure made through the Bipartisan Infrastructure Law, which will help reduce the expense, the vast majority of water and wastewater system investment will continue to be borne by local water ratepayers, posing significant challenges to individuals and households at the lower end of the income scale.

Congress recognized the growing water affordability challenge in 2020 when it established the Low-Income Household Water Assistance Program at the Department of Health and Human Services. This represented the first time that the federal government created a program dedicated to addressing the burden of rising water and sewer bills on low-income households, and LIHWAP quickly became an essential lifeline for millions of people and the water systems that serve them. Through the 2023 fiscal year, LIHWAP has helped more than 1.4 million households nationwide maintain or restore water service. Following its initial appropriation of \$638 million through the Consolidated Appropriations Act of 2021, an additional \$500 million was provided through the American Rescue Plan Act later that year.



However, LIHWAP was only established as a temporary program, and its initial \$1.1 billion appropriation expired at the end of the 2023 fiscal year. As a result, without further congressional action, water rate assistance will no longer be part of the federal safety net, putting hundreds of thousands of households at risk of losing their water service, and leaving tens of thousands of water and wastewater systems without needed operational revenues.

The Low-Income Household Water Assistance Program Establishment Act would address this problem by providing long-term authorization for LIHWAP. It would allow HHS to continue its important work of allocating funding for drinking water and wastewater systems to offset the bills and arrearages of qualifying low-income customers. OMWD believes this model, managed through HHS, would leverage existing social services resources and expertise in the most streamlined manner. It would enable states and tribes to interact with water and wastewater systems to directly access funds for qualifying customers and holds the most promise for ensuring that LIHWAP operates as efficiently as possible.

By comparison, OMWD is concerned that transferring the administration of LIHWAP to the EPA is a slippery slope toward water agencies bearing undue responsibility for program administration. Unlike HHS, the EPA's mission is to improve the quality of water, land, and air by tackling pollution; concerning water, this mission is typically carried out in California by the State Water Resources Control Board. In the recent past, SWRCB has proposed a Statewide Low-Income Water Rate Assistance Program, to be administered by water agencies. Administering a water assistance program, however, creates an entirely new burden to the already very-full plate of water agencies. Creating a new program for water agencies to administer will either divert staff from their core duties, or new personnel will need to be brought on to start up and run this type of benefit distribution program. HHS, with its focus on social services and public health, has a more direct and efficient mechanism for distributing funds to support LIHWAP initiatives. LIHWAP would be more appropriately administered by HHS because it focuses on assisting low-income households. HHS has expertise in public health and social services, making it better suited to address the needs of vulnerable populations. The use of existing state social services assistance programs managed through HHS (such as CARE or CalFresh) would streamline the implementation of the program through existing databases of low-income families, and ensure all legal requirements are met concerning customer privacy.

CARE and other existing assistance programs in the state have privacy protections in place for household income data used to determine program eligibility. If LIHWAP were to be managed by water agencies through EPA grant funding, it would likely require new privacy protection measures, software, and administrative functions. The cumulative financial burden upon water agencies to manage such a program could register in the billions of dollars statewide. Placing such a heavy financial burden upon water agencies will necessarily cause upward pressure on future water rates, which will only exacerbate problems with the water affordability this program is intended to alleviate.

As you may know, the California Constitution, as a result of Proposition 218, passed in 1996, significantly restricts the ability of water suppliers to utilize rate revenue for delinquency forgiveness or relief. Proposition 26, passed in 2010, provides further protections for taxpayers. If water agencies provide services at discounted rates to certain identified classes of individuals, or at differential rates for certain identified classes, these discounts may trigger other ratepayers' charges to be deemed to be "taxes" under Section 1(e). Consequently, offering discounted rates solely based on income could be seen as violating Proposition 218 and Proposition 26 provisions by not charging all customers the same rate for the same service. As a result, an independent source of administration and funds, separate and apart from rate

revenue, is necessary to provide the types of rate offsets and relief so desperately needed by low-income customers.

OMWD supports congressional action to provide for the uninterrupted funding and operation of LIHWAP, and we appreciate that the Low-Income Household Water Assistance Program Establishment Act would achieve this goal. In the years ahead, following the passage of this legislation, OMWD is eager to provide input to review HHS' success at program implementation and consider any necessary adjustment to ensure its long-term success.

Thank you for your leadership in introducing the Low-Income Household Water Assistance Program Establishment Act. If you or your staff should need any additional information, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,



Kimberly A. Thorner
General Manager

cc: Senator Laphonza Butler
Jason Matthews, BlueWater Strategies LLC (jmatthews@bwstrategies.com)
Meggan Quarles, San Diego County Water Authority (mquarles@sdcwa.org)

SUPPORT

AB 2257 (Wilson): Local government: property-related water and sewer fees
and assessments: remedies



June 4, 2024

The Honorable Thomas Umberg
Chair, Senate Committee on Judiciary
1021 O Street, Room 3240
Sacramento, CA 95814

RE: AB 2257 (Wilson) – Local government: property-related water and sewer fees and assessments: remedies
Position: SUPPORT

Dear Chair Umberg:

The Association of California Water Agencies (ACWA) and undersigned coalition of public agencies, associations, environmental and labor groups write to express our strong support for AB 2257, which would authorize public agencies to adopt procedures for the submittal and consideration of public comments regarding proposed water and sewer rates and assessments. The optional process proposed in this bill would facilitate dialogue and transparency between public agencies and their ratepayers and give agencies an opportunity to resolve concerns during the ratemaking process.

Public water and sewer agencies provide essential government services for the benefit of communities, agriculture, industries, and the environment. These agencies are responsible for ensuring a consistent and reliable water supply, safeguarding the quality of drinking water, planning, constructing, and maintaining critical infrastructure, and much more. With climate change presenting unprecedented challenges, these agencies also must adapt and enhance aging infrastructure to mitigate the impacts of increasingly frequent and severe climate-related events. Public agencies throughout California are making generational investments to build 21st Century infrastructure for a 21st Century climate.

