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MEMBERS OF THE PUBLIC WISHING TO SUBMIT WRITTEN COMMENT TO THE BOARD UNDER PUBLIC COMMENT OR ON A SPECIFIC AGENDA ITEM MAY SUBMIT COMMENTS TO OUR BOARD SECRETARY BY EMAIL AT [DWASHBURN@RAINBOWMWD.COM](mailto:DWASHBURN@RAINBOWMWD.COM) OR BY MAIL TO 3707 OLD HIGHWAY 395, FALLBROOK, CA 92028. ALL WRITTEN COMMENTS RECEIVED **AT LEAST ONE HOUR IN ADVANCE OF THE MEETING** WILL BE READ TO THE BOARD DURING THE APPROPRIATE PORTION OF THE MEETING. THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT'S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.

**RAINBOW MUNICIPAL WATER DISTRICT BOARD MEETING**

**Tuesday, June 27, 2023**                      **Closed Session 12:00 p.m.**                      **Open Session 1:00 p.m.**

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

<b>District Office</b>	<b>3707 Old Highway 395</b>	<b>Fallbrook, CA 92028</b>
<b>Other Location</b>	<b>541 Moran Street</b>	<b>Reno, NV 89502</b>

**Board Agenda Policies**

Board of Directors Meeting Schedule Regular Board meetings are normally scheduled for the 4<sup>th</sup> 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](http://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 audio and video recorded with copies available upon request. Requests for audio recordings will be fulfilled once draft minutes for such meeting have been prepared. There are no costs associated with obtaining copies of audio and video recordings; however, these recordings will only be retained according to the policies provided in the District's Administrative Code. 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 Closed Session at 12:00 p.m. and Open Session at 1:00 p.m. Tuesday, June 27, 2023, 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. **ROLL CALL: Gasca\_\_\_ Hamilton\_\_\_ Johnson\_\_\_ Mack\_\_\_ Townsend-Smith\_\_\_**
3. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**
4. **INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

***CHAIR TO READ ALOUD*** - "If at any point, anyone would like to ask a question or make a comment and have joined this meeting with their computer, they can click on the "Raise Hand" button located at the bottom of the screen. We will be alerted that they would like to speak. When called upon, please unmute the microphone and ask the question or make comments in no more than three minutes.

*Those who have joined by dialing a number on their telephone, will need to press \*6 to unmute themselves and then \*9 to alert us that they would like to speak.*

*A slight pause will also be offered at the conclusion of each agenda item discussion to allow public members an opportunity to make comments or ask questions."*

5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**

***Under Oral Communications, any person in attendance wishing to address the Board regarding Closed Session agenda items should indicate their desire to speak by filling out and submitting a "Speaker's Slip" to the Board Secretary before the meeting begins. Any person attending the meeting remotely wishing to address the Board regarding Closed Session agenda items may email or mail in their comments to the Board Secretary one hour before the Closed Session scheduled start time to be read to the Board prior to their adjournment to Closed Session or may speak to the Board by calling (760) 728-1178, listening for "Thank you for calling Rainbow Municipal Water District ....", dialing Extension 429, and entering pin 8607 at the Closed Session scheduled start time. Once all public comment is heard, this call will be disconnected, and the Board will adjourn to Closed Session. To participate in the Open Session portion of the meeting, please follow the instructions provided at the top of Page 1 of this agenda. Speaking time shall generally be limited to three minutes unless a longer period is permitted by the Board President.***

6. **CLOSED SESSION**
  - A. **Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2))**
    - \* One Item
  - B. **Appointment of Public Employee – General Manager (Government Code §54957)**

(\* ) - Asterisk indicates a report is attached.

**7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

Time Certain: 1:00 p.m.

**8. REPEAT CALL TO ORDER**

**9. PLEDGE OF ALLEGIANCE**

**10. REPEAT ROLL CALL**

**11. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

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

**13. REPEAT INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

**CHAIR TO READ ALOUD** - *"If at any point, anyone would like to ask a question or make a comment and have joined this meeting with their computer, they can click on the "Raise Hand" button located at the bottom of the screen. We will be alerted that they would like to speak. When called upon, please unmute the microphone and ask the question or make comments in no more than three minutes.*

*Those who have joined by dialing a number on their telephone, will need to press \*6 to unmute themselves and then \*9 to alert us that they would like to speak.*

*A slight pause will also be offered at the conclusion of each agenda item discussion to allow public members an opportunity to make comments or ask questions."*

**14. 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 in attendance wishing to address the Board regarding 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. Any person attending remotely wishing to address the Board regarding matters not on this agenda should indicate their desire to speak or may email or mail their comments to the Board Secretary one hour before the Open Session scheduled start time. All written public comments received will be read to the Board during the appropriate portion of the meeting. 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.***

**15. EMPLOYEE RECOGNITION**

- A. Excellence Coin Award
  - 1. Justin Demary

**\*16. APPROVAL OF MINUTES**

- A. May 23, 2023 - Regular Board Meeting

(\*) - Asterisk indicates a report is attached.

**\*17. 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 Hamilton)
- B. Representative Report (Appointed Representative)
  - 1. SDCWA
    - A. Summary of Board Meeting May 25, 2023
  - 2. CSDA
  - 3. LAFCO
  - 4. Santa Margarita River Watershed Watermaster Steering Committee
  - 5. ACWA
- C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)
  - 1. Board Seminar/Conference/Workshop Training Attendance Reports
- D. Directors Comments
- E. Legal Counsel Comments
  - 1. Attorney Report: Proposition 218 (61641894)

**18. COMMITTEE REPORTS**

- A. Budget and Finance Committee
- B. Engineering and Operations Committee
- C. Communications and Customer Service Committee

Time Certain 1:00 p.m. – Public Hearings

**PUBLIC HEARINGS**

**\*19. DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 23-03 FOR ID 1 STANDBY CHARGES**

*(Ordinance No. 23-03 establishes water availability charges for all of the Rainbow Municipal Water District Improvement District – Improvement District No. 1. The water availability charges remain unchanged from the previous fiscal year.)*

**\*20. PUBLIC HEARING TO CONSIDER ADOPTING ORDINANCE 23-04 AUTHORIZING INCREASES IN THE RATES FOR RAINBOW MUNICIPAL WATER DISTRICT WATER AND WASTEWATER SERVICE FEES EFFECTIVE JULY 1, 2023**

*(This agenda item is to conduct a Public Hearing to receive public comments and protests on the proposed rate increases, proposed for an effective date of July 1, 2023. This agenda item is also to adopt Ordinance 23-04 which would set the new rates starting July 1, 2023. These rates are based on the attached Cost of Service study.)*

**BOARD ACTION ITEMS**

**\*21. DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 23-12 APPROVING THE FISCAL YEAR 2023-2024 OPERATING & CAPITAL IMPROVEMENT BUDGET**

*(This proposed FY 2023-2024 Budget is now presented to the Board for final adoption.)*

(\*) - Asterisk indicates a report is attached.

- \*22. **DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 23-15 — A RESOLUTION ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE JULY 1, 2023, THROUGH JUNE 30, 2024**  
*(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.)*
- \*23. **RAINBOW MUNICIPAL WATER DISTRICT ANNEX TO THE 2023 SAN DIEGO COUNTY MULTIJURISDICTIONAL HAZARD MITIGATION PLAN**  
*(The Annex was prepared by a planning team of District staff who conducted a risk assessment and developed a hazard summary based on applicable hazards and information. The District will be able to update its Annex annually as hazards are reevaluated, mitigation actions are updated, and staff changes occur.)*
- \*24. **DISCUSSION AND POSSIBLE ACTION REGARDING EXECUTION OF A JOINT USE AGREEMENT (JUA) BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND SAN DIEGO GAS & ELECTRIC (SDG&E), (DIVISION 1)**  
*(The District and SDG&E will place facilities on a private street that will overlap an easement granted by Bonsall Oaks, LLC and both agencies will have mutual access rights and no encumbrances. Currently the District owns prior rights to this easement and no other utility can be constructed within the roadway without District Permission.)*
- 24A. **DISCUSSION AND POSSIBLE ACTION OPPOSING AB399 (FORMERLY AB530)**
- \*25. **DISCUSSION AND POSSIBLE ACTION REGARDING CSDA BOARD OF DIRECTORS ELECTIONS SEAT C**  
*(CSDA's Elections and Bylaws Committees is seeking votes in their Board of Directors Elections for Seat C before the July 14, 2023 deadline.)*
- \*26. **DISCUSSION AND POSSIBLE ADOPTION OF RESOLUTION NO. 23-13 CONGRATULATING SANTA FE IRRIGATION DISTRICT (SFID) ON ITS 100TH ANNIVERSARY**  
*(RMWD's General Manager received a letter from SFID stating they would greatly appreciate a resolution or proclamation from RMWD celebrating their 100 years of service.)*
- 27. **BOARD MEMBER REQUESTS FOR AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

**CONSENT CALENDAR ITEMS**

- \*28. **APPROVAL OF RESOLUTION NO. 23-14 ESTABLISHING CHECK SIGNING AUTHORITY**  
*(The purpose of this resolution is to update the current established check signing responsibility to the current authorized signers of checks due to changes on the Board of Directors.)*
- \*29. **NOTICE OF COMPLETION AND ACCEPTANCE OF INFRASTRUCTURE FOR FAIRVIEW DEVELOPMENT BY FORESTAR (USA) REAL ESTATE GROUP, INC. (DIVISION 1)**  
*(The Fairview development was a proposed project of 73 detached condominiums that required the installation of two Pressure Reducing Stations, water and sewer facilities. The project is now complete and the District is requesting the approval of a Notice of Completion to start the one (1) year warranty phase.)*

**BOARD INFORMATION ITEMS**

- 30. **DETACHMENT UPDATE**

(\* ) - Asterisk indicates a report is attached.

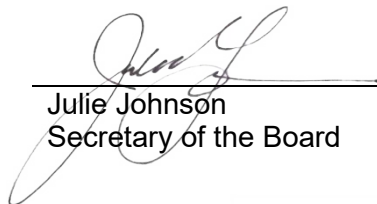
**\*31. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

- A. General Manager Comments**
  - 1. Meetings, Conferences and Seminar Calendar
- B. Operations Comments**
  - 1. Operations Report
- C. Engineering Comments**
  - 1. Engineering Report
  - 2. As-Needed Services Expenditures Summary
  - 3. RMWD Sewer Equivalent Dwelling Units (EDU's) Status
- D. Human Resource & Safety Comments**
  - 1. Human Resources Report
- E. Finance Comments**
  - 1. Board Information Report
    - A.** Budget vs. Actuals
    - B.** Fund Balance & Developer Projections
    - C.** Treasury Report
    - D.** Five Year Water Purchases Demand Chart
    - E.** Water Sales Summary
    - F.** Check Register
    - G.** Directors' Expenses Report
    - H.** Credit Card Breakdown
    - I.** RMWD Properties
    - J.** Grant Progress Report

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

**33. ADJOURNMENT - To Tuesday, July 25, 2023, at 1:00 p.m.**

**ATTEST TO POSTING:**

  
\_\_\_\_\_  
Julie Johnson  
Secretary of the Board

6-26-23 @ 11:50 a.m.  
\_\_\_\_\_  
Date and Time of Posting  
Outside Display Cases

(\* ) - Asterisk indicates a report is attached.

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
MAY 23, 2023**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on May 23, 2023, was called to order by Vice President Gasca at 12:01 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice President Gasca presiding.

2. **ROLL CALL**

**Present:** Director Gasca, Director Hamilton (*via video conference*), Director Mack, Director Townsend-Smith.

**Also Present:** General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Finance Manager Largent, Human Resources Manager Harp.

No members of the public were present in person, via teleconference or video conference before Closed Session.

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

Mr. Kennedy noted Vice President Gasca requested Item #17 be moved ahead of Item #16.

4. **INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

There were no members of the public in attendance; therefore, the instructions were not read aloud.

5. **ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**

There were no comments.

***The meeting adjourned to Closed Session at 12:03 p.m.***

6. **CLOSED SESSION**

A. Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2))

\* Three Items

B. Appointment of Public Employee – General Manager (Government Code §54957)

***The meeting reconvened at 1:00 p.m.***

(\* ) - Asterisk indicates a report is attached.

**7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

Legal Counsel reported the Board met in Closed Session to discuss four items. He reported the Board authorized staff to enter into settlement negotiations with the Terrace at San Luis Rey HOA regarding a billing dispute as well as with USAA Insurance regarding a subrogation claim at 31951 Wrightwood Road.

Time Certain: 1:00 p.m.

**8. REPEAT CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on May 23, 2023 was called to order by Vice President Gasca at 1:01 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. Vice President Gasca presiding.

**9. PLEDGE OF ALLEGIANCE**

**10. REPEAT ROLL CALL**

**Present:** Director Gasca, Director Hamilton (*via video conference*), Director Mack, Director Townsend-Smith.

**Also Present:** General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Operations Manager Gutierrez, Engineering and CIP Program Manager Williams, Information Technology Manager Khattab, Finance Manager Largent, Utility Worker Lopez, Senior Fleet Mechanic Del Rio.

**Also Present Via Teleconference or Video Conference:**

Project Manager Parra, Billing Specialist Kilmer, Wastewater Superintendent Zuniga, Grant Specialist Kim, Administrative Analyst Barrow, Construction and Meters Supervisor Lagunas, Administrative Analyst Rubio.

Sixteen members of the public were present for Open Session in person, via teleconference or video conference.

**11. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION**

This item was addressed under Item #7.

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

Mr. Kennedy noted Item #17 would be moved ahead of Item #16 as noted in Item #3.

(\*) - Asterisk indicates a report is attached.



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**13. REPEAT INSTRUCTIONS TO ALLOW PUBLIC COMMENT ON AGENDA ITEMS FROM THOSE ATTENDING THIS MEETING VIA TELECONFERENCE OR VIDEO CONFERENCE**

Vice President Gasca read aloud the instructions for those attending the meeting via teleconference or video conference.

**14. ORAL/WITTEN 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.

**15. EMPLOYEE RECOGNITIONS**

**A. Ruben Lopez – 15 Years**

Mr. Kennedy stated Ruben Lopez has been with RMWD for fifteen years as part of the wastewater team and was now one of the District’s lead wastewater operators. He thanked Mr. Lopez for his service and presented him with a plaque and check in recognition of his tenure.

**B. Rene Del Rio – 20 Years**

Mr. Kennedy stated Rene Del Rio has been with RMWD for twenty years as a fleet mechanic and was now the District’s senior fleet mechanic. Mr. Kennedy thanked Mr. Del Rio for his service and presented him with a plaque and check in recognition of his tenure.

**SPECIAL PRESENTATION**

**16. SDCWA RATE PRESENTATION (TISH BERGE)**

Tish Berge, Assistant General Manager of San Diego County Water Authority (SDCWA), provided a brief summary of her background and experience, and gave a brief presentation about challenges at SDCWA.

The Board thanked Ms. Berge for the presentation.

**\*17. APPROVAL OF MINUTES**

**A. April 25, 2023 - Regular Board Meeting**

***Motion:***

***To approve the minutes.***

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

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

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith.***

(\*) - Asterisk indicates a report is attached.

**\*18. 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 Hamilton)**

There was no report given.

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

**1. SDCWA**

**A. Summary of Board Meeting April 27, 2023**

Mr. Kennedy reported the budget and rates discussions are ongoing. He talked about the reduction to the proposed rate increases. He pointed out SDCWA was faced with a difficult challenge with their budgeted regional water demands. He stated if next year is a wet year, SDCWA's rate increases will be much more, so hopefully the process described by Ms. Berge in terms of the restructuring of their finances.

**2. CSDA**

Mr. Kennedy reported the May 18<sup>th</sup> CSDA Quarterly Dinner meeting was well-attended with great presentations.

Vice President Gasca mentioned CSDA is a statewide agency of special districts and how there is a local chapter in San Diego of which RMWD is a member.

**3. LAFCO**

Mr. Kennedy reported LAFCO will meet on June 5, 2023 at which time they will discuss the reorganization proposals from both RMWD and FPUD related to detachment. He confirmed the meeting will start at 8:00 a.m. with the detachment scheduled for a time certain of 8:30 a.m.

**4. Santa Margarita River Watershed Watermaster Steering Committee**

There was no report.

**5. ACWA**

Director Mack reported on the recent 2023 ACWA Spring Conference noting the first day was very interesting with agencies being informed about property liability fees increasing due to recent fires as well as cyber security concerns being addressed. He also reported on another session where the Mayor and Assistant City Manager for Paradise mentioned it was due to them that fire insurance was increasing. He urged RMWD to consider creating good relations with neighboring agencies for mutual aid during emergency situations.

**C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)**

**1. Board Seminar/Conference/Workshop Training Attendance Reports**

Director Townsend-Smith reported it was her first time attending the ACWA Spring Conference.

(\* ) - Asterisk indicates a report is attached.

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Mr. Kennedy mentioned he had an opportunity to speak with the Chair of the State Water Resources Control Board as well as the Chair of the Imperial Irrigation Board.

**D. Directors Comments**

There were no comments.

**E. Legal Counsel Comments**

**1. Attorney Report: Brown Act, CEQA, and Water Quality Update 501668-0002**

Legal Counsel summarized the information provided in the written report noting the Brown Act CEQA portion was informational. Discussion ensued regarding the water quality update.

**19. COMMITTEE REPORTS**

**A. Budget and Finance Committee**

Mr. Nelson addressed the audience regarding the benefits of volunteering to serve on RMWD's standing committees including these committees provide a window as to how the District operates, why the rates are what they are, as well as an opportunity to serve the community. He mentioned at times the staff has always been very open to input from the committees that serve the District. He mentioned these committees are made up of RMWD ratepayers; however, the biggest failing is there are not enough ratepayers serving on the committees. He encouraged those present to please give some thought to serving so that they would be able to learn more that would assist them in answering any questions they may receive from other ratepayers.

Vice President Gasca pointed out RMWD's three standing committees are chaired by ratepayers and how nothing comes to the Board without first being vetted on by the respective committees. He echoed Mr. Nelson's encouragement for members of the public to serve.

Mr. Nelson reported the Budget and Finance Committee met on Monday, May 16, 2023 during which time the primary work was on the budget presentation which will be shared later during this meeting. He mentioned RMWD has had a great deal of inflation over the last couple of years and when looking at the total cost of \$13M-\$14M to run the District, it will be found the costs that can be controlled are well below the local annual inflation rate not only for the year that is currently ending but also for the upcoming year. He noted although other companies are able to increase their margins as a means of "feathering their nests", RMWD has done the opposite to keep costs down which is a reflection of people working together and practicing good management principles by treating the ratepayer's money as if it was its own. He impressed upon the Board and ratepayers present that RMWD does an extremely good job at managing its costs and keeping these down as opposed to ballooning the District's budget.

**B. Engineering and Operations Committee**

Mr. Nelson reported the committee met on May 3, 2023 during which time the members recommended the Board approve Items #27, #28, and #29.

(\* ) - Asterisk indicates a report is attached.

**C. Communications and Customer Service Committee**

Ms. Harp reported on the May 4<sup>th</sup> committee meeting noting updates were provided on the upcoming LAFCO public hearing, Avocado Festival, customer survey results, and the high school field trip to RMWD’s headquarters. She mentioned the committee also discussed planning the newsletter, reappointing Mr. Bill Shute as the committee Chairperson, and recommending the Board appoint her as an alternate member.

**BOARD ACTION ITEMS**

**\*20. DISCUSSION AND POSSIBLE SELECTION OF DIVISION ONE DIRECTOR AND APPROVAL OF RESOLUTION NO. 23-09, A RESOLUTION APPOINTING \_\_\_\_\_ AS DIRECTOR OF DIVISION ONE OF THE RAINBOW MUNICIPAL WATER DISTRICT**

Vice President Gasca thanked everyone for their interest in possibly serving on the RMWD Board of Directors. He noted there is a 60-day rule for which one appointment must be made and that due to RMWD receiving short notice, the appointment process has been accelerated. He encouraged anyone who may not be selected to stay and observe the remainder of the meeting.

Vice President Gasca stated each candidate has been provided with a list of questions to which they can respond during their Board interview. He said although this was an open meeting, the Board would like to request that each candidate be provided with an opportunity to be interviewed by the Board separately with the remaining candidates stepping out of the Board Room. He pointed out Legal Counsel will draw names from a box so that the order of candidate interviews will be randomly selected.

Mr. Kennedy pointed out RMWD must conduct these interviews in Open Session with no discussions taking place behind closed doors. He agreed this will be awkward; however, upon completion of the interviews, the Board members will start making motions as to whom they would like to appoint until an appointment is made.

***Legal Counsel pulled the name Michael Ayers as the first interviewee. Mr. Ayers remained in the audience. The remaining candidates excused themselves from the meeting at 1:51 p.m.***

Michael Ayers introduced himself to the Board noting his background includes a great deal of touchpoints that have nothing to do with water directly; however, he has a bachelor’s degree in aerospace engineering as well as a master’s degree in public administration. He stated although RMWD was not designing rocket ships, it was doing a great deal of technical stuff that his exposure to engineering would allow him to stay in the room when reviewing technical details. He mentioned his education in public administration provides him with the ability to deal with government, local agency organizations, as well as non-profits. He stated is an attorney who has been practicing for twenty-five years and how his private practice is on technology issues such as consumer electronics and digital media which involves working with standards groups.

Mr. Ayers said although his background and experience is not a direct match, but he is familiar with working with the mechanics involved with a board of directors whether it be formal or group of companies each sending a representative to a licensing meeting.

Mr. Ayers stated part of the reason he was interested was that it was opportunistic. He mentioned although he was interested in community participation for quite some time; however, he was unable to do so due to traveling for work. He said now that he has much more flexibility in his work schedule, he is now able to participate.

(\*) - Asterisk indicates a report is attached.

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Mr. Ayers noted although he does not have any issues driving him to seek appointment his general concern is related to supply and cost of water. He stated he would like to see what could be done to ensure RMWD is able to ride with the changes to ensure the District is responsible.

Mr. Ayers stated he was very excited about this opportunity and was also pleased to learn there may be an opportunity to serve on RMWD's standing committee as an alternate plan to this appointment.

President Hamilton inquired as to how long Mr. Ayers has resided within the District. Mr. Ayers answered approximately twelve years off Little Gopher Canyon Road.

Director Townsend-Smith asked whether there were any current issues with which RMWD faces on which Mr. Ayers has an opinion. Mr. Ayers stated he does not have opinions; however, making sure cost and supply he recognizes as important.

The Board thanked Mr. Ayers for his time and interest. Mr. Ayers excused himself from the meeting.

***Legal Counsel pulled the name Mallory Fore as the second interviewee. Ms. Fore rejoined the meeting.***

Ms. Fore introduced herself to the Board noting she moved to Bonsall approximately two years ago. She mentioned her experience and education that may possibly be relevant, such as owning her own business which involved making managerial decisions as well as maintaining good relations with their employees and customers. She mentioned she has received her wastewater and water training certificates and was in the process of complete her bachelor's degree in urban planning in hopes of possibly starting a career within a city planning department; therefore, she found this to be a good opportunity to engage with members of this community as well as a learning experience.

Ms. Fore said she found this appointment to be a good opportunity to engage with members of the community as well as a learning experience. She pointed out this appointment being for a fill-in position is neat for someone like her in that it is temporary as well as provide an opportunity for her to help the Board in their need to fill this vacancy.

Ms. Fore noted she did not have any opinions one way or the other. She said she believes the detachment from SDCWA is a good idea and looks forward to learning the outcome.

The Board thanked Ms. Fore for her time and interest. Ms. Fore excused herself from the meeting.

***Legal Counsel pulled the name Kyle James as the third interviewee. Mr. James rejoined the meeting.***

Mr. James introduced himself to the Board noting he moved to San Diego County approximately thirteen years ago at which time he started working for a small wastewater district in Cardiff during which time he went through certification programs as well as complete approximately 60 units in Palomar College's water and wastewater program and received his CWA Certifications. He mentioned he later one went to work for one of San Diego's larger water districts as a SCADA Electrical Instrumentation and Controls Technician. He noted his different levels of experiences include project management, technologies, incorporating new technologies, board dynamics,

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speaking with the Board of Directors at both Helix Water District and Padre Dam where he is currently employed as a Systems (Technologies) Manager.

Mr. James mentioned prior to the past thirteen years, he worked privately in 2004 for a groundwater company in the state of Washington before being transferred to San Diego County in the Marine Corps in 2006. He noted after leaving active duty in 2010 and pursued his career in the water industry as an electrician. He stated at this time he is one of the lead design reviewers for the East County Joint Powers Authority Advanced Water Project through which his primary focus includes networking, communications, SCADA controls, etc.; however, he has always been very involved with water industry. He mentioned he had a great deal of opportunity to see things that have contributed to San Diego's water distribution most people do not have a chance to look at. He said he has a really unique perspective on the water industry in San Diego County and wanted to take the time now to start putting some of the skills and experiences he has acquired over the last decade plus to good use in civic duty with this position becoming available.

Mr. James pointed out he also has a vocational certification in PLC Programming. He stated although this does not necessarily contribute to his experience, he would be able to apply his knowledge in terms of CIP projects as part of the Board processes.

Mr. James mentioned he has lived in Bonsall for approximately ten years and that his wife has lived within RMWD for 37 years. He noted he has had interesting interactions with RMWD in the past; however, sometimes there is a greater good that needs to take place as part of the process. He stated he has no hard feelings related to any of these interactions.

Mr. James said he follows the LAFCO matter very closely and is very interested to see how everything pans out. He noted he understands the reports were not necessarily well-developed at the time due to lack of information; however, through his own interpretation the detachment could be groundbreaking for San Diego County as a whole. He added the ongoing issue of rates increasing was also of interest. He said as a customer as well as being in the industry, he has a unique way of explaining the rates and the way they are created as well as how a lot of it has nothing to do with the water district, but other organizations who have operations and maintenance involved with delivering water to that district. He said he understands potable treated side of the aqueducts and aquifers as well as the raw water being delivered to San Diego.

Mr. James concluded with noting he has a very widespread knowledge of San Diego water and understanding of the aquifers, groundwater, as well as how the well systems work, etc.; therefore, he was hopeful he could contribute some of his experience and knowledge in moving forward with this board.

President Hamilton asked Mr. James which agency he currently works. Mr. James stated Padre Dam Municipal Water District.

The Board thanked Mr. James for his time and interest. Mr. James excused himself from the meeting.

***Legal Counsel pulled the name Sandra Parsley as the fourth interviewee. Ms. Parsley rejoined the meeting.***

Ms. Parsley introduced herself and thanked the Board for the invitation today. She mentioned she was a friend of former RMWD Director Pam Moss through whom she has learned a great deal about the district projects and other aspects. She stated she just retired and currently serves

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as the Vice President of the Board of Directors at Terrace Downs; therefore, she believes her experience would relate to serving on this Board.

Ms. Parsley mentioned she has a bachelor's degree in criminal justice, served as a law enforcement officer as well as owned a construction company. She noted she does not have any opinions or anything but was here to learn. She concluded by stating she does not have any thoughts one way or the other except that it seems the RMWD Board of Directors does a very good job.

President Hamilton asked Ms. Parsley how long she has lived in the district. Ms. Parsley stated she moved into the district approximately twenty years ago.

The Board thanked Ms. Parsley for her time and interest. Ms. Parsley excused himself from the meeting.

***Legal Counsel pulled the name Steve Kennedy as the fifth interviewee. Dr. Kennedy rejoined the meeting.***

Dr. Kennedy stated he moved to Bonsall twenty years ago. He mentioned he was the Principal at Bonsall Elementary School for seven years, Superintendent at Menifee Union School District for eight years, and Assistant Superintendent of Human Resources. He noted he has worked with several boards of directors for many years as well as provided board member orientation to new directors. He mentioned he has a doctorate in educational leadership, master's degree, as well as undergraduate degrees from the University of Southern California.

Dr. Kennedy stated he was interested in becoming a Board Member so he could give something back to the community in which he has lived for twenty years and where he raised his children. He said he believes this agency has been phenomenal in terms of handling all the different changes that have occurred over the past decade. He mentioned he is aware there are significant changes still to come, has been following all the things that are happening with regards to water especially in Southern California, and has traveled to Sacramento to try to lobby legislators on several issues including the notion of water and taking care of our agencies. He pointed out when he asked Ms. Berge regarding equity and fairness, it was because this is a huge issue that requires people in positions of authority to have the same vetting.

Dr. Kennedy said he has no issues with RMWD, but rather believes it has done an amazing job given its size and region it serves. He pointed out this area is still slated to grow much like what he experienced in Menifee which required infrastructure had to be planned while making sure the taxpayers supporting the work being done at the schools were taken care of.

He concluded by noting his appreciation for this opportunity.

Director Mack asked Dr. Kennedy what he was doing now. Dr. Kennedy stated he recently retired and was now a gentleman farmer.

Director Townsend-Smith asked Dr. Kennedy whether there were any current issues facing RMWD on which he had an opinion. Dr. Kennedy noted one of the issues he supports completely is the move to try to get with Eastern Municipal Water District (EMWD). He mentioned his familiarity with EMWD staff and Board Members noting it was an amazing agency that takes care of the people with whom they work.

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The Board thanked Dr. Kennedy for his time and interest. Dr. Kennedy excused himself from the meeting.

***Legal Counsel pulled the name Ronald Hartnett as the sixth interviewee. Mr. Hartnett rejoined the meeting.***

Mr. Hartnett briefed the Board on his background and education, noting he comes from a very large family, grew up in South Texas, came to California in 1959, has lived in North County since 1977 including 5.5 years in RMWD, and has a bachelor's degree in business administration. He noted his experience includes 48 years in public service with the Department of Defense. He mentioned one of the notable jobs with the Department of Defense was program manager for a weapons systems acquisition program which involved leading a team of four contractors, over 500 personnel, and executed it at a rate of \$2M a month for over two years. He stated another notable position he held with the Department of Defense was Director of Logistics at Camp Pendleton with approximately 500 employees working for him and a \$95M a year budget; thus, he has a broad scope of overseeing things. He mentioned his eight-year employment with SDCWA during the peak of their emergency storage project as the manager of administrative controls for the CIP program. He noted during the seven years that he was there, the team was on cost, on schedule, and met the requirements of earned value management at 96%. He concluded with noting he is now retired.

Mr. Hartnett mentioned he was on RMWD's side in fighting for detachment. He said rates are always an issue; however, he does not have an opinion but rather pointed out RMWD will want to have good cost control measures and oversight over operations and maintenance to keep the costs under control. He noted one of the things that influence the cost includes what RMWD must pay for water; therefore, it is important to make sure the wholesaler is doing the best job possible. He added making water available is very important and how RMWD does a great job of making this happen as well as all the water districts noting it is a commodity that is often taken for granted and how it is up to everyone to make sure the ratepayers receive the best service at the lowest cost possible. He stated he is on board for doing just that.

President Hamilton asked Mr. Hartnett when he retired. Mr. Hartnett answered in 2008 and would like to become a Board Member because he believes in giving back.

The Board thanked Mr. Marnett for his time and interest. Mr. Hartnett excused himself from the meeting.

***Legal Counsel pulled the name Ken Roth as the seventh interviewee. Mr. Roth rejoined the meeting.***

Mr. Roth introduced himself to the Board noting he has lived in the District for over thirty years. He mentioned he has been involved with RMWD both professionally as well as a ratepayer. He said as a professional he dealt with the District by trying to develop another process for chlorine disinfection and was ultimately successful in assisting RMWD in their cost and risk analysis. He noted he worked heavily with JPIA with many of their other agencies assisting with risk assessment and altering their use of chlorine. He said as a ratepayer he served on the Avocado Commission and Chair of the Water Task Force Team created in the early 1990's amongst avocado growers who went to many districts to help educate them on agriculture and the impact of rate and water quality on avocados. He mentioned he became very acquainted with the Metropolitan Water District in helping them understand what it means to grow avocados in Southern California.

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Mr. Roth pointed out he has a master's degree in business and bachelor's degree in science.

President Hamilton asked Mr. Roth if he was currently actively working. Mr. Roth answered he was retired. President Hamilton inquired as to whether the California Avocado Commission Task Force was still in place. Mr. Roth said he believes it is on paper, but not active.

Director Townsend-Smith asked Mr. Roth if he had any opinion on issues RMWD was currently facing such as the detachment. Mr. Roth stated he was here when RMWD and FPUD wanted to join forces and went through many of the hearings associated in support. He said although he was still in favor of the two agencies merging as well as in support of the detachment from SDCWA. He mentioned a great deal of time was spent with SDCWA when working on the agricultural rate program; however, there was never any real traction gained which will most likely not change.

The Board thanked Mr. Roth for his time and interest. Mr. Roth excused himself from the meeting.

***Legal Counsel pulled the name Julie Johnson as the eighth interviewee. Ms. Johnson rejoined the meeting.***

Ms. Johnson thanked the Board for this opportunity as well as allowing Division 1 opportunities to talk out in the lobby.

Ms. Johnson introduced herself to the Board noting she lived in Division 1 for 28 years and how during that time they raised their family as well as tried growing avocados. She stated due to the cost of water, the avocado trees have been removed and they are now pursuing floral. She mentioned her background as an educator includes being a teacher, administrator K-12 as well as post-secondary. She noted her overall is a passion for helping students and the community know the possibility of careers in our area which is why she decided to volunteer to serve on RMWD's Communications and Customer Service Committee; to see what careers are available in the water industry. She said since joining the one committee, she now serves as the Vice Chairperson of the Budget and Finance Committee and as a member of the Engineering and Operations Committee.

Ms. Johnson mentioned her educational background includes a bachelor's degree, master's degree, as well as some post graduate work which is tied into continued professional development to improve her techniques as an educator to ensure that our students and families are getting the top-notch education possible in this region.

Ms. Johnson pointed out she came to RMWD for the purpose of learning about the water industry to prepare the education and awareness for our students and families of the opportunities for STEM. She noted she started with President Hamilton as well as a team, including Cynthia Gray, through which she learned the committees are more than just about a topic, but provided a depth of information about the community, history, and fellow individuals who had something in common which is that everyone truly does care for this community. She stated the reason she wanted to be a Board Member is because she is passionate about Division 1, this entire community as well as the region. She referenced her resume noting that she is involved in multiple other agencies and information to improve her gain to be able to give back to the community in service leadership.

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Ms. Johnson stated the current issues facing RMWD are discussed by each of the committees monthly and how she believes a unique situation exists at RMWD in that it has volunteer committees made up of ratepayers that have a voice as well as both staff and board members who participate which results in a very strong team in collaboration and transparency. She emphasized the importance of needing each other to come up with the best solutions.

The Board thanked Ms. Johnson for her time and interest. Ms. Johnson remained in the meeting.

***The remaining candidates rejoined the meeting.***

Vice President Gasca reported the Board has heard from all the candidates and opened the floor for a motion or discussions based on what was heard.

Mr. Kennedy thanked everyone for coming out acknowledging there was an amazing array of experience. He mentioned the Board can only pick one; however, there are seats open on each of the three standing committees and encouraged anyone not selected to participate in other ways besides being on the Board of Directors.

Director Mack mentioned he was in the same situation many years ago when he applied for a vacancy on the Board. He said although he was not selected, he decided to run for elections and won. He commended the candidates for coming out to seek appointment and how each would bring something special to the RMWD Board. He thanked everyone for taking the time to participate in this process.

President Hamilton added he, too, got involved through this exact type of process and after not being selected he got involved with the committees before seeking election. He agreed each candidate has skills that would bring a unique perspective and make an excellent contribution to the District; however, unfortunately, only one can be selected.

Director Mack said he supported the appointment of Julie Johnson due to her experience being a grower that can have a voice with that background.

President Hamilton stated his purpose for nominating Ms. Johnson is that he has known her for six years through RMWD during which time he witnessed her commitment and engagement with the District as well as what she can contribute. He noted although he believes any of the other candidates can do the same, Ms. Johnson has the track record right now to fill the position as far as he is concerned.

***Motion:***

***To appoint Julie Johnson to fill the Division 1 vacancy on the Board of Directors.***

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

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

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith.***

Vice President Gasca reiterated to the remaining candidates that RMWD could use all the support possible via its standing committees to assist with everything happening, especially when looking at leaving SDCWA to find the money to repair the aging pipelines that are costing \$100,000-\$150,000 whenever a blowout occurs. He pointed out should the detachment fail, RWMD will

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need to do something to collect enough money to repair as many pipelines as possible and how different people with various skillsets could assist in getting the system upgraded without having to raise rates.

President Hamilton added one of the things he was surprised to learn when he got involved with RMWD was that to see a well-managed district, it is important to get involved.

Ms. Washburn administered the Oath of Affirmation with Julie Johnson.

***Vice President Gasca called for a break at 2:49 p.m.***

***The meeting was reconvened at 2:59 p.m.***

**\*21. APPROVAL OF RESOLUTION NO. 23-08 ESTABLISHING CHECK SIGNING AUTHORITY**

Mr. Kennedy noted this was a housekeeping item to remove Pam Moss as a designated check signer.

***Motion:***

***To adopt Option 1 – Approve attached Resolution No. 23-08.***

***Action: Approve, Moved by Director Hamilton, Seconded by Director Townsend-Smith.***

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

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.***

**\*22. DISCUSSION AND POSSIBLE APPOINTMENT OF BOARD OFFICERS AND REPRESENTATIVES**

Mr. Kennedy noted this item was to provide the Board with an opportunity to make any adjustments that need to be made due to the resignation of Pam Moss and appointment of Julie Johnson.

Director Townsend-Smith confirmed she would like to continue serving as a member of the Budget and Finance Committee.

Ms. Washburn pointed out the Board would need to appoint a Board Secretary. Discussion ensued regarding the Board Secretary responsibilities.

***Motion:***

***To nominate Julie Johnson to serve as Secretary of the Board.***

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

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

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.***

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It was confirmed Director Johnson would resign from the two committees and the remaining board-appointed committee representatives would remain the same.

**\*23. DISCUSSION AND POSSIBLE ADOPTION OF RESOLUTION NO. 23-11 CONGRATULATING VISTA IRRIGATION DISTRICT (VID) ON ITS 100TH ANNIVERSARY**

***Motion:***

***To approve Option 1 – Adopt Resolution No. 23-11 recognizing VID’s centennial anniversary as presented.***

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

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

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.***

**\*24. DISCUSSION AND POSSIBLE ACTION REGARDING ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) CALL FOR CANDIDATES FOR REGION 10 BOARD FOR THE 2024-2025 TERM**

Vice President Gasca explained the application process.

There was no action taken.

President Hamilton asked whether RMWD will remain in ACWA’s Region 10 should the detachment take place. Mr. Kennedy explained unless the Eastern Municipal Water District changes their boundaries, RMWD would remain in Region 10.

**\*25. DISCUSSION AND POSSIBLE ACTION TO APPOINT KARLEEN HARP AS AN ALTERNATE MEMBER TO THE COMMUNICATIONS AND CUSTOMER SERVICE COMMITTEE**

Mr. Kennedy stated there was a need for an alternate to ensure a quorum is present at the meeting and how Ms. Gray was the alternate prior to her retirement.

***Motion:***

***To approve Option 1 – Approve appointment of Karleen Harp as an alternate on the Communications and Customer Service Committee.***

***Action: Approve, Moved by Director Johnson, Seconded by Director Townsend-Smith.***

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

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.***

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**26. BOARD MEMBER REQUESTS FOR AUTHORIZATION TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

Director Johnson stated she was interested in attending the CSDA Annual Conference.

**CONSENT CALENDAR ITEMS**

- \*27. DISCUSSION AND POSSIBLE ACTION TO AWARD TWO PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE ON-CALL ENVIRONMENTAL SERVICES (DISTRICT WIDE)**
- \*28. DISCUSSION AND POSSIBLE ACTION TO AWARD THREE PROFESSIONAL SERVICES AGREEMENTS TO PROVIDE ON-CALL CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES (DISTRICT WIDE)**
- \*29. NOTICE OF COMPLETION AND ACCEPTANCE OF INFRASTRUCTURE FOR SUMAC COMMUNICATION TOWER PHOTOVOLTAIC AND BACK-UP BATTERY SYSTEM DESIGN-BUILD PROJECT (DIVISION 4)**

*(Item #29 was pulled from Consent Calendar for discussion purposes. Please see below.)*

***Motion:***

***To approve Consent Calendar Items #27 and #28.***

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

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

***Ayes: Director Gasca, Director Hamilton, Director Mack, Director Townsend-Smith, Director Johnson.***

***Director Mack excused himself from the meeting at 3:13 p.m.***

- \*29A. NOTICE OF COMPLETION AND ACCEPTANCE OF INFRASTRUCTURE FOR SUMAC COMMUNICATION TOWER PHOTOVOLTAIC AND BACK-UP BATTERY SYSTEM DESIGN-BUILD PROJECT (DIVISION 4)**

*(This item was pulled from Consent Calendar for discussion purposes.)*

President Hamilton stated RMWD received grant money in the amount of \$300,000 for this project that cost \$170,000; thus, he would like to know where the remaining monies were allocated. Mr. Kennedy explained the \$300,00 was utilized for a variety of projects.

***Motion:***

***To approve Option 1 – Accept the Sumac Communications Tower Photovoltaic and Back-Up Battery Design-Build Project as complete and as shown on the approved plans, approve Filing the Notice of Completion, and add installation costs of \$170,635.39 to the District’s valuation.***

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

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

***Ayes: Director Gasca, Director Hamilton, Director Townsend-Smith, Director Johnson.***

***Absent: Director Mack.***

## **STAFF PRESENTATIONS**

### **30. STAFFING ANALYSIS (HUMAN RESOURCES)**

Ms. Harp explained this is an annual presentation given to the Board that includes recommendations which sometimes require Board action; however, this year it will be informational only.

Ms. Harp reviewed some of the operational changes that have been made throughout the year including the creation of a part-time communications position, the reclassification of the senior accountant position to supervisor, leaving the associate engineer position vacant, addition of an administrative analyst to provide for a transfer of knowledge, as well as a change of position title for engineering technician to administrative analyst. Vice President Gasca inquired as to where the engineering technician located on the organization chart and where it is now. Ms. Harp stated it is still within the engineering department as she explained the administrative analyst position with the intention to offload some of the duties from the engineering technician due to it being overburdened and knowledge transfer needed to take place due to a high risk of retirement within the next few years. She confirmed the job responsibilities did not change; however, the new title was more accurate for the work being performed.

Ms. Harp reiterated the senior accounting position has been reclassified to accounting supervisor under which the accounting specialist, billing specialist, and district services representatives have been moved. She noted upon the retirement of the customer service and communications supervisor position has been reclassified as customer service supervisor upon the retirement of Ms. Gray so this position can focus specifically on customer service.

Ms. Harp also pointed out two utility workers have been added to the construction department based on the recommendations made during the staffing analysis. She noted one was an internal transfer and the second was an additional headcount. She stated when there was attrition in this department that coincided with the realization that some of the in-house CIP work planned would not be necessary this year, it was decided to leave the position vacant.

Ms. Harp reported on the turnover in combination with the unemployment rate. She shared a matrix showing this information including the number of available workers per job opening nationwide noting the labor market was currently very competitive. She mentioned RMWD has seen a spike in turnover during the past year; however, the thirty-year average is holding steady at 13% with 2023 trending higher with seven so far this year which is more typical for within a full year as opposed to six months.

Ms. Harp spoke about quit rates noting RMWD's numbers remain lower than is reported for both the state and local government, nationally, and utilities. She noted RMWD's may be trending lower; however, it is already at nearly 7% for 2023 year-to-date which is something that should be given attention. Ms. Johnson inquired as to whether the vacated positions were spread among departments or from one. Ms. Harp answered most were within two departments, noting some were temporary assignments. President Hamilton inquired as to whether there was a period of

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employment that counts towards RMWD's numbers. Ms. Harp clarified they become a part of RMWD's numbers on the first day of work.

Ms. Harp talked about anticipated turnover drivers for the future referencing the chart provided in the presentation. She noted the predicted published number for the unemployment rate for the next ten years was higher than she would anticipate, especially when it is currently at 3.3%. She pointed out there are a fair number of retirements expected between now and 2026; therefore, RMWD needs to be prepared by having the knowledge transfer plans in place for those key members for which upcoming retirement is known. She also mentioned there has been an uptake in voluntary turnover related to distance, stress, industry change, etc.

Ms. Harp presented the 2023 Generational Mix of Workforce noting the trend changes from Generation X to Millennials. She stated she expects to see some Generation Z employees make up part of the RMWD's workforce.

Ms. Harp mentioned the retirement eligibility rates for the next five years have remained steady due to some employees aging into retirement eligibility as others retire. She pointed out 41% of the workforce is now eligible for retirement within the next five years; therefore, staffing continuity plans and knowledge transfer plans are very important. She reviewed the staffing continuity plan noting those for the general manager, engineering administrative analyst, electrical/electronic technician, construction lead, and board secretary are already in progress, except for the technical services lead (aka electrician) position.

Ms. Harp shared a report on the total overtime by department, stating although overtime was continuing to trend down, it was still nearly 40% higher than it was in 2019. She pointed out the construction department continues to remain the highest and how even adding the additional headcount last year does not mitigate overtime due to the after-hour leaks; however, it did reduce the amount of overtime by person thereby mitigating stress and burnout. She noted the meters department reduced its overtime by 51% since the completion of the WSUP program and the systems operators' roles include tasks to be performed throughout all times of the day, holidays, and weekends. She talked about the average overtime, primary sources of district-wide overtime in 2022, and primary overtime drivers for hourly employees. She also reported the average overtime hours for salary employees.

Ms. Harp concluded the presentation noting there was no new headcount requested for the next budget cycle. She mentioned the recommendations included removing the vacant Utility Worker from approved headcount and reassess at a later date, leave the associate engineer position vacant, explore alternative schedules for systems operators, approve a six-month overlap with electrician upon retirement notice, and conduct a compensation analysis and stay interviews to ensure RMWD remains competitive and address employee concerns and career development needs.

Director Johnson asked whether Ms. Harp has contact with Palomar Community College who provides courses related to electrician certifications. Ms. Harp pointed out the concern related to refilling the electrician position has more to do with RMWD's antiquated infrastructure that someone who recently completed their education have never seen before; therefore, the institutional knowledge transfer was of utmost concern.

Director Johnson requested a copy of the presentation be shared with the Directors. Ms. Harp offered to send the Board a copy of the presentation noting the information it contained will also be included in the budget book along with a written narrative.

(\*) - Asterisk indicates a report is attached.

**31. FY23-24 OPERATING AND CAPITAL BUDGET ASSUMPTIONS PRESENTATION (FINANCE)**

Ms. Largent shared a presentation on the proposed annual operating and capital budget for water and wastewater for FY23/24. She noted this presentation does not include rates since that is scheduled to be presented as part of the rate hearing on June 27, 2023.

Ms. Largent reviewed the challenges RMWD faces including inflation, increased fuel and utility costs, supply chain delays, water loss on high usage meters, delayed rate increases during detachment and COVID, and a pause on account collections and shutoffs during the Infor billing software implementation and COVID. Some of RMWD's successes were also highlighted including holding the operation budget flat only allowing inflationary increases, decreased SDCWA transportation costs by using the direct Metropolitan Water District connections bringing the percent of water subject to transportation costs from 47% to 24% (\$750,000/year savings), reimplemented shutoffs, increased account collection efforts, renegotiated contracts and changed insurers, and completed valve and pipeline replacement as well as corrosion prevention projects to help prevent emergency breaks and costly leaks.

Ms. Largent talked about the key assumptions, noting that the rates are re-evaluated with each budget cycle and now this budget cycle includes the Board-recommended water revenue requirement increase of 9% and wastewater of 35%. She pointed out other key assumptions include an estimate of 12,700-acre feet, zero percent account growth and zero percent developer fees. She mentioned if developer fees are received, rate increases will be lower assuming there are no other changes. She reviewed the cost escalations noting RMWD has received some indications that the benefits will be a little higher which would be adjusted at mid-year. She also pointed out the preliminary increases to the pass-thru rates will have a net zero impact on the RMWD budget because those costs are passed through to the customers. She concluded with noting the wastewater treatment costs will also be passed through once received.

Ms. Largent referenced the charts provided for water-spending by category for FY23 as well as the sales by customer class for the prior ten years, and water purchases. Vice President Gasca inquired as to the expectations for water loss once the meters are installed. Ms. Largent answered it has been estimated to be approximately 2%-3% once the meters are functioning properly.

Ms. Largent reviewed the water and wastewater budget summaries. She pointed out the \$3M highlighted in yellow for water is the amount utilized to fund the capital program as well as build up RMWD's reserves. She noted the FY23 forecast for wastewater totaling approximately \$1.2M loss was being addressed as part of the Cost of Service Study and how the general operating amounts were reflected in the water and wastewater expenses because it was transferred over to fund the general fund.

Ms. Largent provided details related to the water, wastewater, and general fund operating proposed budgets, respectively. She reviewed the water capital projects noting the Rice Canyon Transmission Line has extended into FY24 with an additional budget request of \$1.5M as well as other key projects along with the water projections. She pointed out the only wastewater project on the books for FY24 is for Lift Station 1 and how there was an additional budget request for \$2.5M on that budget as well as the wastewater projections.

Ms. Largent concluded the presentation stating the final recommended FY23-24 Operating and Capital Budget in June for Board consideration.

(\*) - Asterisk indicates a report is attached.



**BOARD INFORMATION ITEMS**

**\*32. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS**

- A. General Manager Comments**
  - 1. Meetings, Conferences and Seminar Calendar
- B. Communications**
  - 1. Staff Training Report
- C. Operations Comments**
  - 1. Operations Report
- D. Engineering Comments**
  - 1. Engineering Report
  - 2. As-Needed Services Expenditures Summary
  - 3. RMWD Sewer Equivalent Dwelling Units (EDU's) Status
- E. Human Resource & Safety Comments**
  - 1. Human Resources Report
- F. Finance Comments**
  - 1. Board Information Report
    - A.** Budget vs. Actuals
    - B.** Fund Balance & Developer Projections
    - C.** Treasury Report
    - D.** Five Year Water Purchases Demand Chart
    - E.** Water Sales Summary
    - F.** Check Register
    - G.** Directors' Expenses Report
    - H.** Credit Card Breakdown
    - I.** RMWD Properties
    - J.** Grant Progress Report

Ms. Harp reported the Risk Management Officer position was recently vacated; thus, recruitment will commence in the near future.

The information and financial items were received and filed.

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

It was noted the rate hearing, budget adoption, ID1 hearing, pay grade resolution, detachment update, status of grant funding, and a weed abatement progress report should be on the next Board Meeting agenda.

**34. ADJOURNMENT**

*The meeting was adjourned by Vice President Gasca to a regular meeting on July 27, 2023, at 1:00 p.m.*

The meeting was adjourned at 3:57 p.m.

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**Mig Gasca, Board Vice President**

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**Dawn M. Washburn, Board Secretary**

(\* ) - Asterisk indicates a report is attached.





**SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING  
MAY 25, 2023**

1. Approve Water Rights Legislative Policy Guidelines.  
The Board approved water rights legislative policy guidelines to be included in the Water Authority's Legislative Policy Guidelines.
2. Adopt positions on various bills.  
The Board adopted positions of Oppose on: AB 460 (Bauer-Kahan), relating to State Water Resources Control Board: Interim Relief; AB 1337 (Wicks), relating to State Water Resources Control Board: Water Shortage Enforcement; SB 389 (Allen), relating to State Water Resources Control Board: Determination of Water Right; and Support on AB 530 (Boerner), relating to County Water Authority Act: Exclusion of Territory: Procedure.
3. Monthly Treasurer's Report on Investments and Cash Flow.  
The Board noted and filed the Treasurer's report.
4. General Manager's Recommended Budget for Fiscal Years 2024 and 2025.  
The Board approved CY 2024 Rate Alternative 2B: Use Reserves Beyond Board Policy and Defeasance bonds for an 8.2% Effective rate Increase and directed the General Manager to look at the entire organization FTEs and come back with a risk analysis reducing the FTEs by five.
5. Resolution setting a Public Hearing date and time for proposed Calendar Year 2024 Rates and Charges.  
The Board adopted Resolution No. 2023-19 setting the time and place for a public hearing on June 22, 2023, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2024.
6. Adopt resolution supporting candidates for President of the Association of California Water Agencies.  
The Board adopted Resolution No. 2023-21 supporting Cathy Green for President of the Association of California Water Agencies.
7. Retirement of Director.  
The Board adopted Resolution No. 2023-20 honoring Elsa Saxod upon her retirement from the Board of Directors.
8. Approval of Minutes.  
The Board approved the minutes of the Special Administrative and Finance Committee meetings of April 11 and 13, 2023 and the Formal Board of Directors' meeting of April 27, 2023.
9. CLOSED SESSION  
The Board approved staff to continue negotiations on potential properties as listed on the agenda.





**TO:** Rainbow Municipal Water District  
**FROM:** Alfred Smith  
**DATE:** June 27, 2023  
**RE:** Attorney Report: Proposition 218  
501668-0002

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**I. INTRODUCTION.**

This attorney report provides an update on a recent appellate court decision involving water rates and Proposition 218. On May 23, 2023, the First District Court of Appeal in *Campana v. East Bay Municipal Utility District*, A163054, issued a decision finding a Proposition 218 challenge to water rates was barred by a 120-day statute of limitations period.

In reaching this conclusion, the Court of Appeal rejected the plaintiffs' claim for a partial refund, holding that the 120-day limitations period ran *from the date the fee structure is adopted*, and not when the fees are assessed and collected. The Court rejected the plaintiffs' efforts to avoid the statute of limitations by recharacterizing the complaint as merely seeking a refund of the excess charges.

Additionally, the Court of Appeal found that the statute of limitations for challenging rates was not extended by the Government Claims Act because (1) the "gravamen" of the action was a challenge to the validity of the rates; and (2) the shorter 120-day statute of limitations had already run at the time plaintiffs filed the complaint.

**II. BACKGROUND.**

Proposition 218, or the "Right to Vote on Taxes Act," was approved by California voters in 1996, limiting the methods by which state and local governments exact revenue from taxpayers. Proposition 218 amended the California Constitution by adding articles XIII C and XIII D which included procedural and substantive limitations for levying assessments and imposing new, or increasing existing, property-related fees and charges.

Public Utilities Code section 14402 states that any interested person may challenge the validity of rates or charges within 120 days of the ordinance, resolution, or motion approving the rates or charges. The limitation period serves to protect local agencies from fiscal uncertainty resulting from legal challenges brought many years after the initial decision setting the rates or charges.

### III. COURT'S ANALYSIS.

In 2017 and 2019, the East Bay Municipal Utilities District ("EBMUD") adopted resolutions creating a tiered-rate water structure to determine the cost of residential and commercial water service in Alameda and Contra Costa Counties. The plaintiffs, a group of water customers, brought a putative class action against EBMUD. The complaint alleged EBMUD's tiered water rates violated Proposition 218's requirement that "property-related fees" for services shall not exceed the proportional cost of the service attributable to the parcel. The plaintiffs argued that EBMUD's tiered-rate structure charged some parcels a higher rate than others for the use of water in violation of Article XIII D of the California Constitution.

On July 17, 2019, plaintiffs presented a claim to EBMUD pursuant to the Government Claims Act seeking a refund of water service charges. On January 13, 2020, after the statutory time period to contest the fees lapsed, plaintiffs filed a complaint. Because the plaintiffs filed their complaint more than 120 days after EBMUD adopted the tiered water rates, the plaintiffs argued the 120-day limitation under section 14402 did not apply because they did not seek to invalidate the water rates. Instead, Plaintiffs argued they challenged EBMUD's *post-enactment* conduct and merely sought a refund for the excessive charges. In the alternative, the plaintiffs argued even if section 14402 applied, the 120-day period had not been exhausted because the statute of limitations resets each month EBMUD collects the allegedly illegal tax.

EBMUD filed a demurrer to the complaint arguing that the complaint was time-barred by the 120-day statute of limitations found in Public Utilities Code section 14402, because plaintiffs were challenging water rates that were adopted in 2017 and 2019. The trial court agreed, and plaintiffs appealed.

The Court of Appeal analyzed "the nature of the cause of action, i.e., the 'gravamen'" of the complaint, to identify the applicable statute of limitations. Plaintiffs sought to characterize their claim as "merely seeking a refund of the excess fees that were paid," rather than an attack on the constitutionality of the entire rate scheme. EBMUD argued that the complaint challenged its adoption of water rates, and that because a refund claim necessarily depends on a finding that the rate scheme was invalid, the 120-day limitations period under section 14402 applied.

The appellate court agreed with EBMUD, and found that the "refund claim" was necessarily based on the alleged illegality of the previously adopted tiered-rate scheme. The Court stated: "Plaintiffs cannot avoid the applicable statute of limitations by characterizing their claim as merely seeking a refund of the excess fees that were paid." The Court held that when the "inevitable *effect*" of the complaint would be to invalidate a district's fee structure, the 120-day statute of limitations applies. Because Plaintiffs' complaint was based on the alleged illegality of the 2017 and 2019 tiered-rate fee

structure adopted by EBMUD, the complaint necessarily depended upon a finding that the fee structure was invalid under Article XIII D and, therefore, was subject to the 120-day statute of limitations under section 14402.

The Court of Appeal further rejected plaintiff's argument that the limitations period could run anew when, each month, the agency collected the allegedly illegal fees, pursuant to *Howard Jarvis Taxpayers Assn. v. City of La Habra* (2001) 25 Cal. 4th 809. The appellate court rejected this rolling statute of limitations argument and found that because the agency's water rate adoption resolution is subject to validation statutes, the 120-day statute of limitation applies.

The appellate court further highlighted the express language in section 14402 which provides the limitations period runs from "the effective date of the ordinance, resolution, or motion," regardless of whether the charges are assessed and collected much later. Thus, "the enactment of a utility rate or rate increase, and not a subsequent act which actually imposes a utility charge, triggers the 120-day statute of limitations."

The Court of Appeal found that any notice requirements imposed by the Government Claims Act did not extend the applicable statute of limitations; rather, the 120-day statute of limitations applied because the "gravamen" of the action was a challenge to the validity of the rates. Plaintiffs could not rely on the timelines set out in the Government Claims Act because the shorter statute of limitations had already run at the time of the plaintiff's complaint.

Finally, the appellate court noted its decision does not allow EBMUD to indefinitely collect the allegedly improper charges because the 120-day period may reset following any subsequent resolution adopting the tiered-rate water structure or after EBMUD extends, imposes, or increases its rates.

#### **IV. CONCLUSION.**

The *Campana* decision is significant for water agencies. Previously, some courts have found Proposition 218 challenges to be timely, even years after enactment of challenged rates, based on the date that water bills were *paid*, under an ongoing-accrual standard established in *Howard Jarvis Taxpayers Assn. v. City of La Habra*. The *Campana* decision, however, expressly declined to apply any such accrual rule because Public Utilities Code section 14402 made EBMUD's adoption of water rates subject to the validation statutes.

Notably, section 14402 does not just benefit municipal utility districts like EBMUD that are subject to validation under the Public Utilities Code. Senate Bill 323 ("SB 323"), which added Section 53759 to the Government Code in 2021, now similarly requires challenges to water and wastewater rates to be brought as reverse validation actions,

commenced within 120 days of their effective date, *if* the adopting agency has given notice of that requirement as part of its Proposition 218 process. Under *Campana*, that requirement now eliminates ongoing accrual under *La Habra* for any rates adopted pursuant to SB 323.

The *Campana* case underscores the importance for municipal water districts adopting water and wastewater rates and charges to incorporate SB 323 notice into the rate-setting processes. The appellate court's decision also clarifies that when calculating the 120-day limitations period, water districts must count after the *effective* date of the rate, rather than the date the rate or charge was adopted because those two dates may be different.

Finally, the case is an important reminder for water districts to include notice of Senate Bill 323's shortened statute of limitations period in the Proposition 218 notifications sent to customers.

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**BOARD OF DIRECTORS**

June 27, 2023

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**SUBJECT**

DISCUSSION AND POSSIBLE ACTION TO ADOPT ORDINANCE NO. 23-03 FOR ID 1 STANDBY CHARGES

**BACKGROUND**

The Board approves the proposed ID 1 standby charges annually.

**DESCRIPTION**

Ordinance No. 23-03 establishes water availability charges for all of the Rainbow Municipal Water District Improvement District – Improvement District No. 1. The water availability charges remain unchanged from the previous fiscal year.

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

Strategic Focus Area Four: Fiscal Responsibility

**ENVIRONMENTAL**

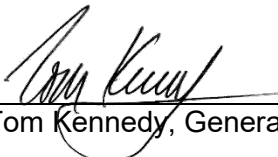
In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

**BOARD OPTIONS/FISCAL IMPACTS**

1. Adopt Ordinance No. 23-03.
2. Adopt Ordinance No. 23-03 with revisions.
3. Provide staff with direction.

**STAFF RECOMMENDATION**

It is recommended the Board of Directors adopt Ordinance No. 23-03.

  
Tom Kennedy, General Manager

June 27, 2023



**ORDINANCE NO. 23-03**

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF  
RAINBOW MUNICIPAL WATER DISTRICT  
ESTABLISHING READINESS TO SERVE WATER SERVICE STANDBY  
ASSESSMENTS OR AVAILABILITY CHARGES FOR ALL OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
IMPROVEMENT DISTRICT NO. 1**

**WHEREAS**, the increasing costs of importing water and, in particular, a Readiness to Serve Charge imposed upon the Rainbow Municipal Water District (the "District") by the Metropolitan Water District; and the need for continuing improvement, construction and reconstruction of the District's water storage, treatment and transmission facilities to insure a safe and continuing supply of water to the residents and taxpayers of the District must be met; and

**WHEREAS**, it is in the best interests of the District that, in addition to taxes and water revenues, certain monies be raised through the imposition of Readiness to Serve Water Service standby availability charges on certain lands within Improvement District No. 1 of the District, whether or not water service is actually being used thereon, and

**WHEREAS**, such charges are specifically authorized by the Municipal Water District Law of 1911; and

**WHEREAS**, the Board of Directors ("Board") of the District has previously ordered the formation of an improvement district designated as Improvement District No. 1 of Rainbow Municipal Water District ("Improvement District No. 1") for the purpose of establishing water service standby or availability charges for water and water delivery availability and readiness to serve charges collected from all lands within the District which, when added to rates and charges for water service and capital facility charges collected from newly developing lands within the District, will produce revenues sufficient to meet the cost of importing water as well as ensuring future availability of water supplies to serve the District and to finance the construction and reconstruction of water facilities; and

**WHEREAS**, a duly noticed public hearing was held by the Board on June 27, 2023, to hear and consider all objections or protests to said readiness to serve water service standby availability charge for Improvement District No. 1, at which time all persons were given an opportunity to be heard.

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT AS FOLLOWS:**

1. The Board of Directors hereby finds and determines that Readiness to Serve Water Availability service is made available to all lands within Improvement District No. 1, and hereby establishes readiness to serve water service standby assessments or availability charges which shall be assessed against all such lands whether water service is actually presently utilized on such lands or not.
2. The water availability charges hereby established in said Improvement District No. 1 for the fiscal year commencing July 1, 2023, and ending June 30, 2024, shall be as follows:

Ten Dollars and Fifty-Four Cents (\$10.54) per acre per year for each acre of land within Improvement District No. 1.

Ten Dollars and Fifty-Four Cents (\$10.54) per year for each parcel of land of less than one acre within Improvement District No. 1.

3. The officers of this District shall, on or before August 1, 2023, furnish in writing to the Board of Supervisors of San Diego County and to the San Diego County Auditor-Controller, a description of each parcel of land within said District upon which said readiness to serve water availability charge is to be levied and collected for the fiscal year 2023-2024, together with the amount of water availability charge fixed on each parcel of land.
4. The Board of Directors, pursuant to Section 71635 of the Municipal Water District Law of 1911, hereby directs the Board of Supervisors of the County to levy, in addition to any other taxes it levies, the readiness to serve water service availability charge in the amounts of the respective parcels as fixed by the Board of Directors.
5. Certified copies of this Ordinance shall be delivered to the Board of Supervisors of the County of San Diego and to said County Auditor-Controller by the Clerk of the Board of this District.
6. The President of the Board of Directors shall sign this ordinance and the Clerk of the Board of Directors shall attest thereto and shall within fifteen days of its adoption cause it or a summary of it to be published in a newspaper of general circulation; and thereupon and thereafter this ordinance shall take effect and be in force upon the effective date of the resolution ordering the formation of Improvement District No. 1 pursuant to California Water Code Section 72014.
7. Ordinance 22-14 is hereby canceled.

Adopted this 27th day of June 2023.

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

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Hayden Hamilton, Board President

ATTEST:

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Dawn Washburn, Board Secretary

## BOARD OF DIRECTORS

June 27, 2023

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### SUBJECT

PUBLIC HEARING TO CONSIDER ADOPTING ORDINANCE 23-04 AUTHORIZING INCREASES IN THE RATES FOR RAINBOW MUNICIPAL WATER DISTRICT WATER AND WASTEWATER SERVICE FEES EFFECTIVE JULY 1, 2023

### BACKGROUND

Due to inflation resurgence and supply chain challenges significantly adding to the cost of capital projects over the past two years, along with operating and energy cost escalations, it was determined that a full Cost of Service study would be merited.

The District contracted with IB Consulting for a water and wastewater study. A financial plan workshop was held with the Budget & Finance Committee in February with resulting options presented to the Budget & Finance Committee and Board in March and April. At the April 25, 2023 board meeting, the board opened the rate hearing for June 27, 2023, for a 5-year maximum rate increase that will bring depleted reserves above the minimum reserve requirement, progressing towards the target reserve levels by year 5, FY 2028.

Rate hearing notices were mailed to all property owners within District boundaries in accordance with California Constitution Article XIII D, section 6 ("Proposition 218"). Notices were also mailed to known renters.

Proposed rates reflect revenue recovery adjustments up to 9% per year. Each year as part of the budget process, staff will present to the board, that year's recommended revenue adjustment and rate increase based on the prior year's sales, developer fee revenue, reserve levels, and changes in capital and operating costs.

A full Cost of Service study has been performed and is attached.

### DESCRIPTION

This agenda item is to conduct a Public Hearing to receive public comments and protests on the proposed rate increases, proposed for an effective date of July 1, 2023. This agenda item is also to adopt Ordinance 23-04 which would set the new rates starting July 1, 2023. These rates are based on the attached Cost of Service study.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management  
Strategic Focus Area Four: Fiscal Responsibility  
Strategic Focus Area Six: Communication

## **BOARD OPTIONS/FISCAL IMPACTS**

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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. The failure to move forward with rate increases would result in major challenges in maintaining our infrastructure in a state of good repair.

## **ATTACHMENTS**

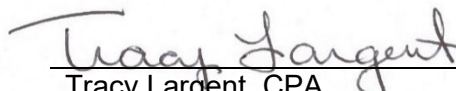
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- Ordinance 23-04
- Exhibit 1 to Rate Ordinance 23-04
- Proposition 218 - Public Hearing Notice
- Water and Wastewater Cost of Service and Rate Study

## **STAFF RECOMMENDATION**

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Staff recommends the adoption of Ordinance 23-04.

  
Tracy Largent, CPA  
Finance Manager

June 27, 2023

## ORDINANCE NO. 23-04

### 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; and

**WHEREAS**, on or around December 2022, the District retained IB Consulting (“IB”), an industry-leading third party rate and fee public finance consultant, to perform a full financial plan, cost of service study, and assist the district in updating 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 December 2022 and June 2023, the District held a series of meetings with staff and the District Budget and Finance Committee to discuss the IB study and details regarding the proposed water and wastewater 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 April 25, 2023 and were presented with IB’s updated Financial Plan, which remains available to the public on RMWD’s website; 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 or wastewater 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 and wastewater service rate increases in compliance with Proposition 218 on or before May 13, 2023, and the District’s Notice set forth a procedure by which property owners and tenants may submit written protests to the proposed water and wastewater service fee increase; and

**WHEREAS**, the Public Hearing was held at the duly noticed public meeting on June 27, 2023; 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**, the water rates will be adjusted effective with all bills issued for service that occurs on or after July 1, 2023.

**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 and wastewater 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 IB'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 and wastewater 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 July 1, 2023, the District Board of Directors hereby adopts and implements 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 July 1, 2023". 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 July 1, 2023.

**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 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; as of July 1, 2023, 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 21-03 dated September 1, 2021 as of July 1, 2023; the rates prescribed by Ordinance 21-03 shall remain in effect through June 30, 2023.

**PASSED AND ADOPTED** at a meeting of the Board of Directors of Rainbow Municipal Water District held on the 27th day of June 2023 by the following roll call vote:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

\_\_\_\_\_  
Hayden Hamilton, Board President

**ATTEST:**

\_\_\_\_\_  
Dawn Washburn, Board Secretary

# RAINBOW MUNICIPAL WATER DISTRICT

## Appendix A

### Water and Sewer Rates and Charges

**EFFECTIVE July 1, 2023**  
**Adopted by Ordinance No. 23-04**

#### WATER VARIABLE RATES

##### A. BASIC WATER VARIABLE RATE

Basic rate for all water delivered through the water meter

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

Permanent Special Agricultural Water Rates (PSAWR)

Single Family Residential (SFR), Multifamily Residential (MFR), Commercial (COM), Institutional (INST)

Customer Class	FY 2024 (\$/Unit)	FY 2025 (\$/Unit)	FY 2026 (\$/Unit)	FY 2027 (\$/Unit)	FY 2028 (\$/Unit)
SFR, MFR, COM, INST	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Agriculture	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
PSAWR Domestic					
Tier 1 (1-22 Units)	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
Tier 2 (22+Units)	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66
PSAWR Commercial	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66

##### B. WATER PUMPING ZONE CHARGES

Pumping Zone	FY 2024 (\$/HCF)	FY 2025 (\$/HCF)	FY 2026 (\$/HCF)	FY 2027 (\$/HCF)	FY 2028 (\$/HCF)
Pump Zone 1 Rainbow Heights	\$2.60	\$2.84	\$3.10	\$3.38	\$3.69
Pump Zone 2 Imp District U-1	\$1.39	\$1.52	\$1.66	\$1.81	\$1.98
Pump Zone 3 Vallecitos	\$0.26	\$0.29	\$0.32	\$0.35	\$0.39
Pump Zone 4 Northside	\$0.13	\$0.15	\$0.17	\$0.19	\$0.21
Pump Zone 5 Morro Tank	\$0.35	\$0.39	\$0.43	\$0.47	\$0.52
Pump Zone 6 Huntley	\$1.40	\$1.53	\$1.67	\$1.83	\$2.00
Pump Zone 7 Magee Tank	\$0.71	\$0.78	\$0.86	\$0.94	\$1.03
<b>Monthly Fixed Charge for all Pumping Zones</b>	<b>\$8.39</b>	<b>\$9.15</b>	<b>\$9.98</b>	<b>\$10.88</b>	<b>\$11.86</b>

Future year rate increase for RMWD effective July 1, 2024, 2025, 2026, & 2027 will be a maximum revenue adjustment of 9% per year in addition to any pass through increases.

## C. WATER ALLOCATION PENALTY RATES

The Water Allocation Penalty charges shall apply only to PSAWR customers in the event that the San Diego County Water Authority (SDCWA) establishes mandatory PSAWR allocation cutbacks. During a PSAWR allocation, SDCWA will establish an allocation reduction percentage. Each PSAWR 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.

## WATER FIXED ACCOUNT CHARGES

### A. METER SERVICES CHARGES

Single Family Residential (SFR), Multifamily Residential (MFR), Commercial (COM), Institutional (INST)

#### Monthly Fixed Charges

SFR, MFR, COM, INST

Capacity Class	Meter Size	FY 2024 (\$/Month)	FY 2025 (\$/Month)	FY 2026 (\$/Month)	FY 2027 (\$/Month)	FY 2028 (\$/Month)
A	5/8"	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
B	3/4"	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
C	1"	\$145.42	\$158.52	\$172.79	\$188.35	\$205.31
D	1 1/2"	\$285.01	\$310.66	\$338.62	\$369.10	\$402.32
E	2"	\$452.51	\$493.24	\$537.64	\$586.03	\$638.78
F	3"	\$982.92	\$1,071.39	\$1,167.82	\$1,272.93	\$1,387.50
G	4"	\$1,764.59	\$1,923.41	\$2,096.52	\$2,285.21	\$2,490.88
H	6"	\$3,635.01	\$3,962.16	\$4,318.76	\$4,707.45	\$5,131.13

Agriculture w/ Residence, Agriculture

Capacity Class	Meter Size	FY 2024 (\$/Month)	FY 2025 (\$/Month)	FY 2026 (\$/Month)	FY 2027 (\$/Month)	FY 2028 (\$/Month)
A	5/8"	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
B	3/4"	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
C	1"	\$233.06	\$254.04	\$276.91	\$301.84	\$329.01
D	1 1/2"	\$460.27	\$501.70	\$546.86	\$596.08	\$649.73
E	2"	\$732.93	\$798.90	\$870.81	\$949.19	\$1,034.62
F	3"	\$1,596.36	\$1,740.03	\$1,896.64	\$2,067.34	\$2,253.41
G	4"	\$2,868.77	\$3,126.96	\$3,408.39	\$3,715.15	\$4,049.52
H	6"	\$5,913.47	\$6,445.69	\$7,025.81	\$7,658.14	\$8,347.38

PSAWR Domestic, PSAWR Commercial

Capacity Class	Meter Size	FY 2024 (\$/Month)	FY 2025 (\$/Month)	FY 2026 (\$/Month)	FY 2027 (\$/Month)	FY 2028 (\$/Month)
A	5/8"	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
B	3/4"	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
C	1"	\$208.56	\$227.33	\$247.79	\$270.10	\$294.41
D	1 1/2"	\$411.27	\$448.29	\$488.64	\$532.62	\$580.56
E	2"	\$654.53	\$713.45	\$777.67	\$847.67	\$923.97
F	3"	\$1,424.86	\$1,553.10	\$1,692.88	\$1,845.24	\$2,011.32
G	4"	\$2,560.07	\$2,790.48	\$3,041.63	\$3,315.38	\$3,613.77
H	6"	\$5,276.47	\$5,751.36	\$6,268.99	\$6,833.20	\$7,448.19

Future year rate increase for RMWD effective July 1, 2024, 2025, 2026, & 2027 will be a maximum revenue adjustment of 9% per year in addition to any pass through increases.

## B. OTHER FIXED ACCOUNT CHARGES

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

### Backflow Test Fee

Backflow preventers are required by State Law for properties that meet certain criteria, such as having agricultural uses, onsite wells, or other water supplies, or pumping systems downstream of the meter. Its sole job is to prevent drinking water from being contaminated due to backflow.

State Law requires all backflow devices must be tested annually to ensure they are functioning properly. The district provides this service to our customers in a cost-effective manner.

Backflow device annual testing is charged as a monthly 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)	\$438.55
Water Commodity Charge	\$5.53/100 cf

## B. OTHER CHARGES

Unpaid Bills (delinquency)	5% of unpaid balance-1st month 1.5% 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 new meter fee 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).

Water Capacity Fees									
Class	Meter Size	Max CF/month	Material	RMWD Capacity	SDCWA Capacity	SDCWA Treatment	Inspection Deposit	Total	
A	5/8"	30	\$ 228	\$ 6,241	\$ 5,328	\$ 149	\$ 1,100	\$ <b>13,046</b>	
B	3/4"	50	\$ 267	\$ 10,401	\$ 5,328	\$ 149	\$ 1,100	\$ <b>17,245</b>	
C	1"	80	\$ 355	\$ 16,642	\$ 8,525	\$ 238	\$ 1,100	\$ <b>26,860</b>	
D	1 1/2"	130	\$ 693	\$ 27,043	\$ 15,984	\$ 447	\$ 1,100	\$ <b>45,267</b>	
E	2"	300	\$ 693	\$ 62,406	\$ 27,706	\$ 775	\$ 1,100	\$ <b>92,680</b>	
F	3"	600	\$ 1,826	\$ 124,812	\$ 51,149	\$ 1,430	\$ 1,100	\$ <b>180,317</b>	
G	4"	1,000	\$ 2,288	\$ 208,020	\$ 87,379	\$ 2,443	\$ 1,100	\$ <b>301,230</b>	

- For capacity class A, lot sizes must be less than 5,000 sqft. (0.11 acres) with irrigation area less than 1,000 sqft.
- Lot size less than 21,780 sqft (0.5 acres) may qualify for a 3/4 inch meter.
- To qualify for a downsize, usage must be within the Max CF/month for the desired meter size for the most current 12-month average.
- 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.
- Downsizing from a 1 inch to a 3/4 inch requires written approval by the fire department if the structure is required to have fire sprinklers.

## WASTEWATER CHARGES

### A. MONTHLY SERVICE CHARGE PER EQUIVALENT DWELLING UNIT (EDU)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Customer Class	(\$/EDU)	(\$/EDU)	(\$/EDU)	(\$/EDU)	(\$/EDU)
All Customer Classes	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56

Future year rate increase for RMWD effective July 1, 2024, 2025, 2026, & 2027 will be a maximum revenue adjustment of 13% per year in addition to any pass through increases.

### B. EDU description and basis for Wastewater 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 0.8 EDU

Each Living Unit without Kitchen 0.4 EDU

Commercial Business - Retail shop or Offices

- Equipped with Restroom, Up to 1,000 sf. 1.2 EDU

Commercial Business – Each additional 1,000 sf.

