



**REGULAR BOARD MEETING AGENDA  
TRABUCO CANYON WATER DISTRICT  
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CALIFORNIA  
VIDEO/AUDIO BROADCAST MEETING  
DECEMBER 16, 2020 AT 7:00 PM**

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**BOARD OF DIRECTORS**

Michael Safranski, President  
Don Chadd, Vice President  
Glenn Acosta, Director  
Stephen Dopudja, Director  
Edward Mandich, Director

**DISTRICT STAFF**

Fernando Paludi, General Manager  
Michael Perea, District Secretary  
Cindy Byerrum, District Treasurer  
Atkinson, Andelson, Loya, Ruud & Romo  
District General Legal Counsel

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**AGENDA NOTE:**

*Due to the spread of COVID-19 and as authorized by the Governor's Executive Order, Trabuco Canyon Water District will be holding this Regular Board Meeting by video broadcast via **Go To Meeting**, and will be available live by video conference and telephone audio as follows:*

**Video Conferencing:** You can join the meeting from your computer, tablet, or smartphone by clicking on the following link: <https://global.gotomeeting.com/join/177055533>

**Telephone Audio:** [1 877 309 2073](tel:18773092073) (Toll Free)

**Access Code:** 177-055-533

*Persons desiring to monitor the Board meeting agenda items may download the Board meeting agenda and documents on the internet at [www.tcwd.ca.gov](http://www.tcwd.ca.gov).*

*You may submit public comments by email to the Board at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). In order to be part of the record, emailed comments on meeting agenda items must be received by the District, at the referenced e-mail address, not later than 6:00 p.m. (PDT) on the day of the meeting. Public comments may also be submitted by teleconference during the meeting.*

**CALL MEETING TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

*Determine need and take action on item(s) that arose subsequent to posting the Regular Board Meeting agenda.*

**VISITOR PARTICIPATION**

*Members of the public wishing to address the Board regarding a particular item on the agenda are requested to submit public comments by email to the Board at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). Public comments may also be submitted by teleconference during the meeting. The Board President will call on the visitor following the Board's discussion about the matter. Members of the public will be given the opportunity to speak prior to the Board taking action on that item. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.*

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING AGENDA | DECEMBER 16, 2020**

**ORAL COMMUNICATION**

Members of the public who wish to make comment on matters not appearing on the agenda are requested to submit oral communication by email to the Board at [mperea@tcwd.ca.gov](mailto:mperea@tcwd.ca.gov). Public comments may also be submitted by teleconference during the meeting. Under the requirements of State Law, Directors cannot take action on items not identified on the agenda and will not make decisions on such matters. The Board President may direct District Staff to follow up on issues as may be deemed appropriate. For persons desiring to make verbal comments and utilizing a translator to present their comments into English reasonable time accommodations, consistent with State law, shall be provided. Please limit comments to three minutes.

**DIRECTORS' COMMENTS AND MEETING REPORTS**

**REPORT FROM THE GENERAL MANAGER**

**CONSENT CALENDAR**

All matters under the Consent Calendar will be approved by one motion unless a Board member or staff member requests a separate action on a specific item.

**ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)**

**RECOMMENDED ACTION**

Approve the minutes of the following Board Meetings:

1. November 18, 2020 Regular Board Meeting

**ITEM 2: TREASURER'S REPORT**

a. **FINANCE/AUDIT COMMITTEE MEETING**

**RECOMMENDED ACTION:**

Receive and file the following Finance/Audit Committee Meeting Recap(s):

1. November 10, 2020

b. **PRESENTATION OF FINANCIALS**

**RECOMMENDED ACTION:**

Receive and file the preliminary statement(s) of revenues and expenses and preliminary unaudited financials for the following month(s):

1. October 2020

c. **PAYMENT OF BILLS FOR CONSIDERATION**

**RECOMMENDED ACTION:**

Ratify the payment of bills for consideration, Payroll and Payroll Taxes for November 2020.



TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING AGENDA | DECEMBER 16, 2020

**ITEM 3: ENGINEERING/OPERATIONAL COMMITTEE MEETING**

**RECOMMENDED ACTION:**

*Receive and file the following Engineering/Operational Committee Meeting Recap(s):*

1. November 4, 2020

**ITEM 4: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ ATTENDANCE**

**RECOMMENDED ACTION:**

*Ratify the Directors' expenses and fees from November 2020 and approve tentative future meetings/attendance.*

**ACTION CALENDAR**

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*All matters under the Action Calendar have been reviewed by the General Manager and Staff prior to the Board's consideration.*

**ADMINISTRATIVE MATTERS**

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**ITEM 5: PUBLIC HEARING AND ACTION(S) CONCERNING PROPOSED ADJUSTMENTS TO TRABUCO CANYON WATER DISTRICT'S RATES FOR WATER SERVICES, WASTEWATER SERVICES, AND RECYCLED WATER SERVICES AND METER FLAT CHARGES**

**RECOMMENDED ACTION(S):**

1. *Receive status update and information presentation at the time of the Board Meeting.*
2. *Receive and file the Trabuco Canyon Water District 2020 Water, Wastewater, and Recycled Water Rate Study Report.*
3. *Conduct Public Hearing to receive public comments and consider protests concerning the proposed adjusted rates for Water Services, Wastewater Services, Recycled Water Services and Meter Flat Rates.*
4. *Adopt Resolution No. 2020-1288 – Resolution of the Trabuco Canyon Water District Board of Directors Determining Compliance with Procedural Requirements, Making Findings and Determinations, Revising Rates for Water Services, Wastewater (Sewer) Services, Recycled Water Services and Meter Flat Rates, Amending the Corresponding Rate and Charge Schedules of the Trabuco Canyon Water District and Taking Related Actions.*

**ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE CORONAVIRUS, INCLUDING SAFETY OF DISTRICT SERVICES AND EMPLOYEES, AND IMPACT TO BOARD & COMMITTEE MEETINGS**

**RECOMMENDED ACTION(S):**

*Receive information at the time of the Board meeting and take action(s) as deemed appropriate.*

**ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) RELATED TO THE PROPOSED PALOMA SQUARE DEVELOPMENT (DOVE CANYON PLAZA) AND OTHER RELATED MATTERS**

**RECOMMENDED ACTION(S):**

*Receive information at the time of the Board meeting and take action(s) as deemed appropriate.*



**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING AGENDA | DECEMBER 16, 2020**

**ITEM 8: DISCUSSION AND SELECTION OF A DISTRICT REPRESENTATIVE TO THE SOUTH ORANGE COUNTY AGENCIES GROUP NOMINATION COMMITTEE FOR THE OPEN MWDOC/MET DIRECTOR SEAT**

**RECOMMENDED ACTION(S):**

*Receive information at the time of the Board meeting and take action(s) as deemed appropriate.*

**FINANCIAL MATTERS**

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**ITEM 9: TRABUCO CANYON WATER DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR ENDING JUNE 30, 2020**

**RECOMMENDED ACTION(S):**

1. *Receive information at the time of the Board meeting.*
2. *Receive and file the Trabuco Canyon Water District Annual Financial Report (Audit) for Fiscal Year Ending June 30, 2020.*

**ENGINEERING MATTERS**

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**ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE PROPOSED BARNEBURG SEWER LIFT STATION DRY PIT REHABILITATION PROJECT**

**RECOMMENDED ACTION(S):**

1. *Receive information at the time of the Board Meeting.*
2. *Authorize the General Manager to execute a contract for the Barneburg Sewer Lift Station Dry Pit Upgrades to SS Mechanical Construction Corporation in the not to exceed amount of \$56,925.00.*

**ITEM 11: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) UPGRADE PROJECT**

**RECOMMENDED ACTION(S):**

*Receive project status update at the time of the Board meeting and take action(s) as deemed appropriate.*

**LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS**

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**ITEM 12: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

**RECOMMENDED ACTION(S):**

*Review and discuss local government and legislative informational matter(s) and take action(s) as deemed appropriate.*

**ITEM 13: ELECTION OF BOARD OFFICERS**

**RECOMMENDED ACTION(S):**

*Pursuant to the District's General Policy and Rules and Regulations, hold elections for the offices of President and Vice President of the Board of Directors.*



**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

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ITEM 14: \_\_\_\_\_

ITEM 15: \_\_\_\_\_

**OTHER INFORMATION/MATTERS**

*Reports or comments from the General Manager and/or Staff*

**ADDITIONAL DIRECTORS' COMMENTS**

*Additional reports or comments from Directors*

**ADDITIONAL GENERAL MANAGER COMMENTS**

*Additional reports or comments from the General Manager*

**END ACTION CALENDAR & ADJOURNMENT**

**AVAILABILITY OF AGENDA MATERIALS**

*Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the Trabuco Canyon Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the Trabuco Canyon Water District Administrative Facility, 32003 Dove Canyon Drive, Trabuco Canyon, California (District Administrative Facility) and will be posted online on the District's website located at [www.tcwd.ca.gov](http://www.tcwd.ca.gov). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available online at [www.tcwd.ca.gov](http://www.tcwd.ca.gov) at the same time as they are distributed to the Board Members, except that, if such writings are distributed immediately prior to or during the meeting, they will be posted online on the District's website located at [www.tcwd.ca.gov](http://www.tcwd.ca.gov).*

**COMPLIANCE WITH THE REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE SECTION 54954.2**

*In compliance with California law and the Americans with Disabilities Act, if you need special disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 858-0277, at least 48 hours in advance of the scheduled Board meeting. Notification at least 48 hours prior to the meeting will assist the District in making reasonable arrangements to accommodate your request. The Board Meeting Room is wheelchair accessible.*

**FUTURE SCHEDULED REGULAR BOARD MEETINGS OF THE BOARD OF DIRECTORS**

*Upcoming Regular Meetings of the Board are expected to be held at the District Administrative Facility (Board Meeting Room) located at 32003 Dove Canyon Drive, Trabuco Canyon, California 92679 and are currently scheduled as follows:*

**January 20, 2021 | February 17, 2021 | March 17, 2021**

*The District may conduct future meetings via teleconferencing and/or video during the current ongoing emergency situation.*



**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**CONSENT CALENDAR**

**ITEM 1: APPROVAL OF MINUTES OF BOARD MEETING(S)**

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**RECOMMENDED ACTION**

*Approve the minutes of the following Board Meetings:*

- 1. November 18, 2020 Regular Board Meeting*

**CONTACTS (staff responsible): PALUDI/PEREA/SANGI**



## **MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT | NOVEMBER 18, 2020**

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on November 18, 2020 was called to order by President Safranski at 7:00 p.m., via conference call in the Board Room at the District Administrative Facility, located at 32003 Dove Canyon Drive, Trabuco Canyon, California. Mr. Michael Perea, District Secretary, transcribed the minutes thereof.

### **DIRECTORS PRESENT**

President Michael Safranski  
Vice President Don Chadd  
Director Stephen Dopudja  
Director Edward Mandich

### **DIRECTORS ABSENT**

Director Glenn Acosta

### **STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager/District Secretary  
Lorrie Lausten, District Engineer

### **STAFF PRESENT ON CONFERENCE CALL**

Karen Warner, Senior Accountant  
Lisa Marie Sangi, Administrative Assistant

### **DISTRICT CONSULTANTS PRESENT**

Rob Anslow, District General Legal Counsel (Atkinson, Andelson, Loya, Ruud & Romo - AALRR)

### **DISTRICT CONSULTANTS PRESENT ON CONFERENCE CALL**

None

### **PUBLIC PRESENT ON THE CONFERENCE CALL**

Beth Heard, Resident

### **PLEDGE OF ALLEGIANCE**

Director Mandich led the Board of Directors, District staff, and audience in the Pledge of Allegiance.

### **ITEMS TOO LATE TO BE AGENDIZED**

None

### **VISITOR PARTICIPATION VIA CONFERENCE CALL**

Beth Heard, Resident

### **ORAL COMMUNICATION**

None

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD OF DIRECTORS MEETING MINUTES | NOVEMBER 18, 2020**

**DIRECTOR'S COMMENTS**

Director Mandich reported the South Orange County Integrated Regional Watershed Management Area Executive Committee Meeting for November was cancelled, and the next meeting is scheduled to be held on February 4, 2021.

Director Dopudja provided a brief report concerning the South Orange County Wastewater Authority (SOCWA).

Director Chadd reported the South Orange County Agencies Group would meet the following week and he provided a brief overview of certain matters agendized for discussion.

Director Safranski wished a Happy Thanksgiving for his fellow Directors and District staff, and he commended District staff on all their hard work.

**REPORT FROM THE GENERAL MANAGER**

Mr. Paludi reported on the following matters:

- Mr. Paludi mentioned the DRAFT Proclamation for IRWD Director Aileen Matheis would need to be received by November 23, 2020.
- Mr. Paludi mentioned that the Districts Ralph Anderson compensation study may be available tomorrow. A Special Board Meeting may be scheduled in December 2020.
- Mr. Paludi reported that Mr. Travis Jones, Wastewater Operations Chief Plant Operator has retired from the District effective December 1, 2020, and that District staff are currently evaluating recruitment strategies for the department.

**CONSENT CALENDAR**

President Safranski indicated that all matters under the Consent Calendar would be approved by one motion unless a Board member or staff member requests a separate action on a specific item.

**Action:** A motion was made by Director Mandich and seconded by Director Chadd to approve the Consent Calendar. There was no further discussion.  
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

**ADMINISTRATIVE MATTERS**

**ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE CORONAVIRUS, INCLUDING SAFETY OF DISTRICT SERVICES AND EMPLOYEES, AND IMPACT TO BOARD & COMMITTEE MEETINGS**

Mr. Paludi provided a brief update on COVID-19 related matters throughout the county, and he mentioned that Orange County is currently in the State's Tier 1. Mr. Paludi added that the District's Business Resumption Plan allows the flexibility for District administrative staff to work remotely, and that certain controls have been put in place to minimize inter-departmental exposure.

**Action:** The Board took no action on this matter.

*Director Mandich recused himself from discussion on the following matters by leaving the virtual meeting at approximately at 7:18pm*

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD OF DIRECTORS MEETING MINUTES | NOVEMBER 18, 2020**

**ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) RELATED TO THE PROPOSED PALOMA SQUARE DEVELOPMENT (DOVE CANYON PLAZA) AND OTHER RELATED MATTERS**

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Mr. Paludi presented this matter for Board consideration, and he reported that AGA Engineers, Inc. were onsite on November 3, 2020 for the 2020 General Election. Ms. Lausten reported that a final draft report would be presented to the Engineering/Operational Committee for their review and comment. Discussion occurred concerning the Orange County Registrar of Voters election day protocols. Mr. Paludi reported that District staff has not been contacted by the Developer.

**Action:** The Board took no action on this matter.

*Director Mandich returned to the virtual meeting at approximately 7:22 p.m. and resumed his participation on the remaining business.*

**ITEM 7: PUBLIC HEARING FOR THE ADOPTION OF SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) PROPOSED WASTE DISCHARGE PRETREATMENT ORDINANCE AND SOURCE CONTROL PROGRAM FOR WASTEWATER FLOWS UPDATE AND ENFORCEMENT PLAN UPDATE**

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Mr. Paludi presented this matter for Board consideration. Mr. Perea provided a brief review of the purpose of the proposed ordinance, and he highlighted the minor updates recommended by SOCWA.

President Safranski opened the Public Hearing at 7:25 p.m. There were no verbal protests or comments received. Mr. Perea reported that the District did not receive any written protests prior to public hearing.

President Safranski closed the Public Hearing at 7:27 p.m.

**Action:** A motion was made by Director Mandich and seconded by Director Dopudja to adopt Ordinance No. 2020-21 – Ordinance of the Board of Directors of Trabuco Canyon Water District Supplementing and Readopting Waste Discharge Pretreatment and Source Control Programs for Wastewater Flows Within the Boundaries of Trabuco Canyon Water District, Adopting the Trabuco Canyon Water District Enforcement Response Plan in Connection Therewith, Making Certain Findings and Determinations, Superseding Prior Ordinances and Taking Related Actions.  
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

**ITEM 8: APPROVAL OF SUPPLEMENTAL AGREEMENT BETWEEN TRABUCO CANYON WATER DISTRICT AND THE OAKS AT TRABUCO, LLC FOR SEWAGE HAULING SERVICES**

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Mr. Paludi introduced this matter for Board consideration, and he mentioned this matter was previously discussed with the Engineering/Operational Committee. Mr. Paludi reported that the current sewer hauling agreement between the District and the developer has expired, and that District staff proposes a third agreement extension for a five-year period sewer hauling agreement. Ms. Lausten reported that District staff are currently evaluating the preparation of a request for proposals (RFP) for equipment condition assessment services for the onsite wastewater package plant. Director Mandich expressed his opinion that the issuance of the RFP was premature.

**Action:** A motion was made by Director Dopudja and seconded by Director Mandich to authorize the General Manager to execute the Third Extension Agreement Between Trabuco Canyon Water District and The Oaks at Trabuco, LLC.  
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD OF DIRECTORS MEETING MINUTES | NOVEMBER 18, 2020**

**ITEM 9: APPROVAL OF COMMON INTEREST AGREEMENT REGARDING THE ALLEN MCCOLLOCH PIPELINE SALE AGREEMENT TO METROPOLITAN WATER DISTRICT**

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Mr. Paludi presented this matter for Board review, and he reported that the Municipal Water District of Orange County (MWDOC) was currently working on behalf of its member agencies concerning residual effects of the 2016 agreement of the sale of the Allen-McColloch Pipeline (AMP) to Metropolitan Water District of Southern California (MET). Mr. Paludi reported that MWDOC has identified certain issues related to the agreement, and he recommended the participation in the common interest sales agreement with MWDOC and MET as the District has capacity interest in the pipeline. Discussion occurred concerning certain provisions of the common interest agreement.

**Action:** A motion was made by Director Chadd and seconded by Director Mandich to authorize the General Manager to execute the Common Interest Agreement Regarding the Allen McColloch Pipeline Sale Agreement to Metropolitan Water District.  
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

**ITEM 10: DISCUSSION CONCERNING DIRECTOR CONFLICT OF INTEREST DETERMINATION PROCESS AND CHECKLIST**

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Director Safranski provided a brief background on the purpose of this item, and he expressed his appreciation the Mr. Anslow and Mr. Paludi for finalizing the conflict of interest determination checklist for the Directors. Mr. Anslow briefly reviewed the checklist criteria and conflict of interest determination process with the Board. Discussion occurred concerning the typical potential conflicts of interest that may impact future individual Director actions.

**Action:** The Board took no action on this matter.

**ITEM 11: APPROVAL OF CONTRACT CHANGE ORDER NO. 2 FOR RAFTELIS FINANCIAL CONSULTANTS FOR TRABUCO CANYON WATER DISTRICT**

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Mr. Paludi introduced this matter for Board consideration, and he provided a brief overview of the additional work performed by Raftelis Financial Consultants on the District’s Water, Wastewater, and Non-Domestic Water Rates and Charges Analysis, which included an additional Special Board Meeting and additional work on the proposed financial model.

**Action:** A motion was made by Director Chadd and seconded by Director Mandich to authorize the General Manager to execute the Raftelis Financial Consultants Contract Change Order No. 2 in the amount of \$8,950.  
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

**ITEM 12: APPROVAL OF COST SHARING AGREEMENT WITH MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC) FOR PREPARATION OF THE DISTRICT’S 2020 URBAN WATER MANAGEMENT PLAN (UWMP)**

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Ms. Lausten provided a brief update to this matter for Board consideration, and she provided a brief overview of the development process for the Urban Water Management Plan (UWMP). Ms. Lausten added that the UWMP is required to be completed every five years, and that the District participated in the cost sharing agreement with MWDOC for the 2015 UWMP. Discussion occurred concerning UWMP preparation costs in prior years in comparison with the proposed agreement costs.

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD OF DIRECTORS MEETING MINUTES | NOVEMBER 18, 2020**

**Action:** A motion was made by Director Dopudja and seconded by Director Chadd to authorize the General Manager to execute a cost sharing agreement with Municipal Water District of Orange County for 2020 Urban Water Management Plan preparation services for a not to exceed amount of \$39,000  
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

**LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS**

**ITEM 13: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

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Mr. Paludi provided updates on the following matters:

- MET/MWDOC: Mr. Paludi reported there was no new reportable actions in November, and he provided a brief update on the MET General Manager recruitment process.
- MWDOC: Mr. Paludi reported that MWDOC Director Joan Finnegan was retiring from her position as Director. Discussion occurred concerning Director Finnegan’s contributions to the water industry over her years of service.

**Action:** The Board took no action on this matter.

**CLOSED SESSION**

The Board of Directors entered Closed Session at 8:00pm

**CLOSED SESSION NO. 1:**

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The Board of Directors met in Closed Session to review and discuss confidential information concerning the District’s General Legal Counsel (Public Employee Performance Evaluation)

The District’s General Manager and General Legal Counsel participated in the closed session.

The Board of Directors reconvened in Open Session at 8:26 p.m.

**ITEM 14: REPORT OF ACTION(S) TAKEN IN CLOSED SESSION**

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**Action:** No announcement concerning action(s) taken in closed session was made.

**OTHER INFORMATION/MATTERS**

There were no other information or matters received.

**ADDITIONAL DIRECTORS’ COMMENTS**

There were no additional Directors’ comments received.

**ADDITIONAL GENERAL MANAGER COMMENTS**

Mr. Paludi advised the Board that AB 1234 Ethics Training is required by State Law to be completed prior to the end of the year. Mr. Perea briefly reviewed the training options available to the Board.

**ADJOURNMENT**

President Safranski adjourned the November 18, 2020 Regular Board Meeting at 8:29 p.m.

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**CONSENT CALENDAR**

**ITEM 2: TREASURER'S REPORT**

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a. *FINANCE/AUDIT COMMITTEE MEETING*

**RECOMMENDED ACTION:**

*Receive and file the following Finance/Audit Committee Meeting Recap(s):*

1. *November 10, 2020*

b. *PRESENTATION OF FINANCIALS*

**RECOMMENDED ACTION:**

*Receive and file the preliminary statement(s) of revenues and expenses and preliminary unaudited financials for the following month(s):*

1. *October 2020*

c. *PAYMENT OF BILLS FOR CONSIDERATION*

**RECOMMENDED ACTION:**

*Ratify the payment of bills for consideration, Payroll and Payroll Taxes for November 2020.*

**EXHIBITS:**

1. Revenue Report – November 2020
2. Disbursement Report – November 2020
3. Summary of Disbursements - November 2020
4. General Fund Warrant Register - November 2020
5. General Fund Payroll Warrant Register – November 2020

**CONTACTS (staff responsible): PALUDI/PEREA/WARNER**



**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP | NOVEMBER 10, 2020**

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**DIRECTORS PRESENT**

Director Don Chadd, Committee Chair  
Director Mike Safranski, Committee Member

**STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager / Board Secretary  
Karen Warner, Senior Accountant  
Lisa Marie Sangi, Administrative Assistant

**STAFF PRESENT VIA CONFERENCE CALL**

Lorrie Lausten, District Engineer

**PUBLIC PRESENT VIA CONFERENCE CALL**

There was one caller.

**CALL MEETING TO ORDER**

Director Chadd called the November 10, 2020 Finance/Audit Committee Meeting to order at 1:02 P.M.

**VISITOR PARTICIPATION**

No visitor participation was received.

**ORAL COMMUNICATION**

No oral communication was received.

**COMMITTEE MEMBER COMMENTS**

No comments were received.

**REPORT FROM THE GENERAL MANAGER**

No comments were received.

**ITEM 1: FINANCE/AUDIT COMMITTEE MEETING RECAP**

Mr. Paludi presented the Finance/Audit Committee Meeting Recap for Committee review in accordance with the agenda.

**RECOMMENDED ACTION:**

The Committee recommended that the Finance/Audit Committee Meeting Recap be forwarded to the Board of Directors for approval (Consent Calendar).

**ITEM 2: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, TENTATIVE FUTURE MEETINGS/ATTENDANCE**

Mr. Paludi presented the Directors' Fees and Expenses Report and Tentative Future Meetings/Attendance Report for Committee consideration and review. Director Chadd commented that the Director Meeting with the General Manager on October 20, 2020 did not occur, and he requested that it be removed from his schedule.

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | NOVEMBER 10, 2020**

**RECOMMENDED ACTION:**

The Committee recommended that the Directors' Fees and Expenses Report for October 2020, and the Tentative Future Meetings/Attendance Report be forwarded to the Board of Directors for ratification (Consent Calendar).

**ITEM 3: DISCUSSION AND ACTION ON CONTRACT CHANGE ORDER NO. 2 FOR RAFTELIS FINANCIAL CONSULTANTS FOR TRABUCO CANYON WATER DISTRICT'S RATE ANALYSIS FOR WATER, WASTEWATER, AND NON-DOMESTIC WATER RATES AND CHARGES AND RELATED MATTERS**

Mr. Paludi presented this matter for Committee review, and he reported that Raftelis Financial Consultants (Raftelis) had submitted a contract change order for additional work related to the changes in the rate model and the development of the Notice of Public Hearing. Discussion occurred concerning project costs to date and notification requirement compliance.

**RECOMMENDED ACTION(S):**

The Committee recommended the Board of Directors authorize the General Manager to execute the Raftelis Financial Consultants Contract Change Order No. 2 in the amount of \$8,950 (Action Calendar).

**ITEM 4: DISCUSSION AND ACTION ON COMMON INTEREST AGREEMENT REGARDING THE ALLEN MCCOLLOCH PIPELINE SALE AGREEMENT TO METROPOLITAN WATER DISTRICT**

Mr. Paludi presented this matter for Committee review, and he provided a brief overview of the issues leading to the development of the common interest agreement. Mr. Paludi indicated that participant agencies have raised certain issues and questions related to the sale of the Allen McColloch Pipeline (AMP) to Metropolitan Water District of Southern California (MET), and that Municipal Water District of Southern California (MWDOC) is working with their General Legal Counsel has prepared a legal analysis of the matter and recommends a participant agency meeting to determine if there are any necessary changes to be made to the agreement. Mr. Paludi recommended that the Board of Directors approve and authorize the execution of the Common Interest Agreement Regarding the Allen McColloch Pipeline Sale Agreement to Metropolitan Water District.

**RECOMMENDED ACTION(S):**

The Committee recommended the Board of Directors authorize the General Manager to execute the Common Interest Agreement Regarding the Allen McColloch Pipeline Sale Agreement to Metropolitan Water District (Action Calendar).

**ITEM 5: OTHER MATTERS**

Mr. Paludi provided a brief update concerning the Public Hearing for the proposed Water, Wastewater, and Recycled Water Rates and Charges scheduled for December 16, 2020, and he reminded the Committee that the District's Administration Facility will be closed in observance of the Veteran's Day Holiday on November 11, 2020.

**RECOMMENDED ACTION:**

No action was taken.

**ITEM 6: FINANCIAL REPORT**

Ms. Warner presented the preliminary unaudited financials for September 2020 for Committee consideration.

***STATEMENT OF REVENUES AND EXPENSES***

***Operating Revenue, Residential Water Revenue***

Ms. Warner reported that this line item was slightly lower than the previous month due to lower water demands, but that the year to date was higher than anticipated.

**TRABUCO CANYON WATER DISTRICT  
FINANCE AUDIT COMMITTEE MEETING RECAP | NOVEMBER 10, 2020**

***Operating Revenue, Baker Treatment Plant Water Sales***

Ms. Warner reported that this line item was higher than the prior month due to increased water sales to the City of San Clemente.

***Operating Revenue, Interest Revenue***

Ms. Warner reported that this line item was lower than anticipated due to lowered interest rates.

***Operating Expenses, Total Operating Expenses***

Ms. Warner reported that this line item was higher than the prior month, but that the year to date was as anticipated.

***RESTRICTED ASSETS REPORT & INVESTMENT SCHEDULE***

Ms. Warner reviewed the District's reserve account levels and investment schedule for the month of September.

**RECOMMENDED ACTION:**

The Committee signed the bills for consideration and the warrant register and recommended that the Board ratify payment of the bills for consideration for November 10, 2020 as presented (Consent Calendar).

**ADJOURNMENT**

Director Chadd adjourned the November 10, 2020 Finance/Audit Committee Meeting at 1:15 PM.

DRAFT



# Trabuco Canyon Water District

## Statement of Revenues & Expenses

### FY 2020-21 (Unaudited)

	October 2020	September 2020	Current YTD	Annual Budget	33% YTD	Prior YTD
<b>1 Operating Revenue</b>						
2 Residential Water	\$ 371,868	\$ 384,517	\$ 1,496,409	\$ 3,497,400	43%	\$ 1,269,004
3 Business & Industrial Water	14,974	16,672	56,499	150,300	38%	52,375
4 Irrigation Water	63,727	124,735	384,251	823,400	47%	292,121
5 Stand-by	3,417	3,417	13,667	41,000	33%	9,367
6 Sanitation Revenue	145,915	143,211	573,096	1,859,400	31%	556,460
7 Recycled & Reclaimed Revenue	103,569	102,403	419,129	725,000	58%	376,278
8 Baker Treatment Plant Water Sales	106,366	175,496	401,405	1,469,100	27%	329,340
9 Other Operating Revenue	340	357	2,261	164,600	1%	80,625
<b>10 Total Operating Revenue</b>	<b>810,176</b>	<b>950,809</b>	<b>3,346,717</b>	<b>8,730,200</b>	<b>38%</b>	<b>2,965,570</b>
<b>11 Non-Operating Revenue</b>						
12 Property Tax Unrestricted	142,283	142,283	569,133	1,707,400	33%	558,000
13 Interest Revenue	633	12,445	14,120	100,600	14%	35,804
14 Development Services	-	-	-	-	0%	100
15 Sale of Fixed Asset	42,952	-	42,952	50,000	86%	-
16 Other Non-Operating Revenue	5,762	2,070	13,659	70,600	19%	32,089
<b>17 Total Non-Operating Revenue</b>	<b>191,630</b>	<b>156,798</b>	<b>639,864</b>	<b>1,928,600</b>	<b>33%</b>	<b>625,992</b>
<b>18 Total Revenues</b>	<b>1,001,806</b>	<b>1,107,607</b>	<b>3,986,580</b>	<b>10,658,800</b>	<b>37%</b>	<b>3,591,562</b>
<b>19 Operating Expenses</b>						
20 Source of Supply	255,167	244,968	820,450	2,198,100	37%	851,299
21 Baker Treatment SOS Costs	84,837	164,120	366,760	1,155,300	32%	279,487
22 Water Related Expense	208,819	191,660	688,369	1,946,900	35%	462,137
23 Sanitation Expense	192,876	96,637	475,422	1,168,400	41%	552,436
24 Recycled Expense	24,726	22,252	89,211	225,300	40%	91,434
25 Reclaimed Expense	22,821	20,347	81,591	221,400	37%	75,815
26 Salaries & Benefits	283,143	302,311	1,177,839	3,684,700	32%	1,119,145
27 OPEB Trust Contributions & Paygo	7,063	7,063	28,577	91,000	31%	30,074
28 Board Expense	9,083	9,029	36,904	114,400	32%	38,000
<b>29 Total Operating Expenses</b>	<b>1,088,536</b>	<b>1,058,386</b>	<b>3,765,122</b>	<b>10,805,500</b>	<b>35%</b>	<b>3,499,827</b>
<b>30 Non-Operating Expenses</b>						
31 Principal and Interest Expense	19,198	19,198	76,794	230,300	33%	76,794
32 Non-Operating Expense	849	65	920	3,600	26%	1,839
<b>33 Total Non-Operating Expenses</b>	<b>20,048</b>	<b>19,263</b>	<b>77,714</b>	<b>233,900</b>	<b>33%</b>	<b>78,633</b>
<b>Net Income Before OPEB, Depreciation &amp;</b>						
<b>34 Capital Contributions</b>	<b>(106,778)</b>	<b>29,958</b>	<b>143,745</b>	<b>(380,600)</b>		<b>13,102</b>
35 WRES Fees for Capital	68,491	68,406	273,659	834,300	33%	282,054
36 Developer Impact Fees	-	-	-	-	0%	-
37 Other Capital Contributions	-	-	-	-	0%	-
<b>38 Total Capital Contributions</b>	<b>68,491</b>	<b>68,406</b>	<b>273,659</b>	<b>834,300</b>	<b>33%</b>	<b>282,054</b>
<b>39 Net Income</b>	<b>\$ (38,287)</b>	<b>\$ 98,364</b>	<b>\$ 417,404</b>	<b>\$ 453,700</b>	<b>92%</b>	<b>\$ 295,156</b>

\*No assurance is provided on these financial statements. The financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.

\*\* Baker Treatment Plant O&M revenues and expenses are billed quarterly. As a result the % of budget may appear skewed until billing occurs.



**Trabuco Canyon Water District**  
**Balance Sheet - Comparative**  
**As of October 31, 2020**  
**(Unaudited)**

	October 2020	September 2020	October 2019
<b>1 Assets</b>			
<b>2 Current Assets</b>			
3 Cash	\$ 1,025,394	\$ 582,608	\$ 484,197
4 Accounts Receivable, Net	2,165,143	4,946,769	2,509,239
5 Property Tax Receivable	1,714,867	1,718,981	1,665,637
6 Prepaid Expenses	357,687	371,873	348,529
<b>7 Total Current Assets</b>	<b>5,263,090</b>	<b>7,620,231</b>	<b>5,007,602</b>
<b>8 Total Restricted Assets (see Schedule A)</b>	<b>8,146,036</b>	<b>6,127,690</b>	<b>6,283,026</b>
<b>10 Utility Plant</b>			
11 Utility Plant, at Cost	115,729,687	116,126,899	114,286,621
12 Accumulated Depreciation	(72,158,739)	(72,318,615)	(69,351,921)
13 Construction in Progress	3,201,513	3,115,934	727,512
<b>14 Total Utility Plant</b>	<b>46,772,461</b>	<b>46,924,218</b>	<b>45,662,212</b>
<b>15 Other Assets</b>			
16 Due from BTP	1,341,533	1,373,240	1,715,919
17 Deferred Outflow (Pension Related)	1,179,514	1,179,514	1,126,151
<b>18 Total Other Assets</b>	<b>2,521,047</b>	<b>2,552,754</b>	<b>2,842,070</b>
<b>19 Total Assets</b>	<b>\$ 62,702,633</b>	<b>\$ 63,224,894</b>	<b>\$ 59,794,909</b>
<b>20 Liabilities &amp; Retained Earnings</b>			
<b>21 Current Liabilities</b>			
22 Accounts Payable	\$ 1,759,558	\$ 1,752,730	\$ 1,087,271
23 Due to Internal Financing Fund	1,341,533	1,373,240	1,715,919
24 Accrued Expenses	381,853	349,328	290,774
25 Deferred Property Tax Revenue	1,165,600	1,311,300	1,134,733
<b>26 Total Current Liabilities</b>	<b>4,648,543</b>	<b>4,786,599</b>	<b>4,228,696</b>
<b>27 Liabilities to be Paid from Restricted Assets</b>			
28 Accrued Bond Interest	17,648	13,236	18,976
29 Current Portion-Long Term Debt	178,449	178,449	172,473
30 Refundable Deposits	13,500	13,500	11,000
31 Developer Deposits	83,726	110,793	461,616
<b>32 Total Liabilities to be Paid from Restricted Assets</b>	<b>293,323</b>	<b>315,979</b>	<b>664,065</b>



**Trabuco Canyon Water District**  
**Balance Sheet - Comparative**  
**As of October 31, 2020**  
**(Unaudited)**

	October 2020	September 2020	October 2019
<b>33 Long Term Debt</b>			
34 Accrued Post Employment Benefits	533,587	533,587	570,267
35 Accrued Pension Liability	3,301,860	3,301,860	3,089,532
36 State Revolving Fund Loan	2,140,052	2,140,052	2,320,470
<b>37 Total Long Term Debt</b>	<b>5,975,499</b>	<b>5,975,499</b>	<b>5,980,269</b>
<b>38 Total Liabilities</b>	<b>10,917,365</b>	<b>11,078,076</b>	<b>10,873,030</b>
<b>39 Fund Balance</b>			
40 Invested in Capital Net of Related Debt	44,436,312	44,592,481	43,150,292
41 Restricted for Debt Service	225,136	219,142	201,273
42 Legally Restricted	4,399,129	2,395,813	2,954,978
43 Designated by Board	3,402,609	3,402,609	2,995,477
44 Unrestricted	(677,918)	1,536,772	(380,141)
<b>45 Total Fund Balance</b>	<b>51,785,268</b>	<b>52,146,818</b>	<b>48,921,879</b>
<b>46 Total Liabilities and Fund Balance</b>	<b>\$ 62,702,633</b>	<b>\$ 63,224,894</b>	<b>\$ 59,794,909</b>



**Trabuco Canyon Water District**  
**Restricted Assets Report**  
**As of October 31, 2020**  
**(Unaudited)**

	October 2020	September 2020	October 2019
<b>1 LAIF Accounts (at Cost)</b>			
2 Internal Financing	\$ (840,499)	\$ (2,863,970)	\$ (3,173,937)
3 Capital Improvement Charges	-	-	811,987
4 Water Storage Facilities	1,051,427	1,051,427	1,051,427
5 Sanitation Capital Improvement	326,587	391,521	691,366
6 WRES - Rose Canyon/Lang Wells	1,187,356	1,150,394	985,613
7 WRES - Reservoir/Distribution Improvements	2,597,997	2,590,340	2,513,636
8 RD#5	76,261	76,102	74,886
9 Developer Deposits	-	-	391,589
10 LAIF Interim Sewage	119,162	110,126	117,584
11 Water Rate Stabilization Funds	684,080	684,080	607,500
12 Sewer Rate Stabilization Funds	726,160	726,160	265,000
13 Working Capital Funds	1,975,776	1,975,776	1,733,144
14 Market Value Over/(Under) Cost	16,593	16,593	11,960
<b>15 State Revolving Fund</b>			
16 Cash in CB&T Reserved for SRF Loan	225,136	219,142	201,272
<b>17 Total Restricted Assets</b>	<b>\$ 8,146,036</b>	<b>\$ 6,127,690</b>	<b>\$ 6,283,026</b>



**Trabuco Canyon Water District**  
**Investment Schedule**  
**As of October 31, 2020**  
**(Unaudited)**

DESCRIPTION	RATE	COST	MARKET	% OF TOTAL
<b>District Investments in the California Local Agency</b>				
1 Water Storage Fees	0.620%	\$ 1,051,427	\$ 1,055,753	13%
2 Sanitation Capital Improvement	0.620%	326,587	327,931	4%
3 Trabuco Creek Wells	0.620%	1,187,356	1,192,242	15%
4 Reservoir/Distribution	0.620%	2,597,997	2,608,687	33%
5 RD#5	0.620%	76,261	76,575	1%
6 LAIF Interim Sewage	0.620%	119,162	119,652	2%
7 Water Rate Stabilization Funds	0.620%	684,080	686,895	9%
8 Sewer Rate Stabilization Funds	0.620%	726,160	729,148	9%
9 Working Capital Funds	0.620%	1,975,776	1,983,905	25%
10 Internal Financing	0.620%	(840,499)	(843,957)	-11%
<b>Total District Investments</b>		<b>\$ 7,904,307</b>	<b>\$ 7,936,829</b>	<b>100%</b>

*\* A negative number indicates the use of reserves to fund operations.*

*\*\* Market values are adjusted on a quarterly basis and recorded in the District's financials statements at the end of the quarter.*

**CERTIFICATION**

I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively.