The revenue necessary for public agencies to fulfill their essential government functions and adapt to a changing climate predominantly comes from service rates and assessments. While these agencies require financial stability to meet ever increasing demands, a rise in Proposition 218 litigation is making it increasingly difficult to ensure agencies can pass fair and reasonable rates to cover the costs of operations and investments.

Oftentimes, these suits are filed without first having raised concerns with the public agency during the public notice-and-comment process leading up to the decision to adopt rates or assessment. When litigants avoid raising concerns with proposed rates or assessments during the ratemaking process, the public agencies cannot endeavor to resolve the dispute and avoid litigation. The financial consequences of these lawsuits can be severe, as it is not uncommon for litigants to seek tens of millions of dollars in damages. Surprise lawsuits have the potential to undermine an agency's ability to maintain stable budgets necessary to operate effectively.

AB 2257 would build upon Proposition 218's existing procedural requirements by creating an exhaustion of administrative remedies procedure, that, if a public agency elected to follow, would require the timely submittal of written objections during an agency's ratemaking process. Ratepayers would be required to state the particular Proposition 218 compliance concern, and public agencies would be required to provide to their board and the public with written responses to each comment received

prior to acting on the proposed rate or assessment. Ratepayers would be required to participate in this process in order to challenge the agency's adopted rates or assessments in court.

With a greater understanding of potential concerns and the agency's responses, the agency's board would have the opportunity to abandon its ratemaking/assessment proposal, change it (reduce it), or to better explain why it complies with Proposition 218's substantive limitations, before having to defend it in litigation. Additionally, if a public agency complies with the exhaustion procedures, the bill would specify documents that would be included in the administrative record, subject to certain exceptions, in the event of litigation.

AB 2257 would bolster the financial stability of public water and sewer agencies by creating a clear and robust public process that facilitates dialogue, transparency, and the opportunity to resolve issues and avoid costly litigation. Codifying a procedure that requires issue exhaustion in Proposition 218 litigation would protect both legislative and adjudicative functions by allowing a legislative body to hear the evidence, apply its reasoned discretion and expertise, and create an administrative record to facilitate judicial review. This would also foster better-informed administrative decisions, which benefit the objector, the public agency, and members of the public within the public agency's jurisdiction. This is especially valuable in ratemaking cases in which evidence and policies are highly technical. It would also help agencies develop more defensible rates and build rapport and trust with their ratepayers.

For the reasons above, ACWA and undersigned organizations strongly support AB 2257 and respectfully request your "AYE" vote when the bill is heard in the Senate Judiciary Committee. If you have any questions about our position or this bill, please contact ACWA Senior State Relations Advocate, Kristopher Anderson, at KrisA@acwa.com or (916) 441-4545.

Sincerely,

Kristopher M. Anderson, Esq.
Senior State Relations Advocate
Association of California Water Agencies

Michael Quigley
Executive Director
California Alliance For Jobs

Chad Wegley
General Manager
Alta Irrigation District

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Eastern Municipal Water District

Dennis Cafferty
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Erik Hitchman
General Manager
Walnut Valley Water District

Craig D. Miller, P.E.
General Manager
Western Municipal Water District

cc: The Honorable Lori Wilson
Honorable Members, Senate Committee on Judiciary
Amanda Mattson, Counsel, Senate Committee on Judiciary
Morgan Branch, Policy Consultant, Senate Republican Caucus

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General Counsel
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June 10, 2024

The Honorable Assemblymember Brian Maienschein
1021 O Street, Suite 5640
Sacramento, CA 95814

Re: Senate Bill 1255 (Durazo) – Oppose

Dear Assemblymember Maienschein:

Olivenhain Municipal Water District appreciates the opportunity to provide input on Senate Bill 1255 regarding the establishment of a low-income rate assistance program. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

The retail price of water in California has continued to escalate to the point of crisis, leading Governor Newsom to identify in 2022 that “lowering costs and making sure that Californians have access to safe and affordable drinking water is a top priority of this administration.” For this reason, OMWD supports the concept of a well-designed, efficient, and effective low-income rate assistance program.

SB 1255, however, does not offer such a program. Instead, it will saddle the thousands of public water systems in California with extraordinary new burdens, paradoxically exerting upward pressure on the very water rates that the bill intends to address. OMWD must thus express our vehement opposition to this bill. Our specific concerns with the bill include the following.

Conflicts with SWRCB Recommendations: SB 1255’s coauthor, Senator Dodd, also authored AB 401 (2015), which directed the State Water Resources Control Board to submit recommendations for a statewide Low-Income Water Rate Assistance Program. The SWRCB produced its draft report in 2019, which included an analysis of a variety of revenue collection options as well as benefit delivery methods. Of the five revenue collection options analyzed by the SWRCB, the report explicitly stated that it did not recommend pursuing options associated with a fee levied on community water system bill statements. Of the benefit delivery methods, the SWRCB recommended and focused on the delivery of the benefit through either energy utility programs or Electronic Benefits Transfer cards (via CalFresh or a new program) due to their statewide reach and longstanding operation. The disadvantages of delivering benefits via community water systems were identified as requiring substantial modifications to water billing systems statewide, the introduction of new and significant data privacy concerns for low-income households, and the fact that most low-income households do not pay their water bill directly and would thus be unable to directly accept the benefits. SB 1255 blatantly disregards these findings.



Funding Uncertainty and Inequity Issues: This program relies on voluntary contributions from ratepayers which are unrealistic, unpredictable, and will likely be insufficient, raising concerns about the program's viability and long-term sustainability. The assumption of a 60 percent participation rate of ratepayers other than eligible ratepayers is quixotic, potentially leading to non-eligible ratepayers feeling burdened or unfairly pressured to contribute to the program. In addition, the unrealistic donation projections fail to acknowledge that middle-income earners are also struggling with the water affordability crisis, and this program could only exacerbate rather than alleviate their burden. The reliance on voluntary contributions could also translate to funding levels varying significantly statewide. Wealthier communities may generate more contributions, while lower-income communities may generate fewer contributions, leading to disparities in assistance across the state. It should also be noted that Senator Dodd recently authored another bill, SB 222, that proposed a LIRA program that did not identify a sustainable and specific source of funding for the ambitious goals of the proposed program. Governor Newsom vetoed SB 222 specifically because there was no sustainable, ongoing funding identified. The proposed voluntary contributions collected by water retailers as proposed in SB 1255 are no more viable as a reliable funding source than they were when Governor Newsom vetoed SB 222.

