

REVISION #1



BOARD MEETING

RAINBOW MUNICIPAL WATER DISTRICT
Tuesday, February 27, 2018
Open Session - Time: 1:00 p.m.

THE PURPOSE OF THE REGULAR BOARD MEETING IS TO DISCUSS THE ATTACHED AGENDA

District Office

3707 Old Highway 395

Fallbrook, CA 92028

Board Agenda Policies

Board of Directors Meeting Schedule Regular Board meetings are normally scheduled for the 4th Tuesday of the month with Open Session discussions starting time certain at 1:00 p.m.

Breaks It is the intent of the Board to take a ten minute break every hour and one-half during the meeting.

Public Input on Specific Agenda Items and those items not on the Agenda, Except Public Hearings Any person of the public desiring to speak shall fill out a "Speaker's Slip", encouraging them to state their name, though not mandatory. Such person shall be allowed to speak during public comment time and has the option of speaking once on any agenda item when it is being discussed. Speaking time shall generally be limited to three minutes, unless a longer period is permitted by the Board President.

Public Items for the Board of Directors' agenda must be submitted in writing and received by the District office no later than 10 business days prior to a regular Board of Directors' Meeting.

Agenda Posting and Materials Agendas for all regular Board of Directors' meetings are posted at least seventy-two hours prior to the meeting on bulletin boards outside the entrance gate and the main entrance door of the District, 3707 Old Highway 395, Fallbrook, California 92028. The agendas and all background material may also be inspected at the District Office.

You may also visit us at www.rainbowmwd.com.

Time Certain Agenda items identified as "time certain" indicate the item will not be heard prior to the time indicated.

Board meetings will be recorded as a secretarial aid. If you wish to listen to the recordings, they will be available after the draft minutes of the meeting have been prepared. There is no charge associated with copies of recordings. Recordings will be available until the minutes of such meeting are approved. Copies of public records are available as a service to the public; a charge of \$.10 per page up to 99 pages will be collected and \$.14 per page for 100 pages or more.

If you have special needs because of a disability which makes it difficult for you to participate in the meeting or you require assistance or auxiliary aids to participate in the meeting, please contact the District Secretary, (760) 728-1178, by at least noon on the Friday preceding the meeting. The District will attempt to make arrangements to accommodate your disability.

(*) - Asterisk indicates a report is attached.

Notice is hereby given that the Rainbow Municipal Water District Board of Directors will hold Open Session at 1:00 p.m. Tuesday, February 27, 2018, at the District Office located at 3707 Old Highway 395, Fallbrook, CA 92028. At any time during the session, the Board of Directors Meeting may adjourn to Closed Session to consider litigation or to discuss with legal counsel matters within the attorney client privilege.

AGENDA

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL: Brazier_____ Hamilton_____ Gasca_____ Mack_____ Stewart_____**
4. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING
ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

Under Oral Communications, any person wishing to address the Board on matters not on this agenda should indicate their desire to speak by filling out and submitting a "Speaker's Slip" to the Board Secretary before the meeting begins. *No action will be taken on any oral communications item since such item does not appear on this Agenda, unless the Board of Directors makes a determination that an emergency exists or that the need to take action on the item arose subsequent to posting of the Agenda (Government Code §54954.2). Speaking time shall generally be limited to three minutes, unless a longer period is permitted by the Board President.*
6. **ANNIVERSARY ACKNOWLEDGEMENT**
 - A. Chuck Faust (10 Years)
 - B. Scott Terrell (10 Years)
- *7. **CONSIDERATION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-06, A
RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT
COMMENDING HARRY STITLE FOR HIS OUTSTANDING SERVICE AS A VOLUNTEER
COMMITTEE MEMBER**

(Harry Stitle has served as a volunteer on the Budget and Finance as well as the Engineering Services Committees for many years and is moving out of the state. Resolution No. 18-06 commends Harry Stitle for his dedicated service.)

Time Certain: 1:00 p.m. Public Hearing

- *8. **PUBLIC HEARING**
 - A. **PUBLIC HEARING TO CONSIDER ADOPTING INCREASES IN THE RATES FOR RAINBOW
MUNICIPAL WATER DISTRICT SERVICE FEES EFFECTIVE MARCH 1, 2018 AND
JANUARY 1 OF EACH YEAR THEREAFTER AND ORDINANCE 18-04 AUTHORIZING THE
DISTRICT TO PASS THROUGH INCREASED COSTS IN PURCHASED WHOLESALE
WATER**

(Board to consider adopting Ordinance 18-04 that would set the new rates starting March 1, 2018 and January 1 each year thereafter as well as authorize the District to pass through increased costs in Purchased Wholesale water for a five year period from March 1, 2018 to December 31, 2022.)

(*) - Asterisk indicates a report is attached.

***9. APPROVAL OF MINUTES**

- A. January 10, 2018 – Special Board Meeting
- B. January 23, 2018 - Regular Board Meeting

10. BOARD OF DIRECTORS' COMMENTS/REPORTS

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

- A. President's Report (Director Brazier)
- B. Representative Report (Appointed Representative)
 - 1. SDCWA
 - A. Summary of January 25, 2018 Meeting
 - 2. CSDA
 - 3. LAFCO
 - 4. San Luis Rey Watershed Council
 - 5. Santa Margarita River Watershed Watermaster Steering Committee
- C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
 - 1. Board Reports
- D. Directors Comments
- E. Legal Counsel Comments
 - 1. Attorney Report: CEQA Update (5016687-0002)

***11. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

- A. Budget and Finance Committee
 - 1. December 12, 2017 Minutes
 - 2. January 9, 2018 Minutes
- B. Communications Committee
 - 1. January 4, 2018 Minutes
- C. Engineering Services Committee
 - 1. December 6, 2017

BOARD ACTION ITEMS

***12. ADOPT RESOLUTION NO. 18-04 FIXING THE TIME AND PLACE OF HEARING AND MEETING ON PROPOSED WATER AVAILABILITY CHARGES FOR IMPROVEMENT DISTRICT NO. 1**

(As part of the annual process for setting the water availability charges for Improvement District No. 1, it is necessary to hold a public hearing on proposed charges. Proposed date is May 22, 2018 at the RMWD regular Board meeting.)

***13. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-03 ESTABLISHING POLICIES TO PROVIDE RELIEF TO LILAC FIRE VICTIMS**

(The monthly costs charged by the District for services are hard for many to comprehend after these devastating losses. Under State Law the District is authorized to charge these fees. At the January Board meeting the Board expressed sympathy for these losses and gave staff direction to develop options for consideration on this topic to both help those with uninsured losses and protect the unaffected District customers from revenue losses that could be covered by insurance.)

(*) - Asterisk indicates a report is attached.

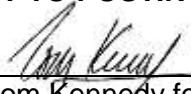
- 14. DISCUSSION AND POSSIBLE ACTION TO APPROVE A CHANGE ORDER FOR THE ROBERT A. WEESE FILTRATION PLANT INTERCONNECT PROJECT IN THE AMOUNT OF \$33,821.00**
(In March 2017, the Board awarded a professional services agreement to IEC to design permanent facilities that will tie into the Weese Filtration Plant and provide the District water during SDCWA shutdowns and allow the District to regularly purchase excess treated water from Oceanside. This change order to the design agreement accounts for additional structural engineering design, hydraulic modeling, existing pump evaluation and the corresponding project management costs. This change order to the design agreement is expected to result in considerable savings in construction costs.)
- 15. FISCALYEAR 2017-2018 MID-YEAR BUDGET REVIEW AND BUDGET ADJUSTMENTS**
(Mid-year is customarily a suitable time to compare budget estimates with the first half of actual data, and make appropriate adjustments where deemed necessary for the balance of the Fiscal Year.)
- *16. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-05 — A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE JANUARY 23, 2018 THROUGH JUNE 30, 2018**
(To comply with CalPERS regulations, all positions must be listed on a Salary Grade schedule and published on the District's website. The District has updated two job descriptions and job titles to better meet organizational needs. The Salary Grade schedule presented to the Board for consideration adds these new job titles to the schedule, but does not change the minimum or maximum rates for each Salary Grade.)
- *16A. CONSIDER APPROVAL OF CONTRACT WITH SCW CONTRACTING CORP FOR EMERGENCY PIPELINE PROPERTY DAMAGE REPAIR IN ACCORDANCE WITH ADMINISTRATIVE CODE CHAPTER 1.04 SECTION 1.04**
(District staff found the immediate need to utilize the District's Emergency Construction Contracting List. Due to the scope of work of pipeline repairs and erosion damage, SCW Contracting Corp. was selected and contacted to provide emergency repairs due to leak on 12" pipeline. Per the District's Administrative Code, Chapter 1.04, the General Manager has authorization to take immediate action and award contracts not exceeding \$250,000 and shall give notice of emergency to the Board of Directors as soon as practicable.)
- 17. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**
- *18. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**
- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
 - B. Communications**
 - 1. Staff Training Reports
 - C. Operations Comments**
 - 1. Operations Report
 - D. Engineering Comments**
 - 1. Engineering Report
 - E. Human Resource & Safety Comments**
 - 1. Human Resources Report
 - F. Finance Manager Comments**
 - 1. Interim Financial Statement
 - 2. Treasurers Report
 - 3. Credit Card Breakdown
 - 4. Directors' Expense
 - 5. Check Register
 - 6. Water Sales Summary
 - 7. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

(*) - Asterisk indicates a report is attached.

19. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

20. ADJOURNMENT - To Tuesday, March 27, 2018 at 1:00 p.m.

ATTEST TO POSTING:



Tom Kennedy for Hayden Hamilton
Secretary of the Board

2-26-18 @ 1:00 p.m.

Date and Time of Posting
Outside Display Cases

(*) - Asterisk indicates a report is attached.

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

CONSIDERATION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-06, A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT COMMENDING HARRY STITLE FOR HIS OUTSTANDING SERVICE AS A VOLUNTEER COMMITTEE MEMBER

DESCRIPTION

Harry Stitle has served as a volunteer on the Budget and Finance as well as the Engineering Services Committees for many years and is moving out of the state. Resolution No. 18-06 commends Harry Stitle for his dedicated service.

POLICY

N/A

BOARD OPTIONS/FISCAL IMPACTS

The Board may approve or reject Resolution No. 18-06. There is no fiscal impact.

STAFF RECOMMENDATION

Staff recommends the Board approve Resolution No.18-06.



Tom Kennedy
General Manager

January 24, 2017

RESOLUTION NO. 18-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW
MUNICIPAL WATER DISTRICT COMMENDING HARRY STITLE**

WHEREAS, the Board of Directors of Rainbow Municipal Water District wishes to recognize Harry Stitle for his outstanding service as a member of two District committees; and

WHEREAS, Harry Stitle has served as a volunteer on various District committees for nearly eight years, and

WHEREAS, Harry Stitle served on the District's Budget and Finance Committee since August 2010, ensuring that the interests of his fellow ratepayers were well represented in all fiscal decision making, and

WHEREAS, Harry Stitle served on the District's Engineering Services Committee since March 2015, applying his background in construction and architecture as he provided guidance to District staff, and

WHEREAS, Harry Stitle regularly attends Board Meetings to personally inform the Board of Directors as to the activities in the committees on which he serves, and

WHEREAS, Harry Stitle had a singular focus on service to the ratepayers in his actions as a member of the Rainbow MWD Committees, and

WHEREAS, Harry Stitle's service and dedication to the District is deeply appreciated by the Board, staff and employees of Rainbow Municipal Water District.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED That the Board of Directors hereby commends Harry Stitle and thanks him for his outstanding efforts on behalf of the District.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Rainbow Municipal Water District held on the 27rd day of February 2018 by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary



BOARD ACTION

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

PUBLIC HEARING TO CONSIDER ADOPTING INCREASES IN THE RATES FOR RAINBOW MUNICIPAL WATER DISTRICT SERVICE FEES EFFECTIVE MARCH 1, 2018 AND JANUARY 1 OF EACH YEAR THEREAFTER AND ORDINANCE 18-04 AUTHORIZING THE DISTRICT TO PASS THROUGH INCREASED COSTS IN PURCHASED WHOLESAL WATER

DESCRIPTION

This agenda item is to conduct a Public Hearing to receive public comments on the proposed rate increases, to become effective March 1, 2018.

This agenda item is also to adopt Ordinance 18-04 that would set the new rates starting March 1, 2018 and January 1 each year thereafter as well as authorize the District to pass through increased costs in Purchased Wholesale water for a five year period from March 1, 2018 to December 31, 2022.

The 2018 study encompasses a five-year financial planning horizon with the resulting rates implemented on March 1, 2018 and each January 1 thereafter beginning in 2019. The Board would still be required to approve Staff recommended pass-through increases; however, a public hearing will not be required each subsequent year if the ordinance is approved and adopted.

BACKGROUND AND SUMMARY

On January 10, 2018, the Rainbow MWD Board of Directors set a date for a public hearing to consider the adoption of an ordinance that will raise water and sewer rates in March 2018 and in subsequent years through 2022. The proposed increases in water and sewer rates are based on a lengthy and careful review of internal and external cost drivers that affect the District. The ratepayer-led Budget and Finance Committee spent over six months reviewing possible options and recommended to the Board a package of rate changes that apportioned the increased costs as fairly and equitably as possible.

The District is a large rural district requiring over 325 miles of pipelines, 7 pump stations, 4 reservoirs, and 13 storage tanks to deliver water to its customers. As the District nears its 65th year of providing water to ratepayers, many of the original pipelines are nearing the end of their useful life and will need to be replaced. One of the more challenging aspects of managing water systems is balancing the need to keep the system well maintained while minimizing the impact to ratepayers. In finding this balance, issues that are often considered include rate stability, affordability for essential use, equity, and defensibility. The District is subject to these pressures due to many factors such as, uncertain and decreased water sales, upcoming pipeline replacement costs that will be spread over a relatively small customer base, and high fixed costs passed-through from the San Diego County Water Authority

There are two main drivers to the water rate increases. Since about 70% of total operating cost of the District is the cost of obtaining water from the San Diego County Water Authority, cost increases for water supply are a significant component of the rate increases. In addition to these cost increases, the District has embarked a comprehensive Condition Assessment Program. Our Engineering Services Committee,

also comprised of ratepayers, has worked with RWMD staff and consultants to identify a way to deal with our rapidly aging infrastructure. As our newsletters have described over the last several months, portions of our system are reaching a point where the break rate is increasing and need to be rehabilitated or replaced in order to ensure the level of service all of our customers expect.

A significant portion of the rate increase is to fund the capital improvement program to deal with pipeline rehabilitation and replacement. Funds for this program will be ramped up over a five-year span and then continue indefinitely. While this program will end up costing all ratepayers a bit more over time, it is essential to maintain the system in proper working order for day to day use, and as we saw in December, for those times where the water system is critical to protecting lives and property during wildfires.

For wastewater rates, we are changing how the rates are calculated a bit. In the past, we used the lowest winter water consumption to set sewer rates. When we reviewed this data, we found that there was not a strong correlation between our costs to provide service and the lowest winter water consumption. It turns out that low winter consumption is based more on weather than the cost to provide sewer service. In the revised structure, for residential use there is a flat fee per home, or equivalent dwelling unit (EDU). On average, our residential customers will see a reduction in their bill, but there will be some customers whose bills will increase.

Commercial customers will see an increase in their bills as our review indicated that the cost to serve commercial customers, especially restaurants, as higher than our previous rates were collecting. The proposed wastewater rates consist of a variable charge per hundred cubic feet (hcf) of water usage for Commercial customers. Commercial customers are also subject to a minimum charge equal to the Multi-Family Residential charge. The proposed rate structure is based on annual wastewater flow for each customer class, which helps to recover costs more equitably from each class dependent upon their burden on the system. The proposed rate structure also separates the former Commercial class into two classes: Commercial and Commercial with Irrigation. The Commercial with Irrigation class, which includes customers such as golf courses and country clubs, have a lower wastewater return factor and therefore a lower variable charge per hcf of water used. These customers have a lower return factor because irrigation usage is not discharged into the wastewater system.

A copy of RFC's Final 2018 Water and Wastewater Financial Plan and Cost of Service Rates Report is attached as a reference document for the proposed rate increases. This report has been published on the District's website and available for the public's consumption since January 2018.

PUBLIC NOTIFICATION

The preparation of the 2018 Water and Wastewater Financial Plan and Cost of Service Rates report was done in conjunction with the RMWD Budget and Finance Committee.

In addition, the Board of Directors held a publicly noticed Special Board Meeting on January 10, 2018 to review the proposed rate changes. The 2018 Water and Wastewater Financial Plan and Cost of Service Rates Executive Summary and the presentation made to the Board have been available on the District's website since January 2018.

Notice of today's Public Hearing, the proposed rate changes and the protest provisions was mailed by first class mail to every property owner using the most recent list of addresses provided by the County of San Diego Assessor's office. In addition, notices were mailed to ratepayers who are not the property owners of the property where service is provided (i.e., tenants who pay for water service). These notices were mailed on or before January 12, 2018. A copy of the notification is included in this board packet.

PROTESTS

The Board is prohibited from adopting any rate increase if a majority protest is submitted in writing before the end of today's Public Hearing. A majority protest is considered 50% plus 1 written protests by property

owners of the identified parcels upon which the proposed rate increase is to be imposed, or any tenants directly liable for the payment of the parcel's charges. All written protests must be submitted to the Board before the close of today's Public Hearing.

There are approximately 8,000 parcels subject to the District's water rate increase. As of the date of this Board Action Letter, the District has received 4 written protests in response to the proposed increase in the rates. In percentage terms, these protests represent less than 0.1 percent of parcels subject to the rate increases. Copies of each of these protest letters are included with this board packet for the Board's reference.

POLICY IMPACT

This action will adopt Ordinance 18-04 which will establish the water and wastewater rates and charges in accordance with the 2018 Water and Wastewater Financial Plan and Cost of Service Rate report. The adoption of this ordinance also authorizes the District to increase rates annually, each January 1 through December 31, 2022 in the amount of pass-through increases, as set forth more fully in Ordinance 18-04 and Exhibit 1 to Ordinance 18-04.

BOARD OPTIONS/FISCAL IMPACTS

The Board could choose not to adopt the new rate structure and leave the current rates as they are now. This would result in the loss of revenue required to meet the budgetary needs of the District's operations.

ATTACHMENTS

- Ordinance 18-04
- Exhibit 1 to Ordinance 18-04
- Public Hearing Notice
- Potable Water Financial Plan and Rate Study
- Wastewater Cost of Service and Rate Study

STAFF RECOMMENDATION

Staff recommends the adoption of Ordinance 18-04.



Vanessa Martinez
Finance Manager

02/27/2018

ORDINANCE NO. 18-04

**ORDINANCE OF THE RAINBOW MUNICIPAL WATER DISTRICT
REVISING APPENDIX A OF THE RULES AND REGULATIONS
REGARDING WATER AND WASTEWATER SERVICE CHARGES**

WHEREAS, the Rainbow Municipal Water District (“RMWD” or the “District”) Board of Directors is committed to providing reliable, high-quality water services at the most efficient costs for our ratepayers; and

WHEREAS, to meet this commitment, the District undertook an evaluation of the infrastructure needs, programs, and operations and maintenance costs of its water and wastewater services for the ensuing five fiscal years; and

WHEREAS, on or around August 2017, the District retained Raftelis Financial Consultants (“RFC”), an industry-leading third party rate and fee public finance consultant, to develop a financial plan, perform a cost of service study, and develop rates that support and optimize a blend of various utility objectives, such as affordability for essential needs, revenue sufficiency and stability, drought conditions, and ease of implementation, as well as ensure compliance with California Constitution Article XIII D, section 6 (“Proposition 218”); and

WHEREAS, between August 2017 and January 2018, the District held a series of meetings with staff and the District Budget and Finance Committee to discuss the RFC study and details regarding the proposed water and wastewater rate increases, which meetings were publicly noticed and open to the public; and

WHEREAS, the District Board of Directors reviewed and heard presentations on the proposed rate changes at a regular board meeting on the special meeting held on January 10, 2018, and were presented with RFC’s 2018 Water and Wastewater Financial Plan and Cost of Service Rates Executive Summary, which presentation slides and Executive Summary were thereafter made available to the public on RMWD’s website; and

WHEREAS, the final RFC 2018 Water Financial Plan and Cost of Service Rates Report was published on RWMD’s website on January 2018 for the public’s consumption; and

WHEREAS, at this point in time, based on the RFC’s recommendations and findings, together with all prior public meetings, staff reports and presentations, the Board of Directors of the RMWD hereby desires to adjust certain rates related to the provision of water and wastewater service; and

WHEREAS, the Board of Directors is provided authority to establish rates and charges by California Water Code §71616 and §71670; and

WHEREAS, Proposition 218 requires that prior to imposing any increase to the water service rates, the District shall provide written notice (the “Notice”) by mail of: (1) the proposed increases to such rates and charges to the record owner of each parcel upon which the rates and charges are proposed for imposition and any tenant directly liable for payment of the rates and charges; (2) the amount of the rates and charges proposed to be imposed on each parcel; (3) the basis upon which the rates and charges were calculated; (4) the reason for the rates and charges; and (5) the date, time, and location of a public hearing (the “Public Hearing”) on the proposed rates and charges; and

WHEREAS, pursuant to Proposition 218, such Notice is required to be provided to the affected property owners and any tenant directly liable for the payment of the rates and charges not less than forty-five days prior to the Public Hearing on the proposed rates and charges; and

WHEREAS, the District did provide such timely Notice of the Public Hearing to the affected property owners and tenants of the proposed water service rate increases in compliance with Proposition 218 on or before January 12, 2018, and the District's Notice set forth a procedure by which property owners and tenants may submit written protests to the proposed water service fee increase; and

WHEREAS, the Public Hearing was held at the duly noticed public meeting on February 27, 2018; and

WHEREAS, at the Public Hearing the District Board of Directors heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases for water services, and at the close of the Public Hearing the District did not receive written protests against the establishment and imposition of the proposed rate increases for water services from a majority of the affected property owners and tenants directly liable for the payment of the water service rates; and

WHEREAS, by adopting this Ordinance, the District Board of Directors hereby desires to adopt and implement the proposed rates for the water services as set forth below; and

WHEREAS, the water and wastewater rates will be adjusted effective with all bills issued for service that occurs on or after March 1, 2018.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Rainbow Municipal Water District as follows:

SECTION 1: The District Board of Directors finds and determines that the foregoing Recitals are true and correct and incorporates the Recitals herein.

SECTION 2: The District Board of Directors hereby finds that the administration, operation, maintenance, and improvements of the water system, which are to be funded by the water and wastewater service rates set forth herein, are necessary to maintain service within the District's existing service area. The District Board of Directors further finds that such water service rates are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the water system. More specifically, the changes in rates and charges established by this Ordinance are for the purposes of (a) meeting operating expenses, including employee wages and benefits, (b) purchasing and leasing of supplies, equipment and materials, (c) meeting financial reserve needs and requirements as set forth in the District Budget, and (d) passing through wholesale water rates charged by the San Diego County Water Authority and the Metropolitan Water District of Southern California. Based on these findings, the District Board of Directors hereby determines that this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA).

SECTION 3: Based on RFC's recommendations and findings, together with all prior public meetings, staff reports, recommendations and presentations, as well as all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rate increases for water services presented to the Board of Directors before the close of the duly noticed Public Hearing, the District

Board of Directors hereby finds and determines that the proposed rates for water service comply substantively with Proposition 218 for the following reasons:

- a) The revenues derived from the service rates do not exceed the funds required to provide services;
- b) The revenues derived from the service rates will not be used for any purpose other than that for which the fee is being imposed;
- c) The service rates do not exceed the proportional cost of the services attributable to each parcel upon which they are imposed;
- d) The service rates will not be imposed on a parcel unless the services are actually used by, or immediately available to, the owner of the parcel; and
- e) The service rates will not be imposed for general governmental services, such as police, fire, ambulance, or libraries, where service is available to the public in substantially the same manner as it is to property owners and tenants.

SECTION 4: Effective March 1, 2018, the District Board of Directors hereby adopts and implements the increases in the rates for the District's water services as set forth in the "Revised Appendix A" attached hereto as **Exhibit 1**, entitled "Water and Sewer Rates and Charges – Effective March 1, 2018 – December 31, 2022". Exhibit 1 hereby replaces in its entirety former Appendix A to the District Rules and Regulations. The rates and charges set forth in Exhibit 1 shall be applicable to all water use and other charges billed on or after March 1, 2018.

SECTION 5: Through this Ordinance, and as set forth in Exhibit 1, the District's Rules and Regulations are hereby being amended to include the following provisions:

PROSPECTIVE ANNUAL RATE INCREASES VIA PASS THROUGH CHARGES FOR WATER AND WASTEWATER

To avoid operational deficits, depletion of reserves, an inability to address infrastructure and water quality improvements, and to continue to provide a safe, reliable water supply, the District will pass through to its customers: (1) any increases in the rates of the SDCWA Fixed Charges imposed on the District by SDCWA (an "SDCWA Fixed Pass Through"); (2) any future charges and any rate increases to any other existing charges, including imported water charges, that are imposed on the District by SDCWA (a "SDCWA Pass Through"); and The foregoing are collectively referred to in this notice as "Pass Through Increases."

Any SDCWA Fixed Pass Through will only impact the rates of the SDCWA Fixed Charges. The District may annually implement the Pass Through Increases for a five-year period commencing March 1, 2018, through December 31, 2022, provided, however, that (1) any increase to the rates described above as a result of any SDCWA Pass Through, and (2) in no event shall such rates be increased by more than the cost of providing service.

SECTION 6: The District Board of Directors hereby authorizes and directs the District General Manager to (a) implement and take all actions necessary to effectuate the rates for services as set forth herein and in Exhibit 1; (b) annually amend, with the Board's prior approval, the District's Service Rates March 1, 2018 and each January 1 thereafter, beginning March 1, 2018 through December 31, 2022, to include the Pass Through Increases set forth herein and in Exhibit 1; and

(c) file a Notice of Exemption with the County Clerk for San Diego County within five (5) working days of the date of the adoption of this Ordinance.

SECTION 7: If any section, subsection, subdivision, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The District Board of Directors hereby declares that it would have adopted each section irrespective of the fact that any one or more subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.

SECTION 8: This Ordinance shall supersede all other previous District Board of Directors resolutions and ordinances that may conflict with, or be contrary to, this Ordinance.

SECTION 9: This Ordinance amends Ordinance 17-11 dated August 22, 2017 as of March 1, 2018; the rates prescribed by Ordinance 17-11 shall remain in effect through February 28, 2018.

PASSED AND ADOPTED at a meeting of the Board of Directors of Rainbow Municipal Water District held on the 27th day of February 2018 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Helene Brazier, President
Board of Directors

ATTEST:

Dawn Washburn
Board Secretary

RAINBOW MUNICIPAL WATER DISTRICT

Appendix A

Water and Sewer Rates and Charges

EFFECTIVE March 1, 2018

Adopted by Ordinance No. 18-04

(***) Denotes Change from Previous Schedule

WATER COMMODITY CHARGE

A. BASIC COMMODITY CHARGE

(Basic rate for all water delivered through the water meter)

1 Unit = 748 Gallons = 100 cubic feet (cf)

<u>Service Category</u>	<u>Water Rate</u>
Single Family Residential– first 10 units each month	\$3.64 / 100 cf
Single Family Residential – 11 -26 Units each month.	\$3.86 / 100 cf
Single Family Residential – Over 26 Units each month.	\$4.27 / 100 cf
Multi-Family Residential – all units	\$3.76 / 100 cf
Commercial – all units	\$3.89 / 100 cf
Agricultural w/ Residence– first 10 units each month	\$3.64 / 100 cf
Agricultural w/ Residence – 11 -26 Units each month.	\$3.86 / 100 cf
Agricultural w/ Residence – Over 26 Units each month.	\$3.56 / 100 cf
Agricultural w/o Residence – all units	\$3.56 / 100 cf
Institutional – all units	\$3.98 / 100 cf
Construction – all units	\$4.87 / 100 cf
Transitional Special Agricultural Water Rates (TSAWR)	
TSAWR Domestic - first 10 units each month	\$3.70 / 100 cf
TSAWR Domestic – 11 to 26 units each month	\$3.92 / 100 cf
TSAWR Domestic – Over 26 units each month	\$3.04 / 100 cf
TSAWR Commercial – all units	\$3.04 / 100 cf

B. PUMPING ZONE CHARGES

<u>Service Area</u>	<u>Amount</u>
Monthly fixed charge for all zones	\$9.24 per meter
1 - Rainbow Heights	\$1.03 / 100 cf
2 - Improvement District U-1	\$0.64 / 100 cf
3 - Vallecitos	\$0.36 / 100 cf
4 - Northside	\$0.13 / 100 cf
5 - Morro	\$0.19 / 100 cf
6 - Huntley	\$0.75 / 100 cf
7 - Magee	\$3.37 / 100 cf

C. WATER ALLOCATION PENALTY RATES

The Water Allocation Penalty charges shall apply only to TSAWR customers in the event that the San Diego County Water Authority (SDCWA) establishes mandatory TSAWR allocation cutbacks. During a TSAWR allocation, SDCWA will establish an allocation reduction percentage. Each TSAWR customer will be issued a baseline allocation that is calculated from a base year defined by SDCWA and this allocation will be reduced by the SDCWA defined reduction percentage.

A penalty of \$3.31 per unit will be charged to TSAWR customers who use greater than their reduced allocation but less than their baseline allocation. A penalty of \$6.62 per unit will be charged to TSAWR customers who use more than their baseline allocation.

FIXED ACCOUNT CHARGES

A. METER SERVICES CHARGES

RMWD Monthly Fixed O&M Charges for Single Family Residential, Multi-Family Residential, Commercial, and Institutional

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 29.28
3/4 "	\$ 29.28
1"	\$ 45.74
1 1/2"	\$ 86.85
2"	\$ 136.19
3"	\$ 292.42
4"	\$ 522.68
6"	\$ 1,073.62

NOTE: Locked or sealed meters are assessed a charge equal to the above monthly charge for the appropriate sized meter.

RMWD Monthly Fixed O&M Charges for Agricultural w/Residence, Agricultural w/o residence, TSAWR Domestic, and TSAWR Commercial

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 53.19
3/4 "	\$ 53.19
1"	\$ 85.55
1 1/2"	\$ 166.50
2"	\$ 263.64
3"	\$ 571.22
4"	\$ 1,024.52
6"	\$ 2,109.15

NOTE: Locked or sealed meters are assessed a charge equal to the above monthly charge for the appropriate sized meter.

SDCWA Fixed Pass Through Charges

Charge is assessed by the San Diego County Water Authority and passed through directly by RMWD to all meter customers. These charges are in addition to RMWD Monthly Fixed O&M Charges

Monthly SDCWA Fixed Pass Through Charge for Single Family Residential, Multi-Family Residential, Agricultural w/ residence, Agricultural w/o Residence, Commercial, and Institutional

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 32.18
3/4 "	\$ 32.18
1"	\$ 53.63
1 1/2"	\$ 107.27
2"	\$ 171.63
3"	\$ 375.43
4"	\$ 675.78
6"	\$ 1,394.47

Monthly SDCWA Fixed Pass Through Charge for TSAWR Domestic, and TSAWR Commercial

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 14.82
3/4 "	\$ 14.82
1"	\$ 24.70
1 1/2"	\$ 49.39
2"	\$ 79.03
3"	\$ 172.88
4"	\$ 311.18
6"	\$ 642.12

B. OTHER FIXED ACCOUNT CHARGES

(Additional charges added to the basic meter service charge to reflect other special service conditions.)

Backflow device annual inspection fee

<u>Meter Size</u>	<u>Monthly Charge</u>
5/8 "	\$ 4.81
3/4 "	\$ 4.81
1"	\$ 4.81
1 1/2"	\$ 4.81
2"	\$ 4.81
3"	\$ 8.14
4"	\$ 8.14
6"	\$ 8.14

<u>Service Conditions</u>	<u>Monthly Charge</u>
Bypass Meter (for detector check systems) or Fire Service Only Meters	\$10.00
Fire Standby Charge (Vista Valley Area) (Applicable to properties under the jurisdiction of the Vista Fire Department. See Resolution No. 85-24)	\$ 5.00
Fire Standby Charge (All Other Areas)	\$ 5.00

MISCELLANEOUS CHARGES

A. CONSTRUCTION METERS

Deposit	\$1,825.00
Installation Fee	\$ 115.00
Relocation Fee	\$ 50.00
Meter Service Fee (3" O & M)	\$ 243.68
Water Commodity Charge	\$4.87 / 100 cf

B. OTHER CHARGES

Unpaid Bills (delinquency)	5% of unpaid balance-1st mo. 1 1/2% of unpaid balance per month thereafter.
Returned Check Charge	\$30.00
Tax Roll Fee (Accounts collected through SD County Assessor's Office)	\$45.00
48-hour Lock Off Notice	\$40.00
Service Turn-on Fee	\$50.00
After hours Turn-on-Fee	\$75.00
Cut Padlock Fee	\$22.00
Meter Testing Charge	\$ 50.00 (1" or smaller)
(testing for 3" and greater is outsourced)	\$ 71.00 (1 1/2" or 2") \$225.00 (3" or 4") \$225.00 (6")

WATER CAPACITY CHARGES

The SDCWA charge is collected by RMWD forwarded quarterly to the SDCWA.

Capacity fees list are for **residential only**, all other land use types will be calculated case by case based on the number of EDUs (equivalent dwelling unit).

Capacity Reference Water Capacity SDWCA SDCWA Treatment

<u>Class</u>	<u>Meter Size</u>	<u>Charge</u>	<u>Fee</u>	<u>Charge</u>
A	5/8"	\$ 6,241	\$ 5,099	\$ 141
B	3/4"	\$ 10,401	\$ 5,099	\$ 141
C	1"	\$ 16,642	\$ 8,158	\$ 226
D	1 1/2"	\$ 27,043	\$ 15,297	\$ 423
E	2"	\$ 62,406	\$ 26,515	\$ 723
F	3"	\$ 124,812	\$ 48,950	\$ 1,354
G	4"	\$ 208,020	\$ 83,624	\$ 2,312

Lot size less than 5,000 sqft (0.11 acre) with de minimis irrigation of less than 1,000 sqft may qualify for a 5/8 inch meter.

Lot size less than 21,7880 sqft (0.5 acres) may qualify for a 3/4 inch meter.

For cases where demand qualifies for a smaller capacity meter, but requires a larger meter to meet fire flow requirements only, a meter one size larger may be installed and a monthly fire standby charge will be assessed. Written confirmation from the fire department is required.

SEWER CHARGES

A.

MONTHLY SERVICE CHARGE PER EQUIVALENT DWELLING UNIT (EDU)

Single Family	\$55.07/monthly
Multi-Family	\$40.51/monthly
Sewer Only	\$54.40/monthly

VARIABLE CHARGE PER HCF OF WATER

Commercial	\$6.67/HCF
Commercial w/Irrigation	\$2.99/HCF

MONTHLY MINIMUM CHARGE

Commercial	\$40.51
------------	---------

B. EDU description and basis for Sewer Capacity Charges

Single Family Residential, Apartment, Condominium, Duplex or Mobile home, Each Unit

Square Footage

≤1,250	0.8 EDU
1,251 to 2,000	1.0 EDU
2,001 to 3,000	1.2 EDU
3,001 to 4,500	1.5 EDU
4,501 to 6,000	2.0 EDU
>6,000	Case by Case

Motel or Hotel	
Each Living Unit with Kitchen	0.80 EDU
Each Living Unit without Kitchen	0.40 EDU
Commercial Business - Retail shop or Offices Equipped with Restroom, Up to 1,000 sf.	1.20 EDU
Commercial Business – Each additional 1,000 sf. of gross floor space or part thereof.	0.80 EDU
Automobile Service Stations	
A. Providing RV holding tank disposal station	2.00 EDU
B. Four (4) or under Gas Pumps	0.80 EDU
C. Over four (4) Gas Pumps	1.00 EDU
Church, Fraternal Lodge or similar auditorium for each unit of seating capacity for 200 persons.	1.0 EDU
Bakery	1.0 EDU
Theater - 200 seating capacity	1.40 EDU
Hospital - per bed	0.40 EDU
Convalescent Hospital - Boarding Home - per bed	0.40 EDU
Labor Camp, Per Bed	0.10 EDU
Mortuary	1.20 EDU
Car Wash	1.20 EDU
Grocery Store	1.20 EDU
Self Service Laundry - each washing machine	0.40 EDU
Swimming Pool - with restrooms	1.20 EDU
Spas - with restrooms	1.20 EDU
Country Clubs with common restroom facilities	1.20 EDU
Each additional shower unit, wash closet and/or fixture.	
Restaurant – Base (Using non-disposable tableware	2.70 EDU
Per each seven (7) seats or part thereof	1.20 EDU
Restaurants—Base (Using disposable tableware)	1.20 EDU
Per each twenty-one (21) seats or part thereof	1.20 EDU

Schools (Public or Private)		
Elementary	Per each 60 students	1.20 EDU
Junior High School	Per each 40 students	1.20 EDU
High School	Per each 30 students	1.20 EDU

D. Sewer Capacity Charge \$14,126 per EDU

PROSPECTIVE ANNUAL RATE INCREASES VIA PASS THROUGH CHARGES FOR WATER

To avoid operational deficits, depletion of reserves, an inability to address infrastructure and water quality improvements, and to continue to provide a safe, reliable water supply, the District will pass through to its customers: (1) any increases in the rates of the SDCWA Fixed Charges imposed on the District by SDCWA (an “SDCWA Fixed Pass Through”); (2) any future charges and any rate increases to any other existing charges, including imported water charges, that are imposed on the District by SDCWA (a “SDCWA Pass Through”); The foregoing are collectively referred to in this ordinance as “Pass Through Increases.”

Any SDCWA Fixed Pass Through will only impact the rates of the SDCWA Fixed Charges. The District may annually implement the Pass Through Increases for a five-year period commencing March 1, 2018, through December 31, 2022, provided, however, that (1) any increase to the rates described above as a result of any SDCWA Pass Through shall not exceed 15% per year and (2) in no event shall such rates be increased by more than the cost of providing service.

END



«OWNNAME»
«Street_Address»
«City»,«State»«ZIP»

**NOTICE OF PUBLIC HEARING CONCERNING
PROPOSED WATER AND SEWER RATE INCREASES**

FEBRUARY 27, 2018 AT 1:00 pm

NOTICE IS HEREBY GIVEN THAT the Board of Directors of Rainbow Municipal Water District (the “District”) will conduct a public hearing on February 27, 2018, at 1:00 p.m. in the Boardroom of the District Headquarters at 3707 Old Highway 395, Fallbrook, CA 92028, to consider adopting increases in the rates for its water and sewer service fees effective March 1, 2018 and an ordinance that would authorize the District to pass through increased costs in Purchased Wholesale Water, increases in the cost of energy necessary to move water, future increase needs to the District’s Cost of Operations and Maintenance and Capital Facilities, and any reduction in the allocation of ad valorem property tax revenues by the State of California (“Ad Valorem Pass Through”) pursuant to Proposition 1A.

REASONS FOR THE PROPOSED RATE INCREASES

The District’s Mission Statement is to provide our customers reliable, high quality water and water reclamation services in a fiscally sustainable manner. While the District continually strives for cost reductions and efficient utilization of the assets it holds, it also needs to keep pace with inflation and other increases in costs, including, among others, the cost to purchase water and to comply with regulations. The District purchases its 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”). MWD imports water from two sources: the Colorado River via the Colorado River Aqueduct and Northern California via the State Water Project. Every January, SDCWA increases the cost of wholesale water that it delivers to the District. The District passes through these costs to our customers. In addition to increases in the costs of wholesale water, the District anticipates that there will be future increases in the costs of operating and maintaining the water system. This series of proposed rate increases is designed to provide revenue for a capital replacement program for water infrastructure. As described below, the District is proposing to adjust rates annually for a five-year period for any increases in such costs.

HOW THE WATER RATES ARE CALCULATED

The District’s rate structure for monthly water service fees is comprised of four components: (1) a SDCWA Fixed Charge (“SDCWA Fixed”), which is a fixed monthly charge established by SDCWA on the basis of the meter size of the parcel of property receiving water service; (2) a Rainbow Municipal Water District Operations and Maintenance Charge (“RMWD O&M Charge”), which also is a fixed monthly charge established on the basis of the meter size of the parcel of property receiving water service; (3) a pumping charge that consists of both a fixed monthly charge and variable charges based on the pump zone of the property; and (4) a Commodity Charge, which is determined on the basis of the amount of water served to a parcel of property in units of water (one unit of water is equivalent to approximately 748 gallons of water).

The SDCWA Fixed Charge is imposed by SDCWA on the District for the purpose of recovering certain SDCWA infrastructure costs.

The RMWD O&M Charge is calculated on the basis of recovering certain fixed costs of the District to operate, maintain, and deliver water to its customers. These costs include, among others, meter reading, billings and collections, customer service, water facilities repairs and maintenance, and capital costs related to pipeline rehabilitation and replacement.

The Commodity Charge is a variable charge and generally consists of tiers which impose different rates per unit of water as the level of consumption increases. The rates for the variable Commodity Charge are based on the number of units of water delivered to a property and the water customer classification. These rates are calculated on the basis of the cost of RMWD providing water and infrastructure, purchasing water from SDCWA, and managing the District’s water resources.

The rates for all four components of the District’s water service fees are structured in such a way as to proportionately allocate the costs of providing water to each customer class and to manage the District’s water resources.

The current and proposed rate increases are described in the tables below. If approved, the proposed rate increases will be effective on and after March 1, 2018. In addition to the water service charges described to the right, the District also imposes a fixed monthly fire meter service fee on certain properties as a condition of extending or initiating water service by (1) the installation of a private fire suppression system, and (2) upon the request of the consumer or property owner for the delivery of water to the property for the purpose of fire service protection.

To avoid operational deficits, depletion of reserves, an inability to address infrastructure and water quality improvements, and to continue to provide a safe, reliable water supply, the District is also proposing to pass through to its customers: (1) any increases in the rates of the SDCWA Fixed Charges imposed on the District by SDCWA (an “SDCWA Fixed Pass Through”); (2) any future charges and any rate increases to any other existing charges, including imported water charges, that are imposed on the District by SDCWA (a “SDCWA Pass Through”); and (3) future increase needs in the costs of operating and maintaining the water system, including capital facilities (RMWD O&M Increases). The foregoing are collectively referred to in this notice as “Pass Through Increases.”

Any SDCWA Fixed Pass Through will only impact the rates of the SDCWA Fixed Charges. All other pass through charges will impact the rates of the RMWD O&M Charge, Commodity Charge, and/or the Fire Meter Service Charge. If approved by the Board of Directors, the District may annually implement the Pass Through Increases for a five-year period commencing March 1, 2018, through December 31, 2022, provided, however, that (1) the combined total of any increase to the rates described above as a result of any SDCWA Fixed Pass Through, SDCWA Pass Through or RMWD O&M Increases, increase shall not exceed 15% of gross revenue per year; and (2) in no event shall such rates be increased by more than the cost of providing water service.

Components of RMWD Water Bills



Proposed Water Fixed Rates

RMWD + SDCWA	Current	Proposed March 2018	Difference (\$)	Difference (%)
SFR, MFR, COM, INST				
5/8"	\$61.14	\$61.46	\$0.32	0.5%
3/4"	\$61.14	\$61.46	\$0.32	0.5%
1"	\$99.35	\$99.37	\$0.02	0.0%
1-1/2"	\$194.85	\$194.12	(\$0.73)	-0.4%
2"	\$309.45	\$307.82	(\$1.63)	-0.5%
3"	\$672.36	\$667.85	(\$4.51)	-0.7%
4"	\$1,207.19	\$1,198.46	(\$8.73)	-0.7%
6"	\$2,486.94	\$2,468.09	(\$18.85)	-0.8%
Agriculture				
5/8"	\$81.06	\$85.37	\$4.31	5.3%
3/4"	\$81.06	\$85.37	\$4.31	5.3%
1"	\$132.53	\$139.18	\$6.65	5.0%
1-1/2"	\$261.23	\$273.77	\$12.54	4.8%
2"	\$415.66	\$435.27	\$19.61	4.7%
3"	\$904.69	\$946.65	\$41.96	4.6%
4"	\$1,625.39	\$1,700.30	\$74.91	4.6%
6"	\$3,349.88	\$3,503.62	\$153.74	4.6%
TSAWR Domestic / TSAWR Commercial				
5/8"	\$61.37	\$68.01	\$6.64	10.8%
3/4"	\$61.37	\$68.01	\$6.64	10.8%
1"	\$99.71	\$110.25	\$10.54	10.6%
1-1/2"	\$195.59	\$215.89	\$20.30	10.4%
2"	\$310.64	\$342.67	\$32.03	10.3%
3"	\$674.94	\$744.10	\$69.16	10.2%
4"	\$1,211.84	\$1,335.70	\$123.86	10.2%
6"	\$2,496.52	\$2,751.27	\$254.75	10.2%

HOW WILL THESE CHANGES AFFECT ME?

Each water customer is unique, so how a change in rates affects you may be different than another seemingly similar customer. These variables depend on your customer class, your meter size, as well as your consumption patterns.

In general, customers with small meters and low consumption are affected by fixed charges more than the commodity rates where customers who use a lot of water are impacted by the variable rates.

It is impossible for us to describe every scenario in this notice, but we have some charts on our website that show how these changes affect various types of customers and meter sizes at different levels of consumption. We know that these notices can be difficult to read and confusing at times so these charts should help you understand how this will impact you.

Visit us at

www.rainbowmwd.com

Proposed Water Commodity Rates in \$/HCF (748 Gal)

RMWD + SDCWA	Current Variable	Proposed Variable CY 2018	Difference (\$)	Difference (%)
Single Family Residential				
Tier 1	\$3.42	\$3.64	\$0.22	6.4%
Tier 2	\$3.60	\$3.86	\$0.26	7.2%
Tier 3	\$3.94	\$4.27	\$0.33	8.3%
Multi-Family Residential				
Commercial	\$3.52	\$3.76	\$0.24	6.8%
Institutional	\$3.63	\$3.89	\$0.26	7.1%
Agriculture w/o Residence	\$3.70	\$3.98	\$0.28	7.5%
Agriculture w/ Residence				
Tier 1	\$3.35	\$3.56	\$0.21	6.2%
Tier 2	\$3.42	\$3.64	\$0.22	6.4%
Tier 3	\$3.60	\$3.86	\$0.26	7.2%
TSAWR - Domestic				
Tier 1	\$3.35	\$3.56	\$0.21	6.2%
Tier 2	\$3.42	\$3.70	\$0.28	8.2%
Tier 3	\$3.60	\$3.92	\$0.32	8.9%
TSAWR Commercial				
Construction	\$2.87	\$3.04	\$0.17	6.0%
	\$4.44	\$4.87	\$0.43	9.6%

Proposed Wastewater Rates

March 2018	
Monthly Service Charge per EDU	
Single Family	\$55.07
Multi-Family	\$40.51
Sewer Only	\$54.40
Variable Charge per hcf of water	
Commercial	\$6.67
Commercial w/ Irrigation	\$2.99
Monthly Minimum Charge	
Commercial	\$40.51

Wastewater proposed rates have been restructured from current rate. Currently, wastewater rates are based on lowest water usage during December through April with a fixed monthly charge based on this level of water use. The proposed rates for residential use are based on equivalent dwelling units (EDU) with the fee being the same per EDU and no calculation based on wintertime water use. For commercial class customers there will be a minimum monthly fee with the actual fee being based on water usage (measured in hundred cubic feet or HCF). One hundred cubic feet of water is equivalent to approximately 748 gallons of water.

Proposition 218 Protest Provisions

Any property owner or any tenant directly responsible for the payment of water and or wastewater service fees may submit a written protest to the proposed water and wastewater rate increases and Pass Through Increases, provided, however, only one protest will be counted per identified parcel. To be used in determining whether there is a majority protest as set forth below, each protest must: (1) be in writing; (2) state whether the protest is submitted in opposition to the water rate increases, and/or Pass Through Increases; (3) provide the location of the identified parcel (by assessor's parcel number or service address); and (4) include the name and signature of the person submitting the written protest. Written protests may be submitted by mail to: Rainbow Municipal Water District at 3707 Old Highway 395, Fallbrook, CA 92028. Written protests may also be submitted in person at the District's office, or at the public hearing (see date, time and location above). All written protests must be received prior to the conclusion of the public input portion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a formal written protest. Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the Public Hearing on the Proposed Rate Increases and Pass Through Increases.

The Board of Directors will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as the written protests to be used in determining whether there is a majority protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed water rate increases and Pass Through Increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases and Pass Through Increases as outlined above are not presented by a majority of the owners of record and tenants directly responsible for the payment of water service fees for the identified parcels upon which the increases are proposed to be imposed, the Board of Directors will be authorized to impose the rate increases and Pass Through Increases.

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact Rainbow Municipal Water District at 760-728-1178.



Rainbow Municipal Water District

Potable Water Financial Plan and Rate Study

Final Report / February 8, 2018



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150 N Santa Anita,
Suite 470.
Arcadia, CA 91006

Phone 626 . 583 . 1894
Fax 213.262.9303

www.raftelis.com

February 8, 2018

Mr. Tom Kennedy
General Manager
Rainbow Municipal Water District
3707 Old Highway 395
Fallbrook, CA 92028

Subject: Water Financial Plan and Rate Study Report

Dear Mr. Kennedy:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Water Financial Plan and Rate Study Report to the Rainbow Municipal Water District (District). This report develops a financial plan for the District's water enterprise for fiscal years 2018 to 2022 and provides resulting rate adjustment recommendations.

This report details the updates to the financial plan that include adjustments to the capital improvement plans, operating budgets, customer account growth, and water demand assumptions for the study period. This study also summarizes the key findings and recommendations related to the development of the financial plan.

It was a pleasure working with you and we wish to express our thanks to you, Vanessa Martinez, and other staff members for support during the study. If you have any questions, please call me at (626) 583-1894.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A blue ink signature of Sudhir D. Pardiwala.

Sudhir D. Pardiwala, PE
Executive Vice President

A blue ink signature of Andrea Boehling.

Andrea Boehling
Senior Consultant

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1 EXECUTIVE SUMMARY

1.1 BACKGROUND

Rainbow Municipal Water District (District) provides potable water services to approximately 7,800 connections located in the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside, and Fallbrook. The District serves a large area requiring over 325 miles of pipelines, 7 pump stations, 4 reservoirs, and 13 storage tanks to deliver water to its customers. As the District nears its 65th year of providing water to ratepayers, many of the original pipelines are nearing end of their useful life and will need to be replaced. One of the more challenging aspects of managing water systems is balancing the need to keep the system well maintained while minimizing the impact to ratepayers. In finding this balance, issues that are often considered include rate stability, affordability for essential use, equity, and defensibility. The District is subject to these pressures due to many factors such as, uncertain and decreased water sales, the upcoming pipeline replacement costs that will be spread over a relatively small customer base, and high fixed costs passed-through from the San Diego County Water Authority.

Raftelis Financial Consultants, Inc. (Raftelis) conducted a comprehensive cost of service water rate study in 2015, which resulted in the approval of the proposed rates for Fiscal Year (FYE) 2016 by the Board of Directors (Board) and under Proposition 218 procedures. In subsequent years, District rates were increased by the annual inflationary adjustment in the San Diego Consumer Price Index, All Items, 1982-1984=100 for All Urban Consumers (CPI-U). In addition, any increases in purchased water costs from San Diego County Water Authority (SDCWA) and energy costs from San Diego Gas and Electric (SDG&E) were automatically passed through. Due to the recent and prolonged drought and major conservation efforts, the District realized significantly lower than projected water sales over the past two FYE's which resulted in lower than expected revenues. The loss in revenues resulted in depleting the District's reserves.

The recent drought and resultant reduced sales impacted the District significantly. In mid-2017, the District contracted with Raftelis to conduct a new financial plan and rate study. With the considerations discussed above, the objectives of the Study include:

- » Develop a financial plan and propose revenue adjustments for the water enterprise to ensure financial sufficiency, adequate reserves, and funding of capital expenditures to maintain the system
- » Develop fair and equitable water rates compliant with the requirements of California Constitution Article XIII D, Section 6 (commonly referred to as Proposition 218)

1.2 PROCESS

Even with the lower sales, water purchase costs represent over 2/3rd of the operating costs of the District. Because sales and purchases are very volatile and dependent on weather, Raftelis has completely separated out the costs and revenues associated with the water purchases and these costs will be passed through to customers. The resultant financial plan projects District expenses and the revenues needed to meet operating and capital expenditures, as well as proposed debt and reserves, and recommends revenue adjustments only for District costs during the five-year study period. Raftelis presented the financial plan forecasts to District staff and the Finance Committee and received their input and direction.

During the course of the study, many rate alternatives were examined; however, it was determined the District would retain the cost of service (COS) basis from the last rate study. The 2018 study encompasses a five-year financial planning horizon with the resulting rates implemented on March 1, 2018 and each January 1 thereafter beginning in 2019. Based on direction received from District staff and the Finance Committee, the results of the study were presented to the Board.

1.3 RESULTS AND RECOMMENDATIONS

Table 1-1 shows the recommended financial plan. Although Table 1-1 shows anticipated revenue adjustments applicable to the District’s rate revenues for each year of the study period, the District will review and confirm the needed revenue adjustments on a yearly basis. These increases do not include increases in water costs which have been analyzed separately.

Table 1-1: Financial Plan

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
District Revenue Adjustments	20%	19%	17%	17%	16%
Pass-through of SDCWA costs	Yes ¹	Yes	Yes	Yes	Yes
Water Demand Factor	100%	100%	100%	100%	100%
Proposed Debt (Proceeds)	\$0	\$0	\$0	\$0	\$0
Rate funded Capital	\$2,015,285	\$2,558,961	\$2,312,232	\$3,747,019	\$4,253,433

Table 1-2 shows the recommended reserves and the minimum target for each reserve.

Table 1-2: Recommended Reserves and Targets

Reserve	Target	FYE 2018 Min. Target	FYE 2019 Min. Target	FYE 2020 Min. Target	FYE 2021 Min. Target	FYE 2022 Min. Target
Operating Reserve	60 days of District O&M	\$1,750,656	\$1,823,260	\$1,899,150	\$1,978,229	\$2,060,878
Water Capital Projects Reserve	1 yr avg CIP	\$3,824,089	\$4,377,911	\$4,777,008	\$5,664,420	\$6,491,152
Liability Self Insurance Reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
New Water Sources Reserve	No min target					
Rate Stabilization Reserve	10% of District Rate Revenues	\$919,515	\$1,145,627	\$1,366,489	\$1,611,550	\$1,891,942

Factors Affecting Revenue Adjustments

The following items affect the District’s revenue requirement (i.e. costs) and thus its water rates. The District’s expenses include operation and maintenance (O&M) expenses, debt service, and capital expenses. Not included in the financial plan adjustments are the SDCWA costs as these were separated and reflected in the SDCWA fixed charges and SDCWA variable rates.

- » **O&M expenses:** Overall, the District’s O&M expenses are expected to increase by approximately 9% from FYE 2017 to FYE 2018. Raftelis recommends that future purchased water cost increases are passed through.

¹ SDCWA Rates for FYE 2018 have been incorporated into this study. Future incremental increases in rates will be passed-through to the District’s customers at the time of the increases.

- » **Water System Capital Investment:** The District is projecting approximately \$19 million in capital expenditures during the study period. These investments will be funded partially by reserves and partially by anticipated capacity fee revenue. The average rate funded capital is approximately \$3 million (including capitalized salaries and benefits) per year during the study period.
- » **Reserve Funding:** The District plans to use reserves during the first two years of the study period to cover the costs of capital expenses and help offset rate increases. In the subsequent years the revenue adjustments will help replenish the reserves so that they reach minimum target levels by the end of FYE 2022. Section 4.7 shows the total reserve balances for the selected financial plan for each year of the study period.
- » **Reduced Water Sales:** The District experienced reduced sales in recent years due to the drought and resulting conservation efforts of its customers. Lower sales have resulted in lower revenues and depletion of reserves.

Proposed Water Rates

The proposed rate structure consists of five components: 1) a District fixed monthly operations and maintenance (O&M) charge; 2) a SDCWA fixed pass-through; 3) District commodity or volumetric rates; 4) SDCWA commodity or volumetric rates; and 5) a pumping charge comprised of a fixed and variable component. The proposed District commodity rate structures consist of a 3-tier rate structure for single-family residential (SFR), transitional special agriculture water rate (TSAWR) domestic, and agriculture customers with a domestic residence on the property. A uniform District commodity rate structure is retained for all other classes. The SDCWA commodity rate is a uniform rate for all classes with the TSAWR discount being passed on to the TSAWR customers.

The proposed RMWD O&M charge and the proposed RMWD commodity rates for the study period maintain both the current cost of service approach and the rate structure described in Section 3.5. The proposed rates are determined by increasing the current rates by the revenue adjustments shown in the financial plan. The proposed 2018 SDCWA fixed charges and variable rates are determined based on the most recently adopted charges from SDCWA (as of January 1, 2018). SDCWA rates for the out years (2019 –2022) will be calculated each year once the rates from SDCWA are known. Finally, the proposed pumping rates maintain the current cost of service approach, but are adjusted for the projected expenditures. Any increase in energy above that projected in the financial plan will be automatically passed through to District customers.

The following tables (Table 1-3 through Table 1-7) summarize the proposed rates where the total projected rates include the RMWD charge plus the SDCWA charge (for 2018). Future increases from SDCWA will be automatically passed through and will be in addition to the rates shown below (2019 through 2022).

Table 1-3: Current and Proposed RMWD Monthly O&M Charges (\$/Meter)

RMWD Monthly O&M	Current	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Non-Agriculture Classes						
5/8"	\$24.40	\$29.28	\$34.85	\$40.78	\$47.72	\$55.36
3/4"	\$24.40	\$29.28	\$34.85	\$40.78	\$47.72	\$55.36
1"	\$38.11	\$45.74	\$54.44	\$63.70	\$74.53	\$86.46
1-1/2"	\$72.37	\$86.85	\$103.36	\$120.94	\$141.50	\$164.14
2"	\$113.49	\$136.19	\$162.07	\$189.63	\$221.87	\$257.37
3"	\$243.68	\$292.42	\$347.98	\$407.14	\$476.36	\$552.58
4"	\$435.56	\$522.68	\$621.99	\$727.73	\$851.45	\$987.69
6"	\$894.68	\$1,073.62	\$1,277.61	\$1,494.81	\$1,748.93	\$2,028.76
Agriculture Classes						
5/8"	\$44.32	\$53.19	\$63.30	\$74.07	\$86.67	\$100.54
3/4"	\$44.32	\$53.19	\$63.30	\$74.07	\$86.67	\$100.54
1"	\$71.29	\$85.55	\$101.81	\$119.12	\$139.38	\$161.69
1-1/2"	\$138.75	\$166.50	\$198.14	\$231.83	\$271.25	\$314.65
2"	\$219.70	\$263.64	\$313.74	\$367.08	\$429.49	\$498.21
3"	\$476.01	\$571.22	\$679.76	\$795.32	\$930.53	\$1,079.42
4"	\$853.76	\$1,024.52	\$1,219.18	\$1,426.45	\$1,668.95	\$1,935.99
6"	\$1,757.62	\$2,109.15	\$2,509.89	\$2,936.58	\$3,435.80	\$3,985.53

Table 1-4: Current and Proposed SDCWA Monthly Fixed Charges (\$/Meter)

SDCWA Monthly Fixed	Current	Proposed March 2018 ²	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
All Customers except TSAWR						
5/8"	\$36.74	\$32.18	TBD	TBD	TBD	TBD
3/4"	\$36.74	\$32.18	TBD	TBD	TBD	TBD
1"	\$61.24	\$53.63	TBD	TBD	TBD	TBD
1-1/2"	\$122.48	\$107.27	TBD	TBD	TBD	TBD
2"	\$195.96	\$171.63	TBD	TBD	TBD	TBD
3"	\$428.68	\$375.43	TBD	TBD	TBD	TBD
4"	\$771.63	\$675.78	TBD	TBD	TBD	TBD
6"	\$1,592.26	\$1,394.47	TBD	TBD	TBD	TBD
TSAWR Customers						
5/8"	\$17.05	\$14.82	TBD	TBD	TBD	TBD
3/4"	\$17.05	\$14.82	TBD	TBD	TBD	TBD
1"	\$28.42	\$24.70	TBD	TBD	TBD	TBD
1-1/2"	\$56.84	\$49.39	TBD	TBD	TBD	TBD
2"	\$90.94	\$79.03	TBD	TBD	TBD	TBD
3"	\$198.93	\$172.88	TBD	TBD	TBD	TBD
4"	\$358.08	\$311.18	TBD	TBD	TBD	TBD
6"	\$738.90	\$642.12	TBD	TBD	TBD	TBD

² Decreases in SDCWA fixed meter charges are due mainly to the increased number of equivalent units when compared to the prior study. Locked meters are now being accounted for within the equivalent units (i.e. costs are being spread over more units).

Table 1-5: Current and Proposed RMWD Commodity Rates (\$/HCF)

RMWD Commodity Rates	Current	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Single Family Residential						
Tier 1	\$0.43	\$0.52	\$0.62	\$0.73	\$0.86	\$1.00
Tier 2	\$0.61	\$0.74	\$0.89	\$1.05	\$1.23	\$1.43
Tier 3	\$0.95	\$1.15	\$1.37	\$1.61	\$1.89	\$2.20
Multi-Family Residential	\$0.53	\$0.64	\$0.77	\$0.91	\$1.07	\$1.25
Commercial	\$0.64	\$0.77	\$0.92	\$1.08	\$1.27	\$1.48
Institutional	\$0.71	\$0.86	\$1.03	\$1.21	\$1.42	\$1.65
Agriculture w/o Residence	\$0.36	\$0.44	\$0.53	\$0.63	\$0.74	\$0.86
Agriculture w/ Residence						
Tier 1	\$0.43	\$0.52	\$0.62	\$0.73	\$0.86	\$1.00
Tier 2	\$0.61	\$0.74	\$0.89	\$1.05	\$1.23	\$1.43
Tier 3	\$0.36	\$0.44	\$0.53	\$0.63	\$0.74	\$0.86
TSAWR - Domestic						
Tier 1	\$0.86	\$1.04	\$1.24	\$1.46	\$1.71	\$1.99
Tier 2	\$1.04	\$1.26	\$1.50	\$1.76	\$2.06	\$2.39
Tier 3	\$0.31	\$0.38	\$0.46	\$0.54	\$0.64	\$0.75
TSAWR Commercial	\$0.31	\$0.38	\$0.46	\$0.54	\$0.64	\$0.75
Construction	\$1.45	\$1.75	\$2.09	\$2.45	\$2.87	\$3.33

Table 1-6: Current and Proposed SDCWA Variable Rates (\$/HCF)

SDCWA Variable Rates	Current	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Single Family Residential						
Tier 1	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 2	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 3	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Multi-Family Residential	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Commercial	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Institutional	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Agriculture w/o Residence	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Agriculture w/ Residence						
Tier 1	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 2	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 3	\$2.99	\$3.12	TBD	TBD	TBD	TBD
TSAWR - Domestic						
Tier 1	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Tier 2	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Tier 3	\$2.56	\$2.66	TBD	TBD	TBD	TBD
TSAWR Commercial	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Construction	\$2.99	\$3.12	TBD	TBD	TBD	TBD

Table 1-7: Current and Proposed Pumping Rates (\$/HCF)

	Current	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Fixed Pumping Charge	\$9.51	\$9.24	\$9.44	\$9.65	\$9.90	\$10.16
Variable Pumping Rate						
Pumping Zone 1	\$0.80	\$1.03	\$1.08	\$1.13	\$1.18	\$1.24
Pumping Zone 2	\$0.50	\$0.64	\$0.67	\$0.71	\$0.74	\$0.78
Pumping Zone 3	\$0.28	\$0.36	\$0.38	\$0.40	\$0.41	\$0.43
Pumping Zone 4	\$0.10	\$0.13	\$0.13	\$0.14	\$0.15	\$0.16
Pumping Zone 5	\$0.15	\$0.19	\$0.20	\$0.21	\$0.22	\$0.23
Pumping Zone 6	\$0.58	\$0.75	\$0.78	\$0.82	\$0.86	\$0.90
Pumping Zone 7	\$2.62	\$3.37	\$3.53	\$3.70	\$3.88	\$4.06

2 INTRODUCTION

2.1 STUDY BACKGROUND

Rainbow Municipal Water District (District) provides potable water services to approximately 7,800 connections located in the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside, and Fallbrook. The District is a large rural district requiring over 325 miles of pipelines, 7 pump stations, 4 reservoirs, and 13 storage tanks to deliver water to its customers. As the District nears its 65th year of providing water to ratepayers, many of the original pipelines are nearing the end of their useful life and will need to be replaced. One of the more challenging aspects of managing water systems is balancing the need to keep the system well maintained while minimizing the impact to ratepayers. In finding this balance, issues that are often considered include rate stability, affordability for essential use, equity, and defensibility. The District is subject to these pressures due to many factors such as, uncertain and decreased water sales, upcoming pipeline replacement costs that will be spread over a relatively small customer base, and high fixed costs passed-through from the San Diego County Water Authority.

The District serves residential, commercial and agricultural users. While agricultural customers, some of which have residences, represent about 30% of the total accounts, they use about 71% of the total water in the District. Some of these users have significantly reduced their usage because of the drought. Any permanent reductions in usage by customers impacts the District's rate revenues and adversely impacts all customers. The District therefore faces significant challenges to balance the need for rate increases and financial stability without impacting the usage from agricultural customers. Additionally, the usage reductions due to the drought have drained District reserves which will need to be replenished for prudent operations and risk management.

In view of this background the District engaged Raftelis to develop a financial plan and rates. The objectives of the Study include:

- » Develop a financial plan and propose revenue adjustments for the water enterprise to ensure financial sufficiency, adequate reserves, and funding of capital expenditures to maintain the system
- » Develop fair and equitable water rates compliant with the requirements of California Constitution Article XIII D, Section 6 (commonly referred to as Proposition 218)

2.2 LEGAL FRAMEWORK

California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements for fairness of the fees, as they relate to public water service are as follows:

1. A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property related service.
2. Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.

4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
5. No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.
6. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in AWWA's *M1 Manual*, "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Prop 218 requires that water rates cannot be "arbitrary and capricious," meaning that the rate-setting methodology must be sound and that there must be a nexus between costs and the rates charged. Raftelis followed industry standard rate setting methodologies set forth by the AWWA *M1 Manual* to ensure this study meets Proposition 218 requirements and creates rates that do not exceed the proportionate cost of providing water services.

In addition, the San Juan Capistrano decision (*Capistrano Taxpayers Assn v. City of San Juan Capistrano*, Cal.App.4 (Apr 20, 2015, 4th DCA Case No. G048969) clarifies Proposition 218 requirements so that tiered rates (as well as rates for the remaining classes) need to be based on the proportionate costs incurred to provide water to each customer class and each tier in order to achieve compliance with Proposition 218.