- of gross floor space or part thereof. 0.8 EDU

Automobile Service Stations

- Providing RV holding tank disposal station 2.0 EDU
- Four (4) or under Gas Pumps 0.8 EDU
- Over four (4) Gas Pumps 1.0 EDU

Church, Fraternal Lodge or similar Auditorium 1.0 EDU

*Each unit of seating capacity for 200 persons*

Bakery 1.0 EDU

Theater - 200 seating capacity 1.4 EDU

Hospital - per bed 0.4 EDU

Convalescent Hospital - Boarding Home - per bed 0.4 EDU

Labor Camp, Per Bed 0.1 EDU

Mortuary 1.2 EDU

Car Wash 1.2 EDU

Grocery Store 1.2 EDU

Self Service Laundry - each washing machine 0.4 EDU

Swimming Pool - with restrooms 1.2 EDU

Spas - with restrooms 1.2 EDU

Country Clubs with common restroom facilities 1.2 EDU

*Each additional shower unit, wash closet and/or fixture*

Restaurant – Base (Using non-disposable tableware 2.7 EDU

Per each seven (7) seats or part thereof 1.2 EDU

Restaurants—Base (Using disposable tableware) 1.2 EDU

Per each twenty-one (21) seats or part thereof 1.2 EDU

Schools (Public or Private)			
• Elementary	Per each 60 students	1.2 EDU	
• Junior High School	Per each 40 students	1.2 EDU	
• High School	Per each 30 students	1.2 EDU	
Theatre – 200 Seating Capacity		1.4 EDU	

### C. WASTEWATER CAPACITY CHARGES

EDU	Land Use Factor	Living Area (SqFt)	Expansion	Upgrade	Treatment	Inspection Deposit	Total	
	0.8 House	≤1,250	\$ 8,912	\$ 1,677	\$ 712	\$ 1,100	\$ <b>12,401</b>	
	1 House	1,251 to 2,000	\$ 11,140	\$ 2,096	\$ 890	\$ 1,100	\$ <b>15,226</b>	
	1.2 House	2,001 to 3,000	\$ 13,368	\$ 2,515	\$ 1,068	\$ 1,100	\$ <b>18,051</b>	
	1.5 House	3,001 to 4,500	\$ 16,710	\$ 3,144	\$ 1,335	\$ 1,100	\$ <b>22,289</b>	
	2 House	4,501 to 6,000	\$ 22,280	\$ 4,192	\$ 1,780	\$ 1,100	\$ <b>29,352</b>	
	House	≥6,001	Case by Case					

### \*PROSPECTIVE ANNUAL RATE INCREASES VIA PASS THROUGH CHARGES\*

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 Charges imposed on the District by SDCWA (“SDCWA 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”); (3) any incremental increases in the cost of energy; (4) increases in the cost of wastewater treatment by the City of Oceanside: The foregoing are collectively referred to in this ordinance as “Pass Through Increases.”

The District may annually implement the Pass Through Increases commencing January 1, 2024, 2025, 2026, 2027, & 2028.



# NOTICE OF PUBLIC HEARING

## FOR PROPOSED WATER AND WASTEWATER RATES

Rainbow Municipal Water District (RMWD) is committed to timely, transparent and proactive communications with our customers. We are sending you this notice to inform you of:

- Proposed rate increases being considered
- The amount of the proposed rate increase
- The basis on which the rates are calculated
- The reason for the proposed rate increases



**RAINBOW MUNICIPAL WATER DISTRICT**  
PUBLIC HEARING ON PROPOSED RATES

**JUNE 27, 2023 • 1 P.M.**

DISTRICT HEADQUARTERS BOARD ROOM  
3707 OLD HIGHWAY 395 • FALLBROOK, CA 92028

## WHY RATE INCREASES ARE NECESSARY



### FINANCIAL STABILITY

Without adequate rate increases, the revenue generated by water sales will not be sufficient to cover the costs of operating. The proposed rates will allow RMWD to fully fund operating expenses, capital costs, and meet reserve requirements.



### RISING PURCHASED WATER COSTS

RMWD spends over \$26M annually to bring water to the District. These costs continue to increase.



### CAPITAL PROJECTS

Significant repairs and replacements required over the next 5 years to provide safe and reliable water service to homes, businesses, and groves on demand, 24 hours a day, 7 days a week.

## JOIN THE PUBLIC HEARING

### IN-PERSON

District Headquarters Board Room  
3707 Old Highway 395 • Fallbrook, CA 92028

### ZOOM

<https://rainbowmwd.zoom.us/j/85664315900>

### PHONE

669-444-9171 • 669-900-6833

253-205-0468 • 253-215-8782

Webinar ID: 856 6431 5900

The RMWD Board of Directors will conduct a public hearing to consider the proposed five-year rate increases to water and wastewater services. All property owners, customers of record receiving RMWD water and wastewater services, and all other interested persons may attend the public hearing to comment on the proposed rates.

California law allows all property owners and customers of record to submit a written protest to the proposed rate changes. Full details are available in this notice's "HOW CAN I PARTICIPATE" section.



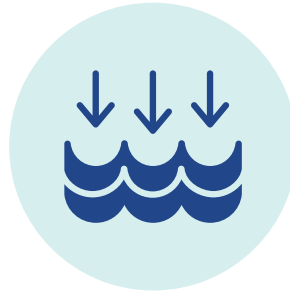
# ABOUT RAINBOW MUNICIPAL WATER DISTRICT

RMWD provides water and wastewater services to an area covering approximately 82-square miles in northern San Diego County. RMWD is 100% dependent on imported water and provides water to one of the largest agricultural areas in the state.

Water is purchased through the San Diego County Water Authority, which buys most of its water from the Metropolitan Water District of Southern California (MWD). MWD imports water from the Colorado River Aqueduct and Northern California via the State Water Project.



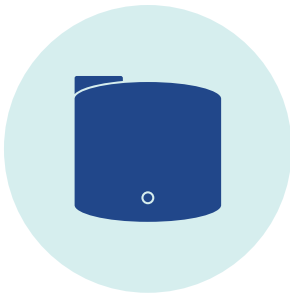
**350 MILES OF  
PIPELINE**



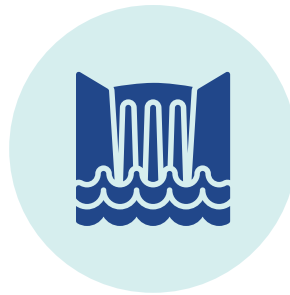
**100% IMPORTED  
WATER**



**8,793  
CONNECTIONS**



**13 STORAGE  
TANKS**



**4 RESERVOIRS**



**7 PUMP STATIONS**





# WHAT WE ARE DOING TO KEEP COSTS AS LOW AS POSSIBLE

RMWD is committed to keeping costs as low as possible for our customers. Therefore, over the last several years, we have taken measures to mitigate cost increases, including:

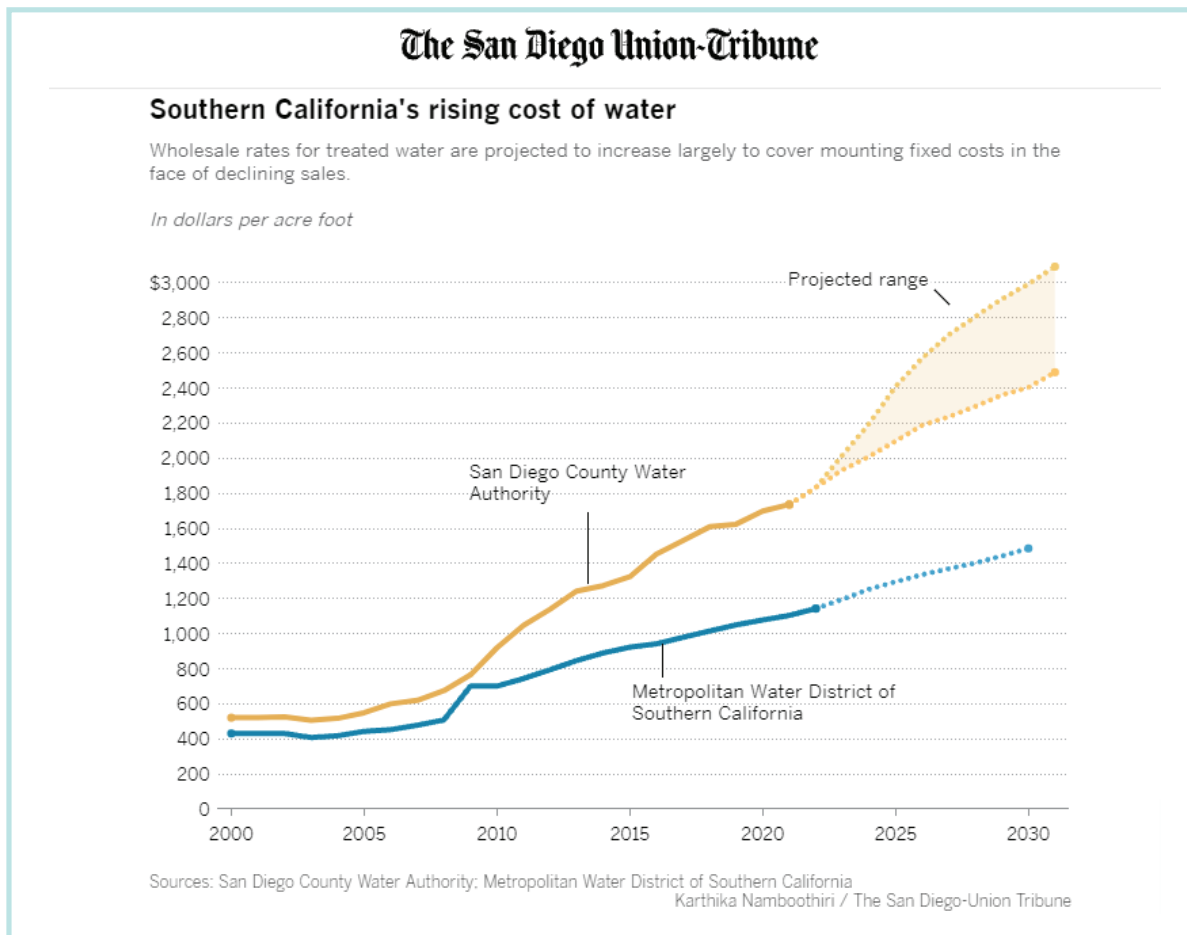
- Pipeline replacement and corrosion prevention projects to prevent costly leaks
- Held the operating budget flat, only allowing inflationary increases
- Decreased SDCWA transportation costs by using our direct Metropolitan connections
- Renegotiated contracts and changed insurers to reduce costs wherever possible

## WORKING WITH LAFCO TO CHANGE WATER WHOLESALE SUPPLIER

In March 2020, we applied to change our wholesale water supplier from the SDCWA to Eastern Municipal Water District (EMWD). We continue to look for innovative ways to save our customers money. For example, in addition to working with the San Diego Local Agency Formation Commission (LAFCO) to change wholesale water supplier to EMWD, we are also exploring additional options for developing local water supplies.

## SIGNIFICANT SAVINGS FOR OUR CUSTOMERS

Under SDCWA, RMWD customer rates will continue to increase over the next five years. However, with our plan to move to EMWD, costs would not increase on the same trajectory. Cost savings would be used to invest in infrastructure and possibly decrease rates in the future.



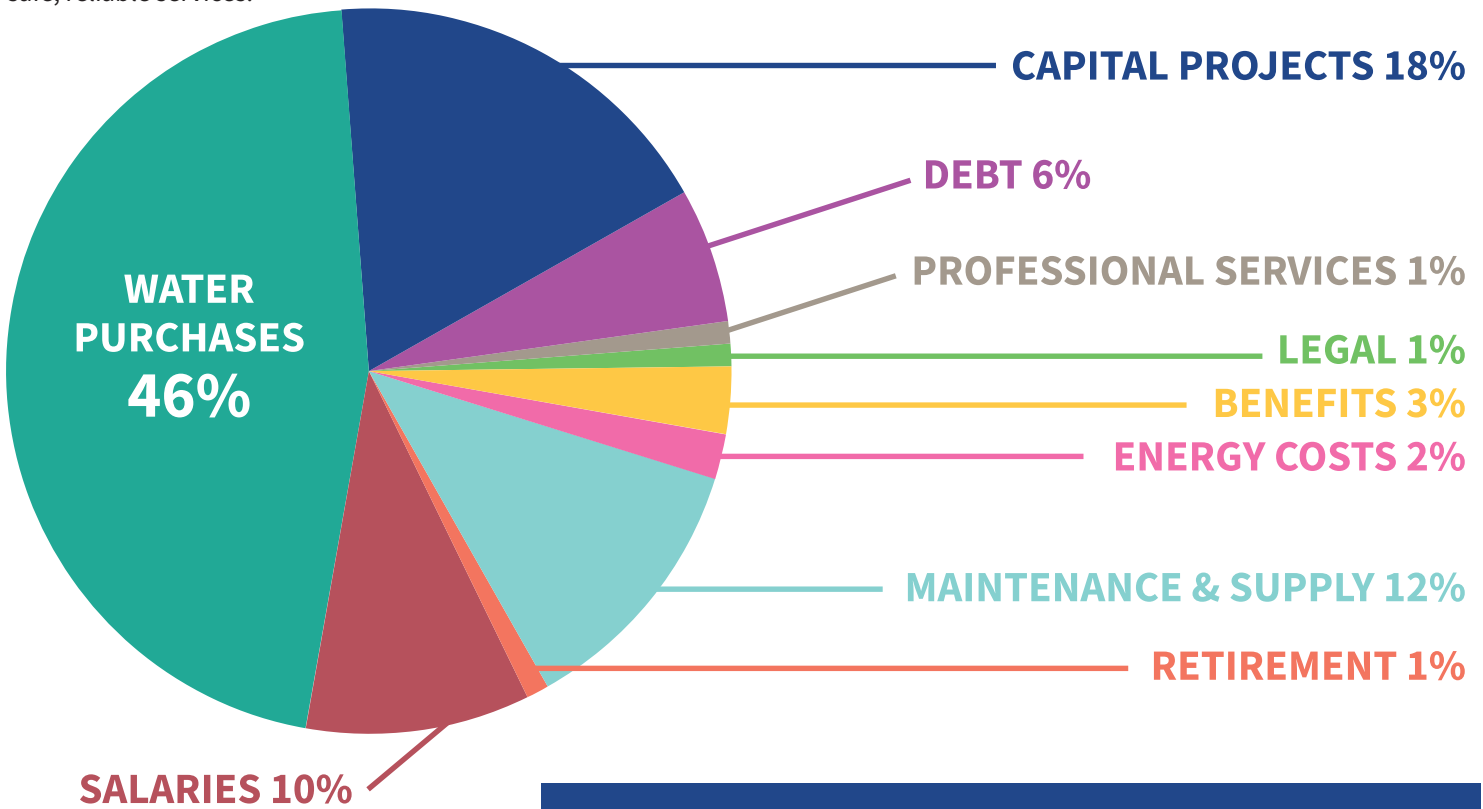
Source: The San Diego Union-Tribune





# HOW PROPOSED RATE INCREASES WERE CALCULATED

RMWD conducted a comprehensive rate study for water and wastewater. An independent, third-party expert prepared the rate study. It provided a detailed review of RMWD’s water and wastewater costs and the rate structure needed to meet those costs to deliver safe, reliable services.



**DID YOU KNOW?**  
 RMWD is a public agency and cannot profit from water and wastewater services. State law requires that the District’s rates are determined by the cost of providing service to customers.

WATER SPENDING BY CATEGORY		
Water Purchases	\$23,246,652	46%
Capital Projects	\$9,116,249	18%
Maintenance & Supply	\$6,054,993	12%
Salaries	\$4,859,298	10%
Debt	\$3,077,000	6%
Benefits	\$1,545,956	3%
Energy Costs	\$1,084,510	2%
Professional Services	\$689,310	1%
Retirement	\$428,771	1%
Legal	\$380,310	1%
<b>Total</b>	<b>\$50,483,049</b>	<b>100%</b>

# PROPOSED WATER RATES FIXED CHARGES (\$/MONTH)

Customers' monthly fixed charge covers costs that do not change based on the amount of water used. Existing rates from SDCWA are also included in the charges below. Any future increases from SDCWA for fixed wholesale water charges may be passed through to RMWD customers in addition to the charges shown below.

SFR, MFR, COM, INST							
METER SIZE	ACCOUNTS	EXISTING (\$/MONTH)	FY 2024 (\$/MONTH)	FY 2025 (\$/MONTH)	FY 2026 (\$/MONTH)	FY 2027 (\$/MONTH)	FY 2028 (\$/MONTH)
5/8"	235	\$69.20	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
3/4"	3,277	\$69.20	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
1"	2,635	\$115.32	\$145.42	\$158.52	\$172.79	\$188.35	\$205.31
1 1/2"	260	\$230.66	\$285.01	\$310.66	\$338.62	\$369.10	\$402.32
2"	212	\$369.05	\$452.51	\$493.24	\$537.64	\$586.03	\$638.78
3"	15	\$807.27	\$982.92	\$1,071.39	\$1,167.82	\$1,272.93	\$1,387.50
4"	12	\$1,453.09	\$1,764.59	\$1,923.41	\$2,096.52	\$2,285.21	\$2,490.88
6"	-	\$2,998.43	\$3,635.01	\$3,962.16	\$4,318.76	\$4,707.45	\$5,131.13

AGRICULTURE W/ RESIDENCE, AGRICULTURE							
METER SIZE	ACCOUNTS	EXISTING (\$/MONTH)	FY 2024 (\$/MONTH)	FY 2025 (\$/MONTH)	FY 2026 (\$/MONTH)	FY 2027 (\$/MONTH)	FY 2028 (\$/MONTH)
5/8"	3	\$118.92	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
3/4"	214	\$118.92	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
1"	1,036	\$198.18	\$233.06	\$254.04	\$276.91	\$301.84	\$329.01
1 1/2"	251	\$396.38	\$460.27	\$501.70	\$546.86	\$596.08	\$649.73
2"	186	\$634.21	\$732.93	\$798.90	\$870.81	\$949.19	\$1,034.62
3"	19	\$1,387.30	\$1,596.36	\$1,740.03	\$1,896.64	\$2,067.34	\$2,253.41
4"	7	\$2,497.16	\$2,868.77	\$3,126.96	\$3,408.39	\$3,715.15	\$4,049.52
6"	1	\$5,152.85	\$5,913.47	\$6,445.69	\$7,025.81	\$7,658.14	\$8,347.38

PSAWR DOMESTIC, PSAWR COMMERCIAL							
METER SIZE	ACCOUNTS	EXISTING (\$/MONTH)	FY 2024 (\$/MONTH)	FY 2025 (\$/MONTH)	FY 2026 (\$/MONTH)	FY 2027 (\$/MONTH)	FY 2028 (\$/MONTH)
5/8"	-	\$103.41	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
3/4"	20	\$103.41	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
1"	207	\$172.35	\$208.56	\$227.33	\$247.79	\$270.10	\$294.41
1 1/2"	94	\$344.69	\$411.27	\$448.29	\$488.64	\$532.62	\$580.56
2"	99	\$551.51	\$654.53	\$713.45	\$777.67	\$847.67	\$923.97
3"	9	\$1,206.43	\$1,424.86	\$1,553.10	\$1,692.88	\$1,845.24	\$2,011.32
4"	1	\$2,171.56	\$2,560.07	\$2,790.48	\$3,041.63	\$3,315.38	\$3,613.77
6"	-	\$4,481.00	\$5,276.47	\$5,751.36	\$6,268.99	\$6,833.20	\$7,448.19

PUMPING CHARGES ZONES 1-7						
ACCOUNTS	EXISTING (\$/MONTH)	FY 2024 (\$/MONTH)	FY 2025 (\$/MONTH)	FY 2026 (\$/MONTH)	FY 2027 (\$/MONTH)	FY 2028 (\$/MONTH)
1342	\$7.14	\$8.39	\$9.15	\$9.98	\$10.88	\$11.86

If adopted, the proposed rates may also increase annually by an amount equal to pass through 1) any incremental increase in the cost of energy 2) any increases for the cost of purchased wholesale water.

The passthrough may be automatically implemented by RMWD without further published notice, provided that 1) any increase in rates shall not exceed the cost of providing water service, and 2) RMWD shall provide all customers with a minimum 30-day written notice before the pass-through adjustments take effect.

# PROPOSED WATER RATES VARIABLE CHARGES (\$/UNIT)

RMWD's variable rates cover expenses such as variable purchased water costs, delivery costs and other operating and maintenance costs that connect directly to the amount of water used. The existing variable costs from SDCWA have been included in the rates below. Variable rates are determined by the amount of water delivered to each parcel and are measured in units. One unit equals 748 gallons. Any future rate increases from SDCWA for volumetric wholesale water charges may be passed through to RMWD customers in addition to what is shown below.

VARIABLE RATES (\$/UNIT)							
CUSTOMER CLASS	PROJECTED USAGE	EXISTING (\$/UNIT)	FY 2024 (\$/UNIT)	FY 2025 (\$/UNIT)	FY 2026 (\$/UNIT)	FY 2027 (\$/UNIT)	FY 2028 (\$/UNIT)
Single-Family	1,521,953	\$5.47	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Multi-Family	130,046	\$5.47	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Commercial	362,543	\$5.47	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Institutional	26,318	\$5.47	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Agriculture w/ Res	918,501	\$4.56	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
Agriculture	1,243,086	\$4.56	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
PSAWR Domestic							
Tier 1 (1-22 Units)	78,936	\$4.01	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
Tier 2 (22+Units)	642,373	\$4.01	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66
PSAWR Commercial							
	604,716	\$4.01	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66

VARIABLE PUMPING CHARGES							
PUMPING ZONE	PROJECTED USAGE	EXISTING (\$/HCF)	FY 2024 (\$/HCF)	FY 2025 (\$/HCF)	FY 2026 (\$/HCF)	FY 2027 (\$/HCF)	FY 2028 (\$/HCF)
Pump Zone 1 Rainbow Heights	183,452	\$1.02	\$2.60	\$2.84	\$3.10	\$3.38	\$3.69
Pump Zone 2 Imp District U-1	38,945	\$0.63	\$1.39	\$1.52	\$1.66	\$1.81	\$1.98
Pump Zone 3 Vallecitos	67,006	\$0.36	\$0.26	\$0.29	\$0.32	\$0.35	\$0.39
Pump Zone 4 Northside	363,390	\$0.14	\$0.13	\$0.15	\$0.17	\$0.19	\$0.21
Pump Zone 5 Morro Tank	128,436	\$0.19	\$0.35	\$0.39	\$0.43	\$0.47	\$0.52
Pump Zone 6 Huntley	131,538	\$0.75	\$1.40	\$1.53	\$1.67	\$1.83	\$2.00
Pump Zone 7 Magee Tank	12,127	\$3.31	\$0.71	\$0.78	\$0.86	\$0.94	\$1.03

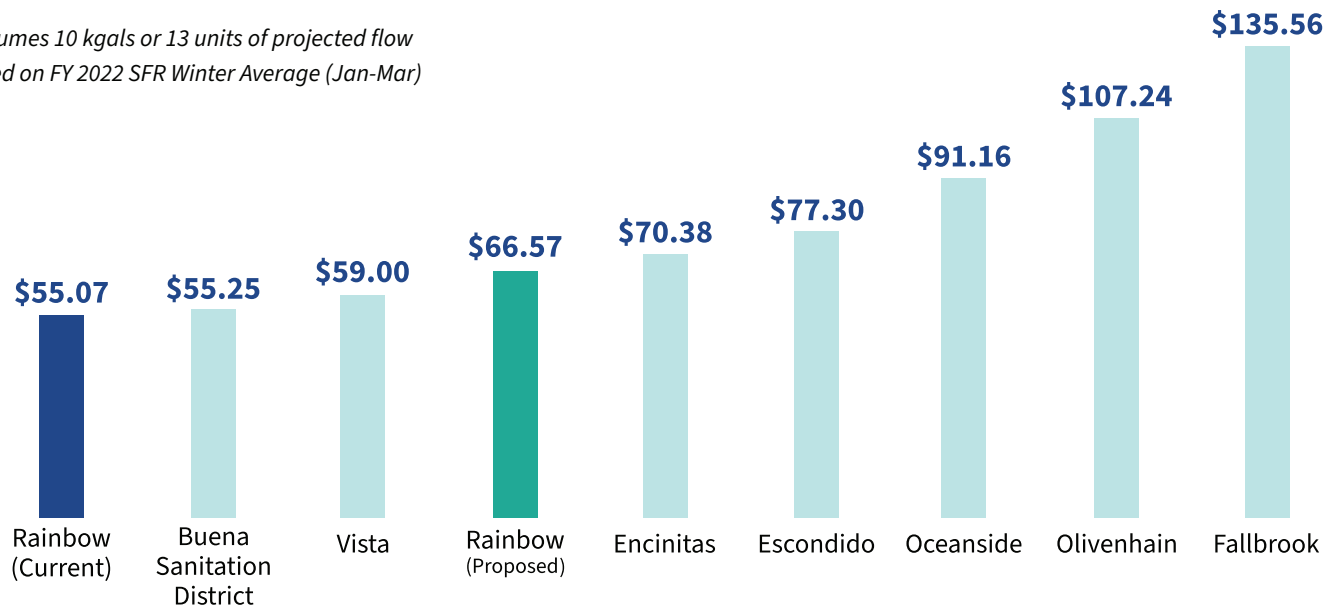


# PROPOSED WASTEWATER RATES (\$/MONTH/PER EDU)

Customers' monthly fixed charge covers costs based on equivalent dwelling units. These charges include billings, customer service, wastewater facility repairs, maintenance, treatment, and other system costs.

## RESIDENTIAL MONTHLY WASTEWATER BILL COMPARISONS

*\*Assumes 10 kgal or 13 units of projected flow based on FY 2022 SFR Winter Average (Jan-Mar)*



## FIXED CHARGES · WASTEWATER

CUSTOMER CLASS	EXISTING CHARGES (\$/EDU)	FY 2024 (\$/EDU)	FY 2025 (\$/EDU)	FY 2026 (\$/EDU)	FY 2027 (\$/EDU)	FY 2028 (\$/EDU)
Single-Family	\$55.07	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Multi-Family	\$40.51	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Residential - WW Only	\$54.40	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Commercial	\$40.51	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Commercial w/ Irrigation	\$40.51	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56

If adopted, the proposed rates may increase annually by an amount equal to pass through:

- Incremental increases in the cost of energy
- Also, increases in the cost of wastewater treatment by the City of Oceanside





# WE VALUE YOUR INPUT: HOW TO PARTICIPATE



RMWD is committed to timely, transparent and proactive communications with our customers. We invite customers to participate in our public hearing process.

## RMWD WEBSITE AND PHONE

The cost-of-service study and additional information on the proposed rate changes are available on our website [www.RainbowMWD.com](http://www.RainbowMWD.com) or by calling **760-728-1178**.



## WRITTEN PROTEST

Property owners and tenants (customers of record) directly responsible for payment may file a formal protest against the proposed rate adjustment. Only one written protest per parcel shall be counted in calculating the majority protest. The Board Secretary or designee will tabulate the protests. All protests are public records and will be retained for at least two years. The protest may be submitted in person to **Rainbow Municipal Water District, 3707 Old Highway 395, Fallbrook, CA 92028, Attn: Board Secretary**. To be deemed valid, the protest must be in writing, signed and contain the following information:

- Specify the rate being protested
- Name of the property owner or customer of record who is submitting the protest
- Parcel number and/or street address
- Original, wet signature and legibly printed name of the property owner or customer of record who is submitting the protest
- Date the protest was signed

**PROTESTS SUBMITTED BY EMAIL, FAX OR PHOTOCOPY DO NOT COUNT AS FORMAL WRITTEN PROTESTS.**



## PUBLIC HEARING

Members of the public are invited to attend the public hearing for the proposed rate changes on **June 27, 2023, at 1 p.m.** All members of the public will have an opportunity to speak and give testimony regarding the proposed rate adjustments. **Only written protests count towards a majority protest.**



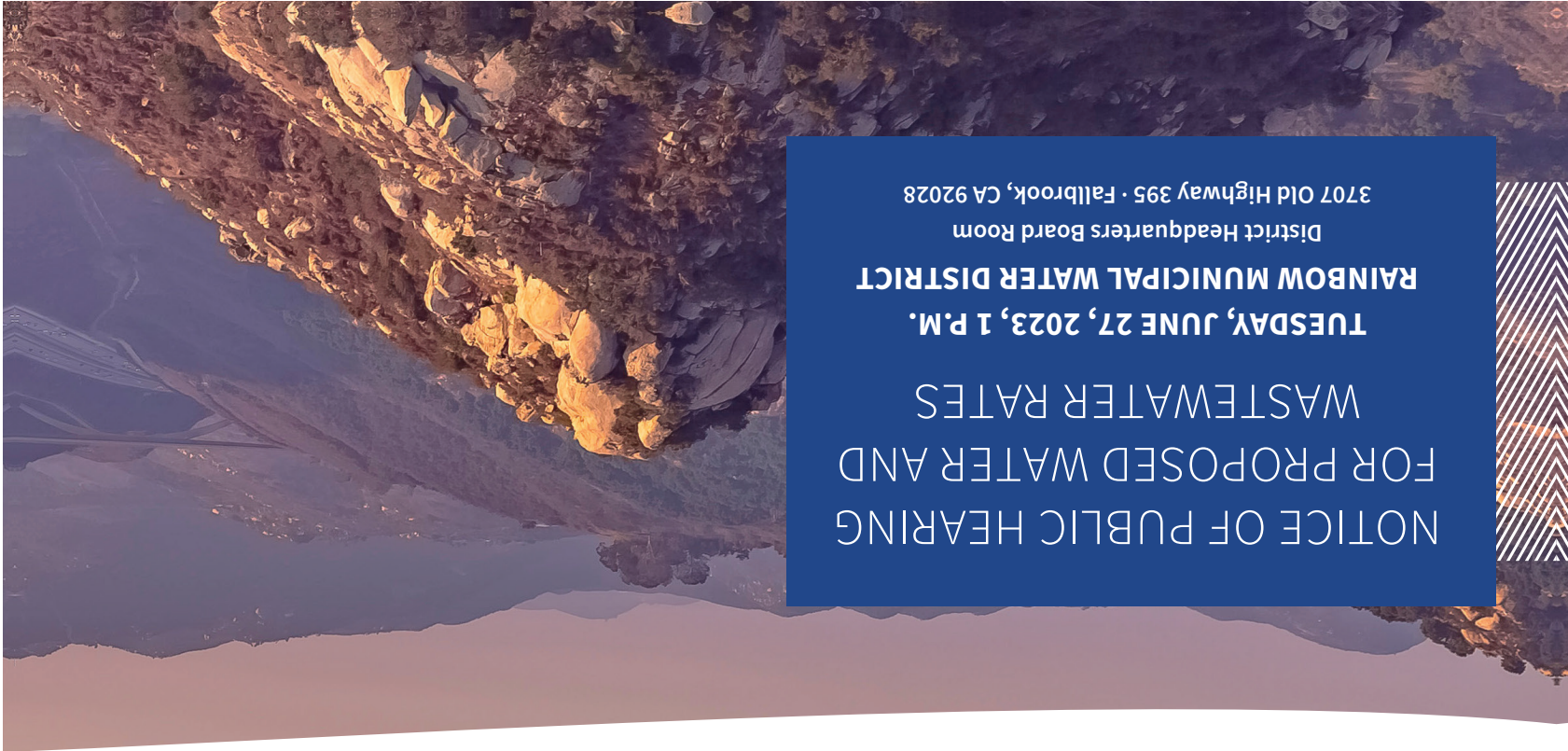
## PUBLIC HEARING PROCESS

The RMWD Board of Directors will hear and consider all written protests and public comments at the public hearing. After the public hearing, if a majority protest does not exist, the Board may adopt the proposed changes. If adopted, the new rates take effect July 1, 2023. Scheduled increases during the five-year period will take effect each July 1 thereafter.



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NOTICE OF PUBLIC HEARING  
FOR PROPOSED WATER AND  
WASTEWATER RATES  
TUESDAY, JUNE 27, 2023, 1 P.M.  
RAINBOW MUNICIPAL WATER DISTRICT  
District Headquarters Board Room  
3707 Old Highway 395 • Fallbrook, CA 92028

Rainbow Municipal Water District will conduct a public hearing to consider the proposed five-year water and wastewater rate increases. All property owners and customers of record receiving RMWD water and wastewater services and all other members of the public, may attend the public hearing to comment on the proposed rate increase.



Public Hearing  
June 27, 2023

*Comprehensive  
Cost-of-Service Rate Study*



IB Consulting, LLC  
31938 Temecula Parkway, Suite A #350  
Temecula, CA. 92592

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## Executive Summary

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Rainbow Municipal Water District (District) periodically reviews the financial position of its utilities. This review is essential to determine if adjustments are required to continue meeting operational costs, cover system repairs and replacements, and adequately fund reserves based on Board adopted policies. The most recent updates occurred in 2021 for the water utility and 2018 for the wastewater utility. Due to significant increases in capital expenses and the recent hyper-inflationary climate over the past year, the District anticipated rate increases would be needed. For the water utility, the proposed rates within this report will replace the previously noticed rates for Fiscal Year 2023-24 (FY 2024) through FY 2026. Therefore, the District hired IB Consulting to conduct a comprehensive cost-of-service update to its water and wastewater utilities. This report provides a basis for developing and implementing cost-based utility rates from FY 2024 through FY 2028 (Rate Setting Period) in compliance with California Constitution Article XIII D, section 6 (Proposition 218).

### Water Utility Summary

Updating the long-term financial plan and performing a comprehensive cost-of-service analysis is a prudent business practice to ensure the District can fully fund its utility needs over the Rate Setting Period and beyond. As part of reviewing and updating water rates, the first step is to conduct a thorough review of the utility's financial health at current rates. Based on a financial review of the water utility at current FY 2023 rates the District's is projected to generate positive net income for FY 2024 and FY 2025, but by FY 2026 an operating deficit of almost \$600k is projected, which would grow to approximately \$2.3M by FY 2028. Net operating income is used to fund the District's capital plan and replenish reserves. However, the District's Capital Improvement Plan (CIP) requires \$33.6M in spending over the Rate Setting Period (annual average of \$6.7M), and with limited net income, CIP would need to be deferred. The District has remaining proceeds from a recent wholesale water efficiency loan equal to \$7.6M that will cover approximately half of the planned capital in FY 2024 and FY 2025, but the remaining funding would need to come from annual rate revenue or reserves. FY 2026 through FY 2028 capital needs are approximately \$20M and, without increases to rates, reserves would be depleted by FY 2026. Therefore, the proposed financial plan generates additional rate revenue that is phased in over the Rate Setting Period to operating, capital spending, and maintain healthy reserves.

The District's current water rate structure includes monthly fixed charges that vary by customer class and meter size, and uniform variable rates, in Hundred Cubic Feet (HCF<sup>1</sup>) increments, which differ by customer class (domestic accounts versus agricultural accounts). The rate structure includes eight distinct customer classes, including Single-Family, Multi-Family, Commercial, Institutional, Agricultural with Residence, Agricultural without Residence, Permanent Special Agricultural Water Rate (PSAWR) Domestic, and PSAWR Commercial. Single-Family, Multi-Family, Commercial, and Institutional customers all have the same uniform rate. Agricultural accounts (with and without residences) are charged a lower uniform rate as these accounts recover a greater amount of their costs through higher fixed charges due to the volatility of their usage patterns. PSAWR customers are charged uniform rates that account for credits received from the San Diego County Water Authority (SDCWA), PSAWR customers may receive less water during water shortages and emergencies. Therefore, the SDCWA program exempts PSAWR customers from paying emergency storage and supply reliability fixed charges and receive a commodity credit. PSAWR Domestic received the commodity credit for usage that exceeds what the SDCWA deems to be needed for residential use (22 HCF per month). Therefore, the Tier 2 rate for PSAWR Domestic is solely for tracking the usage that received the commodity credits from the SDCWA. Lastly, the District also has pumping fixed charges and pumping variable

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<sup>1</sup> One HCF equals 748 gallons of water.

rates to recover the costs associated with pumping water to higher elevations. The pumping fixed charges and variable rates have been recalibrated based on energy costs within the District’s audited financials.

The recommended rates were included within a notice and mailed to each property owner in compliance with Proposition 218. A Public Hearing on June 27, 2023 will consider the proposed rates identified in Table 1 through Table 3, which include SDCWA current known charges. Any Incremental increases or decreases in water costs will be passed through to customers when known as allowed by the pass-through provisions of Government Code section 53756.

*Table 1: Proposed Monthly Fixed Charges*

<b>Fixed Charges (\$/Month)</b>					
<b>Meter Size</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Single-Family, Multi-Family, Commercial, Institutional</b>					
5/8"	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
≤ 3/4"	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
1"	\$145.42	\$158.52	\$172.79	\$188.35	\$205.31
1 1/2"	\$285.01	\$310.66	\$338.62	\$369.10	\$402.32
2"	\$452.51	\$493.24	\$537.64	\$586.03	\$638.78
3"	\$982.92	\$1,071.39	\$1,167.82	\$1,272.93	\$1,387.50
4"	\$1,764.59	\$1,923.41	\$2,096.52	\$2,285.21	\$2,490.88
6"	\$3,635.01	\$3,962.16	\$4,318.76	\$4,707.45	\$5,131.13
<b>Agriculture w/ Residence, Agriculture</b>					
5/8"	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
≤ 3/4"	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
1"	\$233.06	\$254.04	\$276.91	\$301.84	\$329.01
1 1/2"	\$460.27	\$501.70	\$546.86	\$596.08	\$649.73
2"	\$732.93	\$798.90	\$870.81	\$949.19	\$1,034.62
3"	\$1,596.36	\$1,740.03	\$1,896.64	\$2,067.34	\$2,253.41
4"	\$2,868.77	\$3,126.96	\$3,408.39	\$3,715.15	\$4,049.52
6"	\$5,913.47	\$6,445.69	\$7,025.81	\$7,658.14	\$8,347.38
<b>PSAWR Domestic, PSAWR Commercial</b>					
5/8"	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
≤ 3/4"	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
1"	\$208.56	\$227.33	\$247.79	\$270.10	\$294.41
1 1/2"	\$411.27	\$448.29	\$488.64	\$532.62	\$580.56
2"	\$654.53	\$713.45	\$777.67	\$847.67	\$923.97
3"	\$1,424.86	\$1,553.10	\$1,692.88	\$1,845.24	\$2,011.32
4"	\$2,560.07	\$2,790.48	\$3,041.63	\$3,315.38	\$3,613.77
6"	\$5,276.47	\$5,751.36	\$6,268.99	\$6,833.20	\$7,448.19

Table 2: Proposed Variable Rates

Variable Rates (\$/HCF)						
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
Single-Family	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83	
Multi-Family	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83	
Commercial	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83	
Institutional	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83	
Agriculture w/ Res	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41	
Agriculture	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41	
PSAWR Domestic						
Tier 1	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41	
Tier 2	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66	
PSAWR Commercial	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66	

Table 3: Proposed Pumping Charges and Pumping Rates

Pumping						
Pumping Zone	Zone Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Fixed (\$/Month)</b>						
All Zones		\$8.39	\$9.15	\$9.98	\$10.88	\$11.86
<b>Variable (\$/HCF)</b>						
Pump Zone 1	Rainbow Heights	\$2.60	\$2.84	\$3.10	\$3.38	\$3.69
Pump Zone 2	Improve ment District U-1	\$1.39	\$1.52	\$1.66	\$1.81	\$1.98
Pump Zone 3	Vallejos	\$0.26	\$0.29	\$0.32	\$0.35	\$0.39
Pump Zone 4	Northside	\$0.13	\$0.15	\$0.17	\$0.19	\$0.21
Pump Zone 5	Morro Tank	\$0.35	\$0.39	\$0.43	\$0.47	\$0.52
Pump Zone 6	Huntley	\$1.40	\$1.53	\$1.67	\$1.83	\$2.00
Pump Zone 7	Magee Tank	\$0.71	\$0.78	\$0.86	\$0.94	\$1.03

## Wastewater Utility Summary

The District’s wastewater utility is in the process of completing a significant capital replacement project for the Thoroughbred Lane Lift Station and Pipeline Repair. The cost of the project was originally estimated at \$19M and the District’s funding sources included \$10.5M from a Community Facilities District with the remainder covered by rates/reserves. However, the project cost now exceeds \$21.5M, which requires additional contributions from District reserves to complete. The wastewater FY 2023 starting reserves balance (approximately \$1.6M) is not sufficient to cover the difference in project costs. As such, the District requires increases in its wastewater rates and is currently in the process of securing a loan of \$5M to finish the replacement project and cover additional capital needs scheduled over the next couple of years. The proposed financial plan will generate an additional \$13M in rate revenue that is phased in over the Rate Setting Period.

The recommended rates were included within a notice and mailed to each property owner in compliance with Proposition 218. A Public Hearing on June 27, 2023 will consider the proposed rates identified in Table 4.

Table 4: Proposed Wastewater Charges

Wastewater Charges (\$/Month)					
Customer Class	FY 2024 (\$/EDU)	FY 2025 (\$/EDU)	FY 2026 (\$/EDU)	FY 2027 (\$/EDU)	FY 2028 (\$/EDU)
Single-Family	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Multi-Family	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Residential - WW Only	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Commercial	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Commercial w/ Irrigation	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56

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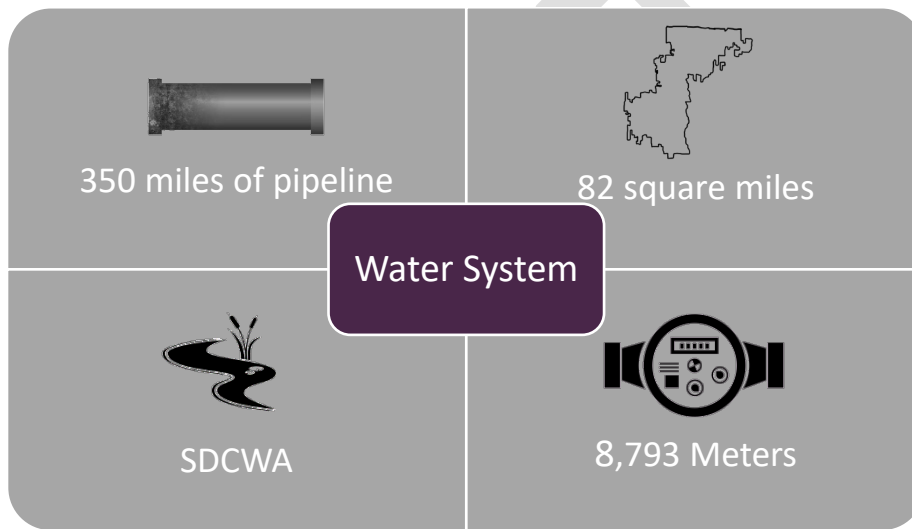


## Water Utility

### Water System

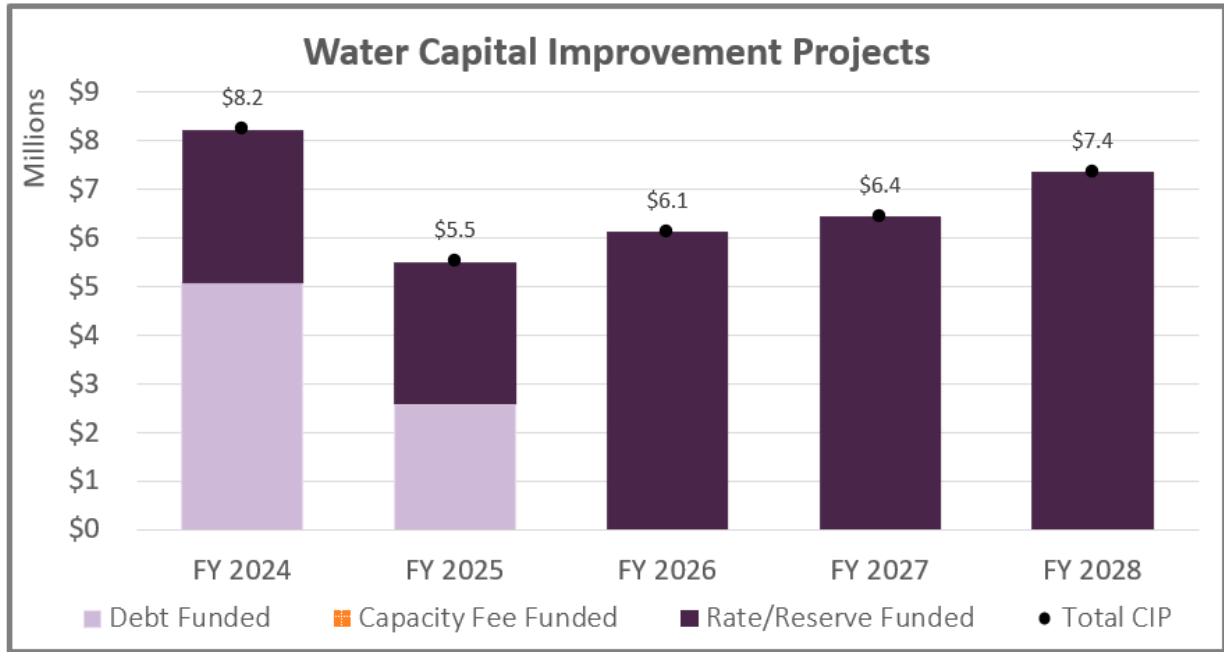
The District provides water to a service area encompassing approximately 82 square miles, located in northern San Diego County and the District has one of the largest agricultural areas in the state. The District is 100% dependent on imported water, currently provided by SDCWA, which purchases the vast majority of its water from Metropolitan Water District of Southern California (MWD). MWD imports water from the Colorado River Aqueduct and Northern California via the State Water Project. The District's water system includes 350 miles of transmission & distribution lines, 13 water tanks, 7 pump stations, and 4 reservoirs.

Figure 1: District Water System



The District's most recent Capital Improvement Plan (CIP) includes approximately \$33.6M in spending over the Rate Setting Period, with almost \$10.4M related to water efficiency projects that may be funded by the recent Wholesale Water Efficiency loan. Figure 2 shows the District's projected capital spending through FY 2028 with funding sources, including remaining proceeds from the loan.

Figure 2: Water Capital Improvement Plan



**Customers**

The District currently serves 8,793 active meters, with just over 70% classified as residential (Single-Family and Multi-Family). Table 5 summarizes accounts by meter size and customer class. Customer classes can be separated between Non-Agricultural accounts (Single-Family, Multi-Family, Commercial, and Institutional), and Agricultural accounts (Agriculture w/ Residence, Agriculture, PSAWR Domestic, and PSAWR Commercial). Agricultural customers are charged a higher fixed charge and receive a lower variable rate. In addition, PSAWR customers do not incur certain fixed charges and receive a credit on the variable rates from SDCWA.

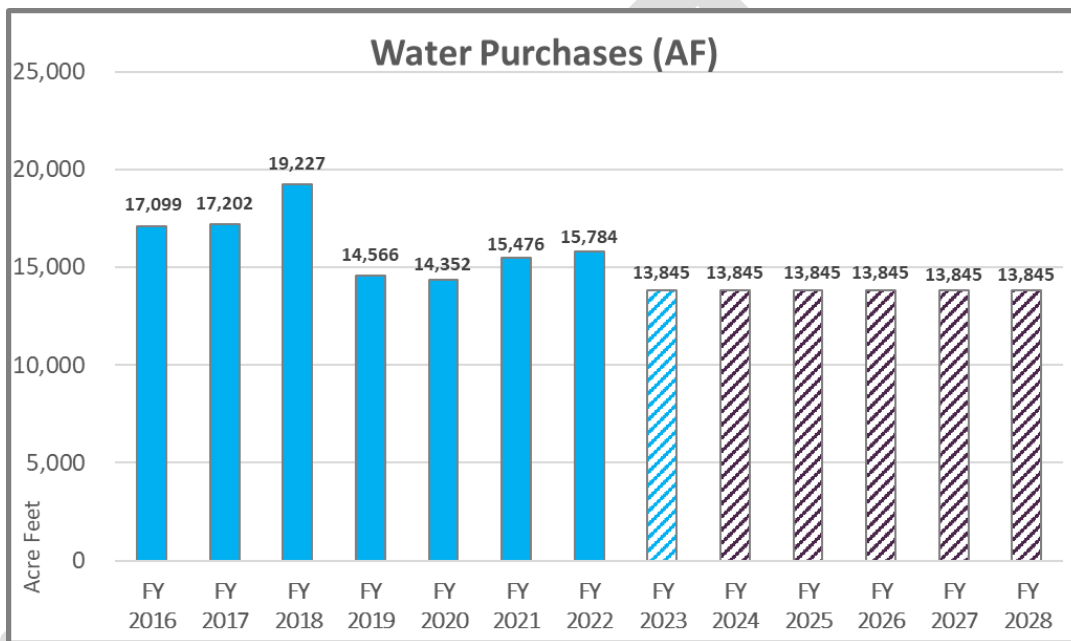
Table 5: Water Accounts by Meter Size

Water Accounts by Customer Class and Meter Size									
Meter Size	Single-Family	Multi-Family	Commercial	Institutional	Agriculture w/ Res	Agriculture	PSAWR Domestic	PSAWR Commercial	Total Accounts
5/8"	234	-	1	-	2	1	-	-	238
3/4"	3,202	39	33	3	170	44	16	4	3,511
1"	2,523	5	105	2	800	236	167	40	3,878
1 1/2"	169	31	56	4	147	104	61	33	605
2"	113	39	55	5	69	117	51	48	497
3"	5	3	6	1	3	16	4	5	43
4"	1	5	4	2	1	6	-	1	20
6"	-	-	-	-	-	1	-	-	1
<b>Total</b>	<b>6,247</b>	<b>122</b>	<b>260</b>	<b>17</b>	<b>1,192</b>	<b>525</b>	<b>299</b>	<b>131</b>	<b>8,793</b>

Figure 3 shows historical water purchases (blue bars) from FY 2016 and projected water purchases (purple bars) in acre-feet (1 acre-foot = 325,851 gallons) through the Rate Setting Period. Water purchases have drastically changed from year to year primarily due to agricultural use within the District’s service area. While residential customers make up nearly 70% of the accounts, agricultural customers usage constitutes 66%-80% of the total water usage. This volatility creates revenue instability in variable revenues collected by the District. The District mitigates this revenue volatility by shifting more cost recovery from Agricultural and PSAWR accounts to their fixed charges. As such, Agricultural and PSAWR fixed charges are more than non-agricultural accounts. Proposed rates will continue this approach to ensure revenue stability.

The projected FY 2024 water purchases reflect 13,845 AF. The study used conservative projections for water purchases given the historic volatility and the District also anticipates land-use conversions from agricultural use to residential developments over the coming years.

Figure 3: Water Purchases



As previously mentioned, the existing rate structure consists of monthly fixed meter charges and variable rates, separated between SDCWA and District charges. Existing metered fixed charges and variable rates are shown in Table 6 and Table 7, respectively, followed by pumping charges in Table 8.

Table 6: FY 2023 Metered Fixed Charges

Fixed Charges (\$/Month)		
Meter Size	SDCWA - Fixed Charge	RMWD Existing Fixed
<b>Single-Family, Multi-Family, Commercial, Institutional</b>		
≤ 3/4"	\$28.19	\$41.01
1"	\$46.98	\$68.34
1 1/2"	\$93.97	\$136.69
2"	\$150.35	\$218.70
3"	\$328.88	\$478.39
4"	\$591.99	\$861.10
6"	\$1,221.56	\$1,776.87
<b>Agriculture w/ Residence, Agriculture</b>		
≤ 3/4"	\$28.19	\$90.73
1"	\$46.98	\$151.20
1 1/2"	\$93.97	\$302.41
2"	\$150.35	\$483.86
3"	\$328.88	\$1,058.42
4"	\$591.99	\$1,905.17
6"	\$1,221.56	\$3,931.29
<b>PSAWR Domestic, PSAWR Commercial</b>		
≤ 3/4"	\$13.51	\$89.90
1"	\$22.52	\$149.83
1 1/2"	\$45.04	\$299.65
2"	\$72.07	\$479.44
3"	\$157.65	\$1,048.78
4"	\$283.77	\$1,887.79
6"	\$585.57	\$3,895.43

Table 7: FY 2023 Variable Rates

Variable Rates (\$/HCF)		
Customer Class	SDCWA Variable Rate	RMWD Variable
Single-Family	\$3.64	\$1.83
Multi-Family	\$3.64	\$1.83
Commercial	\$3.64	\$1.83
Institutional	\$3.64	\$1.83
Agriculture w/ Res	\$3.64	\$0.92
Agriculture	\$3.64	\$0.92
PSAWR Domestic	\$3.11	\$0.90
PSAWR Commercial	\$3.11	\$0.90
Construction	\$3.64	\$0.90

Table 8: FY 2023 Pumping Charges and Pumping Rates

Pumping		
Pumping Zone	Zone Description	Existing
<b>Fixed (\$/Month)</b>		
All Zones		\$7.14
<b>Variable (\$/HCF)</b>		
Pump Zone 1	Rainbow Heights	\$1.02
Pump Zone 2	Improve ment District U-1	\$0.63
Pump Zone 3	Vallecitos	\$0.36
Pump Zone 4	Northside	\$0.14
Pump Zone 5	Morro Tank	\$0.19
Pump Zone 6	Huntley	\$0.75
Pump Zone 7	Magee Tank	\$3.31

## Financial Plan Overview – Water Utility

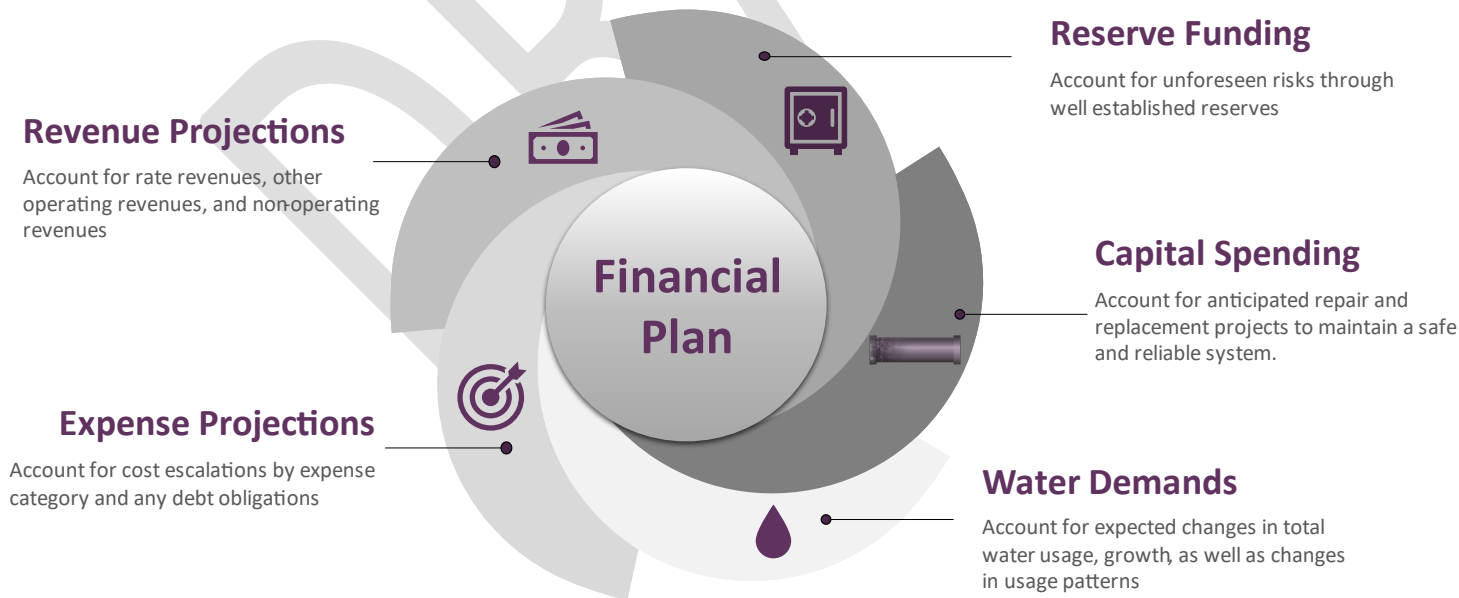
### Financial Planning

Financial planning incorporates numerous considerations, including projecting revenues and forecasting expected costs using various inflationary adjustments. Utilities also need to account for changes in water demand driven by variations in weather, changes to water supplies and water availability, state mandates, growth, and economic factors. In addition, system maintenance and reinvestment, reserves, and debt compliance all influence the revenues needed in future years. Therefore, a comprehensive financial plan reviews the following:

- 1) Historical water sales and consumption patterns to determine an appropriate level of usage for projecting future water demands.
- 2) Operational costs that may change over the planning period because of inflation, unique circumstances of the agency, new expenditures added to meet strategic goals, state mandates, or changes in operations.
- 3) Multi-year system improvement needs, and scheduling based on priority. This review also considers available funding sources to complete projects such as Pay-As-You-Go (PAYGO), grants, loans, and debt financing.
- 4) Reserve funding to meet adopted reserve policies. The goal is to generate adequate cash on hand to mitigate financial risks related to operating cashflow needs, unexpected increases in expenses, shortages in system reinvestment, and mitigating potential system failures.

Figure 4 illustrates the key elements when developing a long-term financial plan.

Figure 4: Water Financial Plan Key Elements



**Financial Planning Assumptions**

Developing a long-term financial plan requires an understanding of the District’s financial position by evaluating existing revenue streams, ongoing expenses, how those expenses will change over time, existing debt requirements, and reserve policies. With these considerations, certain assumptions are required for projecting revenues, expenses, and expected ending fund balances. Through discussions with staff and their understanding of historical budget data and future obligations, Table 9 identifies assumptions used for forecasting revenues. For forecasting revenues, our analysis assumes no growth in accounts as a conservative assumption so projected revenues do not rely on growth to occur. The number of accounts by meter size and customer class can be found in Table 5 and was held constant through the Rate Setting Period. Table 10 provides details on the number of accounts by pumping zone. Table 11 identifies projected usage by customer class. Table 12 identifies the amount of projected usage through each elevation zone. As shown in both the usage tables, the financial plan does not account for any changes in demand. The District anticipates agriculture in the service area will continue to decline as the cost of water continues to increase, making growing crops increasingly difficult. The timing and magnitude of this transition is uncertain and therefore the financial plan used a wet year as the basis for projections and held it constant for the Rate Setting Period

Table 9: Water Assumptions for Forecasting Revenues

Revenue Forecasting					
Key Assumptions	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Revenue Escalation</b>					
Non-Rate Revenues	0.0%	0.0%	0.0%	0.0%	0.0%
Reserve Interest	1.5%	1.5%	1.5%	1.5%	1.5%
<b>Account Growth</b>	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Water Sales</b>					
Customer Usage (AF)	12,738	12,738	12,738	12,738	12,738
Customer Usage (HCF)	5,548,472	5,548,472	5,548,472	5,548,472	5,548,472

Table 10: Water Accounts by Pumping Zone - FY 2024 through FY 2028

Accounts by Pumping Zone						
Pumping Zone		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Pump Zone 1	Rainbow Heights	181	181	181	181	181
Pump Zone 2	Improvement District U-1	111	111	111	111	111
Pump Zone 3	Vallecitos	60	60	60	60	60
Pump Zone 4	Northside	430	430	430	430	430
Pump Zone 5	Morro Tank	349	349	349	349	349
Pump Zone 6	Huntley	152	152	152	152	152
Pump Zone 7	Magee Tank	59	59	59	59	59
<b>Total Pumping Zone Meters</b>		<b>1,342</b>	<b>1,342</b>	<b>1,342</b>	<b>1,342</b>	<b>1,342</b>

Table 11: Projected Consumption (HCF) – FY 2024 through FY 2028

Projected Consumption (HCF)					
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Single-Family	1,521,953	1,521,953	1,521,953	1,521,953	1,521,953
Multi-Family	130,046	130,046	130,046	130,046	130,046
Commercial	362,543	362,543	362,543	362,543	362,543
Institutional	26,318	26,318	26,318	26,318	26,318
Agriculture w/ Res	918,501	918,501	918,501	918,501	918,501
Agriculture	1,243,086	1,243,086	1,243,086	1,243,086	1,243,086
PSAWR Domestic	721,309	721,309	721,309	721,309	721,309
PSAWR Commercial	604,716	604,716	604,716	604,716	604,716
Construction	20,000	20,000	20,000	20,000	20,000
<b>Total Consumption (HCF)</b>	<b>5,548,472</b>	<b>5,548,472</b>	<b>5,548,472</b>	<b>5,548,472</b>	<b>5,548,472</b>

Table 12: Projected Pumping Consumption (HCF) – FY 2024 through FY 2028

Projected Zone Consumption (HCF)						
Pumping Zone		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Pump Zone 1	<i>Rainbow Heights</i>	183,452	183,452	183,452	183,452	183,452
Pump Zone 2	<i>Improvement District U-1</i>	38,945	38,945	38,945	38,945	38,945
Pump Zone 3	<i>Vallecitos</i>	67,006	67,006	67,006	67,006	67,006
Pump Zone 4	<i>Northside</i>	363,390	363,390	363,390	363,390	363,390
Pump Zone 5	<i>Morro Tank</i>	128,436	128,436	128,436	128,436	128,436
Pump Zone 6	<i>Huntley</i>	131,538	131,538	131,538	131,538	131,538
Pump Zone 7	<i>Magee Tank</i>	12,127	12,127	12,127	12,127	12,127
<b>Total Consumption by Zone (HCF)</b>		<b>924,894</b>	<b>924,894</b>	<b>924,894</b>	<b>924,894</b>	<b>924,894</b>

Table 13 identifies assumptions used for forecasting increases in expenses over the Rate Setting Period. Purchased water costs are held constant and any increases will be captured through the pass-through provisions of Government Code section 53756.



Table 13: Water Assumptions for Forecasting Expenses<sup>2</sup>

Expenditure Forecasting						
Key Assumptions	Source:	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Expenditure Escalation						
Benefits		3.00%	3.00%	3.00%	3.00%	3.00%
Capital Construction	ENR 20-City	7.20%	7.20%	3.93%	3.93%	3.93%
Energy Costs		5.00%	5.00%	5.00%	5.00%	5.00%
General Costs	CPI - SD (CA DIR)	7.71%	7.71%	4.03%	4.03%	4.03%
Retirement		5.00%	5.00%	5.00%	5.00%	5.00%
Salaries		6.00%	6.00%	6.00%	6.00%	6.00%
Purchased Water	SDCWA	Pass-Through	Pass-Through	Pass-Through	Pass-Through	Pass-Through

### Current Financial Position

#### Revenues

Based on the forecasting assumptions, fixed meter revenues were calculated using account data by meter size (Table 5) multiplied by existing fixed meter charges (Table 6) times the number of billing periods<sup>3</sup>. Similarly, fixed pumping revenues were calculated using pumping zone accounts (Table 10) multiplied by pumping zone fixed charges (Table 8). Variable revenues were calculated using existing variable rates (Table 7) and variable pumping zone rates (Table 8) and projected total water sales by customer class (Table 11) and projected usage by pumping zone (Table 12). Table 14 shows the calculated rate revenues through the Rate Setting Period. Table 15 summarizes calculated rate revenues and other non-rate revenues available through the Rate Setting Period with future projections rounded to the nearest thousands.

<sup>2</sup> Capital Construction inflation and General Costs for FY 2024 and FY 2025 were increased to 7.20% and 7.71%, respectively to account for the most recent annual increase due to inflation. Outer years reduce to 3.93% and 4.03%, reflecting the 5-year average of the Engineer’s News Record – CCI index and the SD Consumer Price Index, respectively.

<sup>3</sup> The District bills customers on a monthly basis; therefore, there are 12 billing periods during the fiscal year.

Table 14: Water Calculated Rate Revenues

Calculated Revenue					
Fixed Revenue	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>RMWD O&amp;M Fixed Charge</b>					
Single-Family	\$4,372,787	\$4,372,787	\$4,372,787	\$4,372,787	\$4,372,787
Multi-Family	\$245,381	\$245,381	\$245,381	\$245,381	\$245,381
Commercial	\$414,815	\$414,815	\$414,815	\$414,815	\$414,815
Institutional	\$49,207	\$49,207	\$49,207	\$49,207	\$49,207
Agriculture w/ Res	\$2,633,839	\$2,633,839	\$2,633,839	\$2,633,839	\$2,633,839
Agriculture	\$1,921,504	\$1,921,504	\$1,921,504	\$1,921,504	\$1,921,504
PSAWR Domestic	\$880,623	\$880,623	\$880,623	\$880,623	\$880,623
PSAWR Commercial	\$556,633	\$556,633	\$556,633	\$556,633	\$556,633
<b>Total RMWD O&amp;M Fixed Charge</b>	<b>\$11,074,789</b>	<b>\$11,074,789</b>	<b>\$11,074,789</b>	<b>\$11,074,789</b>	<b>\$11,074,789</b>
<b>SDCWA Fixed Charge</b>					
Single-Family	\$3,005,979	\$3,005,979	\$3,005,979	\$3,005,979	\$3,005,979
Multi-Family	\$168,691	\$168,691	\$168,691	\$168,691	\$168,691
Commercial	\$285,170	\$285,170	\$285,170	\$285,170	\$285,170
Institutional	\$33,828	\$33,828	\$33,828	\$33,828	\$33,828
Agriculture w/ Res	\$818,389	\$818,389	\$818,389	\$818,389	\$818,389
Agriculture	\$597,063	\$597,063	\$597,063	\$597,063	\$597,063
PSAWR Domestic	\$132,367	\$132,367	\$132,367	\$132,367	\$132,367
PSAWR Commercial	\$83,670	\$83,670	\$83,670	\$83,670	\$83,670
<b>Total SDCWA Fixed Charge</b>	<b>\$5,125,158</b>	<b>\$5,125,158</b>	<b>\$5,125,158</b>	<b>\$5,125,158</b>	<b>\$5,125,158</b>
<b>Total Fixed Pumping Charge</b>	<b>\$114,983</b>	<b>\$114,983</b>	<b>\$114,983</b>	<b>\$114,983</b>	<b>\$114,983</b>
Variable Revenue	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>RMWD Variable Rate Revenue</b>					
Single-Family	\$2,785,174	\$2,785,174	\$2,785,174	\$2,785,174	\$2,785,174
Multi-Family	\$237,984	\$237,984	\$237,984	\$237,984	\$237,984
Commercial	\$663,454	\$663,454	\$663,454	\$663,454	\$663,454
Institutional	\$48,162	\$48,162	\$48,162	\$48,162	\$48,162
Agriculture w/ Res	\$845,021	\$845,021	\$845,021	\$845,021	\$845,021
Agriculture	\$1,143,639	\$1,143,639	\$1,143,639	\$1,143,639	\$1,143,639
PSAWR Domestic	\$649,178	\$649,178	\$649,178	\$649,178	\$649,178
PSAWR Commercial	\$544,244	\$544,244	\$544,244	\$544,244	\$544,244
Construction	\$36,600	\$36,600	\$36,600	\$36,600	\$36,600
<b>Total RMWD Variable Rate Revenue</b>	<b>\$6,953,456</b>	<b>\$6,953,456</b>	<b>\$6,953,456</b>	<b>\$6,953,456</b>	<b>\$6,953,456</b>
<b>SDCWA Variable Rate Revenue</b>					
Single-Family	\$5,539,909	\$5,539,909	\$5,539,909	\$5,539,909	\$5,539,909
Multi-Family	\$473,367	\$473,367	\$473,367	\$473,367	\$473,367
Commercial	\$1,319,657	\$1,319,657	\$1,319,657	\$1,319,657	\$1,319,657
Institutional	\$95,798	\$95,798	\$95,798	\$95,798	\$95,798
Agriculture w/ Res	\$3,343,344	\$3,343,344	\$3,343,344	\$3,343,344	\$3,343,344
Agriculture	\$4,524,833	\$4,524,833	\$4,524,833	\$4,524,833	\$4,524,833
PSAWR Domestic	\$2,243,271	\$2,243,271	\$2,243,271	\$2,243,271	\$2,243,271
PSAWR Commercial	\$1,880,667	\$1,880,667	\$1,880,667	\$1,880,667	\$1,880,667
Construction	\$72,800	\$72,800	\$72,800	\$72,800	\$72,800
<b>Total SDCWA Variable Rate Revenue</b>	<b>\$19,493,645</b>	<b>\$19,493,645</b>	<b>\$19,493,645</b>	<b>\$19,493,645</b>	<b>\$19,493,645</b>
<b>Pumping - Variable</b>					
Pump Zone 1	<i>Rainbow Heights</i>	\$187,121	\$187,121	\$187,121	\$187,121
Pump Zone 2	<i>Improvement District U-1</i>	\$24,535	\$24,535	\$24,535	\$24,535
Pump Zone 3	<i>Vallecitos</i>	\$24,122	\$24,122	\$24,122	\$24,122
Pump Zone 4	<i>Northside</i>	\$50,875	\$50,875	\$50,875	\$50,875
Pump Zone 5	<i>Marra Tank</i>	\$24,403	\$24,403	\$24,403	\$24,403
Pump Zone 6	<i>Huntley</i>	\$98,654	\$98,654	\$98,654	\$98,654
Pump Zone 7	<i>Magee Tank</i>	\$40,140	\$40,140	\$40,140	\$40,140
<b>Total Variable Pumping Revenue</b>		<b>\$449,850</b>	<b>\$449,850</b>	<b>\$449,850</b>	<b>\$449,850</b>
<b>Total Rate Revenue</b>		<b>\$43,211,881</b>	<b>\$43,211,881</b>	<b>\$43,211,881</b>	<b>\$43,211,881</b>

Table 15: Water Projected Revenues

<b>Projected Water Revenues</b>					
<b>Revenue Summary</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Rate Revenues</b>					
<i>RMWD Rate Revenues</i>					
RMWD O&M Fixed Charge	\$11,075,000	\$11,075,000	\$11,075,000	\$11,075,000	\$11,075,000
RMWD Variable Rate Revenue	\$6,953,000	\$6,953,000	\$6,953,000	\$6,953,000	\$6,953,000
Pumping Revenue (Fixed + Variable)	\$565,000	\$565,000	\$565,000	\$565,000	\$565,000
<b>Subtotal RMWD Rate Revenues</b>	<b>\$18,593,000</b>	<b>\$18,593,000</b>	<b>\$18,593,000</b>	<b>\$18,593,000</b>	<b>\$18,593,000</b>
<i>SDCWA Pass-through Revenues</i>					
SDCWA Fixed Charge	\$5,125,000	\$5,125,000	\$5,125,000	\$5,125,000	\$5,125,000
SDCWA Variable Rate Revenue	\$19,494,000	\$19,494,000	\$19,494,000	\$19,494,000	\$19,494,000
<b>Subtotal SDCWA Pass-through Revenues</b>	<b>\$24,619,000</b>	<b>\$24,619,000</b>	<b>\$24,619,000</b>	<b>\$24,619,000</b>	<b>\$24,619,000</b>
<b>Subtotal Rate Revenues</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>
<b>Operating Revenues</b>					
Readiness-To-Serve Revenue	\$295,000	\$295,000	\$295,000	\$295,000	\$295,000
Unlock Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
RP Charges	\$246,000	\$246,000	\$246,000	\$246,000	\$246,000
Inspections	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Install-Hydrant	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Miscellaneous	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
New Meter/Install Parts	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Notice Delivery Revenue	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Subtotal Operating Revenues</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>
<b>Non-Operating Revenues</b>					
NSF Fees	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Recycling Revenue	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Miscellaneous Revenue	\$95,000	\$95,000	\$95,000	\$95,000	\$95,000
Interest Revenues	\$59,000	\$103,000	\$131,000	\$154,000	\$247,000
Property Tax Revenue	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000
<b>Subtotal Non-Operating Revenues</b>	<b>\$815,000</b>	<b>\$859,000</b>	<b>\$887,000</b>	<b>\$910,000</b>	<b>\$1,003,000</b>
<b>Other Revenues</b>					
Penalty Charges	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000
Plan Check Rev.	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000
Miscellaneous Revenue	\$61,000	\$61,000	\$61,000	\$61,000	\$61,000
Misc. Revenue - Eng. Services	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>Subtotal Other Revenues</b>	<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>
<b>Total Revenues</b>	<b>\$45,198,000</b>	<b>\$45,242,000</b>	<b>\$45,270,000</b>	<b>\$45,293,000</b>	<b>\$45,386,000</b>

## Expenses

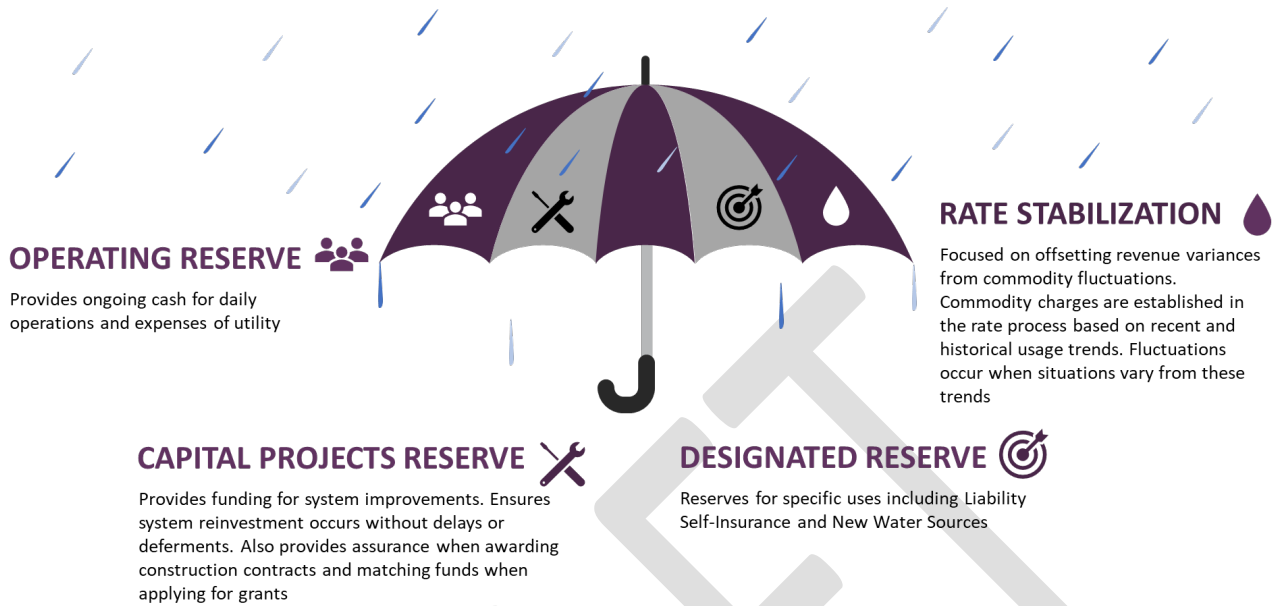
The FY 2023 adopted budget was used as the utility’s baseline Operational & Maintenance (O&M) expenses and adjusted in subsequent years based on the escalation factors shown in Table 13. Table 16 provides projected O&M expenses through the Rate Setting Period with projections rounded to the nearest thousands. Each expense category includes detailed line-item expenditures that we discussed with staff to determine the appropriate escalation factor for forecasting how costs will increase over time.

*Table 16: Water Projected O&M Expenses*

<b>Projected Operating &amp; Maintenance Expenses</b>					
<b>O&amp;M Summary</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Purchased Water Costs</b>					
<i>Fixed Purchased Water Costs</i>					
MWD Readiness-to-Serve Charge	\$457,000	\$457,000	\$457,000	\$457,000	\$457,000
MWD Capacity Charge	\$327,000	\$327,000	\$327,000	\$327,000	\$327,000
Supply Reliability Charge	\$1,041,000	\$1,041,000	\$1,041,000	\$1,041,000	\$1,041,000
Customer Service Charge	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000
Emergency Storage Charge	\$1,517,000	\$1,517,000	\$1,517,000	\$1,517,000	\$1,517,000
Infrastructure Access Charge	\$761,000	\$761,000	\$761,000	\$761,000	\$761,000
<b>Subtotal Fixed Purchased Water Costs</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>
<i>Variable Purchased Water Costs</i>					
Purchased Water (Variable Costs)	\$20,467,000	\$20,467,000	\$20,467,000	\$20,467,000	\$20,467,000
PSAWR Credit/Discount	(\$659,000)	(\$659,000)	(\$659,000)	(\$659,000)	(\$659,000)
<b>Subtotal Variable Purchased Water Costs</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>
<b>Total Purchased Water Costs</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>
<b>Operating Expenses</b>					
<i>Operating and Maintenance</i>					
Administration	\$1,726,000	\$1,832,000	\$1,930,000	\$2,033,000	\$2,142,000
Board of Directors	\$44,000	\$46,000	\$48,000	\$50,000	\$52,000
Customer Service	\$511,000	\$541,000	\$567,000	\$596,000	\$625,000
Distribution / Capital Construction	\$2,426,000	\$2,579,000	\$2,699,000	\$2,825,000	\$2,957,000
Engineering	\$983,000	\$1,039,000	\$1,095,000	\$1,155,000	\$1,218,000
Finance	\$1,001,000	\$1,058,000	\$1,112,000	\$1,169,000	\$1,230,000
Fleet/Garage	\$544,000	\$578,000	\$605,000	\$633,000	\$663,000
General Fund Expense	\$561,000	\$604,000	\$629,000	\$654,000	\$680,000
Human Resources	\$384,000	\$407,000	\$428,000	\$449,000	\$472,000
Information Technology	\$1,385,000	\$1,476,000	\$1,545,000	\$1,618,000	\$1,694,000
Meters	\$1,091,000	\$1,156,000	\$1,211,000	\$1,269,000	\$1,331,000
Operations	\$3,163,000	\$3,369,000	\$3,522,000	\$3,681,000	\$3,848,000
Risk Management	\$817,000	\$877,000	\$914,000	\$953,000	\$994,000
Valve Maintenance	\$389,000	\$411,000	\$432,000	\$453,000	\$476,000
<b>Subtotal Operating and Maintenance</b>	<b>\$15,025,000</b>	<b>\$15,973,000</b>	<b>\$16,737,000</b>	<b>\$17,538,000</b>	<b>\$18,382,000</b>
<i>Pumping Costs</i>					
Pumping Operations	\$135,000	\$145,000	\$151,000	\$158,000	\$165,000
Pumping Energy	\$830,000	\$871,000	\$915,000	\$961,000	\$1,009,000
<b>Subtotal Pumping Costs</b>	<b>\$965,000</b>	<b>\$1,016,000</b>	<b>\$1,066,000</b>	<b>\$1,119,000</b>	<b>\$1,174,000</b>
<b>Total Operating Expenses</b>	<b>\$15,990,000</b>	<b>\$16,989,000</b>	<b>\$17,803,000</b>	<b>\$18,657,000</b>	<b>\$19,556,000</b>
<b>Debt Service</b>					
Existing Debt	\$3,077,000	\$3,077,000	\$3,077,000	\$3,076,000	\$3,076,000
<b>Subtotal Debt Service</b>	<b>\$3,077,000</b>	<b>\$3,077,000</b>	<b>\$3,077,000</b>	<b>\$3,076,000</b>	<b>\$3,076,000</b>
<b>Total Expenses</b>	<b>\$44,018,000</b>	<b>\$45,017,000</b>	<b>\$45,831,000</b>	<b>\$46,684,000</b>	<b>\$47,583,000</b>

Reserves

Figure 5: Water Utility Reserves



Established reserves include Operating Reserve, Capital Project Reserve, Rate Stabilization Reserve, and two Designated Reserves. These reserves help mitigate risks to the utility by ensuring sufficient cash is on hand for daily operations and to fund annual system improvements. Most recently, reserves have been used to cover increased costs in capital projects due to hyper-inflation over the past year. In addition, these reserves may be used to help smooth rates and mitigate rate spikes due to emergencies. The most recently adopted reserve policies identify the function of each reserve. Table 17 summarizes the minimum requirements and the ideal funding targets of each reserve. In addition, the District has a separate account for capacity fees from new connections that funds a portion of capital projects.