Inconsistent with State Law (Proposition 26 and Proposition 218): This program requires automatic enrollment of eligible ratepayers and provisions for "a bill credit of no less than 20 percent of the water charges, and if present on the bill, wastewater charges, for any fixed charge and any water commodity usage charges for consumption rates up to 6 CCF of water use per month" [§116931(b)(2)]. If water agencies provide services at discounted rates to certain identified classes of individuals, or at differential rates for certain identified classes, these discounts may trigger other ratepayers' charges to be deemed to be "taxes" under Section 1(e) of Proposition 26. Consequently, offering discounted rates solely based on income could be seen as violating Proposition 26 provisions by not charging all customers the same rate for the same service. As a result, an independent source of administration and funds is necessary to provide the type of relief needed by low-income customers. Further, under Proposition 218, water agencies cannot collect funds from one customer to subsidize another. OMWD can only charge rates that cover the cost of providing services and can only charge for the services provided. Additionally, the program caps administrative costs at 10 percent of contributions, which will not be enough to cover the necessary administrative efforts to manage the program. Water agencies are subject to constraints on their ability to collect rates for rate relief from one customer to another, and the 10 percent cap on reasonable costs further disconnects charges to be levied by water retailers from their actual costs of providing service. As acknowledged by the SB 401 bill report: "(Proposition 218 and Proposition 26)...These substantive restrictions on ratemaking by publicly owned water systems prevent subsidization of one customer's water rates by another and would pose serious, if not fatal, obstacles to publicly owned water systems funding individual W-LIRA (water low-income rate assistance) programs from water rates and charges."

Data Security and Program Eligibility: If enrollment information is derived from the CARE program, it is important that customer data be secured and easily accessible to water agencies. As proposed, this function falls on each water agency to develop separate agreements with local publicly owned electric and/or gas utilities to obtain this data. Moreover, while CARE and other existing assistance programs in the state have privacy protections in place for household income data used to determine program eligibility, this would be new to water agencies such as OMWD. Administering this program would likely require new privacy protection measures, and likely require new or modified software. The cumulative

financial burden upon water agencies to manage such a program could register in the billions of dollars statewide. Placing such a heavy financial burden upon water agencies will necessarily cause upward pressure on future water rates, which will only exacerbate problems with the water affordability this program is intended to alleviate.

Worsens the Affordability Crisis it Attempts to Solve: This program will trigger billing system changes, compliance with requirements for reimbursement, enhanced customer interaction, and program promotion. Furthermore, water retailers may require additional staff, or existing staff would need to be trained in analyzing and managing income data. As proposed, this measure also imposes administrative requirements such as managing contributions, verifying eligibility, and maintaining financial records. While OMWD supports the use of existing assistance programs such as CARE for identifying low-income families, this program will create a large financial burden on local water agencies with regard to implementation and management. As previously mentioned, the program caps administrative costs at 10 percent of contributions, which will not be enough to cover the necessary administrative efforts to manage the program. The cumulative administrative burden on water agencies will inevitably have a dramatic financial impact and will further aggravate the statewide water affordability crisis. To take these drastic, impactful steps for a program that may offer qualifying low-income customers a benefit of as little as five dollars per month [§116931(j)] is extraordinarily misguided.

As an alternative to the well-meaning but deeply flawed proposal, OMWD strongly encourages a state-funded LIRA model managed through California's Health and Human Services Agency leveraging existing social services resources and expertise in the most streamlined manner. It would enable statewide and tribal populations to interact with water and wastewater systems to directly access funds for qualifying customers and holds the most promise for ensuring that LIRA operates as efficiently as possible. An example of this model was successfully tried and tested in 2020 when Congress recognized the growing water affordability challenge and established the Low-Income Household Water Assistance Program at the Department of Health and Human Services. That program was managed effectively and efficiently by HHS and was funded through the Consolidated Appropriations Act of 2021 and the American Rescue Plan.

We appreciate your consideration of our concerns. If you or your staff should need any additional information pertaining to this assessment, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,



Kimberly A. Thorne

General Manager

cc: Ashley Walker, Nossaman, LLP (awalker@nossaman.com)
Meggan Quarles, San Diego County Water Authority (mquarles@sdcwa.org)
Association of California Water Agencies
California Special Districts Association
California Association of Sanitation Agencies

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Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

June 10, 2024

The Honorable Assemblymember Tasha Boerner
1021 O Street, Suite 4150
Sacramento, CA 95814

Re: Senate Bill 1255 (Durazo) – Oppose

Dear Assemblymember Boerner:

Olivenhain Municipal Water District appreciates the opportunity to provide input on Senate Bill 1255 regarding the establishment of a low-income rate assistance program. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

The retail price of water in California has continued to escalate to the point of crisis, leading Governor Newsom to identify in 2022 that “lowering costs and making sure that Californians have access to safe and affordable drinking water is a top priority of this administration.” For this reason, OMWD supports the concept of a well-designed, efficient, and effective low-income rate assistance program.

SB 1255, however, does not offer such a program. Instead, it will saddle the thousands of public water systems in California with extraordinary new burdens, paradoxically exerting upward pressure on the very water rates that the bill intends to address. OMWD must thus express our vehement opposition to this bill. Our specific concerns with the bill include the following.

Conflicts with SWRCB Recommendations: SB 1255’s coauthor, Senator Dodd, also authored AB 401 (2015), which directed the State Water Resources Control Board to submit recommendations for a statewide Low-Income Water Rate Assistance Program. The SWRCB produced its draft report in 2019, which included an analysis of a variety of revenue collection options as well as benefit delivery methods. Of the five revenue collection options analyzed by the SWRCB, the report explicitly stated that it did not recommend pursuing options associated with a fee levied on community water system bill statements. Of the benefit delivery methods, the SWRCB recommended and focused on the delivery of the benefit through either energy utility programs or Electronic Benefits Transfer cards (via CalFresh or a new program) due to their statewide reach and longstanding operation. The disadvantages of delivering benefits via community water systems were identified as requiring substantial modifications to water billing systems statewide, the introduction of new and significant data privacy concerns for low-income households, and the fact that most low-income households do not pay their water bill directly and would thus be unable to directly accept the benefits. SB 1255 blatantly disregards these findings.