Tiered Rates – "Inclining" block rate structures (which are synonymous with "increasing" block rate structures and tiered rates) when properly designed and differentiated by customer class, allow a water utility to send consistent conservation price incentives to customers. Due to heightened interest in water conservation, tiered rates have gained widespread use, especially in relatively water-scarce regions, such as Southern California. Tiered rates meet the requirements of Proposition 218 as long as the tiered rates reasonably reflect the proportionate cost of providing service to users in each tier.

3 WATER SYSTEM

This section briefly describes the District’s water system as well as customer account and baseline water use data. Finally, it describes the current rates and rate structure.

3.1 WATER SOURCES AND SYSTEM FACILITIES

As mentioned earlier, the District serves the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside, and Fallbrook covering approximately 51,200 acres. While the service area is rather large, the District has a relatively small customer base consisting primarily of agricultural customers and domestic residential customers. Agricultural customers, some of whom have residential use, account for over 70% of the District’s total water usage.

The District is a water retailer and currently relies entirely on water purchased from the SDCWA and Metropolitan Water District of Southern California (MWD). Wholesale water costs have more than doubled over the last ten years which has led to the District actively working to reduce dependence on imported water by developing local water supplies. Designs for a brackish desalination plant are in the works which could help the District take advantage of water rights in the Pala and Bonsall groundwater basins. In addition, part of the District’s long-term planning strategy is to beneficially reuse water collected in the wastewater system either as non-potable recycled water or as part of another reuse project. These two new sources of water could help the District deliver a significant amount of their water supply from reliable, lower cost local sources.

3.2 NUMBER OF ACCOUNTS

The District currently serves approximately 7,800 potable water accounts with meter sizes ranging between 5/8” and 6”. Table 3-1 shows the estimated number of potable water accounts by meter size for FYE 2018. Raftelis estimated the number of accounts by tabulating FYE 2017 (actual) account data provided by the District and escalating the number of accounts using growth factors provided by the District.

Table 3-1: Estimated Water Accounts by Meter Size (Projected - FYE 2018)

Meter Size	SFR	MFR	Commercial	Institutional	Ag w/o Res	Ag w/ Res	TSAWR Domestic	TSAWR Commercial	Total
5/8"	214	-	1	-	1	2	1	1	220
3/4"	2,300	4	32	3	35	91	92	13	2,570
1"	2,353	39	88	2	191	381	586	97	3,737
1-1/2"	165	7	36	4	73	55	204	96	640
2"	97	32	47	5	80	31	134	106	532
3"	8	1	7	1	10	1	6	12	46
4"	-	3	4	-	4	-	1	3	15
6"	-	-	-	-	1	-	-	-	1
Total	5,137	86	215	15	395	561	1,024	328	7,761

In addition, 1,328 of the 7,761 accounts are located in zones requiring booster pumping.

3.3 ACCOUNT AND WATER USE GROWTH ASSUMPTIONS

The revenue calculated for each of the fiscal years in the financial plan is a function of the number of accounts, account growth, water use, and existing rates. The District has realized relatively low

account growth over the past few years; however, significant residential account growth is anticipated over the next 5 – 10 years. Due to the timing and uncertainty of anticipated development projects, District staff provided the growth assumptions shown in Table 3-2 for use in the financial plan. Like most water purveyors, the District has realized reduced water sales in recent years due to conservation. Conservation is expected to continue as customer’s water usage patterns and behaviors have been altered. As shown in Table 3-2, the study does not show a rebound in water demand. The FYE 2017 water sales were used as the baseline with any increases due to account growth.

Table 3-2: Account Growth and Water Use Assumptions

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Growth Factors					
Residential	0%	3%	3%	2%	2%
Non-Residential	0%	0%	0%	0%	0%
TSAWR	0%	0%	0%	0%	0%
Average	0%	1%	1%	1%	1%
Water Demand (%)	100%	100%	100%	100%	100%
Water Sales (AF³)	15,451 AF	15,562 AF	15,676 AF	15,755 AF	15,835 AF

Table 3-3 shows the projected residential (single family and multi-family) accounts for each year of the Study period.

Table 3-3: Projected Residential Water Accounts FYE 2018-2022

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
SFR					
5/8"	214	220	227	232	237
3/4"	2,300	2,369	2,440	2,489	2,539
1"	2,353	2,424	2,497	2,547	2,598
1-1/2"	165	170	175	179	183
2"	97	100	103	105	107
3"	8	8	8	8	8
4"	-	-	-	-	-
6"	-	-	-	-	-
Total	5,137	5,291	5,450	5,560	5,672
MFR					
5/8"	-	-	-	-	-
3/4"	4	4	4	4	4
1"	39	40	41	42	43
1-1/2"	7	7	7	7	7
2"	32	33	34	35	36
3"	1	1	1	1	1
4"	3	3	3	3	3
6"	-	-	-	-	-
Total	86	88	90	92	94

³ AF = Acre feet

The number of accounts within a pumping zone, and the usage were increased by 1% each year beginning in FYE 2019.

3.4 WATER USE

Table 3-4 shows the projected water use by customer class and tier for each year of the Study period. Usage is measured in hundred cubic feet (HCF).

Table 3-4: FYE 2018-2022 Projected Water Use (HCF)

	Tier Description	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Single Family Residential						
Tier 1	0 - 10 HCF	459,791	473,585	487,792	497,548	507,499
Tier 2	11 - 26 HCF	382,613	394,091	405,914	414,032	422,313
Tier 3	27 + HCF	655,333	674,993	695,243	709,148	723,331
Multi-Family Residential						
	Uniform	116,156	119,641	123,230	125,694	128,208
Commercial						
	Uniform	276,704	276,704	276,704	276,704	276,704
Institutional						
	Uniform	27,199	27,199	27,199	27,199	27,199
Agriculture w/o Residence						
	Uniform	1,170,048	1,170,048	1,170,048	1,170,048	1,170,048
Agriculture w/ Residence						
Tier 1	0 - 10 HCF	50,661	50,661	50,661	50,661	50,661
Tier 2	11 - 26 HCF	55,442	55,442	55,442	55,442	55,442
Tier 3	27 + HCF	167,948	167,948	167,948	167,948	167,948
TSAWR - Domestic						
Tier 1	0 - 10 HCF	108,897	108,897	108,897	108,897	108,897
Tier 2	11 - 26 HCF	142,524	142,524	142,524	142,524	142,524
Tier 3	27 + HCF	1,724,811	1,724,811	1,724,811	1,724,811	1,724,811
TSAWR Commercial						
	Uniform	1,356,805	1,356,805	1,356,805	1,356,805	1,356,805
Construction						
	Uniform	35,345	35,345	35,345	35,345	35,345
Total Usage - HCF		6,730,278	6,778,694	6,828,564	6,862,807	6,897,736
Total Usage - AF		15,451 AF	15,562 AF	15,676 AF	15,755 AF	15,835 AF

Table 3-5 shows the projected water use by pumping zone for each year of the study period.

Table 3-5: FYE 2018-2022 Projected Pumping Usage (HCF)

Pumping Zone	Zone Description	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Pumping Zone 1	Rainbow Heights	183,772	185,610	187,466	188,716	189,974
Pumping Zone 2	Improvement District U-1	45,286	45,739	46,196	46,504	46,814
Pumping Zone 3	Vallecitos	77,442	78,216	78,999	79,525	80,055
Pumping Zone 4	Northside	418,452	422,637	426,863	429,709	432,573
Pumping Zone 5	Morro Tank	151,222	152,734	154,262	155,290	156,325
Pumping Zone 6	Huntley	183,349	185,182	187,034	188,281	189,536
Pumping Zone 7	Magee Tank	14,445	14,589	14,735	14,834	14,932
Total Usage - HCF		1,073,968	1,084,708	1,095,555	1,102,858	1,110,211
Total Usage - AF		2,465 AF	2,490 AF	2,515 AF	2,532 AF	2,549 AF

3.5 CURRENT RATES

The current rate structure consists of both fixed monthly charges based on meter size and variable commodity charges based on units of water. Additionally, the rates include a pumping charge to account for pumping, electricity, and maintenance costs that are associated with delivering potable water to 7 unique elevation zones. The District's rates include a pass-through component to account

for increases in the price of water purchased from SDCWA; therefore, for the purposes of this financial plan study, the revenues generated from the District’s rates and charges are determined separately. The District’s revenue is then evaluated for the ability to meet the enterprise’s projected revenue requirements excluding purchased water costs.

District Fixed Monthly Operations and Maintenance Charge

The District charges customers a monthly operations and maintenance (O&M) charge based on the customer’s meter size. During the prior cost of service study, a greater portion of the agriculture customers revenue requirements were spread over the fixed charge; therefore, these customers pay a higher fixed charge and a lower variable charge than the non-agriculture customer classes. The most recently approved charges are for FYE 2017 and are listed in Table 3-6.

Table 3-6: FYE 2017 Monthly District O&M Charges

Meter Size	Non-Agriculture Classes	Agriculture Classes
5/8"	\$24.40	\$44.32
3/4"	\$24.40	\$44.32
1"	\$38.11	\$71.29
1-1/2"	\$72.37	\$138.75
2"	\$113.49	\$219.70
3"	\$243.68	\$476.01
4"	\$435.56	\$853.76
6"	\$894.68	\$1,757.62

SDCWA Fixed Monthly Pass-Through Charge

The District automatically passes through increased purchased water costs from SDCWA. The monthly fixed charges (MWD Readiness-to-Serve, Infrastructure Access, Customer Service, MWD Capacity Reservation, Supply Reliability, and Emergency Storage) from SDCWA are passed-through to District customers in the form of a fixed monthly charge that varies by meter size. Transitional Special Agriculture Water Rate (TSAWR) customers receive water at a discounted rate because they have agreed to reduce usage during water shortages. Since they are required to reduce usage, they do not receive the benefit of emergency storage or the guarantee of supply reliability and, therefore, do not pay the Emergency Storage or the Supply Reliability Charges. Table 3-7 shows the most recently approved charges for FYE 2017.

Table 3-7: FYE 2017 Monthly SDCWA Charges

Meter Size	All Except TSAWR	TSAWR
5/8"	\$36.74	\$17.05
3/4"	\$36.74	\$17.05
1"	\$61.24	\$28.42
1-1/2"	\$122.48	\$56.84
2"	\$195.96	\$90.94
3"	\$428.68	\$198.93
4"	\$771.63	\$358.08
6"	\$1,592.26	\$738.90

Commodity (Volumetric) Rates

During the prior cost of service study, several cost components were added together to arrive at the final proposed commodity rate. For the purposes of this study, the commodity rates were separated into the portion related to the District’s requirements and the portion related to purchasing water from SDCWA. Table 3-8 shows the most recently adopted FYE 2017 commodity rates broken into District and SDCWA rates. The table also shows the tier breakpoints into which customer’s total usage is distributed.

Table 3-8: FYE 2017 Commodity Rates

	Tier Description	FYE 2017 District Rates	FYE 2017 SDCWA Rates	FYE 2017 Adopted Rates
Single Family Residential				
Tier 1	0 - 10 HCF	\$0.43	\$2.99	\$3.42
Tier 2	11 - 26 HCF	\$0.61	\$2.99	\$3.60
Tier 3	27 + HCF	\$0.95	\$2.99	\$3.94
Multi-Family Residential				
	Uniform	\$0.53	\$2.99	\$3.52
Commercial				
	Uniform	\$0.64	\$2.99	\$3.63
Institutional				
	Uniform	\$0.71	\$2.99	\$3.70
Agriculture w/o Residence				
	Uniform	\$0.36	\$2.99	\$3.35
Agriculture w/ Residence				
Tier 1	0 - 10 HCF	\$0.43	\$2.99	\$3.42
Tier 2	11 - 26 HCF	\$0.61	\$2.99	\$3.60
Tier 3	27 + HCF	\$0.36	\$2.99	\$3.35
TSAWR - Domestic				
Tier 1	0 - 10 HCF	\$0.86	\$2.56	\$3.42
Tier 2	11 - 26 HCF	\$1.04	\$2.56	\$3.60
Tier 3	27 + HCF	\$0.31	\$2.56	\$2.87
TSAWR Commercial				
	Uniform	\$0.31	\$2.56	\$2.87
Construction				
	Uniform	\$1.45	\$2.99	\$4.44

Pumping Charges

Pumping charges are comprised of a fixed monthly charge and a variable rate by pumping zone. These charges apply to customers who live in higher elevations and require additional energy and facilities to receive water service. The FYE 2017 pumping charges are summarized in Table 3-9.

Table 3-9: FYE 2017 Pumping Rates

	Description	Pumping Charge
Fixed Pumping Charge (\$/Month)	All Zones	\$9.51
Pumping Rate per HCF		
Zone 1	Rainbow Heights	\$0.80
Zone 2	Improvement District U-1	\$0.50
Zone 3	Vallecitos	\$0.28
Zone 4	Northside	\$0.10
Zone 5	Morro Tank	\$0.15
Zone 6	Huntley	\$0.58
Zone 7	Magee Tank	\$2.62

4 FINANCIAL PLAN

This section describes the assumptions used in projecting annual operating revenues, operations and maintenance expenses, capital expenses, as well as reserve coverage requirements that determine the overall revenue adjustments required to ensure the financial stability of the District. This financial plan excludes purchased water costs and the associated revenues since the District automatically passes through any increases from SDCWA. Additional information regarding purchased water costs can be found in Section 5.2.

4.1 REVENUES

4.1.1 REVENUES FROM CURRENT RATES

Table 4-1 projects the District revenues using the meter counts and water usage assumptions from the prior chapter at the current or existing rates. Revenues do not include the projected revenues from SDCWA rates or the pumping revenues. Projected revenues by customer class can be found in Appendix A.

Table 4-1: Projected District Revenues from Current Rates

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
RMWD O&M Charge	\$5,505,629	\$5,570,305	\$5,636,775	\$5,683,469	\$5,730,913
RMWD Commodity	\$3,114,826	\$3,148,316	\$3,182,810	\$3,206,496	\$3,230,656
Revenue from Current Rates	\$8,620,455	\$8,718,621	\$8,819,585	\$8,889,965	\$8,961,569

4.1.2 PUMPING REVENUES

Table 4-2 shows the projected pumping revenues using the accounts and consumption projections from the prior chapter.

Table 4-2: Projected Pumping Revenues from Current Rates

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Fixed Pumping	\$151,551	\$153,149	\$154,747	\$155,660	\$156,573
Variable Pumping					
Zone 1	\$147,018	\$148,488	\$149,973	\$150,972	\$151,979
Zone 2	\$22,643	\$22,869	\$23,098	\$23,252	\$23,407
Zone 3	\$21,684	\$21,901	\$22,120	\$22,267	\$22,416
Zone 4	\$41,845	\$42,264	\$42,686	\$42,971	\$43,257
Zone 5	\$22,683	\$22,910	\$23,139	\$23,293	\$23,449
Zone 6	\$106,342	\$107,406	\$108,480	\$109,203	\$109,931
Zone 7	\$37,846	\$38,224	\$38,607	\$38,864	\$39,123
Subtotal Variable	\$400,061	\$404,062	\$408,102	\$410,823	\$413,562
Total Pumping	\$551,613	\$557,211	\$562,849	\$566,483	\$570,135

4.1.3 OTHER OPERATING REVENUES

Other operating revenues were based on the budgeted FYE 2018 revenues and were held constant for the study period. Table 4-3 shows the projected Other Revenues.

Table 4-3: Projected Other Operating Revenues

Other Operating Revenues	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Turn On/Off Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
R.P. Charges	\$287,201	\$287,201	\$287,201	\$287,201	\$287,201
Inspections	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Plans and Specs	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Install Fees, Hyd	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Miscellaneous	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
New Meter Sales/Install Parts	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
Notice Delivery Revenue	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Interest Revenues - Water Fund	\$0	\$27,297	\$12,953	\$12,953	\$12,953
Total Other Operating Revenues	\$499,701	\$526,998	\$512,655	\$512,655	\$512,655

4.1.4 OTHER NON-OPERATING REVENUES

Non-operating revenues were based on the budgeted FYE 2018 revenues and were held constant for the study period. Table 4-4 shows the projected Non-Operating Revenues.

Table 4-4: Projected Non-Operating Revenues

Non-Operating Revenues	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
NSF Check Fees	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Miscellaneous	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Property Tax Rev. - Ad Valorem	\$315,000	\$315,000	\$315,000	\$315,000	\$315,000
Property Tax - Parcel Charge RTS	\$290,000	\$290,000	\$290,000	\$290,000	\$290,000
Total Non-Operating Revenues	\$656,500	\$656,500	\$656,500	\$656,500	\$656,500

4.2 OPERATING AND MAINTENANCE EXPENSES

4.2.1 INFLATIONARY ASSUMPTIONS

To ensure that future costs are reasonably projected, informed assumptions were made about inflationary factors. Table 4-5 shows the inflationary assumptions incorporated in the five-year financial plan.

Table 4-5: Inflationary Assumptions

Inflationary Factor	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
General	budget ⁴	3.0%	3.0%	3.0%	3.0%
Salaries	budget	5%	5%	5%	5%
Benefits	budget	3.0%	3.0%	3.0%	3.0%
Capital	budget	2.0%	2.0%	2.0%	2.0%
Energy	budget	5.0%	5.0%	5.0%	5.0%
Interest on Reserves	1.0%	1.5%	1.5%	1.5%	1.5%

4.2.2 DISTRICT OPERATIONS AND MAINTENANCE EXPENSES

Table 4-6 summarizes the District's operating and maintenance (O&M) expenditures excluding purchased water costs, based on FYE 2018 budget and projected for the study period by

⁴ Costs for FYE 2018 were provided in the budget, no escalation needed.

incorporating the inflation factors defined in Table 4-5. A detailed listing of the O&M and inflationary factors utilized can be found in Appendix B.

Table 4-6: Projected District O&M Expenses

Line No.	Operating Expenses (1)	Budgeted FYE 2018 (2)	Projected FYE 2019 (3)	Projected FYE 2020 (4)	Projected FYE 2021 (5)	Projected FYE 2022 (6)
1	Administration and General	\$2,295,669	\$2,410,452	\$2,530,975	\$2,657,523	\$2,790,400
2	Capital	\$715,327	\$751,093	\$788,648	\$828,080	\$869,484
3	Customer Service	\$358,399	\$376,319	\$395,135	\$414,892	\$435,636
4	Distribution	\$2,650,388	\$2,757,377	\$2,868,966	\$2,985,363	\$3,106,786
5	Meter Services	\$1,241,087	\$1,285,869	\$1,332,414	\$1,380,795	\$1,431,092
6	Operations	\$2,580,818	\$2,661,841	\$2,745,812	\$2,832,851	\$2,923,084
7	Pumping - Operations	\$147,247	\$151,971	\$156,870	\$161,953	\$167,226
8	Pumping - Energy	\$515,000	\$544,640	\$576,079	\$607,917	\$641,561
9	Total District O&M Expenses	\$10,503,934	\$10,939,562	\$11,394,899	\$11,869,374	\$12,365,270

4.3 CAPITAL IMPROVEMENT PLAN

Table 4-7 shows the District’s detailed five-year Capital Improvement Plan (CIP) along with the anticipated funding sources. Line 27 represents phasing in the pipeline replacement costs as a significant portion of the District’s pipelines is reaching the end of the design useful life. Line 32 represents the anticipated capacity fee revenues that will be generated from several residential developments coming online in FYE 2018 and FYE 2019. The anticipated capacity fee revenues from these developments will be available to help fund CIP. Line 33 shows the anticipated rate and/or reserve (cash) funded CIP after taking into consideration the capacity fee revenues offset.

Table 4-7: Detailed Capital Improvement Plan

Line No.	CIP Description	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
1	Existing Water					
2	Grid to Monserate Hill Water Line	\$1,125,027				
3	San Luis Rey Imported Return Flow Recovery	\$300,000	\$272,903			
4	On Going Water Projects					
5	Isolation Valve Installation Program	\$150,000	\$150,000	\$150,000	\$150,000	
6	Pressure Reducing Station Replacement Pgm	\$160,000	\$160,000	\$160,000	\$160,000	
7	Proposed Water Projects (Phase 1)					
8	Vallecitos PS Replacement				\$1,030,000	
9	Wrightwood to Cottontail PRS		\$100,000			
10	Knottwood Road Loop and PRS	\$180,000				
11	Northside Zone Supply Redundancy		\$40,000	\$477,000		
12	Rainbow Heights Upgrades	\$800,000	\$1,000,000			
13	Water System Condition Assessment Pgm	\$145,508				
14	New Pressure Reducing Stations	\$240,000	\$310,000			
15	SDCWA Shutdown Pump Stations	\$100,000	\$900,000			
16	Capital Meter Replacement	\$300,000				
17	Systemwide AMI Conversion	\$250,000				
18	Water System Monitoring Program	\$300,000	\$575,000			
19	Weese WTP Perm Emergency Interconnect	\$240,000	\$620,000			
20	Morro Tank Zone Perm FPUD Interconnect	\$150,000				
21	Proposed Water Projects (Phase 2)					
22	Pressure Reducing Stations (Phase 2)					\$464,000
23	Northside Emergency Pump Station					\$200,000
24	Rice Canyon Tank Transmission					\$450,000
25	Loop Pipelines-Via Ararat Dr to West Lilac Rd					\$89,000
26	Loop Pipelines in Magee Lane to Disney Lane					\$30,000
27	Pipeline Replacement	\$0	\$750,000	\$1,250,000	\$2,000,000	\$2,500,000
28	Total CIP	\$4,440,535	\$4,877,903	\$2,037,000	\$3,340,000	\$3,733,000
29	Inflated Total CIP⁵	\$4,440,535	\$4,975,461	\$2,119,295	\$3,544,435	\$4,040,719
30						
31	Funding Sources:					
32	Capacity/Connection Fee Revenue	\$2,600,250	\$2,600,250	\$0	\$0	\$0
33	Rate / Reserve Funded Capital	\$1,840,285	\$2,375,211	\$2,119,295	\$3,544,435	\$4,040,719

4.4 EXISTING DEBT SERVICE

Table 4-8 shows the District’s existing debt service payments. Existing debt consists of two “State of California – State Water Resources Control Board, Drinking Water State Revolving Fund” (SRF) loans.

⁵ Assumes 2% Escalation Factor for Projected CIP (FYE 2019 and beyond).

Table 4-8: Existing Debt Service

Debt Service	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
SRF Loan C106	\$475,171	\$475,171	\$475,171	\$475,171	\$475,171
SRF Loan C107	\$629,718	\$629,718	\$629,718	\$629,718	\$629,718
Total Existing Debt Service	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889

4.5 RESERVE POLICY

A reserve policy establishes reserve targets and provides guidelines for sound financial management. The overall long-term aim is to maintain financial solvency and mitigate financial risks associated with working capital requirements, revenue instability, sudden or significant capital costs, and emergencies. Additionally, adopting and adhering to a sustainable reserve policy helps to achieve and maintain a favorable credit rating for future debt issues.

The appropriate amount of reserves and reserve types are determined by a variety of factors, such as size of the operating budget, planned capital improvements, amount of debt, type of rate structure, frequency of customer billing, and risk of natural disaster. Typically, reserves for water utilities fall into the following categories: O&M, capital, rate stabilization, debt service, and emergency. Reserves can offset unanticipated reductions in revenues, fluctuations in costs of providing services, and fiscal emergencies such as revenue shortfalls, asset failures, and natural disasters. Capital reserves set funds aside for replacement of capital assets as they age, as well as for new capital projects.

The District’s existing water reserve policies are summarized in Table 4-9. Additional information can be found in the District’s Cash Reserve Policy (Chapter 5.03.220).

Table 4-9: Existing Reserve Policies

Reserves	Policy
Operating Reserve	2 Months minimum of O&M (excluding water purchases) target 3 months of O&M
Water Capital Projects Fund	1 Year – Average CIP
Debt Service Reserve	1-Year of principal and interest payments
Rate Stabilization	10% of District water rate revenues
New Water Sources	Funded by the Water Services portion of the Standby Charge
Liability Self Insurance	Maintain \$100,000 to pay self-insurance deductibles

4.6 CURRENT FINANCIAL PLAN

Table 4-10 shows the current financial plan without any revenue adjustments based on the projected O&M, CIP, and debt service expenses, with no change to the current rates. Under the current rates, the District does not generate sufficient revenues to meet its obligations, will not meet minimum reserve targets, and will completely deplete reserves by FYE 2020. Once reserves are depleted, the District will be unable to maintain the system.

Table 4-10: Current Financial Plan without Revenue Adjustments

Line No.	Source	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	
1	District Revenues						
2	Revenue from Existing Rates	Table 4-1	\$8,620,455	\$8,718,621	\$8,819,585	\$8,889,965	\$8,961,569
3	Pumping Revenues	Table 4-2	\$551,613	\$557,211	\$562,849	\$566,483	\$570,135
4	Other Operating Revenues	Table 4-3	\$499,701	\$526,445	\$512,655	\$512,655	\$512,655
5	Non-Operating Revenues	Table 4-4	\$656,500	\$656,500	\$656,500	\$656,500	\$656,500
6	Total District Revenues		\$10,328,269	\$10,458,777	\$10,551,589	\$10,625,603	\$10,700,858
7							
8	District Expenses						
9	District O&M	Table 4-6	\$10,503,934	\$10,939,562	\$11,394,899	\$11,869,374	\$12,365,270
10	Debt Service	Table 4-8	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889
11	Total O&M Expenses		\$11,608,823	\$12,044,451	\$12,499,787	\$12,974,263	\$13,470,158
12							
13	Revenues Less O&M Expenses		(\$1,280,554)	(\$1,585,674)	(\$1,948,198)	(\$2,348,660)	(\$2,769,300)
14							
15	CIP Expenses						
16	Rate Funded CIP	Table 4-7	\$1,840,285	\$2,375,211	\$2,119,295	\$3,544,435	\$4,040,719
17	Capitalized Salaries and Benefits	Budget	\$175,000	\$183,750	\$192,938	\$202,584	\$212,714
18	Total CIP Expenses		\$2,015,285	\$2,558,961	\$2,312,232	\$3,747,019	\$4,253,433
19							
20	Net Cash Change		(\$3,295,839)	(\$4,144,635)	(\$4,260,431)	(\$6,095,679)	(\$7,022,733)
21							
22	Total Beginning Reserve Balance		\$8,966,419	\$5,670,580	\$1,572,386	(\$2,652,341)	(\$8,748,020)
23	Total Ending Reserve Balance		\$5,670,580	\$1,572,386	(\$2,652,341)	(\$8,748,020)	(\$15,770,753)
24	<i>Minimum Target</i>		\$6,536,790	\$7,173,034	\$7,658,117	\$8,631,646	\$9,548,187

4.7 PROPOSED FINANCIAL PLAN AND REVENUE ADJUSTMENTS

Raftelis worked closely with the District to develop a sound financial plan. In order for the enterprise to meet operational expenses, fund capital projects, and maintain healthy reserves while mitigating the impact to rate payers, the following revenue adjustments⁶ were required.

Table 4-11 shows the proposed revenue adjustments selected by the Board. Although Table 4-11 shows anticipated revenue adjustments for each year of the Study period, the District will review and confirm the needed revenue adjustments on a yearly basis. The rates presented in Section 5 are based on this financial plan.

Table 4-11: Proposed Revenue Adjustments

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Revenue Adjustments	20%	19%	17%	17%	16%

Applying these adjustments results in the proposed financial plan in Table 4-12. While FYE 2018 and FYE 2019 still require drawing down reserves, the District now sees healthy positive cash balances in the out years and meets minimum reserve targets by FYE 2022. Line number 3 shows the additional revenue from the revenue adjustments assuming they become effective March 1, 2018 and

⁶ Revenue adjustments are applicable to District Rate Revenues only (excludes SDCWA rate components and pumping components)

January 1 of each year thereafter. Under this financial plan, the pumping revenues are set equal to the projected pumping expenditures. Similar to the pass-through to account for increases in SDCWA purchased water costs, increases in energy costs beyond those projected in the financial plan will be automatically passed through to District customers.

Table 4-12: Proposed Financial Plan

Line No.	Source	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	
1	District Revenues						
2	Revenue from Existing Rates	Table 4-1	\$8,620,455	\$8,718,621	\$8,819,585	\$8,889,965	\$8,961,569
3	Total Revenue Adjustments	Calc.	\$574,697	\$2,737,647	\$4,845,304	\$7,225,538	\$9,957,848
4	Pumping Revenues	Calc.	\$662,247	\$696,611	\$732,950	\$769,869	\$808,787
5	Other Operating Revenues ⁷	Table 4-3	\$499,701	\$529,346	\$539,459	\$540,573	\$541,735
6	Non-Operating Revenues	Table 4-4	\$656,500	\$656,500	\$656,500	\$656,500	\$656,500
7	Total District Revenues		\$11,013,600	\$13,338,724	\$15,593,797	\$18,082,445	\$20,926,438
8							
9	District Expenses						
10	District O&M	Table 4-6	\$10,503,934	\$10,939,562	\$11,394,899	\$11,869,374	\$12,365,270
11	Debt Service	Table 4-8	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889
12	Total O&M Expenses		\$11,608,823	\$12,044,451	\$12,499,787	\$12,974,263	\$13,470,158
13							
14	Revenues Less O&M Expenses		(\$595,223)	\$1,294,273	\$3,094,010	\$5,108,182	\$7,456,280
15							
16	CIP Expenses						
17	Rate Funded CIP	Table 4-7	\$1,840,285	\$2,375,211	\$2,119,295	\$3,544,435	\$4,040,719
18	Capitalized Salaries and Benefits	Budget	\$175,000	\$183,750	\$192,938	\$202,584	\$212,714
19	Total CIP Expenses		\$2,015,285	\$2,558,961	\$2,312,232	\$3,747,019	\$4,253,433
20							
21	Net Cash Change		(\$2,610,508)	(\$1,264,688)	\$781,778	\$1,361,163	\$3,202,847
22							
23	Total Beginning Reserve Balance		\$8,966,419	\$6,355,911	\$5,138,191	\$5,966,417	\$7,369,993
24	Total Ending Reserve Balance		\$6,355,911	\$5,138,191	\$5,966,417	\$7,369,993	\$10,630,830
25	<i>Minimum Target</i>		\$6,594,260	\$7,446,799	\$8,142,647	\$9,354,199	\$10,543,972

Figure 4-1 through Figure 4-4 display the FYE 2018 through FYE 2022 financial plan in graphical format. Figure 4-1 graphically illustrates the operating financial plan – it compares existing and proposed revenues with projected expenses. The expenses include O&M, debt service, rate funded capital projects, and reserve funding and are shown by the stacked bars. The total revenues at existing and proposed rates are shown by the horizontal orange and black lines, respectively. Current revenue from existing rates does not meet future total expenses and shows the need for revenue adjustments.

⁷ The difference in Other Operating Revenues is due to the projected increases in reserves which results in slightly higher projected interest revenues. See Appendix C for detailed projected financial plan.

Figure 4-1: Proposed Operating Financial Plan

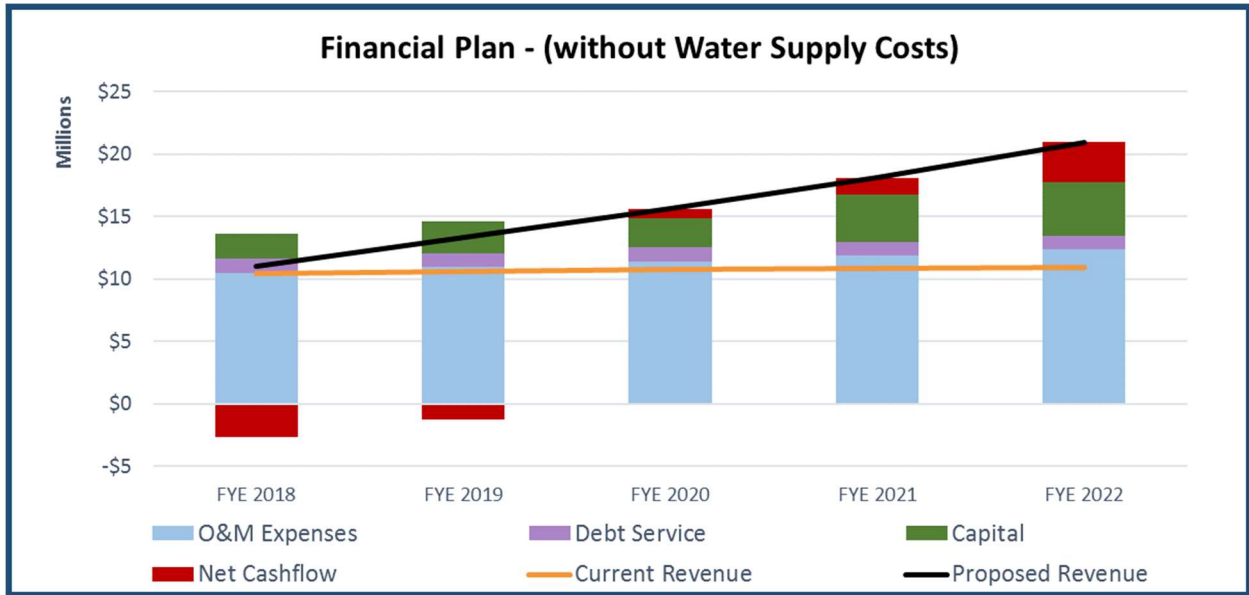


Figure 4-2 summarizes the projected CIP and the projected funding sources – capacity fees or rate funded. As shown, the District plans to have higher than average capital expenditures in FYE 2018 and FYE 2019. Funding for the pipeline replacement begins in FYE 2019 at \$750,000 and steadily increases, reaching the targeted \$3M by FYE 2023. The anticipated capacity fee revenue from residential developments will help fund a portion of the planned CIP. The District is not planning any additional debt issuance at this time; therefore, none of the CIP is proposed to be funded through debt during the study period.

Figure 4-2: Projected CIP and Funding Sources

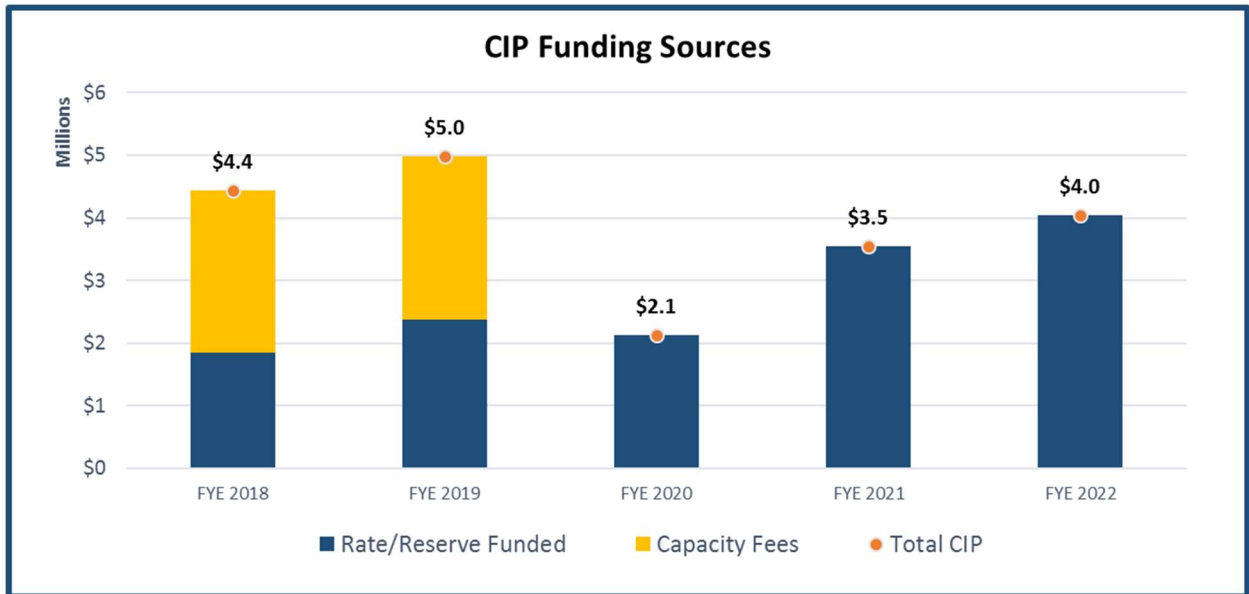
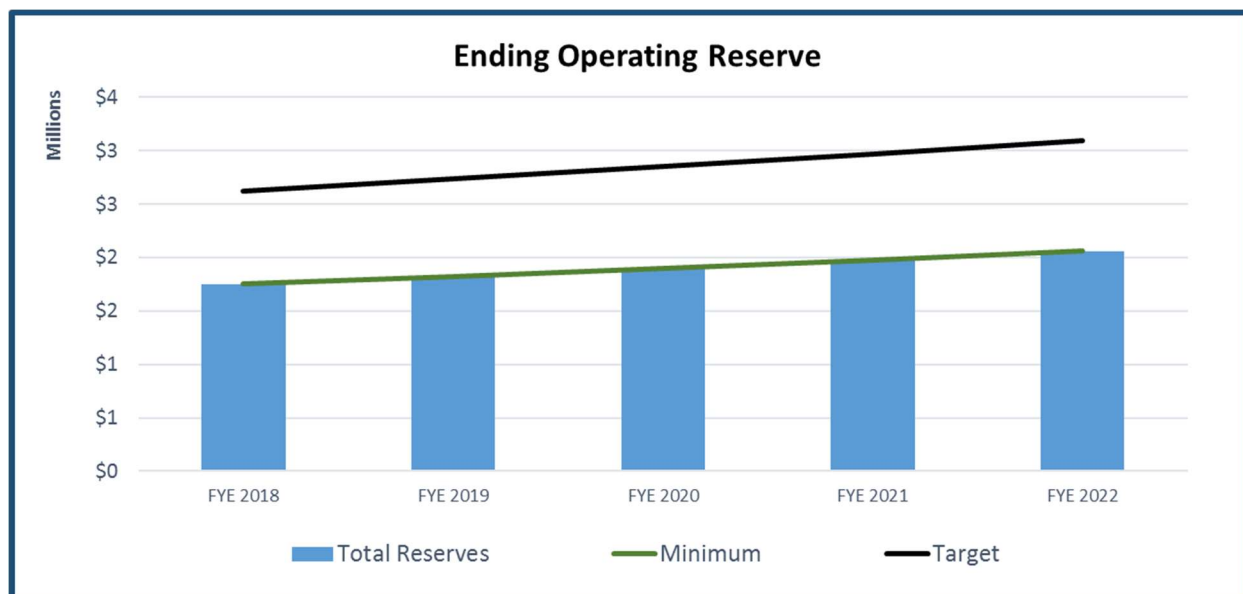


Figure 4-3 displays the operating fund yearly ending balance (blue bars). The green horizontal line is the operating fund minimum target balance which is two months of O&M expenses⁸ based on current Board policy. The target is three months of O&M expenses shown by the black line. As shown,

⁸ Excludes the cost of purchased water and depreciation.

the operating fund is anticipated to meet the minimum target for each year during the study period. Operating reserves are used to meet annual working capital requirements and any unexpected increase to operating expenses that may occur during the year.

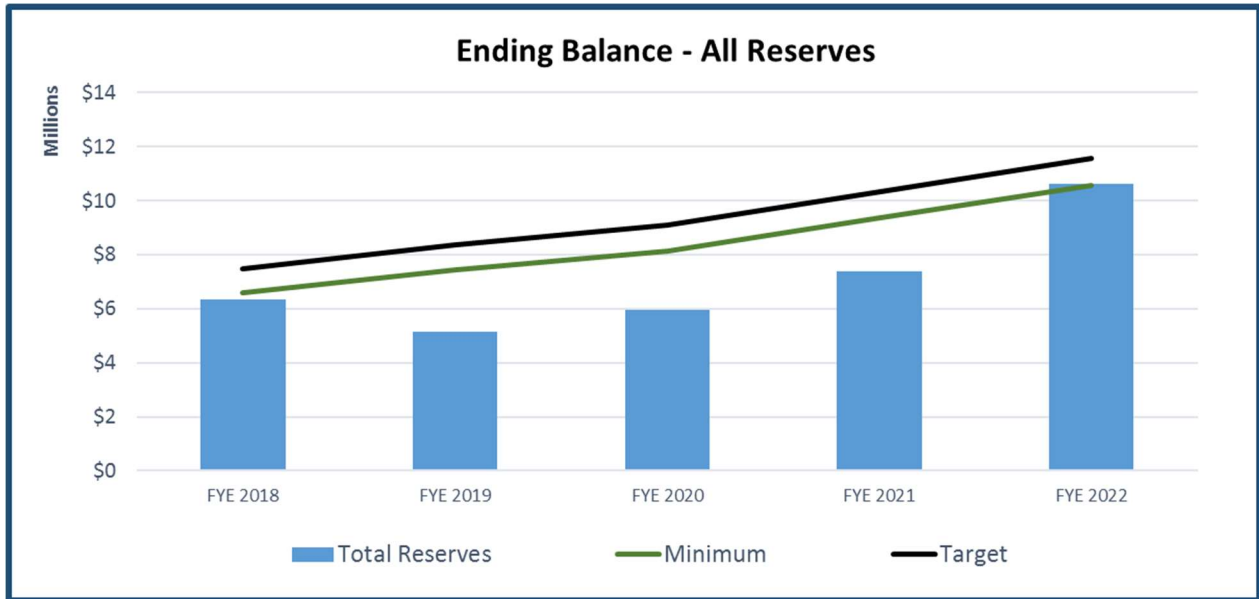
Figure 4-3: Projected Operating Fund Ending Balances



The remaining reserves are the Water Capital Projects Reserve (Capital Reserve), Liability Self Insurance Reserve, New Water Sources Reserve, and the Rate Stabilization Reserve. The target for the Capital Reserve is the annual average expense for the following five years. It provides funds for meeting capital expenses and any unexpected increases in the budgeted costs. The Liability Self Insurance Reserve target of \$100K covers the Districts insurance deductibles. The New Water Sources Reserve will maintain its current balance of approximately \$763K and will be utilized to help fund projects to develop new sources of water supply. The Rate Stabilization Reserve target is set at 10% of the District rate revenue and allows the District to mitigate the need for rate adjustments if revenues drop off because of weather or water shortages.

Figure 4-4 shows the ending yearly balance for the sum of all the District’s reserves and the total reserve target. As shown, the sum of all reserves is below the minimum target for FYE 2018 through FYE 2021, largely due to the funding needs for capital expenditures. The Rate Stabilization Reserve will begin to be funded in FYE 2022. See Appendix C– Cash Flow Detail, which shows the flow of funds for all the District’s reserves as well as the ending balances for each reserve in graphical format.

Figure 4-4: Total Funds Balance



5 CHARGES AND RATES

The proposed RMWD O&M charge and the proposed RMWD commodity rates for the study period maintain both the current cost of service approach and the rate structure described in Section 3.5. The proposed rates are determined by increasing the current rates by the revenue adjustments shown in the financial plan. The proposed 2018 SDCWA fixed charges and variable rates are determined based on the most recently adopted charges from SDCWA (as of January 1, 2018). SDCWA rates for the out years (2019 –2022) will be calculated each year once the rates from SDCWA are known. Finally, the proposed pumping rates maintain the current cost of service approach, but are adjusted for the projected expenditures. Any increase in energy above that projected in the financial plan will be automatically passed through to District customers.

5.1 PROPOSED DISTRICT RATES

5.1.1 PROPOSED RMWD O&M CHARGES

Proposed RMWD monthly O&M charges were determined by applying “across-the-board” adjustments (see Table 4-11). Table 5-1 shows the proposed RMWD Fixed Monthly O&M Charge for the study period. Proposed charges were rounded up to the nearest whole penny.

Table 5-1: Proposed RMWD O&M Charge

RMWD Monthly O&M	Current	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Non-Agriculture Classes						
5/8"	\$24.40	\$29.28	\$34.85	\$40.78	\$47.72	\$55.36
3/4"	\$24.40	\$29.28	\$34.85	\$40.78	\$47.72	\$55.36
1"	\$38.11	\$45.74	\$54.44	\$63.70	\$74.53	\$86.46
1-1/2"	\$72.37	\$86.85	\$103.36	\$120.94	\$141.50	\$164.14
2"	\$113.49	\$136.19	\$162.07	\$189.63	\$221.87	\$257.37
3"	\$243.68	\$292.42	\$347.98	\$407.14	\$476.36	\$552.58
4"	\$435.56	\$522.68	\$621.99	\$727.73	\$851.45	\$987.69
6"	\$894.68	\$1,073.62	\$1,277.61	\$1,494.81	\$1,748.93	\$2,028.76
Agriculture Classes						
5/8"	\$44.32	\$53.19	\$63.30	\$74.07	\$86.67	\$100.54
3/4"	\$44.32	\$53.19	\$63.30	\$74.07	\$86.67	\$100.54
1"	\$71.29	\$85.55	\$101.81	\$119.12	\$139.38	\$161.69
1-1/2"	\$138.75	\$166.50	\$198.14	\$231.83	\$271.25	\$314.65
2"	\$219.70	\$263.64	\$313.74	\$367.08	\$429.49	\$498.21
3"	\$476.01	\$571.22	\$679.76	\$795.32	\$930.53	\$1,079.42
4"	\$853.76	\$1,024.52	\$1,219.18	\$1,426.45	\$1,668.95	\$1,935.99
6"	\$1,757.62	\$2,109.15	\$2,509.89	\$2,936.58	\$3,435.80	\$3,985.53

5.1.2 PROPOSED RMWD COMMODITY RATES

Proposed RMWD commodity rates were determined by applying “across-the-board” adjustments (see Table 4-11). Table 5-2 shows the proposed RWMD Commodity Rates for the study period. Proposed rates were rounded up to the nearest whole penny.

Table 5-2: Proposed RMWD Commodity Rates

RMWD Commodity Rates	Current	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Single Family Residential						
Tier 1	\$0.43	\$0.52	\$0.62	\$0.73	\$0.86	\$1.00
Tier 2	\$0.61	\$0.74	\$0.89	\$1.05	\$1.23	\$1.43
Tier 3	\$0.95	\$1.15	\$1.37	\$1.61	\$1.89	\$2.20
Multi-Family Residential	\$0.53	\$0.64	\$0.77	\$0.91	\$1.07	\$1.25
Commercial	\$0.64	\$0.77	\$0.92	\$1.08	\$1.27	\$1.48
Institutional	\$0.71	\$0.86	\$1.03	\$1.21	\$1.42	\$1.65
Agriculture w/o Residence	\$0.36	\$0.44	\$0.53	\$0.63	\$0.74	\$0.86
Agriculture w/ Residence						
Tier 1	\$0.43	\$0.52	\$0.62	\$0.73	\$0.86	\$1.00
Tier 2	\$0.61	\$0.74	\$0.89	\$1.05	\$1.23	\$1.43
Tier 3	\$0.36	\$0.44	\$0.53	\$0.63	\$0.74	\$0.86
TSAWR - Domestic						
Tier 1	\$0.86	\$1.04	\$1.24	\$1.46	\$1.71	\$1.99
Tier 2	\$1.04	\$1.26	\$1.50	\$1.76	\$2.06	\$2.39
Tier 3	\$0.31	\$0.38	\$0.46	\$0.54	\$0.64	\$0.75
TSAWR Commercial	\$0.31	\$0.38	\$0.46	\$0.54	\$0.64	\$0.75
Construction	\$1.45	\$1.75	\$2.09	\$2.45	\$2.87	\$3.33

5.2 PROPOSED SDCWA RATES

5.2.1 PROPOSED SDCWA FIXED CHARGES

Raftelis recommends continuing to pass-through the monthly fixed charges from SDCWA and MWD as a separate fixed charge. The District relies entirely on purchased water from SDCWA and the District has no control on these costs of purchasing water. Continuing the separate fixed charge provides clear transparency between the costs that are controlled by the District versus costs from other agencies over which the District has no control.

Table 5-3 shows the annual fixed charges from SDCWA for 2018. Lines 1 through 4 are charges applicable to every customer in the District. Lines 5 and 6 are applicable to every customer except the TSAWR Domestic and TSAWR Commercial customers. TSAWR customers receive water at a discounted rate because they have agreed to reduce usage during water shortages. Since they are required to reduce usage, they do not receive the benefit of emergency storage or the guarantee of supply reliability and, therefore, do not pay the Emergency Storage Charge or the Supply Reliability Charge.

Table 5-3: CY 2018 SDCWA Fixed Charges

Line No.	SDCWA Fixed Charges	2018
1	MWD Readiness-to-Serve Charge ⁹	\$502,332
2	MWD Capacity Charge	\$512,220
3	Customer Service Charge	\$1,122,504
4	Infrastructure Access Charge	\$509,580
5	Supply Reliability Charge	\$739,008
6	Emergency Storage Charge	\$1,565,712
7	Total SDCWA Fixed Charges	\$4,951,356

Raftelis recommends recovering the charges based on the equivalent meters subject to the charges. Table 5-4 shows the derivation of the unit cost.

Table 5-4: SDCWA Unit Cost Derivation

Line No.		Revenue Requirement (1)	Equivalent Meters (2)	Monthly Unit Cost (3)
1	Emergency Storage & Supply Reliability	\$2,304,720	132,776	\$17.36
2	All other SDCWA Fixed Charges	\$2,646,636	178,608	\$14.82
3	Total SDCWA Fixed Charges	\$4,951,356		

The Revenue Requirement represents the yearly requirement or fixed costs from SDCWA. The Equivalent Meters¹⁰ (column 2) represents the total equivalent meters in a year. The monthly unit cost was determined by dividing the annual requirement (column 1) by the annual equivalent meters (column 2).

Table 5-5 shows the proposed SDCWA fixed charges. As shown in the table, the fixed charges increase as the size of the meter increases. This is determined by multiplying the unit costs (Table 5-4) by the appropriate capacity ratio (See Appendix D). SDCWA fixed charges will be determined on an annual basis and increases from SDCWA will be passed-through to customers at the time of the increase.

⁹ Since the SDCWA rates are effective January of each year and the District is proposing to implement rates effective March of 2018 and each January 1 thereafter, purchased water costs assume a full year at the new SDCWA rates. MWD Readiness-to-Serve-Charge is a FY charge as opposed to calendar year; therefore, the annualized charge takes into consideration half the year at the prior rate and half the year at the new rate.

¹⁰ Also discussed further in Appendix D.

Table 5-5: Proposed SDCWA Fixed Charge

SDCWA Monthly Fixed	Current	Proposed March 2018 ¹¹	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
All Customers except TSAWR						
5/8"	\$36.74	\$32.18	TBD	TBD	TBD	TBD
3/4"	\$36.74	\$32.18	TBD	TBD	TBD	TBD
1"	\$61.24	\$53.63	TBD	TBD	TBD	TBD
1-1/2"	\$122.48	\$107.27	TBD	TBD	TBD	TBD
2"	\$195.96	\$171.63	TBD	TBD	TBD	TBD
3"	\$428.68	\$375.43	TBD	TBD	TBD	TBD
4"	\$771.63	\$675.78	TBD	TBD	TBD	TBD
6"	\$1,592.26	\$1,394.47	TBD	TBD	TBD	TBD
TSAWR Customers						
5/8"	\$17.05	\$14.82	TBD	TBD	TBD	TBD
3/4"	\$17.05	\$14.82	TBD	TBD	TBD	TBD
1"	\$28.42	\$24.70	TBD	TBD	TBD	TBD
1-1/2"	\$56.84	\$49.39	TBD	TBD	TBD	TBD
2"	\$90.94	\$79.03	TBD	TBD	TBD	TBD
3"	\$198.93	\$172.88	TBD	TBD	TBD	TBD
4"	\$358.08	\$311.18	TBD	TBD	TBD	TBD
6"	\$738.90	\$642.12	TBD	TBD	TBD	TBD

5.2.2 PROPOSED SDCWA VARIABLE RATES

Similar to the SDCWA fixed charge, Raftelis recommends passing through the variable costs from SDCWA. Table 5-6 shows the SDCWA usage rates (\$/AF) effective January 2018.

Table 5-6: 2018 SDCWA Usage Rates

SDCWA Usage Rates (\$/AF)	2018
SDCWA M&I Melded Untreated Rate	\$894
SDCWA Treatment Costs	\$300
Transportation Charge	\$115
TSAWR Discount	-\$199

As shown in the table, TSAWR customers receive water from SDCWA at a discounted rate and the District is required to pass this discount on directly to TSAWR customers. The first step in determining the SDCWA variable rates is to determine the amount of projected usage for General customers and TSAWR customers.

Purchased Water Supply

Line 1 of Table 5-7 shows the total water demand estimated for 2018. Water is typically lost in treatment, transmission, and distribution of potable water due to a variety of factors, such as leaks in the distribution system and evaporation. The District must account for this loss in estimating the

¹¹ Decreases in SDCWA fixed meter charges are due mainly to the increased number of equivalent units when compared to the prior study. Locked meters are now being accounted for within the equivalent units (i.e. costs are being spread over more units).

supply needed to meet its customers' demand. The District assumes a 7% annual water loss. Table 5-7 shows the projected demand in acre feet (Line 1). In order to project the supply required (Line 3), this demand is increased by the 7% water loss (Line 2).

Table 5-7: Projected Required Water Supply (AF)

Line No.		Source	2018
1	Total Demand	FYE 2017 Usage Data	15,451 AF
2	Water Loss	Provided by District	7%
3	Total Supply	Line 1 ÷ (1 - Line 2)	16,614 AF

The demand (sales to District customers) and purchases (from SDCWA) has been summarized in Table 5-8.

Table 5-8: 2018 Projected Demand & Purchases

	2018 Usage (AF)
Water Demand	
General	7,799
TSAWR	7,652
Total Demand	15,451 AF
Purchases	
General	8,386
TSAWR	8,228
Total Purchases	16,614 AF

Next the total water purchases can be determined using the rates (Table 5-6) and the demand and purchases (Table 5-8). Table 5-9 summarizes the variable costs from SDCWA.

Table 5-9: 2018 Purchased Water Costs

	Calculation	2018 Costs
Water Purchases	(\$894 x 16,614 AF)	\$14,852,504
SDCWA Treatment Costs	(\$300 x 16,614 AF)	\$4,984,062
Transportation Costs	(\$115 x (16,614 AF - 6,645 AF)) ¹²	\$1,146,334
TSAWR Discount	(\$199 x 7,652 AF) ¹³	-\$1,522,669
Total Variable Costs		\$19,460,231

The Water Purchases, SDCWA Treatment, and Transportation costs are divided by the projected demand (converted into HCF) to determine the unit rate. The TSAWR discount is divided by the projected TSAWR demand (converted into HCF) to determine the TSAWR discount unit rate. Table 5-10 summarizes the proposed 2018 SDCWA unit rates.

¹² The District purchases a portion of their water directly from MWD, thereby foregoing the transportation charge. Approximately 6,645 AF is anticipated to come from direct purchases.

¹³ SDCWA provides the TSAWR discounts based on the verified billed usage (i.e. District sales) not purchased water; therefore, the District must purchase additional water at the full costs to account for any water loss.

Table 5-10: SDCWA Variable Unit Rates

	Calculation	2018 Unit Rates (\$/HCF)
General Rate	$(\$20,982,900 \div (15,451 \times 435.6))$	\$3.12
TSAWR Rate	General rate + $(-\$1,522,669 \div (7,652 \times 435.6))$	\$2.66

Table 5-11 summarizes the proposed SDCWA variable rates by customer class.

Table 5-11: Proposed SDCWA Variable Rates

SDCWA Variable Rates	Current	Proposed March 2018	Proposed January 2019	Proposed January 2020	Proposed January 2021	Proposed January 2022
Single Family Residential						
Tier 1	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 2	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 3	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Multi-Family Residential	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Commercial	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Institutional	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Agriculture w/o Residence	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Agriculture w/ Residence						
Tier 1	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 2	\$2.99	\$3.12	TBD	TBD	TBD	TBD
Tier 3	\$2.99	\$3.12	TBD	TBD	TBD	TBD
TSAWR - Domestic						
Tier 1	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Tier 2	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Tier 3	\$2.56	\$2.66	TBD	TBD	TBD	TBD
TSAWR Commercial	\$2.56	\$2.66	TBD	TBD	TBD	TBD
Construction	\$2.99	\$3.12	TBD	TBD	TBD	TBD

SDCWA variable rates will be determined on an annual basis and increases from SDCWA will be passed-through to customers at the time of the increase.

5.3 PROPOSED PUMPING CHARGES

The pumping charges consist of a fixed component designed to recover the general maintenance and salary costs related to the pumping facilities and a commodity component designed to recover the electricity costs associated with pumping water to higher elevations.

Table 5-12 shows the derivation of the monthly pumping fixed charge. Raftelis worked closely with the District to breakout the annual fixed costs related to pumping water to higher elevations. The costs categorized as “Pumping – Operations” within the financial plan are considered the annual fixed cost related to pumping water to higher elevations. The annual fixed pumping costs are then divided by the annual number of bills (total number of meters located in the pumping zones x # of billing periods) to determine the monthly fixed charge per meter.

Table 5-12: Proposed Monthly Fixed Pumping Charge

	Current	2018	2019	2020	2021	2022
Pumping - Operations		\$147,247	\$151,971	\$156,870	\$161,953	\$167,226
# of bills		15,936	16,104	16,272	16,368	16,464
Monthly Charge	\$9.51	\$9.24	\$9.44	\$9.65	\$9.90	\$10.16

Next, the variable pumping costs (electricity costs) identified in the budget were allocated to each of the pumping zones in proportion to the existing rates. Table 5-13 shows the proposed pumping rates by zone. Increases in energy costs above those projected in the financial plan will be automatically passed through to District customers.

Table 5-13: Proposed Pumping Commodity Rates

	Current	2018	2019	2020	2021	2022
Pumping - Energy	\$400,061	\$515,000	\$544,640	\$576,079	\$607,917	\$641,561
% increase		28.7%	5.76%	5.77%	5.53%	5.53%
Pumping Zone						
Pumping Zone 1	\$0.80	\$1.03	\$1.08	\$1.13	\$1.18	\$1.24
Pumping Zone 2	\$0.50	\$0.64	\$0.67	\$0.71	\$0.74	\$0.78
Pumping Zone 3	\$0.28	\$0.36	\$0.38	\$0.40	\$0.41	\$0.43
Pumping Zone 4	\$0.10	\$0.13	\$0.13	\$0.14	\$0.15	\$0.16
Pumping Zone 5	\$0.15	\$0.19	\$0.20	\$0.21	\$0.22	\$0.23
Pumping Zone 6	\$0.58	\$0.75	\$0.78	\$0.82	\$0.86	\$0.90
Pumping Zone 7	\$2.62	\$3.37	\$3.53	\$3.70	\$3.88	\$4.06

6 CUSTOMER IMPACTS

The following figures provide sample impacts to customers at various levels of usage. The grey bars represent the projected bills at current rates and the blue bars represent projected bills at proposed 2018 rates.

6.1 SINGLE FAMILY RESIDENTIAL BILL IMPACTS

Figure 6-1 reflects the single family residential bill impacts at various usage levels for customers with a 1" meter not located within a pumping zone and Figure 6-2 reflects the single family residential bill impacts at various usage levels for customers with a 1" meter within pumping zone 4.

Figure 6-1: SFR Bill Impact – No Pumping Zone

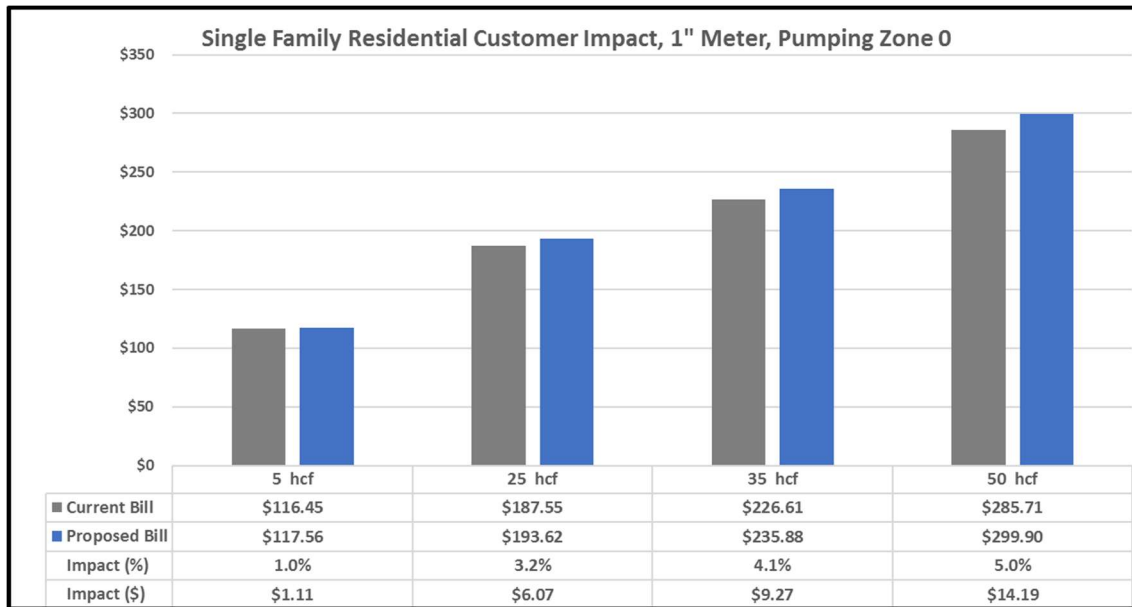
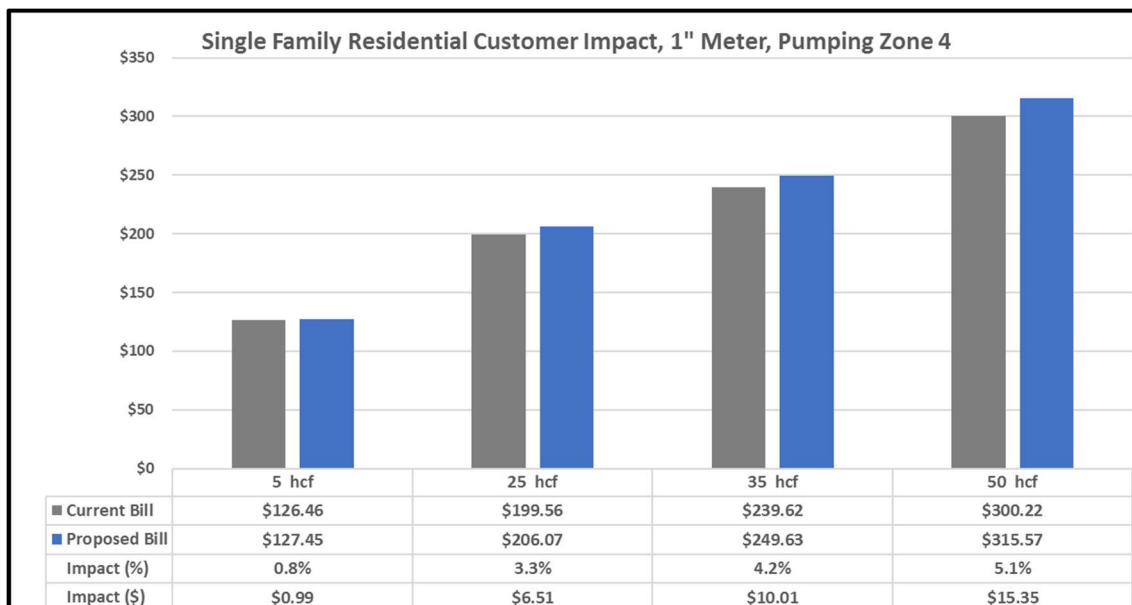


Figure 6-2: SFR Bill Impact – Pumping Zone 4



6.2 MULTI-FAMILY RESIDENTIAL BILL IMPACTS

Figure 6-3 reflects the multi-family residential bill impacts at various usage levels for customers with a 1" meter not located within a pumping zone and Figure 6-4 reflects the multi-family residential bill impacts at various usage levels for customers with a 1" meter within pumping zone 4.