Table 17: Water Reserve Requirements and Targets

Reserve	Minimum Requirement	Reserve Target
Operating	60 days of operating costs	90 days of operating costs
Capital Projects	1-year of CIP based on 5-year average	2-years of CIP based on 5-year average
Rate Stabilization	5% of rate revenue	10% of rate revenue
Liability Self-Insurance	Fixed amount of \$100,000	N/A
New Source Water	N/A	N/A

The estimated projected ending reserve balance for June 30, 2023, equals approximately \$5.8M.

## Financial Outlook at Existing Rates

Calculating revenue using existing rates and projecting expenses helps determine the current financial health of the utility. Revenues from existing rates can cover operating expenses through FY 2025. However, without adjustments, the District will experience an operating deficit and depleted reserves by the end of FY 2026. The planned CIP averages \$6.7M annually. Therefore, scheduled capital projects would need to be deferred. Table 18 forecasts existing revenues and expenses through the Rate Setting Period. Table 19 identifies reserve transfers and reserves activity, with projected FY 2024 starting reserve balances shown for each reserve.

Table 18: Water Financial Plan at Existing Rates

Financial Plan at Existing Rates					
Revenue	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Rate Revenues</b>					
RMWD O&M Fixed Charge	\$11,075,000	\$11,075,000	\$11,075,000	\$11,075,000	\$11,075,000
RMWD Variable Rate Revenue	\$6,953,000	\$6,953,000	\$6,953,000	\$6,953,000	\$6,953,000
Pumping Revenue (Fixed + Variable) <b>Table 15</b>	\$565,000	\$565,000	\$565,000	\$565,000	\$565,000
SDCWA Fixed Charge	\$5,125,000	\$5,125,000	\$5,125,000	\$5,125,000	\$5,125,000
SDCWA Variable Rate Revenue	\$19,494,000	\$19,494,000	\$19,494,000	\$19,494,000	\$19,494,000
<b>Total Rate Revenues</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>
<b>Operating Revenues</b>					
Readiness-To-Serve Revenue	\$295,000	\$295,000	\$295,000	\$295,000	\$295,000
Unlock Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
RP Charges	\$246,000	\$246,000	\$246,000	\$246,000	\$246,000
Inspections <b>Table 15</b>	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Install-Hydrant	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Miscellaneous	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
New Meter/Install Parts	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Notice Delivery Revenue	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Subtotal Operating Revenues</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>
<b>Non-Operating Revenues</b>					
NSF Fees	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Recycling Revenue	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Miscellaneous Revenue <b>Table 15</b>	\$95,000	\$95,000	\$95,000	\$95,000	\$95,000
Interest Revenues	\$59,000	\$86,000	\$96,000	\$93,000	\$78,000
Property Tax Revenue	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000
<b>Subtotal Non-Operating Revenues</b>	<b>\$815,000</b>	<b>\$842,000</b>	<b>\$852,000</b>	<b>\$849,000</b>	<b>\$834,000</b>
<b>Other Revenues</b>					
Penalty Charges	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000
Plan Check Rev. <b>Table 15</b>	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000
Miscellaneous Revenue	\$61,000	\$61,000	\$61,000	\$61,000	\$61,000
Misc. Revenue - Eng. Services	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>Subtotal Other Revenues</b>	<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>
<b>Total Revenues</b>	<b>\$45,198,000</b>	<b>\$45,225,000</b>	<b>\$45,235,000</b>	<b>\$45,232,000</b>	<b>\$45,217,000</b>

# Rainbow Municipal Water District – Comprehensive Cost-of-Service Rate Study

<b>Financial Plan (continued)</b>						
<b>O&amp;M Expenditures</b>		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Purchased Water Costs</b>						
<i>Fixed Purchased Water Costs</i>						
MWD Readiness-to-Serve Charge		\$457,000	\$457,000	\$457,000	\$457,000	\$457,000
MWD Capacity Charge		\$327,000	\$327,000	\$327,000	\$327,000	\$327,000
Supply Reliability Charge	<b>Table 16</b>	\$1,041,000	\$1,041,000	\$1,041,000	\$1,041,000	\$1,041,000
Customer Service Charge		\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000
Emergency Storage Charge		\$1,517,000	\$1,517,000	\$1,517,000	\$1,517,000	\$1,517,000
Infrastructure Access Charge		\$761,000	\$761,000	\$761,000	\$761,000	\$761,000
<b>Subtotal Fixed Purchased Water Costs</b>		<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>
<i>Variable Purchased Water Costs</i>						
Purchased Water (Variable Costs)	<b>Table 16</b>	\$20,467,000	\$20,467,000	\$20,467,000	\$20,467,000	\$20,467,000
PSAWR Credit/Discount		(\$659,000)	(\$659,000)	(\$659,000)	(\$659,000)	(\$659,000)
<b>Subtotal Variable Purchased Water Costs</b>		<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>
<b>Total Purchased Water Costs</b>		<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>
<b>Operating Expenses</b>						
<i>Operating and Maintenance</i>						
Administration		\$1,726,000	\$1,832,000	\$1,930,000	\$2,033,000	\$2,142,000
Board of Directors		\$44,000	\$46,000	\$48,000	\$50,000	\$52,000
Customer Service		\$511,000	\$541,000	\$567,000	\$596,000	\$625,000
Distribution / Capital Construction		\$2,426,000	\$2,579,000	\$2,699,000	\$2,825,000	\$2,957,000
Engineering		\$983,000	\$1,039,000	\$1,095,000	\$1,155,000	\$1,218,000
Finance		\$1,001,000	\$1,058,000	\$1,112,000	\$1,169,000	\$1,230,000
Fleet/Garage	<b>Table 16</b>	\$544,000	\$578,000	\$605,000	\$633,000	\$663,000
General Fund Expense		\$561,000	\$604,000	\$629,000	\$654,000	\$680,000
Human Resources		\$384,000	\$407,000	\$428,000	\$449,000	\$472,000
Information Technology		\$1,385,000	\$1,476,000	\$1,545,000	\$1,618,000	\$1,694,000
Meters		\$1,091,000	\$1,156,000	\$1,211,000	\$1,269,000	\$1,331,000
Operations		\$3,163,000	\$3,369,000	\$3,522,000	\$3,681,000	\$3,848,000
Risk Management		\$817,000	\$877,000	\$914,000	\$953,000	\$994,000
Valve Maintenance		\$389,000	\$411,000	\$432,000	\$453,000	\$476,000
<b>Subtotal Operating and Maintenance</b>		<b>\$15,025,000</b>	<b>\$15,973,000</b>	<b>\$16,737,000</b>	<b>\$17,538,000</b>	<b>\$18,382,000</b>
<i>Pumping Costs</i>						
Pumping Operations	<b>Table 16</b>	\$135,000	\$145,000	\$151,000	\$158,000	\$165,000
Pumping Energy		\$830,000	\$871,000	\$915,000	\$961,000	\$1,009,000
<b>Subtotal Pumping Costs</b>		<b>\$965,000</b>	<b>\$1,016,000</b>	<b>\$1,066,000</b>	<b>\$1,119,000</b>	<b>\$1,174,000</b>
<b>Total Operating Expenses</b>		<b>\$15,990,000</b>	<b>\$16,989,000</b>	<b>\$17,803,000</b>	<b>\$18,657,000</b>	<b>\$19,556,000</b>
<b>Debt Service</b>						
Existing Debt	<b>Table 16</b>	\$3,077,000	\$3,077,000	\$3,077,000	\$3,076,000	\$3,076,000
<b>Subtotal Debt Service</b>		<b>\$3,077,000</b>	<b>\$3,077,000</b>	<b>\$3,077,000</b>	<b>\$3,076,000</b>	<b>\$3,076,000</b>
<b>Total Expenses</b>		<b>\$44,018,000</b>	<b>\$45,017,000</b>	<b>\$45,831,000</b>	<b>\$46,684,000</b>	<b>\$47,583,000</b>
<b>Net Cashflow</b> (Revenue - Expenses)		<b>\$1,180,000</b>	<b>\$208,000</b>	<b>(\$596,000)</b>	<b>(\$1,452,000)</b>	<b>(\$2,366,000)</b>

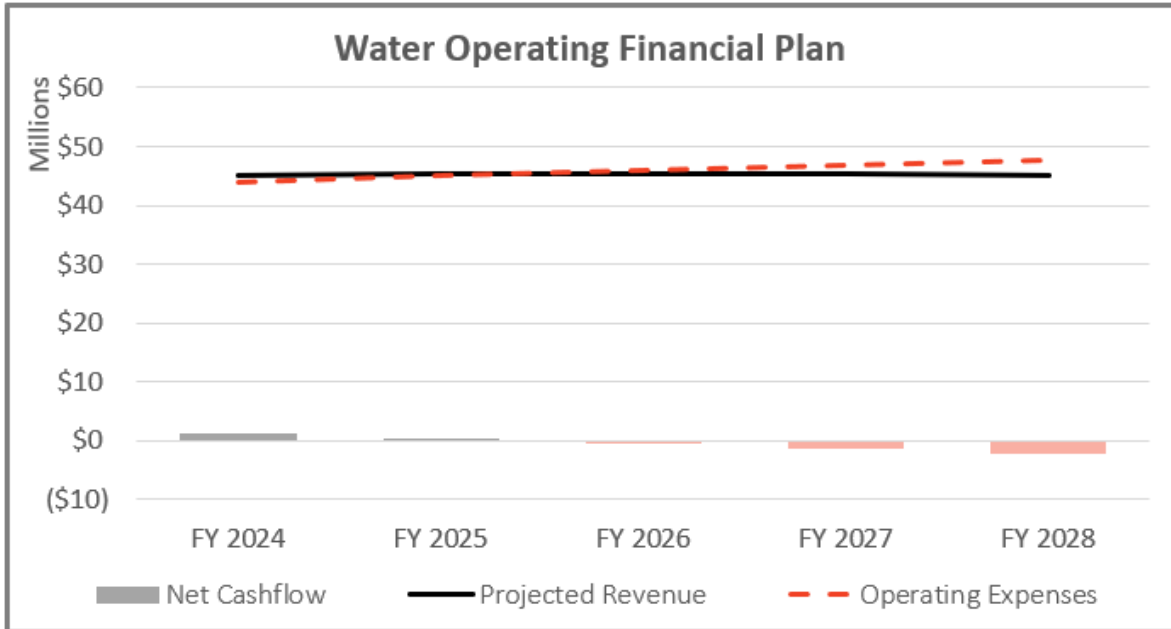
Table 19: Water – Transfers and Reserve Activity at Existing Rates

<b>Water Reserve Activity</b>					
<b>Operating Fund</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$3,705,993	\$4,885,993	\$5,093,993	\$4,497,993	\$3,045,993
Transfers (Net Cashflow)	\$1,180,000	\$208,000	(\$596,000)	(\$1,452,000)	(\$2,366,000)
<b>Ending Balance</b>	<b>\$4,885,993</b>	<b>\$5,093,993</b>	<b>\$4,497,993</b>	<b>\$3,045,993</b>	<b>\$679,993</b>
<b>Liability Self-Insurance</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
<b>Ending Balance</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>
<b>Water Capital Reserve</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$679,429	(\$2,473,439)	(\$5,403,046)	(\$11,525,442)	(\$17,962,351)
Plus:					
Wholesale Water Efficiency Loan Proceeds	\$5,075,000	\$2,581,090	\$0	\$0	\$0
Less:					
CIP	(\$8,227,868)	(\$5,510,697)	(\$6,122,396)	(\$6,436,909)	(\$7,354,597)
Subtotal Water Capital Reserve	(\$2,473,439)	(\$5,403,046)	(\$11,525,442)	(\$17,962,351)	(\$25,316,948)
Interest Earnings	\$0	\$0	\$0	\$0	\$0
<b>Ending Balance</b>	<b>(\$2,473,439)</b>	<b>(\$5,403,046)</b>	<b>(\$11,525,442)</b>	<b>(\$17,962,351)</b>	<b>(\$25,316,948)</b>
<b>Rate Stabilization Reserve</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$0	\$0	\$0	\$0	\$0
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>New Water Resources</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$1,322,262	\$1,322,262	\$1,322,262	\$1,322,262	\$1,322,262
<b>Ending Balance</b>	<b>\$1,322,262</b>	<b>\$1,322,262</b>	<b>\$1,322,262</b>	<b>\$1,322,262</b>	<b>\$1,322,262</b>
<b>Total Reserves - Ending Balance</b>	<b>\$3,834,816</b>	<b>\$1,113,209</b>	<b>(\$5,605,187)</b>	<b>(\$13,494,096)</b>	<b>(\$23,214,693)</b>



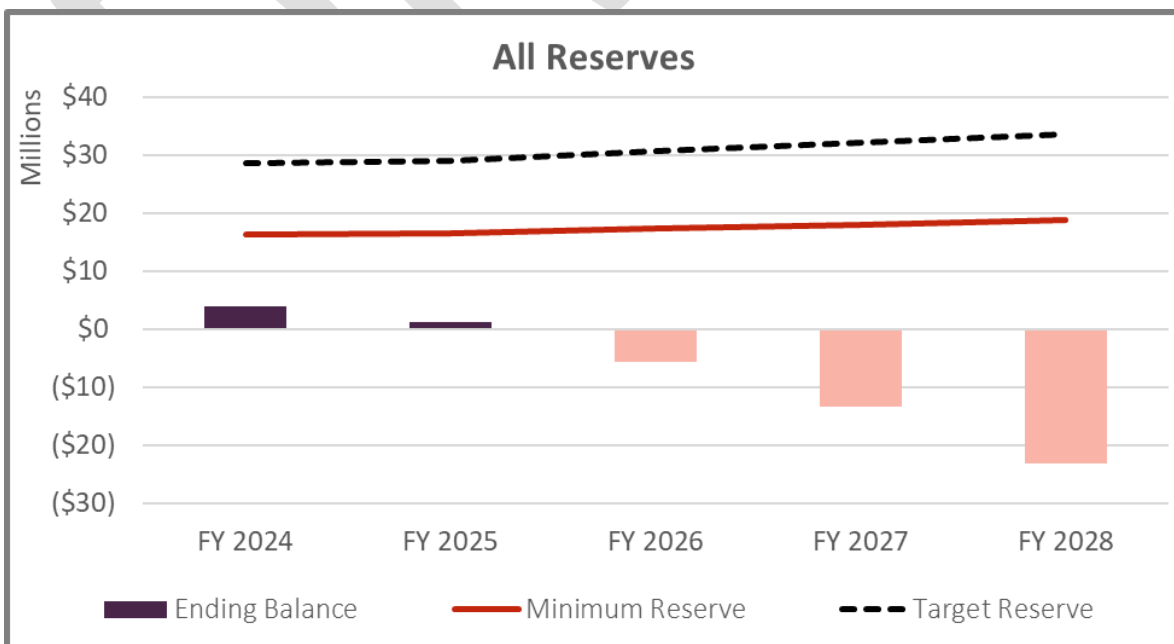
Figure 6 illustrates the operating position of the utility, where O&M expenses are identified with the dashed red trendline, and the horizontal black trendline shows total revenues at existing rates. The bars represent net operating income used to fund capital and build-up reserves.

Figure 6: Water – Current Operating Financial Position



With capital spending exceeding \$33.6M over the Rate Setting Period, as shown in Figure 2, reserves would need to cover capital expenses to ensure capital projects continue to move forward as the District only has \$7.6M in remaining loan proceeds. Figure 7 reflects the projected ending balances of reserves after operating and capital projects are funded. By the end of FY 2024, reserves are below the minimum reserve requirements and projected to be depleted by FY 2026.

Figure 7: Water – Projected Ending Reserves at Existing Rates



## Proposed Financial Plan – Water Utility

From our review of the utility's financial outlook at existing rates, a proposed financial plan is developed to fund the multi-year revenue requirements. The proposed financial plan generates positive net operating income each year to go towards capital spending and satisfy reserve requirements. Table 20 forecasts projected revenues, **with annual revenue adjustments**, and expenses through FY 2028.

Table 21 identifies the projected FY 2024 total starting reserve balances, activity within each reserve (including net income transfer from Table 20, transfers between reserves, and annual CIP), and projected ending balances for each fiscal year of the Rate Setting Period.

Table 20: Water – Proposed Financial Plan

Proposed Financial Plan						
Revenue		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Rate Revenues</b>						
RMWD O&M Fixed Charge		\$11,075,000	\$11,075,000	\$11,075,000	\$11,075,000	\$11,075,000
RMWD Variable Rate Revenue		\$6,953,000	\$6,953,000	\$6,953,000	\$6,953,000	\$6,953,000
Pumping Revenue (Fixed + Variable)	Table 15	\$565,000	\$565,000	\$565,000	\$565,000	\$565,000
SDCWA Fixed Charge		\$5,125,000	\$5,125,000	\$5,125,000	\$5,125,000	\$5,125,000
SDCWA Variable Rate Revenue		\$19,494,000	\$19,494,000	\$19,494,000	\$19,494,000	\$19,494,000
<b>Total Rate Revenues</b>		<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>	<b>\$43,212,000</b>
<b>Additional Revenue (from revenue adjustments):</b>						
	<b>Fiscal Year</b>	<b>Revenue Adjustment</b>				
	FY 2024	9.0%	\$3,889,000	\$3,889,000	\$3,889,000	\$3,889,000
	FY 2025	9.0%		\$4,239,000	\$4,239,000	\$4,239,000
	FY 2026	9.0%			\$4,620,000	\$4,620,000
	FY 2027	9.0%				\$5,036,000
	FY 2028	9.0%				\$5,489,000
<b>Total Additional Revenue</b>			<b>\$3,889,000</b>	<b>\$8,128,000</b>	<b>\$12,748,000</b>	<b>\$17,784,000</b>
<b>Subtotal Projected Rate Revenue</b>			<b>\$47,101,000</b>	<b>\$51,340,000</b>	<b>\$55,960,000</b>	<b>\$60,996,000</b>
<b>Operating Revenues</b>						
Readiness-To-Serve Revenue		\$295,000	\$295,000	\$295,000	\$295,000	\$295,000
Unlock Fees		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
RP Charges		\$246,000	\$246,000	\$246,000	\$246,000	\$246,000
Inspections	Table 15	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Install-Hydrant		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Miscellaneous		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
New Meter/Install Parts		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Notice Delivery Revenue		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Subtotal Operating Revenues</b>		<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>	<b>\$620,000</b>
<b>Non-Operating Revenues</b>						
NSF Fees		\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Recycling Revenue		\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Miscellaneous Revenue	Table 15	\$95,000	\$95,000	\$95,000	\$95,000	\$95,000
Interest Revenues		\$59,000	\$103,000	\$131,000	\$154,000	\$247,000
Property Tax Revenue		\$650,000	\$650,000	\$650,000	\$650,000	\$650,000
<b>Subtotal Non-Operating Revenues</b>		<b>\$815,000</b>	<b>\$859,000</b>	<b>\$887,000</b>	<b>\$910,000</b>	<b>\$1,003,000</b>
<b>Other Revenues</b>						
Penalty Charges		\$405,000	\$405,000	\$405,000	\$405,000	\$405,000
Plan Check Rev.	Table 15	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000
Miscellaneous Revenue		\$61,000	\$61,000	\$61,000	\$61,000	\$61,000
Misc. Revenue - Eng. Services		\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>Subtotal Other Revenues</b>		<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>	<b>\$551,000</b>
<b>Total Revenues</b>		<b>\$49,087,000</b>	<b>\$53,370,000</b>	<b>\$58,018,000</b>	<b>\$63,077,000</b>	<b>\$68,659,000</b>

# Rainbow Municipal Water District – Comprehensive Cost-of-Service Rate Study

<b>Proposed Financial Plan (continued)</b>						
<b>O&amp;M Expenditures</b>		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Purchased Water Costs</b>						
<i>Fixed Purchased Water Costs</i>						
MWD Readiness-to-Serve Charge		\$457,000	\$457,000	\$457,000	\$457,000	\$457,000
MWD Capacity Charge		\$327,000	\$327,000	\$327,000	\$327,000	\$327,000
Supply Reliability Charge	<b>Table 16</b>	\$1,041,000	\$1,041,000	\$1,041,000	\$1,041,000	\$1,041,000
Customer Service Charge		\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000
Emergency Storage Charge		\$1,517,000	\$1,517,000	\$1,517,000	\$1,517,000	\$1,517,000
Infrastructure Access Charge		\$761,000	\$761,000	\$761,000	\$761,000	\$761,000
<b>Subtotal Fixed Purchased Water Costs</b>		<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>
<i>Variable Purchased Water Costs</i>						
Purchased Water (Variable Costs)	<b>Table 16</b>	\$20,467,000	\$20,467,000	\$20,467,000	\$20,467,000	\$20,467,000
PSAWR Credit/Discount		(\$659,000)	(\$659,000)	(\$659,000)	(\$659,000)	(\$659,000)
<b>Subtotal Variable Purchased Water Costs</b>		<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>
<b>Total Purchased Water Costs</b>		<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>
<b>Operating Expenses</b>						
<i>Operating and Maintenance</i>						
Administration		\$1,726,000	\$1,832,000	\$1,930,000	\$2,033,000	\$2,142,000
Board of Directors		\$44,000	\$46,000	\$48,000	\$50,000	\$52,000
Customer Service		\$511,000	\$541,000	\$567,000	\$596,000	\$625,000
Distribution / Capital Construction		\$2,426,000	\$2,579,000	\$2,699,000	\$2,825,000	\$2,957,000
Engineering		\$983,000	\$1,039,000	\$1,095,000	\$1,155,000	\$1,218,000
Finance		\$1,001,000	\$1,058,000	\$1,112,000	\$1,169,000	\$1,230,000
Fleet/Garage	<b>Table 16</b>	\$544,000	\$578,000	\$605,000	\$633,000	\$663,000
General Fund Expense		\$561,000	\$604,000	\$629,000	\$654,000	\$680,000
Human Resources		\$384,000	\$407,000	\$428,000	\$449,000	\$472,000
Information Technology		\$1,385,000	\$1,476,000	\$1,545,000	\$1,618,000	\$1,694,000
Meters		\$1,091,000	\$1,156,000	\$1,211,000	\$1,269,000	\$1,331,000
Operations		\$3,163,000	\$3,369,000	\$3,522,000	\$3,681,000	\$3,848,000
Risk Management		\$817,000	\$877,000	\$914,000	\$953,000	\$994,000
Valve Maintenance		\$389,000	\$411,000	\$432,000	\$453,000	\$476,000
<b>Subtotal Operating and Maintenance</b>		<b>\$15,025,000</b>	<b>\$15,973,000</b>	<b>\$16,737,000</b>	<b>\$17,538,000</b>	<b>\$18,382,000</b>
<i>Pumping Costs</i>						
Pumping Operations	<b>Table 16</b>	\$135,000	\$145,000	\$151,000	\$158,000	\$165,000
Pumping Energy		\$830,000	\$871,000	\$915,000	\$961,000	\$1,009,000
<b>Subtotal Pumping Costs</b>		<b>\$965,000</b>	<b>\$1,016,000</b>	<b>\$1,066,000</b>	<b>\$1,119,000</b>	<b>\$1,174,000</b>
<b>Total Operating Expenses</b>		<b>\$15,990,000</b>	<b>\$16,989,000</b>	<b>\$17,803,000</b>	<b>\$18,657,000</b>	<b>\$19,556,000</b>
<b>Debt Service</b>						
Existing Debt	<b>Table 16</b>	\$3,077,000	\$3,077,000	\$3,077,000	\$3,076,000	\$3,076,000
<b>Subtotal Debt Service</b>		<b>\$3,077,000</b>	<b>\$3,077,000</b>	<b>\$3,077,000</b>	<b>\$3,076,000</b>	<b>\$3,076,000</b>
<b>Total Expenses</b>		<b>\$44,018,000</b>	<b>\$45,017,000</b>	<b>\$45,831,000</b>	<b>\$46,684,000</b>	<b>\$47,583,000</b>
<b>Net Cashflow (Revenue - Expenses)</b>		<b>\$5,069,000</b>	<b>\$8,353,000</b>	<b>\$12,187,000</b>	<b>\$16,393,000</b>	<b>\$21,076,000</b>

Table 21: Water – Reserves Activity through FY 2028

<b>Water Reserve Activity</b>					
<b>Operating Fund</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$3,705,993	\$7,235,836	\$7,400,055	\$7,544,917	\$16,714,114
Transfers (Net Cashflow)	\$5,069,000	\$8,353,000	\$12,187,000	\$16,393,000	\$21,076,000
Intermediate Balance	\$8,774,993	\$15,588,836	\$19,587,055	\$23,937,917	\$37,790,114
Transfers to Water Capital Reserve	(\$1,539,157)	(\$8,188,781)	(\$9,244,138)	(\$6,972,003)	(\$7,870,731)
Transfers to Rate Stabilization Reserve	\$0	\$0	(\$2,798,000)	(\$251,800)	(\$274,450)
<b>Ending Balance</b>	<b>\$7,235,836</b>	<b>\$7,400,055</b>	<b>\$7,544,917</b>	<b>\$16,714,114</b>	<b>\$29,644,934</b>
<b>Liability Self-Insurance</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
<b>Ending Balance</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>
<b>Water Capital Reserve</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$679,429	(\$934,282)	\$4,350,322	\$7,560,731	\$8,213,249
Plus:					
Transfers from/(to) Operating Fund	\$1,539,157	\$8,188,781	\$9,244,138	\$6,972,003	\$7,870,731
Wholesale Water Efficiency Loan Proceeds	\$5,075,000	\$2,581,090	\$0	\$0	\$0
Less:					
CIP	(\$8,227,868)	(\$5,510,697)	(\$6,122,396)	(\$6,436,909)	(\$7,354,597)
Subtotal Water Capital Reserve	(\$934,282)	\$4,324,892	\$7,472,063	\$8,095,825	\$8,729,383
Interest Earnings	\$0	\$25,430	\$88,668	\$117,424	\$127,070
<b>Ending Balance</b>	<b>(\$934,282)</b>	<b>\$4,350,322</b>	<b>\$7,560,731</b>	<b>\$8,213,249</b>	<b>\$8,856,453</b>
<b>Rate Stabilization Reserve</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$0	\$0	\$0	\$2,798,000	\$3,049,800
Transfers from Operating Fund	\$0	\$0	\$2,798,000	\$251,800	\$274,450
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,798,000</b>	<b>\$3,049,800</b>	<b>\$3,324,250</b>
<b>New Water Resources</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$1,322,262	\$1,322,262	\$1,322,262	\$1,322,262	\$1,322,262
<b>Ending Balance</b>	<b>\$1,322,262</b>	<b>\$1,322,262</b>	<b>\$1,322,262</b>	<b>\$1,322,262</b>	<b>\$1,322,262</b>
<b>Total Reserves - Ending Balance</b>	<b>\$7,723,816</b>	<b>\$13,172,639</b>	<b>\$19,325,910</b>	<b>\$29,399,425</b>	<b>\$43,247,898</b>

Figure 8 identifies the operating position based on the proposed financial plan and Figure 9 shows the capital plan with funding sources. Figure 10 identifies the ending reserve balances for reserves after funding capital. The proposed financial plan takes a measured approach and rebuilds reserves over the Rate Setting Period. It is recommended to meet or exceed the target reserve by FY 2028 to help mitigate uncertainty related to the potential disconnect from SDCWA, anticipated cutbacks in agriculture water usage, and future capital costs.

Figure 8: Water Proposed Operating Position

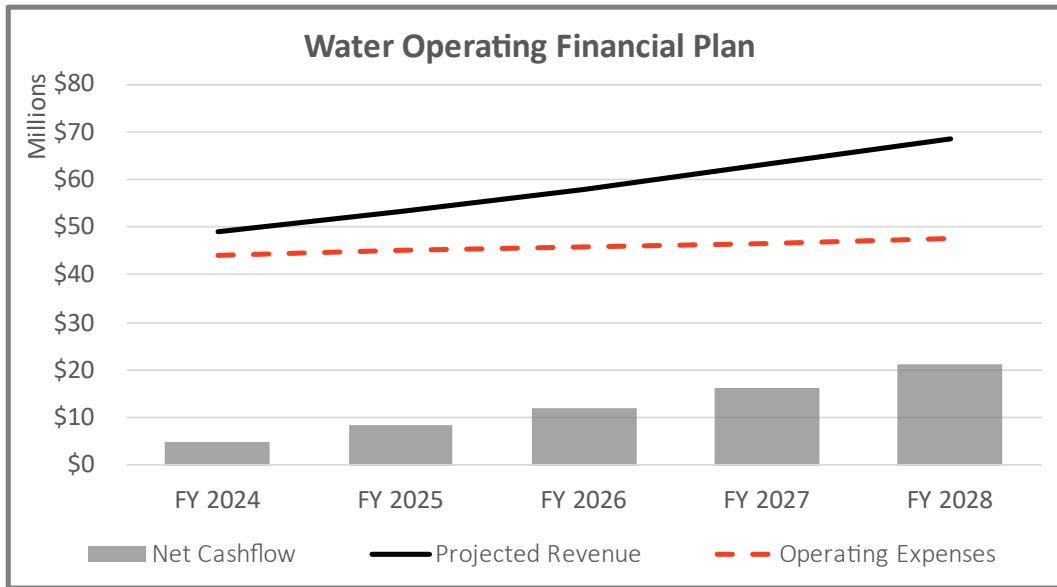


Figure 9: Water Capital Improvement Plan with Funding Sources

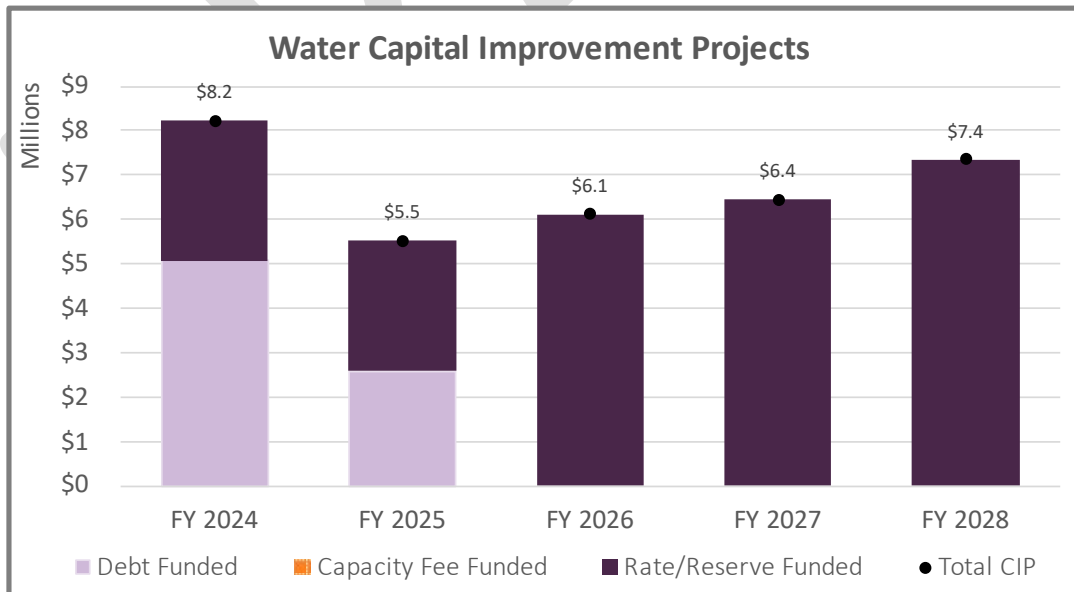
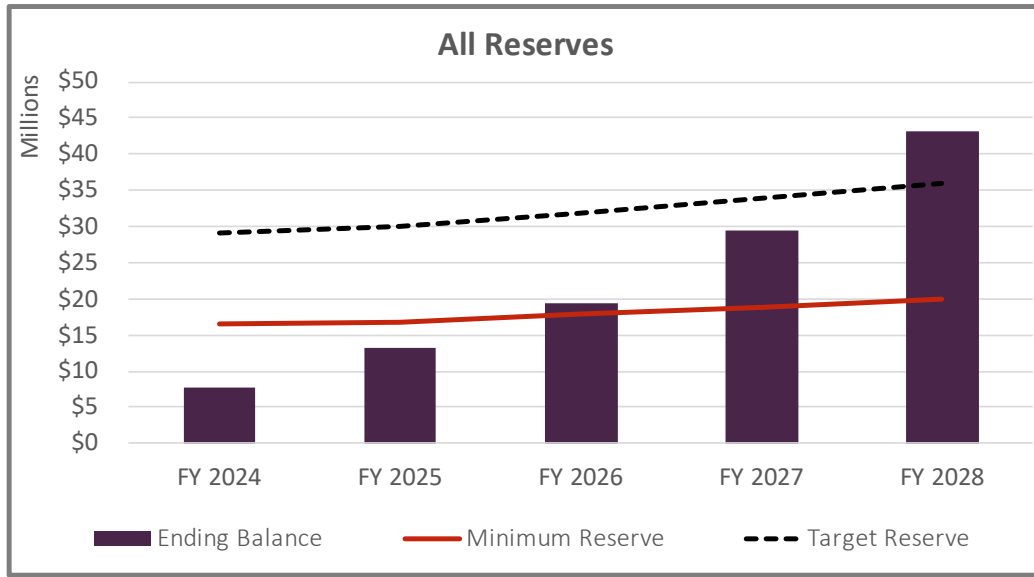


Figure 10: Water Proposed Ending Reserves



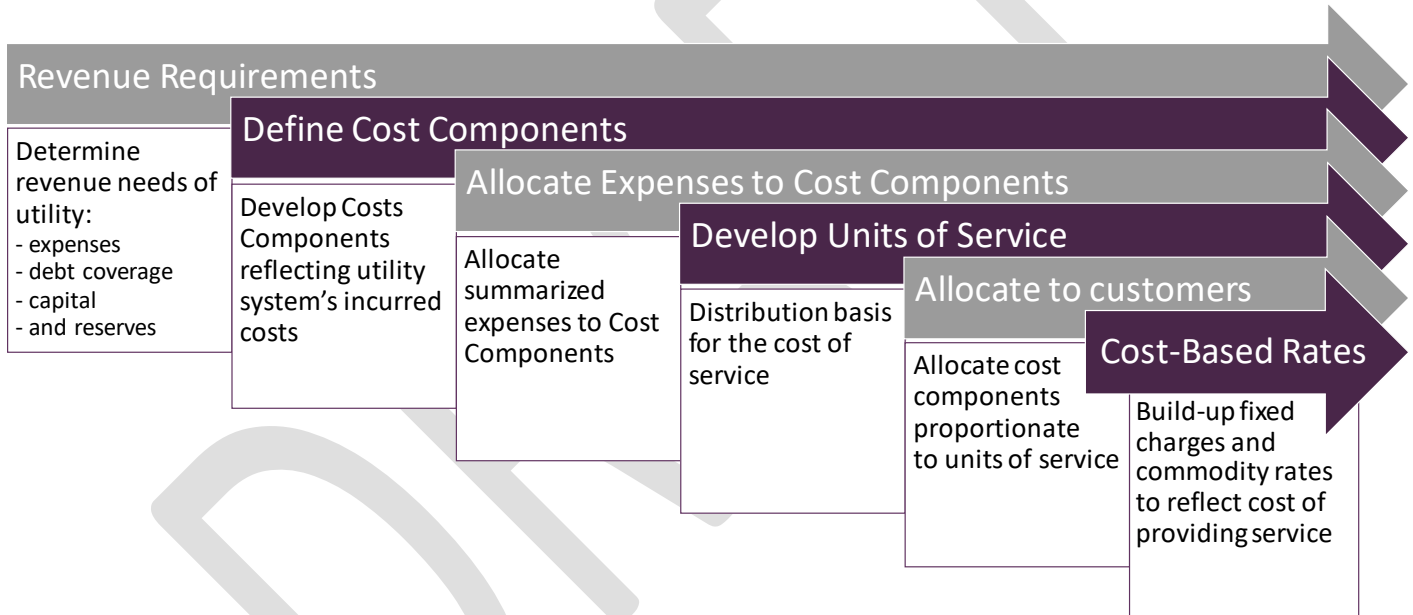
## Cost of Service Analysis – Water Utility

### Cost of Service Process

The next step in developing rates is to perform a cost-of-service analysis. This step develops proposed water rates that are cost-based and equitable. Meeting the requirements of Proposition 218 is of paramount importance in developing utility rates. Proposition 218 does not provide a particular methodology for establishing cost-based rates. This study and analysis herein allocates costs proportionately to each parcel served by the District and derives water rates that adhere to the cost-of-service provisions of Proposition 218.

It is important to understand **how** costs are incurred to determine the most appropriate way to recover them. The following graphic summarizes the cost-of-service process. This process allocates costs incurred to customer classes and tiers based on their proportional share. As a result, the proposed rates are cost-based and reflect the costs incurred to deliver water service to all customers.

Figure 11: Cost of Service Process



### Revenue Requirements

With FY 2024 as the first year of the proposed rate schedule, revenue requirements are determined for FY 2024 and used for the cost-of-service. Revenue requirements include Purchased Water Costs, O&M expenses, available revenue offsets from other revenues, and reserve funding. Funding capital projects and replenishing reserves to meet or exceed the minimum reserve requirement is achieved over the Rate Setting Period. Purchased water rates from SDCWA are held constant during the Rate Setting Period. Any incremental increases in purchased water costs from SDCWA will be in addition to what is shown in the following table and captured through pass through adjustments. The results of the financial plan analysis are summarized in Table 22 and represent the revenue required from rates over the Rate Setting Period.

Table 22: Water Revenue Requirements

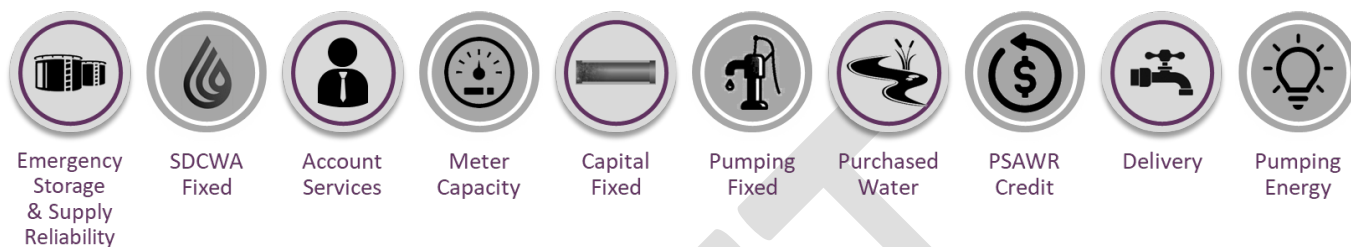
Revenue Requirements					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Purchased Water Costs</b>					
<i>Fixed Purchased Water Costs</i>					
MWD Readiness-to-Serve Charge	\$457,000	\$457,000	\$457,000	\$457,000	\$457,000
MWD Capacity Charge	\$327,000	\$327,000	\$327,000	\$327,000	\$327,000
Supply Reliability Charge	\$1,041,000	\$1,041,000	\$1,041,000	\$1,041,000	\$1,041,000
Customer Service Charge	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000	\$1,040,000
Emergency Storage Charge	\$1,517,000	\$1,517,000	\$1,517,000	\$1,517,000	\$1,517,000
Infrastructure Access Charge	\$761,000	\$761,000	\$761,000	\$761,000	\$761,000
<b>Total Fixed Purchased Water Costs</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>	<b>\$5,143,000</b>
<i>Variable Purchased Water Costs</i>					
Purchased Water (Variable Costs)	\$20,467,000	\$20,467,000	\$20,467,000	\$20,467,000	\$20,467,000
PSAWR Credit/Discount	(\$659,000)	(\$659,000)	(\$659,000)	(\$659,000)	(\$659,000)
<b>Total Variable Purchased Water Costs</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>	<b>\$19,808,000</b>
<b>Total Purchased Water Costs</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>	<b>\$24,951,000</b>
<b>Operating and Maintenance</b>					
Administration	\$1,726,000	\$1,832,000	\$1,930,000	\$2,033,000	\$2,142,000
Board of Directors	\$44,000	\$46,000	\$48,000	\$50,000	\$52,000
Customer Service	\$511,000	\$541,000	\$567,000	\$596,000	\$625,000
Distribution / Capital Construction	\$2,426,000	\$2,579,000	\$2,699,000	\$2,825,000	\$2,957,000
Engineering	\$983,000	\$1,039,000	\$1,095,000	\$1,155,000	\$1,218,000
Finance	\$1,001,000	\$1,058,000	\$1,112,000	\$1,169,000	\$1,230,000
Fleet/Garage	\$544,000	\$578,000	\$605,000	\$633,000	\$663,000
General Fund Expense	\$561,000	\$604,000	\$629,000	\$654,000	\$680,000
Human Resources	\$384,000	\$407,000	\$428,000	\$449,000	\$472,000
Information Technology	\$1,385,000	\$1,476,000	\$1,545,000	\$1,618,000	\$1,694,000
Meters	\$1,091,000	\$1,156,000	\$1,211,000	\$1,269,000	\$1,331,000
Operations	\$3,163,000	\$3,369,000	\$3,522,000	\$3,681,000	\$3,848,000
Risk Management	\$817,000	\$877,000	\$914,000	\$953,000	\$994,000
Valve Maintenance	\$389,000	\$411,000	\$432,000	\$453,000	\$476,000
<b>Total Operating and Maintenance</b>	<b>\$15,025,000</b>	<b>\$15,973,000</b>	<b>\$16,737,000</b>	<b>\$17,538,000</b>	<b>\$18,382,000</b>
<b>Pumping Costs</b>					
Pumping Operations	\$135,000	\$145,000	\$151,000	\$158,000	\$165,000
Pumping Energy	\$830,000	\$871,000	\$915,000	\$961,000	\$1,009,000
<b>Total Pumping Costs</b>	<b>\$965,000</b>	<b>\$1,016,000</b>	<b>\$1,066,000</b>	<b>\$1,119,000</b>	<b>\$1,174,000</b>
<b>Debt Service</b>					
Existing Debt	\$3,077,000	\$3,077,000	\$3,077,000	\$3,076,000	\$3,076,000
<b>Total Debt Service</b>	<b>\$3,077,000</b>	<b>\$3,077,000</b>	<b>\$3,077,000</b>	<b>\$3,076,000</b>	<b>\$3,076,000</b>
<b>Other Funding</b>					
<i>Revenue Offsets</i>					
Operating Revenues	(\$620,000)	(\$620,000)	(\$620,000)	(\$620,000)	(\$620,000)
Non-Operating Revenues	(\$815,000)	(\$859,000)	(\$887,000)	(\$910,000)	(\$1,003,000)
Other Revenues	(\$551,000)	(\$551,000)	(\$551,000)	(\$551,000)	(\$551,000)
<b>Total Revenue Offsets</b>	<b>(\$1,986,000)</b>	<b>(\$2,030,000)</b>	<b>(\$2,058,000)</b>	<b>(\$2,081,000)</b>	<b>(\$2,174,000)</b>
<i>Adjustments</i>					
Reserve Funding	\$5,069,000	\$8,353,000	\$12,187,000	\$16,393,000	\$21,076,000
<b>Total Adjustments</b>	<b>\$5,069,000</b>	<b>\$8,353,000</b>	<b>\$12,187,000</b>	<b>\$16,393,000</b>	<b>\$21,076,000</b>
<b>Total Other Funding</b>	<b>\$3,083,000</b>	<b>\$6,323,000</b>	<b>\$10,129,000</b>	<b>\$14,312,000</b>	<b>\$18,902,000</b>
<b>Revenue Required from Rates</b>	<b>\$47,101,000</b>	<b>\$51,340,000</b>	<b>\$55,960,000</b>	<b>\$60,996,000</b>	<b>\$66,485,000</b>



## Define Cost Components

The utility incurs costs to accommodate total water demand throughout the year, including water supply costs, treatment, operating expenses, and pumping. Therefore, to determine the most appropriate way to recover the utility's expenses, cost components are identified to allocate expenses based on how they are incurred. The cost components shown in Figure 12 reflect the cost components used for this study.

Figure 12: Cost Components



**Emergency Storage & Supply Reliability** – Fixed monthly water supply costs associated with Emergency Storage and Supply Reliability that are incurred by the District from SDCWA. These two fixed components are separated out from other SDCWA fixed charges because PSAWR customers do not pay these fixed costs.

**SDCWA Fixed** – Fixed monthly water supply costs incurred by the District from SDCWA, including MWD Capacity, Customer Service, Infrastructure Access, and MWD Readiness-to-Serve.

**Account Services** – Fixed expenses that do not necessarily fluctuate based on usage or meter size.

**Meter Capacity** – Expenses associated with operating and maintaining the system, planning, customer services, support services, reserves, and overhead.

**Capital Fixed** – Expenses associated with debt and reserves related to system capital.

**Pumping Fixed** – Fixed expenses associated with the District Pumping division, including staffing, equipment & building maintenance, and supplies.

**Purchased Water** – Water supply costs from the purchase of treated water from SDCWA.

**PSAWR Credit** – Credits from SDCWA for usage associated with PSAWR customers.

**Delivery** – Expenses associated with distribution, engineering, fleet, operating, valves, safety, and reserve funding.

**Pumping Energy** – Energy costs incurred to pump water to higher elevations.

**Allocate Expenses to Cost Components**

When allocating expenses to the defined costs components, it is important to have a sound basis as to why an expense was allocated to a certain fixed cost component versus a variable cost component or split between both fixed and variable. The distribution of expenses to the cost components should be straightforward to ensure the method of apportionment is **understandable** and easily **correlates to how expenses are incurred**.

Table 23 summarizes the percent allocation of purchased water costs from SDCWA to the cost components, and Table 24 uses the percent allocations in Table 23 to allocate expenses in dollars to each cost component.

*Table 23: SDCWA Expense Allocation to Cost Components (%)*

Purchased Water Costs	Methodology / Allocation Basis	Emergency Storage & Supply Reliability	SDCWA Fixed	Purchased Water	PSAWR Credit	Total
<b>Fixed Purchased Water Costs</b>						
MWD Readiness-to-Serve Charge	Specific	0.0%	100.0%	0.0%	0.0%	100.0%
MWD Capacity Charge	Specific	0.0%	100.0%	0.0%	0.0%	100.0%
Supply Reliability Charge	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Customer Service Charge	Specific	0.0%	100.0%	0.0%	0.0%	100.0%
Emergency Storage Charge	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Infrastructure Access Charge	Specific	0.0%	100.0%	0.0%	0.0%	100.0%
<b>Variable Purchased Water Costs</b>						
Purchased Water (Variable Costs)	Specific	0.0%	0.0%	100.0%	0.0%	100.0%
PSAWR Credit/Discount	Specific	0.0%	0.0%	0.0%	100.0%	100.0%

*Table 24: SDCWA Expense Allocation to Cost Components (\$)*

Purchased Water Costs	Methodology / Allocation Basis	Emergency Storage & Supply Reliability	SDCWA Fixed	Purchased Water	PSAWR Credit	Total
<b>Fixed Purchased Water Costs</b>						
MWD Readiness-to-Serve Charge	Specific	\$0	\$457,000	\$0	\$0	\$457,000
MWD Capacity Charge	Specific	\$0	\$327,000	\$0	\$0	\$327,000
Supply Reliability Charge	Specific	\$1,041,000	\$0	\$0	\$0	\$1,041,000
Customer Service Charge	Specific	\$0	\$1,040,000	\$0	\$0	\$1,040,000
Emergency Storage Charge	Specific	\$1,517,000	\$0	\$0	\$0	\$1,517,000
Infrastructure Access Charge	Specific	\$0	\$761,000	\$0	\$0	\$761,000
<b>Variable Purchased Water Costs</b>						
Purchased Water (Variable Costs)	Specific	\$0	\$0	\$20,467,000	\$0	\$20,467,000
PSAWR Credit/Discount	Specific	\$0	\$0	\$0	(\$659,000)	(\$659,000)
<b>Total Allocation (\$)</b>		<b>\$2,558,000</b>	<b>\$2,585,000</b>	<b>\$20,467,000</b>	<b>(\$659,000)</b>	<b>\$24,951,000</b>

Table 25 summarizes the percent allocation of O&M Revenue Requirements to the cost components, and Table 26 uses the percent allocations in Table 25 to allocate O&M expenses in dollars to each cost component.

Table 25: Water O&M Expenses Allocation to Cost Components (%)

Operating and Maintenance	Methodology / Allocation Basis	Account Services	Meter Capacity	Capital Fixed	Delivery	Total
Administration	Fixed Demand	0.0%	100.0%	0.0%	0.0%	100.0%
Board of Directors	Fixed Demand	0.0%	100.0%	0.0%	0.0%	100.0%
Customer Service	Fixed Demand	100.0%	0.0%	0.0%	0.0%	100.0%
Distribution / Capital Construction	Average Demand	0.0%	0.0%	0.0%	100.0%	100.0%
Engineering	Average Demand	0.0%	0.0%	0.0%	100.0%	100.0%
Finance	Fixed Demand	0.0%	100.0%	0.0%	0.0%	100.0%
Fleet/Garage	Average Demand	0.0%	0.0%	0.0%	100.0%	100.0%
General Fund Expense	Fixed Demand	0.0%	100.0%	0.0%	0.0%	100.0%
Human Resources	Fixed Demand	0.0%	100.0%	0.0%	0.0%	100.0%
Information Technology	Fixed Demand	0.0%	100.0%	0.0%	0.0%	100.0%
Meters	Fixed Demand	0.0%	100.0%	0.0%	0.0%	100.0%
Operations	Average Demand	0.0%	0.0%	0.0%	100.0%	100.0%
Risk Management	Average Demand	0.0%	0.0%	0.0%	100.0%	100.0%
Valve Maintenance	Average Demand	0.0%	0.0%	0.0%	100.0%	100.0%

Table 26: Water O&M Expenses Allocation to Cost Components (\$)

Operating and Maintenance	Methodology / Allocation Basis	Account Services	Meter Capacity	Capital Fixed	Delivery	Total
Administration	Fixed Demand	\$0	\$1,726,000	\$0	\$0	\$1,726,000
Board of Directors	Fixed Demand	\$0	\$44,000	\$0	\$0	\$44,000
Customer Service	Fixed Demand	\$511,000	\$0	\$0	\$0	\$511,000
Distribution / Capital Construction	Average Demand	\$0	\$0	\$0	\$2,426,000	\$2,426,000
Engineering	Average Demand	\$0	\$0	\$0	\$983,000	\$983,000
Finance	Fixed Demand	\$0	\$1,001,000	\$0	\$0	\$1,001,000
Fleet/Garage	Average Demand	\$0	\$0	\$0	\$544,000	\$544,000
General Fund Expense	Fixed Demand	\$0	\$561,000	\$0	\$0	\$561,000
Human Resources	Fixed Demand	\$0	\$384,000	\$0	\$0	\$384,000
Information Technology	Fixed Demand	\$0	\$1,385,000	\$0	\$0	\$1,385,000
Meters	Fixed Demand	\$0	\$1,091,000	\$0	\$0	\$1,091,000
Operations	Average Demand	\$0	\$0	\$0	\$3,163,000	\$3,163,000
Risk Management	Average Demand	\$0	\$0	\$0	\$817,000	\$817,000
Valve Maintenance	Average Demand	\$0	\$0	\$0	\$389,000	\$389,000
<b>Total Allocation (\$)</b>		<b>\$511,000</b>	<b>\$6,192,000</b>	<b>\$0</b>	<b>\$8,322,000</b>	<b>\$15,025,000</b>
<b>Operating and Maintenance Allocation (%)</b>		<b>3.4%</b>	<b>41.2%</b>	<b>0.0%</b>	<b>55.4%</b>	<b>100.0%</b>

Table 27 summarizes the percent allocation of Pumping expenses to the cost components, and Table 28 uses the percent allocations in Table 27 to allocate Pumping expenses in dollars to each cost component.

Table 27: Pumping Expense Allocation to Cost Components (%)

Pumping Costs	Methodology / Allocation Basis	Pumping Fixed	Pumping Energy	Total
Pumping Operations	Specific	100.0%	0.0%	100.0%
Pumping Energy	Specific	0.0%	100.0%	100.0%

Table 28: Pumping Expense Allocation to Cost Components (\$)

Pumping Costs	Methodology / Allocation Basis	Pumping Fixed	Pumping Energy	Total
Pumping Operations	Specific	\$135,000	\$0	\$135,000
Pumping Energy	Specific	\$0	\$830,000	\$830,000
<b>Total Allocation (\$)</b>		<b>\$135,000</b>	<b>\$830,000</b>	<b>\$965,000</b>

Table 29 summarizes the percent allocation of Debt to the cost components, and Table 30 uses the percent allocations in Table 29 to allocate Debt in dollars to each cost component. Annual debt payments are allocated 100% to Capital Fixed since debt is a secured obligation of the District that must be paid and is typically used to finance capital projects.

Table 29: Water Debt Allocation to Cost Components (%)

Debt Service	Methodology / Allocation Basis	Account Services	Meter Capacity	Capital Fixed	Delivery	Total
Existing Debt	Specific	0.0%	0.0%	100.0%	0.0%	100.0%

Table 30: Water Debt Allocation to Cost Components (\$)

Debt Service	Methodology / Allocation Basis	Account Services	Meter Capacity	Capital Fixed	Delivery	Total
Existing Debt	Specific	\$0	\$0	\$3,077,000	\$0	\$3,077,000
<b>Total Allocation (\$)</b>		<b>\$0</b>	<b>\$0</b>	<b>\$3,077,000</b>	<b>\$0</b>	<b>\$3,077,000</b>

# Rainbow Municipal Water District – Comprehensive Cost-of-Service Rate Study

Other Funding includes other operating revenues, non-operating revenues, and reserve funding. Other Funding was allocated to the cost components based on O&M percentages derived in Table 26 to maintain proportionality in how expenses were allocated to each cost component. Table 31 summarizes the percent allocation of Other Funding to the cost components, and Table 32 uses the percent allocations in Table 31 to allocate revenue offsets and expenses in dollars to each cost component.

Table 31: Water Other Funding Allocation to Cost Components (%)

Other Funding	Methodology / Allocation Basis	Account Services	Meter Capacity	Capital Fixed	Delivery	Total
<i>Revenue Offsets</i>						
Operating Revenues	O&M Allocation	3.4%	41.2%	0.0%	55.4%	100.0%
Non-Operating Revenues	O&M Allocation	3.4%	41.2%	0.0%	55.4%	100.0%
Other Revenues	O&M Allocation	3.4%	41.2%	0.0%	55.4%	100.0%
<i>Adjustments</i>						
Reserve Funding	O&M Allocation	3.4%	41.2%	0.0%	55.4%	100.0%

Table 32: Water Other Funding Allocation to Cost Components (\$)

Other Funding	Methodology / Allocation Basis	Account Services	Meter Capacity	Capital Fixed	Delivery	Total
<i>Revenue Offsets</i>						
Operating Revenues	O&M Allocation	(\$21,086)	(\$255,510)	\$0	(\$343,404)	(\$620,000)
Non-Operating Revenues	O&M Allocation	(\$27,718)	(\$335,872)	\$0	(\$451,410)	(\$815,000)
Other Revenues	O&M Allocation	(\$18,740)	(\$227,074)	\$0	(\$305,186)	(\$551,000)
<i>Adjustments</i>						
Reserve Funding	O&M Allocation	\$172,397	\$2,089,002	\$0	\$2,807,602	\$5,069,000
<b>Total Allocation (\$)</b>		<b>\$104,853</b>	<b>\$1,270,545</b>	<b>\$0</b>	<b>\$1,707,602</b>	<b>\$3,083,000</b>

Table 33 summarizes the FY 2024 total revenue requirement derived in Table 22 by cost component.

Table 33: FY 2024 Cost-of-Service Requirements by Cost Component

Revenue Requirement	Fixed Components						Variable Components				Total
	Emergency Storage & Supply Reliability	SDCWA Fixed	Account Services	Meter Capacity	Capital Fixed	Pumping Fixed	Purchased Water	PSAWR Credit	Delivery	Pumping Energy	
Purchased Water Costs	\$2,558,000	\$2,585,000	\$0	\$0	\$0	\$0	\$20,467,000	(\$659,000)	\$0	\$0	\$24,951,000
Operating and Maintenance	\$0	\$0	\$511,000	\$6,192,000	\$0	\$0	\$0	\$0	\$8,322,000	\$0	\$15,025,000
Pumping Costs	\$0	\$0	\$0	\$0	\$0	\$135,000	\$0	\$0	\$0	\$830,000	\$965,000
Debt Service	\$0	\$0	\$0	\$0	\$3,077,000	\$0	\$0	\$0	\$0	\$0	\$3,077,000
Other Funding	\$0	\$0	\$104,853	\$1,270,545	\$0	\$0	\$0	\$0	\$1,707,602	\$0	\$3,083,000
<b>COS Requirements</b>	<b>\$2,558,000</b>	<b>\$2,585,000</b>	<b>\$615,853</b>	<b>\$7,462,545</b>	<b>\$3,077,000</b>	<b>\$135,000</b>	<b>\$20,467,000</b>	<b>(\$659,000)</b>	<b>\$10,029,602</b>	<b>\$830,000</b>	<b>\$47,101,000</b>

## Rate Design – Water Utility

### Develop Units of Service

Unit rates for each cost component are derived by spreading the corresponding revenue requirements over appropriate units of service (distribution basis). This approach provides a clear connection between costs incurred and the proportionate share attributable to each customer class tier, and customer account. When designing rates, the most critical component is to connect costs to the proposed rates, resulting in a rate structure that is cost-based and in compliance with Proposition 218. The previous section summarized costs by expense category and then allocated to cost components based on how each cost is incurred. The next step in designing rates is to allocate each cost component to customers in relation to their use of the system and facilities. The method of apportionment considers each customer's share of system costs and is reflected by the units of service used to equitably distribute the cost components to each customer account. The distribution basis varies by cost component and includes total accounts, Meter Equivalents (MEs), which reflect demand placed on the system based on meter size, total water usage, and total usage within pumping zones. Table 34 identifies the number of accounts by customer class and meter size.

Table 34: FY 2024 Total Accounts

Water Accounts by Customer Class and Meter Size										
Line #	Meter Size	Single-Family	Multi-Family	Commercial	Institutional	Agriculture w/ Res	Agriculture	PSAWR Domestic	PSAWR Commercial	Total Accounts
1	5/8"	234	-	1	-	2	1	-	-	238
2	3/4"	3,202	39	33	3	170	44	16	4	3,511
3	1"	2,523	5	105	2	800	236	167	40	3,878
4	1 1/2"	169	31	56	4	147	104	61	33	605
5	2"	113	39	55	5	69	117	51	48	497
6	3"	5	3	6	1	3	16	4	5	43
7	4"	1	5	4	2	1	6	-	1	20
8	6"	-	-	-	-	-	1	-	-	1
9	Total	6,247	122	260	17	1,192	525	299	131	8,793
10	<b>Annual Units (line 9 x 12 bills)</b>	<b>74,964</b>	<b>1,464</b>	<b>3,120</b>	<b>204</b>	<b>14,304</b>	<b>6,300</b>	<b>3,588</b>	<b>1,572</b>	<b>105,516</b>

In Table 35 each meter size was assigned an equivalency factor using the flow characteristics of a 3/4" meter. Based on the District's meter inventory, the safe maximum operating flow capacity for these meter types, as identified in the AWWA M1 Manual, 6<sup>th</sup> Edition, Table B-2, were used for determining meter equivalencies. The safe maximum operating flow capacity for each meter was divided by the 3/4" meters' safe operating flow capacity of 30 gallons per minute (gpm) to determine the equivalent meter ratio. In other words, the calculations convert all larger sized meters to an equivalent number of 3/4" meters based on the safe operating flow capacity of 30 gpm. The Capacity Ratios provide an equivalency to the base 3/4" based on flow and correlates to the capacity that each meter brought into the system at point of connection. Total MEs are determined by multiplying the number of meters by the Capacity Ratio (rounded to a whole number), and then multiplying the result by the billing periods in a year (12 billing periods)<sup>4</sup>. Table 34 and Table 35 provides the number of accounts within each customer class by meter size and meter equivalents, respectively.

<sup>4</sup> The District bills customers on a monthly basis; therefore, there are 12 billing periods during the fiscal year.

Table 35: FY 2024 Total Meter Equivalents

Water Meter Equivalents by Customer Class and Meter Size												
Line #	Meter Size	AWWA Capacity	AWWA Capacity Ratio	Single-Family	Multi-Family	Commercial	Institutional	Agriculture w/ Res	Agriculture	PSAWR Domestic	PSAWR Commercial	Total Equivalent Units
1	5/8"	30	1.00	234	0	1	0	2	1	0	0	238
2	3/4"	30	1.00	3,202	39	33	3	170	44	16	4	3,511
3	1"	50	1.67	4,205	8	175	3	1,333	393	278	67	6,462
4	1 1/2"	100	3.33	563	103	187	13	490	347	203	110	2,016
5	2"	160	5.33	603	208	293	27	368	624	272	256	2,651
6	3"	350	11.67	58	35	70	12	35	187	47	58	502
7	4"	630	21.00	21	105	84	42	21	126	-	21	420
8	6"	1,300	43.33	-	-	-	-	-	43	-	-	43
9	Total			8,886	498	843	100	2,419	1,765	816	516	15,843
10	Annual Units (line 9 x 12 bills)			106,632	5,976	10,116	1,200	29,028	21,180	9,792	6,192	190,116

Table 36 summarizes the annual units of service related to All Accounts (line 10 of Table 34) and Total MEs (line 10 of Table 35). Table 36 also separately identifies the annual meter equivalents for Non-PSAWR and Agricultural and PSAWR accounts, which are needed for the allocation of certain cost-of-service components.

Table 36: FY 2024 Accounts and Meter Equivalents Summary

Annual Fixed Units of Service Summary					
Customer Class	All Account	Accounts less PSAWR	Total MEs	Non-PSAWR MEs	Agricultural & PSAWR MEs
Single-Family	74,964	74,964	106,632	106,632	0
Multi-Family	1,464	1,464	5,976	5,976	0
Commercial	3,120	3,120	10,116	10,116	0
Institutional	204	204	1,200	1,200	0
Agriculture w/ Res	14,304	14,304	29,028	29,028	29,028
Agriculture	6,300	6,300	21,180	21,180	21,180
PSAWR Domestic	3,588	0	9,792	0	9,792
PSAWR Commercial	1,572	0	6,192	0	6,192
<b>Annual Fixed Units</b>	<b>105,516</b>	<b>100,356</b>	<b>190,116</b>	<b>174,132</b>	<b>66,192</b>

Table 37 summarizes the FY 2024 projected usage broken out by customer class. PSAWR customers do not receive the commodity credit for domestic usage (22 HCF per month) as determined by SDCWA. Therefore, the table also summarizes the PSAWR Usage less Domestic. The annual number of PSAWR Domestic customers from Table 34 was multiplied by 22 HCF to determine the usage that would not receive the credit. This usage was subtracted from the PSAWR Domestic usage to arrive at the usage shown in the table. Table 38 summarizes the number of pumping accounts and usage within each pumping zone.

Table 37: FY 2024 Projected Usage

Projected Usage (HCF)		
Customer Class	All Usage (HCF)	PSAWR Usage less Domestic (HCF)
Single-Family	1,521,953	-
Multi-Family	130,046	-
Commercial	362,543	-
Institutional	26,318	-
Agriculture w/ Res	918,501	-
Agriculture	1,243,086	-
PSAWR Domestic	721,309	642,373
PSAWR Commercial	604,716	604,716
<b>Total</b>	<b>5,528,472</b>	<b>1,247,089</b>

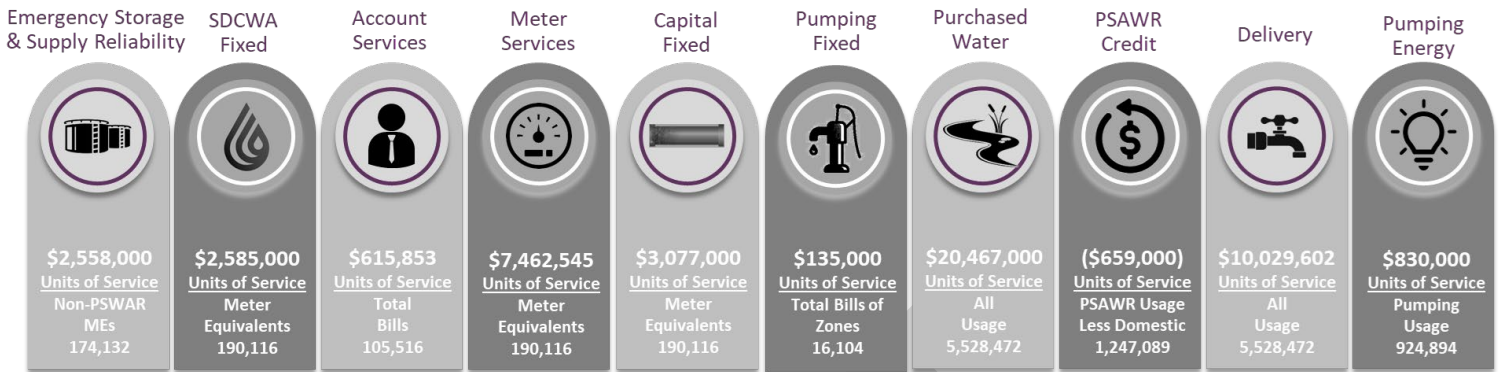
Table 38: FY 2024 Projected Pumping Zone Accounts & Usage

Pumping Zone Summary				
Line #	Pump Zones	Zone Description	Pumping Accounts	Pumping Usage (HCF)
1	Pump Zone 1	Rainbow Heights	181	183,452
2	Pump Zone 2	Improvement District U-1	111	38,945
3	Pump Zone 3	Vallecitos	60	67,006
4	Pump Zone 4	Northside	430	363,390
5	Pump Zone 5	Morro Tank	349	128,436
6	Pump Zone 6	Huntley	152	131,538
7	Pump Zone 7	Magee Tank	59	12,127
8	<b>Total</b>		<b>1,342</b>	<b>924,894</b>
9	Annual Units (Line 8 x 12 bills)		<b>16,104</b>	

Using the units of service identified in Table 36 through Table 38, the distribution basis can be identified for each cost component. Figure 13 identifies the total revenue requirements by cost component from Table 33 and the corresponding units of service.



Figure 13: Water Distribution Basis and Units of Service by Cost Component



Using the FY 2024 revenue requirements, the cost of service allocates expenses to customers based on the service demands that each place on the system (cost causation). This cost causation approach ensures that each customer proportionately shares in the financial obligation of the utility. For each cost component’s unit rate computations, unit rates were rounded up to the nearest penny.

### Fixed Cost Recovery

#### Emergency Storage and Supply Reliability

SDCWA Fixed costs include six separate charges to its member agencies, including MWD Capacity, Customer Service, Infrastructure Access, Emergency Storage, Supply Reliability, and MWD Readiness-to-Serve. The SDCWA PSAWR program allows eligible agricultural customers to participate and receive a lower level of water service during water shortages or emergencies. In exchange, PSAWR customers are exempt from paying Emergency Storage and Supply Reliability fixed charges. Therefore, the SDCWA’s Emergency Storage and Supply Reliability charges incurred by the District are only spread over meter equivalents of Non-PSAWR accounts. Table 39 apportions the revenue requirement for Emergency Storage and Supply Reliability based on meter size as represented by total Non-PSAWR MEs (from Table 36).

Table 39: FY 2024 Emergency and Reliability Monthly Unit Rate

Emergency Storage & Supply Reliability Component Unit Rate	
Revenue Requirement	\$2,558,000
÷ Non-PSAWR MEs	174,132
<b>Monthly Unit Rate</b>	<b>\$14.70</b>

Customer Class	Non-PSAWR MEs	% Allocation	Revenue Requirement
Single-Family	106,632	61.2%	\$1,566,425
Multi-Family	5,976	3.4%	\$87,787
Commercial	10,116	5.8%	\$148,604
Institutional	1,200	0.7%	\$17,628
Agriculture w/ Res	29,028	16.7%	\$426,421
Agriculture	21,180	12.2%	\$311,134
PSAWR Domestic	0	0.0%	\$0
PSAWR Commercial	0	0.0%	\$0
<b>Total</b>	<b>174,132</b>	<b>100.0%</b>	<b>\$2,558,000</b>

SDCWA Fixed

The remaining SDCWA fixed charges of MWD Capacity, Customer Service, Infrastructure Access, and MWD Readiness-to-Serve (SDCWA Fixed) are incurred by the District based on the total number of accounts and meter equivalents regardless of the total amount of water used. Therefore, these fixed costs are spread to all customers based on meter size. The revenue requirement for SDCWA Fixed is apportioned based on meter size as represented by Total MEs as shown in Table 40.

Table 40: FY 2024 SDCWA Fixed Monthly Unit Rate

SDCWA Fixed Component Unit Rate	
Revenue Requirement	\$2,585,000
÷ Total MEs	190,116
<b>Monthly Unit Rate</b>	<b>\$13.60</b>

Customer Class	Total MEs	% Allocation	Revenue Requirement
Single-Family	106,632	56.1%	\$1,449,871
Multi-Family	5,976	3.1%	\$81,255
Commercial	10,116	5.3%	\$137,547
Institutional	1,200	0.6%	\$16,316
Agriculture w/ Res	29,028	15.3%	\$394,693
Agriculture	21,180	11.1%	\$287,984
PSAWR Domestic	9,792	5.2%	\$133,141
PSAWR Commercial	6,192	3.3%	\$84,192
<b>Total</b>	<b>190,116</b>	<b>100.0%</b>	<b>\$2,585,000</b>

## Account Services

Each customer incurs Account Services costs regardless of the type of land use, meter size, or total amount of water used. These costs should be spread equally across all accounts. This is achieved by multiplying the total accounts by the 12 billing periods over the fiscal year. Therefore, the revenue requirement for Account Services is apportioned based on the All Accounts to determine the monthly unit cost-of-service shown in Table 41.

*Table 41: FY 2024 Account Services Monthly Unit Rate*

Account Services Component Unit Rate	
Revenue Requirement	\$615,853
÷ All Account	105,516
<b>Monthly Unit Rate</b>	<b>\$5.84</b>

Customer Class	All Account	% Allocation	Revenue Requirement
Single-Family	74,964	71.0%	\$437,534
Multi-Family	1,464	1.4%	\$8,545
Commercial	3,120	3.0%	\$18,210
Institutional	204	0.2%	\$1,191
Agriculture w/ Res	14,304	13.6%	\$83,486
Agriculture	6,300	6.0%	\$36,770
PSAWR Domestic	3,588	3.4%	\$20,942
PSAWR Commercial	1,572	1.5%	\$9,175
<b>Total</b>	<b>105,516</b>	<b>100.0%</b>	<b>\$615,853</b>

## Meter Capacity

The Meter Capacity includes system-wide operating, system maintenance, planning, meter services, support services, reserves, and overhead. The revenue requirement for Meter Capacity is apportioned based on meter size. Larger-sized meters can generate a greater demand on the system from the amount of water flow that may pass through the meter in gpm. The revenue requirement for Meter Capacity is apportioned to meter size as represented by Total MEs as shown in Table 42.

Table 42: FY 2024 Meter Capacity Monthly Unit Rate

Meter Capacity Component Unit Rate	
Revenue Requirement	\$7,462,545
÷ Total MEs	190,116
<b>Monthly Unit Rate</b>	<b>\$39.26</b>

Customer Class	Total MEs	% Allocation	Revenue Requirement
Single-Family	106,632	56.1%	\$4,185,582
Multi-Family	5,976	3.1%	\$234,573
Commercial	10,116	5.3%	\$397,079
Institutional	1,200	0.6%	\$47,103
Agriculture w/ Res	29,028	15.3%	\$1,139,424
Agriculture	21,180	11.1%	\$831,370
PSAWR Domestic	9,792	5.2%	\$384,361
PSAWR Commercial	6,192	3.3%	\$243,052
<b>Total</b>	<b>190,116</b>	<b>100.0%</b>	<b>\$7,462,545</b>

Capital Fixed

The Capital Fixed component includes expenses associated with debt. Debt payment obligations are secured by District rate revenues. Therefore, 100% of the annual debt is part of the total monthly fixed charge. The revenue requirement for Capital Fixed is apportioned based on meter size to reflect the system capacity taken by each connection. The District’s system is configured to accommodate and serve all meter sizes and demands. Therefore, the revenue requirement for Capital Fixed is apportioned to meter size as represented by Total MEs as shown in Table 43.

Table 43: FY 2024 Capital Fixed Monthly Unit Rate

Capital Fixed Component Unit Rate	
Revenue Requirement	\$3,077,000
÷ Total MEs	190,116
<b>Monthly Unit Rate</b>	<b>\$16.19</b>

Customer Class	Total MEs	% Allocation	Revenue Requirement
Single-Family	106,632	56.1%	\$1,725,824
Multi-Family	5,976	3.1%	\$96,721
Commercial	10,116	5.3%	\$163,726
Institutional	1,200	0.6%	\$19,422
Agriculture w/ Res	29,028	15.3%	\$469,814
Agriculture	21,180	11.1%	\$342,795
PSAWR Domestic	9,792	5.2%	\$158,482
PSAWR Commercial	6,192	3.3%	\$100,217
<b>Total</b>	<b>190,116</b>	<b>100.0%</b>	<b>\$3,077,000</b>

## Pumping Fixed

The Pumping Fixed component includes expenses associated with the District Pumping division, including staffing, equipment & building maintenance, and supplies that do not vary by usage. Therefore, the revenue requirement for Pumping Fixed is apportioned to all accounts within the seven pumping zones as represented by Annual Pumping Accounts (Table 38, Line 9) as shown in Table 44.

*Table 44: FY 2024 Pumping Fixed Monthly Unit Rate*

Pumping Fixed Component Unit Rate			
Revenue Requirement		\$135,000	
÷ Pumping Accounts		16,104	
<b>Monthly Unit Rate</b>		<b>\$8.39</b>	

Pumping Zone	Pumping Accounts	% Allocation	Revenue Requirement
Pump Zone 1	2,172	13.5%	\$18,208
Pump Zone 2	1,332	8.3%	\$11,166
Pump Zone 3	720	4.5%	\$6,036
Pump Zone 4	5,160	32.0%	\$43,256
Pump Zone 5	4,188	26.0%	\$35,108
Pump Zone 6	1,824	11.3%	\$15,291
Pump Zone 7	708	4.4%	\$5,935
<b>Total</b>	<b>16,104</b>	<b>100.0%</b>	<b>\$135,000</b>

## Variable Cost Recovery

The remaining cost components of Purchased Water, PSAWR Credit, Delivery, and Pumping Energy make up the proposed variable rates. Proposed variable rates for each customer class are uniform.

Each customer classes variable rates are uniform and vary between non-agricultural accounts, agricultural accounts, and PSAWR accounts. Non-agricultural accounts include Single-Family, Multi-Family, Commercial, and Institutional. Agricultural and PSAWR customers' water usage may vary drastically from year-to-year based on weather, crop type, and total crop area. With agriculture's inherent usage volatility, the District is susceptible to revenue instability from their Agricultural and PSAWR customer classes. To combat this risk in revenue recovery, a portion of the variable costs allocated to these customer classes are shifted from variable recovery to fixed recovery and included as part of their monthly fixed charges. This shift in cost recovery causes higher monthly fixed charges and a lower variable rate for Agricultural and PSAWR customers. However, the total revenue requirements allocated to these customer classes do not change and maintains their proportionate cost of service. PSAWR customers also receive a variable credit from the SDCWA as part of the PSAWR program (PSAWR Credit). This PSAWR Credit is applied to their variable rates.

## Purchased Water

Purchased Water is the treated water from SDCWA. Table 45 allocates the revenue requirement of Purchased Water to each customer class based on projected usage for FY 2024, identified in Table 37, which results in the same unit rate per HCF, where one HCF is equivalent to 748 gallons of water.

*Table 45: FY 2024 Purchased Water Allocation to Customer Classes and Unit Rate*

Purchased Water Component Unit Rate			
Revenue Requirement		\$20,467,000	
÷ All Usage		5,528,472	
<b>Unit Rate</b>		<b>\$3.71</b>	
Customer Class	All Usage (HCF)	% Allocation	Revenue Requirement
Single-Family	1,521,953	27.5%	\$5,634,434
Multi-Family	130,046	2.4%	\$481,444
Commercial	362,543	6.6%	\$1,342,173
Institutional	26,318	0.5%	\$97,432
Agriculture w/ Res	918,501	16.6%	\$3,400,390
Agriculture	1,243,086	22.5%	\$4,602,039
PSAWR Domestic	721,309	13.0%	\$2,670,364
PSAWR Commercial	604,716	10.9%	\$2,238,724
<b>Total</b>	<b>5,528,472</b>	<b>100.0%</b>	<b>\$20,467,000</b>

## PSAWR Credit

PSAWR customers receive a credit from SCDWA based on total water usage from these customers. This credit is only applied to PSAWR non-domestic water usage, which correlates to usage over 22 HCF (Table 37). Table 46 derives the unit rate for the PSAWR Credit per HCF.