1966 Olivenhain Road • Encinitas, CA 92024 • 760-753-6466 • www.olivenhain.com

A Public Agency Providing Water Wastewater Services Recycled Water Hydroelectricity Elfin Forest Recreational Reserve



Funding Uncertainty and Inequity Issues: This program relies on voluntary contributions from ratepayers which are unrealistic, unpredictable, and will likely be insufficient, raising concerns about the program's viability and long-term sustainability. The assumption of a 60 percent participation rate of ratepayers other than eligible ratepayers is quixotic, potentially leading to non-eligible ratepayers feeling burdened or unfairly pressured to contribute to the program. In addition, the unrealistic donation projections fail to acknowledge that middle-income earners are also struggling with the water affordability crisis, and this program could only exacerbate rather than alleviate their burden. The reliance on voluntary contributions could also translate to funding levels varying significantly statewide. Wealthier communities may generate more contributions, while lower-income communities may generate fewer contributions, leading to disparities in assistance across the state. It should also be noted that Senator Dodd recently authored another bill, SB 222, that proposed a LIRA program that did not identify a sustainable and specific source of funding for the ambitious goals of the proposed program. Governor Newsom vetoed SB 222 specifically because there was no sustainable, ongoing funding identified. The proposed voluntary contributions collected by water retailers as proposed in SB 1255 are no more viable as a reliable funding source than they were when Governor Newsom vetoed SB 222.

Inconsistent with State Law (Proposition 26 and Proposition 218): This program requires automatic enrollment of eligible ratepayers and provisions for "a bill credit of no less than 20 percent of the water charges, and if present on the bill, wastewater charges, for any fixed charge and any water commodity usage charges for consumption rates up to 6 CCF of water use per month" [§116931(b)(2)]. If water agencies provide services at discounted rates to certain identified classes of individuals, or at differential rates for certain identified classes, these discounts may trigger other ratepayers' charges to be deemed to be "taxes" under Section 1(e) of Proposition 26. Consequently, offering discounted rates solely based on income could be seen as violating Proposition 26 provisions by not charging all customers the same rate for the same service. As a result, an independent source of administration and funds is necessary to provide the type of relief needed by low-income customers. Further, under Proposition 218, water agencies cannot collect funds from one customer to subsidize another. OMWD can only charge rates that cover the cost of providing services and can only charge for the services provided. Additionally, the program caps administrative costs at 10 percent of contributions, which will not be enough to cover the necessary administrative efforts to manage the program. Water agencies are subject to constraints on their ability to collect rates for rate relief from one customer to another, and the 10 percent cap on reasonable costs further disconnects charges to be levied by water retailers from their actual costs of providing service. As acknowledged by the SB 401 bill report: "(Proposition 218 and Proposition 26)...These substantive restrictions on ratemaking by publicly owned water systems prevent subsidization of one customer's water rates by another and would pose serious, if not fatal, obstacles to publicly owned water systems funding individual W-LIRA (water low-income rate assistance) programs from water rates and charges."

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financial burden upon water agencies to manage such a program could register in the billions of dollars statewide. Placing such a heavy financial burden upon water agencies will necessarily cause upward pressure on future water rates, which will only exacerbate problems with the water affordability this program is intended to alleviate.

Worsens the Affordability Crisis it Attempts to Solve: This program will trigger billing system changes, compliance with requirements for reimbursement, enhanced customer interaction, and program promotion. Furthermore, water retailers may require additional staff, or existing staff would need to be trained in analyzing and managing income data. As proposed, this measure also imposes administrative requirements such as managing contributions, verifying eligibility, and maintaining financial records. While OMWD supports the use of existing assistance programs such as CARE for identifying low-income families, this program will create a large financial burden on local water agencies with regard to implementation and management. As previously mentioned, the program caps administrative costs at 10 percent of contributions, which will not be enough to cover the necessary administrative efforts to manage the program. The cumulative administrative burden on water agencies will inevitably have a dramatic financial impact and will further aggravate the statewide water affordability crisis. To take these drastic, impactful steps for a program that may offer qualifying low-income customers a benefit of as little as five dollars per month [§116931(j)] is extraordinarily misguided.

As an alternative to the well-meaning but deeply flawed proposal, OMWD strongly encourages a state-funded LIRA model managed through California's Health and Human Services Agency leveraging existing social services resources and expertise in the most streamlined manner. It would enable statewide and tribal populations to interact with water and wastewater systems to directly access funds for qualifying customers and holds the most promise for ensuring that LIRA operates as efficiently as possible. An example of this model was successfully tried and tested in 2020 when Congress recognized the growing water affordability challenge and established the Low-Income Household Water Assistance Program at the Department of Health and Human Services. That program was managed effectively and efficiently by HHS and was funded through the Consolidated Appropriations Act of 2021 and the American Rescue Plan.

We appreciate your consideration of our concerns. If you or your staff should need any additional information pertaining to this assessment, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,



Kimberly A. Thorner
General Manager

cc: Ashley Walker, Nossaman, LLP (awalker@nossaman.com)
Meggan Quarles, San Diego County Water Authority (mquarles@sdcwa.org)
Association of California Water Agencies
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Board of Directors
Christy Guerin, President
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Neal Meyers, Treasurer
Lawrence A. Watt, Secretary
Marco San Antonio, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

June 10, 2024

The Honorable Senator Toni G. Atkins
1021 O Street, Suite 8610
Sacramento, CA 95814

Re: Senate Bill 1255 (Durazo) – Oppose

Dear Senator Atkins:

Olivenhain Municipal Water District appreciates the opportunity to provide input on Senate Bill 1255 regarding the establishment of a low-income rate assistance program. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

The retail price of water in California has continued to escalate to the point of crisis, leading Governor Newsom to identify in 2022 that “lowering costs and making sure that Californians have access to safe and affordable drinking water is a top priority of this administration.” For this reason, OMWD supports the concept of a well-designed, efficient, and effective low-income rate assistance program.