Figure 6-3: MFR Bill Impact - No Pumping Zone

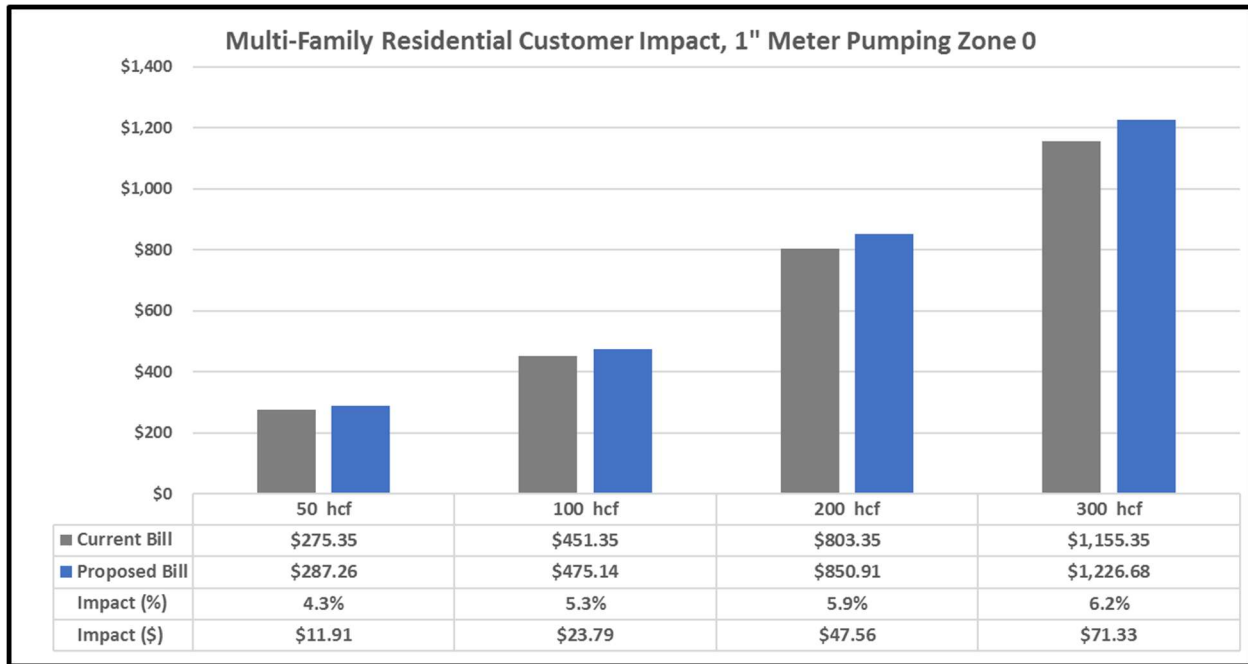
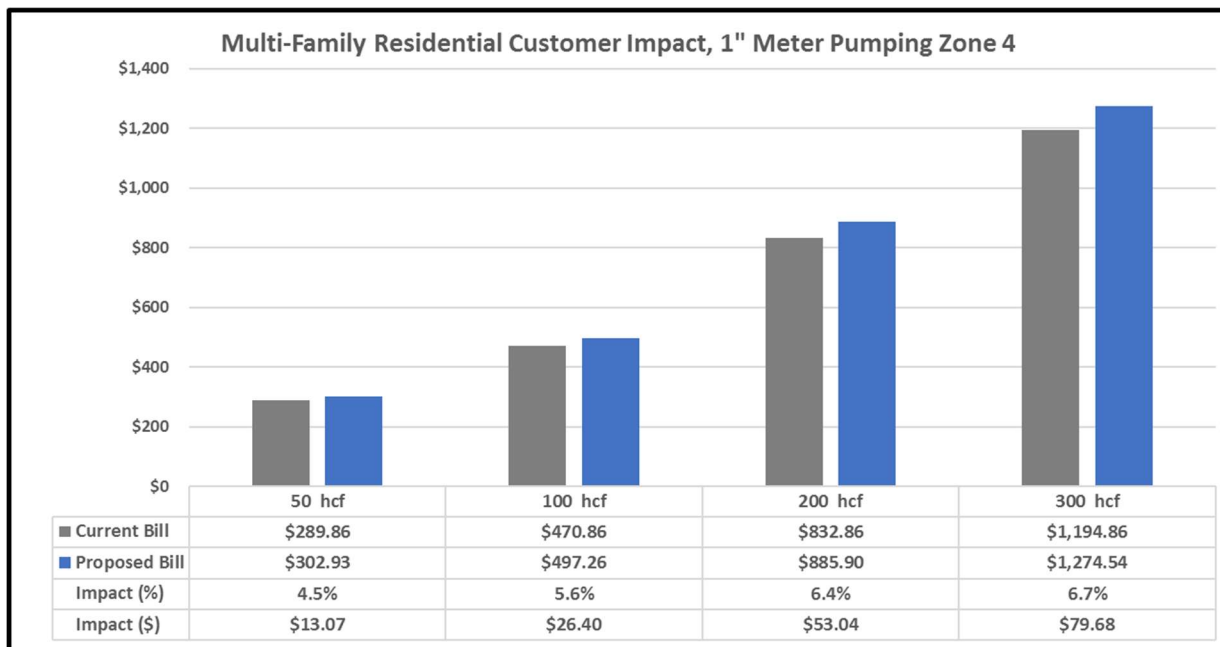


Figure 6-4: MFR Bill Impact - Pumping Zone 4



6.3 COMMERCIAL BILL IMPACTS

Figure 6-5 reflects the commercial impacts at various usage levels for customers with a 1" meter not located within a pumping zone and Figure 6-6 reflects the commercial impacts at various usage levels for customers with a 1" meter within pumping zone 4.

Figure 6-5: Commercial Bill Impact – No Pumping Zone

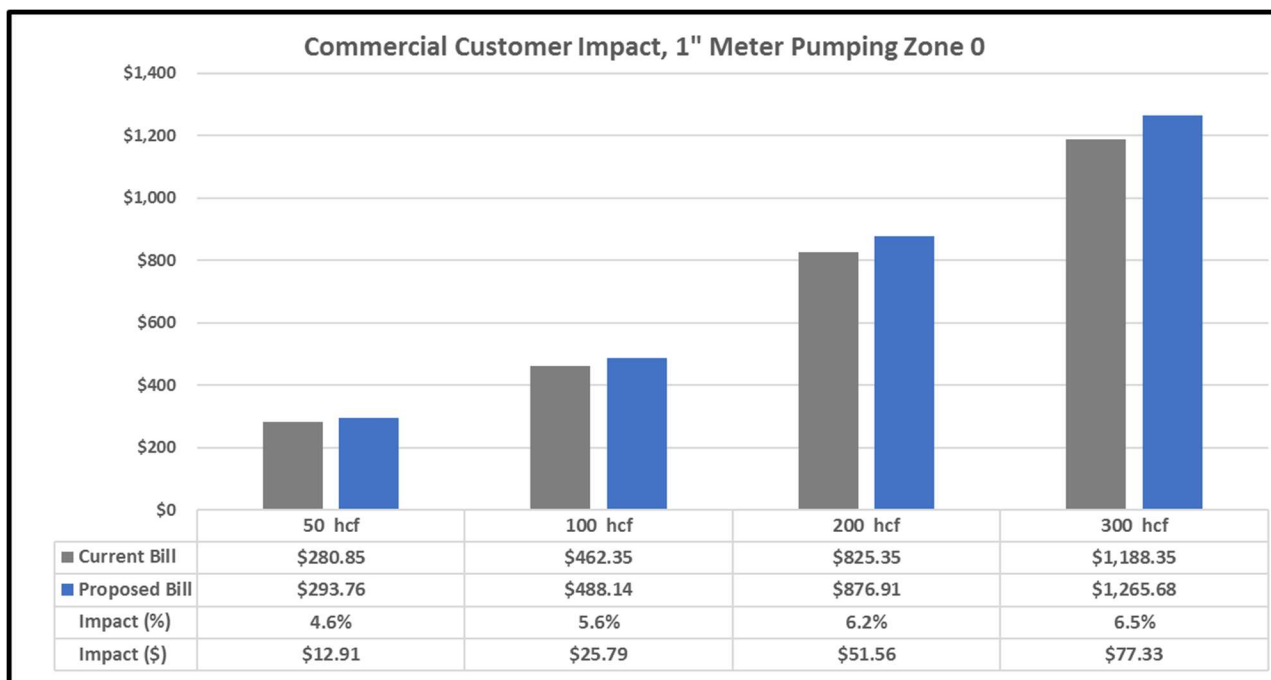
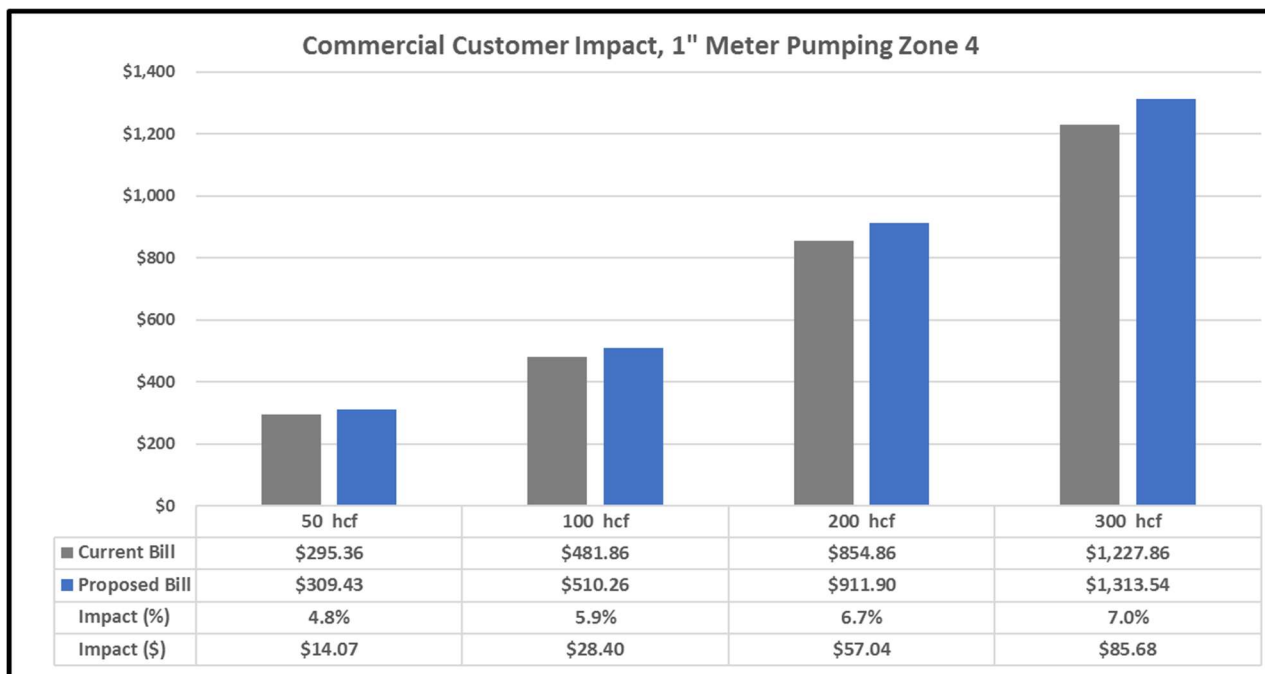


Figure 6-6: Commercial Bill Impact – Pumping Zone 4



6.4 INSTITUTIONAL BILL IMPACTS

Figure 6-7 reflects the institutional impacts at various usage levels for customers with a 1" meter not located within a pumping zone and Figure 6-8 reflects the institutional impacts at various usage levels for customers with a 1" meter within pumping zone 4.

Figure 6-7: Institutional Bill Impact – No Pumping Zone

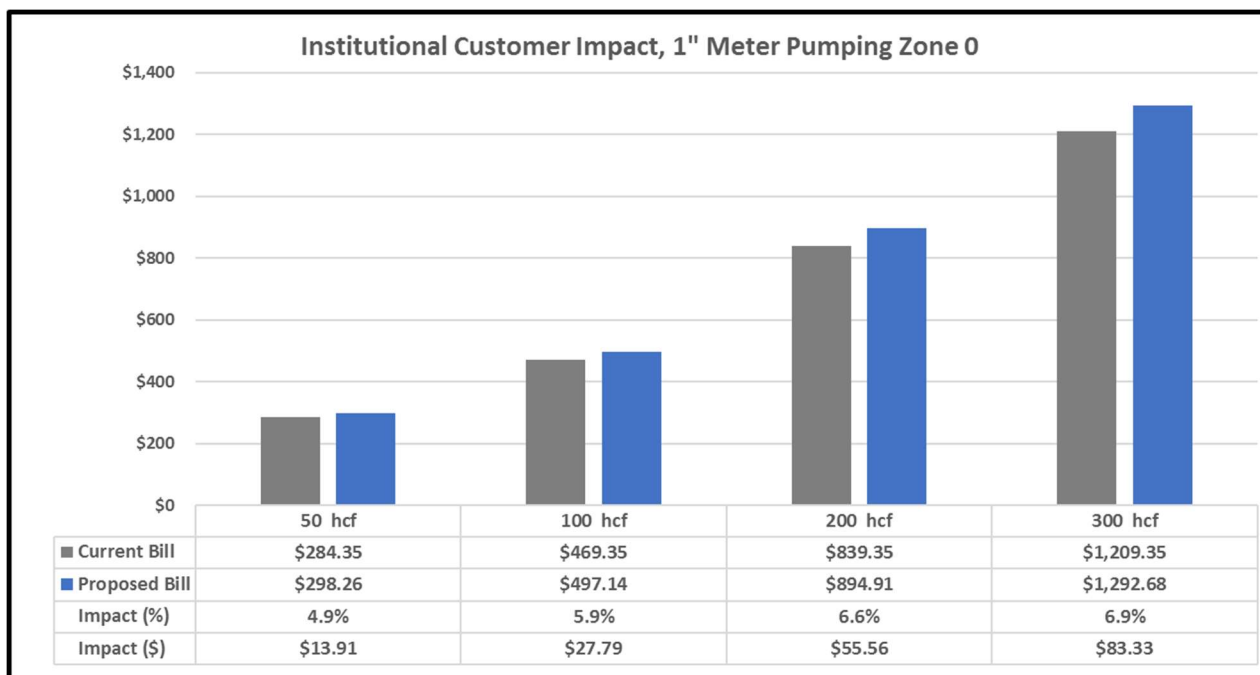
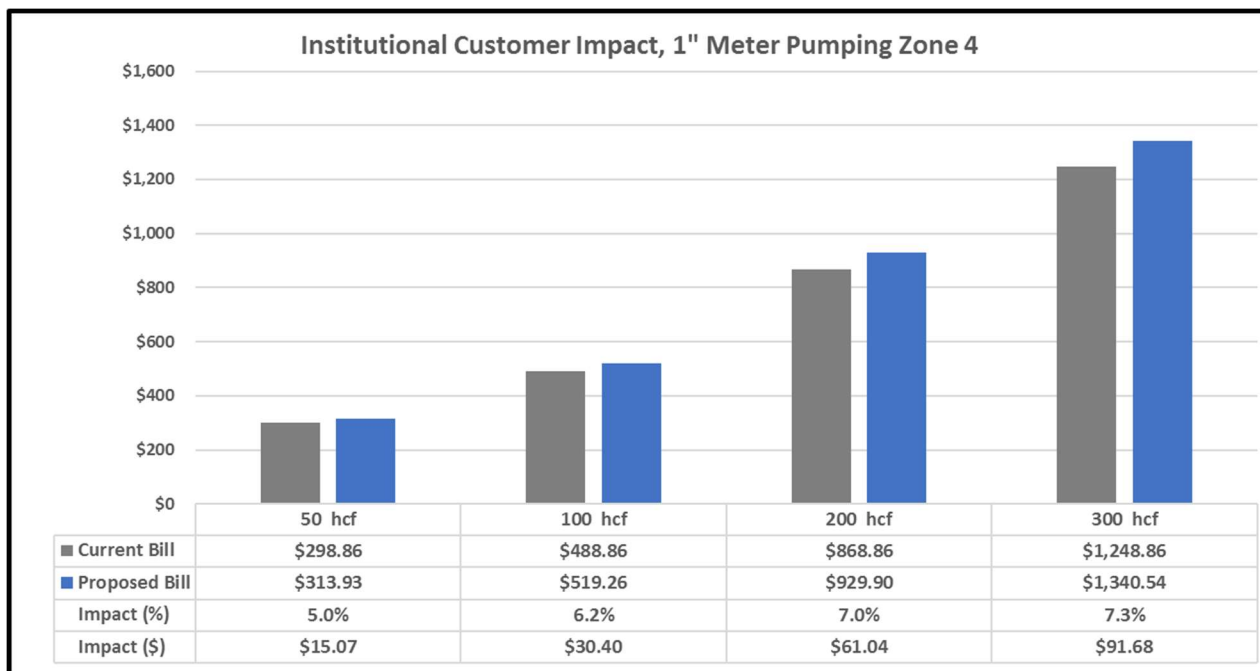


Figure 6-8: Institutional Bill Impact – Pumping Zone 4



6.5 AGRICULTURE (WITHOUT RESIDENCE) BILL IMPACTS

Figure 6-9 reflects the agriculture without residence impacts at various usage levels for customers with a 1 1/2" meter not located within a pumping zone and Figure 6-10 reflects the agriculture without residence impacts at various usage levels for customers with a 1 1/2" meter within pumping zone 4.

Figure 6-9: Agriculture without Residence Bill Impact - No Pumping Zone

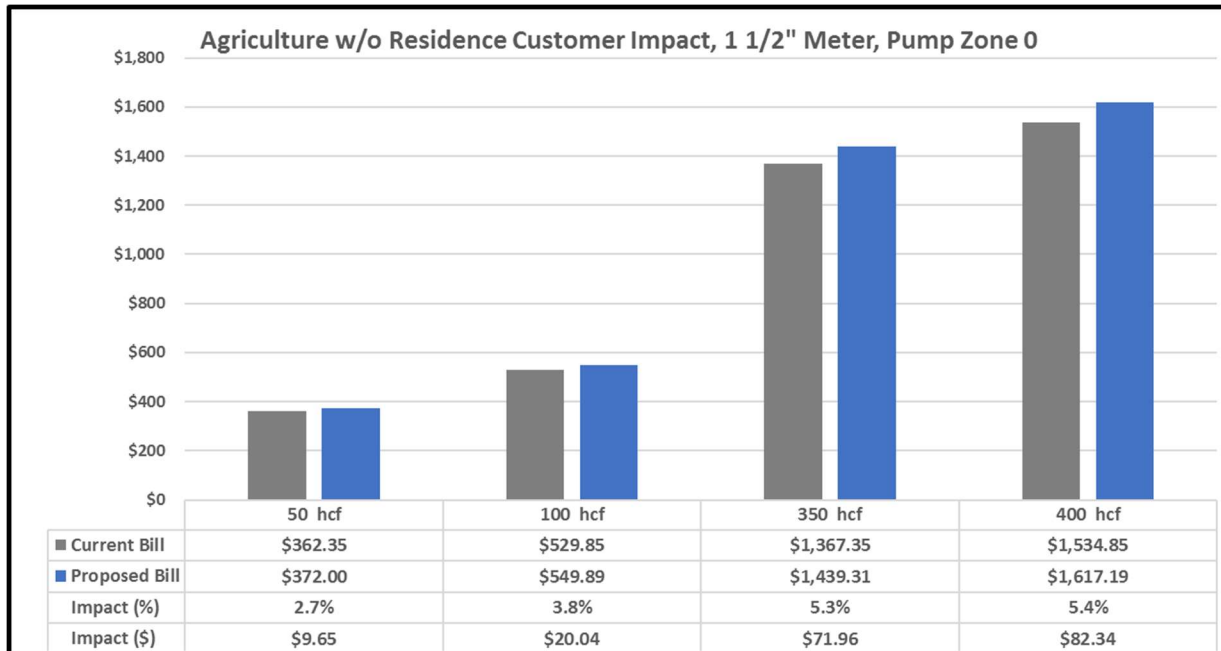
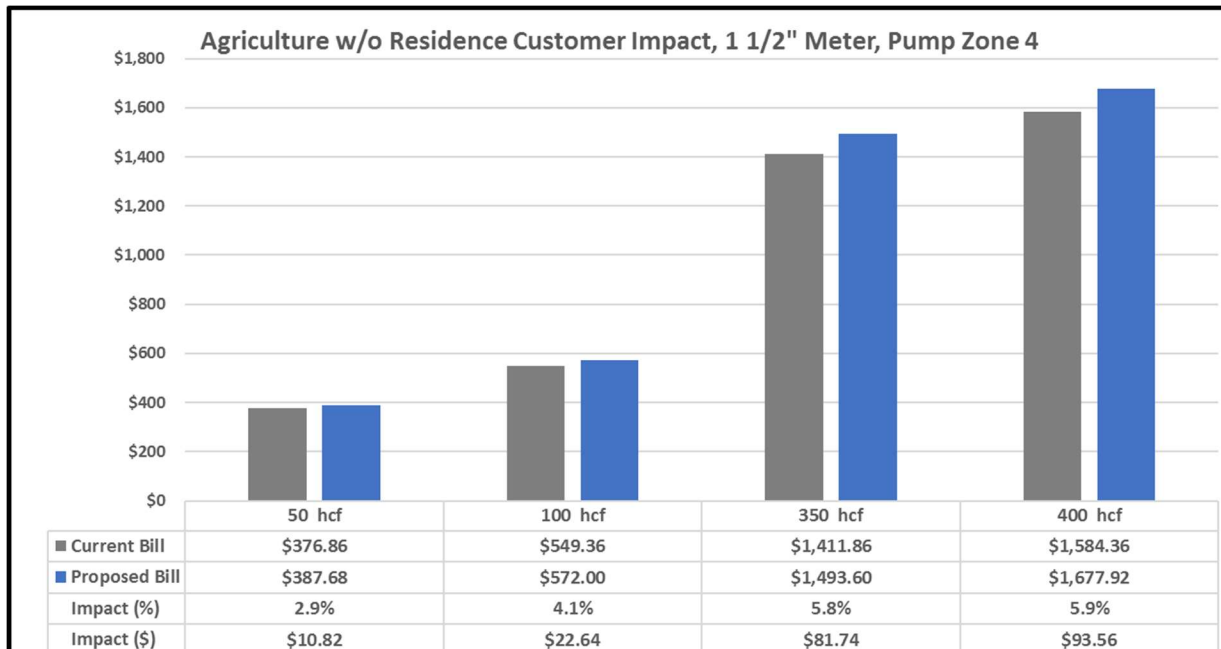


Figure 6-10: Agriculture without Residence Impact - Pumping Zone 4



6.6 AGRICULTURE (WITH RESIDENCE) BILL IMPACTS

Figure 6-11 reflects the agriculture with residence impacts at various usage levels for customers with a 1 1/2" meter not located within a pumping zone and Figure 6-12 reflects the agriculture with residence impacts at various usage levels for customers with a 1 1/2" meter within pumping zone 4.

Figure 6-11: Agriculture with Residence Bill Impact – No Pumping Zone

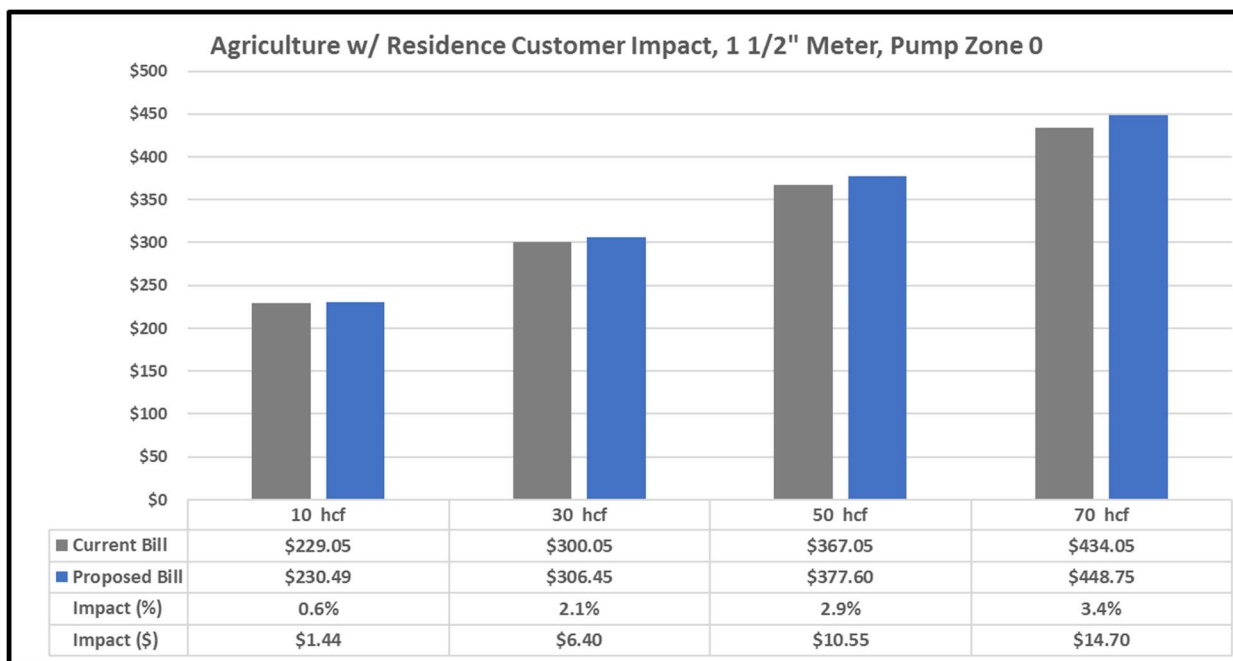
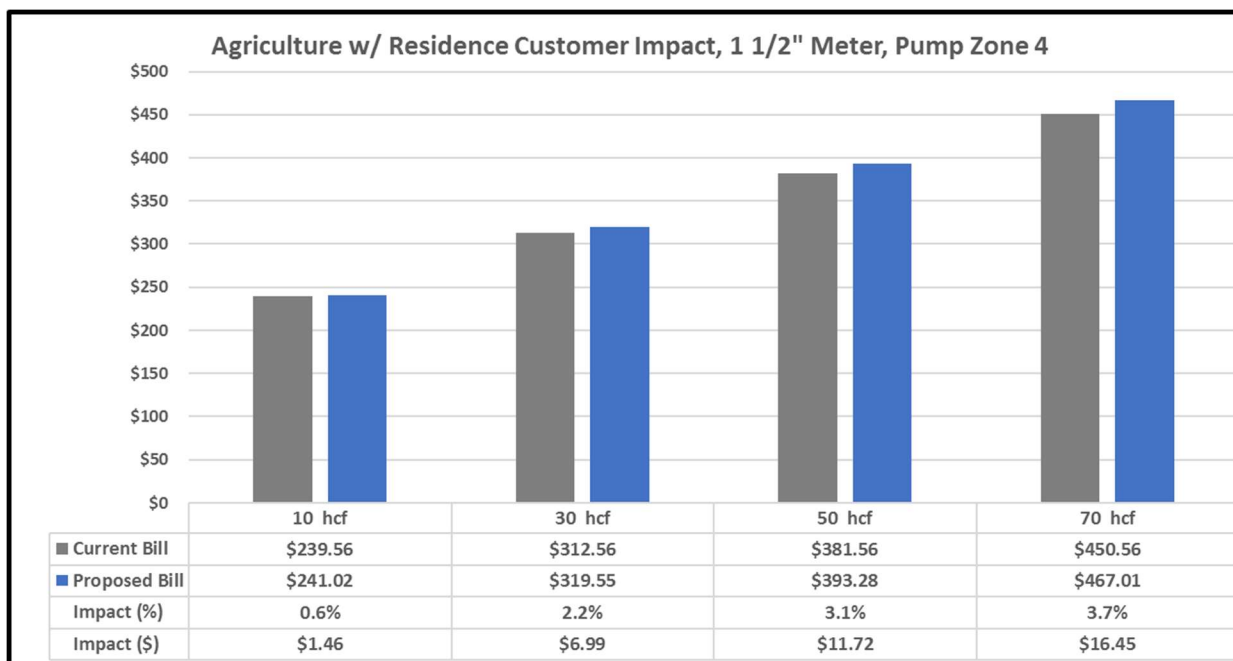


Figure 6-12: Agriculture with Residence Impact – Pumping Zone 4



6.7 TSAWR DOMESTIC BILL IMPACTS

Figure 6-13 reflects the TSAWR Domestic impacts at various usage levels for customers with a 1 1/2" meter not located within a pumping zone and Figure 6-14 reflects the TSAWR Domestic impacts at various usage levels for customers with a 1 1/2" meter within pumping zone 4.

Figure 6-13: TSAWR Domestic Bill Impact - No Pumping Zone

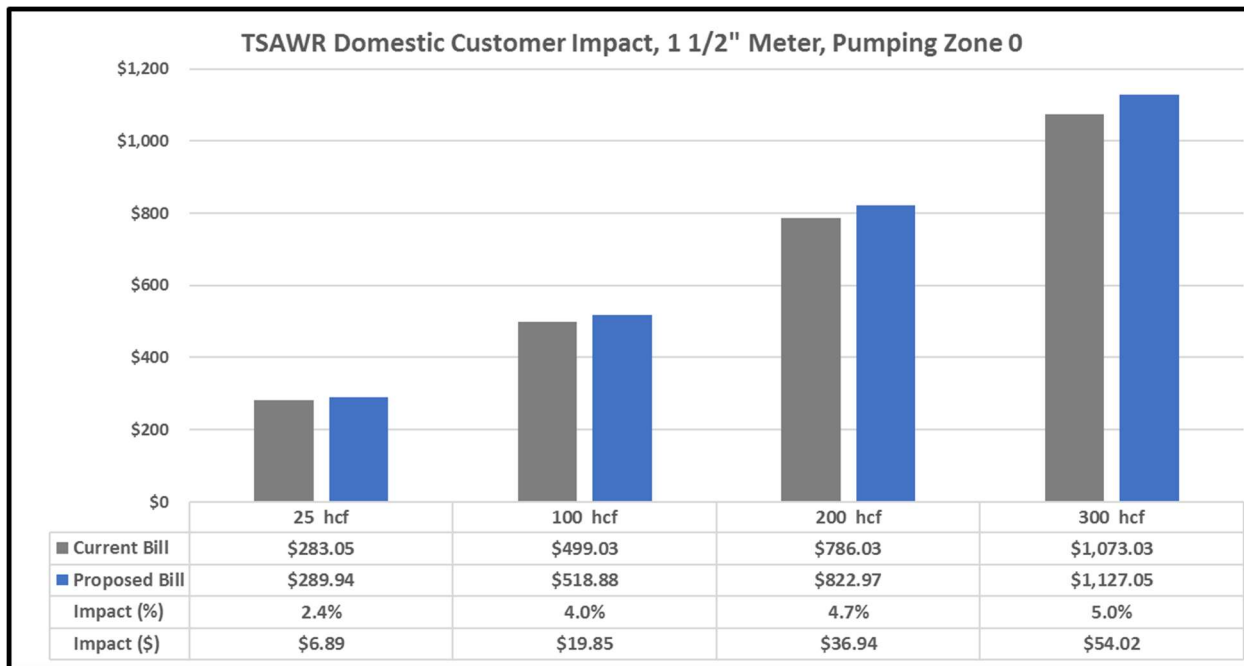
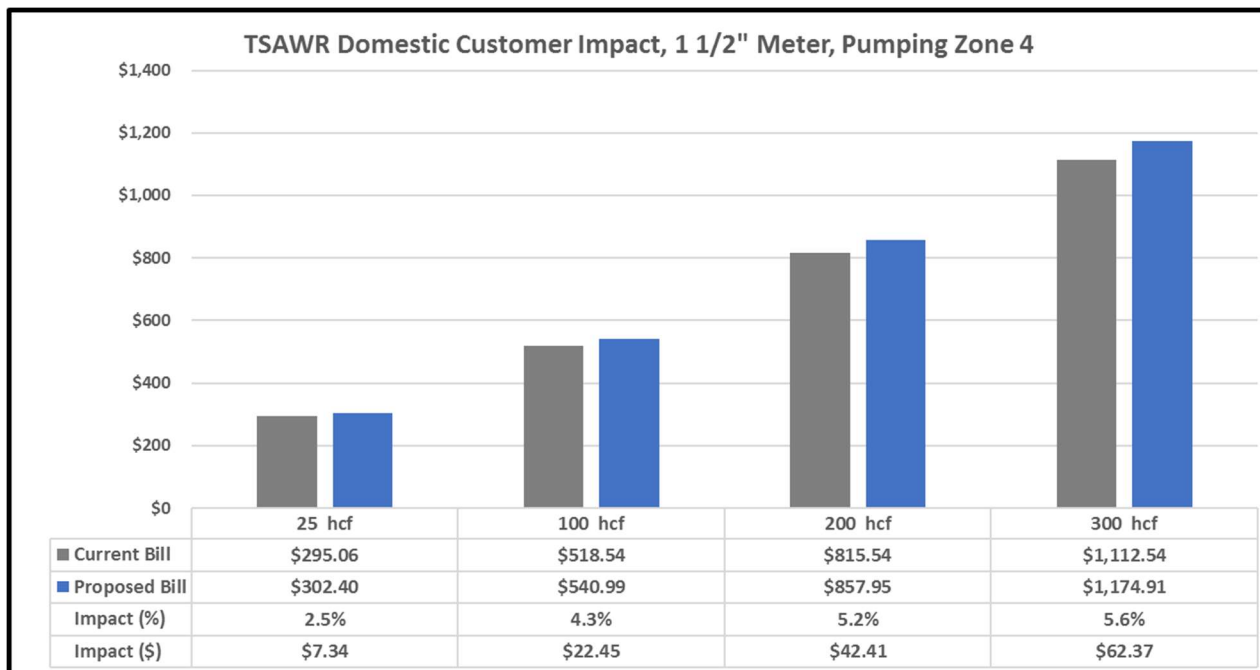


Figure 6-14: TSAWR Domestic Impact - Pumping Zone 4



6.8 TSAWR COMMERCIAL BILL IMPACTS

Figure 6-15 reflects the TSAWR Commercial impacts at various usage levels for customers with a 1 ½” meter not located within a pumping zone and Figure 6-16 reflects the TSAWR Commercial impacts at various usage levels for customers with a 1 ½” meter within pumping zone 4.

Figure 6-15: TSAWR Commercial Bill Impact – No Pumping Zone

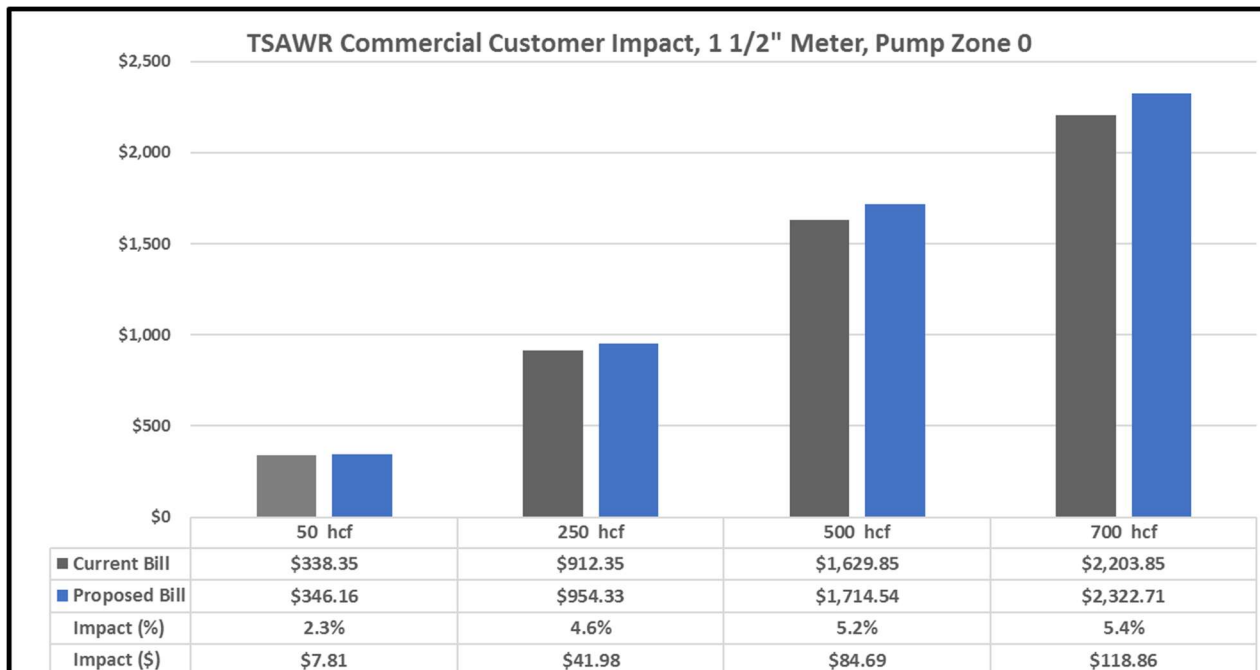
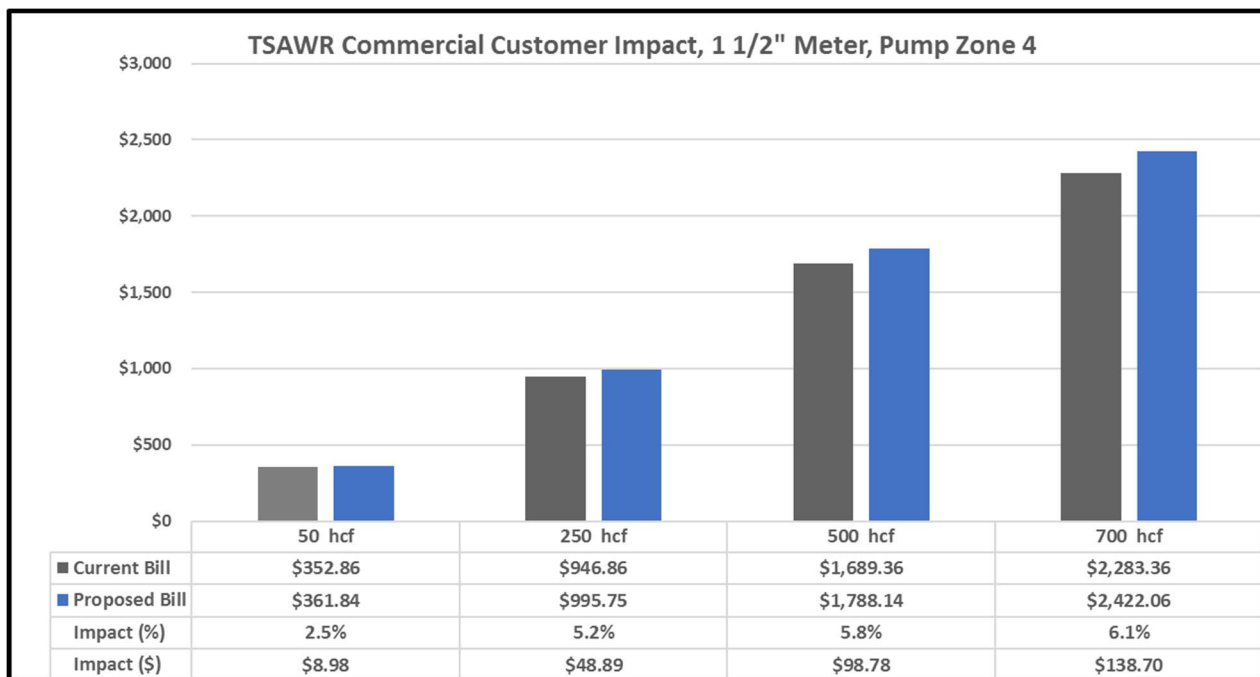


Figure 6-16: TSAWR Commercial Impact – Pumping Zone 4



APPENDIX A: DETAILED REVENUE PROJECTIONS

Revenue Detail

Fixed Revenues					
	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
RMWD O&M Charge					
SFR	\$2,110,961	\$2,173,819	\$2,238,470	\$2,283,344	\$2,328,969
MFR	\$87,270	\$89,089	\$90,909	\$92,728	\$94,547
Commercial	\$186,555	\$186,555	\$186,555	\$186,555	\$186,555
Institutional	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Agricultural w/o Residence	\$634,193	\$634,193	\$634,193	\$634,193	\$634,193
Agricultural with Residence	\$554,415	\$554,415	\$554,415	\$554,415	\$554,415
TSAWR Domestic	\$1,288,228	\$1,288,228	\$1,288,228	\$1,288,228	\$1,288,228
TSAWR Commercial	\$629,007	\$629,007	\$629,007	\$629,007	\$629,007
Total - RMWD O&M Charge	\$5,505,629	\$5,570,305	\$5,636,775	\$5,683,469	\$5,730,913
Variable Revenues					
	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Usage Revenues					
Single Family Residential					
Tier 1	\$198,020	\$203,960	\$210,079	\$214,281	\$218,567
Tier 2	\$233,652	\$240,661	\$247,881	\$252,839	\$257,895
Tier 3	\$623,008	\$641,698	\$660,949	\$674,168	\$687,651
Multi-Family Residential	\$61,641	\$63,490	\$65,395	\$66,703	\$68,037
Commercial	\$177,277	\$177,277	\$177,277	\$177,277	\$177,277
Institutional	\$19,330	\$19,330	\$19,330	\$19,330	\$19,330
Agriculture w/o Residence	\$422,006	\$422,006	\$422,006	\$422,006	\$422,006
Agriculture w/ Residence					
Tier 1	\$21,818	\$21,818	\$21,818	\$21,818	\$21,818
Tier 2	\$33,857	\$33,857	\$33,857	\$33,857	\$33,857
Tier 3	\$60,574	\$60,574	\$60,574	\$60,574	\$60,574
TSAWR - Domestic					
Tier 1	\$94,148	\$94,148	\$94,148	\$94,148	\$94,148
Tier 2	\$148,875	\$148,875	\$148,875	\$148,875	\$148,875
Tier 3	\$542,553	\$542,553	\$542,553	\$542,553	\$542,553
TSAWR Commercial	\$426,794	\$426,794	\$426,794	\$426,794	\$426,794
Construction	\$51,274	\$51,274	\$51,274	\$51,274	\$51,274
Total - Usage Revenues	\$3,114,826	\$3,148,316	\$3,182,810	\$3,206,496	\$3,230,656

APPENDIX B: OPERATING AND MAINTENANCE DETAILS

O&M Detail

Expense Detail						
	Inflate by	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Cost Allocation						
Board	Salaries	\$26,535	\$27,862	\$29,255	\$30,718	\$32,254
Garage	Capital	\$473,903	\$483,381	\$493,048	\$502,909	\$512,967
Admin	Salaries	\$1,381,407	\$1,450,477	\$1,523,001	\$1,599,151	\$1,679,109
HR	Salaries	\$267,445	\$280,818	\$294,858	\$309,601	\$325,081
Safety	Salaries	\$139,408	\$146,378	\$153,697	\$161,382	\$169,451
Finance	Salaries	\$480,874	\$504,917	\$530,163	\$556,671	\$584,505
Customer Srv.	Salaries	\$358,399	\$376,319	\$395,135	\$414,892	\$435,636
Engineering	Salaries	\$715,327	\$751,093	\$788,648	\$828,080	\$869,484
Subtotal Cost Allocation		\$3,843,297	\$4,021,245	\$4,207,806	\$4,403,405	\$4,608,488
Pumping - Payroll & Employee Expenses						
Regular Salaries	Salaries	\$45,838	\$48,130	\$50,536	\$53,063	\$55,716
Overtime Paid, Comptime Earn.	Salaries	\$250	\$263	\$276	\$289	\$304
Employer'S Share Fica Ssi	Benefits	\$2,842	\$2,927	\$3,015	\$3,106	\$3,199
Employer'S Share Fica Medicare	Benefits	\$665	\$684	\$705	\$726	\$748
Medical Ins Acwa Health Ben	Benefits	\$9,603	\$9,891	\$10,188	\$10,493	\$10,808
Dental Insurance	Benefits	\$915	\$942	\$971	\$1,000	\$1,030
Vision Ins Acwa	Benefits	\$118	\$122	\$125	\$129	\$133
Life, S/T,L/T Disability Ins	Benefits	\$696	\$717	\$738	\$761	\$783
Retirement-Calpers	Benefits	\$7,655	\$7,885	\$8,121	\$8,365	\$8,616
Worker'S Compensation Ins	Benefits	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957
State Unemployment Ins, E.T.T.	Benefits	\$126	\$130	\$134	\$138	\$142
Deferred Comp-Employer Contrib	Benefits	\$1,300	\$1,339	\$1,379	\$1,421	\$1,463
Subtotal Pumping - Payroll & Employee Expenses		\$71,747	\$74,821	\$78,033	\$81,390	\$84,899
Pumping - Operating Expenses						
Equipment Maintenance/Repair	Capital	\$59,000	\$60,180	\$61,384	\$62,611	\$63,863
Building Maintenance	Capital	\$1,500	\$1,530	\$1,561	\$1,592	\$1,624
Supplies & Services	General	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255
Regulatory Permits	General	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502
Small Tools And Equipment	Capital	\$1,000	\$1,020	\$1,040	\$1,061	\$1,082
Utilities - Electricity	Energy	\$515,000	\$544,640	\$576,079	\$607,917	\$641,561
Subtotal Pumping - Operating Expenses		\$590,500	\$621,790	\$654,916	\$688,479	\$723,888
Operations - Payroll & Employee Expenses						
Regular Salaries	Salaries	\$677,548	\$711,425	\$746,997	\$784,347	\$823,564
Overtime Paid, Comptime Earn.	Salaries	\$50,250	\$52,763	\$55,401	\$58,171	\$61,079
Employer'S Share Fica Ssi	Benefits	\$42,008	\$43,268	\$44,566	\$45,903	\$47,280
Employer'S Share Fica Medicare	Benefits	\$9,825	\$10,119	\$10,423	\$10,735	\$11,058
Medical Ins Acwa Health Ben	Benefits	\$137,551	\$141,678	\$145,928	\$150,306	\$154,815
Dental Insurance	Benefits	\$12,809	\$13,193	\$13,589	\$13,997	\$14,417
Vision Ins Acwa	Benefits	\$1,653	\$1,703	\$1,754	\$1,806	\$1,860
Life, S/T,L/T Disability Ins	Benefits	\$9,954	\$10,253	\$10,560	\$10,877	\$11,203
Retirement-Calpers	Benefits	\$113,151	\$116,546	\$120,042	\$123,643	\$127,352
Employee Training/Tuition Reim	Benefits	\$13,000	\$13,390	\$13,792	\$14,205	\$14,632
Worker'S Compensation Ins	Benefits	\$25,706	\$26,477	\$27,271	\$28,090	\$28,932
State Unemployment Ins, E.T.T.	Benefits	\$1,764	\$1,817	\$1,871	\$1,928	\$1,985
Duty Pay	Benefits	\$13,000	\$13,390	\$13,792	\$14,205	\$14,632
Deferred Comp-Employer Contrib	Benefits	\$15,340	\$15,800	\$16,274	\$16,762	\$17,265
Subtotal Operations - Payroll & Employee Expenses		\$1,123,559	\$1,171,821	\$1,222,260	\$1,274,975	\$1,330,075

Expense Detail (continued)

	Inflate by	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Operations - Operating Expenses						
Electronics	Capital	\$8,500	\$8,670	\$8,843	\$9,020	\$9,201
Equipment Maintenance/Repairs	Capital	\$17,800	\$18,156	\$18,519	\$18,890	\$19,267
Equipment Maintenance Contract	General	\$48,000	\$49,440	\$50,923	\$52,451	\$54,024
Building Maintenance	Capital	\$1,000	\$1,020	\$1,040	\$1,061	\$1,082
Supplies And Services	General	\$222,000	\$228,660	\$235,520	\$242,585	\$249,863
Tank Maintenance	Capital	\$599,043	\$611,024	\$623,244	\$635,709	\$648,423
Regulatory Permits	General	\$43,000	\$44,290	\$45,619	\$46,987	\$48,397
Printing & Reproductions	General	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753
Small Tools And Equipment	Capital	\$7,500	\$7,650	\$7,803	\$7,959	\$8,118
Travel/Conf/Training	General	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
Utilities	Energy	\$13,500	\$14,175	\$14,884	\$15,628	\$16,409
Capital Equipment	Capital	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236
Subtotal Operations - Operating Expenses		\$983,343	\$1,006,625	\$1,030,489	\$1,054,951	\$1,080,026
Valve Maintenance - Payroll & Employee Expenses						
Regular Salaries	Salaries	\$317,813	\$333,704	\$350,389	\$367,908	\$386,304
Overtime Paid, Comptime Earn.	Salaries	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078
Employer'S Share Fica Ssi	Benefits	\$19,704	\$20,295	\$20,904	\$21,531	\$22,177
Employer'S Share Fica Medicare	Benefits	\$4,608	\$4,746	\$4,889	\$5,035	\$5,186
Medical Ins Acwa Health Ben	Benefits	\$79,241	\$81,618	\$84,067	\$86,589	\$89,186
Dental Insurance	Benefits	\$7,319	\$7,539	\$7,765	\$7,998	\$8,238
Vision Ins Acwa	Benefits	\$944	\$972	\$1,001	\$1,032	\$1,062
Life, S/T,L/T Disability Ins	Benefits	\$4,808	\$4,952	\$5,101	\$5,254	\$5,411
Retirement-Calpers	Benefits	\$53,075	\$54,667	\$56,307	\$57,996	\$59,736
Employee Training/Tuition Reim	Benefits	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
Worker'S Compensation Ins	Benefits	\$12,058	\$12,420	\$12,792	\$13,176	\$13,571
State Unemployment Ins, E.T.T.	Benefits	\$1,008	\$1,038	\$1,069	\$1,101	\$1,135
Deferred Comp-Employer Contrib	Benefits	\$8,450	\$8,704	\$8,965	\$9,234	\$9,511
Subtotal Valve Maintenance - Payroll & Employee Expense		\$516,028	\$537,965	\$560,883	\$584,828	\$609,846
Valve Maintenance - Operating Expenses						
Supplies And Services	General	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275
Small Tools And Equipment	Capital	\$1,500	\$1,530	\$1,561	\$1,592	\$1,624
Travel/Conferences/Training	General	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Shop And Field Equipment	Capital	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122
Subtotal Valve Maintenance - Operating Expenses		\$102,500	\$105,060	\$107,687	\$110,381	\$113,146
Water Distribution - Payroll & Employee Expenses						
Regular Salaries	Salaries	\$938,806	\$985,746	\$1,035,034	\$1,086,785	\$1,141,125
Overtime Paid, Comptime Earn.	Salaries	\$140,000	\$147,000	\$154,350	\$162,068	\$170,171
Employer'S Share Fica Ssi	Benefits	\$58,206	\$59,952	\$61,751	\$63,603	\$65,511
Employer'S Share Fica Medicare	Benefits	\$13,613	\$14,021	\$14,442	\$14,875	\$15,322
Medical Ins Acwa Health Ben	Benefits	\$195,337	\$201,197	\$207,233	\$213,450	\$219,854
Dental Insurance	Benefits	\$17,991	\$18,531	\$19,087	\$19,659	\$20,249
Vision Ins Acwa	Benefits	\$2,479	\$2,553	\$2,630	\$2,709	\$2,790
Life, S/T,L/T Disability Ins	Benefits	\$13,551	\$13,958	\$14,376	\$14,808	\$15,252
Retirement-Calpers	Benefits	\$156,781	\$161,484	\$166,329	\$171,319	\$176,458
Employee Training/Tuition Reim	Benefits	\$7,000	\$7,210	\$7,426	\$7,649	\$7,879
Worker'S Compensation Ins	Benefits	\$36,490	\$37,585	\$38,712	\$39,874	\$41,070
State Unemployment Ins, E.T.T.	Benefits	\$2,646	\$2,725	\$2,807	\$2,891	\$2,978
Duty Pay	Benefits	\$13,000	\$13,390	\$13,792	\$14,205	\$14,632
Deferred Comp-Employer Contrib	Benefits	\$24,960	\$25,709	\$26,480	\$27,274	\$28,093
Subtotal Water Distribution - Payroll & Employee Expense		\$1,620,860	\$1,691,062	\$1,764,449	\$1,841,170	\$1,921,382

Expense Detail (continued)						
	Inflate by	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Water Distribution - Operations Expenses						
Supplies And Services	General	\$403,000	\$415,090	\$427,543	\$440,369	\$453,580
Small Tools And Equipment	Capital	\$4,000	\$4,080	\$4,162	\$4,245	\$4,330
Travel/Conferences/Meetings	General	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502
Subtotal Water Distribution - Operations Expenses		\$411,000	\$423,290	\$435,948	\$448,985	\$462,412
Meter Services - Payroll & Employee Expenses						
Regular Salaries	Salaries	\$443,481	\$465,655	\$488,938	\$513,385	\$539,054
Overtime Paid, Comptime Earn.	Salaries	\$3,000	\$3,150	\$3,308	\$3,473	\$3,647
Employer'S Share Fica Ssi	Benefits	\$27,496	\$28,321	\$29,171	\$30,046	\$30,947
Employer'S Share Fica Medicare	Benefits	\$6,430	\$6,623	\$6,822	\$7,026	\$7,237
Medical Ins Acwa Health Ben	Benefits	\$88,794	\$91,458	\$94,202	\$97,028	\$99,938
Dental Insurance	Benefits	\$10,064	\$10,366	\$10,677	\$10,997	\$11,327
Vision Ins Acwa Serv Corp	Benefits	\$1,298	\$1,337	\$1,377	\$1,418	\$1,461
Life, S/T, L/T Disability Ins	Benefits	\$6,720	\$6,922	\$7,129	\$7,343	\$7,563
Retirement - Calpers	Benefits	\$74,061	\$76,283	\$78,571	\$80,928	\$83,356
Employee Training/Tuition Reim	Benefits	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
Worker'S Compensation Ins	Benefits	\$19,357	\$19,938	\$20,536	\$21,152	\$21,786
State Unemployment Ins, E.T.T.	Benefits	\$1,386	\$1,428	\$1,470	\$1,515	\$1,560
Deferred Comp-Employer Contrib	Benefits	\$13,000	\$13,390	\$13,792	\$14,205	\$14,632
Subtotal Meter Services - Payroll & Employee Expenses		\$697,087	\$726,929	\$758,113	\$790,702	\$824,760
Meter Services - Operations Expenses						
Backflow Expenses	General	\$280,000	\$288,400	\$297,052	\$305,964	\$315,142
Supplies & Services	General	\$125,000	\$128,750	\$132,613	\$136,591	\$140,689
Small Tools And Equipment	Capital	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247
Replacement Reserve-Oceanside	General	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Shop And Field Equipment	Capital	\$135,000	\$137,700	\$140,454	\$143,263	\$146,128
Subtotal Meter Services - Operations Expenses		\$544,000	\$558,940	\$574,301	\$590,094	\$606,332
Admin/HR - Water Operations						
Supplies and Services	General	\$14	\$14	\$15	\$15	\$16
Subtotal Admin/HR - Water Operations		\$14	\$14	\$15	\$15	\$16
O&M Costs		\$10,503,934	\$10,939,562	\$11,394,899	\$11,869,374	\$12,365,270

APPENDIX C: CASH FLOW DETAIL

Cash Flow

Revenue			FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Revenue from Rates							
	RMWD O&M Charge		\$5,505,629	\$5,570,305	\$5,636,775	\$5,683,469	\$5,730,913
	Usage Revenues		\$3,114,826	\$3,148,316	\$3,182,810	\$3,206,496	\$3,230,656
Total Base Rate Revenue			\$8,620,455	\$8,718,621	\$8,819,585	\$8,889,965	\$8,961,569
Additional Revenue:							
Fiscal Year	Revenue Adjustments	Effective Month					
2018	20.0%	March	\$574,697	\$1,743,724	\$1,763,917	\$1,777,993	\$1,792,314
2019	19.0%	January		\$993,923	\$2,010,865	\$2,026,912	\$2,043,238
2020	17.0%	January			\$1,070,521	\$2,158,128	\$2,175,510
2021	17.0%	January				\$1,262,505	\$2,545,347
2022	16.0%	January					\$1,401,438
Total Additional Revenue			\$574,697	\$2,737,647	\$4,845,304	\$7,225,538	\$9,957,848
Total Rate Revenues			\$9,195,152	\$11,456,268	\$13,664,889	\$16,115,503	\$18,919,417
Other Operating Revenues							
	Pumping		\$662,247	\$696,611	\$732,950	\$769,869	\$808,787
	Turn On/Off Fees		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
	R.P. Charges		\$287,201	\$287,201	\$287,201	\$287,201	\$287,201
	Inspections		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
	Plans And Specs		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Install Fees,Hyd		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
	Miscellaneous		\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
	New Meter Sales/Install Parts		\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
	Notice Delivery Revenue		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Subtotal Other Operating Revenues			\$1,161,948	\$1,196,312	\$1,232,651	\$1,269,571	\$1,308,488
Interest Income							
	Interest Revenues - Water Fund		\$0	\$29,644	\$39,758	\$40,871	\$42,034
Subtotal Interest Income			\$0	\$29,644	\$39,758	\$40,871	\$42,034
Non-Operating Revenues							
	Nsf Check Fees		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
	Miscellaneous		\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
	Property Tax Rev. - Ad Valorem		\$315,000	\$315,000	\$315,000	\$315,000	\$315,000
	Property Tax - Parcel Charge RTS		\$290,000	\$290,000	\$290,000	\$290,000	\$290,000
Subtotal Non-Operating Revenues			\$656,500	\$656,500	\$656,500	\$656,500	\$656,500
Total Revenues			\$11,013,600	\$13,338,724	\$15,593,797	\$18,082,445	\$20,926,438

Cash Flow (continued)

O&M Expenses					
	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Other O&M					
Administration and General	\$2,295,669	\$2,410,452	\$2,530,975	\$2,657,523	\$2,790,400
Capital	\$715,327	\$751,093	\$788,648	\$828,080	\$869,484
Customer Service	\$358,399	\$376,319	\$395,135	\$414,892	\$435,636
Distribution	\$2,650,388	\$2,757,377	\$2,868,966	\$2,985,363	\$3,106,786
Meter Services	\$1,241,087	\$1,285,869	\$1,332,414	\$1,380,795	\$1,431,092
Operations	\$2,580,818	\$2,661,841	\$2,745,812	\$2,832,851	\$2,923,084
Pumping - Operations	\$147,247	\$151,971	\$156,870	\$161,953	\$167,226
Pumping - Energy	\$515,000	\$544,640	\$576,079	\$607,917	\$641,561
Total Operating Expenses	\$10,503,934	\$10,939,562	\$11,394,899	\$11,869,374	\$12,365,270
Debt Service					
SRF Loan C106	\$475,171	\$475,171	\$475,171	\$475,171	\$475,171
SRF Loan C107	\$629,718	\$629,718	\$629,718	\$629,718	\$629,718
Total Debt	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889	\$1,104,889
Total Expenses	\$11,608,823	\$12,044,451	\$12,499,787	\$12,974,263	\$13,470,158
Revenues Less Operating Expenses	(\$595,223)	\$1,294,273	\$3,094,010	\$5,108,182	\$7,456,280
Capital Project Expenses					
Rate Funded	\$1,840,285	\$2,375,211	\$2,119,295	\$3,544,435	\$4,040,719
Capitalized Salaries and Benefits	\$175,000	\$183,750	\$192,938	\$202,584	\$212,714
Total Capital Project Expenses	\$2,015,285	\$2,558,961	\$2,312,232	\$3,747,019	\$4,253,433
Net Cash Change	(\$2,610,508)	(\$1,264,688)	\$781,778	\$1,361,163	\$3,202,847
Total Fund Balances					
	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Total Beginning Balance	\$8,966,419	\$6,355,911	\$5,138,191	\$5,966,417	\$7,369,993
Total Ending Balance	\$6,355,911	\$5,138,191	\$5,966,417	\$7,369,993	\$10,630,830
Total Min Target	\$6,594,260	\$7,446,799	\$8,142,647	\$9,354,199	\$10,543,972

Reserve Balances

Operating Fund			FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Beginning Balance			\$2,510,977	\$1,750,656	\$1,823,260	\$1,899,150	\$1,978,229
Transfers to (from) Reserves			(\$595,223)	\$1,294,273	\$3,094,010	\$5,108,182	\$7,456,280
Intermediate Balance			\$1,915,754	\$3,044,929	\$4,917,271	\$7,007,332	\$9,434,509
Transfers In/ (Out) - Liability Self Insurance Reserve			(\$59,895)	\$0	\$0	\$0	\$0
Transfers In/ (Out) - Water Capital Reserve			(\$105,203)	(\$1,221,669)	(\$3,018,121)	(\$5,029,103)	(\$6,158,383)
Transfers In/ (Out) - Rate Stabilization Reserve			\$0	\$0	\$0	(\$0)	(\$1,215,248)
Transfers In/ (Out) - New Water Resources Reserve			\$0	\$0	\$0	\$0	\$0
Ending Balance			\$1,750,656	\$1,823,260	\$1,899,150	\$1,978,229	\$2,060,878
Target	Min	60 days of Operating	\$1,750,656	\$1,823,260	\$1,899,150	\$1,978,229	\$2,060,878
	Max	90 days of Operating	\$2,625,984	\$2,734,891	\$2,848,725	\$2,967,344	\$3,091,317

Water Capital Projects Reserve			FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Beginning Balance			\$5,651,786	\$3,741,704	\$2,451,379	\$3,203,716	\$4,528,213
<u>Plus:</u>							
Transfers from Operating			\$105,203	\$1,221,669	\$3,018,121	\$5,029,103	\$6,158,383
Capacity Fee Revenues			\$2,600,250	\$2,600,250	\$0	\$0	\$0
New Debt Issue			\$0	\$0	\$0	\$0	\$0
Interest Income			\$0	\$46,967	\$46,448	\$42,413	\$57,989
Transfers from Rate Stabilization Reserve			\$0	\$0	\$0	\$0	\$0
<u>Less:</u>							
Capital Projects			(\$4,440,535)	(\$4,975,461)	(\$2,119,295)	(\$3,544,435)	(\$4,040,719)
Capitalized Salaries & Benefits			(\$175,000)	(\$183,750)	(\$192,938)	(\$202,584)	(\$212,714)
Ending Balance			\$3,741,704	\$2,451,379	\$3,203,716	\$4,528,213	\$6,491,152
Target		1.0 Year(s) Avg CIP	\$3,824,089	\$4,377,911	\$4,777,008	\$5,664,420	\$6,491,152

Liability Self Insurance Reserve			FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Beginning Balance			\$40,105	\$100,000	\$100,000	\$100,000	\$100,000
Transfers from Operations			\$59,895	\$0	\$0	\$0	\$0
Transfers Out - Expenditure			\$0	\$0	\$0	\$0	\$0
Ending Balance			\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Target		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

Rate Stabilization Reserve			FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Beginning Balance			\$0	\$0	\$0	\$0	\$0
Transfers from Operating Reserve			\$0	\$0	\$0	\$0	\$1,215,248
Transfers Out - Capital Reserve			\$0	\$0	\$0	\$0	\$0
Ending Balance			\$0	\$0	\$0	\$0	\$1,215,248
Target Balance		10% of Rate Revenues	\$919,515	\$1,145,627	\$1,366,489	\$1,611,550	\$1,891,942

New Water Sources Reserve			FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Beginning Balance			\$763,551	\$763,551	\$763,551	\$763,551	\$763,551
Transfers from Operating Reserve			\$0	\$0	\$0	\$0	\$0
Transfers Out - Expenditure			\$0	\$0	\$0	\$0	\$0
Ending Balance			\$763,551	\$763,551	\$763,551	\$763,551	\$763,551

Figure C-1 shows the Water Capital Projects Reserve ending balances for each fiscal year in the study period. As shown in the figure, the District will be utilizing reserves during the study period to help fund capital projects and to help mitigate the impact to rate payers. However, the reserves will meet the minimum target by FYE 2020.

Figure C-1: Water Capital Reserve

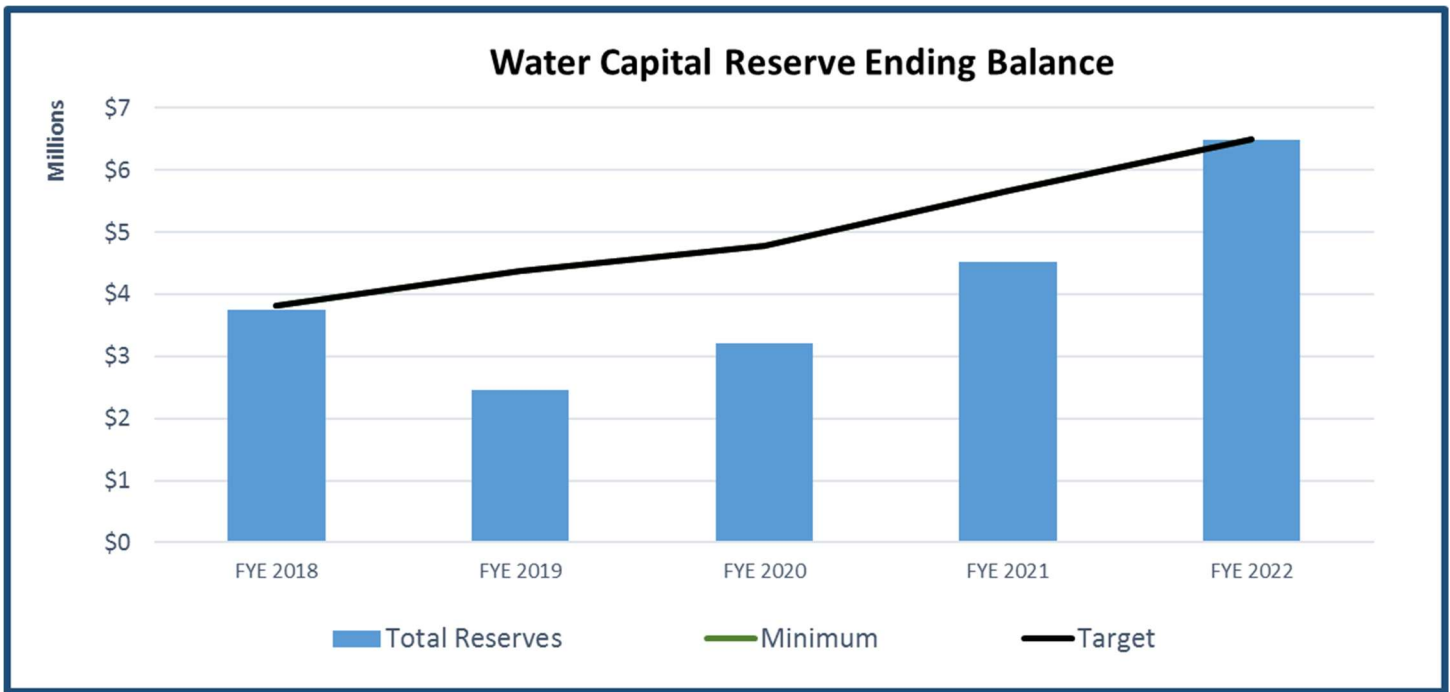


Figure C-2 shows the Liability Self Insurance Reserve. Based on the financial plan selected by the Board, this reserve will be funded at the targeted level of \$100,000 for each year during the study period.

Figure C-2: Liability Self Insurance Reserve

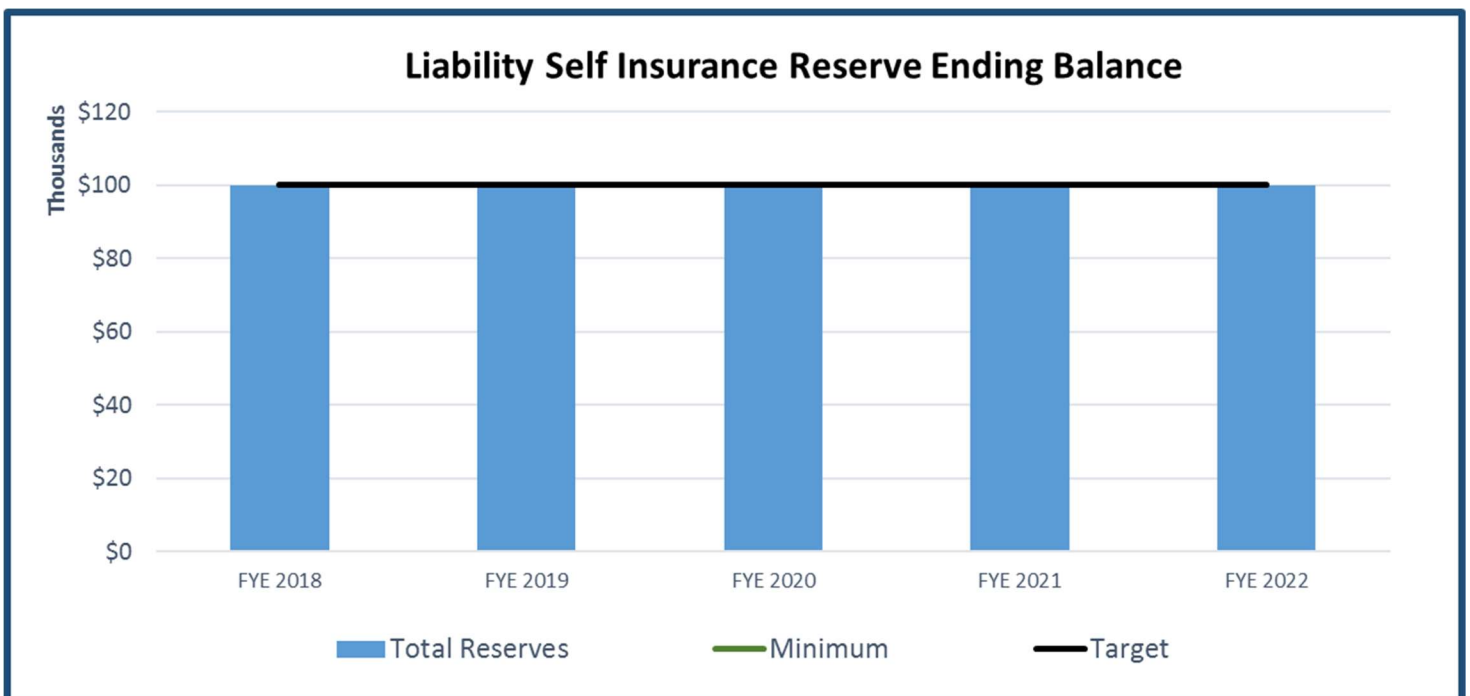


Figure C-3 shows the New Water Resource Reserve. This reserve is intended to fund new projects for developing new sources of water supply. During the study period, no additional funds were transferred in or out of the reserve.