Table 46: FY 2024 PSAWR Credit Allocation to Customer Classes and Unit Rate

PSAWR Credit Component Unit Rate	
Revenue Requirement	(\$659,000)
÷ PSAWR Usage less Domestic	1,247,089
<b>Unit Rate</b>	<b>(\$0.53)</b>

Customer Class	PSAWR Usage less Domestic (HCF)	% Allocation	Revenue Requirement	Unit Rate (HCF)
Single-Family	0	0.0%	\$0	\$0.00
Multi-Family	0	0.0%	\$0	\$0.00
Commercial	0	0.0%	\$0	\$0.00
Institutional	0	0.0%	\$0	\$0.00
Agriculture w/ Res	0	0.0%	\$0	\$0.00
Agriculture	0	0.0%	\$0	\$0.00
PSAWR Domestic	642,373	51.5%	(\$339,450)	(\$0.53)
PSAWR Commercial	604,716	48.5%	(\$319,550)	(\$0.53)
<b>Total</b>	<b>1,247,089</b>	<b>100.0%</b>	<b>(\$659,000)</b>	

Delivery

Conveyance costs are incurred based on the total volume of water produced and delivered to customers throughout the year. Therefore, the revenue requirement for Delivery is apportioned based on projected total water usage. Table 47 shows the total cost allocated to each customer class and corresponding unit rate. Agricultural and PSAWR Delivery components are reapportioned between fixed and variable within the next section, *but the total revenue recovery from these customer classes does not change.*

Table 47: FY 2024 Delivery Allocation to Customer Classes and Unit Rate

Delivery Component Unit Rate	
Revenue Requirement	\$10,029,602
÷ All Usage	5,528,472
<b>Unit Rate</b>	<b>\$1.82</b>

Customer Class	All Usage (HCF)	% Allocation	Revenue Requirement	Unit Rate (HCF)
Single-Family	1,521,953	27.5%	\$2,761,085	\$1.82
Multi-Family	130,046	2.4%	\$235,926	\$1.82
Commercial	362,543	6.6%	\$657,716	\$1.82
Institutional	26,318	0.5%	\$47,745	\$1.82
Agriculture w/ Res	918,501	16.6%	\$1,666,319	Reapportioned
Agriculture	1,243,086	22.5%	\$2,255,173	Reapportioned
PSAWR Domestic	721,309	13.0%	\$1,308,579	Reapportioned
PSAWR Commercial	604,716	10.9%	\$1,097,059	Reapportioned
<b>Total</b>	<b>5,528,472</b>	<b>100.0%</b>	<b>\$10,029,602</b>	

Pumping Energy

Pumping Energy costs are associated with pumping water to higher elevations within the District’s service area. FY 2022 actual SDG&E costs for each pumping zone were used for allocating the projected FY 2024 revenue requirement. The revenue requirements for each pumping zone are then divided by the pumping zone’s usage to derive updated unit rates. Table 48 derives the unit rate per HCF for each Pumping Zone.

Table 48: FY 2024 Power Allocation to Pumping Zones and Unit Rate

Pumping Energy Component Unit Rate	
Revenue Requirement	\$830,000
÷ Pumping Usage	924,894
<b>Unit Rate</b>	<b>Futher Allocated</b>

Pumping Zone	Zone Description	Pumping Usage [A]	SDG&E FY 2022 Costs [B]	% Allocation [C] = B as %	Revenue Requirement [D] = RR x C	Unit Rate [E] = D ÷ A
Pump Zone 1	Rainbow Heights	183,452	\$418,508	57.3%	\$475,599	\$2.60
Pump Zone 2	Im provem ent District U-1	38,945	\$47,569	6.5%	\$54,058	\$1.39
Pump Zone 3	Vallecitos	67,006	\$15,064	2.1%	\$17,119	\$0.26
Pump Zone 4	Northside	363,390	\$40,968	5.6%	\$46,557	\$0.13
Pump Zone 5	Morro Tank	128,436	\$38,801	5.3%	\$44,094	\$0.35
Pump Zone 6	Huntley	131,538	\$161,891	22.2%	\$183,975	\$1.40
Pump Zone 7	Magee Tank	12,127	\$7,567	1.0%	\$8,599	\$0.71
<b>Total</b>		<b>924,894</b>	<b>\$730,367</b>	<b>100.0%</b>	<b>\$830,000</b>	

**Reapportionment of Agricultural Delivery Cost to Fixed**

With all the revenue requirements fully allocated to customer classes and corresponding accounts, each customer class is recovering its proportionate share based on the cost of providing service. As such, reapportioning a percentage of Agricultural and PSAWR Delivery costs to those customer’s fixed charges does not change the amount of total cost recovered from Agricultural customers. The reapportionment is driven by District policy to mitigate revenue volatility within its agricultural classes. Based on discussions with District staff, 55% of Delivery will be recovered as a fixed component and spread over Agricultural and PSAWR MEs (Table 36). Table 49 identifies the Delivery amount reapportioned to fixed and derives the net Delivery unit rate per HCF. Table 50 derives the Delivery fixed component that will be added to the fixed charges calculated within the Rate Design.

Table 49: Reapportionment of Delivery to Fixed and Delivery Unit Rate

Customer Class	Projected Usage [A]	Delivery Revenue Requirement [B] = Table 47	\$ to Fixed Recovery [C] = B x 55%	Remaining Delivery Requirement [D] = B - C	Delivery Unit Rate [E] = D ÷ A
Agriculture w/ Res	918,501	\$1,666,319	\$916,476	\$749,844	\$0.82
Agriculture	1,243,086	\$2,255,173	\$1,240,345	\$1,014,828	\$0.82
PSAWR Domestic	721,309	\$1,308,579	\$719,718	\$588,861	\$0.82
PSAWR Commercial	604,716	\$1,097,059	\$603,383	\$493,677	\$0.82
<b>Total</b>	<b>3,487,612</b>	<b>\$6,327,130</b>	<b>\$3,479,922</b>	<b>\$2,847,209</b>	

Table 50: FY 2024 Agricultural and PSAWR Delivery Fixed Unit Rate

<b>Agriculture Delivery Fixed Component</b>	
Revenue Requirement	\$3,479,922
÷ Agriculture MEs	66,192
<b>Monthly Unit Rate</b>	<b>\$52.58</b>



## FY 2024 Water Cost-of-Service Rates

### Proposed FY 2024 Monthly Fixed Charges

Table 51 reflects the combined charges of the District's proposed FY 2024 fixed charge by meter size for each customer class.

Table 51: FY 2024 Monthly Water Fixed Charges by Customer Class and Meter Size

Fixed Charges (\$/Month)								
Meter Size	AWWA Capacity Ratio	Emergency Storage & Supply Reliability	SDCWA Fixed	Account Services	Meter Capacity	Capital Fixed	Agriculture Delivery Fixed Component	Proposed Fixed Charge
	[A]	[B] = A x \$14.70	[C] = A x \$13.60	[D] = \$5.84	[E] = A x \$39.26	[F] = A x \$16.19	[G] = A x \$52.58	[H] = A+B+C+D+E+F+G
<b>Single-Family, Multi-Family, Commercial, Institutional</b>								
≤ 3/4"	1.00	\$14.70	\$13.60	\$5.84	\$39.26	\$16.19	N/A	\$89.59
1"	1.67	\$24.50	\$22.67	\$5.84	\$65.43	\$26.98	N/A	\$145.42
1 1/2"	3.33	\$49.00	\$45.33	\$5.84	\$130.87	\$53.97	N/A	\$285.01
2"	5.33	\$78.40	\$72.53	\$5.84	\$209.39	\$86.35	N/A	\$452.51
3"	11.67	\$171.50	\$158.67	\$5.84	\$458.03	\$188.88	N/A	\$982.92
4"	21.00	\$308.70	\$285.60	\$5.84	\$824.46	\$339.99	N/A	\$1,764.59
6"	43.33	\$637.00	\$589.33	\$5.84	\$1,701.27	\$701.57	N/A	\$3,635.01
<b>Agriculture w/ Residence, Agriculture</b>								
≤ 3/4"	1.00	\$14.70	\$13.60	\$5.84	\$39.26	\$16.19	\$52.58	\$142.17
1"	1.67	\$24.50	\$22.67	\$5.84	\$65.43	\$26.98	\$87.63	\$233.06
1 1/2"	3.33	\$49.00	\$45.33	\$5.84	\$130.87	\$53.97	\$175.27	\$460.27
2"	5.33	\$78.40	\$72.53	\$5.84	\$209.39	\$86.35	\$280.43	\$732.93
3"	11.67	\$171.50	\$158.67	\$5.84	\$458.03	\$188.88	\$613.43	\$1,596.36
4"	21.00	\$308.70	\$285.60	\$5.84	\$824.46	\$339.99	\$1,104.18	\$2,868.77
6"	43.33	\$637.00	\$589.33	\$5.84	\$1,701.27	\$701.57	\$2,278.47	\$5,913.47
<b>PSAWR Domestic, PSAWR Commercial</b>								
≤ 3/4"	1.00	N/A	\$13.60	\$5.84	\$39.26	\$16.19	\$52.58	\$127.47
1"	1.67	N/A	\$22.67	\$5.84	\$65.43	\$26.98	\$87.63	\$208.56
1 1/2"	3.33	N/A	\$45.33	\$5.84	\$130.87	\$53.97	\$175.27	\$411.27
2"	5.33	N/A	\$72.53	\$5.84	\$209.39	\$86.35	\$280.43	\$654.53
3"	11.67	N/A	\$158.67	\$5.84	\$458.03	\$188.88	\$613.43	\$1,424.86
4"	21.00	N/A	\$285.60	\$5.84	\$824.46	\$339.99	\$1,104.18	\$2,560.07
6"	43.33	N/A	\$589.33	\$5.84	\$1,701.27	\$701.57	\$2,278.47	\$5,276.47

**Proposed FY 2024 Variable Rates**

Table 52 provides the combined charges of the District's proposed FY 2024 variable rates for each customer class.

Table 52: FY 2024 Variable Water Rates by Customer Class per HCF

Variable Rates (\$/HCF)				
Customer Class	Purchased Water [A]	PSAWR Credit [B]	Delivery [C]	Proposed Variable Rate [D] = A+B+C
Single-Family	\$3.71	-	\$1.82	\$5.53
Multi-Family	\$3.71	-	\$1.82	\$5.53
Commercial	\$3.71	-	\$1.82	\$5.53
Institutional	\$3.71	-	\$1.82	\$5.53
Agriculture w/ Res	\$3.71	-	\$0.82	\$4.53
Agriculture	\$3.71	-	\$0.82	\$4.53
PSAWR Domestic				
Tier 1	\$3.71	-	\$0.82	\$4.53
Tier 2	\$3.71	(\$0.53)	\$0.82	\$4.00
PSAWR Commercial	\$3.71	(\$0.53)	\$0.82	\$4.00

**Proposed FY 2024 Pumping Charges and Pumping Rates**

Table 53 provides the FY 2024 pumping fixed charges and pumping rates.

Table 53: FY 2024 Proposed Water Pumping Charges and Pumping Rates

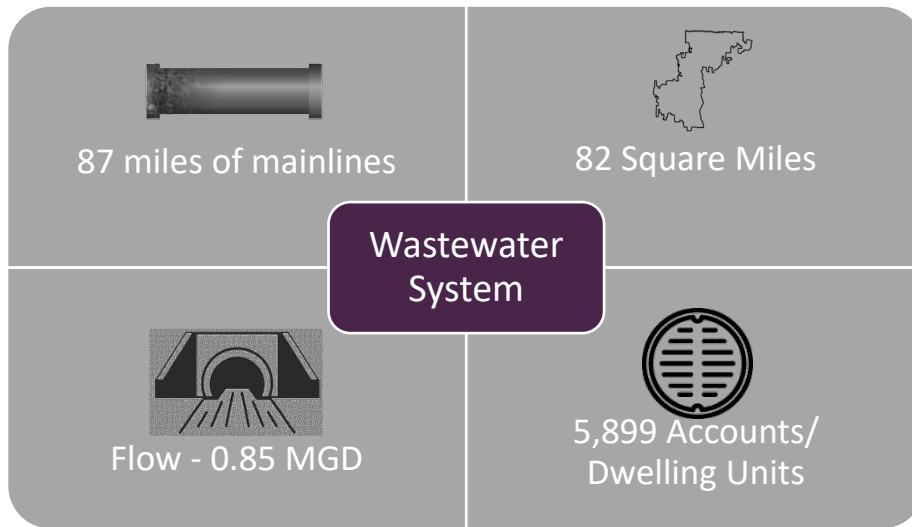
Pumping Zone Charges		
Pumping Zone	Zone Description	Proposed Pump Charges & Rates
<b>Fixed (\$/Month)</b>		
All Zones		\$8.39
<b>Variable (\$/HCF)</b>		
Pump Zone 1	Rainbow Heights	\$2.60
Pump Zone 2	improvement District	\$1.39
Pump Zone 3	Vallecitos	\$0.26
Pump Zone 4	Northside	\$0.13
Pump Zone 5	Morro Tank	\$0.35
Pump Zone 6	Huntley	\$1.40
Pump Zone 7	Magee Tank	\$0.71

# Wastewater Utility

## Wastewater System

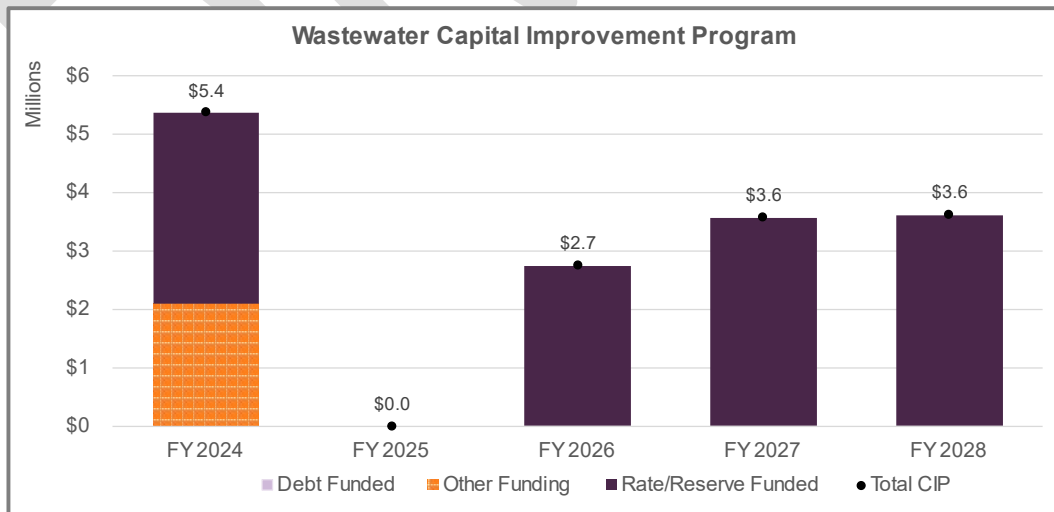
The District owns and operates a wastewater collection system and conveys its wastewater influent to Oceanside for treatment and discharge.

Figure 14: Wastewater System



The District has a significant amount of capital needs over the Rate Setting Period, including the completion of the Thoroughbred Lane Lift Station and Pipeline Repair project that started in FY 2023 for a total cost exceeding \$16.5M. The remaining amount to complete the project in FY 2024 is estimated at \$5M. In addition, the total amount of capital spending planned during the Rate Setting Period equals approximately \$15.3M. Figure 15 shows the District’s CIP through FY 2028 with current funding sources.

Figure 15: Wastewater Capital Improvement Plan



**Customers**

The District charges its wastewater user fees on an Equivalent Dwelling Unit (EDU) basis, where 1 EDU represents one single-family residential unit. EDUs are then assigned to other non-residential accounts based on the demand the account places on the system in relation to a single-family residence. At the start of FY 2023, the District had 5,899 active EDUs, which includes total residential dwelling units and commercial accounts. Table 54 provides a summary of billable units by customer class.

*Table 54: Wastewater Accounts and EDUs by Customer Class*

<b>Account Information</b>				
<b>Customer Class</b>	<b>Accounts</b>	<b>EDU's</b>	<b>Annual Bills</b>	<b>Annual EDU's</b>
	<b>[A]</b>	<b>[B]</b>	<b>[C] = A x 12</b>	<b>[D] = B x 12</b>
Single-Family	3,109	3,554	37,308	42,648
Multi-Family	102	1,860	1,224	22,320
Res - WW Only	6	7	72	84
Commercial	24	175	288	2,100
Commercial w/ Irrigation	19	303	228	3,636
<b>Total</b>	<b>3,260</b>	<b>5,899</b>	<b>39,120</b>	<b>70,788</b>

The current wastewater rate structure consists of monthly fixed charges per EDU, which includes accounts and additional dwelling units. The rates are shown in Table 55.

*Table 55: Existing Wastewater Monthly Fixed Charges*

<b>Wastewater Charges (\$/Month/EDU)</b>	
<b>Customer Class</b>	<b>Existing Charges (\$/EDU)</b>
Single-Family	\$55.07
Multi-Family	\$40.51
Residential - WW Only	\$54.40
Commercial	\$40.51
Commercial w/ Irrigation	\$40.51

## Financial Plan Overview - Wastewater Utility

### Financial Planning Assumptions

Developing a long-term financial plan requires understanding the utility's financial position by evaluating existing revenue streams, ongoing expenses, how those expenses will change over time, new strategic objectives, and reserve policies. These considerations require certain assumptions for projecting revenues, expenses, and expected ending fund balances. Table 56 identifies assumptions used for forecasting revenues and Table 57 identifies assumptions used for forecasting increases in expenses through the Rate Setting Period.

Table 56: Wastewater Assumptions for Forecasting Revenues

Revenue Forecasting					
Key Assumptions	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue Escalation					
Non-Rate Revenues	2.0%	2.0%	2.0%	2.0%	2.0%
Reserve Interest	1.5%	1.5%	1.5%	1.5%	1.5%
Account Growth	0.0%	0.0%	0.0%	0.0%	0.0%
Customer EDU's	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Single-Family	3,554	3,554	3,554	3,554	3,554
Multi-Family	1,860	1,860	1,860	1,860	1,860
Res - WW Only	7	7	7	7	7
Commercial	175	175	175	175	175
Commercial w/ Irrigation	303	303	303	303	303
<b>Total Customer EDU's</b>	<b>5,899</b>	<b>5,899</b>	<b>5,899</b>	<b>5,899</b>	<b>5,899</b>

Table 57: Wastewater Assumptions for Forecasting Expense Requirements<sup>5</sup>

Expenditure Forecasting						
Key Assumptions	Source:	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Expenditure Escalation						
Benefits		3.00%	3.00%	3.00%	3.00%	3.00%
Capital	ENR 20-City	7.20%	7.20%	3.93%	3.93%	3.93%
Energy Costs		5.00%	5.00%	5.00%	5.00%	5.00%
General Costs	CPI - SD (CA DIR)	7.71%	7.71%	4.03%	4.03%	4.03%
Retirement		5.00%	5.00%	5.00%	5.00%	5.00%
Salaries		6.00%	6.00%	6.00%	6.00%	6.00%
Treatment		6.00%	6.00%	6.00%	6.00%	6.00%

<sup>5</sup> Capital Construction inflation and General Costs for FY 2024 and FY 2025 were increased to 7.20% and 7.71%, respectively to account for the most recent annual increase due to inflation. Outer years reduce to 3.93% and 4.03%, reflecting the 5-year average of the Engineer's News Record – CCI index and the SD Consumer Price Index, respectively.

**Current Financial Position**

Revenues

Based on the forecasting assumptions, revenues were calculated using EDUs (Table 56) and existing wastewater rates (Table 55). Table 58 shows the calculated revenues through the Rate Setting Period. Table 59 summarizes calculated rate revenues (rounded to thousands) and other non-rate revenues available through the Rate Setting Period.

Table 58: Wastewater Calculated Rate Revenues

<b>Calculated Rate Revenue</b>					
<b>Fixed Revenues</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Single-Family	\$2,348,625	\$2,348,625	\$2,348,625	\$2,348,625	\$2,348,625
Multi-Family	\$904,183	\$904,183	\$904,183	\$904,183	\$904,183
Res - WW Only	\$4,570	\$4,570	\$4,570	\$4,570	\$4,570
Commercial	\$85,071	\$85,071	\$85,071	\$85,071	\$85,071
Commercial w/ Irrigation	\$147,294	\$147,294	\$147,294	\$147,294	\$147,294
<b>Total Fixed Charges</b>	<b>\$3,489,744</b>	<b>\$3,489,744</b>	<b>\$3,489,744</b>	<b>\$3,489,744</b>	<b>\$3,489,744</b>

Table 59: Wastewater Projected Revenues

<b>Projected Wastewater Revenues</b>					
<b>Revenue Summary</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>District Rate Revenue</b>					
Fixed Charges	\$3,490,000	\$3,490,000	\$3,490,000	\$3,490,000	\$3,490,000
<b>Subtotal District Rate Revenue</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>
<b>Operating Revenues</b>					
Sewer Letter Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Plan Check/Inspection Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Misc Revenue	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Subtotal Operating Revenues</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>
<b>Other Revenues</b>					
Property Tax	\$56,000	\$57,000	\$58,000	\$60,000	\$61,000
<b>Subtotal Other Revenues</b>	<b>\$56,000</b>	<b>\$57,000</b>	<b>\$58,000</b>	<b>\$60,000</b>	<b>\$61,000</b>
<b>Total Revenues</b>	<b>\$3,557,000</b>	<b>\$3,558,000</b>	<b>\$3,559,000</b>	<b>\$3,561,000</b>	<b>\$3,562,000</b>

Expenses

The FY 2023 budget was used as the utility's baseline expenses and adjusted over the Rate Setting Period based on the escalation factors shown in Table 57. Table 60 provides projected O&M expenses through the Rate Setting Period (rounded to thousands). Each expense category includes detailed line-item expenditures that were discussed with staff to determine the appropriate escalation factor to use for forecasting how costs will increase over time.

Table 60: Wastewater Projected O&M Expenses

<b>Projected Operating &amp; Maintenance Expenses</b>					
<b>O&amp;M Summary</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Treatment Expenses</b>					
Treatment	\$1,590,000	\$1,686,000	\$1,787,000	\$1,894,000	\$2,008,000
<b>Subtotal Treatment Expenses</b>	<b>\$1,590,000</b>	<b>\$1,686,000</b>	<b>\$1,787,000</b>	<b>\$1,894,000</b>	<b>\$2,008,000</b>
<b>District Operating Expenses</b>					
Payroll Expense	\$716,000	\$754,000	\$795,000	\$837,000	\$883,000
Maintenance & Supply	\$570,000	\$610,000	\$635,000	\$661,000	\$689,000
Overhead	\$1,375,000	\$1,455,000	\$1,540,000	\$1,630,000	\$1,725,000
Finance and Customer Service	\$329,000	\$349,000	\$370,000	\$392,000	\$416,000
Placeholder	\$0	\$0	\$0	\$0	\$0
<b>District Operating Expenses</b>	<b>\$2,990,000</b>	<b>\$3,168,000</b>	<b>\$3,340,000</b>	<b>\$3,520,000</b>	<b>\$3,713,000</b>
<b>Total Expenses</b>	<b>\$4,580,000</b>	<b>\$4,854,000</b>	<b>\$5,127,000</b>	<b>\$5,414,000</b>	<b>\$5,721,000</b>



Reserves

The wastewater utility reserves include Operating and Capital Projects. Similar to the water utility, these reserves help mitigate risks to the utility by ensuring sufficient cash is on hand for daily operations and to fund annual system improvements, including unforeseen system failures. Table 61 summarizes the minimum reserve requirements and the ideal funding targets of each reserve.

*Table 61: Wastewater Reserve Requirements and Targets*

Reserve	Minimum Requirement	Reserve Target
Operating	60 days of operating costs	90 days of operating costs
Capital Projects	1-year of CIP based on 5-year average	2-years of CIP based on 5-year average

The reserve balance as of July 1, 2022, equaled approximately \$1.6M.

Financial Outlook at Existing Rates

Calculating revenue using existing rates and projecting expenses helps determine the current financial health of the utility. Revenue from current rates is not sufficient to cover operating expenses and is projected to generate an operating deficit of \$1M for FY 2024, which is projected to increase to \$2.1M by FY 2028. As such, there is currently no annual funding available for capital spending and the District would need to use reserves to cover the operating deficit. Table 62 forecasts existing revenues and expenses through the Rate Setting Period. Table 63 identifies reserve transfers and reserve activity, with projected FY 2024 starting reserve balances shown for each reserve.

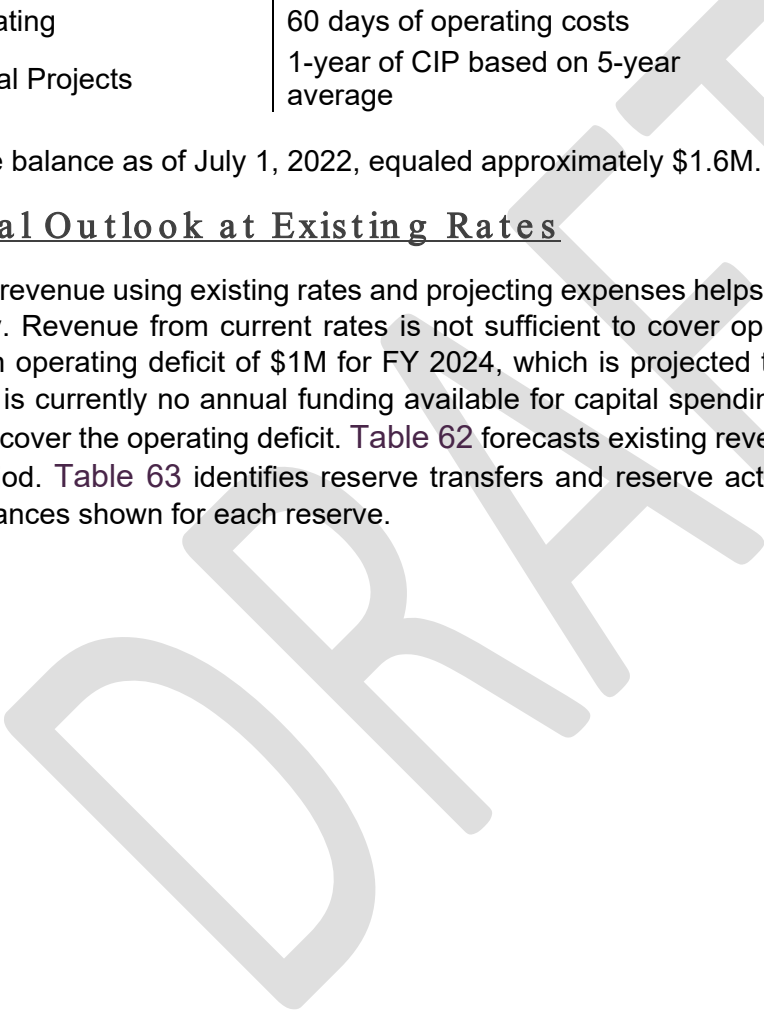




Table 62: Wastewater Financial Plan at Existing Rates

<b>Wastewater Financial Plan at Existing Rates</b>						
<b>Revenue</b>		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>District Rate Revenue</b>						
Fixed Charges	<b>Table 58</b>	\$3,490,000	\$3,490,000	\$3,490,000	\$3,490,000	\$3,490,000
<b>Total District Rate Revenue</b>		<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>
<b>Operating Revenues</b>						
Sewer Letter Fee		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Plan Check/Inspection Fees	<b>Table 58</b>	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Misc Revenue		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Subtotal Operating Revenues</b>		<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>
<b>Other Revenues</b>						
Property Tax	<b>Table 58</b>	\$56,000	\$57,000	\$58,000	\$60,000	\$61,000
<b>Subtotal Other Revenues</b>		<b>\$56,000</b>	<b>\$57,000</b>	<b>\$58,000</b>	<b>\$60,000</b>	<b>\$61,000</b>
<b>Total Revenues</b>		<b>\$3,557,000</b>	<b>\$3,558,000</b>	<b>\$3,559,000</b>	<b>\$3,561,000</b>	<b>\$3,562,000</b>
<b>O&amp;M Expenses</b>						
		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Treatment Expenses</b>						
Treatment	<b>Table 59</b>	\$1,590,000	\$1,686,000	\$1,787,000	\$1,894,000	\$2,008,000
<b>Subtotal Treatment Expenses</b>		<b>\$1,590,000</b>	<b>\$1,686,000</b>	<b>\$1,787,000</b>	<b>\$1,894,000</b>	<b>\$2,008,000</b>
<b>District Operating Expenses</b>						
Payroll Expense		\$716,000	\$754,000	\$795,000	\$837,000	\$883,000
Maintenance & Supply	<b>Table 59</b>	\$570,000	\$610,000	\$635,000	\$661,000	\$689,000
Overhead		\$1,375,000	\$1,455,000	\$1,540,000	\$1,630,000	\$1,725,000
Finance and Customer Service		\$329,000	\$349,000	\$370,000	\$392,000	\$416,000
<b>District Operating Expenses</b>		<b>\$2,990,000</b>	<b>\$3,168,000</b>	<b>\$3,340,000</b>	<b>\$3,520,000</b>	<b>\$3,713,000</b>
<b>Debt Service</b>						
New/Proposed Debt		\$0	\$0	\$0	\$0	\$0
<b>Subtotal Debt Service</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Expenses</b>		<b>\$4,580,000</b>	<b>\$4,854,000</b>	<b>\$5,127,000</b>	<b>\$5,414,000</b>	<b>\$5,721,000</b>
<b>Net Cashflow (Revenue - Expenses)</b>		<b>(\$1,023,000)</b>	<b>(\$1,296,000)</b>	<b>(\$1,568,000)</b>	<b>(\$1,853,000)</b>	<b>(\$2,159,000)</b>

Table 63: Wastewater – Transfers and Reserve Activity at Existing Rates

<b>Wastewater Reserve Activity</b>					
<b>Operating Fund</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$229,626	(\$793,374)	(\$2,089,374)	(\$3,657,374)	(\$5,510,374)
Transfers (Net Cashflow)	(\$1,023,000)	(\$1,296,000)	(\$1,568,000)	(\$1,853,000)	(\$2,159,000)
<b>Ending Balance</b>	<b>(\$793,374)</b>	<b>(\$2,089,374)</b>	<b>(\$3,657,374)</b>	<b>(\$5,510,374)</b>	<b>(\$7,669,374)</b>

<b>Capital (R&amp;R &amp; Exp)</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$2,739,622	(\$2,620,553)	(\$2,620,553)	(\$5,367,822)	(\$8,936,985)
Less:					
CIP	(\$5,360,175)	\$0	(\$2,747,268)	(\$3,569,164)	(\$3,612,784)
Subtotal Capital (R&R & Exp)	(\$2,620,553)	(\$2,620,553)	(\$5,367,822)	(\$8,936,985)	(\$12,549,770)
Interest Earnings	\$0	\$0	\$0	\$0	\$0
<b>Ending Balance</b>	<b>(\$2,620,553)</b>	<b>(\$2,620,553)</b>	<b>(\$5,367,822)</b>	<b>(\$8,936,985)</b>	<b>(\$12,549,770)</b>

<b>Total Reserves - Ending Balance</b>	<b>(\$3,413,927)</b>	<b>(\$4,709,927)</b>	<b>(\$9,025,196)</b>	<b>(\$14,447,359)</b>	<b>(\$20,219,144)</b>
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Figure 16 illustrates the operating position of the utility, where O&M expenses are identified with the dashed red trendline, and the horizontal black trendline shows total revenues at existing rates. The bars represent the amount of net operating income available. Figure 17 reflects the projected ending balances of reserves after funding operating and capital projects through the Rate Setting Period.

Figure 16: Wastewater Current Operating Financial Position

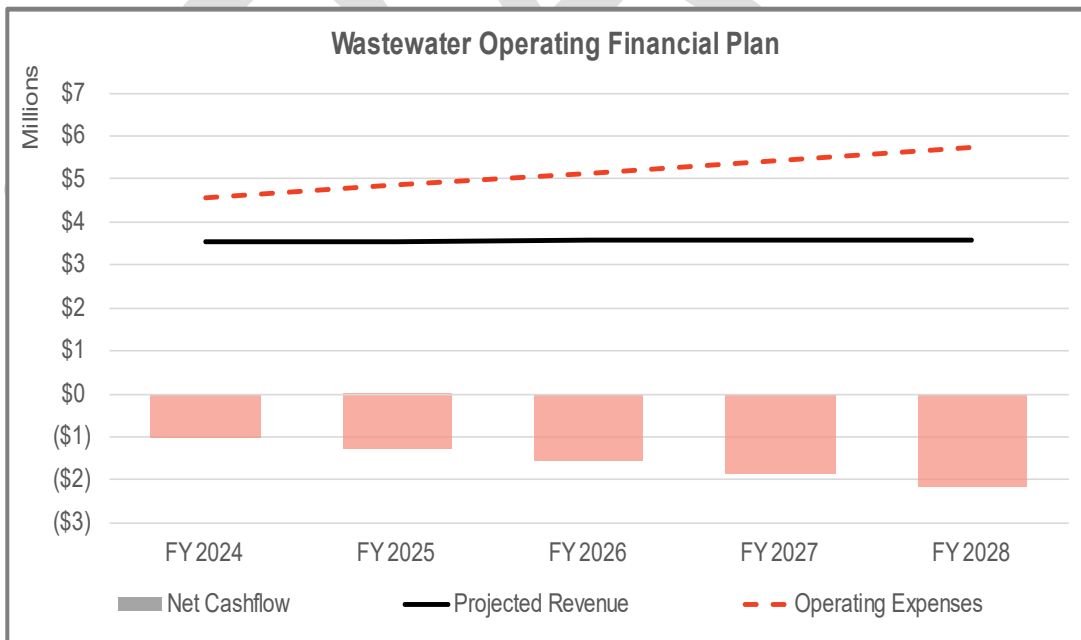
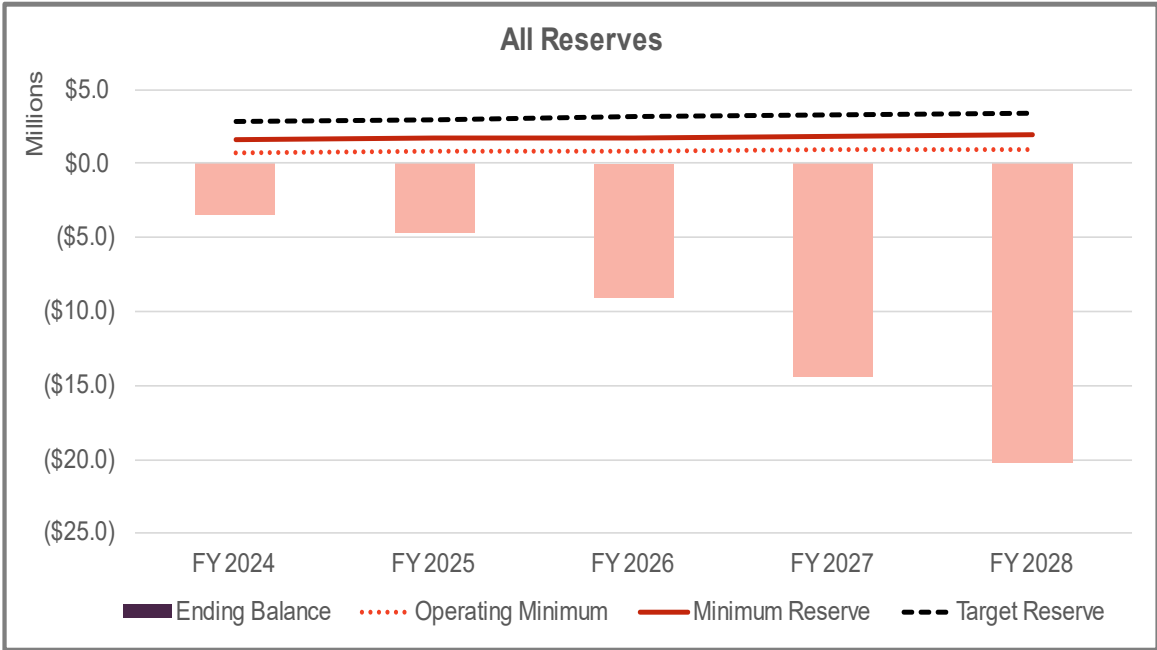


Figure 17: Wastewater Projected Ending Reserves at Existing Rates



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## Proposed Financial Plan – Wastewater Utility

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From the financial outlook at existing rates, a proposed financial plan can be developed to adequately fund the multi-year revenue requirements, while meeting reserve requirements. The proposed financial plan generates approximately \$13.1M in additional revenue over the Rate Setting Period. The additional revenue will consistently generate a positive net operating position commencing in FY 2027 to go towards capital spending and building up reserves. In the interim, the District expects to secure a \$5M loan in FY 2024 to cover its capital needs as rate revenue increases are phased in over the next 5 years. In addition, a proposed debt issue of \$9.5M is anticipated in FY 2026, which would be secured by the proposed rates. **However, if the District does not secure the \$5M loan, current planned capital projects could not be funded and the proposed rates, herein, would not be sufficient on their own to cover the CIP through PAYGO.**

Table 64 forecasts projected revenues, with annual revenue adjustments, and expenses through FY 2028. Table 65 identifies the projected FY 2024 total starting reserve balances, activity within each reserve (including net income transfer from Table 64, transfers between reserves, and annual CIP), and projected ending balances for each fiscal year of the Rate Setting Period.

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Table 64: Proposed Wastewater Financial Plan

<b>Wastewater Financial Plan at Existing Rates</b>						
<b>Revenue</b>		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>District Rate Revenue</b>						
Fixed Charges	<b>Table 58</b>	\$3,490,000	\$3,490,000	\$3,490,000	\$3,490,000	\$3,490,000
<b>Total District Rate Revenue</b>		<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>	<b>\$3,490,000</b>
<b>Additional Revenue (from revenue adjustments):</b>						
Fiscal Year	Revenue Adjustment					
FY 2024	35.0%	\$1,221,000	\$1,221,000	\$1,221,000	\$1,221,000	\$1,221,000
FY 2025	13.0%		\$612,000	\$612,000	\$612,000	\$612,000
FY 2026	13.0%			\$691,000	\$691,000	\$691,000
FY 2027	13.0%				\$781,000	\$781,000
FY 2028	13.0%					\$883,000
<b>Total Additional Revenue</b>		<b>\$1,221,000</b>	<b>\$1,833,000</b>	<b>\$2,524,000</b>	<b>\$3,305,000</b>	<b>\$4,188,000</b>
<b>Total Projected Rate Revenues</b>		<b>\$4,711,000</b>	<b>\$5,323,000</b>	<b>\$6,014,000</b>	<b>\$6,795,000</b>	<b>\$7,678,000</b>
<b>Operating Revenues</b>						
Sewer-Oak Crest Service Charges		\$0	\$0	\$0	\$0	\$0
Sewer Letter Fee	<b>Table 58</b>	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Plan Check/Inspection Fees		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Misc Revenue		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Subtotal Operating Revenues</b>		<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$11,000</b>
<b>Other Revenues</b>						
Property Tax	<b>Table 58</b>	\$56,000	\$57,000	\$58,000	\$60,000	\$61,000
<b>Subtotal Other Revenues</b>		<b>\$56,000</b>	<b>\$57,000</b>	<b>\$58,000</b>	<b>\$60,000</b>	<b>\$61,000</b>
<b>Total Revenues</b>		<b>\$4,778,000</b>	<b>\$5,391,000</b>	<b>\$6,083,000</b>	<b>\$6,866,000</b>	<b>\$7,750,000</b>
<b>O&amp;M Expenses</b>		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Treatment Expenses</b>						
Treatment	<b>Table 59</b>	\$1,590,000	\$1,686,000	\$1,787,000	\$1,894,000	\$2,008,000
<b>Subtotal Treatment Expenses</b>		<b>\$1,590,000</b>	<b>\$1,686,000</b>	<b>\$1,787,000</b>	<b>\$1,894,000</b>	<b>\$2,008,000</b>
<b>District Operating Expenses</b>						
Payroll Expense		\$716,000	\$754,000	\$795,000	\$837,000	\$883,000
Maintenance & Supply	<b>Table 59</b>	\$570,000	\$610,000	\$635,000	\$661,000	\$689,000
Overhead		\$1,375,000	\$1,455,000	\$1,540,000	\$1,630,000	\$1,725,000
Finance and Customer Service		\$329,000	\$349,000	\$370,000	\$392,000	\$416,000
<b>District Operating Expenses</b>		<b>\$2,990,000</b>	<b>\$3,168,000</b>	<b>\$3,340,000</b>	<b>\$3,520,000</b>	<b>\$3,713,000</b>
<b>Debt Service</b>						
New/Proposed Debt		\$369,610	\$369,610	\$1,071,870	\$1,071,870	\$1,071,870
<b>Subtotal Debt Service</b>		<b>\$369,610</b>	<b>\$369,610</b>	<b>\$1,071,870</b>	<b>\$1,071,870</b>	<b>\$1,071,870</b>
<b>Total Expenses</b>		<b>\$4,949,610</b>	<b>\$5,223,610</b>	<b>\$6,198,870</b>	<b>\$6,485,870</b>	<b>\$6,792,870</b>
<b>Net Cashflow (Revenue - Expenses)</b>		<b>(\$171,610)</b>	<b>\$167,390</b>	<b>(\$115,870)</b>	<b>\$380,130</b>	<b>\$957,130</b>

Table 65: Wastewater – Reserves Activity through FY 2028

<b>Wastewater Reserve Activity</b>					
<b>Operating Fund</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$229,626	\$58,016	\$225,405	\$109,535	\$489,665
Transfers (Net Cashflow)	(\$171,610)	\$167,390	(\$115,870)	\$380,130	\$957,130
Transfers to Capital (R&R & Exp)	\$0	\$0	\$0	\$0	(\$330,158)
<b>Ending Balance</b>	<b>\$58,016</b>	<b>\$225,405</b>	<b>\$109,535</b>	<b>\$489,665</b>	<b>\$1,116,636</b>
<b>Capital (R&amp;R &amp; Exp)</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Beginning Balance	\$2,739,622	\$2,417,840	\$2,454,108	\$9,294,296	\$5,837,778
Plus:					
Transfers from Operating Fund	\$0	\$0	\$0	\$0	\$330,158
New Debt Proceeds	\$5,000,000	\$0	\$9,500,000	\$0	\$0
Less:					
CIP	(\$5,360,175)	\$0	(\$2,747,268)	(\$3,569,164)	(\$3,612,784)
Subtotal Capital (R&R & Exp)	\$2,379,447	\$2,417,840	\$9,206,839	\$5,725,132	\$2,555,152
Interest Earnings	\$38,393	\$36,268	\$87,457	\$112,646	\$62,947
<b>Ending Balance</b>	<b>\$2,417,840</b>	<b>\$2,454,108</b>	<b>\$9,294,296</b>	<b>\$5,837,778</b>	<b>\$2,618,099</b>
<b>Total Reserves - Ending Balance</b>	<b>\$2,475,855</b>	<b>\$2,679,513</b>	<b>\$9,403,831</b>	<b>\$6,327,443</b>	<b>\$3,734,735</b>

The operating position based on the proposed financial plan is identified in Figure 18. Figure 19 shows the capital plan with funding sources. Figure 20 identifies the ending reserve balances after funding capital expenses.

Figure 18: Wastewater Proposed Operating Position

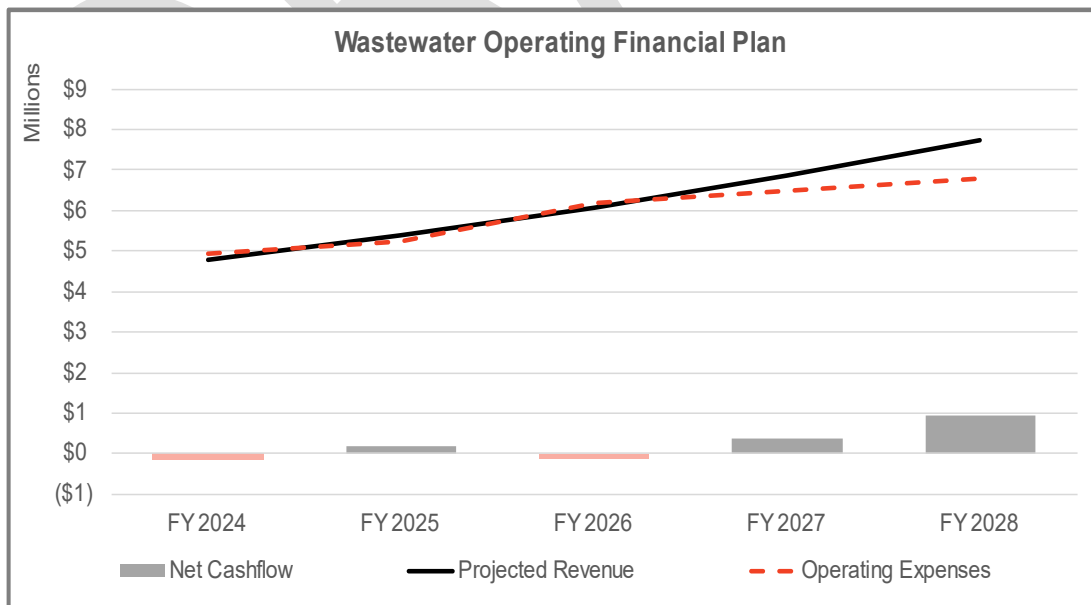


Figure 19: Wastewater Capital Improvement Plan with Funding Sources

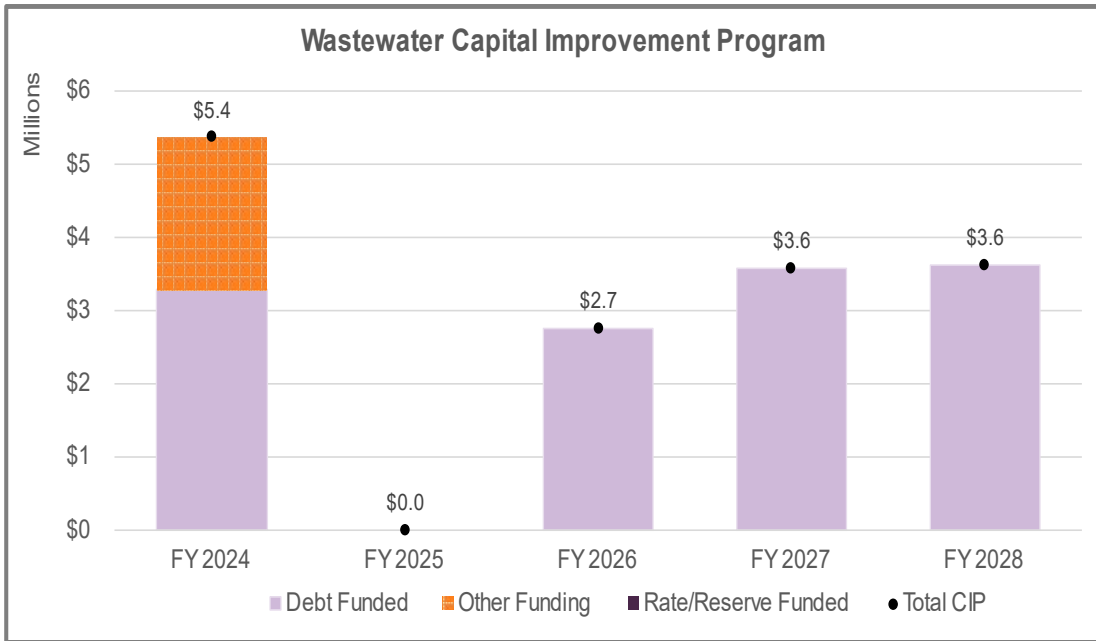
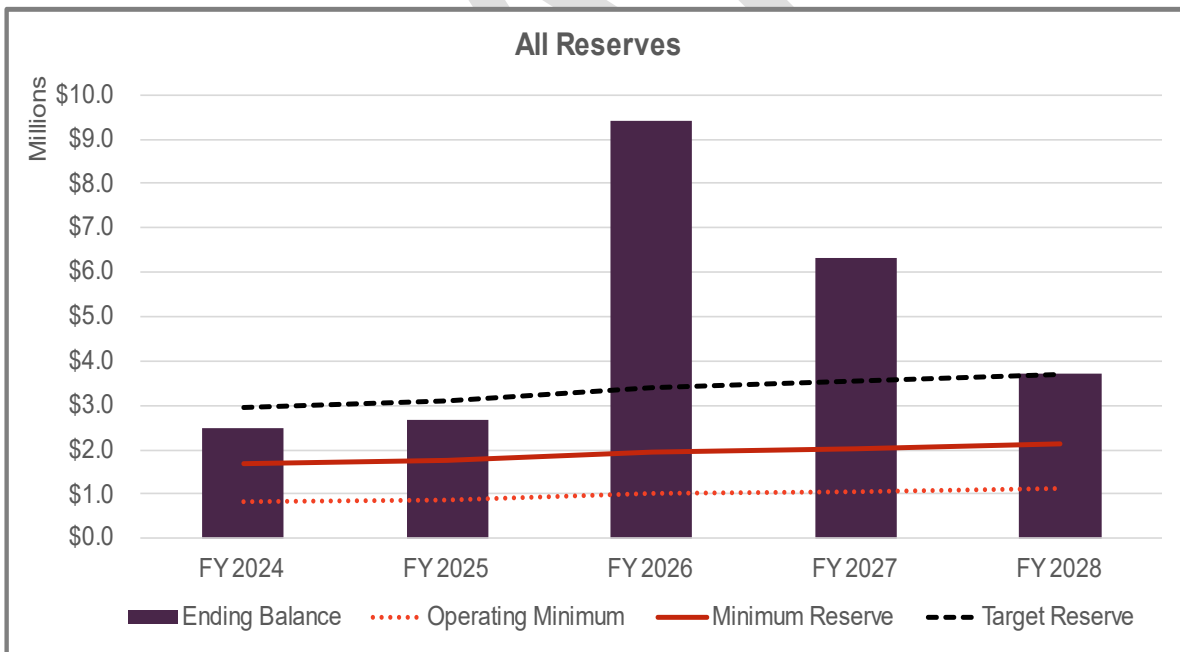


Figure 20: Wastewater Proposed Ending Reserves



## Cost of Service Analysis – Wastewater Utility

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### Cost of Service Process

The next step in developing wastewater rates is to perform a cost-of-service analysis. Through this process, costs incurred are allocated to customer classes based on their proportional share. As a result, the proposed rates are cost-based and reflect the costs incurred to provide service to customers.

### Revenue Requirements

FY 2024 revenue requirements were used for the cost-of-service analysis. Revenue requirements include O&M expenses, treatment expenses, available revenue offsets, non-rate revenues, and reserve funding. The proposed revenue adjustments and corresponding rates accumulate the necessary funding over the Rate Setting Period to fund O&M, capital projects, and meet minimum reserve requirements. The results of the financial plan analysis are summarized in Table 66 and represent the revenue required from rates over the Rate Setting Period.

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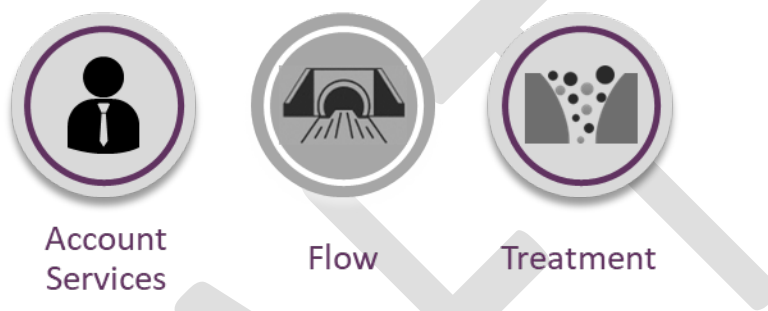
Table 66: Wastewater Revenue Requirements

Revenue Requirements					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Treatment Expenses</b>					
Treatment	\$1,590,000	\$1,686,000	\$1,787,000	\$1,894,000	\$2,008,000
<b>Total Treatment Expenses</b>	<b>\$1,590,000</b>	<b>\$1,686,000</b>	<b>\$1,787,000</b>	<b>\$1,894,000</b>	<b>\$2,008,000</b>
<b>District Operating Expenses</b>					
Payroll Expense	\$716,000	\$754,000	\$795,000	\$837,000	\$883,000
Maintenance & Supply	\$570,000	\$610,000	\$635,000	\$661,000	\$689,000
Overhead	\$1,375,000	\$1,455,000	\$1,540,000	\$1,630,000	\$1,725,000
Finance and Customer Service	\$329,000	\$349,000	\$370,000	\$392,000	\$416,000
<b>Total District Operating Expenses</b>	<b>\$2,990,000</b>	<b>\$3,168,000</b>	<b>\$3,340,000</b>	<b>\$3,520,000</b>	<b>\$3,713,000</b>
<b>Debt Service</b>					
New/Proposed Debt	\$369,610	\$369,610	\$1,071,870	\$1,071,870	\$1,071,870
<b>Total Debt Service</b>	<b>\$369,610</b>	<b>\$369,610</b>	<b>\$1,071,870</b>	<b>\$1,071,870</b>	<b>\$1,071,870</b>
<b>Other Funding</b>					
<i>Revenue Offsets</i>					
Sewer Letter Fee	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)
Plan Check/Inspection Fees	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)
Misc Revenue	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)
Other Revenues	(\$56,000)	(\$57,000)	(\$58,000)	(\$60,000)	(\$61,000)
<i>Subtotal Revenue Offsets</i>	<i>(\$67,000)</i>	<i>(\$68,000)</i>	<i>(\$69,000)</i>	<i>(\$71,000)</i>	<i>(\$72,000)</i>
<i>Adjustments</i>					
CIP / Reserve Funding	(\$171,610)	\$167,390	(\$115,870)	\$380,130	\$957,130
<i>Subtotal Adjustments</i>	<i>(\$171,610)</i>	<i>\$167,390</i>	<i>(\$115,870)</i>	<i>\$380,130</i>	<i>\$957,130</i>
<b>Total Other Funding</b>	<b>(\$238,610)</b>	<b>\$99,390</b>	<b>(\$184,870)</b>	<b>\$309,130</b>	<b>\$885,130</b>
<b>Revenue Required from Rates</b>	<b>\$4,711,000</b>	<b>\$5,323,000</b>	<b>\$6,014,000</b>	<b>\$6,795,000</b>	<b>\$7,678,000</b>

## Define Cost Components

The District's wastewater cost-of-service requirements were allocated to cost components and then to customer classes to develop cost-based rates in compliance with Proposition 218. The utility incurs costs to collect total flow from its customer classes and conveys it to Oceanside for treatment and discharge. Therefore, to determine the most appropriate way to recover the utility's expenses, cost components are identified and used to allocate expenses based on how they are incurred. Using this allocation approach, revenue requirements are allocated to the three cost components of Account Services, Collection, and Treatment, as shown in Figure 21, to derive monthly unit rates per EDU and corresponding monthly fixed charges.

Figure 21: Wastewater Cost Components



*Account Services* – Fixed expenses related to the collection system that do not necessarily fluctuate based on flow. Administration, utility billing services, and overhead costs are incurred based on having an account. In addition, a portion of maintenance is recovered as part of Account Services.

*Flow* – Expenses associated with the collection system.

*Treatment* – Expenses incurred at the San Luis Rey Treatment Plant and billed to the District by the City of Oceanside.

## Allocate Expenses to Cost Components

The distribution of expenses to the cost components should be straightforward to ensure the method of apportionment is **understandable** and easily **correlates to how expenses are incurred**.

Table 67 identifies the treatment expenses incurred by the District and how it is allocated to the cost components. Table 68 uses the percent allocations in Table 67 to allocate expenses in dollars to each cost component. Treatment expenses are referred to as direct pass-through charges because it has its own corresponding cost component, and they are not adjusted by revenue offsets or reserve funding. Any annual increases in treatment expenses will be captured through the pass-through provisions of Government Code section 53756.

Table 67: Wastewater Treatment Expense Allocation to Cost Components (%)

Treatment Expenses	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
Treatment	Treatment	0.0%	0.0%	100.0%	100%

Table 68: Wastewater Treatment Expense Allocation to Cost Components (\$)

Treatment Expenses	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
Treatment	Treatment	\$0	\$0	\$1,590,000	\$1,590,000
<b>Total Treatment Allocation (\$)</b>		<b>\$0</b>	<b>\$0</b>	<b>\$1,590,000</b>	<b>\$1,590,000</b>

Table 69 summarizes the percent allocation of Operating expenses to the cost components. Payroll Expenses and Maintenance & Supply are associated with the operating and maintaining the collection system and were allocated to the cost component of Collection. Overhead and Finance and Customer Service are services provided to every active account and allocated to Account Services. Table 70 uses the percent allocations in Table 69 to allocate expenses in dollars to each cost component.

Table 69: Wastewater O&M Expense Allocation to Cost Components (%)

District Operating Expenses	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
Payroll Expense	Collection	0.0%	100.0%	0.0%	100%
Maintenance & Supply	Collection	0.0%	100.0%	0.0%	100%
Overhead	Specific	100.0%	0.0%	0.0%	100%
Finance and Customer Service	Specific	100.0%	0.0%	0.0%	100%

Table 70: Wastewater O&M Expense Allocation to Cost Components (\$)

District Operating Expenses	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
Payroll Expense	Collection	\$0	\$716,000	\$0	\$716,000
Maintenance & Supply	Collection	\$0	\$570,000	\$0	\$570,000
Overhead	Specific	\$1,375,000	\$0	\$0	\$1,375,000
Finance and Customer Service	Specific	\$329,000	\$0	\$0	\$329,000
<b>Total O&amp;M Allocation (\$)</b>		<b>\$1,704,000</b>	<b>\$1,286,000</b>	<b>\$0</b>	<b>\$2,990,000</b>
<b>O&amp;M Allocation (%)</b>		<b>57.0%</b>	<b>43.0%</b>	<b>0.0%</b>	<b>100.0%</b>

The District's proposed debt is associated with funding improvements to the collection system. Therefore, 100% of the debt was allocated to the cost component of Collection. Table 71 identifies the percent allocation of the debt expense to the cost components, and Table 72 reflects the debt expense in dollars.

Table 71: Wastewater Debt Allocation to Cost Components (%)

Debt Service	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
New/Proposed Debt	Collection	0.0%	100.0%	0.0%	100%

Table 72: Wastewater Debt Allocation to Cost Components (\$)

Debt Service	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
New/Proposed Debt	Collection	\$0	\$369,610	\$0	\$369,610
<b>Total Debt Service Allocation (\$)</b>		<b>\$0</b>	<b>\$369,610</b>	<b>\$0</b>	<b>\$369,610</b>

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Other Funding includes revenue offsets and reserve funding. All line items under "Other Funding" are allocated based on O&M percentages derived in Table 70 to allocate each line item to the cost components proportionately. Table 73 summarizes the percent allocation to the cost components, and Table 74 uses the percent allocations in Table 73 to Other Funding in dollars to each cost component. Table 75 summarizes the FY 2024 revenue requirement derived in Table 66 by cost component.

*Table 73: Wastewater Other Funding to Cost Components (%)*

Other Funding	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
<i>Revenue Offsets</i>					
Sewer Letter Fee	O&M Allocation	57.0%	43.0%	0.0%	100%
Plan Check/Inspection Fees	O&M Allocation	57.0%	43.0%	0.0%	100%
Misc Revenue	O&M Allocation	57.0%	43.0%	0.0%	100%
Other Revenues	O&M Allocation	57.0%	43.0%	0.0%	100%
<i>Adjustments</i>					
CIP / Reserve Funding	O&M Allocation	57.0%	43.0%	0.0%	100%

*Table 74: Wastewater Other Funding to Cost Components (\$)*

Other Funding	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
<i>Revenue Offsets</i>					
Sewer Letter Fee	O&M Allocation	(\$570)	(\$430)	\$0	(\$1,000)
Plan Check/Inspection Fees	O&M Allocation	(\$2,849)	(\$2,151)	\$0	(\$5,000)
Misc Revenue	O&M Allocation	(\$2,849)	(\$2,151)	\$0	(\$5,000)
Other Revenues	O&M Allocation	(\$31,914)	(\$24,086)	\$0	(\$56,000)
<i>Adjustments</i>					
CIP / Reserve Funding	O&M Allocation	(\$97,801)	(\$73,810)	\$0	(\$171,610)
<b>Total Other Funding Allocation (\$)</b>		<b>(\$135,984)</b>	<b>(\$102,626)</b>	<b>\$0</b>	<b>(\$238,610)</b>

*Table 75: FY 2024 Wastewater Cost-of-Service Requirements by Cost Component*

Revenue Requirement	Account Services	Collection	Treatment	Total
Treatment Expenses	\$0	\$0	\$1,590,000	\$1,590,000
District Operating Expenses	\$1,704,000	\$1,286,000	\$0	\$2,990,000
Debt Service	\$0	\$369,610	\$0	\$369,610
Other Funding	(\$135,984)	(\$102,626)	\$0	(\$238,610)
<b>COS Requirement</b>	<b>\$1,568,016</b>	<b>\$1,552,984</b>	<b>\$1,590,000</b>	<b>\$4,711,000</b>

## Rate Design – Wastewater Utility

### Develop Units of Service

Unit rates per EDU are derived by spreading the revenue requirements, by cost component, over total EDUs. This approach provides a clear connection between the costs incurred and the total customer demands served in EDUs, resulting in a cost-based rate structure in compliance with Proposition 218. The previous section summarized costs by expense category and then allocated to cost components based on how each cost is incurred. The next step is to derive rates in relation to their use of the system and facilities. The method of apportionment considers each customer's share of system costs and is reflected by the EDUs assigned to each account. Table 76 derives the proposed FY 2024 wastewater rates per EDU by dividing the revenue requirements in Table 75 by the annual EDUs (Table 56 times 12 billing periods).

Table 76: FY 2024 Wastewater Monthly Fixed Charge per EDU

FY 2024 Proposed Fixed Charge per EDU				
Revenue Requirement	Account Services [A]	Collection [B]	Treatment [C]	Total Monthly Charge [D] = A + B + C
Revenue Requirement	\$1,568,016	\$1,552,984	\$1,590,000	
÷ Annual EDU's	70,788	70,788	70,788	
<b>Unit Rate per EDU</b>	<b>\$22.16</b>	<b>\$21.94</b>	<b>\$22.47</b>	<b>\$66.57</b>

## Cost-Based Rates Summary

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### Cost-of-Service and Rate Summary

The comprehensive cost-of-service analysis and rate development meet the requirements of Proposition 218 and identify the cost components that make up the proposed water and wastewater charges. Proposition 218 requires the following conditions:

1. An agency cannot collect revenue beyond what is necessary to provide service.

*The long-term financial plan identifies the District's revenue requirements, including operating expenses, capital improvement program, debt, and reserves. Projected revenues do not exceed the cost of providing service.*

2. Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed.

*The District's water and wastewater utilities are set up as a business enterprise to track revenues and expenses and do not fund other services outside of those necessary for the provision of water and wastewater.*

3. The amount of the fee may not exceed the proportional cost of service for the parcel.

*The comprehensive cost-of-service analysis, updated water fixed charges and variable rates, and wastewater EDU charges reflect each customer's proportionate share of water and wastewater costs. Through this update, each account is paying its proportionate share of the cost providing service 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 property.

*The proposed fixed charges and variable rates connect directly to the District's budget for each utility and projected future revenue requirements of the water and wastewater utilities, which are recovered equitably from all active accounts receiving service.*

5. 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.

*Notices were mailed to each affected parcel at least 45 days prior to the June 27, 2023, Public Hearing.*

## Rate Schedules – Water and Wastewater

### Water

Table 77 through Table 79 provide the five-year water rate schedule over the Rate Setting Period for monthly fixed charges, variable rates, and fixed / variable pumping rates, respectively. For FY 2025 through FY 2028, the revenue adjustments are applied across the board to the cost-of-service rates derived for FY 2024 as account growth and usage characteristics are projected to remain constant for financial planning.

Table 77: Proposed Monthly Water Fixed Charges (FY 2024 – FY 2028)

Proposed Revenue Adjustments					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue Adjustment		9.0%	9.0%	9.0%	9.0%
Fixed Charges (\$/ Month)					
Single-Family, Multi-Family, Commercial, Institutional					
Meter Size	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
5/8"	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
≤ 3/4"	\$89.59	\$97.66	\$106.45	\$116.04	\$126.49
1"	\$145.42	\$158.52	\$172.79	\$188.35	\$205.31
1 1/2"	\$285.01	\$310.66	\$338.62	\$369.10	\$402.32
2"	\$452.51	\$493.24	\$537.64	\$586.03	\$638.78
3"	\$982.92	\$1,071.39	\$1,167.82	\$1,272.93	\$1,387.50
4"	\$1,764.59	\$1,923.41	\$2,096.52	\$2,285.21	\$2,490.88
6"	\$3,635.01	\$3,962.16	\$4,318.76	\$4,707.45	\$5,131.13
Agriculture w/ Residence, Agriculture					
Meter Size	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
5/8"	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
≤ 3/4"	\$142.17	\$154.97	\$168.92	\$184.13	\$200.71
1"	\$233.06	\$254.04	\$276.91	\$301.84	\$329.01
1 1/2"	\$460.27	\$501.70	\$546.86	\$596.08	\$649.73
2"	\$732.93	\$798.90	\$870.81	\$949.19	\$1,034.62
3"	\$1,596.36	\$1,740.03	\$1,896.64	\$2,067.34	\$2,253.41
4"	\$2,868.77	\$3,126.96	\$3,408.39	\$3,715.15	\$4,049.52
6"	\$5,913.47	\$6,445.69	\$7,025.81	\$7,658.14	\$8,347.38
PSAWR Domestic, PSAWR Commercial					
Meter Size	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
5/8"	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
≤ 3/4"	\$127.47	\$138.95	\$151.46	\$165.10	\$179.96
1"	\$208.56	\$227.33	\$247.79	\$270.10	\$294.41
1 1/2"	\$411.27	\$448.29	\$488.64	\$532.62	\$580.56
2"	\$654.53	\$713.45	\$777.67	\$847.67	\$923.97
3"	\$1,424.86	\$1,553.10	\$1,692.88	\$1,845.24	\$2,011.32
4"	\$2,560.07	\$2,790.48	\$3,041.63	\$3,315.38	\$3,613.77
6"	\$5,276.47	\$5,751.36	\$6,268.99	\$6,833.20	\$7,448.19



Table 78: Proposed Variable Water Rates per HCF (FY 2024 – FY 2028)

Variable Rates (\$/HCF)					
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Single-Family	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Multi-Family	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Commercial	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Institutional	\$5.53	\$6.03	\$6.58	\$7.18	\$7.83
Agriculture w/ Res	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
Agriculture	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
PSAWR Domestic					
Tier 1	\$4.53	\$4.94	\$5.39	\$5.88	\$6.41
Tier 2	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66
PSAWR Commercial	\$4.00	\$4.36	\$4.76	\$5.19	\$5.66

Table 79: Proposed Pumping Water Rates per HCF (FY 2024 – FY 2028)

Pumping						
Pumping Zone	Zone Description	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Fixed (\$/Month)</b>						
All Zones		\$8.39	\$9.15	\$9.98	\$10.88	\$11.86
<b>Variable (\$/HCF)</b>						
Pump Zone 1	Rainbow Heights	\$2.60	\$2.84	\$3.10	\$3.38	\$3.69
Pump Zone 2	Im prove ment District U-1	\$1.39	\$1.52	\$1.66	\$1.81	\$1.98
Pump Zone 3	Valle citos	\$0.26	\$0.29	\$0.32	\$0.35	\$0.39
Pump Zone 4	Northside	\$0.13	\$0.15	\$0.17	\$0.19	\$0.21
Pump Zone 5	Morro Tank	\$0.35	\$0.39	\$0.43	\$0.47	\$0.52
Pump Zone 6	Huntley	\$1.40	\$1.53	\$1.67	\$1.83	\$2.00
Pump Zone 7	Mage e Tank	\$0.71	\$0.78	\$0.86	\$0.94	\$1.03

## Wastewater

Table 80 provides the five-year wastewater rate schedule over the Rate Setting Period for monthly fixed charges per EDU. For FY 2025 through FY 2028, the revenue adjustments are applied across the board to the cost-of-service rates derived for FY 2024 as account growth and usage characteristics are projected to remain constant for financial planning.

Table 80: Proposed Monthly Wastewater Charges per EDU (FY 2024 – FY 2028)

Proposed Revenue Adjustments					
Revenue Adjustment		13.0%	13.0%	13.0%	13.0%
Customer Class	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Single-Family	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Multi-Family	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Residential - WW Only	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Commercial	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56
Commercial w/ Irrigation	\$66.57	\$75.23	\$85.01	\$96.07	\$108.56



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**BOARD OF DIRECTORS**

June 27, 2023

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**SUBJECT**

DISCUSSION AND POSSIBLE ACTION TO ADOPT RESOLUTION NO. 23-12 APPROVING THE FISCAL YEAR 2023-2024 OPERATING & CAPITAL IMPROVEMENT BUDGET

**BACKGROUND**

The Operating & Capital Improvement Budget for FY 2023-2024 has been reviewed by the Board of Directors, Budget and Finance Committee, and staff.

**DESCRIPTION**

This proposed FY 2023-2024 Budget is now presented to the Board for final adoption.

**Attachments:**

Resolution No. 23-12  
FY 2023-2024 Operating & Capital Improvement Plan (CIP) Budget  
Staffing Analysis

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

Strategic Focus Area Four: Fiscal Responsibility

**ENVIRONMENTAL**

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

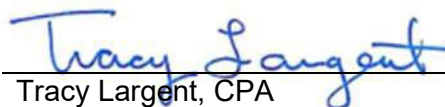
**BOARD OPTIONS/FISCAL IMPACTS**

The budget will serve as a guideline to generate the funds for the operations and maintenance, capital improvements and debt service of the District.

1. Approve Resolution No. 23-12 adopting the 2023-2024 Budget in its present form.
2. Direct the Staff to make further adjustments to the budget.

**STAFF RECOMMENDATION**

Staff recommends the Board adopt Resolution No. 23-12 approving the 2023-2024 Operating & Capital Improvement Budget.



Tracy Largent, CPA  
Finance Manager

June 27, 2023



**RESOLUTION NO. 23-12**

**RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW  
MUNICIPAL WATER DISTRICT ADOPTING THE ANNUAL  
OPERATING AND CAPITAL IMPROVEMENT BUDGET  
FOR THE FISCAL YEAR ENDING JUNE 30, 2023**

**WHEREAS**, the Rainbow Municipal Water District (“District”) is organized and operates pursuant to the Municipal Water District Law of 1911 commencing with Section 71000 of the California Water Code; and

**WHEREAS**, there has been presented to the Board of Directors a proposed Annual Operating and Capital Improvement Budget for The Fiscal Year Ending June 30, 2023 (“2023 Budget”); and

**WHEREAS**, on June 28, 2022, the Board of Directors received and considered all comments regarding the proposed 2023 Budget; and

**WHEREAS**, the proposed 2023 Budget has been reviewed and considered by the Board of Directors and it has been determined to be in the best interests of the District to adopt said budget for the sound financial operation of the District;

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

1. The 2023 Budget, as detailed in the budget document entitled “Annual Operating and Capital Improvement Budget for the Fiscal Year Ending June 30, 2023,” is hereby adopted. A copy of the 2023 Budget is attached hereto and incorporated herein by reference.
2. The expenditure amounts designated for the Fiscal Year 2022-2023, pursuant to the 2023 Budget, are hereby appropriated and may be expended by the departments or funds for which they are designated.
3. The proposed amount of the San Diego County Water Authority Rate pass-through, as allowed shall be increased effective 01/01/2023.
4. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.
5. If any section, subsection, sentence, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or the application thereof to any person or circumstance be held invalid.