SB 1255, however, does not offer such a program. Instead, it will saddle the thousands of public water systems in California with extraordinary new burdens, paradoxically exerting upward pressure on the very water rates that the bill intends to address. OMWD must thus express our vehement opposition to this bill. Our specific concerns with the bill include the following.

Conflicts with SWRCB Recommendations: SB 1255’s coauthor, Senator Dodd, also authored AB 401 (2015), which directed the State Water Resources Control Board to submit recommendations for a statewide Low-Income Water Rate Assistance Program. The SWRCB produced its draft report in 2019, which included an analysis of a variety of revenue collection options as well as benefit delivery methods. Of the five revenue collection options analyzed by the SWRCB, the report explicitly stated that it did not recommend pursuing options associated with a fee levied on community water system bill statements. Of the benefit delivery methods, the SWRCB recommended and focused on the delivery of the benefit through either energy utility programs or Electronic Benefits Transfer cards (via CalFresh or a new program) due to their statewide reach and longstanding operation. The disadvantages of delivering benefits via community water systems were identified as requiring substantial modifications to water billing systems statewide, the introduction of new and significant data privacy concerns for low-income households, and the fact that most low-income households do not pay their water bill directly and would thus be unable to directly accept the benefits. SB 1255 blatantly disregards these findings.



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We appreciate your consideration of our concerns. If you or your staff should need any additional information pertaining to this assessment, please do not hesitate to contact me at 760-753-6466 or kthorner@olivenhain.com.

Regards,



Kimberly A. Thorner
General Manager

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Marco San Antonio, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

June 10, 2024

The Honorable Senator Brian W. Jones
1021 O Street, Suite 7640
Sacramento, CA 95814

Re: Senate Bill 1255 (Durazo) – Oppose

Dear Senator Jones:

Olivenhain Municipal Water District appreciates the opportunity to provide input on Senate Bill 1255 regarding the establishment of a low-income rate assistance program. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

The retail price of water in California has continued to escalate to the point of crisis, leading Governor Newsom to identify in 2022 that “lowering costs and making sure that Californians have access to safe and affordable drinking water is a top priority of this administration.” For this reason, OMWD supports the concept of a well-designed, efficient, and effective low-income rate assistance program.

SB 1255, however, does not offer such a program. Instead, it will saddle the thousands of public water systems in California with extraordinary new burdens, paradoxically exerting upward pressure on the very water rates that the bill intends to address. OMWD must thus express our vehement opposition to this bill. Our specific concerns with the bill include the following.

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Marco San Antonio, Director



General Manager
Kimberly A. Thorner, Esq.
General Counsel
Alfred Smith, Esq.

June 10, 2024

The Honorable Senator Catherine Blakespear
1021 O Street, Suite 7340
Sacramento, CA 95814

Re: Senate Bill 1255 (Durazo) – Oppose

Dear Senator Blakespear:

Olivenhain Municipal Water District appreciates the opportunity to provide input on Senate Bill 1255 regarding the establishment of a low-income rate assistance program. OMWD provides 87,000 customers in northern San Diego County with water, wastewater, recycled water, hydroelectric, and recreational services.

The retail price of water in California has continued to escalate to the point of crisis, leading Governor Newsom to identify in 2022 that “lowering costs and making sure that Californians have access to safe and affordable drinking water is a top priority of this administration.” For this reason, OMWD supports the concept of a well-designed, efficient, and effective low-income rate assistance program.

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June 1, 2024

To the Board of Directors
of the Olivenhain Municipal Water District
Encinitas, California

We are engaged to audit the financial statements of the Olivenhain Municipal Water District, California (the “District”) as of and for the year ended June 30, 2024. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibility under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the “Uniform Guidance”)

As stated in our engagement letter dated June 1, 2024, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the District’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District’s compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the District’s compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (“RSI”) to supplement the basic financial statements. Our responsibility with respect to the Management’s Discussion and Analysis (“MD&A”), the Modified Approach for Steel Water Storage Tanks Infrastructure Capital Assets, the Schedule of Contributions – Defined Benefit Pension Plans, and the Schedule of Proportionate Share of the Net Pension Liability, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Olivenhain Municipal Water District

June 1, 2024

Page 2

We have been engaged to report on the schedule of expenditures of federal awards, which accompanies the financial statements but is not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the Introductory and Statistical Sections, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in this report. We have no responsibilities for determining whether this other information is properly stated. This other information is not audited and we do not express an opinion or provide any assurance on it.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks. We have also identified management override of controls as a significant risk of material misstatement.

We expect to begin our audit on approximately June 1, 2024 and issue our report no later than November 30, 2024. Kenneth H. Pun is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



San Diego, California



Kenneth H. Pun, CPA
CPA Number: 88316

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: AUTHORIZATION TO ATTEND UPCOMING MEETINGS /
CONFERENCES / SEMINARS

The Board may desire to attend a meeting that requires Board approval.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: FUTURE AGENDA ITEMS

The Board may have items to be considered at a Future Board meeting.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CONSIDER PUBLIC COMMENTS

There may be public comments before the Board meeting is adjourned.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: CLOSED SESSION

It may be necessary to go into Closed Session.

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: OPEN SESSION

Memo

To: Olivenhain Municipal Water District Board of Directors

Subject: ADJOURNMENT

We are adjourned.

OMWD honors winners of the Annual Water Awareness Poster Contest

5/24/2024



Two of the winning poster contest students Aria Drelich and Maia McAllum with OMWD Board President Christy Guerin.

Olivenhain Municipal Water District's Board of Directors recognized at its May 15 meeting the top three entries in the 2024 North County Water Agencies Water Awareness Poster Contest. Fourth grade students who live or attend schools in OMWD's service area participated in this year's competition, according to a news release.