Figure C-3: New Water Resource Reserve

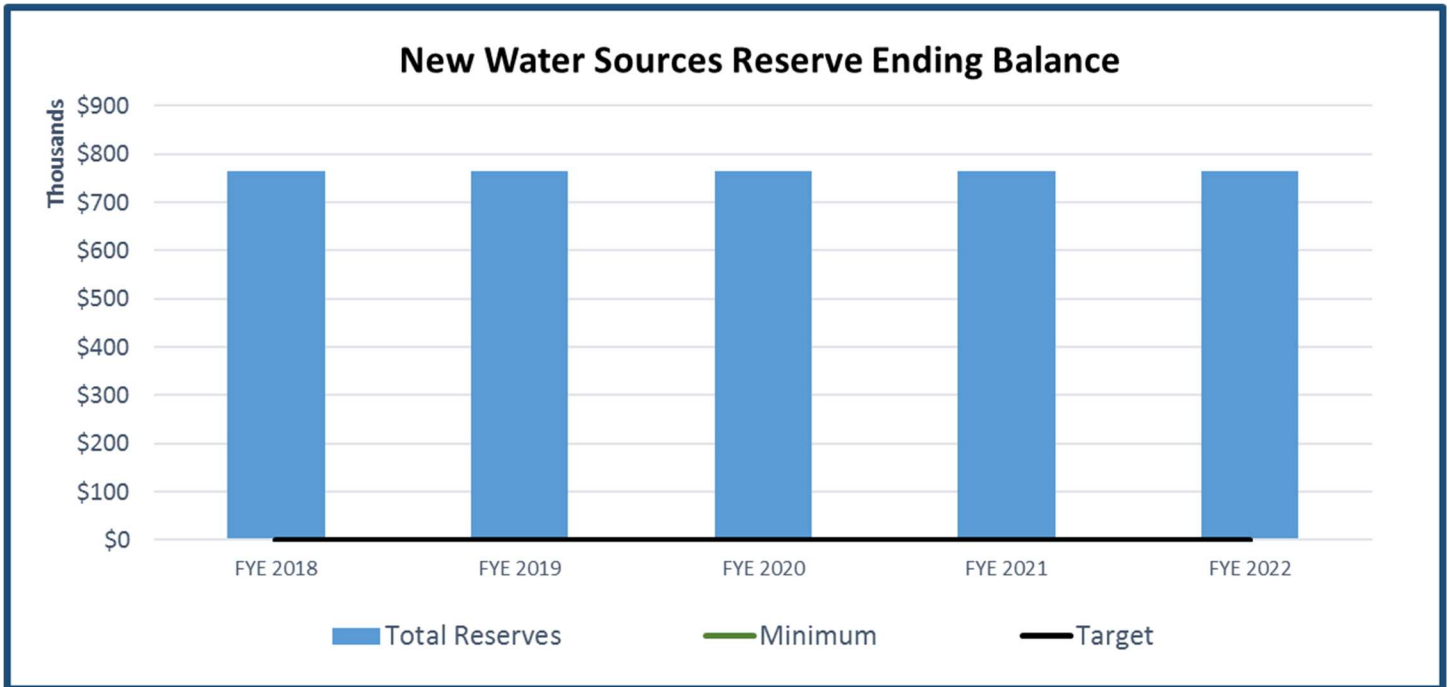
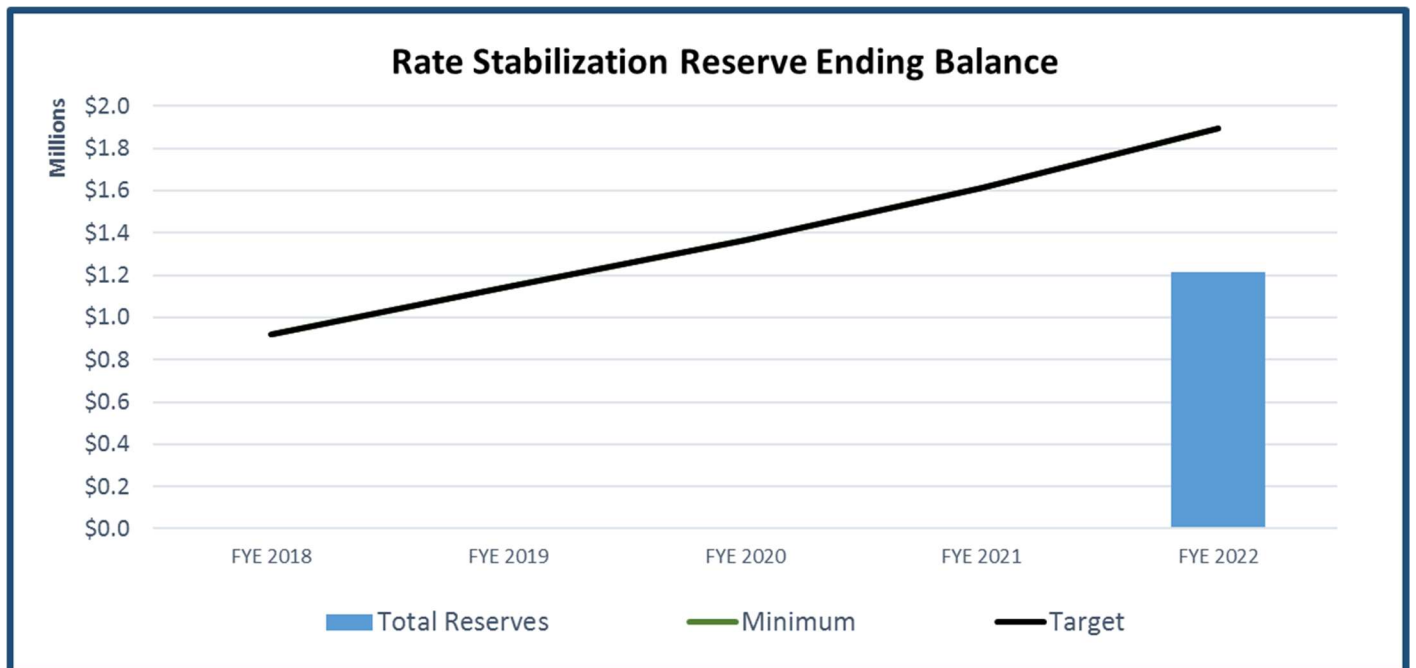


Figure C-4 shows the Rate Stabilization Reserve. Raftelis recommends establishing a rate stabilization reserve with a target reserve level of 10% of District rate revenues. A Rate Stabilization Reserve is used in the event of any unforeseen circumstances or critical asset failures to help mitigate the impact to the District and ultimately the District’s customers.

Figure C-4: Rate Stabilization Reserve



APPENDIX D: EQUIVALENT METERS

Equivalent Meters

To allocate meter-related costs appropriately, the concept of “equivalent meters” is utilized. Most rate studies calculate equivalent meters based on meter hydraulic capacity. The ratio of hydraulic capacity is calculated by dividing large meter capacities by the base meter capacity. The actual number of meters by size is multiplied by the corresponding capacity ratio to calculate equivalent meters. By using equivalent meters instead of a straight meter count, the analysis reflects the fact that larger meters impose larger demands, are more expensive to install, maintain, and replace than smaller meters and commit a greater capacity in the system.

Table D-1 shows the District’s customers by class and by meter size. Equivalent meters are used in calculating meter service costs. The equivalent meter ratios used for this study are shown in Table D-2 and were based on AWWA Safe Maximum Operating Capacity (gallons per minute) by meter type. The ¾” meter is the base capacity against which all other meter ratios are scaled. For the purposes of both the RMWD O&M monthly charge and the SDCWA monthly charge, the ⅝” and ¾” meters are assumed to be equivalent.

Table D-1: Meter Counts by Class

Meter Size	Single Family Residential		Multi-Family Residential	Commercial	Institutional	Agriculture		TSAWR - Domestic	TSAWR Commercial	Total
	Residential	Residential				w/o Residence	w/ Residence			
5/8"	214	0	1	0	1	2	1	1	220	
3/4"	2,300	4	32	3	35	91	92	13	2,570	
1"	2,353	39	88	2	191	381	586	97	3,737	
1-1/2"	165	7	36	4	73	55	204	96	640	
2"	97	32	47	5	80	31	134	106	532	
3"	8	1	7	1	10	1	6	12	46	
4"	0	3	4	0	4	0	1	3	15	
6"	0	0	0	0	1	0	0	0	1	
Totals	5,137	86	215	15	395	561	1,024	328	7,761	

Table D-2: AWWA Meter Capacity Ratios

AWWA		
Meter Size	Capacity (gpm)	AWWA Ratio
5/8"	20	1.00
3/4"	30	1.00
1"	50	1.67
1-1/2"	100	3.33
2"	160	5.33
3"	350	11.67
4"	630	21.00
6"	1300	43.33

Table D-3 shows the equivalent meters by customer class. The equivalent meters were determined by multiplying the number of meters from Table D-1 by the corresponding capacity ratio from Table D-2. The equivalent meters can be multiplied by the number of billing periods in a year to determine the annual equivalent units.

Table D-3: Equivalent Meters

Meter Size	AWWA Ratio	Agriculture									Total
		Single Family Residential	Multi-Family Residential	Commercial	Institutional	Agriculture w/o Residence	Agriculture w/ Residence	TSAWR - Domestic	TSAWR Commercial		
5/8"	1.00	214	-	1	-	1	2	1	1	220	
3/4"	1.00	2,300	4	32	3	35	91	92	13	2,570	
1"	1.67	3,922	65	147	3	318	635	977	162	6,228	
1-1/2"	3.33	550	23	120	13	243	183	680	320	2,133	
2"	5.33	517	171	251	27	427	165	715	565	2,837	
3"	11.67	93	12	82	12	117	12	70	140	537	
4"	21.00	-	63	84	-	84	-	21	63	315	
6"	43.33	-	-	-	-	43	-	-	-	43	
Totals		7,596	338	716	58	1,268	1,088	2,555	1,264	14,884	

RAINBOW

MUNICIPAL WATER DISTRICT

Wastewater Cost of Service and Rate Study

Final Report / January 2018



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January 18, 2018

Mr. Tom Kennedy
General Manager
Rainbow Municipal Water District
3707 Old Highway 395
Fallbrook, CA 92028

Subject: Wastewater Cost of Service Study Report

Dear Mr. Kennedy:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to present this wastewater cost of service study to the Rainbow Municipal Water District (District). This study involved a comprehensive review of the District's long-range financial plan, assessment of the current and alternative wastewater rate structures, and calculation of cost of service-based wastewater rates.

We are confident that the calculated rates are fair and equitable for the District's customers. This report includes an Executive Summary, a detailed presentation of the five-year financial plan, cost of service analysis, and rate derivation for the wastewater utility.

It was a pleasure working with you and we wish to express our thanks for the support you, Ms. Vanessa Martinez, and other District staff members have provided during the study. If you have any questions, please do not hesitate to call me at (626) 583-1894.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in blue ink, appearing to read 'Sudhir Pardiwala'.

Sudhir Pardiwala, P.E.
Executive Vice President

A handwritten signature in black ink, appearing to read 'Nancy Phan'.

Nancy Phan
Consultant

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1 EXECUTIVE SUMMARY

The Rainbow Municipal Water District (District) engaged Raftelis Financial Consultants, Inc. (Raftelis) to develop a comprehensive wastewater financial plan and cost of service study for implementation in fiscal years (FY) 2018 through FY 2022. This report documents the assumptions, methodologies, analyses, and proposed rates developed during the study.

The major objectives of the study include the following:

- 1. Ensure revenue sufficiency to meet the operation and maintenance (O&M) and capital needs of the District’s wastewater utility.
- 2. Determine rates that are fair and equitable, in accordance with cost of service guidelines used in the industry, and in compliance with Proposition 218 requirements.
- 3. Assess alternative rate structures to increase equity among customer classes and enhance revenue stability.

The executive summary provides an overview of the study and its results, including recommendations for wastewater rates for implementation in March 1, 2018. In this report, FY 2018 refers to the year starting in July 1, 2017 and ending June 30, 2018.

1.1 BACKGROUND

The District is a special district and member of the San Diego County Water Authority. The District’s wastewater enterprise provides sanitation services to the communities of Rainbow, Bonsall, Oceanside, Fallbrook, and parts of Vista. It maintains six lift stations and 60 miles of sewer mains. The District operates and maintains the collection system and transports its wastewater to the City of Oceanside for treatment.

1.2 FINANCIAL PLAN

To determine the revenue requirements needed to fund the District’s ongoing expenses, Raftelis projected the O&M Costs, capital improvement plan (CIP), debt service payments, reserve requirements, etc. for the study period from FY 2018 to FY 2022.

O&M expenses include salaries and benefits, equipment, building maintenance, sewage treatment costs from the City of Oceanside, and cost allocations for the General Fund. The District plans to spend approximately \$11.6 million in capital projects over the study period, with the majority of this budget dedicated to building the Thoroughbred Equalization Basin and Schoolhouse Lift Station. Approximately \$3.8 million of this project is funded through capacity fee revenues. The District does not plan to incur debt and will fund the project costs through rates, reserves, and capacity fee revenues.

Figure 1-1 shows the District’s financial plan over the planning period. The blue line presents the current revenue, and the green line shows the proposed revenue, including the revenue adjustments shown in

Figure 1-2. The grey bars represent O&M expenses (excluding treatment costs from the City of Oceanside), the blue bars represent Oceanside plant treatment costs, and the green bars represent rate funded capital projects. These bars do not include capacity fee revenues or capacity fee funded capital projects. The orange bars represent the District’s net cash flow for each year. If the orange bars are above the x-axis, the District is replenishing reserves; if the orange bars are below the x-axis, the District is drawing from reserves to fund operating and capital costs.

Figure 1-1: Projected Financial Plan

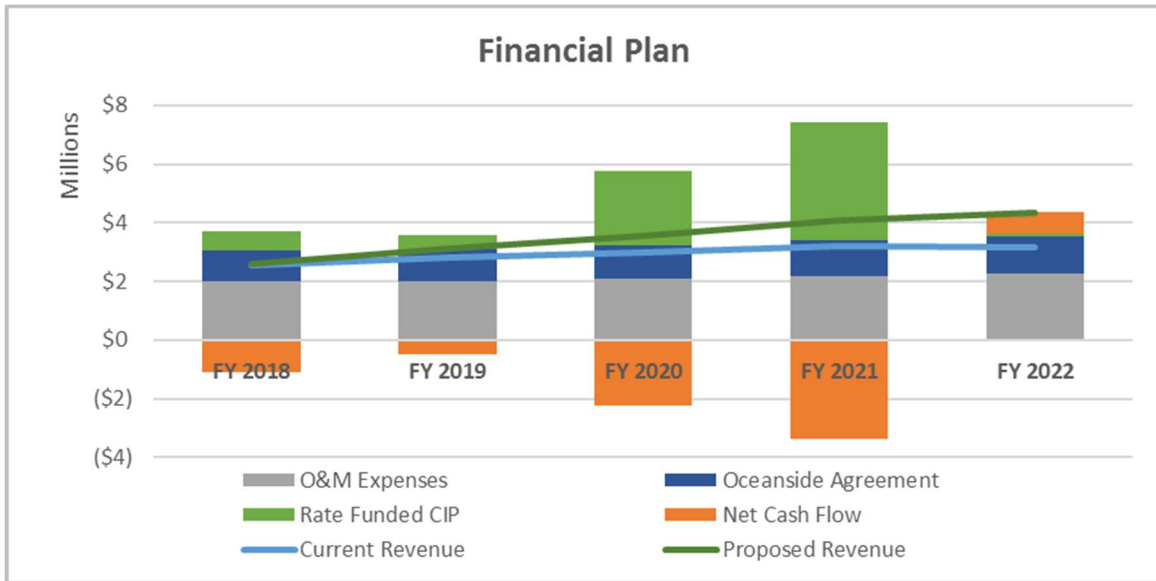


Figure 1-2 shows the proposed revenue adjustments from FY 2018 to FY 2022. The first revenue adjustment will be effective in March 2018; all subsequent revenue adjustments will be effective in January of the corresponding fiscal year. Although the graphs show anticipated revenue adjustments for the entire study period, the District will review and confirm the necessary revenue adjustments each year.

The main factors that determine the District’s wastewater revenue adjustments are O&M expenses and capital projects. Overall, O&M expenses are expected to increase by approximately 1.5 to 4.4 percent for each year of the study period. The District has \$7.8 million in **rate** funded capital projects over the course of five years.

Figure 1-2: Proposed Revenue Adjustments

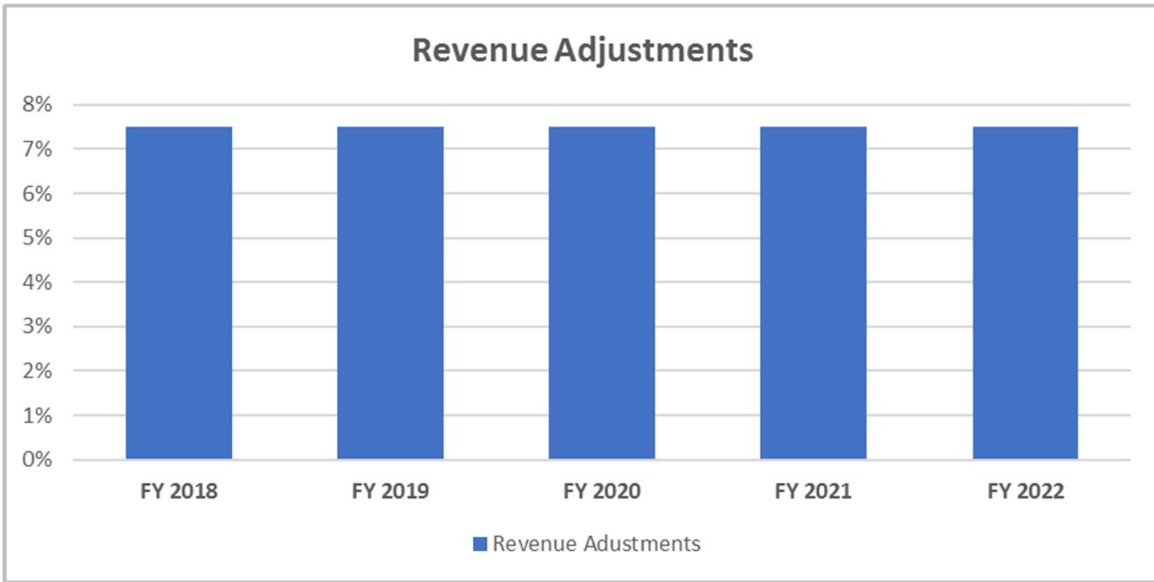


Figure 1-3 shows the total amount of wastewater capital projects and their funding sources. The District is expected to spend \$11.6 million on capital projects over the planning period. Approximately \$3.8 million of the Thoroughbred Equalization Basin and Schoolhouse Lift Station project, which totals \$9.9 million from FY 2019 to FY 2021, is financed through capacity fee revenues, as shown by the green bars. The remaining costs on that specific project and all other capital projects are funded through rates, as shown by the blue bars.

Figure 1-3: Proposed Capital Financing Plan

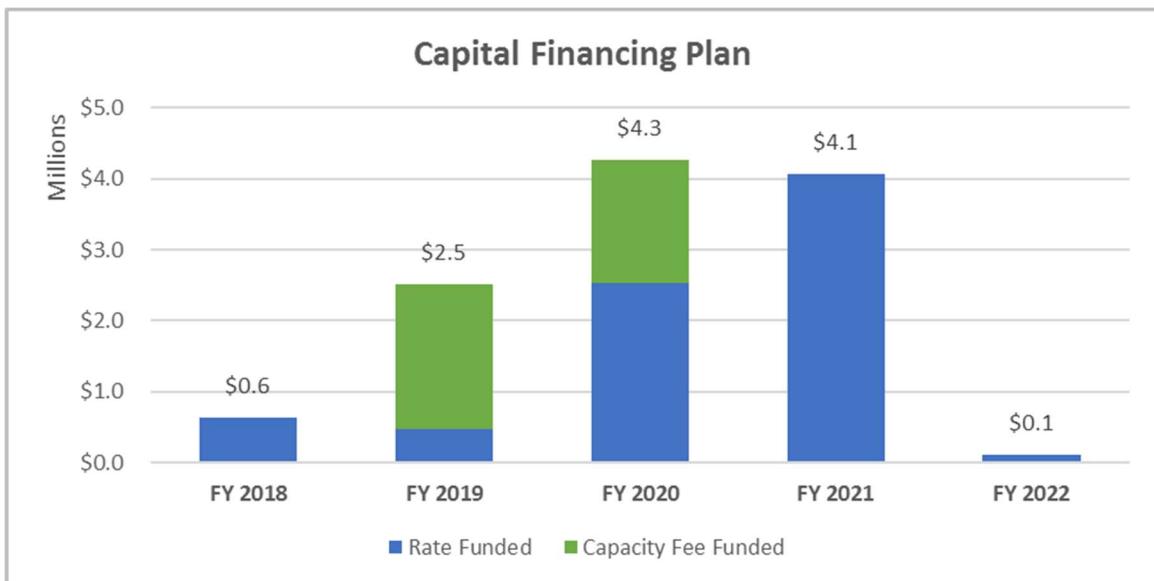
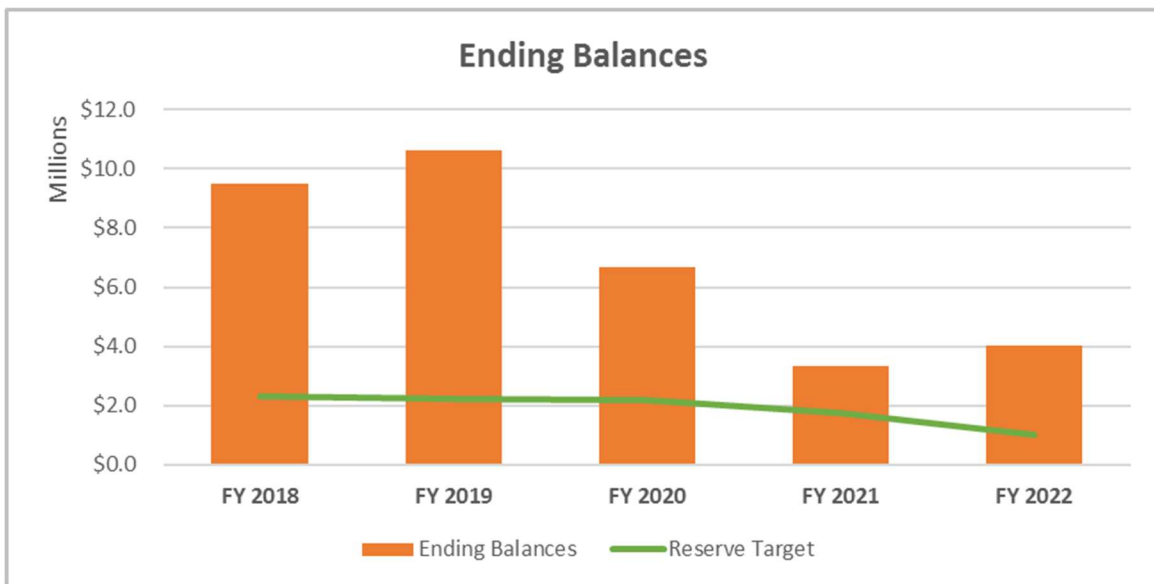


Figure 1-4 shows the District’s wastewater reserve ending balances, including both the Operating and Capital funds. During the planning period, the District’s wastewater reserves decrease significantly due to high capital project costs. In FY 2022, the proposed revenue adjustment offsets the depletion of reserves due to increasing O&M expenses and capital project costs.

The District’s reserve targets are equal to 25 percent, or 90 days, of annual O&M expenses and the five-year average replacement and refurbishment (R&R) CIP expenses. The operating reserve target of 25 percent of annual O&M costs helps to mitigate cash flow risks and unexpected O&M expenses. The capital reserve target is recommended to reduce financial risk in case of asset failure. The District’s wastewater reserve balances are expected to remain higher than targeted for the study period; however, the reserves may fund upcoming capital costs for new development in the future.

Figure 1-4: Projected Ending Balances



1.3 PROPOSED RATES

The proposed wastewater rates consist of a monthly fixed charge per dwelling unit (DU) for Residential customers and a variable charge per hundred cubic feet (hcf) of water usage for Commercial customers. Commercial customers are also subject to a minimum charge equal to the Multi-Family Residential charge.

This rate structure differs from the District’s current wastewater rate structure of a monthly fixed charge per equivalent dwelling unit (EDU) based on lowest wet month usage (December to April) for Residential customers and a flat monthly charge per EDU for Commercial customers. The proposed rate structure is based on actual DUs for Residential customers, EDUs for Commercial customers, and annual wastewater flow for each customer class, which helps to recover costs more equitably from each class dependent upon their burden on the system.

The proposed rate structure also separates the former Commercial class into two classes: Commercial and Commercial with Irrigation. The Commercial with Irrigation class, which includes customers such as golf courses and country clubs, have a lower wastewater return factor and therefore a lower variable charge per hcf of water used. These customers have a lower return factor because irrigation usage is not discharged into the wastewater system.

Table 1-1 shows the proposed wastewater rate schedule over the planning period from FY 2018 to FY 2022. The first year of proposed rates are for implementation on March 1, 2018 and for all other years on January 1.

Table 1-1: Proposed Wastewater Rates

	March 2018	January 2019	January 2020	January 2021	January 2022
Monthly Service Charge per dwelling unit					
Single Family	\$55.07	\$59.21	\$63.66	\$68.44	\$73.58
Multi-Family	\$40.51	\$43.55	\$46.82	\$50.34	\$54.12
Sewer Only	\$54.40	\$58.48	\$62.87	\$67.59	\$72.66
Variable Charge per hcf of water					
Commercial	\$6.67	\$7.18	\$7.72	\$8.30	\$8.93
Commercial w/ Irrigation	\$2.99	\$3.22	\$3.47	\$3.74	\$4.03
Monthly Minimum Charge					
Commercial	\$40.51	\$43.55	\$46.82	\$50.34	\$54.12

1.4 CUSTOMER IMPACTS

Table 1-2 shows the customer impacts for various customers. The average current and proposed charges are based on average usage and EDU information. The EDUs per customer type are from the Sewer Administrative Code, Section 9.07.010. The estimated monthly usage is approximately 17 hcf per EDU, which is based on the average water usage per EDU for all customers. The proposed charges for Single Family and Multi-Family are based on one DU.

The Single Family Residence current average charge is based on 5 hcf of lowest wet month usage (December to April), which is the average for all customers within the Single Family Residential customer class. Apartment/Condominiums and Mobile Home Parks are considered Multi-Family Residential and are currently charged based on 3 hcf of lowest wet month usage.

Table 1-2: Proposed Customer Impacts

Customer Impacts	EDUs per Customer Type	Est. Monthly Water Usage (hcf)***	Avg. Current Charge	Avg. Proposed Charge	Difference (\$)	Difference (%)
Single Family Residence*			\$56.20	\$55.07	(\$1.13)	-2%
Apartment/Condominium**			\$42.50	\$40.51	(\$1.99)	-5%
Mobile Home Park**	0.80		\$42.50	\$32.41	(\$10.09)	-24%
Bakery	1.00	17.00	\$75.50	\$113.39	\$37.89	50%
Car Wash	1.20	20.40	\$90.60	\$136.07	\$45.47	50%
Grocery Store	1.20	20.40	\$90.60	\$136.07	\$45.47	50%
Restaurant	2.70	45.90	\$203.85	\$306.15	\$102.30	50%
Country Club****	1.20	20.40	\$90.60	\$61.00	(\$29.60)	-33%

*Single Family Residences are currently charged based on lowest winter month usage, average is 5 hcf of water

**Multi-Family Residences are currently charged a flat rate, equal to 3 hcf of lowest winter water usage

***Estimated monthly usage is based on 17 hcf per EDU per month multiplied by number of EDUs per customer type

****Country Clubs are considered Commercial w/ Irrigation

2 FINANCIAL PLAN

This section describes the District’s long-range financial plan, including wastewater account projections, operating and capital expenses, non-rate revenues, and capital financing options. The financial plan determines the overall revenue adjustments needed to maintain the District’s financial stability.

2.1 CUSTOMER DATA AND GROWTH

The District provided customer accounts and water usage data for FY 2017. The District is expecting some major developments coming on line over the next three years; **Table 2-1** shows the growth factors used to project customer accounts for FY 2018 and onward.

Table 2-1: Customer Growth Rates

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Account Growth					
Residential	10%	10%	10%	10%	0%
Non-Residential	0%	0%	0%	0%	0%

Table 2-2 shows the actual and projected customer accounts. The Residential customer accounts are projected with the Residential account growth factor; the Commercial customer accounts are projected with the Non-Residential account growth factor. The District provided Commercial EDUs based on the different types of commercial establishments.

Table 2-2: Projected Customer Accounts

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residential Dwelling Units						
1 Unit of Water or Less	216	347	382	420	462	462
2 Units of Water	172	260	286	315	346	346
3 Units of Water (or Multi-Family)	1,515	1,593	1,752	1,928	2,120	2,120
4 Units of Water	237	306	337	371	408	408
5 Units of Water	278	260	286	314	346	346
6 to 10 Units of Water	682	583	641	705	775	775
11 Units of Water or Greater	380	200	220	242	266	266
Subtotal - Residential Dwelling Units	3,481	3,549	3,903	4,294	4,723	4,723
Commercial EDUs	381	391	391	391	391	391

2.2 REVENUES

Table 2-3 shows the District’s current wastewater rates that are used for each year of the study. Residential customers are charged based on the lowest wet month usage (from December to April) of the prior year per DU. Commercial customers are charged based on EDUs.

Table 2-3: Current Wastewater Rates

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residential Rate (per dwelling unit per month)					
1 Unit of Water or Less	\$28.70	\$28.70	\$28.70	\$28.70	\$28.70
2 Units of Water	\$35.70	\$35.70	\$35.70	\$35.70	\$35.70
3 Units of Water (or Multi-Family)	\$42.50	\$42.50	\$42.50	\$42.50	\$42.50
4 Units of Water	\$49.50	\$49.50	\$49.50	\$49.50	\$49.50
5 Units of Water	\$56.20	\$56.20	\$56.20	\$56.20	\$56.20
6 to 10 Units of Water	\$63.20	\$63.20	\$63.20	\$63.20	\$63.20
11 Units of Water or Greater	\$75.50	\$75.50	\$75.50	\$75.50	\$75.50
Commercial Rate (per EDU per month)	\$75.50	\$75.50	\$75.50	\$75.50	\$75.50

The current wastewater rates for each year are multiplied by the projected customer accounts to determine the calculated revenues for each customer class and usage level. **Table 2-4** shows the calculated wastewater rate revenues, using the customer data in **Table 2-2** and current wastewater rates in **Table 2-3**.

Residential rate revenues are calculated by multiplying the number of DUs in each usage level by the corresponding rate at that usage level for 12 months out of the year. Similarly, Commercial rate revenues are calculated by multiplying the number of EDUs by the Commercial wastewater rate per EDU for 12 months of the year. (For FY 2018: 391.27 EDUs x \$75.50 per EDU x 12 months = \$354,491.)

Table 2-4: Calculated Wastewater Revenues

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Calculated Rate Revenues					
Residential	\$2,023,402	\$2,225,742	\$2,448,316	\$2,693,148	\$2,693,148
Commercial	\$354,491	\$354,491	\$354,491	\$354,491	\$354,491
Total - Calculated Rate Revenues	\$2,377,892	\$2,580,233	\$2,802,807	\$3,047,638	\$3,047,638

Table 2-5 shows the projected wastewater revenue for the study period. The sewer charges for established accounts (Line 2) is equal to the total calculated rate revenues in **Table 2-4**. Sewer charges for developing accounts (Line 3) is the capacity fee revenue that the District expects to receive from the Pala Mesa Highlands and DR Horton developments.

Table 2-5: Projected Revenues

	Budgeted FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
1 Wastewater Revenue					
2 Sewer Charges-Established Acct	\$2,377,892	\$2,580,233	\$2,802,807	\$3,047,638	\$3,047,638
3 Sewer Charges-Developing Accts	\$100,000	\$3,665,936	\$0	\$0	\$0
4 Sewer-Oakcrest Service Charges	\$20,000	\$20,200	\$20,402	\$20,606	\$20,812
5 Operating Inc-Sewer Letter Fee	\$500	\$505	\$510	\$515	\$520
6 Operating Inc-Plan Chk/Ins Fee	\$10,000	\$10,100	\$10,201	\$10,303	\$10,406
7 Non Operating Revenue	\$5,000	\$5,050	\$5,101	\$5,152	\$5,203
8 Interest Income	\$99,301	\$149,767	\$128,928	\$74,466	\$54,679
9 Subtotal - Wastewater Revenue	\$2,612,694	\$6,431,790	\$2,967,949	\$3,158,680	\$3,139,259
10 Other Revenue					
11 Property Tax Rev - Ad Valorem	\$35,000	\$35,350	\$35,704	\$36,061	\$36,421
12 Gains/Loss	\$0	\$0	\$0	\$0	\$0
13 Subtotal - Other Revenue	\$35,000	\$35,350	\$35,704	\$36,061	\$36,421
14 Total - Revenues	\$2,647,694	\$6,467,140	\$3,003,652	\$3,194,741	\$3,175,680

2.3 O&M EXPENSES

We use inflationary assumptions to project future expenses. District staff provided the FY 2018 O&M budget, along with input, to reasonably estimate the yearly inflationary assumptions. **Table 2-6** shows the inflationary assumptions used in the study.

Table 2-6: Inflationary Assumptions

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Escalation Factors					
Benefits	3%	3%	3%	3%	3%
Capital	2%	2%	2%	2%	2%
Energy	5%	5%	5%	5%	5%
General	3%	3%	3%	3%	3%
Non-Inflated	0%	0%	0%	0%	0%
Salaries	5%	5%	5%	5%	5%
Oceanside	5%	5%	5%	5%	5%

The District’s wastewater O&M budget is shown in **Table 2-7**, which incorporates the inflationary assumptions in **Table 2-6** to project expenses for FY 2019 and beyond. The sewage treatment costs from the City of Oceanside (Line 31) are inflated by the escalation factor labeled Oceanside. The Cost Allocations (Lines 38-47) are expenses to the District’s General Fund.

Table 2-7: Projected O&M Expenses

	Budgeted FY 2018	Projected FY 2019	Projected FY 2020	Projected FY 2021	Projected FY 2022
1 Payroll & Employee Expense					
2 Regular Salaries	\$414,843	\$435,585	\$457,364	\$480,233	\$504,244
3 Overtime Paid, Comp Time Earn.	\$35,000	\$36,050	\$37,132	\$38,245	\$39,393
4 Employer'S Share Fica Ssi	\$25,720	\$26,492	\$27,286	\$28,105	\$28,948
5 Employer'S Share Fica Medicare	\$6,015	\$6,195	\$6,381	\$6,573	\$6,770
6 Medical Ins Acwa Health Ben	\$100,059	\$103,061	\$106,153	\$109,337	\$112,617
7 Dental Insurance	\$9,149	\$9,423	\$9,706	\$9,997	\$10,297
8 Vision Ins Acwa	\$1,180	\$1,215	\$1,252	\$1,289	\$1,328
9 Life, S/T,L/T Disability Ins	\$6,182	\$6,367	\$6,558	\$6,755	\$6,958
10 Retirement-Calpers	\$69,279	\$71,357	\$73,498	\$75,703	\$77,974
11 Employee Training/Tuition Reim	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377
12 Worker'S Compensation Ins	\$19,333	\$19,913	\$20,510	\$21,126	\$21,759
13 State Unemployment Ins, E.T.T.	\$1,260	\$1,298	\$1,337	\$1,377	\$1,418
14 Duty Pay	\$13,000	\$13,390	\$13,792	\$14,205	\$14,632
15 Deferred Comp-Employer Contrib	\$11,050	\$11,382	\$11,723	\$12,075	\$12,437
16 Other Post Employment Benefits	\$0	\$0	\$0	\$0	\$0
17 Subtotal - Payroll & Employee Expense	\$715,070	\$744,819	\$775,875	\$808,299	\$842,152
18 Wastewater Expenses					
19 Equipment	\$7,300	\$7,519	\$7,745	\$7,977	\$8,216
20 Equipment Maintenance-Sewer	\$39,400	\$40,582	\$41,799	\$43,053	\$44,345
21 Building Maintenance	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255
22 Professional Services	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
23 Legal Services	\$0	\$0	\$0	\$0	\$0
24 Supplies And Services-Sewer	\$127,000	\$130,810	\$134,734	\$138,776	\$142,940
25 Regulatory Permits	\$18,000	\$18,540	\$19,096	\$19,669	\$20,259
26 Books And Resources	\$500	\$515	\$530	\$546	\$563
27 Dues And Subscriptions	\$800	\$824	\$849	\$874	\$900
28 Sewer Line Cleaning	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138
29 Small Tools And Equipment	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
30 Travel/Conferences/Training	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
31 Sewage Treat.-Oceanside Plant	\$840,000	\$882,000	\$926,100	\$972,405	\$1,021,025
32 Replacement Reserve-Oceanside	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102
33 Utilities	\$65,000	\$0	\$0	\$0	\$0
34 Hazardous Waster Material Disp	\$12,000	\$0	\$0	\$0	\$0
35 Utilities-Propane	\$6,000	\$0	\$0	\$0	\$0
36 Shop And Field Equipment	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138
37 Subtotal - Wastewater Expenses	\$1,443,000	\$1,417,600	\$1,477,768	\$1,540,623	\$1,606,290
38 Cost Allocation					
39 Board	\$6,224	\$6,536	\$6,862	\$7,205	\$7,566
40 Garage	\$111,162	\$113,386	\$115,653	\$117,966	\$120,326
41 Admin	\$324,034	\$340,235	\$357,247	\$375,110	\$393,865
42 HR	\$62,734	\$65,871	\$69,164	\$72,623	\$76,254
43 Safety	\$32,701	\$34,336	\$36,052	\$37,855	\$39,748
44 Finance	\$112,798	\$118,437	\$124,359	\$130,577	\$137,106
45 Customer Service	\$84,069	\$88,272	\$92,686	\$97,320	\$102,186
46 Engineering	\$167,793	\$176,182	\$184,991	\$194,241	\$203,953
47 Subtotal - Cost Allocation	\$901,514	\$943,255	\$987,016	\$1,032,897	\$1,081,003
48 Total - Expenses	\$3,059,584	\$3,105,674	\$3,240,659	\$3,381,819	\$3,529,445

2.4 DEBT SERVICE

The District currently does not have any existing debt and is not planning to incur any new debt during the study period.

2.5 CAPITAL IMPROVEMENT PLAN

Table 2-8 shows the District's five-year wastewater CIP. District staff provided capital project costs in current dollars from FY 2018 to FY 2022. Starting in FY 2019, capital project expenditures are inflated for future dollars using the Capital escalation factor shown in **Table 2-6**.

The Thoroughbred Equalization Basin and Schoolhouse Lift Station (EQ Basin and LS) (Line 13) is expected to be partially funded through capacity fees. The remaining portion of that project, along with all other projects, are funded through wastewater rates and reserves.

Table 2-8: Inflated Capital Projects

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1 Existing Wastewater Projects					
2 Hwy 76 Realignment - CalTrans UPSIZE	\$404,227	\$0	\$0	\$0	\$0
3 Subtotal - Existing Wastewater Projects	\$404,227	\$0	\$0	\$0	\$0
4 On Going Wastewater Projects					
5 Sewer System Rehabilitation Program	\$100,000	\$102,000	\$104,040	\$106,121	\$108,243
6 Subtotal - On Going Wastewater Projects	\$100,000	\$102,000	\$104,040	\$106,121	\$108,243
7 Proposed Wastewater Projects					
8 Rancho Viejo LS Wet Well Expansion	\$0	\$0	\$0	\$159,181	\$0
9 Almendra Court, I-15 Crossing Sewer Rehabilitation	\$0	\$0	\$0	\$84,897	\$0
10 Fallbrook Oaks LS Rehabilitation and Forcemain Replacement	\$0	\$243,780	\$0	\$0	\$0
11 Replace Rancho Monserate LS Emergency Generator	\$0	\$127,500	\$0	\$0	\$0
12 Sewer System Permanent Flow Monitoring	\$130,000	\$0	\$0	\$0	\$0
13 Thoroughbred EQ Basin and Schoolhouse LS	\$0	\$2,040,000	\$4,161,600	\$3,714,228	\$0
14 Subtotal - Proposed Wastewater Projects	\$130,000	\$2,411,280	\$4,161,600	\$3,958,306	\$0
15 Total - Capital Improvement Program	\$634,227	\$2,513,280	\$4,265,640	\$4,064,427	\$108,243

Table 2-9 shows the capital financing plan for the CIP shown in **Table 2-8**. Lines 1-3 show the total capital projects classified as General and Capacity Fee projects. Lines 5-6 show the funding for General projects and Lines 8-9 for Capacity Fee projects. The capacity fee funded capital projects (Line 3) is equal to the amount for the Thoroughbred EQ Basin and Schoolhouse LS shown in **Table 2-8** (Line 13). The remaining capital project costs are listed under General. The District expects to receive approximately \$3.8 million in capacity fees, which will be used to fund the EQ Basin and LS (Line 8). The remaining \$6.1 million in costs for the EQ Basin and LS will be funded through rates (Line 9). All other project costs, including the \$6.1 million for the EQ Basin and LS, are funded through rates (Line 6).

Table 2-9: Proposed Capital Financing Plan

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1 Total Capital Projects	\$634,227	\$2,513,280	\$4,265,640	\$4,064,427	\$108,243
2 General	\$634,227	\$473,280	\$104,040	\$350,199	\$108,243
3 Capacity Fees	\$0	\$2,040,000	\$4,161,600	\$3,714,228	\$0
4 General Funded Projects					
5 Debt Funded	\$0	\$0	\$0	\$0	\$0
6 Rate Funded (incl. remaining Capacity Fee Funded Projects)	\$634,227	\$473,280	\$2,539,704	\$4,064,427	\$108,243
7 Capacity Fee Funded Projects					
8 Capacity Fee Funded	\$0	\$2,040,000	\$1,725,936	\$0	\$0
9 Rate Funded	\$0	\$0	\$2,435,664	\$3,714,228	\$0

2.6 PROPOSED FINANCIAL PLAN

The following revenue adjustments ensure adequate revenue to fund operating expenses, capital projects, and reserve requirements. The financial planning model assumes the revenue adjustments occur in March 2018 and in January for each subsequent year. **Table 2-10** shows the proposed revenue adjustments for FY 2018 to FY 2022.

Table 2-10: Proposed Revenue Adjustments

Year	Revenue Adjustment
FY 2018	7.5%
FY 2019	7.5%
FY 2020	7.5%
FY 2021	7.5%
FY 2022	7.5%

Table 2-11 shows the operating cash flow detail for the study period, including the proposed revenue adjustments. The table shows the Net Cash Flow and Net Operating Revenue (Lines 25-26), the latter of which excludes costs associated with rate funded capital project costs. With the proposed revenue adjustments, the District will cover all operating costs in FY 2020 and all costs, including capital costs, in FY 2022.

Table 2-11: Proposed Financial Plan

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1 Revenues					
2 Sewer Charges-Established Acct	\$2,377,892	\$2,580,233	\$2,802,807	\$3,047,638	\$3,047,638
3 Revenue Adjustments					
4 FY 2018	\$59,447	\$193,517	\$210,211	\$228,573	\$228,573
5 FY 2019		\$104,016	\$225,976	\$245,716	\$245,716
6 FY 2020			\$121,462	\$264,145	\$264,145
7 FY 2021				\$141,978	\$283,955
8 FY 2022					\$152,626
9 Total - Revenue Adjustments	\$59,447	\$297,533	\$557,649	\$880,411	\$1,175,015
10 Total Revenues from Rates	\$2,437,340	\$2,877,766	\$3,360,456	\$3,928,049	\$4,222,653
11 Wastewater Revenue	\$35,500	\$35,855	\$36,214	\$36,576	\$36,941
12 Other Revenue	\$35,000	\$35,350	\$35,704	\$36,061	\$36,421
13 Interest Income	\$99,301	\$149,767	\$128,928	\$74,466	\$54,679
14 Total - Revenues	\$2,607,141	\$3,098,737	\$3,561,301	\$4,075,151	\$4,350,694
15 O&M Expenses					
16 Payroll & Employee Expense	\$715,070	\$744,819	\$775,875	\$808,299	\$842,152
17 Wastewater Expenses	\$1,443,000	\$1,417,600	\$1,477,768	\$1,540,623	\$1,606,290
18 Cost Allocation	\$901,514	\$943,255	\$987,016	\$1,032,897	\$1,081,003
19 Total - O&M Expenses	\$3,059,584	\$3,105,674	\$3,240,659	\$3,381,819	\$3,529,445
20 Debt and Capital Projects					
21 Existing Debt Service	\$0	\$0	\$0	\$0	\$0
22 Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
23 Rate Funded Capital Projects	\$634,227	\$473,280	\$2,539,704	\$4,064,427	\$108,243
24 Total - Debt and Capital Projects	\$634,227	\$473,280	\$2,539,704	\$4,064,427	\$108,243
25 Net Cash Flow	(\$1,086,670)	(\$480,217)	(\$2,219,062)	(\$3,371,094)	\$713,006
26 Net Operating Revenue	(\$452,443)	(\$6,937)	\$320,642	\$693,332	\$821,249

Table 2-12 shows the District’s projected Sewer Operating Reserve and Sewer Capital Reserve fund balances over the study period. The reserve target for the Operating Reserve (Line 15) includes 25 percent, or 90 days, of annual O&M expenses to provide working capital, mitigate against potential cash flow fluctuations or unexpected maintenance costs. The reserve target for the Capital Reserve (Line 31) includes a five-year average of the R&R CIP costs (general funded capital projects in **Table 2-9**).

Table 2-12: Projected Fund Balances

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
1 Sewer Operating Reserve					
2 Beginning Fund Balance	\$227,544	\$881,316	\$938,157	\$1,145,381	\$1,786,069
3 Sources of Funds					
4 Total Revenues from Rates	\$2,437,340	\$2,877,766	\$3,360,456	\$3,928,049	\$4,222,653
5 Wastewater Revenue	\$35,500	\$35,855	\$36,214	\$36,576	\$36,941
6 Other Revenue	\$35,000	\$35,350	\$35,704	\$36,061	\$36,421
7 Transfer from Replacement Reserve	\$1,200,000	\$200,000	\$0	\$0	\$0
8 Interest Income	\$5,517	\$13,544	\$15,510	\$21,822	\$32,540
9 Total - Sources of Funds	\$3,713,356	\$3,162,515	\$3,447,883	\$4,022,508	\$4,328,556
10 Uses of Funds					
11 O&M Expenses	\$3,059,584	\$3,105,674	\$3,240,659	\$3,381,819	\$3,529,445
12 Transfer to Replacement Reserve	\$0	\$0	\$0	\$0	\$0
13 Total - Uses of Funds	\$3,059,584	\$3,105,674	\$3,240,659	\$3,381,819	\$3,529,445
14 Ending Fund Balance	\$881,316	\$938,157	\$1,145,381	\$1,786,069	\$2,585,180
15 Target Balance	\$764,896	\$776,418	\$810,165	\$845,455	\$882,361
16 Sewer Capital Reserve					
17 Beginning Fund Balance	\$10,245,586	\$8,605,144	\$9,694,022	\$5,541,800	\$1,530,017
18 Sources of Funds					
19 Debt Proceeds	\$0	\$0	\$0	\$0	\$0
20 Capacity Fee Revenues	\$100,000	\$3,665,936	\$0	\$0	\$0
21 Transfer from Operating Reserve	\$0	\$0	\$0	\$0	\$0
22 Interest Income	\$93,785	\$136,222	\$113,418	\$52,644	\$22,138
23 Total - Sources of Funds	\$193,785	\$3,802,158	\$113,418	\$52,644	\$22,138
24 Uses of Funds					
25 Debt Service	\$0	\$0	\$0	\$0	\$0
26 General Funded Capital Projects	\$634,227	\$473,280	\$2,539,704	\$4,064,427	\$108,243
27 Capacity Fee Funded Capital Projects	\$0	\$2,040,000	\$1,725,936	\$0	\$0
28 Transfer to Operating Reserve	\$1,200,000	\$200,000	\$0	\$0	\$0
29 Total - Uses of Funds	\$1,834,227	\$2,713,280	\$4,265,640	\$4,064,427	\$108,243
30 Ending Fund Balance	\$8,605,144	\$9,694,022	\$5,541,800	\$1,530,017	\$1,443,912
31 Target Balance	\$1,563,976	\$1,459,212	\$1,387,080	\$902,113	\$112,660

3 COST OF SERVICE ANALYSIS

This section describes the cost of service analysis portion of the study. This analysis is conducted to proportionally allocate the District’s revenue requirements, or costs, to the corresponding customer classes to later determine the proposed wastewater rates.

3.1 MASS BALANCE

A cost of service analysis assigns costs to customers in proportion to their loadings (flow and strength). Customers are divided into different classes based on their usage characteristics: Single Family, Multi-Family, Sewer Only Residential, Commercial, and Commercial with Irrigation. Since measurement of wastewater flow is expensive and prone to errors, it is not measured for most customers.

To determine the wastewater loadings from each customer class, a mass balance analysis is done by taking the total flow and strength of the wastewater influent into the plant and reducing that by the wastewater loadings of the District’s non-residential customers and inflow and infiltration (I&I), which is water that enters the collection system from run-off and during rain-related events. For this study, I&I is estimated to be 2 percent of the wastewater influent, which is a reasonable estimate based on industry standards.

The District provided wastewater influent and customer data for FY 2017. To maintain consistency, the entire cost of service analysis is performed using FY 2017 data. **Table 3-1** shows the customer accounts, DUs (Residential) or EDUs (Commercial), annual water usage, and annualized average wet month usage (wet month usage is defined as December through April). The District provided data by customer class. The proposed customer classes expand on the District’s current wastewater customer classes (Residential, Commercial) to increase equity amongst customer classes, as the various Residential and Commercial customers burden the system in different ways.

Table 3-1: Customer Data

	Accounts	DUs/EDUs	Water Usage (hcf)	Annualized Avg. Winter Usage (hcf)
Single Family	2,202	2,270	559,049	343,113
Multi-Family	86	1,148	98,791	84,761
Sewer Only	5	6	1,428	0
Commercial	24	188	28,481	19,428
Commercial w/ Irrigation	23	325	102,058	42,732
Total	2,340	3,937	789,807	490,034

Table 3-2 shows the mass balance analysis performed to determine the approximate amount of wastewater flow for Residential customers. The District provided the total annual wastewater flow in

gallons (Line 1). I&I, equal to 2 percent of wastewater influent, is subtracted from the total wastewater flow (Line 5). Then, Commercial wastewater flow is subtracted from the total flow less I&I (Line 10). Commercial with Irrigation customers have a 40 percent return factor because irrigation usage does not enter the wastewater system. Commercial customers have a 90 percent return factor, as these customers have smaller irrigation needs and therefore most of the water usage is returned to the wastewater system. The remaining wastewater flow is therefore assumed to be Residential flow (Line 11).

Table 3-2: Mass Balance Analysis

1 Total annual flow in gallons	226,707,938
2 Total annual flow in hcf	303,085
3 Inflow & infiltration percentage	2%
4 Inflow & infiltration in hcf	6,062
5 Total annual flow less I&I	297,024
6 Commercial w/ Irrigation water usage	102,058
7 Commercial w/ Irrigation return factor	40%
8 Commercial water usage	28,481
9 Commercial return factor	90%
10 Commercial WW flow in hcf	66,456
11 Estimated Residential WW flow	230,568

Table 3-3 shows the methodology in which the Residential wastewater flow is divided into the three Residential customer classes: Single Family, Multi-Family, and Sewer Only. The Single Family and Multi-Family Residential density (Lines 1-2) is derived from the Census Bureau’s American Community Survey Five-Year Estimates (2011-2015) for the census designated places of Rainbow and Bonsall. Sewer Only Residential customers are assumed to have the same residential density as Single Family Residential customers.

A multi-Family DU is approximately 77 percent of a Single Family DU, which is equal to the Multi-Family density divided by the Single Family density (Line 3). The total number of Residential DUs is calculated by taking 77 percent of the Multi-Family DUs and adding that to the number of Single Family and Sewer Only Residential units (Line 8). The Residential wastewater flow (**Table 3-2**, Line 11) is divided by equivalent units for all Residential customers and then multiplied by the DUs to determine the wastewater flow for each Residential class (Lines 9-12).

Table 3-3: Residential Flow Analysis

1 Single Family household density	2.68
2 Multi-Family household density	2.07
3 Multi-Family factor for Single Family DU	77%
4 Multi-Family DUs	1,148
5 Multi-Family as Single Family DU	886
6 Single Family DUs (exclude Sewer Only)	2,270
7 Sewer Only DUs	6
8 Total Residential DUs	3,162
9 Annual residential wastewater flow in hcf	230,568
10 Single Family	165,534
11 Multi-Family	64,611
12 Sewer Only	423

Table 3-4 summarizes the customer data in FY 2017, with wastewater flow amounts for each customer class.

Table 3-4: Customer Data with Wastewater Flow

	Accounts	DUs/EDUs	Water Usage (hcf)	Wastewater Flow (hcf)	Annualized Avg. Winter Usage (hcf)
Single Family	2,202	2,270	559,049	165,534	343,113
Multi-Family	86	1,148	98,791	64,611	84,761
Sewer Only	5	6	1,428	423	0
Commercial	24	188	28,481	25,633	19,428
Commercial w/ Irrigation	23	325	102,058	40,823	42,732
Total	2,340	3,937	789,807	297,024	490,034

3.2 FUNCTIONALIZATION OF REVENUE REQUIREMENTS

A cost of service analysis distributes a utility’s revenue requirements, or costs, to each customer class in proportion to the service received. The next step in the cost of service analysis is to functionalize the District’s operating and capital costs. The District operates a collection-only wastewater system and outsources treatment to the City of Oceanside. Given this information, most of the District’s operating

and capital costs will be allocated to Flow; apart from the Oceanside treatment costs which are allocated based on the information provided by Oceanside. The cost of service analysis uses the same cost components as the Oceanside's allocation for the District's costs, as shown below:

- » Customer – costs associated with billing and customer service
- » Capacity – costs associated with wastewater flow capacity
- » Flow – costs associated with wastewater flow
- » BOD – costs associated with biochemical oxygen demand (treatment)
- » TSS – costs associated with total suspended solids (treatment)
- » North Valley (NV) Pump Station – costs associated with pumping

Table 3-5 shows the O&M expenses allocation. The Oceanside treatment costs are allocated to the cost components based on the City of Oceanside's FY 2016 financial model, provided by the District. The Customer component of the Cost Allocation is allocated fully to Customer. The Admin component of the Cost Allocation is allocated mostly to Flow and partially to treatment (BOD, TSS). The last line of **Table 3-5** shows the percentage of total O&M costs to be allocated to each cost component.

Table 3-6 shows the capital expenses allocation. The District operates a collection only system, which necessitates capital assets related to Flow. Therefore, all capital assets are allocated to Flow. The capital asset methodology used for the cost of service analysis is Replacement Cost Less Depreciation, which is the most defensible because it takes into consideration inflation and depreciation. The last line of **Table 3-6** shows the percentage of total capital costs to be allocated to each cost component.

Table 3-5: O&M Expenses Allocation

	Customer	Capacity	Flow	BOD	TSS	NV Pump Station	General	Total
Payroll & Employee Expense			100%					100%
Wastewater Expenses								
Equipment			100%				0%	100%
Equipment Maintenance-Sewer			100%				0%	100%
Building Maintenance			100%				0%	100%
Professional Services			100%				0%	100%
Legal Services			100%				0%	100%
Supplies And Services-Sewer			100%				0%	100%
Regulatory Permits			100%				0%	100%
Books And Resources			100%				0%	100%
Dues And Subscriptions			100%				0%	100%
Sewer Line Cleaning			100%				0%	100%
Small Tools And Equipment			100%				0%	100%
Travel/Conferences/Training			100%				0%	100%
Sewage Treat.-Oceanside Plant	15.7%	8.7%	25.3%	27.4%	21.7%	1.1%	0%	100%
Replacement Reserve-Oceanside			100%				0%	100%
Utilities			100%				0%	100%
Hazardous Waster Material Disp			100%				0%	100%
Utilities-Propane			100%				0%	100%
Shop And Field Equipment			100%				0%	100%
Cost Allocation								
Board			100%				0%	100%
Garage			100%				0%	100%
Admin			80%	10%	10%		0%	100%
HR			100%				0%	100%
Safety			100%				0%	100%
Finance			100%				0%	100%
Customer Service	100%						0%	100%
Engineering			100%				0%	100%

	Customer	Capacity	Flow	BOD	TSS	NV Pump Station	General	Total
Payroll & Employee Expense	\$0	\$0	\$715,070	\$0	\$0	\$0		\$715,070
Wastewater Expenses								
Equipment	\$0	\$0	\$7,300	\$0	\$0	\$0	\$0	\$7,300
Equipment Maintenance-Sewer	\$0	\$0	\$39,400	\$0	\$0	\$0	\$0	\$39,400
Building Maintenance	\$0	\$0	\$10,000	\$0	\$0	\$0	\$0	\$10,000
Professional Services	\$0	\$0	\$60,000	\$0	\$0	\$0	\$0	\$60,000
Legal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies And Services-Sewer	\$0	\$0	\$127,000	\$0	\$0	\$0	\$0	\$127,000
Regulatory Permits	\$0	\$0	\$18,000	\$0	\$0	\$0	\$0	\$18,000
Books And Resources	\$0	\$0	\$500	\$0	\$0	\$0	\$0	\$500
Dues And Subscriptions	\$0	\$0	\$800	\$0	\$0	\$0	\$0	\$800
Sewer Line Cleaning	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$25,000
Small Tools And Equipment	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0	\$5,000
Travel/Conferences/Training	\$0	\$0	\$2,000	\$0	\$0	\$0	\$0	\$2,000
Sewage Treat.-Oceanside Plant	\$132,216	\$72,744	\$212,520	\$230,496	\$182,448	\$9,576	\$0	\$840,000
Replacement Reserve-Oceanside	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000
Utilities	\$0	\$0	\$65,000	\$0	\$0	\$0	\$0	\$65,000
Hazardous Waster Material Disp	\$0	\$0	\$12,000	\$0	\$0	\$0	\$0	\$12,000
Utilities-Propane	\$0	\$0	\$6,000	\$0	\$0	\$0	\$0	\$6,000
Shop And Field Equipment	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$25,000
Cost Allocation								
Board	\$0	\$0	\$6,224	\$0	\$0	\$0	\$0	\$6,224
Garage	\$0	\$0	\$111,162	\$0	\$0	\$0	\$0	\$111,162
Admin	\$0	\$0	\$259,227	\$32,403	\$32,403	\$0	\$0	\$324,034
HR	\$0	\$0	\$62,734	\$0	\$0	\$0	\$0	\$62,734
Safety	\$0	\$0	\$32,701	\$0	\$0	\$0	\$0	\$32,701
Finance	\$0	\$0	\$112,798	\$0	\$0	\$0	\$0	\$112,798
Customer Service	\$84,069	\$0	\$0	\$0	\$0	\$0	\$0	\$84,069
Engineering	\$0	\$0	\$167,793	\$0	\$0	\$0	\$0	\$167,793
Total - O&M Expenses	\$216,285	\$72,744	\$2,283,229	\$262,899	\$214,851	\$9,576	\$0	\$3,059,584
O&M Expense Allocation	7.1%	2.4%	74.6%	8.6%	7.0%	0.3%	0.0%	100.0%

Table 3-6: Capital Assets Allocation

	Customer	Capacity	Flow	BOD	TSS	NV Pump Station	Total
Wastewater Conveyance Mains			100%				100%
Wastewater Laterals			100%				100%
Wastewater Pump Stations			100%				100%
Wastewater Force Mains			100%				100%

	Customer	Capacity	Flow	BOD	TSS	NV Pump Station	Total
Wastewater Conveyance Mains	\$0	\$0	\$92,684,920	\$0	\$0	\$0	\$92,684,920
Wastewater Laterals	\$0	\$0	\$21,570,455	\$0	\$0	\$0	\$21,570,455
Wastewater Pump Stations	\$0	\$0	\$1,213,963	\$0	\$0	\$0	\$1,213,963
Wastewater Force Mains	\$0	\$0	\$2,202,391	\$0	\$0	\$0	\$2,202,391
Total - Capital Assets	\$0	\$0	\$117,671,729	\$0	\$0	\$0	\$117,671,729
Capital Asset Allocation	0%	0%	100%	0%	0%	0%	100%

3.3 REVENUE REQUIREMENT

Table 3-7 shows the District’s total revenue to be recovered from rates. This figure is calculated by subtracting revenue offsets (or miscellaneous, non-rate revenues) and adjustments from the revenue requirements, which includes O&M expenses and rate funded capital costs. The Adjustment to Annualize Rate Increase (Line 15) accounts for the mid-year rate increase in March. The Adjustment for Cash Balance (Line 16) is equal to the Net Cash Flow in FY 2018 in **Table 2-11**. The District’s total revenue requirement is allocated into Operating and Capital costs, which will later be allocated into each cost component.

Table 3-7: Revenue Requirement

	Operating	Capital	Total
1 Revenue Requirements			
2 Payroll & Employee Expense	\$715,070		\$715,070
3 Wastewater Expenses	\$1,443,000		\$1,443,000
4 Cost Allocation	\$901,514		\$901,514
5 Existing Debt Service		\$0	\$0
6 Proposed Debt Service		\$0	\$0
7 Rate Funded Capital Projects		\$634,227	\$634,227
8 Total - Revenue Requirements	\$3,059,584	\$634,227	\$3,693,811
9 Revenue Offsets			
10 Wastewater Revenue	\$35,500		\$35,500
11 Other Revenue	\$35,000		\$35,000
12 Interest Income	\$99,301		\$99,301
13 Total - Revenue Offsets	\$169,801	\$0	\$169,801
14 Adjustments			
15 Adjustment to Annualize Rate Increase	(\$118,895)		(\$118,895)
16 Adjustment for Cash Balance	\$543,335	\$543,335	\$1,086,670
17 Total - Adjustments	\$424,440	\$543,335	\$967,775
18 Revenue to be Recovered from Rates	\$2,465,342	\$90,892	\$2,556,234

3.4 UNIT COST DERIVATION

Table 3-8 shows the unit cost derivation for all cost components. Operating expenses (Line 1), which total approximately \$2.5 million, are allocated based on the O&M expenses allocation shown in **Table 3-5**. For example, Customer costs equal 7.1 percent of all operating costs; therefore, the amount allocated to the Customer cost component for operating costs is equal to 7.1 percent of \$2.5 million ($7.1\% \times \$2,465,342 = \$174,277$). Similarly, capital expenses (Line 2), which total \$90,892, is allocated based on the capital assets allocation shown in **Table 3-6**.

The total cost of service allocated to each cost component is then divided by its corresponding unit of measure to determine the unit cost for each cost component. Customer costs, which are costs associated with billing and customer service, are divided by the number of accounts per year because billing is per account. Flow costs are calculated based on hcf of wastewater flow. The remaining cost components, which include Capacity, BOD, TSS, and NV Pump Station, are divided by the number of DUs (Residential) or EDUs (Commercial) per year, which are based on flow and strength for the various types of customers.

Table 3-8: Unit Cost Derivation

	Customer	Capacity	Flow	BOD	TSS	NV Pump Station	General	Total
1 Operating Costs	\$174,277	\$58,615	\$1,839,773	\$211,838	\$173,122	\$7,716	\$0	\$2,465,342
2 Capital Costs	\$0	\$0	\$90,892	\$0	\$0	\$0	\$0	\$90,892
3 Total Cost of Service	\$174,277	\$58,615	\$1,930,665	\$211,838	\$173,122	\$7,716	\$0	\$2,556,234
4 Unit of Measure	28,080	47,242	297,024	47,242	47,242	47,242		
5	accounts/y ear	EDUs or DUs/year	hcf of ww	EDUs or DUs/year	EDUs or DUs/year	EDUs or DUs/year		
6 Unit Cost	\$6.21	\$1.24	\$6.50	\$4.48	\$3.66	\$0.16		
7	per account	per EDU or DU	per hcf of ww	per EDU or DU	per EDU or DU	per EDU or DU		

3.5 ALLOCATION OF COSTS TO CUSTOMER CLASSES

The final step in the cost of service analysis is to proportionately allocate costs to the different customer classes. The unit costs derived in **Table 3-8** are multiplied by each customer class' number of accounts per year, number of annual DUs or EDUs, and annual wastewater flow shown in **Table 3-4**. For example, to determine Single Family Customer costs, the number of annual Single Family accounts are multiplied by the Customer unit cost (2,202 accounts per month x 12 months per year x \$6.21 per account per month = \$163,999). **Table 3-9** shows the allocation of costs to each customer class.

Table 3-9: Allocation of Costs to Customer Classes

	Customer	Capacity	Flow	BOD	TSS	NV Pump Station	Total COS
Single Family	\$163,999	\$33,805	\$1,075,974	\$122,173	\$99,845	\$4,450	\$1,500,247
Multi-Family	\$6,405	\$17,094	\$419,975	\$61,777	\$50,487	\$2,250	\$557,988
Sewer Only	\$372	\$86	\$2,749	\$312	\$255	\$11	\$3,786
Commercial	\$1,787	\$2,797	\$166,615	\$10,109	\$8,262	\$368	\$189,938
Commercial w/ Irrigation	\$1,713	\$4,833	\$265,352	\$17,467	\$14,274	\$636	\$304,275
Total	\$174,277	\$58,615	\$1,930,665	\$211,838	\$173,122	\$7,716	\$2,556,234

4 RATE DERIVATION

This section describes the derivation of the proposed wastewater rates based on the cost of service analysis. All calculated rates are rounded up to the nearest penny.