6. This Resolution will be effective immediately upon adoption.

**PASSED AND ADOPTED** at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 28 day of June 2022 by the following vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**  
**ATTEST:**

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Hayden Hamilton, Board President

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Dawn M. Washburn, Board Secretary

**PROPOSED**  
**ANNUAL OPERATING & CAPITAL BUDGET**  
**Water & Wastewater**  
Fiscal Year 2023/2024

*Board Presentation May 23, 2023*



# Challenges

- Inflation
- Increased Fuel & Utility Costs
- Supply Chain Delays
- Water Loss on high usage meters
- Delayed Rate Increases during Detachment & Covid
- Pause on Account Collections & Shutoffs during the Infor billing software implementation & Covid

*Challenges above depleted Reserves and Rate Stabilization Funds.*



# Successes

- **Held the operating budget flat, only allowing inflationary increases**
- **Decreased SDCWA transportation costs by using our direct Metropolitan connections from 47% in FY21 to 24% in FY23 (\$750,000/year)**
- **Reimplemented shutoffs in March 2022 and increased account collection efforts in April 2023**
- **Renegotiated contracts & changed insurers to reduce costs wherever possible (\$350,000/year projected savings)**
- **Completed Valve Replacement, Pipeline Replacement and Corrosion Prevention Projects to prevent costly leaks**

# KEY ASSUMPTIONS

- **Rates are re-evaluated with each budget cycle.**
  - Revenue requirements (rates) are reviewed annually and approved with the budget process based on the prior year actual financial results and the projected sales and expenses for the upcoming year.
  - Rates will be set to increase **up to** the approved rate each year.
- **FY 2023/2024 Budget includes projections based on the Proposed Revenue Increases For July 1, 2023**
  - Water 9%
  - Wastewater 35%



# KEY ASSUMPTIONS

- Water Sales – 12,700 AF
- Account Growth – 0%
  - Recommend 0% growth during this uncertain climate
- Developer Fees – \$0
  - If developer fees are received, rate increases will be lower, assuming no other changes

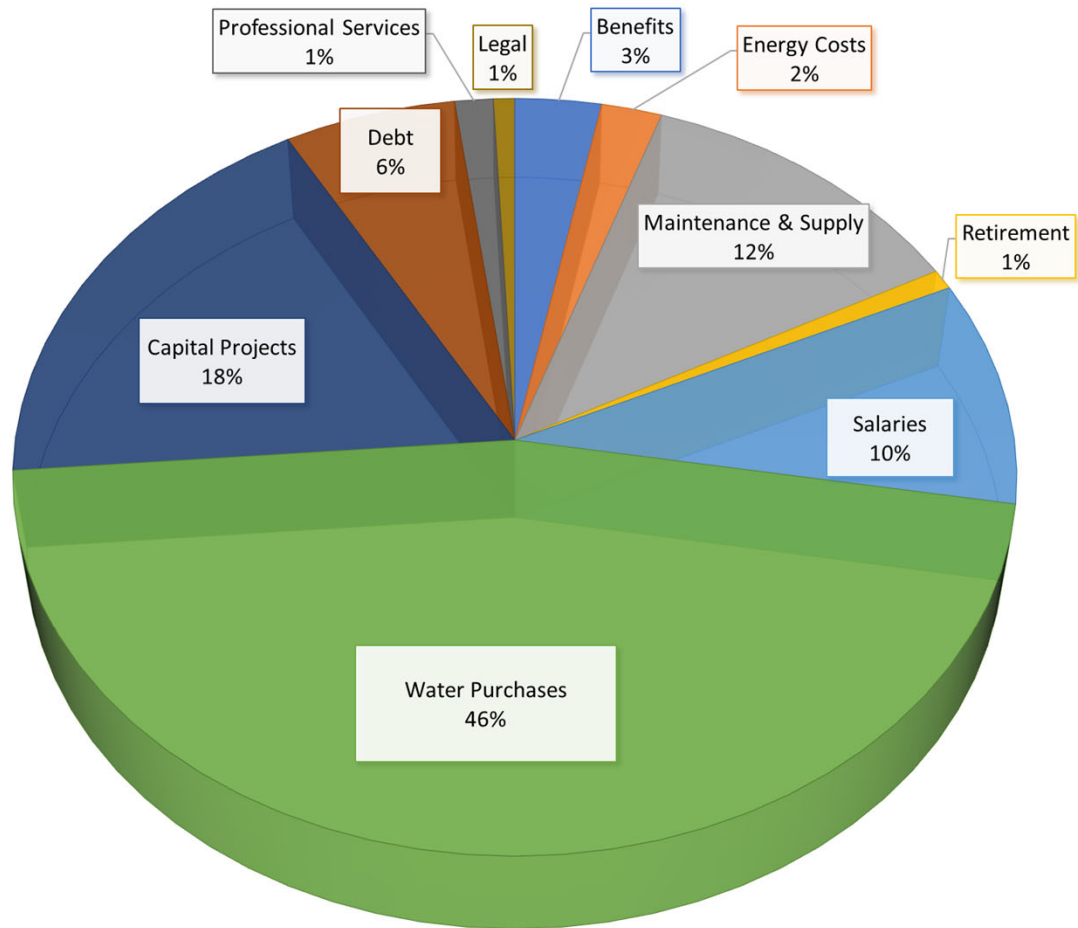


# KEY ASSUMPTIONS

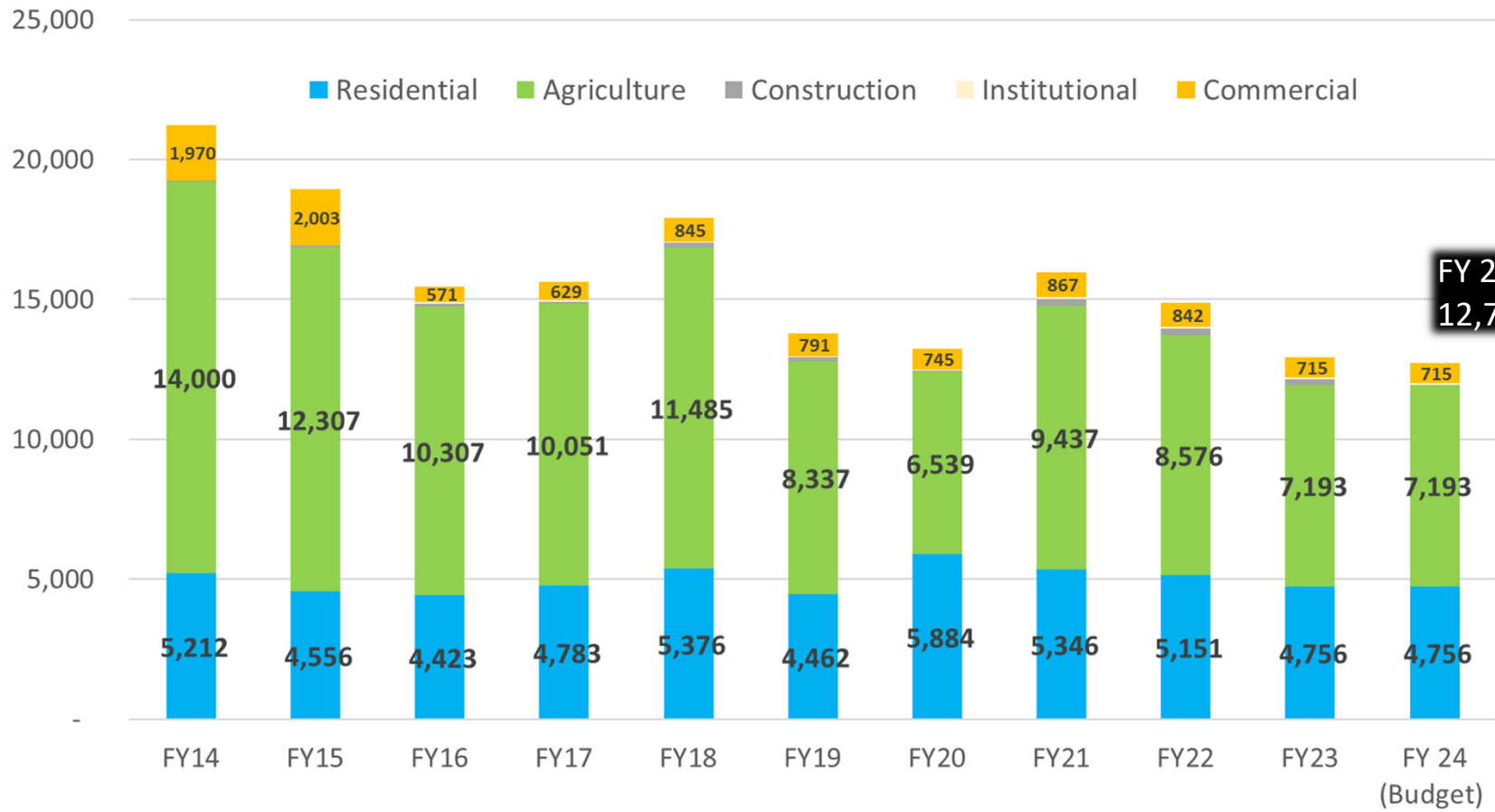
- Cost Escalations
  - Salaries – 6%; Benefits – 3%
  - Capital Construction
    - FY 2024 & 2025 – 7.2%
    - FY 2026 and beyond - 3.93% *(based on 5-Yr average ENR Construction Cost Index)*
  - General
    - FY 2024 & 2025 – 7.71%
    - FY 2026 and beyond – 4.03% *(based on 5-Yr average CPI – SD)*
  - Energy – 5%
  - Pass-Through
    - SDCWA Purchased Water – *Accounts for about 60% of total water operating costs (entirely outside of the District’s control)*
      - ***Preliminary Increases are 8-10% for the Effective Rate, which will be passed through January 1, 2024***
      - *Budget for pass-through revenue and cost of water are both adjusted at mid-year with a net \$0 budget impact*
    - Wastewater Treatment Costs (Oceanside) 6% – *Account for about 35% of total operating costs (entirely outside of the District’s control)*



# WATER-SPENDING BY CATEGORY-FY23

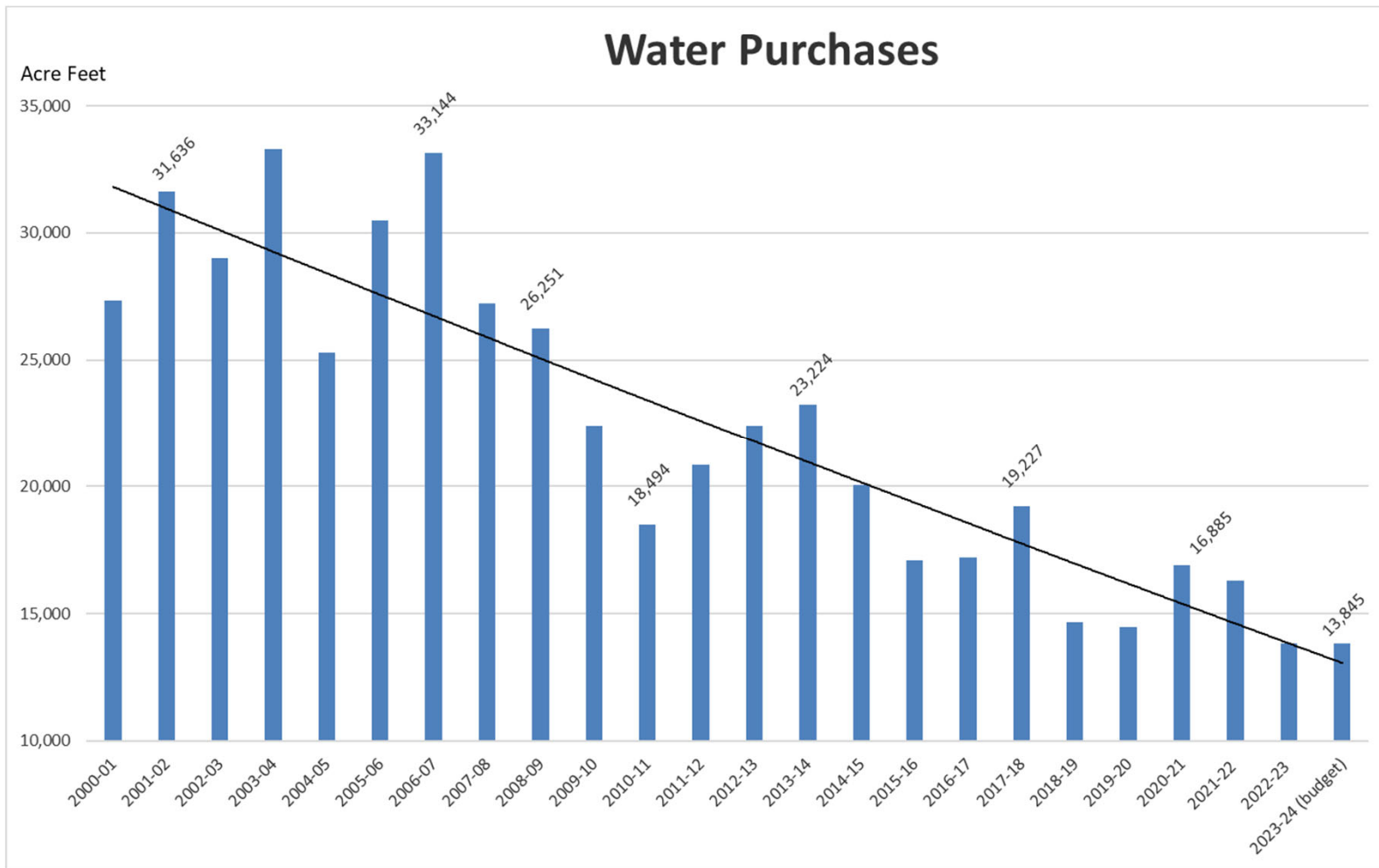


### Sales (AF) by Customer Class - Prior 10 years



**FY 24 Budget =  
12,734 AF**





- Greatly impacted by weather and changes in usage
  - ~63-67% of water usage is generated by 24% of customers (Agriculture)



**Operating Budget Summary by Fund**  
**NET OPERATING INCOME**

Description	FY 2020 Actual	FY 2021 Actual	FY 2022 Actuals	FY 2023 Adjusted Budget	FY 2023 Forecast	FY 2024 Proposed Budget	FY24 % Change from PY Budget	FY24 % Change from PY Forecast
<b><u>Water Operating Fund</u></b>								
Water Revenues	\$ 33,983,258	\$ 43,696,720	\$ 43,537,461	\$ 44,836,269	\$ 42,554,361	\$ 44,950,230	0%	6%
Water Expenses	35,570,033	42,195,685	41,814,396	41,137,744	39,711,825	41,901,026	2%	6%
<b>Water Fund Net Income</b>	<b>\$ (1,586,775)</b>	<b>\$ 1,501,035</b>	<b>\$ 1,723,065</b>	<b>\$ 3,698,525</b>	<b>\$ 2,842,536</b>	<b>\$ 3,049,204</b>		
<b><u>Wastewater Operating Fund</u></b>								
Wastewater Revenues	3,279,882	3,425,743	3,037,763	3,555,551	3,142,351	4,788,000	35%	52%
Wastewater Expenses	2,957,274	2,166,077	3,732,118	4,202,943	4,369,741	4,155,334	-1%	-5%
<b>Wastewater Fund Net Income</b>	<b>\$ 322,608</b>	<b>\$ 1,259,666</b>	<b>\$ (694,355)</b>	<b>\$ (647,392)</b>	<b>\$ (1,227,390)</b>	<b>\$ 632,666</b>		
<b><u>General Operating Fund</u></b>								
General Revenues	7,175,286	8,955,286	8,362,293	9,165,657	8,930,742	8,964,453	-2%	0%
General Expenses	7,641,801	9,132,992	8,322,307	9,165,657	8,930,742	8,964,453	-2%	0%
<b>General Fund Net Income</b>	<b>\$ (466,515)</b>	<b>\$ (177,706)</b>	<b>\$ 39,986</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,730,682)</b>	<b>\$ 2,582,995</b>	<b>\$ 1,068,696</b>	<b>\$ 3,051,133</b>	<b>\$ 1,615,146</b>	<b>\$ 3,681,870</b>		





**Water Operating**

Description	FY 2020 Actual	FY 2021 Actual	FY 2022 Actuals	FY 2023 Adjusted Budget	FY 2023 Forecast	FY 2024 Proposed Budget	% Change from PY Budget	% Change from PY Forecast	\$ Change from FY 22 Forecast
<b>Operating Revenues</b>									
Water Sales	\$33,151,021	\$41,766,896	\$42,730,516	\$ 43,655,604	\$ 41,306,374	\$ 43,769,565	0%	6%	\$ 2,463,192
Other Water Services	315,532	139,218	333,344	324,664	351,736	324,665	0%	-8%	(27,071)
<b>Total Operating Revenues</b>	<b>\$33,466,553</b>	<b>\$41,906,114</b>	<b>\$43,063,860</b>	<b>\$ 43,980,268</b>	<b>\$ 41,658,110</b>	<b>\$ 44,094,230</b>	<b>0%</b>	<b>6%</b>	<b>\$ 2,436,121</b>
<b>Operating Expenses</b>									
Purchased Water	21,917,914	25,916,888	26,032,842	23,701,080	22,607,889	24,886,134	5%	10%	2,278,245
Pumping	530,777	627,399	823,195	915,164	899,299	903,529	-1%	0%	4,230
Operations	2,834,726	2,039,649	2,875,983	2,767,699	2,993,345	2,723,668	-2%	-9%	(269,677)
Valve Maintenance	522,686	434,169	369,755	368,077	356,577	407,508	11%	14%	50,931
Construction	2,180,808	2,493,042	2,657,242	2,405,684	2,361,141	2,427,196	1%	3%	66,056
Meters	1,163,331	1,190,147	1,407,166	1,029,243	1,030,001	1,073,218	4%	4%	43,217
General Fund Transfer	3,343,424	6,418,308	5,273,618	6,873,382	6,386,159	6,402,607	-7%	0%	16,449
<b>Total Operating Expenses</b>	<b>\$32,493,666</b>	<b>\$39,119,602</b>	<b>\$39,439,802</b>	<b>\$ 38,060,330</b>	<b>\$ 36,634,410</b>	<b>\$ 38,823,860</b>	<b>2%</b>	<b>6%</b>	<b>\$ 2,189,450</b>
<b>Non-Operating Revenues</b>									
Investment Income	2,553	458	-	100,000	273,504	100,000	0%	-63%	(173,504)
Property Tax Revenue	410,029	438,511	466,808	650,000	564,941	650,000	0%	15%	85,059
Other Non-Operating Revenue	104,123	1,351,637	6,793	106,000	20,840	106,000	0%	409%	85,160
<b>Total Non-Operating Revenues</b>	<b>\$ 516,705</b>	<b>\$ 1,790,606</b>	<b>\$ 473,601</b>	<b>\$ 856,000</b>	<b>\$ 859,285</b>	<b>\$ 856,000</b>	<b>0%</b>	<b>0%</b>	<b>\$ (3,285)</b>
<b>Non-Operating Expenses</b>									
Debt Service	3,076,367	3,076,084	2,374,594	3,077,414	3,077,414	3,077,165	0%	0%	(249)
<b>Total Non-Operating Expenses</b>	<b>\$ 3,076,367</b>	<b>\$ 3,076,084</b>	<b>\$ 2,374,594</b>	<b>\$ 3,077,414</b>	<b>\$ 3,077,414</b>	<b>\$ 3,077,165</b>	<b>0%</b>	<b>0%</b>	<b>\$ (249)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,586,775)</b>	<b>\$ 1,501,035</b>	<b>\$ 1,723,065</b>	<b>\$ 3,698,525</b>	<b>\$ 2,805,571</b>	<b>\$ 3,049,205</b>	<b>-18%</b>	<b>9%</b>	<b>\$ 243,634</b>
	13,200AF	15,900AF	15,000AF	13,500AF	12,700AF	12,700AF			



**Wastewater Operating**

Description	FY 2020 Actual	FY 2021 Actual	FY 2022 Budget	FY 2022 Actuals	FY 2023 Adjusted Budget	FY 2023 Forecast	FY 2024 Proposed Budget	% Change from PY Budget	% Change from PY Forecast	\$ Change from PY Forecast
<b>Operating Revenues</b>										
Wastewater Revenues	\$ 3,168,882	\$ 3,314,743	\$ 3,754,655	\$ 2,989,535	\$ 3,489,551	\$ 3,056,657	\$ 4,711,000	35%	54%	\$ 1,654,343
Other Revenues	111,000	111,000	66,000	48,227	66,000	85,694	77,000	17%	-10%	\$ (8,694)
<b>Total Wastewater Revenues</b>	<b>\$3,279,882</b>	<b>\$ 3,425,743</b>	<b>\$ 3,820,655</b>	<b>\$ 3,037,763</b>	<b>\$ 3,555,551</b>	<b>\$ 3,142,351</b>	<b>\$ 4,788,000</b>	35%	52%	\$ 1,645,649
<b>Operating Expenses</b>										
Total Payroll Expenses	615,146	644,213	623,418	651,751	678,835	754,982	734,888	8%	-3%	\$ (20,094)
Total Maintenance & Supply	1,557,869	16,335	1,517,309	1,843,345	2,116,772	2,116,772	1,918,600	-9%	-9%	\$ (198,172)
General Fund Transfer	784,259	1,505,529	1,484,426	1,237,022	1,407,335	1,497,988	1,501,846	7%	0%	\$ 3,858
<b>Total Wastewater Expenses</b>	<b>\$2,957,274</b>	<b>\$ 2,166,077</b>	<b>\$ 3,625,153</b>	<b>\$ 3,732,118</b>	<b>\$ 4,202,943</b>	<b>\$ 4,369,741</b>	<b>\$ 4,155,334</b>	-1%	-5%	\$ (214,407)
<b>CHANGE IN NET POSITION</b>	<b>\$ 322,608</b>	<b>\$ 1,259,666</b>	<b>\$ 195,502</b>	<b>\$ (694,355)</b>	<b>\$ (647,392)</b>	<b>\$(1,227,390)</b>	<b>\$ 632,666</b>	-198%	-152%	\$ 1,860,056



**General Operating**

Description	FY 2020 Actual	FY 2021 Actual	FY 2022 Actuals	FY 2023 Adjusted Budget	FY 2023 Forecast	FY 2024 Proposed Budget	% Change from PY Budget	% Change from PY Forecast	\$ Change from PY Forecast
<b>Operating Revenues</b>									
Water Overhead Transfer	\$ 5,332,245	\$ 7,175,896	\$ 5,273,618	\$ 6,873,382	\$ 6,386,159	\$ 6,402,607	-7%	0%	\$ 16,449
Wastewater Overhead Transfer	784,259	1,505,529	1,237,022	1,612,275	1,497,988	1,501,846	-7%	0%	3,858
Other General Fund Revenue	1,058,782	273,862	1,851,653	680,000	1,046,596	1,060,000	56%	1%	13,404
<b>Total Operating Revenues</b>	<b>\$ 7,175,286</b>	<b>\$ 8,955,286</b>	<b>\$ 8,362,293</b>	<b>\$ 9,165,657</b>	<b>\$ 8,930,742</b>	<b>\$ 8,964,453</b>	-2%	0%	<b>\$ 33,711</b>
<b>Operating Expenses</b>									
Board of Directors	\$ 23,336	\$ 16,843	\$ 38,442	\$ 50,101	\$ 50,126	\$ 52,560	5%	5%	\$ 2,434
Garage	541,960	500,159	574,271	632,322	644,282	638,585	1%	-1%	(5,697)
Administration	2,388,894	2,151,451	1,925,625	2,006,342	1,962,658	1,722,303	-14%	-12%	(240,356)
Human Resources	299,268	380,374	302,789	446,674	432,333	460,174	3%	6%	27,841
Risk Management	863,978	960,458	889,125	940,192	934,443	826,989	-12%	-11%	(107,454)
IT Services	452,011	954,149	1,267,083	1,604,844	1,473,666	1,626,617	1%	10%	152,951
Public Relations						104,522			104,522
Finance	630,302	807,353	926,380	1,169,321	1,098,392	1,218,191	4%	11%	119,800
Customer Service	716,867	701,148	624,732	594,822	603,904	585,884	-2%	-3%	(18,020)
Engineering	952,421	1,624,692	1,131,447	1,078,629	1,088,527	1,078,629	0%	-1%	(9,898)
GASB 68 Pension	772,764	1,036,365	642,412	642,412	642,412	650,000	1%	1%	7,588
<b>Total Operating Expenses</b>	<b>\$ 7,641,801</b>	<b>\$ 9,132,992</b>	<b>\$ 8,322,307</b>	<b>\$ 9,165,657</b>	<b>\$ 8,930,742</b>	<b>\$ 8,964,453</b>	-2%	0%	<b>\$ 33,711</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (466,515)</b>	<b>\$ (177,706)</b>	<b>\$ 39,986</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			<b>\$ -</b>



# Water Capital Projects:

Project #	Adjusted Budget	Forecasted Spend	Year 1 Requested Budget	Year 2 Planned Budget	Year 3 Planned Budget	Year 4 Planned Budget	Year 5 Planned Budget
	FY 22/23	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
<b>Wholesale Water Efficiency Capital Project Budgets:</b>							
600008 Weese WTP Permanent Emergency Interconnect Pump Station	\$ 1,825,000	\$ 100,000	\$ -	\$ -	\$ 1,725,000	\$ -	\$ -
600013 Hutton/Turner/Dentro Pump Stations (SDCWA Shutdowns)	4,375,000	1,500,000	6,000,000	4,400,000			
600084 Morro Pump Station		122			1,225,000		
600078 Wilt Road Feeder (18 inch Water Line)		107,435			1,075,641		
600079 Gird Road 1,600' upsize from 12" to 18" or larger	300,000	348,853					
<b>Water Capital Project Budgets:</b>							
300007 Programatic EIR for Existing Easements	75,000	75,000					
300008 New District Headquarters	50,000	10,000	20,000	520,000	500,000	500,000	500,000
600003 San Luis Rey Imported Return Flow Recovery	600,000	600,000	600,000				
600007 Pressure Reducing Stations	150,000	150,000		150,000			
600009 Isolation Valve Installation Program	500,000	500,000					
600019 Water System Monitoring Program	185,000	185,000	25,000				
600026 Camino Del Rey Waterline Reloaction	25,000	25,000	25,000	25,000			
600030 Corrosion Prevention Program Development and Implementation	100,000	100,000	100,000	600,000	600,000		
600034 Rice Canyon Tank Transmission PL to I-15/SR76 Corridor	2,900,000	2,900,000	1,500,000				
600035 Morro Mixing		55,692					
600037 Live Oak Park Road Bridge Replacement	600,000	400,000	200,000				
600040 Vallecitos PS Relocation					500,000	1,400,000	
600043 Eagles Perch Water Pipeline Improvements (PUP)					300,000	300,000	1,000,000
600047 Community Power Resiliency Generator Grant (Generator at Sumac)	675,000	300,000	375,000				
600048 Northside Zone Supply Redundancy							150,000
600050 Lookout Mountain Electrical Upgrade							1,000,000
600051 North Feeder and Rainbow Hills Water Line Replacements					150,000	1,850,000	
600058 Electrical Panel Switches		6,663	130,000				
600067 Pala Mesa Fairways 383 A and C							250,000
600068 Sarah Ann Drive Line 400 A						35,000	1,500,000
600069 Wilt Road (1331)					150,000	350,000	
600070 Katie Lendre Drive Line (PUP)							250,000
600071 Del Rio Estates Line Ext 503							250,000
600072 East Heights Line 147L							150,000
600073 East Heights Line 147A							250,000
600074 Via Zara - PUP					125,000	250,000	
600075 Roy Line Ext							250,000
600077 Rainbow Water Quality Improvement	1,160,000	1,160,000					
600080 Los Alisos South 243							150,000
600081 Heli-Hydrant on Tank		194,627					
600085 Gird to West Lilac Pipeline Rehabilitation			50,000				
Department Level Capital Expenses	186,420	214,160	200,000	500,000	500,000	500,000	
<b>Total</b>	<b>\$ 13,706,420</b>	<b>\$ 8,932,552</b>	<b>\$ 9,225,000</b>	<b>\$ 6,195,000</b>	<b>\$ 6,850,641</b>	<b>\$ 5,185,000</b>	<b>\$ 5,700,000</b>

- Rice Canyon Transmission Line has extended into FY 24 with an additional budget request of \$1.5M



## Water Projection: (Includes Wholesale Water Efficiency Funds & Projects)

			Year 1	Year 2	Year 3	Year 4	Year 5
	<i>Adjusted Budget</i>	<i>Forecast</i>	<i>Requested Budget</i>	<i>Planned Budget</i>	<i>Planned Budget</i>	<i>Planned Budget</i>	<i>Planned Budget</i>
<b>Capital Fund Balances:</b>	FY 22/23	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 25/27	FY 25/28
Beginning Available Balance	\$13,067,355	\$13,067,355	\$5,165,797	(\$1,919,967)	\$74,011	\$2,467,229	\$4,254,230
Budgeted Transfer from Operating			1,539,236	8,188,978	9,243,859	6,972,000	7,870,731
New Water Sources Funds	600,000	600,000	600,000	0	0	0	0
Capacity Fees	430,994	430,994	0	0	0	0	0
<b>Total Available Funding</b>	<b>14,098,349</b>	<b>14,098,349</b>	<b>7,305,033</b>	<b>6,269,011</b>	<b>9,317,870</b>	<b>9,439,230</b>	<b>12,124,960</b>
Less Capital Projects	(13,706,420)	(8,932,552)	(9,225,000)	(6,195,000)	(6,850,641)	(5,185,000)	(5,700,000)
<b>Projected Ending Capital Balance</b>	<b>\$ 391,929</b>	<b>\$ 5,165,797</b>	<b>\$ (1,919,967)</b>	<b>\$ 74,011</b>	<b>\$ 2,467,229</b>	<b>\$ 4,254,230</b>	<b>\$ 6,424,960</b>

### All Water Balances:

Projected Ending Capital Balance	\$ 391,929	\$ 5,165,797	\$ (1,919,967)	\$ 74,011	\$ 2,467,229	\$ 4,254,230	\$ 6,424,960
Projected Ending Water Operating Reserve Balance*	5,119,767	5,119,767	7,235,836	7,400,055	7,545,099	16,714,506	29,645,265
Rate Stabilization					2,798,000	251,800	274,450
<b>Total Water Funds Balance</b>	<b>\$ 5,511,696</b>	<b>\$ 10,285,564</b>	<b>\$ 5,315,868</b>	<b>\$ 7,474,066</b>	<b>\$ 12,810,328</b>	<b>\$ 21,220,536</b>	<b>\$ 36,344,675</b>

\*Based on Proposed July 1, 2023 Revenue Requirement Increase



## Wastewater Capital Projects:

Project #	Adjusted Budget FY 22/23	Forecasted Spend FY 22/23	Year 1 Requested Budget FY 23/24	Year 2 Planned Budget FY 24/25	Year 3 Planned Budget FY 25/26	Year 4 Planned Budget FY 26/27	Year 5 Planned Budget FY 27/28
<b>Wastewater Capital Fund Project Budgets:</b>							
530001 Thoroughbred Lane Lift Station and Pipeline Repair (LS1 Replacement)	\$ 10,791,452	\$ 8,268,815	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -
530018 Fallbrook Oaks Forcemain and Manhole Replacement						150,000	1,650,000
530019 CIPP 500' of line 8" VCP line near Pala Mesa/Palomar						100,000	
530020 Rancho Viejo LS Wet Well Expansion					500,000	1,000,000	
530023 Replace Rancho Monserate LS Emergency Generator						125,000	
XXXXXX HQ B-Plant Dry Well					250,000	1,000,000	
XXXXXX HQ B-Plant Generator Replacement					250,000	500,000	50,000
XXXXXX Pala Mesa Sewer CIPP Lining					650,000		50,000
XXXXXX Oakcliff Sewer CIPP Lining					650,000		50,000
XXXXXX Old River Road between LS#1 & LS#2							1,000,000
XXXXXX Department Level Capital Expenses	120,000	120,000					
<b>Total</b>	<b>\$ 10,911,452</b>	<b>\$ 8,388,815</b>	<b>\$ 5,000,000</b>	<b>\$ -</b>	<b>\$ 2,300,000</b>	<b>\$ 2,875,000</b>	<b>\$ 2,800,000</b>

- LS1 has extended into FY 24 with an additional budget request of \$2.5M
- Forecasted spend in current year has been reduced by \$2.5M and will be allocated to FY 24
- This is a net budget increase of \$2.5M for LS1



## Wastewater Projection:

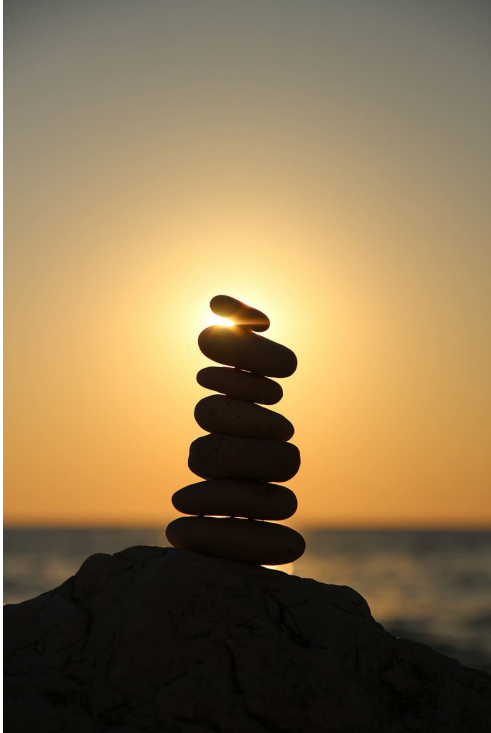
	<i>Approved Budget</i>		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
	<i>FY 22/23</i>	<i>Forecast FY 22/23</i>	<i>Requested Budget FY 23/24</i>	<i>Planned Budget FY 24/25</i>	<i>Planned Budget FY 25/26</i>	<i>Planned Budget FY 25/27</i>	<i>Planned Budget FY 25/28</i>
<b>Capital Fund Balances:</b>							
Beginning Available Balance	\$634,288	\$634,288	\$262,424	\$2,762,424	\$2,762,424	\$9,962,424	\$7,087,424
Restricted CFD Funds (Citro)	8,000,000	8,000,000	2,500,000				
Debt Financing			5,000,000		9,500,000		
Transfer from (to) Operating Reserves							330,158
Forecasted Sewer Connections	16,951	16,951					
<b>Total Available Funding</b>	<b>8,651,239</b>	<b>8,651,239</b>	<b>7,762,424</b>	<b>2,762,424</b>	<b>12,262,424</b>	<b>9,962,424</b>	<b>7,417,582</b>
Less: Capital Projects-Wastewater	(10,911,452)	(8,388,815)	(5,000,000)	0	(2,300,000)	(2,875,000)	(2,800,000)
<b>Projected Ending Capital Balance</b>	<b>(\$2,260,213)</b>	<b>\$262,424</b>	<b>\$2,762,424</b>	<b>\$2,762,424</b>	<b>\$9,962,424</b>	<b>\$7,087,424</b>	<b>\$4,617,582</b>
<b>All Wastewater Balances:</b>							
Projected Ending Capital Balance		\$ 262,424	\$ 2,762,424	\$ 2,762,424	\$ 9,962,424	\$ 7,087,424	\$ 4,617,582
Projected Ending Operating Reserve Balance		(507,477)	58,016	225,405	109,535	489,665	1,116,636
<b>Total Wastewater Funds</b>		<b>\$ (245,053)</b>	<b>\$ 2,820,440</b>	<b>\$ 2,987,829</b>	<b>\$ 10,071,959</b>	<b>\$ 7,577,089</b>	<b>\$ 5,734,218</b>

\*Based on Proposed July 1, 2023 Revenue Requirement Increase

- Proposing Debt Financing of \$5M to replenish reserves while new rates catch up
- Citro CFD funds are expected in April 2024
- Additional Debt Financing is planned if Developer Fees remain stagnant



Staff recommends the adoption of the Fiscal Year 2023-24 Operating and Capital Budget.





# STAFFING ANALYSIS

## 2023 Update and Projections

Presented by Karleen Harp

Human Resources Manager

May 23, 2023 Regular Board Meeting

# 2022/23 Organizational Changes Review



GENERAL MANAGER  
TOM KENNEDY



EXECUTIVE ASSISTANT  
DAWN WASHBURN

## DEPARTMENT MANAGERS



HUMAN RESOURCES  
MANAGER  
KARLEEN HARP



INFORMATION  
TECHNOLOGY MANAGER  
AHMED KHATTAB



OPERATIONS MANAGER  
ROBERT GUTIERREZ



FINANCE MANAGER  
TRACY LARGENT, CPA



ENGINEERING & CIP  
MANAGER  
CHAD WILLIAMS

RISK MANAGEMENT  
OFFICER

HUMAN RESOURCES  
SPECIALIST

ADMINISTRATIVE  
ANALYST -  
COMMUNICATIONS  
(PART-TIME)

INFORMATION SYSTEMS  
SPECIALIST

TECHNICAL SERVICES  
TEAM LEAD

ELECTRONIC /  
ELECTRICAL TECHNICIAN

WASTER OPERATIONS  
DIVISION

CONSTRUCTION &  
MAINTENANCE DIVISION

METER SERVICES  
DIVISION

WASTEWATER DIVISION

FLEET SERVICES

GRANT SPECIALIST  
PURCHASING & INVENTORY  
CONTROL SPECIALIST

ACCOUNTING SUPERVISOR  
BILLING SPECIALIST  
ACCOUNTING SPECIALIST  
DISTRICT SERVICES  
REPRESENTATIVE

CUSTOMER SERVICE  
SUPERVISOR  
CUSTOMER SERVICE  
REPRESENTATIVES (3)

ASSOCIATE ENGINEER  
PROJECT MANAGERS (2)

SENIOR ENGINEERING  
INSPECTOR

ADMINISTRATIVE  
ANALYSTS (2)

Added part-time  
communications position

Left Assoc.  
Engineer  
vacant due to  
low developer  
work volume

Added  
Administrative  
Analyst for  
knowledge  
transfer

# 2022/23 Organization Changes

## Finance Group



FINANCE MANAGER  
TRACY LARGENT, CPA

### FINANCE DEPARTMENT LEADERSHIP



ACCOUNTING  
SUPERVISOR  
RENEE RUBIO



CUSTOMER SERVICE  
SUPERVISOR  
JOSH CRUZ

GRANT SPECIALIST  
PURCHASING & INVENTORY  
CONTROL SPECIALIST

ACCOUNTING  
SPECIALIST  
BILLING SPECIALIST  
DISTRICT SERVICES  
REPRESENTATIVE

CUSTOMER SERVICE  
REPRESENTATIVES (3)

Removed Communications  
from Customer Service  
Supervisor position

Moved Accounting  
Specialist and  
District Services  
Rep under new  
Accounting  
Supervisor

# 2022/23 Organization Changes

## Operations Group



Added 2 Utility Workers in Construction, 1 was left vacant after attrition due to lower in-house CIP than expected

# Historical Turnover and Unemployment Rates

- 30-year average turnover rate is steady at 13% per year, or 6 employees per year.
- 2023 is trending higher than usual with 7 YTD



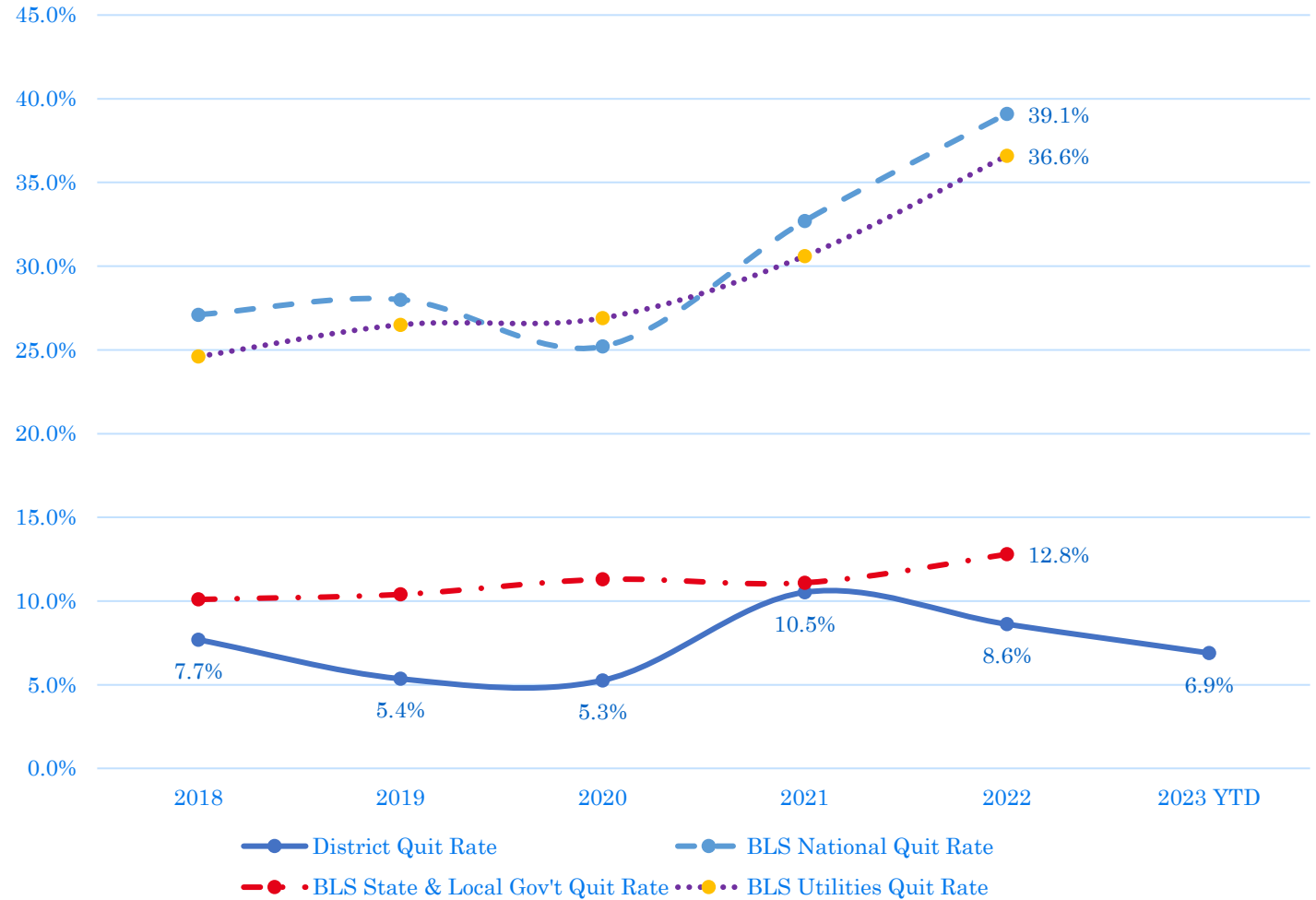
Unemployment rate data source: California EDD

# Quit Rates

## VOLUNTARY SEPARATIONS

- Ranged 5.3-10.5% per year for past 5 years
- District Total Quit Rate Increased in 2022 and trending high in 2023
- Could reach 18% in 2023
  - National and utilities quit rates steadily increasing since 2020
  - Local government increased less dramatically

District Quit Rate Compared to National Averages

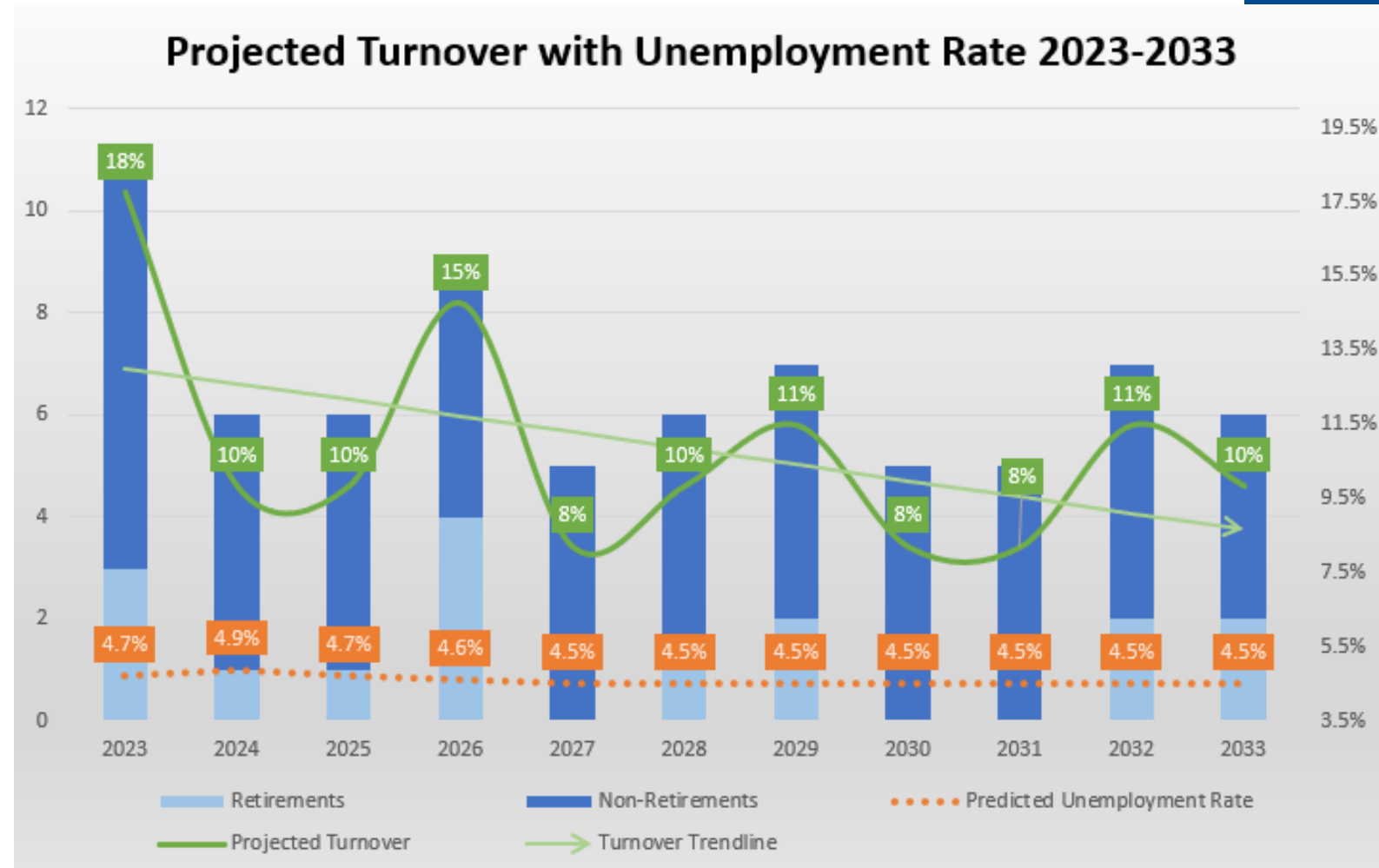


Source:

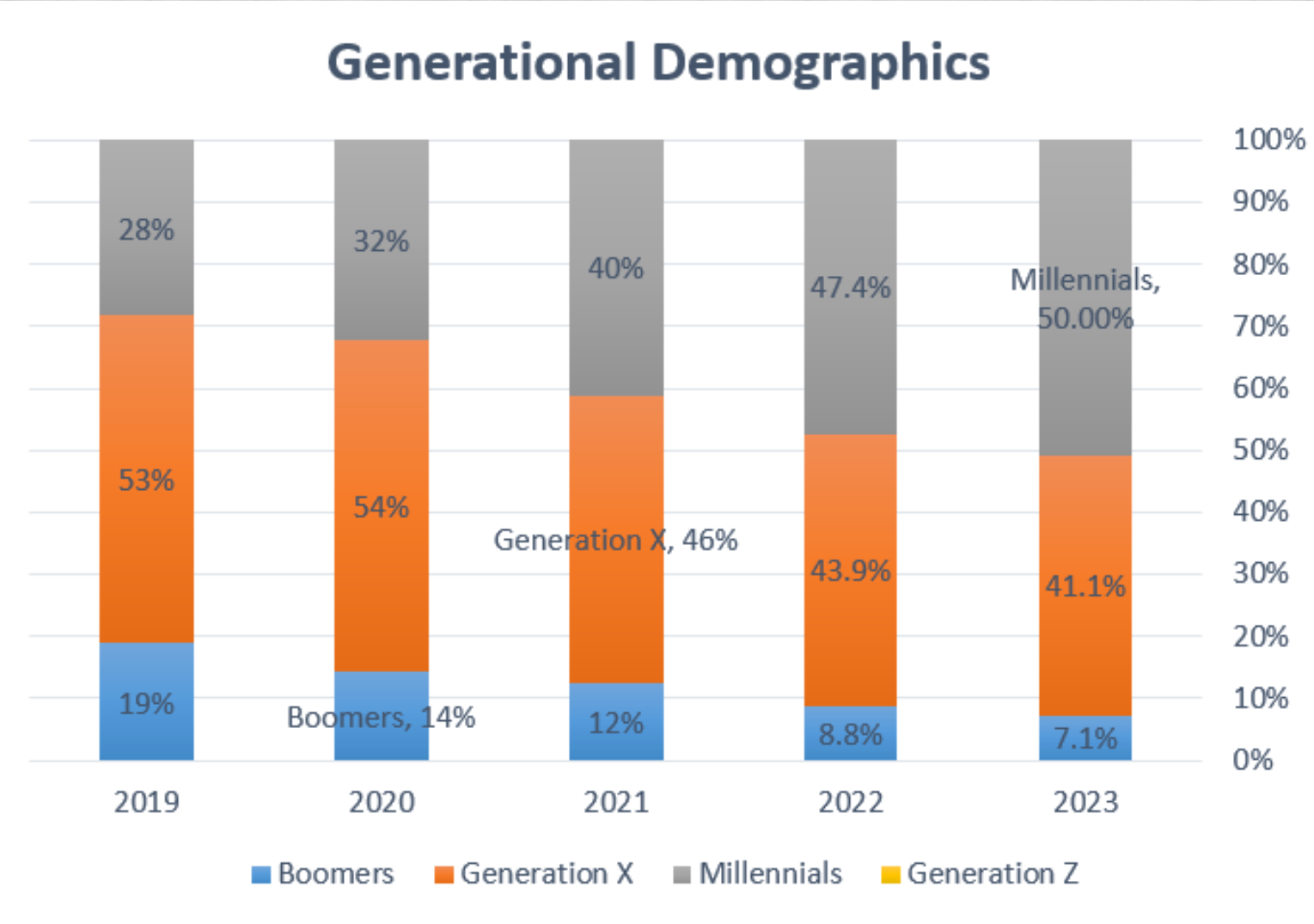
Bureau of Labor Statistics

# Anticipated Turnover Drivers

- The next few years' turnover is expected to be impacted by retirements:
  - Four possible within the next year
  - Nine within the next five years
  - Fourteen within ten years
- Have already seen uptick in voluntary turnover
  - Pay, commute distance, stress, and industry change were reported reasons
- Work/Life Balance:
  - Overtime remains high
  - Stress could be a factor in turnover



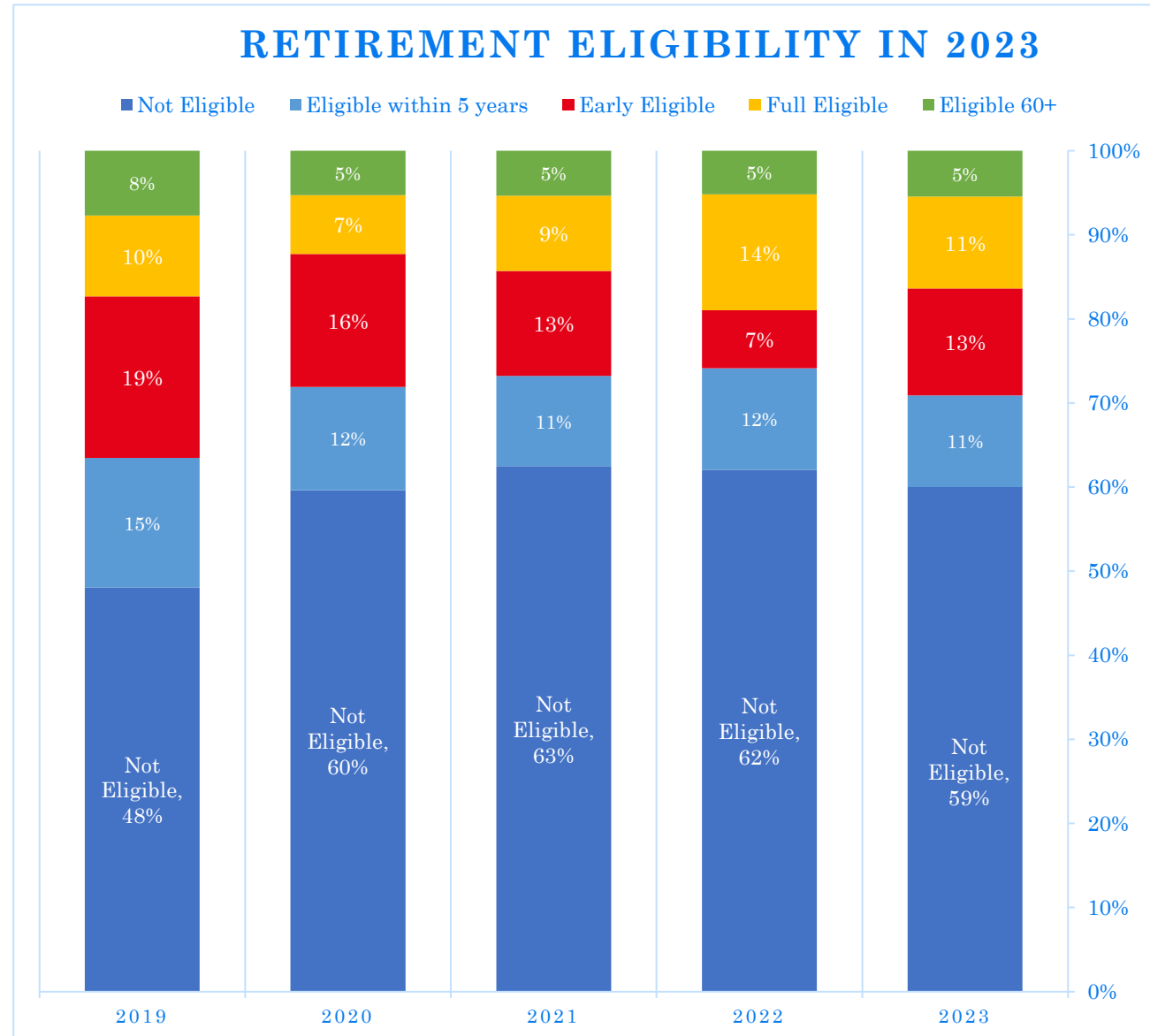
# 2023 Generational Mix of Workforce





# Retirement Eligibility

- 41% are eligible for retirement *or will be* within the next 5 years
  - 29% of our workforce is eligible to retire now (early or full)
  - 16% of our workforce is eligible for full 2.5% retirement
  - 11% will be eligible for retirement within five years

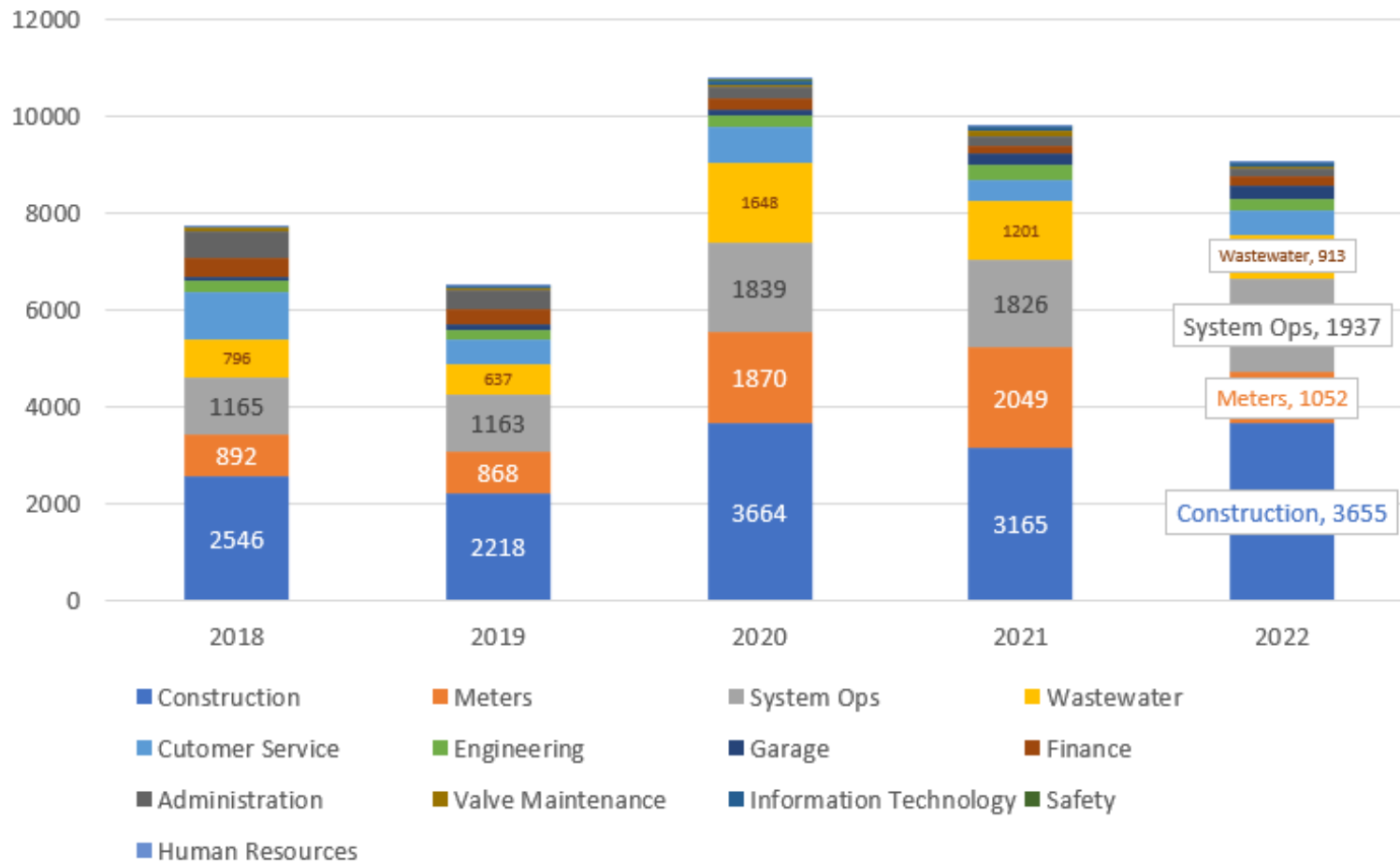


# Staffing Continuity Plan: Critical Position Inventory

Highest priority knowledge transfer needs based on retirement horizon, complexity of work and institutional knowledge:

- General Manager (in progress)
- Engineering Administrative Analyst (in progress)
- **Technical Services Lead** (*electrician*) \*
- Electrical / Electronics (SCADA) Technician (in progress)
- Construction Lead (in progress)
- Board Secretary (in progress)

Total Overtime by Department



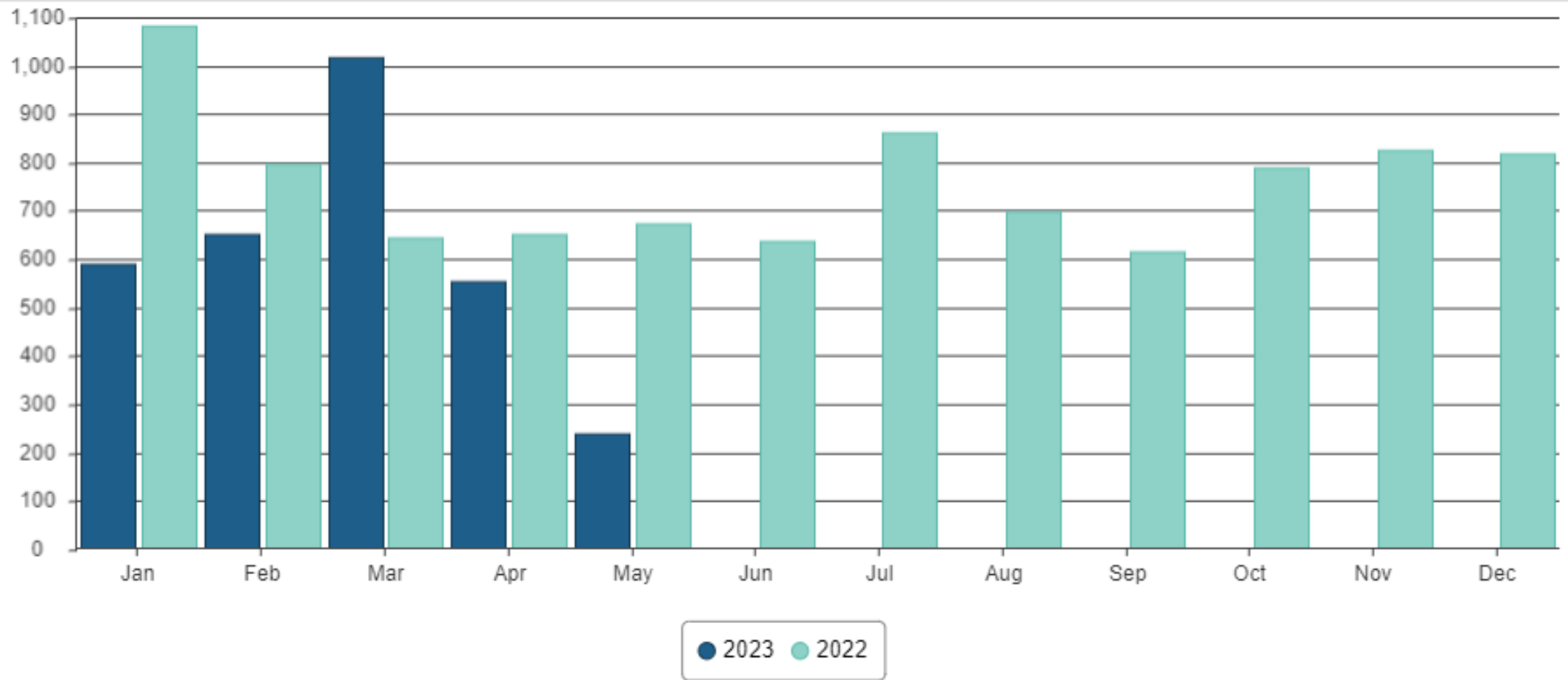
Overtime was down 8% in 2022

Still 39% higher than 2019 OT

Sys Ops remains high

Meters reduced by 51%

Construction remains high



Overtime Trends 2023 Year-to-Date  
 - Atmospheric rivers spiked overtime in March

Average per Hourly FTE

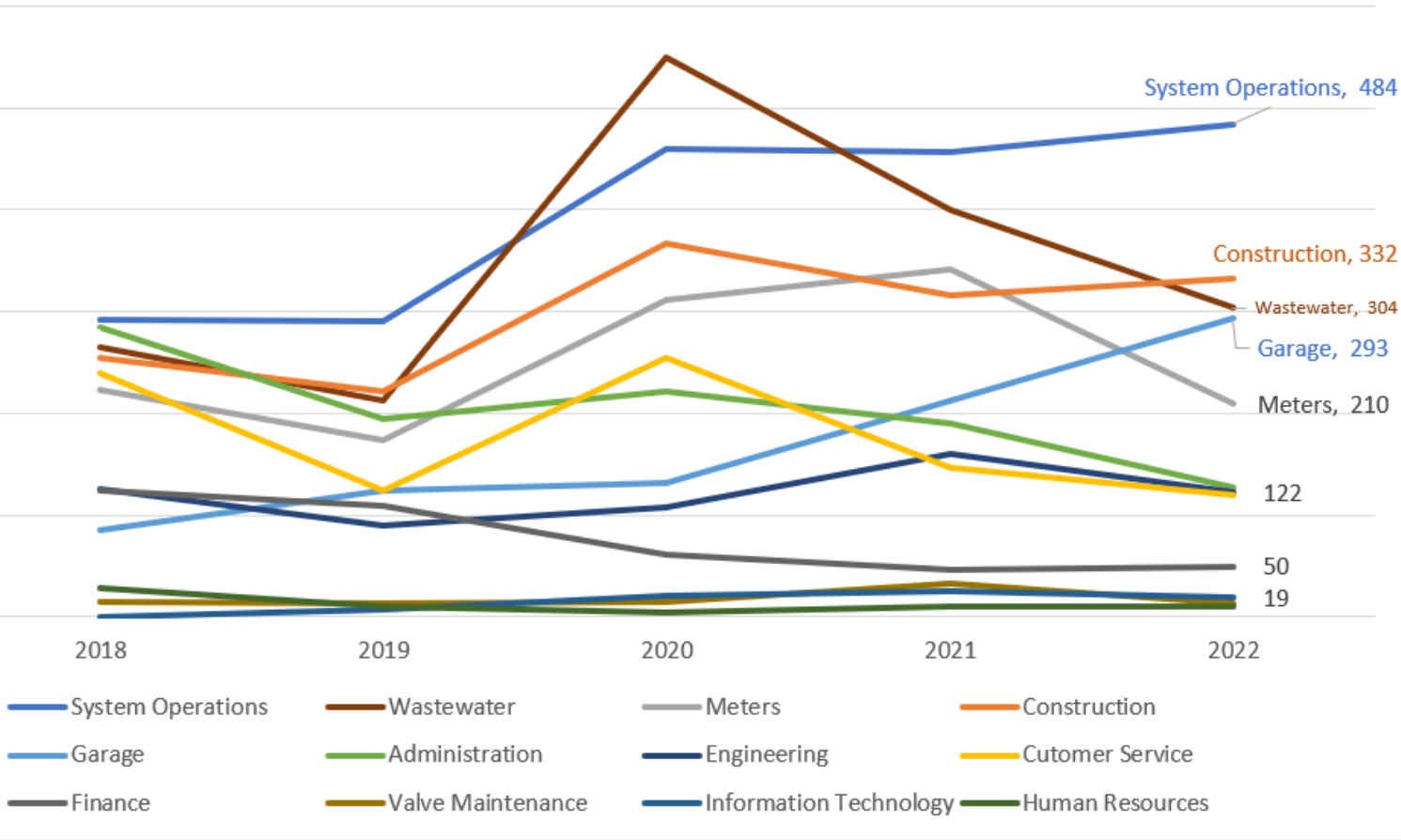
Average Overtime per Hourly Employee: 215

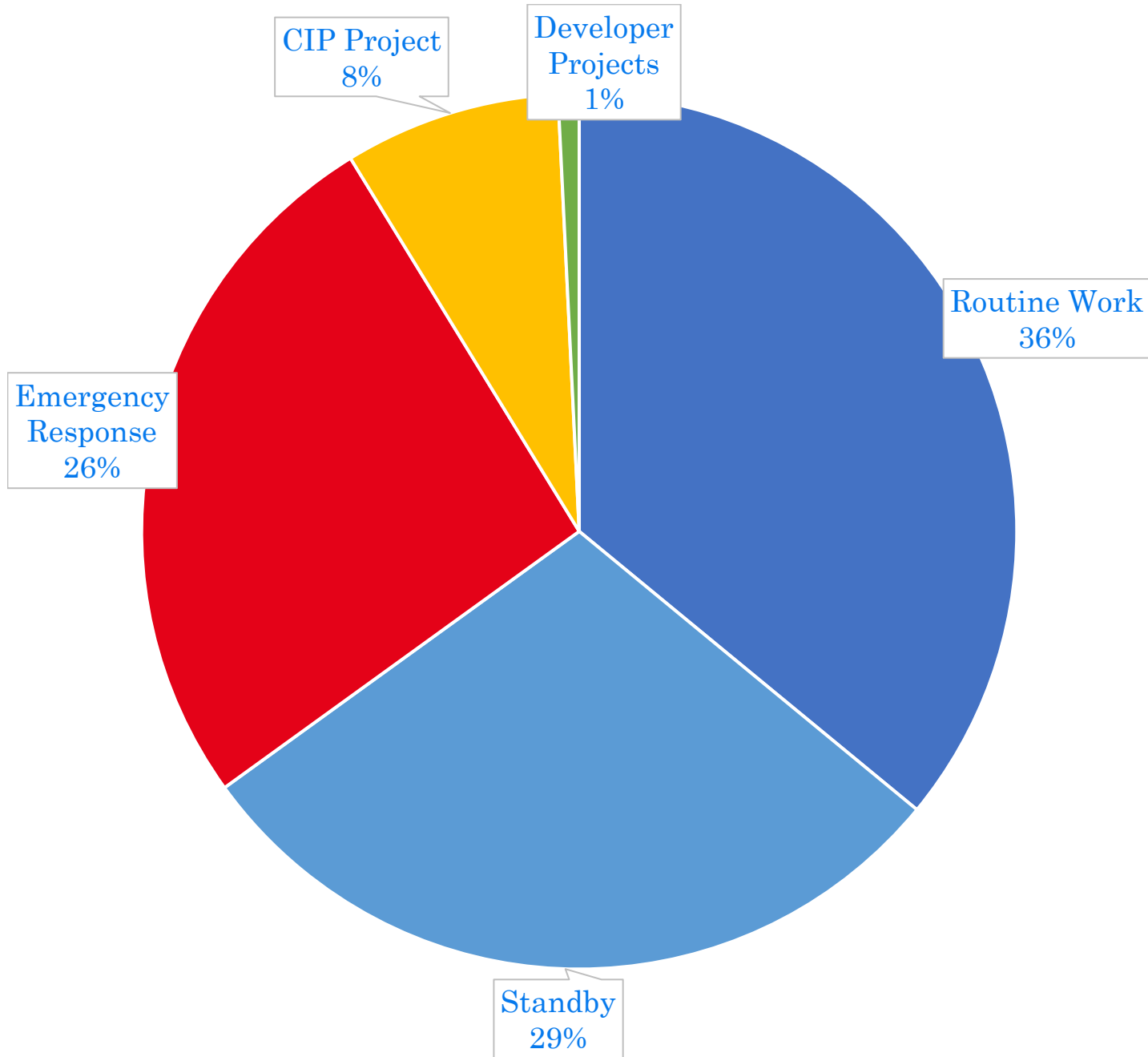
System Ops & Construction still high

Garage is trending up

Wastewater & Meters are trending down

Overtime per FTE was mitigated in Construction due to added headcount, would have been 365



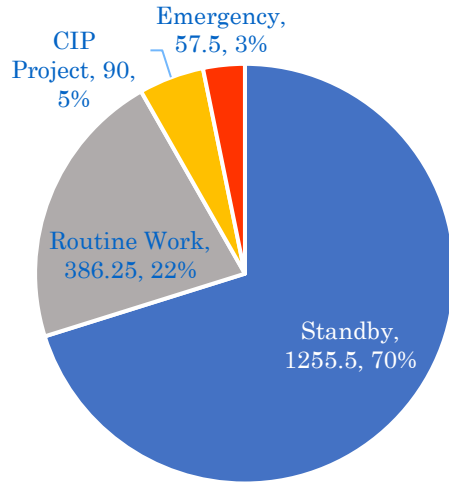


## Primary Sources of Overtime District-Wide in 2022

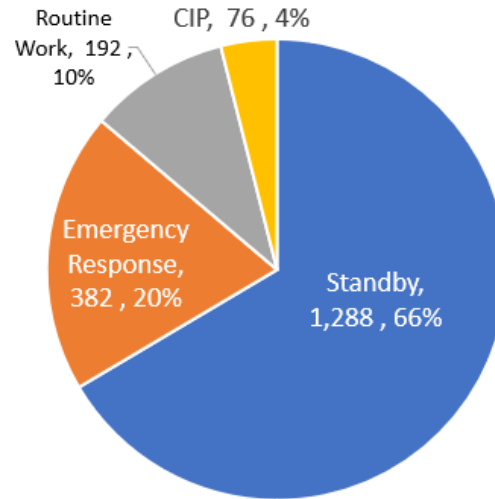
- CIP OT 42% lower than prior year (fewer in-house projects)
- Emergencies up 36% from prior year (500 hours)
- Standby up 16% (200 hours)
- Routine work is steady

# Primary Overtime Drivers for Top 2 Departments YoY Comparison

2021 System Ops Standby Overtime  
1789 Total, 457 per hourly EE

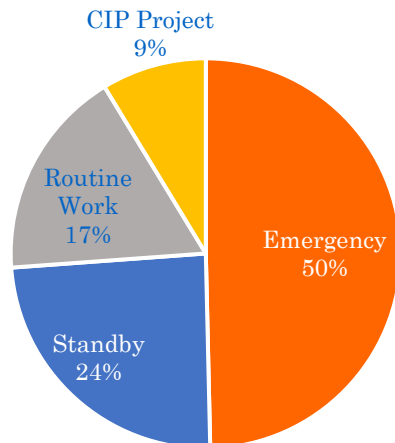


2022 System Operations OT Drivers  
1937 total, 484 per FTE

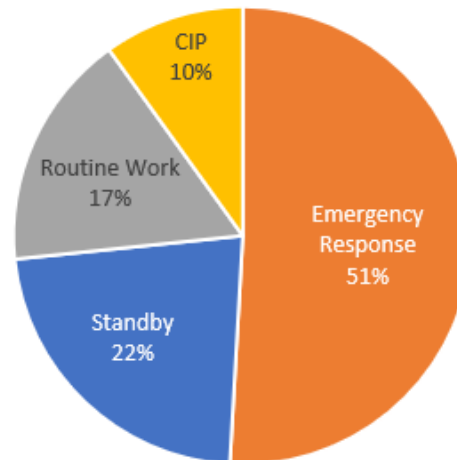


- Emergency Response increased by 700% in 2022 for System Ops
  - 64% was the Morro Reservoir Chloramine Mixer Circulation Project
- 42% of OT was weekend work
- 64% of Standby OT is scheduled work (flow changes, system checks, daily reports)

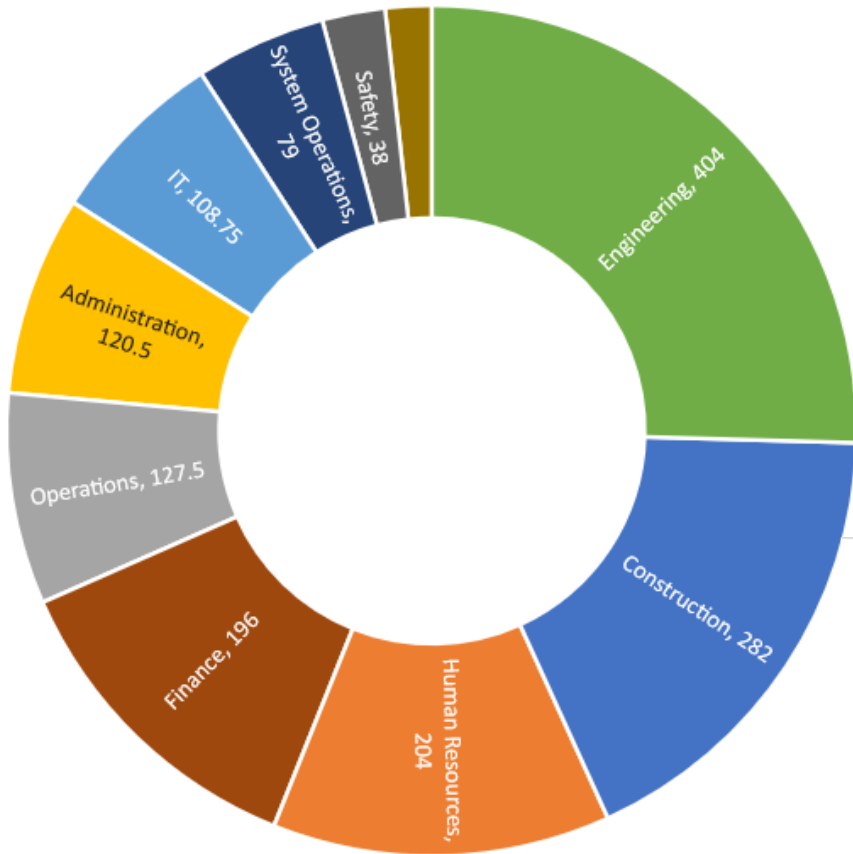
2021 Construction Overtime  
3164 Total, 316 per hourly EE



Construction OT Drivers  
3,655 total, 332 per FTE



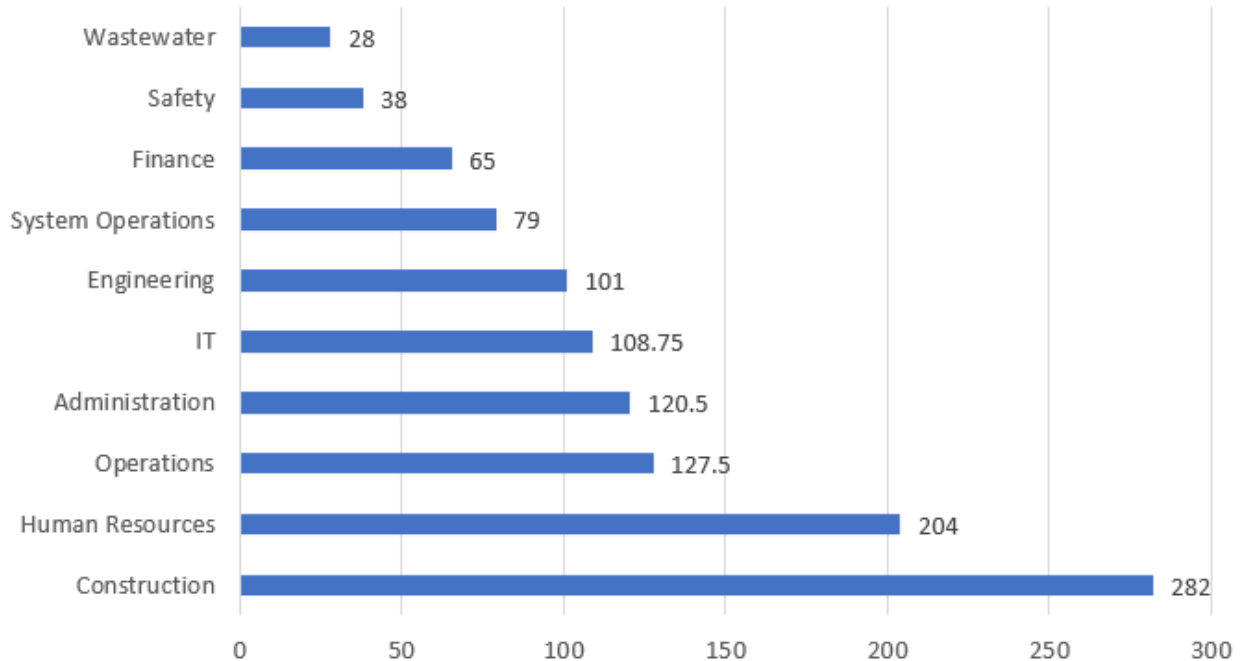
- Construction Overtime ratios remain consistent with approx.:
- Half related to emergencies
  - Quarter Standby duties
  - Sixth routine work
  - Tenth CIP



## Exempt overtime

- Engineering, Construction & Human Resources are highest overall
- Construction & HR highest per FTE

Average OT Per Exempt EE in 2022



Average Overtime  
per Exempt  
Employee: 106



# Recommendations

- **Headcount:** No new headcount requested
  - **Construction:** Remove the vacant Utility Worker from approved headcount and reassess when ready to perform more in-house CIP work
  - **Engineering:** Leave Associate Engineer position vacant, but do not remove it as an approved headcount. Reassess department staffing needs when a retirement or attrition occurs, or if workload changes.
- **Overtime:** Explore alternative schedules to get scheduled work in System Operations performed with less overtime.
- **Knowledge Transfer:** Approve a six month overlap with electrician once retirement notice is given for knowledge transfer.
- **Turnover Mitigation:** Conduct compensation analysis and stay interviews to ensure the District remains competitive and addresses employees' concerns and career development needs.



# Board feedback and questions



# BOARD ACTION

## BOARD OF DIRECTORS

June 27, 2023

### SUBJECT

DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 23-15 — A RESOLUTION ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RANGES FOR DISTRICT EMPLOYEES AND THE GENERAL MANAGER EFFECTIVE JULY 1, 2023, THROUGH JUNE 30, 2024.

### 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.

The memoranda of understandings (MOUs) with all three bargaining units, approved by the Board by separate resolutions, include a provision for Pay Grade adjustments to be effective July 1 of each year of the term of the MOU based on the most recently published 12-month change in CPI-U for San Diego County, with a minimum adjustment of .5%. The most recent date for which CPI-U data is available is May 2023.

	San Diego CPI-U
May 2022	343.502
May 2023	361.339

The 12-month change is 5.2%

#### CPI for All Urban Consumers (CPI-U)

##### Original Data Value

Series Id: CUURS49ESA0 <https://data.bls.gov/pdq/SurveyOutputServlet>  
 Not Seasonally Adjusted  
 Series Title: All items in San Diego-Carlsbad, CA, all urban  
 Area: San Diego-Carlsbad, CA  
 Item: All items  
 Base Period: 1982-84=100  
 Years: 2019 to 2022

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2018	288.331		290.810		289.243		295.185		295.883		293.858		292.547	290.076	295.018
2019	295.761		297.226		300.303		299.333		301.033		301.520		299.433	298.147	300.718
2020	302.564		302.589		301.317		305.611		304.443		306.334		303.932	302.040	305.823
2021	307.688		315.035		317.141		323.906		324.138		326.422		319.761	314.282	325.241
2022	332.990		339.852		343.502		347.462		350.721		348.145		344.416	339.886	348.945
2023	354.453		358.026		361.339										
2019	2.6%		2.2%		3.8%		1.4%		1.7%		2.6%		2.4%		
2020	2.3%		1.8%		0.3%		2.1%		1.1%		1.6%		1.5%		
2021	1.7%		4.1%		5.3%		6.0%		6.5%		6.6%		5.2%		
2022	8.2%		7.9%		8.3%		7.3%		8.2%		6.7%		7.7%		
2023	6.4%		5.3%		5.2%										

In addition to adjusting the pay ranges, staff recommends adding two new job classifications to the salary grade structure and changing the title of two existing positions. The proposed changes include the following:

**Risk Management:** This single-incumbent position was vacated in May 2023 and is currently open for recruitment. After performing an updated compensation analysis, staff recommends creating a series position for this classification. The series includes a Safety & Risk Management Analyst to be added at Exempt Grade E7, retitles the Risk Management Officer position at Grade E8 to Safety & Risk Management Officer, and adds a Senior Risk Management Officer classification at Grade E9. This series will widen the pool of applicants who could be qualified for this position and creates a promotional opportunity that could be attractive to applicants who could be lateral hires without promotional opportunities at their current agencies.

**Human Resources/Administrative Services:** Staff proposes to change the job title of the Human Resources Manager to Administrative Services Manager and update the job description to reflect that this position now oversees three departments: Human Resources, Risk Management, and Public Relations. The proposed title better reflects the broader scope of the role and will be less confusing to outside parties interacting with this position on matters related to risk management and public relations. There is no proposed change to the pay grade.

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## **DESCRIPTION**

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The grade structure included in Resolution No. 23-15 is revised to reflect the following:

- A 5.2% increase in the ranges for each pay grade in accordance with the memoranda of understanding with the District's three bargaining units.
- Creates a series classification for the Risk Management position at grades E7, E8, and E9.
- Changes the title of the Human Resources Manager to Administrative Services Manager with no change in pay grade.

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## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Updating this document with current information allows the District to comply with CalPERS requirements and California Code of Regulations 570.5 and 571.

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## **ENVIRONMENTAL**

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In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

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## **BOARD OPTIONS/FISCAL IMPACTS**

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Resolution 23-15 allows the District to comply with CalPERS requirements and meet the District's operational needs.

There is no direct fiscal impact to this action. Resolution No 23-15 does not directly adjust employee pay rates. Base pay cost-of-living adjustments (COLAs) are separate personnel actions and are limited to a maximum of 2% in 2023, according to the memoranda of understanding with the bargaining units. No salary adjustments are proposed with the recommended job title changes in Resolution 23-15.