***Cindy Byerrum, CPA***

***Contract CPA and Treasurer***



**Trabuco Canyon Water District**  
**Checking Account Activity**  
**October 2020**  
**(Unaudited)**

<b>Inflows</b>	<b>Current Month</b>	<b>Year to Date</b>
Utility Billing Collections	\$ 835,851	\$ 3,110,868
Tax Receipts	4,108	55,515
Transfer From LAIF	500,000	1,000,000
FEMA Reimbursement	2,528,981	2,528,981
Miscellaneous	321,191	4,975,522
<b>Total Inflows</b>	<b>4,190,131</b>	<b>11,670,886</b>
<b>Outflows</b>		
Vouchers	768,524	3,883,936
Payroll	234,550	1,000,057
Transfer to LAIF	2,500,000	5,500,000
Miscellaneous & Online Payments	389,480	1,313,579
<b>Total Outflows</b>	<b>3,892,554</b>	<b>11,697,571</b>
<b>Net Change in Checking Account</b>	297,577	(26,685)
<b>Beginning Checking Account</b>	731,157	1,055,418
<b>Ending Checking Account</b>	<b>\$ 1,028,733</b>	<b>\$ 1,028,733</b>



Trabuco Canyon Water District, CA

# Bank Transaction Report

## Transaction Detail

Issued Date Range: 11/01/2020 - 11/30/2020

Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
<b>Accounts Payable</b>							
<b>Bank Draft</b>							
11/02/2020		<a href="#">DFT0001738</a>	VSP	Accounts Payable	Outstanding	Bank Draft	-854.45
11/02/2020		<a href="#">DFT0001739</a>	Stanley Security Solutions	Accounts Payable	Outstanding	Bank Draft	-642.15
11/02/2020		<a href="#">DFT0001740</a>	Santa Margarita Water District	Accounts Payable	Outstanding	Bank Draft	-5,118.36
11/03/2020		<a href="#">DFT0001741</a>	ADP	Accounts Payable	Outstanding	Bank Draft	-1,802.45
11/03/2020		<a href="#">DFT0001742</a>	ADP	Accounts Payable	Outstanding	Bank Draft	-20.00
11/03/2020		<a href="#">DFT0001743</a>	Stanley Security Solutions	Accounts Payable	Outstanding	Bank Draft	-1,899.12
11/03/2020		<a href="#">DFT0001744</a>	CalPERS	Accounts Payable	Outstanding	Bank Draft	-5,036.61
11/03/2020		<a href="#">DFT0001745</a>	CalPERS	Accounts Payable	Outstanding	Bank Draft	-37,961.35
11/03/2020		<a href="#">DFT0001746</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-129.35
11/03/2020		<a href="#">DFT0001747</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-35.72
11/03/2020		<a href="#">DFT0001748</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-191.20
11/03/2020		<a href="#">DFT0001749</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-84.46
11/03/2020		<a href="#">DFT0001750</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-84.46
11/03/2020		<a href="#">DFT0001751</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-84.46
11/03/2020		<a href="#">DFT0001752</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-239.95
11/03/2020		<a href="#">DFT0001753</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-191.45
11/03/2020		<a href="#">DFT0001754</a>	Cintas	Accounts Payable	Outstanding	Bank Draft	-504.56
11/03/2020		<a href="#">DFT0001758</a>	ADP	Accounts Payable	Outstanding	Bank Draft	-94,393.66
11/03/2020		<a href="#">DFT0001763</a>	EPX	Accounts Payable	Outstanding	Bank Draft	-4,236.62
11/04/2020		<a href="#">DFT0001759</a>	Home Depot	Accounts Payable	Outstanding	Bank Draft	-577.48
11/04/2020		<a href="#">DFT0001760</a>	Lowe's	Accounts Payable	Outstanding	Bank Draft	-43.40
11/04/2020		<a href="#">DFT0001761</a>	Exxon/Mobil	Accounts Payable	Outstanding	Bank Draft	-2,960.86
11/04/2020		<a href="#">DFT0001762</a>	Shell Fleet Plus	Accounts Payable	Outstanding	Bank Draft	-933.01
11/05/2020		<a href="#">DFT0001755</a>	CalPERS	Accounts Payable	Outstanding	Bank Draft	-14,232.38
11/05/2020		<a href="#">DFT0001756</a>	CalPERS	Accounts Payable	Outstanding	Bank Draft	-3,181.83
11/05/2020		<a href="#">DFT0001757</a>	CalPERS	Accounts Payable	Outstanding	Bank Draft	-7,604.37
11/06/2020		<a href="#">DFT0001764</a>	Southern California Edison	Accounts Payable	Outstanding	Bank Draft	-90,644.09
11/06/2020		<a href="#">DFT0001765</a>	Verizon Wireless	Accounts Payable	Outstanding	Bank Draft	-2,140.85
11/09/2020		<a href="#">DFT0001766</a>	Shred-it USA LLC	Accounts Payable	Outstanding	Bank Draft	-60.00
11/09/2020		<a href="#">DFT0001767</a>	Cox Communications	Accounts Payable	Outstanding	Bank Draft	-2,526.36
11/09/2020		<a href="#">DFT0001768</a>	Cox Communications	Accounts Payable	Outstanding	Bank Draft	-1,716.81
11/09/2020		<a href="#">DFT0001770</a>	Cox Communications	Accounts Payable	Outstanding	Bank Draft	-2,501.31
11/16/2020		<a href="#">DFT0001771</a>	Umpqua Bank	Accounts Payable	Outstanding	Bank Draft	-10,521.82
11/16/2020		<a href="#">DFT0001772</a>	Cox Communications	Accounts Payable	Outstanding	Bank Draft	-90.84
11/16/2020		<a href="#">DFT0001773</a>	The Toll Roads	Accounts Payable	Outstanding	Bank Draft	-140.00

**Bank Transaction Report**

**Issued Date Range: -**

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
11/18/2020		<a href="#">DFT0001774</a>	ADP	Accounts Payable	Outstanding	Bank Draft	-87,850.94
11/18/2020		<a href="#">DFT0001775</a>	CalPERS	Accounts Payable	Outstanding	Bank Draft	-7,604.37
11/18/2020		<a href="#">DFT0001776</a>	CalPERS	Accounts Payable	Outstanding	Bank Draft	-14,296.36
11/18/2020		<a href="#">DFT0001777</a>	CalPERS	Accounts Payable	Outstanding	Bank Draft	-3,227.26
11/18/2020		<a href="#">DFT0001778</a>	Home Depot	Accounts Payable	Outstanding	Bank Draft	-462.32
11/18/2020		<a href="#">DFT0001779</a>	Lowe's	Accounts Payable	Outstanding	Bank Draft	-631.99
11/18/2020		<a href="#">DFT0001780</a>	Xerox Corporation	Accounts Payable	Outstanding	Bank Draft	-135.00
11/19/2020		<a href="#">DFT0001781</a>	Cox Communications	Accounts Payable	Outstanding	Bank Draft	-686.92
11/19/2020		<a href="#">DFT0001782</a>	ADP	Accounts Payable	Outstanding	Bank Draft	-10.00
11/19/2020		<a href="#">DFT0001783</a>	Exxon/Mobil	Accounts Payable	Outstanding	Bank Draft	-2,339.28
11/23/2020		<a href="#">DFT0001784</a>	The Toll Roads	Accounts Payable	Outstanding	Bank Draft	-140.00
11/25/2020		<a href="#">DFT0001785</a>	Verizon Wireless	Accounts Payable	Outstanding	Bank Draft	-12,937.60
11/27/2020		<a href="#">DFT0001786</a>	ADP	Accounts Payable	Outstanding	Bank Draft	-124.00
<b>Bank Draft Total: (48)</b>							<b>-423,831.83</b>
<b>Bank Draft Reversal</b>							
11/09/2020		<a href="#">DFT0001767</a>	Cox Communications Reversal	Accounts Payable	Outstanding	Bank Draft Reversal	2,526.36
<b>Bank Draft Reversal Total: (1)</b>							<b>2,526.36</b>
<b>Check</b>							
11/04/2020		<a href="#">9556</a>	Adams Streeter Civil Engineers Inc.	Accounts Payable	Outstanding	Check	-1,030.00
11/04/2020		<a href="#">9557</a>	ALS - Truesdail Laboratories	Accounts Payable	Outstanding	Check	-1,200.50
11/04/2020		<a href="#">9558</a>	Aqua-Metric	Accounts Payable	Outstanding	Check	-538.33
11/04/2020		<a href="#">9559</a>	AT&T	Accounts Payable	Outstanding	Check	-45.36
11/04/2020		<a href="#">9560</a>	Atkinson, Andelson, Loya, Ruud & Romo	Accounts Payable	Outstanding	Check	-5,239.50
11/04/2020		<a href="#">9561</a>	Butier Engineering, Inc.	Accounts Payable	Outstanding	Check	-33,180.64
11/04/2020		<a href="#">9562</a>	Champion Paving, Inc.	Accounts Payable	Outstanding	Check	-3,690.00
11/04/2020		<a href="#">9563</a>	Cintas	Accounts Payable	Outstanding	Check	-1,055.76
11/04/2020		<a href="#">9564</a>	City of Rancho Santa Margarita	Accounts Payable	Outstanding	Check	-471.00
11/04/2020		<a href="#">9565</a>	CS-amsc	Accounts Payable	Outstanding	Check	-1,472.14
11/04/2020		<a href="#">9566</a>	CSDA	Accounts Payable	Outstanding	Check	-7,805.00
11/04/2020		<a href="#">9567</a>	Custom Lock & Key	Accounts Payable	Outstanding	Check	-144.55
11/04/2020		<a href="#">9568</a>	Davis Farr LLP	Accounts Payable	Outstanding	Check	-7,500.00
11/04/2020		<a href="#">9569</a>	DMV	Accounts Payable	Outstanding	Check	-54.00
11/04/2020		<a href="#">9570</a>	Dunn-Edwards Corporation	Accounts Payable	Outstanding	Check	-99.28
11/04/2020		<a href="#">9571</a>	Eagle Communications	Accounts Payable	Outstanding	Check	-294.00
11/04/2020		<a href="#">9572</a>	Elite Equipment Inc.	Accounts Payable	Outstanding	Check	-1,662.42
11/04/2020		<a href="#">9573</a>	Ferguson Waterworks	Accounts Payable	Outstanding	Check	-28,002.08
11/04/2020		<a href="#">9574</a>	Ferreira Construction Company	Accounts Payable	Outstanding	Check	-1,931.74
11/04/2020		<a href="#">9575</a>	Fisher Scientific Company, LLC	Accounts Payable	Outstanding	Check	-467.65
11/04/2020		<a href="#">9576</a>	Grainger	Accounts Payable	Outstanding	Check	-190.38
11/04/2020		<a href="#">9577</a>	Hanson Bridgett LLP	Accounts Payable	Outstanding	Check	-2,756.00
11/04/2020		<a href="#">9578</a>	Harbor Pointe Air Conditioning & Control Systems, Inc.	Accounts Payable	Outstanding	Check	-1,714.63
11/04/2020		<a href="#">9579</a>	Hydrotech Electric	Accounts Payable	Outstanding	Check	-15,298.03

**Bank Transaction Report**

**Issued Date Range: -**

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
11/04/2020		<a href="#">9580</a>	InfoSend, Inc.	Accounts Payable	Outstanding	Check	-2,412.32
11/04/2020		<a href="#">9581</a>	Irvine Pipe Supply	Accounts Payable	Outstanding	Check	-1,784.86
11/04/2020		<a href="#">9582</a>	Irvine Ranch Water District	Accounts Payable	Outstanding	Check	-82,609.79
11/04/2020		<a href="#">9583</a>	JIG Consultants	Accounts Payable	Outstanding	Check	-10,534.00
11/04/2020		<a href="#">9584</a>	La Habra Fence Co., Inc.	Accounts Payable	Outstanding	Check	-2,998.00
11/04/2020		<a href="#">9585</a>	Material Specialties Corp.	Accounts Payable	Outstanding	Check	-370.76
11/04/2020		<a href="#">9586</a>	McFadden-Dale Industrial Hardware	Accounts Payable	Outstanding	Check	-168.96
11/04/2020		<a href="#">9587</a>	Mr. Crane	Accounts Payable	Outstanding	Check	-1,161.00
11/04/2020		<a href="#">9588</a>	OC Superior Cleaning Services	Accounts Payable	Outstanding	Check	-1,470.00
11/04/2020		<a href="#">9589</a>	OC Waste & Recycling	Accounts Payable	Outstanding	Check	-2,217.74
11/04/2020		<a href="#">9590</a>	Olin Chemicals	Accounts Payable	Outstanding	Check	-3,584.83
11/04/2020		<a href="#">9591</a>	Orange County Pumping, Inc.	Accounts Payable	Outstanding	Check	-2,130.00
11/04/2020		<a href="#">9592</a>	Pacific Hydrotech Corporation	Accounts Payable	Outstanding	Check	-97,185.00
11/04/2020		<a href="#">9593</a>	Pete's Road Service	Accounts Payable	Outstanding	Check	-2,501.68
11/04/2020		<a href="#">9594</a>	Powers Bros. Machine Inc.	Accounts Payable	Outstanding	Check	-4,189.32
11/04/2020		<a href="#">9595</a>	PSOMAS	Accounts Payable	Outstanding	Check	-467.50
11/04/2020		<a href="#">9596</a>	Quinn Company	Accounts Payable	Outstanding	Check	-39.37
11/04/2020		<a href="#">9597</a>	Rain for Rent Long Beach	Accounts Payable	Outstanding	Check	-23,131.03
11/04/2020		<a href="#">9598</a>	S & J Supply Company	Accounts Payable	Outstanding	Check	-2,989.49
11/04/2020		<a href="#">9599</a>	Sierra Springs	Accounts Payable	Outstanding	Check	-498.75
11/04/2020		<a href="#">9600</a>	Soto Resources	Accounts Payable	Outstanding	Check	-2,412.00
11/04/2020		<a href="#">9601</a>	SouthWest Hydro Tech ACV Systems	Accounts Payable	Outstanding	Check	-13,271.57
11/04/2020		<a href="#">9602</a>	TAB AnswerNetwork	Accounts Payable	Outstanding	Check	-172.52
11/04/2020		<a href="#">9603</a>	Tesco Controls, Inc.	Accounts Payable	Outstanding	Check	-133,234.57
11/04/2020		<a href="#">9604</a>	Tetra Tech, Inc.	Accounts Payable	Outstanding	Check	-33,862.50
11/04/2020		<a href="#">9605</a>	Touch Tel Mobile	Accounts Payable	Outstanding	Check	-625.00
11/04/2020		<a href="#">9606</a>	Trench Shoring Company	Accounts Payable	Outstanding	Check	-652.29
11/04/2020		<a href="#">9607</a>	TrucParCo	Accounts Payable	Outstanding	Check	-286.54
11/04/2020		<a href="#">9608</a>	USABlueBook	Accounts Payable	Outstanding	Check	-2,867.41
11/04/2020		<a href="#">9609</a>	Weck Laboratories, Inc.	Accounts Payable	Outstanding	Check	-221.60
11/10/2020		<a href="#">9612</a>	Urban Water Institute, Inc.	Accounts Payable	Outstanding	Check	-1,500.00
11/18/2020		<a href="#">9613</a>	Jones, Travis	Accounts Payable	Outstanding	Check	-4,800.77
11/18/2020		<a href="#">9614</a>	Jones, Travis	Accounts Payable	Outstanding	Check	-361.68
11/18/2020		<a href="#">9615</a>	Jones, Travis	Accounts Payable	Outstanding	Check	-3,415.40
11/18/2020		<a href="#">9616</a>	ARC	Accounts Payable	Outstanding	Check	-257.17
11/18/2020		<a href="#">9617</a>	AT&T	Accounts Payable	Outstanding	Check	-813.83
11/18/2020		<a href="#">9618</a>	Butier Engineering, Inc.	Accounts Payable	Outstanding	Check	-1,415.00
11/18/2020		<a href="#">9619</a>	Chemtrade Chemicals US LLC	Accounts Payable	Outstanding	Check	-4,396.35
11/18/2020		<a href="#">9620</a>	Cintas	Accounts Payable	Outstanding	Check	-19.18
11/18/2020		<a href="#">9621</a>	County of Orange	Accounts Payable	Outstanding	Check	-97.00
11/18/2020		<a href="#">9622</a>	DirecTV LLC	Accounts Payable	Outstanding	Check	-49.24
11/18/2020		<a href="#">9623</a>	Elite Equipment Inc.	Accounts Payable	Outstanding	Check	-3,979.05
11/18/2020		<a href="#">9624</a>	FedEx	Accounts Payable	Outstanding	Check	-95.63

**Bank Transaction Report**

**Issued Date Range: -**

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
11/18/2020		<a href="#">9625</a>	Ferguson Waterworks	Accounts Payable	Outstanding	Check	-1,357.49
11/18/2020		<a href="#">9626</a>	Ferreira Construction Company	Accounts Payable	Outstanding	Check	-38,019.05
11/18/2020		<a href="#">9627</a>	Gold Coast Environmental	Accounts Payable	Outstanding	Check	-16,310.90
11/18/2020		<a href="#">9628</a>	Hanson Bridgett LLP	Accounts Payable	Outstanding	Check	-952.50
11/18/2020		<a href="#">9629</a>	Hydrotech Electric	Accounts Payable	Outstanding	Check	-5,750.00
11/18/2020		<a href="#">9630</a>	Industrial Metal Supply Company	Accounts Payable	Outstanding	Check	-165.86
11/18/2020		<a href="#">9631</a>	Irvine Pipe Supply	Accounts Payable	Outstanding	Check	-556.57
11/18/2020		<a href="#">9632</a>	Irvine Ranch Water District	Accounts Payable	Outstanding	Check	-25,771.74
11/18/2020		<a href="#">9633</a>	ISGUS America, LLC	Accounts Payable	Outstanding	Check	-91.25
11/18/2020		<a href="#">9634</a>	OC Superior Cleaning Services	Accounts Payable	Outstanding	Check	-735.00
11/18/2020		<a href="#">9635</a>	Olin Chemicals	Accounts Payable	Outstanding	Check	-2,210.83
11/18/2020		<a href="#">9636</a>	Orange County Pumping, Inc.	Accounts Payable	Outstanding	Check	-1,420.00
11/18/2020		<a href="#">9637</a>	Orange County Register-Freedom	Accounts Payable	Outstanding	Check	-535.83
11/18/2020		<a href="#">9638</a>	Orkin Commercial Services	Accounts Payable	Outstanding	Check	-620.00
11/18/2020		<a href="#">9639</a>	Orvac Electronics	Accounts Payable	Outstanding	Check	-204.68
11/18/2020		<a href="#">9640</a>	Rain for Rent Long Beach	Accounts Payable	Outstanding	Check	-11,051.47
11/18/2020		<a href="#">9641</a>	Richard Hurtado	Accounts Payable	Outstanding	Check	-150.00
11/18/2020		<a href="#">9642</a>	Robertson's Ready Mix LTD	Accounts Payable	Outstanding	Check	-960.00
11/18/2020		<a href="#">9643</a>	S & J Supply Company	Accounts Payable	Outstanding	Check	-3,259.98
11/18/2020		<a href="#">9644</a>	Sandbox Sign Company	Accounts Payable	Outstanding	Check	-630.34
11/18/2020		<a href="#">9645</a>	Santa Margarita Water District	Accounts Payable	Outstanding	Check	-141,616.57
11/18/2020		<a href="#">9646</a>	Sierra Springs	Accounts Payable	Outstanding	Check	-159.75
11/18/2020		<a href="#">9647</a>	Soto Resources	Accounts Payable	Outstanding	Check	-559.05
11/18/2020		<a href="#">9648</a>	Southern California Newsgroup	Accounts Payable	Outstanding	Check	-2,490.00
11/18/2020		<a href="#">9649</a>	State Water Resources Control Board	Accounts Payable	Outstanding	Check	-170.00
11/18/2020		<a href="#">9650</a>	Tekdraulics	Accounts Payable	Outstanding	Check	-11,312.05
11/18/2020		<a href="#">9651</a>	Tetra Tech, Inc.	Accounts Payable	Outstanding	Check	-32,539.85
11/18/2020		<a href="#">9652</a>	Trabuco Highlands Community Assoc.	Accounts Payable	Outstanding	Check	-1,065.00
11/18/2020		<a href="#">9653</a>	Underground Service Alert/SC	Accounts Payable	Outstanding	Check	-124.12
11/18/2020		<a href="#">9654</a>	USABlueBook	Accounts Payable	Outstanding	Check	-1,557.65
11/18/2020		<a href="#">9655</a>	Vista Paint	Accounts Payable	Outstanding	Check	-152.25
11/19/2020		<a href="#">9656</a>	Brent Monson	Accounts Payable	Outstanding	Check	-403.41
11/19/2020		<a href="#">9657</a>	Jones, Travis	Accounts Payable	Outstanding	Check	-406.89
11/19/2020		<a href="#">9658</a>	Oscar Ulloa	Accounts Payable	Outstanding	Check	-378.20
11/19/2020		<a href="#">9659</a>	Valdez, Fernando	Accounts Payable	Outstanding	Check	-321.18
11/20/2020		<a href="#">9661</a>	Juan A. Quinonez	Accounts Payable	Outstanding	Check	-101.00
11/20/2020		<a href="#">9662</a>	State Water Resources Control Board	Accounts Payable	Outstanding	Check	-60.00
11/20/2020		<a href="#">9663</a>	State Water Resources Control Board	Accounts Payable	Outstanding	Check	-110.00
11/23/2020		<a href="#">9664</a>	ALS - Truesdail Laboratories	Accounts Payable	Outstanding	Check	-1,994.50
11/23/2020		<a href="#">9665</a>	Applied Industrial Technologies	Accounts Payable	Outstanding	Check	-273.98
11/23/2020		<a href="#">9666</a>	Atkinson, Andelson, Loya, Ruud & Romo	Accounts Payable	Outstanding	Check	-13,672.57
11/23/2020		<a href="#">9667</a>	BAVCO Backflow Apparatus & Valve Co.	Accounts Payable	Outstanding	Check	-281.43
11/23/2020		<a href="#">9668</a>	Chemtrade Chemicals US LLC	Accounts Payable	Outstanding	Check	-4,759.75

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Issued Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
11/23/2020		<a href="#">9669</a>	Cintas	Accounts Payable	Outstanding	Check	-71.90
11/23/2020		<a href="#">9670</a>	Duthie Electric Service Corporation	Accounts Payable	Outstanding	Check	-2,063.03
11/23/2020		<a href="#">9671</a>	Eagle Communications	Accounts Payable	Outstanding	Check	-266.68
11/23/2020		<a href="#">9672</a>	FedEx	Accounts Payable	Outstanding	Check	-25.78
11/23/2020		<a href="#">9673</a>	Ferguson Waterworks	Accounts Payable	Outstanding	Check	-681.32
11/23/2020		<a href="#">9674</a>	Grainger	Accounts Payable	Outstanding	Check	-459.32
11/23/2020		<a href="#">9675</a>	InfoSend, Inc.	Accounts Payable	Outstanding	Check	-2,417.71
11/23/2020		<a href="#">9676</a>	JIG Consultants	Accounts Payable	Outstanding	Check	-6,560.00
11/23/2020		<a href="#">9677</a>	NBS	Accounts Payable	Outstanding	Check	-853.35
11/23/2020		<a href="#">9678</a>	OC Waste & Recycling	Accounts Payable	Outstanding	Check	-967.14
11/23/2020		<a href="#">9679</a>	Olin Chemicals	Accounts Payable	Outstanding	Check	-1,211.42
11/23/2020		<a href="#">9680</a>	Orange County Pumping, Inc.	Accounts Payable	Outstanding	Check	-355.00
11/23/2020		<a href="#">9681</a>	Orkin Commercial Services	Accounts Payable	Outstanding	Check	-10,316.16
11/23/2020		<a href="#">9682</a>	Sierra Springs	Accounts Payable	Outstanding	Check	-11.25
11/23/2020		<a href="#">9683</a>	SouthWest Hydro Tech ACV Systems	Accounts Payable	Outstanding	Check	-7,030.20
11/23/2020		<a href="#">9684</a>	TAB AnswerNetwork	Accounts Payable	Outstanding	Check	-169.71
11/23/2020		<a href="#">9685</a>	Tesco Controls, Inc.	Accounts Payable	Outstanding	Check	-31,000.00
11/23/2020		<a href="#">9686</a>	Tetra Tech, Inc.	Accounts Payable	Outstanding	Check	-17,986.94
11/23/2020		<a href="#">9687</a>	TrucParCo	Accounts Payable	Outstanding	Check	-44.15
11/23/2020		<a href="#">9688</a>	USABlueBook	Accounts Payable	Outstanding	Check	-48.06
11/23/2020		<a href="#">9689</a>	Weck Laboratories, Inc.	Accounts Payable	Outstanding	Check	-443.20
11/30/2020		<a href="#">9690</a>	La Habra Fence Co., Inc.	Accounts Payable	Outstanding	Check	-452.00
11/30/2020		<a href="#">9691</a>	Ana C. Noriega Rueda	Accounts Payable	Outstanding	Check	-394.00
<b>Check Total: (133)</b>							<b>-976,184.70</b>
<b>Check Reversal</b>							
11/18/2020		<a href="#">9649</a>	State Water Resources Control Board Reversal	Accounts Payable	Outstanding	Check Reversal	170.00
11/30/2020		<a href="#">9138</a>	La Habra Fence Co., Inc. Reversal	Accounts Payable	Outstanding	Check Reversal	452.00
11/30/2020		<a href="#">9260</a>	Ana C. Noriega Rueda Reversal	Accounts Payable	Outstanding	Check Reversal	394.00
11/30/2020		<a href="#">9332</a>	Discount Tire Centers Unit 36 Reversal	Accounts Payable	Outstanding	Check Reversal	1,582.79
<b>Check Reversal Total: (4)</b>							<b>2,598.79</b>
<b>EFT</b>							
11/04/2020		<a href="#">10</a>	MWDOC	Accounts Payable	Outstanding	EFT	-212,751.87
11/04/2020		<a href="#">11</a>	Raftelis	Accounts Payable	Outstanding	EFT	-10,763.75
11/04/2020		<a href="#">12</a>	United Water Works, Inc.	Accounts Payable	Outstanding	EFT	-2,549.99
11/04/2020		<a href="#">9</a>	Eide Bailly	Accounts Payable	Outstanding	EFT	-14,617.10
11/18/2020		<a href="#">13</a>	Raftelis	Accounts Payable	Outstanding	EFT	-9,037.61
11/18/2020		<a href="#">14</a>	Synoptek, LLC	Accounts Payable	Outstanding	EFT	-3,703.79
11/23/2020		<a href="#">15</a>	United Water Works, Inc.	Accounts Payable	Outstanding	EFT	-458.26
<b>EFT Total: (7)</b>							<b>-253,882.37</b>
<b>Accounts Payable Total: (193)</b>							<b>-1,648,773.75</b>

**General Ledger**

**Bank Transaction Report**

Issued Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
<b>Deposit</b>							
11/04/2020		<a href="#">DEP0011426</a>	Receipts - ADP - Refund unchashed check - Chadd	General Ledger	Outstanding	Deposit	124.64
11/05/2020		<a href="#">DEP0011476</a>	Receipts - General Auction - Sale of Assets	General Ledger	Outstanding	Deposit	8,017.00
11/05/2020		<a href="#">DEP0011477</a>	Receipts - SMWD - DSWR	General Ledger	Outstanding	Deposit	989.10
11/12/2020		<a href="#">DEP0011533</a>	Receipts - County of Orange - Property Taxes	General Ledger	Outstanding	Deposit	212,419.37
11/12/2020		<a href="#">DEP0011543</a>	Receipts - County of Orange - Sewer Services	General Ledger	Outstanding	Deposit	4,270.00
11/17/2020		<a href="#">DEP0011595</a>	Receipts - T-Mobile - Cell site rent	General Ledger	Outstanding	Deposit	2,069.63
11/17/2020		<a href="#">DEP0011596</a>	Receipts - City of San Clemente - BTP Qtrly	General Ledger	Outstanding	Deposit	118,444.79
11/25/2020		<a href="#">DEP0011660</a>	Receipts - County of Orange - Property Taxes	General Ledger	Outstanding	Deposit	99,128.75
<b>Deposit Total: (8)</b>							<b>445,463.28</b>
<b>General Ledger Total: (8)</b>							<b>445,463.28</b>
<b>Utility Billing</b>							
<b>Check</b>							
11/05/2020		<a href="#">9610</a>	LOUIS DIGREGORIO	Utility Billing	Outstanding	Check	-84.09
11/05/2020		<a href="#">9611</a>	ROBERT WEINGARTEN	Utility Billing	Outstanding	Check	-274.05
11/19/2020		<a href="#">9660</a>	RON BAUER	Utility Billing	Outstanding	Check	-1,088.76
<b>Check Total: (3)</b>							<b>-1,446.90</b>
<b>Deposit</b>							
11/01/2020		<a href="#">DEP0011419</a>	Utility Payment Packet UBPKT04898	Utility Billing	Outstanding	Deposit	1,685.06
11/02/2020		<a href="#">DEP0011422</a>	Utility Payment Packet UBPKT04900	Utility Billing	Outstanding	Deposit	2,529.61
11/02/2020		<a href="#">DEP0011425</a>	Utility Payment Packet UBPKT04899	Utility Billing	Outstanding	Deposit	4,282.01
11/02/2020		<a href="#">DEP0011442</a>	Utility Payment Packet UBPKT04909	Utility Billing	Outstanding	Deposit	2,705.79
11/02/2020		<a href="#">DEP0011463</a>	Utility Payment Packet UBPKT04920	Utility Billing	Outstanding	Deposit	5,144.73
11/03/2020		<a href="#">DEP0011448</a>	Utility Payment Packet UBPKT04911	Utility Billing	Outstanding	Deposit	9,694.29
11/03/2020		<a href="#">DEP0011454</a>	Utility Payment Packet UBPKT04913	Utility Billing	Outstanding	Deposit	2,309.07
11/03/2020		<a href="#">DEP0011466</a>	Utility Payment Packet UBPKT04921	Utility Billing	Outstanding	Deposit	2,267.42
11/04/2020		<a href="#">DEP0011430</a>	Utility Reverse Payment Packet UBPKT04905	Utility Billing	Outstanding	Deposit	-1,106.18
11/04/2020		<a href="#">DEP0011433</a>	Utility Payment Packet UBPKT04906	Utility Billing	Outstanding	Deposit	1,106.18
11/04/2020		<a href="#">DEP0011451</a>	Utility Payment Packet UBPKT04912	Utility Billing	Outstanding	Deposit	6,548.16
11/04/2020		<a href="#">DEP0011457</a>	Utility Payment Packet UBPKT04914	Utility Billing	Outstanding	Deposit	5,288.54
11/04/2020		<a href="#">DEP0011469</a>	Utility Payment Packet UBPKT04922	Utility Billing	Outstanding	Deposit	1,060.42
11/05/2020		<a href="#">DEP0011436</a>	Utility Payment Packet UBPKT04907	Utility Billing	Outstanding	Deposit	10,315.90
11/05/2020		<a href="#">DEP0011439</a>	Utility Payment Packet UBPKT04908	Utility Billing	Outstanding	Deposit	15,166.66
11/05/2020		<a href="#">DEP0011445</a>	Utility Payment Packet UBPKT04910	Utility Billing	Outstanding	Deposit	3,396.58
11/05/2020		<a href="#">DEP0011460</a>	Utility Payment Packet UBPKT04916	Utility Billing	Outstanding	Deposit	4,798.11
11/05/2020		<a href="#">DEP0011480</a>	Utility Payment Packet UBPKT04947	Utility Billing	Outstanding	Deposit	3,365.32
11/06/2020		<a href="#">DEP0011483</a>	Utility Payment Packet UBPKT04948	Utility Billing	Outstanding	Deposit	3,830.11
11/06/2020		<a href="#">DEP0011486</a>	Utility Payment Packet UBPKT04953	Utility Billing	Outstanding	Deposit	2,530.64
11/06/2020		<a href="#">DEP0011489</a>	Utility Payment Packet UBPKT04952	Utility Billing	Outstanding	Deposit	2,251.67
11/07/2020		<a href="#">DEP0011492</a>	Utility Payment Packet UBPKT04949	Utility Billing	Outstanding	Deposit	2,144.36
11/08/2020		<a href="#">DEP0011495</a>	Utility Payment Packet UBPKT04950	Utility Billing	Outstanding	Deposit	926.09
11/09/2020		<a href="#">DEP0011498</a>	Utility Payment Packet UBPKT04951	Utility Billing	Outstanding	Deposit	3,763.16

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Issued Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
11/09/2020		<a href="#">DEP0011501</a>	Utility Payment Packet UBPKT04954	Utility Billing	Outstanding	Deposit	2,960.97
11/09/2020		<a href="#">DEP0011504</a>	Utility Payment Packet UBPKT04956	Utility Billing	Outstanding	Deposit	2,407.59
11/10/2020		<a href="#">DEP0011507</a>	Utility Payment Packet UBPKT04957	Utility Billing	Outstanding	Deposit	3,174.22
11/10/2020		<a href="#">DEP0011510</a>	Utility Payment Packet UBPKT04955	Utility Billing	Outstanding	Deposit	4,199.02
11/10/2020		<a href="#">DEP0011516</a>	Utility Payment Packet UBPKT04958	Utility Billing	Outstanding	Deposit	3,712.39
11/11/2020		<a href="#">DEP0011519</a>	Utility Payment Packet UBPKT04959	Utility Billing	Outstanding	Deposit	3,566.18
11/12/2020		<a href="#">DEP0011513</a>	Utility Payment Packet UBPKT04961	Utility Billing	Outstanding	Deposit	4,720.56
11/12/2020		<a href="#">DEP0011522</a>	Utility Payment Packet UBPKT04960	Utility Billing	Outstanding	Deposit	4,376.02
11/12/2020		<a href="#">DEP0011526</a>	Utility Payment Packet UBPKT04962	Utility Billing	Outstanding	Deposit	6,520.94
11/12/2020		<a href="#">DEP0011529</a>	Utility Payment Packet UBPKT04963	Utility Billing	Outstanding	Deposit	5,574.69
11/12/2020		<a href="#">DEP0011532</a>	Utility Payment Packet UBPKT04964	Utility Billing	Outstanding	Deposit	12,413.91
11/12/2020		<a href="#">DEP0011536</a>	Utility Payment Packet UBPKT04965	Utility Billing	Outstanding	Deposit	16,858.58
11/12/2020		<a href="#">DEP0011539</a>	Utility Payment Packet UBPKT04966	Utility Billing	Outstanding	Deposit	5,060.24
11/13/2020		<a href="#">DEP0011542</a>	Utility Payment Packet UBPKT04968	Utility Billing	Outstanding	Deposit	4,373.09
11/13/2020		<a href="#">DEP0011546</a>	Utility Payment Packet UBPKT04967	Utility Billing	Outstanding	Deposit	10,103.36
11/13/2020		<a href="#">DEP0011554</a>	Utility Payment Packet UBPKT04971	Utility Billing	Outstanding	Deposit	171,963.99
11/14/2020		<a href="#">DEP0011557</a>	Utility Payment Packet UBPKT04972	Utility Billing	Outstanding	Deposit	1,674.83
11/15/2020		<a href="#">DEP0011560</a>	Utility Payment Packet UBPKT04973	Utility Billing	Outstanding	Deposit	3,280.89
11/16/2020		<a href="#">DEP0011548</a>	ACH Draft Packet UBPKT04837	Utility Billing	Outstanding	Deposit	160,410.13
11/16/2020		<a href="#">DEP0011551</a>	Utility Payment Packet UBPKT04975	Utility Billing	Outstanding	Deposit	6,424.06
11/16/2020		<a href="#">DEP0011563</a>	Utility Payment Packet UBPKT04974	Utility Billing	Outstanding	Deposit	10,293.10
11/16/2020		<a href="#">DEP0011566</a>	Utility Reverse Payment Packet UBPKT04976	Utility Billing	Outstanding	Deposit	-78.73
11/16/2020		<a href="#">DEP0011570</a>	Utility Payment Packet UBPKT04980	Utility Billing	Outstanding	Deposit	16,087.70
11/17/2020		<a href="#">DEP0011572</a>	Utility Payment Packet UBPKT04982	Utility Billing	Outstanding	Deposit	4,547.20
11/17/2020		<a href="#">DEP0011575</a>	Utility Payment Packet UBPKT04981	Utility Billing	Outstanding	Deposit	1,450.97
11/17/2020		<a href="#">DEP0011579</a>	Utility Payment Packet UBPKT04983	Utility Billing	Outstanding	Deposit	4,833.87
11/17/2020		<a href="#">DEP0011581</a>	Utility Payment Packet UBPKT04984	Utility Billing	Outstanding	Deposit	6,949.13
11/17/2020		<a href="#">DEP0011585</a>	Utility Reverse Payment Packet UBPKT04989	Utility Billing	Outstanding	Deposit	-152.03
11/17/2020		<a href="#">DEP0011588</a>	Utility Payment Packet UBPKT04991	Utility Billing	Outstanding	Deposit	3,614.54
11/18/2020		<a href="#">DEP0011591</a>	Utility Payment Packet UBPKT04993	Utility Billing	Outstanding	Deposit	1,050.57
11/18/2020		<a href="#">DEP0011594</a>	Utility Payment Packet UBPKT04992	Utility Billing	Outstanding	Deposit	578.49
11/18/2020		<a href="#">DEP0011607</a>	Utility Payment Packet UBPKT04998	Utility Billing	Outstanding	Deposit	9,832.88
11/19/2020		<a href="#">DEP0011601</a>	Utility Payment Packet UBPKT05000	Utility Billing	Outstanding	Deposit	945.87
11/19/2020		<a href="#">DEP0011604</a>	Utility Payment Packet UBPKT04999	Utility Billing	Outstanding	Deposit	295.81
11/19/2020		<a href="#">DEP0011610</a>	Utility Reverse Payment Packet UBPKT05001	Utility Billing	Outstanding	Deposit	-181.58
11/19/2020		<a href="#">DEP0011628</a>	Utility Payment Packet UBPKT05011	Utility Billing	Outstanding	Deposit	5,947.50
11/20/2020		<a href="#">DEP0011622</a>	Utility Reverse Payment Packet UBPKT05012	Utility Billing	Outstanding	Deposit	-425.73
11/20/2020		<a href="#">DEP0011625</a>	Utility Reverse Payment Packet UBPKT05014	Utility Billing	Outstanding	Deposit	-95.71
11/20/2020		<a href="#">DEP0011631</a>	Utility Payment Packet UBPKT05010	Utility Billing	Outstanding	Deposit	2,352.25
11/20/2020		<a href="#">DEP0011634</a>	Utility Payment Packet UBPKT05015	Utility Billing	Outstanding	Deposit	13,816.85
11/20/2020		<a href="#">DEP0011646</a>	Utility Payment Packet UBPKT05019	Utility Billing	Outstanding	Deposit	901.31
11/21/2020		<a href="#">DEP0011637</a>	Utility Payment Packet UBPKT05016	Utility Billing	Outstanding	Deposit	2,332.67
11/22/2020		<a href="#">DEP0011640</a>	Utility Payment Packet UBPKT05018	Utility Billing	Outstanding	Deposit	1,597.29

**Bank Transaction Report**

**Issued Date Range: -**

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
11/23/2020		<a href="#">DEP0011643</a>	Utility Payment Packet UBPKT05017	Utility Billing	Outstanding	Deposit	1,367.79
11/23/2020		<a href="#">DEP0011649</a>	Utility Payment Packet UBPKT05020	Utility Billing	Outstanding	Deposit	626.56
11/23/2020		<a href="#">DEP0011652</a>	Utility Payment Packet UBPKT05021	Utility Billing	Outstanding	Deposit	2,969.98
11/24/2020		<a href="#">DEP0011655</a>	Utility Payment Packet UBPKT05023	Utility Billing	Outstanding	Deposit	2,527.36
11/24/2020		<a href="#">DEP0011658</a>	Utility Payment Packet UBPKT05022	Utility Billing	Outstanding	Deposit	7,315.91
11/24/2020		<a href="#">DEP0011663</a>	Utility Payment Packet UBPKT05025	Utility Billing	Outstanding	Deposit	3,155.67
11/25/2020		<a href="#">DEP0011666</a>	Utility Payment Packet UBPKT05027	Utility Billing	Outstanding	Deposit	9,906.54
11/25/2020		<a href="#">DEP0011669</a>	Utility Payment Packet UBPKT05026	Utility Billing	Outstanding	Deposit	4,441.71
11/25/2020		<a href="#">DEP0011675</a>	Utility Payment Packet UBPKT05029	Utility Billing	Outstanding	Deposit	15,722.01
11/26/2020		<a href="#">DEP0011678</a>	Utility Payment Packet UBPKT05030	Utility Billing	Outstanding	Deposit	390.93
11/26/2020		<a href="#">DEP0011685</a>	Utility Payment Packet UBPKT05032	Utility Billing	Outstanding	Deposit	6,370.43
11/27/2020		<a href="#">DEP0011672</a>	Utility Payment Packet UBPKT05037	Utility Billing	Outstanding	Deposit	3,612.63
11/27/2020		<a href="#">DEP0011681</a>	Utility Payment Packet UBPKT05031	Utility Billing	Outstanding	Deposit	1,393.78
11/28/2020		<a href="#">DEP0011688</a>	Utility Payment Packet UBPKT05033	Utility Billing	Outstanding	Deposit	948.84
11/29/2020		<a href="#">DEP0011691</a>	Utility Payment Packet UBPKT05034	Utility Billing	Outstanding	Deposit	1,374.21
11/30/2020		<a href="#">DEP0011694</a>	Utility Payment Packet UBPKT05035	Utility Billing	Outstanding	Deposit	3,212.55
11/30/2020		<a href="#">DEP0011697</a>	Utility Payment Packet UBPKT05036	Utility Billing	Outstanding	Deposit	4,134.73
11/30/2020		<a href="#">DEP0011700</a>	Utility Payment Packet UBPKT05039	Utility Billing	Outstanding	Deposit	3,710.63
<b>Deposit Total: (85)</b>							<b>689,455.84</b>
<b>Utility Billing Total: (88)</b>							<b>688,008.94</b>
<b>Report Total: (289)</b>							<b>-515,301.53</b>

**Summary**

Bank Account	Count	Amount
<a href="#">030866939 Bank of the West Checking</a>	289	-515,301.53
<b>Report Total:</b>	<b>289</b>	<b>-515,301.53</b>

Cash Account	Count	Amount
<a href="#">99 99-000-1004 Bank of the West Checking (Pooled Cash)</a>	289	-515,301.53
<b>Report Total:</b>	<b>289</b>	<b>-515,301.53</b>

Transaction Type	Count	Amount
Bank Draft	48	-423,831.83
Bank Draft Reversal	1	2,526.36
Check	136	-977,631.60
Check Reversal	4	2,598.79
Deposit	93	1,134,919.12
EFT	7	-253,882.37
<b>Report Total:</b>	<b>289</b>	<b>-515,301.53</b>

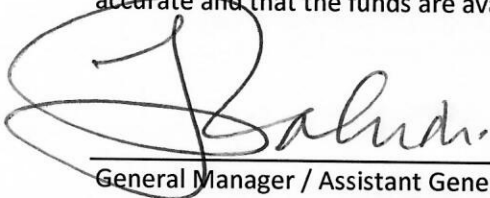


Trabuco Canyon Water District  
General Fund Warrant Register  
11/10/2020

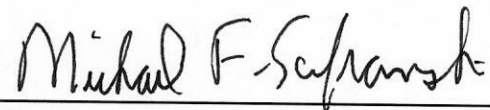
**Summary of Disbursements**

Computer Checks	702,416.62
UB Refund Checks	358.14
Bank Drafts	2,910,889.76
Bank EFTs	257,720.74
Voided Checks	-
<b>Total Disbursements</b>	<b>3,871,385.26</b>

I hereby certify that the claims or demands covered by the above listed warrants have been audited as to accuracy and the availability of funds for payment thereof; and that the said claims or demands are accurate and that the funds are available.

 11/10/20  
General Manager / Assistant General Manager

This is to certify that claims or demands covered by the above listed warrants have been audited by the Finance/Audit Committee of the Trabuco Canyon Water District and that all of the said warrants are approved for payment.

 11/10/20  
By: \_\_\_\_\_ Date: \_\_\_\_\_

 11/10/20  
By: \_\_\_\_\_ Date: \_\_\_\_\_



Warrant Registry  
Trabuco Canyon Water District  
County of Orange  
State of California

**GENERAL FUND PAYROLL WARRANT REGISTER**

For the Month of: November 2020

**\$ 182,440.59**

I hereby certify that the claims or demands covered by the above listed warrants have been audited as to accuracy and the availability of funds for payment thereof; and that the said claims or demands are accurate and that the funds are available.

This is to certify that claims or demands covered by the above listed warrants have been audited by the Finance/Audit Committee of the Trabuco Canyon Water District and that all of the said warrants are approved for payment.

General Manager / Assistant General Manager

Michael F. Schramski 12/10/20  
By Date

Donald S. Chadd 12/10/20  
By Date

Net Pay		Checks	2,541.56		
		Direct Deposits	61,175.97		
		Subtotal Net Pay		63,717.53	
		Adjustments	9,751.14		
		Total Net Pay Liability (Net Cash)		73,468.67	
Taxes		You are responsible for Depositing these amounts	Amount debited from your account		
Federal	Agency	Rate	EE withheld	ER contrib.	EE withheld
					ER contrib.
	<b>Federal Income Tax</b>		<b>11,362.20</b>		
	<b>Earned Income Credit Advances</b>				
	<b>Social Security</b>		<b>5,280.76</b>	<b>5,280.77</b>	
	<b>Medicare</b>		<b>1,557.15</b>	<b>1,557.16</b>	
	<b>Medicare Surtax</b>		<b>99.34</b>		
	<b>Federal Unemployment Tax</b>				
	<b>Subtotal Federal</b>		<b>18,299.45</b>	<b>6,837.93</b>	<b>25,137.38</b>
	<b>Families First FMLA-PSL Payments Credit</b>				
	<b>Families First ER Medicare Credit</b>				
	<b>Families First Health Care Premium Credit</b>				
	<b>CARES Retention Qualified Payments Credit</b>				
	<b>CARES Retention Qualified Health Care Cre</b>				
	<b>Cobra Premium Assistance Payments</b>				
	<b>Total Federal</b>		<b>18,299.45</b>	<b>6,837.93</b>	<b>25,137.38</b>
State	<b>CA State Income Tax</b>		<b>5,027.68</b>		
	<b>CA State Unemployment/Disability Insurance</b>			<b>18.50</b>	
	<b>CA State Disability Insurance-EE</b>		<b>688.56</b>		
	<b>Subtotal CA</b>		<b>5,716.24</b>	<b>18.50</b>	<b>5,734.74</b>
	<b>Total Taxes</b>	<b>.00</b>	<b>.00</b>	<b>24,015.69</b>	<b>6,856.43</b>
	<b>Amount ADP Debited From Account XXXX6939</b>	<b>Tran/ABA XXXXXXXXX</b>			<b>30,872.12 Excludes Taxes That Are Your Responsibility</b>
Other	<b>ADP Direct Deposit</b>		<b>61,175.97</b>	<b>27 Employee Transactions</b>	
Transfers	<b>ADP Check</b>		<b>2,541.56</b>		
	<b>Amount ADP Debited From Account XXXX6939</b>	<b>Tran/ABA XXXXXXXXX</b>			<b>63,717.53</b>
	<b>Total Amount ADP Debited From Your Accounts</b>				<b>94,589.65</b>



Net Pay	<b>Checks</b>								
	<b>Direct Deposits</b>								1,736.80
	Subtotal Net Pay								59,345.11
									61,081.91
	<b>Adjustments</b>								.00
	Total Net Pay Liability (Net Cash)								61,081.91

Federal Agency	Rate	You are responsible for		Amount debited	
		EE withheld	ER contrib.	EE withheld	ER contrib.
<b>Federal Income Tax</b>				10,013.32	
<b>Earned Income Credit Advances</b>					
<b>Social Security</b>				4,518.28	4,518.28
<b>Medicare</b>				1,330.51	1,330.49
<b>Medicare Surtax</b>				99.34	
<b>Federal Unemployment Tax</b>					
<b>Subtotal Federal</b>				15,961.45	5,848.77
<b>Families First FMLA-PSL Payments Credit</b>					21,810.22
<b>Families First ER Medicare Credit</b>					
<b>Families First Health Care Premium Credit</b>					
<b>CARES Retention Qualified Payments Credit</b>					
<b>CARES Retention Qualified Health Care Cre</b>					
<b>Cobra Premium Assistance Payments</b>					
<b>Total Federal</b>				15,961.45	5,848.77
					21,810.22
<b>CA State Income Tax</b>				4,294.85	
<b>CA State Unemployment/Disability Insurance</b>					
<b>CA State Disability Insurance-EE</b>				663.96	
<b>Subtotal CA</b>				4,958.81	4,958.81
<b>Total Taxes</b>		.00	.00	20,920.26	5,848.77
					26,769.03
Amount ADP Debited From Account XXXXX6939					
Tran/ABA XXXXXXXXX					
<b>ADP Direct Deposit</b>				59,345.11	
<b>ADP Check</b>				1,736.80	
Amount ADP Debited From Account XXXXX6939					
Tran/ABA XXXXXXXXX					
<b>Total Amount ADP Debited From Your Accounts</b>					87,850.94

26,769.03 Excludes Taxes That Are Your Responsibility  
26 Employee Transactions



**Statistical Summary Detail**

**TRABUCO CANYON WATER**  
 Region Name : GKN  
 Company Code : ADP RESOURCE

Batch : 4562  
 Quarter Number : 4  
 Service Center : 580

Period Ending : 11/15/2020  
 Pay Date : 11/20/2020  
 Current Date : 11/17/2020

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**CONSENT CALENDAR**

**ITEM 3: ENGINEERING/OPERATIONAL COMMITTEE MEETING**

---

**RECOMMENDED ACTION:**

*Receive and file the following Engineering/Operational Committee Meeting Recap(s):*

1. *November 4, 2020*

**CONTACTS (staff responsible): PALUDI/PEREA/SANGI**



## TRABUCO CANYON WATER DISTRICT ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 4, 2020

---

### **DIRECTORS PRESENT**

Ed Mandich, Committee Chair  
Stephen Dopudja, Committee Member

### **STAFF PRESENT**

Fernando Paludi, General Manager  
Michael Perea, Assistant General Manager/District Secretary  
Lorrie Lausten, District Engineer  
Gary Kessler, Water Department Superintendent  
Jason Stroud, Maintenance Department Superintendent  
Karen Warner, Senior Accountant  
Lisa Sangi, Administrative Assistant

### **PUBLIC PRESENT VIA CONFERNECE CALL**

None

### **CALL MEETING TO ORDER**

Director Mandich called the November 4, 2020 Engineering/Operational Committee Meeting to order at 7:02 AM. Public access to the meeting was made available by video broadcast.