4.1 WASTEWATER RATE STRUCTURE

The proposed wastewater rate structure includes a monthly fixed charge by DU for Residential customers and a variable charge per hcf of water for Commercial customers. Commercial customers are subject to a minimum charge equal to the Multi-Family Residential charge, to cover the high fixed costs and to ensure financial sufficiency for the District.

The current wastewater rate structure consists of a monthly fixed charge per EDU based on the lowest wet month usage (December to April) of the prior fiscal year for Residential customers and a flat monthly charge per EDU for Commercial customers. The proposed wastewater rates are developed based on DUs, EDUs, and annual wastewater flow to more equitably recover costs from each customer class dependent on how they load the system year-round.

The proposed structure also separates the Commercial class into two classes: Commercial and Commercial with Irrigation. The differentiation between the two types of Commercial customers will also recover costs more equitably because irrigation usage does not enter the wastewater system and does not load the system.

4.2 RATE CALCULATION

Table 4-1 shows the wastewater rate calculation for each customer class. The total cost of service (COS) for each customer class is equal to the amount shown in **Table 3-9**.

Residential customers (Single Family, Multi-Family, and Sewer Only) are charged based on DUs. The COS of each Residential class is divided by the number of annual DUs in that class to determine the monthly fixed charge per DU.

Commercial customers (Commercial, Commercial with Irrigation) are charged based on hcf of water usage. The COS of each Commercial class is divided by the annual water usage of each class to determine the variable charge per hcf of water usage.

Table 4-1: Wastewater Rate Calculation

	Single Family	Multi-Family	Sewer Only	Commercial	Commercial w/ Irrigation
Total COS	\$1,500,247	\$557,988	\$3,786	\$189,938	\$304,275
Annual Dwelling Units	27,246	13,777	70		
Annual Water Usage				28,481	102,058
Fixed Charge per dwelling unit	\$55.07	\$40.51	\$54.40		
Variable Charge per hcf of water				\$6.67	\$2.99

4.3 PROPOSED WASTEWATER RATES

Table 4-2 shows the proposed wastewater rate schedule for the study period. The first year of rates, to be implemented in March 2018, are based on the cost of service analysis detailed in this report. All subsequent years’ rates are increased across the board based on the proposed revenue adjustments shown in **Table 2-10**.

Table 4-2: Proposed Wastewater Rates

	March 2018	January 2019	January 2020	January 2021	January 2022
Monthly Service Charge per dwelling unit					
Single Family	\$55.07	\$59.21	\$63.66	\$68.44	\$73.58
Multi-Family	\$40.51	\$43.55	\$46.82	\$50.34	\$54.12
Sewer Only	\$54.40	\$58.48	\$62.87	\$67.59	\$72.66
Variable Charge per hcf of water					
Commercial	\$6.67	\$7.18	\$7.72	\$8.30	\$8.93
Commercial w/ Irrigation	\$2.99	\$3.22	\$3.47	\$3.74	\$4.03
Monthly Minimum Charge					
Commercial	\$40.51	\$43.55	\$46.82	\$50.34	\$54.12

4.4 CUSTOMER IMPACTS

Table 4-3 shows the proposed customer impacts for various customers. The average current and proposed charges are based on average usage and EDU information. The EDUs per customer type is derived from the Sewer Administrative Code, Section 9.07.010. The estimated monthly usage is approximately 17 hcf per EDU, which is based on the average water usage per EDU for all customers.

The Single Family Residence current average charge is based on 5 hcf of lowest wet month usage (December to April), which is the average for all Single Family customers. Multi-Family customers’ current average charge is based on 3 hcf of lowest wet month usage. Apartment/Condominiums and Mobile

Home Parks are considered Multi-Family Residential and are charged as such. The proposed average charges for Single Family and Multi-Family customers are based on one DU. All other customers are charged based on EDUs for the current charge and estimated water usage per EDU for the proposed charge.

Table 4-3: Customer Impacts

Customer Impacts	EDUs per Customer Type	Est. Monthly Water Usage (hcf)***	Avg. Current Charge	Avg. Proposed Charge	Difference (\$)	Difference (%)
Single Family Residence*			\$56.20	\$55.07	(\$1.13)	-2%
Apartment/Condominium**			\$42.50	\$40.51	(\$1.99)	-5%
Mobile Home Park**	0.80		\$42.50	\$32.41	(\$10.09)	-24%
Bakery	1.00	17.00	\$75.50	\$113.39	\$37.89	50%
Car Wash	1.20	20.40	\$90.60	\$136.07	\$45.47	50%
Grocery Store	1.20	20.40	\$90.60	\$136.07	\$45.47	50%
Restaurant	2.70	45.90	\$203.85	\$306.15	\$102.30	50%
Country Club****	1.20	20.40	\$90.60	\$61.00	(\$29.60)	-33%

*Single Family Residences are currently charged based on lowest winter month usage, average is 5 hcf of water

**Multi-Family Residences are currently charged a flat rate, equal to 3 hcf of lowest winter water usage

***Estimated monthly usage is based on 17 hcf per EDU per month multiplied by number of EDUs per customer type

****Country Clubs are considered Commercial w/ Irrigation

**MINUTES OF THE SPECIAL BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 10, 2018**

1. **CALL TO ORDER** - The Special Meeting of the Board of Directors of the Rainbow Municipal Water District on January 10, 2018 was called to order by President Brazier at 1:03 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Director Mack, Director Brazier, Director Hamilton, Director Stewart (via teleconference), Director Gasca.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Operations Manager Milner, Finance Manager Martinez, Administrative Analyst Gray, Associate Engineer Powers, Accounting Specialist Rubio.

Absent: Human Resources Manager Harp, Superintendent Maccarrone, Superintendent Zuniga, Superintendent Walker, Legal Counsel Pellman, Interim Engineering Manager Gerdes.

Six members of the public were present.

4. **PUBLIC COMMENT RELATING TO ITEMS ON THE AGENDA**

Dennis and Patricia Vansandt addressed the Board regarding their water charges. Mr. Vansandt talked about how other water districts fixed fees are much lower than RMWD's. He urged the Board to look at the fixed fees and possibly adjust the higher rates according to actual usage as opposed to being fixed. Mrs. Vansandt added the water rates they pay for their northern residence is much less than it is at RMWD.

President Brazier noted this was the public comment period to which the Board cannot reply; however, the Board did hear their comments. Mr. Kennedy noted he will try to address their concerns during his presentation.

Discussion went to Item #5.

Discussion returned from Item #6.

Joe Byer addressed the Board noting how thankful he was for the fire departments' firefighting efforts during the Lilac Fire that did in fact catch his home's roof on fire. He also thanked RMWD for having water available to put it out. He mentioned he found RMWD's current newsletters to be fantastic with pictures and valuable information. He suggested RMWD utilize The Village News to circulate notices of meetings and hearings as well as actions taken by the Board of

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Directors. He recommended the billing categories be expanded to six or eight if possible. He encouraged the Board to always keep agriculture in mind and to hold as many rate hearings as possible with one scheduled in the evening to allow for maximum customer attendance.

Discussion returned to Item #6.

5. LILAC FIRE ACTIVITIES UPDATE

Mr. Kennedy noted the morning of the fire he attended the SDCWA Board meeting when he requested RMWD's senior staff to hold a meeting regarding what would need to happen should a fire start within the District boundaries. He said unbeknownst to himself and staff, the Lilac Fire started immediately after the meeting concluded and spread quickly due to the high winds causing an evacuation of administrative staff members as well as equipment. He stated the Emergency Operating Center (EOC) was set up at the District offices and other members of personnel were staged at offsite locations. He talked about the steps that took place as water pressure was increased to assist the fire fighters with stopping the fire. He mentioned the various agencies that participated in the fire fight. He pointed out RMWD responded to eight water main breaks during the fire; however, crews restored service as quickly as possible. He added there was flood damage to a home caused by a line break which will be addressed by the Board at their January 23rd meeting. He stated the costs associated with this damage and all other costs associated with the fire activities will be included in the submittal for reimbursement to FEMA. Mr. Kennedy pointed out a portion of the fees paid by RMWD customers goes to fire protection services.

Mr. Kennedy explained how the power outages impacted the District and what resources had to be deployed to various facilities that operated by fuel. He stated a member of staff was currently conducting a study of what types of backup power should be in place throughout the District boundaries to provide the Board with a recommendation for the next budget cycle for their consideration.

Mr. Kennedy stated although the EOC operated generally well, staff will be working on strengthening some of the procedural, administrative, and operational processes of readiness preparedness should another emergency occur. He mentioned RMWD was very thankful to the fire fighters for their efforts and will be providing the local fire districts with handouts showing the various pressure zones throughout the District.

Director Mack suggested RMWD hold an EOC drill. Mr. Kennedy agreed there will be more drills as well as a meeting to discuss the Lilac Fire activities with key staff to address some of the areas that could use some strengthening.

Director Gasca inquired as to who is responsible to pay for the water use for fighting the fire. Mr. Kennedy explained every RMWD customer pays for the use of water the fire agencies use in their efforts to fight the flames due to the fact every customer benefits from those resources being available. He added; however, the cost of the water was minimal compared to the overall costs involved with the Lilac Fire. He confirmed RMWD would be submitting a claim for reimbursement from FEMA since it was declared an emergency.

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President Brazier asked when there would be more discussion regarding this matter. Mr. Kennedy stated most likely during the budget process.

6. CONSIDER SETTING A TIME AND PLACE FOR A PUBLIC HEARING TO CONSIDER ADOPTING A 5 YEAR RATE SCHEDULE FROM 2018-2022 FOR RAINBOW MUNICIPAL WATER DISTRICT SERVICE FEES, AND TO CONSIDER ADOPTING AN ORDINANCE AUTHORIZING THE DISTRICT TO PASS THROUGH CERTAIN INCREASED COSTS ALLOWED BY LAW (Public Hearing tentatively scheduled for February 27, 2018 – 1:00 p.m.)

Mr. Kennedy noted should the Board act to approve this item today, the required 45-day notice period will start January 12, 2018 and notices will be sent to all property owners and the person named on each account. He stated staff worked with the Budget and Finance Committee looking at the information to be presented in detail in terms of how RMWD's current rate structure will address the District's needs. He pointed out findings show the rate structure has not been efficient to deliver funds to RMWD's capital reserves to deal with its aging infrastructure. He explained now that the detailed Condition Assessment Program has completed, RMWD has a good forecast of what the District's costs will really be as well as a plan ramped up to meet that revenue need over a five-year plan. He stated the rate plans being presented today are designed to facilitate this.

Mr. Kennedy gave a presentation on both the water and wastewater studies conducted by Raftelis noting it will address key assumptions, system overviews, financial planning, proposed rates, pumping charges, and customer impacts.

Mr. Kennedy referenced the "Systems Demands: Annual & Detailed w/Budget Variance in AF" handout. He explained the criticality of the assumptions to be made based on the information provided.

Mr. Kennedy pointed to 68% of the costs are pass-through charges from San Diego County Water Authority (SDCWA) and that those increases will be automatically passed on to the customers.

Director Gasca added unlike other water agencies, RMWD operates on 100% imported water. Mr. Kennedy noted approximately one-half the fixed costs charged to customers goes directly to SDCWA.

Mr. Kennedy explained without having a baseline revenue, it would be a recipe for financial problems. He stated one of the items included in RMWD's Mission Statement adopted by the Board is the District be fiscally responsible to make sure the system is always up and running and maintaining a high level of service. He pointed out service density was another variance to take into consideration.

Mr. Kennedy stressed the anticipated development was not included in this model; only projects currently in development. He explained should additional developments happen that were not anticipated, it would benefit the ratepayers by stabilizing or eliminated the future rate increases.

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Mr. Kennedy pointed out the proposed revenue adjustments for 2018 is 5.5% including the SDCWA purchased water costs. He confirmed this percentage would be an overall revenue increase. He added all further purchased water increases will be passed through to customers at the time the increases are received from SDCWA. He explained the information to be provided in the Proposition 218 notices. He mentioned these proposed rates would be presented to the Board for consideration; however, the Board can change the proposed rate increases as they deem necessary.

Director Gasca added there was extensive discussion with the Budget and Finance Committee considering assessing every parcel's water availability charges as a means of maximizing the customer's contribution to the benefit of having fire protection and water service while trying to keep the cost of actual water usage to a minimum. Discussion followed.

Mr. Kennedy pointed out the Board sets rates and budgets every year after looking at particulars. He referenced the presented financial model giving examples of what these may be. He concluded noting there were two different components to the meter charge; one from RMWD, the other a direct pass through from SDCWA. He explained the various elements.

Director Stewart disconnected from the meeting at 2:10 p.m.

Director Stewart conferenced back into the meeting at 2:18 p.m.

Director Stewart stated the discovery of the capability to availability charge was a good idea in that it will involve property owners who pay nothing for having their properties served as well as having fire protection. He said he does like that RMWD now has all the data necessary to make proper projections and assumptions including operations and labor. He said he is very supportive of the letter drafted by the committee as well as looking forward to hearing public comment at the February meeting. He thanked the Board for the opportunity to participate.

Director Stewart disconnected from the meeting at 2:21 p.m.

Mr. Kennedy continued by demonstrating how each customer class would be impacted by the proposed rate increases. He pointed out there were multiple calculations and options researched; however, the proposed increases were found to be the most equitable.

Director Gasca addressed the matter that 68% of the costs for RMWD water is solely pass through charges from SDCWA and MWD. He pointed out RMWD has capital projects and plans in place to find alternative water resources as a means of reducing the water purchasing costs as well as the customer water rates. Discussion followed regarding alternative water resources.

President Brazier called for a break at 2:33 p.m.

The meeting reconvened at 2:42 p.m.

Discussion returned to Item #4.

Discussion returned from Item #4.

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Mr. Kennedy presented the Wastewater Rate Study including key assumptions, system overview, operating expenses, capital projects, and capital financing plan. He mentioned once some of the capital projects are completed, RMWD will not necessarily have to do a great deal of capital expansion until a new development comes to the area. He brought attention to the capital financing plan and RMWD's reserve funds. He reviewed each of the proposed wastewater rate options under consideration including the customer impacts.

Mr. Kennedy explained the purpose of this item was to seek authorization from the Board for staff to send the required Proposition 218 notices to the customers outlining the information presented today. He mentioned the same type of presentation will be given at the public hearing. He stated for the rates to be officially protested, RMWD would need to receive a majority of protests from the customers; all of which will be heard by the Board.

Legal Counsel inquired as to whether Raftelis would be attending RMWD's upcoming meetings. Mr. Kennedy stated he can present the information and presentation without Raftelis; however, they may be present at future meetings. He noted the final rate study report will be published on the District website.

Motion:

To set the time and place for the Public Hearing for February 27, 2018 time certain at 1:00 p.m. to consider adopting a five-year rate schedule from 2018-2022 for RMWD services fees, and to consider adopting an ordinance authorizing the District to pass through certain increased costs allowed by law. Instructions were given to staff to release the required notices.

Action: Approve, Moved by Director Hamilton, Seconded by Director Gasca.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Mack, Director Brazier, Director Hamilton, Director Gasca.

Absent: Director Stewart.

Discussion ensued regarding when discussions will be held regarding the availability charges. Mr. Kennedy noted this would be on the February 13, 2018 Budget and Finance Committee agenda for discussion which may result in a committee recommendation to the Board.

President Brazier pointed out the proposed rate increases would be setting the framework for what may or may not need to be done in terms of future rates.

7. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

Director Hamilton submitted a request to attend the CSDA Special District Leadership Academy scheduled for February in La Quinta. He pointed out he was still working on adjusting his schedule and would confirm his attendance within the next week. He affirmed he was requesting compensation for two full days of attendance.

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Motion:

To approve Director Hamilton's request presented to attend the CSDA Special District Leadership Academy for February in La Quinta.

Action: Approve, Moved by Director Gasca, Seconded by Director Mack.

Vote: Motion passed (summary: Ayes = 3, Noes = 0, Abstain = 1).

Ayes: Director Mack, Director Brazier, Director Gasca.

Abstain: Director Hamilton.

Absent: Director Stewart.

President Brazier mentioned she and Director Stewart are due to update their AB1234 Ethics Training in 2018 and that this training is being made available at Vista Irrigation District in February at a cost of \$25.00 per person. She requested authorization to attend. Ms. Washburn reported Director Stewart made a verbal request to her for this same training prior to this meeting. President Brazier stated the entire cost to RMWD would be \$50.00 for registration and mileage which may be only for one should they be able to make carpool arrangements.

Motion:

To accept both requests for the AB1234 Ethics Training.

Action: Approve, Moved by Director Hamilton, Seconded by Director Gasca.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Mack, Director Brazier, Director Hamilton, Director Gasca.

Absent: Director Stewart.

8. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

It was noted the Condition Assessment study, contract approval for property water damage, several Administrative Code proposed revisions, and a resolution for wage rates will be on the next Board meeting agenda.

Mr. Kennedy announced Mrs. Kirkpatrick has resigned from the District in early January 2018.

Discussion ensued regarding status of an ongoing claim matter.

Director Gasca mentioned his request for including operations to the Engineering Committee. Mr. Kennedy explained this would be brought to the February Engineering Services Committee meeting which he encouraged Director Gasca to attend and provide information to the committee members.

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9. ADJOURNMENT - To Tuesday, January 23, 2018 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier to a regular meeting on January 23, 2018, at 1:00 p.m.

The meeting was adjourned at 3:37 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary

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**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 23, 2018**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on January 23, 2018 was called to order by President Brazier at 1:02 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Brazier presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Administrative Analyst Gray, Associate Engineer Powers, Finance Manager Martinez, Human Resources Manager Harp, Operations Manager Milner, Superintendent Walker, Superintendent Zuniga, Interim Engineering Manager Gerdes.

Six members of the public were present for Open Session.

4. **ADDITIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes to the agenda.

5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING
ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).**

There were no comments.

*6. **APPROVAL OF MINUTES**

A. December 5, 2017 - Regular Board Meeting

Motion:

To approve the minutes as written.

Action: Approve, Moved by Director Gasca, Seconded by Director Mack.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

(*) - Asterisk indicates a report is attached.

7. BOARD OF DIRECTORS' COMMENTS/REPORTS

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

A. President's Report (Director Brazier)

President Brazier commended and thanked the RMWD employees involved with putting together the Employee Recognition Banquet held on January 20, 2018 for a memorable event; Dawn Washburn, Cynthia Gray, Karleen Harp, Darren Milner, and Jerry Kraft. She congratulated the Gold, Silver, and Bronze medal winners; Jerry Kraft, Cynthia Gray, and Bryan Rose. She mentioned how she found the department baskets to be very clever and creative. She thanked those who came and added to the presence of the conviviality.

President Brazier recommended RMWD plan a family-friendly daytime event to be held in the future.

President Brazier mentioned RMWD being included in two articles in The Village News.

B. Representative Report (Appointed Representative)**1. SDCWA**

Mr. Kennedy reported on the December special meeting regarding the San Vicente hydropower project.

2. CSDA

Mr. Kennedy announced the quarterly dinner meeting will be held in February at which the San Diego County Tax Collector will be speaking. He mentioned the San Diego Chapter of CSDA is kicking off a field trip event as well as a video contest. He pointed out Director Hamilton will be attending the Special District Leadership Academy in February.

3. LAFCO

Mr. Kennedy reported LAFO had requested an update request for the Five Year Municipal Service Reviews for which staff is compiling information. Discussion ensued.

4. San Luis Rey Watershed Council

Director Stewart noted the next meeting will be held on January 24, 2018. He said now that he serves as a Board Member on the Council, there are more meetings he attends including one on December 22, 2017 at which they developed a Financial Standard Operating Procedure as well as a new Administrative Code.

5. Santa Margarita Watershed Council

Director Hamilton noted the title on the agendas should be changed from "Santa Margarita Watershed Council" to "Santa Margarita Watershed Wastermaster Steering Committee". He read aloud his report provided to the Board Members as a handout. He noted the next meeting will be on April 17, 2018.

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- C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
 - 1. Board Reports

Director Gasca reported on the Council of Water Utilities meeting held on January 16, 2018 at which there was a presentation on sustainability and water use efficiency. It was noted the new location was permanent at this point.

Mr. Kennedy pointed out Director Mack had a written report for the ACWA conference included in the agenda packet.

- D. Directors Comments

There were no comments.

- E. Legal Counsel Comments
 - 1. Attorney Report: Employment Law Update (150152-0005)

Legal Counsel talked about the new regulations from the Fair Employment and Housing Council and Governor Brown related to employment laws. He addressed concern regarding.

Director Hamilton inquired about the conditional offers made by RMWD. Mrs. Harp noted due to the new January 1, 2018 laws, once a conditional offer is made and accepted, then a criminal background investigation is conducted within the legal regulatory requirements.

***8. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

- A. Budget and Finance Committee
 - 1. November 14, 2017 Minutes

Mr. Stitle noted the auditors were being much more thorough than in the past. He mentioned discussed the rate study in greater detail.

Director Gasca pointed out the committee voted to keep their current officers in place; however, the committee was made aware there may be a change with one officer moving out of the area.

- B. Communications Committee
 - 1. November 2, 2017 Minutes

Director Hamilton noted the committee focused on putting together a new process for providing the Customer Service assistance when answering ratepayer inquiries. He also mentioned Mrs. Gray was working with the local high school students in putting together FAQ videos that will eventually be posted on the website.

Director Stewart mentioned the materials in the required rate hearing notices were very dry; however, he was thankful for the newsletters and the information provided prior to the notices being delivered. He read aloud a written comment he received from one of his constituents noting their support of the District and the decisions made by the Board.

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Mrs. Gray pointed out the committee voted to keep their current officers; however, there was mention one of the officers may be leaving the area at which time a change will need to be made.

- C. Engineering Services Committee
 - 1. October 4, 2017 Minutes
 - 2. November 1, 2017 Minutes

Mr. Powers reported the committee discussed the condition assessment provided by HDR as well as other items on this agenda for later discussion. He stated the committee voted to keep their current offices in place.

BOARD INFORMATION ITEMS

***9. LILAC FIRE ACTIVITIES UPDATE**

Mr. Kennedy noted the Board has been updated on the Lilac Fire previously; however, a letter was received from the Rancho Monserate Country Club Homeowners Association, Inc. asking for the monthly sewer fees be waived for those lots lost in the fire until a new home is in place and connected to the system. He solicited the Board for direction as to how they would like staff to respond to this letter as well as what properties should be taken into consideration.

President Brazier suggested staff bring a range of options back to the Board to evaluate and consider. Mr. Kennedy agreed to prepare a response letter to Rancho Monserate Country Club Homeowners Association based on the Board's recommendations.

BOARD ACTION ITEMS

***10. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 18-02, DECLARING THAT GOVERNING BODY MEMBERS AND VOLUNTEERS SHALL BE DEEMED TO BE EMPLOYEES OF THE DISTRICT FOR THE PURPOSE OF PROVIDING WORKERS' COMPENSATION COVERAGE FOR SAID CERTAIN INDIVIDUALS WHILE PROVIDING THEIR SERVICES**

Mr. Kennedy noted this was a housekeeping item to make it very clear that any individuals other than regular employees working for RMWD would have Workers' Compensation coverage. Mrs. Harp added SDRMA must have a Board approved Resolution on file to continue this coverage.

Motion:

The Board adopt Resolution No. 18-02

Action: Approve, Moved by Director Hamilton, Seconded by Director Stewart.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

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- *11. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-01 — A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE JANUARY 23, 2018 THROUGH JUNE 30, 2018**

Mrs. Harp noted this was addressed in the staffing analysis presented to the Board last year. She pointed out the actual amounts of the salary grades were not changing with this Resolution, but some of the job titles were changed as well as promotional positions being added to the grade structure.

Motion:

To approve Resolution No. 18-01.

Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

- *12. CONSIDER AUTHORIZATION FOR GENERAL MANAGER TO APPROVE PAYMENT FOR SEVPRO APPROVAL FOR DISTRICT TO PAY SERVPRO FOR RESTORATION SERVICES AT 6668 CAMINO DEL REY DUE TO 4" WATER MAIN BREAK IN AREA CAUSING PROPERTY DAMAGE**

Mr. Kennedy noted this property damage was mentioned during the Lilac Fire activities update. He stated the damage caused totaled more than his authorized spending limits. Mr. Milner pointed out the repairs are close to being completed.

Motion:

To approve Option 1 - Authorize General Manager to approve payment for SERVPRO for restoration services totaling \$63,015.84, and apply towards Office Emergency Service (OES) funding through the State of California and/or Federal Emergency Management Administration (FEMA) for reimbursement purposes.

Action: Approve, Moved by Director Gasca, Seconded by Director Stewart.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

- *13. APPROVAL OF AGREEMENT TO ASSUME JOINT AGREEMENT TO IMPROVE MAJOR SUBDIVISION, JOINT LIEN CONTRACT AND HOLDING AGREEMENT, AND EXTEND TIME TO COMPLETE IMPROVEMENTS FOR POLO CLUB (TRACT NO. 4736-1 / FINAL MAP 13856)**

Mr. Powers said Polo Club wanted to transfer title to PC Havens Land LP and Firm Resorts LLC; however, to do so approval of the agreements presented are required. He stated Legal Counsel was currently reviewing the file agreements. He explained the Joint Lien Contract and Holding Agreement transfer the obligations of those agreements from the current owner to the new owner. He pointed out the completion date would be extended to October 22, 2021. He stated he did not

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see any financial impact to RMWD. Legal Counsel added this arrangement was contingent upon approval of the County Board of Supervisors.

Motion:

Approve Option 1 - Approve the Agreement to Assume Joint Agreement to Improve Major Subdivision, Joint Lien Contract and Holding Agreement (Tract No. 4736-1) and extend time to complete improvements until October 22, 2021, contingent on the approval of the San Diego County Board of Supervisors.

Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

***14. DISCUSSION AND POSSIBLE ACTION MAKING ENVIRONMENTAL FINDINGS FOR CATEGORICAL EXEMPTION FOR THE RAINBOW HEIGHTS PUMP STATION REHABILITATION PROJECT AND FILING OF NOTICE OF EXEMPTION WITH SAN DIEGO COUNTY**

Mr. Powers noted there was an essential step in the CEQA requirements in that the Board needs to declare the project meets the requirements for a categorical exemption. He stated within the Notice of Exemption, RMWD does need to make sure there are no nesting raptors within the location. He said should nesting raptors be found, mitigation would be required.

Director Gasca asked if the site was adjacent to any sensitive wilderness areas. It was noted it was not. Mr. Gerdes added there was a biologist who would determine whether there were nesting raptors present. It was confirmed RMWD would pay for the biologist.

Motion:

Approve Option 1 - Determine and find that the Rainbow Heights Pump Station Rehabilitation Project is Categorically Exempt from CEQA and authorizes filing of the Notice of Exemption with the County of San Diego.

Action: Approve, Moved by Director Gasca, Seconded by Director Hamilton.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

15. DISCUSSION AND POSSIBLE ACTION REGARDING THE WATER PIPELINE CONDITION ASSESSMENT TECHNICAL MEMORANDUM

Mr. Kennedy introduced Eric Scherch who gave a presentation on the Condition Assessment Study. He pointed out RMWD has \$400 million in water main infrastructure that has a finite life which over time will cause more and more breaks. He stated since age is not a good indicator of condition, moving toward a more performance and condition base program was preferred to achieve desired service levels.

Discussion ensued regarding approaches to achieve outcomes.

(*) - Asterisk indicates a report is attached.

Mr. Scherch provided some good news in that most of the system is performing well. It was noted 80% of the breaks are caused by 20% of the pipes and 40% by 5% of the pipes. He presented an analysis showing how RMWD will get more for its money.

Discussion ensued regarding high corrosivity soils and high pressure causes increased deterioration and how this data will assist RMWD in exploring various options for reducing break rates. Director Mack inquired as to the soil type tests taken when developers build within the District. Mr. Powers noted there are many different types of precautionary measures taken before metallic pipes are installed. Mr. Kennedy the entire process has improved since some of the pipeline found within RMWD was put in place. Discussion followed.

It was noted Pala Mesa Fairway Villas presented the highest risk due to the high number of main breaks, high corrosion potential, and high pressure. Discussion followed regarding how to find the best solution for this project.

Discussion continued regarding the internal commitment to execute fixing the problems which includes considering of the best course of action as well as the costs and risks involved. It was suggested RMWD develop a roadmap to ensure a clear, practical, and strategic path forward while balancing resources with program development and communicating progress toward program success.

Discussion ensued.

Mr. Kennedy confirmed EAM will assist in collecting data electronically going forward; however, most of the records utilized to conduct the study being presented were on paper.

Discussion followed regarding how to assess the projects, clustering them together, categorizing and prioritizing such. Mr. Kennedy stressed the administrative capacity was one of the key challenges in making this program successful while ensuring a sustainable budget.

Director Mack asked if the miles of pipeline were incorporated into the analysis. Mr. Scherch noted the standard industry metric was utilized in conducting the assessment. Discussion followed.

Mr. Kennedy pointed out the action item was to seek the Board's commitment by providing direction to staff. He noted this program will be taken into consideration within the upcoming budget process. He confirmed the beginning of this program was included in the newly proposed rate structure changes and all of it was included in the second year's projected rate structure.

Director Gasca said he would like the language of staff recommendation Option 1 to include sustaining a service level better than fifteen lateral breaks or no more than fifteen lateral breaks. Mr. Kennedy suggested eliminating the numbers and having the Board commit to a program.

Motion:

To approve Option 1 with revision – Establish a funding mechanism to ramp up investment in rehabilitation and replacement of aging pipelines to reach an annual budget of \$3 million to sustain a service level equal to or better than the AWWA standard, direct staff to develop the administrative capacity to implement this program in a cost-effective manner.

Action: Approve, Moved by Director Gasca, Seconded by Director Stewart.

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Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

President Brazier called for a break at 3:25 p.m.

The meeting reconvened at 3:35 p.m.

***16. APPROVAL OF RESOLUTION NO. 18-03 ESTABLISHING CHECK SIGNING AUTHORITY**

Mr. Kennedy explained this was to remove Mrs. Kirkpatrick as a designated check signer.

Motion:

To adopt Resolution No. 18-03

Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

17. DISCUSSION AND POSSIBLE ACTION TO APPOINT AN ALTERNATE REPRESENTATIVE TO THE SAN LUIS REY WATERSHED COUNCIL

Director Stewart pointed out the Council are held quarterly on the fourth Wednesday of the month starting at 1:00 p.m. Director Gasca volunteered to serve as the alternate representative.

Motion:

To notify the San Luis Rey Watershed Council that Director Gasca will be serving as the alternate representative from Rainbow Municipal Water District.

Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

***18. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-02 - AMENDING AND UPDATING ADMINISTRATIVE CODE SECTION 1.02.020 – CONFLICT OF INTEREST, CHAPTER 5.02 – PURCHASING, 5.02.180 – DUTIES AND FUNCTIONS OF ASSIGNED DISTRICT PURCHASING AGENT, SECTION 5.02.200 – PURCHASING DEPARTMENT – RELATIONSHIP BETWEEN DISTRICT AND VENDORS, SECTION 5.02.210 – PURCHASING AND CHANGE ORDER APPROVAL REQUIREMENTS - APPENDIX**

Mr. Kennedy pointed out this item was to update the position title and make it more generic to fit any title assigned to fulfilling the responsibilities to which it refers and thereby eliminating the need to update all these sections each time there is a title change.

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Motion:

To approve Ordinance No. 18-02 amending and updating the Administrative Code chapters and sections listed.

Action: Approve, Moved by Director Hamilton, Seconded by Director Mack.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

***19. DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-01 - AMENDING AND UPDATING ADMINISTRATIVE CODE CHAPTER 4.01 - PERSONNEL RULES AND REGULATIONS**

Ms. Washburn pointed out a section in this Administrative Code chapter currently states that a picture is taken and published in the local newspaper when an employee receives a service award. She stated this practice has not been followed for years; therefore, it was recommended it be removed to ensure compliance.

Director Stewart expressed concern with allowing a change in work schedules with authorization from the General Manager in that there could be instances when more overtime is generated. He also noted in Section 4.01.040, Item #M, the word "of" should be "if".

Motion:

The approval of Ordinance No. 18-01 with the noted correction.

Action: Approve, Moved by Director Stewart, Seconded by Director Hamilton.

Vote: Motion carried by unanimous roll call vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

***20. CONSIDER APPROVAL OF A CONTRACT WITH INFOR GLOBAL SOLUTIONS FOR THE PURCHASE OF CLOUDSUITE FINANCE AND ACCOUNTING SOFTWARE**

Mr. Kennedy explained this was a world class software with better support provided by the hosts. He stated next month a contract for implementation will come to the Board for consideration.

Director Brazier inquired as to the quality of support provided from Infor. Mr. Kennedy provided examples of timely responses to getting issues resolved with the EAM software and how the experiences have been very positive.

Mr. Kennedy talked about the costs involved being offset by the staff time and long-term savings.

Director Stewart thanked Mr. Kennedy for overseeing the negotiations for this product. He stated his concern was whether RMWD's colleagues were solicited for input, recommendations, and comparisons. Mr. Kennedy stated part of the thing that really provides value across the organization is having systems that talk to each other well. He explained how having everything run on one platform will be extremely beneficial to RMWD by creating a very robust system with unification. He mentioned he did suggest CSDA utilize this product since they are a larger

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organization with which Infor is more inclined to work. He stated he would bring the implementation proposal back to the Board.

Director Gasca asked how long RMWD will be running two parallel systems. Mr. Kennedy stated staff will work diligently to minimize the need for this to take place; however, it will take some time to completely switch over to the new system which he does not expect to last beyond the end of fiscal year 2019.

Mr. Kennedy pointed out this was a change order to the existing contract to add this license to the original contract. He noted the hosting fees will not go into effect until RMWD is further along in the process. He confirmed other software may be considered for payroll purposes.

Motion:

Approve Option 1 - Approve the procurement of the Infor Cloudsuite Financials software and direct the General Manager to execute an amendment to our existing software licensing, hosting, and support agreements.

Action: Approve, Moved by Director Gasca, Seconded by Director Mack.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

21. AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS

Directors Mack, Brazier, Gasca, and Stewart noted their interest in attending the CSDA February 15, 2018 Quarterly Dinner meeting.

***22. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar

B. Communications

1. Staff Training Reports

C. Operations Comments

1. Operations Report

D. Engineering Comments

1. Engineering Report

E. Customer Service and Meters Comments

1. Customer Service and Meters Report

F. Human Resource & Safety Comments

1. Human Resources Report

G. Finance Manager Comments

1. Interim Financial Statement (October and November 2017)
2. Treasurers Report (November 2017)
3. Credit Card Breakdown (October and November 2017)
4. Directors' Expense
5. Check Register (October and November 2017)
6. Water Sales Summary

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Motion:

To receive and file information and financial items.

Action: Approve, Moved by Director Stewart, Seconded by Director Gasca.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Director Brazier, Director Hamilton, Director Mack, Director Stewart, Director Gasca.

23. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

It was noted the Public Hearing for rates, implementation costs for Infor software, and a commendation for Harry Stille should be on the next agenda.

24. ADJOURNMENT - To Tuesday, February 27, 2018 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Hamilton and seconded by Director Gasca to a regular meeting on February 27, 2018 at 1:00 p.m.

The meeting was adjourned at 4:27 p.m.

Helene Brazier, Board President

Dawn M. Washburn, Board Secretary



SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING JANUARY 25, 2018

- 9-1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed monthly Treasurer's Report.
- 9-2. Update of the Water Authority's Statement of Debt Management Policy.
The Board adopted the Debt Management and Disclosure Policy as amended.
- 9-3. Anticipated Litigation.
The Board approved direction to engage counsel and initiate an action, and the action, the defendants, and the other particulars shall, once formally commenced, be disclosed to any person upon inquiry, unless to do so would jeopardize the agency's ability to effectuate service of process on one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.
- 9-4. Amendment to the Professional Services Contract with Black & Veatch Corporation for Owners' Representative Services for San Vicente Energy Storage Facility.
The Board authorized the General Manager to execute Amendment 2 to the professional services contract with Black & Veatch Corporation for a period of five months, in the amount of \$600,000, increasing the authorized cumulative contract amount from \$150,000 to \$750,000.
- 9-5. Retirement of Directors.
The Board adopted Resolution No. 2018-01 honoring Brian Brady upon his retirement from the Board of Directors.

TRIP REPORT
CSDA Special District Leadership Academy
La Quinta, CA
February 4-7, 2018

This course is targeted for Board of Directors (BOD) and General Managers of special districts and was attended by approximately 40 individuals from across the state, including at least three other municipal water districts.

The course focused on the role of BODs in performing their task as representatives to the constituents of their district. Topic areas included:

- Building a foundation for good governance
- Fulfilling your districts mission – charting a course
- Defining Board and staff roles and relationships
- Get the word out! Best practices for communication and outreach
- Show me the money! What do Board members need to know about District Finances

And, of course, the opportunity to network with of attendees.

As all the other Rainbow MWD board members have attended this academy, I will not go into extensive detail on the course material – focusing on primary takeaways.

The biggest takeaway for me personally was the need for BODs to focus on the WHAT and leave the HOW to staff. While it is important to have knowledge of HOW the BOD's directions are being implemented, they should leave the decisions on the HOW and the management of it to staff. The BOD should only act when the goals and objectives are not being met. While I think we do a pretty good job of this now, we sometimes do seem to get out in the weeds a bit.

A number of ideas that were stimulated during the courses were things like understanding and having a clear mission statement (based on the district's enabling act) that is regularly communicated to your ratepayers. For example, our mission statement on the current website is one level down, while the recommendation from the academy is that it needs to be visible and pervasive in all our communications.

In communications, a video on our website that provides an overview of RMWD including history, service area, etc. This 3-5 minute video could help lay ground work in preparing ratepayer for the need of infrastructure upgrade and replacement. A component of this was developed last year by Engineering, but lacks the history component, while other elements are found in the "Who we are" section.

In the area of strategic planning, I am aware of the annual "strategic" plan, but I'm not aware, that I recall, a five-year strategic plan that defines longer term goals and objectives. I think we sort of have an idea on what is needed, but have not formalized this into a statement or roadmap that we can use as a guiding star.

An idea stimulated by discussion during the marketing/communications session was to investigate forming a citizen's committee (of ratepayers) to formulate/engage/review a master plan for infrastructure improvement. (Obviously needs a lot more thought, but is a way to help "grease the skids" for possible bond or property tax assessments. If we engage a representative cross-section of our ratepayers in the planning process and they can agree on direction, then we might have an easier time selling it to the voter when it comes before them.

And, finally, a question on workshops. Is it possible for the Board to meet in a planning session where NO Decisions and NO Votes are taken. Simply a forum to discuss and kick around ideas that might eventually lead to future directions or plans. What has to happen to do this in compliance with Brown Act, etc. ?



TO: Rainbow Municipal Water District
FROM: Alfred Smith
DATE: February 27, 2018
RE: Attorney Report: CEQA Update
5016687-0002

I. INTRODUCTION.

This attorney report provides an update on a recent Court of Appeal decision involving the California Environmental Quality Act (“CEQA”). In *Los Angeles Conservancy v. City of West Hollywood* (2017), the court held that the CEQA alternatives analysis prepared by local agencies need not be perfect. Specifically, on December 22, 2017, the Second District Court of Appeal denied a challenge brought under CEQA stating that “[a]bsolute perfection in the analysis of alternatives is not required.” Instead, courts will defer to local agency determinations, as long as those determinations are supported by “substantial evidence.”

II. BACKGROUND.

In 2014, the City of West Hollywood prepared an Environmental Impact Report (“EIR”) for a large mixed-use project at the intersections of Santa Monica Boulevard, Melrose Avenue, and Doheny Drive, referred to as the “Melrose Triangle” project. The project was envisioned as an iconic gateway to the City of West Hollywood. A building that was potentially eligible for listing on the California Register of Historical Resources, referred to as the “9080 Building,” was located on a portion of the project site.

The EIR stated that the demolition of the 9080 Building was a “significant and unavoidable” adverse impact of the project. As a project alternative, the EIR proposed to preserve the 9080 Building by reducing and redesigning the project (“Alternative 3”).

The EIR stated that Alternative 3 was the environmentally superior alternative because it would not require demolition of the 9080 Building and would have fewer traffic impacts. However, the EIR concluded that Alternative 3 would not maximize use of the project site due to reductions in office and retail use, and it would not achieve the development potential for the site. The EIR further concluded that Alternative 3 would not result in a “cohesive site design” and would not accomplish the desired unified gateway design sought by the City. The EIR also stated that Alternative 3 would result in reduced pedestrian accessibility on the site.

The Los Angeles Conservancy sued under CEQA, alleging the EIR was inadequate. The trial court denied the Conservancy's petition for writ of mandate and the Conservancy appealed.

III. COURT'S ANALYSIS.

In the appeal, the Conservancy made three primary arguments: (1) the EIR's analysis of alternatives was inadequate; (2) the City failed to properly respond to public comments on the EIR; and (3) there was insufficient evidence to support the finding of infeasibility of Alternative 3. The appellate court affirmed the trial court's ruling, thereby rejecting the Conservancy's arguments.

A. Analysis of Alternatives.

The Conservancy argued that the EIR analysis was inadequate because it failed to provide a conceptual design of Alternative 3. However, the Court of Appeal found that there was no legal authority that would require the City to provide architectural drawings of an alternative plan, and the Court declined to make such a requirement.

The Conservancy also argued that the EIR analysis was inadequate because it did not provide sufficient analysis to support the statement that retaining the 9080 Building would "preclude construction of the Gateway Building and portion of the Avenue Building." The Court rejected that argument and stated that no further explanation was needed as it was clear that the 9080 Building was located where new buildings were proposed to be constructed in the plans. The Court noted that "[w]hile some conclusions may require extended analysis to justify them, others are so simple they are almost self-explanatory."

B. City's Responses to EIR Comments.

Next, the Conservancy challenged the City's responses to EIR comments, arguing that the City failed to adequately respond to public comments in opposition to the project. In particular, two comments stated that the 9080 Building could be restored and adaptively reused as part of the project, and that a thoughtful design of the project could result in a superior site design.

Under CEQA, the lead agency must evaluate and respond to timely submitted comments. In this case, the Conservancy argued that the City's response, which included a reference to the Alternative 3 discussion in the EIR, was inadequate. The Court disagreed, stating that general comments may be met with general responses, and that the subject comments were general objections and expressions of support for Alternative 3, which were properly met by the general discussion in the EIR regarding Alternative 3.

C. Sufficiency of Evidence to Support Finding of Infeasibility.

Finally, the Conservancy argued that the City had insufficient evidence to support its finding of infeasibility regarding Alternative 3. In general, a City may approve a project that will have a significant effect on the environment if the City finds that:

“(1) specific economic, legal, social, technological , or other considerations . . . make infeasible the mitigation measures or alternatives identified in the [EIR]; and (2) the significant effects on the environment are outweighed by specific overriding economic, legal, social, technological, or other benefits of the project.” (Pub. Resources Code § 21081, subds. (a)(3) & (b).)

An agency’s finding of infeasibility is entitled to deference by courts as long as there is substantial evidence in the record to support its decision that a fair argument can be made to support the agency’s conclusion.

In this case, the Court found that the development plans and photographs in the EIR showed that the 9080 Building was “strikingly dissimilar in appearance compared to the other buildings planned for the site.” In addition, the fact that retention of the 9080 Building would prevent the installation of planned pedestrian walkways, was a fair argument that the project would not meet pedestrian connectivity objectives of the project. The Court found substantial evidence in support of the City’s other findings in the record. As noted by the Court:

“[i]n the context of project approval, a public agency may find that an alternative is ‘infeasible’ if it determined, based upon the balancing of the statutory facts, that an alternative cannot meet project objectives or ‘is impractical or undesirable from a policy standpoint.’”

IV. CONCLUSION.

This case is a reminder to lead agencies that as long as the analysis and decisions relating to the approval of an EIR are supported by substantial evidence in the record, courts will “defer to the agency’s determination and not require perfect or exhaustive explanations.”

AES/AES

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
DECEMBER 12, 2017**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on December 12, 2017 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:00 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Hensley, Member Moss (*arrived at 1:10 p.m.*), Alternate Nelson, Alternate Martinez.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Interim Engineering Manager Gerdes, Associate Engineer Powers.

Absent: Member Ross, Member Gasca.

Six members of the public were present.

4. **SEATING OF ALTERNATES**

It was noted Ms. Martinez and Mr. Nelson would be seated as alternates for this meeting.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

Mr. Kennedy confirmed Item #9 would be moved to the end of the agenda. He also noted there were consultants from Infor present to provide information on Item #11.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**

There were no comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

Mr. Hensley stated in relation to the discussion regarding rates, the bottom line is that if someone raises their rates, the customers have to pay them.

Mr. Stitle commented on the published salaries for FPUD employees.

Mr. Kennedy reported RMWD is working with CalPERS regarding RMWD being owed approximately \$40,000 after the conclusion of an audit conducted with CalPERS. Discussion ensued.

***8. APPROVAL OF MINUTES**

A. November 14, 2017

Motion:

Approve the minutes as written.

Action: Approve, Moved by Alternate Nelson, Seconded by Member Hensley.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Member Stitle, Member Hensley, Alternate Martinez, Alternate Nelson.

Absent: Member Moss, Member Ross, Member Gasca.

Discussion went to Item #10.

9. PRESENTATION ON RATE STUDY CONDUCTED BY RAFTELIS

Mr. Kennedy talked about the steps taken trying to work through the rate model and making sure to reach some of the goals identified as well as more equitably deal with the challenge where RMWD has customers with low consumption in a larger meter and high consumption with a smaller meter. He pointed out RMWD received the rate study yesterday with many variations that have some side effects that need to be taken into consideration. He elaborated on some of the challenges involved with the variations. He noted the Board wanted to have input from the Budget and Finance Committee prior to the RMWD rate hearing scheduled for January 10, 2018 after which any revisions can be made and the required 218 notices released.

Sudhir Pardiwala presented the rate study utilizing the assumptions provided. Discussions ensued.

Mr. Kennedy explained the importance of finding the rate structure that is equitable and achievable. Mr. Pardiwala reviewed the financial plan showing the revenues collected from the proposed rates noting the results and how there may be a need for adjustments. Discussion followed.

Discussion ensued regarding the upcoming development and the fees the developers will be paying.

Mr. Kennedy thanked Mr. Pardiwala for presenting the information to the committee.

Discussion took place regarding the water pumped to the District's higher elevations.

Discussion went to Item #12.

10. DISCUSSION REGARDING ABM PROGRESS

Member Moss joined the meeting at 1:10 p.m.

Harvey Katzen and Todd Havelaar, ABM representatives, provided a progress update. Mr. Katzen pointed out ABM has been engaged with RMWD for many months with the hope they will ultimately be able to provide the District with a financially guaranteed, fully paid from savings, district-wide meter replacement project. He mentioned they are at the point in their progress where they have

recently completed all the meter testing as well as the analysis on that testing. He said they were here today to give RMWD a progress report on the results of that testing and where the revenue will come from to pay for the meter replacement project.

Mr. Havelaar, ABM's Director of Engineering, gave a general summary of the information provided in the presentation prepared by Mr. Katzen for the purpose of this meeting. He explained the steps involved with the testing and analysis process.

Discussion ensued regarding the definition and use of AMI.

Mr. Katzen stated ABM will come back to RMWD in January or February with everything needed for the District to make an investment decision. Mr. Kennedy talked about risk management as well as a means of keeping costs down.

Discussion went to Item #11.

11. DISCUSSION REGARDING AUTO PAY AND NEW BILL PROCESSING SYSTEMS

Mr. Kennedy explained Infor was here to give a presentation on the billing services they will provide. He introduced both Steve Bury and Scott Renstrom as the Infor representatives.

Mr. Bury thanked the committee for the opportunity to speak with them today as well as thanked RMWD for being an Infor customer. He noted the Financial Suite has been around for almost thirty years that was acquired approximately six years ago by Infor who in turn spent money and time improving the functionality. Mr. Kennedy added how the software will assist in getting better information out to the ratepayers.

Scott Renstrom, a Solution Consultant with Infor Software, thanked the committee again for the opportunity to share their software with the members. He gave a presentation on the highlighted capabilities of the software.

Discussions ensued.

Discussion went to Item #9.

12. REVIEW THE FOLLOWING:

- A. Income Statement
- B. Balance Sheet
- C. Cash Flow

This item was not discussed.

13. DISCUSSION AND POSSIBLE ACTION TO APPOINT 2018 COMMITTEE OFFICERS

This item was not discussed.

14. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

This item was not discussed.

15. ADJOURNMENT

The meeting adjourned at 4:45 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 9, 2018**

1. **CALL TO ORDER:** The Budget & Finance Committee meeting of the Rainbow Municipal Water District was called to order by Chairperson Stitle on January 9, 2017 in the Board Room of the District Office at 3707 Old Highway 395, Fallbrook, CA 92028 at 1:03 p.m. Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Ross, Member Hensley, Member Gasca, Alternate Nelson.

Also Present: General Manager Kennedy, Executive Assistant Washburn, Administrative Analyst Gray, Associate Engineer Powers.

Absent: Member Moss.

No members of the public were present.

4. **SEATING OF ALTERNATES**

It was noted Mr. Nelson would be seated for this meeting.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA (Limit 3 Minutes)**

There were no public comments.

COMMITTEE ACTION ITEMS

7. **COMMITTEE MEMBER COMMENTS**

There were no comments.

8. **UPDATE ON LILAC FIRE ACTIVITIES**

Mr. Kennedy pointed out staff held a meeting regarding fire activity just prior to the start of the Lilac Fire. He noted because it was so close by, most office staff and equipment was evacuated from the District offices. He said as with most fires RMWD's responsibility is to keep water flowing. He mentioned Pala Mesa tank almost overflowed; however, it was shut off prior to that happening. He explained where people were staged throughout the duration of the fire for communications purposes.

Mr. Kennedy talked about staff setting up and running the Emergency Operations Center (EOC) during the fire event. He pointed out since this was the first time activating the EOC, staff will be working on strengthening the operational processes as well as backup power resources. He said overall everything went well; however, there will be a meeting next week with all staff members to discuss procedural improvements.

Mr. Kennedy spoke on the quickly expedited evacuations at both the local schools and mobile home park. He stated all costs involved with the fire (approximately \$150,000) has been remitted for reimbursement.

Mr. Gasca asked who pays for the water used to fight the fire. Mr. Kennedy explained in general fire fighter activity costs are picked up by all the customers under the authorized unbilled consumption category. He added the cost of the water used will be shown as a loss on RMWD's records.

Mr. Hensley inquired as to whether Mr. Kennedy had an opportunity to speak with some of the fire fighter personnel to discuss matters such as high pressure and other related issues. Mr. Kennedy explained he did talk to a few; however, due to the emergency situation, it was not available to speak to everyone.

Discussion ensued regarding the FEMA processes. Mr. Kennedy noted all staff time spent responding to every aspect of the Lilac Fire has been recorded in EAM and will be included in the request for reimbursement.

9. PRESENTATION ON RATE STUDY CONDUCTED BY RAFTELIS

Mr. Kennedy gave a presentation on the rate study. He explained the steps taken to determine the most balanced rate structure. He talked about the pass-through charges from San Diego County Water Authority. He pointed out the big change is RMWD's Capital Improvement Projects the District is trying to start funding by increasing the reserves to pay for the pipeline replacement projects. He stated the Condition Assessment Program has been implemented to aid in forecasting what needs to be done in terms of proposing news rates. He referenced examples provided in the presentation.

Mr. Kennedy reported RMWD collects approximately \$10.50 per acre standby water availability charge as a parcel tax. He explained these charges are to ensure water is available to protect all customer properties (including fire protection) regardless of the customer's water use. He mentioned research was conducted on what would need to happen to increase these rates which may be taken under consideration by the Board at the later date.

Mr. Kennedy noted the Engineering Services Committee has reviewed the Condition Assessment Study and have recommended investments should be made at the level being presented. He said the Budget and Finance Committee now needs to take that information and determine the best means of achieving that level. He said the overall goal is to fund the District's capital reserves. Discussion followed.

Mr. Kennedy talked about how the proposed new rate structure could fluctuate with new development; however, the model presented does not assume any development which makes it as conservative as it is going to get. Discussion ensued regarding the capital reserve and Pipeline Replacement Program.

Mr. Kennedy continued with the presentation noting the operating expenses, capital projects, proposed revenue adjustments, operating financial plan, projected ending balances, proposed RMWD and SDCWA meter charges and proposed variable rates, and proposed pumping charges.

Mr. Gasca talked about the parcel assessment charge asking how many properties benefit from RMWD's system. Mrs. Martinez stated RMWD assesses 10,000 parcels. Mr. Gasca suggested if RMWD has a Capital Improvement Plan that will take care of the system from which everyone benefits, increasing the assessment fee would assist in guaranteeing those benefits. Discussion followed.

Mr. Nelson asked if the new rates are adopted, would the budget be balanced. Mr. Kennedy referred to the presentation pointing out showing the projections in terms of what is generated and what is needed for capital projects for each respective year's forecast which are based on assumptions.

Mr. Gasca stated if the assessment charges are increased, instead of taking three years to get to the positive input into reserves, the need to draw down from the second year will be eliminated. Mr. Kennedy explained increasing the rates would take the District the same time to reach the financial goal; however, increasing the assessment charges would provide additional revenue the District needs. Discussion followed.

Mr. Kennedy continued with presenting the wastewater rate study noting the key assumptions, system overview, operating expenses, capital projects, capital financing plan, revenue adjustments, operating financial plan, projected ending balances, current wastewater rates, proposed wastewater rates, and customer impacts.

Mr. Ross suggested implementing a one-time CIP charge instead of implementing rate increases. Mr. Kennedy pointed out if a large development comes into RMWD, it would take care of the need to increase wastewater rates; however, this model no longer includes anticipated development due to the fact sometimes those developments do not happen as they have in the past. He said for the District to ensure it has the money to pay for wastewater services and facilities, it cannot rely on anticipated development.

Mr. Kennedy proceeded with the presentation. He pointed out the single-family residences, apartment/condominiums and mobile home parks will see slight decreases; however, bakeries, car washes, grocery stores, and restaurants will see increases. He explained country clubs are considered commercial with irrigation and were incorrectly categorized in the past as strictly commercial. Mr. Kennedy summarized the overall customer impacts. He reported the proposed increase would be the first than 2014.

Mr. Kennedy mentioned this information will all be presented to the Board for their consideration at their January 10, 2018 meeting after which time public hearing notices will be mailed to property owners in compliance with Proposition 218. He stated this was a majority protest process where it would take half the customers plus one must protest to keep the proposed rate increases from being implemented. Mr. Nelson suggested RMWD contact the local newspaper asking for something to be publicized. Mr. Kennedy

said full write-up was included in the District newsletter and he also expected The Village News to contact him after the Board decides on this matter.

10. DISCUSSION AND POSSIBLE ACTION TO APPOINT 2018 COMMITTEE OFFICERS

Mr. Stitle reported by the end of 2018 he anticipates relocating to Arizona dependent on the sale of his home. He stated he was willing to remain Chairperson of this committee until such time should the committee wish to have continue serve in this role. Mr. Ross said he was fine with Mr. Stitle serving as Chairperson until he relocates.

Mr. Ross explained there was a great deal of traveling involved with his schedule; therefore, it would be difficult for him to serve as the Chairperson right now.

Mr. Nelson said he was fine with keeping the current Chairperson and Vice Person in place.

Motion:

To continue the status quo.

Action: Approve, Moved by Member Gasca, Seconded by Member Hensley.

Vote: Motion carried by unanimous vote (summary: Ayes = 5).

Ayes: Member Stitle, Member Ross, Member Hensley, Member Gasca, Alternate Nelson.

Absent: Member Moss.

11. REVIEW THE FOLLOWING:

- A.** Income Statement
- B.** Balance Sheet
- C.** Cash Flow

Mrs. Martinez noted the interim financials have been summarized; however, there was a data entry error on the final balance. She referenced the handouts provided pointing out the original 14-page report has been reduced to four pages with a pie chart on the last page. She talked about the water sales increasing 12% noting the uptake and updating the anticipation of demand helped minimize the rate increase presented today. Discussion followed regarding how upcoming water sales will change the projections provided.

12. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED BUDGET AND FINANCE COMMITTEE MEETING

Mrs. Martinez explained what was taking place with the audit progress. Mr. Kennedy gave an update on the Infor software.

It was noted the audit report and an ABM update will be on the next agenda. Mr. Kennedy added there may be a discussion item related to property tax assessments depending on Board direction.

13. ADJOURNMENT

The meeting was adjourned with a motion made by Member Ross and seconded by Member Hensley.

The meeting adjourned at 3:25 p.m.

Harry Stitle, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE COMMUNICATIONS COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
JANUARY 4, 2018**

1. **CALL TO ORDER** – The Communications Committee Meeting of the Rainbow Municipal Water District on January 4, 2018 was called to order by Chairperson Daily at 3:32 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Chairperson Daily, presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Daily, Member Kurnik, Member Kirby, Member Hamilton

Also Present: General Manager Kennedy, Alternate Gray

No members of the public were present.

4. **SEATING OF ALTERNATES**

There was no seating of alternates.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes to the agenda by committee members.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA**

There were no comments.

COMMITTEE ACTION ITEMS

*7. **APPROVAL OF MINUTES**

A. November 2, 2017

Motion:

Approve the minutes as written.

Action: Approve, Moved by Member Kirby, Seconded by Member Hamilton.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Member Daily, Member Kirby, Member Hamilton, Member Kurnik.

8. **UPDATE ON LILAC FIRE ACTIVITIES**

Mr. Kennedy updated the committee on the District Emergency Operations Center activities related to the Lilac Fire. Discussion ensued.

9. COMMUNICATIONS CALENDAR REVIEW

Ms. Gray reviewed the upcoming community events and District interest in participation.

10. DISCUSSION REGARDING RATEPAYER INCENTIVE PROGRAM

Mr. Kennedy suggested we continue exploring the options for this program. He suggested something along the lines of "I Know a Better Way" type of program that will incentivize ratepayers to bring new innovative ideas to the committee for review and possible implementation. It was also mentioned that a specific inbox be set up for the submittal of these ideas. Mr. Hamilton suggested we bring the topic back for further discussion.

11. CREATION OF SNIPE CALENDAR

Mr. Kennedy stated that the first snipe is going out with the new billing cycle regarding the upcoming rate hearing. He suggested we continue to focus on important topic and create seasonal messages. It was suggested that this topic be brought back for further discussion.

12. DISCUSSION REGARDING DEVELOPING A PROCESS FOR CHANNELING RATEPAYER INQUIRIES CONCERNING INCREASES

Mr. Kennedy stated that the upcoming rate hearing notice is anticipated to invoke customer inquiries and increase customer service call center activity. It was suggested that a script be developed to ensure uniform responses are presented to ratepayers. Alternate Gray volunteered to develop the script.

13. UPDATE ON VIDEOGRAPY RESEARCH RESULTS

Alternate Gray updated the committee on the result of the Bonsall High School FAQ video assignment inquiry. She stated that she will be following up with the fourteen students interested in the design and production of our FAQ video series.

14. PRESENT INPUT ON DESIGN FOR NEW RAINBOW MWD SIGN AT FRONT ENTRANCE

Karleen Harp presented three design options. The committee suggested design changes and agreed to go forward with the production of the new sign based on their variations on the design.

15. DISCUSSION AND POSSIBLE ACTION TO APPOINT 2018 COMMITTEE OFFICERS

Mr. Daily said there was an opportunity to select a new Chairperson and Co-Chairperson. The members said they were content with the current appointees and recommends no change. Mr. Hamilton suggested advertising for new committee members in next month's newsletter.

Motion:

Leave appointees as status quo.

Action: Approve, Moved by Member Kurnik, Seconded by Member Hamilton.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Member Daily, Member Kirby, Member Hamilton, Member Kurnik.

16. COMMUNICATIONS PLAN/TOPICS/STRATEGIC PLAN OBJECTIVES

Alternate Gray suggested combining topic #9 and #16.

17. REVIEW AND ANALYSIS OF RMWD RELATED MEDIA STORIES

Mr. Kennedy mentioned that the District was highlighted in an article in the Municipal Water and Sewer magazine. No other current media stories outside of the regular board meeting recap in the Village News were reviewed.

18. COMMITTEE MEMBER COMMENTS

Mr. Hamilton suggested examining the options related to the production of a two-page quarterly newsletter. Mr. Kennedy stated that he will check with the finance department regarding the bill insert options. Ms. Kurnik suggested we investigate further the benefit of an expanded quarterly newsletter. Mr. Hamilton also suggested issuing an asset management article.

19. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED COMMUNICATIONS COMMITTEE MEETING

The following agenda items were suggested for the next Communications Committee Meeting:

- Facility naming
- Quarterly Snipe calendar ideas
- EAM news article
- Ratepayer incentive program
- 2-page quarterly newsletter

20. ADJOURNMENT

The meeting was adjourned with a motion made by Chairperson Daily to February 1, 2018.

The meeting adjourned at 5:05 p.m.

Mike Daily, Committee Chairperson

Dawn M. Washburn, Board Secretary

**MINUTES OF THE ENGINEERING SERVICES COMMITTEE MEETING
OF THE RAINBOW MUNICIPAL WATER DISTRICT
DECEMBER 6, 2017**

1. **CALL TO ORDER** – The Engineering Services Committee Meeting of the Rainbow Municipal Water District on December 6, 2017 was called to order by Vice Chairperson Stitle at 3:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice Chairperson Stitle presiding.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL:**

Present: Member Stitle, Member Taufer, Member Brazier, Member Ratican, Member Robertson, Member Marnett, Alternate Nelson

Also Present: General Manager Kennedy, Associate Engineer Powers, Engineering Technician Rubio, Interim Engineering Manager Gerdes.

Absent: Member Prince, Alternate Kirby.

There were no public members present.

4. **SEATING OF ALTERNATES**

Mr. Nelson was invited to take a voting seat.

5. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were no changes.

6. **PUBLIC COMMENT RELATING TO ITEMS NOT ON THE AGENDA**

There were no public comments.

COMMITTEE ACTION ITEMS

*7. **APPROVAL OF MINUTES**

A. November 1, 2017

Motion: Approve the minutes as altered.

Action: Approve, Moved by Member Brazier, Seconded by Member Marnett.

Vote: Motion passed (summary: Ayes = 5, Noes = 0, Abstain = 2).

Ayes: Member Brazier, Member Taufer, Member Ratican, Member Marnett, Member Nelson.

Abstain: Member Stitle, Member Robertson.

8. WATER CIP UPDATE

Mr. Powers summarized the current water CIPs as follows:

- Bonsall Basin Desalter: Mr. Kennedy said one of the current challenges of the Bonsall Basin Desalter project was that earlier studies showed a considerable volume of recoverable water based on projections of total water use of up to 25K AF yearly; although currently projections are down to 14K AF yearly. He pointed out securing water rights was an added issue. He said the goal was to work with all involved (water authorities, land owners, tribes) and come to an agreement, prior to investing additional funds. Discussion ensued.
- Gird / Monserate Hill: There was a design change to take care of the environmental issues. Staff currently reviewing the final design. Mr. Kennedy said staff was considering installing a bridge similar to the one installed at Moosa Crest.
- Ascot Meadows Pressure Reducing Stations (PRS): Replacement of existing PRS. Design has been finalized and easement obtained from the HOA. Project ready to be bid out for construction.
- VVV PRS: There are three total PRS. One was installed by operations staff and two are pending.
- Water Condition Assessment: Consultant working on the risk assessment, which will provide a list of the top priority pipeline replacements. Mr. Kennedy mentioned the District was working with the budget and finance committee and Raftelis to ensure appropriate project planning and execution.
- Knottwood Way: Near completion, waiting on record drawings prior to close out.
- Rainbow Heights Pump Station Rehabilitation: 100% design and scheduled to bid out in January 2018.
- Moosa Crest Pipeline: Design change order was approved by the Board on 12/5/17.
- New PRS: Will begin work when the other high priority PRS are installed. Mr. Kennedy noted pressure control and regulation are important to maintain. He pointed out pipes do not last as long in higher pressure areas.
- SDCWA Emergency Pump Stations: Permanent pumps will replace temporary pumps leased during SDCWA shutdowns. The locations are currently being reviewed.
- Weese: Awaiting 60% submittal for review.

9. WASTEWATER CIP UPDATE

Mr. Powers summarized the current wastewater CIPs as follows:

- Highway 76 Upsized District Sewer Pipeline: Contractor is currently completing the punch list items for project close out.

- Sewer System Flow Monitoring: Reviewing the best method to obtain flow monitoring data. Obtaining flow monitoring data would allow the District to maintain the wastewater system better, detect leaks, and review pump performance.
- Sewer Outfall: Project on hold for equalization basin alternative feasibility.
- Lift Station 1: Lift Station replacement alternatives currently under review by Staff.

10. DISCUSSION ABOUT METER REPLACEMENT AND METER RIGHTSIZING

Mr. Powers provided a presentation on how the District was tackling water losses. He described the issues of water loss stating that in the early days of the District the cost of large meters were not much higher than the smaller meters because the cost only included the meter and not the capacity, as a result customers chose to install oversized meters instead of the appropriate size for their agricultural needs. He said the cost of water at the District has increased significantly over the years due to the increases on imported water, causing a large number of growers to move out of the District. He mentioned water losses are occurring due to more homes replacing the groves and using less water through oversized meters which are not registering the low flows. He pointed out the drought and water conservation have created lowered demands. He discussed the following points:

- Large mechanical meters have less accuracy at low flows
- Large meters and low consumption lead to high apparent losses
- Customers claimed that installing smaller meters cost them an asset
- The capacity fee structure needed a change

Mr. Kennedy said with the new capacity rate structure the fixed fee would have a variable component based on a peaking usage multiplier, where large capacity users would pay more and small users would pay less regardless of the meter size. He mentioned meters do not over read normally meters would under read. He said there is a significant revenue loss from inaccurate meters. He pointed out the revenue recovered from the water loss would pay for the meter replacements. Discussion ensued.

Mr. Powers stated based on the sample of meters tested for accuracy using AWWA guidelines it was determined that 6.4% of flow was not being captured due to meter inaccuracies. He said the potential revenue enhancement of replacing 1-inch, 1.5-inch and 2-inch meters on average increase accuracy by 4.4%, with an approximate annual revenue recovery of \$904,563. Discussion ensued.