1. Option 1: Approve Resolution No. 23-15.
2. Option 2: Do not approve Resolution No. 23-15.

**STAFF RECOMMENDATION**

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Staff recommends approval of Resolution No. 23-15



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Karleen Harp  
Human Resources Manager

06/27/2023



**RESOLUTION NO. 23-15 RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT  
ESTABLISHING CLASSIFICATIONS AND MONTHLY PAY RATES FOR DISTRICT EMPLOYEES**

**EFFECTIVE JULY 1, 2023 TO JUNE 30, 2024**

Exempt Salary Grades	Job Classification	Annual Equivalent		Monthly Range		Biweekly Pay Rate	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
GM	General Manager	\$ 220,000	\$ 319,000	\$ 18,333	\$ 26,583	\$ 8,461.54	\$ 12,269.23
E11	Engineering and Capital Improvement Program Manager Finance Manager Operations Manager	\$ 157,360	\$ 226,575	\$ 13,113	\$ 18,881	\$ 6,052.32	\$ 8,714.42
E10	<del>Administrative Services Manager</del> <del>Human Resources Manager</del> Information Technology Manager	\$ 136,833	\$ 198,365	\$ 11,403	\$ 16,530	\$ 5,262.81	\$ 7,629.44
E9	Construction and Meters Supervisor Senior Project Manager Senior Engineer Senior IT and Applications Analyst <del>Senior Risk Management Officer</del> Water Operations Supervisor	\$ 118,999	\$ 172,525	\$ 9,917	\$ 14,377	\$ 4,576.90	\$ 6,635.59
E8	Accounting Supervisor Construction and Maintenance Supervisor Engineer Information Technology and Applications Analyst Meter Services Supervisor Project Manager <del>Safety and Risk Management Officer</del> Wastewater Superintendent	\$ 103,478	\$ 150,002	\$ 8,623	\$ 12,500	\$ 3,979.91	\$ 5,769.32
E7	Associate Engineer Customer Service Supervisor Grants Specialist Management Analyst <del>Safety &amp; Risk Management Analyst</del> Senior Accountant	\$ 89,981	\$ 130,437	\$ 7,498	\$ 10,870	\$ 3,460.79	\$ 5,016.80

Non-Exempt Pay Grades	Job Classification	Annual Equivalent		Monthly Range		Hourly Pay Rate	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
N7	Executive Assistant/Board Secretary Lead Operator Senior Engineering Inspector Technical Services Team Lead	\$ 98,746	\$ 143,193	\$ 8,229	\$ 11,933	\$ 47.47	\$ 68.84
N6	Administrative Analyst II Crew Leader - Construction & Maintenance Crew Leader - Valve Maintenance Electronic / Electrical Technician II Information Systems Specialist III Senior Fleet Mechanic System Operator III	\$ 85,876	\$ 124,512	\$ 7,156	\$ 10,376	\$ 41.29	\$ 59.86
N5	Accounting Specialist II Administrative Analyst I Electrical / Electronics Technician I Engineering Technician II Information Systems Specialist II Mechanic II Senior Utility Line Locator Senior Meter Services Technician System Operator II Utility Worker III - Construction Utility Worker III - Valve Maintenance Utility Worker III - Wastewater Services	\$ 74,652	\$ 108,249	\$ 6,221	\$ 9,021	\$ 35.89	\$ 52.04
N4	Accounting Specialist I Administrative Assistant II Billing Specialist II Cross Connection Control and Backflow Technician Engineering Inspector I Engineering Technician I Human Resources Specialist II Information Systems Specialist I Mechanic I Purchasing & Inventory Control Specialist II System Operator I Utility Line Locator Utility Worker II - Construction Utility Worker II - Meter Services Utility Worker II - Valve Maintenance Utility Worker II - Wastewater Services	\$ 64,925	\$ 94,107	\$ 5,410	\$ 7,842	\$ 31.21	\$ 45.24



Non-Exempt Pay Grades	Job Classification	Annual Equivalent		Monthly Range		Hourly Pay Rate	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
N3	Administrative Assistant I	\$ 56,444	\$ 81,860	\$ 4,704	\$ 6,822	\$ 27.14	\$ 39.36
	Billing Specialist I						
	Customer Service Representative II						
	District Services Representative						
	Human Resources Specialist I						
	Purchasing & Inventory Control Specialist I						
	Utility Worker I - Construction						
Utility Worker I - Meter Services							
N2	Utility Worker I - Valve Maintenance	\$ 49,061	\$ 71,185	\$ 4,088	\$ 5,932	\$ 23.59	\$ 34.22
	Utility Worker I - Wastewater Services						
N1	Interns	\$ 42,701	\$ 61,932	\$ 3,558	\$ 5,161	\$ 20.53	\$ 29.77

Resolution No. 23-15 rescinds Resolution No. 23-05

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 June, 2023 by the following vote, to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

Hayden Hamilton, Board President

**ATTEST:**

---

Dawn Washburn, Board Secretary



## BOARD OF DIRECTORS

June 27, 2023

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### SUBJECT

RAINBOW MUNICIPAL WATER DISTRICT ANNEX TO THE 2023 SAN DIEGO COUNTY MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN

### BACKGROUND

The Disaster Mitigation Act of 2000 amended the Robert T. Stafford Disaster Relief and Emergency Assistance Act, creating a framework for state, local, tribal, and territorial governments to engage in hazard mitigation planning to receive certain non-emergency disaster assistance. In 2004, County OES led an effort to develop the first MJHMP, a pre-disaster strategic plan that serves as a guideline for lowering the risks and exposures to hazards in the region. The MJHMP contains a County Base Plan and Annexes for participating agencies. The MJHMP must be updated every five years to maintain active status;. the County Board of Supervisors adopted an updated County Base Plan on February 7, 2023.

In 2021, staff began participating with the County of San Diego Office of Emergency Services (County OES), 18 cities, and other special districts to update the San Diego County Multi-Jurisdictional Hazard Mitigation Plan (MJHMP) and prepare a District Annex (Annex) to the County's plan. The Annex identifies the District's planning process, risk assessment, and mitigation strategies it plans to implement over the next five years.

The District's Annex has been reviewed and tentatively approved by the California Office of Emergency Services (CalOES) and the Federal Emergency Management Agency (FEMA). Per 44 CFR § 201.6(c)(5), the District must submit an adoption resolution to FEMA for its Annex to be considered fully approved.

Adopting the District's Annex to the San Diego County Multi-Jurisdictional Hazard Mitigation Plan (MJHMP) creates an opportunity for the District to apply for and receive grant funding relative to the hazard mitigation measured described in the plan.

### DESCRIPTION

The Annex was prepared by a planning team of District staff who conducted a risk assessment and developed a hazard summary based on applicable hazards and information gathered during this process. Each potential hazard was classified concerning the severity and likelihood of occurrence. The top three hazards identified for our service area are wildfire, drought, and extreme weather events. Mitigation goals were developed from the hazard summary and were further refined and prioritized into mitigation action plans. The District will be able to update its Annex annually as hazards are reevaluated, mitigation actions are updated, and staff changes occur.

The Annex has been reviewed by CalOES and FEMA and approved pending Board resolution adoption. Once the District's Annex is approved, the District can apply for FEMA hazard mitigation assistance funding.

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area Two: Asset Management  
Strategic Focus Area Four: Fiscal Responsibility

**ENVIRONMENTAL**

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In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA, and further environmental review is not required at this time.

**BOARD OPTIONS/FISCAL IMPACTS**

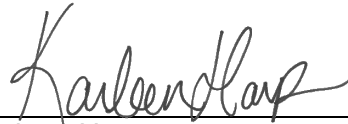
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There are no direct fiscal impacts of this action. However, approval of the Annex will make the District eligible to apply for future grant funding for projects related to the District’s mitigation plans.

**STAFF RECOMMENDATION**

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As a FEMA-approved hazard mitigation plan is required to receive grant funding, staff recommends that the Board adopt the resolution.



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Karleen Harp  
Human Resources Manager

June 27, 2023

**RESOLUTION NO. 23-16**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
APPROVING THE RAINBOW MUNICIPAL WATER DISTRICT  
ANNEX TO THE 2023 SAN DIEGO COUNTY  
MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN**

**WHEREAS**, the Federal Disaster Act of 2000 (DMA) requires local governments to adopt a Local Hazard Mitigation Plan (LHMP) or a Multi-Jurisdictional Hazard Mitigation Plan (MJHMP) to maintain continued eligibility to receive pre-disaster mitigation funding from the Federal Emergency Management Agency (FEMA), and by that requirement, the plan must be updated every five years; and

**WHEREAS**, Rainbow Municipal Water District recognizes the risks that natural and human-caused hazards pose and the need to mitigate the impacts, and is committed to increasing disaster resistance of its infrastructure, the health of its customers, and the preservation of the environment; and

**WHEREAS**, Rainbow Municipal Water District's Annex identifies mitigation actions to reduce or eliminate the risks to people and property within the District's service area from the impacts of future hazards and disasters; and

**WHEREAS**, Rainbow Municipal Water District fully participated in the FEMA-prescribed mitigation planning process to update the region's multi-jurisdictional plan and developed a District Annex to this plan; and

**WHEREAS**, it is in the interest of the District to approve Rainbow Municipal Water District's Plan Annex to the San Diego County MJHMP, attached hereto as Exhibit A, as plan approval would allow the District to apply for hazard mitigation assistance funding; and

**WHEREAS**, the California Office of Emergency Services and Federal Emergency Management Agency officials have reviewed and approved the Rainbow Municipal Water District's Annex contingent upon official adoption by its governing body, the approval letter of which is attached hereto as Exhibit B; and

**WHEREAS**, adoption by the Board of Directors of the Rainbow Municipal Water District demonstrates its commitment to hazard mitigation and achieving the goals and action plans outlined in the Annex;

**NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED**, that the Board of Directors of the Rainbow Municipal Water District does hereby approve and adopt the Rainbow Municipal District Annex to the 2023 San Diego County Multi-Jurisdictional Hazard Mitigation Plan as an official plan. While the plan may require annual revisions and updates, changes after adoption will not require re-adoption of future iterations during the plan's five-year term. Subsequent plan updates following the five-year approval period for this plan will require separate adoption resolutions.

**PASSED AND ADOPTED** at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 27th day of June 2023 by the following vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

---

Hayden Hamilton, Board President

**ATTEST:**

---

Dawn M. Washburn, Board Secretary



**FEMA**

May 9, 2023

Nicholas Zubel  
Senior Emergency Services Coordinator  
County of San Diego Office of Emergency Services  
5580 Overland Ave, Ste. 100  
San Diego, CA 92123

Dear Nicholas Zubel:

The *San Diego County Multi-Jurisdictional Hazard Mitigation Plan 2023* has been amended to include the following jurisdictions as official planning participants:

- City of Carlsbad
- City of Chula Vista
- City of Oceanside
- City of San Marcos
- City of Solana Beach
- City of Vista
- Alpine Fire Protection District
- Rainbow Municipal Water District

These new jurisdictions must submit an adoption resolution to FEMA in order to be considered fully approved.


FEMA's approval of the *San Diego County Multi-Jurisdictional Hazard Mitigation Plan* remains for a period of five years from the original approval date of **March 31, 2023** for all approved participants. An updated list of the status of current participating jurisdictions is enclosed with this letter.

If you have any questions regarding the planning or review processes, please contact the FEMA Region 9 Hazard Mitigation Planning Team at [fema-r9-mitigation-planning@fema.dhs.gov](mailto:fema-r9-mitigation-planning@fema.dhs.gov).

Sincerely,

for **PHILLIP A  
WANG**

Alison Kearns  
Planning and Implementation Branch Chief  
Mitigation Division  
FEMA Region 9

 Digitally signed by PHILLIP A  
WANG  
Date: 2023.05.09 09:59:46  
-07'00'

Enclosures (2)

San Diego County Amended Plan Review Tool, dated May 9, 2023  
Status of Participating Jurisdictions, dated May 9, 2023

cc: Ron Miller, Mitigation Quality Assurance Division Chief, California Governor's Office of Emergency Services  
Robyn Fennig, Planning Division Chief, California Governor's Office of Emergency Services  
Victoria LaMar-Haas, Hazard Mitigation Planning Chief, California Governor's Office of Emergency Services



Status of Participating Jurisdictions as of May 9, 2023

Jurisdictions – Adopted and Approved

#	Jurisdiction	Date of Adoption
1	San Diego County	February 7, 2023
2	City of National City	March 21, 2023
3	San Diego County Water Authority (SDCWA)	March 23, 2023
4	San Diego Unified Port District	April 11, 2023

Jurisdictions – Approvable Pending Adoption

#	Jurisdiction
1	City of Carlsbad
2	City of Chula Vista
3	City of Coronado
4	City of Del Mar
5	City of El Cajon
6	City of Encinitas
7	City of Escondido
8	City of Imperial Beach
9	City of La Mesa
10	City of Lemon Grove
11	City of Oceanside
12	City of Poway
13	City of San Diego
14	City of San Marcos
15	City of Santee
16	City of Solana Beach
17	City of Vista
18	Alpine Fire Protection District
19	Otay Water District
20	Padre Dam Municipal Water District
21	Rainbow Municipal Water District
22	Sweetwater Authority
23	Vista Irrigation District



**Multi-Jurisdictional  
Hazard Mitigation Plan:  
Rainbow Municipal Water District  
Annex**

San Diego County, California

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# 1. SECTION ONE: Determine the Planning Area and Resources

## 1.1. Planning Area: (Rainbow Municipal Water District)

Rainbow Municipal Water District is located at 3707 Old Highway 395 in Fallbrook California. As a public agency providing water and wastewater service, the District's objective is to provide and maintain reliable service to its customers. The District currently serves approximately 19,000 retail water customers with water from both the Colorado River and the State Water Project. Water distribution is accomplished through over 300 miles of pipeline and over 8,771 service connections. The District also operates a wastewater conveyance system with over 2,718 sewer connections that serves approximately 8,771 customers. The wastewater system has a capacity of 1.5 main gallons per day (mgd). Wastewater treatment is performed through a contract by the City of Oceanside at the San Luis Rey Wastewater Treatment Plant.

The Rainbow Municipal Water District was established in 1953 and is a Special District, organized under Section 71000 of the California Water Code. RMWD is a member of the San Diego County Water Authority. The District provides water and sanitation services to the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside and Fallbrook. It's comprised of a 5 member elected Board and 5 Divisions.

100 percent of the District's water is imported from two locations; the Lake Skinner Water Treatment Plant in Hemet and the Twin Oaks Valley Water Treatment Plant in San Marcos.

Rainbow MWD maintains over 320 miles of water main, 7 pump stations, 4 reservoirs, and 13 storage tanks to deliver water to its customers. We also provide sewer services to parts of our District and maintain 6 lift stations and 60 miles of sewer main.

## 1.2. Community Rating System Requirements

The Community Rating System (CRS) is a FEMA program and rewards communities that go beyond the minimum standards for floodplain management under the National Flood Insurance Program (NFIP). Communities can potentially improve their Community Rating System and lower NFIP premiums by developing a CRS Plan.

For more information on the National Flood Insurance Program, see <http://www.fema.gov/national-flood-insurance-program>.

**SECTION ONE | Determine the Planning Area and Resources**

Community Rating System (CRS) Planning Steps	Local Mitigation Planning Handbook Tasks (44 CFR Part 201)
<b>Step 1.</b> Organize	<b>Task 1:</b> Determine the Planning Area and Resources <b>Task 2:</b> Build the Planning Team 44 CFR 201.6(c)(1)
<b>Step 2.</b> Involve the public	<b>Task 3:</b> Create an Outreach Strategy 44 CFR 201.6(b)(1)
<b>Step 3.</b> Coordinate	<b>Task 4:</b> Review Community Capabilities 44 CFR 201.6(b)(2) & (3)
<b>Step 4.</b> Assess the hazard	<b>Task 5:</b> Conduct a Risk Assessment 44 CFR
<b>Step 5.</b> Assess the problem	201.6(c)(2)(i) 44 CFR 201.6(c)(2)(ii) & (iii)
<b>Step 6.</b> Set goals	<b>Task 6:</b> Develop a
<b>Step 7.</b> Review possible activities	Mitigation Strategy 44 CFR
<b>Step 8.</b> Draft an action plan	201.6(c)(3)(i) 44 CFR 201.6(c)(3)(ii) 44 CFR 201.6(c)(3)(iii)
<b>Step 9.</b> Adopt the plan	<b>Task 8:</b> Review and Adopt the Plan 44 CFR 201.6(c)(5)
<b>Step 10.</b> Implement, evaluate, revise	<b>Task 7:</b> Keep the Plan Current <b>Task 9:</b> Create a Safe and Resilient Community 44 CFR 201.6(c)(4)

**TABLE 1: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 1.1 DESCRIBES THE CRS REQUIREMENTS MET BY THE SAN DIEGO COUNTY MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN.**

Any jurisdiction or special district may participate in the hazard mitigation planning process. However, to request FEMA approval, each of the local jurisdictions must meet all requirements of 44 CFR §201.6. In addition to the requirement for participation in the process, the Federal regulation specifies the following requirements for multi-jurisdictional plans:

- The risk assessment must assess each jurisdiction's risk where they may vary from the risks facing the entire planning area. (44 CFR §201.6(c)(2)(iii))
- There must be identifiable action items specific to the jurisdiction requesting FEMA approval or credit of the plan. (44 CFR §201.6(c)(3)(iv))
- Each jurisdiction requesting approval of the plan must document that it has been formally adopted. (44 CFR §201.6(c)(5))

The hazard mitigation plan must clearly list the jurisdictions that participated in the plan and are seeking plan approval. The San Diego County Multi-Jurisdictional Hazard Mitigation Plan and annexes meet all requirements.

## 2. SECTION TWO: Build the Planning Team

### 2.1. Planning Participants

The following members comprised the Planning Team:

Robert Gutierrez	Operations Manager	Department
Robert Gutierrez	Operations Manager	Operations
Chad Williams	Engineering Manager	Engineering
Amanda Parra	Project Manager	Engineering
Malik Tammi	Project Manager	Engineering
Ahmed Khattab	IT Manager	IT
Michael Powers	Engineer	Engineering
Tracy Largent	Finance Manager	Finance
Esaud Lagunas	Construction and Meters Supervisor	Operations
Steve Coffey	Water Operations Supervisor	Operations
Ramon Zuniga	Wastewater Supervisor	Operations
Renee Rubio	Finance Supervisor	Finance
Charmaine W. Esnard	Risk Management Officer	Human Resources

### 2.2. Planning Process

The process of updating the District's LHMP and mitigation strategies was conducted via formal meetings, email, and phone discussions. The District's Risk Management Officer and Grants Specialist coordinated with and attended planning meetings hosted by the County Office of Emergency Services. The Planning Team members identified the objectives of the Plan, discussed and prioritized the relevant hazards to the District, conducted a review and incorporation of existing information and prepared and reviewed mitigation strategies to address vulnerabilities.

Informal meetings with District Staff (subject matter experts, engineering team, managers,) were conducted by planning team members to complete FEMA worksheets. The review and incorporation of existing information and the updating of the plan sections involved consideration of the prior efforts, the hazard and risk information drawn from vulnerability assessments, historical data.

## **SECTION TWO | Build the Planning Team**

*See the San Diego County Multi-Jurisdictional Hazard Mitigation Plan's Section Two for details about the county-wide Planning Process.*



### **3. SECTION THREE: Create an Outreach Strategy**

See the *San Diego County Multi-Jurisdictional Hazard Mitigation Plan's* Section Three for details about the county-wide outreach strategy.

## 4. SECTION FOUR: Review Community Capabilities

Local mitigation capabilities are existing authorities, policies, programs, and resources that reduce hazard impacts or that could be used to implement hazard mitigation activities and must be included in a hazard mitigation plan by the planning team.

The planning team also may identify additional types of capabilities relevant to mitigation planning.

### 4.1. Capability Assessment

The primary types of capabilities for reducing long-term vulnerability through mitigation planning are:

- Planning and regulatory
- Administrative and technical
- Financial
- Education and outreach

#### 4.1.1. *Planning and Regulatory*

Planning and regulatory capabilities are the plans, policies, codes, and ordinances that prevent and reduce the impacts of hazards. Please indicate which of the following your jurisdiction has in place:

The Rainbow Municipal Water District was organized on December 20, 1953, under the Municipal Water District Act of 1911 (commencing with section 71000 of the California Water Code). The Board of Directors is composed of five members who are elected by divisions of the District for four-year alternating terms, with the president being elected by the Board from among its members. Advisory Committees composed of residents from all divisions of the District assist the Board in water issues and financial planning. Operation, maintenance, and administration of the system is carried out by a staff of 58.5 full time employees under the direction of the General Manager, Thomas Kennedy.

#### DISTRICT POWERS

The District has broad general powers to perform all necessary or proper acts, including but limited to the authority to acquire, plan, construct, maintain, improve, operate and repair necessary works for the transmission and distribution

## SECTION FOUR | Review Community Capabilities

of water for irrigation and other purposes and for reclamation of such water; the right of eminent domain; authority to levy taxes or, in lieu thereof, to fix and collect charges for water, including standby charges made to holders of title to land to which water may be made available, whether or not the water is actually used; authority to establish rules and regulations for the sale and distribution of water including rules for providing that water shall not be furnished to persons against whom there are delinquent water charges; authority to contract with the United States, the State and the agencies of either; and the power to join with one or more public agencies, private corporations or other persons for the purpose of carrying out any of the powers of the District.

### FINANCIAL POLICIES

The District maintains certain policies that govern aspects of the District's financial management. The District's maintains the following policies:

- Debt Management Policy - Defines the District's debt management.
- Investment Policy - Establishes permitted investments in compliance with State Code.
- Fund Balance/Reserve Policies - Set target balances for reserves and working capital.
- Capitalization Policy - Establishes the parameters for defining an operating or capital expenditure.
- Purchasing Policy - Establishes rules and limits for approval of purchases to ensure efficient buying and control of District assets.

These policies can be found on the District's website as part of the District's Administrative Code.

Plans	Yes/No Year	Does the plan address hazards? Does the plan identify projects to include in the mitigation strategy? Can the plan be used to implement mitigation actions?
Comprehensive/Master Plan		
Capital Improvements Plan	Yes	Yes
Economic Development Plan	N/A	N/A

## SECTION FOUR | Review Community Capabilities

Local Emergency Operations Plan	Yes	District
Continuity of Operations Plan	Yes	Yes
Transportation Plan	N/A	N/A
Stormwater Management Plan	N/A	N/A
Community Wildfire Protection Plan	N/A	N/A
M. Real estate disclosure requirements	N/A	N/A
Other special plans (e.g., brownfields redevelopment, disaster recovery, coastal zone management, climate change adaptation)	N/A	N/A

TABLE 2: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.1 DATA.

### 4.1.2. Administrative and Technical

Administrative and technical capabilities include staff and their skills and tools that can be used for mitigation planning and to implement specific mitigation actions. For smaller jurisdictions without local staff resources, if there are public resources at the next higher-level government that can provide technical assistance, indicate so in your comments:

Administration	Yes/No	Describe capability Is coordination effective?
Planner(s) or engineer(s) with knowledge of land development and land management practices	Yes	
Engineer(s) or professional(s) trained in construction practices related to buildings and/or infrastructure	Yes	Engineer on staff as well as three Project Managers

**SECTION FOUR | Review Community Capabilities**

Planners or Engineer(s) with an understanding of natural and/or manmade hazards	Yes	Contracted/ Engineering Committee Chair
Mitigation Planning Committee	Yes	Risk Management, CIP Team, Operations Department and Finance
Maintenance programs to reduce risk (e.g., tree trimming, clearing drainage systems)	Yes	Contracted and in-house
Mutual aid agreements	Yes	Yes
<b>Staff</b>	<b>Yes/No FT/PT<sup>1</sup></b>	<b>Is staffing adequate to enforce regulations? Is staff trained on hazards and mitigation?</b>  <b>Is coordination between agencies and staff effective?</b>
Chief Building Official	N/A	N/A
Floodplain Administrator	N/A	N/A
Emergency Manager	Yes	Risk Management Officer
Surveyors	N/A	N/A
Staff with education or expertise to assess the community's vulnerability to hazards	Yes	TEEX Training and consulting with DHS experts. Training through GovEvents for cyber threats
Community Planner	N/A	N/A
Scientists familiar with the hazards of the community	N/A	N/A
Civil Engineer	Yes	On staff and contracted
Personnel skilled in GIS and/or HAZUS	Yes	IT team and Engineering. All Operations personnel are also trained in the use of the District's GIS system
Grant writers	Yes	Grant Specialist assigned to Finance Team
Other		

## SECTION FOUR | Review Community Capabilities

### How can these capabilities be expanded and improved to reduce risk?

Assess areas where expanding staffing best serve the District's hazard mitigation needs. Train with subject matter experts (first responders, San Diego UASI etc.) to effectively respond to hazards threatening District assets.

TABLE 3: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.1 DATA CONTINUED.

### 4.1.3. Financial

Identify whether your jurisdiction has access to or is eligible to use the following funding resources for hazard mitigation:

Funding Resource	Access/ Eligibility (Yes/No)	Has the funding resource been used in past and for what type of activities?  Could the resource be used to fund future mitigation actions?
Community Development Block Grants (CDBG)	N/A	N/A
Capital improvements project funding	Yes	General District Funds
Authority to levy taxes for specific purposes	N/A	
Fees for water, sewer, gas, or electric service	Yes	Water and sewer services purveyor
Impact fees for homebuyers or developers for new developments/homes	No	
Incur debt through general obligation bonds	No	
Incur debt through special tax and revenue bonds	No	
Incur debt through private activity bonds	No	
Community Development Block Grants (CDBG)	No	
Capital improvements project funding	Yes	General District Fund
Authority to levy taxes for specific purposes	N/A	N/A

### How can these capabilities be expanded and improved to reduce risk?

## SECTION FOUR | Review Community Capabilities

RMWD's intention with the completion of this Hazard Mitigation Plan to leverage state and federal grant funding as much as possible to increase the resilience of RMWD.

TABLE 4: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.1 DATA CONTINUED.

### 4.1.4. Education and Outreach

Identify education and outreach programs and methods already in place that could be used to implement mitigation activities and communicate hazard-related information:

Program/Organization	Yes/No	Describe program/organization and how relates to disaster resilience and mitigation.  Could the program/organization help implement future mitigation activities?
Local citizen groups or non-profit organizations focused on environmental protection, emergency preparedness, access and functional needs populations, etc.	N/A	N/A
Ongoing public education or information program (e.g., responsible water use, fire safety, household preparedness, environmental education)	Yes	Water conservation training
Natural disaster or safety related school programs	N/A	N/A
StormReady certification	N/A	N/A
Firewise Communities certification	No	No
Public-private partnership initiatives addressing disaster-related issues	No	No
Other	N/A	
<b>How can these capabilities be expanded and improved to reduce risk?</b>		

## SECTION FOUR | Review Community Capabilities

Continue to provide educational information to the public on our website to aid in conserving water to keep people informed of drought and other hazards. Develop an information and education outreach plan to increase awareness of wildfire protection program opportunities available to communities at risk.

TABLE 5: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.1 DATA CONTINUED.

### 4.2. Safe Growth Audit

Identify gaps in your community's growth guidance instruments and improvements that could be made to reduce vulnerability to future development:

Comprehensive Plan	Yes	No
<b>Land Use</b>		
1. Does the future land-use map clearly identify natural hazard areas?	N/A	N/A
2. Do the land-use policies discourage development or redevelopment within natural hazard areas?	N/A	N/A
3. Does the plan provide adequate space for expected future growth in areas located outside natural hazard areas?	N/A	N/A
<b>Transportation</b>		
1. Does the transportation plan limit access to hazard areas?	N/A	N/A
	N/A	N/A
2. Is transportation policy used to guide growth to safe locations?	N/A	N/A



**SECTION FOUR | Review Community Capabilities**

	N/A	N/A
3. Are movement systems designed to function under disaster conditions (e.g., evacuation)?	N/A	N/A
	N/A	N/A

*TABLE 6: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.2 DATA.*

<b>Comprehensive Plan (continued)</b>	<b>Yes</b>	<b>No</b>
<b>Environmental Management</b>		
1. Are environmental systems that protect development from hazards identified and mapped?	N/A	N/A
2. Do environmental policies maintain and restore protective ecosystems?	N/A	N/A
3. Do environmental policies provide incentives to development that is located outside protective ecosystems?	N/A	N/A
<b>Public Safety</b>		
1. Are the goals and policies of the comprehensive plan related to those of the FEMA Local Hazard Mitigation Plan?		
2. Is safety explicitly included in the plan's growth and development policies?	N/A	

**SECTION FOUR | Review Community Capabilities**

3. Does the monitoring and implementation section of the plan cover safe growth objectives?	N/A	

*TABLE 7: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.2 DATA CONTINUED.*

<b>Zoning Ordinance</b>	<b>Yes</b>	<b>No</b>
1. Does the zoning ordinance conform to the comprehensive plan in terms of discouraging development or redevelopment within natural hazard areas?	N/A	N/A
2. Does the ordinance contain natural hazard overlay zones that set conditions for land use within such zones?	N/A	N/A
3. Do rezoning procedures recognize natural hazard areas as limits on zoning changes that allow greater intensity or density of use?	N/A	N/A
4. Does the ordinance prohibit development within, or filling of, wetlands, floodways, and floodplains?	N/A	N/A
<b>Subdivision Regulations</b>	<b>Yes</b>	<b>No</b>
1. Do the subdivision regulations restrict the subdivision of land within or adjacent to natural hazard areas?	N/A	N/A
2. Do the regulations provide for conservation subdivisions or cluster subdivisions in order to conserve environmental resources?	N/A	N/A
3. Do the regulations allow density transfers where hazard areas exist?	N/A	N/A

*TABLE 8: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.2 DATA CONTINUED.*

## SECTION FOUR | Review Community Capabilities

Capital Improvement Program and Infrastructure Policies	Yes	No
1. Does the capital improvement program limit expenditures on projects that would encourage development in areas vulnerable to natural hazards?	N/A	N/A
2. Do infrastructure policies limit extension of existing facilities and services that would encourage development in areas vulnerable to natural hazards?	N/A	N/A
3. Does the capital improvement program provide funding for hazard mitigation projects identified in the FEMA Mitigation Plan?	Yes	
Other	Yes	No
1. Do small area or corridor plans recognize the need to avoid or mitigation natural hazards?	N/A	
2. Does the building code contain provisions to strengthen or elevate construction to withstand hazard forces?	N/A	
3. Do economic development or redevelopment strategies include provisions for mitigation natural hazards?	N/A	
4. Is there an adopted evacuation and shelter plan to deal with emergencies from natural hazards?	Yes	

**TABLE 9: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.2 DATA CONTINUED.**

Questions were adapted from Godschalk, David R. *Practice Safe Growth Audits, Zoning Practice, Issue Number 10, October 2009, American Planning Association.*

### 4.3. National Flood Insurance Program (NFIP)

As a participant in the National Flood Insurance Program (NFIP), a community develops capabilities for conducting flood mitigation activities. The hazard

## SECTION FOUR | Review Community Capabilities

mitigation plan must describe each jurisdiction's participation in the NFIP. Participating communities must describe their continued compliance with NFIP requirements. The mitigation plan must do more than state that the community will continue to comply with the NFIP. Each jurisdiction must describe their floodplain management program and address how they will continue to comply with the NFIP requirements. The local floodplain administrator is often the primary source for this information.

Jurisdictions where FEMA has issued a floodplain map but are currently not participating in the NFIP may meet this requirement by describing the reasons why the community does not participate. Plan updates must meet the same requirements and document any change in floodplain management programs.

NFIP Topic	Source of Information	Comments
<b>Insurance Summary</b>		
How many NFIP policies are in the community? What is the total premium and coverage?	State NFIP Coordinator or FEMA NFIP Specialist	<b>RMWD is a Special District. Special Districts are not eligible for NFIP.</b>
How many claims have been paid in the community? What is the total amount of paid claims? How many of the claims were for substantial damage?	FEMA NFIP or Insurance Specialist	N/A
How many structures are exposed to flood risk within the community?	Community Floodplain Administrator (FPA)	N/A
Describe any areas of flood risk with limited NFIP policy coverage	Community FPA and FEMA Insurance Specialist	N/A
<b>Staff Resources</b>		
Is the Community FPA or NFIP Coordinator certified?	Community FPA	N/A
Is floodplain management an auxiliary function?	Community FPA	N/A
Provide an explanation of NFIP administration services (e.g., permit review, GIS, education or outreach, inspections, engineering capability)	Community FPA	N/A
What are the barriers to running an effective NFIP program in the community, if any?	Community FPA	N/A

## SECTION FOUR | Review Community Capabilities

Compliance History		
Is the community in good standing with the NFIP?	State NFIP Coordinator, FEMA NFIP Specialist, community records	N/A
Are there any outstanding compliance issues (i.e., current violations)?		N/A
When was the most recent Community Assistance Visit (CAV) or Community Assistance Contact (CAC)?		
Is a CAV or CAC scheduled or needed?		

TABLE 10: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.3 DATA.

NFIP Topic	Source of Information	Comments
<b>Regulation</b>		
When did the community enter the NFIP?	Community Status Book <a href="http://www.fema.gov/national-flood-insurance-program/national-flood-insurance-program-community-status-book">http://www.fema.gov/national-flood-insurance-program/national-flood-insurance-program-community-status-book</a>	N/A
Are the FIRMs digital or paper?	Community FPA	N/A
Do floodplain development regulations meet or exceed FEMA or State minimum requirements? If so, in what ways?	Community FPA	N/A
Provide an explanation of the permitting process.	Community FPA, State, FEMA NFIP  Flood Insurance Manual <a href="http://www.fema.gov/flood-insurance-manual">http://www.fema.gov/flood-insurance-manual</a>  Community FPA, FEMA CRS Coordinator, ISO representative	N/A
<b>Community Rating System (CRS)</b>		

## SECTION FOUR | Review Community Capabilities

Does the community participate in CRS?	Community FPA, State, FEMA NFIP	N/A
What is the community's CRS Class Ranking?	Flood Insurance Manual <a href="http://www.fema.gov/flood-insurance-manual">http://www.fema.gov/flood-insurance-manual</a>	N/A
What categories and activities provide CRS points and how can the class be improved?		N/A
Does the plan include CRS planning requirements	Community FPA, FEMA CRS Coordinator, ISO representative	N/A

TABLE 11: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 4.3 DATA CONTINUED.

### 4.4. Opportunities for Improvement and Expansion

The District has begun to integrate concurrent planning efforts for this hazard mitigation plan and the planning requirements of the America's Water Infrastructure Act. The hazard mitigation plan includes information that can be used for future Improvements such as the following:

- Updates to the District's Strategic Plan.
- Emergency Response Planning
- Updates to the District's Capital Facilities
- Updates to the Wildfire Resiliency Planning
- District's Ground Water Study

Hazard mitigation activities can be implemented by staff throughout the District's organization, as different types of mitigation strategies require skills and capabilities from different internal and external groups. The Planning Team and other key staff responsible for implementation will coordinate efforts to avoid unnecessary redundancies and ensure that reduction strategies are being implemented efficiently.

The District will implement a continuous improvement plan for hazard mitigation by periodically assess the need for changes in staffing levels, as well as for additional or updated supplies, equipment, technologies, and in- agency training exercises.

The results of these assessments will be used in developing and maintaining a system of interoperable communications between District personnel and first responders as well as the need for further participation in expanding traditional disaster exercises.

## 5. SECTION FIVE: Conduct a Risk Assessment

The planning team conducts a risk assessment to determine the potential impacts of hazards to the people, economy, and built and natural environments of the community. The risk assessment provides the foundation for the rest of the mitigation planning process, which is focused on identifying and prioritizing actions to reduce risk to hazards.

In addition to informing the mitigation strategy, the risk assessment also can be used to establish emergency preparedness and response priorities, for land use and comprehensive planning, and for decision making by elected officials, city and county departments, businesses, and organizations in the community.

### 5.1. Hazards Summary

Summarize hazard description information and identify which hazards are most significant to the planning area:

Hazard	Location (Geographic Area Affected)	Maximum Probable Extent (Magnitude/Strength)	Probability of Future Events	Overall Significance Ranking
Avalanche	Negligible	Weak	Unlikely	Low
Dam Failure	Negligible	Weak	Unlikely	Low
Drought	Significant	Severe	Likely	Medium
Earthquake	Significant	Severe	Likely	Low
Erosion	Limited	Moderate	Likely	Low
Expansive Soils	Negligible	Weak	Unlikely	Low
Extreme Cold	Negligible	Weak	Unlikely	Low
Extreme Weather (Thunderstorms, Lightning, Heavy Rains, Severe Wind, Extreme Heat)	Significant	Moderate	Likely	Medium
Flood	Significant	Severe	Unlikely	Low
Hail	Negligible	Weak	Unlikely	Low

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Hurricane	Negligible	Weak	Unlikely	Low
Landslide	Limited	Moderate	Occasional	Low
Sea Level Rise	Negligible	Weak	Unlikely	Low
Severe Winter Weather	Limited	Moderate	Occasional	Low
Storm Surge	Negligible	Weak	Unlikely	Low
Subsidence	Negligible	Weak	Unlikely	Low
Tornado	Negligible	Weak	Unlikely	Low
Tsunami	Negligible	Weak	Unlikely	Low
Wildfire	Extensive	Severe	Highly Likely	High

TABLE 12: FEMA LOCAL MITIGATION PLANNING HANDBOOK WORKSHEET 5.1 DATA.

### Definitions for Classifications

#### Location (Geographic Area Affected)

- **Negligible:** Less than 10 percent of planning area or isolated single-point occurrences
- **Limited:** 10 to 25 percent of the planning area or limited single-point occurrences
- **Significant:** 25 to 75 percent of planning area or frequent single-point occurrences
- **Extensive:** 75 to 100 percent of planning area or consistent single-point occurrences

#### Maximum Probable Extent (Magnitude/Strength based on historic events or future probability)

- **Weak:** Limited classification on scientific scale, slow speed of onset or short duration of event, resulting in little to no damage
- **Moderate:** Moderate classification on scientific scale, moderate speed of onset or moderate duration of event, resulting in some damage and loss of services for days
- **Severe:** Severe classification on scientific scale, fast speed of onset or long duration of event, resulting in devastating damage and loss of services for weeks or months
- **Extreme:** Extreme classification on scientific scale, immediate onset or extended duration of event, resulting in catastrophic damage and uninhabitable conditions



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### Summary of Potential Hazard-Related Exposure/Loss in Rainbow Municipal Water District

Hazard Type	Exposed Population	Number of Critical Facilities
Wildfire	22500	33
Lightning	22500	33
Flooding	3230	13
Extreme Wind	22500	33
Drought	22500	33

### Top three hazards impacting the District service area: Wildfire, Drought and Extreme Weather (Thunderstorms, Lightning, Heavy Rains, Severe Wind, Extreme Heat)

The risk factors for each hazard include two variables: (1) Probability and (2) Impact. Using these two variables, the District's planning team screened each of the hazards using the criteria presented in the previous section.

The District prioritized the identified hazards by assigning each hazard a ranking based on probability of occurrence and the potential impact. These rankings were assigned based on a group discussion, knowledge of past occurrences, and familiarity with each RMWD's vulnerabilities.

#### Wildfire:

##### Probability of Future Events

- **Highly Likely:** 90 to 100 percent probability of occurrence in the next year or a recurrence interval of less than 1 year.

##### Overall Significance

- **High:** The criteria consistently fall in the high classifications and the event is likely/highly likely to occur with severe strength over a significant to extensive portion of the planning area.

A wildfire is any uncontrolled fire occurring on undeveloped land that requires fire suppression. Wildfires can occur naturally, such as those ignited by lightning, and are important to many ecosystem processes; however, most are started by human activity such as smoking, campfires, equipment use, and arson.

#### Factors Influencing Wildfire Behavior

Fire behavior is based on factors such as the following (CAL FIRE, 2012):

- **Fuel**—Fuel may include living and dead vegetation on the ground, along the surface as brush and small trees, and above the ground in tree canopies. Lighter fuels such as grasses, leaves quickly expel moisture and burn rapidly, while heavier fuels such as tree branches, logs and trunks take longer to

## APPENDICES

warm and ignite. Trees killed or defoliated by insects and diseases are more susceptible to wildfire.

- **Weather**—Relevant weather conditions include temperature, relative humidity, wind speed and direction, cloud cover, precipitation amount and duration, and the stability of the atmosphere. When the temperature is high, relative humidity is low, wind speed is increasing and coming from the east (offshore flow), and there has been little or no precipitation, so vegetation is dry, conditions are very favorable for extensive and severe wildfires. These conditions occur more frequently inland where temperatures are higher, and fog is less prevalent.
- **Terrain**—Topography includes slope and elevation. The topography of a region influences the amount and moisture of fuel; the impact of weather conditions such as temperature and wind; potential barriers to fire spread, such as highways and lakes; and elevation and slope of landforms (fire spreads more easily uphill than downhill).

The seasonal climatic conditions during late summer and fall create numerous serious difficulties regarding the control and protection against fires in the District. The hot, dry weather typical of this area in summer and fall, coupled with Santa Ana winds and low humidity frequently results in wildfires that threaten Pump Stations, Lift Stations, water storage tanks and above ground water reservoirs. All are susceptible to wildfire because they are situated near open space containing highly flammable, native vegetation and agricultural groves. In the case of Turner, Magee and Gomez tanks and pump stations, their locations are remote and surrounded by dense vegetation. The roads leading to these locations are also one lane country roads or limited access gated communities which can impede firefighting efforts.

Wildfires are usually signaled by dense smoke that fills the area for miles around. Wildfires present a significant potential for disaster in the southwest, a region of relatively high temperatures, low humidity, and low precipitation during the summer, and during the spring, moderately strong daytime winds. Combine these severe burning conditions with people or lightning and the stage is set for the occurrence of large, destructive wildfires.

### History/Past Occurrences

Location	Date	Type	Extent of Damage
Lilac Fire	12/2017	Wildfire	The second-costliest one of multiple wildfires that erupted in Southern California costing an estimated \$8.9 million (2018 USD), including \$5 million in firefighting expenses and property damage, and an additional \$3.9 million in cleanup and erosion control costs. The fire destroyed 157 structures and burned 4,100 acres.

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			The cost in destruction of agricultural output is still felt throughout the area since several long-standing groves were permanently destroyed.
<b>Rice Fire</b>	10/2007	Wildfire	Was one of the most destructive fires in Fallbrook history, with 248 structures being destroyed and burning 9,472 acres.

### Drought:

#### Probability of Future Events

- **Likely:** 10 to 90 percent probability of occurrence in the next year or a recurrence interval of 1 to 10 years

#### Overall Significance

- **Medium:** The criteria fall mostly in the middle ranges of classifications and the event's impacts on the planning area are noticeable but not devastating. This rating is sometimes used for hazards with a high extent rating but very low probability rating.

### Description

Droughts are long-term water shortages, often the result of extended periods with little or no precipitation. Droughts can cause declines in available water supplies, which may lead to increases in water rates or restrictions to water use. In extreme cases, some communities may not have enough water to meet demand or may have to seek alternative water supplies.

Agricultural activities may suffer, particularly in areas that grow water-intensive crops. In urban areas, vegetation such as street trees and landscaped areas can become water stressed, increasing the risk of disease or plant death. Aquatic species may also be affected as streams, rivers and reservoirs have less water available to support biological health.

Droughts may also cause secondary impacts. Soil often hardens and becomes less permeable during drought conditions, which can lead to increased flooding when precipitation does occur because the soil cannot absorb water as easily. Droughts can also dry out wildland vegetation, which may increase fire risks. In severe water shortages over extended droughts, significant local hazards could develop such as, reduced reliability of water supplies to meet basic human health and safety needs, land subsidence (which could affect basic infrastructure such as roads and underground utilities and buildings), and the potential for saltwater intrusion if the groundwater basin cannot be managed to prevent it.

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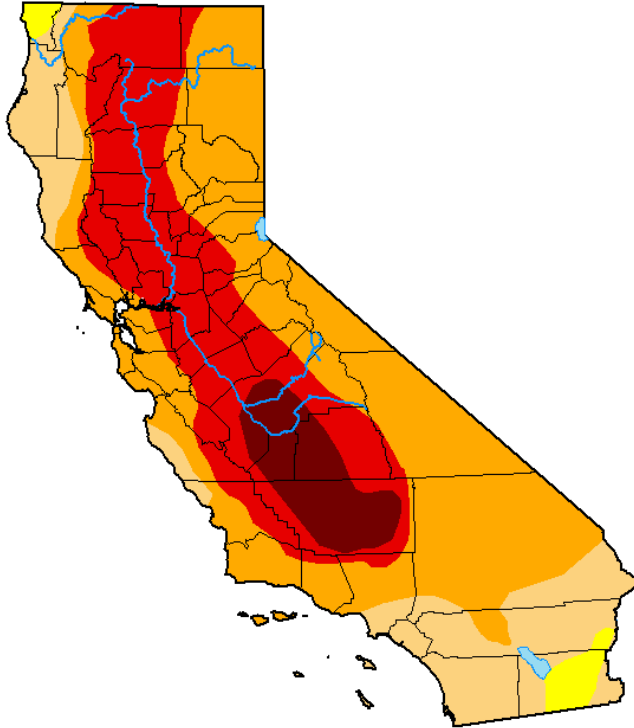
### *US Drought Monitor Classification Scheme*

<b>Category</b>	<b>Description</b>	<b>Possible Impacts</b>
D0	Abnormally dry	Slower growth of crops and pastures compared to normal activities.
D1	Moderate drought	Some damage to crops and pastures. Streams, reservoirs, or wells low. Some water shortages may be developing or imminent.
D2	Severe drought	Likely crop and pasture losses. Water shortages are common, leading to restrictions.
D3	Extreme drought	Major crop and pasture losses. Widespread water shortages.
D4	Exceptional drought	Exceptional and widespread crop and pasture losses. Emergency shortages develop.

*Source: US Drought Monitor 2017a*

## U.S. Drought Monitor California

**December 20, 2022**  
(Released Thursday, Dec. 22, 2022)  
Valid 7 a.m. EST



*Drought Conditions (Percent Area)*

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	0.00	100.00	97.94	80.56	35.50	7.16
<b>Last Week</b> <small>12-13-2022</small>	0.00	100.00	97.94	80.56	35.50	7.16
<b>3 Months Ago</b> <small>09-20-2022</small>	0.00	100.00	99.76	94.06	40.91	16.57
<b>Start of Calendar Year</b> <small>01-04-2022</small>	0.00	100.00	99.30	67.62	16.60	0.84
<b>Start of Water Year</b> <small>09-27-2022</small>	0.00	100.00	99.76	94.01	40.91	16.57
<b>One Year Ago</b> <small>12-21-2021</small>	0.00	100.00	100.00	92.44	79.44	23.11

*Intensity:*

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

*Author:*

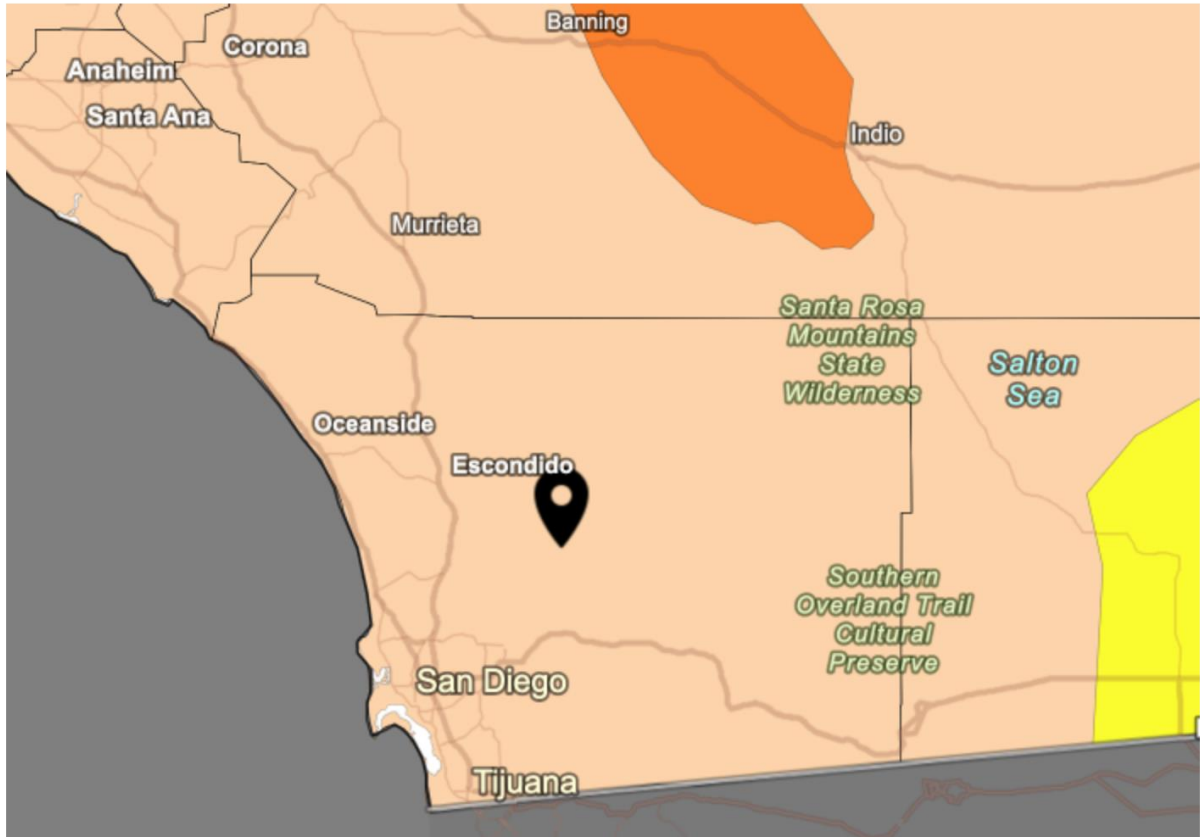
Curtis Riganti  
National Drought Mitigation Center



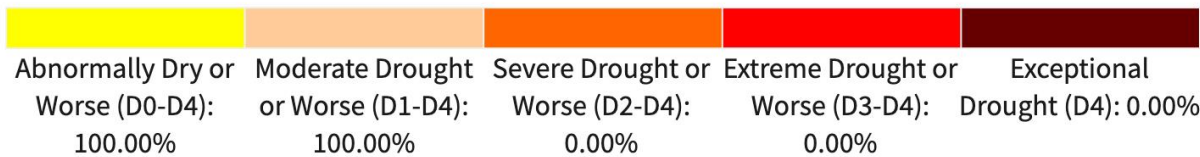
[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)

Figure 5-1: California Drought Conditions

## U.S. Drought Monitor



### U.S. Drought Monitor for San Diego County



The U.S. Drought Monitor (USDM) is updated each Thursday to show the location and intensity of drought across the country using a five-category system, from Abnormally Dry (D0) conditions to Exceptional Drought (D4). The USDM is a joint effort of the National Drought Mitigation Center, USDA, and NOAA.

Source(s): NDMC, NOAA, USDA  
 Updates Weekly - 12/20/22

**Drought.gov**

Figure 5-2: San Diego County Drought Conditions

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### History/Past Occurrences

Based on years of recorded water trends in Southern California, it is apparent this region is subject to periods of droughts and water shortages. California has been experiencing varying degrees of drought conditions since 2012. This is the most severe drought in California's recorded history and is believed to be the most severe in at least 1,200 years.

Average to above-average levels of rainfall in the winters of 2015–2016 and 2016–2017 have helped to remove drought conditions in large sections of the state and decrease the severity of the drought in many others.

In September 2017, approximately 22 percent of California (predominantly the coastal plains and Coast Ranges of central and southern California) is faced some level of drought, and less than one-half of 1 percent of the state is facing severe drought conditions.

Hazard	Scale / Index	Weak	Moderate	Severe	Extreme
Drought	Palmer Drought Severity Index <sup>3</sup>	-1.99 to +1.99	-2.00 to -2.99	-3.00 to -3.99	-4.00 and below
Earthquake	Modified Mercalli Scale <sup>4</sup>	I to IV	V to VII	VII	IX to XII
	Richter Magnitude <sup>5</sup>	2, 3	4, 5	6	7, 8
Hurricane Wind	Saffir-Simpson Hurricane Wind Scale <sup>6</sup>	1	2	3	4, 5
Tornado	Fujita Tornado Damage Scale <sup>7</sup>	F0	F1, F2	F3	F4, F5

### Probability of Future Events

- **Unlikely:** Less than 1 percent probability of occurrence in the next year or a recurrence interval of greater than every 100 years.
- **Occasional:** 1 to 10 percent probability of occurrence in the next year or a recurrence interval of 11 to 100 years.
- **Likely:** 10 to 90 percent probability of occurrence in the next year or a recurrence interval of 1 to 10 years
- **Highly Likely:** 90 to 100 percent probability of occurrence in the next year or a recurrence interval of less than 1 year.

### Overall Significance

- **Low:** Two or more criteria fall in lower classifications, or the event has a minimal impact on the planning area. This rating is sometimes used for

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hazards with a minimal or unknown record of occurrences or for hazards with minimal mitigation potential.

- **Medium:** The criteria fall mostly in the middle ranges of classifications and the event's impacts on the planning area are noticeable but not devastating. This rating is sometimes used for hazards with a high extent rating but very low probability rating.
- **High:** The criteria consistently fall in the high classifications and the event is likely/highly likely to occur with severe strength over a significant to extensive portion of the planning area.

- Cumulative meteorological drought and wet conditions: <http://ncdc.noaa.gov/>
- Earthquake intensity and effect on population and structures: <http://earthquake.usgs.gov>
- Earthquake magnitude as a logarithmic scale, measured by a seismograph: <http://earthquake.usgs.gov>
- Hurricane rating based on sustained wind speed: <http://nhc.noaa.gov>
- Tornado rating based on wind speed and associated damage: <http://spc.noaa.gov>

### Extreme Weather (Thunderstorms, Lightning, Severe Wind, Heavy Rains, Extreme Heat)

#### Description

Extreme weather hazards for the Rainbow Municipal Water District include:

- Thunderstorms/ Lightning / Severe Wind
- Heavy Rains
- Extreme Heat

Public safety power shutoff (PSPS) events are weather-related mitigation actions taken by electric utility providers; they are associated with weather conditions posing a substantially extreme fire risk. For this risk assessment, the term "severe weather" refers to all the above-mentioned weather events in aggregate. According to the standard procedures of local power suppliers, the duration of a shutoff is tied directly to the severe weather that triggers it; regular service is usually resumed within 24 hours after the severe weather has passed.

#### History

Thunderstorms, lightning storms, strong winds, extreme heat, and heavy rainfall have all caused damage to RMWD infrastructure in the past and pose a threat in the future. RMWD planning area has had a history of extreme weather hazards.

Date	Weather	Adverse Impacts
10.21-23.2007	Very strong Santa Ana winds. A gust of 85 mph was recorded at Fremont Canyon, 79 mph at San Bernardino, 75 mph at Descanso and Mira Loma, 74 mph at Fallbrook and Rancho Cucamonga. Some locations experienced winds over 50 mph for more than 36 consecutive hours.	Winds caused at least \$60 million in damage and destruction to buildings, fences, vehicles, etc. The devastating wildfires of 2007 were fanned by these winds. These fires caused one million Californians to evacuate, the largest mass evacuation in California history. Several notable fires that started on this day include the Witch Creek, Harris, and Santiago Fires.



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		<p>The Witch Creek fire eventually grew into the sixth largest wildfire in California since 1932, consuming 197,990 acres, 1,650 structures, injuring 40, and causing two fatalities. The combined cost of damages and fighting the fire was estimated at more than \$1 billion. The Harris and Santiago Fires would scorch 90,440 and 28,445 acres respectively and cost a combined \$43 million to fight. On 10.22, the Poomacha Fire would result from a house fire, and ultimately scorch 49,410 acres and destroy 216 structures. Near the coast, the Ammo Fire would burn 21,084 acres on Camp Pendleton Marine Corps Base before being extinguished.</p>
11.28.2019	<p>A squall line of strong winds and thunderstorms came ashore in San Diego County with wind gusts 40 to 50 mph</p>	<p>Roof and tree damage was incurred in various areas of San Diego County.</p>
2.25-26.2020	<p>Strong surface high pressure over the Great Basin brought intense east to northeast winds to Southern California. The strongest winds were in the foothills of San Diego County where a peak wind gust of 106 mph from a mountain wave was recorded at Sill Hill. This is believed to be the strongest wind gust ever measured in San Diego County. Many other mountain locations reported wind gusts of 65-75 mph.</p>	<p>Two tractor trailers were overturned on I-8 in San Diego County, and many trees fell due to high wind.</p>

### Location

Severe weather events have the potential to happen anywhere in the RMWD planning area. Infrastructure in low-lying areas are particularly susceptible to the impacts of these events.

### Extent

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All RMWD assets are exposed to the impacts of severe weather. During a blackout, all critical facilities that rely on electricity for power will be severely impacted unless they are connected to a backup power source. Facilities on higher ground may also be exposed to wind damage or damage from falling trees. Extreme weather incidents can cause extensive and costly damage to private property, commercial and industrial structures, infrastructure, and even injury or loss of life. The danger is multiplied by the risks of power line downing, floods, and landslides/mudslides.

### **Hazards**

Extreme heat can contribute to drought conditions. Extreme temperatures also can dry vegetation, contributing to possible wildfire. Wind can accelerate the flames of a wildfire, helping the fire grow in area or intensity.

High temperatures, extreme dryness, and high winds can create conditions in which any spark at the wrong time and place can lead to a major wildfire.

### **Public Safety Power Shutoffs**

Public safety power shutoff (PSPS) events are secondary hazards associated with severe weather. Under certain severe weather conditions, utility service providers shut off power to help prevent wildfire and keep communities safe. A combination of dry vegetation and high winds can uproot trees, blow branches onto power lines or create sparks if power lines contact one another. These conditions call for a PSPS. These outages occur across the state to prevent wildfires and keep communities safe. These events can impact areas beyond where severe weather conditions are being observed due to the grid nature of electrical power distribution systems. Sustained periods of downtime could lead to significant economic impacts.

## 6. SECTION SIX: Develop a Mitigation Strategy

The mitigation strategy serves as the long-term blueprint for reducing potential losses identified in the risk assessment. The mitigation strategy describes how the community will accomplish the overall purpose, or mission, of the planning process.

The mitigation strategy is made up of three main required components: mitigation goals, mitigation actions, and an action plan for implementation. These provide the framework to identify, prioritize, and implement actions to reduce risk to hazards.

**Mitigation goals** are general guidelines that explain what the community wants to achieve with the plan. They are usually broad policy-type statements that are long-term, and they represent visions for reducing or avoiding losses from the identified hazards.

**Mitigation actions** are specific projects and activities that help achieve the goals.

**The action plan** describes how the mitigation actions will be implemented, including how those actions will be prioritized, administered, and incorporated into the community's existing planning mechanisms. In a multi-jurisdictional plan, each jurisdiction must have an action plan specific to that jurisdiction and its vulnerabilities.

Although not required, some communities choose to develop **objectives** to help define or organize mitigation actions. Objectives are broader than specific actions, but are measurable, unlike goals. Objectives connect goals with the actual mitigation actions.

### 6.1. Mitigation Action Evaluation

Use this worksheet to help evaluate and prioritize each mitigation action being considered by the planning team. For each action, evaluate the potential benefits and/or likelihood of successful implementation for the criteria defined below. Rank each of the criteria with a -1, 0 or 1 using the following scale:

- 1 = Highly effective or feasible
- 0 = Neutral
- -1 = Ineffective or not feasible

#### Example Evaluation Criteria:

- **Life Safety** – How effective will the action be at protecting lives and preventing injuries?

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- **Property Protection** – How significant will the action be at eliminating or reducing damage to structures and infrastructure?
- **Technical** – Is the mitigation action technically feasible? Is it a long-term solution? Eliminate actions that, from a technical standpoint, will not meet the goals.
- **Political** – Is there overall public support for the mitigation action? Is there the political will to support it?
- **Legal** – Does the community have the authority to implement the action?
- **Environmental** – What are the potential environmental impacts of the action? Will it comply with environmental regulations?
- **Social** – Will the proposed action adversely affect one segment of the population? Will the action disrupt established neighborhoods, break up voting districts, or cause the relocation of lower income people?
- **Administrative** – Does the community have the personnel and administrative capabilities to implement the action and maintain it or will outside help be necessary?
- **Local Champion** – Is there a strong advocate for the action or project among local departments and agencies that will support the action's implementation?
- **Other Community Objectives** – Does the action advance other community objectives, such as capital improvements, economic development, environmental quality, or open space preservation? Does it support the policies of the comprehensive plan?

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## Wildfire

Local Plans and Regulations											
Mitigation Action	Life Safety	Property Protection	Technical	Political	Legal	Environmental	Social	Administrative	Local Champion	Other Community Objectives	Total Score
Clear potential fuels on property such as dry underbrush and diseased trees.	1	1	1	0	1	1	0	0	1	1	7
Continue to expand the use of Pulse Point to track fires emergencies within District boundaries.	1	1	1	0	0	0	0	1	0	1	5
Integrate communication system with Fire Department to stay connected and deploy units as needed.	1	1	1	1	0	0	1	1	0	1	7
Structure and Infrastructure Projects											
Encourage or require fire-resistant construction techniques	1	1	1	0	0	0	1	1	1	1	7
Expand use of ignition-resistant materials and sprinkler systems at critical facilities	1	1	1	1	1	0	1	1	1	1	9
Create /establish stored water supplies such as helo-hydrants, to be utilized for firefighting.	1	1	1	0	0	1	0	0	1	1	6
Equip vital facilities with emergency power sources to facilitate water delivery during power outages.	1	1	1	0	0	0	0	0	0	0	3
Natural Systems Protection											
Create and maintain defensible	1	1	1	1	0	0	1	1	1	1	8

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space around structures											
Education and Awareness Programs											
Support Firewise community initiatives.	1	1	0	0	0	1	0	1	1	1	6
Participate in Fire Safety Symposium hosted by North County Fire.	1	1	0	0	0	0	0	0	1	1	4
Encourage ratepayers to create defensible spaces around home and property	1	1	0	1	1	1	1	1	1	1	9

## Drought

Local Plans and Regulations											
Mitigation Action	Life Safety	Property Protection	Technical	Political	Legal	Environmental	Social	Administrative	Local Champion	Other Community Objectives	Total Score
Codify the criteria and triggers for drought-related actions and activation of the Drought Emergency Plan	0	0	1	0	0	1	1	1	1	1	6
Identify alternative water supplies for times of drought; mutual aid agreements with alternative suppliers	0	0	1	1	1	1	1	1	1	1	8
Structure and Infrastructure Projects											
Implement/expand water reuse projects	0	0	1	0	1	1	1		0	1	5
Natural Systems Protection											
Encourage farmers to practice active water conservation practices	0	0	1	1	1	1	1	1	1	0	7
Education and Awareness Programs											

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Provide educational opportunities for residents to learn about water-saving measures through modification of plumbing systems	0	0	1	1	1	1	1	1	1	1	8
Public education on drought resistance landscaping			1	1	1	1	1	1	1	1	8

### Extreme Weather (Thunderstorms, Lightning, Heavy Rains, Severe Wind, Extreme Heat)

Local Plans and Regulations											
Mitigation Action	Life Safety	Property Protection	Technical	Political	Legal	Environmental	Social	Administrative	Local Champion	Other Community Objectives	Total Score
Mitigate severity of impact of extreme weather events through increased community awareness.	0	0	1	1	1	1	1	1	1	1	8
Identify alternative power sources to mitigate power outages; mutual aid agreements with alternative suppliers	0	0	1	1	1	1	1	1	0	1	7
Structure and Infrastructure Projects											
Implement recommendations in service area master plans related to critical sewer facilities	0	1	1	0	1	1	1		0	1	6
Natural Systems Protection											
Develop better communication with SDG&E	0	0	1	0	1	1	0	1	1	1	6
Education and Awareness Programs											
Provide employees with education and resources for extreme heat hazards.		0	1	0	1	0	1	1	0	0	4

## APPENDICES

### 6.2. Mitigation Action Implementation

A mitigation action is a specific action, project, activity, or process taken to reduce or eliminate long-term risk to people and property from hazards and their impacts. Implementing mitigation actions helps achieve the plan's mission and goals. The actions to reduce vulnerability to threats and hazards form the core of the plan and are a key outcome of the planning process. This annex details the following mitigation action implementations:

#### Wildfire

Wildfires are a natural feature of California's ecosystem, and many native species have adapted to cycles of recurring fires. However, due to increased human activities which have impacted the natural vegetation wildfires have become a yearly occurrence in many Counties. The risk of wildfires depends on the amount and type of vegetation, the local topography, and weather factors (including temperature, humidity, and wind). The District is located in a high elevation and mostly arid summer climate area that increases threats from lightning, sparks from power lines, arson and other human-error.

The District is also concerned about the secondary effect of landslide and erosion hazards post wildfire event.

Jurisdiction:	Rainbow Municipal Water District
Mitigation Action/Project Title:	<p>-Frequently monitor the status of dry vegetation on District property and around District facilities conduct aggressive weed abatement and pesticide application activities as needed</p> <p>-Work with surrounding landowners to ensure adequate fire road access to District facilities.</p> <p>-Install helo-hydrants at remote sites to provide a ready water source for aerial firefighting efforts.</p>
Background/Issue:	Wildfire damage in 2007 and 2017
Ideas for Integration:	Wildfire impacts the District's ability to sustain a reliable water service to it. There are risks to surrounding ecosystems, water infrastructure, debris flows and water quality recovery. A loss of water quantities can be impacted due to increased withdrawals for firefighting activities.
Responsible Agency:	Rainbow Municipal Water District: Engineering Department Safety Office Operations Department
Partners:	Cal Fire/ North County Fire/ SMS ~ Specialty Mowing Services Inc.



## APPENDICES

Potential Funding:	General District Funds External fire partners
Cost Estimate:	\$150,000
Benefits: (Losses Avoided)	Minimizing the risk on employee and public safety, property, and natural resources. Ensures that the District continues to be a reliable source of water for its service area.
Timeline:	Ongoing
Priority:	Medium
Worksheet Completed by:	Charmaine W. Esnard (Risk Management) & Amanda Para/ Malik Tamimi (Engineering)

### Extreme Weather (Thunderstorms, Lightning, Severe Wind, Extreme Heat) / Wildfire

Jurisdiction:	Rainbow Municipal Water District
Mitigation Action/Project Title:	<ul style="list-style-type: none"> <li>- Install generators at pump stations.</li> <li>- Develop a fuel plan for generator \$5,000</li> </ul>
Background/Issue:	Wildfire damage in 2007 and 2017
Ideas for Integration:	Wildfire impacts the District's ability to sustain a reliable water service to it. There are risks to surrounding ecosystems, water infrastructure, debris flows and water quality recovery. A loss of water quantities can be impacted due to increased withdrawals for firefighting activities.
Responsible Agency:	Rainbow Municipal Water District: Engineering Department Safety Office Operations Department
Partners:	Operations and Maintenance, California Governor's Office of Emergency Services (Cal OES)
Potential Funding:	Fiscal Year (FY) 2020 Community Power Resiliency Allocation to Special Districts Program

## APPENDICES

Cost Estimate:	\$300,000
Benefits: (Losses Avoided)	Minimizing the risk on employee and public safety, property, and natural resources. Ensures that the District continues to be a reliable source of water for its service area.
Timeline:	Ongoing
Priority:	High
Worksheet Completed by:	Charmaine W. Esnard (Risk Management) & Amanda Para/ Malik Tamimi (Engineering), Robert Gutierrez (Operations)

### Drought

Unlike other hazards droughts occur over extended periods of time and these conditions may last for several years. Droughts can lead multiple negative impacts on the District to include; loss of natural vegetation and low yield for agricultural enterprises in the service area.

Secondary impacts include increased risk of soil erosion and susceptibility to wildfires due to the drying out of wildland vegetation. Drought conditions also lead to the hardening of the topsoil rendering it less permeable, thus increasing the chance of flooding when rains eventually fall.

Jurisdiction:	Rainbow Municipal Water District
Mitigation Action/Project Title:	Education and Awareness for Ratepayers/ Use control measures
Background/Issue:	Drought & Climate Change / Climate change can make it more difficult for the District to provide drinking water and wastewater services, protect water quality, and maintain healthy aquatic environments.
Ideas for Integration:	<ul style="list-style-type: none"> <li>- In coordination with retail water suppliers, host regular workshops and classes on water conservation, including providing information on drought-tolerant landscaping, available rebates for water retrofits, and water efficiency strategies in new buildings. Continue to offer workshops and classes even when drought conditions are not present.</li> <li>- Develop outreach materials for water conservation.</li> <li>- Implement projects that increase the resiliency or reliability of future water supplies.</li> <li>- Continue to prioritize water supply improvements as they relate to the risks outlined in this Plan, such as the purchase of water rights and drilling wells.</li> <li>- Coordinate future updates to the CIP to support mitigation actions outlined in</li> </ul>

## APPENDICES

	this Plan.
Responsible Agency:	Rainbow Municipal Water District
Partners:	Ratepayers
Potential Funding:	General District funds
Cost Estimate:	\$250,000
Benefits: (Losses Avoided)	Using water saving techniques can save customers money and diverts less water from resources, which helps keep the environment healthy. It can also reduce water and wastewater treatment costs and the amount of energy used to treat, pump, and heat water.
Timeline:	Ongoing
Priority:	Low
Worksheet Completed by:	Charmaine W. Esnard- Risk Management Officer

## 7. SECTION SEVEN: Keep the Plan Current

Hazard Mitigation Plan maintenance is the process the planning team establishes to track the plan's implementation progress and to inform the plan update. The plan must include a description of the method and schedule for monitoring, evaluating, and updating it within a 5-year cycle. These procedures help to:

- Ensure that the mitigation strategy is implemented according to the plan.
- Provide the foundation for an ongoing mitigation program in your community.
- Standardize long-term monitoring of hazard-related activities.

## APPENDICES

- Integrate mitigation principles into community officials' daily job responsibilities and department roles.
- Maintain momentum through continued engagement and accountability in the plan's progress.

Hazard Mitigation Plan updates provide the opportunity to consider how well the procedures established in the previously approved plan worked and revise them as needed. This annex is part of the most recent *San Diego County Multi-Jurisdictional Hazard Mitigation Plan* update. The plan was last updated in 2018. See the *San Diego County Multi-Jurisdictional Hazard Mitigation Plan* for more information.

### 7.1. Mitigation Action Progress

RMWD Risk Management Officer and Operations Manager will be responsible for monitoring the plan, and the District's Project Managers will track the status of all mitigation actions outlined in the plan. The Districts Engineering and Finance Committees also keeps track of CIP progress.

RMWD did not participate in the 2018 Hazard Mitigation planning but will track mitigation efforts over the next 5-year cycle.

### 7.2. Incorporation into Existing Planning Mechanisms

The District has begun to integrate concurrent planning efforts for this hazard mitigation plan and the planning requirements of the America's Water Infrastructure Act. The hazard mitigation plan includes information that will be incorporated into future Improvements and emergency planning such as the following:

- Updates to the District's Strategic Plan- Integrating hazard mitigation into the District's comprehensive or general plan is considered a best practice. The RMWD Strategic Plan includes hazard information gleaned from the District's Vulnerability Assessment; those cited in this HMP in order to support the District's ultimate mission of providing safe drinking water to its rate payers.
- Emergency Response Planning-The District Emergency Response Plan (ERP) contains a list of hazards and vulnerabilities the District is exposed to. The LHMP provides a detailed description of these hazards. Updates to the LHMP can inform revisions to the Emergency Response Plan. Hazards in both plans should be correlated. Risk Management Officer, Operations Manager and Supervisors will be responsible for implementing elements of the LHMP into the ERP to ensure effective response by District personnel.
- Updates to the District's Capital Facilities-The District will review the mitigation action plan in this LHMP when considering future CIP. Several mitigation actions address facility improvement and resiliency, that can be

## APPENDICES

expanded across the District's infrastructure to increase resiliency. Grant funding for these projects may support CIP projects.

- Updates to the Wildfire Resiliency Planning-The Plan includes a number of action items relating to wildfire mitigation practices, if implemented, these would reduce loss from this hazard in the planning area.
- District's Ground Water Study-Mitigation strategies related to drought will also be a part of the update of the District's Water Management Plan due every five years to the California Department of Water Resources (DWR). This plan is related to drought planning efforts.

The approved LHMP will be included in all project planning stages throughout the District. This will clarify the hazards in the District regarding the location of infrastructure and hazards. This will ensure that new or revamping infrastructure designed takes into consideration the hazards at different locations in the RMWD service area. The LHMP will be reviewed annually to ensure projects have met implementation as identified in the LHMP.

The District will utilize the LHMP to submit a Notice of Intent to the State of California to help facilitate funding opportunities in obtaining FEMA and State funding to mitigate hazards within the RMWD service area.

Elements of this plan will be used to drive capital improvement projects aimed at hardening the district's infrastructure against changing environmental strains.



### BOARD OF DIRECTORS

June 27, 2023

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#### **SUBJECT**

DISCUSSION AND POSSIBLE ACTION REGARDING EXECUTION OF A JOINT USE AGREEMENT (JUA) BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND SAN DIEGO GAS & ELECTRIC (SDG&E), (DIVISION 1)

#### **BACKGROUND**

The Bonsall Oaks development, within the Rainbow Municipal Water District (District) boundaries has been in process as far back as 1999. This residential development is located on the north side of Gopher Canyon Road, across the street from Vista Valley Country Club. Improvement plans for the development were approved by the District and have been renewed several times. The District has approved plans for Phase 1A water and sewer improvements. The facilities will run through an easement currently owned by the District.

Throughout the development process, the District has vacated or quit claimed sections of existing easements as new pipelines are being installed. These new pipelines are replacing sections of existing ones so that they are within the new road ways. As a result, SDG&E has asked for access to a portion of the District's easement for electrical and communication facilities to allow for the construction, operation, and maintenance in, over, under and across the joint use area. The property is owned by Bonsall Oaks, LLC. The District, SDG&E and the Developer have been working out the logistics on a shared easement and all parties have agreed that a Joint Use Agreement would be more applicable in this situation.

#### **DESCRIPTION**

The District and SDG&E will place facilities on a private street that will overlap an easement granted by Bonsall Oaks, LLC and both agencies (District and SDG&E) will have mutual access rights and no encumbrances. As it currently stands, the District owns prior rights to this easement and no other utility can be constructed within the roadway without District Permission.

The JUA will provide access for SDG&E to install facilities upon, over, under and across the existing District easement, which was recorded on April 26, 2023, Document No. 2023-0108367 Official Records, in the County of San Diego. A portion of this easement to be granted to SDG&E will traverse the District easement located on Lot 7 of County of San Diego Tract No. 4736-1, Map No.13856, recorded on September 23, 1999, Document Number 1999-650279.

The JUA is provided as Attachment 1 for reference.

#### **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

Strategic Focus Area Two: Asset Management. Construction of this project will add new customers to the District, ensuring long-term viability. The development will also help system looping within the distribution system, which aids in flexibility in operations and overall system water quality.

**ENVIRONMENTAL**

In accordance with California Environmental Quality Act (CEQA) guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

**BOARD OPTIONS/FISCAL IMPACTS**

There is no direct fiscal impact from this action.

Option 1:

- Make a determination that the action defined herein does not constitute a “project” as defined by CEQA.
- Authorize the General Manager and General Counsel to continue to negotiate with SDG&E and the Developer and execute the Joint Use Agreement with SDG&E on behalf of the District.

Option 2:

- Provide other direction to staff.

**STAFF RECOMMENDATION**

Staff recommends Option 1.



---

Chad Williams  
Engineering & CIP Program Manager

06/27/23



PLEASE COMPLETE THIS INFORMATION

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

Rainbow Municipal Water District  
3707 Old Highway 395  
San Diego, CA 92128

(THIS SPACE FOR RECORDER'S USE ONLY)

### JOINT USE AGREEMENT

A.P.N. No.: 127-570-15

SR: \_\_\_\_\_

RW#: \_\_\_\_\_

Transfer Tax: None

RAINBOW MUNICIPAL WATER DISTRICT

THIS JOINT USE AGREEMENT, dated \_\_\_\_\_, 2023 ("Agreement"), by and between SAN DIEGO GAS & ELECTRIC COMPANY, a California corporation ("SDG&E"), and RAINBOW MUNICIPAL WATER DISTRICT, a municipal water district ("RMWD"), is made with reference to the following facts:

- A. SDG&E is engaged in the business of transmitting and distributing gas and electricity within the County of San Diego, State of California, and intends to acquire an easement from Bonsall Oaks, LLC, a California liability company ("Bonsall") for electrical and communication facilities and appurtenances located in, upon, over, under, and across a portion of certain real property owned in fee by Bonsall, more particularly described as follows ("Property"):
 

Lot 7 of County of San Diego Tract No. 4736-1, in the County of San Diego, State of California, according to Map thereof No. 13856, filed in the office of the County Recorder of San Diego County on September 23, 1999, as File No. 1999-650279.
- B. RMWD has acquired an easement in, upon, over, under, and across the Property pursuant to that certain Grant of Easement (Non-Exclusive), which recorded on April 26, 2023, as Instrument No. 2023-0108367, of Official Records, in the County of San Diego ("RMWD Easement"). A portion of the above-referenced easement to be granted to SDG&E will traverse the RMWD Easement and shall be referenced to in this Agreement as the "Joint Use Area."
- C. RMWD and SDG&E desire to provide for the mutual joint use of the Joint Use Area for the construction, operation, and maintenance of either party's improvements herein: in, over, under, and across the Joint Use Area.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

RMWD and SDG&E hereby mutually consent that both parties' facilities may be constructed and maintained over, upon and across the Joint Use Area in the location shown on said Exhibit "A" subject to the following:

- (a) In the event that the future use or alteration of the Joint Use Area by either party (or a third party involved in a request by said entity) shall at any time or times necessitate a rearrangement, relocation, or reconstruction of any of the other party's facilities or the acquisition of additional property easements, or both, pursuant here, such shall be performed at the cost and expense of the party requiring the alteration(s). All reasonable efforts will be undertaken to avoid rearrangement, relocation or reconstruction of facilities.
- (b) All uses of the Joint Use Area by either party shall be such as will not permanently interrupt the use or operation of the facilities therein of the other party; uses of the Joint Use Area by either party which temporarily interferes with the use of the other party, will be made only when reasonably necessary and will be promptly terminated as soon as the necessity no longer exists.
- (c) No party shall permit third parties to install facilities within the Joint Use Area until the other party has had a minimum of sixty (60) calendar days to review the specific locations of such facilities to determine whether a conflict exists with the other party's owned facilities. Facilities installed in the Joint Use Area shall be installed according to the other party's minimum clearance requirements, which other party shall make available upon request. Parties must use best efforts to complete review within said sixty (60) day period.
- (d) This Agreement shall insure to the benefit of and be binding upon the successors and assigns of both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by duly authorized officers at the date set forth above.

SAN DIEGO GAS & ELECTRIC COMPANY  
a California Corporation

RAINBOW MUNICIPAL WATER DISTRICT  
a Municipal Water District

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF \_\_\_\_\_

On \_\_\_\_\_, before me \_\_\_\_\_,  
(name, title of officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
(Notary Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF \_\_\_\_\_

On \_\_\_\_\_, before me \_\_\_\_\_,  
(name, title of officer)

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
(Notary Seal)

**Exhibit A**  
**DEPICTION OF JOINT USE AREA**

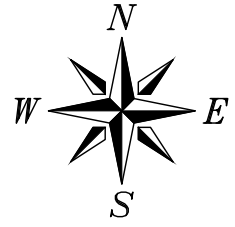
**(To be attached)**

DRAFT

SEE SHEET 2

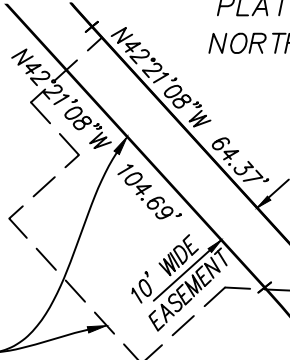
**EXHIBIT "A"**

PLAT TO ACCOMPANY JOINT USE AGREEMENT  
NORTH 1/2, SEC. 4, T11S, R3W, S.B.B.& M.



SCALE 1" = 40'

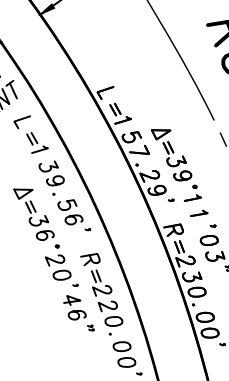
EASEMENT TO R.M.W.D. PER  
DOC. NO. 2023-0108367, O.R.  
REC'D 4/26/2023



PROPOSED  
10' WIDE  
S.D.G.&E.  
EASEMENT

EASEMENT FOR SEWER AND WATER GRANTED  
TO RAINBOW MUNICIPAL WATER DISTRICT PER  
DOC. NO.'S 2023-0108380, O.R. AND  
2023-0108366, O.R. REC'D ON APRIL 26,  
2023.