### **VISITOR PARTICIPATION**

No comments were received.

### **ORAL COMMUNICATION**

No comments were received.

### **COMMITTEE MEMBER COMMENTS**

None

### **REPORT FROM THE GENERAL MANAGER**

Mr. Paludi reported that District staff had been contacted by Dove Canyon Master Association with questions concerning the proposed non-domestic water rates for their budgeting purposes.

### **ITEM 1: ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP**

Mr. Paludi presented the Engineering/Operational Committee Meeting Recap for Committee review in accordance with the agenda.

### **RECOMMENDED ACTION**

The Committee recommended that the Engineering/Operational Committee Meeting Recap be forwarded to the Board of Directors for approval (Consent Calendar).

*Director Mandich recused himself from meeting business and exited to the Board Room at approximately 7:05 am.*

**TRABUCO CANYON WATER DISTRICT  
ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 4, 2020**

**ITEM 2: DISCUSSION AND POSSIBLE ACTION(S) RELATED TO THE PROPOSED PALOMA SQUARE DEVELOPMENT (DOVE CANYON PLAZA) AND OTHER RELATED MATTERS**

---

Mr. Paludi presented this matter for Committee consideration, and he reported that District staff has not been contacted by any of the parties involved with this matter. Discussion occurred concerning Dove Canyon Plaza paving improvements and matters discussed with the District Ad Hoc Committee. Ms. Lausten provided an update on the parking study performed by AGA Engineers, and she reported that a representative was onsite the prior day at the District's Administration Facility served as a voting center for the General Election. Discussion occurred concerning early voting turnout. Ms. Lausten reported that a DRAFT report will be presented the following month.

**RECOMMENDED ACTION:**

The Committee received the status update. There was no action taken.

*Director Mandich returned to the Board Room at approximately 7:35am and resumed his participation on the remaining business.*

**ITEM 3: URBAN WATER MANAGEMENT PLAN COST SHARING AGREEMENT WITH MWDOC**

---

Mr. Paludi presented this matter for Committee consideration, and he reported that the District has worked with Municipal Water District of Orange County (MWDOC) on the preparation prior Urban Water Management Plans (UWMP). Ms. Lausten provided a brief review of the proposed UWMP updates and proposed budget, and she recommended that the Board authorize the General Manager execute the proposed cost sharing agreement with MWDOC for the preparation of the 2020 UWMP Update.

**RECOMMENDED ACTION:**

Recommend that the Board of Directors authorize the General Manager to execute a cost sharing agreement with Municipal Water District of Orange County for 2020 Urban Water Management Plan preparation services for a not to exceed amount of \$39,000 (Action Calendar).

**ITEM 4: AMENDMENT TO SUPPLEMENTAL AGREEMENT BETWEEN TCWD AND THE OAKS AT TRABUCO, LLC FOR SEWAGE SERVICES**

---

Mr. Paludi presented the matter for Committee consideration, and he provided a brief update on the proposed supplemental agreement amendment for sewer hauling services. Discussion occurred concerning certain proposed agreement terms and length of time. Mr. Paludi recommended a five-year extension period for the agreement amendment. Discussion occurred concerning alternative sewer conveyance options and related costs.

**RECOMMENDED ACTION:**

Recommend that the Board of Directors authorize the General Manager to execute the Third Extension Agreement Between Trabuco Canyon Water District and The Oaks at Trabuco, LLC (Action Calendar).

**ITEM 5: OTHER ENGINEERING AND OPERATIONS PROJECTS**

---

**1. Saddle Crest Development**

Mr. Paludi introduced this matter for Committee review, and he provided a brief review of the District staff discussions with the developer. Ms. Lausten reported that the developer has requested that the District complete the onsite reservoir and pump station testing in accordance with the agreement, but she reviewed the unique challenges associated with the testing. Discussion occurred concerning potential alternative testing methods that may be used to satisfy the terms of the agreement and acceptance of the facilities. The Committee recommended that District staff continue to work with the developer on this matter and to obtain an updated development schedule.

**TRABUCO CANYON WATER DISTRICT  
ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 4, 2020**

**2. Silvertree Lane Pipeline Replacement**

Ms. Lausten provided a brief update on this project, and she reviewed the project construction schedule. Discussion occurred concerning certain project challenges and timeline for completion. Ms. Lausten reported that Ferreira Construction has been a great contractor to work with on this project and she commended Water Operations staff for their hard work.

**3. Other Projects**

Ms. Lausten provided a brief update on the T-Mobile antenna damage to the District Trabuco Tanks, and she reported that District staff is working with its independent, third-party representative ATS to work with T-Mobile concerning the matter.

**RECOMMENDED ACTION**

Committee to receive project status updates at time of the Committee Meeting.

**ITEM 6: WATER SYSTEM UPDATES**

---

Mr. Kessler reviewed the projects and repairs for October 2020, and he provided the additional highlights:

1. Water Operations staff repaired a struck air vac on Wood Canyon in the Santiago Estates Community.
2. Water Operations staff replaced one curb stop on Summit Crest in the Dove Canyon Community.
3. Water Operations staff flushed 62 Hydrants in the Canyon area and Santiago Estates Community.
4. Water Operations staff worked with Ferreira Construction on the Silvertree Lane water main replacement project located in the Trabuco Highlands Community.
5. Water Operations staff worked with ATS Communications on the repairs for the T-Mobile cell site located on the Trabuco Tanks.

Mr. Kessler reviewed the Monthly Water System Operations Summary with the Committee, and he provided a brief update on fire hydrant flushing efforts during the prior month.

**RECOMMENDED ACTION**

The Committee received the status update.

**ITEM 7: WASTEWATER SYSTEM UPDATES**

---

Mr. Perea reviewed the projects and repairs for October 2020, and he provided the additional highlights:

1. Wastewater Operations staff assisted the maintenance department with installation of the new belt filter press roller.
2. Wastewater Operations staff installed a new stainless-steel bubbler tubing for the influent equalization basin.
3. Wastewater Operations staff began installation of the new duck weed capture system for Dove Lake.
4. Wastewater Operations staff assisted Hydrotech Electric during the installation of a new electric conduit for the equalization basin.
5. Wastewater Operations staff began the quarterly commercial users grease trap inspections as a part of the FOG program.

Mr. Perea reviewed the Monthly Wastewater System Operations Summary, and he provided an update on Operations FOG Program compliance efforts during the month.

**RECOMMENDED ACTION**

The Committee received the status update. There was no action taken.

**TRABUCO CANYON WATER DISTRICT  
ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 4, 2020**

**ITEM 8: MAINTENANCE DEPARTMENT UPDATES**

---

Mr. Stroud reviewed the projects and repairs for October 2020, and he provided the additional highlights:

1. Maintenance Department staff assisted with the Rain for Rent equipment removal from Dove Lake Recycled Water Booster Pump Station.
2. Maintenance Department staff assisted Vaughan Industrial while working on Jet Pump Rehab Project at the Robinson Ranch Wastewater Treatment Plant.
3. Maintenance Department staff assisted Hydrotech Electric at the Robinson Ranch Wastewater Treatment Plant installing LED lights in Maintenance Shop.
4. Maintenance Department staff assisted Hydrotech Electric at the Robinson Ranch Wastewater Treatment Plant repairing a conduit for EQ basin controls.
5. Maintenance Department staff assisted Hydrotech Electric at the Robinson Ranch Wastewater Treatment Plant installing a conduit for MCC at the Operations building.
6. Maintenance Department staff repaired the belt roller at the Robinson Ranch Wastewater Treatment Plant Belt Press dewatering equipment.
7. Maintenance Department staff repaired/replaced motor aerator on the Reclaim Reservoir located at the Robinson Ranch Wastewater Treatment Plant.
8. Maintenance Department staff replaced tires on CAT 430e Backhoe.
9. Maintenance Department staff witness test the new Fairbanks pumps for El Toro Lift Station North Side wet well
10. Maintenance Department staff assisted Operations on the emergency response to the Topanga Booster Pump Station and the O' Neil Sewer Lift Station due to Silverado Fire.

Discussion occurred concerning the failure of the backup power generator at Topanga Booster Pump Station; Mr. Stroud reported that District staff requested mutual aid from Santa Margarita Water District for mobile backup power generator, and that District staff have ordered the replacement parts for the onsite backup power generator for installation in the coming week.

**RECOMMENDED ACTION**

The Committee received the status update. There was no action taken.

**ITEM 9: OTHER MATTERS/REPORTS**

---

There were no other matters or reports provided to the Committee.

Discussion occurred concerning electrical power outages in the service area and District efforts to notify customers of planned power outages that may affect District facilities and impact customers.

**RECOMMENDED ACTION**

There was no action taken.

**ADJOURNMENT**

Director Mandich adjourned the November 4, 2020 Engineering/Operational Committee Meeting at 8:09 AM.

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**CONSENT CALENDAR**

**ITEM 4: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/  
ATTENDANCE**

---

***FEES AND EXPENSES***

Consistent with Board policy, Directors are reimbursed for expenses incurred while serving in their capacity as Directors. Additionally, Directors earn a per diem stipend for attendance at meetings or functions in a Director capacity. The attached spreadsheet provides a recap of the meetings, seminars, conferences attended by Directors along with expenses recorded to date.

***TENTATIVE FUTURE MEETINGS***

The attached spreadsheet provides a schedule of the tentative future meetings and attendance items.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT**

FY 2020/2021 Budgeted Board Expenses: \$39,600

**ENVIRONMENTAL COMPLIANCE:**

Not applicable

**COMMITTEE STATUS:**

This matter was reviewed with the Finance/Audit Committee.

**RECOMMENDED ACTIONS:**

*Ratify the Directors' expenses and fees from November 2020 and approve tentative future meetings/attendance.*

**EXHIBIT(S):**

1. Directors Fees and Expenses Monthly Report for November 2020
2. Directors Future/Tentative Meeting/Attendance Schedule for Calendar Year 2020

**CONTACTS (staff responsible): PALUDI/PEREA/SANGI**

**TRABUCO CANYON WATER DISTRICT  
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | NOVEMBER 2020**

<b>MEETING DESCRIPTION</b>	<b>ACOSTA</b>	<b>CHADD</b>	<b>DOPUDJA</b>	<b>MANDICH</b>	<b>SAFRANSKI</b>
<b>DISTRICT MEETINGS</b>					
Engineering/Operational Committee Meeting			11/04/20	11/04/20	
Finance/Audit Committee Meeting		11/10/20			11/10/20
Individual Meeting with General Manager	11/16/20	11/17/20	11/18/20	11/16/20	11/13/20
Meeting with General Manager and General Legal Counsel					11/23/20
Regular Board Meeting		11/18/20	11/18/20	11/18/20	11/18/20
<b>REPRESENTATIVE MEETINGS</b>					
City of Rancho Santa Margarita City Council Meeting	11/12/20				
Independent Special Districts of Orange County - Executive Committee	11/03/20				
South Orange County Agencies Group Meeting		11/24/20			11/24/20
South Orange County Wastewater Authority (SOCWA) Regular Board Meeting			11/05/20		
Water Advisory Committee of Orange County Meeting (WACO)	11/06/20				
<b>NUMBER OF MEETINGS ATTENDED</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>5</b>
<b>FEES (\$125 per each meeting*)</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>\$375.00</b>	<b>\$375.00</b>	<b>\$625.00</b>
<b>DIRECT REIMBURSABLE EXPENSES</b>					
<b>DIRECT REIMBURSABLE EXPENSES TOTALS</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>INDIRECT REIMBURSABLE EXPENSES</b>					
<b>INDIRECT REIMBURSABLE EXPENSES TOTALS</b>					
<b>TOTAL</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>\$375.00</b>	<b>\$375.00</b>	<b>\$625.00</b>
<i>* Maximum per diem per day is one; maximum per diems per month is 10</i>					


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**DIRECTOR SIGNATURE**

**TRABUCO CANYON WATER DISTRICT | 2020 PUBLIC MEETING AND CONFERENCE CALENDAR**

2020													
LINE ITEM	MEETING DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>DISTRICT PUBLIC MEETINGS</b>													
1	Executive Committee Meeting	01/08/20			TBD			TBD			TBD		
2	Engineering/Operational Committee Meeting	01/08/20	02/05/20	03/04/20	04/01/20	05/06/20	06/03/20	07/01/20	08/05/20	09/02/20	10/07/20	11/04/20	12/02/20
3	Finance/Audit Committee Meeting	01/08/20	02/12/20	03/11/20	04/08/20	05/13/20	06/10/20	07/08/20	08/12/20	09/09/20	10/14/20	11/10/20	12/09/20
4	Regular Board Meeting	01/15/20	02/19/20	03/18/20	04/15/20	05/20/20	06/17/20	07/15/20	08/19/20	09/16/20	10/21/20	11/18/20	12/16/20
5	District Properties Ad Hoc Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
<b>PUBLIC MEETINGS</b>													
6	City of RSM City Council Meeting - Meeting No. 1	01/08/20	02/12/20	03/11/20	04/08/20	05/13/20	06/10/20	07/08/20	08/12/20	09/09/20	10/14/20	11/11/20	12/09/20
7	City of RSM City Council Meeting - Meeting No. 2	01/22/20	02/26/20	03/25/20	04/22/20	05/27/20	06/24/20	07/22/20	08/26/20	09/23/20	10/28/20	11/25/20	12/23/20
8	Independent Special Districts of Orange County Meeting	01/07/20	02/04/20	03/03/20	04/07/20	05/05/20	06/02/20	07/07/20	08/04/20	09/01/20	10/06/20	11/03/20	12/01/20
9	Independent Special Districts of Orange County Meeting	01/30/20	-	-	04/30/20	-	-	07/30/20	-	-	10/29/20	-	-
10	Orange County Local Agency Formation Commission (OC LAFCO)	01/08/20	02/12/20	03/11/20	04/08/20	05/13/20	06/10/20	07/08/20	08/12/20	09/09/20	10/14/20	11/11/20	12/09/20
11	Santiago Aqueduct Commission Meeting	-	-	-	-	-	06/18/20	-	-	09/17/20	-	-	12/17/20
12	South Orange County Water Agencies Group Meeting*	01/28/20	-	03/24/20	-	05/26/20	-	07/28/20	-	09/22/20	-	11/24/20	-
13	South Orange County Wastewater Authority Regular Board Meeting	01/09/20	02/06/20	03/05/20	04/02/20	05/07/20	06/04/20	07/02/20	08/06/20	09/03/20	10/01/20	11/05/20	12/03/20
14	Water Advisory Committee of Orange County	01/03/20	02/07/20	03/06/20	04/03/20	05/01/20	06/05/20	07/03/20	08/07/20	09/04/20	10/02/20	11/06/20	12/04/20
<b>CONFERENCES</b>													
15	ACWA Spring Conference - Monterey, CA					5/5 - 5/8							
16	ACWA Fall Conference - Indian Wells, CA												12/1 - 12/4
17	CSDA Annual Conference - Palm Desert, CA								8/24 - 8/27				
18	CSDA GM Leadership Summit - Newport Beach, CA						6/28 - 6/30						
19	CSDA SDLA Conference - San Diego, CA				4/19 - 4/22								

**LEGEND**

 District Observed Holiday - Reschedule Meeting  
 \*4th Tuesday of the Odd Numbered Month

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 5: PUBLIC PUBLIC HEARING AND ACTION(S) CONCERNING PROPOSED ADJUSTMENTS TO TRABUCO CANYON WATER DISTRICT'S RATES FOR WATER SERVICES, WASTEWATER SERVICES, AND RECYCLED WATER SERVICES AND METER FLAT CHARGES**

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In accordance with the District's General Policy and Rules and Regulations, the Board of Directors sets the rates for water, wastewater, and non-domestic water services, and other related charges. Periodically, the Board reviews the District's rates and charges to determine the need for adjusting rates as deemed necessary and to comply with the following District Mission Statement:

- Provide continuous, reliable, and high-quality level of water and wastewater services in sufficient quantity for present and future beneficial use
- Provide all services in a cost-effective and efficient manner
- Ensure compliance with environmental, safety, and regulatory requirements
- Provide for reliability and emergency preparedness
- Maintain and improve existing infrastructure
- Commit to our customers our constant pursuit of these objectives

The Board of Directors is undertaking a review of the District's Water, Wastewater, Recycled and Reclaimed water rates to ensure that the rates are based on a sound financial plan and the cost of services in accordance with industry standards and compliant with Water Code and conservation-based legislation including Government Code and Article X of the Constitution, and Proposition 218. The District has contracted with Raftelis Financial Consultants (Raftelis) to assist with the review, analysis, and preparation of the District rates and charges study.

Based on feedback received from the Board of Directors at both the first workshop on January 28, 2020 and the second workshop on October 6, District staff has worked with Raftelis to update the financial model and proposed rates and charges. At a minimum, the updated model and presentation addresses the following requested modifications to the initial model:

- January 1, 2021 implementation
- Lower domestic water rate adjustments
- Modified domestic water rate tiers to achieve a more equitable distribution of bill impacts
- Non-domestic water rate adjustment to achieve equity between user classes and an adjustment schedule that is more manageable for non-domestic customers.

Additional information may be presented at the time of the meeting.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT**

Original Budget:	\$ 66,489
Contract Change Order No. 1:	\$ 19,988
<u>Contract Change Order No. 2</u>	<u>\$ 8,950</u>
<i>Total Fiscal Impact to Date:</i>	<i>\$ 95,427</i>

**ENVIRONMENTAL COMPLIANCE:**

Not applicable

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**RECOMMENDED ACTIONS:**

1. *Receive status update and information presentation at the time of the Board Meeting.*
2. *Receive and file the Trabuco Canyon Water District 2020 Water, Wastewater, and Recycled Water Rate Study Report.*
3. *Conduct Public Hearing to receive public comments and consider protests concerning the proposed adjusted rates for Water Services, Wastewater Services, Recycled Water Services and Meter Flat Rates.*
4. *Adopt Resolution No. 2020-1288 – Resolution of the Trabuco Canyon Water District Board of Directors Determining Compliance with Procedural Requirements, Making Findings and Determinations, Revising Rates for Water Services, Wastewater (Sewer) Services, Recycled Water Services and Meter Flat Rates, Amending the Corresponding Rate and Charge Schedules of the Trabuco Canyon Water District and Taking Related Actions.*

**EXHIBIT(S):**

1. DRAFT Trabuco Canyon Water District 2020 Water, Wastewater, and Recycled Water Rate Study Report
2. DRAFT Resolution No. 2020-1288

**CONTACTS (staff responsible): PALUDI/PEREA**

# TRABUCO CANYON WATER DISTRICT

## 2020 Rate Study Report

November 13, 2020



November 13, 2020

Mr. Fernando Paludi  
General Manager  
Trabuco Canyon Water District  
32003 Dove Canyon Drive  
Trabuco Canyon, CA 92679

**Subject: Trabuco Canyon Water District 2020 Rate Study Report**

Dear Mr. Paludi:

Raftelis is pleased to provide this 2020 Rate Study Report to Trabuco Canyon Water District (District) to develop water, wastewater, and non-domestic water rates in compliance with the requirements of Proposition 218 and District directives. This Report contains:

- » The development of a long-term financial plan for Water, Wastewater, and Non-Domestic Water Enterprise Funds to ensure financial sufficiency for operating and capital obligations
- » A cost-of-service analysis and development of five-year water, wastewater, and non-domestic water rates that meet the Proposition 218 requirements and District directives.

The Report discusses the financial plans for each respective utility service and adjusted rates for water, wastewater, and non-domestic customers (excluding the Portola Hills Service Area).

It has been a pleasure working with you, and we thank you and the District staff for the support provided during this study process.

Sincerely,  
**RAFTELIS**



**Steve Gagnon, PE(AZ)**  
Senior Manager



**Khanh Phan**  
Senior Consultant

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# Glossary

<b>Terms</b>	<b>Descriptions</b>
<b>AF</b>	Acre foot / Acre feet
<b>AWWA</b>	American Water Works Association
<b>COS</b>	Cost of Service
<b>CIP</b>	Capital Improvement Plan
<b>DU</b>	Dwelling unit
<b>EMU</b>	Equivalent meter unit
<b>FYE</b>	Fiscal Year ending (July 1 – June 30)
<b>G &amp; A</b>	General and Administrative
<b>GPCD</b>	Gallons per capita per day
<b>GPM</b>	Gallons per minute
<b>HCF</b>	Hundred cubic feet = 100 cubic feet = 748 gallons
<b>LAFCO</b>	Local Agency Formation Commission
<b><i>M1 Manual</i></b>	<i>M1 Manual, Principles of Water Rates, Fees, and Charges, 7<sup>th</sup> edition published by AWWA</i>
<b>MD</b>	Max day peaking factor
<b>MFR</b>	Multi-family residential
<b>MGD</b>	Million gallons per day
<b>MH</b>	Max hour peaking factor
<b>MWD</b>	Metropolitan Water District of Southern California
<b>MWDOC</b>	Municipal Water District of Orange County
<b>ND</b>	Non-domestic Water
<b>OCWD</b>	Orange County Water District
<b>O&amp;M</b>	Operations and maintenance
<b>SFR</b>	Single-family residential
<b>T &amp; D</b>	Transmission and Distribution

# 1. EXECUTIVE SUMMARY

---

## 1.1 INTRODUCTION

In April 2019, Trabuco Canyon Water District (District) engaged Raftelis to conduct a water, wastewater, and recycled (also referred to as non-domestic) water rate study and provide the written 2020 Rate Report (Report), which included the preparation of a long-term financial plan. The District pursued a rate study to help establish financially sound utilities planning and to set rates and charges that are based on the costs to serve each customer class and tier (as defined herein).

The District is a county water district organized and existing pursuant to California Water Code Sections 30000 (the County Water District Law). The District provides water, recycled water, and wastewater services to customers located within District boundaries. The District's primary facilities are comprised of a Water Treatment Plant located in the City of Lake Forest, the Waste Water Treatment Plant located in the upper Robinson Ranch development, the Trabuco Creek Wells facility located in Trabuco Canyon, and the District's Administration Facility, which is located just outside the gates of the Dove Canyon Community.

The major study objectives include:

- » Developing a long-term financial plan for the water, wastewater, and non-domestic water (ND) utilities to ensure financial sufficiency for the operating requirements and capital obligations of each utility
- » Developing a cost-of-service analysis and water, wastewater, and ND water rates
- » Developing a five-year rate schedule
- » Analyzing customer impact of the proposed rates
- » Developing an administrative record that demonstrates the nexus between the District's costs of service and proposed rates to meet the requirements of Proposition 218 and District directives.

This Report describes the long-term financial plans, rates, and customer impact analyses.<sup>1</sup> For purposes of the analysis set out in this Report, the terms "rate(s)" and "charge(s)" may be used interchangeably. Note that the Rate Study (Study) led to the Rate Study Report (Report).

## 1.2 RESERVE POLICY

A reserve policy provides guidelines for sound financial management to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs, and emergencies. Adopting and adhering to a sustainable reserve policy enhances financial transparency and helps achieve or maintain a certain credit rating for future debt issues. Reserves can offset fluctuations in costs of providing services and mitigate fiscal emergencies such as natural disasters, asset failures, pandemics, and provide stability in the case of legislative and regulatory changes. Capital reserves set funds aside for replacement of capital assets and to fund new capital projects. Table 1-1 provides the

---

<sup>1</sup> Note that the Study excluded the Portola Hills Service Area.

District’s current reserve policy. The reserve policy affects revenue needs as this Report seeks to meet minimum reserve targets.

**Table 1-1: Current Reserve Policy**

Target Reserves	Water	Wastewater	Non-Domestic
<b>Operations &amp; Maintenance</b>	60 days of oper. budget	60 days of oper. budget	60 days of oper. budget
<b>Rate Stabilization</b>	10% of oper. rev	20% of oper. budget	10% of oper. rev
<b>Capital (~ Depreciation)</b>	\$1.7M	\$1.48M	\$500K

### 1.3 FINANCIAL PLANS

One of the Study’s major objectives is to develop a long-term financial plan ensuring financial sufficiency for each utility service of the District. Raftelis developed a long-term financial plan model incorporating the known and forecasted cost increases for operating and capital expenditures. The results were presented and discussed with the Board of Directors. The proposed five-year revenue adjustments are shown in Table 1-2.

**Table 1-2: Proposed Annual Revenue Adjustments for Water, Wastewater & Non-Domestic Water Funds**

Fiscal Year Ending	Effective	Water	Wastewater	Non-Domestic
<b>2021</b>	Jan	8%	6%	10%
<b>2022</b>	Jan	8%	6%	10%
<b>2023</b>	Jan	8%	6%	15%
<b>2024</b>	Jan	8%	6%	15%
<b>2025</b>	Jan	8%	6%	15%

All three proposed financial plans (water, wastewater, and ND Water) are summarized in the figures below. Figure 1-1 shows the overview of the proposed water financial plan with four charts. The first chart shows the proposed revenue adjustments and the debt coverage, solely for the Water Fund as proposed in Table 1-2. While the debt coverage for the Water Fund falls below target, the overall District-wide debt coverage is above target. The second chart shows the financial plan in which the red line represents the current revenues and the stacked bars represent the operating and capital expenses. The capital plan chart includes two new debt issues in Fiscal Year ending (FYE) 2022 and FYE 2024 to finance some of the planned Capital Improvement Projects (CIP). The last chart shows the projected Water Fund ending balances for the study period with the proposed revenue adjustments. Similarly, Figure 1-2 and Figure 1-3 show the financial plans for Wastewater and ND Water Funds.

Figure 1-1: Water Financial Plan

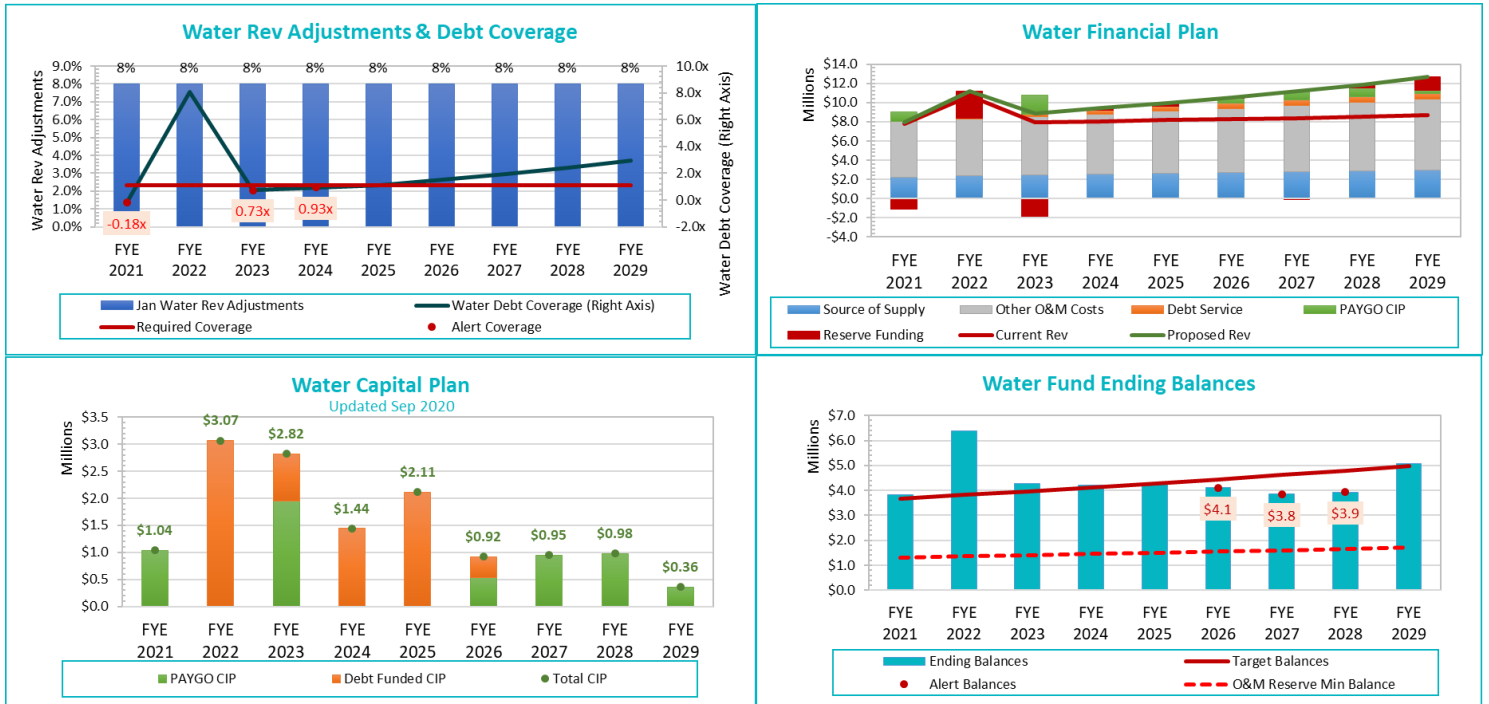


Figure 1-2: Wastewater Financial Plan

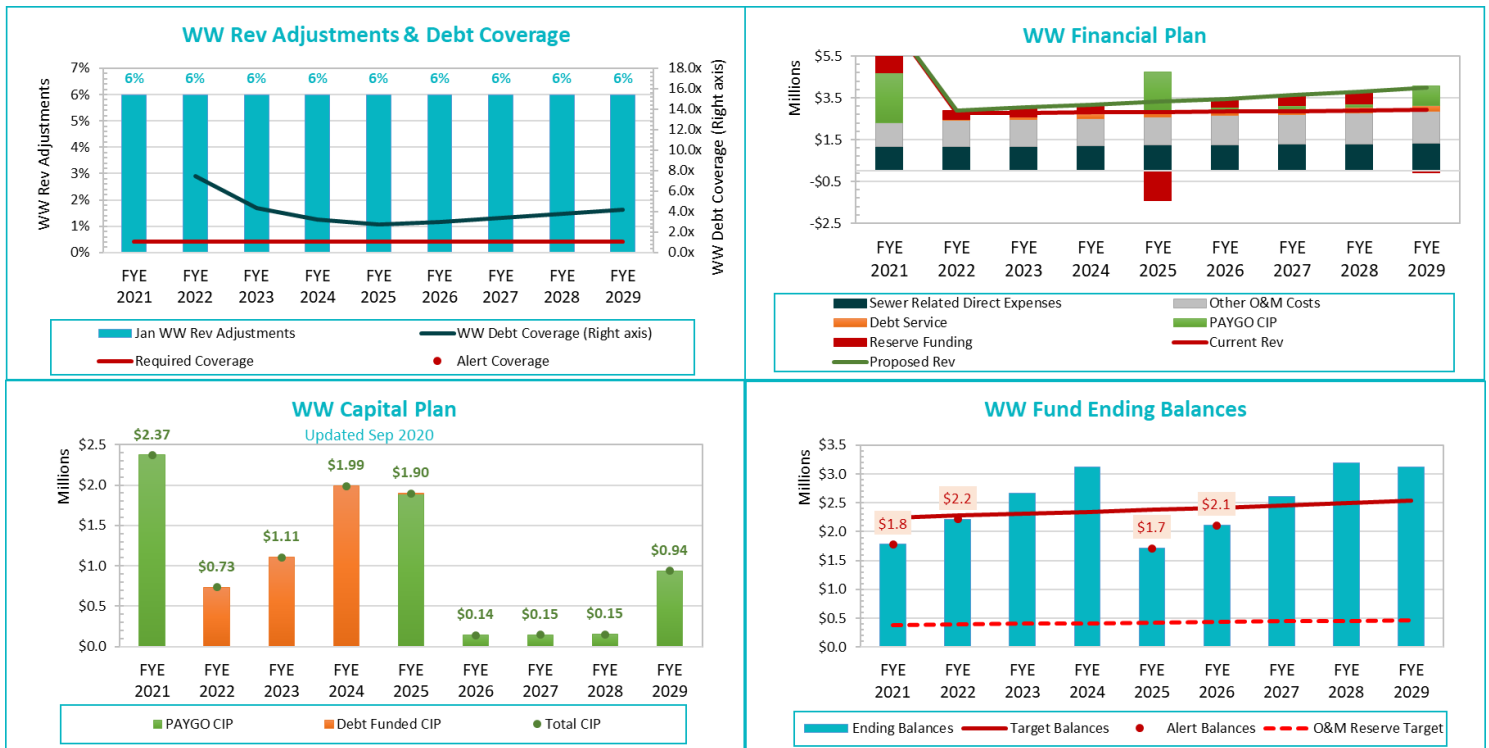
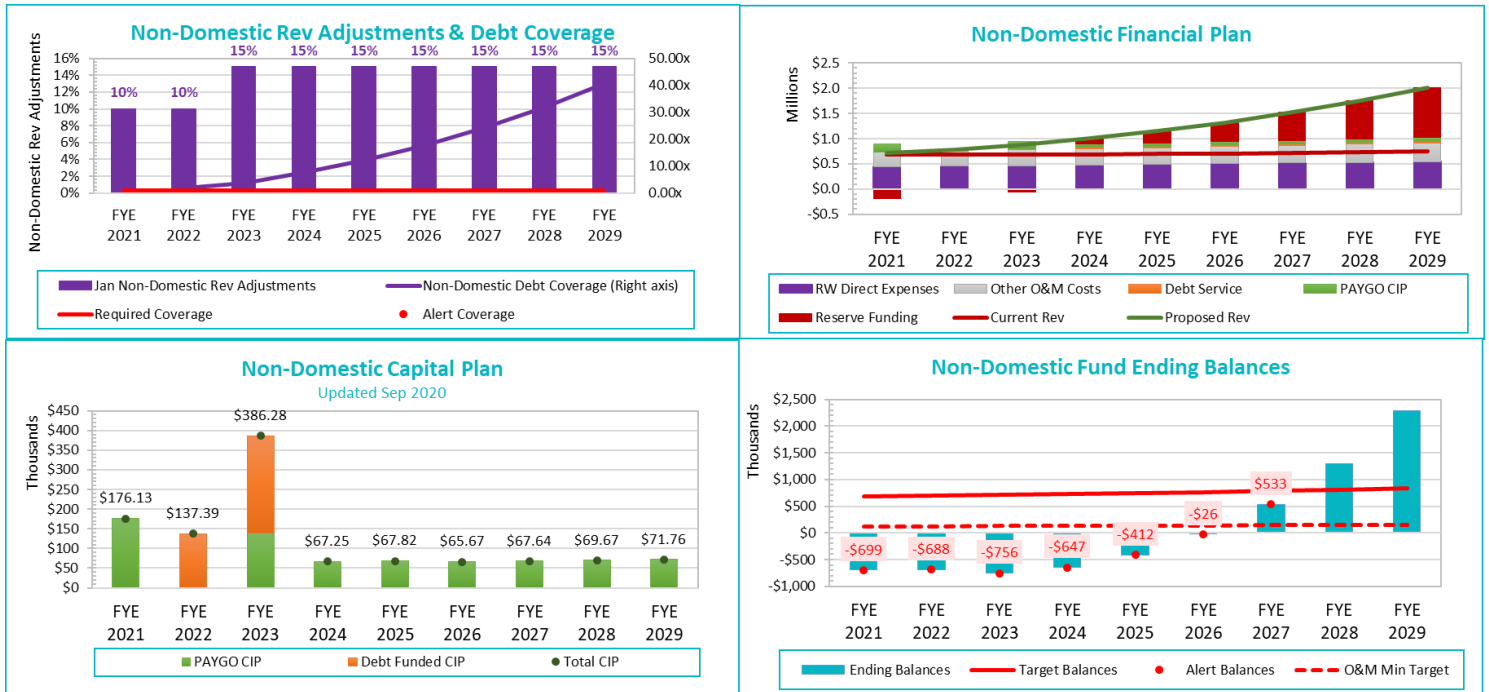


Figure 1-3: Non-Domestic Financial Plan



## 1.4 PROPOSED RATES

Raftelis performed a cost-of-service analysis using revenue requirement in FYE 2021 (known as the test year) in order to calculate fair and equitable rates where users pay proportional to their cost of service. The calculated rates are then increased by the proposed revenue adjustments to determine the proposed rates for FYE 2022 to FYE 2025. Detailed cost-of-service analyses are included in Sections 4, 5, and 6 of the Report. Table 1-3 through Table 1-7 summarize the proposed rates for the next five years for water, wastewater, and ND Water services. Note that the calculated numbers are rounded to the nearest cent.

**Table 1-3: Proposed Five-Year Monthly Water Meter Flat (Water Fixed) Charges**

Meters	Current Rates	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
		8%	8%	8%	8%	8%
5/8	\$16.67	\$18.03	\$19.48	\$21.04	\$22.73	\$24.55
3/4	\$16.67	\$18.03	\$19.48	\$21.04	\$22.73	\$24.55
1	\$24.00	\$26.31	\$28.42	\$30.70	\$33.16	\$35.82
1 1/2	\$43.85	\$47.01	\$50.78	\$54.85	\$59.24	\$63.98
2	\$65.04	\$71.85	\$77.60	\$83.81	\$90.52	\$97.77
3	\$134.03	\$150.51	\$162.56	\$175.57	\$189.62	\$204.79
4	\$233.19	\$266.43	\$287.75	\$310.77	\$335.64	\$362.50
6	\$579.72	\$668.01	\$721.46	\$779.18	\$841.52	\$908.85
10	\$1,513.42	\$1,744.41	\$1,883.97	\$2,034.69	\$2,197.47	\$2,373.27
<b>Hydrant Meter</b>	\$135.01	\$150.51	\$162.56	\$175.57	\$189.62	\$204.79
<b>WRES</b>						
5/8	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04
3/4	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04
1	\$25.25	\$25.25	\$25.25	\$25.25	\$25.25	\$25.25
1.5	\$38.48	\$38.48	\$38.48	\$38.48	\$38.48	\$38.48
2	\$51.30	\$51.30	\$51.30	\$51.30	\$51.30	\$51.30
3	\$76.95	\$76.95	\$76.95	\$76.95	\$76.95	\$76.95
4	\$102.60	\$102.60	\$102.60	\$102.60	\$102.60	\$102.60
6	\$153.90	\$153.90	\$153.90	\$153.90	\$153.90	\$153.90
10	\$218.03	\$218.03	\$218.03	\$218.03	\$218.03	\$218.03

**Table 1-4: Proposed Five-Year Water Volumetric (Water Use) Charges**

Customer Class	Current Rates	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
		8%	8%	8%	8%	8%
<b>Single Family Residential</b>						
Tier 1	\$2.68	\$2.50	\$2.70	\$2.70	\$3.16	\$3.42
Tier 2	\$2.98	\$3.18	\$3.44	\$3.44	\$4.02	\$4.35
Tier 3	\$5.91	\$6.04	\$6.53	\$6.53	\$7.63	\$8.25
Tier 4	\$7.30	\$7.85	\$8.48	\$8.48	\$9.90	\$10.70
<b>Non-SFR</b>						
<b>Multi Family</b>	\$3.08	\$2.93	\$3.17	\$3.17	\$3.71	\$4.01
<b>Irrigation</b>	\$3.65	\$4.16	\$4.50	\$4.50	\$5.25	\$5.67
<b>Commercial</b>	\$3.23	\$3.22	\$3.48	\$3.48	\$4.07	\$4.40
<b>Agriculture</b>	\$3.73	\$5.28	\$5.71	\$5.71	\$6.67	\$7.21
<b>Construction</b>	\$4.70	\$3.72	\$4.02	\$4.02	\$4.70	\$5.08

**Table 1-5: Proposed Five-Year Monthly Water Zone Surcharges**

Zone Surcharges	Current Rates	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
		8%	8%	8%	8%	8%
Topanga	\$0.57	\$0.84	\$0.91	\$0.99	\$1.07	\$1.16
Canyon Creek	\$2.01	\$3.73	\$4.03	\$4.36	\$4.71	\$5.09
Falcon	\$2.09	\$1.77	\$1.92	\$2.08	\$2.25	\$2.43
Joplin	\$2.26	\$1.44	\$1.56	\$1.69	\$1.83	\$1.98
Saddlecrest	N/A	\$0.84	\$0.91	\$0.99	\$1.07	\$1.16
Base Zone	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Table 1-6: Proposed Five-Year Wastewater Rates**

Customer Class	Current Rates	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
		6%	6%	6%	6%	6%
<b>Single Family Residential</b>						
Monthly Fixed Charge (\$/acct)	\$32.62	\$35.20	\$35.20	\$37.32	\$37.32	\$39.56
<b>Multi Family Residential</b>						
Billing & CS (\$/acct)	\$6.20	\$4.58	\$4.58	\$4.85	\$4.85	\$5.14
WW Service Charges (\$/DU)	\$26.42	\$22.41	\$22.41	\$23.76	\$23.76	\$25.19
Total Multi Family Charge	\$32.62	\$26.99	\$26.99	\$28.61	\$28.61	\$30.33
<b>Commercial</b>						
Billing & CS (\$/acct)	\$6.20	\$4.58	\$4.58	\$4.85	\$4.85	\$5.14
Volumetric Charges (\$/ccf with 90% RTS)						
Commercial Low	\$4.38	\$5.05	\$5.05	\$5.36	\$5.36	\$5.69
Commercial Medium	\$7.05	\$6.41	\$6.41	\$6.80	\$6.80	\$7.21
Commercial High	\$10.66	\$8.39	\$8.39	\$8.90	\$8.90	\$9.44

**Table 1-7: Proposed Five-Year Non-Domestic Rates**

Meter Size	Current Rates	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
		10%	10%	15%	15%	15%
<b>5/8</b>	\$16.67	\$18.03	\$19.48	\$21.04	\$22.73	\$24.55
<b>3/4</b>	\$16.67	\$18.03	\$19.48	\$21.04	\$22.73	\$24.55
<b>1</b>	\$24.00	\$26.31	\$28.42	\$30.70	\$33.16	\$35.82
<b>1 1/2</b>	\$43.85	\$47.01	\$50.78	\$54.85	\$59.24	\$63.98
<b>2</b>	\$65.04	\$71.85	\$77.60	\$83.81	\$90.52	\$97.77
<b>3</b>	\$134.03	\$150.51	\$162.56	\$175.57	\$189.62	\$204.79
<b>4</b>	\$233.19	\$266.43	\$287.75	\$310.77	\$335.64	\$362.50
<b>6</b>	\$579.72	\$668.01	\$721.46	\$779.18	\$841.52	\$908.85
<b>10</b>	\$1,513.42	\$1,744.41	\$1,883.97	\$2,034.69	\$2,197.47	\$2,373.27
<b>Non-Domestic Usage Rates</b>						
	\$/ccf	\$/ccf	\$/ccf	\$/ccf	\$/ccf	\$/ccf
Non-Domestic - Dove	\$2.40	\$2.71	\$2.99	\$3.47	\$4.02	\$4.66
Non-Domestic - Golf Course	\$2.50	\$2.71	\$2.99	\$3.47	\$4.02	\$4.66
Non-Domestic - Other Customers	\$2.41	\$2.71	\$2.99	\$3.47	\$4.02	\$4.66

## 1.5 CUSTOMER IMPACTS

Figure 1-4 shows that the typical single-family residential (SFR) home using an average of 14 hundred cubic feet (ccf) bill will be minimally impacted under the proposed water rates. This is due to cost-of-service calculations revising Tier 1 rates downward in comparison to current rates. The District reviewed its operation of the water treatment plant and it is operated in a manner to meet peak water use and therefore more costs were allocated to the peaking cost component, which is allocated in proportion to peaking factors, thus lowering the Tier 1 rate.