Mr. Powers summarized the presentation by discussing the reduction of apparent losses as follows:

- Customer meter inaccuracies are the largest contributor to water losses at the District.
- Expect to recover 737 AF/yr
- Reduce apparent losses 70%
- Reduce total water losses 45%

Mr. Kennedy mentioned the District has been working with ABM a company that funds energy efficient projects and are compensated out of the savings. He stated ABM would be presenting an investment grade audit with projections on the meter replacement analysis. He said it would also include replacing meters, downsize oversized meters, install new customer shut off valves, install new boxes, and remove all District regulators. He said the District would be notifying the

customers of the regulator removals and providing a onetime offer to replace the regulator downstream of the meter on the condition the customer would take on the responsibility of the regulator. Discussion ensued.

Mr. Kennedy asked the committee's opinion regarding moving the pressure regulator to a separate box or to place it in with the meter box.

Mr. Robertson recommends adding the two boxes. Mr. Kennedy agrees with Mr. Robertson, although he said on the other hand one box was most cost effective, installing the second box would be faced with many variables.

Mr. Marnett suggested installing another box with another pressure regulator at the customer's cost. Mr. Kennedy mentioned the District was several months away from making a decision.

Mr. Robertson and Ms. Brazier left the meeting at 4:53 p.m.

11. DISCUSSION AND POSSIBLE ACTION TO APPOINT 2018 COMMITTEE OFFICERS

Agenda item was postponed for the next Engineering Committee Meeting.

12. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT SCHEDULED ENGINEERING SERVICES COMMITTEE MEETING

The following agenda items were suggested for the next Engineering Committee Meeting:

- HDR Condition Assessment
- ABM

13. ADJOURNMENT

Motion: To adjourn the meeting.

Action: Approve, Moved by Member Nelson, Seconded by Member Stitle.

Harry Stitle, Committee Vice Chairperson

Dawn M. Washburn, Board Secretary

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

ID 1 Hearing

DESCRIPTION

As part of the annual process for setting the water availability charges for Improvement District No. 1, it is necessary to hold a public hearing on the proposed charges.

- A. Set 1:00 p.m., May 22, 2018 as the time, and District Headquarters as the place for conducting a public hearing on the entry of charges and fees for Improvement District No. 1.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Government Code Section 54954.6; Water Code Sections 71630, 71631.5, and 71632

Strategic Plan Focus Area Four: Fiscal Responsibility; Fiscally responsible, transparent and sustainable approaches to managing and forecasting the District's finances.

BOARD OPTIONS/FISCAL IMPACTS

Assessment provides approximately \$475,000 of revenue to District. Failure to set hearing will impact tax revenue.

STAFF RECOMMENDATION

It is recommended that the Board of Directors approve Resolution No. 18-04, Fixing the Time and Place of Hearing and Meeting on Proposed Water Availability Charges for Improvement District No. 1.



Tom Kennedy
General Manager

2/27/18

RESOLUTION NO. 18-04

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE RAINBOW MUNICIPAL WATER DISTRICT
FIXING THE TIME AND PLACE OF HEARING
AND MEETING ON PROPOSED WATER AVAILABILITY CHARGES
FOR IMPROVEMENT DISTRICT NO. 1**

WHEREAS, Sections 54954.6 of the Government Code provides for public hearings prior to adoption of new or increased taxes or assessments; and

WHEREAS, Section 71630 of the Water Code authorizes the Board of Rainbow Municipal Water District to establish in each fiscal year water standby assessments or water availability charges in any portion of the District to which water is made available by the District, whether water is actually used or not; and

WHEREAS, Section 71631.5 of the Water Code provides that the standby assessment of availability charge for an improvement district shall not exceed \$30 per acre per year for each acre of land on which the charge is levied or \$30 per year for a parcel less than one acre; and

WHEREAS, Section 71632 of the Water Code provides that the ordinance fixing a standby assessment or availability charge may be adopted by the Board only after adoption of a resolution setting forth the particular schedule or schedules of charges or assessments proposed to be established by the ordinance and after hearing on said resolution; and

WHEREAS, information and matters have been presented to, and considered by, the Board of Directors regarding the existence, location and financial requirements of the system making water available to lands within Improvement District No. 1; and

WHEREAS, it is deemed necessary and desirable by the Board of Directors that water availability charges be levied on lands within Improvement District No. 1, and that said water availability charges shall be uniform through said areas;

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

1. That the schedule of water availability charges proposed to be established for all areas within Improvement District No. 1 for the fiscal year 2018-2019 shall be as follows:

For each separately assessed parcel of land of one acre or more in size: \$10.54 for each acre and for each fractional part of an acre.

For each separately assessed parcel of land less than one acre in size: \$10.54.

2. That the Charges shall be fixed in said amounts for parcels of land as shown on the last equalized assessment roll of the County of San Diego, State of California. Said charges shall be collected in the same form and manner as county taxes are collected for the fiscal year 2018-2019. Said charges shall be a lien upon the property and shall be of the same force and effect as other liens for taxes and their collection, may be enforced by the same means as provided for the enforcement of liens for state and county taxes.

3. That a public hearing before the Board of Directors of Rainbow Municipal Water District shall be held at 1:00 p.m. on Tuesday, May 22, 2018 at the office of the District, 3707 Old Highway 395, Fallbrook California, 92028 for the purpose of considering the adoption of an Ordinance which will fix and establish said water availability charges.
4. That the Secretary shall cause a notice of the time and place of the hearing to be given by publishing a notice in a newspaper of general circulation, printed and published within the county, once a week for two successive weeks. Such publication shall occur once a week or oftener, with at least five days intervening between the respective publication dates not counting such publication dates. The period of notice commences upon the first day of publication and terminates at the end of the fourteenth day, including therein the first day.
5. That the Secretary has caused written notice of the hearing to be mailed, as required by law, to each person to whom a parcel of real property described in the proposed charge is assessed on the last equalized assessment roll. Such notice shall be mailed to the address shown on the last equalized assessment roll or such other address known to the Secretary.
6. That at the time stated in the notice, the Board of Directors shall hear and consider all objections or protests, if any, to this Resolution and may continue the hearing from time to time. Upon the conclusion of the hearing, the Board of Directors may adopt, revise, change, reduce, or modify an assessment or charge, or overrule any or all objections.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 27th day of February 2018 by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn M. Washburn, Board Secretary

This Resolution supersedes Resolution No. 16-05 passed and adopted on February 23, 2016.

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE ORDINANCE NO. 18-03 ESTABLISHING POLICIES TO PROVIDE RELIEF TO LILAC FIRE VICTIMS

BACKGROUND

On December 7, 2017 the Lilac Fire burned through the central portion of the District, destroying over a hundred structures and homes. Particularly hard hit was the Rancho Monserate mobile home park where 76 homes were lost. The remaining structures included homes and outbuildings.

The District was contacted by the Homeowner's association of the Rancho Monserate park about relief from the monthly sewer fees for the residences that were destroyed. Several customers outside the park have also contacted the District requesting relief from monthly service fees until the customer needs water at the property for construction.

At the January 23, 2018 Board meeting the Board gave staff direction to develop options for consideration on this topic.

DESCRIPTION

The monthly costs charged by the District for services are hard for many to comprehend after these devastating losses. Under State Law the District is authorized to charge these fees. Further, most insurance policies cover these costs as part of "loss of use" provisions in the policies. At the January Board meeting the Board expressed sympathy for these losses and the policy measures suggested here are designed to both help those with uninsured losses and protect the unaffected District customers from revenue losses that could be covered by insurance. During discussions with the Rancho Monserate HOA, the HOA management indicated that their losses may be covered by insurance but the claim process is still underway at this time.

Ordinance No. 18-03 provides for up to six months of relief from monthly water and sewer fees retroactive to December 7, 2017. This relief is contingent upon the following:

- The applicant for relief has a complete loss of use of the water service or wastewater service to the property. District staff will confirm the losses of any applicant.
- The applicant will certify in writing that they do not have insurance coverage for these losses.
- The applicant agrees to have their water service locked off during the duration of the relief period.
- In the case of the Rancho Monserate mobile home park, both the individual homeowners and the Homeowner's Association must certify that there will be no insurance coverage for the monthly service charges.
- Any applicant agrees that should insurance cover these charges at some later date that they will remit the charges to the District in the same amount as would have been charged normally.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Customer Service and Fiscal Responsibility

BOARD OPTIONS/FISCAL IMPACTS

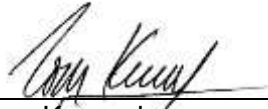
The fiscal impact of this was still being calculated at the time of the writing of this memo – a full accounting will be provided at or before the Board Meeting date.

The Board has several options:

- 1. Approve Ordinance No. 18-03 as written.
- 2. Modify the terms included in Ordinance No. 18-03 and approve as modified.
- 3. Direct staff to develop other options.

STAFF RECOMMENDATION

Staff recommends Options 1 or 2.



Tom Kennedy
General Manager

02/27/2018

ORDINANCE NO. 18-03

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF
RAINBOW MUNICIPAL WATER DISTRICT
PROVIDING FOR CONDITIONAL RELIEF OF MONTHLY SERVICE FEES FOR ELIGIBLE
VICTIMS OF THE LILAC FIRE OF DECEMBER 2017**

WHEREAS, On December 7, 2017 the Lilac Fire devastated certain portions of the District's service area; and

WHEREAS, hundreds of structures were lost including homes, outbuildings, and 76 homes in the Rancho Monserate Country Club mobile home park, and

WHEREAS, the residents of these homes will face a long process of recovery and reconstruction; and

WHEREAS, during this period of recovery many residents will have no use of their properties, including the water or sewer service; and

WHEREAS, under State law the Board of Directors is not required to waive monthly service fees under such conditions but as a response to public requests the Board has decided to take action; and

WHEREAS, any revenue losses associated with this program will be made up with alternative revenue sources such as property tax revenue, thereby avoiding any conflicts of this action with the requirements of Proposition 218 and Article XIII of the California Constitution.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT AS FOLLOWS:

1. The Board of Directors hereby directs the Staff of the District to implement a conditional monthly fee waiver program for eligible victims of the Lilac Fire. Application forms conforming to this Ordinance shall be developed by District staff within two weeks of the date of this Ordinance.
2. The fee waiver program is conditional based on the following:
 - a) The applicant for relief has a complete loss of use of the water service or wastewater service to the property. District staff will confirm the losses of any applicant.
 - b) The applicant will certify in writing that they do not have insurance coverage for these losses.
 - c) The applicant agrees to have their water service locked off during the duration of the relief period.
 - d) In the case of the Rancho Monserate mobile home park, both the individual homeowners and the Homeowner's Association must certify that there will be no insurance coverage for the monthly service charges.
 - e) Any applicant agrees that should insurance cover these charges at some later date that they will remit the charges to the District in the same amount as would have been charged normally.

3. This fee waiver program will be in effect immediately with eligible victims of the Lilac Fire to receive relief retroactively to December 7, 2017.
4. This fee waiver program will expire after the June 2018 billing period.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Rainbow Municipal Water District held on the 27th day of February 2018 by the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE A CHANGE ORDER FOR THE ROBERT A. WEESE FILTRATION PLANT INTERCONNECT PROJECT IN THE AMOUNT OF \$33,821.00

BACKGROUND

The Weese Filtration Plant is in the southern portion of the District on Silverleaf Lane in Vista. The City of Oceanside purchases imported raw water from the San Diego County Water Authority (SDCWA) and treats it at the Weese Filtration Plant. Every year, during SDCWA treated water shutdowns, the District rents and sets up a temporary pump near our Gopher Canyon Tank and works with Oceanside to change operation valves to boost pressure so the District can pump water from the Weese Treatment Plant into our Tank. This serves as a significant source of water for the zone during SDCWA shutdowns.

In March 2017, the Board awarded a professional services agreement to IEC to design permanent facilities that will tie into the Weese Filtration Plant and provide the District water during SDCWA shutdowns and allow the District to regularly purchase excess treated water from Oceanside.

The intent of the design services is to prepare a full set of plans and specifications suitable for bidding by a public agency. The improvements will include connection piping, a recommended meter device, foundation, installation for a prefabricated pump station, a building to house the pump station and electrical to the site. A change order to the design contract is necessary to pursue options identified in the delivery alternatives analysis. In short, a small investment in design will deliver significant savings in construction costs.

DESCRIPTION

The District initiated Change Order accounts for additional structural engineering design effort, project management, hydraulic modeling, and the evaluation of an existing pump skid for permanent use.

The additional structural engineering design effort is needed to design a concrete block building to house the pump station instead of the originally planned prefabricated steel sheet metal building. By constructing the building with structural walls, the need for a separate retaining wall can be eliminated from the scope which will result in approximately \$75,000 savings in the estimated construction costs. In addition, a concrete block building will have a greater life expectancy and better esthetics than a prefabricated metal building.

In the original agreement, IEC was directed to analyze two alternatives for project delivery. During the project kickoff meeting, two additional alternatives were identified by District staff to be included in the analysis. Each additional alternative presented the opportunity for considerable savings. The first alternative analyzed was temporarily reducing the hydraulic grade line near Weese during SDCWA shutdowns to enable the delivery of water from the plant to the distribution system without a pump station. The analysis required additional hydraulic modeling beyond the scope of the original contract. The second alternative analyzed the use of a pump skid currently owned by the District instead of acquiring a new

prefabricated pump station. The evaluation concluded that the existing portable pump skid is feasible and saves considerable project costs.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area One: Water Resources. The connection to the Weese Filtration Plant will give RMWD a permanent solution to water supply issues during the SDCWA treated water shutdowns. Also, it will diversify our water supply by adding the possibility of importing treated water from Oceanside during normal operation.

Strategic Focus Area Four: Fiscal Responsibility. By exploring additional alternatives for project delivery and investing in thorough project planning, the District can realize considerable savings in construction costs and total project cost.

BOARD OPTIONS/FISCAL IMPACTS

The project is included in the District’s CIP budget, with \$1,200,000 in expenditures expected in years 2016-2018. This change order increases the total design contract amount from \$195,172.00 to \$228,993.00. The investment in additional structural design is expected to result in \$75,000 savings in construction costs.

- 1) Approve the change order for the Robert A. Weese Filtration Plant Interconnect Project in the amount of \$33,821.00.
- 2) Provide other direction to staff.

STAFF RECOMMENDATION

Staff recommends Option 1.



Michael Powers, P.E.
Associate Engineer

February 27, 2018



BOARD ACTION

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

FISCAL YEAR 2017-18 MID-YEAR BUDGET REVIEW AND BUDGET ADJUSTMENTS

DESCRIPTION

Mid-year is customarily a suitable time to compare budget estimates with the first half of actual data, and make appropriate adjustments where deemed necessary for the balance of the Fiscal Year. The District has been fortunate this year to realize higher revenues than anticipated. The drier climate has been favorable to water demand in comparison to the two preceding low consumption years'. At the moment, water consumption is up 15% higher than last year actuals and from what was budgeted in Fiscal Year 17-18. It is important to have up-to-date budget data with sound projections to ensure financial stability of the District.

Staff is recommending increasing water sales by only 10% of the 15% realized to date, by doing so it creates a safeguard in case demand declines for the subsequent months. One exception to the 10% revenue increase, is for the Construction water sales this will be increased by \$200,000 almost doubling what was initially budgeted. Another considerable adjustment, is the District has begun to realize growth by active developments connecting to our distribution system. We are projecting about 100 new connections by fiscal year end, in monetary terms that is close to \$1,000,000.

In order to appropriately budget expenditures, some budgeted funds were shifted around within their respective department or Fund itself to offset another budgeted expenditure with an overall net neutral effect. Expenditures tend to be steady and fixed throughout the year as opposed to revenues fluctuate with climate changes. The most significant mid-year expense adjustment is correlated to the increased water sales, we factored in 10.7% higher cost to purchased water. The variance from the 10% water sales increase to the 10.7% water purchase increase is due to a .7% water loss estimation. An item adjusted in capital expenditures for the Construction department was for a shoring equipment approved in prior fiscal year budget but the expenditure is anticipated to be spent in this current fiscal year. For the administration department, the purchase of the financial software with Infor was not earmarked during the budget process an adjustment of \$60,000 in Computers/Software line item has now been accounted for and another \$60,000 for professional services related to data migration services for software conversion.

Overall, the Mid-Year review is favorable with the unanticipated increase in water demand. Several of the forecasted revenues are expected to exceed original budget estimates. Staff is doing an exceptional job on holding the line on expenditures and are cognizant of staying within budgeted amounts. If the District stays on course of forecast and remains fiscally conservative, it will be successful in meeting financial objectives of the District.

Following the completion of the Mid-Year budget review, staff will begin work on the Fiscal Year 2018-19 Budget. A planning session will be held in late February/early March with the Management team to begin to develop priorities and discuss direction regarding major capital projects for the next fiscal year.

More detailed information will be provided at the meeting.

ATTACHMENTS

- Exhibit A

BOARD OPTIONS/FISCAL IMPACTS

1. Approve Amended Budget FY 2017-18 as provided in Exhibit A with a Projected Surplus Impact.
2. Recommend revisions to staff and amend budget accordingly.
3. Provide other direction to Staff.

STAFF RECOMMENDATION

Staff recommends Option 1.



Vanessa Martinez
Finance Manager

02/27/2018



BOARD ACTION

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 18-05 — A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE FEBRUARY 27, 2018 THROUGH JUNE 30, 2018

BACKGROUND

In compliance with state and CalPERS regulations, the District maintains a Salary Grade structure that includes all job titles, salary grade levels, and monthly salary ranges for each grade. The table is available for public review, accessible from the Rainbow MWD website, and is published on a website hosted by the California State Controller.

On January 23, 2018, the Board approved the current salary grades in Resolution No. 18-01.

Since then, some positions have been re-analyzed and adjusted to better reflect the District's needs and hiring requirements. The labor market analysis for the new job requirements indicates a different salary grade is appropriate for two, and a different title for another. Therefore, the following two positions are added or changed on the Salary Grade Structure:

- District Engineer (change in title from Engineering Manager)
- Sr. Information Technology and Applications Analyst (upgraded position and salary grade)
- Environmental Health and Safety Officer (upgraded to exempt professional position)

DESCRIPTION

The grade structure included in Resolution No. 18-05 is revised to reflect the new job classifications. Resolution No. 18-05 rescinds Resolution No. 18-01.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Updating this document with current information allows the District to comply with CalPERS requirements and California Code of Regulations 570.5 and 571.

BOARD OPTIONS/FISCAL IMPACTS

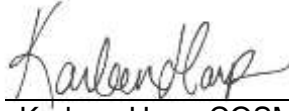
There is no direct fiscal impact; estimated salaries for these positions have already been accounted for in the 2017-2018 fiscal year budget, and the higher rates are offset by the period of time the positions will be vacant during recruitment. This resolution allows the District to comply with CalPERS requirements.

1. Option 1: Approve Resolution No. 18-05 as presented.

- Option 2: Do not approve Resolution No. 18-05. The new positions would not be added to the pay grade structure.

STAFF RECOMMENDATION

Staff recommends approval of Resolution No. 18-05.



Karleen Harp, COSM
Human Resources Manager

02/27/2018

RESOLUTION NO. 18-05

RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ESTABLISHING CLASSIFICATIONS AND MONTHLY RATES OF PAY FOR DISTRICT EMPLOYEES EFFECTIVE FEBRUARY 27, 2018 THROUGH JUNE 30, 2018

Exempt Salary Grade	Monthly Salary Range/ Biweekly Range	Job Titles
GM	\$15,069- \$21,700/ \$6,955 - \$10,015	General Manager
E11	\$10,066 - \$14,495 / \$4,645 - \$6,690	District Engineer Finance Manager Operations Manager
E10	\$8,753 - \$12,691 / \$4,040 – \$5,857	Human Resources Manager
E9	\$7,611 - \$11,036 / \$3,513 - \$5,094	Associate Engineer Construction and Maintenance Superintendent Senior IT and Applications Analyst Water Operations Superintendent
E8	\$6,618 - \$9,596 / \$3,054 - \$4,429	Information Technology and Applications Analyst Environmental Health and Safety Officer Wastewater Superintendent

Non-Exempt Pay Grade	Monthly Pay Range/ Hourly Range	Job Titles
N7	\$6,316 - \$9,159 / \$36.44 - \$52.84	Executive Assistant/Board Secretary Lead Operator Technical Services Team Lead
N6	\$5,493 - \$7,964 / \$31.69 - \$45.95	Administrative Analyst Crew Leader – Valve Maintenance Crew Leader – Construction & Maintenance Electronic / Electrical Technician II Right of Way and Facilities Coordinator System Operator III
N5	\$4,776 - \$6,925 / \$27.55 - \$39.95	Accounting Specialist II Crew Leader – Meter Services Electrical / Electronics Technician I Engineering Inspector II Engineering Technician II Mechanic II Safety Administrator II System Operator II Utility Worker III – Construction Utility Worker III – Valve Maintenance Utility Worker III – Wastewater Services Water Quality Technician II

N4	\$4,153 - \$6,022 / \$23.96 - \$35.25	Accounting Specialist I Administrative Assistant II Engineering Inspector I Engineering Technician I Purchasing and Inventory Control Specialist II Safety Administrator I System Operator I Utility Worker II – Construction Utility Worker II/III – Meter Services Utility Worker II – Valve Maintenance Utility Worker II – Wastewater Services Water Quality Technician I
N3	\$3,611 - \$5,237 / \$20.83 - \$30.21	Administrative Assistant I Customer Service Representative II Purchasing and Inventory Control Specialist I Utility Worker I – Construction Utility Worker I – Meter Services Utility Worker I – Valve Maintenance Utility Worker I – Wastewater Services
N2	\$3,140 - \$4,554 / \$18.11 - \$26.27	Customer Service Representative I
N1	\$2,731 - \$3,960 / \$15.76 - \$22.85	Interns

Legacy Salary Grade	Monthly Salary Range/ Hourly Range	Job Titles
L7	\$6,252-\$8,203 / \$32.91 - \$47.33	Crew Leader- Valve Maintenance
L6	\$4,982-\$6,536 / \$28.74 - \$37.71	Engineering Inspector I
L5	\$4,884-\$6,408 / \$28.18 - \$36.97	Utility Worker III – Meter Services
L2	\$4,089-\$5,365 / \$23.59 - \$30.95	Utility Worker I - Construction

Resolution No. 18-05 rescinds Resolution No. 18-01

PASSED, APPROVED, AND ADOPTED in Open Session at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 27th day of February, 2018 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Helene Brazier, Board President

ATTEST:

Dawn Washburn, Board Secretary

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

CONSIDER APPROVAL OF CONTRACT WITH SCW CONTRACTING CORP FOR EMERGENCY PIPELINE PROPERTY DAMAGE REPAIR IN ACCORDANCE WITH ADMINISTRATIVE CODE CHAPTER 1.04 SECTION 1.04

BACKGROUND

On August 14, 2017 Rainbow Municipal Water District (RMWD) entered into a 3-year Emergency Construction Agreement with SCW Contracting Corp (**attachment #1**) along with four other local contractors who the District selected to provide emergency pipeline repair work services on an as-needed basis.

District Staff found the immediate need to utilize the District's Emergency Construction Contracting List. Due to the scope of work of pipeline repairs and erosion damage, SCW Contracting Corp who had a pre-executed contract for service with the District was selected and contacted. They were readily available and equipped to perform all repair work in a timely manner.

DESCRIPTION

The following information below provides a daily timeline of events for both emergency repairs:

Phase I: Grammer Road Emergency Pipeline Repairs

- On Friday, February 2, 2018 call came from the District's Southwest Answering Service at 11:04 PM (**attachment #2**). RMWD Standby personnel responded and a Construction Crew was assembled. The area was immediately delineated and coned off for public safety due to the leak causing some erosion damage to the grove on the hillside, and the road down below.
- On Saturday, February 3, 2018 leak was isolated, and excavation/repairs started early morning on Saturday. Once the pipeline was exposed, the pipeline (12" tar-wrapped steel) was in very poor condition due to corrosion. The crew was able to make repairs, cut-in an isolation valve, and the water was restored and customers affected were back online with water later that same day. A section of the bad pipeline remained offline, but two customer services were high-lined and provided water.

- On Sunday, February 4, 2018 call came from the District's Southwest Answering Service at 4:07 AM (**attachment #3**). It was regarding another leak that was reported on the same pipeline at the same location on Grammer Road. RMWD Standby personnel responded and found the same pipeline leaking in a different area. Due to the scope of work involved, RMWD wasn't equipped to perform the necessary emergency repairs needed to get the pipeline back online, backfilled, and erosion addressed in a timely manner.

SCW Contracting Corp was contacted and immediately mobilized a crew along with equipment. The contractor excavated approximately 120 feet before finding adequate pipe for making their connections. All 120 feet of inadequate pipe was removed and new 12" CMLC pipe was ordered on an emergency after-hours basis and scheduled for delivery the next day. As the contractor was removing and installing approximately 120 feet of pipeline to include backfilling/compaction, RMWD Standby personnel were providing additional assistance. They communicated and supported local customers who were directly impacted by this water outage during the entirety of this emergency. District Staff continued to ensure the scene was safe for the public.

- On Monday, February 5th, the pipe was delivered and the contractor installed all 120 feet including backfill/compaction that same day. RMWD Staff assisted contractor with refilling the pipeline, disinfection, flushing and sampling. The water was restored later that night at 11:15 PM. However, there were two services on the new pipeline that remained high-lined until the next day since the laterals were severely damaged from the initial leak.
- On Tuesday, February 6th, RMWD Staff tied in two customer laterals, one domestic and the other irrigation. They also replaced two damaged backflow devices and meters.

Pictures of Phase I: Grammer Road Pipeline/Roadway Repairs and Slope Damage have been provided. (**attachment #4**)

Phase II: Grammer Road Slope Repair

- On Monday, February 19th, SCW Contracting Corp provided proposal to repair an eroded slope causing damage to nearby homes due to water leak.
- On Tuesday, February 20th, contractor delivers fill material to site and awaits direction from District.

Pictures of Phase II: Grammer Road Slope Repairs haven't been provided due General Manager seeking Board approval to authorize

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Per the District's Administrative Code, Chapter 1.04, Section 1.04, (**attachment #5**) "The General Manager is hereby authorized to take immediate action and award contracts not exceeding \$250,000 (two hundred fifty thousand dollars) and take actions to repair or replace a public facility and directly related immediate actions required, when in his opinion an unforeseen event has resulted in an emergency as defined by Public Contract Code 1102, without seeking competitive bids."

Strategic Plan Focus Area Five: Customer Service

Satisfied District Goal in ensuring top quality customer service by meeting customer's needs, being responsive, providing timely communication, and being financially responsible.

BOARD OPTIONS/FISCAL IMPACTS

SCW provided emergency repairs due to leak on 12" pipeline. SCW Contracting Corp provided all scope of work consisting of the following two phases:

1. Grammer Road Emergency Pipeline Repair Invoice - \$51,741.63 (**attachment #6**)

Note: RMWD supplied 3 – 40-foot sticks (120' Total) of CMLC Pipe - \$3,663.33 (**attachment #7**)

2. Grammer Road Slope Repair Proposal - \$56,962.00 (**attachment #8**)

All emergency repair work by SCW Contract Corp = **\$108,703.63** (Includes prevailing wages)

Board Options:

1. Authorize General Manager to approve payment for SCW Contract Corp for emergency pipeline and slope repair services totaling \$108,703.63.
2. Don't authorize General Manager to approve payment for SCW Contract Corp invoice for emergency pipeline and slope repair services totaling \$108,703.63.
3. Request District staff to provide additional information.

STAFF RECOMMENDATION

Staff recommends the Board of Directors to approve option #1.



Darren S. Milner
Operations Manager

2/27/2018



COPY

**RAINBOW MUNICIPAL WATER DISTRICT
3707 S. HIGHWAY 395, FALLBROOK, CALIFORNIA 92028
TELEPHONE: (760) 728-1178 FAX: (760) 728-2575**

EMERGENCY CONSTRUCTION CONTRACT

AGREEMENT NO. 17-26

SCW
CONTRACTING
CORP

THIS AGREEMENT (hereafter, "Agreement") is made on this ^{14TH} ~~20TH~~ day of ~~July~~ ^{August}, 2017 by and between RAINBOW MUNICIPAL WATER DISTRICT OF SAN DIEGO COUNTY, a public agency of the State of California, with its headquarters at Fallbrook, California, herein referred to as the "District," and ~~SCRAPE CERTIFIED WELDING, INC.~~ located at 2525 N. Old Highway 395, Fallbrook, CA 92028 represented by PETER KOHLER, hereafter referred to as the "Contractor" (Telephone: (760) 728-1308, "Emergency" Telephone: (760) 405-6152). District and Contractor are each a "Party" to this Agreement, and are collectively referred to herein as "Parties."

Project Description – Contractor is to provide labor, equipment and materials on an as needed emergency basis when requested by the District. Work includes, but is not limited to, repairing water and wastewater main breaks and all appurtenances (i.e. CMLC, AC, PVC and Ductile Iron), temporary traffic control, welding, copper lateral services, valve replacements, excavation, backfill, trenching, compaction, and asphalt paving.

Term and Timing Requirements - Period of service under this Agreement will become effective on the date first stated above ("execution date"), and will continue through ~~July 20th~~ ^{August 14th} 2020 ("termination date").

Performance of work under this Agreement shall be in accordance with the labor and equipment rate schedule outlined in Exhibit "A", unless otherwise modified by written notice, and approved by the District.

The Contractor shall provide the District with a designated emergency contact available by phone 24-hours per day and 7-days per week. All work to be performed in accordance with District Standards and the "Greenbook", latest editions.

The term of this Agreement will be for 3 years commencing on the execution date. The District may, at its sole discretion, extend this Agreement by written notice no more than 14 days before the termination date.

Workers' Compensation Insurance - By his/her signature hereunder, Contractor certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the

provisions of that code, and he/she will comply with such provisions before commencing the performance of the work of this agreement.

Indemnification - To the fullest extent permitted by law, Contractor shall indemnify and hold harmless and defend the District, its directors, officers, employees, agents, or authorized volunteers, and each of them from and against:

- a. Any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind or nature whatsoever for, but not limited to, injury to or death of any person including District and/or Contractor, or any directors, officers, employees, or authorized volunteers of District or Contractor, and damages to or destruction of property of any person, including but not limited to, District and/or Contractor or their directors, officers, employees, or authorized volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, regardless of any negligence of District or its directors, officers, employees, or authorized volunteers, except the sole willful misconduct or active negligence of District or its directors, officers, employees, agents, or authorized volunteers;
- b. Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of Contractor;
- c. Any and all losses, expenses, damages (including damages to Contractor's works for the District itself), attorneys' fees, and other costs, including all costs of defense, which any of them may incur with respect to the failure, neglect, or refusal of Contractor to faithfully perform the work and all of the Contractor's obligations under this Agreement. Such costs, expenses, and damages shall include all costs, including attorneys' fees, incurred by the District in any lawsuit to which it is a party.

Contractor shall defend, at Contractor's own cost, expense and risk, any and all such suits, actions, or other legal proceedings of any kind that may be brought or instituted against the District or its directors, officers, employees, agents, or authorized volunteers. District shall notify Contractor of any such suits, actions, claims, or other legal proceedings arising from Contractor's performance of this Agreement within 30 days of District's knowledge of such claim or proceeding, according to the Notice provisions included herein.

Contractor shall pay and satisfy any judgment, settlement, award or decree that may be rendered against the District or its directors, officers, employees, agents, or authorized volunteers, in any and all such suits, actions, or other legal proceedings.

Contractor shall reimburse the District or its directors, officers, employees, or authorized volunteers, for any and all legal expenses and costs incurred by any of them in connection with any of the duties of Contractor or any actions taken by Contractor pursuant to the terms of this Agreement or in enforcing the indemnity herein provided.

Contractor's obligation to indemnify the District shall not be restricted to insurance proceeds, if any, received by the District, or its directors, officers, employees, agents, or authorized volunteers.



GENERAL CONDITIONS

Licensing Requirements – Contractor shall have a General Engineering License “A.” Contractor shall also have a properly trained and licensed welder on staff, or shall sub-contract any welding work to a properly trained and licensed welder. Contractor shall be registered with the Department of Industrial Relations such that Contractor can be found through the California Department of Industrial Relations’ Public Works Contractor Search tool.

Laws, Regulations and Permits - The Contractor shall provide all notices required by law and shall comply with all laws, ordinances, rules and regulations pertaining to the conduct of work performed for the District. The Contractor shall be liable for any and all violations of law in connection with work furnished to the District by the Contractor. If the Contractor observes that the construction drawings or specifications are at variance with any law or ordinance, rule or regulation, he/she shall promptly notify the District engineer in writing and any necessary changes shall be made by written instruction or change order. If the Contractor performs any work with knowledge that it is contrary to any applicable laws, ordinances, rules or regulations and without first giving notice to the District engineer, the Contractor shall bear all costs arising therefrom.

Prevailing Wage – Contractor shall pay, at a minimum, all employees and sub-contractors who conduct work for the District under this Agreement the prevailing wage for such work in the State of California, as determined by the California Department of Industrial Relations. In no case may Contractor pay any employee or sub-contractor less than the prevailing wage for work performed in furtherance of this Agreement, as such prevailing wage is determined by the California Department of Industrial Relations.

Safety - The Contractor shall execute and maintain his/her work so as to avoid injury or damage to any person or property. The Contractor shall comply with the requirements and specifications relating to safety measures applicable in particular operations or kinds of work.

In carrying out his/her work, the Contractor shall at all times exercise all necessary precautions to ensure the safety of employees appropriate to the nature of the work and the conditions under which Contractor’s work is to be performed. Contractor shall be in compliance with all applicable federal, state and local statutory and regulatory requirements including, but not limited to, California Department of Industrial Relations (Cal/OSHA) regulations, and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act. Safety precautions, as applicable, shall include, but shall not be limited to: adequate life protection and life saving equipment; adequate illumination; instructions in accident prevention for all employees, such as the use of machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection, and other safety devices; equipment and wearing apparel as necessary or lawfully required to prevent accidents, injuries, or illnesses; and adequate facilities for the proper inspection and maintenance of all safety measures.

The Contractor shall be responsible for the safeguarding of all utilities. No less than two working days before beginning work, the Contractor shall call the Underground Service Alert (USA) in order to determine the location of sub-structures. The Contractor shall immediately notify the District and the applicable utility owner if Contractor disturbs, disconnects, or damages any utility.

In accordance with Section 6705 of the California Labor Code, the Contractor shall submit to the District specific plans that disclose details of provisions for worker protection from caving ground during excavations of trenches that are five feet or more in depth ("trench safety plan"). The trench safety plan shall be submitted to and must be accepted by the District before the Contractor may commence excavation. The trench safety plan shall have details showing the design of shoring, bracing, sloping or other provisions to be made for worker protection from the hazard of caving ground. The trench safety plan must be prepared by a registered civil or structural engineer and must comply with the Cal/OSHA Construction Safety Orders. As part of the trench safety plan, a note shall be included stating that the registered civil or structural engineer certifies that the trench safety plan complies with the Cal/OSHA Construction Safety Orders, or that the registered civil or structural engineer certifies that the trench safety plan is not less effective than the shoring, bracing, sloping or other provisions of the Cal/OSHA Construction Safety Orders. In no event shall the Contractor use a shoring, sloping, or protective system less effective than that required by the Cal/OSHA Construction Safety Orders. Submission of a trench safety plan in no way relieves the Contractor of the requirement to maintain safety in all areas of the work site at all times. If excavations or trench work requiring a Cal/OSHA permit are to be undertaken, the Contractor shall submit his/her permit with the trench safety plan to the District before work begins.

The names and telephone numbers of at least two medical doctors practicing in the vicinity and the telephone number of the local ambulance service shall be prominently displayed adjacent to telephones.

Commercial General Liability and Automobile Liability Insurance - The Contractor shall provide and maintain the following commercial general liability and automobile liability insurance:

Coverage - Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

1. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001)
2. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto)

Limits - The Contractor shall maintain limits no less than the following:

1. General Liability - One million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to the Rainbow Municipal Water District) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.

Required Provisions - The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The District, its directors, officers, employees, agents, and authorized volunteers shall be additional insureds (via ISO endorsement CG 2010, CG 2033, or insurer's equivalent for general liability coverage) as respects: liability arising out of activities performed by or on behalf of the Contractor; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; and automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its directors, officers, employees, agents, or authorized volunteers.
2. For any claims related to work undertaken by the Contractor pursuant to this Agreement, the Contractor's insurance shall be the primary insurance as respects the District, its directors, officers, employees, agents, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by the District, its directors, officers, employees, agents, or authorized volunteers shall not contribute to any such claims or to the Contractor's insurance.
3. Any failure to comply with reporting or other provisions of the Contractor's insurance policies, including breaches of warranties, shall not affect coverage provided to the District, its directors, officers, employees, agents, or authorized volunteers.
4. The Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought, up to and including the limits of the insurer's liability.
5. Each insurance policy required by this Agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the Contractor, except after thirty (30) days' prior written notice by U.S. mail has been given to the District. In the event that the insurance premium has not been paid by Contractor, coverage may be canceled upon ten (10) days' written notice provided to the District via U.S. mail.

Such liability insurance shall indemnify the Contractor and his/her sub-contractors against loss from liability imposed by law upon, or assumed under contract by, the Contractor or his/her sub-contractors for damages on account of bodily injury (including death), property damage, personal injury, completed operations, and products liability.

The Contractor's general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support liability.

The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

All such insurance carried by the Contractor shall be provided on policy forms and through companies satisfactory to the District.

Deductibles and Self-Insured Retentions - Any deductible or self-insured retention must be declared to and approved by the District. At the option of the District, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

Acceptability of Insurers – Contractor's insurance shall be placed with insurers holding a current A.M. Best Rating of at least A:VII, or the equivalent, if such equivalent or other rating is approved by the District in its sole discretion.

Workers' Compensation and Employer's Liability Insurance - The Contractor and all sub-contractors shall insure (or be a qualified self-insured) all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof, and any other applicable laws relating to workers' compensation insurance. The Contractor shall provide employer's liability insurance with limits of no less than \$1,000,000 per accident, a \$1,000,000 disease policy limit, and a \$1,000,000 disease limit for each employee.

Responsibility for Work - Until the completion and final acceptance by the District of all the work included in and implied by this Agreement, the work shall be the Contractor's care and charge, and Contractor shall be solely responsible therefor. The Contractor shall rebuild, repair, restore and make good all injuries, damages, re-erectments, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

The Contractor shall provide and maintain builder's risk insurance (or an installation floater) covering all risks of direct physical loss, damage to or destruction of the work performed by the Contractor in the amount specified in the General Conditions, to insure against such losses until final acceptance of the Contractor's work by the District. Such insurance shall insure, at a minimum, against the perils of fire and extended coverage, theft, vandalism and malicious mischief, and collapse.¹ The District, its directors, officers, employees, agents and/or authorized volunteers shall be named insureds on any such policy. The making of progress payments to the Contractor shall not be construed as creating an insurable interest by or for the District, nor shall such progress payments be construed as relieving the Contractor or his/her subcontractors of responsibility for loss from any direct physical loss, damage, or destruction occurring prior to final acceptance of the Contractor's work by the District.

The Contractor shall waive all rights of subrogation against the District, its directors, officers, employees, agents, or authorized volunteers.

Evidences of Insurance - Prior to execution of this Agreement, the Contractor shall file with the District a certificate of insurance (Acord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this Agreement. Such evidence shall include an additional insured endorsement signed by the insurer's representative and evidence of waiver of rights of subrogation against the District. Such evidence shall also include confirmation that coverage includes or has been modified to include Required Provisions 1-5.

¹ Addition of earthquake and flood insurance should be included if loss potential from these perils is significant.

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The Contractor shall, upon demand of the District, deliver to the District such insurance policy or policies and the receipts for Contractor's payment of any and all premiums thereon.

Continuation of Coverage - If any of the required coverages expire during the term of this Agreement, the Contractor shall deliver the renewal certificate(s), including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against District, to the District at least ten (10) days prior to the existing insurance policy's expiration date.

Sub-Contractors - In the event that the Contractor employs sub-contractors as part of the work covered by this Agreement, it shall be the Contractor's responsibility to require and confirm that each sub-contractor meets the minimum insurance requirements specified above.

Notices - All notices, demands, payments, requests, consents, or other communications which this Agreement either contemplates, authorizes, requires, or permits either party to give to the other party shall be in writing and shall be personally delivered, sent by registered or certified U.S. mail, postage pre-paid, return receipt requested, addressed to the respective parties as follows:

To District: Rainbow Municipal Water District
Attn: General Manager
3707 Old Highway 395
Fallbrook, CA 92028
Tel: (760) 728-1178

With a Copy to: Alfred Smith, II, General Counsel
Nossaman LLP
777 South Figueroa Street, 34th Floor
Los Angeles, CA 90017
Tel: (213) 612-7831

To Contractor: ~~Scrape Certified Welding, Inc.~~ SCW CONTRACTING CORP.
Attn: Jeffrey Scrape
2525 N. Old Highway 395
Fallbrook, CA 92028
Tel: (760) 728-1308

Governing Law/Venue - The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the laws of the State of California. The appropriate venue for any action brought to enforce or declare its terms shall be brought in the appropriate state or federal court in or nearest to the North County Judicial District for the County of San Diego.

Severability - Should any provisions herein be found or deemed invalid or in contravention of California law, such provision shall be deemed not a part of this Agreement. All other provisions of this Agreement shall remain valid and enforceable, and shall remain in full force and effect.

Successors and Assigns - This Agreement is binding on the successors, assigns, and heirs of the District and the Contractor.

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Non-Assignment – This Agreement shall not be assigned or transferred, nor shall any of the Contractor's rights hereunder be delegated or subcontracted without the prior written consent of the District.

No Third Party Beneficiary – This Agreement shall inure to the benefit of and be binding upon the Parties. This Agreement is not intended to and shall not be for the benefit of third parties who are not expressly included herein.

Headings – The headings contained in this Agreement have been inserted for convenience and ease of reference only, and in no way define or limit the scope or interpretation of this Agreement.

Entire Agreement – This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and all prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are superseded.

Waiver - No covenant, term or condition, or the breach thereof, shall be deemed waived except by written consent of the Party against whom the waiver is claimed. Any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition. Acceptance by District of any performance by Contractor after such time that the performance is due shall not be deemed a waiver of any preceding breach by Contractor other than the failure of performance expressly accepted, regardless of the District's knowledge of such preceding breach at the time of acceptance. No delay or omission by either Party in exercising any relief or power accruing upon non-compliance or failure of performance by the other Party shall impair or be construed as a waiver thereof, unless an intention to waive is expressly set forth in a writing signed by the waiving Party.

Warranties - District and Contractor covenant and represent that each respective Party has the full authority to execute, deliver, and perform this Agreement, and that each Party has fully complied with all requirements imposed by law as necessary for the Party to create a lawful and binding Agreement for the term of this Agreement. Each individual signing this Agreement for the District represents and warrants that he or she has the full power and authority, and legal right, to execute this Agreement on behalf of the District, and that the District has taken all necessary actions to authorize the individual signing on behalf of the District's behalf to do. Each individual signing this Agreement on behalf of Contractor represents and warrants that he or she has the full power and authority, and the legal right, to execute this Agreement on behalf of Contractor, and that Contractor has taken all necessary actions to authorize the individual signing on Contractor's behalf to do so.

Understanding - Each Party hereto acknowledges that the Party has reviewed this Agreement and has had an opportunity to consult legal counsel, and that the normal rule of construction that ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any subsequent amendments hereto.

Counterparts - This Agreement may be executed in counterparts, which, taken together, shall be construed as a single, complete Agreement.



IN WITNESS WHEREOF, the Parties, for themselves, do hereby agree to the full performance of the covenants herein and have caused this Agreement to be executed on the date first set forth above.

RAINBOW MUNICIPAL WATER DISTRICT
OF SAN DIEGO COUNTY

CONTRACTOR:

BY 

BY 

NAME TOM KENNEDY

NAME JEFF SCRAPE

TITLE GM

TITLE PRESIDENT

DATE 8/14/17

DATE 7/20/17

Faint background table with multiple columns and rows, likely a schedule or contract details table.



Rates Effective
July 1st, 2017 thru June 30th, 2018

LABOR COMPENSATION RATE SCHEDULE

Title / Classification	Standard Rate (\$)/hour	Overtime Rate (\$)/hour	Double-time Rate (\$)/hour
Superintendent	125	187	250
Foreman	110	165	220
Operator Group 8	103	154	206
Group 1 Oiler / Grade Checker	94	141	188
Truck Driver	79	118	158
Laborer / Pipelayer	81	121	162
Carpenter	86	129	172
Mechanic	91	136	182
Project Manager	150	N/A	N/A
Assitant PM / Project Coordinator	110	N/A	N/A
Admin / Office	85	N/A	N/A

EQUIPMENT RENTAL RATE SCHEDULE

Supervisor Pickup Truck	\$ 130.00	Daily	Semi w/ Equip Trlr	\$ 125.00	Hourly
Foreman Truck	\$ 180.00	Daily	Semi w/ End Dump	\$ 110.00	Hourly
Crew Truck	\$ 200.00	Daily	Semi w/ Flat Bed	\$ 105.00	Hourly
Welding Truck	\$ 250.00	Daily	10 Wheel Dump Truck	\$ 110.00	Hourly
CAT 330 Excavator (70,000lb)	\$ 1,300.00	Daily	Lowbed Services	Cost + 20%	
Hitachi 450 Excavator (100,000 lb)	\$ 1,480.00	Daily	Fuel	Cost + 20%	
Hitachi 550 Excavator (120,000lb)	\$ 1,840.00	Daily	Rented Equipment	Cost + 20%	
5000# Breaker Attachment	\$ 750.00	Daily	Project Materials	Cost + 20%	
10000# breaker Attachment	\$ 1,000.00	Daily	1) Any labor over 8 consecutive hours will be billed at Overtime Rate		
Volvo 120 Loader (4cy)	\$ 808.00	Daily			
CAT 936 Wheel Loader (2.5cy)	\$ 512.00	Daily	2) Any labor over 10 consecutive hours will be charged at double time rate		
CAT 950 Wheel Loader (2cy)	\$ 408.00	Daily			
Bobcat Skidsteer	\$ 240.00	Daily	3) Any labor performed between the hours of 5PM and 6AM will be charged at overtime rate		
Bobcat Attachment (broom, breaker, AC grinder, rock bucket, brush mower)	\$ 260.00	Daily			
John Deere 310 Backhoe	\$ 320.00	Daily	4) Boom truck and hydro truck crane billed protal to portal		
CAT 446 Backhoe	\$ 448.00	Daily			
Backhoe Breaker	\$ 500.00	Daily			
Water Truck	\$ 325.00	Daily			
13 Ton Boom Truck (4hr min)	\$ 150.00	Hourly			
40 Ton Hydro Truck Crane (4hr min)	\$ 300.00	Hourly			
65kW Diesel Generator (+ fuel)	\$ 250.00	Daily			
Dewatering Trash Pumps 3" & 4"	\$ 150.00	Daily			
Street Sweeper (4hr Min)	\$ 150.00	Hourly			
10,000 lb Reach Forklift	\$ 450.00	Daily			
Scissorlift Manlift	\$ 120.00	Daily			
Arrowboard & One Lane TC	\$ 250.00	Daily			
Confined Space Equipment	\$ 200.00	Daily			



June 26, 2017

Mr. Jeffrey Scrape
Scrape Certified Welding, Inc.
2525 N. Old Highway 395
Fallbrook, CA 92028

Subject: Emergency Construction Contract

Dear Mr. Scrape:

Rainbow Municipal Water District (District) updated the Emergency Construction Contract signed on March 15, 2004, which has expired. Enclosed for your review is the updated contract, if you are in agreement with the terms and conditions please sign two originals and include your labor and material fees in Exhibit "A". When completed return the two original contracts with proof of insurance to the address below:

Rainbow Municipal Water District
(Attn: D. Rubio)
3707 Old Highway 395
Fallbrook, CA 92028

The District will review the fees and insurance, and if approved will execute the contract. If you have any questions please contact Delia Rubio or John Maccarrone at (760) 728-1178.

Sincerely,

RAINBOW MUNICIPAL WATER DISTRICT

A handwritten signature in blue ink, appearing to read "Darren Milner".

Darren Milner
Operations Manager

Encl: Emergency Construction Contract



Contractor's License Detail for License # 630435

DISCLAIMER: A license status check provides information taken from the CSLB license database. Before relying on this information, you should be aware of the following limitations.

CSLB complaint disclosure is restricted by law (B&P 7124.6) If this entity is subject to public complaint disclosure, a link for complaint disclosure will appear below. Click on the link or button to obtain complaint and/or legal action information.

Per B&P 7071.17, only construction related civil judgments reported to the CSLB are disclosed.

Arbitrations are not listed unless the contractor fails to comply with the terms of the arbitration.

Due to workload, there may be relevant information that has not yet been entered onto the Board's license database.

Data current as of 8/1/2017 1:32:40 PM

Business Information

SCW CONTRACTING CORPORATION
2525 NORTH OLD HIGHWAY 395
FALLBROOK, CA 92028
Business Phone Number:(760) 728-1308

Entity Corporation

Issue Date 10/09/1991

Expire Date 10/31/2017

License Status

This license is current and active.

All information below should be reviewed.

Classifications

A - GENERAL ENGINEERING CONTRACTOR
C60 - WELDING
C51 - STEEL, STRUCTURAL

Bonding Information

Contractor's Bond

This license filed a Contractor's Bond with TRAVELERS CASUALTY AND SURETY COMPANY.

Bond Number: 206857601

Bond Amount: \$15,000

Effective Date: 01/01/2016

Contractor's Bond History

Bond of Qualifying Individual

The qualifying individual JEFFREY DEAN SCRAPE certified that he/she owns 10 percent or more of the voting stock/membership interest of this company; therefore, the Bond of Qualifying Individual is not required.

Effective Date: 10/09/1991

Workers' Compensation

This license has workers compensation insurance with the INSURANCE COMPANY OF THE WEST

Policy Number: WSD5032360

Effective Date: 01/01/2016

Expire Date: 01/01/2018

Workers' Compensation History

Other

Personnel listed on this license (current or disassociated) are listed on other licenses.

Delia Rubio

From: Delia Rubio
Sent: Monday, June 26, 2017 12:31 PM
To: 'jeffscrape@aol.com'
Subject: FW: Emergency Construction Contract - Renewal
Attachments: Emergency Contract_SCW.pdf

Good Afternoon Jeff,

We recently updated the District's Emergency Construction Contracts and have attached an advanced copy. You should receive the original in the mail within the next two days. After your review please return two signed originals by **July 14, 2017**. If you have any questions feel free to contact me or John Maccarrone at (760) 728-1178.

Thank you,

Delia A. Rubio

**Rainbow Municipal Water District
Engineering Department
3707 Old Highway 395, Fallbrook, CA 92028
Phone: (760) 728-1178**

NOTICE: All e-mails to and from the Rainbow Municipal Water District may be considered public records and are subject to public disclosure pursuant to the California Public Records Act.

From: messages@southwestansweringservice.com
To: [Darren Milner](#)
Subject: Your Messages
Date: Friday, February 02, 2018 11:04:02 PM

O/C
TINA FARRELL
WATER O/C (X) OR SEWER O/C ()

1760-271-3714
GRAMMER RD
VISTA
92084
REPORTING A WATER LEAK

From: messages@southwestansweringservice.com
To: [Darren Milner](#)
Subject: Your Messages
Date: Sunday, February 04, 2018 4:06:58 AM

WATER O/C
PHILLIP
WATER O/C (X) OR SEWER O/C ()

1619-719-3537
3898 GRAMMER/GOPHER RD
VISTA

WATER LEAK SAME AS LAST NIGHT ITIS GOING TO WASH THE REST OF THE ROADAWAY

Phase I Pictures: Grammer Road Emergency Pipeline/Roadway Repairs and Slope Damage

1st Leak Response on Grammer (RMWD Crew Repairs): 2 Pictures



2nd Leak Response on Grammer (SCW Contracting Corp Repairs): 6 Pictures







Backfill/Compaction on Hillside (120' new pipeline installed): 2 Pictures



Condition of Pipeline Removed: 6 Pictures







Roadway Erosion Damage Caused By Leak: 16 Pictures

















Slope Damage Caused By Leak: 4 Pictures





Services High-lined/Re-Installed & Roadway Backfilled: 8 Pictures









Chapter 1.04 EMERGENCY AUTHORITY

Section 1.04 Emergency Authority

The General Manager is hereby authorized to take immediate action and award contracts not exceeding \$250,000 (two hundred fifty thousand dollars) and take actions to repair or replace a public facility and directly related immediate actions required, when, in his opinion, an unforeseen event has resulted in an emergency as defined by Public Contract Code §1102, without seeking competitive bids. Following the use of this authority, the General Manager shall give notice of the emergency within 48 hours to the Board of Directors, and endeavor to set a special meeting to discuss the emergency as soon as practicable to review the actions taken in the manner required by Public Contract Code §22050. The General Manager's failure to give notice or schedule a meeting of the Board shall not affect the validity of any contract made under this paragraph.

The authorization granted herein shall only apply to emergency contracts for the repair or replacement of public facilities, and procurement or commitment of necessary equipment, services, and supplies required to address an unforeseen event resulting in an emergency. The General manager may delegate the authority granted by this resolution to the Assistant General Manager and/or Emergency Operation Center Manager (EOC Manager) during any period the General Manager is absent from the District or otherwise unavailable due to illness or other cause.

If the General Manager cannot be reached, the Assistant General Manager and/or Emergency Operation Center Manager (EOC Manager) shall determine that an emergency exists requiring immediate action, and shall have the power, without prior Board action, to enter into contracts and/or agreements and to expend funds on behalf of the District provided that such expenditures or contracts do not exceed, in total, \$250,000 (two hundred fifty thousand); to control, limit, or redirect the delivery of water to District customers; to implement the District's emergency response plan; and to perform all other acts deemed necessary or appropriate to protect the interests of the Districts.

Not later than 72 hours after determination by the General Manager, if the General Manager cannot be reached, by the Assistant General Manager and/or EOC Manager of an emergency and that act must be taken pursuant to this section, the General Manager or Assistant General Manager and/or EOC Manager shall notify the President of the Board the reasons necessitating such determination and the actions taken.

If the President cannot be reached, the General Manager shall notify the Vice President and if the Vice President cannot be reached, the General Manager shall notify the Treasurer.

The President or the Vice President or the Treasurer may thereupon call a meeting of the Board to review the actions of the General Manager,

In the event no special meeting has been held pursuant to Paragraph 3 herein, and the General Manager has exercised his emergency authority under this resolution, the Board of Directors shall review the actions taken within seven (7) days, or at its next regularly scheduled meeting if that meeting will occur within fourteen (14) days of the making of the contract. At that meeting, the General Manager shall report the reasons justifying the emergency actions and why they could not be delayed by the competitive bidding process, and why the actions taken were necessary to respond to the emergency.

At every regularly scheduled meeting thereafter, the Board of Directors shall review the emergency actions in order to determine, by at least a four-fifths (4/5) vote at each meeting, whether there is a need to continue the actions, until such time that the actions are terminated. The Board shall terminate the actions at the earliest possible date that conditions warrant so that the remainder of the emergency actions may be completed by the competitive bidding process.



Invoice

Inv No: 11006 Date: 02/19/2018

SCW Contracting Corporation
 2525 North Old Highway 395
 Fallbrook, CA 92028
 Ph: (760) 728-1308 Fax: (760) 728-2517
 License # 630435

Job 1809 Progress Bill No. 1
 Payment Period: 02/01/2018 To 02/28/2018

Bill To:
Rainbow Municipal Water District
 3707 Old Highway 395
 Fallbrook, CA 92028

Architect:

Project Information:
1809 - RMWD Grammer Rd Waterline Repair
 Vista, CA 92084

Ph: (760) 728-1178 Fax: (760) 728-2575 Ph: Fax:

Contractor's Application for Payment:

Original Contract Amount	\$51,741.63
Total Amount of Change Orders	\$0.00
Revised Contract Amount	\$51,741.63
Total Completed To Date	\$51,741.63
Less Retention	\$0.00
Less Previous Billings	\$0.00
Amount Due This Billing	\$51,741.63

	Date
Approved for Payment:	
	Date
	Date
	Date

A	B	C	D	E	F	G		H	I
Item	Description of Work	Scheduled Value	Completed In Prev Apps	Completed This Period	Materials Stored	Total Compl And Stored	%	Balance To Finish	Retainage
1	Waterline Repair Time & Material per Master Agreement No. 17-26	51,741.63	0.00	51,741.63	0.00	51,741.63	100	0.00	0.00
	Original Contract Totals:	51,741.63	0.00	51,741.63	0.00	51,741.63		0.00	0.00
	Progress Billing Totals:	51,741.63	0.00	51,741.63	0.00	51,741.63	100	0.00	0.00



Date: Sunday 2/4/2018

SUBCONTRACTOR	Qty	# of Units	Price/Unit	Total
	1	1	\$ -	\$ -
Subtotal:				\$ -
Subcontractor Total:				\$ -

MATERIALS & RENTALS	Qty	# of Units	Price/Unit	Total
Portable Toilet (Diamond)	1	1	\$ 401.22	\$ 401.22
	1	0	\$ -	\$ -
	1	0	\$ -	\$ -
	1	0	\$ -	\$ -
	1	0	\$ -	\$ -
Subtotal:				\$ 401.22

20% Material OH&P: \$ 80.24
Material Total: \$ 481.46

LABOR	Qty	Hours	Hourly Rate	Total
FOREMAN OT (Night / Weekend)	1	0	\$ 187.00	\$ -
FOREMAN DT (Sunday)	1	9	\$ 250.00	\$ 2,250.00
OPERATOR Group 8 OT (Night / Weekend)	1	0	\$ 154.00	\$ -
OPERATOR Group 8 DT (Night / Weekend OT)	1	8	\$ 206.00	\$ 1,648.00
LABORER OT (Night / Weekend)	2	0	\$ 121.00	\$ -
LABORER DT (Sunday)	1	8	\$ 162.00	\$ 1,296.00
PROJECT MANAGER	1	10	\$ 150.00	\$ 1,500.00
WELDER DT (Brian Bennett)	1	5	\$ 250.00	\$ 1,250.00
Subtotal:				\$ 7,944.00
Labor Total:				\$ 7,944.00

EQUIPMENT	Qty	Daily	Daily Rate	Total
PM Pickup	1	1	\$ 130.00	\$ 130.00
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
CAT 330 Excavator	1	1	\$ 1,300.00	\$ 1,300.00
CAT 936 Loader	1	0.5	\$ 512.00	\$ 256.00
Light Tower	1	0	\$ 250.00	\$ -
Low Bed Equipment Moves (Hourly)	1	4	\$ 125.00	\$ 500.00
10 Wheel Dump Truck w/ Trailer (Hourly)	1	4	\$ 110.00	\$ 440.00
Subtotal:				\$ 3,026.00
Equipment Total:				\$ 3,026.00

EXTRA WORK TOTALS	
Extra Work Subtotal:	\$ 11,451.46

EXTRA WORK TOTAL: \$ 11,451.46

EXTRA WORK REPORT

Date: 2-4-18



JOB # 1809	JOB NAME: 12" Repair RMWD / Grammer Rd
------------	--

LABOR

TRADE	QUANTITY	HOURS	TOTAL	LOCATION & DESCRIPTION OF WORK
Foreman	1	9	9	Emergency repair work on Grammer Rd for RMWD. De-water sink hole. Remove temp high lines & 12" Valve. Excavate around damaged pipe. After inspecting pipe in this area it was determined that pipe was not suitable / solid ↓
Operator	1	8	8	
Labor	2	8	16	
Welder (scw)	1	5	5	
Project Manager	1	10	10	

EQUIPMENT

TYPE	QUANTITY	HOURS	TOTAL	MISC.
Est-12 Crew Truck	1	9		
Est-10 Crew Truck	1	8		
Est-11 Welding Truck	1	5		
Ex-5 330CAT Excavator	1	8		
WD3 966 Cat loader	1	4		
Lowbed	1	4		
Dump Truck & Trailer	1	4		
PM Truck P218	1	10		

MATERIAL

	QUANTITY	UNIT	TOTAL	MISC.
Portable Toilet	1	Ec		Diamond

ADDITIONAL COMMENTS

Enough to reconnect. Rainbow water directed us to excavate east until we found suitable pipe, at approx 96ft from the edge of Road RMWD inspected pipe and we were given direction to stop there, cut pipe and start laying pipe from this location.

SCW CONTRACTING REPRESENTATIVE

OWNER'S AUTHORIZED REPRESENTATIVE



HEADQUARTERS
 807 E. MISSION ROAD
 SAN MARCOS, CA 92069

TEL: 760 • 744 • 7191
 FAX: 760 • 744 • 7184

diamondprovides.com
 Environmental Services LP
 Solid Waste Services Inc.
 Power Services Inc. C-10 CSLB#908341

RECEIVED
 FEB 08 2018
 SCW CONTRACTING CORP

INVOICE # 0001357160
 INV DATE 2/6/2018
 ACCOUNT# 013081
 DUE DATE 2/16/2018

AMOUNT OF REMITTANCE

CHECK #: _____



PAY ONLINE AT diamondprovides.com/Pay.htm
 RETURN TOP PORTION WITH PAYMENT PAYABLE TO:
 DIAMOND ENVIRONMENTAL SERVICES LP

Customer agrees to pay Diamond Environmental Services' legal fees, attorney's fees, costs (including expert witness costs) and expenses of litigation, in the event there is any litigation filed to enforce the terms or conditions of this agreement, including any litigation as a result of Customer's nonpayment under any agreement with Diamond.

BILL TO:

SCW CONTRACTING
 2525 OLD HIGHWAY 395
 FALLBROOK, CA 92028-8794

SERVICE ADDRESS:

3998 GRAMMER RD | VISTA, CA 92084

FROM	TO	QTY.	DESCRIPTION	LABOR / SERVICE	RENTAL	AGENCY / ENERGY	TAX	TOTAL EXTENDED PRICE
Site 0090 - SCW CONTRACTING 3998 GRAMMER RD								
2/4/18	3/4/18	1	CONTAINMENT PAN	4.14	1.04	0.22	0.09	5.49
2/4/18	3/4/18	1	CLASSIC RESTROOM - WEEKLY	67.06	10.36	3.53	0.85	81.80
2/4/18		1	CLASSIC RESTROOM DELIVERY/ REMOVAL	40.00			3.30	43.30
2/4/18		1	SUNDAY DELIVERY FEE	250.00			20.63	270.63
Job # _____ 1809 Code _____ Approval _____ Name _____ Vert. PRK _____								
No Prorating for Early Pick Up								

PORTABLE RESTROOM SERVICE/PUMPING LABOR PROVIDED AT THE OPTION OF THE LESSEE



Headquarters
 807 E. MISSION ROAD
 SAN MARCOS, CA 92069
 TEL: 760 • 744 • 7191
 FAX: 760 • 744 • 7184
diamondprovides.com
 Restrooms • Fencing • Dumpsters • Power

For billing questions please email us at
billpay@diamondprovides.com
 TERMS: Net 10 days
 1.5% Late charge due on balances
 outstanding Page 228 of 295
 date of invoice. (18% Per Annum)

INVOICE #
0001357160

CURRENT INVOICE TOTAL **\$401.22**



Date: Monday 2/5/2018

SUBCONTRACTOR	Qty	# of Units	Price/Unit	Total
Welder (Rick Post Welding)	1	1	\$ 1,656.25	\$ 1,656.25
			Subtotal:	\$ 1,656.25
		20%	Sub OH&P	\$ 331.25
Subcontractor Total:				\$ 1,987.50

MATERIALS & RENTALS	Qty	# of Units	Price/Unit	Total
Rapid Set Grout (2 Bags)	1	2	\$ 28.00	\$ 56.00
Imported Fill Material (5 Loads) Perrault	1	1	\$ 297.00	\$ 297.00
Glue Primer PVC Fittings (Temecula Valley Pipe)	1	1	\$ 77.56	\$ 77.56
	1	0	\$ -	\$ -
	1	0	\$ -	\$ -
			Subtotal:	\$ 430.56
		20%	Material OH&P:	\$ 86.11
Material Total:				\$ 516.67

LABOR	Qty	Hours	Hourly Rate	Total
FOREMAN	1	8	\$ 110.00	\$ 880.00
FOREMAN OT	1	2	\$ 165.00	\$ 330.00
FOREMAN DT	1	5.5	\$ 220.00	\$ 1,210.00
OPERATOR Group 8	2	8	\$ 103.00	\$ 1,648.00
OPERATOR Group 8 OT	2	2	\$ 154.00	\$ 616.00
OPERATOR Group 8 DT	2	3	\$ 206.00	\$ 1,236.00
LABORER	1	8	\$ 81.00	\$ 648.00
LABORER OT	1	2	\$ 121.00	\$ 242.00
LABORER DT	1	3	\$ 162.00	\$ 486.00
PROJECT MANAGER	1	4	\$ 150.00	\$ 600.00
			Subtotal:	\$ 7,896.00
Labor Total:				\$ 7,896.00

EQUIPMENT	Qty	Daily	Daily Rate	Total
PM Pickup	1	0.5	\$ 130.00	\$ 65.00
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
CAT 330 Excavator	1	1	\$ 1,300.00	\$ 1,300.00
CAT 936 Loader	1	1	\$ 512.00	\$ 512.00
Light Tower	1	1	\$ 250.00	\$ 250.00
Low Bed Equipment Moves (Hourly)	1	4	\$ 125.00	\$ 500.00
FBT-2 Delivery Truck	1	0.5	\$ 130.00	\$ 65.00
			Subtotal:	\$ 3,092.00
Equipment Total:				\$ 3,092.00

EXTRA WORK TOTALS		
	Extra Work Subtotal:	\$ 13,492.17
EXTRA WORK TOTAL:		\$ 13,492.17

EXTRA WORK REPORT

Date: 2-5-18

SCW CONTRACTING CORP.

JOB # 1809 JOB NAME: 12" Repair RMWD / Grammer Rd.

LABOR

TRADE	QUANTITY	HOURS	TOTAL	LOCATION & DESCRIPTION OF WORK
Foreman	1	15.5	15.5	Remove approx 80' of existing 12" tar
Operator	2	13	26	Wrapped pipe & Grade Trench, Install
Labor	1	13	13	approx 100' of new RMWD supplied 12"
Welder	1	11.5	11.5	CMC pipe, Install 12" Gate Valve
Project Manager	1	4	4	and restrain Back to existing pipe,
				Install 1-2" outlet for Blow off and
				2-2" outlets for Water Services.