LINE TABLE		
LINE	LENGTH	BEARING
L5	2.35'	S86°12'30"W
L6	22.00'	S03°47'30"E
L7	2.38'	N86°12'30"E
L8	37.01'	S03°10'05"E
L9	10.00'	N87°04'25"E



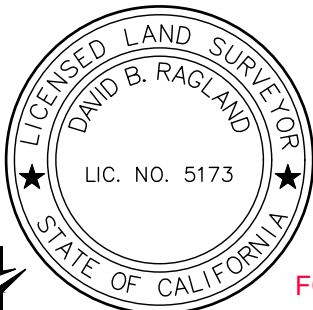
**RUE MARGAUX**

LOT H  
AMENDED MAP  
TRACT NO 4736-1

LOT 1  
AMENDED MAP  
TRACT NO 4736-1

NORTHERLY LINE  
GOPHER CANYON ROAD

**GOPHER CANYON ROAD** 30'



**PRELIMINARY  
FOR EXAMINATION ONLY**



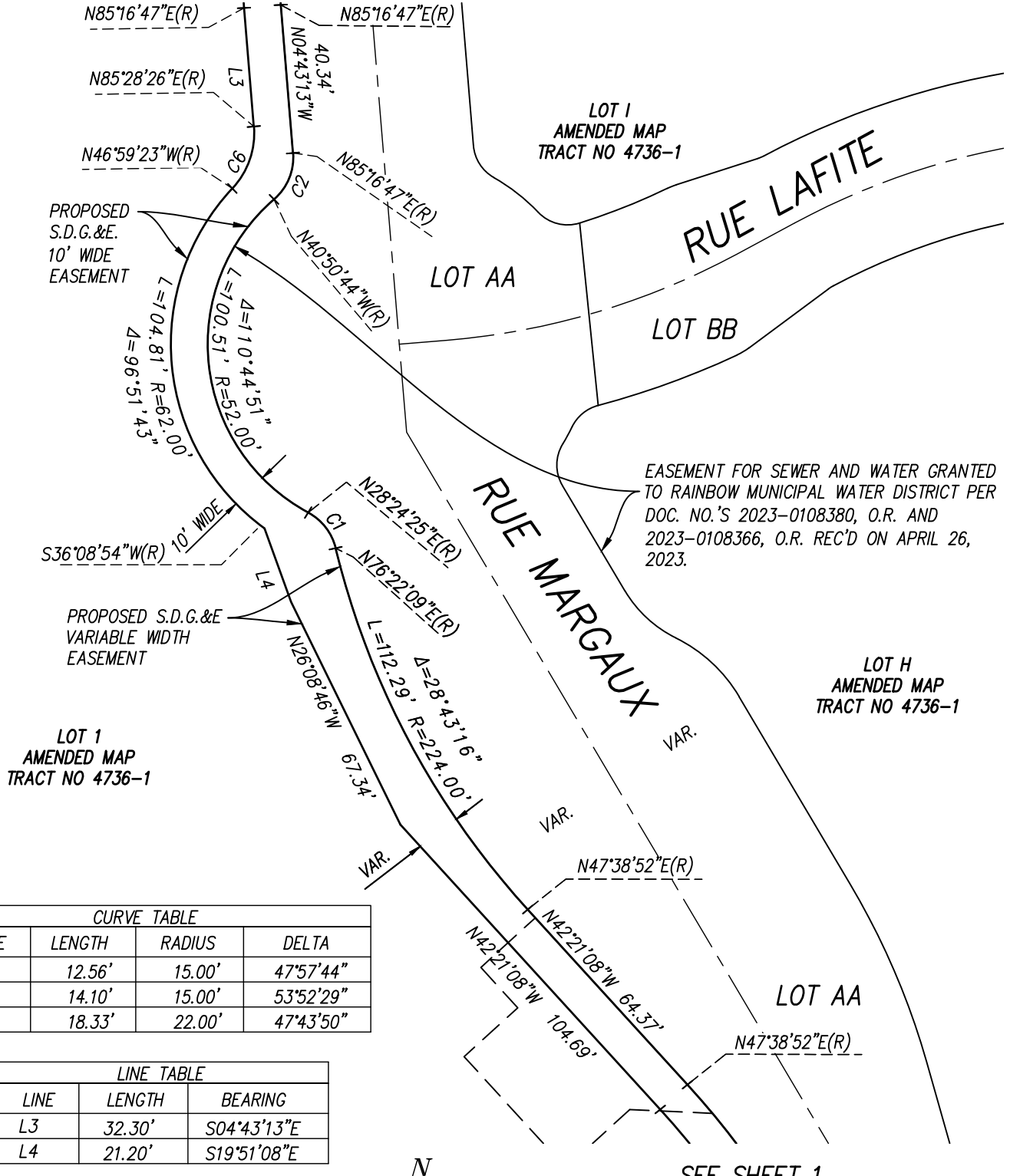
413 MACKAY DRIVE  
SAN BERNARDINO, CA. 92408  
(909) 384-7464

JOINT USE AGREEMENT EXH.			
SAN DIEGO GAS & ELECTRIC COMPANY RAINBOW MUNICIPAL WATER DISTRICT RUE MARGAUX			
Scale: AS SHOWN	Date: 06/07/23	Job#: 1900	Sheet: 1 OF 5

# EXHIBIT "A"

PLAT TO ACCOMPANY JOINT USE AGREEMENT

SEE SHEET 3 NORTH 1/2, SEC. 4, T11S, R3W, S.B.B. & M.



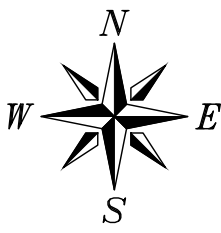
EASEMENT FOR SEWER AND WATER GRANTED TO RAINBOW MUNICIPAL WATER DISTRICT PER DOC. NO.'S 2023-0108380, O.R. AND 2023-0108366, O.R. REC'D ON APRIL 26, 2023.

LOT 1  
AMENDED MAP  
TRACT NO 4736-1

LOT H  
AMENDED MAP  
TRACT NO 4736-1

CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA
C1	12.56'	15.00'	47°57'44"
C2	14.10'	15.00'	53°52'29"
C6	18.33'	22.00'	47°43'50"

LINE TABLE		
LINE	LENGTH	BEARING
L3	32.30'	S04°43'13"E
L4	21.20'	S19°51'08"E



SCALE 1" = 40'

SEE SHEET 1

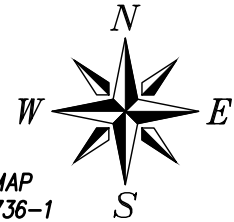


413 MACKAY DRIVE  
SAN BERNARDINO, CA. 92408  
(909) 384-7464

<b>JOINT USE AGREEMENT EXH.</b>			
SAN DIEGO GAS & ELECTRIC COMPANY RAINBOW MUNICIPAL WATER DISTRICT RUE MARGAUX			
Scale: AS SHOWN	Date: 06/07/23	Job#: 19900	Sheet: 2 OF 5

# EXHIBIT "A"

PLAT TO ACCOMPANY JOINT USE AGREEMENT  
NORTH 1/2, SEC. 4, T11S, R3W, S.B.B.& M.



LOT 51  
AMENDED MAP  
TRACT NO 4736-1

SCALE 1" = 40'

EASEMENT FOR SEWER AND WATER GRANTED TO RAINBOW MUNICIPAL WATER DISTRICT PER DOC. NO.'S 2023-0108380, O.R. AND 2023-0108366, O.R. REC'D ON APRIL 26, 2023.

LOT 1  
AMENDED MAP  
TRACT NO 4736-1

PROPOSED S.D.G.&E.  
VARIABLE WIDTH  
EASEMENT

12' WIDE

N85°16'47"E(R)

L = 51.20'  
Δ = 08°50'09"

L = 49.35'  
Δ = 08°50'09"  
R = 320.00'

N85°53'04"W(R)

S85°53'04"E(R)

N85°16'47"E(R)

N04°43'13"W  
59.68'

N85°16'47"E(R)

N84°33'50"W(R)

N86°10'45"W(R)

N85°16'47"E(R)

N86°10'45"W(R)

N85°16'47"E(R)

N85°28'26"E(R)

N46°59'23"W(R)

PROPOSED  
S.D.G.&E.  
10' WIDE  
EASEMENT

L = 104.81'  
Δ = 110.44'  
R = 62.00'

L = 96.51'  
Δ = 96.51'  
R = 52.00'

SEE SHEET 2

SEE SHEET 4

LINE TABLE		
LINE	LENGTH	BEARING
L1	21.41'	N03°49'15"E
L2	8.00'	N85°53'04"W
L3	12.05'	N03°49'15"E
L4	32.30'	N04°43'13"W
L5	14.37'	N49°06'56"E

CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA
C2	14.10'	15.00'	53°52'29"
C3	8.05'	54.00'	08°32'28"
C4	8.15'	46.00'	10°09'23"
C5	9.54'	64.00'	08°32'28"
C6	18.33'	22.00'	47°43'50"
C7	125.81'	312.00'	23°06'13"
C8	119.68'	322.00'	21°17'44"

LOT I  
AMENDED MAP  
TRACT NO 4736-1

RUE LAFITE

LOT AA

LOT BB

LOT H  
AMENDED MAP  
TRACT NO 4736-1

## JOINT USE AGREEMENT EXH.

SAN DIEGO GAS & ELECTRIC COMPANY  
RAINBOW MUNICIPAL WATER DISTRICT  
RUE MARGAUX

Scale: AS SHOWN	Date: 06/07/23	Job#: 19900	Sheet: 3 OF 5
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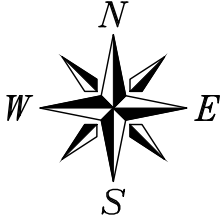
**TRANSTECH**

413 MACKAY DRIVE  
SAN BERNARDINO, CA. 92408  
(909) 384-7464

# EXHIBIT "A"

PLAT TO ACCOMPANY JOINT USE AGREEMENT  
NORTH 1/2, SEC. 4, T11S, R3W, S.B.B. & M.

SEE SHEET 5



SCALE 1" = 40'

LOT B  
AMENDED MAP  
TRACT NO 4736-1

LOT 1  
AMENDED MAP  
TRACT NO 4736-1

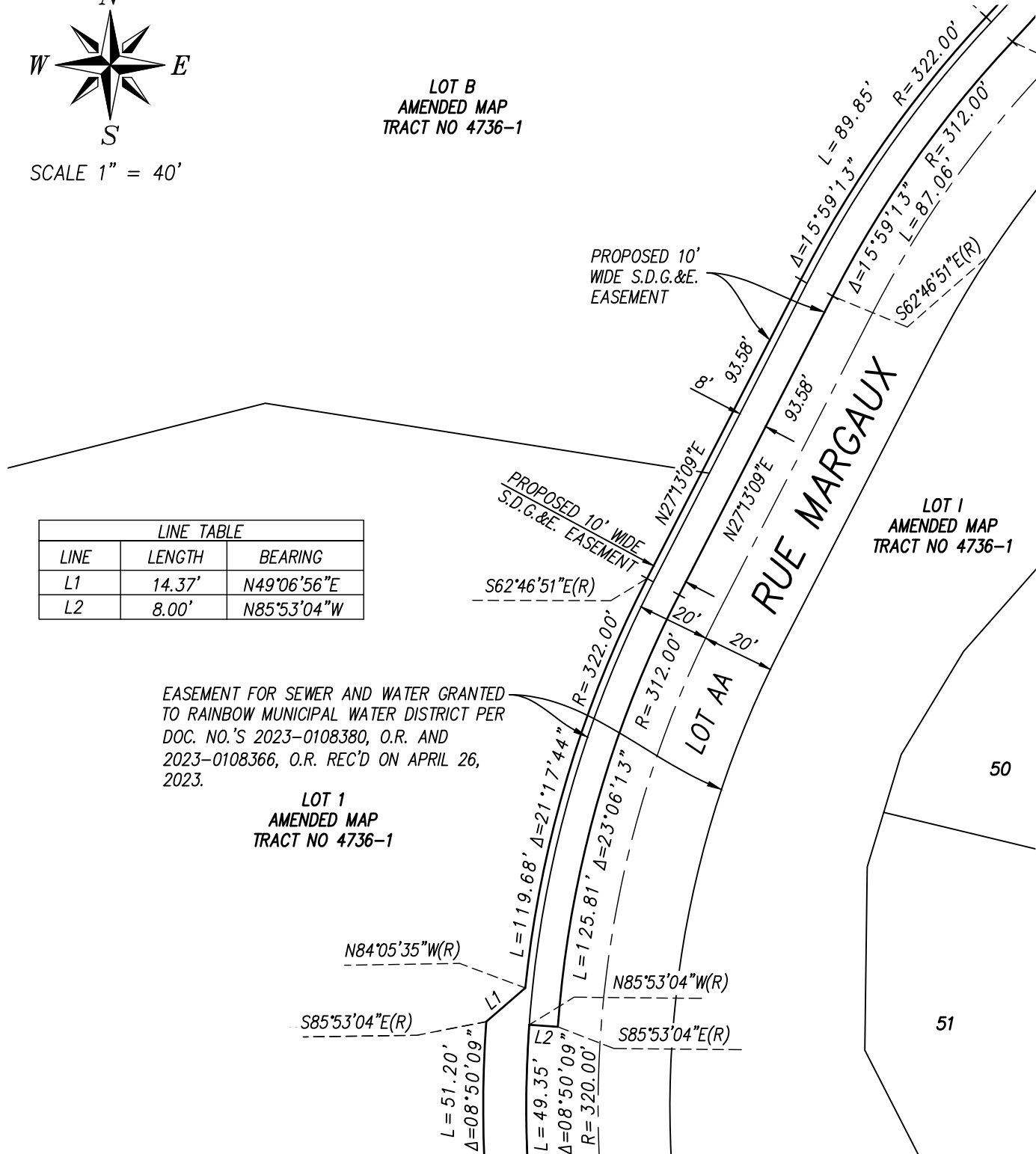
LINE TABLE		
LINE	LENGTH	BEARING
L1	14.37'	N49°06'56"E
L2	8.00'	N85°53'04"W

EASEMENT FOR SEWER AND WATER GRANTED TO RAINBOW MUNICIPAL WATER DISTRICT PER DOC. NO.'S 2023-0108380, O.R. AND 2023-0108366, O.R. REC'D ON APRIL 26, 2023.

LOT 1  
AMENDED MAP  
TRACT NO 4736-1

PROPOSED 10'  
WIDE S.D.G.&E.  
EASEMENT

PROPOSED 10' WIDE  
S.D.G.&E. EASEMENT



SEE SHEET 3



**TRANSTECH**

413 MACKAY DRIVE  
SAN BERNARDINO, CA. 92408  
(909) 384-7464

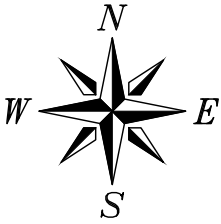
## JOINT USE AGREEMENT EXH.

SAN DIEGO GAS & ELECTRIC COMPANY  
RAINBOW MUNICIPAL WATER DISTRICT  
RUE MARGAUX

Scale: AS SHOWN	Date: 06/07/23	Job#: 19900	Sheet: 4 OF 5
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**EXHIBIT "A"**  
 PLAT TO ACCOMPANY JOINT USE AGREEMENT  
 NORTH 1/2, SEC. 4, T11S, R3W, S.B.B.& M.



SCALE 1" = 40'

**LOT B  
 AMENDED MAP  
 TRACT NO 4736-1**

**LOT B  
 AMENDED MAP  
 TRACT NO 4736-1**

**LOT 1  
 AMENDED MAP  
 TRACT NO 4736-1**

PROPOSED SDG&E  
 EASEMENT

10' WIDE  
 PROPOSED  
 S.D.G.&E.  
 EASEMENT

PROPOSED 10' WIDE  
 S.D.G.&E. EASEMENT

EASEMENT FOR SEWER AND WATER GRANTED  
 TO RAINBOW MUNICIPAL WATER DISTRICT PER  
 DOC. NO.'S 2023-0108380, O.R. AND  
 2023-0108366, O.R. REC'D ON APRIL 26,  
 2023.

LINE TABLE		
LINE	LENGTH	BEARING
L6	16.17'	N07°59'58"E
L7	8.75'	N82°00'02"W
L8	10.75'	S82°00'02"E
L9	8.00'	S82°00'02"E

**RUE MARGAUX**

46

45

SEE SHEET 4



**TRANSTECH**

413 MACKAY DRIVE  
 SAN BERNARDINO, CA. 92408  
 (909) 384-7464

**JOINT USE AGREEMENT EXH.**

**SAN DIEGO GAS & ELECTRIC COMPANY  
 RAINBOW MUNICIPAL WATER DISTRICT  
 RUE MARGAUX**

Scale: AS SHOWN	Date: 06/07/23	Job#: 19900	Sheet: 5 OF 5
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### BOARD OF DIRECTORS

June 27, 2023

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### SUBJECT

DISCUSSION AND POSSIBLE ACTION REGARDING CSDA BOARD OF DIRECTORS ELECTIONS SEAT C

---

### BACKGROUND

CSDA's Elections and Bylaws Committees called for nominations for independent special district board members or their general manager who are interested in leading the direction of CSDA for the 2023-2025 term. All nominations were to be received no later than April 6, 2023.

Rainbow MWD is in the Southern Network and Arlene Schafer of Costa Mesa Sanitary District has served as the incumbent and is running for re-election.

CSDA will be using a web-based online voting system allowing RMWD to cast its vote easily and securely.

### DESCRIPTION

On June 12, 2023, General Manager Kennedy received an email with the link to cast the RMWD vote as well as notifying that the ballot ends at 5:00 p.m. on July 14, 2023.

RMWD received a letter of support from Municipal Water District of Orange County Board President Schneider supporting Al Nederhood in his election to the CSDA Board of Directors, Southern Network Seta C (see attached).

Should the RMWD Board of Directors wish to cast a vote, the ballot has been attached for their reference.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Six: Communication - Active involvement in CSDA helps the District stay abreast of activities in Sacramento that deeply affect our customers. Engagement at CSDA also helps build relationships that can be helpful when we need support on policy issues that are important to our customers.

### ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

**BOARD OPTIONS/FISCAL IMPACTS**

---

There are no fiscal impacts associated with participating in this CSDA election.

1. Vote for one of the three candidates listed on the CSDA Board of Directors Seat C ballot and direct staff to submit the online ballot accordingly.
2. Do not cast a vote for one of the candidates listed on the CSDA Board of Directors Seat C ballot.

**STAFF RECOMMENDATION**

---

Staff supports direction.



---

Tom Kennedy, General Manager

June 27, 2023



Street Address:  
18700 Ward Street  
Fountain Valley, California 92708

Mailing Address:  
P.O. Box 20895  
Fountain Valley, CA 92728-0895

(714) 963-3058  
Fax: (714) 964-9389  
[www.mwdoc.com](http://www.mwdoc.com)

Megan Yoo Schneider, P.E.  
President

Bob McVicker, P.E., D.WRE  
Vice President

Randall Crane, Ph.D.  
Director

Larry D. Dick  
Director

Al Nederhood  
Director

Karl W. Seckel, P.E.  
Director

Jeffery M. Thomas  
Director

Harvey De La Torre  
Interim General Manager

MEMBER AGENCIES

- City of Brea
- City of Buena Park
- East Orange County Water District
- El Toro Water District
- Emerald Bay Service District
- City of Fountain Valley
- City of Garden Grove
- Golden State Water Co.
- City of Huntington Beach
- Irvine Ranch Water District
- Laguna Beach County Water District
- City of La Habra
- City of La Palma
- Mesa Water District
- Moulton Niguel Water District
- City of Newport Beach
- City of Orange
- Orange County Water District
- City of San Clemente
- Santa Margarita Water District
- City of Seal Beach
- Serrano Water District
- South Coast Water District
- Trabuco Canyon Water District
- City of Tustin
- City of Westminster
- Yorba Linda Water District

May 26, 2023

Mr. Tom Kennedy  
General Manager  
Rainbow Municipal Water District  
3707 Old Highway 395  
Fallbrook, CA 92028-9372

**Re: Support for Director Al Nederhood, CSDA Board of Directors, Southern Network Seat C**

Dear Mr. Kennedy,

On behalf of the Municipal Water District of Orange County (MWD OC), it is my pleasure to share our unanimous support for Director Al Nederhood for the CSDA Board of Directors, Southern Network Seat C. MWD OC is a wholesale water supplier serving 3.2 million residents through 27 retail water agencies, making Director Nederhood uniquely qualified.

Director Nederhood brings seven years of Special District board experience as well as decades as a senior manager in the private sector to his candidacy. He willingly listens to constituents and fellow board members, and then works hard to create effective solutions. He actively engages with our local CSDA chapter, as well as CSDA and ACWA events.

Attached you will find a candidate's statement highlighting some of Director Nederhood's accomplishments. You will notice he has demonstrated his innovative thinking on behalf of special districts of all sizes which would make him an asset to the CSDA Board of Directors, bringing a fresh perspective to long-term practices.

I encourage you to share this information with your Board of Directors and that you strongly consider supporting Director Al Nederhood for the CSDA Board of Directors, Southern Network Seat C for the 2023 election. Electronic voting begins on June 5 and will continue until July 14. Please do not hesitate to contact me or Director Nederhood personally should you have any questions. His contact information can be found on the attached candidate's statement. Thank you for your consideration.

Sincerely,

Megan Yoo Schneider, M.S., P.E.  
Board President





**California Special Districts Association**  
*Districts Stronger Together*

2023 CSDA BOARD CANDIDATE INFORMATION SHEET The following information MUST accompany your nomination form and Resolution/minute order:

Name: Albert M. Nederhood

District/Company: Municipal Water District of Orange County (MWDOC)

Title: Director

Elected/Appointed/Staff: Elected

Length of Service with District: 2 years with MWDOC, 4 years with Yorba Linda Water District as elected Board Member

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.): I have attended nearly 100% of the public meetings for ISDOC (Independent Special Districts of Orange County) over the last 6 years. I spent 2 years working with Jim Fisler and Saundra Jacobs (both past ISDOC Presidents) to successfully revise the Special District dues structure created in 2000 to more accurately and fairly reflect revenue and dues payable to LAFCO.

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.): Over the last 6 years I have attended most of the conferences held by the Urban Water Institute, ACWA, the Colorado River Water Users, as well as many Metropolitan Water District Board meetings.

3. List local government involvement (such as LAFCo, Association of Governments, etc.): For the 2 years that it took to initiate, revise and successfully change the LAFCO dues required of Special Districts in Orange County, I attended virtually all of the monthly OC-LAFCO meetings.

4. List civic organization involvement: I was elected twice and served on the Yorba Linda Water District Board, a Special District.

**\*\*Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot. Page 133 of 173 2023 BOARD OF DIRECTORS NOMINATION FORM**

**Al Nederhood Candidate Statement:**

I was introduced to CSDA in 2016 as a newly elected Director to the Yorba Linda Water District. I attended the CSDA training for new directors which opened my eyes to the responsibilities and value of Special Districts. I made friends at that training that continue on today including former YLWD Director Brooke Jones and current Director John Sears of East Orange County Water District.

Before getting involved in water issues later in life, I began my professional career as a high school teacher. I moved on to the business world including Xerox and 7-Eleven Stores as a Merchandise Manager. I was the college president for a variety of vocational colleges and ended my career as the President of a non-profit in Santa Ana.

After my 2016 election I attended ISDOC and LAFCO meetings. I became aware of the dues structure created by ISDOC in 2000. This structure, in place for 20 years, no longer represented the realities of revenue and dues. Many smaller revenue Special Districts had disproportionately large dues. By working with Director Jim Fisler from Mesa Water and Director Saundra Jacobs of Santa Margarita Water District, we revised the 20-year-old structure into a more equitable dues arrangement that saved smaller districts tens of thousands of dollars each year.

As an elected director to two different Special Districts, first YLWD and now MWDOC, I've experienced first-hand the vital role that Special Districts have in California life, infrastructure and politics.

As the elected representative for the Southern Network, it is my commitment to work hard to support Special Districts, provide active, collegial representation focused on key issues, and listen to Special District members.

I would appreciate your vote to be the CSDA representative for the Southern Network, one of 18 members on the CSDA Board. Thank you!

Name of Candidate: Albert Nederhood

District: Municipal Water District of Orange County (MWDOC)

Mailing Address: 18700 Ward Street Fountain Valley CA 92708

Network: Southern Network (see map)

Telephone: 714-261-3964

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: \_\_\_\_\_

E-mail: anederhood@mwdoc.com

Nominated by (optional): Board of Directors for MWDOC

Return this form, a Board resolution/minute action supporting the candidate, and Candidate Information Sheet by mail or email to: CSDA Attn: Amber Phelen 1112 I Street, Suite 200 Sacramento, CA 95814 (877) 924-2732 amberp@csda.net  
DEADLINE FOR RECEIVING NOMINATIONS: Northern, Sierra, Coastal and Southern Networks: April 6, 2023 at 5:00 p.m.  
Bay Area and Central Networks: April 17, 2023 at 5:00 p.m.





# **Al Nederhood**

## **MWDOC Board**

### **Elect to CSDA Board**

### **Southern Network**

### **Seat C**

#### **Professional & Personal History**

6 Years as Elected Official for Special Districts, Yorba Linda Water District (YLWD) & Municipal Water District of Orange County (MWDOC)

LAFCO dues revision through Independent Special Districts of Orange County. First revision after 20 years saving small districts thousands of dollars annually.

Heli-Hydrant sponsor, supporter creating nations first system (helicopter enabled fire suppression in wild-fire zones)

President of a Non-Profit

30 years of Senior Management Leadership positions with nationally known firms

President of an Educational Institution with \$100 million in revenue, 500 staff and 5000 students.

BA, Long Beach State  
MA, Central Michigan University

Retired, Married for 50+ years, 4 kids and 12 grandkids

#### **Why should you vote for Al Nederhood?**

Here's a sample of my history of measurable change created by active questioning and positive decision making based on the facts.

Seven years ago, I identified, initiated, and transformed an outdated LAFCO dues system on behalf of special districts in Orange County. The dues structure was developed in 2002 by ISDOC to fulfill their legal responsibility, but over time, it resulted in small districts subsidizing the large districts.

After two years of working with my fellow Special Districts, the new dues structure was unanimously approved and implemented. This effort created a balanced and proportionate LAFCO dues structure for Special Districts throughout the county, saving smaller districts with smaller operating budgets thousands of dollars each year.

As a Board Member for Yorba Linda Water District we investigated and implemented the nation's first Heli-hydrant to modernize fighting wild fires. YLWD now has two heli-hydrants with a third in development with Metropolitan Water District.

**I would appreciate your Board voting for me, Al Nederhood.**

If you want to contact me:

**Al Nederhood**  
**MWDOC, Director Division One**  
[anederhood@mwdoc.com](mailto:anederhood@mwdoc.com)  
**C. 714-261-3964**

RESOLUTION NO. 2135

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
NOMINATION OF AL NEDERHOOD  
TO THE CSDA BOARD OF DIRECTORS  
SOUTHERN NETWORK, SEAT C

WHEREAS, the California Special Districts Association (CSDA) is holding an election for its Board of Directors for the Southern Network, Seat C for the 2024-26 term; and

WHEREAS, the Municipal Water District of Orange County (MWDOC) is a voting member of CSDA and a voting member for the Southern Network, Seat C; and

WHEREAS, Director Al Nederhood has expressed interest in serving on the CSDA Board of Directors;

WHEREAS, Director Nederhood and MWDOC are aware of the commitment, expectations, and expenses associated with this position; and

WHEREAS, the Board of Directors of the Municipal Water District of Orange County believes that Al Nederhood would be an effective member of the CSDA Board.


NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Municipal Water District of Orange County does hereby nominate Director Al Nederhood to represent the Southern Network, Seat C, on the CSDA Board of Directors; and

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a Resolution to CSDA, forthwith.

PASSED AND ADOPTED by the following roll call vote of the Board of Directors for the Municipal Water District of Orange County on this 15<sup>th</sup> day of March 2023.

AYES: Directors Nederhood, Dick, McVicker, Seckel, Thomas & Yoo Schneider  
NOES: None  
ABSTAIN: None  
ABSENT: Director Crane

ATTEST:

  
\_\_\_\_\_  
*Maribeth Goldsby, District Secretary*  
*Municipal Water District of Orange County*



- Home
- How It Works
- Logout **Tom Kennedy**

## CSDA Board of Directors Election Ballot - Term 2024 - 2026; Seat C - Southern Network

**Please vote for your choice**

Choose **one** of the following candidates:

- \*Arlene Schafer, Director, Costa Mesa Sanitary District (incumbent)
- Al Nederhood, Director, Municipal Water District of Orange County
- John Skerbelis, Director, Rubidoux Community Services District

\*Incumbent

**Arlene Schafer\***    [\[view details\]](#)

---

**Al Nederhood**    [\[view details\]](#)

---

**John Skerbelis**    [\[view details\]](#)

Continue Cancel



---

**BOARD OF DIRECTORS**

June 27, 2023

---

**SUBJECT**

DISCUSSION AND POSSIBLE ADOPTION OF RESOLUTION NO. 23-13 CONGRATULATING SANTA FE IRRIGATION DISTRICT (SFID) ON ITS 100<sup>TH</sup> ANNIVERSARY

**BACKGROUND**

This year will mark SFID's 100<sup>th</sup> year of serving the community.

**DESCRIPTION**

RMWD's General Manager received a letter from SFID stating they would greatly appreciate a resolution or proclamation from RMWD celebrating their 100 years of service which will be displayed at their June event. This resolution is being presented to the Board for their consideration.

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

N/A

**ENVIRONMENTAL**

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

**BOARD OPTIONS/FISCAL IMPACTS**

There are no fiscal impacts associated with this item.

- 1) Adopt Resolution No. 23-13 recognizing SFID's centennial anniversary as presented.
- 2) Adopt Resolution No. 23-13 recognizing SFD's centennial anniversary with revisions.
- 3) Deny adoption of Resolution No. 23-13.

**STAFF RECOMMENDATION**

Staff supports direction.

---



Tom Kennedy, General Manager

June 27, 2023



**RESOLUTION NO. 23-13**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
CONGRATULATING SANTA FE IRRIGATION DISTRICT  
ON IT 100<sup>TH</sup> ANNIVERSARY**

**WHEREAS**, on June 21, 2023, Santa Fe Irrigation District will celebrate 100 years of meeting the water supply needs of all its customers, safely, sustainably, reliably, and cost-effectively; and

**WHEREAS**, on February 26, 1923, the County of San Diego Board of Supervisors certified that Santa Fe Irrigation District was duly organized and certified the election of five Board of Directors; and

**WHEREAS**, Santa Fe Irrigation District was deemed responsible for the regulation of water provided from Lake Hodges to the city of Solana Beach and areas of Rancho Santa Fe and Fairbanks Ranch; and

**WHEREAS**, because of a reliable water supply after the creation of Santa Fe Irrigation District, its service area was able to grow and thrive into a robust agriculture and urban area; and

**WHEREAS**, in 1948 Santa Fe Irrigation District joined the San Diego County Water Authority to acquire the right to purchase and distribute imported water to its customers; and

**WHEREAS**, in 1967, Santa Fe Irrigation District and the San Dieguito Water District entered a joint venture to build the R.E. Badger Filtration Plant to treat water from Lake Hodges and imported water purchased from the San Diego County Water Authority; and

**WHEREAS**, in 1969, this joint venture purchased a conveyance flume, the San Dieguito Reservoir and a 30-inch pipeline from the City of San Diego to move and store water for its customers; and

**WHEREAS**, Santa Fe Irrigation District has continued to serve a safe and reliable water supply to its customers to present day; and

**WHEREAS**, the dedicated efforts of the Board of Directors of Santa Fe Irrigation District and staff have played a major role in maintaining the quality of life and contributing to the economic growth of the communities it serves; and

**NOW, THEREFORE, BE IT RESOLVED** that the Rainbow Municipal Water District Board of Directors recognizes and congratulates Santa Fe Irrigation District on its 100 years of service.

**PASSED AND ADOPTED** at a meeting of the Board of Directors of the Rainbow Municipal Water District held on the 27<sup>th</sup> day of June 2023, by the following vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

---

Hayden Hamilton, Board President

**ATTEST:**

---

Dawn M. Washburn, Board Secretary





## Santa Fe Irrigation District



May 19, 2023

**SENT VIA EMAIL (TKENNEDY@RAINBOWMWD.COM)**

Mr. Tom Kennedy  
Rainbow MWD  
3707 Old Hwy. 395  
Fallbrook, CA 92028

Re: Santa Fe Irrigation District celebrates 100 years of Service and Stewardship

Dear Tom:

This year will mark Santa Fe Irrigation District's 100 year of serving the community, and we are proud to be one of the oldest water districts in Southern California. We were formed in 1923 to provide water to continue the development and economic growth of Rancho Santa Fe, Fairbanks Ranch, and the City of Solana Beach. For 100 years, we have carried out our mission to meet the water supply needs of all our customers – safely, reliably, and cost-effectively.

We will be celebrating 100 years of service beginning in June, starting with a celebration on June 21, 2023 at 10 a.m. You should have received a Save the Date notice, and a formal invitation will follow shortly. We hope that you and your Board will be able to join us, we appreciate the collaboration and camaraderie of our fellow agencies throughout the region.

We would also greatly appreciate a resolution or proclamation from your agency celebrating our 100 years of service, which we will have on display at our event in June. I am attaching a sample resolution that contains information that you might find helpful. Please contact Teresa Penunuri at [tpenunuri@sfidwater.org](mailto:tpenunuri@sfidwater.org) with any further questions or concerns. We look forward to celebrating with you.

Sincerely,

Al Lau, P.E.  
General Manager

Enclosure



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**BOARD OF DIRECTORS**

June 27, 2023

---

**SUBJECT**

APPROVAL OF RESOLUTION NO. 23-14 ESTABLISHING CHECK SIGNING AUTHORITY

---

**BACKGROUND**

As part of the payroll and accounts payables process, RMWD has specific individuals designated as authorized signers of checks.

**DESCRIPTION**

The purpose of this resolution is to update the current established check signing responsibility to the current authorized signers of checks due to changes on the Board of Directors.

Resolution No. 23-14 will replace Resolution No. 23-08.

**POLICY/STRATEGIC PLAN KEY FOCUS AREA**

Administrative Code Chapter 5.01 – Banking

Strategic Focus Area Four: Fiscal Responsibility

**ENVIRONMENTAL**

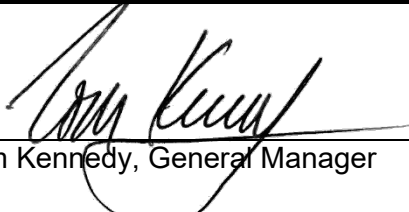
In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

**BOARD OPTIONS/FISCAL IMPACTS**

- Option 1: Approve attached Resolution No. 23-14.  
Option 2: Approve attached Resolution No. 23-14 with Board recommended revisions.

**STAFF RECOMMENDATION**

Staff supports direction.



---

Tom Kennedy, General Manager

June 27, 2023



**RESOLUTION NO. 23-14**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF RAINBOW MUNICIPAL WATER DISTRICT  
ESTABLISHING CHECK SIGNING RESPONSIBILITIES  
AND DESIGNATING AUTHORIZED SIGNERS OF CHECKS**

**WHEREAS**, the Rainbow Municipal Water District maintains an accounts payable checking account for the purposes of paying vendors, and a payroll checking account for the purpose of paying employees, and

**WHEREAS**, the bank requires that responsible parties be designated as authorized signers of these accounts, and

**WHEREAS**, it is appropriate to establish check signing responsibilities and designate authorized signers;

**NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of Rainbow Municipal Water District that:

1. The following persons be designated as authorized signers on the checking accounts of the District:

Accounts Payable Authorized Signers:

Claude "Hayden" Hamilton, Director  
Michael Mack, Director  
Miguel Gasca, Director  
Patricia "Patti" Townsend-Smith, Director  
Julie Johnson, Director  
Tom Kennedy, General Manager  
Tracy Largent, Finance Manager

Payroll Authorized Signers:

Tom Kennedy, General Manager  
Tracy Largent, Finance Manager

2. Accounts payable checks under \$50,000 shall be signed by members of the management staff and checks over \$50,000 shall be signed by one member of the management staff and one Board member.
3. Payroll checks will be signed by one member of the management staff.
4. Resolution 23-14 rescinds Resolution 23-08.

**PASSED AND ADOPTED** at a Regular meeting of the Board of Directors of Rainbow Municipal Water District held on the 27<sup>th</sup> day of June 2023 by the following vote, to wit:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

---

Hayden Hamilton, Board President

**ATTEST:**

---

Dawn Washburn, Board Secretary



## BOARD OF DIRECTORS

June 27, 2023

---

### SUBJECT

NOTICE OF COMPLETION AND ACCEPTANCE OF INFRASTRUCTURE FOR FAIRVIEW DEVELOPMENT BY FORESTAR (USA) REAL ESTATE GROUP, INC. (DIVISION 1)

### BACKGROUND

The Fairview Development located west of the Interstate 15 on West Lilac Road was a proposed development of 73 detached condominiums. Rainbow Municipal Water District (District) entered into an agreement with Forestar (USA) Real Estate Group, Inc. (Developer) to construct two (2) Pressure Reducing Stations, water and sewer facilities to support the new development. Construction is now complete and ready to be accepted.

The Notice of Completion was presented to the Engineering and Operations Committee on June 7, 2023. The Committee recommended Option 1.

### DESCRIPTION

The facilities for Fairview Development have been constructed per the approved plans and specifications, inspected, tested according to the District's specifications and are ready for acceptance. Upon acceptance by the Board, the improvements become part of the District's water and wastewater systems and staff take over operation and maintenance. Installation costs of \$ 1,223,873 will be added to the District's Total Valuation along with all other costs associated with the project and a one (1) year warranty phase will commence.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management. In addition to maintaining the physical condition of the District's existing Infrastructure, it is important to ensure that all new infrastructure is properly accepted administratively and incorporated into the District's records.

### ENVIRONMENTAL

In accordance with the California Environmental Quality Act (CEQA) guidelines Section 15378, the action before the Board of filing a Notice of Completion and accepting facilities, does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

### BOARD OPTIONS/FISCAL IMPACTS

The construction costs of the improvements, totaling \$1,223,873 will be added to the District's asset valuation under project number 700034. The final amount of other costs associated with the project will be added to the District's asset valuation once year-end financials have been completed.

Option 1:

- Accept the Fairview Development improvements as complete and as shown on the approved plans
- Approve Filing the Notice of Completion
- Add installation costs of \$1,223,873 to the District's valuation

- Make a finding that the action herein does not constitute a “project” as defined by CEQA

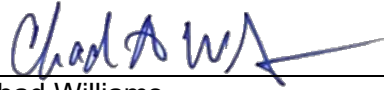
Option 2:

- Provide other direction to staff

**STAFF RECOMMENDATION**

---

Staff recommends Option 1.



---

Chad Williams  
Engineering and CIP Program Manager

6/27/2023



## MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

<b>VARIABLE</b>					
<b>DATE</b>	<b>2023</b>	<b>MEETING</b>	<b>LOCATION</b>	<b>ATTENDEES</b>	<b>POST</b>
July	13	SDCWA Special Board Meeting	SDCWA	GM	N/A
July	*	CSDA – San Diego Chapter	The Butcher Shop – 6:00 p.m. 5255 Kearny Villa Road San Diego, CA 92123	Mack	N/A
July	*	LAFCO Special Meeting	County Admin Center, Room 302 – 9:30am	(As Advised by GM)	N/A
July	*	Santa Margarita River Watershed Watermaster Steering Committee	Rancho California Water District	Hamilton	N/A

\* To Be Announced

## MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS

<b>RECURRING</b>					
<b>DATE</b>	<b>2023</b>	<b>MEETING</b>	<b>LOCATION</b>	<b>ATTENDEES</b>	<b>POST</b>
July	*	Engineering & Operations Committee Meeting	RMWD Board Room 3:00 p.m.	Appointed Director, General Manager	6/27
June	5	LAFCO	County Admin. Center Room 302 9:00 am	As Advised by GM	N/A
July	6	Communications & Customer Service Committee Mtg.	RMWD Board Room 3:30 p.m.	Appointed Director, General Manager	6/27
July	11	Budget & Finance Committee Mtg.	RMWD Board Room 1:00 p.m.	Appointed Director, General Manager	7/5
July	18	Council of Water Utilities	The Butcher Shop 5255 Kearny Villa Road San Diego, CA 92123 11:30 a.m. – 1:00 p.m.	All Directors, General Manager	N/A
July	18	SDCWA GM's Meeting	SDCWA, San Diego 9:30 a.m.	General Manager	N/A
July	21	NC Managers	Golden Egg 7:45 a.m.	General Manager	N/A
July	25	RMWD General Board	RMWD Board Room (Start Time to Be Determined)	All Directors	7/11
July	26	North County Work Group (NCWG)	Rincon Del Diablo, Escondido 7:30 a.m.	General Manager	N/A
July	27	SDCWA Full Board Meeting	SDCWA Board Room, 3-5 p.m.	General Manager	N/A

## **MEETINGS/SEMINARS/CONFERENCES/WORKSHOPS**

- **CHANGES – ADDITIONS - DELETIONS:**

1. The July 5, 2023 Engineering and Operations Committee was cancelled due to conflicting schedules. The committee will meet again on August 2, 2023.



**BOARD OF DIRECTORS**

June 27, 2023

**SUBJECT**

Operations Report for May 2023

**DESCRIPTION**

Activities for Operations & Maintenance Division

**CONSTRUCTION & MAINTENANCE DEPARTMENT:**

<b>May</b>	<b>Repairs</b>	<b>Installations</b>	<b>Leaks</b>
Mainline	2	65-feet	2
Service			
Hydrants			
Valves	1	6	
Meters			
Blow-Offs	1	2	
Air Vacs			
<b>Annual Totals</b>	<b>41</b>	<b>6 Valves, 2 appurtenances &amp; 65-feet of new line</b>	<b>21</b>

- 303 utility locates were completed in April - an Annual Total of 1,436.
- Repaired water main breaks at the intersection of Camino Del Rey & Golf Club Dr, and intersection of Reche Rd & Trinity Pl.
- Valve CIP with District Staff - replaced 1 valve and added 4 at the intersection of Sleeping Indian Rd & Tumbleweed Ln.
- Repaired a damaged blow-off at 4163 Tumbleweed Ln.
- Installed two new blow-off assemblies at the intersection of Tumbleweed & Sleeping Indian
- Assisted the Wastewater department with a 2" hot tap for odor control at Horse Ranch Creek Lift Station.
- Installed 15 feet of 6" CMLC to finalize looping at Holly & Kari Ln (100% complete minus paving).
- Reinstalled 50 feet of Ductile Iron Pipe to reconnect the Thoroughbred 12" water mainline.
- Pressure Station CIP with District Staff - Via Mariposa E. Pressure reducing station 90% complete.
- Installed two 8-inch valves on 5<sup>th</sup> street on both the east & west side of Huffstatler.

**WATER OPERATIONS AND VALVE MAINTENANCE DEPARTMENT:**

**Water Operations:**

- Assessed 3 Water Quality Complaints. **Annual Total 22.**
- Performed 1 fire flow test. **Annual total 3.**
- Performed routine maintenance and rebuilt **10** pressure stations (CLA VALs) — **annual total 39**
- Collected all system tank and reservoir nitrification samples.
- Performed district wide quarterly tank inspections.
- Completed and submitted Consumer Confidence Report (CCR).

**Valve Maintenance:**

Monthly Totals	Valves (Distribution)	Appurtenance Valves	Annual Totals
<b>Exercised</b>	54	62	<b>578</b>
<b>Inoperable</b>	1	9	<b>39</b>
<b>Repaired</b>			
<b>Replaced</b>	1	1	<b>29</b>
<b>Installed</b>	0	0	<b>5</b>

Valve Maintenance completed and oversaw the following:

- Performed 8 shutdowns - **Annual total 47.**
- Replaced 1 air vents - **Annual total 35.**
- Painted 75 appurtenances - **Annual total 406.**
- Replaced 0 Fire Hydrants - **Annual total 1.**

**METERS DEPARTMENT:**

- **164** Service Requests were resolved in MAY 2023 **YTD 846 total.** (Previous Year Month Comparison: MAY 2023: **240** Service Requests: **Down 32%**).
- **144** Check Bills were completed in MAY 2023. **YTD total 1,027.** (Previous Year Month Comparison: MAY 2022: **296** Check Bills: **Down 51%**).
- **YTD** Service Requests and Check Bills combined: **1,867.** (Previous **YTD 2022** Comparison: **2,585** Combined Service Requests & Check Bills: **Down 28%**).

**Backflows:**

- **557** backflows were tested in May, **2,589 YTD.**

**WASTEWATER:**

California Integrated Water Quality System (CIWQS): Confirmation # 2649396 Reported: “No Spill Report for the Month of May 2023.

Category # 4 Private overflow reported: May 25, 2023, Address: 1868 Via Monserate Fallbrook. The customer and RMWD staff created a berm with decomposed granite to contain; plumber was called out.

May 03, 2023 - Waterboard new adopted order work in progress. Agencies log in to the webinar and review various elements and timelines.

Meeting with a biologist at Horsecreek sewer easement. Ramon and Esaud met and went over areas of concern.

**Lift Stations:** May 09, 2023 - New hot tap installed at Horsecreek lift station for odor control treatment - SulFelix treatment.

May 10, 2023 - Houston and Harris cleaned wet wells & Siphon lines - 1,410' emergency call out.

**Collection System:** May 02, 2023 - Old River Road sinkhole on the roadway. Publics works called out and stated that it was not their system. Rainbow performed a CCTV inspection on the 15" VCP sewer line, and the sewer pipe was not broken, or any conditional problems were observed. The issue is the County of San Diego Public Work's responsibility.

May 17 & 18 - Overdue line cleaning at Gopher Canyon, Houston and Harris and TSS Traffic Control performed services cleaned 3,940' 8' vcp.

May 31, 2023 - San Luis Rey Downs Track and Training Center – Meeting with SLR managers walked horse sand trap facility and BMPs.

**Projects:**

- CIP - Thoroughbred sewer lift station
- Campus Park West (CPW)
- Odor control treatment USP - Collection System

**Mutual Aid:**

- Fallbrook Equipment Rental - Water truck
- USP Technologies - Odor control treatment
- Houston and Harris - CCTV and cleaning operations
- TSS traffic control



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Robert Gutierrez  
Operations Manager

6/27/2023





### BOARD OF DIRECTORS

June 27, 2023

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#### SUBJECT

Engineering Report for May 2023

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#### DESCRIPTION

##### **CAPITAL IMPROVEMENT PROJECTS:**

**Emergency Generators at Huntley-Gomez & Magee Pump Stations (JW Fowler Co.):** The project consists of the installation of emergency generators at the Huntley-Gomez and Magee Pump Stations. The Contractor, JW Fowler, poured pads for all equipment and installed the required conduit. The Air Pollution Control District (APCD) issued the District Authority to Construct permits for the Magee Pump Station on January 19, 2023 and Huntley-Gomez Pump Station on January 30, 2023. JW Fowler transported both generators from the lower yard to their respective destinations on February 9, 2023. Peter's Paving completed paving improvements at both sites on March 9, 2023. Southern Electric, a subcontractor to JW Fowler, installed emergency connections to the new generators at both locations in late April and a temporary start up solution is expected in June once all outstanding equipment has been delivered and installed. A permanent solution, which involves connecting to automatic transfer switches will occur in five to six months due to long lead times on the required electrical equipment.

**West Lilac, Rancho Amigos, and Dentro De Lomas Pump Stations (Hoch Consulting):** The proposed project is for the installation of permanent pump stations to replace the annual rental of temporary pumps during the San Diego County Water Authority's aqueduct maintenance and any emergency, unscheduled shutdowns. Staff continues to work with Hoch Consulting on the development of design plans. Additional hydraulic modeling was conducted in April to further assess moving water from the north to the south zone. Meetings will be held in May to further discuss hydraulic model findings. District staff continues to review submittals for the EFI pump stations (West Lilac, Rancho Amigos, and Dentro De Lomas). Additional comments have been prepared and were submitted to EFI in early May. District staff successfully coordinated SDGE easement acquisitions for both West Lilac and Rancho Amigos pump stations. The easements are needed for the purpose of running power to future pump stations.

**Live Oak Park Road Bridge Replacement – Water Improvements (Hazard Construction):** The proposed project will relocate two (2) water mains along Live Oak Park Rd. District staff continue to coordinate with the County of San Diego (County) and Hazard Construction on the Live Oak Park Road Bridge Replacement Project and Water Main Relocation Project. . All 16-inch pipe sections including attachment to the new bridge were completed in May 2023. The final tie-in is expected in early June and then the section of new main will be hydrostatic pressure tested. Phase II of the County's bridge project will begin in late June 2023, which will involve removing and re-installing the District's 8-inch water main. The District's project is expected to be completed in September 2023.

**LS-1 Replacement Project -Thoroughbred and Schoolhouse Lift Stations (JW Fowler Co.):** The project is to replace Lift Station 1 (LS-1) and surrounding pipelines. The Contractor completed the backfill over the top of the emergency storage basin and continues to construct the CMU block wall around the LS1 site. Contractor continued with the installation of the 18-inch sewer main on the Mission Frontage Road in front of LS1 heading towards River Village. The 12-inch sewer force main on the south side of the Camino Del Rey bridge has been rescheduled until the end of June 2023. District staff continued to coordinate road closure on Camino Del Rey and Old River Road with Bonsall Unified School District. The road closure has temporarily ceased with the recent rescheduling of the force main.

**Manual Transfer Switches (Harris & Associates):** Final project plans are complete, and specifications will be finalized before advertisement which is scheduled in July 2023.

**Programmatic Environmental Impact Report (Helix Env.):** The Board certified the final Programmatic Environmental Impact Report (PEIR) on August 30, 2022. The 30-day waiting period to challenge the PEIR was completed following certification. Training on the PEIR for staff was conducted in January 2023 and staff submitted data to Nobel for the addition of an environmental layer in GIS. The new GIS layer was added in April. The PEIR project was selected by the California Special Districts Association to be presented at the August 2023 conference. Staff continues to work on a presentation.

**Rainbow Water Quality Improvement Project – Water Main & Service Laterals (Ortiz Corporation):** The County of San Diego is proposing a water quality improvement project in the community of Rainbow, which impacts approximately 21 service laterals, 350 feet of 8-inch water main, 650 feet of 12-inch main and three (3) sections of 8-inch water main. To date, Ortiz completed work at Site 4 in January, Site 3 in April, and is still working at Sites 2 and 5, which are along Fifth St. and Huffstatler St. Thirteen (13) water services still need to be relocated and approximately 350 feet of 8-inch water main need to be relocated. Four (4) water shutdowns are still needed to make the final service and main connections. Multiple rain events and high ground water has delayed construction progress, which is now expected to be completed in late June.

**Rice Canyon Tank 18-Inch Transmission Line (Cass Arrieta):** The project is to install an 18-inch transmission main to deliver water from Rice Canyon Tank zone to Horse Creek Ridge and Citro developments. Cass Arrieta is approximately 90% complete with construction. All new 18-inch pipe and pressure reducing stations (PRS's) are installed and paving is complete. Construction of the new utility building and solar system is complete. Cass Arrieta made the final connection to the new PRS's in March and EFI set final pressures on April 24, 2023. Installation of the new flowmeter for Rice Canyon tank was delayed again due to supplier delays. All final punch list items are still pending and will be resolved at the same time the flow meter is installed, which is early June. No cultural resources, biological resources or stormwater compliance concerns have been reported for the month of May 2023.

**San Luis Rey Return Flow Recovery Project (DLM Engineering & Hoch Consulting):** Hoch Consulting continues to investigate return flow estimates, develop a site suitability assessment tool (SSAT) and evaluate water quality data. Hoch Consulting hosted a project workshop with the District on February 21, 2023 to review all assumptions, methodologies and findings to date. An additional progress meeting was held on April 20, 2023 to review progress to date. A complete draft of the Feasibility Study and Board presentation is slated to be presented to District staff in early June 2023. Additionally, the District is coordinating with the Bureau of Reclamation to investigate Water Reuse Program grant funding for the project and the City of Oceanside to discuss potential partnering opportunities.

**Camino Del Rey Drainage and Roadway Improvements:** The County of San Diego (County) is proposing the Camino Del Rey Drainage and Roadway Improvements Project, which will improve a portion of Camino Del Rey by raising the roadbed by 10 feet, incorporating culvert crossings under the road, improving intersections, and installing Green Street Best Management Practices (BMPs) for water quality treatment. As a result of the County's project, District infrastructure will be impacted. There is currently a 14-inch water main that runs down Camino Del Rey, a 20-inch water main at Camino Del Cielo, a 6-inch main for the San Luis Rey Downs Racetrack and multiple gravity main crossings that will be impacted by

the County's project. On January 17, 2023 the County confirmed the District has prior rights over the roadway, the County is solely responsible for designing and relocating all District facilities that are in conflict with the County's project. Ongoing coordination with the County continues to occur.

### **MAJOR DEVELOPER PROJECTS:**

**Bonsall Oaks (formally Polo Club):** 164 SFR / 205.8 EDUs – Construction for Phase 1A is complete and construction is underway for Phase 1A-1. The District is currently reviewing the waterline and pressure reducing valve station easements. The District has completed construction reviews for the EFI Pressure Reducing Valve Station for Phase 1A-1. The Developer paid 50% of the sewer connection fees as required per the executed Sewer Agreement, which is effective for five (5) years from the date of execution (9/16/26). The Contractor pulled off-site and is waiting for materials. District staff continues to coordinate with the Developer on plan reviews for future phases (Phases 1B, 2A and 2B) of the project and the establishment of easements corresponding to the proposed improvements. Developer had requested a shutdown of the District's waterline in November 2023 for approximately 12 weeks, the District has denied the request as they have not approved the new waterlines in Phase 1B, 2A, or 2B which were to be included in the shutdown. The District approved the Developer's plans to abandon a portion of the District's 12-inch watermain from Gopher Canyon Road North through the planned development. Staff is waiting for the Contractor's water shutdown plan. A quitclaim for a portion of the abandoned pipeline was reviewed and sent back to the Developer's Engineer with comments.

**Campus Park West (JPSD, LLC):** Residential and Commercial development. The Developer submitted the Pressure Reducing Station plans for review on January 19, 2023. The third plan review was completed by staff in November 2022 for the proposed water and sewer improvements. A quitclaim has been approved for a District easement that contains no existing sewer facilities and was approved by the Board at the April 2023. The Developer requested a 6-foot-wide Fuel Management Zone (FMZ) easement that is within the District's property at Pankey Road. Staff met with the Developer regarding FMZ and determined that an easement is required and is currently reviewing language to the District's exclusive easement documents. Staff met with the Developer on May 17, 2023 to discuss their requested revisions to the Sewer Service Agreement for the project. Staff did not approve the Developer's proposed revisions. The Developer will return with more defined revisions when they are closer to starting construction.

**Citro (Tri Pointe Homes) (formally Meadowood by Pardee Homes):** Approximately 844 Units, 926.6 Sewer EDUs - On Pala Road/Horse Ranch Creek Road. The contractor has constructed several of the improvements and is on site excavating and installing both water and sewer mains. A second crew is on site testing the water and sewer mains. The Developer has purchased 203 meters to date. The District approved the Developer's fee credit request #8 for the use of \$212,520 in water capacity credits, for compensation of the construction work on the 18-inch Rice Canyon waterline and the 12-inch Horse Creek Road waterline. A bond reduction for PA1 North, PA3, PA5, Horse Creek Road, Pankey Place and Shire Court was approved by the District. Staff are currently reviewing the request to ensure the reduction is such that the remaining work is still secured, plus any warranty bond and/or unknown cost to District to perform the work. The District inspector confirmed that all homes in those planning areas have been built and is preparing a punch list for final inspection. Staff approved the Developer's request to reduce their bond amounts for Planning Area 5B, leaving bond funds for remaining work plus any warranty work required.

**Fairview-Lilac Del Cielo (Bonsall LLC):** 73 Units / 77.8 Sewer EDUs – The Developer paid 50% of the sewer connection fees and the agreement is effective for five (5) years from the date of execution (12/31/24). The SCIP was executed on May 12, 2021, which allows the Developer to be reimbursed from bond proceeds for water and sewer capacity fees. All 75 required water meters have been purchased for this development. The water main has been tested and accepted. The final punch list was completed, and a Notice of Completion is expected to go to the Board for approval in June 2023.

**Horse Creek Ridge (D.R. Horton):** 627 SFR/MF, 430 Water Meters / 723.9 Sewer EDUs – On Highway 76 and Horse Ranch Creek Road. The District is currently inspecting meter installations, meter releases and sewer connections. All 430 required water meters have been purchased. A final inspection was completed in May, staff is working to close out the project and bring a Notice of Completion to the July Board meeting.

**Horse Creek Ridge(HCR) Unit 6R5 Promontory (Richmond American Homes):** 116 Units, 113 Water Meters (plus irrigation meters and 3 SF meters previously purchased by D.R. Horton) / 169.5 Sewer EDUs – On Highway 76 and Horse Ranch Creek Road. D.R. Horton (DRH), master Developer of HCR sold Unit 6-R5, 124 lots, Promontory Subdivision to Richmond American Homes (RAH). Currently the sewer EDUs are covered under an agreement with DRH. All 116 required water meters have been purchased for this Development. The District's inspector is inspecting meter installations, meter releases and sewer connections. In 2022, staff requested an additional deposit from RAH at which time, were informed that they were working with DRH to raise some water valves and once this work was done DRH was to work with the County and the District to obtain project acceptance. A final inspection was completed in May, staff is working to close out the project and bring a Notice of Completion to the July Board meeting.

**Ocean Breeze Ranch:** The District completed review of the revised water and sewer system analysis reports, conditions of approval, and improvement plans in December 2020. District staff also reviewed an exhibit showing a utility conflict and provided comments in January 2021. Staff responded to requests regarding expected costs for the Developer to move forward. Staff and Legal sent comments to Ocean Breeze staff regarding the draft CFD Acquisition Agreement. Staff met with the Developer on May 3, 2023 to discuss District requested capacity fee payment milestones. The Developer submitted proposed payment milestones on May 26, 2023 for staff's review.

**Pala Mesa Highlands (Beazer Homes):** 124 SFR / 160.2 Sewer EDUs – On Old Highway 395. One of the required Pressure Reducing Stations (PRS) has not yet been installed. The District is currently inspecting meter installations, meter releases and sewer connections. All 129 required water meters have been purchased for this development. The Contractor is waiting on the delivery of plug valves to complete construction of the PRS. A project status update request letter was sent to the Developer at the end of March 2023 to date no response has been received.

**Rancho Alegre (Garrett Grp/Redhawk Communities):** The Developer paid deposit for Sewer Analysis. District staff continue to work with Dexter Wilson Engineering, Inc. to produce a comprehensive analysis of the District's sewer infrastructure, which was completed January 31, 2023. Preliminary findings concerning the impact of the Rancho Alegre development on District sewer infrastructure were provided to the Developer in September 2022. The last correspondence received by the Developer was in October 2022.

**San Luis Rey Racetrack Improvement Plan:** The Developer paid deposit for Sewer and Water Analysis. Dexter Wilson Engineering, Inc. produced a memorandum discussing the expected impacts to sewer infrastructure related to one (1) of two (2) expansion scenarios proposed by the Developer. District staff is expecting data from the Developer related to the second expansion scenario to complete a second memorandum.

**The Preserve at Riverbend (Cameron Development Grp.):** The proposed development plan includes 1,309 mixed density residential units, mixed use commercial, a fire station, parks, agricultural spaces, and open space, development is going through preliminary planning with the District, County, LAFCO and the Pala Tribe. Preliminary findings concerning the impact of The Preserve at Riverbend development on District sewer infrastructure are in process.

**West Lilac Farms:** 28 Lots – Via Ararat/Aqueduct Road. District staff are working with the Developer regarding preliminary planning efforts.

**MINOR DEVELOPER PROJECTS:**

**Cal-A-Vie (Spa Havens) Water/Sewer Main Extension on Spa Havens Way:** They are in the process of submitting plans for District review.

**Carefield Senior Living:** Inactive

**Doud Waterline Extension:** Inactive

**Melanie Lane Waterline Extension (Monserate Place, LLC):** Inactive

**Pala Mesa Market Development Plan:** Inactive

**View Point Road Waterline Extension:** The District completed plan check no.4. The Owner also potholed the District's waterline and resubmitted plans for approval in late April. Staff has approved the plans for construction in May. The Owner's Contractor is currently completing submittals for District review.

**Vista Valley Country Club Water Service:** The District signed project mylars in November 2022.

**Walker Farm Road Waterline Extension:** Inactive

**Whitman Waterline Extension:** Inactive

**OTHER:**

ITEMS	NO#
Water Meters Purchased	1
Sewer EDUs Purchased	0



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Chad Williams  
Engineering and CIP Program Manager

6/27/2023



**AS-NEEDED CONTRACT EXPENDITURES REPORT  
MAY 2023**

Note: This report only shows the current year and the previous year assignments, per the E&O Committee's request.

CONTRACT INFO	FUND SOURCE	ASSIGN. NO.	STATUS	DATED	DESCRIPTION	CONTRACT AMOUNT	AUTHORIZED ASSIGNMENT	INVOICED TO DATE	
<b>Title: On-Call Civil Engineering Services, PSA #22-25   Firm: Ardurra   Expires: 11/2/25   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						\$ 150,000			
		2023-__							
					Unspecified		\$ 150,000.00	\$ -	
						<b>TOTALS:</b>	\$ 150,000	\$ 150,000.00	\$ -
<b>Title: On-Call Civil Engineering Services, PSA #22-26   Firm: Dexter Wilson Eng.   Expires: 11/2/22   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						\$ 150,000.00			
		2023-__							
					Unspecified		\$ 150,000.00		
						<b>TOTALS:</b>	\$ 150,000	\$ 150,000.00	\$ -
<b>Title: On-Call Civil Engineering Services, PSA #22-27   Firm: Harris &amp; Assoc.   Expires: 11/2/25   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						\$ 150,000			
		2023-__							
					Unspecified		\$ 150,000.00		
						<b>TOTALS:</b>	\$ 150,000	\$ 150,000.00	\$ -
<b>Title: On-Call Civil Engineering Services, PSA #22-28  Firm: Water Works Engineers  Expires: 11/2/25   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						\$ 150,000			
		2023-__							
					Unspecified		\$ 150,000.00	\$ -	
						<b>TOTALS:</b>	\$ 150,000	\$ 150,000.00	\$ -
<b>Title: On-Call Real Estate Services, PSA #22-29   Firm: Anderson &amp; Brabant   Expires: 11/3/25   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						\$ 50,000			
		2023-__							
					Unspecified		\$ 50,000.00	\$ -	
						<b>TOTALS:</b>	\$ 50,000	\$ 50,000.00	\$ -

**AS-NEEDED CONTRACT EXPENDITURES REPORT  
MAY 2023**

CONTRACT INFO	FUND SOURCE	ASSIGN. NO.	STATUS	DATED	DESCRIPTION	CONTRACT AMOUNT	AUTHORIZED ASSIGNMENT	INVOICED TO DATE	
<b>Title: On-Call Real Estate Services, PSA #22-30   Firm: Epic Land Solutions   Expires: 11/3/25   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						<b>\$ 50,000</b>			
		2023-01	Open	2/13/2023	Bonsall Reservoir - Appraisal for Rental & Sale of Property. Beck Reservoir - Apparials for Sale of Property.		\$ 7,000.00	\$ 7,000.00	
					Unspecified		\$ 43,000.00	\$ -	
						<b>TOTALS:</b>	<b>\$ 50,000</b>	<b>\$ 50,000.00</b>	<b>\$ 7,000.00</b>
<b>Title: On-Call Land Surveying Services, PSA #22-33   Firm: GIS Surveyors, Inc. (GSI)   Expires: 1/3/2026   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						<b>\$ 100,000</b>			
		2023-__							
					Unspecified		\$ 100,000.00	\$ -	
						<b>TOTALS:</b>	<b>\$ 100,000</b>	<b>\$ 100,000.00</b>	<b>\$ -</b>
<b>Title: On-Call Land Surveying Services, PSA #22-34   Firm: KDM Meridian   Expires: 1/3/2026   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						<b>\$ 100,000</b>			
	CIP	2023-01	Open	2/9/2023	Live Oak Park Bridge - Staking of 8" and 16" Water main.		\$ 7,480.00	\$ 1,120.00	
					Unspecified		\$ 92,520.00	\$ -	
						<b>TOTALS:</b>	<b>\$ 100,000</b>	<b>\$ 100,000.00</b>	<b>\$ 1,120.00</b>
<b>Title: On-Call Land Surveying Services, PSA #22-35   Firm: Right-of-Way Eng.   Expires: 1/3/2026   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						<b>\$ 100,000</b>			
	Non-CIP	2023-01	Open	2/1/2023	Genista Place - Staking of existing utility easements.		\$ 2,860.00	\$ 2,450.00	
	Non-CIP	2023-02	Open	2/6/2023	Via Monserate/Ramona - Staking of existing utility easements.		\$ 7,500.00	\$ 2,692.34	
	Non-CIP	2023-03	Open	2/28/2023	Via Mariposa - Staking of existing easment.		\$ 2,970.00	\$ 2,545.00	
					Unspecified		\$ 86,670.00	\$ -	
						<b>TOTALS:</b>	<b>\$ 100,000</b>	<b>\$ 100,000.00</b>	<b>\$ 7,687.34</b>
<b>Title: On-Call Geotechnical Services, PSA #22-36   Firm: Atlas Tech Consultants  Expires: 1/6/2026   CCO:</b>									
<b>CONTRACT AMOUNT:</b>						<b>\$ 100,000</b>			
		2023-__							
					Unspecified		\$ 100,000.00	\$ -	
						<b>TOTALS:</b>	<b>\$ 100,000</b>	<b>\$ 100,000.00</b>	<b>\$ -</b>









**SEWER EQUIVALENT DWELLING UNITS (EDUs) STATUS REPORT  
MAY 2023**

STATUS SUMMARY	EDUs
Total Treatment Capacity Purchased from Oceanside	8,333
Less 5% Contractual Allowance	417
EDUs Set Aside by Board for Emergencies	60
EDUs Connected	5,934 *
EDUs Unconnected/Committed	608
<b>Total EDUs Available for Purchase:</b>	<b>1,315</b>

DEVELOPMENTS WITH UNCONNECTED/COMMITTED EDUs	EDUs	CAPACITY FEES PAID/CREDIT
Bonsall Oaks (Polo Club) - 164 (SF/Other)	206	\$ 2,907,119
Citro (fka Meadowood) - 947 (SF/MF/Other)	302	\$ 10,500,000
Passerelle (HRC Commercial)	97	\$ -
Other Development w/5 or less EDUs - (SF & Other)	4	\$ 49,441
<b>TOTAL UNCONNECTED:</b>	<b>608</b>	<b>\$ 13,456,560</b>

**Notes:**

\*There is a delay between connections and new account activations.

1. Bonsall Oaks paid initial 50% of Sewer Capacity Fees. Remaining 50% due prior to issuance of building permits.

2. CITRO Annexation Agreement 4/30/20 - Sewer Capacity \$10.5M to be paid by the CFD in mid-2022. Received \$8M payment from CFD on 8/18/22.

3. Passerelle last remaining EDUs.



**BOARD OF DIRECTORS**

June 27, 2023

**SUBJECT**

HUMAN RESOURCES REPORT FOR JUNE 2023

**DESCRIPTION**

Personnel changes, human resources activities, and safety report for June 2023.

**HUMAN RESOURCES:**

**RECRUITMENT:**

- We are currently accepting applications for our Safety & Risk Officer position. The application deadline is Sunday, June 25<sup>th</sup>.
- The General Manager position is now open for applications through our third-party Executive Search firm, Alliance Resource Consulting.

**WORKFORCE ANALYTICS:**

Current headcount:	57	FYTD new hires:	13
FYTD separations:	13	Average tenure:	9 years, 8 months
FYTD turnover:	23%	Projected annual turnover:	24%
Retention rate:	84%	Projected retirements this year:	2

**JUNE ANNIVERSARIES:**

6/7/2004	Dawn Washburn	19 years
6/18/2004	Ramon Zuniga	31 years
6/22/2020	Esaud Lagunas	3 years
6/22/2015	Ricardo Zaragoza	7 years
6/9/2015	Carlos Ramos	7 years

**RISK MANAGEMENT:**

**Incidents**

There were no reportable accidents or injuries this month.

**Claims in Progress/Completed**

USAA – A subrogation claim was approved by the Board on May 23, 2023, and settled with the claimant on June 1, 2023.

Flores – Received June 6, 2023, asserting damage to claimant’s septic leach field due to a leak in 2019.

Vista Valley Country Club – Received June 9, 2023, asserting damage to the golf course due to a leak on March 7, 2023.

## **COMMUNICATIONS:**

### **District's 70th Anniversary Celebration**

The District's creation was official on December 30, 1953, so this year is our 70th anniversary. The new Administrative Analyst will be working on developing a 70<sup>th</sup> anniversary logo, and planning special events to acknowledge and celebrate this milestone.

### **Newsletter Features**

May's newsletter articles included:

- LAFCO June 5<sup>th</sup> Meeting recap and update of new discussion pushed to August.
- CropSWAP Opportunity: An innovative approach to save southern California's Agricultural Community.
- The Annual Drinking Water Quality Report is now available, and how to access it.
- An invitation to participate in our Customer Survey.
- Where does your money go? A table and pie chart shows a breakdown of the rate study costs with water and wastewater spending by category.



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Karleen Harp  
Human Resources Manager

6/27/2023

### BOARD OF DIRECTORS

June 27, 2023

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#### SUBJECT

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FINANCE REPORT FOR JUNE 2023

#### DESCRIPTION

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Summary:

**Water Sales:**

Budgeted 13,500 AF

Actual May FYTD 22/23 10,885 AF

Actual May FYTD 21/22 13,419 AF

Actual May FYTD 20/21 14,507 AF

Actual May FYTD 19/20 11,876 AF

**May FYTD 2022/2023 Budget vs Actual:**

For FY 2022/23 (FY23), the board followed the recommendation of staff and committee to budget future sales lower and more in line with the most recent years' trends at 13,500 AF, with operating expenses being budgeted within this lower operating revenue level as well. The May Budget vs Actual is not yet available.

**Fund Balance Projections:**

*Operating Fund Balances* have been adjusted to comply with the Board Cash Reserve Policy 5.03.220.

The *New Water Sources Reserve Fund*, established by the RMWD Board, sets aside funds to study and acquire alternate water sources for the purpose of reducing the District's reliance on imported water. The reserve is funded by the Water Service portion of the Standby Charge collected by the San Diego County Tax Collector from all parcels within the district. It reflects 38.1% of the revenue received from property tax revenues.

*Capital Fund Balances* have been updated to reflect the changes to developer projects for Water and Wastewater.

**Treasury Report:**

Interest Revenue for May 2023 was \$37,093 compared to \$19,430 for the prior month. Loss from assets sales was \$248,884 compared to a gain of \$36,519 for the prior month.

**Water Purchases & Water Sales:**

The Five-Year Water Purchases Demand Chart (Attachment D) reports purchases; this data is available in real time. Purchases for the fiscal year ending June 30, 2023 are below the 5-year average (blue line). FY23 purchases for the first 10 months are below FY22 and below the budgeted purchases that would support 13,500 AF in sales. We are forecasting sales of 12,700 AF for FY23 as of June 1, 2023.

The Water Sales Summary Report (Attachment E) represents water that was billed to customers, so the data is time delayed in comparison to the Five-Year Water Purchases Demand Chart. Water Loss from meter inaccuracy and breaks is also not included in the Five-Year Demand Chart since this data is from purchases.

These two reports will not correlate unless they are both presented for the same date; we provide the purchases report in real time to provide the board with the most current demand information available.

**Monthly Call Volume:**

The call volume for May included 830 calls to customer service compared to 910 for the same month one year prior. The average talk time was 4 minutes and 52 seconds. The average time in the queue was 1 minute and 3 seconds. The max time in queue was 12 minutes and 31 seconds compared to 27 minutes and 28 seconds for the same month one year prior.