**Figure 1-4: Typical Monthly Residential Customer Bill Impacts**

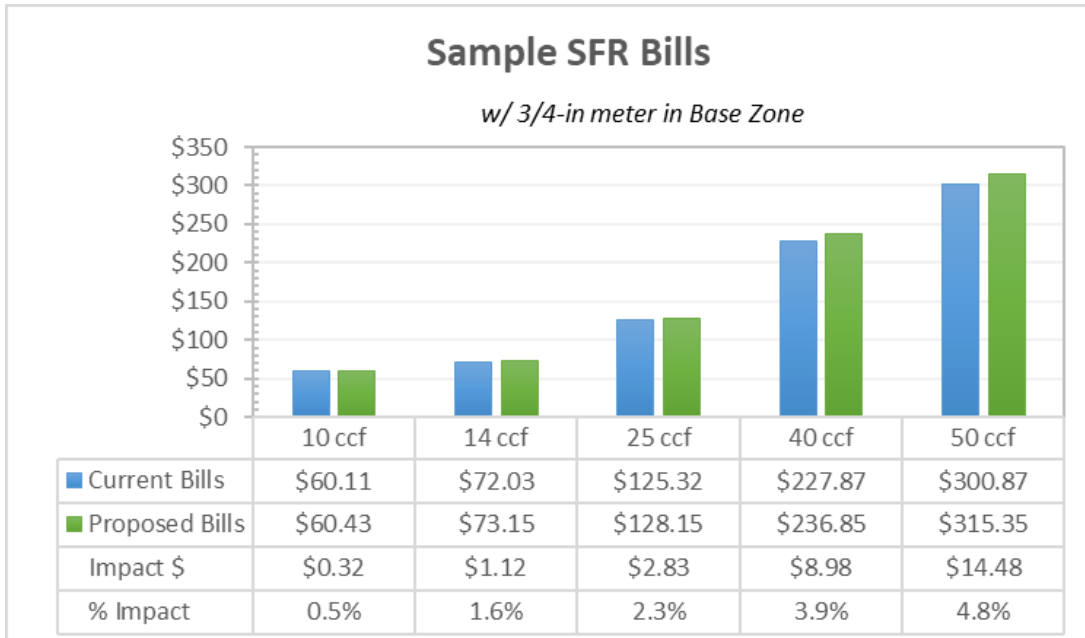


Table 1-8 shows average wastewater customer bill impacts by class and Table 1-9 summarizes ND Water bill impacts for the average customer for wastewater and ND Water services, respectively.

**Table 1-8: Wastewater Monthly Customer Impact Analysis**

Customer Class Impact Analysis	Current	FYE 2021	%
<b>Residential</b>			
Single Family per month	\$32.62/month	<b>\$35.20/month</b>	7.9%
Single Family	\$1,434,628	<b>\$1,548,210</b>	7.9%
Multi Family	\$61,276	<b>\$51,721</b>	-15.6%
<b>Non-Residential</b>			
Commercial Low	\$50,946	<b>\$57,690</b>	13.2%
Commercial Medium	\$49,881	<b>\$45,276</b>	-9.2%
Commercial High	\$27,566	<b>\$21,685</b>	-21.3%
<b>Total</b>	<b>\$1,624,297</b>	<b>\$1,724,583</b>	<b>6%</b>

**Table 1-9: Non-Domestic Customer Impact Analysis**

Customer	Meter Size	Average Use (ccf)	Total Current Bill	Total Proposed FYE 2021 Bill	\$ Difference	% Difference
<b>Dove</b>	10"	6,663	<b>\$17,512</b>	<b>\$19,801</b>	\$2,289	13.1%
<b>Golf Course</b>	10"	10,713	<b>\$28,278</b>	<b>\$30,777</b>	\$2,499	8.8%
<b>Other ND Water Users</b>	2"	120	<b>\$353</b>	<b>\$397</b>	\$44	12.4%

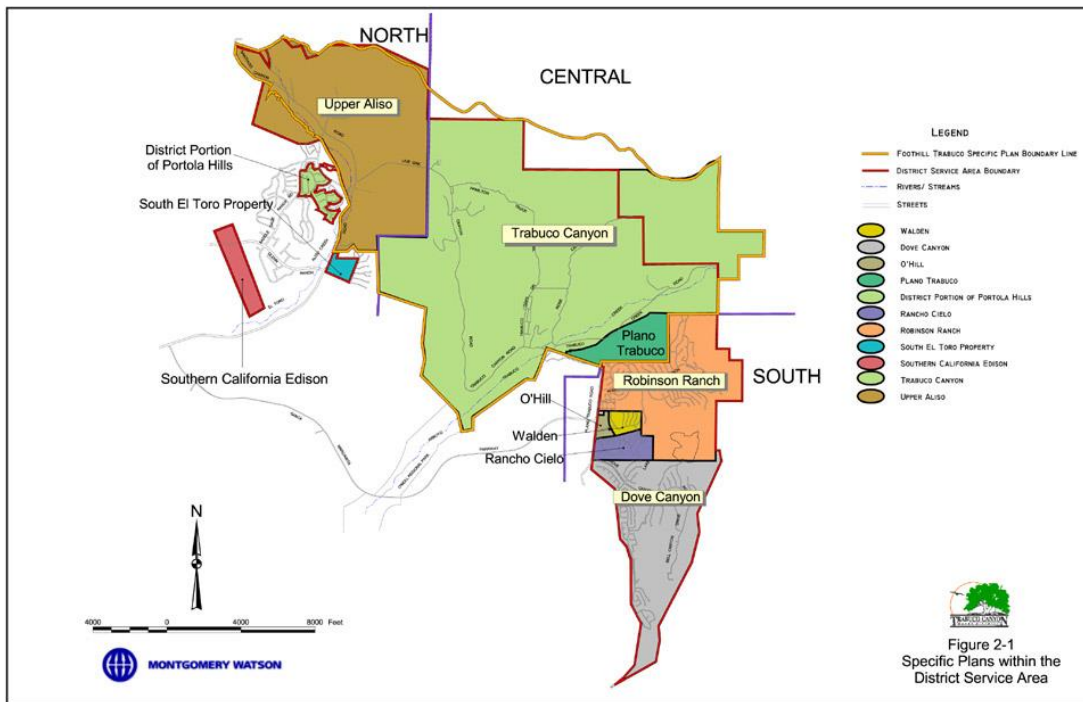
The rates calculated in this study for water, wastewater, and ND Water services follow industry standard principles of equitable cost-of-service allocations compliant with Proposition 218. The remainder of this Report details financial plan development, cost-of-service analyses, and rate calculations for the District's three utility services.

# 2. INTRODUCTION

## 2.1 BACKGROUND

The District is a county water district organized and existing pursuant to California Water Code Sections 30000 (the County Water District Law). The District provides water, recycled (also known as ND) water, and wastewater services to customers located within the District boundaries. The District's primary facilities are comprised of a Water Treatment Plant located in the City of Lake Forest, the Waste Water Treatment Plant located in the upper Robinson Ranch development, the Trabuco Creek Wells facility located in Trabuco Canyon, and the District's Administration Facility, which is located just outside the gates of The Dove Canyon Community.

Figure 2-1: Trabuco Canyon Water District Service Area Map<sup>2</sup>



The major study objectives included:

- » Developing a long-term financial plan for Water, Wastewater, and ND Water Funds to ensure financial sufficiency for operating requirements and capital obligations
- » Developing a cost-of-service analysis and water, wastewater, and ND Water rates that meet Proposition 218 requirements and District directives
- » Developing a five-year rates schedule
- » Analyzing customer bill impacts

<sup>2</sup> Map source: <https://www.tcwd.ca.gov/district-services/domestic-water/service-area>

- » Developing an administrative record that demonstrates the nexus between the District’s costs of service and proposed rate structure to meet the requirements of Proposition 218 for water, wastewater, and ND Water services.

## 2.2 KEY INFORMATION USED IN THE STUDY

The study uses the following key information provided by the District:

1. FYE 2019 and FYE 2020 consumption data (July 1, 2018 to June 2020) for water accounts served within the District’s service area, provided on September 2019 and July 2020
2. FYE 2021 operating budgets for the Water, Wastewater, and ND Water Funds, in July 2020
3. Estimated CIP expenses for the next 10 years, as provided by District staff in August 2020
4. Beginning Fund balances as of July 1, 2020 (FYE 2021)

## 2.3 FINANCIAL PLAN ASSUMPTIONS

Raftelis worked closely with District staff to forecast revenues and expenses as part of developing the financial plan. Table 2-1 lists the annual inflation factors for each of the District’s cost categories. Personnel costs are broken out into salary, health benefits, and life insurance. Chemicals, electricity, and fuel are listed separately due to their unique escalation factors.

**Table 2-1: Inflationary Assumptions for Water, Wastewater, and Non-Domestic Water Funds**

Escalation Factors	Annual FYE 2022 – FY 2029
General	2.0%
Salary	2.5%
Benefits (Health, Dental, Vision)	5.0%
Life Insurance	4.0%
Chemicals	2.0%
Electricity	4.0%
Fuel	2.0%
MWDOC Fixed Charges	4.0%
MWDOC Tier 1 Water Rate	3.0%
LAFCO	5.0%
Non-Rate Revenues	2.0%
Reserve Interest Rate	1.0%
Capital	3.0%

# 3. LEGAL FRAMEWORK AND RATE-SETTING METHODOLOGY

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## 3.1 CALIFORNIA CONSTITUTION - ARTICLE XIII D, SECTION 6 (PROPOSITION 218)

Proposition 218, the applicable portion of which is set out in the California Constitution as Article XIII D, was enacted in 1996 to ensure that public agency utility service rates, fees, and charges are reasonable and proportional to the cost of providing the applicable service(s). The principal requirements for application of such rates, fees, and charges, as they relate to public water and wastewater services, are as follows:

1. A property-related rate/fee/charge (such as water and recycled water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the rate/fee/charge shall not be used for any purpose other than that for which it was imposed.
3. The amount of the rate/fee/charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No rate/fee/charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
5. No rate/fee/charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.
6. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in the American Water Works Association's (AWWA) *M1 Manual, Principles of Water Rates, Fees, and Charges, 7<sup>th</sup> edition (M1 Manual)*, "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Proposition 218 requires that water rates/fees/charges cannot be "arbitrary and capricious," meaning that the rate-setting methodology must be sound and that there must be a nexus between the costs and the rates charged. This Report follows industry standard rate-setting methodologies set forth by the *M1 Manual*, adhering to Proposition 218 requirements by developing rates that do not exceed the proportionate cost of providing the corresponding services.

### 3.1.1.1 California Constitution – Article X, Section 2

Article X, Section 2 of the California Constitution states the following:

*"It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water*

*be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.”*

Article X, Section 2 of the State Constitution establishes the need to preserve the State’s water supplies and to discourage the waste or unreasonable use of water by encouraging conservation. By definition, public agencies are constitutionally mandated to maximize the beneficial use of water, prevent waste, and encourage conservation.

In addition, Section 106 of the California Water Code declares that the highest priority use of water is for domestic purposes, with irrigation water secondary. The District established tiered water rates (also known as “inclining tier” or “inclining block”) that reflect the cost to serve water in each tier. The inclining tier rates (as well as rates for uniform rate classes) need to be based on the proportionate costs incurred to provide water to the customer classes and tiers to achieve compliance with the requirements of Proposition 218.

## 3.2 COST-BASED RATE-SETTING METHODOLOGY

As stated in the *M1 Manual*, “the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” To develop utility service rates that comply with the requirements of Proposition 218 and industry standards while meeting other goals and objectives of the service provider, Raftelis carries out a detailed analysis in four major steps, as discussed below.

### Step 1: Calculate Revenue Requirement

The rate-making process starts by determining the test year (rate-setting year) revenue requirement, which for this Study is FYE 2021. The revenue requirement should sufficiently fund the utility’s operations and maintenance (O&M), debt service, capital expenses, and target reserve balances based on a long-term financial plan.

### Step 2: Cost-of-Service Analysis

The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A cost-of-service analysis involves the following tasks:

1. **Functionalize costs.** Examples of functions are supply, treatment, transmission, distribution, storage, meter servicing, and customer billing and collection.
2. **Allocate functionalized costs to cost causation components.** Cost causation components include base, maximum day, maximum hour<sup>3</sup>, conservation, public fire protection, meter service, and customer servicing and billing costs.
3. **Distribute cost causation components, using unit costs, to rate components and customers in proportion to their demands on the water system capacity.** This is described in AWWA’s *M1 Manual*.

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<sup>3</sup> Maximum day and maximum hour costs are collectively referred to as “peaking costs” or “capacity costs”.

A cost-of-service analysis considers both the average quantity of water consumed (base costs) and the peak rate at which it is consumed (peaking costs or capacity costs as identified by maximum day and maximum hour demands).<sup>4</sup> Peaking costs are costs that are incurred during peak times of consumption. There are additional costs associated with designing, constructing, operating, and maintaining facilities to meet peak demands. These peak demand costs need to be allocated to those imposing such costs on the utility. In other words, not all customer classes share the same responsibility for peaking-related costs.

### **Step 3: Rate Design and Calculations**

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as affordability for essential needs and revenue stability among other objectives.

### **Step 4: Rate Adoption**

Rate adoption is the last step of the rate-making process to comply with Proposition 218. Raftelis documents the rate study results in this Report to serve as the District's administrative record and a public education tool concerning the proposed changes, the rationale and justifications behind the changes, and their anticipated financial impacts.

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<sup>4</sup> System capacity is the system's ability to supply water to all delivery points at the time when demanded. Coincident peaking factors are calculated for each customer class at the time of greatest system demand. The time of greatest demand is known as peak demand. Both the operating costs and capital asset related costs incurred to accommodate the peak flows are generally allocated to each customer class based upon the class' relative demands during the peak month, day, and hour event.

# 4. WATER FINANCIAL PLAN AND RATES

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The financial plan assesses the long-term financial health for the Water Fund based on projected revenues, O&M expenses, CIP funding, and debt service payments. The primary results of the financial plan include a cashflow summary and the rate revenue requirement, the latter being the key factor driving rate development. The long-term financial plan timeframe spans FYE 2021 through FYE 2029.

## 4.1 WATER FINANCIAL PLAN

### 4.1.1 Current Water Revenues

The current water rates and rate structure became effective as of January 1, 2020. Table 4-1 through Table 4-4 show the existing water rates and structure. The charges for potable water service include:

- » **Meter flat rate:** Meter-size-based fixed charge, shown in Table 4-1
- » **Water reliability and emergency storage (WRES) charge<sup>5</sup>:** Meter-based fixed charge, shown in Table 4-2
- » **Volumetric rate:** Use-based rate assessed as dollars per hundred cubic feet (ccf), shown in Table 4-3
- » **Zone surcharges:** Charged per billing cycle, shown in Table 4-4

Table 4-1 lists the monthly charge by meter size and the projected number of accounts corresponding to each meter size across the study period. The projected revenues from the monthly charges are calculated by multiplying the current meter charge by the corresponding number of accounts and multiplying by 12. An example for 5/8-inch meters is as follows:

$$\$16.64 \times 2,624 \times 12 = \$523,960$$

This calculation is performed for each meter size and then summed to arrive at the projected monthly fixed revenue for each fiscal year in Table 4-1. The WRES projected revenues in Table 4-2 are calculated in an analogous manner to the fixed monthly charges in Table 4-1. The WRES charge is unchanged and not part of this rate study. The Portola Hills Service Area is also not part of the Study and is therefore unchanged.

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<sup>5</sup> The WRES charge recovers costs associated with the District's water reliability and emergency storage projects, which are the Trabuco Creek Wells Facility, capacity in the Baker Water Treatment Facility, and distribution system improvements.

**Table 4-1: Current Water Monthly Charges and Number of Water Meters**

Meter Size	Current Rates	FYE 2021	FYE 2022	FYE 2023	FYE 2024-29
5/8	\$16.67	2,624	2,624	2,624	2,624
3/4	\$16.67	874	874	874	874
1	\$24.00	428	461	461	461
1 1/2	\$43.85	43	43	43	43
2	\$65.04	146	146	146	146
3	\$134.03	8	8	8	8
4	\$233.19	3	3	3	3
6	\$579.72	2	2	2	2
10	\$1,513.42	0	0	0	0
Hydrant Meter	\$135.01	17	17	17	17
<b>Projected Revenues</b>		<b>\$1,022,298</b>	<b>\$1,031,802</b>	<b>\$1,031,802</b>	<b>\$1,031,802</b>

**Table 4-2: Current WRES Charges and Number of Water Meters (Excluding Portola Service Area)**

Meter Size	Current Rates	FYE 2021	FYE 2022	FYE 2023	FYE 2024-29
5/8	\$16.04	2,160	2,160	2,160	2,160
3/4	\$16.04	805	805	805	805
1	\$25.25	428	461	461	461
1 1/2	\$33.64	43	43	43	43
2	\$44.86	145	145	145	145
3	\$67.30	8	8	8	8
4	\$89.73	3	3	3	3
6	\$153.90	2	2	2	2
10	\$218.03	0	0	0	0
<b>Projected Revenues</b>		<b>\$824,279</b>	<b>\$834,278</b>	<b>\$834,278</b>	<b>\$834,278</b>

The volumetric rates and projected use are shown for each customer class in Table 4-3. The volumetric charge for each class and, if relevant, each tier is calculated by multiplying the respective volumetric rate by annual use. For example, total SFR Tier 1 revenue for FYE 2021 would be calculated as follows:

$$\$2.68 \times 313,621 = \$840,504$$

After calculating this for each customer class, this is summed up to arrive at the projected annual volumetric rate revenue.

**Table 4-3: Current Water Volumetric Charge and Projected Water Use**

Water Rates	Current Rates	FYE 2021	FYE 2022	FYE 2023	FYE 2024 to FYE 2029
<b>Single Family</b>					
Tier 1 (0 – 8 ccf)	\$2.68	321,554	337,295	337,295	337,295
Tier 2 (9 – 18 ccf)	\$2.98	211,423	221,774	221,774	221,774
Tier 3 (19 – 30 ccf)	\$5.91	76,676	80,429	80,429	80,429
Tier 4 (above 30 ccf)	\$7.30	32,500	34,091	34,091	34,091
<b>Non-Single Family</b>					
Multi Family	\$3.08	13,100	13,741	13,741	13,741
Irrigation	\$3.65	132,919	132,919	132,919	132,919
Commercial	\$3.23	33,646	33,646	33,646	33,646
Agriculture	\$3.73	80,901	80,901	80,901	80,901
Construction	\$4.70	3,152	3,152	3,152	3,152
<b>Total Usage (ccf)</b>		<b>905,868</b>	<b>937,947</b>	<b>937,947</b>	<b>937,947</b>
<b>Projected Current Water Usage Revenues</b>		<b>\$3,132,954</b>	<b>\$3,241,761</b>	<b>\$3,241,761</b>	<b>\$3,241,761</b>

The Zone Surcharge in Table 4-4 is assessed for the six service zones based on billed monthly usage. To arrive at the total projected revenues from zone surcharges, each zone is multiplied by the corresponding use and, ultimately, summed. Note that the total use in Table 4-3 and Table 4-4 are the same. Customers in Saddlecrest and the Base Zone are not assessed pumping zone charges.

**Table 4-4: Current Zone Surcharges**

Zone	Current Rates	FYE 2021	FYE 2022	FYE 2023	FYE 2024-29
<b>Topanga</b>	\$0.57	7,989	8,272	8,272	8,272
<b>Canyon Creek</b>	\$2.01	1,585	1,642	1,642	1,642
<b>Falcon</b>	\$2.09	2,410	2,496	2,496	2,496
<b>Joplin</b>	\$2.26	2,272	2,352	2,352	2,352
<b>Saddlecrest</b>	N/A	9,914	19,828	19,828	19,828
<b>Base Zone</b>	\$0.00	881,698	903,357	903,357	903,357
<b>Total Usage</b>		<b>905,868</b>	<b>937,947</b>	<b>937,947</b>	<b>937,947</b>
<b>Projected Revenues</b>		<b>\$23,563</b>	<b>\$29,848</b>	<b>\$29,848</b>	<b>\$29,848</b>

Table 4-5 summarizes revenues from current water rates across the study period, with projected revenue for each charge type corresponding to those in Table 4-1 through Table 4-4. The total revenue from current water rates is given both including and excluding the WRES charge. Table 4-6 projects total District revenues across the study period assuming zero revenue adjustments. The total existing rate revenue is presented at the top.

**Table 4-5: Revenues from Current Water Rates Summary**

	FYE 2021	FYE 2022	FYE 2023	FYE 2024-29
<b>Monthly Charge</b>	\$1,022,298	\$1,031,802	\$1,031,802	\$1,031,802
<b>WRES</b>	\$824,279	\$834,278	\$834,278	\$834,278
<b>Water Usage Charge</b>	\$3,132,954	\$3,241,761	\$3,241,761	\$3,241,761
<b>Zone Surcharges</b>	\$23,563	\$29,848	\$29,848	\$29,848
<b>Total Current Water Rev from Rates</b>	<b>\$5,003,094</b>	<b>\$5,137,689</b>	<b>\$5,137,689</b>	<b>\$5,137,689</b>
<b>Total Current Water Rate Rev, excl. WRES</b>	<b>\$4,178,815</b>	<b>\$4,303,410</b>	<b>\$4,303,410</b>	<b>\$4,303,410</b>

**Table 4-6: Projected Revenues for Water Fund (Without Revenue Adjustments)**

<b>WATER FUND (UNRESTRICTED)</b>	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>REVENUES</b>									
Revenues from Current Rates	\$4,178,815	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410
Total Revenue Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>OTHER OPERATING REVENUES</b>									
Portola Pass-through Water Sales	\$202,100	\$208,163	\$214,408	\$220,840	\$227,465	\$234,289	\$241,318	\$248,558	\$256,014
Standby	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000
Baker Treatment Plant Water Sales - Pass-through	\$1,215,500	\$1,312,700	\$1,212,884	\$1,274,421	\$1,341,011	\$1,413,079	\$1,491,352	\$1,576,458	\$1,669,124
Baker Treatment Plant Water Sales - Capital	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600
Other Operating Revenues	\$99,500	\$108,700	\$118,800	\$129,900	\$142,000	\$155,300	\$169,900	\$185,700	\$203,200
<b>NON-OPERATING REVENUES</b>									
Property Tax Unrestricted	\$853,700	\$870,774	\$888,189	\$905,953	\$924,072	\$942,554	\$961,405	\$980,633	\$1,000,246
Interest Revenues	\$48,523	\$33,581	\$23,022	-\$14,422	-\$40,262	-\$74,938	-\$99,945	-\$127,408	-\$157,410
Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Fixed Asset	\$22,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Rev	\$41,100	\$41,922	\$42,760	\$43,616	\$44,488	\$45,378	\$46,285	\$47,211	\$48,155
<b>CAPITAL CONTRIBUTIONS</b>									
WRES Revenue	\$834,300	\$834,300	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511
Developer Impact Fees (DIF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Capital Contributions	\$0	\$2,669,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$7,790,637</b>	<b>\$10,677,150</b>	<b>\$7,937,585</b>	<b>\$7,997,829</b>	<b>\$8,076,296</b>	<b>\$8,153,183</b>	<b>\$8,247,836</b>	<b>\$8,348,673</b>	<b>\$8,456,850</b>

## 4.1.2 Water O&M Expenses

### 4.1.2.1 Purchased Water Supply Costs

Table 4-7, Table 4-8, and Table 4-9 show the expected purchase quantities and unit price of water by source and projected water purchase expenses. The District provided data on purchased water volumes (acre-feet) by water source as shown in Table 4-8. Water sales volume (expressed in acre feet) is calculated by subtracting 7% (water loss factor) from the purchased water volume.

**Table 4-7: Projected Water Sales and Water Purchases by Water Supply Sources**

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>Water Purchased</b>									
BTP - TCWD	140 AF	140 AF	140 AF	140 AF	140 AF	140 AF	140 AF	140 AF	140 AF
BTP - San Clemente	1,160 AF	1,160 AF	1,160 AF	1,160 AF	1,160 AF	1,160 AF	1,160 AF	1,160 AF	1,160 AF
SAC OC-33TC	2,156 AF	2,156 AF	2,156 AF	2,156 AF	2,156 AF	2,156 AF	2,156 AF	2,156 AF	2,156 AF
SAC OC-88/88A	140 AF	140 AF	140 AF	140 AF	140 AF	140 AF	140 AF	140 AF	140 AF
BTP - TCTR (meter name)	-1,160 AF	-1,160 AF	-1,160 AF	-1,160 AF	-1,160 AF	-1,160 AF	-1,160 AF	-1,160 AF	-1,160 AF
Reclaimed Credit	0 AF	0 AF	0 AF	0 AF	0 AF	0 AF	0 AF	0 AF	0 AF
<b>Overall water loss (% of water s</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>
<b>Water Sales</b>									
BTP - TCWD	130 AF	130 AF	130 AF	130 AF	130 AF	130 AF	130 AF	130 AF	130 AF
BTP - San Clemente	1,079 AF	1,079 AF	1,079 AF	1,079 AF	1,079 AF	1,079 AF	1,079 AF	1,079 AF	1,079 AF
SAC OC-33TC	2,005 AF	2,005 AF	2,005 AF	2,005 AF	2,005 AF	2,005 AF	2,005 AF	2,005 AF	2,005 AF
SAC OC-88/88A	130 AF	130 AF	130 AF	130 AF	130 AF	130 AF	130 AF	130 AF	130 AF
BTP - TCTR (meter name)	-1,079 AF	-1,079 AF	-1,079 AF	-1,079 AF	-1,079 AF	-1,079 AF	-1,079 AF	-1,079 AF	-1,079 AF
Reclaimed Credit	0 AF	0 AF	0 AF	0 AF	0 AF	0 AF	0 AF	0 AF	0 AF
<b>Total Water Sales</b>	<b>2,266</b>	<b>2,266</b>	<b>2,266</b>	<b>2,266</b>	<b>2,266</b>	<b>2,266</b>	<b>2,266</b>	<b>2,266</b>	<b>2,266</b>

Table 4-8 shows variable and fixed water supply costs by source. Variable rates are assessed in dollars per acre foot, while fixed charges are flat monthly or annual charges. Additionally, Municipal Water District of Orange County (MWDOC) rates change on a calendar-year basis, whereas the District operates on a fiscal-year basis. Thus, in Table 4-8, the MWDOC charges are broken down by January through June of the current calendar year and July through December of the previous calendar year.

**Table 4-8: Water Supply (WS) Unit Costs**

	Inflated by	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>Unit Water Supply Costs</b>										
<b>Jan - June Rates</b>										
<b>Variable Costs (\$/AF)</b>										
BTP - TCWD	MWDOC Tier 1	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20	\$987.97
BTP - San Clemente	MWDOC Tier 1	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20	\$987.97
SAC OC-33TC	MWDOC Tier 1	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20	\$987.97
SAC OC-88/88A	MWDOC Tier 1	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20	\$987.97
BTP - TCTR (meter name)	MWDOC Tier 1	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20	\$987.97
Reclaimed Credit		\$154.00	\$154.00	\$154.00	\$154.00	\$154.00	\$154.00	\$154.00	\$154.00	\$154.00
<b>Surcharges (\$/AF)</b>										
BTP - TCWD		\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12
BTP - SC		\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12
SAC OC-33TC		\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12
SC OC-88/88A		\$8.14	\$8.14	\$8.14	\$8.14	\$8.14	\$8.14	\$8.14	\$8.14	\$8.14
<b>MWDOC FLAT CHARGES</b>										
MWDOC Readiness (\$/month)	MWDOC - Fixed	\$12,037.90	\$12,519.41	\$13,020.19	\$13,541.00	\$14,082.64	\$14,645.94	\$15,231.78	\$15,841.05	\$16,474.69
Annual Retail CF (\$/month)	MWDOC - Fixed	\$4,916.67	\$5,113.34	\$5,317.87	\$5,530.59	\$5,751.81	\$5,981.88	\$6,221.16	\$6,470.01	\$6,728.81
RTS Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MWDOC Capacity (\$/month)	MWDOC - Fixed	\$4,809.79	\$5,002.18	\$5,202.27	\$5,410.36	\$5,626.78	\$5,851.85	\$6,085.92	\$6,329.36	\$6,582.53
<b>Jul - Dec of prior CY Rates</b>										
<b>Variable Costs (\$/AF)</b>										
BTP - TCWD		\$755.00	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20
BTP - San Clemente		\$755.00	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20
SAC OC-33TC		\$755.00	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20
SAC OC-88/88A		\$755.00	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20
BTP - TCTR (meter name)		\$755.00	\$779.92	\$803.31	\$827.41	\$852.23	\$877.80	\$904.14	\$931.26	\$959.20
Reclaimed Credit		\$154.00	\$154.00	\$154.00	\$154.00	\$154.00	\$154.00	\$154.00	\$154.00	\$154.00
<b>Surcharges (\$/AF)</b>										
BTP - TCWD		\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12
BTP - SC		\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12
SAC OC-33TC		\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12	\$1.12
SC OC-88/88A		\$8.14	\$8.14	\$8.14	\$8.14	\$8.14	\$8.14	\$8.14	\$8.14	\$8.14
<b>MWDOC FLAT CHARGES</b>										
MWDOC Readiness (\$/month)		\$11,574.90	\$12,037.90	\$12,519.41	\$13,020.19	\$13,541.00	\$14,082.64	\$14,645.94	\$15,231.78	\$15,841.05
Annual Retail CF (\$/month)		\$4,916.67	\$5,113.34	\$5,317.87	\$5,530.59	\$5,751.81	\$5,981.88	\$6,221.16	\$6,470.01	\$6,728.81
MWDOC Capacity (\$/month)		\$4,624.80	\$4,809.79	\$5,002.18	\$5,202.27	\$5,410.36	\$5,626.78	\$5,851.85	\$6,085.92	\$6,329.36
<b>Other Annual Costs</b>										
SMWD Quarterly Charges	MWDOC - Fixed	\$1,049	\$1,091	\$1,134	\$1,180	\$1,227	\$1,276	\$1,327	\$1,380	\$1,435
IRWD Quarterly Charges	MWDOC - Fixed	\$38,804	\$40,356	\$41,970	\$43,649	\$45,395	\$47,211	\$49,099	\$51,063	\$53,105
Other Internal Costs	MWDOC - Fixed	\$5,333	\$5,546	\$5,768	\$5,999	\$6,239	\$6,489	\$6,748	\$7,018	\$7,299
<b>Subtotal Other Annual Costs</b>		<b>\$45,185</b>	<b>\$46,993</b>	<b>\$48,872</b>	<b>\$50,827</b>	<b>\$52,860</b>	<b>\$54,975</b>	<b>\$57,174</b>	<b>\$59,461</b>	<b>\$61,839</b>
<b>MWDOC Annual Fixed Costs</b>										
Readiness-to-Serve (RTS)		\$141,677	\$147,344	\$153,238	\$159,367	\$165,742	\$172,371	\$179,266	\$186,437	\$193,894
Annual Retail Connection Fees		\$59,000	\$61,360	\$63,814	\$66,367	\$69,022	\$71,783	\$74,654	\$77,640	\$80,746
RTS Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capacity		\$56,608	\$58,872	\$61,227	\$63,676	\$66,223	\$68,872	\$71,627	\$74,492	\$77,471
<b>Subtotal MWDOC Annual Fixed Costs</b>		<b>\$257,284</b>	<b>\$267,576</b>	<b>\$278,279</b>	<b>\$289,410</b>	<b>\$300,986</b>	<b>\$313,026</b>	<b>\$325,547</b>	<b>\$338,569</b>	<b>\$352,111</b>

Table 4-9 multiplies the annual supply volume in Table 4-7 by the supply costs in Table 4-8 to project water supply costs across the study period.

**Table 4-9: Projected Water Supply (WS) Costs**

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>BTP - Internal Costs</b>									
IRWD Quarterly Charges	\$44,137	\$45,902	\$47,738	\$49,648	\$51,634	\$53,699	\$55,847	\$58,081	\$60,404
BTP - TCWD Variable Costs	\$105,927	\$109,422	\$112,705	\$116,086	\$119,568	\$123,156	\$126,850	\$130,656	\$134,575
BTP - TCWD Surcharges	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299
BTP - San Clemente Surcharges	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299	\$1,299
<b>Subtotal BTP - Internal Costs</b>	<b>\$152,662</b>	<b>\$157,923</b>	<b>\$163,042</b>	<b>\$168,333</b>	<b>\$173,801</b>	<b>\$179,453</b>	<b>\$185,296</b>	<b>\$191,335</b>	<b>\$197,578</b>
<b>Water Supply Costs</b>									
SAC-Untreated-Dimension	\$1,648,216	\$1,700,702	\$1,751,724	\$1,804,275	\$1,858,404	\$1,914,156	\$1,971,580	\$2,030,728	\$2,091,650
SAC-Surcharge-Dimension	\$2,415	\$2,415	\$2,415	\$2,415	\$2,415	\$2,415	\$2,415	\$2,415	\$2,415
Readiness & Capacity	\$257,284	\$267,576	\$278,279	\$289,410	\$300,986	\$313,026	\$325,547	\$338,569	\$352,111
SCP-Surcharge (AMP & BTP)	\$2,191	\$2,233	\$2,276	\$2,322	\$2,369	\$2,418	\$2,469	\$2,522	\$2,577
BTP Water Purchases-Untreated	\$892,370	\$920,276	\$947,884	\$976,321	\$1,005,611	\$1,035,779	\$1,066,852	\$1,098,858	\$1,131,824
BTP - Internal Costs	\$152,662	\$157,923	\$163,042	\$168,333	\$173,801	\$179,453	\$185,296	\$191,335	\$197,578
BTP Water Sales	-\$892,370	-\$920,276	-\$947,884	-\$976,321	-\$1,005,611	-\$1,035,779	-\$1,066,852	-\$1,098,858	-\$1,131,824
SAC-Reclaimed water credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Water Supply Costs</b>	<b>\$2,062,768</b>	<b>\$2,130,849</b>	<b>\$2,197,735</b>	<b>\$2,266,754</b>	<b>\$2,337,975</b>	<b>\$2,411,468</b>	<b>\$2,487,307</b>	<b>\$2,565,569</b>	<b>\$2,646,331</b>

**4.1.2.2 Water O&M Expenses**

Table 4-10 restates the potable water supply costs (from Table 4-9) and the budgeted and projected O&M expenses using the inflation factors assumed in Table 2-1.

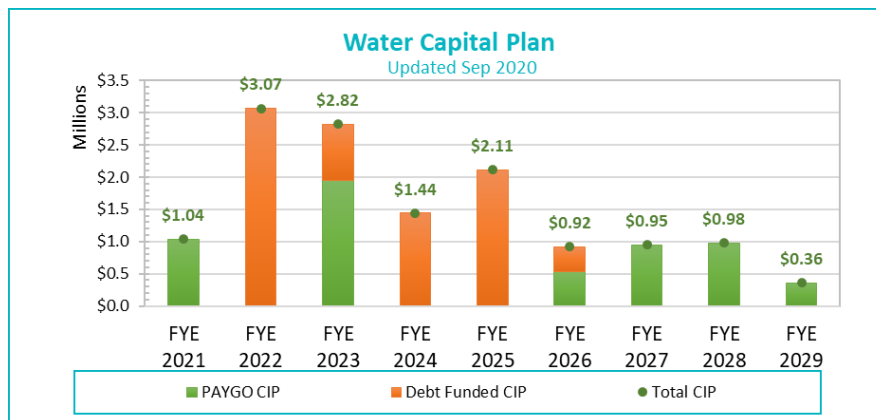
**Table 4-10: Projected Water O&M Expenses**

Water O&M Expenses Summary	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Source of Supply	\$2,198,100	\$2,380,341	\$2,454,067	\$2,530,107	\$2,608,534	\$2,689,425	\$2,772,859	\$2,858,915	\$2,947,677
Baker Treatment Source of Supply	\$1,155,300	\$1,160,676	\$1,217,784	\$1,279,421	\$1,346,211	\$1,418,379	\$1,496,852	\$1,582,158	\$1,674,924
Water Related Direct Expenses	\$1,946,900	\$1,768,200	\$1,812,342	\$1,857,723	\$1,904,382	\$1,952,359	\$2,001,697	\$2,052,439	\$2,104,631
Salaries & Benefits	\$2,453,600	\$2,696,800	\$2,788,286	\$2,874,356	\$2,963,585	\$3,049,352	\$3,137,837	\$3,229,025	\$3,323,205
OPEB Trust Contributions & Paygo	\$199,500	\$205,600	\$211,960	\$218,543	\$225,355	\$232,503	\$239,793	\$247,333	\$255,129
Board Expenses	\$38,800	\$40,100	\$41,412	\$42,787	\$44,229	\$45,741	\$47,326	\$48,989	\$50,731
Property Tax Admin Charge	\$7,038	\$7,179	\$7,322	\$7,469	\$7,618	\$7,771	\$7,926	\$8,084	\$8,246
<b>TOTAL WATER O&amp;M EXPENSES</b>	<b>\$7,999,238</b>	<b>\$8,258,896</b>	<b>\$8,533,174</b>	<b>\$8,810,406</b>	<b>\$9,099,914</b>	<b>\$9,395,530</b>	<b>\$9,704,290</b>	<b>\$10,026,943</b>	<b>\$10,364,544</b>

### 4.1.3 Water Capital Improvement Plan (CIP)

The annual Water CIP, shown in Figure 4-1<sup>6</sup>, was provided by District staff in September 2020 and was utilized as part of the financial plan. A 3% capital inflation factor was used to inflate future costs. A combination of PAYGO, pay-as-you-go, (green bars) and new debt financing (orange bars) is needed to finance the projected Water CIP.

Figure 4-1: Projected Annual Water CIP Funding



### 4.1.4 Water Debt Service

#### 4.1.4.1 Current Debt Service

The Water Fund currently has an outstanding State revolving fund (SRF) payment obligation of \$230,381 per year, which includes principal and interest.

#### 4.1.4.2 Proposed Debt Service for Water CIP

The District plans to finance its water CIP with two new debt issues of approximately \$4 million each, in FYE 2022 and in FYE 2024. The projected annual debt service payment for each \$4-million debt issuance is estimated to be approximately \$270,000 year, assuming a 25-year term at an assumed 4.5% interest rate and an assumed 1.5% issuance cost.

### 4.1.5 Status Quo Water Financial Plan

Table 4-11 summarizes the status quo financial plan with no revenue increases. The cash flow incorporates the revenues from current rates and non-rate revenues (Table 4-6), water supply costs (Table 4-9), O&M expenses (Table 4-10), capital improvement projects, and annual debt service payments to project the debt coverage ratio and projected ending balances. All projections shown in the table are based upon the District’s current rate structure and do not include rate adjustments. Under the “status-quo” financial plan scenario, the District would face negative cashflow every year of the study period. Revenues generated from rates and other miscellaneous revenues will be inadequate to sufficiently recover operating expenses, capital expenditures, and debt obligations as well as to maintain adequate reserves starting in FYE 2023.

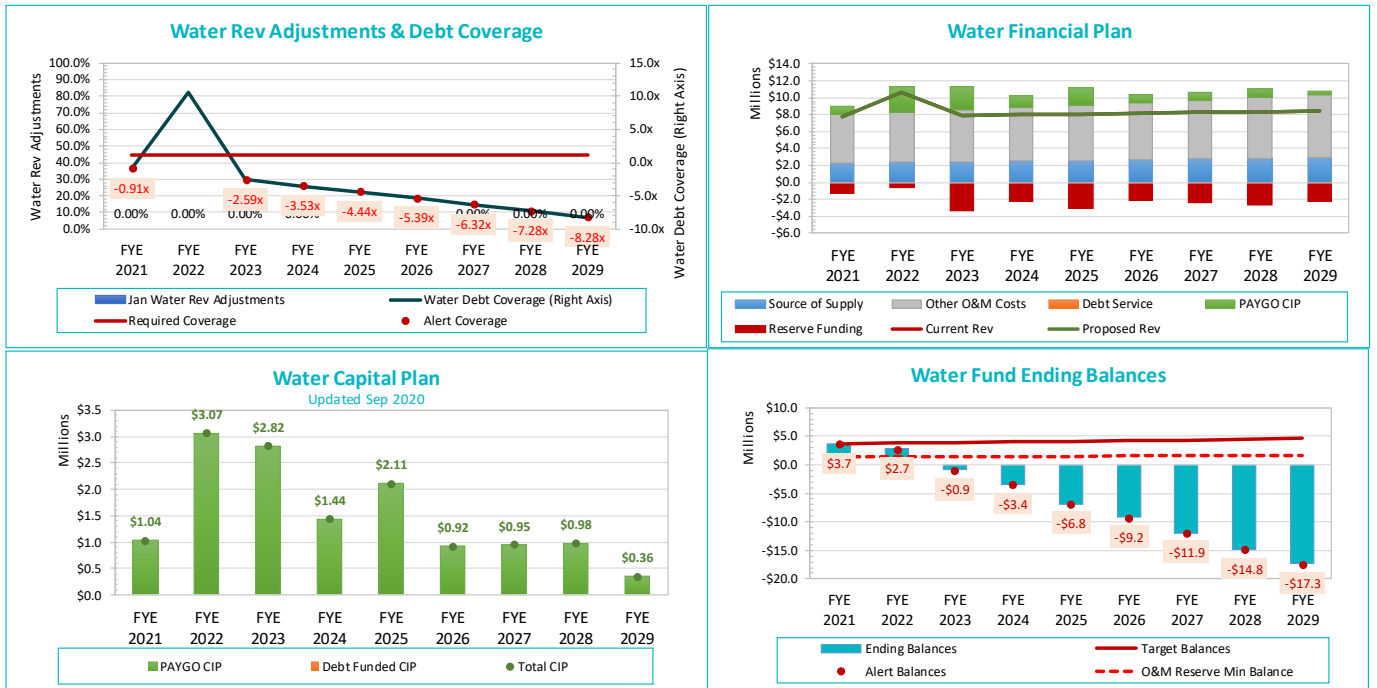
<sup>6</sup> This figure is also illustrated at the bottom left in Figure 4-2.