EQUIPMENT

TYPE	QUANTITY	HOURS	TOTAL	MISC.
Cst-11/Crew Truck	1	15.5		
Cst-10/Crew Truck	1	13		
PU-18/Pickup	1	4		
Ex-5/330 Cat Ex	1	Day		
BH-5/410 John D hoe	1	Day		
LD-3/936 Cat loader	1	Day		
Light Tower	1	Day		
Low Bed	1	4		Deliver Backhoe
FBT-2 Delivery Truck	1	4		Deliver Attachments for 330

MATERIAL


	QUANTITY	UNIT	TOTAL	MISC.
5" Hand Hole	1	ea		
Rapid Set	3	Bags		
2 1/2" PVC Male adapter	2	ea		
2 1/2" x 2" Galv Ball Reducer	2	ea		
Imported Fill Material	5	loads		Perrault
Portable Toilet	1	ea		Diamond

ADDITIONAL COMMENTS

Complete work at 7:30 PM, RMWD Basin + Fill line at 7:30^{PM}, Fully charged at 10:00 PM



 SCW CONTRACTING REPRESENTATIVE



 OWNER'S AUTHORIZED REPRESENTATIVE



CORPORATION

P.O. Box 578
Bonsall, CA 92003-0578

Phone: (760) 466-1024
Fax: (760) 466-1025

RECEIVED

FEB 12 2018

SCW CONTRACTING CORP.

Invoice

Date	Invoice #
2/5/2018	98626

Bill To
SCW 2525 Old Highway 395 Fallbrook, CA 92028

Ship To
3998 Grammer Rd Vista

P.O. Number	Terms	Project/Job
	Net 30	

Quantity	Description	Rate	Ticket #	Truck	Date	Amount
1.30	Trucking	110.00	15423	105	2/5/2018	143.00
1.40	Trucking	110.00	15908	102	2/5/2018	154.00

Job # 1809
 Code 2910.02
 Approval R 2/10/18
 Vendor # _____
 Cert. P/R _____

All bills are due upon presentation unless otherwise arranged. Open accounts are subject to 1-1/2% monthly charge after 30 days on the unpaid balance. Remittance is due no later than 30 days after date on invoice unless otherwise specified. Remittance not received within 30 days is delinquent and may result in account suspension and/or termination.

Subtotal	\$297.00
Sales Tax (7.75%)	\$0.00
Total	\$297.00
Payments/Credits	\$0.00
Balance Due	\$297.00

Please remit payment to:
 Perrault Corporation
 P.O. Box 578
 Bonsall, CA 92003-0578



P.O. BOX 562, TEMECULA, CA 92593
 (RANCHO CALIFORNIA INDUSTRIAL PARK)
 28074 DEL RIO ROAD, TEMECULA, CA 92590
 PH (951) 676-5678 • FAX: (951) 676-0764
 Winter Hours start Nov 6
 M-F 7-4 Sat 8-1

RECEIVED

FEB 05 2018

SCW CONTRACTING CORP.

Customer No 1582	Job No	Purchase Order No 1809	PO # 1809	Reference	Terms NET 30 DAYS	ML Clerk	Date 2/5/18	Time 9:21
---------------------	--------	---------------------------	-----------	-----------	----------------------	----------	----------------	--------------

Sold To
 SCW CONTRACTING CORP.
 2525 N. OLD HWY #395
 FALLBROOK CA 92028

Ship To

TERM#563
 SLSPR: ML MIKE LAMONICA
 TAX : 001 TEMECULA DISTRICT TAX

DOC# 575057

 * INVOICE *

SHIPPED	ORDERED	UM	SKU	DESCRIPTION	SUGG	UNITS	PRICE/PCP	EXTENSION
	1	EA	704	P68 PRIMER 1 QT. PURPLE	32.75	1	15.884/EA	15.88
	1	EA	7114	QUART 2711 GRAY	42.10	1	20.419/EA	20.42
	2	EA	436025	PVC MALE ADPT. TxS 2-1/2"	8.038	2	2.733/EA	5.47
	2	EA	G429292	GAL.RED.COUPLING 2 1/2x2"	98.501	2	14.775/EA	29.55

1809

*Need detail items
in Account*

Page 232 of 295

** AMOUNT CHARGED TO STORE ACCOUNT **	77.56	TAXABLE	71.32
(PETER KOGLER)		NON-TAXABLE	0.00
		SUBTOTAL	71.32
		TAX AMOUNT	6.24
		TOTAL AMOUNT	77.56

Return Policy: 90 Days with receipt

X

Received By

PLEASE PRINT NAME

Rick Post Welding & Wet Tapping
3863 Sumac Summit
Fallbrook, CA 92028
760-598-1186

RECEIVED
 FEB 14 2018
 SCW CONTRACTING CORP.

INVOICE	
Number	11764
Date	02/09/2018
Account	569

Sold To:

SCW Contracting Corp.
 2525 North Old Highway 395
 Fallbrook CA 92028

Ship To:

P.O. Number Gopher Canyon	Shipped Via Wild Acres Rd.	Terms 30 Days	Salesman Jeff	
Quantity	Item No.	Description	Unit Price	Amount
11.50		Small Invoice #56019 2/5/2018 Make angles, weld joints, weld flange & hand hole cap. 8 hrs. reg. 3.50 hrs. time & 1/2		1000.00 656.25
8		Small Invoice #56020 2/6/2018 Weld 16" flange. Fit & weld buttstrap, weld hand hole cap.		1000.00
		1809		
		2510.02		
		R 2/16/18		

SUBTOTAL	2656.25
FREIGHT	0.00
SALES TAX	0.00
SUBTOTAL	2656.25
PAYMENT	0.00
TOTAL DUE	2656.25

THANK YOU



Date: Tuesday 2/6/2018

SUBCONTRACTOR	Qty	# of Units	Price/Unit	Total
Welder (Rick Post Welding)	1	1	\$ 1,000.00	\$ 1,000.00
			Subtotal:	\$ 1,000.00
		20%	Sub OH&P	\$ 200.00
Subcontractor Total:				\$ 1,200.00

MATERIALS & RENTALS	Qty	# of Units	Price/Unit	Total
12" Butt Strap w/ Handhole (SCW Yard)	1	1	\$ 275.00	\$ 275.00
Rapid Set (2 Bags)	1	2	\$ 28.00	\$ 56.00
Import Trucking (7 Loads) Perrault	1	1	\$ 495.00	\$ 495.00
	1	0	\$ -	\$ -
	1	0	\$ -	\$ -
	Subtotal:			\$ 826.00
		20%	Material OH&P:	\$ 165.20
Material Total:				\$ 991.20

LABOR	Qty	Hours	Hourly Rate	Total
FOREMAN	1	8	\$ 110.00	\$ 880.00
FOREMAN OT	1	1	\$ 165.00	\$ 165.00
FOREMAN DT	1	0	\$ 220.00	\$ -
OPERATOR Group 8	1	8	\$ 103.00	\$ 824.00
OPERATOR Group 8 OT	0	0	\$ 154.00	\$ -
OPERATOR Group 8 DT	0	0	\$ 206.00	\$ -
LABORER	1	8	\$ 81.00	\$ 648.00
LABORER OT	1	0	\$ 121.00	\$ -
LABORER DT	1	0	\$ 162.00	\$ -
PROJECT MANAGER	1	0	\$ 150.00	\$ -
	Subtotal:			\$ 2,517.00
Labor Total:				\$ 2,517.00

EQUIPMENT	Qty	Daily	Daily Rate	Total
PM Pickup	1	0	\$ 130.00	\$ -
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
CAT 330 Excavator	1	1	\$ 1,300.00	\$ 1,300.00
CAT 936 Loader	1	1	\$ 512.00	\$ 512.00
John Deere 410 Backhoe	1	1	\$ 448.00	\$ 448.00
Low Bed Equipment Moves (Hourly)	1	0	\$ 125.00	\$ -
FBT-2 Delivery Truck	1	0	\$ 130.00	\$ -
	Subtotal:			\$ 2,660.00
Equipment Total:				\$ 2,660.00

EXTRA WORK TOTALS		
	Extra Work Subtotal:	\$ 7,368.20
EXTRA WORK TOTAL:		\$ 7,368.20

EXTRA WORK REPORT

Date: 2-6-18



JOB # 1809 JOB NAME: 12" Repair RMWD / Grammar Rd.

LABOR

TRADE	QUANTITY	HOURS	TOTAL	LOCATION & DESCRIPTION OF WORK
Foreman	1	9	9	grout last weld Bell & Hand hole
Operator	1	8	8	installed yesterday, grout 3-2"
Labor	1	8	8	Service Saddles & 12" Flange exterior
Welder	1	8	8	Trench 4' more towards street expose
				pipe Behind existing Bell, John
				directed us to connect there if pipe
				was weldable. Remove Existing
				pipe & Install 12" weld Flange ↓

EQUIPMENT

TYPE	QUANTITY	HOURS	TOTAL	MISC.
Cst-11 / crew Truck	1	9		
Cst-10 / crew Truck	1	8		
Ex-5 / 330 Cat ex	1	Day		
BH-5 / 410 John D hoe	1	Day		
LD-3 / 936 Cat loader	1	Day		

MATERIAL

	QUANTITY	UNIT	TOTAL	MISC.
12" Butt Strap	1	Ec.		
Rapid Set	2	Bags		
Import Fill	7	loads		From Perreault
portable toilet				Diamond

ADDITIONAL COMMENTS

3/6" piece of New pipe & connect to existing pipe with a Butt-strap. Grout inside of pipe, pour in chlorine per Joe & weld on Hand Hole Cap.



 SCW CONTRACTING REPRESENTATIVE



 OWNER'S AUTHORIZED REPRESENTATIVE



CORPORATION

RECEIVED

Invoice

P.O. Box 578
Bonsall, CA 92003-0578

Phone: (760) 466-1024
Fax: (760) 466-1025

FEB 12 2018

SCW CONTRACTING CORP.

Date	Invoice #
2/6/2018	98653

Bill To
SCW 2525 Old Highway 395 Fallbrook, CA 92028

Ship To
3998 Grammer Rd Vista

P.O. Number	Terms	Project/Job
	Net 30	

Quantity	Description	Rate	Ticket #	Truck	Date	Amount
4.50	Trucking	110.00	15910	102	2/6/2018	495.00
Job # <u>1809</u> Code <u>2510.02</u> Approval <u>R 2/16/18</u> Vendor # _____ Cert. P/R _____						

All bills are due upon presentation unless otherwise arranged. Open accounts are subject to 1-1/2% monthly charge after 30 days on the unpaid balance. Remittance is due no later than 30 days after date on invoice unless otherwise specified. Remittance not received within 30 days is delinquent and may result in account suspension and/or termination.

Subtotal	\$495.00
Sales Tax (7.75%)	\$0.00
Total	\$495.00
Payments/Credits	\$0.00
Balance Due	\$495.00

Please remit payment to:
Perrault Corporation
P.O. Box 578
Bonsall, CA 92003-0578



Date: Wednesday 2/7/18

SUBCONTRACTOR	Qty	# of Units	Price/Unit	Total
	1	1	\$ -	\$ -
Subtotal:				\$ -
				\$ -
Subcontractor Total:				\$ -

MATERIALS & RENTALS	Qty	# of Units	Price/Unit	Total
2" Brass Coupling (Temecula Valley Pipe)	1	1	\$ 20.11	\$ 20.11
Rapid Set (2 Bags)	1	2	\$ 28.00	\$ 56.00
Import Trucking (12 Loads) Perrault	1	1	\$ 467.50	\$ 467.50
Traffic Controls Signs (Allied Traffic)	1	1	\$ 115.00	\$ 115.00
Pipe Threader Rental (Home Depot)	1	1	\$ 32.97	\$ 32.97
Subtotal:				\$ 691.58

20% Material OH&P: \$ 138.32
Material Total: \$ 829.90

LABOR	Qty	Hours	Hourly Rate	Total
FOREMAN	1	8	\$ 110.00	\$ 880.00
FOREMAN OT	1	0.5	\$ 165.00	\$ 82.50
FOREMAN DT	1	0	\$ 220.00	\$ -
OPERATOR Group 8	1	8	\$ 103.00	\$ 824.00
OPERATOR Group 8 OT	0	0	\$ 154.00	\$ -
OPERATOR Group 8 DT	0	0	\$ 206.00	\$ -
LABORER	1	8	\$ 81.00	\$ 648.00
LABORER OT	1	0	\$ 121.00	\$ -
LABORER DT	1	0	\$ 162.00	\$ -
PROJECT MANAGER	1	0	\$ 150.00	\$ -
Subtotal:				\$ 2,434.50
Labor Total:				\$ 2,434.50

EQUIPMENT	Qty	Daily	Daily Rate	Total
PM Pickup	1	0	\$ 130.00	\$ -
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
CAT 330 Excavator	1	1	\$ 1,300.00	\$ 1,300.00
CAT 936 Loader	1	1	\$ 512.00	\$ 512.00
John Deere 410 Backhoe	1	1	\$ 448.00	\$ 448.00
Low Bed Equipment Moves (Hourly)	1	0	\$ 125.00	\$ -
10 Wheel Dump Truck (Hourly)	1	2	\$ 110.00	\$ 220.00
Subtotal:				\$ 2,880.00
Equipment Total:				\$ 2,880.00

EXTRA WORK TOTALS		
	Extra Work Subtotal:	\$ 6,144.40
	EXTRA WORK TOTAL:	\$ 6,144.40

EXTRA WORK REPORT

Date: 2-7-18



JOB #	1809	JOB NAME:	12" Repair RMWD / Grammer Rd
-------	------	-----------	------------------------------

LABOR

TRADE	QUANTITY	HOURS	TOTAL	LOCATION & DESCRIPTION OF WORK
Foreman	1	8.5	8.5	Crack outside of 12" Flange & Buttstrap
operator	1	8	8	Installed yesterday, pour Concrete Vels
labor	1	8	8	Support, Backfill approx 120 yards.
				Dig & Install 2" Blow off & 2-2"
				Water Service's, Continue Impact
				Fill, wrap 2" Blow off & pour
				Concrete Support at 90° up

EQUIPMENT

TYPE	QUANTITY	HOURS	TOTAL	MISC.
Cost-11 / Crew Truck	1	8.5		
Cost-10 / Crew Truck	1	8		
Ex-5 / 830 Cat Ex	1	Day		
Bl-5 / 410 John Deere	1	Day		
LO-3 / 936 Cat loader	1	Day		
DT-2 / 700 Wheel Dump Truck	1	2		
Traffic Control		Day		4 Signs (Allied)
2" pipe threader	1	Day		Home Depot Receipt Dater 2/7/18

MATERIAL

	QUANTITY	UNIT	TOTAL	MISC.
Rapid Set	2	Bags		
2" Brass Coupling	1	Fee		
Home Depot				Receipt dated 2/6/18
Impact Fill	12	loads		From Perrault
portable toilet				Diamond

ADDITIONAL COMMENTS

SCW CONTRACTING REPRESENTATIVE

OWNER'S AUTHORIZED REPRESENTATIVE



P.O. BOX 562, TEMECULA, CA 92593
 (RANCHO CALIFORNIA INDUSTRIAL PARK)
 28074 DEL RIO ROAD, TEMECULA, CA 92590
 PH: (951) 676-5678 • FAX: (951) 676-0764

Customer No. 1582	Job No.	Purchase Order No. 1809	PO # 1809	Reference	NET 30 DAYS	Terms	DS	Clerk	2/7/18	Date	11:40	Time
----------------------	---------	----------------------------	-----------	-----------	-------------	-------	----	-------	--------	------	-------	------

Sold To
 SCW CONTRACTING CORP.
 2525 N. OLD HWY #395
 FALLBROOK CA 92028

Ship To

DOC# 575158

 * INVOICE *

 SLSPR: DS DAVE SPARKS
 TAX : 001 TEMECULA DISTRICT TAX

SHIPPED	ORDERED	UM	SKU	DESCRIPTION	SUGG	UNITS	PRICE/PER	EXTENSION
	1	EA	LF429020	2" COUP LEAD FREE BRASS	42.994	1	18.487/EA	18.49

Job # 1809
 Code 2510.02
 Approval R 2/16/18
 Job # _____
 P/R _____

** AMOUNT CHARGED TO STORE ACCOUNT **	20.11	TAXABLE	18.49
(PETER KOGLER)		NON-TAXABLE	0.00
		SUBTOTAL	18.49
		TAX AMOUNT	1.62
		TOTAL AMOUNT	20.11

Return Policy: 60 Days with receipt.

PLEASE PRINT NAME _____ X _____ Received By

Page 239 of 295



CORPORATION

**P.O. Box 578
Bonsall, CA 92003-0578**

**Phone: (760) 466-1024
Fax: (760) 466-1025**

Invoice

Date	Invoice #
2/7/2018	98672

RECEIVED

FEB 14 2018

SCW CONTRACTING CORP.

Bill To
SCW 2525 Old Highway 395 Fallbrook, CA 92028

Ship To
Gopher Canyon

P.O. Number	Terms	Project/Job
	Net 30	

Quantity	Description	Rate	Ticket #	Truck	Date	Amount
4.25	Trucking	110.00	1645	N5	2/7/2018	467.50
Job # <u>1809</u> Code <u>2510.02</u> Approval <u>R 2/16/18</u> Vendor # _____ Cert. P/R _____						

All bills are due upon presentation unless otherwise arranged. Open accounts are subject to 1-1/2% monthly charge after 30 days on the unpaid balance. Remittance is due no later than 30 days after date on invoice unless otherwise specified. Remittance not received within 30 days is delinquent and may result in account suspension and/or termination.

Subtotal	\$467.50
Sales Tax (7.75%)	\$0.00
Total	\$467.50
Payments/Credits	\$0.00
Balance Due	\$467.50

Please remit payment to:
Perrault Corporation
 P.O. Box 578
 Bonsall, CA 92003-0578



ALLIED

TRAFFIC & EQUIPMENT RENTALS, INC.

41806 Ivy Street • Murrieta, CA 92562 • Phone (951) 696-6950 • Fax (951) 696-7997

INVOICE

Invoice No **69337**
 Date **02/12/2018**
 Customer **172**
 Allied Job **9656**
 Customer Job **1809**
 Customer PO **1809**

SCW Contracting Corp.
 2525 N. Old Hwy 395
 Fallbrook, CA 92028

Terms Net 30

REF 3998 Grammer Rd & Gopher Cyn Rd - Vista

Item	Description	From	To	Hrs/Days	Qty	Price	Amount
Rentals:							
RWA	Road Work Ahead	02/07/18	02/09/18	3	2	1.10	6.60
T-XING	Truck Crossing	02/07/18	02/09/18	3	2	1.10	6.60
MINCHARGE	Minimum Charge	02/12/18	02/12/18	1	1	25	11.80
						Rentals: Subtotal	25.00
						Tax	0.00
Services:							
100	Delivery	02/07/18		1	1	45.00	45.00
200	Pickup	02/09/18		1	1	45.00	45.00
						Services: Subtotal	90.00
						Tax	0.00

Handwritten: 21256
21809

Final Bill

Total Amount \$115.00
Total Taxes \$0.00
Invoice Total \$115.00

LESSEE AGREES TO ASSUME ANY AND ALL LIABILITY INCURRED DUR TO THE USE AND PLACEMENT OF THIS EQUIPMENT AND TO PAY A REPLACEMENT CHARGE FOR ANY EQUIPMENT LOST OR STOLEN DURING THE PERIOD OF THIS LEASE.

Customer's Signature

Page 241 of 295

Date Delivered

TERMS: NET NO DISCOUNT: All invoices due and payable 30 days following date of invoice. Accounts not paid within terms will be subject to service charge of 1.5% on accounts past due. Legal fees, costs and expenses of collection of past due accounts will be paid by purchaser.
RENTAL EQUIPMENT CANNOT BE SOLD. RENTAL EQUIPMENT IS BILLED AS TIME OUT, NOT TIME USED.



Date: Thursday 2/8/18

SUBCONTRACTOR	Qty	# of Units	Price/Unit	Total
	1	1	\$ -	\$ -
Subtotal:				\$ -
				\$ -
Subcontractor Total:				\$ -

MATERIALS & RENTALS	Qty	# of Units	Price/Unit	Total
Import Trucking (7 Loads) Perrault	1	1	\$ 357.50	\$ 357.50
	1	0	\$ -	\$ -
	1	0	\$ -	\$ -
	1	0	\$ -	\$ -
	1	0	\$ -	\$ -
Subtotal:				\$ 357.50

20% Material OH&P: \$ 71.50
Material Total: \$ 429.00

LABOR	Qty	Hours	Hourly Rate	Total
FOREMAN	1	0	\$ 110.00	\$ -
FOREMAN OT	1	0	\$ 165.00	\$ -
FOREMAN DT	1	0	\$ 220.00	\$ -
OPERATOR Group 8	2	8	\$ 103.00	\$ 1,648.00
OPERATOR Group 8 OT	0	0	\$ 154.00	\$ -
OPERATOR Group 8 DT	0	0	\$ 206.00	\$ -
LABORER	1	8	\$ 81.00	\$ 648.00
LABORER OT	1	0	\$ 121.00	\$ -
LABORER DT	1	0	\$ 162.00	\$ -
PROJECT MANAGER	1	0	\$ 150.00	\$ -
Subtotal:				\$ 2,296.00
Labor Total:				\$ 2,296.00

EQUIPMENT	Qty	Daily	Daily Rate	Total
PM Pickup	1	0	\$ 130.00	\$ -
Foreman Crew Truck & Tools	1	1	\$ 200.00	\$ 200.00
Foreman Crew Truck & Tools	1	0	\$ 200.00	\$ -
CAT 330 Excavator	1	1	\$ 1,300.00	\$ 1,300.00
CAT 936 Loader	1	1	\$ 512.00	\$ 512.00
John Deere 410 Backhoe	1	1	\$ 448.00	\$ 448.00
Low Bed Equipment Moves (Hourly)	1	0	\$ 125.00	\$ -
10 Wheel Dump Truck (Hourly)	1	0	\$ 110.00	\$ -
Subtotal:				\$ 2,460.00
Equipment Total:				\$ 2,460.00

EXTRA WORK TOTALS		
	Extra Work Subtotal:	\$ 5,185.00
	EXTRA WORK TOTAL:	\$ 5,185.00

EXTRA WORK REPORT

Date: 2-8-18



JOB #	1809	JOB NAME:	12" Repair RMWD / Grammar Rd
-------	------	-----------	------------------------------

LABOR

TRADE	QUANTITY	HOURS	TOTAL	LOCATION & DESCRIPTION OF WORK
operator	2	8	16	Wrap 2" Copper Services. Hand Backfill around Services. Blow off 4 Valve Cams. Backfill 7 loads of import fill around 12" pipe Repair. Begin filling in Wash out Along Side of Grammar Rd. Wheel Roll top Per John.
labor	1	8	8	


EQUIPMENT

TYPE	QUANTITY	HOURS	TOTAL	MISC.
Cst-10 / Crew Truck	1	8		
Ex-5 / 330 Lat Ex	1	8		
BH-5 / 410 John D Hoe	1	8		
LO-3 / 936 Lat loader	1	8		
Traffic Control		8		4 Signs (Allied)

MATERIAL

	QUANTITY	UNIT	TOTAL	MISC.
Import Fill	7	loads		From Perreault
Portable Toilet				Diamond

ADDITIONAL COMMENTS



 SCW CONTRACTING REPRESENTATIVE



 OWNER'S AUTHORIZED REPRESENTATIVE



CORPORATION

P.O. Box 578
Bonsall, CA 92003-0578

Phone: (760) 466-1024
Fax: (760) 466-1025

RECEIVED

FEB 14 2018

SCW CONTRACTING CORP.

Invoice

Date	Invoice #
2/8/2018	98698

Bill To
SCW 2525 Old Highway 395 Fallbrook, CA 92028

Ship To
3998 Grammer Rd Vista

P.O. Number	Terms	Project/Job
	Net 30	

Quantity	Description	Rate	Ticket #	Truck	Date	Amount
3.25	Trucking	110.00	1647	N5	2/8/2018	357.50

Job # _____ 1809
 Cost 2510.02
 Approval R 2/10/18
 Vendor # _____
 Cert. 17% _____

All bills are due upon presentation unless otherwise arranged. Open accounts are subject to 1-1/2% monthly charge after 30 days on the unpaid balance. Remittance is due no later than 30 days after date on invoice unless otherwise specified. Remittance not received within 30 days is delinquent and may result in account suspension and/or termination.

Subtotal	\$357.50
Sales Tax (7.75%)	\$0.00
Total	\$357.50
Payments/Credits	\$0.00
Balance Due	\$357.50

Please remit payment to:
 Perrault Corporation
 P.O. Box 578
 Bonsall, CA 92003-0578



					Date: Friday 2/9/18
SUBCONTRACTOR	Qty	# of Units	Price/Unit		Total
	1	1	\$	-	\$ -
Subtotal:					\$ -
Subcontractor Total:					\$ -
MATERIALS & RENTALS	Qty	# of Units	Price/Unit		Total
Import Trucking (18 Loads) Perrault	1	1	\$	984.50	\$ 984.50
	1	0	\$	-	\$ -
	1	0	\$	-	\$ -
	1	0	\$	-	\$ -
	1	0	\$	-	\$ -
Subtotal:					\$ 984.50
20% Material OH&P:					\$ 196.90
Material Total:					\$ 1,181.40
LABOR	Qty	Hours	Hourly Rate		Total
FOREMAN	1	8	\$	110.00	\$ 880.00
FOREMAN OT	1	0	\$	165.00	\$ -
FOREMAN DT	1	0	\$	220.00	\$ -
OPERATOR Group 8	1	8	\$	103.00	\$ 824.00
OPERATOR Group 8	1	4	\$	103.00	\$ 412.00
OPERATOR Group 8 DT	0	0	\$	206.00	\$ -
LABORER	1	8	\$	81.00	\$ 648.00
LABORER OT	1	0	\$	121.00	\$ -
LABORER DT	1	0	\$	162.00	\$ -
PROJECT MANAGER	1	0	\$	150.00	\$ -
Subtotal:					\$ 2,764.00
Labor Total:					\$ 2,764.00
EQUIPMENT	Qty	Daily	Daily Rate		Total
PM Pickup	1	0	\$	130.00	\$ -
Foreman Crew Truck & Tools	1	1	\$	200.00	\$ 200.00
Foreman Crew Truck & Tools	1	1	\$	200.00	\$ 200.00
CAT 330 Excavator	1	1	\$	1,300.00	\$ 1,300.00
CAT 936 Loader	1	1	\$	512.00	\$ 512.00
John Deere 410 Backhoe	1	1	\$	448.00	\$ 448.00
Low Bed Equipment Demob Monday 2-12-18 Hourly)	1	8	\$	125.00	\$ 1,000.00
10 Wheel Dump Truck (Hourly)	1	4.5	\$	110.00	\$ 495.00
Subtotal:					\$ 4,155.00
Equipment Total:					\$ 4,155.00
EXTRA WORK TOTALS					
Extra Work Subtotal:					\$ 8,100.40

EXTRA WORK TOTAL: \$ 8,100.40

EXTRA WORK REPORT

Date: 2-9-18

SCW CONTRACTING CORP.

JOB #	1809	JOB NAME:	12" Repair RMWD / Grammer Rd
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LABOR

TRADE	QUANTITY	HOURS	TOTAL	LOCATION & DESCRIPTION OF WORK
Spremer	1	8	8	load out & haul old pipe, new pipe
operator	1	8	8	to RMWD's Yard. Took 1 Ten
operator	1	4	4	wheel Dump truck load of Trash to
labor	1	8	8	Dump. Import 18 loads of fill
				Dirk & finish filling in Vashed
				out Areas along Grammer Rd &
				Next to 12" pipe Repair. Dress up
				work Area & Get equipment Ready
				to De-mob.

EQUIPMENT

TYPE	QUANTITY	HOURS	TOTAL	MISC.
Cst-11 / Crew Truck	1			
Cst-10 / Crew Truck	1			
Ex-5 / 330 Cat Ex	1	1 Day		
BH-5 / 410 John D Hoe	1	Day		
LO-3 / 936 Cat loader	1	Day		
DI-2 / 10 wheel Dump Truck & Trailer	1	4.5	4.5	
Traffic Control				4 Signs (Allied)

MATERIAL

	QUANTITY	UNIT	TOTAL	MISC.
Import Fill	18	loads		2 Trucks from Perrault
portable toilet				Diamond
Dump Fee	1	Dump Truck load		

ADDITIONAL COMMENTS



SCW CONTRACTING REPRESENTATIVE



OWNER'S AUTHORIZED REPRESENTATIVE



CORPORATION

**P.O. Box 578
Bonsall, CA 92003-0578**

**Phone: (760) 466-1024
Fax: (760) 466-1025**

Invoice

Date	Invoice #
2/9/2018	98717

Bill To
SCW 2525 Old Highway 395 Fallbrook, CA 92028

Ship To
3998 Grammer Rd Vista

P.O. Number	Terms	Project/Job
	Net 30	

Quantity	Description	Rate	Ticket #	Truck	Date	Amount
4.25	Trucking	110.00	1648	N5	2/9/2018	467.50
4.70	Trucking	110.00	14684	103	2/9/2018	517.00

All bills are due upon presentation unless otherwise arranged. Open accounts are subject to 1-1/2% monthly charge after 30 days on the unpaid balance. Remittance is due no later than 30 days after date on invoice unless otherwise specified. Remittance not received within 30 days is delinquent and may result in account suspension and/or termination.

Subtotal	\$984.50
Sales Tax (7.75%)	\$0.00
Total	\$984.50
Payments/Credits	\$0.00
Balance Due	\$984.50

**Please remit payment to:
Perrault Corporation
P.O. Box 578
Bonsall, CA 92003-0578**



WESTERN WATER WORKS
 SUPPORT CENTER
 5831 PINE AV
 CHINO HILLS, CA - 91709
 PHONE: (909)597-7000
 FAX: (909)597-7050

INVOICE

INVOICE #			
481285-00			
PO #			
JOHN MACCARONE			
QUOTE #	PO DATE	INVOICE DT	PAGE #
0	02/05/18	02/19/18	1 of 1

CUST #: 18007

BILL TO
RAINBOW MUNICIPAL WATER DIST 3707 OLD HIGHWAY 395 FALLBROOK, CA 92028-9372

SHIP TO
RAINBOW MWD 3707 OLD HIGHWAY 395 FALLBROOK, CA 92028

INSTRUCTIONS	SHIP POINT	VIA	SHIPPED	TERMS
ATTN: JOHN MACCARONE	** Drop Ship **	JET DELIVERY	02/16/18	NET 30 DAYS

CONTACT	JOHN MACCARONE
MOBILE PHONE	(760)525-9459
EMAIL	gcancino@rainbowmwd.com

LN	PRODUCT AND DESCRIPTION	ORDERED	BO	SHIPPED	UM	PRICE	NET AMOUNT
1	25602-1# 12" 3/16 THK X 40' LONG WB WSP CMLC	120	0	120	FT	21.21111	2545.33
2	7512X12DIAPER# 12X12 WIDE DIAPER	3	0	3	EA	12.60	37.80
2	Lines Total	Qty Shipped Total		123		Total	2583.13
						Freight Out	880.00
						Taxes	200.20
						Invoice Total	3663.33

Smooth Running Jobs

SCW Contracting Corporation
2525 N. Old Hwy 395, Fallbrook, CA 92028
Tel +1.760.728.1308 Fax +1.760.728.2517
CA Lic# 630435



February 19, 2018

Rainbow Municipal Water District

Mr. John Maccarrone
3707 Old Hwy 395
Fallbrook, CA 92028

Re: RMWD Grammer Road Slope Repair - Proposal

Mr. Maccarrone – In follow up to our conversation, SCW will provide labor material and equipment necessary to perform the following scope of work.

Scope:

- Mobilize crew and equipment
- Remove and dispose of debris in washout area (tires, fencing, conduits, etc)
- Import fill
- Place imported fill dirt in washout area and compact
- Clean Up and Demobilize

Total Lump Sum: Fifty-Six Thousand, Nine Hundred Sixty-Two Dollars (\$56,962.00)

Clarifications:

- Compaction testing excluded, compaction to be performed by sheep foot roller
- SCW assumes approx. 300 cy of import will be required to restore washout area. Actual quantities may increase based on field conditions.
- Reinstallation of fencing, conduits, piping, etc. excluded
- Special Inspections, Engineering, Etc.
- Day work Monday – Friday (7AM-4PM)

We thank you for the opportunity and look forward to working with you on this project. Please contact me with any questions regarding this proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Kogler", is written over a set of horizontal lines.

Peter Kogler

MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

VARIABLE					
DATE	2018	MEETING	LOCATION	ATTENDEES	POST
March	8	SDCWA Special Board Meeting	SDCWA	GM	N/A
March	*	CSDA – San Diego Chapter	(Location to be Announced) 6:00 p.m.	Mack	N/A
March	*	LAFCO Special Meeting	County Admin Center, Room 302 – 9:30am	(As Advised by GM)	N/A
March	*	Watershed Watermaster Steering Committee	Rancho California Water District	Hamilton	N/A

* To Be Announced

MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

RECURRING					
DATE	2018	MEETING	LOCATION	ATTENDEES	POST
March	1	Communications Committee Mtg.	RMWD Board Room 3:30 p.m.	Appointed Director, General Manager	2/28
March	5	LAFCO	County Admin. Center Room 302 9:00 am	As Advised by GM	N/A
March	7	Engineering Committee Meeting	RMWD Board Room 3:00 p.m.	Appointed Director, General Manager	2/28
March	13	Budget & Finance Committee Mtg.	RMWD Board Room 1:00 p.m.	Appointed Director, General Manager	2/28
March	13	SDCWA GM's Meeting	SDCWA, San Diego 9:30 a.m.	General Manager	N/A
March	16	LAFCO Advisory Committee	LAFCO, 9335 Hazard Way, 9:30 a.m.	General Manager	N/A
March	16	NC Managers	Golden Egg 7:45 a.m.	General Manager	N/A
March	20	Council of Water Utilities	Stoneridge Country Club 7:15 a.m. Poway	All Directors, General Manager	3/15
March	21	North County Water Group	Rincon Del Diablo, Escondido 7:30 a.m.	All Directors on a Rotating Schedule, General Manager	N/A
March	22	SDCWA Full Board Meeting	SDCWA Board Room, 3-5 p.m.	General Manager	N/A
March	27	RMWD General Board	RMWD Board Room (Start Time to Be Determined)	All Directors	3/13
March	28	San Luis Rey Watershed Council	Pala Administration Building 1:00 p.m.	Stewart	N/A



STAFF TRAINING REPORT

ATTENDEES NAME(S):	
TITLE OF TRAINING/CONFERENCE/WORKSHOP/CLASS:	
DATE(S) ATTENDED:	
AGENCY HOSTING TRAINING/CONFERENCE/WORKSHOP/CLASS:	
LOCATION:	
BRIEF DESCRIPTION:	

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

Operations Report for January 2018

DESCRIPTION

Activities for Operations & Maintenance Division

CONSTRUCTION & MAINTENANCE DEPARTMENT:

The Construction crews repaired eleven (11) leaks, seven (7) main line repairs and four (4) services. The crew performed several planned/emergency shutdowns. The Construction crew is also currently working on rehabilitating the Vallecitos Pressure Station. The department excavated one (1) 10" gate valve for replacement. The crew also installed and/or repaired two (2) appurtenances. The Construction & Maintenance crews maintained District easements as well as completed the work at the District Yard.

WATER OPERATIONS & VALVE MAINTENANCE DEPARTMENT:

The Valve Maintenance Crew exercised a total of sixty (60) valves, well below their average goal of 303 per month, which was due to focusing their efforts towards supporting other departments. The crew also completed two hundred forty-six (246) DigAlert tickets/mark-outs for the District, while assisting with shutdowns, leak repairs, and providing backup support in the Warehouse. The crews also spread gravel around the Lower Yard for dust control purposes.

Water Operations completed and/or oversaw the following:

- 13 monthly tank inspections and 3 reservoir cover inspections completed
- Repairs completed on Morro Reservoir cover
- Morro Reservoir chlorine injection system testing continued
- Installed new air vacs at Turner and Hutton Tanks
- Assisted with or performed water quality complaints
- Evaluated pressure stations for maintenance and rehabilitation
- Weed abatement at Rainbow Hills Pump Station and North Reservoir

WASTEWATER DEPARTMENT:

Monthly, Semi Annual and Annual Reports:

California Integrated Water Quality System (CIWQS): Confirmation #2507668 Reported "No Spill Report" for Month of January 2018.

Lift Stations Pumps / Preventative Maintenance:

January 3, 2018 – Troubleshoot Lift Station #2: flush valve broke off and found pump cables blistered – recommend repairing and replace with new pump cables and megging.

January 11, 2018 – High level alarm at Lift Station #4: Electrical/SCADA error to 24-hour emergency operator response.

January 17, 2018 – High level alarm at Pump #2: Reset/flushed wet well back in service.

January 30, 2018 – Confined Space Rescue Refresher (internal): Wastewater and Valve Maintenance crews reviewed lanyards, ropes, fall protection, gas monitors and mutual aid.

Generator Repair:

Lift Station #6 Governor and gas pressure problem: Technician from Global Power troubleshooted and corrected operational failure / System tested and put back in service.

Flow Meter Demo with Hach Company:

January 24, 2018 - Install Flodar sewage flow meter demo: Capture upstream flow from Pala Mesa (one-month trial / Set up confined space entry and set up of flow meter.

Sewer Line Cleaning:

January 4, 2018 – January 10, 2018: 2,452' cleaned
January 5, 2018 – January 11, 2018: 1,615' cleaned
January 12, 2018 – January 18, 2018: 1,329' cleaned
January 19, 2018 – January 25, 2018: 1,218' cleaned

Total sewer lines cleaned: **6,614'**

Manhole (M/H) Inspections:

January 4, 2018 – January 10, 2018: 11 M/H inspected
January 5, 2018 – January 11, 2018: 33 M/H inspected
January 12, 2018 – January 18, 2018: 1 M/H inspected
January 19, 2018 – January 25, 2018: 13 M/H inspected

Total manholes inspected: **88**

CCTV/CONTRACTOR:

January 11, 2018 – January 17, 2018: 4,091' CCTV
January 18, 2018 – January 24, 2018: 5,918' CCTV

Total footage inspected: **10,009'**

Smart/Cover Alarm Units:

New Smart Cover (5 Units) added to Collection System

January 9, 2018:	Rancho Monserate	Level alarm
January 11, 2018:	Lake Sycamore	Level alarm
January 18, 2018:	San Luis Rey River	Level/flow
January 18, 2018:	Pala Mesa Resort	Level/flow alarm
January 25, 2018:	Little Gopher West	Level alarm

TECHNICAL SERVICES DEPARTMENT:

Fleet/Garage:

The District's mechanic completed a total of four (4) District vehicles with regular *scheduled* preventative maintenance and/or repairs. Emergency equipment inspection completed and Logged. All repairs and maintenance were logged into the Mitchel program. Four (4) budgeted vehicles continue to get equipped, and four (4) older vehicles are being prepped for auction.

The following maintenance and/or repairs were considered *unscheduled*:

- DOT BIT Inspections were performed on the required (14) vehicles and trailers and logged as required.
- Vehicles with Emergency Repairs (6)
- Small Equipment (3)
- Off-Road Equipment / Trailers Repairs & Maintenance (0)
- Off-Road Equipment / Trailer Emergency Repairs (1)
- Large Vehicles Maintenance / Repairs (0)
- Large Equipment Emergency Repairs (0)
- Safety Recalls (0)

Water Quality:

- 22 Routine samples
- 14 Nitrification samples
- 5 Water quality calls (checked residuals and flushed as necessary)
- 4 Special samples (Golf Green Estates)
- 3 Special samples (D.R. Horton)
- 1 Special sample (Palomar College)
- 385 Backflows tested

Electrical/SCADA:

Status update provided below on District-wide projects supported by Electrical/SCADA Staff:

- Installing flow meters at southern tanks (Gopher, Hutton, Turner) - Ongoing
- Assisted w/ new truck lift in District Garage – Rerouting electrical circuits - Ongoing
- Sumac Antenna Project - Installing new temporary SCADA Communication Tower – Ongoing
- Lift Station #1: Replaced old exterior lighting w/ newly upgraded LEDs at Station – Completed

EMPLOYEE RECOGNITION – OPERATIONS & MAINTENANCE DIVISION

District's Monthly "Excellence Program" Coin Award Winners

Responsibility:

- Steve Coffey
- Chris Heincy

Professionalism:

Victor Veenstra

Teamwork:

- Mark Cline
- Scott Simpson

Other Certifications Obtained

2-Day CLA-VAL Course Completion:

- Justin Chandler
- Chris Hand
- Clemmon Taylor
- Ramon Zuniga



Darren S. Milner
Operations Manager

2/27/18

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

Engineering Report for January 2018

DESCRIPTION

CAPITAL PROJECTS:

Bonsall Basin Imported Return Flow: Consultant is working on updating the model and confirming water rights.

Condition Assessment of Water Facilities: The Consultant has submitted a final draft of the technical memorandum.

Gird to Monserate Hill: Final plans, specs and environmental documents reviewed by staff. Pursuing alternative design with lower construction cost.

Horse Creek Lift Station: The Lift Station is scheduled to be completed by the end of April 2018.

Highway 76 East Segment: Caltrans will be submitting as-built drawings.

Lift Station 1 Replacement: New design underway with equalization basin at Thoroughbred Lift Station site and Schoolhouse Lift Station.

Moosa Crest Waterline (Emergency) Project: The expansion joint was installed on January 29, 2018. Staff working on project close out.

Rainbow Height's Pump Station Rehabilitation: Metropolitan Water District denied working in their easement. Staff evaluating alternatives/redesign to smaller station. Advertise for bids in Summer 2018.

Wastewater Outfall Replacement: Project on hold until further evaluation from local water alternatives. Project may take the form of rehabilitation with equalization basin.

Weese Filtration Plant Interconnect: Fifty percent design submittal under review by District Staff and Oceanside.

DEVELOPER PROJECTS:

Golf Green Estates (Development Solutions): 94 SFR / 102.46 EDUs - Planned across from Bonsall Elementary School on Old River Road. Contractor completed the installation of the 8" sewer line for phase three and is currently testing the line. Contractor started installing the 8" waterline. 15 water meters purchased to date.

Horse Ranch Creek Ridge (D.R. Horton): 751 WMs / 754 EDUs - Off of Highway 76 and Horse Ranch Creek Road. Models completed. 174 water meters purchased to date.

Malabar Ranch (Davidson Communities): 31 SFR / 29 EDUs - Off of Via Monserate/La Canada. There are 17 out of 31 homes built. Contractor completing waterline relocation and punch list items.


Nessy Burger: Nessy Burger's is proposing to install a permanent building. Plan check two completed.

Pala Mesa Highlands (Beazer Homes): 124 SFR / 124 EDUs - On Old Highway 395. Contractor has completed a large percentage of the water and sewer facilities. Contractor installing reclaimed water. Sewer service agreement being prepared. Models expected by Summer 2018.

Palomar College: 1 WM / 100 EDUs - Staff working on water and sewer service agreements. Sewerline construction completed to connection point. Connection to existing sewer is scheduled in March/April 2018, after the Horse Creek Lift Station is completed and operational. Waterline construction completed and currently being tested.

OTHER:

ITEMS	NO#	ITEMS	NO#
Water Availability Letters	0	Water Meters Purchased	21
Sewer Availability Letters	0	Sewer EDUs Purchased	0
Water Commitment Letters	0	Developer Shutdowns	1
Sewer Commitment Letters	0	Jobs Closed: Knottwood Way	1


 Michael Powers 2/27/18
 Associate Engineer



BOARD INFORMATION

BOARD OF DIRECTORS

February 27, 2018

SUBJECT

HUMAN RESOURCES REPORT FOR JANUARY/FEBRUARY 2018

DESCRIPTION

Personnel changes, human resources activities, and safety report for January/February 2018

PERSONNEL CHANGES:

- The temporary Customer Service Representative's last day was January 26, 2018.
- The new Purchasing and Inventory Control Specialist started on February 12, 2018.
- One Construction Crew Leader's leave of absence is continuing until March. Utility Worker IIIs are alternating as acting Crew Leader until his return.
- The Safety Administrator I left the District on February 6, 2018. The job classification will be upgraded to an experienced Safety Officer position at a salary grade appropriate for the level of experience required of the position. The new job title is reflected in Resolution 18-05 for the Board's consideration.

STAFFING:

Purchasing and Inventory Control Specialist I

Chris Daugherty started in this position on February 12, 2018.

Information Technology and Applications Analyst

This position was posted for recruitment and 16 applications were received. One candidate had unique skills and experience with both Infor EAM and ESRI ArcGIS. In addition, he has worked for Nobel and has helped train our employees on the GIS/EAM integration. His pre-existing familiarity with the District's operations and software applications will be highly beneficial to the District. The labor market for this candidate's depth of experience warrants a higher salary grade than originally anticipated, so the job specification was upgraded accordingly and the new job title of Senior Information Technology and Applications Analyst is reflected in Resolution 18-05 for the Board's consideration.

Right of Way and Facilities Coordinator

The position was posted for recruitment and more than 55 applications were received, including one internal applicant. Thirty-four applicants did not meet the minimum qualifications, and only 4 applicants came close to the District's ideal qualifications and were selected for further screening.

Engineering Manager

The job description is currently under revisions to clarify the District's needs and expectations of the position before posting for recruitment. As soon as the new job description is finalized, it will be posted for recruitment.

TRAINING:

Engaging Local Government Leaders (ELGL) Road Show

The Human Resources Manager and Administrative Analyst both attended a one-day training in La Quinta, CA. Topics covered included:

- Solving problems in the fish bowl of local government
- Shifting organizational culture
- Social media best practices
- Building a connected workforce
- The future of the local government workforce

Association of California Water Agencies (ACWA) Spring Training Conference 2018

As one of the District's strategic plan goals, a group of 20 employees will attend at least one day of the ACWA Training Conference in Claremont on March 7 and 8, 2018. Training sessions include classes that count towards ACWA's Professional Development Program (PDP) certification. Topics covered will include operations, safety, human resources issues and supervision.

EMPLOYEE RECOGNITION:

Excellence Coin Awards

The following coin was issued in January:

Teamwork

Mark Cline and Scott Simpson – During the garage lift renovation project, one construction employee was working by himself removing the concrete floor with the mini excavator and place the debris in the bucket of the skip loader. Mark saw him running two machines and jumped in the skip loader to help without being asked. On the same project, Scott took the time lend a hand when he had not been assigned to the project. Their help was appreciated by their colleague who nominated them.

Professionalism

Justin Chandler – A customer left a voice mail for the Finance Manager praising Justin for a job well done. He said that Justin was very friendly and well versed in his field. Justin made the District look good!

Responsibility

Chris Heincy and Steve Coffey – They caught a discrepancy in and worked together to audit records and research the root-cause of the reporting problem, identifying it as a digital meter in SCADA. Though this problem didn't impact their department directly, it did impact finance and the budget. Their diligence saved the finance department days' worth of auditing time and they were able to correct the problem much earlier than if they had not taken the initiative to go the extra mile.

Responsibility

Victor Veenstra – The Water Standby duty over the New Year's holiday weekend became unfilled at the last minute. All unscheduled employees already had plans, including Victor. However, Victor cancelled his plans to accept the duty assignment. His personal sacrifice to do good for the District was appreciated.

NEOGOV:

Insight Module

We currently have 2,520 active email subscriptions for notifications of job openings.

Onboard Module

Human Resources and Safety information and documents have all been uploaded into the system and new hires continue to complete the new hire checklist using this system as the primary information and form portal. Each Department and Bargaining Unit is still working on building custom portals with important information for employees to access.

Perform Module

The new performance appraisal design has been set up in the system and presented to Managers and Superintendents for feedback. Managers are currently creating job-specific competencies for each position to customize the reviews for the job. The first DREAM team meeting to present the system to employees and get their input was scheduled for February 20, 2018.

LILAC FIRE UPDATE:

The Lilac Fire was declared a disaster by San Diego County and the state of California, so there are grant programs available to help offset the expenses associated with the fire. The District has applied for two FEMA grants:

Fire Management Assistance Grant (FMEG): May reimburse us for up to 75% of our overtime costs associated with our response to aid in fighting the fire. The District's application for the FMEG grant was submitted on January 10, 2018,

California Disaster Assistance Act (CDAA): A sub-grant through FEMA. This may reimburse us for up to 75% of the costs of damage to property or equipment associated with the fire. The District's application for the CDAA grant was submitted on February 9, 2018. The List of Projects submitted with this application totaled \$220,124. If the application and all expenses qualify, the District could receive reimbursement of \$165,093, plus 10% for administrative costs, for a total of **\$181,602**.

A representative from California Office of Emergency Services was scheduled to meet with key District personnel on February 21, 2018 to help determine which expenses may qualify for both grants.

SAFETY:

Incidents

It has been 112 days since our last injury, which was a lost time incident.

Safety Training

Target Solutions online training: 61 completions for January 2018

Tailgate Trainings

Safe Winter Driving – 24 employees

Hazardous Communication Annual Refresher – 39 employees

Driven to Distraction – 31 employees



Karleen Harp, COSM
Human Resources Manager

02/27/2018

Interim Financials
Period: December 2017



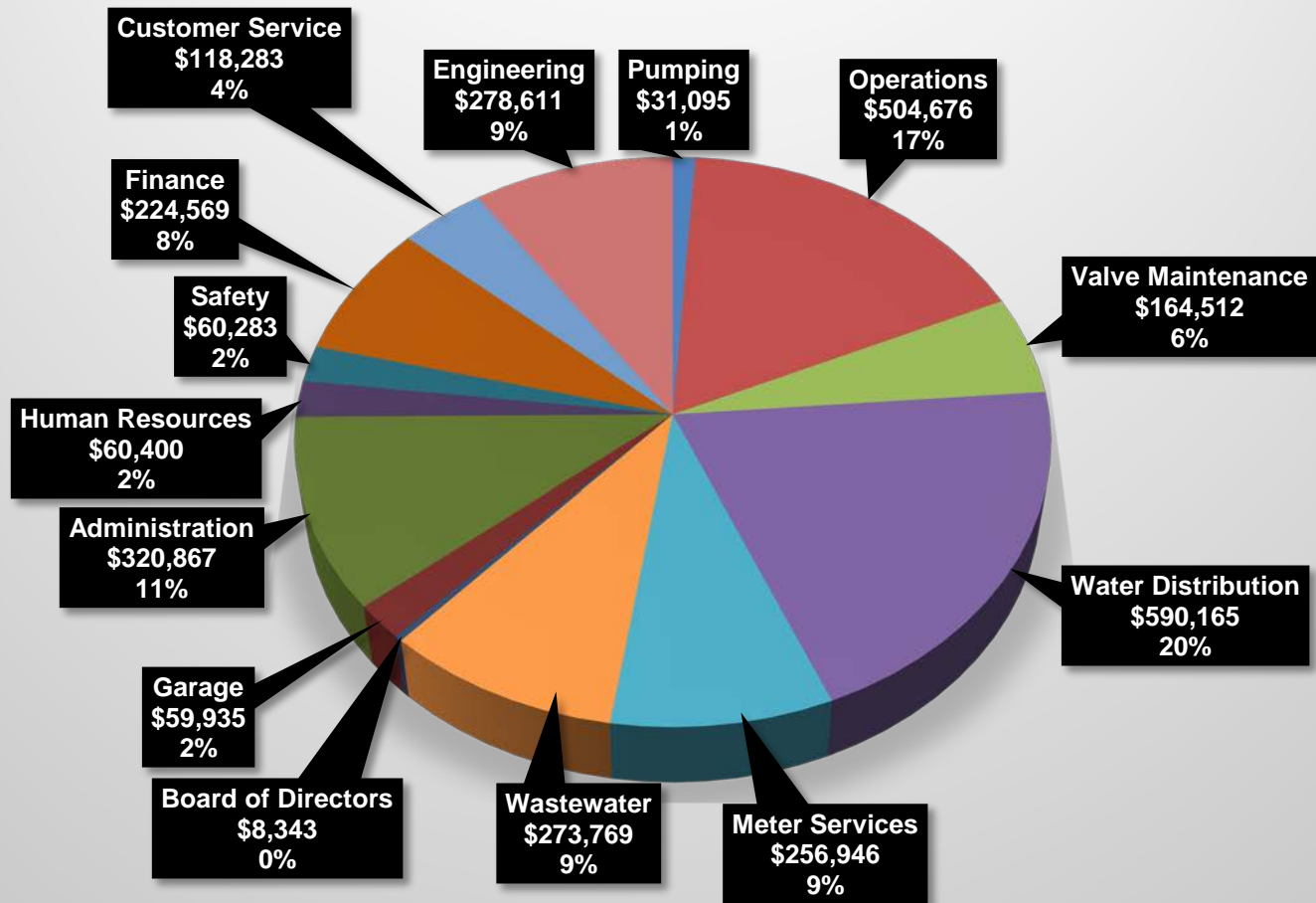
		Budget Amount	Period Amount	YTD Amount	YTD Variance	% Available
Fund 01: Water						
Operating Revenues:						
	Water Revenues	\$35,662,367	\$3,408,691	\$23,651,532	\$12,010,835	34%
	Other Revenues	\$366,500	\$124,265	\$189,718	\$176,782	48%
Total Revenues:		\$36,028,867	\$3,532,956	\$23,841,250	\$12,187,617	34%
Operating Expenses:						
	Cost of Water Sold	\$24,197,523	\$2,646,981	\$16,759,177	\$7,438,346	31%
	Labor	\$0	\$4,294	\$26,810	(\$26,810)	0%
	Overhead Transfer to General	\$3,843,297	\$0	\$0	\$3,843,297	100%
	Debt Service	\$1,120,142	\$0	\$0	\$1,120,142	100%
Department Expenses						
	Pumping					
	31 Labor	\$143,493	\$2,309	\$31,095	\$112,398	78%
	Expenses	\$590,500	\$33,611	\$244,350	\$346,150	59%
	Operations					
	32 Labor	\$1,051,812	\$96,395	\$504,676	\$547,136	52%
	Expenses	\$983,343	\$83,791	\$423,258	\$560,085	57%
	Valve Maintenance					
	33 Labor	\$516,028	\$37,688	\$164,512	\$351,516	68%
	Expenses	\$102,500	(\$0)	\$27,701	\$74,799	73%
	Water Distribution					
	34 Labor	\$1,620,860	\$103,987	\$590,165	\$1,030,695	64%
	Expenses	\$411,000	\$11,354	\$185,343	\$225,657	55%
	Meter Services					
	35 Labor	\$697,087	\$52,979	\$256,946	\$440,141	63%
	Expenses	\$409,000	(\$70,731)	\$135,186	\$273,814	67%
	Capital	\$135,000	\$70,731	\$143,605	(\$8,605)	0%
Total Operating Expenses:		\$35,821,585	\$3,073,389	\$19,492,823	\$16,328,762	46%
Water Fund Totals:		\$207,282	\$459,567	\$4,348,427	\$4,141,145	
Fund 02: Wastewater						
Operating Revenues:						
	Wastewater Revenues	\$2,380,500	\$223,243	\$1,368,389	\$1,012,111	43%
	Other Revenues	\$40,000	\$17,459	\$21,611	\$18,389	46%
Total Revenues:		\$2,420,500	\$240,701	\$1,390,000	\$1,030,500	43%
Operating Expenses:						
	Overhead Transfer to General	\$901,514	\$0	\$0	\$901,514	100%
Department Expenses						
	Wastewater					
	61 Labor	\$715,070	\$47,469	\$273,769	\$441,301	62%
	Expenses	\$1,418,000	\$18,056	\$86,171	\$1,331,829	94%
	Capital	\$25,000	\$0	\$10,340	\$14,660	59%
Total Operating Expenses:		\$3,059,584	\$65,525	\$370,280	\$2,689,304	88%
Wastewater Fund Totals:		(\$639,084)	\$175,176	\$1,019,720	\$1,658,804	

Interim Financials
Period: December 2017

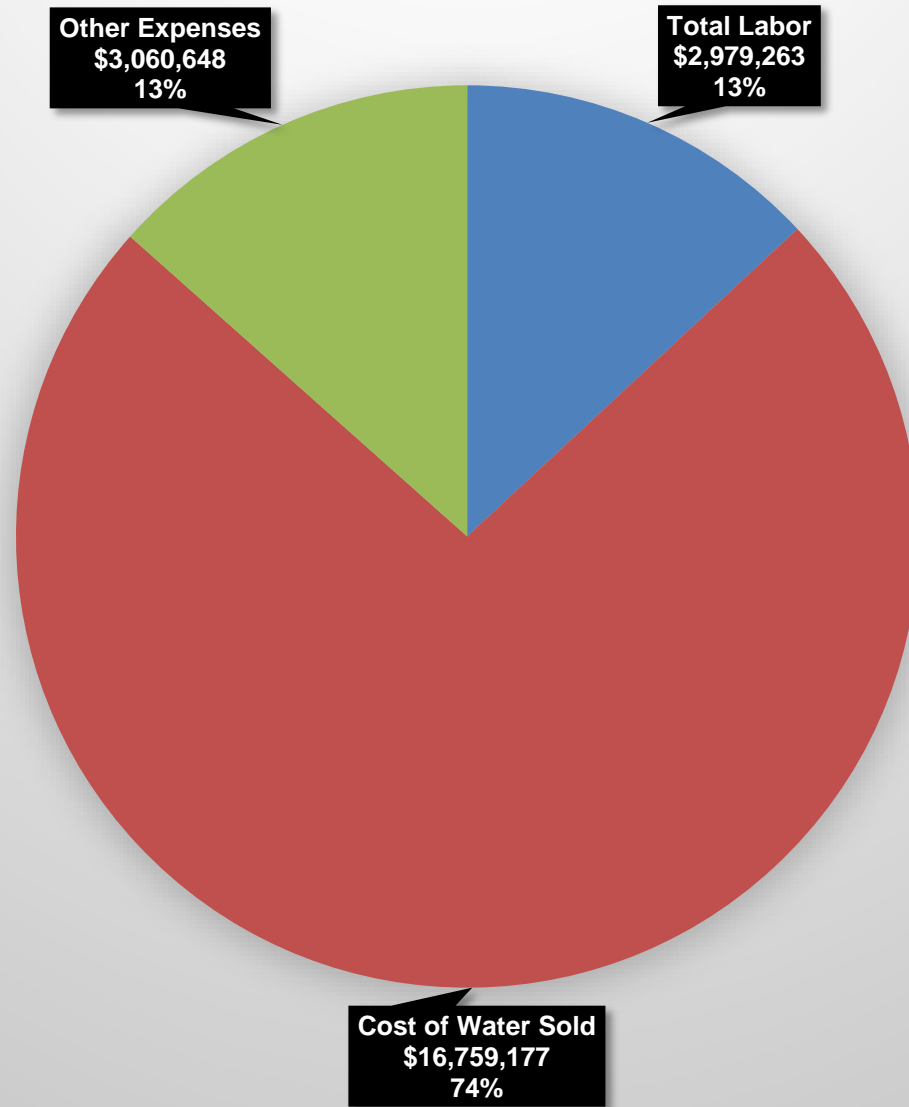


		Budget Amount	Period Amount	YTD Amount	YTD Variance	% Available
Fund 03: General						
Operating Revenues:						
	Overhead Transfers	\$4,744,811	\$0	\$0	\$4,744,811	100%
	Other Revenues	\$428,470	\$39,965	\$243,352	\$185,118	43%
	Total Revenues:	\$5,173,281	\$39,965	\$243,352	\$4,929,929	95%
Operating Expenses:						
	Other Expenses	\$0	\$171,084	\$171,084	(\$171,084)	0%
Department Expenses						
	Board of Directors					
	20 Labor	\$14,613	\$1,938	\$8,343	\$6,270	43%
	Expenses	\$25,300	\$239	\$7,369	\$17,931	71%
	Garage					
	36 Labor	\$134,509	\$10,450	\$59,935	\$74,574	55%
	Expenses	\$219,500	\$10,550	\$89,223	\$130,277	59%
	Capital	\$284,500	\$3,273	\$166,748	\$117,752	41%
	Administration					
	41 Labor	\$596,306	\$50,164	\$320,867	\$275,439	46%
	Expenses	\$1,162,890	\$94,027	\$809,507	\$353,383	30%
	Capital	\$100,000	\$0	\$95,184	\$4,816	5%
	Human Resources					
	42 Labor	\$190,797	\$6,912	\$60,400	\$130,397	68%
	Expenses	\$169,150	\$14,670	\$49,923	\$119,227	70%
	Safety					
	43 Labor	\$111,275	\$8,635	\$60,283	\$50,992	46%
	Expenses	\$76,350	\$4,568	\$30,265	\$46,085	60%
	Finance					
	51 Labor	\$530,694	\$41,047	\$224,569	\$306,125	58%
	Expenses	\$116,500	\$18,137	\$63,824	\$52,676	45%
	Customer Service					
	52 Labor	\$262,859	\$18,839	\$118,283	\$144,576	55%
	Expenses	\$219,500	\$18,429	\$120,413	\$99,087	45%
	Engineering					
	91 Labor	\$633,709	\$48,472	\$278,611	\$355,098	56%
	Expenses	\$329,029	\$33,463	\$201,154	\$127,875	39%
	Total Operating Expenses:	\$5,177,481	\$554,897	\$2,935,985	\$2,241,496	43%
	General Fund Totals:	(\$4,200)	(\$514,932)	(\$2,692,634)	(\$2,688,434)	
	Net Income	(\$436,002)	\$119,811	\$2,675,513	\$3,111,515	

YTD Labor Costs (December 2017)



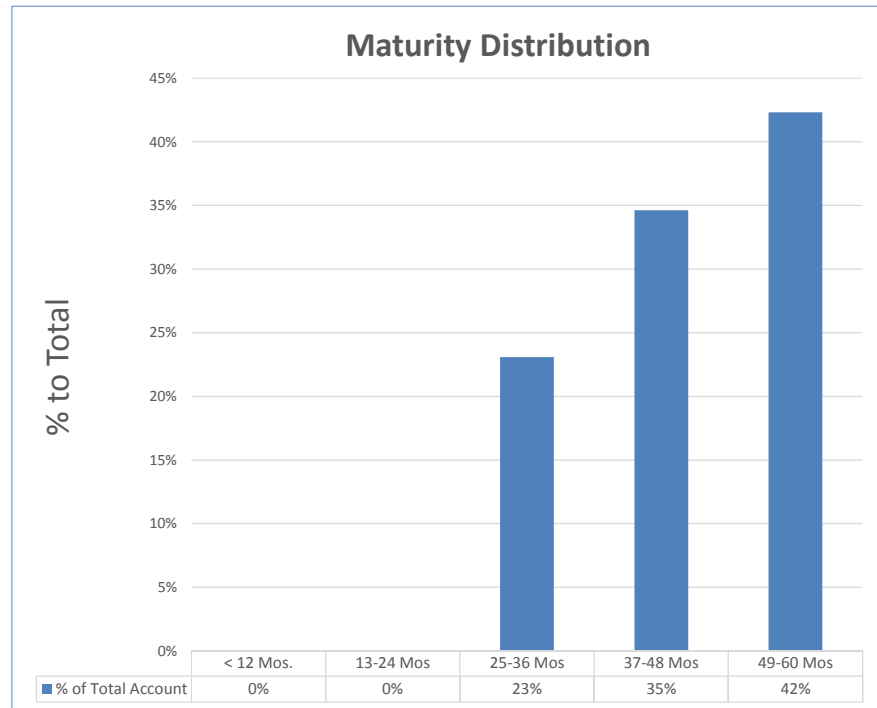
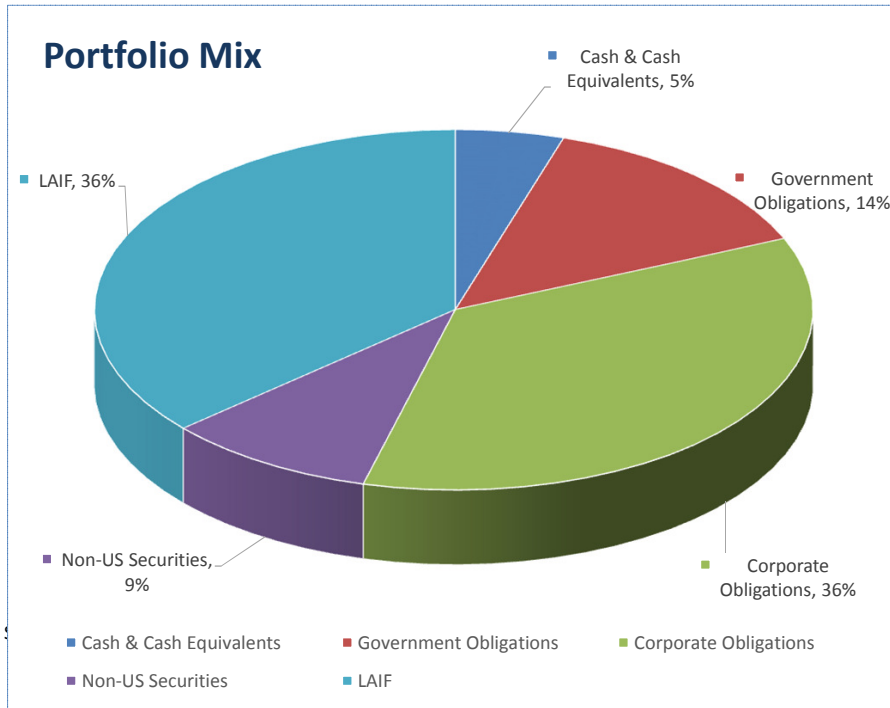
YTD Expense Allocation (December 2017)



RAINBOW MUNICIPAL WATER DISTRICT
TREASURER'S MONTHLY REPORT OF INVESTMENTS
PORTFOLIO SUMMARY
12/31/2017



TYPE	ISSUER	CUSIP	Bond Rating	Date of Maturity	Cost Basis	Market Value	Interest Rate	Yield to Maturity	Next Interest Payment Date	Semi-Annual Interest	Days to Maturity
Money Market Funds	JP MORGAN MONEY MARKET	48125C068S	N/A		\$ 1,018,063	\$ 1,018,063					
Total Cash & Cash Equivalents					\$ 1,018,063	\$ 1,018,063					
Callable Note	FEDERAL NATL MTG ASSN	3135GOT45	Aaa	04/05/22	\$ 1,002,910	\$ 987,540	1.875%	1.810%	04/05/18	\$ 9,402	1556
Callable Note	FEDERAL HOME LN MTG CORP	3134G3F96	Aaa	08/28/20	\$ 1,032,851	\$ 1,004,972	1.660%	1.320%	02/28/18	\$ 8,573	971
Callable Note	FEDERAL FARM CR BKS	3133EHRU9	Aaa	07/19/22	\$ 200,938	\$ 196,788	1.900%	1.800%	01/19/18	\$ 1,909	1661
Callable Note	FEDERAL HOME LN MTG CORP	3134GBS94	Aaa	10/26/22	\$ 651,918	\$ 644,800	2.100%	1.800%	04/26/18	\$ 6,845	1760
Total Government Obligations					\$ 2,888,616	\$ 2,834,100					
Callable Note	MASSMUTUAL GLOBAL FDG	57629XBHO	A2	11/23/20	\$ 545,990	\$ 525,746	1.530%	1.500%	05/23/18	\$ 4,177	1058
Callable Note	BB&T CORP	05531FAV5	A2	05/10/21	\$ 491,789	\$ 473,146	2.050%	2.050%	05/10/18	\$ 5,041	1226
Callable Note	CATERPILLAR FINL CORP	14912HSR2	A2	09/15/21	\$ 1,000,000	\$ 962,870	1.600%	1.600%	03/15/18	\$ 8,000	1354
Callable Note	ORACLE CORP	68389XBKO	A1	09/15/21	\$ 1,011,470	\$ 984,220	1.910%	1.900%	03/15/18	\$ 9,660	1354
Callable Note	TOYOTA MOTOR CREDIT CORP	89236TDP7	Aa3	01/11/22	\$ 499,271	\$ 492,631	2.600%	2.600%	01/09/18	\$ 6,491	1472
Callable Note	WELLS FARGO	95000U2B8	A2	07/22/22	\$ 989,232	\$ 974,728	2.625%	2.410%	01/22/18	\$ 12,984	1664
FDIC Ins. CD	COMENITY CAP BK UTAH	20033ALQ7	Aaa	07/15/20	\$ 245,000	\$ 245,571	2.360%	2.370%	01/15/18	\$ 2,891	927
FDIC Ins. CD	AMERICAN EXPRESS CENTRN	02587DB64	Aaa	09/23/20	\$ 250,000	\$ 249,803	2.310%	2.300%	03/23/18	\$ 2,888	997
Callable Note	BARCLAYS BK DEL	06740KJK4	Aaa	09/16/20	\$ 245,000	\$ 245,730	2.210%	2.200%	03/16/18	\$ 2,707	990
FDIC Ins. CD	GOLDMAN SACHS BK USA NY	38148PKT3	N/A	06/14/22	\$ 245,000	\$ 244,677	2.350%	2.350%	12/14/18	\$ 2,879	1626
FDIC Ins. CD	CAPITAL ONE BK USA NATL	140420Y95	Aaa	03/08/22	\$ 250,000	\$ 249,838	2.300%	2.300%	03/08/18	\$ 2,875	1528
FDIC Ins. CD	CAPITAL ONE NATL ASSN VA	14042RKL4	N/A	11/22/22	\$ 250,000	\$ 248,985	2.400%	2.400%	05/22/18	\$ 3,000	1787
FDIC Ins. CD	SALLIE MAE BK SLT LAKE CITY	79540ZW8	Aaa	03/22/22	\$ 250,000	\$ 250,243	2.340%	2.340%	03/22/18	\$ 2,925	1542
FDIC Ins. CD	SYNCHRONY BK RETAIL	87165EMKO	N/A	05/26/22	\$ 240,000	\$ 240,312	2.400%	2.400%	05/26/18	\$ 2,880	1607
FDIC Ins. CD	STATE BK INDIA NEW YORK NY	8562846U3	Aaa	03/14/22	\$ 250,000	\$ 249,300	2.250%	2.250%	03/14/18	\$ 2,813	1534
FDIC Ins. CD	DISCOVER BANK	254672F29	N/A	08/10/21	\$ 248,000	\$ 241,676	1.500%	1.500%	02/10/18	\$ 1,860	1318
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 98,000	\$ 95,112	1.550%	1.550%	02/17/18	\$ 760	1325
FDIC Ins. CD	WELLS FARGO BANK NATL ASSN	949763AF3	N/A	08/17/21	\$ 150,000	\$ 145,580	1.550%	1.550%	02/17/18	\$ 1,163	1325
FDIC Ins. CD	AMERICAN EXPRESS FED SVGS BK	02587CED8	Aaa	07/29/20	\$ 248,000	\$ 247,916	2.360%	2.340%	01/29/18	\$ 2,926	941
Total Corporate Obligations					\$ 7,506,751	\$ 7,368,080					
Callable Note	AUSTRALIA & NEW ZEALA BKG	05253JAM3	Aa2	06/01/21	\$ 517,228	\$ 495,720	2.300%	1.550%	12/01/17	\$ 5,948	1248
Callable Note	NATIONAL AUSTRALIA BK NY	63254AAR9	Aa2	07/12/21	\$ 508,870	\$ 489,340	1.875%	1.880%	01/12/18	\$ 4,771	1289
Callable Note	BANK OF MONTREAL	06367TJX90	Aa3	08/27/21	\$ 1,011,840	\$ 978,930	1.900%	1.900%	02/27/18	\$ 9,612	1335
Total Non-US Securities					\$ 2,037,938	\$ 1,963,990					
Subtotal Long Term Pooled Investment					\$ 13,451,367	\$ 13,184,233					
Local Agency Investment Fund (LAIF)					\$ 7,561,619	\$ 7,561,619	1.172%				
Portfolio Totals					<u>\$ 21,012,987</u>	<u>\$ 20,745,852</u>					



This monthly report accurately reflects all District pooled investments. It is in conformity with the Investment Administrative code section 5.03.080. The District has sufficient cash flow to meet six months of obligations. This is in effect is in compliance with the current Investment Policy.