**Attachments:**

- A. Budget vs Actuals (April FY23)
- B. Fund Balance & Developer Projections (FY23)
- C. Treasury Report (May FY23)
- D. Five-Year Water Purchases Demand Chart (through 05/30/2023)
- E. Water Sales Summary (May FY23)
- F. Check Register (April FY23)
- G. Directors' Expense Report (April FY23)
- H. Credit Card Breakdown (April FY23)
- I. RMWD Properties
- J. Grant Progress Report

  
Tracy Largent, CPA  
Finance Manager

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June 27, 2023



**Rainbow Municipal Water District**  
**Operating Budget Summary by Fund**  
**NET OPERATING INCOME**

Description	FY 2023			
	Actuals YTD 4/30/23	Over (Under)	FY 2023 Adjusted Budget	FY 2023 Forecast
<b>Water Operating Fund</b>				
Water Revenues	\$ 35,332,325	\$ 129,003	\$ 44,836,269	\$ 42,554,361
Water Expenses	34,161,121	2,450,484	41,137,744	39,667,182
<b>Water Fund Net Income</b>	<b>\$ 1,171,204</b>	<b>\$ (2,321,481)</b>	<b>\$ 3,698,525</b>	<b>\$ 2,887,178</b>
<b>Wastewater Operating Fund</b>				
Wastewater Revenues	2,949,920	(13,039)	3,555,551	3,142,351
Wastewater Expenses	2,350,742	(1,227,252)	4,293,593	4,369,739
<b>Wastewater Fund Net Income</b>	<b>\$ 599,178</b>	<b>\$ 1,214,213</b>	<b>\$ (738,042)</b>	<b>\$ (1,227,388)</b>
<b>General Operating Fund</b>				
General Revenues	8,824,783	1,186,735	9,165,657	8,930,742
General Expenses	6,646,378	(991,670)	9,165,657	8,930,742
<b>General Fund Net Income</b>	<b>\$ 2,178,405</b>	<b>\$ 2,178,405</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 3,948,786</b>	<b>\$ 1,071,137</b>	<b>\$ 2,960,483</b>	<b>\$ 1,659,790</b>

% of Annual Budget

81% Water Purchases/Sales based on historical average

83% Fixed Fee Revenue & Expenses are based on time

## Rainbow Municipal Water District Water Fund Operating Budget Summary

### Water Operating

Description	FY 2023 Actuals YTD 4/30/23	Over (Under)	FY 2023 Adjusted Budget	FY 2023 Forecast
<b>Operating Revenues</b>				
Water Sales	\$ 34,352,194	\$ 131,993	\$ 43,655,604	\$ 41,306,374
Other Water Services	249,316	\$ (20,472)	324,664	351,736
<b>Total Operating Revenues</b>	<b>\$ 34,601,510</b>	<b>\$ 111,521</b>	<b>\$ 43,980,268</b>	<b>\$ 41,658,110</b>
<b>Operating Expenses</b>				
Purchased Water	18,503,327	1,323,242	23,701,080	22,607,889
Pumping	756,379	(6,257)	915,164	899,299
Operations	2,145,490	(160,926)	2,767,699	2,948,712
Valve Maintenance	324,035	17,304	368,077	356,577
Construction	1,925,789	(78,948)	2,405,684	2,361,141
Meters	884,690	26,987	1,029,243	1,030,001
General Fund Transfer	7,056,900	1,329,081	6,873,382	6,386,150
<b>Total Operating Expenses</b>	<b>\$ 31,596,610</b>	<b>\$ 2,450,484</b>	<b>\$ 38,060,330</b>	<b>\$ 36,589,768</b>
<b>Non-Operating Revenues</b>				
Investment Income	273,504	190,171	100,000	273,504
Property Tax Revenue	470,784	(70,883)	650,000	564,941
Other Non-Operating Revenue	(13,473)	(101,806)	106,000	20,840
<b>Total Non-Operating Revenues</b>	<b>\$ 730,815</b>	<b>\$ 17,482</b>	<b>\$ 856,000</b>	<b>\$ 859,285</b>
<b>Non-Operating Expenses</b>				
Debt Service	2,564,512	0	3,077,414	3,077,414
<b>Total Non-Operating Expenses</b>	<b>\$ 2,564,512</b>	<b>\$ -</b>	<b>\$ 3,077,414</b>	<b>\$ 3,077,414</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 1,171,204</b>	<b>\$ (2,321,481)</b>	<b>\$ 3,698,525</b>	<b>\$ 2,850,213</b>
			13,500AF	12,700AF

*% of Annual Budget*

*81% Water Purchases/Sales based on historical average*

*83% Fixed Fee Revenue & Expenses are based on time*

**Rainbow Municipal Water District  
Wastewater Fund Operating Budget Summary**

**Wastewater Operating**

<b>Description</b>	<b>FY 2023 Actuals YTD 4/30/23</b>	<b>Over (Under)</b>	<b>FY 2023 Adjusted Budget</b>	<b>FY 2023 Forecast</b>
<b>Operating Revenues</b>				
Wastewater Revenues	\$ 2,878,509	\$ (29,450)	\$ 3,489,551	\$ 3,056,657
Other Revenues	71,411	\$ 16,411	66,000	85,694
<b>Total Wastewater Revenues</b>	<b>\$ 2,949,920</b>	<b>\$ (13,039)</b>	<b>\$ 3,555,551</b>	<b>\$ 3,142,351</b>
<b>Operating Expenses</b>				
Total Payroll Expenses	606,434	40,738	678,835	754,982
Total Maintenance & Supply	403,497	(1,360,480)	2,116,772	2,116,772
General Fund Transfer	1,340,811	92,490	1,497,986	1,497,986
<b>Total Wastewater Expenses</b>	<b>\$ 2,350,742</b>	<b>\$ (1,227,252)</b>	<b>\$ 4,293,593</b>	<b>\$ 4,369,739</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 599,178</b>	<b>\$ 1,214,213</b>	<b>\$ (738,042)</b>	<b>\$ (1,227,388)</b>

*% of Annual Budget*

81% Water Purchases/Sales based on historical average

83% Fixed Fee Revenue & Expenses are based on time

**Rainbow Municipal Water District  
General Fund Operating Budget Summary**

**General Operating**

Description	FY 2023 Actuals YTD 4/30/23	Over (Under)	FY 2023 Adjusted Budget	FY 2023 Forecast
<b>Operating Revenues</b>				
Water Overhead Transfer	\$ 7,056,900	\$ 1,329,081	\$ 6,873,382	\$ 6,386,150
Wastewater Overhead Transfer	1,340,811	\$ (2,751)	1,612,275	1,497,986
Other General Fund Revenue	427,072	\$ (139,595)	680,000	1,046,607
<b>Total Operating Revenues</b>	<b>\$ 8,824,783</b>	<b>\$ 1,186,735</b>	<b>\$ 9,165,657</b>	<b>\$ 8,930,742</b>
<b>Operating Expenses</b>				
Board of Directors	\$ 31,198	\$ (10,553)	\$ 50,101	\$ 50,126
Garage	552,920	\$ 25,985	632,322	644,282
Administration	1,338,867	\$ (333,085)	2,006,342	1,962,658
Human Resources	311,985	\$ (60,243)	446,674	432,333
Risk Management	568,552	\$ (214,941)	940,192	934,443
IT Services	1,030,742	\$ (306,628)	1,604,844	1,473,666
Finance	853,676	\$ (120,758)	1,169,321	1,098,392
Customer Service	502,358	\$ 6,673	594,822	603,904
Engineering	813,668	\$ (85,189)	1,078,629	1,088,527
GASB 68 Pension**	642,412	\$ -	642,412	642,412
<b>Total Operating Expenses</b>	<b>\$ 6,646,378</b>	<b>\$ (1,098,738)</b>	<b>\$ 9,165,657</b>	<b>\$ 8,930,742</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,178,405</b>	<b>\$ 2,285,473</b>	<b>\$ -</b>	<b>\$ -</b>

*% of Annual Budget*

81% Water Purchases/Sales based on historical average

83% Fixed Fee Revenue & Expenses are based on time

## Operating & Debt Service Fund Balances

	Water Operating	Wastewater Operating	General Operating	Rate Stabilization	New Water Sources	Debt Service	TOTAL FY 22/23
<b>Fund Balances:</b>	FY 22/23	FY 22/23	FY 22/23	FY 22/23	FY 22/23	FY 22/23	FY 22/23
Beginning Available Balance	\$2,314,196	\$719,913	\$1,524,713	\$3,308,176	\$1,722,262	\$847,692	\$10,436,952
Budgeted Operating Surplus (Loss)	2,805,571	(1,227,390)			200,000		1,778,181
Budgeted Transfer to Water Capital*				(3,308,176)	(600,000)		(3,908,176)
Transfer to/from Rate Stabilization							
Transfers In/(Out)							0
<b>Projected Ending Available Balance</b>	<b>\$5,119,767</b>	<b>(\$507,477)</b>	<b>\$1,524,713</b>	<b>(\$0)</b>	<b>\$1,322,262</b>	<b>\$847,692</b>	<b>\$8,306,956</b>

Water Projected Balance

	<i>Adjusted Budget</i>	<i>Forecast</i>	<b>Year 1</b> <i>Requested Budget</i>	<i>Year 2 Planned Budget</i>	<i>Year 3 Planned Budget</i>	<i>Year 4 Planned Budget</i>	<i>Year 5</i> <i>Planned Budget</i>
	FY 22/23	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 25/27	FY 25/28
<b>Capital Fund Balances:</b>							
Beginning Available Balance	\$13,067,355	\$13,067,355	\$5,165,797	(\$1,919,967)	\$74,011	\$2,467,229	\$4,254,230
Budgeted Transfer from Operating			1,539,236	8,188,978	9,243,859	6,972,000	7,870,731
New Water Sources Funds	600,000	600,000	600,000	0	0	0	0
Capacity Fees	430,994	430,994	0	0	0	0	0
<b>Total Available Funding</b>	<b>14,098,349</b>	<b>14,098,349</b>	<b>7,305,033</b>	<b>6,269,011</b>	<b>9,317,870</b>	<b>9,439,230</b>	<b>12,124,960</b>
Less Capital Projects	(13,706,420)	(8,932,552)	(9,225,000)	(6,195,000)	(6,850,641)	(5,185,000)	(5,700,000)
<b>Projected Ending Capital Balance</b>	<b>\$ 391,929</b>	<b>\$ 5,165,797</b>	<b>\$ (1,919,967)</b>	<b>\$ 74,011</b>	<b>\$ 2,467,229</b>	<b>\$ 4,254,230</b>	<b>\$ 6,424,960</b>

Water Capital Project Budgets:

Project #	Project Name	Year-to-Date				Year 1	Year 2	Year 3	Year 4	Year 5
		Expended 5/31/2023	Approved Budget	Adjusted Budget	Forecasted Spend	Requested Budget	Planned Budget	Planned Budget	Planned Budget	Planned Budget
		FY 22/23	FY 22/23	FY 22/23	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28
300007	Programatic EIR for Existing Easements	\$ 63,631	\$ 75,000	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -
300008	New District Headquarters	912	50,000	50,000	10,000	20,000	520,000	500,000	500,000	500,000
600003	San Luis Rey Imported Return Flow Recovery	421,357	600,000	600,000	600,000	600,000				
600007	Pressure Reducing Stations	563,491	150,000	150,000	150,000		150,000			
600009	Isolation Valve Installation Program	333,697	500,000	500,000	500,000					
600019	Water System Monitoring Program	142,536	185,000	185,000	185,000	25,000				
600026	Camino Del Rey Waterline Reloaction	10,161	25,000	25,000	25,000	25,000	25,000			
600030	Corrosion Prevention Program Development and Implementation	10,837	600,000	100,000	100,000	100,000	600,000	600,000		
600034	Rice Canyon Tank Transmission PL to I-15/SR76 Corridor	2,811,698	2,900,000	2,900,000	2,900,000	1,500,000				
600035	Morro Mixing	21,718			55,692					
600037	Live Oak Park Road Bridge Replacement	413,589	600,000	600,000	400,000	200,000				
600040	Vallecitos PS Relocation	-						500,000	1,400,000	
600043	Eagles Perch Water Pipeline Improvements (PUP)	-						300,000	300,000	1,000,000
600047	Community Power Resiliency Generator Grant (Generator at Sur)	311,686		675,000	300,000	375,000				
600048	Northside Zone Supply Redundancy	-								150,000
600050	Lookout Mountain Electrical Upgrade	-								1,000,000
600051	North Feeder and Rainbow Hills Water Line Replacements	-						150,000	1,850,000	
600058	Electrical Panel Switches	44,102			6,663	130,000				
600067	Pala Mesa Fairways 383 A and C	-								250,000
600068	Sarah Ann Drive Line 400 A	-	-	-	-				35,000	1,500,000
600069	Wilt Road (1331)	-						150,000	350,000	
600070	Katie Lendre Drive Line (PUP)	-								250,000
600071	Del Rio Estates Line Ext 503	-								250,000
600072	East Heights Line 147L	-								150,000
600073	East Heights Line 147A	-								250,000
600074	Via Zara - PUP	-						125,000	250,000	
600075	Roy Line Ext	-								250,000
600077	Rainbow Water Quality Improvement	630,000	920,000	1,160,000	1,160,000					
600080	Los Alisos South 243	-								150,000
600081	Heli-Hydrant on Tank	300			194,627					
600085	Gird to West Lilac Pipeline Rehabilitation	-				50,000				
N/A	Department Level Capital Expenses	221,631	767,640	186,420	214,160	200,000	500,000	500,000	500,000	
<b>Total</b>		<b>\$ 6,001,346</b>	<b>\$ 7,372,640</b>	<b>\$ 7,206,420</b>	<b>\$ 6,876,142</b>	<b>\$ 3,225,000</b>	<b>\$ 1,795,000</b>	<b>\$ 2,825,000</b>	<b>\$ 5,185,000</b>	<b>\$ 5,700,000</b>

**Wholesale Water Efficiency Capital Project Budgets:**

Funded by Western Alliance Loan @ 4.02% interest

Project #	Project Name	Year-to-Date				Year 1	Year 2	Year 3
		Expended 5/31/2023	Approved Budget	Adjusted Budget	Forecasted Spend	Requested Budget	Planned Budget	Planned Budget
		FY 22/23	FY 22/23	FY 22/23	FY 22/23	FY 23/24	FY 24/25	FY 25/26
600008	Weese WTP Permanent Emergency Interconnect Pump Station	\$ 71,501	\$ 825,000	\$ 1,825,000	\$ 100,000	\$ -	\$ -	\$ 1,725,000
600013	Hutton/Turner/Dentro Pump Stations (SDCWA Shutdowns)	412,679	2,375,000	4,375,000	1,500,000	6,000,000	4,400,000	
600084	Morro Pump Station	122			122			1,225,000
600078	Wilt Road Feeder (18 inch Water Line)	107,435			107,435			1,075,641
600079	Gird Road 1,600' upsize from 12" to 18" or larger	348,853	597,000	300,000	348,853			
<b>Total Spending</b>		<b>\$940,590</b>	<b>\$3,797,000</b>	<b>\$6,500,000</b>	<b>\$2,056,410</b>	<b>\$6,000,000</b>	<b>\$4,400,000</b>	<b>\$4,025,641</b>



**Wastewater Capital Fund 52 & 53 Projected Fund Balance**

			Year 1	Year 2 Planned	Year 3 Planned	Year 4 Planned	Year 5
	Approved Budget	Forecast	Requested Budget	Budget	Budget	Budget	Planned Budget
	FY 22/23	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 25/27	FY 25/28
<b>Capital Fund Balances:</b>							
Beginning Available Balance	\$634,288	\$634,288	\$262,424	\$2,762,424	\$2,762,424	\$9,962,424	\$7,087,424
Restricted CFD Funds (Citro)	8,000,000	8,000,000	2,500,000				
Debt Financing			5,000,000		9,500,000		
Transfer from (to) Operating Reserves							330,158
Forecasted Sewer Connections	16,951	16,951					
<b>Total Available Funding</b>	<b>8,651,239</b>	<b>8,651,239</b>	<b>7,762,424</b>	<b>2,762,424</b>	<b>12,262,424</b>	<b>9,962,424</b>	<b>7,417,582</b>
Less: Capital Projects-Wastewater	(10,911,452)	(8,388,815)	(5,000,000)	0	(2,300,000)	(2,875,000)	(2,800,000)
<b>Projected Ending Capital Balance</b>	<b>(\$2,260,213)</b>	<b>\$262,424</b>	<b>\$2,762,424</b>	<b>\$2,762,424</b>	<b>\$9,962,424</b>	<b>\$7,087,424</b>	<b>\$4,617,582</b>
<b>All Wastewater Balances:</b>							
Projected Ending Capital Balance		\$ 262,424	\$ 2,762,424	\$ 2,762,424	\$ 9,962,424	\$ 7,087,424	\$ 4,617,582
Projected Ending Operating Reserve Balance		(507,477)	58,016	225,405	109,535	489,665	1,116,636
<b>Total Wastewater Funds</b>		\$ (245,053)	\$ 2,820,440	\$ 2,987,829	\$ 10,071,959	\$ 7,577,089	\$ 5,734,218

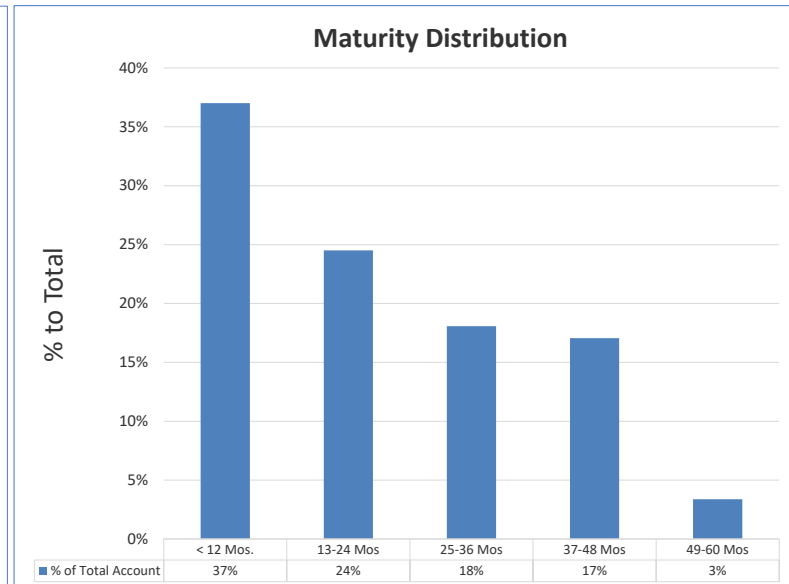
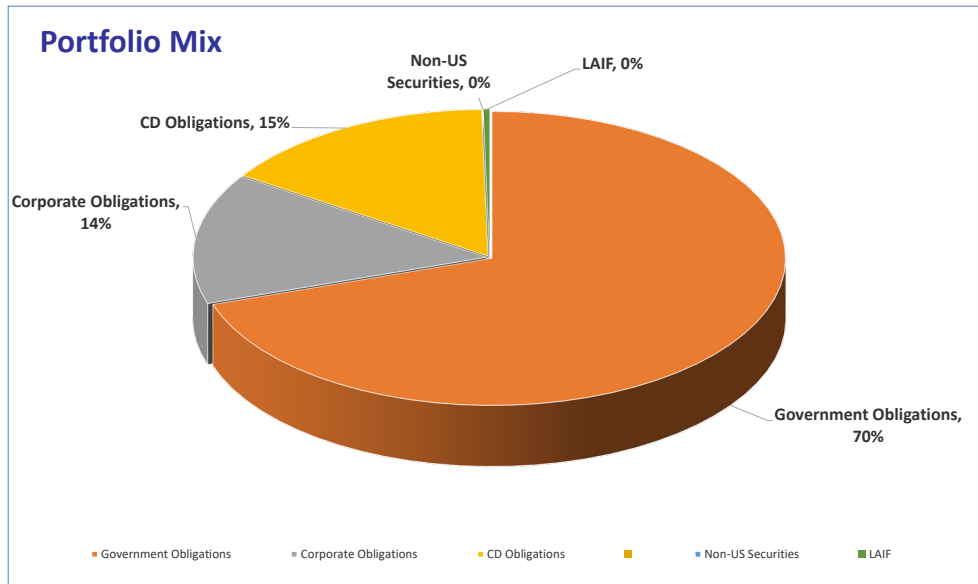
Wastewater Capital Fund Project Budgets:

Project #	Project Name	Year-to-Date	Approved	Forecasted	Year 1	Year 2 Planned	Year 3 Planned	Year 4 Planned	Year 5 Planned
		Expended 5/31/2023 FY 22/23	Budget FY 22/23	Spend FY 22/23	Requested Budget FY 23/24	Budget FY 24/25	Budget FY 25/26	Budget FY 26/27	Budget FY 27/28
530001	Thoroughbred Lane Lift Station and Pipeline Repair (LS1 Replacement)	\$ 6,879,284	\$ 10,791,452	\$ 8,268,815	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -
530018	Fallbrook Oaks Forcemain and Manhole Replacement	83						150,000	1,650,000
530019	CIPP 500' of line 8" VCP line near Pala Mesa/Palomar	-						100,000	
530020	Rancho Viejo LS Wet Well Expansion	-					500,000	1,000,000	
530023	Replace Rancho Monserate LS Emergency Generator							125,000	
XXXXX	HQ B-Plant Dry Well						250,000	1,000,000	
XXXXX	HQ B-Plant Generator Replacement						250,000	500,000	50,000
XXXXX	Pala Mesa Sewer CIPP Lining						650,000		50,000
XXXXX	Oakcliff Sewer CIPP Lining						650,000		50,000
XXXXX	Old River Road between LS#1 & LS#2								1,000,000
N/A	Department Level Capital Expenses		120,000	120,000					
<b>Total</b>		<b>\$ 6,879,367</b>	<b>\$ 10,911,452</b>	<b>\$ 8,388,815</b>	<b>\$ 5,000,000</b>	<b>\$ -</b>	<b>\$ 2,300,000</b>	<b>\$ 2,875,000</b>	<b>\$ 2,800,000</b>

RAINBOW MUNICIPAL WATER DISTRICT  
 TREASURER'S MONTHLY REPORT OF INVESTMENTS  
 PORTFOLIO SUMMARY  
 5/31/2023



TYPE	ISSUER	CUSIP	Bond Rating	Date of Maturity	Par Value	Cost Basis	Market Value*	Interest Rate	Yield to Maturity	Semi-Annual Interest	Days to Maturity	Object
Money Market Funds	First American Government Trust	31846V567 CSCDA 2017-01			\$	2,087,107 50,000	\$ 2,087,107 50,000				0 0	11508 10301
Total Cash & Cash Equivalents					\$	-	\$ 2,137,107	\$ 2,137,107				
Callable 4/28/23 1X	FEDERAL FARM CR BKS	3130ARMQ1	Aaa	10/28/24	\$ 540,000	\$ 542,565	\$ 524,059	2.700%	2.500%	\$ 7,325	516	11508
	FEDERAL FARM CR BKS	3133EJFC8	Aaa	11/07/24	\$ 489,000	\$ 487,342	\$ 476,042	2.940%	2.940%	\$ 7,164	526	11508
Non-Callable	FEDERAL FARM CR BKS	3133EDJY9	Aaa	12/21/23	\$ 450,000	\$ 456,678	\$ 443,714	2.950%	2.050%	\$ 6,736	204	11508
	FEDERAL FARM CR BKS	3133EN3A6	Aaa	09/25/23	\$ 1,000,000	\$ 1,001,930	\$ 998,300	4.875%	4.875%	\$ 24,422	117	11508
Callable 10/14/22 1X	FEDERAL HOME LOAN BKS	3130APAM7	Aaa	10/14/26	\$ 1,000,000	\$ 995,000	\$ 892,620	0.900%	1.000%	\$ 4,478	1232	11508
Non-Callable	FEDERAL HOME LOAN BKS	3130AQF40	Aaa	12/20/24	\$ 500,000	\$ 499,710	\$ 472,365	1.000%	1.020%	\$ 2,499	569	11508
Callable 4/21/23 1X	FEDERAL HOME LOAN BKS STEP UP	3130ARQ61	Aaa	10/21/24	\$ 500,000	\$ 502,195	\$ 491,970	2.200%	2.900%	\$ 5,524	509	11508
Callable 8/17/22 QTR	FEDERAL HOME LOAN BKS STEP UP	3130ARTC5	Aaa	05/17/27	\$ 490,000	\$ 489,020	\$ 473,404	3.020%	4.020%	\$ 7,384	1447	11508
Callable 7/22/22 QTR	FEDERAL HOME LOAN BKS	3130ARJH5	Aaa	04/22/27	\$ 500,000	\$ 500,000	\$ 474,385	3.150%	3.150%	\$ 7,875	1422	11508
Callable 9/29/22 QTR	FEDERAL HOME LOAN BKS	3130ASKB4	Aaa	12/29/23	\$ 245,000	\$ 245,813	\$ 242,067	3.350%	3.120%	\$ 4,117	212	11508
	FEDERAL HOME LOAN BKS	3130ASZZ5	Aaa	08/28/25	\$ 500,000	\$ 501,820	\$ 490,230	3.375%	3.375%	\$ 8,468	820	11508
	FEDERAL HOME LOAN BKS	3130ARY62	Aaa	05/23/25	\$ 600,000	\$ 594,210	\$ 587,094	4.000%	4.000%	\$ 11,884	723	11508
	FEDERAL HOME LOAN BKS	3130AT2T3	Aaa	08/25/27	\$ 500,000	\$ 503,370	\$ 483,475	3.350%	3.120%	\$ 8,431	1547	11508
	FEDERAL HOME LOAN BKS	3130AV5C2	Aaa	09/15/23	\$ 1,000,000	\$ 1,001,000	\$ 998,960	5.150%	5.150%	\$ 25,776	107	11508
	TENNESSEE VALLEY AUTHORITY	880591ER9	Aaa	09/15/24	\$ 500,000	\$ 497,780	\$ 485,955	3.350%	3.120%	\$ 8,338	473	11508
Total Government Obligations					\$	8,814,000	\$ 8,818,434	\$ 8,534,639				
Callable 1/26/22 STEP	BANK OF AMERICA	06048WK82	A2	01/26/26	\$ 500,000	\$ 498,500	\$ 433,380	0.610%	0.800%	\$ 1,525	971	11508
Callable 9/30/23	CITIGROUP INC	17298CKE7	A3	09/30/23	\$ 500,000	\$ 500,000	\$ 447,870	1.000%	1.000%	\$ 2,500	122	11508
Callable 05/28/23	JPMORGAN CHASE & CO	48128G3N8	A2	05/28/26	\$ 1,000,000	\$ 1,000,000	\$ 870,280	1.200%	1.200%	\$ 6,000	1093	11508
Total Corporate Issues					\$	2,000,000	\$ 1,998,500	\$ 1,751,530				
FDIC Ins. CD	JPMORGAN CHASE BK NA COLUMBU	48128UHS1		07/31/25	\$ 249,000	\$ 249,000	\$ 225,335	0.550%	0.550%	\$ 685	792	11508
FDIC Ins. CD	MERRICK BK SOUTH JORDAN UTAH	59013KBV7		07/31/24	\$ 249,000	\$ 249,000	\$ 240,053	2.200%	2.200%	\$ 2,739	427	11508
CD	MORGAN STANLEY PVT BK PURCHA	61760AL49		06/24/24	\$ 245,000	\$ 245,000	\$ 237,064	2.290%	2.250%	\$ 2,805	390	11508
	PNC BANK NA	69353REQ7		06/01/25	\$ 600,000	\$ 596,040	\$ 572,088	3.250%	3.250%	\$ 9,686	732	11508
	US BANCORP	91159HHR4		04/27/27	\$ 650,000	\$ 638,911	\$ 605,813	3.150%	3.150%	\$ 10,238	1427	11508
Total CD Obligations					\$	1,993,000	\$ 1,977,951	\$ 1,880,354				
Total Non-US Securities					\$	-	\$ -	\$ -				
Subtotal Long Term					\$	-	\$ -	\$ -				
Pooled Investment					\$	12,807,000	\$ 14,931,991	\$ 14,303,630				
<b>Portfolio Totals</b>	Local Agency Investment Fund (LAIF)**	0.990288180			\$	41,741	\$ 41,741				0	10103
					\$	<b>14,973,733</b>	\$ <b>14,345,371</b>					



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 in compliance with the current Investment Policy.

*Tracy Largent*

6/13/2023

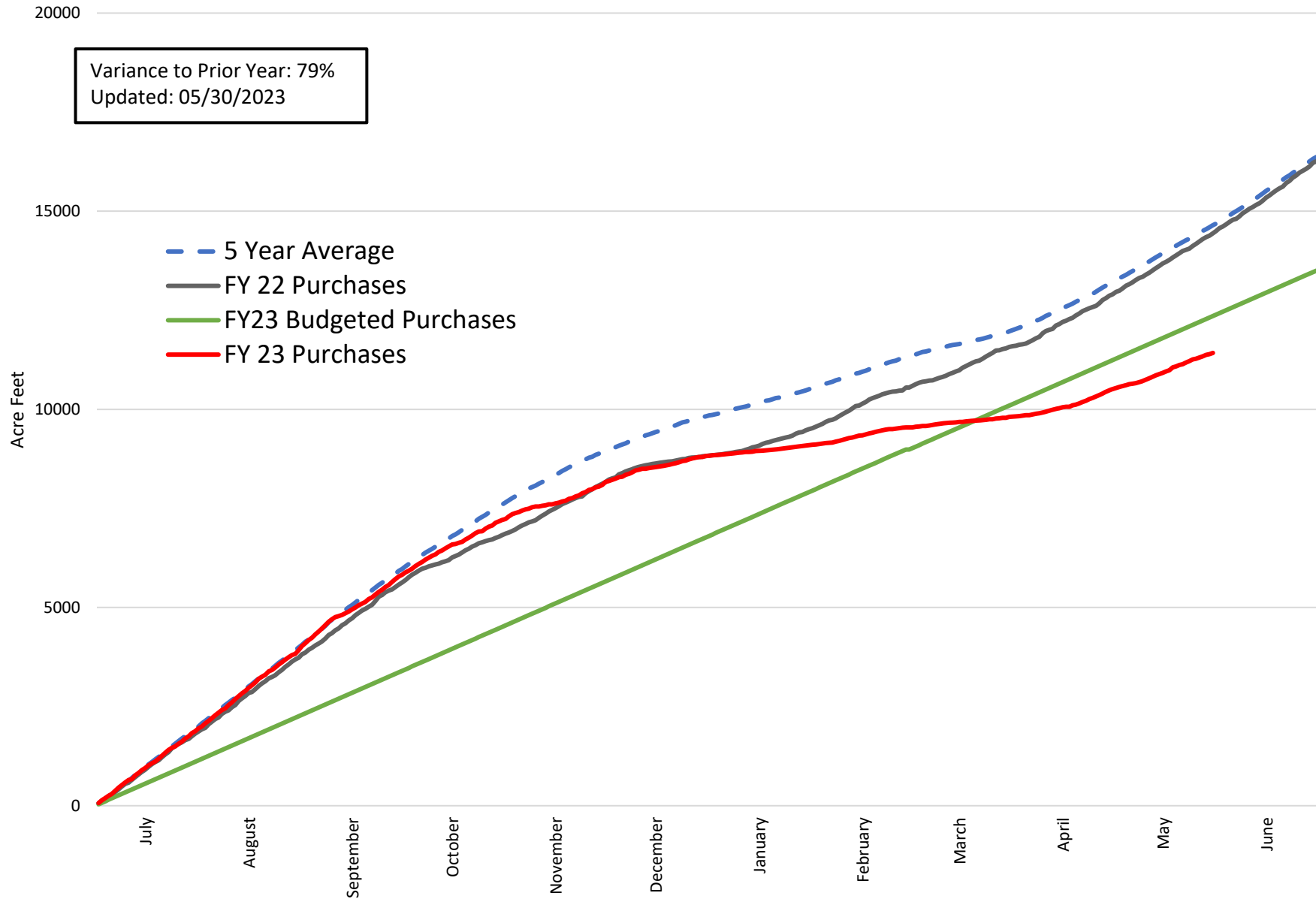
Tracy Largent, Treasurer

\*Source of Market Value - US Bank monthly statements

\*\*Source of LAIF FMV - CA State Treasurer Pooled Money Investment Account @ <https://www.treasurer.ca.gov/pmia-laiif/reports/valuation.asp>

### System Demands Comparison Chart

Variance to Prior Year: 79%  
Updated: 05/30/2023





## Comparative Water Sales YTD from Prior Years

### FISCAL YEAR 2022-2023

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
1,186	AD	126,735	108,343	138,717	105,317	80,300	58,695	33,237	17,697	26,491	18,484	45,368		1,743
513	AG	190,990	174,397	235,403	155,228	102,380	68,805	35,535	19,204	33,734	22,530	66,194		2,535
275	CM	52,026	47,725	62,693	42,811	30,621	18,036	7,791	5,752	6,786	6,295	16,511		682
37	CN	13,891	8,870	16,009	8,213	5,318	3,084	2,164	673	661	428	1,114		139
21	IS	4,157	3,544	4,402	2,791	2,272	1,558	1,449	632	741	923	1,567		55
124	MF	14,020	12,841	16,595	13,322	11,561	11,252	21,606	8,451	8,081	9,201	10,354		315
139	PC	86,650	77,010	99,962	77,857	55,755	35,872	13,560	4,530	10,715	2,482	31,895		1,139
300	PD	102,297	94,478	121,441	87,843	64,766	43,940	18,597	8,878	16,326	8,239	40,711		1,395
6,234	SF	181,808	160,423	198,867	157,915	123,786	102,284	77,578	50,898	57,833	55,180	88,411		2,881
8,829	Total	772,574	687,631	894,089	651,297	476,759	343,526	211,517	116,715	161,368	123,762	302,125	-	10,885

### FISCAL YEAR 2021-2022

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
1,227	AD	49,878	120,877	132,208	105,801	71,840	86,788	38,982	51,802	64,159	84,271	91,076		2,061
531	AG	126,020	156,517	188,678	141,035	94,403	113,507	37,037	60,738	86,971	113,642	116,997		2,836
276	CM	43,597	45,074	58,754	34,843	22,862	24,113	9,971	15,923	20,977	30,355	35,561		785
26	CN	9,809	7,353	8,900	4,999	8,247	7,795	9,526	6,874	8,636	10,292	7,407		206
21	IS	4,094	3,585	3,722	2,400	1,528	1,795	1,247	1,605	1,502	2,118	2,078		59
121	MF	14,171	12,501	14,634	11,363	10,797	11,216	10,215	8,410	10,807	12,185	11,054		292
148	PC	105,195	87,728	98,194	76,152	51,934	66,232	14,314	38,479	44,840	61,700	64,338		1,628
313	PD	104,423	101,695	108,445	85,321	56,327	69,973	16,562	44,821	50,216	71,313	78,419		1,808
-	SC	54,638	-	-	-	-	-	-	-	-	-	-		125
-	SD	86,465	-	-	-	-	-	-	-	-	-	-		198
6,012	SF	186,785	176,948	193,467	155,723	117,189	137,144	77,534	81,001	103,271	130,736	129,125		3,418
8,675	Total	785,075	712,278	807,002	617,637	435,127	518,563	215,388	309,653	391,379	516,612	536,055	-	13,418

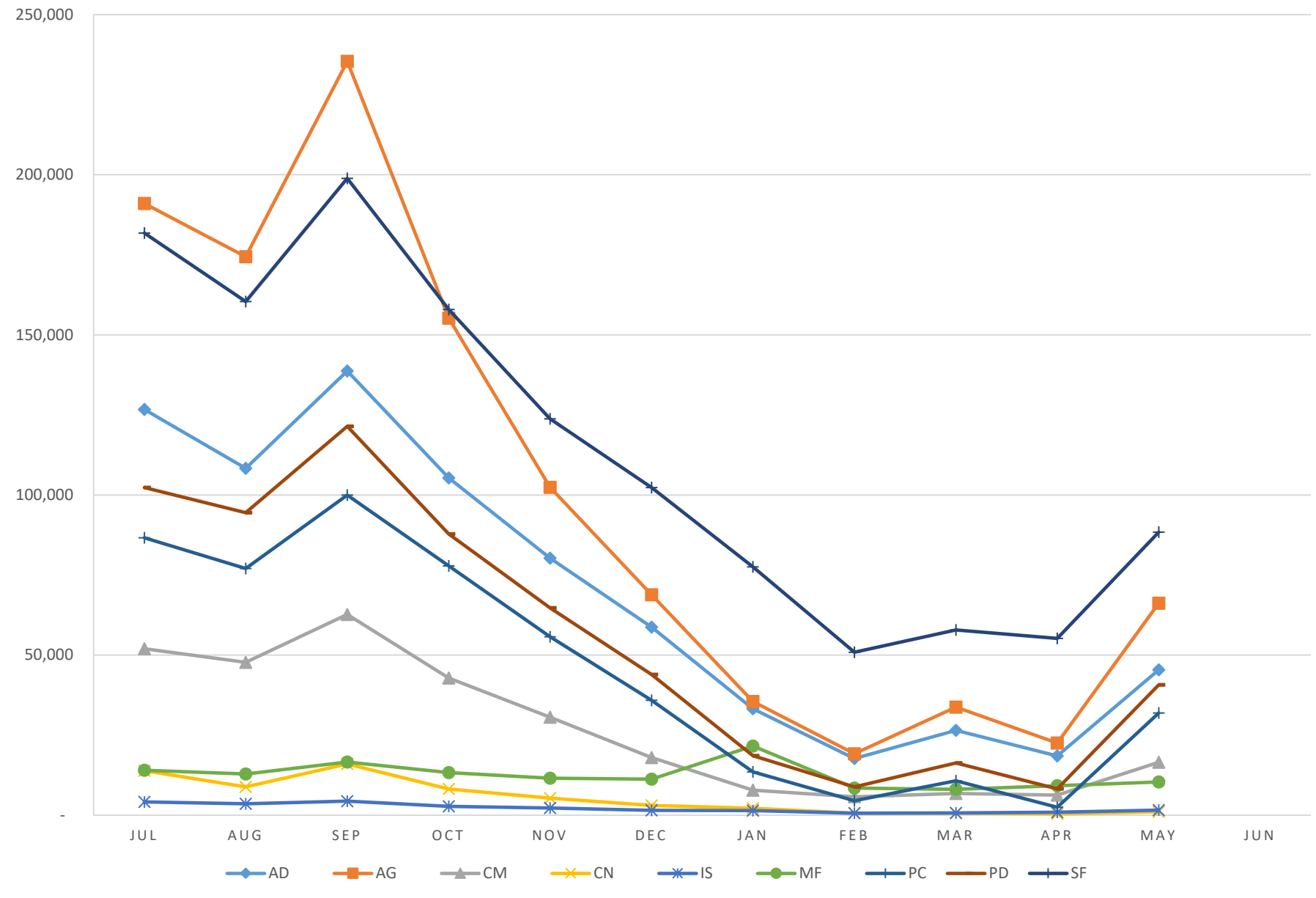
### FISCAL YEAR 2020-2021

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
549	AD	34,763	39,406	46,230	42,502	34,921	21,626	24,948	14,076	14,146	17,159	25,141		723
402	AG	109,886	131,840	137,233	129,675	105,410	64,136	68,514	39,558	46,221	51,415	88,199		2,232
271	CM	43,615	49,777	48,946	49,458	35,129	19,261	20,216	10,734	14,250	19,251	31,178		785
24	CN	6,330	12,547	10,164	14,057	8,403	5,244	9,069	7,677	4,613	6,070	10,043		216
21	IS	2,513	2,972	3,359	3,231	1,698	1,013	1,365	568	1,119	1,204	5,788		57
114	MF	14,151	14,484	14,090	14,996	12,993	9,384	12,462	8,972	8,359	10,592	12,286		305
	PC	-	-	-	-	-	-	-	1,234	14,315	17,961	48,237		188
	PD	-	-	-	-	-	-	83	3,574	24,420	30,477	61,382		275
319	SC	137,945	133,502	160,919	156,961	123,278	85,624	74,455	110,420	39,051	46,578	70,676		2,616
1,012	SD	186,337	204,966	223,721	229,964	179,016	112,667	115,867	55,255	54,422	67,372	97,741		3,506
5,851	SF	169,793	186,711	189,918	189,511	157,332	112,083	128,779	84,894	94,401	107,576	149,402		3,605
8563	Total	705,333	776,205	834,580	830,355	658,180	431,038	455,758	336,962	315,317	375,655	600,073	-	14,507

### FISCAL YEAR 2019-2020

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
553	AD	28,018	36,530	36,506	32,640	37,164	15,379	6,577	13,028	16,047	9,234	16,352		568
400	AG	113,285	139,802	139,715	135,633	132,703	48,601	25,028	47,900	52,506	30,084	57,514		2,118
267	CM	35,561	46,750	44,883	40,374	29,303	16,496	13,155	9,711	25,311	13,393	16,062		668
19	CN	1,484	1,549	1,183	1,041	1,286	314	490	1,126	5,662	448	402		34
21	IS	3,060	1,799	1,946	2,046	2,048	927	643	1,018	1,351	768	672		37
114	MF	11,910	11,187	11,539	11,065	12,605	8,386	7,568	9,074	8,716	9,124	8,443		252
323	SC	135,069	157,307	156,337	136,485	152,308	47,287	10,146	50,668	60,342	16,027	51,289		2,234
1,021	SD	164,817	213,262	218,596	179,714	207,689	77,699	21,552	65,024	75,717	26,767	71,299		3,035
5,536	SF	150,907	188,769	182,811	153,331	174,251	89,028	52,276	70,585	74,004	58,386	81,397		2,929
8,254	Total	644,111	796,955	793,516	692,329	749,357	304,117	137,435	268,134	319,656	164,231	303,430	-	11,876

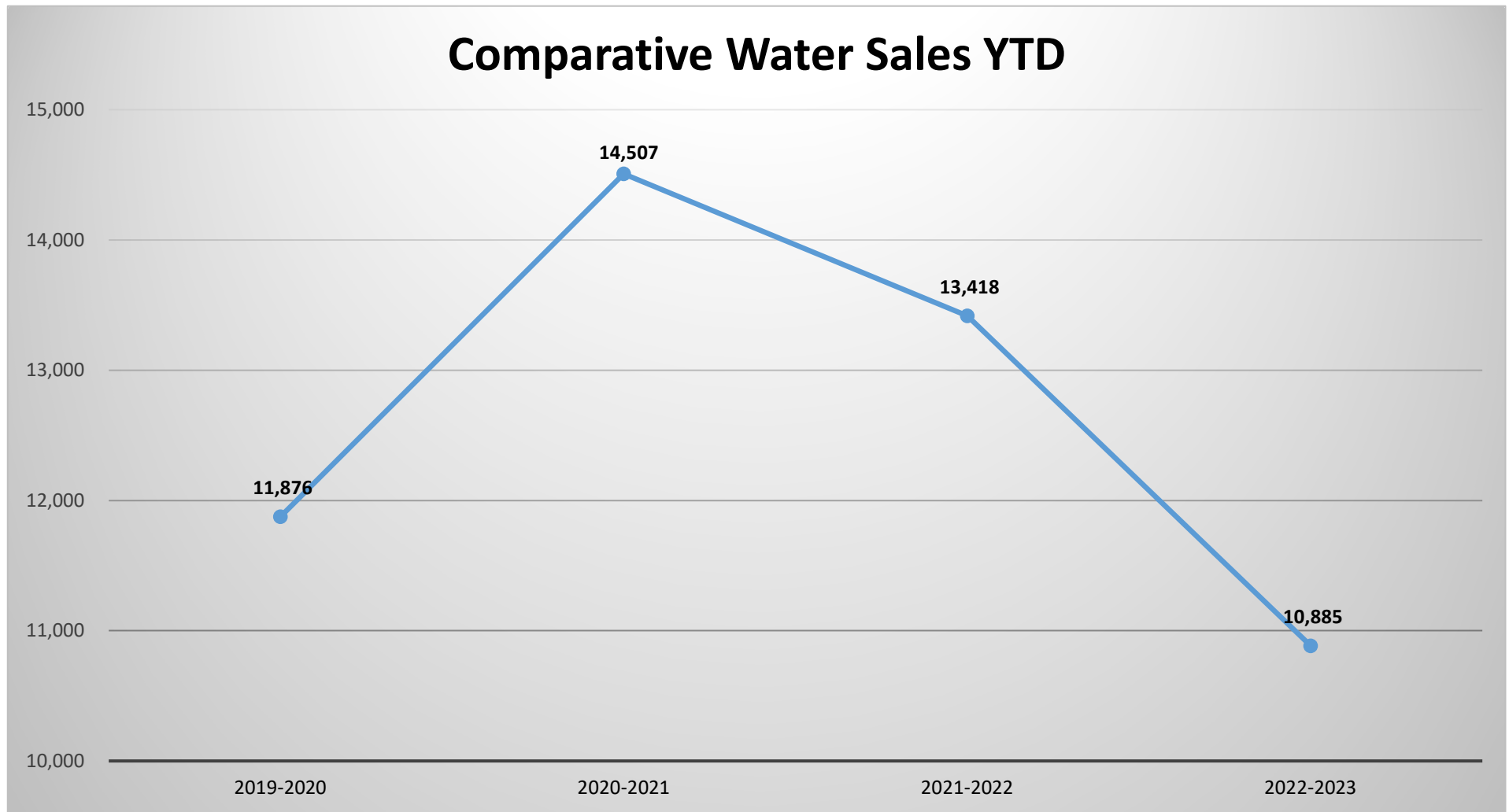
### USAGE BY CUSTOMER CLASS FY 22-23







## Comparative Water Sales YTD from Prior Years



## Comparative Water Sales YTD from Prior Years

### FISCAL YEAR 2022-2023

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
1,186	AD	126,735	108,343	138,717	105,317	80,300	58,695	33,237	17,697	26,491	18,484	45,368		1,743
513	AG	190,990	174,397	235,403	155,228	102,380	68,805	35,535	19,204	33,734	22,530	66,194		2,535
275	CM	52,026	47,725	62,693	42,811	30,621	18,036	7,791	5,752	6,786	6,295	16,511		682
37	CN	13,891	8,870	16,009	8,213	5,318	3,084	2,164	673	661	428	1,114		139
21	IS	4,157	3,544	4,402	2,791	2,272	1,558	1,449	632	741	923	1,567		55
124	MF	14,020	12,841	16,595	13,322	11,561	11,252	21,606	8,451	8,081	9,201	10,354		315
139	PC	86,650	77,010	99,962	77,857	55,755	35,872	13,560	4,530	10,715	2,482	31,895		1,139
300	PD	102,297	94,478	121,441	87,843	64,766	43,940	18,597	8,878	16,326	8,239	40,711		1,395
6,234	SF	181,808	160,423	198,867	157,915	123,786	102,284	77,578	50,898	57,833	55,180	88,411		2,881
8,829	Total	772,574	687,631	894,089	651,297	476,759	343,526	211,517	116,715	161,368	123,762	302,125	-	10,885

### FISCAL YEAR 2021-2022

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
1,227	AD	49,878	120,877	132,208	105,801	71,840	86,788	38,982	51,802	64,159	84,271	91,076		2,061
531	AG	126,020	156,517	188,678	141,035	94,403	113,507	37,037	60,738	86,971	113,642	116,997		2,836
276	CM	43,597	45,074	58,754	34,843	22,862	24,113	9,971	15,923	20,977	30,355	35,561		785
26	CN	9,809	7,353	8,900	4,999	8,247	7,795	9,526	6,874	8,636	10,292	7,407		206
21	IS	4,094	3,585	3,722	2,400	1,528	1,795	1,247	1,605	1,502	2,118	2,078		59
121	MF	14,171	12,501	14,634	11,363	10,797	11,216	10,215	8,410	10,807	12,185	11,054		292
148	PC	105,195	87,728	98,194	76,152	51,934	66,232	14,314	38,479	44,840	61,700	64,338		1,628
313	PD	104,423	101,695	108,445	85,321	56,327	69,973	16,562	44,821	50,216	71,313	78,419		1,808
-	SC	54,638	-	-	-	-	-	-	-	-	-	-		125
-	SD	86,465	-	-	-	-	-	-	-	-	-	-		198
6,012	SF	186,785	176,948	193,467	155,723	117,189	137,144	77,534	81,001	103,271	130,736	129,125		3,418
8,675	Total	785,075	712,278	807,002	617,637	435,127	518,563	215,388	309,653	391,379	516,612	536,055	-	13,418

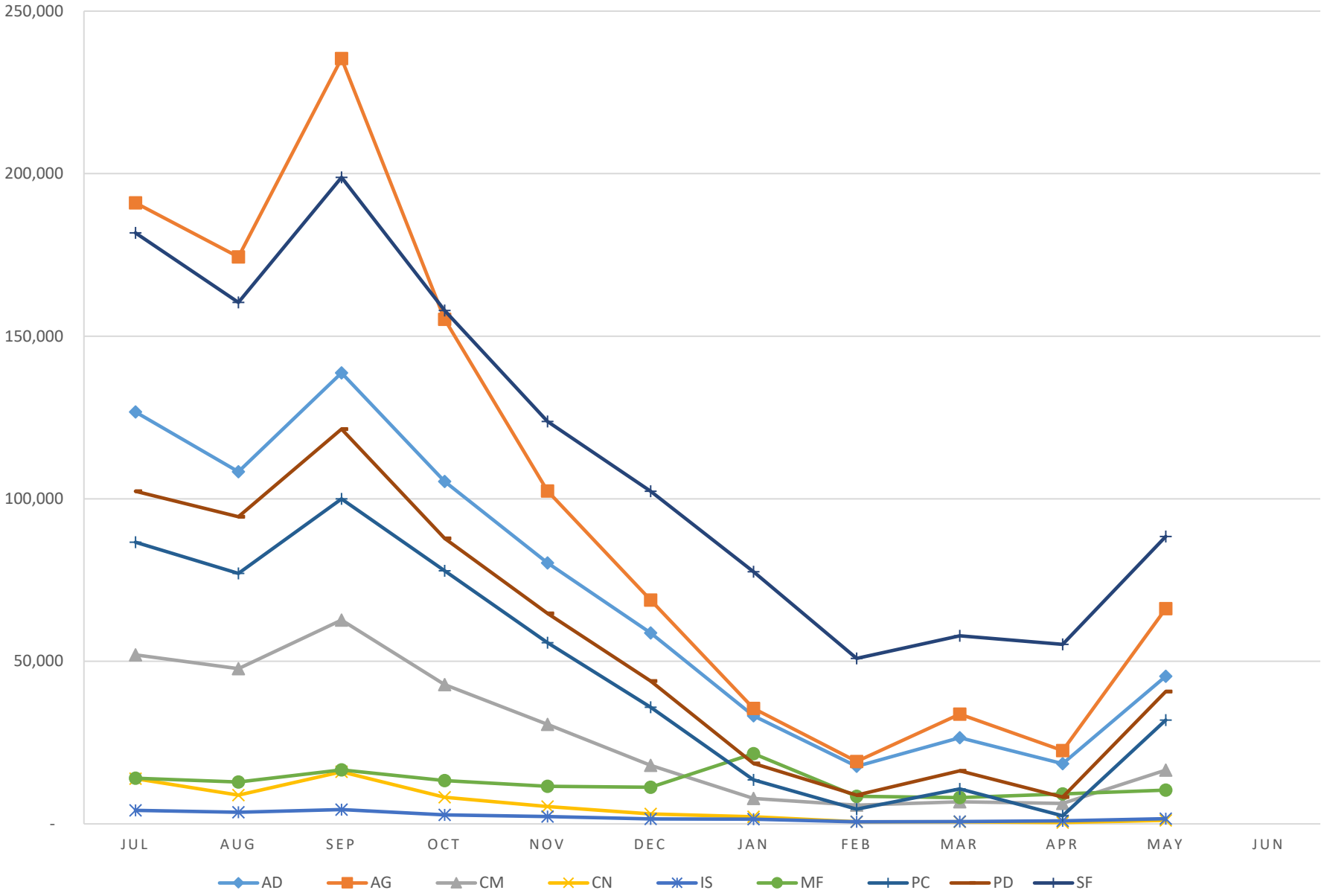
### FISCAL YEAR 2020-2021

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
549	AD	34,763	39,406	46,230	42,502	34,921	21,626	24,948	14,076	14,146	17,159	25,141		723
402	AG	109,886	131,840	137,233	129,675	105,410	64,136	68,514	39,558	46,221	51,415	88,199		2,232
271	CM	43,615	49,777	48,946	49,458	35,129	19,261	20,216	10,734	14,250	19,251	31,178		785
24	CN	6,330	12,547	10,164	14,057	8,403	5,244	9,069	7,677	4,613	6,070	10,043		216
21	IS	2,513	2,972	3,359	3,231	1,698	1,013	1,365	568	1,119	1,204	5,788		57
114	MF	14,151	14,484	14,090	14,996	12,993	9,384	12,462	8,972	8,359	10,592	12,286		305
	PC	-	-	-	-	-	-	-	1,234	14,315	17,961	48,237		188
	PD	-	-	-	-	-	-	83	3,574	24,420	30,477	61,382		275
319	SC	137,945	133,502	160,919	156,961	123,278	85,624	74,455	110,420	39,051	46,578	70,676		2,616
1,012	SD	186,337	204,966	223,721	229,964	179,016	112,667	115,867	55,255	54,422	67,372	97,741		3,506
5,851	SF	169,793	186,711	189,918	189,511	157,332	112,083	128,779	84,894	94,401	107,576	149,402		3,605
8563	Total	705,333	776,205	834,580	830,355	658,180	431,038	455,758	336,962	315,317	375,655	600,073	-	14,507

### FISCAL YEAR 2019-2020

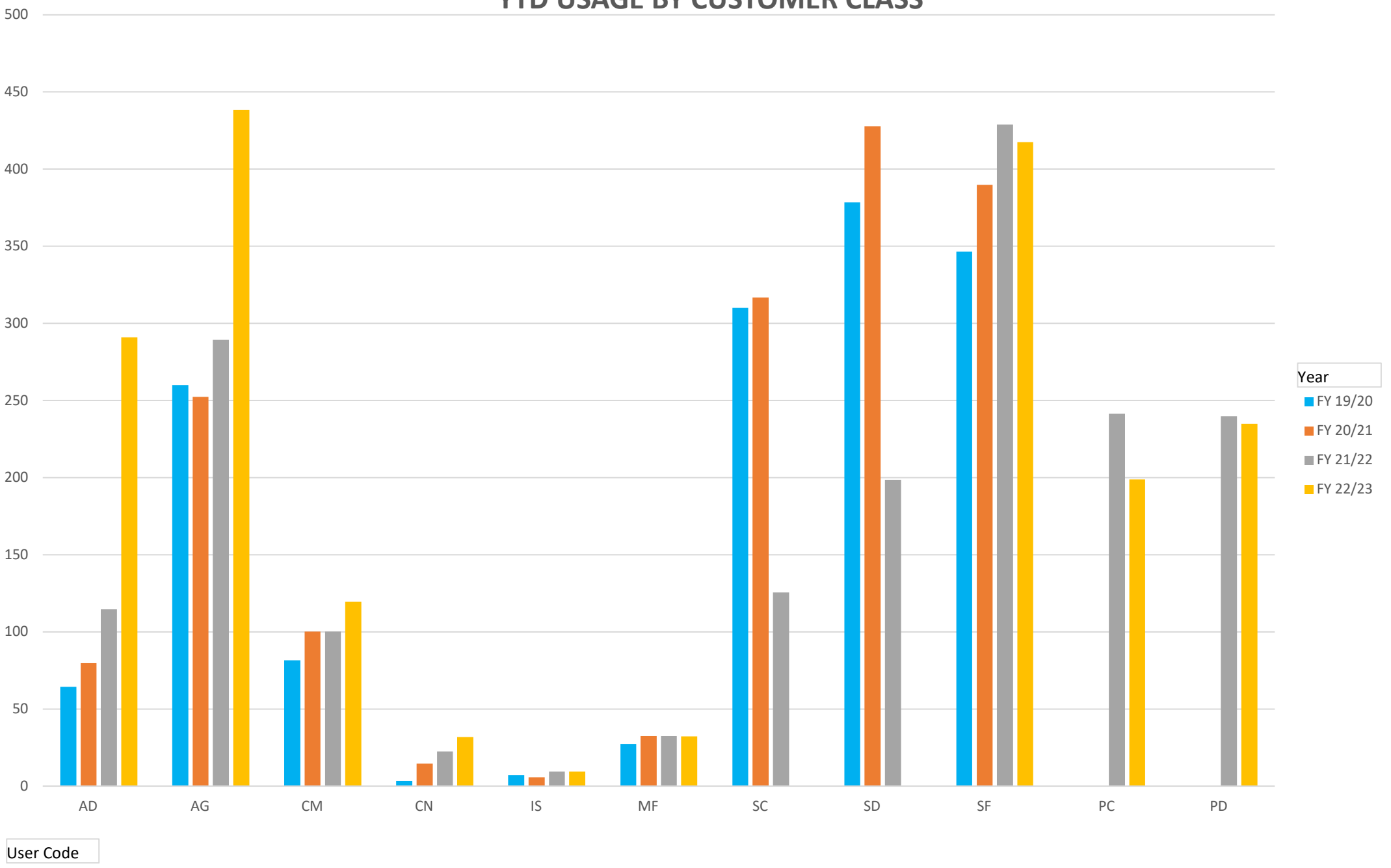
Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
553	AD	28,018	36,530	36,506	32,640	37,164	15,379	6,577	13,028	16,047	9,234	16,352		568
400	AG	113,285	139,802	139,715	135,633	132,703	48,601	25,028	47,900	52,506	30,084	57,514		2,118
267	CM	35,561	46,750	44,883	40,374	29,303	16,496	13,155	9,711	25,311	13,393	16,062		668
19	CN	1,484	1,549	1,183	1,041	1,286	314	490	1,126	5,662	448	402		34
21	IS	3,060	1,799	1,946	2,046	2,048	927	643	1,018	1,351	768	672		37
114	MF	11,910	11,187	11,539	11,065	12,605	8,386	7,568	9,074	8,716	9,124	8,443		252
323	SC	135,069	157,307	156,337	136,485	152,308	47,287	10,146	50,668	60,342	16,027	51,289		2,234
1,021	SD	164,817	213,262	218,596	179,714	207,689	77,699	21,552	65,024	75,717	26,767	71,299		3,035
5,536	SF	150,907	188,769	182,811	153,331	174,251	89,028	52,276	70,585	74,004	58,386	81,397		2,929
8,254	Total	644,111	796,955	793,516	692,329	749,357	304,117	137,435	268,134	319,656	164,231	303,430	-	11,876

# USAGE BY CUSTOMER CLASS FY 22-23

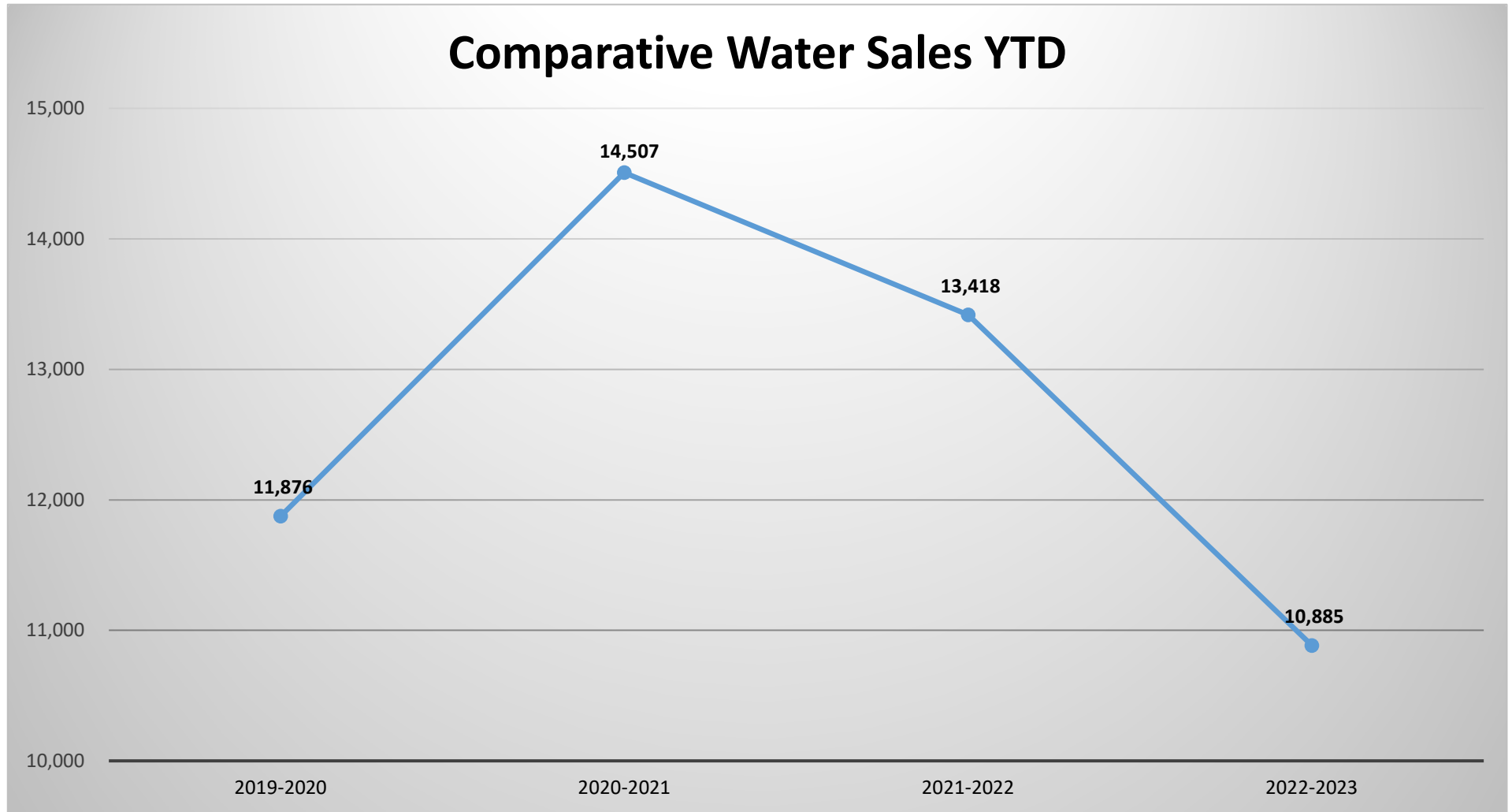


Sum of YTD Acre...

### YTD USAGE BY CUSTOMER CLASS



## Comparative Water Sales YTD from Prior Years



FY      Total

2019-2020	11,876
2020-2021	14,507
2021-2022	13,418
2022-2023	10,885





**Director's Expenses  
FY 2022-2023**

Disbursement Date	Description	Miguel Gasca	Claude Hamilton	Michael Mack	Pam Moss	William Stewart
07/31/22	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 <b>REIMBURSEMENT FROM DIRECTORS</b> Monthly Totals	\$ 150.00	\$ 150.00		\$ 150.00	\$ 150.00
		<b>\$ 150.00</b>	<b>\$ 150.00</b>	<b>\$ -</b>	<b>\$ 150.00</b>	<b>\$ 150.00</b>
08/31/22	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 <b>REIMBURSEMENT FROM DIRECTORS</b> Monthly Totals	\$ 650.00	\$ 690.00	\$ 690.00	\$ 40.00	\$ 40.00
		\$ 150.00	\$ 450.00	\$ 900.00	\$ 450.00	\$ 300.00
		\$ 353.42	\$ 530.13	\$ 751.30		
			\$ 374.64	\$ 228.75	\$ 34.12	
		<b>\$ 1,153.42</b>	<b>\$ 2,109.77</b>	<b>\$ 2,635.05</b>	<b>\$ 589.12</b>	<b>\$ 340.00</b>

## Director's Expenses FY 2022-2023

Disbursement Date	Description	Miguel Gasca	Claude Hamilton	Michael Mack	Pam Moss	William Stewart
09/30/22	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 AND EXPENSES <b>REIMBURSEMENT FROM DIRECTORS</b>				\$ 600.00	
	Monthly Totals	\$ 150.00	\$ 150.00	\$ 150.00	\$ 3,109.76	\$ 150.00
10/31/22	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 AND EXPENSES <b>REIMBURSEMENT FROM DIRECTORS</b>					
	Monthly Totals	\$ 150.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 600.00

**Director's Expenses  
FY 2022-2023**

Disbursement Date	Description	Miguel Gasca	Claude Hamilton	Michael Mack	Pam Moss	William Stewart
11/30/22	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 <b>REIMBURSEMENT FROM DIRECTORS</b>	\$ 775.00	\$ 60.00	\$ 60.00 \$ 775.00	\$ 60.00	\$ 60.00
	Monthly Totals	<u>\$ 2,306.43</u>	<u>\$ 60.00</u>	<u>\$ 3,020.63</u>	<u>\$ 60.00</u>	<u>\$ 660.00</u>
12/31/22	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 <b>REIMBURSEMENT FROM DIRECTORS</b>	\$ 150.00 \$ 47.50	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
	Monthly Totals	<u>\$ 197.50</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>

**Director's Expenses  
FY 2022-2023**

	<b>Miguel Gasca</b>	<b>Claude Hamilton</b>	<b>Michael Mack</b>	<b>Pam Moss</b>	<b>William Stewart</b>
WATER AGENCIES ASSOC OF S.D.	\$ -	\$ -	\$ -	\$ -	\$ -
CSDA, SAN DIEGO CHAPTER	\$ -	\$ 125.00	\$ 125.00	\$ 125.00	\$ 60.00
CONFERENCES (CSDA, ACWA, etc.)	\$ 1,425.00	\$ 690.00	\$ 1,465.00	\$ 640.00	\$ 40.00
TRAINING	\$ -	\$ -	\$ -	\$ -	\$ -
COUNCIL OF WATER UTILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
DIRECTORS' PER DIEMS	\$ 900.00	\$ 1,050.00	\$ 2,100.00	\$ 1,650.00	\$ 1,800.00
TRAVEL EXPENSES	\$ 1,687.35	\$ 680.13	\$ 2,185.68	\$ 1,909.76	\$ 150.00
MILEAGE EXPENSE	\$ 95.00	\$ 374.64	\$ 380.00	\$ 34.12	\$ -
REIMBURSEMENT FROM DIRECTORS	\$ -	\$ -	\$ -	\$ -	\$ -
<b>REPORT TOTAL FOR 2022:</b>	<b>\$ 4,107.35</b>	<b>\$ 2,919.77</b>	<b>\$ 6,255.68</b>	<b>\$ 4,358.88</b>	<b>\$ 2,050.00</b>

**Director's Expenses  
FY 2022-2023**

Disbursement Date	Description	Miguel Gasca	Claude Hamilton	Michael Mack	Pam Moss	Pam Townsend-Smith
01/31/23	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	\$ 150.00
	TRAVEL EXPENSES MILEAGE EXPENSE <b>REIMBURSEMENT FROM DIRECTORS</b>					
	Monthly Totals	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>	<u>\$ 150.00</u>
2/29/2023	WATER AGENCIES ASSOC OF S.D. CSDA, SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING COUNCIL OF WATER UTILITIES DIRECTORS' PER DIEMS		\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
	TRAVEL EXPENSES MILEAGE EXPENSE <b>REIMBURSEMENT FROM DIRECTORS</b>	\$ 150.00	\$ 150.00	\$ 300.00	\$ 150.00	\$ 300.00
	Monthly Totals	<u>\$ 150.00</u>	<u>\$ 210.00</u>	<u>\$ 360.00</u>	<u>\$ 254.50</u>	<u>\$ 360.00</u>

## Director's Expenses FY 2022-2023

Disbursement Date	Description	Miguel Gasca	Claude Hamilton	Michael Mack	Pam Moss	Pam Townsend-Smith
03/31/23	WATER AGENCIES ASSOC OF S.D. CSDA, SAN DIEGO CHAPTER CONFERENCES (CSDA, ACWA, etc.) TRAINING	\$ 325.00				
	COUNCIL OF WATER UTILITIES DIRECTORS' PER DIEMS	\$ 300.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
	TRAVEL EXPENSES	\$ 323.48				
	MILEAGE EXPENSE	\$ 53.71				
	<b>REIMBURSEMENT FROM DIRECTORS</b>					
	Monthly Totals	<b>\$ 1,002.19</b>	<b>\$ 150.00</b>	<b>\$ 150.00</b>	<b>\$ 150.00</b>	<b>\$ 150.00</b>
04/30/23	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	\$ 450.00	\$ 150.00
	TRAVEL EXPENSES					
	MILEAGE EXPENSE				\$ 62.88	
	<b>REIMBURSEMENT FROM DIRECTORS</b>					
	Monthly Totals	<b>\$ -</b>	<b>\$ 150.00</b>	<b>\$ 150.00</b>	<b>\$ 512.88</b>	<b>\$ 150.00</b>

**Director's Expenses  
FY 2022-2023**

	Miguel Gasca	Claude Hamilton	Michael Mack	Pam Moss	Pam Townsend-Smith
WATER AGENCIES ASSOC OF S.D.	\$ -	\$ -	\$ -	\$ -	\$ -
CSDA, SAN DIEGO CHAPTER	\$ -	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
CONFERENCES (CSDA, ACWA, etc.)	\$ 325.00	\$ -	\$ -	\$ -	\$ -
TRAINING	\$ -	\$ -	\$ -	\$ -	\$ -
COUNCIL OF WATER UTILITIES	\$ -	\$ -	\$ -	\$ -	\$ -
DIRECTORS' PER DIEMS	\$ 600.00	\$ 600.00	\$ 750.00	\$ 900.00	\$ 750.00
TRAVEL EXPENSES	\$ 323.48	\$ -	\$ -	\$ -	\$ -
MILEAGE EXPENSE	\$ 53.71	\$ -	\$ -	\$ 107.38	\$ -
REIMBURSEMENT FROM DIRECTORS	\$ -	\$ -	\$ -	\$ -	\$ -
<b>REPORT TOTAL FOR 2023:</b>	<b>\$ 1,302.19</b>	<b>\$ 660.00</b>	<b>\$ 810.00</b>	<b>\$ 1,067.38</b>	<b>\$ 810.00</b>

	Miguel Gasca	Claude Hamilton	Michael Mack	Pam Moss	Pam Townsend-Smith
<b>REPORT TOTAL (Fiscal Year 2022-23):</b>	<b>\$ 5,409.54</b>	<b>\$ 3,579.77</b>	<b>\$ 7,065.68</b>	<b>\$ 5,426.26</b>	<b>\$ 2,860.00</b>







**America Express**  
**April 2023**

GL Finance Code	GL Transaction Amount	Description
GL 03 20 75300	(740.00)	ACWA
GL 03 20 75300	(740.00)	ACWA
GL 03 43 72000	77.58	AED BRANDS
GL 03 20 75300	27.98	ALASKA AIRLINES
GL 03 20 75300	(160.00)	ALASKA AIRLINES
GL 03 20 75300	(25.99)	ALASKA AIRLINES
GL 03 20 75300	25.99	ALASKA AIRLINES
GL 03 20 75300	160.00	ALASKA AIRLINES
GL 03 42 56513	10.76	AMAZON #111-1055401-3349842
GL 03 42 56513	5.36	AMAZON #111-1055401-3349842
GL 03 42 56513	54.40	AMAZON #111-3346628-6614668
GL 03 42 56513	46.37	AMAZON #111-3346628-6614668
GL 03 44 60000	43.09	AMAZON #113-1017677-2793010
GL 03 44 60000	60.09	AMAZON #113-1429223-8723445
GL 03 44 60100	182.06	AMAZON #113-1959887-4865863
GL 03 44 60100	64.59	AMAZON #113-4823311-3243461
GL 03 44 60100	114.87	AMAZON #113-4916140-1568209
GL 03 44 60100	57.84	AMAZON #113-5716769-9619418
GL 03 44 60100	425.62	AMAZON #113-5916811-5573822
GL 03 44 60100	101.09	AMAZON #113-6123029-2088221
GL 03 44 60000	407.02	AMAZON #113-6258102-8577869
GL 03 44 60000	408.05	AMAZON #113-6388702-6829857
GL 03 44 60100	452.55	AMAZON #113-8976986-8170667
GL 03 44 60100	34.46	AMAZON #113-9765577-1227426
GL 03 44 60100	397.60	AMAZON #113-9770197-4965038
GL 02 61 72000	155.10	AMAZON #114-1858852-9217833/PO# 12906
GL 03 41 63400	43.96	AMAZON #114-2155301-6157854

GL Finance Code	GL Transaction Amount	Description
GL 03 41 63401	170.76	AMAZON #114-2410243-5795436
GL 03 41 63400	516.30	AMAZON #114-2410243-5795436
GL 01 33 72000	25.86	AMAZON #114-2988366-4993807/PO# 12909
GL 01 33 72000	(20.13)	AMAZON #114-3090263-0403420/PO# 12909
GL 01 33 72000	27.12	AMAZON #114-3090263-0403420/PO# 12909
GL 03 43 72500	90.48	AMAZON #114-3737786-5622628/PO# 12948
GL 01 33 72000	35.50	AMAZON #114-4396039-7995464
GL 01 34 72000	914.80	AMAZON #114-4499920-2428238/PO# 12926
GL 02 61 72000	170.19	AMAZON #114-4623596-6381860/PO# 12915
GL 01 33 72000	24.38	AMAZON #114-6602787-4714659/PO# 12909
GL 01 34 72000	417.34	AMAZON #114-7399792-4536255/PO #12926
GL 01 33 72000	27.54	AMAZON #114-8262139-3640226
GL 03 41 63400	112.44	AMAZON #114-8684389-7346607
GL 03 44 72400	0.48	AMAZON WEB SERVICES
GL 03 42 56513	(75.72)	AMEX CORP REWARDS
GL 03 43 72000	2.99	APPLE.COM
GL 03 44 72400	115.00	ATLISSIAN
GL 03 44 60100	55.00	AUTHORIZE.NET
GL 03 91 75300	399.00	AWWA
GL 03 91 75300	419.00	AWWA
GL 03 42 56513	25.00	CANVA
GL 03 44 72400	192.50	CORELOGIC
GL 03 43 56513	75.37	CRATE & BARREL
GL 03 42 56513	304.77	CROWN AWARDS
GL 03 42 56513	251.97	CROWN AWARDS
GL 03 20 75300	675.00	CSDA
GL 01 32 75300	(100.00)	CSDA
GL 01 32 75300	775.00	CSDA
GL 01 32 75300	675.00	CSDA
GL 03 51 75300	675.00	CSDA
GL 03 41 63401	93.01	CULLIGAN
GL 02 61 72400	202.00	CWEA
GL 03 44 72400	87.99	DIRECT TV
GL 03 41 63400	96.50	FRUIT GUYS #5611385

GL Finance Code	GL Transaction Amount	Description
GL 03 41 63400	48.25	FRUIT GUYS #5611577
GL 03 41 63400	96.50	FRUIT GUYS #5611899
GL 03 41 63400	48.25	FRUIT GUYS #5612144
GL 03 41 63400	96.50	FRUIT GUYS #5612399
GL 03 41 74100	1,245.37	GOTOCONNECT
GL 01 34 75300	286.26	HYATT
GL 03 44 72400	116.05	KEEPERSECURITY.COM
GL 03 44 72400	120.00	KEEPERSECURITY.COM
GL 03 44 72400	792.00	LASTPASS.COM
GL 03 42 56513	374.50	MANDY MIXES
GL 03 44 72400	191.11	MICROSOFT
GL 03 41 72400	300.00	MOMENTIVE
GL 03 41 70300	10,259.50	NOSSAMAN #545786
GL 03 91 70300	852.00	NOSSAMAN #545786
GL 62 99 70300 600008	35.50	NOSSAMAN #545786
GL 62 99 70300 600013	248.50	NOSSAMAN #545786
GL 03 91 70300 700035	710.00	NOSSAMAN #545786
GL 03 91 70300 700029	319.50	NOSSAMAN #545786
GL 03 41 70300	4,081.50	NOSSAMAN #545787
GL 03 41 70300	360.00	NOSSAMAN #545788
GL 62 99 70300 600008	1,305.00	NOSSAMAN #545788
GL 03 91 70300 700035	2,115.00	NOSSAMAN #545788
GL 62 99 70300 600013	1,350.00	NOSSAMAN #545788
GL 03 41 70300 300024	5,482.50	NOSSAMAN #545789
GL 53 99 70300 530001	360.00	NOSSAMAN #545790
GL 62 99 70300 600013	569.50	NOSSAMAN #545791
GL 03 91 70300	284.00	NOSSAMAN #545791
GL 03 42 75500	157.55	PALA MESA
GL 03 20 75300	74.81	PALA MESA - BOARD MEMBER LUNCH
GL 03 41 75300	68.40	PALA MESA - BOARD MEMBER LUNCH
GL 03 43 72000	46.58	PAMS DONUT
GL 03 42 75500	175.00	PIHRA
GL 03 41 75300	17.65	PREPASS
GL 03 44 72400	10.00	RING

GL Finance Code	GL Transaction Amount	Description
GL 01 34 75300	385.96	SOUTHWEST AIRLINES
GL 03 42 56513	5.13	STAPLES
GL 03 42 56513	6.10	STAPLES
GL 03 42 56513	37.52	STAPLES
GL 03 42 56513	252.89	SUBWAY
GL 03 42 56513	554.26	SUBWAY
GL 02 61 72000	349.13	TELEDYNE #302WB20698/PO# 12946
GL 03 42 56513	6,967.21	TEMECULA CREEK
GL 03 91 75300	10.00	TOWN & COUNTRY
GL 03 36 72000	380.85	WASABI
GL 03 42 75500	200.00	WATER WISE PROS
GL 03 41 63401	383.07	WAXIE
GL 03 41 63401	305.58	WAXIE
GL 03 36 72000	484.00	WHIP AROUND
GL 01 35 72000	40.25	ZOHO
GL 03 44 72400	299.87	ZOOM
	<b>52,406.98</b>	<b>American Express (April Statement)</b>

Rainbow Municipal Water District  
Property spreadsheet

APN	Description of Use	Acreage
1023000800	North Reservoir	4.8
1023001100	U-1 Pump Station	0.14
1023005000	Rainbow Creek Crossing near North Reservoir	0.89
1023005300	Connection 9	0.01
1024300900	Pump Station across PS1 (not in use)	0.12
1025702000	U-1 Tanks	1.08
1026305400	Pump Station #1	0.33
1026602000	Booster Pump Station #4	0.03
1027001600	Pump Station #3	0.67
1071702800	Connection 7	1.60
1071702900	Pala Mesa Tank	10.35
1080206900	Northside Reservoir	9.23
1082210600	Beck Reservoir	27.25
1082210900	Near Beck Reservoir	4.82
1082211000	Near Beck Reservoir	6.23
1082211800	Near Beck Reservoir - Excess Property (not in use)	4.68
1084210600	Rice Canyon Tank	1.00
1084410300	Canonita Tank	2.41
1091410700	Gomez Creek Tank	1.00
1092310900	Rainbow Heights Tank	0.35
1092330300	Rainbow Heights Tank	0.99
1092341000	Rainbow Heights Concrete Tank - used for SCADA	1.74
1093101800	Vallecitos Tank	0.55
1093822800	Magee Tank	1.03
1093912400	Magee Pump Station	0.3
1100721000	Huntley Road Pump Station	0.52
1102203700	Huntley Chlorination Station (not in use)	0.2
1212011000	Morro Tank	0.31
1212011100	Morro Tank	4.85
1212011200	Morro Reservoir	13.01
1213300900	Morro Reservoir	6.79
1250703200	Sumac Reservoir (Not in Use)	1.72
<b>1250902600</b>	<b>Headquarters</b>	<b>7.38</b>
<b>1250903400</b>	<b>Headquarters</b>	<b>4.43</b>
<b>1250903500</b>	<b>Headquarters</b>	<b>3.40</b>
<b>1250903800</b>	<b>Headquarters</b>	<b>17.03</b>
1251002100	Rancho Viejo Lift Station #5	0.05
1252311800	Hutton Tank	1.39
1252312600	Hutton Tank	0.89
1260803100	Via de los Cepillos Easement	0.47
1261708700	Lift Station #2	0.08
1261708900	Lift Station #2	0.12
1263004200	Lift Station #1	0.01
1270710500	Bonsall Reservoir (Not in Use)	6.19
1270710600	Connection 6	0.28
1271512300	Turner Tank	15.12
1721404300	Gopher Canyon Tank	1.84
	<i>Total</i>	<b>167.68</b>



# Active Funding Requests

Grant or Loan applications that are in the process or being submitted, or awaiting selection announcement

Program Name & Agency	Status	Funding Requested	Important Dates	Purpose
<b>Community Grants Program</b>  EPA	04/10/23 Project officially endorsed by Darrell Issa/posted to his house.gov website *Requested amount updated to max limit.	\$5,000,000*	Awaiting FY23 Budget meeting dates and information from program contact.	For funding specifically named water and wastewater infrastructure projects, referred to by the Senate as Congressionally Directed Spending (CDS) items and in the House of Representatives as Community Project Funding (CPF) items. Proposing CIP Project Account #530001.
<b>State and Local Cybersecurity Grant Program (SLCGP)</b>  CalOES	04/03/23 District staff joined CalOES workgroup for planning of fund use.	TBD	TBD	To address issues identified in State's Cybersecurity Plan. Funds will be passed down from the state (grantee) to eligible agencies (sub-grantees). Per first committee meeting on 12/16/22, the amount of federal funds allocated for California is not substantial. The type of projects they are looking to fund will be one-off projects that help establish more of an organized approach and framework for addressing cybersecurity projects, as opposed to individual projects.
<b>Sewer Overflow and Stormwater Reuse Municipal Grant</b>  EPA/State Water Board	10/26/2022 5-year CIP plan as part of the CWNS; Awaiting announcement of approved projects	TBD	TBD	EPA's Clean Watersheds Needs Survey (CWNS) is an assessment of capital investment needed nationwide for publicly-owned wastewater collection and treatment facilities to meet the water quality goals of the Clean Water Act. The survey responses will be used to set the projects/allocation formula for the Sewer Overflow and Stormwater Reuse Municipal Grants Program.
<b>Wildfire Prevention Grant</b>  CalFire	04/24/2023 Application Updated per CalFire's request and re-submitted for consideration	\$161,840	Award Announcement: Summer or Fall 2023	CAL FIRE's WP Grants Program provides funding for wildfire prevention projects and activities in and near fire threatened communities that focus on increasing the protection of people, structures, and communities. Funded activities include Hazardous Fuels Reduction, Wildfire Prevention Planning, and Wildfire Prevention Education with an emphasis on improving public health and safety while reducing greenhouse gas emissions.

<b>California Disaster Assistance Act - Winter Storm 2023</b>  FEMA/CalOES	02/09/23 & 03/29/23 Submitted invoices and costs to date	TBD	TBD	FEMA and Cal OES completed their Preliminary Damage Assessments and discovered over \$20 million in municipal damages caused by the recent winter storms throughout the San Diego County Operational Area. If added to the Presidential Major Disaster Declaration, 75% of eligible costs could receive reimbursement. In addition (if approved), the California Disaster Assistance Act would provide an additional 18.75% reimbursement for eligible costs leaving the jurisdiction with a 6.25% cost share.
<b>Regional Conservation Partnership Program</b>  USDA Natural Resources Conservation Service	02/21/23 Partners to hold meeting within week	\$368,832	Project Start: 03/01/2023	Evaluation of irrigation system uniformity and efficiency through on-farm irrigation audits. Soil quality limitation improvements on 400 acres will be measured as soil organic matter and soil respiration rates and sequestered carbon.
<b>Wellness Grant</b>  JPIA ACWA	Drafting Application	\$2,000	Application due 06/30/2023	For providing wellness programs for the District's employees.
<b>Leadership Program</b>  JPIA ACWA	5/31/2023 Application Submitted	All costs covered for one participant	Application due 06/15/2023	To pay for the entirety of travel to and participation in JPIA's Leadership Essentials for the Water Industry Program for one participant.
<b>Local Community Grants</b>  Walmart	Application Submitted	\$5,000	Notification of award by 07/15/2023	To pay for Firewall Upgrades for IT



## Awarded Funding Requests

*Approved Grant or Loan applications that are awaiting award or post-award reporting*

Program Name	Status	Funding Awarded	Important Dates	Purpose
MWD Conservation Funding San Diego Integrated Regional Water Management	05/01/23 Revised project application submitted to SDCWA for approval	\$15,000	Expend funds by March 2024	Proposed project will assist HOA for the Terrace at San Luis Rey to conduct a pilot turf replacement project in a 3500 square foot communal space on their property. This pilot project includes irrigation system retrofits and upgrades and the installation of drought efficient landscaping.