The theme for this year's contest was "Love Water, Save Water." The contest teaches students the value of water as a limited resource and the importance of using it wisely while providing OMWD with locally-produced artwork to reinforce this message to its customers. Winning entries were submitted by Clara Brigden from Olivenhain Pioneer Elementary School, Aria Drelich from Stone Ranch Elementary School, and Maia McAllum from La Costa Heights Elementary School.

"Engaging our young community members lays the foundation for a sustainable water future," said OMWD Board Vice President Matthew Hahn in the news release. "The student artwork not only reflects an appreciation for this precious resource but also reminds us all to protect our water supply for generations to come."

Clara's poster showcases rain falling on planet Earth as it floats on the ocean under a rainbow and states "be kind & save water." Aria's poster features the phrase "save our water to help our Earth grow" under a rainbow, along with a faucet flowing water into hands. Maia's poster depicts a large faucet with water flowing onto planet Earth, with floating hearts and the statement "grateful for water."

This year marks the 31st year of the annual Water Awareness Poster Contest. The recognized posters will be featured in a 2025 Water Awareness Calendar.

San Diego County Water Authority moves forward on rate hike

[sandiegouniontribune.com/news/politics/story/2024-05-23/san-diego-county-is-on-track-for-much-higher-water-rates-expect-your-bill-to-go-up-but-by-how-much](https://www.sandiegouniontribune.com/news/politics/story/2024-05-23/san-diego-county-is-on-track-for-much-higher-water-rates-expect-your-bill-to-go-up-but-by-how-much)

David Garrick

May 23, 2024 6:04 PM PT



Frank Konyon changes an irrigation line in a field of rye grass on Friday, Nov. 5, 2021, in Encinitas. Ratepayers around San Diego County could face much higher bills soon, depending on how much of a county rate hike local agencies pass on to them.

(Ana Ramirez/The San Diego Union-Tribune)

Water authority officials said their financial future looks so bleak that the proposed increases are badly needed and delaying them isn't an option. A vote is set for June 27.

By [David Garrick](#)
SAN DIEGO —

Local water agencies are bracing for much higher wholesale water costs, after the County Water Authority board voted unanimously Thursday to move a rate hike proposal forward to a June 27 final vote.

The proposal would raise wholesale rates 19 percent in 2025 — and a total of 38 percent over three years — to help the authority cover financial losses caused by declining sales to local water agencies.

The increases will force local agencies to also raise rates — but how much of the hikes they pass on to customers could vary widely. Some agencies with groundwater basins or other local water supplies will be less affected.

The city of San Diego — which would suffer more than most water agencies, because it buys about 90 percent of its water from the authority — unsuccessfully tried to delay the vote until August on the lion's share of the proposed hikes.

City officials said the water authority must look harder for savings or other opportunities, such as possible deals to sell water to new buyers outside the region.

They said inflation, rising rents and other factors have made the cost of living too high in San Diego to hit residents with a giant water rate increase.

“Too many people in our region are struggling to pay the bills,” said San Diego Councilmember Stephen Whitburn, a member of the water authority board. “Every dollar matters.”

Water authority officials said their financial future looks so bleak that the proposed increases are badly needed and that delaying them isn't a realistic option.

Water sales, their main source of revenue, are down in both the short and long term and don't appear poised to substantially bounce back — maybe ever.

Short-term, two unusually wet winters have left sales dramatically lower than projected for many months in a row.

Water sales to local agencies were 36 percent below projections during January, February, March and April. That comes after sales were 27 percent below estimates during 2023.

The long-term drop in demand for imported water is primarily the result of widespread conservation, replacement of grass with xeriscape and zeroscape yards and a shrinking local farm industry, officials said.

Water authority officials said the fundamental problem is that they borrowed money to build and maintain a significantly larger water storage and delivery system than is needed.



Politics

Local water agencies facing 39 percent hike in costs for wholesale water

Hike is expected to be passed on to customers, but amounts likely to vary by agency; increase slated to be somewhere between 16 percent and 22 percent in 2025

April 25, 2024

Officials expected demand for imported wholesale water to keep growing with the population and development, but member agencies have been buying steadily less water during the last two decades.

While that has allowed the water authority to buy less imported water from outside the region, it hasn't made a dent in the fixed costs it faces to pay off construction bonds and maintain the system.

Board members who strongly support the 19 percent increase next year said Thursday the authority essentially has no choice.

"No one's happy or pleased," said Amy Reeh, who represents the Yuima Municipal Water District near Pauma Valley. "Putting off the tough decisions and kicking the can down the road certainly isn't going to make the decision any easier."

The problem is only expected to get worse over the next few years when three large agencies — San Diego, Oceanside and El Cajon — start recycling sewage into drinking water they can use to cut down on imported water.

Regarding the city's requests for more negotiations and some last-minute efforts to secure new water deals outside the region, water authority board member Neal Meyers expressed skepticism.

"We can slice and we can dice and we can juggle and horse-trade until the cows come home," said Meyers, who represents the Olivenhain Municipal Water District. "We need to move on."

San Diego Mayor Todd Gloria met with water authority officials last Friday to discuss options, and the mayor says he wants to keep meeting up until the June 27 vote.

"I believe more can be done to mitigate the proposed rate increase, and with more information and time, there is another path that could be taken," Gloria wrote in a Wednesday memo to the authority board.

Board member Nick Serrano, a longtime Gloria aide, said the mayor and his staff hope the rate increases can be smaller.

"Have we done everything possible before going to the public and asking them to pay more?" Serrano asked. "I believe there's more than we can do."

The city, which controls 10 seats on the 36-member authority board, could have considered trying to prevent the proposed increases from moving forward to a June 27 vote.

Serrano said city officials opted instead to let the authority set the June 27 date and try to negotiate the rate hikes down before that vote.

"The city will not at this time be able to support a 19 percent increase," Serrano said. "We look forward to the water authority sitting down with city staff to discuss some of the solutions we think we can bring to bear."

Water authority staff said they empathize with the city and other agencies. But they said delaying or shrinking the rate hikes could jeopardize the authority's credit rating, possibly increasing the interest it pays on \$2 billion in debt.