2/13/2018

Vanessa Martinez, Treasurer

Accounts Payable
December American Express



Check Number	Check Date		Amount
245 - ABCANA INDUSTRIES Line Item Account			
1101801	01/10/2018		
Inv	1017947		
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>
	11/29/2017	HYPOCHLORITE SOLUTION 12.5% 8 PG III	01-32-72000 1,195.98
	Inv 1017947 Total		1,195.98
Inv	PY400895		
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>
	10/10/2017	HYPOCHLORITE SOLUTION 12.5% 8 PG III - CREDIT	01-32-72000 -17.94
	Inv PY400895 Total		-17.94
1101801 Total:			1,178.04
245 - ABCANA INDUSTRIES Total:			1,178.04
603295 - ABT.COM Line Item Account			
1101802	01/10/2018		
Inv	ABT54094626		
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>
	12/05/2017	EMPLOYEE RECOGNITION BANQUET GIFT	03-41-56513 129.00
	Inv ABT54094626 Total		129.00
Inv	ABT54094626-CR		
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>
	12/05/2017	EMPLOYEE RECOGNITION BANQUET GIFT (AMEX RE'	03-41-56513 -129.00
	Inv ABT54094626-CR Total		-129.00
1101802 Total:			0.00
603295 - ABT.COM Total:			0.00
280 - AMAZON.COM Line Item Account			
1101803	01/10/2018		
Inv	2673233-7370623		
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>

	11/29/2017	RECHARGEABLE BATTERIES FOR HEADLAMPS (Pk)	03-43-72500	25.38
	Inv 2673233-7370623 Total			25.38
Inv	2679373-1640250			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/11/2017	MONEY TREE & MINI GIFT CARD ENVELOPES	03-41-56513	35.93
	Inv 2679373-1640250 Total			35.93
Inv	4837684-0324202			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/04/2017	Dell CFC5C OptiPlex 3050 Micro Form Factor Desktop Comp	03-41-60100	9,363.42
	Inv 4837684-0324202 Total			9,363.42
1101803 Total:				9,424.73
280 - AMAZON.COM Total:				9,424.73
603346 - BEST BUY Line Item Account				
	1101804	01/10/2018		
Inv	805517259098			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/05/2017	EMPLOYEE RECOGNITION BANQUET - GIFT	03-41-56513	86.19
	Inv 805517259098 Total			86.19
Inv	805517259098-CR			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/05/2017	EMPLOYEE RECOGNITION BANQUET - GIFT (AMEX RI	03-41-56513	-86.19
	Inv 805517259098-CR Total			-86.19
1101804 Total:				0.00
603346 - BEST BUY Total:				0.00
603442 - BOSE Line Item Account				
	1101805	01/10/2018		
Inv	99715			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/05/2017	EMPLOYEE RECOGNITION BANQUET GIFT	03-41-56513	160.18
	Inv 99715 Total			160.18
Inv	99715-CR			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/05/2017	EMPLOYEE RECOGNITION BANQUET GIFT (AMEX RE'	03-41-56513	-160.18

Inv 99715-CR Total				-160.18
1101805 Total:				0.00
603442 - BOSE Total:				0.00
603441 - CLARION HOTEL Line Item Account				
1101806	01/10/2018			
Inv	552101335-1			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/28/2017	CONFERENCE HOTEL STAY - STEWART	03-20-75300	374.90
	Inv 552101335-1 Total			374.90
Inv	552101413-1			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/28/2017	HOTEL PARKING FEE - GASCA	03-20-75300	28.00
	Inv 552101413-1 Total			28.00
Inv	552101413-2			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/28/2017	CONFERENCE HOTEL STAY - GASCA	03-20-75300	374.90
	Inv 552101413-2 Total			374.90
Inv	552101414-1			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/28/2017	CONFERENCE HOTEL STAY - MACK	03-20-75300	394.90
	Inv 552101414-1 Total			394.90
1101806 Total:				1,172.70
603441 - CLARION HOTEL Total:				1,172.70
1685 - CLA-VAL SERVICE TRAINING Line Item Account				
1101807	01/10/2018			
Inv	248			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/22/2017	CVU-101 CLA-VAL CLASS - JCHANDLER & KDIAZ	03-51-75300	400.00
	Inv 248 Total			400.00
Inv	249			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/22/2017	CVU-101 CLA-VAL CLASS - RZUNIGA & CHAND	02-61-75300	400.00

	Inv 249 Total			400.00
Inv	250			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/22/2017	CVU-101 CLA-VAL CLASS - CHOELSCHER & CTAYLOR	03-51-75300	400.00
	Inv 250 Total			400.00
Inv	251			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/22/2017	CVU-101 CLA-VAL CLASS - CWHITE	03-51-75300	200.00
	Inv 251 Total			200.00
1101807 Total:				1,400.00
1685 - CLA-VAL SERVICE TRAINING Total:				1,400.00
2885 - CORELOGIC INFORMATION Line Item Account				
1101808	01/10/2018			
Inv	81850856			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/30/2017	REALQUEST.COM MAP SERACH, GEOGRAPHIC MAP S	03-91-63102	192.50
	Inv 81850856 Total			192.50
1101808 Total:				192.50
2885 - CORELOGIC INFORMATION Total:				192.50
2027 - CULLIGAN OF ESCONDIDO Line Item Account				
1101809	01/10/2018			
Inv	113017			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/30/2017	WATER SOFTNER, SERVICE PERIOD 12/01-12/31	03-41-63401	72.93
	Inv 113017 Total			72.93
1101809 Total:				72.93
2027 - CULLIGAN OF ESCONDIDO Total:				72.93
3325 - GRAINGER, W.W. INC. Line Item Account				
1101810	01/10/2018			
Inv	9629620361			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/29/2017	1351 LUMEN FLOOD LIGHT NO.21YH26	02-61-73000	258.50

Inv 9629620361 Total				258.50
Inv 9634008545				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/04/2017	10" SOLID RUBBER TIRES 300LB LOAD RATING	03-36-63422	169.12
Inv 9634008545 Total				169.12
1101810 Total:				427.62
3325 - GRAINGER, W.W. INC. Total:				427.62
603438 - HIRE HEROES USA Line Item Account				
1101811	01/10/2018			
Inv 00114235				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/30/2017	JOB POSTING-PURCHASING & INVENTORY CONTROL	03-41-72400	245.00
Inv 00114235 Total				245.00
1101811 Total:				245.00
603438 - HIRE HEROES USA Total:				245.00
603439 - INDEED Line Item Account				
1101812	01/10/2018			
Inv 11956396				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/07/2017	DECEMBER 2017 ADVERTISING ON INDEED.COM	03-41-72400	25.45
Inv 11956396 Total				25.45
1101812 Total:				25.45
603439 - INDEED Total:				25.45
603169 - LO, ROBERT Line Item Account				
1101813	01/10/2018			
Inv 10334				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/29/2017	SYMPATHY FLOWERS FOR EMPLOYEE	03-41-56513	66.67
Inv 10334 Total				66.67
1101813 Total:				66.67

603169 - LO, ROBERT Total: 66.67

603235 - MARIS LLC Line Item Account

1101814 01/10/2018

Inv 40640

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
12/12/2017	TOTAL TESTING - ONLINE SKILLS TESTING (25)	03-42-70000	450.00

Inv 40640 Total 450.00

1101814 Total: 450.00

603235 - MARIS LLC Total: 450.00

603404 - NATUREBOX Line Item Account

1101815 01/10/2018

Inv 00146516

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
12/18/2017	EMPLOYEE SNACKS, NATUREBOX UNLIMITED	03-41-56513	750.00

Inv 00146516 Total 750.00

1101815 Total: 750.00

603404 - NATUREBOX Total: 750.00

603261 - NEWEGG BUSINESS INC Line Item Account

1101816 01/10/2018

Inv 409076853

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
12/12/2017	HEADSET SAVI W730 (83543-01)	03-52-72000	248.82

Inv 409076853 Total 248.82

1101816 Total: 248.82

603261 - NEWEGG BUSINESS INC Total: 248.82

5286 - NOSSAMAN, LLP Line Item Account

1101817 01/10/2018

Inv 474520

<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
12/08/2017	GENERAL COUNSEL SERVICES RENDERED THROUGH	02-61-70000	710.00
12/08/2017	GENERAL COUNSEL SERVICES RENDERED THROUGH	26-00-11122	1,739.50
12/08/2017	GENERAL COUNSEL SERVICES RENDERED THROUGH	03-41-70300	5,130.46
12/08/2017	GENERAL COUNSEL SERVICES RENDERED THROUGH	60-00-11151	958.50
12/08/2017	GENERAL COUNSEL SERVICES RENDERED THROUGH	02-61-70000	248.50

12/08/2017	GENERAL COUNSEL SERVICES RENDERED THROUGH	60-00-11151	674.50
12/08/2017	GENERAL COUNSEL SERVICES RENDERED THROUGH	60-00-11168	106.50
Inv 474520 Total			9,567.96
1101817 Total:			9,567.96
5286 - NOSSAMAN, LLP Total:			9,567.96
603440 - NPELRA Line Item Account			
1101818	01/10/2018		
Inv	77842		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
12/11/2017	MEMBERSHIP RENEWAL DUES	03-41-72400	175.00
Inv 77842 Total			175.00
1101818 Total:			175.00
603440 - NPELRA Total:			175.00
5425 - OFFICE DEPOT Line Item Account			
1101819	01/10/2018		
Inv	985319848001		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
11/30/2017	HP 131 LASERJET PRINT CARTRIDGE- CYAN	03-91-72000	182.69
11/30/2017	DAILY PLANNER	03-41-72000	272.17
11/30/2017	HP 131 LASERJET PRINT CARTRIDGE-BLACK	03-91-72000	287.75
11/30/2017	HP 131 LASERJET PRINT CARTRIDGE- MAGENTA	03-91-72000	182.69
11/30/2017	HP 131 LASERJET PRINT CARTRIDGE-YELLOW	03-91-72000	182.69
Inv 985319848001 Total			1,107.99
1101819 Total:			1,107.99
5425 - OFFICE DEPOT Total:			1,107.99
5910 - PACIFIC PIPELINE SUPPLY Line Item Account			
1101820	01/10/2018		
Inv	318423		
<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
11/28/2017	6-8" 150 SS BOLT KIT	01-00-14610	318.94
Inv 318423 Total			318.94
1101820 Total:			318.94

5910 - PACIFIC PIPELINE SUPPLY Total:				318.94
5635 - PALA MESA RESORT Line Item Account				
1101821	01/10/2018			
Inv	113579			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/15/2017	VENUE DEPOSIT #2 FOR RECOGNITION BANQUET	03-41-56513	1,100.00
	Inv 113579 Total			1,100.00
1101821 Total:				1,100.00
5635 - PALA MESA RESORT Total:				1,100.00
603297 - PREMIUM INCENTIVE SALES INC Line Item Account				
1101822	01/10/2018			
Inv	99716			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/05/2017	EMPLOYEE RECOGNITION BANQUET - GIFT	03-41-56513	161.24
	Inv 99716 Total			161.24
1101822 Total:				161.24
603297 - PREMIUM INCENTIVE SALES INC Total:				161.24
5976 - PRUDENTIAL OVERALL SUPPLY Line Item Account				
1101823	01/10/2018			
Inv	130789934			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/28/2017	MATS & MISC	03-41-63401	7.30
	11/28/2017	MONTHLY UNIFORMS	03-41-56511	134.30
	Inv 130789934 Total			141.60
Inv	130789935			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/28/2017	MONTHLY UNIFORMS	03-41-56511	99.80
	Inv 130789935 Total			99.80
Inv	130791796			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/05/2017	MATS & MISC	03-41-63401	160.86
	12/05/2017	MONTHLY UNIFORMS	03-41-56511	141.15
	Inv 130791796 Total			302.01

Inv	130791797				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>		
	12/05/2017	MONTHLY UNIFORMS	03-41-56511	99.80	
	Inv 130791797 Total				99.80
Inv	130793291				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>		
	12/12/2017	MATS & MISC	03-41-63401	7.30	
	12/12/2017	MONTHLY UNIFORMS	03-41-56511	134.30	
	Inv 130793291 Total				141.60
Inv	130793292				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>		
	12/12/2017	MONTHLY UNIFORMS	03-41-56511	99.80	
	Inv 130793292 Total				99.80
Inv	130794814				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>		
	12/19/2017	MONTHLY UNIFORMS	03-41-56511	141.15	
	12/19/2017	MATS & MISC	03-41-63401	160.86	
	Inv 130794814 Total				302.01
Inv	130794815				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>		
	12/19/2017	MONTHLY UNIFORMS	03-41-56511	99.80	
	Inv 130794815 Total				99.80
	1101823 Total:			1,286.42	
	5976 - PRUDENTIAL OVERALL SUPPLY Total:			1,286.42	
	603296 - RAINBOW OAKS RESTAURANT Line Item Account				
	1101824	01/10/2018			
Inv	240459503				
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>		
	11/29/2017	EMPLOYEE RECOGNITION BREAKFAST	03-41-56513	165.62	
	Inv 240459503 Total				165.62
	1101824 Total:			165.62	
	603296 - RAINBOW OAKS RESTAURANT Total:			165.62	
	603175 - RODRIGUEZ, MANDY Line Item Account				

1101825	01/10/2018			
Inv	022178-2			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/11/2017	DJ & MC SERVICES FOR EMPLOYEE RECOGNITION EV	03-41-56513	300.00
	Inv 022178-2 Total			300.00

1101825 Total: 300.00

603175 - RODRIGUEZ, MANDY Total: 300.00

603406 - THE FRUIT GUYS Line Item Account

1101826	01/10/2018			
Inv	5170638			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/28/2017	EMPLOYEE SNACKS, HARVEST-SMALL	03-41-56513	27.00
	Inv 5170638 Total			27.00

Inv	5173560			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/05/2017	EMPLOYEE SNACKS, HARVEST-SMALL	03-41-56513	54.00
	Inv 5173560 Total			54.00

Inv	5176877			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/12/2017	EMPLOYEE SNACKS, HARVEST-SMALL	03-41-56513	27.00
	Inv 5176877 Total			27.00

Inv	5179994			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/19/2017	EMPLOYEE SNACKS, HARVEST-SMALL	03-41-56513	54.00
	Inv 5179994 Total			54.00

1101826 Total: 162.00

603406 - THE FRUIT GUYS Total: 162.00

7770 - U.S. POSTAL SERVICE Line Item Account

1101827	01/10/2018			
Inv	1768969675			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/05/2017	48-HOUR NOTICE, PREPAY BALANCE RECHARGE	03-51-69000	300.00
	Inv 1768969675 Total			300.00

Inv	1784445352			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/19/2017	48-HOUR NOTICE, PREPAY BALANCE RECHARGE	03-51-69000	300.00
	Inv 1784445352 Total			300.00
1101827 Total:				600.00
7770 - U.S. POSTAL SERVICE Total:				600.00
603259 - WALMART Line Item Account				
1101828	01/10/2018			
Inv	5449873476877			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/29/2017	EMPLOYEE RECOGNITION BREAKFAST ITEM	03-41-56513	5.77
	Inv 5449873476877 Total			5.77
1101828 Total:				5.77
603259 - WALMART Total:				5.77
603437 - ZIPRECRUITER Line Item Account				
1101829	01/10/2018			
Inv	2662535			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	11/28/2017	MONTHLY SUBSCRIPTION, STARTER PLAN, 3 JOBS	03-41-72400	249.00
	Inv 2662535 Total			249.00
Inv	2662536			
	<u>Line Item Date</u>	<u>Line Item Description</u>	<u>Line Item Account</u>	
	12/28/2017	MONTHLY SUBSCRIPTION, STARTER PLAN, 3 JOBS	03-41-72400	249.00
	Inv 2662536 Total			249.00
1101829 Total:				498.00
603437 - ZIPRECRUITER Total:				498.00
Credit Total:				498.00
AMEX EXPRESS REWARDS				-90.00
				-0.37
				-161.61
				-600.00
				-40.95
Total:			<u><u>30,210.47</u></u>	

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
07/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)	\$ 600.00			\$ 600.00	\$ 600.00	
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 300.00	\$ 300.00	\$ 700.00	\$ 300.00	
	TRAVEL EXPENSES	\$ 1,119.19			\$ 940.78	\$ 754.99	
	MILEAGE EXPENSE			\$ 23.54		\$ 577.82	
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 1,869.19</u>	<u>\$ 300.00</u>	<u>\$ 323.54</u>	<u>\$ 2,240.78</u>	<u>\$ 2,232.81</u>	<u>\$ -</u>
08/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER		\$ 30.00		\$ 30.00		
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES	\$ 25.00					
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 300.00	\$ 300.00	
	TRAVEL EXPENSES						
	MILEAGE EXPENSE						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 175.00</u>	<u>\$ 180.00</u>	<u>\$ 150.00</u>	<u>\$ 330.00</u>	<u>\$ 300.00</u>	<u>\$ -</u>

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
09/30/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)				\$ 580.00		
	TRAINING	\$ 45.00					
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 300.00	\$ 300.00	\$ 300.00	\$ 450.00	\$ 450.00	
	TRAVEL EXPENSES				\$ 1,303.92		
	MILEAGE AND EXPENSES	\$ 21.40					
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	\$ 366.40	\$ 300.00	\$ 300.00	\$ 2,333.92	\$ 450.00	\$ -
10/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 450.00	\$ 450.00	
	TRAVEL EXPENSES						
	MILEAGE AND EXPENSES						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	\$ 150.00	\$ 150.00	\$ 150.00	\$ 450.00	\$ 450.00	\$ -

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
11/30/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00		
	CONFERENCES (CSDA, ACWA, etc.)	\$ 699.00			\$ 699.00	\$ 699.00	
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 300.00			\$ 300.00	\$ 600.00	
	TRAVEL EXPENSES	\$ 374.90			\$ 394.90	\$ 406.35	
	MILEAGE EXPENSE	\$ 79.18			\$ 137.39	\$ 80.36	
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 1,483.08</u>	<u>\$ 30.00</u>	<u>\$ 30.00</u>	<u>\$ 1,561.29</u>	<u>\$ 1,785.71</u>	<u>\$ -</u>
12/31/17	CAL PERS - HEALTH INS.						\$ 354.80
	WATER AGENCIES ASSOC OF S.D.						
	CSDA,SAN DIEGO CHAPTER						
	CONFERENCES (CSDA, ACWA, etc.)						
	TRAINING						
	COUNCIL OF WATER UTILITIES						
	DIRECTORS' PER DIEMS	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 300.00	
	TRAVEL EXPENSES						
	MILEAGE EXPENSE						
	REIMBURSEMENT FROM DIRECTORS						\$ (354.80)
	Monthly Totals	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 300.00</u>	<u>\$ -</u>
REPORT TOTAL (2017):		\$ 4,193.67	\$ 1,110.00	\$ 1,103.54	\$ 7,065.99	\$ 5,518.52	\$ -

**Director's Expenses
FY 2017-2018**

Disbursement Date	Description	Miguel Gasca	Helene Brazier	Claude Hamilton	Michael Mack	William Stewart	Retiree
01/31/18	CAL PERS - HEALTH INS. WATER AGENCIES ASSOC OF S.D. CSDA,SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING COUNCIL OF WATER UTILITIES DIRECTORS' PER DIEMS TRAVEL EXPENSES MILEAGE EXPENSE REIMBURSEMENT FROM DIRECTORS						\$ 347.11
	Monthly Totals	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	
		\$ 32.70		\$ 23.98	\$ 39.24		
							\$ (347.11)
		<u>\$ 332.70</u>	<u>\$ 300.00</u>	<u>\$ 323.98</u>	<u>\$ 339.24</u>	<u>\$ 300.00</u>	<u>\$ -</u>
02/28/18	CAL PERS - HEALTH INS. WATER AGENCIES ASSOC OF S.D. CSDA,SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING COUNCIL OF WATER UTILITIES DIRECTORS' PER DIEMS TRAVEL EXPENSES MILEAGE EXPENSE REIMBURSEMENT FROM DIRECTORS						
	Monthly Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Bank Reconciliation

December Check Register



Check No.	Vendor/Employee	Transaction Description	Date	Amount
Fund: 01 WATER FUND				
Department: 00				
ACH	AFLAC	AFLAC Post-Tax	01/18/2018	24.36
ACH	CB&T / ACWA-JPIA	MONTHLY HEALTH AND VISION INSURANCE - FEB 2018	01/18/2018	76,407.20
ACH	HEALTH EQUITY	HSA Anthem/Kaiser - 2018 ER Contribution	01/04/2018	50,000.00
ACH	PRINCIPAL LIFE INSURANCE COMI	MONTHLY INSURANCE - JAN 2018	01/31/2018	98.16
ACH	RENE BUSH	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JAN 2018	01/18/2018	726.00
ACH	RENE BUSH	REIMBURSE RETIRED EMPLOYEE HEALTH INS - FEB 2018	01/31/2018	726.00
ACH	SAN DIEGO COUNTY WATER AUTH	WIRE TRANSFER FOR WATER PURCHASES_NOV 2017	01/11/2018	1,751,165.94
ACH	SAN DIEGO COUNTY WATER AUTH	CAPACITY FEES FOR OCT-DEC 2017	01/23/2018	317,671.00
ACH	CHARLES C. SNEED	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JAN 2018	01/18/2018	363.00
ACH	KEVIN MILLER	REIMBURSE RETIRED EMPLOYEE HEALTH INS - FEB 2018	01/31/2018	726.00
54240	LAWRENCE CARLSTROM	Refund Check	01/11/2018	296.64
54242	CORE & MAIN LP	10" HYTROL SPACER WASHER	01/11/2018	64.65
54255	VISTA VALLEY COUNTRY CLUB V	Refund Check	01/11/2018	1,410.72
54275	FERGUSON WATERWORKS #1083	1" COOPER MIP ADAPTER	01/18/2018	48,129.82
54277	HAZARD CONSTRUCTION	Refund Check	01/18/2018	2,174.27
54280	IFLOW ENERGY SOLUTIONS INC.	1" KAMSTRUP W/SHIELDING P/N - M7100	01/18/2018	10,204.49
54294	POWELL CONSTRUCTORS INC.	Refund Check	01/18/2018	1,857.49
54302	CHARLES STEINER	Refund Check	01/18/2018	70.35
54310	A.M. ORTEGA CONSTRUCTION INC	Refund Check	01/25/2018	1,340.61
54312	LINCOLN NATIONAL LIFE INSURA	MONTHLY INSURANCE - FEB 2018	01/25/2018	8,038.62
54347	RALPH & RUTH SCHMIEDICKE	Refund Check	01/31/2018	1,563.06
54348	DAVID SEYMOUR	REIMBURSE RETIRED EMPLOYEE HEALTH INS - JAN 2018	01/31/2018	726.00
54358	WHITE CAP CONSTRUCTION SUPPI	PREMIXED CONCRETE 60lb BAGS	01/31/2018	1,516.47
Total for Department: 00				2,275,300.85
Department: 31 PUMPING				
54346	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #1065 087 935 1	01/31/2018	44,355.17
54352	TOTAL AIR ANALYSIS, INC.	EMISSIONS SUMMARY PREPARATION	01/31/2018	1,250.00

Department: 32 OPERATIONS

ACH	AIRGAS USA, LLC	CYLINDER RENTAL: NITROGEN	01/18/2018	38.59
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	01/18/2018	840.00
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	01/31/2018	1,225.00
ACH	CONSOLIDATED ELECTRIC	1/0 AWG COP 2H LUG AND 1AWG COP 2H LUG	01/18/2018	30.96
ACH	MISSION VALLEY SANITATION-SDPORTA	POTTY RENTAL FOR WEED ABATEMENT	01/18/2018	141.07
ACH	MISSION VALLEY SANITATION-SDPORTA	POTTY RENTAL FOR WEED ABATEMENT	01/31/2018	141.07
ACH	STATE WATER RESOURCES CONTI	WATER SYSTEM FEES FOR PERIOD 7/1/17-6/30/18	01/24/2018	25,516.00
54245	HACH	ATTENDANCE AT NITRIFICATION IN THE DISTRIBUTION SYSTEM 12/14	01/11/2018	125.00
54246	HOME DEPOT	WRENCH, 32OZ BOTTLE, XLG SPONGE	01/11/2018	468.69
54247	JOE'S HARDWARE	PIP INSULATN 6'1/2" GRAY	01/11/2018	48.81
54249	PETERS PAVING & GRADING, INC	MOVE IN EQUIPMENT FOR GRADING, D4 DOZER, WATER TRUCK	01/11/2018	4,550.00
54252	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRICAL SERVICE #2879 803 104 0	01/11/2018	11.05
54268	CROP PRODUCTION SVC INC,	FAN HOUSING	01/18/2018	85.86
54273	FALLBROOK IRRIGATION SUPPLIE	CAP PVC SLIP 6	01/18/2018	11.90
54283	JOE'S HARDWARE	7" 100 PC STD CABLE TIES BLACK	01/18/2018	14.09
54291	PETTY CASH	TRAINING EXPENSE - JPERREIRA	01/18/2018	37.83
54300	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #9632 211 707 2	01/18/2018	77.10
54308	WALTERS WHOLESALE	BLK LEGEND PLATE	01/18/2018	196.33
54323	DEPT OF FORESTRY & FIRE PROTE	WEED AND BRUSH ABATEMENT DONE BY CAL FIRE CAMP	01/31/2018	342.60
54325	FALLBROOK AUTO PARTS	GENERATORS: OIL FILTER, 10W30 QT, COOLANT FILTER, FLEET CHARC	01/31/2018	236.45
54330	HOME DEPOT	2' TRI TAP, 25' CORD, 25FT CORD	01/31/2018	122.48
54335	LAYFIELD USA CORPORATION	LAYFIELD WILL PROVIDE ONE (1) SUPERVISOR AND FOUR (4) TECHNIC	01/31/2018	23,383.00
54346	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #2879 803 104 0	01/31/2018	5,063.54
54354	CHRIS WAITE	REIMBURSE FOR TUITION FEES FOR PUMPS AND MOTOR CLASS	01/31/2018	201.00
54355	WALTERS WHOLESALE	#1 DIESEL LOCOMOTIVE WIRE 5 X 75' CUTS, CABLE, LUG	01/31/2018	1,267.49
ACH	UNION BANK (VISA)	UNION BANK CREDIT CARD INTEREST CHARGE	01/12/2018	520.05
Total for Department: 32 OPERATIONS				64,695.96

Department: 33 VALVE MAINTENANCE

54246	HOME DEPOT	Y55 CHAIN AND Y52 CHAIN	01/11/2018	19.36
54247	JOE'S HARDWARE	PIPE INSULATN 6'1/2" GRAY AND USA 8 IN BLK 1K	01/11/2018	56.64
54324	ESCONDIDO METAL SUPPLY, INC.	GALV STL ANGLE, CHOPSAW CUT CHARGE	01/31/2018	116.57
Total for Department: 33 VALVE MAINTENANCE				192.57

Department: 34 WATER DISTRIBUTION

ACH	AIRGAS USA, LLC	CYLINDER RENTAL: ARGON, ACETYLENE, CARBON DIOXIDE, OXYGEN	01/18/2018	495.22
ACH	AIRGAS USA, LLC	ELECT STCK, HLMT WLDG, LENS CVR, SPK LIGHTER	01/31/2018	461.77
ACH	ART'S TRENCH PLATE & KRAIL SE	(1) 8X12 TRENCH PLATE RENTAL	01/18/2018	2,186.20
ACH	ART'S TRENCH PLATE & KRAIL SE	(1) 8X10 TRENCH PLATE RENTAL	01/31/2018	1,164.55
ACH	FALLBROOK EQUIPMENT RENTAL	STEAM CLEANER 3000 PSI	01/18/2018	912.00
ACH	JOE'S PAVING CO, INC	6 WORK SITES REMOVE COLD MIX/PAVE AND COMPACT 4" OF HOT MI	01/31/2018	14,623.44
ACH	TRAFFIC SAFETY SOLUTIONS, LLC	TRAFFIC CONTROL 1/22/18, RAINBOW VALLEY RD & RAINBOW CREEK	01/31/2018	4,200.00
ACH	UNDERGROUND SERVICE ALERT	RAI88 NEW TICKET CHARGES + MONTHLY DATABASE MAINTENANCE	01/18/2018	245.95
54246	HOME DEPOT	TO ULTRA-RETURNED ITEM	01/11/2018	729.38
54291	PETTY CASH	AFTER HOURS MEALS	01/18/2018	41.68
54292	PETTY CASH	AFTER HOURS MEALS	01/18/2018	32.00
54297	RICK POST WELDING & WET	CUT OFF BAD 2 1/2" COUPLINE & REWELD NEW	01/18/2018	1,000.00
54319	BECHTEL TOOLS, INC.	TRAFFIC CONTROL SYSEM 2 TECHS	01/31/2018	2,113.50
54333	JOE'S HARDWARE	SCREWS AND BOLTS	01/31/2018	2.16
54336	JOHN MACCARRONE	REIMB FOR TUITION FEES FOR MANAGEMENT FOR SUCCESS CLASS	01/31/2018	120.55
54339	ONESOURCE DISTRIBUTORS, LLC	WIC 1 THHN STRND CU BLK 5000	01/31/2018	365.90
54340	PETERS PAVING & GRADING, INC	REMOVE COLD MIX AND HAUL OUT, TACK AND PAVE 3" OF HOT MIX	01/31/2018	12,880.00
54343	RICK POST WELDING & WET	CUT, FIT & TACK WELD OUT 10" BUTTSTRAPS, 4" HAND HOLES & CAPS	01/31/2018	750.00
54344	SALIZCO INC	EQUIPMENT CHAIN, BUCKET, DUMP TRUCK RENTAL 1/10/18	01/31/2018	12,122.85
54361	BOARD OF EQUALIZATION	4TH QUARTER 2017 ROAD USE TAX	01/31/2018	407.00
ACH	UNION BANK (VISA)	AFTER HOURS MEALS FOR EMPLOYEES	01/12/2018	35.81

Total for Department: 34 WATER DISTRIBUTION 54,889.96

Department: 35 METER SERVICES

ACH	TEMECULA VALLEY BACKFLOW, I	ANNUAL BACKFLOW PREVENTION DEVICE TESTING/REPAIR SERVICE	01/18/2018	17,423.67
ACH	TEMECULA VALLEY BACKFLOW, I	BACKFLOW ASSEMBLY REPAIR, WATTS 709/909 RUBBER KIT	01/31/2018	309.00
54246	HOME DEPOT	5" METAL CUT	01/11/2018	360.44
54275	FERGUSON WATERWORKS #1083	(100) 12 JMBO PLAS BLAC BOX: SHOP- RETURNED ITEMS	01/18/2018	-4,902.63
54282	ITRON, INC	OPENWAY RIVA THROUGH LID MOUNT KIT	01/18/2018	24,476.49
54303	CLEMMON TAYLOR	REIMB CA-NV-AWWA CROSS CONNECTION SPECIALIST CERT RENEWAL	01/18/2018	80.00
54329	CHRIS HOELSCHER	CA-NV-AWWA CROSS CONNECTION SPECIALIST CERT RENEWAL FEE I	01/31/2018	100.00
54334	JUSTIN CHANDLER	CA-NV-AWWA CROSS CONNECTION SPECIALIST CERT RENEWAL FEE I	01/31/2018	130.00
54354	CHRIS WAITE	CA-NV-AWWA WATER USE EFFICIENCY I CERT RENEWAL REIMB	01/31/2018	130.00

Total for Department: 35 METER SERVICES 38,106.97

Total for Fund:01 WATER FUND 2,478,791.48

Fund: 02 SEWER FUND

Department: 00

ACH	CITY OF OCEANSIDE	SEWER TREATMENT CREDIT- FY1617	01/25/2018	396,368.34
54240	LAWRENCE CARLSTROM	Refund Check	01/11/2018	91.39
54255	VISTA VALLEY COUNTRY CLUB V	Refund Check	01/11/2018	1,145.64
54347	RALPH & RUTH SCHMIEDICKE	Refund Check	01/31/2018	844.76

Total for Department: 00 **398,450.13**

Department: 61 WASTEWATER

ACH	ATLAS PUMPING SERVICE	MONTHLY BIN RENTAL	01/18/2018	210.00
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	01/18/2018	100.00
ACH	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	01/31/2018	180.00
ACH	FALLBROOK EQUIPMENT RENTAL	WATER TRUCK 2,000 GALLON	01/18/2018	651.30
ACH	HAAKER EQUIPMENT CO.	CARBIDE TAPERED CUTTER (SEE ATTACHMENT)	01/18/2018	3,988.36
54246	HOME DEPOT	HEAVY DUTY TARP	01/11/2018	270.46
54250	RAMON ZUNIGA	REIMB FOR ENGLISH 50 INTRODUCTORY COMPOSITION CLASS FEES	01/11/2018	246.60
54259	AMERIGAS - TEMECULA	PROPANE GAS	01/18/2018	3,930.41
54269	CWEA	ANNUAL MEMBERSHIP RENEWAL FOR RAMON ZUNIGA #000280001I	01/18/2018	180.00
54295	RAMON ZUNIGA	REIMBURSE WATER DISTRIBUTION RENEWAL OPERATOR #7313	01/18/2018	80.00
54296	RHO MONSERATE C.C.H.A.	ELECTRIC CHARGE	01/18/2018	257.76
54300	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRIC SERVICE #9380 440 512 5	01/18/2018	27.39
54307	TRENCH PLATE RENTAL CO.	EMERGENCY DELIVERY, TRENCH PLATE RENTALS	01/18/2018	893.20
54330	HOME DEPOT	PIPE CLAMP, 1/4FNDRWSHZN, 5HL 1/2RNDBOX	01/31/2018	40.92
54333	JOE'S HARDWARE	30PC SCREWDRIVER BIT SET, SCREWS AND BOLTS	01/31/2018	50.97
54342	RAMON ZUNIGA	TRAVEL EXP REIMB-2 DAY SPECIALTY WORKSHOP CLASS (CLA-VAL)	01/31/2018	111.18
54357	WATER QUALITY SPECIALISTS	MONTHLY OPERATIONS - DEC 2017	01/31/2018	1,950.00
ACH	UNION BANK (VISA)	MALLORY SAFETY - QUAD CALIBRATION GAS CYLINDER	01/12/2018	637.50

Total for Department: 61 WASTEWATER **13,806.05**

Total for Fund:02 SEWER FUND **412,256.18**

Fund: 03 GENERAL FUND

Department: 00

ACH	CB&T / ACWA-JPIA	MONTHLY HEALTH AND VISION INSURANCE - FEB 2018	01/18/2018	3,030.19
Total for Department: 00				3,030.19

Department: 20 BOARD

54322	COUNCIL OF WATER UTILITIES	1/16/18 COUNCIL OF WATER UTILITIES MEETING-GASCA & MACK	01/31/2018	80.00
54337	MICHAEL MACK	ACWA CONFERENCE MILEAGE REIMBURSEMENT-MMACK	01/31/2018	89.24
ACH	CLARION HOTEL	CONFERENCE HOTEL STAY - MACK	01/10/2018	1,172.70
Total for Department: 20 BOARD				1,341.94

Department: 36 GARAGE

ACH	BP BATTERY	AUTO BATTERY WITH CORE EXCHANGE PLUS CA TAX	01/31/2018	238.33
ACH	DAR FRYER HYDRAULICS, INC	50% COMPLETION PAYMENT-VEHICLE MAINTENANCE LIFT PROJECT	01/18/2018	3,387.50
ACH	FLYERS ENERGY LLC	ORDER 1352823-17, CARB REG 10% ETH 340.10 UNITS/DSL 10 UNITS	01/18/2018	5,325.73
ACH	FLYERS ENERGY LLC	ORDER 1380227-18, CARB REG 10% ETH 200 UNIT/DSL 50 UNITS	01/31/2018	5,455.00
ACH	HAWTHORNE MACHINERY COMP	PIN-GET, RETAINER AS, TIP IMPACT	01/18/2018	174.88
ACH	O'REILLY AUTO PARTS	BLUE DEF	01/18/2018	158.67
ACH	O'REILLY AUTO PARTS	OEX BRK PADS, HAND CLEANER, AND BLUE DEF	01/31/2018	294.55
ACH	QUALITY CHEVROLET	TRIM	01/18/2018	334.99
ACH	SAFETY-KLEEN	5G BRAKE CLEANER, 30G PARTS WASHER, FUEL SURCHARGE	01/18/2018	646.86
ACH	THE WELD SHOP, INC	(1) Light Bar aluminium includes installation and hardware	01/31/2018	2,100.00
54244	FALLBROOK OIL CO	10 GALLONS OF CARB DIESEL FUEL	01/11/2018	33.61
54264	BRIDGESTONE HOSEPOWER, LLC	HYDRAULIC FLUID, LABOR, PX250, TRIP CHARGE	01/18/2018	326.70
54271	FALLBROOK AUTO PARTS	BRAKE ROTOR-ITEM RETURNED	01/18/2018	112.54
54278	HEAVY VEHICLE ELECTRONIC LIC	MONTHLY SERVICE - DEC 2017	01/18/2018	27.65
54279	HOME DEPOT	VP SMALL ENGINE FUEL 4-CYCLE 94 OCTANE NO ETHANOL (CASE)	01/18/2018	410.31
54284	KONECRANES, INC.	QRTLY INSPECTION/PREVENTATIVE MAINTENANCE SERVICE-DEC 201	01/18/2018	945.00
54285	LINE-X OF ESCONDIDO	STANDARD BLACK LINE X	01/18/2018	897.55
54286	MIRAMAR BOBCAT, INC.	LABOR (see attachment)	01/18/2018	3,120.77
54290	NETWORK FLEET, INC.	MONTHLY AIRTIME CHARGES FOR GPS TRACKING - JAN 2018	01/18/2018	780.00
54291	PETTY CASH	PROPANE FOR FORKLIFT	01/18/2018	66.29
54306	TRANSWEST SAN DIEGO, INC.	MISC.	01/18/2018	9,009.13
54325	FALLBROOK AUTO PARTS	COOLANT FILTER AND OIL FILTER	01/31/2018	143.46
54330	HOME DEPOT	CORD PROTECT	01/31/2018	10.71
54341	QUALITY TOOL & EQUIPMENT,INC	Bendpak XPR-12FDL Floor Plate Direct Drive 12,000lb Lift	01/31/2018	6,232.11
54351	TOP DOG TOWING	UNIT 40 TOWED TO BIRD AUTO TEMECULA	01/31/2018	172.50
Total for Department: 36 GARAGE				40,404.84

Department: 41 ADMINISTRATION/HR

ACH	COOL ROOF RESTORATIONS	REMOVE AND REPLACE ROOF (SEE ATTACHMENT)	01/10/2018	20,190.00
ACH	HEALTH EQUITY	ADMINISTRATIVE MONTHLY FEES_JAN 2018	01/18/2018	61.95
ACH	IMAGE SOURCE	MONTHLY COPY COUNT	01/11/2018	156.63
ACH	IMAGE SOURCE	MONTHLY COPY COUNT	01/31/2018	223.31
ACH	RAFTELIS FINANCIAL CONSULTA	PROFESSIONAL SERVICES 12/1/17-12/31/17, RATE STUDY	01/18/2018	23,201.86
ACH	SOUTHWEST ANSWERING SERVIC	MONTHLY SERVICE AGREEMENT	01/18/2018	1,718.11
ACH	STREAMLINE	MONTHLY WEB MANAGEMENT FEE	01/31/2018	300.00
ACH	WESTERN LANDSCAPE MAINTENA	LANDSCAPE MAINTENANCE SERVICE	01/18/2018	507.15
ACH	WESTERN LANDSCAPE MAINTENA	LANDSCAPE MAINTENANCE SERVICE	01/31/2018	507.15
ACH	XEROX CORP.	MONTHLY LEASE	01/18/2018	1,342.45
54238	ADECCO USA, INC	STAFFING: A. ACHARTZ (CS CLERK)	01/11/2018	945.40
54239	AT&T	MONTHLY PHONE SERVICE	01/11/2018	165.81
54243	CRAIG SHOBE	PLUMBING, VERBAL DRAW	01/11/2018	120.00
54246	HOME DEPOT	HUSKY 30G	01/11/2018	394.84
54251	RANCHO HGHTS RD. AND MGMT	2018 ROAD ASSESSMENTS (MAGEE WATER TANK)	01/11/2018	1,600.00
54252	SAN DIEGO GAS & ELECTRIC	MONTHLY ELECTRICAL SERVICE #4065 592 756 6	01/11/2018	2,896.50
54254	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	01/11/2018	4,549.78
54256	XEROX FINANCIAL SERVICES	MONTHLY LEASE	01/11/2018	618.34
54257	ADECCO USA, INC	STAFFING: A. ACHARTZ (CS CLERK)	01/18/2018	1,896.00
54259	AMERIGAS - TEMECULA	PROPANE GAS	01/18/2018	7,493.44
54260	AT&T	MONTHLY PHONE SERVICE	01/18/2018	602.32
54261	AT&T LONG DISTANCE	MONTHLY PHONE SERVICE	01/18/2018	16.21
54262	BONSALL PEST CONTROL	MONTHLY PEST CONTROL	01/18/2018	90.00

54265	CAPITAL ONE COMMERCIALS	Solo Heavy Plastic Spoon, White, 500 ct (SCC827272)	01/18/2018	569.03
54266	COPY 2 COPY	BUSINESS CARDS 5 NAMES 250 COUNT-BOARD MEMBERS	01/18/2018	276.86
54267	COVERALL NORTH AMERICA, INC	COMMERCIAL CLEANING SERVICES	01/18/2018	995.00
54272	FALLBROOK CHAMBER OF COMM	ANNUAL BUSINESS MEMBERSHIP DUES	01/18/2018	285.00
54274	FALLBROOK WASTE AND RECYCL	MONTHLY REFUSE AND RECYCLE	01/18/2018	372.00
54281	INFOSEND, INC.	MONTHLY MAILINGS OF WATER BILLS AND NEWSLETTER	01/18/2018	497.33
54287	MITEL LEASING	LEASE AGREEMENT	01/18/2018	764.30
54288	MODULAR BUILDING CONCEPTS,	IRENTAL AGREEMENT	01/18/2018	793.03
54291	PETTY CASH	STERNO FUEL FOR EMPLOYEE EVENT	01/18/2018	9.15
54292	PETTY CASH	MILEAGE REIMBURSEMENT - DWASHBURN	01/18/2018	349.76
54293	PITNEY BOWES INC.	E-Z SEAL SUPPLY	01/18/2018	82.42
54299	SAN DIEGO COUNTY ASSESSOR/RI	PROCESSING FEE FOR RECORDING RELEASE OF LIEN DOC (1)	01/18/2018	88.00
54301	SHRED-IT USA LLC	MONTHLY SERVICE AGREEMENT	01/18/2018	133.40
54305	THE CARLSON COMPANY	M-FOLD TOWEL, PLYBATH TISSUE	01/18/2018	405.32
54313	ADECCO USA, INC	STAFFING: A. ACHARTZ (CS CLERK)	01/31/2018	1,219.20
54315	AMERICAN WATER WORKS ASSOC	ANNUAL MEMBERSHIP RENEWAL - 04/1/18 THRU 03/31/19	01/31/2018	2,018.00
54316	AT&T	MONTHLY PHONE SERVICE	01/31/2018	165.86
54317	AT&T	MONTHLY PHONE SERVICE	01/31/2018	469.43
54318	AT&T LONG DISTANCE	MONTHLY PHONE SERVICE	01/31/2018	16.28
54322	COUNCIL OF WATER UTILITIES	1/16/18 COUNCIL OF WATER UTILITIES MEETING-KENNEDY	01/31/2018	40.00
54331	INFOR (US), INC.	CLOUDSUITE, EAM GIS SUBSCRIPTION AND WEB SERVICES, 2/3/18-2/2/1	01/31/2018	49,436.28
54332	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	01/31/2018	477.52
54339	ONESOURCE DISTRIBUTORS, LLC	ANGLE CAP	01/31/2018	283.85
54345	SAN DIEGO COUNTY ASSESSOR/RI	(2) PROCESSING FEE FOR RECORDING RELEASAE OF LIEN DOCS	01/31/2018	176.00
54350	TIME WARNER CABLE	MONTHLY INTERNET CONNECTION - JAN	01/31/2018	1,250.00
54353	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	01/31/2018	2,444.93
54356	DAWN WASHBURN	EVENT PLANNING COMMITTEE REFUND-2018 EE RECOGNITION BANQU	01/31/2018	192.00
54360	XEROX FINANCIAL SERVICES	MONTHLY LEASE	01/31/2018	618.34
ACH	UNION BANK (VISA)	ORBITZ BOOKING FEE - TORONTO CONFERENCE (REIMB BY ROTARY)	01/12/2018	2,127.74
ACH	UNION BANK (VISA)	COSTCO - 4K ULTRA HD LED LCD TV	01/12/2018	470.32
ACH	UNION BANK (VISA)	SMART & FINAL-BREAKFAST BURRITO FIXINGS FOR ANNUAL EE BRE	01/12/2018	222.39
ACH	UNION BANK (VISA)	UNION BANK CREDIT CARD INTEREST CHARGE	01/12/2018	6.74

Total for Department: 41 ADMINISTRATION/HR

136,852.73

Department: 42 HUMAN RESOURCES

ACH	TEG STAFFING, INC.	STAFFING: M. GALLOWAY & J. WHITE (HR ASSISTANTS)	01/11/2018	1,339.98
ACH	TEG STAFFING, INC.	STAFFING: M. GALLOWAY (HR ASST)	01/18/2018	3,418.62
ACH	TEG STAFFING, INC.	STAFFING: M. GALLOWAY (HR ASST)	01/31/2018	2,380.80
54289	NATIONAL BENEFIT SERVICES, LL	COBRA SERVICES AGREEMENT & FEE SCHEDULE + PLAN COS & CONS	01/18/2018	1,000.00
54304	TEMECULA TROPHY CO.	PLATE AND NAME PLATE HOLDER	01/18/2018	166.23
54349	TEMECULA TROPHY CO.	15 & 10 YEAR ANNIVERSARY PLAQUES	01/31/2018	151.46

Total for Department: 42 HUMAN RESOURCES 8,457.09

Department: 43 SAFETY

ACH	ALL THINGS FALLBROOK	LOGO BALL CAPS UNIFORM PPE	01/31/2018	704.15
ACH	HI-WAY SAFETY RENTALS	TRAFFIC CONES 18" 3LB ORANGE 6" COLLAR	01/18/2018	243.73
54248	PACIFIC SAFETY CENTER	ANNUAL MEMBERSHIP RENEWAL, 3/1/18-2/28/19	01/11/2018	280.00
54253	CLEMMON TAYLOR	TO REIMBURSE FOR THE PURCHASE OF SAFETY BOOTS	01/11/2018	126.02
54258	AIRGAS SAFETY INC	FIRST AID KIT CONSTRUCTION	01/18/2018	807.96
54263	BOOT BARN INC	SAFETY BOOTS: R. ZUNIGA & R. DEL RIO	01/18/2018	294.42
54314	AIRGAS SAFETY INC	Scrub poison ivy Tecnu Extreme	01/31/2018	1,830.95
54338	OCCUPATIONAL HEALTH CENTER	SERVICES PERFORMED AT CMC	01/31/2018	83.00

Total for Department: 43 SAFETY 4,370.23

Department: 51 FINANCE

54281	INFOSEND, INC.	MONTHLY MAILINGS OF WATER BILLS AND NEWSLETTER	01/18/2018	2,834.46
54320	CENTRO PRINT SOLUTIONS	2017 TAX FORMS - W2, 1099, ENVELOPES	01/31/2018	124.65
54326	FEDEX	DELIVERY SERVICE	01/31/2018	58.25

54332	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	01/31/2018	6,044.73
54359	WHITE NELSON DIEHL EVANS LLP	SERVICES THROUGH 12/31/17-FINANCIAL STATEMENTS YE 6/30/17	01/31/2018	2,000.00
			Total for Department: 51 FINANCE	11,062.09
Department: 52 CUSTOMER SERVICE				
ACH	TCN, INC	MONTHLY 48 HOUR NOTICE CALLS	01/31/2018	42.05
54266	COPY 2 COPY	BLUE METER LOG BOOKLETS	01/18/2018	411.74
54281	INFOSEND, INC.	MONTHLY MAILINGS OF WATER BILLS AND NEWSLETTER	01/18/2018	1,190.99
54298	RT LAWRENCE CORPORATION	LOCKBOX PROCESSING FEES FOR - DEC 2017	01/18/2018	696.37
54332	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	01/31/2018	3,889.67
			Total for Department: 52 CUSTOMER SERVICE	6,230.82
Department: 91 ENGINEERING				
54291	PETTY CASH	KEYS FOR ENGINEERING DEPARTMENT	01/18/2018	20.34
54327	HDR ENGINEERING, INC.	CONDITION ASSESSMENT OF WATER FACILITIES	01/31/2018	5,191.00
54328	DAVID HILL	SWRCB GRADE 3 WATER DISTRIBUTION OPERATOR CERT FEE REIMB	01/31/2018	306.00
			Total for Department: 91 ENGINEERING	5,517.34
			Total for Fund:03 GENERAL FUND	217,267.27
Fund: 26 NEW WATER SOURCES FUND				
Department: 00				
			Total for Department: 00	0.00
			Total for Fund:26 NEW WATER SOURCES FUND	0.00
Fund: 60 WTR CAP EXPANSION/REPLACEMENT				
Department: 00				
ACH	CONCORD ENVIRONMENTAL	ENE1 1/2" THROUGH 2" METER & ENDPOINT RADIO	01/18/2018	7,424.00
54270	DELL BUSINESS CREDIT	PowerEdge R430 Rack Server & Windows Server 2016/20 USER Cal's	01/18/2018	4,780.98
54276	FREEDOM AUTOMATION, INC.	SCADA RTU system upgrade - Gopher Tank integration	01/18/2018	8,000.00
54330	HOME DEPOT	RGD 2.00 10', LUG, 2"90DG BELL, 5/8 GRND ROD, BUSHING	01/31/2018	173.63
			Total for Department: 00	20,378.61
			Total for Fund:60 WTR CAP EXPANSION/REPLAC	20,378.61

Comparative Water Sales YTD from Prior Years

FISCAL YEAR 2017-2018

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
591	AD	33368	29810	36240	31341	32604	31023							446
403	AG	143947	131374	145023	120650	125864	102753							1,767
5	C	0	0	0	0	0	0							-
231	CM	33760	42525	33852	26225	24198	16798							407
30	CN	2468	3986	8073	10498	18605	5633							113
24	IS	2320	2440	2793	2488	2335	1700							32
88	MF	11472	10002	13072	10304	11489	11350							155
326	SC	179822	156120	202103	148336	176307	145994							2,316
1034	SD	246972	223157	271457	221749	243725	210020							3,253
5122	SF	175041	165722	194945	155283	162716	146128							2,295
7854	Total	829170	765136	907558	726874	797843	671399	0	0	0	0	0	0	10,785

FISCAL YEAR 2016-2017

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
591	AD	36216	34134	39119	28217	22903	24494							425
403	AG	156957	152359	172040	132882	104544	96050							1,871
5	C	0	0	0	0	0	0							-
231	CM	47830	45043	43040	26707	20970	21140							470
30	CN	4900	4950	7309	11456	7427	904							85
24	IS	3806	3701	3980	3061	2446	1653							43
88	MF	11307	11657	13746	10597	8876	11213							155
326	SC	183744	166212	206354	150910	121456	115009							2,166
1034	SD	279246	253718	298226	222243	181674	171322							3,229
5122	SF	187516	175736	202555	154361	120520	133125							2,236
7854	Total	911522	847510	986369	740434	590816	574910	0	0	0	0	0	0	10,679

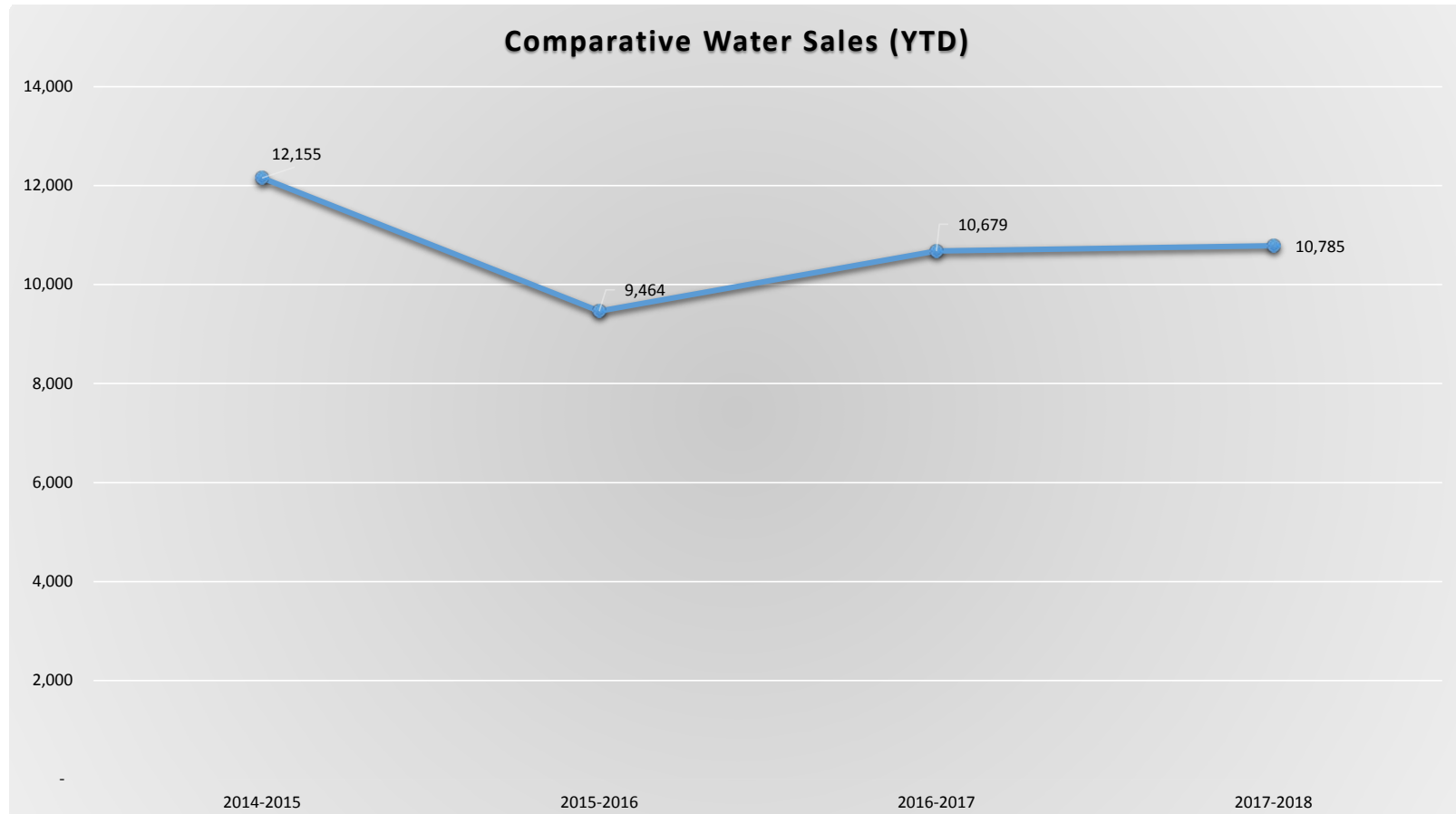
FISCAL YEAR 2015-2016

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
601	AD	29891	26212	33050	25166	24907	20638							367
404	AG	143174	124130	153414	124219	109795	85664							1,700
6	C	4342	3764	4773	2948	1761	665							42
221	CM	28620	33259	34668	28374	14569	11399							346
37	CN	6680	7040	5931	3994	5788	3061							75
24	IS	2773	2779	2486	3073	3299	2641							39
88	MF	11351	10279	10887	9952	9664	8600							139
326	SC	162756	144892	188145	132002	133998	109284							2,000
1038	SD	245736	213120	257965	197426	188412	162042							2,903
5092	SF	148573	143404	162621	135030	120706	96899							1,853
7837	Total	783896	708879	853940	662184	612899	500893	0	0	0	0	0	0	9,464

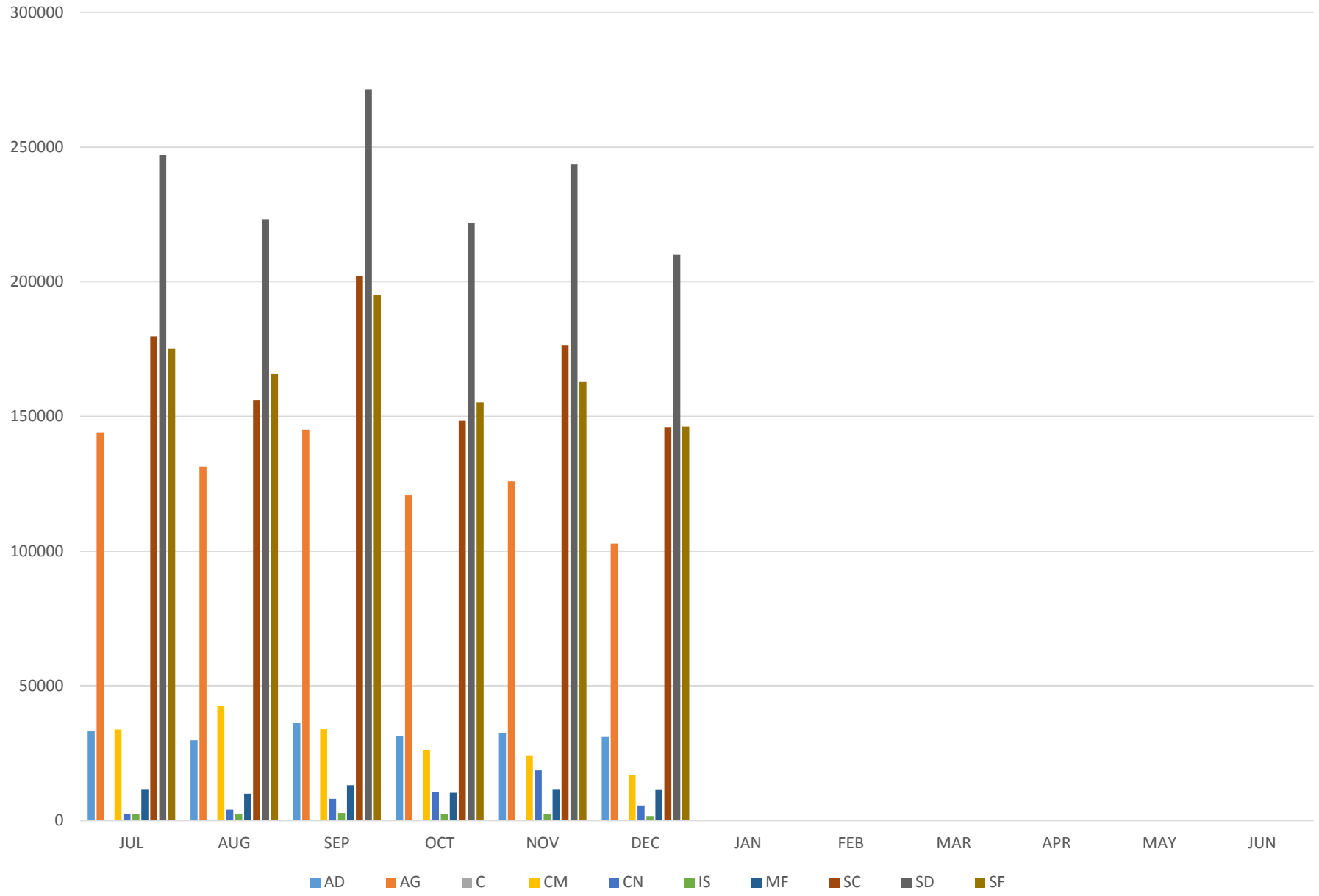
FISCAL YEAR 2014-2015

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
426	A	118146	136346	116938	122567	99702	62354							1,506
341	C	102461	111946	90197	95608	76060	51612							1,212
36	CN	3175	3510	3579	2898	1119	372							34
5558	D	220019	244786	204723	208649	178916	121527							2,706
96	MF	15917	16081	14016	14241	13689	10249							193
323	SC	207708	245358	221301	241409	186106	108701							2,779
1040	SD	284083	332533	282418	297792	260513	165578							3,726
7820	Total	951509	1090560	933172	983164	816105	520393	0	0	0	0	0	0	12,155

Comparative Water Sales YTD from Prior Years



USAGE BY CUSTOMER CLASS FY 17-18





**SEWER EQUIVALENT DWELLING UNITS (EDUs) STATUS REPORT
JANUARY 2018**

STATUS SUMMARY	EDUs
Total Treatment Capacity Purchased from Oceanside	8,333.33
Less 5% Contractual Allowance	416.67
EDUs Set Aside by Board for Emergencies	60.00
EDUs Connected	4,111.82 *
EDUs Unconnected	828.38
Total EDUs Available for Purchase:	2,916.47

DEVELOPMENTS WITH UNCONNECTED EDUs	EDUs	CAPACITY FEES PAID
Others (Misc. SFR)	13.20	\$ 204,156
Golf Green Estates (Dev. Solutions) - 102.46	84.46	\$ 1,523,434
Horse Creek Ridge/ Passarelle - 754	341.30	\$ -
Passarelle	96.57	
Palomar College	100.00	\$ -
Polo Club (Vista Valley Dev.)	59.85	\$ 1,022,775
Pala Mesa Highlands (Beazer Homes)	124.00	\$ 965,007 **
Silver Holdings	9.00	\$ 153,810
TOTAL UNCONNECTED:	828.38	\$ 3,869,182

*There is a delay between connections and new account activations.

**Deferred Total Payment until Building Permits are Issued.