Table 4-11: Status Quo Water Financial Plan

WATER FUND (UNRESTRICTED)	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>REVENUES</b>									
Revenues from Current Rates	\$4,178,815	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410
Total Revenue Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>OTHER OPERATING REVENUES</b>									
Portola Pass-through Water Sales	\$202,100	\$208,163	\$214,408	\$220,840	\$227,465	\$234,289	\$241,318	\$248,558	\$256,014
Standby	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000
Baker Treatment Plant Water Sales - Pass-through	\$1,215,500	\$1,312,700	\$1,212,884	\$1,274,421	\$1,341,011	\$1,413,079	\$1,491,352	\$1,576,458	\$1,669,124
Baker Treatment Plant Water Sales - Capital	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600
Other Operating Revenues	\$99,500	\$108,700	\$118,800	\$129,900	\$142,000	\$155,300	\$169,900	\$185,700	\$203,200
<b>NON-OPERATING REVENUES</b>									
Property Tax Unrestricted	\$853,700	\$870,774	\$888,189	\$905,953	\$924,072	\$942,554	\$961,405	\$980,633	\$1,000,246
Interest Revenues	\$48,523	\$33,581	\$23,022	-\$14,422	-\$40,262	-\$74,938	-\$99,945	-\$127,408	-\$157,410
Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Fixed Asset	\$22,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Rev	\$41,100	\$41,922	\$42,760	\$43,616	\$44,488	\$45,378	\$46,285	\$47,211	\$48,155
<b>CAPITAL CONTRIBUTIONS</b>									
WRES Revenue	\$834,300	\$834,300	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511
Developer Impact Fees (DIF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Capital Contributions	\$0	\$2,669,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$7,790,637</b>	<b>\$10,677,150</b>	<b>\$7,937,585</b>	<b>\$7,997,829</b>	<b>\$8,076,296</b>	<b>\$8,153,183</b>	<b>\$8,247,836</b>	<b>\$8,348,673</b>	<b>\$8,456,850</b>
<b>O&amp;M EXPENSES</b>									
Source of Supply	\$2,198,100	\$2,380,341	\$2,454,067	\$2,530,107	\$2,608,534	\$2,689,425	\$2,772,859	\$2,858,915	\$2,947,677
Baker Treatment Source of Supply	\$1,155,300	\$1,160,676	\$1,217,784	\$1,279,421	\$1,346,211	\$1,418,379	\$1,496,852	\$1,582,158	\$1,674,924
Water Related Direct Expenses	\$1,946,900	\$1,768,200	\$1,812,342	\$1,857,723	\$1,904,382	\$1,952,359	\$2,001,697	\$2,052,439	\$2,104,631
Salaries & Benefits	\$2,453,600	\$2,696,800	\$2,788,286	\$2,874,356	\$2,963,585	\$3,049,352	\$3,137,837	\$3,229,025	\$3,323,205
OPEB Trust Contributions & Paygo	\$199,500	\$205,600	\$211,960	\$218,543	\$225,355	\$232,503	\$239,793	\$247,333	\$255,129
Board Expenses	\$38,800	\$40,100	\$41,412	\$42,787	\$44,229	\$45,741	\$47,326	\$48,989	\$50,731
Property Tax Admin Charge	\$7,038	\$7,179	\$7,322	\$7,469	\$7,618	\$7,771	\$7,926	\$8,084	\$8,246
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$7,999,238</b>	<b>\$8,258,896</b>	<b>\$8,533,174</b>	<b>\$8,810,406</b>	<b>\$9,099,914</b>	<b>\$9,395,530</b>	<b>\$9,704,290</b>	<b>\$10,026,943</b>	<b>\$10,364,544</b>
<b>NET REVENUES</b>	<b>(\$208,601)</b>	<b>\$2,418,254</b>	<b>(\$595,588)</b>	<b>(\$812,577)</b>	<b>(\$1,023,619)</b>	<b>(\$1,242,347)</b>	<b>(\$1,456,454)</b>	<b>(\$1,678,270)</b>	<b>(\$1,907,694)</b>
<b>DEBT SERVICE</b>									
Existing Debt Service	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381
Proposed Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL DEBT SERVICE</b>	<b>\$230,381</b>	<b>\$230,381</b>	<b>\$230,381</b>	<b>\$230,381</b>	<b>\$230,381</b>	<b>\$230,381</b>	<b>\$230,381</b>	<b>\$230,381</b>	<b>\$230,381</b>
<b>CAPITAL EXPENDITURES</b>									
PAYGO Funded	\$1,036,180	\$3,067,592	\$2,820,875	\$1,439,526	\$2,111,618	\$922,405	\$950,078	\$978,580	\$355,551
Debt Funded	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$1,036,180</b>	<b>\$3,067,592</b>	<b>\$2,820,875</b>	<b>\$1,439,526</b>	<b>\$2,111,618</b>	<b>\$922,405</b>	<b>\$950,078</b>	<b>\$978,580</b>	<b>\$355,551</b>
<b>TRANSFERS TO OTHER FUNDS</b>									
SRF Loan Restricted Reserve	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Recycled Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reclaimed Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL TRANSFERS TO OTHER FUNDS</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>
<b>NET CASH CHANGES</b>	<b>(\$1,499,162)</b>	<b>(\$903,719)</b>	<b>(\$3,670,844)</b>	<b>(\$2,506,483)</b>	<b>(\$3,389,618)</b>	<b>(\$2,419,133)</b>	<b>(\$2,660,912)</b>	<b>(\$2,911,231)</b>	<b>(\$2,517,626)</b>
<b>BEGINNING RESERVES BALANCES</b>	<b>\$5,150,950</b>	<b>\$3,651,788</b>	<b>\$2,748,069</b>	<b>(\$922,776)</b>	<b>(\$3,429,259)</b>	<b>(\$6,818,877)</b>	<b>(\$9,238,010)</b>	<b>(\$11,898,922)</b>	<b>(\$14,810,153)</b>
<b>ENDING BALANCES</b>	<b>\$3,651,788</b>	<b>\$2,748,069</b>	<b>(\$922,776)</b>	<b>(\$3,429,259)</b>	<b>(\$6,818,877)</b>	<b>(\$9,238,010)</b>	<b>(\$11,898,922)</b>	<b>(\$14,810,153)</b>	<b>(\$17,327,778)</b>
<b>RESERVE TARGETS</b>	<b>\$3,664,995</b>	<b>\$3,783,914</b>	<b>\$3,874,760</b>	<b>\$3,983,968</b>	<b>\$4,097,491</b>	<b>\$4,214,427</b>	<b>\$4,336,069</b>	<b>\$4,462,646</b>	<b>\$4,594,510</b>
O&M Reserve	\$1,314,943	\$1,357,627	\$1,402,713	\$1,448,286	\$1,495,876	\$1,544,471	\$1,595,226	\$1,648,265	\$1,703,761
Rate Stabilization	\$599,051	\$622,757	\$614,410	\$622,317	\$630,849	\$640,068	\$650,058	\$660,873	\$672,635
Capital Reserve	\$1,751,000	\$1,803,530	\$1,857,636	\$1,913,365	\$1,970,766	\$2,029,889	\$2,090,786	\$2,153,509	\$2,218,114

The top right graph in Figure 4-2 graphically shows the operating financial plan represented in Table 4-11. District costs are represented by the sum of the blue (water supply costs), gray (O&M costs), orange (debt service), and green (PAYGO CIP) bars. Note that debt service is small relative to other costs and, therefore, is difficult to visualize in Figure 4-2. The District would use reserves to fund a revenue shortfall, as shown by the red bars below the x-axis. As indicated in Table 4-11 and Figure 4-2 (bottom right graph), ending reserve balances become negative starting in FYE 2023.

**Figure 4-2: Status Quo Water Financial Plan**



### 4.1.6 Proposed Water Financial Plan

One of the Study’s major objectives is to develop a long-term financial plan ensuring financial sufficiency for the Water Fund’s projected operating and capital obligations. Raftelis developed a long-term financial plan model incorporating the known and forecasted cost increases for operating requirements and capital expenditures. The results were presented and discussed with the District Board of Directors. The proposed annual revenue adjustments for the Water Fund are shown in Table 4-12.

**Table 4-12: Proposed Annual Water Revenue Adjustments**

Fiscal Year Ending	Effective	Water	New Water Debt
2021	Jan	8%	
2022	Jan	8%	\$4M
2023	Jan	8%	
2024	Jan	8%	\$4M
2025	Jan	8%	

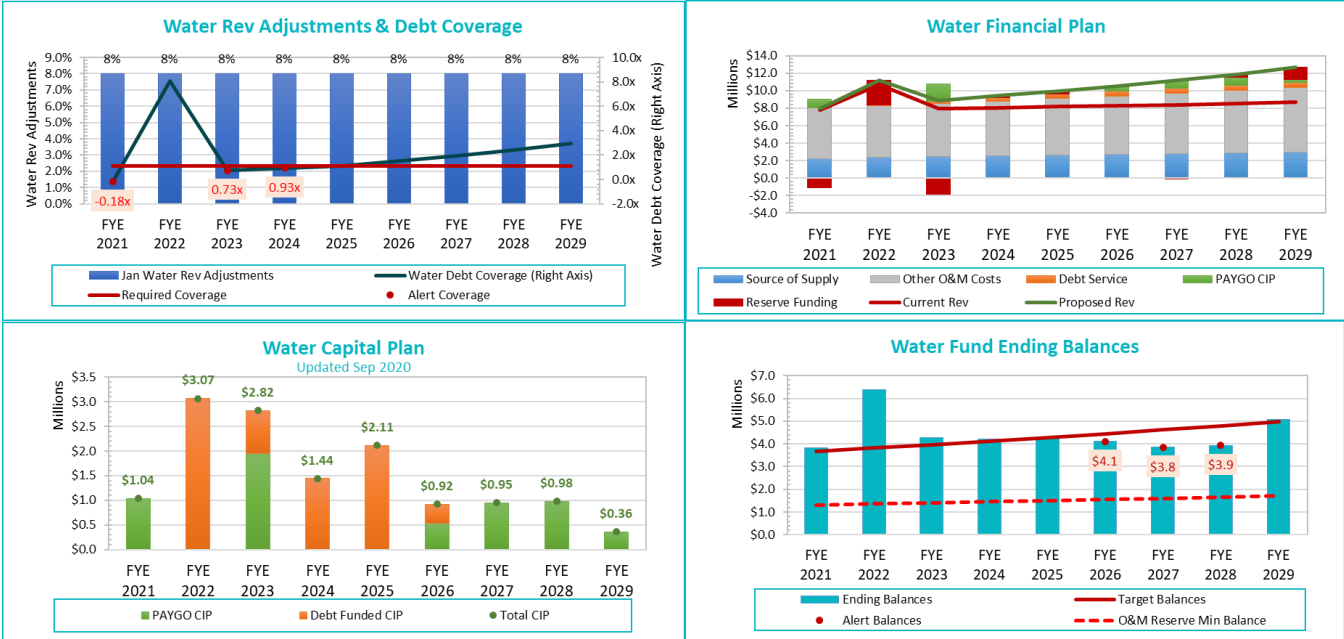
These revenue adjustments and proposed debt issue are incorporated into Raftelis’ recommended financial plan in Table 4-13. Under this proposed financial plan scenario, the District’s projected cashflow is either positive or much less negative relative to the “status quo” plan described in Table 4-11. Equally critical, ending reserve balances will be at, or close to, target reserve values.

**Table 4-13: Proposed Water Financial Plan**

WATER FUND (UNRESTRICTED)	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>REVENUES</b>									
Revenues from Current Rates	\$4,178,815	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410	\$4,303,410
Total Revenue Adjustments	\$167,153	\$530,180	\$916,867	\$1,334,490	\$1,785,522	\$2,272,636	\$2,798,720	\$3,366,890	\$3,980,514
<b>OTHER OPERATING REVENUES</b>									
Portola Pass-through Water Sales	\$202,100	\$208,163	\$214,408	\$220,840	\$227,465	\$234,289	\$241,318	\$248,558	\$256,014
Standby	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000
Baker Treatment Plant Water Sales - Pass-through	\$1,215,500	\$1,312,700	\$1,212,884	\$1,274,421	\$1,341,011	\$1,413,079	\$1,491,352	\$1,576,458	\$1,669,124
Baker Treatment Plant Water Sales - Capital	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600	\$253,600
Other Operating Revenues	\$99,500	\$108,700	\$118,800	\$129,900	\$142,000	\$155,300	\$169,900	\$185,700	\$203,200
<b>NON-OPERATING REVENUES</b>									
Property Tax Unrestricted	\$853,700	\$870,774	\$888,189	\$905,953	\$924,072	\$942,554	\$961,405	\$980,633	\$1,000,246
Interest Revenues	\$49,362	\$41,617	\$67,053	\$54,841	\$56,971	\$46,856	\$45,079	\$44,635	\$47,862
Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Fixed Asset	\$22,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Rev	\$41,100	\$41,922	\$42,760	\$43,616	\$44,488	\$45,378	\$46,285	\$47,211	\$48,155
<b>CAPITAL CONTRIBUTIONS</b>									
WRES Revenue	\$834,300	\$834,300	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511	\$839,511
Developer Impact Fees (DIF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Capital Contributions	\$0	\$2,669,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$7,958,630</b>	<b>\$11,215,367</b>	<b>\$8,898,485</b>	<b>\$9,401,582</b>	<b>\$9,959,050</b>	<b>\$10,547,614</b>	<b>\$11,191,581</b>	<b>\$11,887,606</b>	<b>\$12,642,636</b>
<b>O&amp;M EXPENSES</b>									
Source of Supply	\$2,198,100	\$2,380,341	\$2,454,067	\$2,530,107	\$2,608,534	\$2,689,425	\$2,772,859	\$2,858,915	\$2,947,677
Baker Treatment Source of Supply	\$1,155,300	\$1,160,676	\$1,217,784	\$1,279,421	\$1,346,211	\$1,418,379	\$1,496,852	\$1,582,158	\$1,674,924
Water Related Direct Expenses	\$1,946,900	\$1,768,200	\$1,812,342	\$1,857,723	\$1,904,382	\$1,952,359	\$2,001,697	\$2,052,439	\$2,104,631
Salaries & Benefits	\$2,453,600	\$2,696,800	\$2,788,286	\$2,874,356	\$2,963,585	\$3,049,352	\$3,137,837	\$3,229,025	\$3,323,205
OPEB Trust Contributions & Paygo	\$199,500	\$205,600	\$211,960	\$218,543	\$225,355	\$232,503	\$239,793	\$247,333	\$255,129
Board Expenses	\$38,800	\$40,100	\$41,412	\$42,787	\$44,229	\$45,741	\$47,326	\$48,989	\$50,731
Property Tax Admin Charge	\$7,038	\$7,179	\$7,322	\$7,469	\$7,618	\$7,771	\$7,926	\$8,084	\$8,246
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$7,999,238</b>	<b>\$8,258,896</b>	<b>\$8,533,174</b>	<b>\$8,810,406</b>	<b>\$9,099,914</b>	<b>\$9,395,530</b>	<b>\$9,704,290</b>	<b>\$10,026,943</b>	<b>\$10,364,544</b>
<b>NET REVENUES</b>	<b>(\$40,608)</b>	<b>\$2,956,471</b>	<b>\$365,311</b>	<b>\$591,176</b>	<b>\$859,136</b>	<b>\$1,152,084</b>	<b>\$1,487,291</b>	<b>\$1,860,663</b>	<b>\$2,278,092</b>
<b>DEBT SERVICE</b>									
Existing Debt Service	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381	\$230,381
Proposed Debt Service	\$0	\$134,878	\$269,756	\$404,634	\$539,512	\$539,512	\$539,512	\$539,512	\$539,512
<b>TOTAL DEBT SERVICE</b>	<b>\$230,381</b>	<b>\$365,259</b>	<b>\$500,137</b>	<b>\$635,015</b>	<b>\$769,893</b>	<b>\$769,893</b>	<b>\$769,893</b>	<b>\$769,893</b>	<b>\$769,893</b>
<b>CAPITAL EXPENDITURES</b>									
PAYGO Funded	\$1,036,180	\$0	\$1,948,467	\$0	\$0	\$533,549	\$950,078	\$978,580	\$355,551
Debt Funded	\$0	\$3,067,592	\$872,408	\$1,439,526	\$2,111,618	\$388,857	\$0	\$0	\$0
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$1,036,180</b>	<b>\$3,067,592</b>	<b>\$2,820,875</b>	<b>\$1,439,526</b>	<b>\$2,111,618</b>	<b>\$922,405</b>	<b>\$950,078</b>	<b>\$978,580</b>	<b>\$355,551</b>
<b>TRANSFERS TO OTHER FUNDS</b>									
SRF Loan Restricted Reserve	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Recycled Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reclaimed Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL TRANSFERS TO OTHER FUNDS</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>	<b>\$24,000</b>
<b>NET CASH CHANGES</b>	<b>(\$1,331,169)</b>	<b>\$2,567,212</b>	<b>(\$2,107,293)</b>	<b>(\$67,839)</b>	<b>\$65,242</b>	<b>(\$175,358)</b>	<b>(\$256,680)</b>	<b>\$88,190</b>	<b>\$1,128,648</b>
<b>BEGINNING RESERVES BALANCES</b>	<b>\$5,150,950</b>	<b>\$3,819,780</b>	<b>\$6,386,992</b>	<b>\$4,279,699</b>	<b>\$4,211,860</b>	<b>\$4,277,102</b>	<b>\$4,101,744</b>	<b>\$3,845,064</b>	<b>\$3,933,255</b>
<b>ENDING BALANCES</b>	<b>\$3,819,780</b>	<b>\$6,386,992</b>	<b>\$4,279,699</b>	<b>\$4,211,860</b>	<b>\$4,277,102</b>	<b>\$4,101,744</b>	<b>\$3,845,064</b>	<b>\$3,933,255</b>	<b>\$5,061,903</b>
<b>RESERVE TARGETS</b>	<b>\$3,681,710</b>	<b>\$3,836,932</b>	<b>\$3,966,446</b>	<b>\$4,117,417</b>	<b>\$4,276,043</b>	<b>\$4,441,691</b>	<b>\$4,615,941</b>	<b>\$4,799,335</b>	<b>\$4,992,561</b>
O&M Reserve	\$1,314,943	\$1,357,627	\$1,402,713	\$1,448,286	\$1,495,876	\$1,544,471	\$1,595,226	\$1,648,265	\$1,703,761
Rate Stabilization	\$615,767	\$675,775	\$706,097	\$755,766	\$809,401	\$867,331	\$929,930	\$997,562	\$1,070,686
Capital Reserve	\$1,751,000	\$1,803,530	\$1,857,636	\$1,913,365	\$1,970,766	\$2,029,889	\$2,090,786	\$2,153,509	\$2,218,114

The graph in the top right of Figure 4-3 shows the operating financial plan represented in Table 4-13 with revenue adjustments (top left). District costs are represented by the sum of the blue (water supply costs), gray (O&M costs), orange (debt service), and green (PAYGO CIP) bars. The District would use reserves to fund revenue shortfalls, as shown by the red bars below the x-axis. The capital improvement plan (bottom left) is partially funded by debt issues in FYE 2022 and 2024. As in the bottom right, ending reserve balances remain positive and, on average, close to the target value.

**Figure 4-3: Proposed Water Financial Plan**



## 4.2 WATER COST-OF-SERVICE ANALYSIS

This rate Study conforms to the principles set forth in the *American Water Works Association M1 Manual*.

### 4.2.1 Proportionality

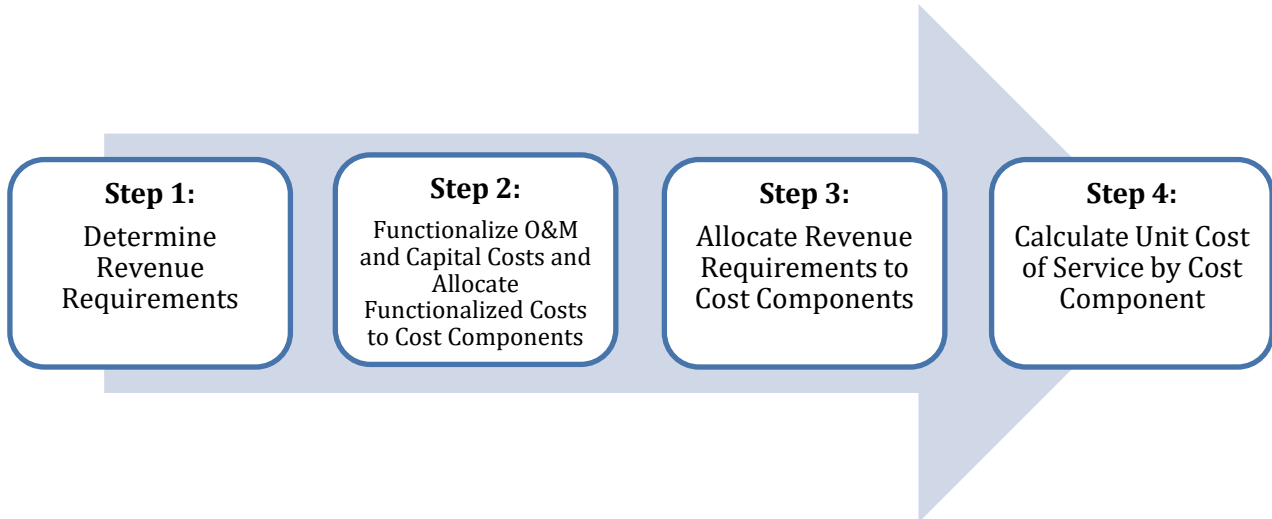
As stated in the *M1 Manual*, the AWWA Rates and Charges Subcommittee agrees with the requirements of Proposition 218 that “the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” The agency’s revenue requirements are, by definition, the total cost of providing the applicable service. This cost is then used as the basis to develop unit costs by cost component and to allocate costs to the various customer classes in proportion to the water services rendered.

The concept of proportionality requires that cost allocations consider both the average quantity of water consumed (base) and the peak rate at which it is consumed (known as peaking or extra capacity). A water system is designed to meet peak demands. The additional costs associated with designing, constructing, and maintaining facilities to meet these peak demands must be allocated to those customers whose usage requires facilities to upsize in response to peak demand. In allocating the costs of service, the industry standard as promulgated by AWWA’s *M1 Manual* is to group customers with similar system demands into common rate blocks.

### 4.2.2 Water Cost-of-Service Analysis

A cost-of-service analysis distributes a utility’s revenue requirements (costs) to each customer class. Figure 4-4 provides a general overview of a cost-of-service analysis. Each step shown below will be described in greater detail in the context of the District’s service costs.

**Figure 4-4: Cost-of-Service Process**



#### 4.2.2.1 Step 1 – Determine Revenue Requirement

The revenue requirement is the minimal amount of (annual) revenue the utility must generate to meet its estimated annual operating expenses, debt service, capital expenses, and reserve funding. The revenue requirement from rates is shown in Table 4-14, line 7. Rate and non-rate revenues (i.e., revenue offsets) are subtracted from the revenue requirement in line 7 to obtain the net revenue requirement from current rates in line 22, which is the same value as current rate revenue in Table 4-11. Table 4-12 shows that the revenue adjustment for FYE 2021 is effective on January 1, 2021, which is six months into the fiscal year.

**Table 4-14: Revenue Requirement from Current Water Rates for FYE 2021**

	Current Revenue Requirements	FYE 2021
1	<b>REVENUE REQUIREMENTS</b>	
2	O&M Expenses	\$7,999,238
3	Debt Service	\$230,381
4	Rate Funded CIP	\$1,036,180
5	Transfers to Other Funds	\$24,000
6	Reserve Funding w/o Rev Adjustment	-\$1,498,322
7	<b>SUBTOTAL REVENUE REQUIREMENTS</b>	<b>\$7,791,477</b>
8		
9	<b>Less (-) OTHER REVENUES OFFSETS</b>	
10	Portola Pass-through Water Sales	-\$202,100
11	Standby	-\$41,000
12	Baker Treatment Plant Water Sales - Pass-through	-\$1,215,500
13	Baker Treatment Plant Water Sales - Capital	-\$253,600
14	Other Operating Revenues	-\$99,500
15	Property Tax Unrestricted	-\$853,700
16	Interest Revenues	-\$49,362
17	Sale of Fixed Asset	-\$22,500
18	Other Non-Operating Rev	-\$41,100
19	WRES Revenue	-\$834,300
20	<b>SUBTOTAL Less (-) OTHER REVENUES OFFSETS</b>	<b>-\$3,612,662</b>
21		
22	<b>NET REVENUE REQUIREMENTS FROM CURRENT RATES</b>	<b>\$4,178,815</b>

#### 4.2.2.2 Step 2 - Functionalize O&M and Capital Costs and Allocate Functionalized Costs to Cost Components

Raftelis used the base-extra capacity method, described in AWWA’s *M1 Manual*, which consists of a number of cost causation components. Functionalization of costs allows more robust allocation of costs to cost causation components, which include:

- » **Water supply costs** are direct costs incurred to produce or obtain water (raw water purchase).
- » **Base fixed costs** are the operating and capital costs of the water system associated with serving customers at a constant, or average, rate of use.

- » **Extra capacity costs**, or peaking costs, represent the costs incurred to meet customer peak demands for water in excess of average day usage. Total extra capacity costs are subdivided into costs associated with maximum day and maximum hour demands. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour (**max hour**) demand is the maximum usage in an hour on the maximum usage day (**max day**). Various facilities are designed to meet customer peaking needs. For example, transmission lines or reservoirs (storage) are designed to meet max day requirements. Both have to be designed larger than they would be if the same amount of water were being used at a constant rate throughout the year. The cost associated with constructing a larger line or reservoir is based on systemwide peaking factors. For example, if the max day factor is 2.0, then certain system facilities have to be designed at least twice as large as required to meet average daily demand. In this case, half of the cost would be allocated to base (or average day demand) and the other half allocated to max day. The calculation of the max hour and max day demands is explained below.
- » **Billing and customer service costs** include costs such as meter reading, billing, collections, and customer accounting.
- » **Meter services costs or meter service costs** include maintenance and capital costs associated with servicing meters. These costs are assigned based on meter size or equivalent meter capacity.
- » **General and administrative costs** represent all other service and administrative costs that do not serve a specific function.
- » **Fire protection** includes proportional costs to provide fire protection capacity.
- » **Conservation** includes costs associated with conservation programs and services offered to District customers.

Peaking costs are further divided into maximum day and maximum hour demand. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour demand is the maximum usage in an hour on the maximum usage day. Different facilities, such as distribution and storage facilities, and the O&M costs associated with those facilities are designed to meet the peaking demands of customers. Therefore, extra capacity costs include the O&M and capital costs associated with meeting peak customer demand. This method is consistent with AWWA's *M1 Manual* and is widely used in the water industry to perform cost-of-service analyses.

After functionalizing expenses, the next step is to allocate the functionalized expenses to cost causation components. To do so, we must identify systemwide peaking factors. The systemwide peaking factors are used to derive the cost component allocation bases (i.e., percentages). Functionalized expenses are then allocated to the cost causation components using these allocation bases. To understand the interpretation of the percentages, we must first establish the base use as the average daily demand during the year.

The base demand is assigned a value of 1.0. The max day and max hour values in Table 4-15 are extracted from the District's 1999 Water Master Facilities Plan<sup>7</sup>.

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<sup>7</sup> Page 2-19, prepared by Montgomery Watson.

**Table 4-15: Water System Peaking Factors**

	Potable Water	Peaking Factors
1	Average Day Demand	1.00
2	Max Day Demand	1.95
3	Max Hour Demand	4.82

To determine the relative proportion of costs to assign to supply, base delivery, maximum day, and maximum hour, allocations are calculated based on the factors in Table 4-15. Cost components that are solely related to providing average day demand (ADD) are allocated entirely to base delivery. Cost components that are designed to meet max day peaks, such as reservoirs and transmission facilities, are allocated to both base delivery and max day factors.

The max day factor of the District’s system is 1.95, which means that max day demand is expected to be 195% of the average day capacity. Calculating the max day allocation of functional costs to the cost causation components results in the following:

$$\text{Base Fixed Allocation} = \frac{\text{Base Fixed}}{\text{Max Day}} = \frac{1}{1.95} \approx 48.72\%$$

$$\text{Max Day Allocation} = 1 - \text{Base/Max Day} \approx 51.28\%$$

Facilities designed for max hour peaks, such as distribution system facilities, are allocated similarly. The max hour factor is 4.82, so max hour facilities are designed to provide 482% of the average day capacity. The allocation of max hour facilities is shown below:

$$\text{Base Fixed Allocation} = \frac{\text{Base}}{\text{Max Hour}} = \frac{1}{4.82} \approx 20.75\%$$

$$\text{Max Day Allocation} = \frac{\text{Max Day} - \text{Base}}{\text{Max Hour}} = \frac{1.95 - 1.00}{4.82} \approx 19.71\%$$

$$\text{Max Hour Allocation} = 1 - 20.7\% - 19.7\% \approx 59.54\%$$

The results of the allocation are presented below in Table 4-16. These percentages are then applied to the operating and capital improvement expenses to allocate costs among base, max day, and max hour cost components.

**Table 4-16: Allocation of Extra Capacity Functional Costs to Cost Causation Categories**

	Peaking Factor	Base	Max Day	Max Hour
<b>Base</b>	1.00	100%		
<b>Max Day</b>	1.95	51.28%	48.72%	
<b>Max Hour</b>	4.82	20.75%	19.71%	59.54%

Water system infrastructure is designed to meet peak demand plus fire protection. A fire protection requirement is needed in the design of the distribution and pumping system, thus, a portion of the distribution and pumping system costs are allocated to direct fire protection, and the remaining costs are proportionally allocated to base fixed, max day, and max hour costs using the max hour ratios shown in Table 4-16.

#### **4.2.2.3 Step 2 – Fire Protection**

According to data provided by the District, 1.17 million gallons of the District’s 9.5 million gallon total storage capacity, or 12.3%, is allocated for fire protection. For the distribution system, 7.8 cubic feet per second (cfs) of the total 10 cfs system capacity is allocated for max day demand<sup>8</sup>.

$$(10 - 7.8) \div 10 = 0.22 \text{ or } 22\%$$

Thus, 22% of the distribution system costs are associated with meeting fire protection requirements as shown in Table 4-17.

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<sup>8</sup> We arrive at 7.8 cfs = 1.95 (max day demand) x 4 (average day demand)

**Table 4-17: O&M and Capital Allocation to Cost Causation Components**

Functions	Water Supply	Base Fixed	Max Day	Max Hour	Billing & CS	Meters & Services	Conservation	Rev Offsets	Elevation	General	Fire Protection
Supply	100%										
Average Demand		100%									
Peak Demand		21%	20%	60%							
Storage		45%	43%								12%
Pumping		21%	20%	60%							
Treatment		51%	49%	0%							
T&D		16%	15%	46%							22%
Fire Protection											100%
Meters Service						100%					
G&A					6%					95%	
Billing & CS					100%						
Conservation							100%				
Revenue Offset								100%			
Salaries & Benefits		19%	18%	20%	6%	17%				11%	9%
Elevation Pumping									100%		
Capital Contribution										100%	

Due to the District’s budget format, Raftelis allocated salaries and benefits first to water functions as shown in Table 4-18. These allocations are based on District estimates for staff efforts associated with each function. The functionalized salaries and benefits were further allocated to cost components as shown in Table 4-20. Salaries and Benefits in Table 4-20 were allocated using the percentages shown in Table 4-17.

**Table 4-18: Percent Allocation of Salaries and Benefits to Cost Causation Components**

Salaries & Benefits	%	FYE 2021
<b>Treatment</b>	24.0%	\$588,864
<b>T&amp;D</b>	42.0%	\$1,030,512
<b>Meters Service</b>	16.5%	\$404,844
<b>G&amp;A</b>	12.0%	\$294,432
<b>Billing &amp; CS</b>	5.5%	\$134,948
<b>Salaries &amp; Benefits</b>		<b>\$2,453,600</b>

**Table 4-19: Dollar Allocation of Salaries and Benefits to Cost Causation Components**

Salaries & Benefits	FYE 2021	Base Fixed	Max Day	Max Hour	Billing & CS	Meters & Services	General	Fire Protection
<b>Treatment</b>	\$588,864	\$301,982	\$286,882	\$0	\$0	\$0	\$0	\$0
<b>T&amp;D</b>	\$1,030,512	\$166,763	\$158,425	\$478,611	\$0	\$0	\$0	\$226,713
<b>Meters Service</b>	\$404,844	\$0	\$0	\$0	\$0	\$404,844	\$0	\$0
<b>G&amp;A</b>	\$294,432	\$0	\$0	\$0	\$16,194	\$0	\$278,238	\$0
<b>Billing &amp; CS</b>	\$134,948	\$0	\$0	\$0	\$134,948	\$0	\$0	\$0
<b>Total</b>	<b>\$2,453,600</b>	<b>\$468,745</b>	<b>\$445,308</b>	<b>\$478,611</b>	<b>\$151,142</b>	<b>\$404,844</b>	<b>\$278,238</b>	<b>\$226,713</b>

The O&M cost allocation total in Table 4 19 is based on the percentages in Table 4-17 and Table 4-18. Similarly, the capital cost allocation total in Table 4-20 is based on the percentages in Table 4-17.

**Table 4-20: Allocation of O&M Costs to Cost Causation Components**

Functions	FYE 2021	Water Supply	Base Fixed	Max Day	Max Hour	Billing & CS	Meters & Services	Conservation	Rev Offsets	Elevation	General	Fire Protection
Supply	\$3,353,400	\$3,353,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Treatment	\$286,100	\$0	\$146,718	\$139,382	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
T&D	\$283,800	\$0	\$45,926	\$43,630	\$131,808	\$0	\$0	\$0	\$0	\$0	\$0	\$62,436
G&A	\$1,259,638	\$0	\$0	\$0	\$0	\$69,280	\$0	\$0	\$0	\$0	\$1,190,358	\$0
Billing & CS	\$35,700	\$0	\$0	\$0	\$0	\$35,700	\$0	\$0	\$0	\$0	\$0	\$0
Conservation	\$86,600	\$0	\$0	\$0	\$0	\$0	\$0	\$86,600	\$0	\$0	\$0	\$0
Salaries & Benefits	\$2,453,600	\$0	\$468,745	\$445,308	\$478,611	\$151,142	\$404,844	\$0	\$0	\$0	\$278,238	\$226,713
Elevation Pumping	\$240,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$240,400	\$0	\$0
<b>Total</b>	<b>\$7,999,238</b>	<b>\$3,353,400</b>	<b>\$661,389</b>	<b>\$628,320</b>	<b>\$610,419</b>	<b>\$256,122</b>	<b>\$404,844</b>	<b>\$86,600</b>	<b>\$0</b>	<b>\$240,400</b>	<b>\$1,468,596</b>	<b>\$289,149</b>
<b>O&amp;M Costs</b>		<b>42%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>3%</b>	<b>5%</b>	<b>1%</b>	<b>0%</b>	<b>3%</b>	<b>18%</b>	<b>4%</b>
<b>O&amp;M w/o Supply</b>			<b>15%</b>	<b>14%</b>	<b>13%</b>	<b>6%</b>	<b>9%</b>		<b>0%</b>	<b>5%</b>	<b>32%</b>	<b>6%</b>

**Table 4-21: Asset Allocation to Cost Causation Components**

Functions	Water Asset Value	Water Supply	Base Fixed	Max Day	Max Hour	Billing & CS	Meters & Services	Conservation	Rev Offsets	Elevation	General	Fire Protection
G&A	\$5,437,722	\$0	\$0	\$0	\$0	\$299,075	\$0	\$0	\$0	\$0	\$5,138,647	\$0
Meters Service	\$1,384,660	\$0	\$0	\$0	\$0	\$0	\$1,384,660	\$0	\$0	\$0	\$0	\$0
Average Demand	\$257,239	\$0	\$257,239	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pumping	\$7,581,987	\$0	\$1,573,026	\$1,494,375	\$4,514,586	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storage	\$5,684,212	\$0	\$2,555,978	\$2,428,179	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$700,056
Average Demand	\$1,327,071	\$0	\$1,327,071	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
T&D	\$75,982,577	\$0	\$12,295,936	\$11,681,139	\$35,289,335	\$0	\$0	\$0	\$0	\$0	\$0	\$16,716,167
Treatment	\$10,189,348	\$0	\$5,225,307	\$4,964,041	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>\$107,844,815</b>	<b>\$0</b>	<b>\$23,234,556</b>	<b>\$20,567,734</b>	<b>\$39,803,921</b>	<b>\$299,075</b>	<b>\$1,384,660</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,138,647</b>	<b>\$17,416,222</b>
<b>Capital Cost Allocation</b>		<b>0%</b>	<b>22%</b>	<b>19%</b>	<b>37%</b>	<b>0.3%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>	<b>16%</b>

**4.2.2.4 Step 3 – Allocate Revenue Requirements to Cost Causation Components**

Table 4-21 shows the calculation of the revenue requirement in Table 4-14 paired with the corresponding allocation percentages for each line. For example, O&M expenses are allocated to the cost causation categories according to the percentages listed in Table 4-19. Table 4-22 summarizes the revenue requirement by cost component listed in Table 4-21.

**Table 4-22: Allocation of Revenue Requirement to Cost Causation Components**

Current Revenue Requirements	FYE 2021	Water Supply	Base Fixed	Max Day	Max Hour	Billing & CS	Meters & Services	Conservation	Rev Offsets	Elevation	General	Fire Protection
<b>REVENUE REQUIREMENTS</b>												
O&M Expenses	\$7,999,238	\$3,353,400	\$661,389	\$628,320	\$610,419	\$256,122	\$404,844	\$86,600	\$0	\$240,400	\$1,468,596	\$289,149
Debt Service	\$230,381	\$0	\$49,634	\$43,937	\$85,030	\$639	\$2,958	\$0	\$0	\$0	\$10,977	\$37,205
Rate Funded CIP	\$1,036,180	\$0	\$223,239	\$197,616	\$382,439	\$2,874	\$13,304	\$0	\$0	\$0	\$49,372	\$167,336
Transfers to Other Funds	\$24,000	\$0	\$5,171	\$4,577	\$8,858	\$67	\$308	\$0	\$0	\$0	\$1,144	\$3,876
Reserve Funding w/o Rev Adjustment	-\$1,498,322	-\$628,119	-\$123,884	-\$117,689	-\$114,336	-\$47,974	-\$75,831	-\$16,221	\$0	-\$45,029	-\$275,080	-\$54,160
<b>SUBTOTAL REVENUE REQUIREMENTS</b>	<b>\$7,791,477</b>	<b>\$2,725,281</b>	<b>\$815,550</b>	<b>\$756,761</b>	<b>\$972,409</b>	<b>\$211,727</b>	<b>\$345,583</b>	<b>\$70,379</b>	<b>\$0</b>	<b>\$195,371</b>	<b>\$1,255,010</b>	<b>\$443,406</b>
<b>Less (-) OTHER REVENUES OFFSETS</b>												
Portola Pass-through Water Sales	-\$202,100	-\$202,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Standby	-\$41,000	\$0	\$0	\$0	\$0	-\$2,255	\$0	\$0	\$0	\$0	-\$38,745	\$0
Baker Treatment Plant Water Sales - Pass-through	-\$1,215,500	-\$1,215,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Baker Treatment Plant Water Sales - Capital	-\$253,600	-\$106,313	-\$20,968	-\$19,920	-\$19,352	-\$8,120	-\$12,835	-\$2,745	\$0	-\$7,621	-\$46,559	-\$9,167
Other Operating Revenues	-\$99,500	\$0	\$0	\$0	\$0	-\$5,473	\$0	\$0	\$0	\$0	-\$94,028	\$0
Property Tax Unrestricted	-\$853,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$853,700	\$0	\$0	\$0
Interest Revenues	-\$49,362	\$0	\$0	\$0	\$0	-\$2,715	\$0	\$0	\$0	\$0	-\$46,648	\$0
Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Fixed Asset	-\$22,500	\$0	-\$4,847	-\$4,291	-\$8,304	-\$62	-\$289	\$0	\$0	\$0	-\$1,072	-\$3,634
Other Non-Operating Rev	-\$41,100	\$0	\$0	\$0	\$0	-\$2,261	\$0	\$0	\$0	\$0	-\$38,840	\$0
WRES Revenue	-\$834,300	\$0	-\$179,745	-\$159,114	-\$307,928	-\$2,314	-\$10,712	\$0	\$0	\$0	-\$39,753	-\$134,734
Developer Impact Fees (DIF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL Less (-) OTHER REVENUES OFFSETS</b>	<b>-\$3,612,662</b>	<b>-\$1,523,913</b>	<b>-\$205,561</b>	<b>-\$183,325</b>	<b>-\$335,584</b>	<b>-\$23,199</b>	<b>-\$23,836</b>	<b>-\$2,745</b>	<b>-\$853,700</b>	<b>-\$7,621</b>	<b>-\$305,644</b>	<b>-\$138,368</b>
<b>NET REVENUE REQUIREMENTS FROM CURRENT RATES</b>	<b>\$4,178,815</b>	<b>\$1,201,368</b>	<b>\$609,989</b>	<b>\$573,436</b>	<b>\$636,825</b>	<b>\$188,528</b>	<b>\$321,748</b>	<b>\$67,634</b>	<b>-\$853,700</b>	<b>\$187,750</b>	<b>\$949,366</b>	<b>\$295,871</b>

**Table 4-23: Summary Revenue Requirement Allocated to Cost Causation Components**

Cost Categories		Allocation of Revenue Requirement
<b>1</b>	Water Supply	\$1,201,368
<b>2</b>	Base Fixed	\$609,989
<b>3</b>	Max Day	\$573,436
<b>4</b>	Max Hour	\$636,825
<b>5</b>	Billing & CS	\$188,528
<b>6</b>	Meters & Services	\$321,748
<b>7</b>	Conservation	\$67,634
<b>8</b>	Rev Offsets	-\$853,700
<b>9</b>	Elevation	\$187,750
<b>10</b>	General	\$949,366
<b>11</b>	Fire Protection	\$295,871
<b>12</b>	<b>Total</b>	<b>\$4,178,815</b>

General costs are reallocated to the cost causation categories, as shown in Table 4-24. Each category's proportional share of the District's general and administrative costs is calculated by dividing that category's cost in column B by the total cost shown in column B, line 12. The majority of the water supply costs are direct costs from wholesale purchases. The resulting allocation of general and administrative costs are shown in Table 4-24, column C.

**Table 4-24: General Cost Reallocation**

Cost Categories	Allocation of Revenue Requirement <i>A</i>	General Cost Reallocation		
		\$ <i>B</i>	% <i>C = B / B12</i>	Allocated <i>D = A10 x C</i>
<b>1</b>	Water Supply	\$1,201,368		
<b>2</b>	Base Fixed	\$609,989	24%	\$223,945
<b>3</b>	Max Day	\$573,436	22%	\$210,526
<b>4</b>	Max Hour	\$636,825	25%	\$233,798
<b>5</b>	Billing & CS	\$188,528	7%	\$69,214
<b>6</b>	Meters & Services	\$321,748	12%	\$118,123
<b>7</b>	Conservation	\$67,634	3%	\$24,830
<b>8</b>	Rev Offsets	-\$853,700		\$0
<b>9</b>	Elevation	\$187,750	7%	\$68,929
<b>10</b>	General	\$949,366	-100%	-\$949,366
<b>11</b>	Fire Protection	\$295,871		
<b>12</b>	<b>Total</b>	<b>\$4,178,815</b>		<b>\$0</b>

The resulting reallocated revenue requirement is shown in Table 4-24, column C. These allocations will be used to develop cost component unit costs of service in step 4.

**Table 4-25: Allocation to Cost Causation Components**

Cost Categories	Revenue Requirement Prior to General Cost Reallocation	General Cost Reallocation	Reallocated Revenue Requirement
	A	B (Table 4-26)	C = A + B
<b>1</b> Water Supply	\$1,201,368		\$1,201,368
<b>2</b> Base Fixed	\$609,989	\$223,945	\$833,934
<b>3</b> Max Day	\$573,436	\$210,526	\$783,961
<b>4</b> Max Hour	\$636,825	\$233,798	\$870,623
<b>5</b> Billing & CS	\$188,528	\$69,214	\$257,743
<b>6</b> Meters & Services	\$321,748	\$118,123	\$439,871
<b>7</b> Conservation	\$67,634	\$24,830	\$92,464
<b>8</b> Rev Offsets	-\$853,700	\$0	-\$853,700
<b>9</b> Elevation	\$187,750	\$68,929	\$256,678
<b>10</b> General	\$949,366	-\$949,366	\$0
<b>11</b> Fire Protection	\$295,871		\$295,871
<b>12 Total</b>	<b>\$4,178,815</b>	<b>\$0</b>	<b>\$4,178,815</b>

In addition to general and administrative costs, fire protection costs are reallocated to the peaking cost components of max day and hour so that they may be collected through the volumetric rate<sup>9</sup>. As Table 4-26 illustrates, fire protection costs are reallocated to max day and max hour.

**Table 4-26: Reallocated FYE 2021 Revenue Requirements**

Cost Categories	Revenue Requirement	Fire Protection Allocation	Reallocated Net Revenue Requirement
	A	B	C = A + B
<b>1</b> Water Supply	\$1,201,368		\$1,201,368
<b>2</b> Base Fixed	\$833,934		\$833,934
<b>3</b> Max Day	\$783,961	\$147,936	\$931,897
<b>4</b> Max Hour	\$870,623	\$147,936	\$1,018,559
<b>5</b> Billing & CS	\$257,743		\$257,743
<b>6</b> Meters & Services	\$439,871		\$439,871
<b>7</b> Conservation	\$92,464		\$92,464
<b>8</b> Rev Offsets	-\$853,700		-\$853,700
<b>9</b> Elevation	\$256,678		\$256,678
<b>10</b> General	\$0		\$0
<b>11</b> Fire Protection	\$295,871	-\$295,871	\$0
<b>12 Total</b>	<b>\$4,178,815</b>		<b>\$4,178,815</b>

<sup>9</sup> These costs are originally allocated in Table 4-17 and reallocated to other cost components in Table 4-24 and Table 4-26.

#### 4.2.2.5 Step 4 – Calculate Unit Costs by Cost Causation Component

In Step 4, we develop unit costs for each cost component. The unit costs are developed by dividing the total cost for each cost component by the total annual service units for each cost component.

The unit costs for volume-related cost components are based on volumetric units of one hundred cubic feet (1 ccf = about 748 gallons). The extra capacity units are determined based on the respective peaking factors, as shown in the last row of Table 4-27. Table 4-28 calculates the peak use for each customer class based on the peaking factors in Table 4-27. The peaking factors are derived from FYE 2019 consumption data.