Another driver of the proposed rate increases is the departure from the water authority of agencies serving Fallbrook and Rainbow, which opted to get water from nearby Riverside County instead.

Those departures, which have been estimated to cost the authority \$140 million, make up about one-fifth of the 19 percent rate hike proposed for next year.

The authority is receiving exit fees from Fallbrook, which detached Jan. 1, and Rainbow, which is slated to detach this fall. But officials said those fees don't cover the authority's costs related to Fallbrook and Rainbow.

Another driver of the increases is the Metropolitan Water District of Southern California approving rate hikes of 8.5 percent each for 2025 and 2026. The Los Angeles-based agency sells wholesale supplies to San Diego and transports the region's Colorado River water.

Conservancy Corner: A tribute to James Hubbell

 thecoastnews.com/conservancy-corner-a-tribute-to-james-hubbell

commentary

May 28, 2024

By Jeff Swenerton

Each year, over 3,000 elementary school students and thousands of Elfin Forest Recreational Reserve visitors are inspired and connected to nature by the amazing Elfin Forest Interpretive Center.

Its creation and design was the vision of San Diego's renowned artist James Hubbell and his son, architect Drew Hubbell, and the result of a unique partnership that brought together The Escondido Creek Conservancy and a water district, the Olivenhain Municipal Water District.

It is recognized as one of the finest interpretive centers in the county, if not the country.

With the recent passing of James Hubbell at age 92, the Conservancy is so honored to have had the opportunity to spend time with James. His legacy is so much a part of us.

He once said, "Seeing nature through the eyes of an artist evokes an emotional response." The Interpretive Center is a celebration of that connection, created with the works of five gifted artists under James' direction.

As you enter, you are drawn inside by a remarkable handmade tile representation of the Escondido Creek watershed. The ceiling is covered with a colorful mural representing the four seasons of our native chaparral environment.

James thought it was important that we always focus on children. He wanted the entry patio of the Interpretive Center to be a gathering place for groups.

Over the years an endless number of young visitors have been warmly welcomed there by the Conservancy's education staff and OMWD rangers. The center is filled wall-to-wall with inquiry-based activities for kids of all ages to explore.

The Science Lab is always active with children and adults gathered, exploring the micro world through its powerful video microscope. Exhibits frequently include art and photography.

Over the years, James continued being a presence at the Interpretive Center, attending events. The Conservancy commemorated his 80th birthday by asking him to give us a quote.

This quote is in our entry: "Here is a place, a creek, a valley that offers us quiet and the sense that we belong."

James also added one of his works on the path leading to the center, a large beautiful 150-pound cast bronze representation of the Kumeyaay creation story.

The Conservancy and the Interpretive Center will always honor the connection of nature and art that he showed us. We will always focus on providing inspiring experiences for the children of North County.

The Interpretive Center is located at 8833 Harmony Grove Road. Please visit and appreciate James' enduring legacy. Thank you for being a part of our journey.

Jeff Swenerton is a retired elementary school principal and former Board Member of The Escondido Creek Conservancy.

New recycled water pipelines to be installed in Encinitas and Carlsbad

Story by Rhea Caoile • 2mo • 2 min read



New recycled water pipelines to be installed in Encinitas and Carlsbad
© Provided by KSWB-TV San Diego

ENCINITAS, Calif. (FOX 5/KUSI) — The construction of new recycled water pipelines in North County is expected to begin next week, according to the Olivenhain Municipal Water District.

Thanks in part to about \$900,000 in grants from the U.S. Bureau of Reclamation and the California Department of Water Resources, the district will begin work on extending several underground pipelines in Encinitas and Carlsbad.



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[Is tap water safe to drink? CDC report highlights deadly waterborne infections](#)

The project is aimed at saving more than 12.5 million gallons of imported drinking water per year.

Recycled water is locally produced wastewater that has been disinfected and is used for irrigation, according to the district. It also costs less than potable water and is drought-resilient.

Starting in April, the construction would include installing 5,600 feet of recycled water pipelines in three different sites, the district said Wednesday.

Work on the first of three phases is expected to begin in Carlsbad along Calle Barcelona, southeast of Rancho Santa Fe Road. Crews will be working Monday through Friday from 8:30 a.m. to 3:30 p.m. Some additional work will take place Monday through Thursday from 9 a.m. to noon for any construction impacting Mission Estancia Elementary School.

The district said it does not anticipate the construction of the new pipelines to impact customers' drinking water. The first phase of the project is expected to be complete sometime this summer.

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How to build a memorial for your pet in nature without leaving a trace

 latimes.com/travel/newsletter/2024-06-06/the-wild-pet-memorial-wilderness-no-trace-the-wild

Laura Randall

June 6, 2024 11 AM PT



The author's late dog, Daysi, enjoying the view from Schabarum-Skyline Trail in Whittier.

(Los Angeles Times illustration; photo by Laura Randall)

By [Laura Randall](#)

There's no getting around it: Losing a pet is awful. No matter the circumstances, it leaves a hole in one's heart that will never completely go away.

When your pet was also a loyal companion on outdoor adventures like hiking and camping, those experiences can take on a whole new meaning. Suddenly a favorite activity that provided relaxation and escape is shaded with melancholy because you're missing the four-legged friend who made it feel complete.

Newsletter

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In the early days of the pandemic, I started hiking with Daysi, a golden retriever mix my family adopted seven years ago. It was an excuse to get out of the house and explore the far reaches of the San Fernando Valley, Riverside and Orange County on blissfully empty freeways. We'd usually return home happy, tired and energized by the change of scenery.



Taking a break on Kenter Fire Road Trail.

(Laura Randall)

Daysi wasn't an especially athletic dog. Rescued from the streets of Tijuana at about a year old, she found other dogs (and most children) annoying, favored sleep over playtime and never met a tennis ball she wouldn't let bounce off her nose.

But her loyalty to her family was unmatched. She was always there to lick away tears, curl up at our feet for hours and project deep, unconditional love with her hazel eyes. She was a Velcro dog who never wanted to be left behind. We took her on road trips to Big Bear, Sedona, Sequoia and even the north rim of the Grand Canyon.