**Table 4-27: Derivation of Peaking Factors by Class**

FY 2019 Usage Data	SFR	Multi Family	Irrigation	Commercial	Agriculture	Construction	Total
Jul-18	65,527	1,071	14,711	2,951	7,797	22,498	<b>114,555</b>
Aug-18	71,725	1,093	19,936	3,884	10,701	19,592	<b>126,931</b>
Sep-18	78,900	1,201	20,972	4,261	23,801	8,305	<b>137,440</b>
Oct-18	53,534	895	12,591	3,155	14,022	4,451	<b>88,648</b>
Nov-18	56,129	1,153	12,472	3,844	15,213	1,662	<b>90,473</b>
Dec-18	51,487	1,020	11,108	3,081	12,735	126	<b>79,557</b>
Jan-19	38,213	1,138	4,434	2,962	9,582	31	<b>56,360</b>
Feb-19	31,059	961	2,017	2,792	3,183	28	<b>40,040</b>
Mar-19	22,861	962	1,123	1,933	574	32	<b>27,485</b>
Apr-19	31,359	978	2,108	2,347	93	78	<b>36,963</b>
May-19	48,946	1,003	10,486	3,043	22	251	<b>63,751</b>
Jun-19	47,562	1,086	9,380	3,097	224	70	<b>61,419</b>
<b>Total FYE 2019</b>	<b>597,302</b>	<b>12,561</b>	<b>121,338</b>	<b>37,350</b>	<b>97,947</b>	<b>57,124</b>	<b>923,622</b>
Max Month	78,900	1,201	20,972	4,261	23,801	8,305	137,440
Average Month	49,775	1,047	10,112	3,113	8,162	4,760	76,969
<b>Peaking Factors</b>	<b>1.59</b>	<b>1.15</b>	<b>2.07</b>	<b>1.37</b>	<b>2.92</b>	<b>1.74</b>	<b>1.79</b>

**Table 4-28: FY 2021 Water Use and Peaking Demand**

	FYE 2021 Usage	Peaking Factors	Peak Use
	A	B(Table 4-27)	C = A x B
<b>Single-Family Residential</b>	642,153	1.59	1,016,656
<b>Multi Family</b>	13,100	1.15	15,025
<b>Irrigation</b>	132,919	2.07	275,683
<b>Commercial</b>	33,646	1.37	46,061
<b>Agriculture</b>	80,901	2.92	235,905
<b>Construction</b>	3,152	1.74	5,498
<b>Total Water Use</b>	<b>905,868</b>	<b>1.76</b>	<b>1,594,827</b>

Table 4-29 illustrates the meter ratios using the meter hydraulic capacity as listed in Table B-1 of AWWA’s *M1 Manual*. These ratios define higher meter sizes in terms of their equivalent capacity to 3/4-inch meters. For example, a 1-inch meter has the equivalent capacity of almost two (1.67), 3/4-inch meters (column D, line 3). Using these ratios allows costs to be distributed equitably across different meter sizes. To find the total equivalent meter units (EMUs) served by the District, we multiply the total meters by meter size by their respective meter capacity ratios. The resulting EMUs

are shown in column E. Total actual meters are shown in column A. The table also lists the total annual bills for all meters in each meter size (column D), which is the number of meters multiplied by 12 months. Total bills and EMUs are the units of service for the unit costs by cost component.

**Table 4-29: Meter Ratios and Equivalent Meter Units**

Meter Sizes	# of Meters A	Equivalent Ratios		Equivalent Meter Units	
		Billing & CS B	Capacity C	Billing & CS D = A x B x 12	Capacity E = A x C x 12
5/8	2,624	1.00	1.00	31,488	31,488
3/4	874	1.00	1.00	10,488	10,488
1	428	1.00	1.67	5,136	8,560
1 1/2	43	1.00	3.33	516	1,720
2	146	1.00	5.33	1,752	9,344
3	8	1.00	11.67	96	1,120
4	3	1.00	21.00	36	756
6	2	1.00	53.33	24	1,280
10	0	1.00	140.00	0	0
Hydrant Meter	17	1.00	11.67	204	2,380
<b>Total Meters</b>	<b>4,145</b>			<b>49,740</b>	<b>67,136</b>

Table 4-30 identifies pumping O&M costs by zone. The Base Zone (line 5) is included in the delivery cost component under elevation (Table 4-33, line 6). This is because the Base Zone O&M costs apply to all customers whereas zone pumping costs (i.e., Topanga, Canyon Creek, Falcon, and Joplin) only apply to each zone. The zone pumping rates are derived in Table 4-31. Pumping O&M expense (Table 4-31, column A) is derived in Table 4-30, column C. The pumping rates (column C) in Table 4-31 are calculated by dividing column A by column B.

**Table 4-30: Pumping Costs by Zones**

Zones	Electricity	Repairs & Maintenance	Pumping O&M
<b>1</b> Topanga	\$2,907	\$3,200	\$6,107
<b>2</b> Canyon Creek	\$1,458	\$4,000	\$5,458
<b>3</b> Falcon	\$2,417	\$1,500	\$3,917
<b>4</b> Joplin	\$3,000	\$0	\$3,000
<b>5</b> Base Zone	<i>included in Delivery Rates</i>		\$238,196
<b>6 Total Pumping O&amp;M</b>			<b>\$256,678</b>

**Table 4-31: Derivation of Pumping Zone Rates**

Zones	Pumping O&M	Projected FYE 2021 Use (ccf)	Rate
<b>Topanga</b>	\$6,107	7,989	\$0.77
<b>Canyon Creek</b>	\$5,458	1,585	\$3.45
<b>Falcon</b>	\$3,917	2,410	\$1.63
<b>Joplin</b>	\$3,000	2,272	\$1.33

The District has a fixed charge, known as the Meter Flat charge and a volumetric use rate. Certain costs components are collected via the Meter Flat charge, and the remaining cost components are collected via the volumetric use rate. Table 4-32 shows the cost components collected via the Meter Flat charge. Table 4-33 shows the cost components collected via the volumetric use rate. Table 4-34 shows the cost components collected via the Meter Flat charge and the volumetric use rate.

**Table 4-32: Fixed Charge (Meter Flat Charge) Components**

Cost Categories	Billing & CS	Capacity	Total
<b>1</b> Peaking		\$331,577	<b>\$331,577</b>
<b>2</b> Billing & CS	\$257,743		<b>\$257,743</b>
<b>3</b> Meters & Services		\$439,871	<b>\$439,871</b>
<b>4 Total</b>	\$257,743	\$771,448	<b>\$1,029,191</b>

**Table 4-33: Water Usage Charge Components**

Cost Categories	Water Supply	Delivery	Peaking	Conservation	Rev Offsets	Total
1 Water Supply	\$864,985		\$336,383			<b>\$1,201,368</b>
2 Base Fixed		\$833,934				<b>\$833,934</b>
3 Peaking			\$1,618,878			<b>\$1,618,878</b>
4 Conservation				\$92,464		<b>\$92,464</b>
5 Rev Offsets					-\$853,700	<b>-\$853,700</b>
6 Elevation		\$238,196				<b>\$238,196</b>
<b>7 Total</b>	<b>\$864,985</b>	<b>\$1,072,130</b>	<b>\$1,955,261</b>	<b>\$92,464</b>	<b>-\$853,700</b>	<b>\$3,131,141</b>

**Table 4-34: FYE 2021 Revenues Requirement Allocated to Rate Components**

Cost Categories	FYE 2021 Net Revenues from Rates	Fixed Service Charges	Water Usage Charges	Elevation Surcharges
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
1 Water Supply	\$1,201,368		\$1,201,368	
2 Base Fixed	\$833,934		\$833,934	
3 Peaking	\$1,950,456	\$331,577	\$1,618,878	
4 Billing & CS	\$257,743	\$257,743		
5 Meters & Services	\$439,871	\$439,871		
6 Conservation	\$92,464		\$92,464	
7 Rev Offsets	-\$853,700		-\$853,700	
8 Elevation	\$256,678		\$238,196	\$18,482
<b>9 Total</b>	<b>\$4,178,815</b>	<b>\$1,029,192</b>	<b>\$3,131,141</b>	<b>\$18,482</b>

## 4.3 WATER RATE DEVELOPMENT

### 4.3.1 Proposed Monthly Fixed Service Charge (Meter Flat Charge)

Fixed charges are designed to recover costs related to customer billing, meter service, and what is known as extra capacity (or just capacity) costs. Fixed charges include meter service costs that are a function of meter size, such as meter testing, repairs, and replacement. Table 4-35 derives the unit cost for billing and customer service in column A and capacity in column B. Table 4-36 sums the billing and customer service and capacity charges to derive the fixed cost per meter size prior to the proposed revenue adjustment (column E). The unit cost in Table 4-35 (column B) is multiplied by the capacity ratio in Table 4-36 (column B) to derive the meter-based capacity charge in column D of Table 4-36. Table 4-37 presents the fixed charges by meter size after implementing the revenue adjustment.

**Table 4-35: Development of Unit Monthly Fixed Service Charge**

Line No.	Fixed Charge Components	Billing & Customer Service	Capacity
		A	B
1	Revenue Requirements (Table 4-34)	\$257,743	\$771,449
2	Annual Units of Service (Table 4-29)	49,740	67,136
3	<b>Monthly Unit Cost</b> ([1] / [2], rounded up)	<b>\$5.19</b>	<b>\$11.50</b>

**Table 4-36: FYE 2021 Revised Monthly Fixed Service Charges before Proposed Revenue Adjustment**

Monthly Charge	# of Meters	Capacity Ratios	Billing & CS	Capacity	Revised COS
	A	B (Table 4-29, C)	C (Table 4-35)	D = \$11.50 x B	E = C + D
<b>5/8</b>	2,624	1.00	\$5.19	\$11.50	<b>\$16.69</b>
<b>3/4</b>	874	1.00	\$5.19	\$11.50	<b>\$16.69</b>
<b>1</b>	428	1.67	\$5.19	\$19.17	<b>\$24.36</b>
<b>1 1/2</b>	43	3.33	\$5.19	\$38.33	<b>\$43.52</b>
<b>2</b>	146	5.33	\$5.19	\$61.33	<b>\$66.52</b>
<b>3</b>	8	11.67	\$5.19	\$134.17	<b>\$139.36</b>
<b>4</b>	3	21.00	\$5.19	\$241.50	<b>\$246.69</b>
<b>6</b>	2	53.33	\$5.19	\$613.33	<b>\$618.52</b>
<b>10</b>	0	140.00	\$5.19	\$1,610.00	<b>\$1,615.19</b>
<b>Hydrant Meter</b>	17	11.67	\$5.19	\$134.17	<b>\$139.36</b>
<b>Subtotal</b>	<b>4,145</b>				
<b>Total / Projected Rev</b>					<b>\$1,030,215</b>

**Table 4-37: FYE 2021 Proposed Monthly Fixed Service Charges**

Meter Size	Current Fixed Charge	Revised COS	January 1, 2021 (with 8% revenue adjustment)
5/8	\$16.67	\$16.69	<b>\$18.03</b>
3/4	\$16.67	\$16.69	<b>\$18.03</b>
1	\$24.00	\$24.36	<b>\$26.31</b>
1 1/2	\$43.85	\$43.52	<b>\$47.01</b>
2	\$65.04	\$66.52	<b>\$71.85</b>
3	\$134.03	\$139.36	<b>\$150.51</b>
4	\$233.19	\$246.69	<b>\$266.43</b>
6	\$579.72	\$618.52	<b>\$668.01</b>
10	\$1,513.42	\$1,615.19	<b>\$1,744.41</b>
Hydrant Meter	\$135.01	\$139.36	<b>\$150.51</b>

### 4.3.2 Proposed Water Use Charges (Volumetric Rate)

Water use charges are volumetric rates (\$/ccf) that recover the cost components shown in Table 4-38. Table 4-39 shows that a portion of water supply related costs are allocated to the peaking cost component based on how the District operates its water supply facilities. These facilities are operated to meet peak water demands, and therefore a portion of supply costs are reallocated to the peaking cost component to reflect that some of the water supply costs are associated with serving water during peak times of use.

**Table 4-38: Water Use Cost Component Descriptions**

Cost Component	Description
<b>Water Supply</b>	Recovers Water Supply Related Costs on average demand
<b>Delivery</b>	Recovers remaining fixed costs of delivering water to customers
<b>Peaking</b>	Recovers costs associated with serving water during peak times of water use (i.e., known as peaking costs)
<b>Conservation</b>	Recovers conservation program-related costs
<b>Revenue Offsets</b>	Using Property Tax Revenue (unrestricted) to provide affordability for essential use
<b>Elevation</b>	Recovers costs associated with pumping water to higher elevation zones

**Table 4-39: Allocation of Volumetric Rate Cost Components**

Cost Components	Current Rev Req From Usage Charges	Water Supply	Delivery	Peaking	Conservation	Rev Offsets
	<i>A (Table 4-34, C)</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
1 Water Supply	\$1,201,368	72%		28% <sup>10</sup>		
2 Delivery	\$833,934		100%			
3 Peaking	\$1,618,878			100%		
4 Conservation	\$92,464				100%	
5 Revenue Offsets	-\$853,700					100%
6 Elevation	\$238,196		100%			
<b>7 Total</b>	<b>\$3,131,141</b>	<b>\$864,985</b>	<b>\$1,072,131</b>	<b>\$1,955,261</b>	<b>\$92,464</b>	<b>\$853,700</b>

Table 4-40 shows the water supply rate calculation using the FYE 2021 revenue requirement from Table 4-39 and FYE 2021 water demand from Table 4-28. Similarly, Table 4-41 derives the delivery rate by dividing the delivery revenue requirement in Table 4-39 by water demand in Table 4-28. Table 4-42 illustrates that the peaking rate is calculated by dividing the peaking revenue requirement in Table 4-39 by equivalent peaking demand in Table 4-28. The conservation and revenue offset unit costs are calculated in Table 4-43 and Table 4-44, respectively.

**Table 4-40: FYE 2021 Water Supply Rates Calculation**

Line No.		FYE 2021 Water Supply Rates	Notes
1	<b>Allocated Rev Requirements</b>	\$864,985	<i>Table 4-39</i>
2	Units of Service	905,868	<i>Table 4-28</i>
3	<b>Adjusted Unit Cost of Service</b>	<b>\$0.95</b>	<i>[1] / [2]</i>

**Table 4-41: FYE 2021 Delivery Unit Cost-of-Service Calculation**

Line No.		FYE 2021 Delivery	Notes
1	<b>Allocated Rev Requirements</b>	\$1,072,131	<i>Table 4-39</i>
2	Units of Service	905,868	<i>Table 4-28</i>
3	<b>Adjusted Unit Cost of Service</b>	<b>\$1.19</b>	<i>[1] / [2], rounded up</i>

<sup>10</sup> The District has determined that 28% of water supply costs are incurred due to peak demand.

**Table 4-42: FYE 2021 Peaking Unit Cost-of-Service Calculation**

Line No.		FYE 2021 Peaking	Notes
1	<b>Allocated Rev Requirements</b>	\$1,955,261	Table 4-39
2	Units of Service	1,594,827	Table 4-28
3	<b>Adjusted Unit Cost of Service</b>	<b>\$1.23</b>	[1] / [2]

**Table 4-43: FYE 2021 Conservation Unit Cost-of-Service Calculation**

Line No.		FYE 2021 Conservation	Notes
1	<b>Allocated Rev Requirements</b>	\$92,464	Table 4-39
2	Units of Service	905,868	Table 4-28
3	<b>Adjusted Unit Cost of Service</b>	<b>\$0.10</b>	[1] / [2]

**Table 4-44: FYE 2021 Revenue Offset Unit Cost-of-Service Calculation**

Line No.		FYE 2021 Revenue Offset	Notes
1	<b>Allocated Rev Requirements</b>	-\$853,700	Table 4-39
2	Units of Service	905,868	Table 4-28
3	<b>Adjusted Unit Cost of Service</b>	<b>-\$0.94</b>	[1] / [2]

The unit costs, calculated in Table 4-40 through Table 4-44 are allocated to customer classes in proportion to water use (column C, in Table 4-45), except for the peaking rate, which is allocated based on the peaking use as shown in Table 4-45 in column B.

**Table 4-45: Units of Service for Water Use Rate Components by Customer Class**

	Units of Service	Peaking Factors	Peaking Use (ccf)	Water Use For Supply, Delivery, Conservation & Revenue Offset (ccf)
				C
1	SFR	1.59	1,016,656	642,153
2	Multi Family	1.15	15,025	13,100
3	Irrigation	2.07	275,683	132,919
4	Commercial	1.37	46,061	33,646
5	Agriculture	2.92	235,905	80,901
6	Construction	1.74	5,498	3,152
7	<b>Total Water Use</b>	<b>1.76</b>	<b>1,594,827</b>	<b>905,868</b>

Table 4-46 allocates the volumetric revenue requirement to each customer class based on the unit rates in Table 4-41 through Table 4-44 and respective use in Table 4-45. For example, the SFR revenue requirement for peaking is the unit rate in Table 4-42 multiplied by the peaking use in Table 4-45.

**Table 4-46: Allocation of Volumetric Revenue Requirement to Customer Classes**

Revenue Requirements	Peaking	Conservation	Revenue Offset
Unit Rate	\$1.23 / ccf	\$0.10 / ccf	-\$0.94 / ccf
	A	B	C
1 SFR	\$1,246,422	\$65,546	-\$605,171
2 Multi Family	\$18,420	\$1,337	-\$12,345
3 Irrigation	\$337,988	\$13,567	-\$125,264
4 Commercial	\$56,471	\$3,434	-\$31,708
5 Agriculture	\$289,220	\$8,258	-\$76,242
6 Construction	\$6,741	\$322	-\$2,970
<b>7 Current Rev Req</b>	<b>\$1,955,261</b>	<b>\$92,464</b>	<b>-\$853,700</b>

To derive the SFR tiered rates, Table 4-47 and Table 4-48 derive the peaking factors and projected FYE 2021 use for the SFR class. These peaking factors and water use are used to derive the rates in Table 4-50 and Table 4-51. Supply and delivery rates, respectively derived in Table 4-40 and Table 4-41, are assessed as uniform rates for all customer classes. Thus, these do not require further derivation for each customer class as the other components do.

**Table 4-47: Single-Family Residential Use Peaking Factors**

All SFR Usage (Jul 2018 – Jun 2019)	Max Month Use (ccf) <sup>11</sup>	Annual Use (ccf)	Average Monthly Use (ccf)	Peaking Factors
<b>Tier 1</b>	25,975	288,685	24,057	1.08
<b>Tier 2</b>	25,717	193,154	16,096	1.60
<b>Tier 3</b>	16,460	77,629	6,469	2.54
<b>Tier 4</b>	10,748	37,834	3,153	3.41

**Table 4-48: Projected FYE 2021 Use in Single-Family Residential Tiers**

	FYE 2019 Use (ccf)	% in Tiers	Forecast FYE 2021 Water Use (ccf)	Notes
<b>1 SFR</b>	<b>597,482</b>		<b>642,153</b>	
2 Tier 1	288,865	48.3%	311,235	C2=C1 x B2
3 Tier 2	193,154	32.3%	207,306	C3=C1 x B3
4 Tier 3	77,629	13.0%	83,123	C4=C1 x B4
5 Tier 4	37,834	6.3%	40,489	C5=C1 x B5

<sup>11</sup> Max month in FYE 2019 was September 2018.

Table 4-49 shows the derivation of peaking use, conservation program cost and revenue offset use which are used to derive the unit rates in Table 4-50. For example, the conservation ratios show that the conservation costs are allocated to Tiers 3 and 4, using the equivalency ratios in column C of Table 4-49. The equivalency ratios show that the District focuses conservation efforts on these two tiers because the District targets customers in these two tiers – thus incurring conservation program costs due to these customers. The peaking factors in column B are used to derive the peaking use in the lower portion of the table. The total peaking use is used to derive the peaking unit rate in Table 4-50.

**Table 4-49: Single-Family Residential Equivalent Units of Service**

Equivalent Ratios						
Line	SFR	FYE 2021 Water Sales	Peaking Factors	Conservation	Rev Offsets	
No		A	B	C	D	
1	Tier 1	311,235	1.08	-	1.00	
2	Tier 2	207,306	1.60	-	1.00	
3	Tier 3	83,123	2.54	0.35	-	
4	Tier 4	40,488	3.41	1.00	-	
5	<b>Total</b>	<b>642,152</b>				
Equivalent Units						
			Peaking Use = A x B	Conservation Use = A x C	Revenue Offset Use = A x D	
6	Tier 1		336,048	-	311,235	
7	Tier 2		331,218	-	207,306	
8	Tier 3		211,499	29,093	-	
9	Tier 4		138,024	40,488	-	
10	<b>Total</b>		<b>1,016,789</b>	<b>69,581</b>	<b>518,541</b>	

Table 4-50 derives the unit rate by cost component for the SFR class in line 3. This unit rate is distributed to each tier by multiplying the unit rate, in line 3 of Table 4-49 by the peaking factors shown in column B, line 1 through 4 of Table 4-49.

**Table 4-50: Single-Family Rate Calculations**

	Delivery	Peaking	Conservation	Rev Offsets
1 SFR Rev Requirements	\$760,012	\$1,246,422	\$65,546	-\$605,171
2 Units of Service (ccf)	642,152	1,016,789	69,581	518,541
3 <b>Unit Rate</b>	<b>\$1.19</b>	<b>\$1.23</b>	<b>\$0.94</b>	<b>-\$1.16</b>
4 <b>Revised Cost of Service for FYE 2021 SFR Rates</b>				
5 Tier 1	\$1.19	\$1.33	\$0.00	-\$1.16
6 Tier 2	\$1.19	\$1.96	\$0.00	-\$1.16
7 Tier 3	\$1.19	\$3.12	\$0.33	\$0.00
8 Tier 4	\$1.19	\$4.18	\$0.94	\$0.00

All other customers have uniform rates by class. Table 4-51 shows the non-SFR peaking calculation for each class. Note that the unit rate for water supply, delivery, and conservation costs is the same for all customer classes. Table 4-52 derives the volumetric rate by summing each unit rate for supply,

delivery, peaking, and conservation prior to revenue adjustments. After the FYE 2021 revenue adjustment, the proposed volumetric rates are listed in the last column of Table 4-53.

**Table 4-51: Non-SFR Peaking Rate Derivation**

	Peaking Factors A	Peaking Rev Requirements B (Table 4-46)	Use C (Table 4-45)	Peaking Rate (\$/ ccf) D = B / C <i>rounded up to the nearest cent</i>
Multi Family	1.15	\$18,420	13,100	<b>\$1.41</b>
Irrigation	2.07	\$337,988	132,919	<b>\$2.55</b>
Commercial	1.37	\$56,471	33,646	<b>\$1.68</b>
Agriculture	2.92	\$289,220	80,901	<b>\$3.58</b>
Construction	1.74	\$6,741	3,152	<b>\$2.14</b>

**Table 4-52: Revised FYE 2021 Water Usage Rates (Before Revenue Adjustments)**

Water Usage Rates	Tiers	Usage	Water Supply	Delivery	Peaking	Conservation	Rev Offsets	Revised FYE 2021
<b>SFR</b>								
Tier 1	0 - 8 ccf	311,235	\$0.95	\$1.19	\$1.33	\$0.00	-\$1.16	<b>\$2.31</b>
Tier 2	8 - 18 ccf	207,306	\$0.95	\$1.19	\$1.96	\$0.00	-\$1.16	<b>\$2.94</b>
Tier 3	18 - 30 ccf	83,123	\$0.95	\$1.19	\$3.12	\$0.33	\$0.00	<b>\$5.59</b>
Tier 4	Above 30 ccf	40,489	\$0.95	\$1.19	\$4.18	\$0.94	\$0.00	<b>\$7.26</b>
<b>Non-SFR</b>								
Multi Family		13,100	\$0.95	\$1.19	\$1.41	\$0.10	-\$0.94	<b>\$2.71</b>
Irrigation		132,919	\$0.95	\$1.19	\$2.55	\$0.10	-\$0.94	<b>\$3.85</b>
Commercial		33,646	\$0.95	\$1.19	\$1.68	\$0.10	-\$0.94	<b>\$2.98</b>
Agriculture		80,901	\$0.95	\$1.19	\$3.58	\$0.10	-\$0.94	<b>\$4.88</b>
Construction		3,152	\$0.95	\$1.19	\$2.14	\$0.10	-\$0.94	<b>\$3.44</b>

**Table 4-53: Proposed FYE 2021 Water Usage Rates**

Water Usage Rates	Current	Revised COS	Proposed Jan 2021, 8% Rev Adj
<b>SFR</b>			
Tier 1	\$2.68	\$2.31	<b>\$2.50</b>
Tier 2	\$2.98	\$2.94	<b>\$3.18</b>
Tier 3	\$5.91	\$5.59	<b>\$6.04</b>
Tier 4	\$7.30	\$7.26	<b>\$7.85</b>
<b>Non-SFR</b>			
Multi Family	\$3.08	\$2.71	<b>\$2.93</b>
Irrigation	\$3.65	\$3.85	<b>\$4.16</b>
Commercial	\$3.23	\$2.98	<b>\$3.22</b>
Agriculture	\$3.73	\$4.88	<b>\$5.28</b>
Construction	\$4.70	\$3.44	<b>\$3.72</b>

### 4.3.3 Five-Year Proposed Water Rates

The five-year proposed monthly fixed charges are presented in Table 4-54, while the analogous volumetric rates and zone surcharges are in Table 4-55 and Table 4-56, respectively.

**Table 4-54: Five-Year Proposed Water Monthly Fixed Service Charges**

Meters	Current Rates	January 1, 2021 8%	January 1, 2022 8%	January 1, 2023 8%	January 1, 2024 8%	January 1, 2025 8%
5/8	\$16.67	\$18.03	\$19.48	\$21.04	\$22.73	\$24.55
3/4	\$16.67	\$18.03	\$19.48	\$21.04	\$22.73	\$24.55
1	\$24.00	\$26.31	\$28.42	\$30.70	\$33.16	\$35.82
1 1/2	\$43.85	\$47.01	\$50.78	\$54.85	\$59.24	\$63.98
2	\$65.04	\$71.85	\$77.60	\$83.81	\$90.52	\$97.77
3	\$134.03	\$150.51	\$162.56	\$175.57	\$189.62	\$204.79
4	\$233.19	\$266.43	\$287.75	\$310.77	\$335.64	\$362.50
6	\$579.72	\$668.01	\$721.46	\$779.18	\$841.52	\$908.85
10	\$1,513.42	\$1,744.41	\$1,883.97	\$2,034.69	\$2,197.47	\$2,373.27
Hydrant Meter	\$135.01	\$150.51	\$162.56	\$175.57	\$189.62	\$204.79
<b>WRES</b>						
5/8	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04
3/4	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04
1	\$25.25	\$25.25	\$25.25	\$25.25	\$25.25	\$25.25
1.5	\$38.48	\$38.48	\$38.48	\$38.48	\$38.48	\$38.48
2	\$51.30	\$51.30	\$51.30	\$51.30	\$51.30	\$51.30
3	\$76.95	\$76.95	\$76.95	\$76.95	\$76.95	\$76.95
4	\$102.60	\$102.60	\$102.60	\$102.60	\$102.60	\$102.60
6	\$153.90	\$153.90	\$153.90	\$153.90	\$153.90	\$153.90
10	\$218.03	\$218.03	\$218.03	\$218.03	\$218.03	\$218.03

**Table 4-55: Five-Year Proposed Water Usage Rates (\$/ccf)**

Customer Class	Current Rates	January 1, 2021 8%	January 1, 2022 8%	January 1, 2023 8%	January 1, 2024 8%	January 1, 2025 8%
<b>Single Family Residential</b>						
Tier 1	\$2.68	\$2.50	\$2.70	\$2.70	\$3.16	\$3.42
Tier 2	\$2.98	\$3.18	\$3.44	\$3.44	\$4.02	\$4.35
Tier 3	\$5.91	\$6.04	\$6.53	\$6.53	\$7.63	\$8.25
Tier 4	\$7.30	\$7.85	\$8.48	\$8.48	\$9.90	\$10.70
<b>Non-SFR</b>						
Multi Family	\$3.08	\$2.93	\$3.17	\$3.17	\$3.71	\$4.01
Irrigation	\$3.65	\$4.16	\$4.50	\$4.50	\$5.25	\$5.67
Commercial	\$3.23	\$3.22	\$3.48	\$3.48	\$4.07	\$4.40
Agriculture	\$3.73	\$5.28	\$5.71	\$5.71	\$6.67	\$7.21
Construction	\$4.70	\$3.72	\$4.02	\$4.02	\$4.70	\$5.08

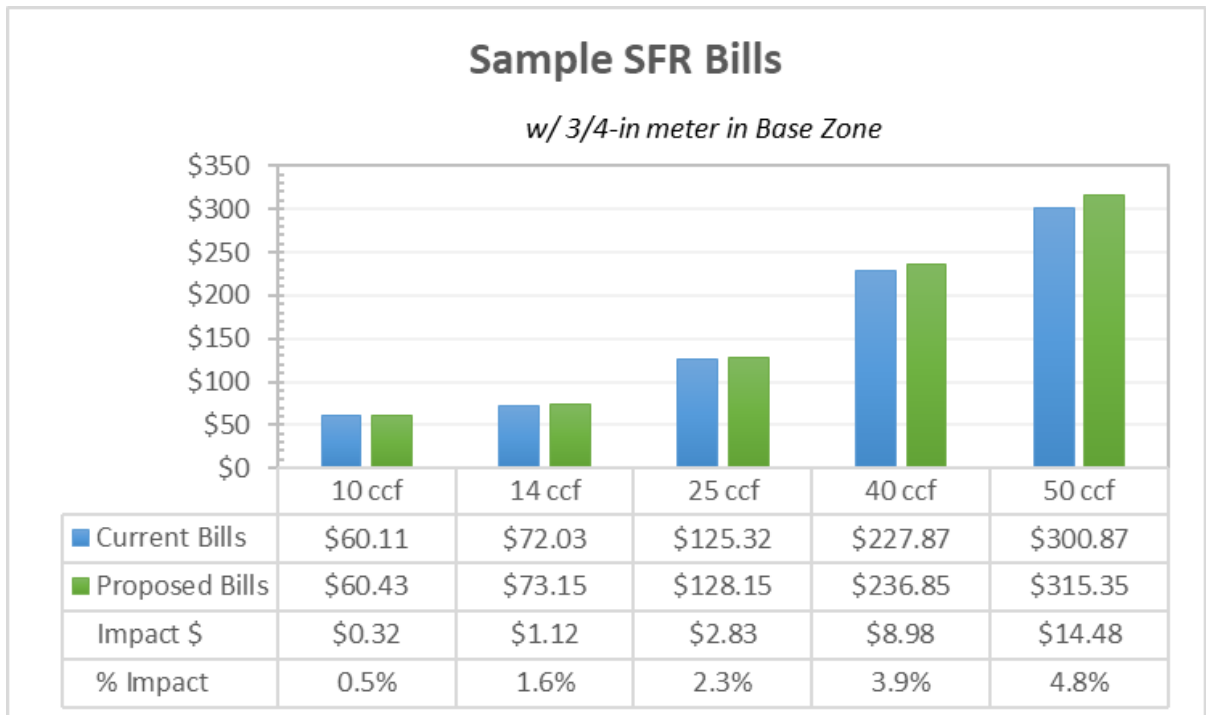
**Table 4-56: Five-Year Proposed Zone Surcharges**

Zone Surcharges	Current Rates	January 1, 2021 8%	January 1, 2022 8%	January 1, 2023 8%	January 1, 2024 8%	January 1, 2025 8%
Topanga	\$0.57	\$0.84	\$0.91	\$0.99	\$1.07	\$1.16
Canyon Creek	\$2.01	\$3.73	\$4.03	\$4.36	\$4.71	\$5.09
Falcon	\$2.09	\$1.77	\$1.92	\$2.08	\$2.25	\$2.43
Joplin	\$2.26	\$1.44	\$1.56	\$1.69	\$1.83	\$1.98
Saddlecrest	N/A	\$0.84	\$0.91	\$0.99	\$1.07	\$1.16
Base Zone	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## 4.4 WATER CUSTOMER IMPACT ANALYSIS

Before implementing new rates, it is critical to evaluate how the proposed rate structure will impact District customers. Figure 4-5 shows the estimated bills impacts under the proposed rates for a typical residential customer with 3/4-inch meters in their monthly water bills with usage ranging from 10 ccf to 50 ccf. The average District SFR customer uses 14 ccf.

**Figure 4-5: Typical Residential Customer Bill Impacts**



# 5. WASTEWATER FINANCIAL PLAN AND RATES

## 5.1 WASTEWATER FINANCIAL PLAN

The financial plan provides long-term financial projections for the Wastewater Fund based on projected revenues, O&M expenses, CIP wastewater funding, and debt service payments. The financial plan includes a cashflow summary and the rate revenue requirement, the latter being the key factor driving rate development. The long-term financial plan timeframe spans FYE 2021 through FYE 2029.

### 5.1.1 Current Wastewater Revenues

The current District wastewater rates and rate structure were effective as of January 1, 2020. Table 5-1 shows the current rates, accounts, and billed flow. SFR has fixed monthly charges while multi-family residential (MFR) has both a fixed charge (\$/account) and charge per dwelling unit (\$/DU). Commercial customers are currently assessed a fixed charge per account (\$/account) and a sewer flow charge assessed on a 90% return factor<sup>12</sup>. The current rates in Table 5-1 are multiplied by the respective unit of service in Table 5-2 to obtain the customer class wastewater rate revenues in Table 5-3. Note that charges assessed per account or dwelling unit are multiplied by 12 months in order to obtain the respective revenues. These current wastewater rate revenues are listed in the top line of Table 5-4, with non-rate revenues listed below. The non-rate revenues are projected based on inflationary assumptions.

**Table 5-1: Current District Wastewater Rates**

Customer Class	Current Rates
<b>Single Family Residential</b>	
Monthly Fixed Charge (\$/acct)	\$32.62
<b>Multi Family Residential</b>	
Billing & CS (\$/acct)	\$6.20
WW Service Charges (\$/DU)	\$26.42
Total Multi Family Charge	\$32.62
<b>Commercial</b>	
Billing & CS (\$/acct)	\$6.20
Volumetric Charges (\$/ccf with 90% RTS)	
Commercial Low	\$4.38
Commercial Medium	\$7.05
Commercial High	\$10.66

<sup>12</sup> A return to sewer factor means that 90% of water use is assumed to enter the sewer for commercial.

**Table 5-2: Projected Wastewater Units of Service**

Customer Class	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025-29
	A	B	C	D	E
<b>Single Family Residential</b>					
Monthly Fixed Charge (acct)	3,665	3,698	3,698	3,698	3,698
<b>Multi Family Residential</b>					
Billing & CS (acct)	31	31	31	31	31
WW Service Charges (DU)	186	186	186	186	186
<b>Commercial</b>					
Billing & CS (acct)	43	43	43	43	43
Volumetric Charges (ccf with 90% RTS)					
Commercial Low	11,054	11,054	11,054	11,054	11,054
Commercial Medium	7,012	7,012	7,012	7,012	7,012
Commercial High	2,565	2,565	2,565	2,565	2,565

**Table 5-3: Projected Wastewater Revenues from Current Rates**

Customer Class	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025-29
	A	B	C	D	E
Single Family Residential	\$1,434,628	\$1,447,545	\$1,447,545	\$1,447,545	\$1,447,545
Multi Family Residential	\$61,276	\$61,276	\$61,276	\$61,276	\$61,276
Commercial	\$128,394	\$128,393	\$128,393	\$128,393	\$128,393
<b>Total</b>	<b>\$1,624,297</b>	<b>\$1,637,214</b>	<b>\$1,637,214</b>	<b>\$1,637,214</b>	<b>\$1,637,214</b>

**Table 5-4: Projected Current Wastewater Revenues**

WW FUND (UNRESTRICTED)	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>REVENUES</b>									
Revenues from Current Rates	\$1,624,297	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214
Total Revenue Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WW Contracts	\$178,800	\$180,100	\$181,400	\$182,800	\$184,100	\$185,500	\$187,000	\$188,400	\$189,900
<b>OTHER OPERATING REVENUES</b>	\$30,000	\$31,461	\$32,993	\$34,600	\$36,285	\$38,052	\$39,905	\$41,849	\$43,887
<b>NON-OPERATING REVENUES</b>									
Property Tax Unrestricted	\$853,700	\$870,774	\$888,189	\$905,953	\$924,072	\$942,554	\$961,405	\$980,633	\$1,000,246
Interest Revenues	-\$5,839	\$18,974	\$14,955	\$6,834	-\$10,616	-\$27,734	-\$27,904	-\$28,561	-\$29,728
Other Non-Operating Rev	\$17,700	\$18,054	\$18,415	\$18,783	\$19,159	\$19,542	\$19,933	\$20,332	\$20,738
Other Capital Contributions	\$4,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$7,198,657</b>	<b>\$2,756,577</b>	<b>\$2,773,167</b>	<b>\$2,786,185</b>	<b>\$2,790,214</b>	<b>\$2,795,128</b>	<b>\$2,817,554</b>	<b>\$2,839,866</b>	<b>\$2,862,257</b>

## 5.1.2 Wastewater O&M Expenses

Table 5-5 lists the projected wastewater O&M expenses for the study period. The O&M expenses were escalated based on the inflationary assumptions.

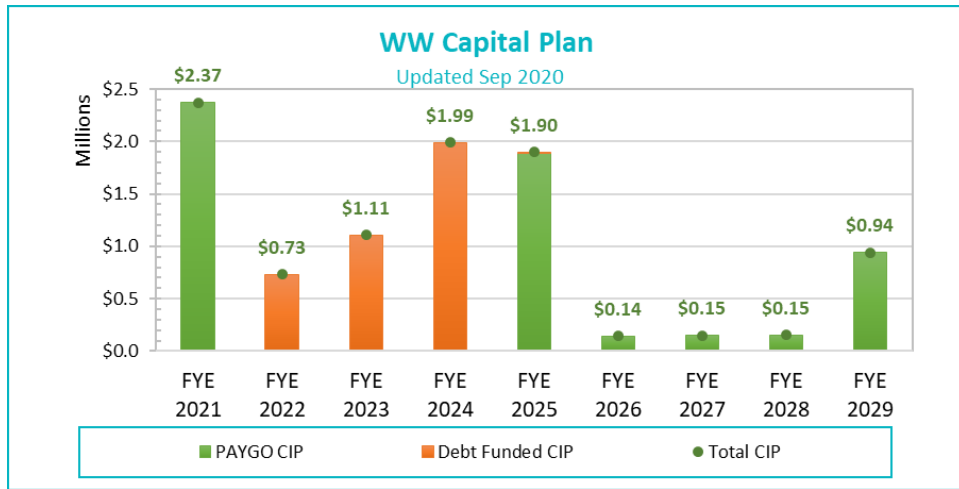
**Table 5-5: Projected Wastewater O&M Expenses**

Sewer O&M Expenses Summary	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Sewer Related Direct Expenses	\$1,165,400	\$1,156,600	\$1,180,176	\$1,204,241	\$1,228,806	\$1,253,882	\$1,279,479	\$1,305,609	\$1,332,283
Salaries & Benefits	\$1,004,900	\$1,110,500	\$1,129,499	\$1,161,208	\$1,193,906	\$1,227,628	\$1,262,411	\$1,298,291	\$1,335,308
OPEB Trust Contributions & Paygo	\$95,200	\$98,600	\$102,133	\$105,807	\$109,629	\$113,605	\$117,743	\$122,049	\$126,531
Board Expenses	\$37,300	\$38,500	\$39,780	\$41,123	\$42,532	\$44,009	\$45,560	\$47,187	\$48,893
Property Tax Admin Charge	\$7,038	\$7,179	\$7,322	\$7,469	\$7,618	\$7,771	\$7,926	\$8,084	\$8,246
<b>TOTAL SEWER O&amp;M EXPENSES</b>	<b>\$2,309,838</b>	<b>\$2,411,379</b>	<b>\$2,458,910</b>	<b>\$2,519,847</b>	<b>\$2,582,491</b>	<b>\$2,646,895</b>	<b>\$2,713,119</b>	<b>\$2,781,220</b>	<b>\$2,851,261</b>

### 5.1.3 Wastewater CIP Funding

The District provided the annual wastewater CIP expenses that were incorporated into the financial plan. The yearly expenses are shown in Figure 5-1. Raftelis inflated the yearly expenses by 3% per year to account for projected inflation. A combination of PAYGO (green bars) and new debt financing (orange bars) is needed to finance the projected CIP.

Figure 5-1: Projected Annual Wastewater CIP Funding



### 5.1.4 Wastewater Debt Service

#### 5.1.4.1 Current Debt Service

The District currently has no outstanding debt for the Wastewater Fund.

#### 5.1.4.2 Proposed Debt Service

The District plans to finance its wastewater CIP with \$2 million in new debt in FYE 2022 and \$2 million in FYE 2024. The projected annual debt service payment for each \$2 million in new debt is estimated to be approximately \$135 thousand a year, assuming a 25-year term at 4.5% interest rate and 4% issuance cost.

### 5.1.5 Status Quo Wastewater Financial Plan

Table 5-6 summarizes the status quo wastewater financial plan with no revenue increases. The cash flow incorporates the revenues from current rates and non-rate revenues (Table 5-4), O&M expenses (Table 5-5), capital improvement projects, and annual debt service payments to project the debt coverage ratio and projected ending balances. Note that \$4.5 million in other capital contributions represent the buyout from Irvine for the El Toro Road Sewage Lift Station (ETRSLs). All projections shown in the table are based upon the District’s current rate structure and do not include rate adjustments.

Under the “status-quo” financial plan scenario, the District will face negative cashflow almost every year of the study period. Revenues generated from rates and other miscellaneous revenues would be

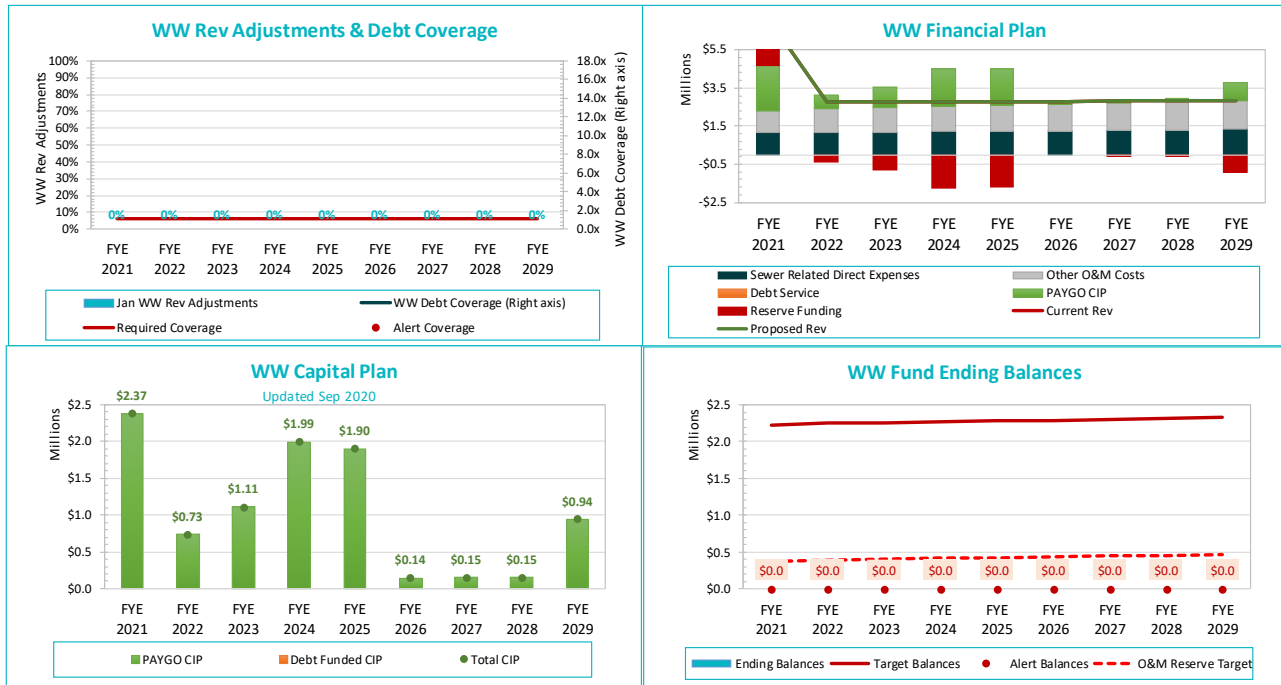
inadequate to sufficiently recover operating expenses, capital expenditures, debt obligations, and to maintain adequate reserves starting in FYE 2024.

Table 5-6: Status Quo Wastewater Financial Plan

WW FUND (UNRESTRICTED)	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>REVENUES</b>									
Revenues from Current Rates	\$1,624,297	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214
Total Revenue Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WW Contracts	\$178,800	\$180,100	\$181,400	\$182,800	\$184,100	\$185,500	\$187,000	\$188,400	\$189,900
<b>OTHER OPERATING REVENUES</b>	\$30,000	\$31,461	\$32,993	\$34,600	\$36,285	\$38,052	\$39,905	\$41,849	\$43,887
<b>NON-OPERATING REVENUES</b>									
Property Tax Unrestricted	\$853,700	\$870,774	\$888,189	\$905,953	\$924,072	\$942,554	\$961,405	\$980,633	\$1,000,246
Interest Revenues	-\$5,839	\$18,974	\$14,955	\$6,834	-\$10,616	-\$27,734	-\$27,904	-\$28,561	-\$29,728
Other Non-Operating Rev	\$17,700	\$18,054	\$18,415	\$18,783	\$19,159	\$19,542	\$19,933	\$20,332	\$20,738
Other Capital Contributions	\$4,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$7,198,657</b>	<b>\$2,756,577</b>	<b>\$2,773,167</b>	<b>\$2,786,185</b>	<b>\$2,790,214</b>	<b>\$2,795,128</b>	<b>\$2,817,554</b>	<b>\$2,839,866</b>	<b>\$2,862,257</b>
<b>O&amp;M EXPENSES</b>									
Sewer Related Direct Expenses	\$1,165,400	\$1,156,600	\$1,180,176	\$1,204,241	\$1,228,806	\$1,253,882	\$1,279,479	\$1,305,609	\$1,332,283
Salaries & Benefits	\$1,004,900	\$1,110,500	\$1,129,499	\$1,161,208	\$1,193,906	\$1,227,628	\$1,262,411	\$1,298,291	\$1,335,308
OPEB Trust Contributions & Paygo	\$95,200	\$98,600	\$102,133	\$105,807	\$109,629	\$113,605	\$117,743	\$122,049	\$126,531
Board Expenses	\$37,300	\$38,500	\$39,780	\$41,123	\$42,532	\$44,009	\$45,560	\$47,187	\$48,893
Property Tax Admin Charge	\$7,038	\$7,179	\$7,322	\$7,469	\$7,618	\$7,771	\$7,926	\$8,084	\$8,246
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$2,309,838</b>	<b>\$2,411,379</b>	<b>\$2,458,910</b>	<b>\$2,519,847</b>	<b>\$2,582,491</b>	<b>\$2,646,895</b>	<b>\$2,713,119</b>	<b>\$2,781,220</b>	<b>\$2,851,261</b>
<b>NET REVENUES</b>	<b>\$4,888,819</b>	<b>\$345,198</b>	<b>\$314,257</b>	<b>\$266,338</b>	<b>\$207,724</b>	<b>\$148,232</b>	<b>\$104,435</b>	<b>\$58,646</b>	<b>\$10,996</b>
<b>DEBT SERVICE</b>									
Existing Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>CAPITAL EXPENDITURES</b>									
PAYGO Funded	\$2,372,090	\$733,612	\$1,106,386	\$1,990,744	\$1,898,311	\$143,286	\$147,585	\$152,012	\$939,437
Debt Funded	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$2,372,090</b>	<b>\$733,612</b>	<b>\$1,106,386</b>	<b>\$1,990,744</b>	<b>\$1,898,311</b>	<b>\$143,286</b>	<b>\$147,585</b>	<b>\$152,012</b>	<b>\$939,437</b>
<b>NET CASH CHANGES</b>	<b>\$2,516,729</b>	<b>(\$388,414)</b>	<b>(\$792,129)</b>	<b>(\$1,724,406)</b>	<b>(\$1,690,588)</b>	<b>\$4,946</b>	<b>(\$43,150)</b>	<b>(\$93,366)</b>	<b>(\$928,441)</b>
<b>BEGINNING RESERVES BALANCES</b>	<b>-\$785,187</b>	<b>\$1,731,542</b>	<b>\$1,343,128</b>	<b>\$550,999</b>	<b>-\$1,173,407</b>	<b>-\$2,863,995</b>	<b>-\$2,859,049</b>	<b>-\$2,902,199</b>	<b>-\$2,995,565</b>
<b>ENDING BALANCES</b>	<b>\$1,731,542</b>	<b>\$1,343,128</b>	<b>\$550,999</b>	<b>-\$1,173,407</b>	<b>-\$2,863,995</b>	<b>-\$2,859,049</b>	<b>-\$2,902,199</b>	<b>-\$2,995,565</b>	<b>-\$3,924,006</b>
<b>RESERVE TARGETS</b>	<b>\$2,229,519</b>	<b>\$2,249,346</b>	<b>\$2,257,726</b>	<b>\$2,268,344</b>	<b>\$2,279,239</b>	<b>\$2,290,459</b>	<b>\$2,302,016</b>	<b>\$2,313,879</b>	<b>\$2,326,101</b>
Operations	\$379,699	\$396,391	\$404,204	\$414,221	\$424,519	\$435,106	\$445,992	\$457,187	\$468,700
Rate Stabilization	\$366,619	\$369,755	\$370,321	\$370,923	\$371,520	\$372,153	\$372,824	\$373,493	\$374,200
Capital Reserve	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200

The top right graph in Figure 5-2 shows the operating financial plan represented in Table 5-2 with no revenue adjustments (top left graph). District costs are represented by the sum of the gray (O&M costs) and green (PAYGO CIP) bars. Note that there is no current wastewater debt service. The District would use reserves to fund revenue shortfalls, as shown by the red bars below the x-axis. The capital improvement plan is shown in the bottom left. The bottom right graph illustrates that the ending fund balance is negative most of the study period, starting in FYE 2024.

**Figure 5-2: Status Quo Wastewater Financial Plan**



### 5.1.6 Proposed Wastewater Financial Plan

One of the Study’s major objectives was to develop a long-term financial plan ensuring financial sufficiency for the Wastewater Fund’s projected operating requirements and capital obligations. Raftelis developed a long-term financial plan model incorporating the known and forecasted cost increases for operating and capital expenditures. The results were presented and discussed with the District Board of Directors. The proposed revenue adjustments for the Wastewater Fund are shown in Table 5-7.

**Table 5-7: Proposed Wastewater Revenue Adjustments**

Fiscal Year Ending	Effective	Wastewater	New WW Debt
2021	Jan	6%	
2022	Jan	6%	\$2M
2023	Jan	6%	
2024	Jan	6%	\$2M
2025	Jan	6%	

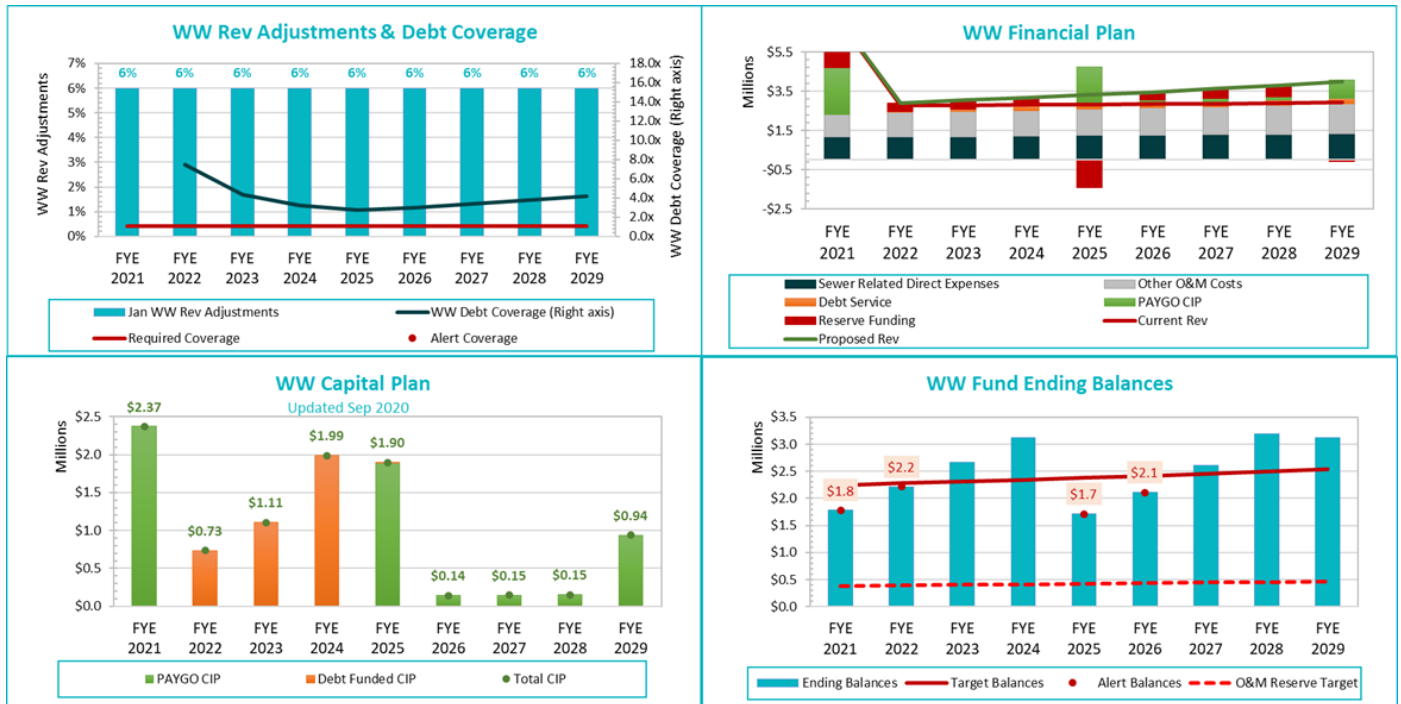
These revenue adjustments and proposed debt issues are incorporated into Raftelis' recommended financial plan in Table 5-8. Under this proposed financial plan scenario, the District's projected cashflow is positive for most years in the study period. Equally critical, ending reserve balances will be at or close to target reserve values.

**Table 5-8: Proposed Wastewater Financial Plan**

WW FUND (UNRESTRICTED)	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>REVENUES</b>									
Revenues from Current Rates	\$1,624,297	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214	\$1,637,214
Total Revenue Adjustments	\$48,729	\$150,296	\$257,547	\$371,233	\$491,739	\$619,477	\$754,878	\$898,404	\$1,050,541
WW Contracts	\$178,800	\$180,100	\$181,400	\$182,800	\$184,100	\$185,500	\$187,000	\$188,400	\$189,900
OTHER OPERATING REVENUES	\$30,000	\$31,461	\$32,993	\$34,600	\$36,285	\$38,052	\$39,905	\$41,849	\$43,887
<b>NON-OPERATING REVENUES</b>									
Property Tax Unrestricted	\$853,700	\$870,774	\$888,189	\$905,953	\$924,072	\$942,554	\$961,405	\$980,633	\$1,000,246
Interest Revenues	-\$5,595	\$25,812	\$30,626	\$29,300	\$33,537	\$19,768	\$24,252	\$29,688	\$36,155
Other Non-Operating Rev	\$17,700	\$18,054	\$18,415	\$18,783	\$19,159	\$19,542	\$19,933	\$20,332	\$20,738
Other Capital Contributions	\$4,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$7,247,631</b>	<b>\$2,913,711</b>	<b>\$3,046,385</b>	<b>\$3,179,883</b>	<b>\$3,326,107</b>	<b>\$3,462,107</b>	<b>\$3,624,587</b>	<b>\$3,796,519</b>	<b>\$3,978,680</b>
<b>O&amp;M EXPENSES</b>									
Sewer Related Direct Expenses	\$1,165,400	\$1,156,600	\$1,180,176	\$1,204,241	\$1,228,806	\$1,253,882	\$1,279,479	\$1,305,609	\$1,332,283
Salaries & Benefits	\$1,004,900	\$1,110,500	\$1,129,499	\$1,161,208	\$1,193,906	\$1,227,628	\$1,262,411	\$1,298,291	\$1,335,308
OPEB Trust Contributions & Paygo	\$95,200	\$98,600	\$102,133	\$105,807	\$109,629	\$113,605	\$117,743	\$122,049	\$126,531
Board Expenses	\$37,300	\$38,500	\$39,780	\$41,123	\$42,532	\$44,009	\$45,560	\$47,187	\$48,893
Property Tax Admin Charge	\$7,038	\$7,179	\$7,322	\$7,469	\$7,618	\$7,771	\$7,926	\$8,084	\$8,246
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$2,309,838</b>	<b>\$2,411,379</b>	<b>\$2,458,910</b>	<b>\$2,519,847</b>	<b>\$2,582,491</b>	<b>\$2,646,895</b>	<b>\$2,713,119</b>	<b>\$2,781,220</b>	<b>\$2,851,261</b>
<b>NET REVENUES</b>	<b>\$4,937,793</b>	<b>\$502,333</b>	<b>\$587,475</b>	<b>\$660,036</b>	<b>\$743,616</b>	<b>\$815,212</b>	<b>\$911,468</b>	<b>\$1,015,299</b>	<b>\$1,127,419</b>
<b>DEBT SERVICE</b>									
Existing Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Debt Service	\$0	\$67,439	\$134,878	\$202,317	\$269,756	\$269,756	\$269,756	\$269,756	\$269,756
<b>TOTAL DEBT SERVICE</b>	<b>\$0</b>	<b>\$67,439</b>	<b>\$134,878</b>	<b>\$202,317</b>	<b>\$269,756</b>	<b>\$269,756</b>	<b>\$269,756</b>	<b>\$269,756</b>	<b>\$269,756</b>
<b>CAPITAL EXPENDITURES</b>									
PAYGO Funded	\$2,372,090	\$0	\$0	\$0	\$1,889,053	\$143,286	\$147,585	\$152,012	\$939,437
Debt Funded	\$0	\$733,612	\$1,106,386	\$1,990,744	\$9,258	\$0	\$0	\$0	\$0
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$2,372,090</b>	<b>\$733,612</b>	<b>\$1,106,386</b>	<b>\$1,990,744</b>	<b>\$1,898,311</b>	<b>\$143,286</b>	<b>\$147,585</b>	<b>\$152,012</b>	<b>\$939,437</b>
<b>NET CASH CHANGES</b>	<b>\$2,565,703</b>	<b>\$434,894</b>	<b>\$452,597</b>	<b>\$457,719</b>	<b>(\$1,415,193)</b>	<b>\$402,169</b>	<b>\$494,127</b>	<b>\$593,530</b>	<b>(\$81,774)</b>
<b>BEGINNING RESERVES BALANCES</b>	<b>-\$785,187</b>	<b>\$1,780,516</b>	<b>\$2,215,409</b>	<b>\$2,668,006</b>	<b>\$3,125,725</b>	<b>\$1,710,531</b>	<b>\$2,112,701</b>	<b>\$2,606,828</b>	<b>\$3,200,358</b>
<b>ENDING BALANCES</b>	<b>\$1,780,516</b>	<b>\$2,215,409</b>	<b>\$2,668,006</b>	<b>\$3,125,725</b>	<b>\$1,710,531</b>	<b>\$2,112,701</b>	<b>\$2,606,828</b>	<b>\$3,200,358</b>	<b>\$3,118,584</b>
<b>RESERVE TARGETS</b>	<b>\$2,239,265</b>	<b>\$2,279,405</b>	<b>\$2,309,235</b>	<b>\$2,342,591</b>	<b>\$2,377,587</b>	<b>\$2,414,355</b>	<b>\$2,452,992</b>	<b>\$2,493,560</b>	<b>\$2,536,209</b>
Operations	\$379,699	\$396,391	\$404,204	\$414,221	\$424,519	\$435,106	\$445,992	\$457,187	\$468,700
Rate Stabilization	\$376,365	\$399,814	\$421,831	\$445,169	\$469,868	\$496,049	\$523,799	\$553,173	\$584,308
Capital Reserve	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200	\$1,483,200

The top right graph in Figure 5-3 shows the operating financial plan represented in Table 5-8. District costs are represented by the sum of the black (sewer-related direct expenses), gray (other O&M costs), orange (debt service), and green (PAYGO CIP) bars. The District uses reserves to fund revenue shortfall, as shown by the red bars below the x-axis. The capital improvement plan is shown in the bottom left and is recommended to be funded partially with debt issues in FYE 2022 and 2024. As indicated in the bottom graph of Figure 5-3, ending reserve balances remain positive and, on average, close to the target value.

**Figure 5-3: Proposed Wastewater Financial Plan**



## 5.2 WASTEWATER COST-OF-SERVICE ANALYSIS

This section discusses the allocation of O&M expenses and capital costs to wastewater functions, cost components, the determination of unit costs, and rate calculation by customer class. The proposed wastewater utility costs of service were developed consistent with guidelines detailed in the Water Environment Federation’s (WEF) *Manual of Practice No. 27, Financing and Charges for Wastewater Systems*.

The wastewater cost-of-service analysis consists of seven major steps, as outlined below:

1. Determine non-residential customer wastewater flow and strength loadings based on water usage and wastewater standards
2. Conduct a wastewater plant mass balance using non-residential flows and strengths to deduce the flow and strength of the residential customer class taking into consideration infiltration and inflow (I&I)
3. Determine units of service by customer class (see Section 5.2.3)
4. Functionalize O&M and capital costs into functions: collection, treatment, billing and customer service, and general (administration)

5. Determine revenue requirements and allocate the revenue requirements in each function to cost components: flow, biochemical oxygen demand<sup>13</sup> (BOD), total suspended solids<sup>14</sup> (TSS), billing and customer service, and general
6. Calculate the unit cost of service by dividing the total cost of each cost component in Step 4 by the flow and strengths in Step 5
7. Calculate the cost by customer class by multiplying the unit cost components in Step 6 by the flow and strengths established in Step 5

## 5.2.1 Current Wastewater Classes of Service

The District currently has two residential wastewater customer classes and three commercial wastewater customer classes. The assumed strength of wastewater flows for each customer class are shown in Table 5-9. The term strength is used to signify both BOD and TSS concentration in wastewater. The assumed strengths in Table 5-9 mimic the differentials between customer classes found in the strengths assumed by the LA County Sanitation District (LACSD). The LACSD has assessed the strength of various customers and is commonly used as a reference. For example, LACSD assumes that commercial low BOD is 8% lower than SFR ( $255 \times 0.92 = 233$ ) and commercial medium is 196% higher than SFR. Raftelis revised the strengths to reflect this data. A plant mass balance, discussed below, is used to check the reasonableness of strength assumptions. The LACSD assumes commercial strengths are as follows:

- » Commercial – Low (e.g., office buildings, stores, and banks): 8% lower than residential
- » Commercial – Medium (e.g., shopping centers): 196% higher than residential
- » Commercial – High (e.g., restaurants): 355% higher than residential

**Table 5-9: Wastewater Service and Strength Concentrations**

Customer Classes	BOD (mg/L)	TSS (mg/L)	Notes
<b>Residential</b>			
Single Family Residential	255	259	
Multi-Family Residential	255	259	
<b>Commercial</b>			
Commercial- Low	233	257	Office building
Commercial- Medium	500	404	Shopping center
Commercial High	905	600	Restaurants

## 5.2.2 Plant Mass Balance

The plant mass balance is used to estimate the sanitation loadings (flow and strength) generated by each customer class. While wastewater is not metered when it enters the collection system, the total

<sup>13</sup> BOD is a measure of oxygen utilization by the microorganisms in wastewater. The more waste matter in a wastewater stream, the higher the BOD, which, in turn, incurs higher treatment costs since the wastewater treatment plant must oxygenate the wastewater.

<sup>14</sup> TSS is a measure of suspended solids in wastewater. The higher the TSS, the higher the solids loading, which incurs more treatment costs to remove, dewater, and dispose of the solids

amount of flow and strength entering the treatment plant every day is a known quantity<sup>15</sup>. Non-residential customer plant loadings for BOD and TSS can be estimated based on their water use and standard wastewater strengths (shown in Table 5-9). We use a plant mass balance to estimate the residential flow and strength loadings based on strength and flow assumptions for the non-residential classes. Household (SFR) strengths normally fall within a range of 200 to 300 mg/L of BOD. If the resulting, calculated SFR strengths are within this range, we have reasonably estimated the strength and flows for the other classes.

Table 5-10 shows the plant mass balance. The estimated residential flow is shown in line 13 and equates to approximately 51 gallons per capita per day assuming 2.87 people per household,<sup>16</sup> which correlates well with the industry standard estimate of the amount of indoor water use per person of 55 gallons per day. Table 5-11 and Table 5-12 break down the household size and gallons per day assumptions for the residential class.

The estimated residential strength concentration is 240 and 255 milligrams per liter (mg/l) of BOD and TSS, respectively, which also correlates well with the industry standard estimate of residential strength concentrations. This indicates that we have made reasonable strength assumptions for the non-residential classes. The estimated wastewater flows and loadings by District customer class are shown in lines 7 through 13. Note that the residential class flow and strength information is calculated by subtracting non-residential estimated values (line 11) from the net plant values (line 5).

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<sup>15</sup> Provided by District staff

<sup>16</sup> Average density for the District residential classes = 3.30.

**Table 5-10: Plant Mass Balance**

	FLOW MGD A	BOD lbs /day $B = A \times E \times 8.3454^{17}$	TSS lbs/day $C = A \times F \times 8.3454$	FLOW ccf D	BOD mg/L E	TSS mg/L F
<b>1 Treatment Plant Influent</b>						
2 Robinson WWTP	0.510 <sup>18</sup>	1,064	1,064	248,864	250 <sup>19</sup>	250 <sup>20</sup>
3 Chiquita WWTP	0.092 <sup>21</sup>	269	269	44,893	350 <sup>22</sup>	350 <sup>23</sup>
4						
<b>5 Net Plant [2] + [3]</b>	<b>0.602</b>	<b>1,333</b>	<b>1,333</b>	<b>293,757</b>	<b>265</b>	<b>265</b>
6						
<b>7 Commercial Class</b>				<i>Table 5-1</i>	<i>Table 5-7</i>	<i>Table 5-7</i>
8 Commercial Low	0.023 <sup>24</sup>	44	49	11,054	233	257
9 Commercial Medium	0.014	60	48	7,012	500	404
10 Commercial High	0.005	40	26	2,565	905	600
<b>11 Total Commercial [8] + [9] + [10]</b>	<b>0.042</b>	<b>144</b>	<b>123</b>	<b>20,631</b>	<b>407</b>	<b>350</b>
12						
<b>13 Residential Class [5] - [11]</b>	<b>0.560</b>	<b>1,189</b>	<b>1,209</b>	<b>273,126</b>	<b>255<sup>25</sup></b>	<b>259<sup>26</sup></b>

**Table 5-11: Residential Household Size**

	Dwelling Units	Household Size	Total Residents
<b>Single Family</b>	3,665	2.87 <sup>27</sup>	10,519
<b>Multi Family</b>	186	2.1 <sup>28</sup>	391
<b>Total Residential</b>	<b>3,851</b>		<b>10,909</b>

**Table 5-12: Estimated Residential Gallons Per Capita Day**

Residential GPCD		
Annual Flow	273,126	ccf
Daily Flow	559,721	Gallons per day
Total Residents	10,909	residents
<b>Daily Flow per person</b>	<b>51</b>	<b>Gallons per capita per day</b>

<sup>17</sup> 8.3454 is conversion factor from mg/L to lbs/MG

<sup>18</sup> Provided by the District

<sup>19</sup> Provided by the District

<sup>20</sup> Provided by the District

<sup>21</sup> Provided by the District

<sup>22</sup> Provided by the District

<sup>23</sup> Provided by the District

<sup>24</sup> Flow in ccf (column D) / 365 x 748 / 1,000,000 to convert from ccf /yr to MGD

<sup>25</sup> BOD (column B) / MGD (column A) x 0.1198 (conversion factor from lbs/MG to mg/L)

<sup>26</sup> TSS (column C) / MGD (column A) x 0.1198 (conversion factor from lbs/MG to mg/L)

<sup>27</sup> State of CA, Dept of Finance, E5 Report for Rancho Santa Margarita, date of Report is 1-1-2020

<sup>28</sup> MFR household density source is US Census data for Mission Viejo (Housing Densities from US Census)

Table 5-13 shows that MFR accounts typically have fewer people per household. This affects the estimated flow from this customer class, which, in turns, lowers the cost allocation in subsequent tables and results in a lower rate for MFR customers.

**Table 5-13: Estimated Residential Flows and Strengths**

	Single Family	Multi-Family
GPCD	51	51
Household Size	2.87	2.1
<b>Residential Flows</b>	<b>263,346 ccf</b> <b>0.540 MGD</b>	<b>9,779 ccf</b> <b>0.020 MGD</b>

Strengths	Single Family	Multi-Family
BOD	255 mg/L	255 mg/L
TSS	259 mg/L	259 mg/L
<b>Residential Loadings (lbs/day)</b>		
BOD	<b>1,146</b>	<b>43</b>
TSS	<b>1,166</b>	<b>43</b>

### 5.2.3 Determine Units of Service

The next step is to determine the units of service for each cost component. The units of service by cost component and by class is shown in the last line of Table 5-14. The number of accounts is presented in column A, residential dwelling units in column B, and total annual bills in column I. For the residential class, estimated annual flows in ccf (column C) are determined by multiplying the dwelling units (column B) by the household size (Table 5-11) and per capita daily flow (Table 5-12). An identical calculation is performed for the MFR class, yet assuming a smaller household size. This is then converted into ccf by dividing by 748.05. Column D shows the corresponding annual flows in MGD. BOD (mg/L) and TSS (mg/L) are from the mass balance analysis in Table 5-10 and are presented in columns G and H. This is then converted into lbs/day in columns E and F, respectively, by multiplying flow in column D by a conversion factor<sup>29</sup>.

<sup>29</sup> The conversion factor from mg/L to lbs/MG is 8.3454.

**Table 5-14: Wastewater Units of Service**

WW Units of Service FYE 2021	# of Accounts (A)	Dwelling Units (B)	Estimated Flows		BOD	TSS	BOD	TSS	# of Bills (I)
			ccf (C)	MGD (D)	lbs/day (E)	lbs/day (F)	mg/L (G)	mg/L (H)	
<b>Residential</b>									
Single Family	3,665	3,665	263,346	0.540	1,146	1,166	255	259	43,980
Multi Family	31	186	9,779	0.020	43	43	255	259	372
<b>Commercial</b>									
	<b>43</b>								<b>516</b>
Low	34		11,054	0.023	44	49	233	257	408
Medium	6		7,012	0.014	60	48	500	404	72
High	3		2,565	0.005	40	26	905	600	36
<b>Total</b>	<b>3,739</b>	<b>3,851</b>	<b>293,757</b>	<b>0.602</b>	<b>1,333</b>	<b>1,333</b>			<b>44,352</b>

## 5.2.4 Functionalize and Allocate O&M and Capital Costs

Raftelis reviewed and functionalized the Wastewater Fund’s O&M expenses and asset list for the O&M and capital cost allocations, respectively. Raftelis reviewed wastewater O&M expenses line by line to assign functions. Table 5-15 and Table 5-16 summarize the functionalized O&M costs for the Water Fund for test year FYE 2021, respectively.

**Table 5-15: Functionalization of O&M Costs**

Wastewater O&M Expenses Summary By Functions	FYE 2021
<b>G&amp;A</b>	\$348,938
<b>Billing &amp; CS</b>	\$138,700
<b>Collection</b>	\$258,900
<b>Treatment</b>	\$558,400
<b>Salaries &amp; Benefits</b>	\$1,004,900
<b>TOTAL WASTEWATER O&amp;M EXPENSES</b>	<b>\$2,309,838</b>

The fixed asset list was provided and functionalized by District staff. Raftelis calculated the asset replacement cost.

**Table 5-16: Functionalization of Wastewater Assets**

Asset Groups	Functions	Asset Value (by Replacement Cost)
General & administrative	G&A	\$1,942,043
Billing & customer service	Billing & CS	\$0
Sewer-collection	Collection	\$40,947,470
Sewer-lift stations	Lift Stations	\$7,375,297
Sewer-disposal Robinson	Disposal	\$2,471,097
Sewer-general	Sewer General	\$1,178,495
Sewer-treatment - Chiquita WWTP	Chiquita Treatment	\$24,973,612
Sewer-treatment - primary treatment	Primary Treatment	\$534,340
Sewer-treatment - secondary treatment	Secondary Treatment	\$293,821
Sewer-treatment - tertiary treatment	Tertiary Treatment	\$0
Sewer-treatment - solids handling	Solids Handling	\$0
Sewer-treatment - general	Treatment General	\$27,292,229
<b>Total</b>		<b>\$107,008,405</b>

Each of the wastewater functions were allocated to the following cost components: flow, BOD, TSS, billing and customer service, and general based on District data. This is presented in Table 5-17.

**Table 5-17: Allocations of Wastewater Functions to Cost Components**

WW Functions	Flow	BOD	TSS	Billing & CS	General
<b>G&amp;A</b>				30.0%	70.0%
<b>Billing &amp; CS</b>				100.0%	0.0%
<b>Collection</b>	100.0%				0.0%
<b>Lift Stations</b>	100.0%				0.0%
<b>Disposal</b>		50.0%	50.0%		0.0%
<b>Sewer General</b>					100.0%
<b>Chiquita Treatment</b>	30.0%	30.0%	30.0%		10.0%
<b>Primary Treatment</b>	95.0%	0.0%	0.0%		5.0%
<b>Secondary Treatment</b>	15.0%	40.0%	40.0%		5.0%
<b>Tertiary Treatment</b>	0.0%	0.0%	0.0%		100.0%
<b>Solids Handling</b>	20.0%	10.0%	50.0%		20.0%
<b>Treatment General</b>	30.0%	30.0%	30.0%		10.0%

In Table 5-18, salaries and benefits in Table 5-15 were reallocated to the other O&M functions, excluding the billing and customer service function.

**Table 5-18: Salaries and Benefits Allocations to Cost Components**

	Salaries & Benefits	%	FYE 2021	Flow	BOD	TSS	Billing & CS	General
1	G&A	17.0%	\$170,833	\$0	\$0	\$0	\$51,250	\$119,583
2	Billing & CS		\$0	\$0	\$0	\$0	\$0	\$0
3	Collection	51.0%	\$512,499	\$512,499	\$0	\$0	\$0	\$0
4	Treatment	32.0%	\$321,568	\$98,307	\$95,677	\$95,677	\$0	\$31,906
5	<b>Total</b>	<b>100%</b>	<b>\$1,004,900</b>	<b>\$610,806</b>	<b>\$95,677</b>	<b>\$95,677</b>	<b>\$51,250</b>	<b>\$151,489</b>
6	<b>Salaries &amp; Benefits %</b>			<b>60.8%</b>	<b>9.5%</b>	<b>9.5%</b>	<b>5.1%</b>	<b>15.1%</b>

Table 5-19 uses the allocation factors from Table 5-17 and the allocation of salaries and benefits from Table 5-18 to allocate all costs to the cost components.

**Table 5-19: Allocations of Functionalized O&M Expenses to Cost Components**

	O&M Expenses by Function	FYE 2021	Flow	BOD	TSS	Billing & CS	General
1	G&A	\$348,938	\$0	\$0	\$0	\$104,681	\$244,257
2	Billing & CS	\$138,700	\$0	\$0	\$0	\$138,700	\$0
3	Collection	\$258,900	\$258,900	\$0	\$0	\$0	\$0
4	Treatment	\$558,400	\$170,709	\$166,143	\$166,143	\$0	\$55,405
5	Salaries & Benefits (Table 5-16)	\$1,004,900	\$610,806	\$95,677	\$95,677	\$51,250	\$151,489
6	<b>Total</b>	<b>\$2,309,838</b>	<b>\$1,040,415</b>	<b>\$261,821</b>	<b>\$261,821</b>	<b>\$294,631</b>	<b>\$451,150</b>
7	<b>O&amp;M Allocation Factors</b>		<b>45.0%</b>	<b>11.3%</b>	<b>11.3%</b>	<b>12.8%</b>	<b>19.5%</b>

Table 5-20 uses the allocation factors in Table 5-17 and asset values in Table 5-16 to allocate capital costs to the cost components.

**Table 5-20: Allocations of Functionalized Wastewater Asset to Cost Components**

Functions	Asset Value	Flow	BOD	TSS	Billing & CS	General
1 G&A	\$1,942,043	\$0	\$0	\$0	\$582,613	\$1,359,430
2 Billing & CS	\$0	\$0	\$0	\$0	\$0	\$0
3 Collection	\$40,947,470	\$40,947,470	\$0	\$0	\$0	\$0
4 Lift Stations	\$7,375,297	\$7,375,297	\$0	\$0	\$0	\$0
5 Disposal	\$2,471,097	\$0	\$1,235,549	\$1,235,549	\$0	\$0
6 Sewer General	\$1,178,495	\$0	\$0	\$0	\$0	\$1,178,495
7 Chiquita Treatment	\$24,973,612	\$7,492,084	\$7,492,084	\$7,492,084	\$0	\$2,497,361
8 Primary Treatment	\$534,340	\$507,623	\$0	\$0	\$0	\$26,717
9 Secondary Treatment	\$293,821	\$44,073	\$117,528	\$117,528	\$0	\$14,691
10 Tertiary Treatment	\$0	\$0	\$0	\$0	\$0	\$0
11 Solids Handling	\$0	\$0	\$0	\$0	\$0	\$0
12 Treatment General	\$27,292,229	\$8,187,669	\$8,187,669	\$8,187,669	\$0	\$2,729,223
13						
<b>14 Total WW Assets</b>	<b>\$107,008,405</b>	<b>\$64,554,215</b>	<b>\$17,032,829</b>	<b>\$17,032,829</b>	<b>\$582,613</b>	<b>\$7,805,918</b>
<b>15 Asset Allocation %</b>		<b>60.3%</b>	<b>15.9%</b>	<b>15.9%</b>	<b>0.5%</b>	<b>7.3%</b>
<b>16 Treatment Plant %</b>		<b>30.6%</b>	<b>29.8%</b>	<b>29.8%</b>	<b>0.0%</b>	<b>9.9%</b>

## 5.2.5 Determine Revenue Requirement and Allocate Revenue Requirement to Cost Components

The revenue requirement is the minimal amount of (annual) revenue the utility must generate to meet its estimated annual operating expenses, debt service, capital expenses, and reserve funding. Note that determining the revenue requirement is the first step in the Water System cost-of-service analysis, but the fifth step in the Wastewater System cost-of-service analysis. The revenue requirement from current District rates is shown in Table 5-21, line 21. Rate and non-rate revenues (i.e., revenue offsets) are subtracted from the revenue requirement in line 19 to obtain the net revenue requirement from current District rates in line 21, which is the same value as current rate revenue in Table 5-4.

**Table 5-21: FYE 2021 Wastewater Revenue Requirement from Current District Rates**

Current Revenue Requirements		FYE 2021	Allocation Factors
1	<b>REVENUE REQUIREMENTS</b>		
2	O&M Expenses	\$2,309,838	O&M
3	Debt Service	\$0	Capital
4	Rate Funded CIP	\$2,372,090	Capital
5	Transfers to Other Funds	\$0	Capital
6	Reserve Funding w/o Rev Adjustment	\$2,516,974	Capital
7	<b>SUBTOTAL REVENUE REQUIREMENTS</b>	<b>\$7,198,902</b>	
8			
9	<b>OTHER REVENUES OFFSETS</b>		
10	WW Contracts	-\$178,800	O&M
11	Other Operating Revenues	-\$30,000	O&M
12	Property Tax Unrestricted	-\$853,700	O&M
13	Interest Revenues	-\$46,991	O&M
14	Development Services	\$0	O&M
15	Sale of Fixed Asset	\$0	Capital
16	Other Non-Operating Rev	-\$17,700	O&M
17	Developer Impact Fees (DIF)	\$0	Capital
18	Other Capital Contributions	-\$4,500,000	Capital
19	<b>SUBTOTAL OTHER REVENUES OFFSETS</b>	<b>-\$5,574,605</b>	
20			
21	<b>NET REVENUE REQUIREMENTS FROM CURRENT RATES</b> (Without Revenue Adjustment)	<b>\$1,624,297</b>	

Table 5-22 allocates the revenue requirement in Table 5-21 to the wastewater cost components using the allocation percentages in Table 5-17 and Table 5-18.

**Table 5-22: FYE 2021 Revenue Requirement Allocation to Cost Components**

Current Revenue Requirements	FYE 2021	Flow	BOD	TSS	Billing & CS	General
<b>REVENUE REQUIREMENTS</b>						
O&M Expenses	\$2,309,838	\$1,040,415	\$261,821	\$261,821	\$294,631	\$451,150
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Rate Funded CIP	\$2,372,090	\$1,430,994	\$377,572	\$377,572	\$12,915	\$173,036
Transfers to Other Funds	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Funding w/o Rev Adjustment	\$2,516,974	\$1,518,397	\$400,634	\$400,634	\$13,704	\$183,605
<b>SUBTOTAL REVENUE REQUIREMENTS</b>	<b>\$7,198,902</b>	<b>\$3,989,807</b>	<b>\$1,040,027</b>	<b>\$1,040,027</b>	<b>\$321,250</b>	<b>\$807,792</b>
<b>OTHER REVENUES OFFSETS</b>						
WW Contracts	-\$178,800	-\$80,536	-\$20,267	-\$20,267	-\$22,807	-\$34,923
Other Operating Revenues	-\$30,000	-\$13,513	-\$3,401	-\$3,401	-\$3,827	-\$5,860
Property Tax Unrestricted	-\$853,700	-\$384,530	-\$96,767	-\$96,767	-\$108,894	-\$166,742
Interest Revenues	\$5,595	\$2,520	\$634	\$634	\$714	\$1,093
Development Services	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Fixed Asset	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Rev	-\$17,700	-\$7,973	-\$2,006	-\$2,006	-\$2,258	-\$3,457
Developer Impact Fees (DIF)	\$0	\$0	\$0	\$0	\$0	\$0
Other Capital Contributions	-\$4,500,000	-\$2,714,684	-\$716,278	-\$716,278	-\$24,500	-\$328,260
<b>SUBTOTAL OTHER REVENUES OFFSETS</b>	<b>-\$5,574,605</b>	<b>-\$3,198,716</b>	<b>-\$838,084</b>	<b>-\$838,084</b>	<b>-\$161,572</b>	<b>-\$538,149</b>
<b>NET REVENUE REQUIREMENTS FROM CURRENT RATES</b>	<b>\$1,624,297</b>	<b>\$791,091</b>	<b>\$201,942</b>	<b>\$201,942</b>	<b>\$159,678</b>	<b>\$269,643</b>

Table 5-23 reallocates general and administrative (G&A) costs to flow, BOD, TSS, and billing/customer service. As column C indicates, this allocation percentage is based on the relative cost of each cost component. This percentage is then multiplied by the total G&A cost to arrive at the reallocated G&A costs in column D. The final revenue requirement in column E adds columns A and D.

**Table 5-23: Reallocation of General & Administrative Costs**

Cost Components	FYE 2021	Cost Subject to G&A	G&A Allocation Factors	Reallocated G&A Costs	Rev Req
	A (Table 5-20)	B	$C = B / [B7]$	$D = C \times [A5]$	$E = A + D$
1 Flow	\$791,091	\$791,091	58%	\$157,466	<b>\$948,557</b>
2 BOD	\$201,942	\$201,942	15%	\$40,196	<b>\$242,139</b>
3 TSS	\$201,942	\$201,942	15%	\$40,196	<b>\$242,139</b>
4 Billing & CS	\$159,678	\$159,678	12%	\$31,784	<b>\$191,462</b>
5 General	\$269,643		-100%	-\$269,643	<b>\$0</b>
6					
<b>7 NET REVENUE REQUIREMENTS FROM CURRENT RATES</b>	<b>\$1,624,297</b>	<b>\$1,354,654</b>	<b>0%</b>	<b>\$0</b>	<b>\$1,624,297</b>

## 5.2.6 Calculate Wastewater Unit Cost of Service

The final revenue requirements in column E of Table 5-23 are listed in line 1 of Table 5-24. These are divided by the appropriate units of service in line 2 to arrive at the unit cost of service in line 5.

**Table 5-24: Calculations of Wastewater Unit Cost of Service**

Unit Cost Calculations		Flow A	BOD B	TSS C	Billing & CS D
1	Revenue Requirements (Table 5-21)	\$948,557	\$242,139	\$242,139	\$191,462
2	Units of Service (Table 5-14)	293,757	1,333	1,333	44,352
3	Units	ccf	lbs/day	lbs/day	bills
4	<b>Unit Cost of Service ([1] / [2])</b>	<b>\$3.23</b>	<b>\$181.68</b>	<b>\$181.68</b>	<b>\$4.32</b>

## 5.2.7 Calculate Wastewater Cost by Customer Class

The unit costs of service from Table 5-24 are presented in line 1 of Table 5-25. The units of service broken out by customer class in columns A through D are taken from Table 5-14. Each customer class unit of service is multiplied by the respective unit cost of service (line 1) to arrive at the customer class revenue requirements in lines 11-18. The total revenue requirement by class in column E is used to calculate rates in the next section.

**Table 5-25: Allocation of Wastewater Revenue Requirements to Customer Classes**

Customer Classes	Flow	BOD	TSS	Billing & CS	Total Proposed	Current	% Impact
1 <b>Unit Cost of Service</b>	<b>\$3.23</b> Per ccf	<b>\$181.68</b> Lbs / day	<b>\$181.68</b> Lbs / day	<b>\$4.32</b> Per bill			
2 <b>Units of Service</b>							
3 <b>Residential</b>							
4 Single Family	263,346	1,146	1,166	43,980			
5 Multi Family	9,779	43	43	372			
6 <b>Non-Residential</b>							
7 Commercial Low	11,054	44	49	408			
8 Commercial Medium	7,012	60	48	72			
9 Commercial High	2,565	40	26	36			
10							
11 <b>Rev Requirements</b>							
12 <b>Residential</b>							
13 Single Family	\$850,361	\$208,294	\$211,860	\$189,856	<b>\$1,460,372</b>	\$1,434,628	2%
14 Multi Family	\$31,578	\$7,735	\$7,867	\$1,606	<b>\$48,786</b>	\$61,276	-20%
15 <b>Non-Residential</b>							
16 Commercial Low	\$35,694	\$8,003	\$8,827	\$1,761	<b>\$54,285</b>	\$50,946	7%
17 Commercial Medium	\$22,642	\$10,894	\$8,802	\$311	<b>\$42,649</b>	\$49,881	-14%
18 Commercial High	\$8,283	\$7,213	\$4,782	\$155	<b>\$20,433</b>	\$27,566	-26%
19 <b>Total</b>	<b>\$948,557</b>	<b>\$242,139</b>	<b>\$242,139</b>	<b>\$193,690</b>	<b>\$1,626,524</b>	<b>\$1,624,297</b>	<b>0%</b>

## 5.3 WASTEWATER RATE DEVELOPMENT

### 5.3.1 Proposed Rates

The proposed rate derivation for each customer class is provided in Table 5-26 through Table 5-28. Each table calculates rates by dividing the FYE 2021 customer class revenue requirement in Table 5-25 by the respective unit of service to arrive at a charge for SFR and MFR customers and a rate and charge for commercial customers.

**Table 5-26: Proposed Single-Family Residential Rate for FYE 2021**

	FYE 2021	Single Family	Notes
1	Revenue Requirements before Rev Adjmt	<b>\$1,460,372</b>	From Table 5-25
2	Units of Service (monthly bills)	43,980	Table 5-25 [D4]
3	<b>Unit Rate</b>	<b>\$33.21</b>	[1]/[2], rounded up to the nearest cent
4	Proposed FYE 2021 Rev Adjmt	6%	From Table 5-7
5	<b>Proposed FYE 2021 Rate (\$/acct)</b>	<b>\$35.20</b>	[3] x (1+[4]), rounded up to the nearest cent

The MFR rates have been modified to account for the average number of people per household. The proposed MFR residential rate is lower than the SFR residential rate due to the lower household

density for MFR customers. The lower household density creates a lower wastewater flow, which allocates less costs to MFR, resulting in a lower rate.