"Thank you for bringing me," she seemed to say with her ear-to-ear grin as we steered the packed car onto the highway. "I have no idea where we're headed, but I'm sure it will be fun."



Daysi on the road.

(Laura Randall)

She brought that same spirit to the local trails we explored, including Marshall Canyon in La Verne, Kenter Fire Road in West L.A., the upper Arroyo Seco Trail in north Pasadena and O'Melveny Park in Granada Hills.

When Daysi died of lymphoma last year at the too-young age of 9, it shook my family to the core. Adjusting to life without her was hard for all of us.

I was afraid hiking without her would be too painful, so I stayed off the trails for a while. But as the weeks went by, I realized I wanted to do something that honored her and brought me some closure at the same time.



Cooling off in the creek along Marshall Canyon Trail.

(Laura Randall)

I discovered there are many options to pay tribute to a pet in Southern California. The L.A. Pet Memorial Park is an oasis of shade trees in Calabasas and the final resting place for celebrity animals including one of the MGM lions and Hopalong Cassidy's horse. Individual makeshift graves along trails honor dogs, cats and even turtles, though most are

unsanctioned and even illegal. At Elfin Forest Recreational Reserve in Escondido, you can hike up to a post affixed with dozens of collars left by the owners of dogs that once frolicked in the property's creeks and forests. (The memorial is so covered in collars that it's best to just admire the view there rather than add to it.)

Nothing seemed quite right for Daysi, so I reached out to the Southern California hiking community online about honoring a canine hiking partner. The responses I received were thoughtful and sympathetic but united in their firmness: Don't do anything that will disturb nature. A couple of people suggested picking up trash or the abandoned plastic poop bags that every hiker knows and loathes. Another person proposed taking the GPS coordinates of a tree on a favorite trail and leaving a micro amount of her ashes at its base.

I ultimately built a small cairn for Daysi in my backyard under a camellia tree. Every few days, I place a newly fallen flower next to the cairn. It never fails to make me think of her and the joy she brought to our family.



The author and her dog, left, in Bryce Canyon National Park. A backyard cairn memorializes the author's hiking companion without leaving a trace.

(Theo Kimble; Laura Randall)

I've also returned to hiking with enthusiasm. Sometimes I bring our new dog, a goofy, ebullient golden retriever named Boris. Other times I opt for trails that don't allow dogs, like Temescal Ridge in Pacific Palisades or the backcountry trails of Crystal Cove State Park.

Wherever I go, I try to follow Daysi's motto and enjoy the journey as much as the destination.



3 things to do



Sandstone bluffs and wildflowers along the trails of Gypsum Canyon Wilderness in northern Orange County.

(Laura Randall)

1. Hike amid wildflowers and rock formations in Orange County

Gypsum Canyon Wilderness is a breathtaking oasis of sandstone bluffs, oak-lined meadows and expansive views on 500 acres near the intersection of the 241 and 91 freeways. Part of Irvine Ranch Open Space, it opened in November and is accessible to the public only

through scheduled programs and monthly wilderness days. On Saturday, its six miles of easy to moderate trails (abloom with native plants and wildflowers like white sage and Matilija poppies right now) are open for self-guided hiking and biking from 8 a.m. to 2 p.m. No registration is required, but access is first come, first served until parking capacity is reached. For more information, go to letsgooutside.org.

2. Pick blueberries in Somis

It's berry season in Southern California, and Underwood Farms in southern Ventura County is bursting with them. The farm's Somis branch offers [pick-your-own opportunities](#) every day from 9 a.m. to 6 p.m. Containers and pull wagons are included in the \$3-per-person admission cost, plus the cost of the berries (\$3.50 a pound for strawberries, \$6.50 a pound for blueberries and \$5.50 a pound for raspberries). The Somis branch is smaller and typically less crowded than Underwood's Moorpark facility, and it includes picnic tables, a play area and opportunities to pet goats, alpacas and sheep. For more information, go to underwoodfamilyfarms.com.

3. Protect the ocean in Long Beach

In honor of World Oceans Day, the Long Beach Lifeguard Assn. and [Algalita Marine Research and Education Center](#) are hosting a beach cleanup at Junipero Beach Saturday from 10 a.m. to noon. The zero-waste event will provide reusable gloves and bags to all volunteers. Visit eventbrite.com to register and get more information.



The must-read



(Mat Joyce for The Times; photo by Myung J. Chun / Los Angeles Times)

Many of my favorite hikes, like [Beaudry Loop](#) and Amir's Garden, made it into The Times' latest [guide](#) to the best trails in Los Angeles. But I also learned about some new ones that I can't wait to try: Hoyt Mountain above La Cañada Flintridge, the Cave of Munits in West Hills and Long Canyon in Simi Valley's Woodridge Open Space. Whatever your hiking level and neighborhood, you are likely to find a compatible hike (or 10) on this wide-ranging list. And if you see any of your favorites missing, feel free to [drop us a line](#).

Want to spend even *more* time in the outdoors? Check out [this guide](#) to scoring a campsite near L.A. without booking ahead.

Happy adventuring,

Laura Randall

P.S.

Rattlesnake season is underway and hikers from all over Southern California are posting about close encounters with the venomous predators. Before hitting the trails, I recommend checking out this Times [article](#), which covers everything from how to react to a snake on the trail (don't scream, for one) to what to do if you get bitten.

For more insider tips on Southern California's beaches, trails and parks, check out [past editions of The Wild](#). And to view this newsletter in your browser, [click here](#).

Newsletter

Sign up for The Wild

We'll help you find the best places to hike, bike and run, as well as the perfect silent spots for meditation and yoga.

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Laura Randall

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Laura Randall is a Los Angeles-based writer and author of several Southern California hiking guides. She has written about hiking and travel for a variety of newspapers and magazines and is the author of "60 Hikes 60 Miles: Los Angeles" and the Wilderness Press guide to the Pacific Crest Trail in Southern California. When she's not hiking, she can usually be found reading L.A. noir novels at the beach or being walked by a headstrong golden retriever named Boris.