**Table 5-27: Proposed Multi-Family Residential Wastewater Rate for FYE 2021**

Multi-Family FYE 2021		Billing & Customer Service	Flow Based (Flow + BOD + TSS)	Notes
1	Revenue Requirements before Rev Adjmt	\$1,606	\$47,180	From Table 5-25
2	Units of Service	372	2,232	Table 5-25 [D5]
3	<b>Unit Rate</b>	<b>\$4.32</b>	<b>\$21.14</b>	[1]/[2]
4	Proposed FYE 2021 Rev Adjmt	6%	6%	From Table 5-7
5	<b>Proposed FYE 2021 Rate</b>	<b>\$4.58</b>	<b>\$22.41</b>	[3] x (1+[4]), rounded up to the nearest cent

**Table 5-28: Proposed Commercial Wastewater Rate for FYE 2021**

Commercial FYE 2021	Billing & Customer Service	Flow Based (Flow + BOD + TSS)			Notes	
		Commercial Low	Commercial Medium	Commercial High		
1	Revenue Requirements before Rev Adjmt	\$2,228	\$52,524	\$42,338	\$20,277	From Table 5-25
2	Units of Service	516 bills	11,054 ccf	7,012 ccf	2,565 ccf	Table 5-25, [D7] to [D9]
3	<b>Unit Rate</b>	<b>\$4.32</b>	<b>\$4.76</b>	<b>\$6.04</b>	<b>\$7.91</b>	[1]/[2]
4	Proposed FYE 2021 Rev Adjmt	6%	6%	6%	6%	From Table 5-7
5	<b>Proposed FYE 2021 Rate</b>	<b>\$4.58</b>	<b>\$5.05</b>	<b>\$6.41</b>	<b>\$8.39</b>	[3] x (1+[4]), rounded up to the nearest cent

After accounting for the proposed FYE 2021 revenue adjustment in Table 5-7, the final FYE 2021 rates are presented in Table 5-29, and the proposed rates across five years are presented in Table 5-30.

**Table 5-29: Revised Cost of Service and Proposed Wastewater Rates Effective Jan 1, 2021**

WW Rates	Current FYE 2020	Revised FYE 2021	Jan-1 FYE 2021
Proposed Rev Adjmt		0%	6%
<b>1 Single Family Residential</b>			
2 <i>Monthly Fixed Charge</i>	\$32.62	\$33.21	<b>\$35.20</b>
3			
<b>4 Multi-Family Residential</b>			
5 <i>Billing &amp; CS</i>	\$6.20	\$4.32	<b>\$4.58</b>
6 <i>WW Service Charges</i>	\$26.42	\$21.14	<b>\$22.41</b>
7	<b>\$32.62</b>	<b>\$25.45</b>	<b>\$26.99</b>
<b>8 Commercial</b>			
9 <i>Billing &amp; CS</i>	\$6.20	\$4.32	<b>\$4.58</b>
10 <i>Volumetric Charges</i>			
11 Commercial Low	\$4.38	\$4.76	<b>\$5.05</b>
12 Commercial Medium	\$7.05	\$6.04	<b>\$6.41</b>
13 Commercial High	\$10.66	\$7.91	<b>\$8.39</b>

**Table 5-30: Five-Year Proposed Wastewater Rates**

Customer Class	Current Rates	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
		6%	6%	6%	6%	6%
<b>Single Family Residential</b>						
Monthly Fixed Charge (\$/acct)	\$32.62	\$35.20	\$35.20	\$37.32	\$37.32	\$39.56
<b>Multi Family Residential</b>						
Billing & CS (\$/acct)	\$6.20	\$4.58	\$4.58	\$4.85	\$4.85	\$5.14
WW Service Charges (\$/DU)	\$26.42	\$22.41	\$22.41	\$23.76	\$23.76	\$25.19
Total Multi Family Charge	\$32.62	\$26.99	\$26.99	\$28.61	\$28.61	\$30.33
<b>Commercial</b>						
Billing & CS (\$/acct)	\$6.20	\$4.58	\$4.58	\$4.85	\$4.85	\$5.14
Volumetric Charges (\$/ccf with 90% RTS)						
Commercial Low	\$4.38	\$5.05	\$5.05	\$5.36	\$5.36	\$5.69
Commercial Medium	\$7.05	\$6.41	\$6.41	\$6.80	\$6.80	\$7.21
Commercial High	\$10.66	\$8.39	\$8.39	\$8.90	\$8.90	\$9.44

## 5.4 WASTEWATER CUSTOMER IMPACT ANALYSIS

A customer impact analysis for the average customer in each class is shown in Table 5-31. The bill impacts are a result of the revised strengths in Table 5-14.

**Table 5-31: Wastewater Customer Impact Analysis**

Customer Class Impact Analysis	Current	FYE 2021	%
<b>Residential</b>			
Single Family	\$1,434,628	<b>\$1,548,210</b>	7.9%
Multi Family	\$61,276	<b>\$51,721</b>	-15.6%
<b>Non-Residential</b>			
Commercial Low	\$50,946	<b>\$57,690</b>	13.2%
Commercial Medium	\$49,881	<b>\$45,276</b>	-9.2%
Commercial High	\$27,566	<b>\$21,685</b>	-21.3%
<b>Total</b>	<b>\$1,624,297</b>	<b>\$1,724,583</b>	<b>6%</b>

# 6. NON-DOMESTIC WATER SERVICE FINANCIAL PLAN AND RATES

## 6.1 NON-DOMESTIC WATER SERVICE FINANCIAL PLAN

The financial plan provides long-term financial projections for the ND Water (also known as recycled water) Fund based on projected revenues, O&M expenses, CIP funding, and projected debt service payments. The primary results of the financial plan include a cashflow summary and the rate revenue requirement, the latter being the key factor driving rate development. The following subsections describe the functionality of various financial plan components. The long-term financial plan timeframe spans FYE 2021 through FYE 2029.

### 6.1.1 Non-Domestic Current Revenues

The current ND meter-based and volumetric rates are provided in Table 6-1, and account and use projections are provided in Table 6-2. Using the inflationary assumptions in Table 2-1, Raftelis escalated current ND water rate and non-rate revenues across the study period as shown in Table 6-3. Note that interest revenue is based on the forecast of the fund balance.

**Table 6-1: Current Non-Domestic Rates**

Meter Size	Current Rates
5/8	\$16.67
3/4	\$16.67
1	\$24.00
1 1/2	\$43.85
2	\$65.04
3	\$134.03
4	\$233.19
6	\$579.72
10	\$1,513.42
<b>Non-Domestic Usage Rates</b>	
	<b>\$/ccf</b>
Non-Domestic - Dove	\$2.40
Non-Domestic - Golf Course	\$2.50
Non-Domestic - Other Customers	\$2.41

**Table 6-2: Projected Non-Domestic Units of Service**

Units of Service	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025-29
	A	B	C	D	E
<b>Accounts</b>					
5/8	0	0	0	0	0
3/4	0	0	0	0	0
1	0	0	0	0	0
1 1/2	4	4	4	4	4
2	18	18	18	18	18
3	3	3	3	3	3
4	1	1	1	1	1
6	1	1	1	1	1
10	0	0	0	0	0
<b>Use (ccf)</b>					
Total Reclaimed	180,414	180,414	180,414	180,414	180,414
Total Recycled	50,355	50,355	50,355	50,355	50,355

**Table 6-3: Projected Current Non-Domestic Revenues**

Non-Domestic Revenues	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>OPERATING REVENUES</b>									
Revenues from Current Rates	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369
Total Revenue Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenues	\$35,100	\$42,100	\$46,100	\$50,500	\$55,300	\$60,600	\$66,300	\$72,600	\$79,500
<b>NON-OPERATING</b>									
Property Tax Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenues	\$0	-\$8,372	-\$11,861	-\$15,208	-\$17,164	-\$19,307	-\$21,644	-\$24,201	-\$26,985
Sale of Fixed Asset	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Rev	\$11,800	\$12,036	\$12,277	\$12,522	\$12,773	\$13,028	\$13,289	\$13,554	\$13,826
<b>TOTAL REVENUE</b>	<b>\$684,269</b>	<b>\$678,133</b>	<b>\$678,884</b>	<b>\$680,183</b>	<b>\$683,278</b>	<b>\$686,690</b>	<b>\$690,313</b>	<b>\$694,322</b>	<b>\$698,710</b>

## 6.1.2 Non-Domestic O&M Expenses

Table 6-4 projects O&M expenses across the study period using the inflationary assumptions in Table 2-1.

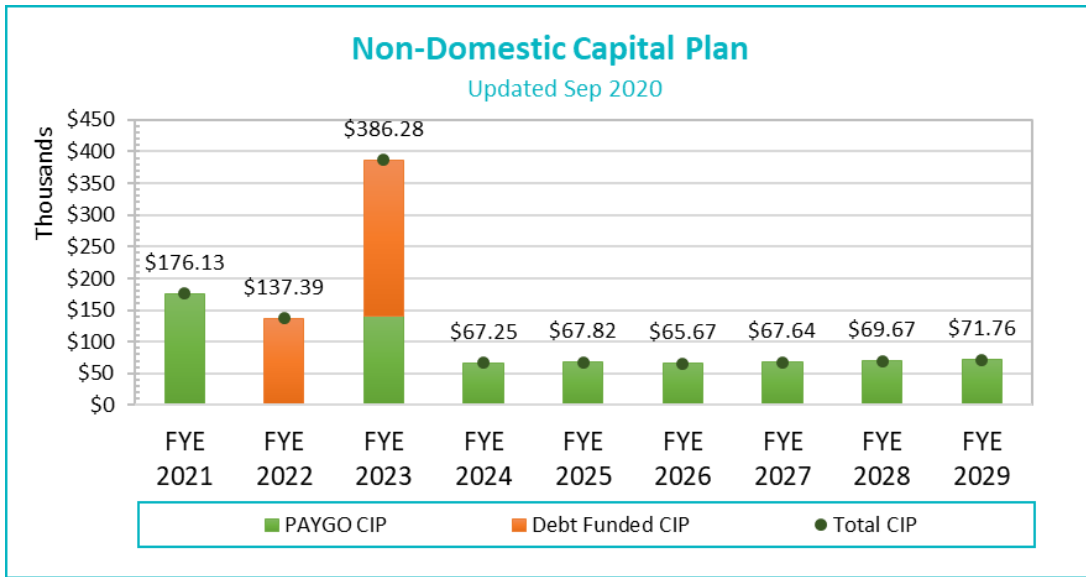
**Table 6-4: Projected Non-Domestic O&M Expenses**

Non-Domestic O&M Expenses	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
Non-Domestic Related Direct Expenses	\$446,700	\$450,900	\$462,772	\$474,996	\$487,583	\$500,546	\$513,897	\$527,649	\$541,816
Salaries & Benefits	\$226,200	\$249,400	\$257,717	\$265,429	\$273,744	\$281,668	\$289,609	\$297,975	\$306,974
OPEB Trust Contributions & Paygo	\$14,400	\$14,800	\$15,400	\$15,800	\$16,400	\$16,800	\$17,400	\$17,800	\$18,400
Board Expenses	\$38,300	\$39,500	\$40,750	\$42,063	\$43,441	\$44,888	\$46,407	\$48,002	\$49,678
<b>Total Non-Domestic O&amp;M</b>	<b>\$725,600</b>	<b>\$754,600</b>	<b>\$776,639</b>	<b>\$798,288</b>	<b>\$821,168</b>	<b>\$843,902</b>	<b>\$867,313</b>	<b>\$891,427</b>	<b>\$916,867</b>

## 6.1.3 Non-Domestic CIP Funding

The annual CIP provided by District staff in September 2020 was utilized for the financial plan (Figure 6-1). A 3% annual capital inflation factor was used for the projected annual CIP funding. A combination of PAYGO (green bars) and new debt financing (orange bars) is needed to finance the projected CIP.

**Figure 6-1: Projected Annual Non-Domestic CIP Funding**



## **6.1.4 Non-Domestic Debt Service**

### ***6.1.4.1 Current Debt Service***

The ND Water Fund currently has no outstanding debt.

### ***6.1.4.2 Proposed Debt Service***

The District plans to finance \$200,000 of its non-domestic CIP with new debt in FYE 2022, together with water and wastewater new debt. The annual debt service payment is estimated to be approximately \$27,000, assuming a 25-year term at a presumed 4.5% annual interest rate and 4% annual issuance cost.

## **6.1.5 Status Quo Non-Domestic Financial Plan**

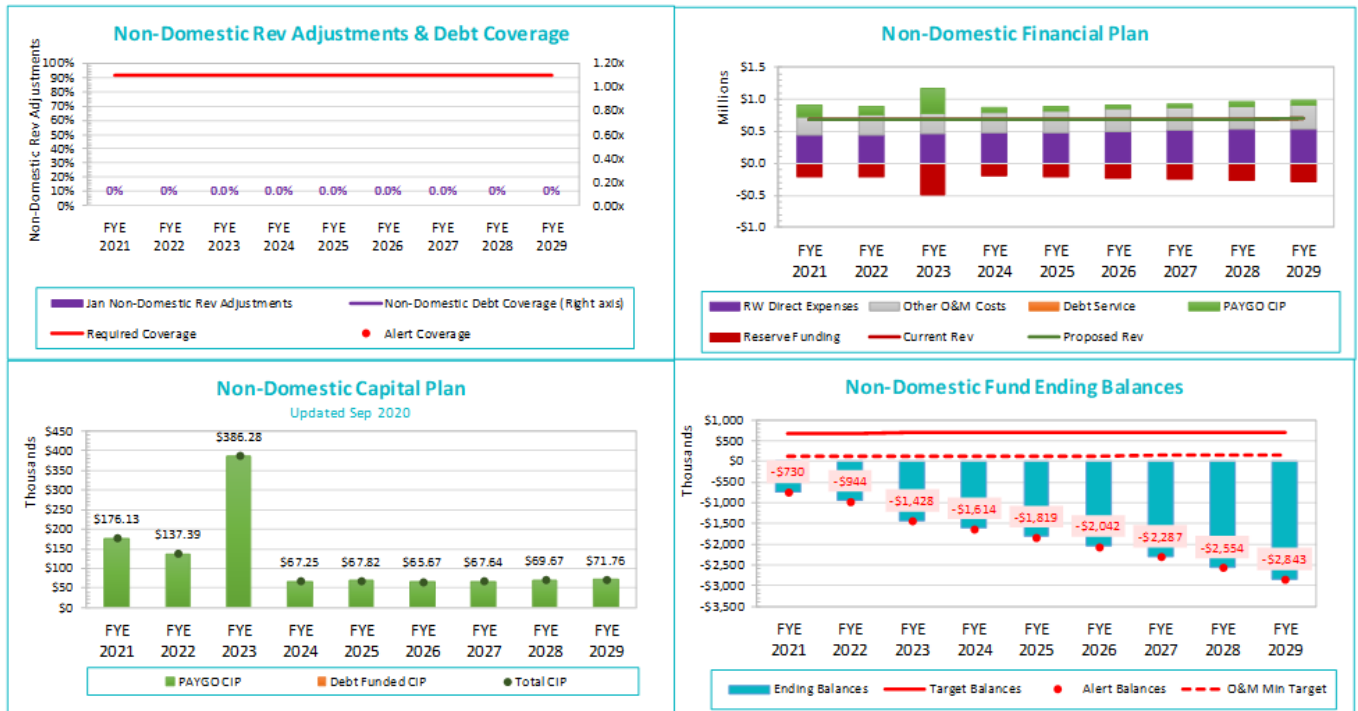
Table 6-5 summarizes the status quo financial plan with no revenue increases. The cash flow incorporates the revenues from current rates and non-rate revenues (Table 6-3), O&M expenses (Table 6-4), and capital improvement projects. All projections shown in the table are based upon the District's current rate structure and do not include rate adjustments. Under the "status-quo" financial plan scenario, the District would face negative cashflow every year of the study period.

Table 6-5: Status Quo Non-Domestic Financial Plan

Recycled & Reclaimed Cash Flows	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>REVENUES</b>									
Revenues from Current Rates	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369
Total Revenue Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenues	\$35,100	\$42,100	\$46,100	\$50,500	\$55,300	\$60,600	\$66,300	\$72,600	\$79,500
<b>NON-OPERATING REVENUES</b>									
Property Tax Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenues	\$0	-\$8,372	-\$11,861	-\$15,208	-\$17,164	-\$19,307	-\$21,644	-\$24,201	-\$26,985
Other Non-Operating Rev	\$11,800	\$12,036	\$12,277	\$12,522	\$12,773	\$13,028	\$13,289	\$13,554	\$13,826
<b>TOTAL REVENUE</b>	<b>\$684,269</b>	<b>\$678,133</b>	<b>\$678,884</b>	<b>\$680,183</b>	<b>\$683,278</b>	<b>\$686,690</b>	<b>\$690,313</b>	<b>\$694,322</b>	<b>\$698,710</b>
<b>O&amp;M EXPENSES</b>									
Non-Domestic Related Direct Expenses	\$446,700	\$450,900	\$462,772	\$474,996	\$487,583	\$500,546	\$513,897	\$527,649	\$541,816
Salaries & Benefits	\$226,200	\$249,400	\$257,717	\$265,429	\$273,744	\$281,668	\$289,609	\$297,975	\$306,974
OPEB Trust Contributions & Paygo	\$14,400	\$14,800	\$15,400	\$15,800	\$16,400	\$16,800	\$17,400	\$17,800	\$18,400
Board Expenses	\$38,300	\$39,500	\$40,750	\$42,063	\$43,441	\$44,888	\$46,407	\$48,002	\$49,678
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$725,600</b>	<b>\$754,600</b>	<b>\$776,639</b>	<b>\$798,288</b>	<b>\$821,168</b>	<b>\$843,902</b>	<b>\$867,313</b>	<b>\$891,427</b>	<b>\$916,867</b>
<b>NET REVENUE</b>	<b>(\$41,331)</b>	<b>(\$76,467)</b>	<b>(\$97,755)</b>	<b>(\$118,105)</b>	<b>(\$137,890)</b>	<b>(\$157,211)</b>	<b>(\$177,000)</b>	<b>(\$197,105)</b>	<b>(\$218,158)</b>
<b>DEBT SERVICE</b>									
Existing Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL DEBT SERVICE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Cash before Capital Expenses</b>	<b>(\$41,331)</b>	<b>(\$76,467)</b>	<b>(\$97,755)</b>	<b>(\$118,105)</b>	<b>(\$137,890)</b>	<b>(\$157,211)</b>	<b>(\$177,000)</b>	<b>(\$197,105)</b>	<b>(\$218,158)</b>
<b>CAPITAL EXPENDITURES</b>									
PAYGO Funded	\$176,130	\$137,387	\$386,279	\$67,249	\$67,818	\$65,673	\$67,643	\$69,672	\$71,763
Debt Funded	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$176,130</b>	<b>\$137,387</b>	<b>\$386,279</b>	<b>\$67,249</b>	<b>\$67,818</b>	<b>\$65,673</b>	<b>\$67,643</b>	<b>\$69,672</b>	<b>\$71,763</b>
<b>NET CASH CHANGES</b>	<b>(\$217,461)</b>	<b>(\$213,854)</b>	<b>(\$484,034)</b>	<b>(\$185,354)</b>	<b>(\$205,707)</b>	<b>(\$222,884)</b>	<b>(\$244,643)</b>	<b>(\$266,777)</b>	<b>(\$289,920)</b>
<b>BEGINNING RESERVES BALANCES</b>	<b>-\$512,802</b>	<b>-\$730,263</b>	<b>-\$944,117</b>	<b>-\$1,428,151</b>	<b>-\$1,613,504</b>	<b>-\$1,819,212</b>	<b>-\$2,042,096</b>	<b>-\$2,286,739</b>	<b>-\$2,553,516</b>
<b>ENDING BALANCES</b>	<b>(\$730,263)</b>	<b>(\$944,117)</b>	<b>(\$1,428,151)</b>	<b>(\$1,613,504)</b>	<b>(\$1,819,212)</b>	<b>(\$2,042,096)</b>	<b>(\$2,286,739)</b>	<b>(\$2,553,516)</b>	<b>(\$2,843,436)</b>
<b>Target Reserve Balances</b>	<b>\$682,514</b>	<b>\$687,281</b>	<b>\$690,904</b>	<b>\$694,462</b>	<b>\$698,223</b>	<b>\$701,960</b>	<b>\$705,809</b>	<b>\$709,773</b>	<b>\$713,955</b>
Operations	\$119,277	\$124,044	\$127,667	\$131,225	\$134,986	\$138,724	\$142,572	\$146,536	\$150,718
Rate Stabilization	\$63,237	\$63,237	\$63,237	\$63,237	\$63,237	\$63,237	\$63,237	\$63,237	\$63,237
Capital	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

The top right graph in Figure 6-2 shows the operating financial plan in Table 6-5 with no revenue adjustments (top left graph). District costs are represented by the sum of the gray (O&M costs) and green (PAYGO CIP) bars. The District uses reserves to fund revenue shortfall, as shown by the red bars below the x-axis. The capital improvement plan is shown in the bottom left. Ending reserve balances remain negative across the study period as shown in the bottom right.

**Figure 6-2: Status Quo Non-Domestic Financial Plan**



### 6.1.6 Proposed Non-Domestic Financial Plan

One of the study’s major objectives is to develop a long-term financial plan ensuring financial sufficiency for the ND Water Fund’s projected operating and capital obligations. Raftelis developed a long-term financial plan model incorporating the known and forecasted cost increases for operating and capital expenditures. The results were presented and discussed with the District Board of Directors. The proposed revenue adjustments for the ND Water Fund are shown in Table 6-6.

**Table 6-6: Proposed Non-Domestic Water Revenue Annual Adjustments**

Fiscal Year Ending	Effective	Non-Domestic	New ND Debt
2021	Jan	10%	
2022	Jan	10%	\$200K
2023	Jan	15%	
2024	Jan	15%	
2025	Jan	15%	

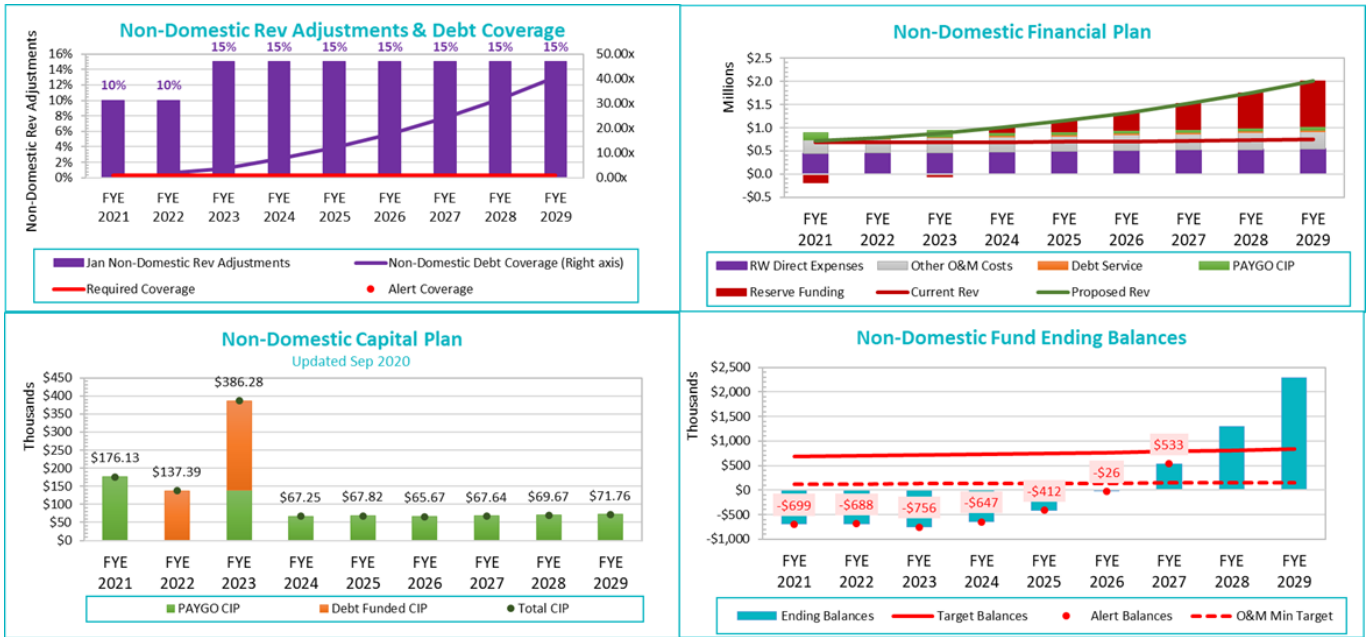
These revenue adjustments and proposed debt issue are incorporated into Raftelis' recommended financial plan in Table 6-7. Under this proposed financial plan scenario, the District's projected cashflow is positive starting in FYE 2022. Equally critical, ending reserve balances become positive during the middle of the study period.

**Table 6-7: Proposed Non-Domestic Water Financial Plan**

Recycled & Reclaimed Cash Flows	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029
<b>REVENUES</b>									
Revenues from Current Rates	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369	\$632,369
Total Revenue Adjustments	\$31,618	\$98,017	\$190,185	\$313,568	\$455,459	\$618,633	\$806,283	\$1,022,081	\$1,270,248
Other Operating Revenues	\$35,100	\$42,100	\$46,100	\$50,500	\$55,300	\$60,600	\$66,300	\$72,600	\$79,500
<b>NON-OPERATING REVENUES</b>									
Property Tax Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenues	\$0	-\$5,706	-\$5,994	-\$7,015	-\$5,295	-\$2,192	\$2,531	\$9,134	\$17,933
Other Non-Operating Rev	\$11,800	\$12,036	\$12,277	\$12,522	\$12,773	\$13,028	\$13,289	\$13,554	\$13,826
<b>TOTAL REVENUE</b>	<b>\$715,887</b>	<b>\$778,816</b>	<b>\$874,937</b>	<b>\$1,001,944</b>	<b>\$1,150,605</b>	<b>\$1,322,437</b>	<b>\$1,520,772</b>	<b>\$1,749,738</b>	<b>\$2,013,876</b>
<b>O&amp;M EXPENSES</b>									
Non-Domestic Related Direct Expenses	\$446,700	\$450,900	\$462,772	\$474,996	\$487,583	\$500,546	\$513,897	\$527,649	\$541,816
Salaries & Benefits	\$226,200	\$249,400	\$257,717	\$265,429	\$273,744	\$281,668	\$289,609	\$297,975	\$306,974
OPEB Trust Contributions & Paygo	\$14,400	\$14,800	\$15,400	\$15,800	\$16,400	\$16,800	\$17,400	\$17,800	\$18,400
Board Expenses	\$38,300	\$39,500	\$40,750	\$42,063	\$43,441	\$44,888	\$46,407	\$48,002	\$49,678
<b>TOTAL O&amp;M EXPENSES</b>	<b>\$725,600</b>	<b>\$754,600</b>	<b>\$776,639</b>	<b>\$798,288</b>	<b>\$821,168</b>	<b>\$843,902</b>	<b>\$867,313</b>	<b>\$891,427</b>	<b>\$916,867</b>
<b>NET REVENUE</b>	<b>(\$9,713)</b>	<b>\$24,216</b>	<b>\$98,298</b>	<b>\$203,656</b>	<b>\$329,437</b>	<b>\$478,536</b>	<b>\$653,458</b>	<b>\$858,311</b>	<b>\$1,097,008</b>
<b>DEBT SERVICE</b>									
Existing Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposed Debt Service	\$0	\$13,488	\$26,976	\$26,976	\$26,976	\$26,976	\$26,976	\$26,976	\$26,976
<b>TOTAL DEBT SERVICE</b>	<b>\$0</b>	<b>\$13,488</b>	<b>\$26,976</b>	<b>\$26,976</b>	<b>\$26,976</b>	<b>\$26,976</b>	<b>\$26,976</b>	<b>\$26,976</b>	<b>\$26,976</b>
<b>Net Cash before Capital Expenses</b>	<b>(\$9,713)</b>	<b>\$10,728</b>	<b>\$71,322</b>	<b>\$176,680</b>	<b>\$302,462</b>	<b>\$451,560</b>	<b>\$626,483</b>	<b>\$831,335</b>	<b>\$1,070,033</b>
<b>CAPITAL EXPENDITURES</b>									
PAYGO Funded	\$176,130	\$0	\$139,666	\$67,249	\$67,818	\$65,673	\$67,643	\$69,672	\$71,763
Debt Funded	\$0	\$137,387	\$246,613	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$176,130</b>	<b>\$137,387</b>	<b>\$386,279</b>	<b>\$67,249</b>	<b>\$67,818</b>	<b>\$65,673</b>	<b>\$67,643</b>	<b>\$69,672</b>	<b>\$71,763</b>
<b>NET CASH CHANGES</b>	<b>(\$185,843)</b>	<b>\$10,728</b>	<b>(\$68,344)</b>	<b>\$109,431</b>	<b>\$234,644</b>	<b>\$385,887</b>	<b>\$558,840</b>	<b>\$761,663</b>	<b>\$998,270</b>
<b>BEGINNING RESERVES BALANCES</b>	<b>-\$512,802</b>	<b>-\$698,645</b>	<b>-\$687,916</b>	<b>-\$756,260</b>	<b>-\$646,829</b>	<b>-\$412,185</b>	<b>-\$26,298</b>	<b>\$532,542</b>	<b>\$1,294,205</b>
<b>ENDING BALANCES</b>	<b>(\$698,645)</b>	<b>(\$687,916)</b>	<b>(\$756,260)</b>	<b>(\$646,829)</b>	<b>(\$412,185)</b>	<b>(\$26,298)</b>	<b>\$532,542</b>	<b>\$1,294,205</b>	<b>\$2,292,475</b>
<b>Target Reserve Balances</b>	<b>\$685,675</b>	<b>\$697,082</b>	<b>\$709,922</b>	<b>\$725,819</b>	<b>\$743,769</b>	<b>\$763,824</b>	<b>\$786,437</b>	<b>\$811,981</b>	<b>\$840,980</b>
Operations	\$119,277	\$124,044	\$127,667	\$131,225	\$134,986	\$138,724	\$142,572	\$146,536	\$150,718
Rate Stabilization	\$66,399	\$73,039	\$82,255	\$94,594	\$108,783	\$125,100	\$143,865	\$165,445	\$190,262
Capital	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

The top right graph in Figure 6-3 shows the operating financial plan represented in Table 6-7. District costs are represented by the sum of the gray (O&M costs), orange (debt service), and green (PAYGO CIP) bars. Due to the relatively small amount of proposed debt, the orange bars are difficult to visualize. The capital improvement plan in the bottom left graph is partially funded through a debt issue in FYE 2022. As indicated in the bottom right, ending reserve balances start becoming positive and reach the target value by the end of the study period.

**Figure 6-3: Proposed Non-Domestic Financial Plan**



## 6.2 NON-DOMESTIC WATER COST-OF-SERVICE ANALYSIS

A cost-of-service analysis distributes a utility’s revenue requirements (costs) to each customer class. The ND water cost-of-service analysis is analogous to the water cost-of-service analysis, presented in Section 4.2. Please refer to that Section for background details on the analysis.

### 6.2.1 Determine Revenue Requirements

The first step in the cost-of-service analysis is to determine the revenue requirements. The revenue requirement from rates is shown in Table 6-8, line 7. Rate and non-rate revenues (i.e., revenue offsets) are subtracted from the revenue requirement in line 7 to obtain the net revenue requirement from current rates in line 16, which is the same value as current rate revenue in Table 6-1.

**Table 6-8: FYE 2021 Current Non-Domestic Revenue Requirements**

Current Revenue Requirements		FYE 2021
1	<b>REVENUE REQUIREMENTS</b>	
2	O&M Expenses	\$725,600
3	Debt Service	\$0
4	Rate Funded CIP	\$176,130
5	Transfers to Other Funds	\$0
6	Reserve Funding w/o Rev Adjustment	-\$217,461
7	<b>SUBTOTAL REVENUE REQUIREMENTS</b>	<b>\$684,269</b>
8		
9	<b>OTHER REVENUES OFFSETS</b>	
10	Other Operating Revenues	-\$35,100
11	Sale of Fixed Asset	-\$5,000
12	Other Non-Operating Rev	-\$11,800
13		
14	<b>SUBTOTAL OTHER REVENUES OFFSETS</b>	<b>-\$51,900</b>
15		
16	<b>NET REV REQ FROM CURRENT RATES</b>	<b>\$632,369</b>

## 6.2.2 Functionalize and Allocate O&M and Capital Costs

Cost components that are designed to meet max day peaks, such as reservoirs and transmission facilities, are allocated to both base delivery and max day factors. These peaking factors are listed in Table 6-9<sup>30</sup>.

**Table 6-9: Non-Domestic Water System Peaking Factors**

	Non-Domestic	Peaking Factors
1	Average Day Demand	1.00
2	Max Day Demand	2.20
3	Max Hour Demand	6.60

The max day factor of the District’s system is 2.20, which means that max day demand is expected to be 220% of the average day capacity. Calculating the max day allocation of functional costs to the cost causation components results in the following:

$$\text{Base Fixed Allocation} = \frac{\text{Base Fixed}}{\text{Max Day}} = \frac{1}{2.20} \approx 45.5\%$$

$$\text{Max Day Allocation} = 1 - \text{Base/Max Day} \approx 54.5\%$$

<sup>30</sup> From page 2-19 of 1999 Master Plan prepared by Montgomery Watson

Facilities designed for max hour peaks, such as distribution system facilities, are allocated similarly. The max hour factor is 4.82, so max hour facilities are designed to provide 482% of the average day capacity. The allocation of max hour facilities is shown below:

$$\text{Base Fixed Allocation} = \frac{\text{Base}}{\text{Max Hour}} = \frac{1}{6.60} \approx 15.15\%$$

$$\text{Max Day Allocation} = \frac{\text{Max Day} - \text{Base}}{\text{Max Hour}} = \frac{2.20 - 1.00}{6.60} \approx 18.18\%$$

$$\text{Max Hour Allocation} = 1 - 15.15\% - 18.18\% \approx 66.67\%$$

The results of the allocation are presented in Table 6-10. These percentages are then applied to the operating and capital improvement expenses to allocate costs among base, max day, and max hour cost components.

**Table 6-10: Allocation of Extra Capacity Functional Costs to Cost Causation Categories**

	Peaking Factor	Base	Max Day	Max Hour
<b>Base</b>	1.00	100%		
<b>Max Day</b>	2.20	45.45%	54.55%	
<b>Max Hour</b>	6.60	15.15%	18.18%	66.67%

Raftelis reviewed and functionalized the ND Water Fund’s O&M expenses and asset list. Table 6-11 summarizes the functionalized O&M costs for the Water Fund for test year FYE 2021. Note that salaries and benefits have been reallocated to the remaining functional categories as shown in Table 6-12.

**Table 6-11: FYE 2021 Functionalized Non-Domestic O&M Costs**

Functions	FYE 2021
<b>Supply</b>	\$79,400
<b>Storage</b>	\$0
<b>Pumping</b>	\$70,300
<b>Treatment</b>	\$81,800
<b>T&amp;D</b>	\$44,500
<b>Meter Service</b>	\$0
<b>G&amp;A</b>	\$202,600
<b>Billing &amp; CS</b>	\$6,400
<b>Salaries &amp; Benefits</b>	\$240,600
<b>Total</b>	<b>\$725,600</b>

**Table 6-12: Salaries and Benefits Allocations to Cost Components**

Salaries & Benefits	%	FYE 2021
<b>Supply</b>	30.0%	\$72,180
<b>Storage</b>	20.0%	\$48,120
<b>Pumping</b>	10.0%	\$24,060
<b>Treatment</b>	20.0%	\$48,120
<b>T&amp;D</b>	20.0%	\$48,120
<b>Total</b>	<b>100%</b>	<b>\$240,600</b>

The O&M costs in Table 6-11 and Table 6-12 are allocated to the different cost causation components as in Table 6-13.

**Table 6-13: Allocation of Non-Domestic Water Functions to Cost Causation Categories**

Functions	Supply	Base Fixed	Max Day	Max Hour	Billing & CS	Meters & Services	General
<b>Supply</b>	100%						
<b>Storage</b>		45%	55%	0%			
<b>Pumping</b>		15%	18%	67%			
<b>Treatment</b>		45%	55%	0%			
<b>T&amp;D</b>		15%	18%	67%			
<b>Meter Service</b>						100%	
<b>G&amp;A</b>							100%
<b>Billing &amp; CS</b>					100%		

The ND Water assets are functionalized and allocated to different cost causation components in Table 6-14. Note that salaries and benefits from Table 6-12 are reallocated to other functional categories as shown in Table 6-15.

**Table 6-14: Functionalized Non-Domestic Water Asset Values**

Asset Types	Functions	Replacement Costs Asset Value	Supply	Base Fixed	Max Day	Max Hour	General
<b>General &amp; Administrative</b>	G&A	<b>\$388,409</b>					100%
<b>RW - general</b>	G&A	<b>\$582,819</b>					100%
<b>RW - pumping</b>	Pumping	<b>\$4,300,450</b>		15%	18%	67%	
<b>RW - storage</b>	Storage	<b>\$646,820</b>		45%	55%	0%	
<b>Sewer-disposal Robinson</b>	G&A	<b>\$617,774</b>					100%
<b>Sewer - tertiary treatment</b>	Supply	<b>\$2,230,096</b>	100%				
<b>Total</b>		<b>\$8,766,368</b>	<b>\$2,230,096</b>	<b>\$945,592</b>	<b>\$1,134,711</b>	<b>\$2,866,967</b>	<b>\$1,589,002</b>
<b>Allocation %</b>			<b>25.4%</b>	<b>10.8%</b>	<b>12.9%</b>	<b>32.7%</b>	<b>18.1%</b>

**Table 6-15: Allocations of Non-Domestic Water Salaries and Benefits Costs**

Salaries & Benefits	\$	Supply	Base Fixed	Max Day	Max Hour
Supply	\$72,180	\$72,180	\$0	\$0	\$0
Storage	\$48,120	\$0	\$21,873	\$26,247	\$0
Pumping	\$24,060	\$0	\$3,645	\$4,375	\$16,040
Treatment	\$48,120	\$0	\$21,873	\$26,247	\$0
T&D	\$48,120	\$0	\$7,291	\$8,749	\$32,080
<b>Total Salaries &amp; Benefits</b>	<b>\$240,600</b>	<b>\$72,180</b>	<b>\$54,682</b>	<b>\$65,618</b>	<b>\$48,120</b>
<b>Total Salaries &amp; Benefits %</b>		<b>30%</b>	<b>23%</b>	<b>27%</b>	<b>20%</b>

### 6.2.3 Allocate Revenue Requirements to Cost Categories

Table 6-16 identifies the allocation basis (i.e., O&M or Capital Allocation) used for each line item in the revenue requirements, and Table 6-17 illustrates the allocation of these across different cost components. Note that the revenue offsets are applied entirely to general costs.

**Table 6-16: FYE 2021 Current Non-Domestic Revenue Requirements**

	Current Revenue Requirements	FYE 2021	Allocation Factors
1	<b>REVENUE REQUIREMENTS</b>		
2	O&M Expenses	\$725,600	O&M
3	Debt Service	\$0	Capital
4	Rate Funded CIP	\$176,130	Capital
5	Transfers to Other Funds	\$0	Capital
6	Reserve Funding w/o Rev Adjustment	-\$217,461	O&M
7	<b>SUBTOTAL REVENUE REQUIREMENTS</b>	<b>\$684,269</b>	
8			
9	<b>OTHER REVENUES OFFSETS</b>		
10	Other Operating Revenues	-\$35,100	100% G&A
11	Sale of Fixed Asset	-\$5,000	100% G&A
12	Other Non-Operating Rev	-\$11,800	100% G&A
13			
14	<b>SUBTOTAL OTHER REVENUES OFFSETS</b>	<b>-\$51,900</b>	
15			
16	<b>NET REV REQ FROM CURRENT RATES</b>	<b>\$632,369</b>	

**Table 6-17: Allocations of FYE 2021 Current Non-Domestic Water Revenue Requirements**

Current Revenue Requirements	FYE 2021	Supply	Base Fixed	Max Day	Max Hour	Billing & CS	General	Total
<b>REVENUE REQUIREMENTS</b>								
O&M Expenses	\$725,600	\$151,580	\$109,258	\$131,109	\$124,653	\$6,400	\$202,600	\$725,600
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rate Funded CIP	\$176,130	\$44,806	\$18,998	\$22,798	\$57,602	\$0	\$31,926	\$176,130
Transfers to Other Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Funding w/o Rev Adjustment	-\$217,461	-\$45,428	-\$32,744	-\$39,293	-\$37,358	-\$1,918	-\$60,719	-\$217,461
<b>SUBTOTAL REVENUE REQUIREMENTS</b>	<b>\$684,269</b>	<b>\$150,958</b>	<b>\$95,512</b>	<b>\$114,614</b>	<b>\$144,897</b>	<b>\$4,482</b>	<b>\$173,807</b>	<b>\$684,269</b>
<b>OTHER REVENUES OFFSETS</b>								
Other Operating Revenues	-\$35,100	\$0	\$0	\$0	\$0	\$0	-\$35,100	-\$35,100
Property Tax Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Fixed Asset	-\$5,000	\$0	\$0	\$0	\$0	\$0	-\$5,000	-\$5,000
Other Non-Operating Rev	-\$11,800	\$0	\$0	\$0	\$0	\$0	-\$11,800	-\$11,800
Developer Impact Fees (DIF)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL OTHER REVENUES OFFSETS</b>	<b>-\$51,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$51,900</b>	<b>-\$51,900</b>
<b>NET REV REQ FROM CURRENT RATES</b>	<b>\$632,369</b>	<b>\$150,958</b>	<b>\$95,512</b>	<b>\$114,614</b>	<b>\$144,897</b>	<b>\$4,482</b>	<b>\$121,907</b>	<b>\$632,369</b>

Table 6-18 reallocates general costs to the other cost components.

**Table 6-18: Reallocation of General Costs**

Cost Causation Categories	Current Rates	Cost Subjects to General Costs	General Cost Allocation Factors	Reallocated General Costs	Adjusted Rev Req
Supply	\$150,958	\$150,958	30%	\$36,051	<b>\$187,009</b>
Base Fixed	\$95,512	\$95,512	19%	\$22,810	<b>\$118,321</b>
Peaking	\$259,511	\$259,511	51%	\$61,975	<b>\$321,486</b>
Billing & CS	\$4,482	\$4,482	1%	\$1,070	<b>\$5,552</b>
General	\$121,907		-100%	-\$121,907	<b>\$0</b>
<b>NET REV REQ FROM CURRENT RATES</b>	<b>\$632,369</b>	<b>\$510,462</b>	<b>0%</b>	<b>\$0</b>	<b>\$632,369</b>

Adjusted revenue requirements shown in Table 6-18 will be recovered through a combination of fixed charge and usage rate. Note that ND Water fixed cost combines the base fixed and peaking. The District decided to charge the same fixed charge (in terms of dollar value) for both water and ND Water services because they have similar cost profiles (e.g., meter repair, meter reading, billing, and customer service). The revenue collected through fixed charges, shown in Table 6-19, is calculated based on the revised water service charge. Thus, the remaining revenue requirement is covered through the usage rate.

**Table 6-19: Non-Domestic Water Revenue Requirements Allocated to Rate Components**

	FYE 2021 Current Rev Req	Fixed Charges	Usage Rates
Supply	\$187,009		\$187,009
ND Fixed Cost	\$439,807	\$65,070	\$374,737
Billing & CS	\$5,552	\$5,552	
<b>Net Current Rev Req</b>	<b>\$632,369</b>	<b>\$70,622</b>	<b>\$561,747</b>

**Table 6-20: Non-Domestic Units of Service**

Customer Class	FYE 2021 Sales (ccf)
<b>Non-Domestic (ccf)</b>	
<b>ND - Dove</b>	69,675
<b>ND - Golf Course</b>	110,739
<b>ND - Other Customers</b>	50,355
<b>Total</b>	<b>230,769</b>

## 6.3 NON-DOMESTIC RATES DEVELOPMENT

### 6.3.1 Non-Domestic Monthly Fixed Service Charges

Both water and ND water services require similar billing and customer services and meter capacity related costs, thus the District decided to set the ND Water fixed service charges the same as potable water services as shown in Table 6-21.

**Table 6-21: Non-Domestic Monthly Fixed Service Charges**

	Meter Size	# of Meters	Current	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023	Jan 1, 2024	Jan 1, 2025
				A	B	C	D	E
1	5/8	0	\$16.67	<b>\$18.03</b>	\$19.48	\$21.04	\$22.73	\$24.55
2	3/4	0	\$16.67	<b>\$18.03</b>	\$19.48	\$21.04	\$22.73	\$24.55
3	1	0	\$24.00	<b>\$26.31</b>	\$28.42	\$30.70	\$33.16	\$35.82
4	1 1/2	4	\$43.85	<b>\$47.01</b>	\$50.78	\$54.85	\$59.24	\$63.98
5	2	18	\$65.04	<b>\$71.85</b>	\$77.60	\$83.81	\$90.52	\$97.77
6	3	3	\$134.03	<b>\$150.51</b>	\$162.56	\$175.57	\$189.62	\$204.79
7	4	1	\$233.19	<b>\$266.43</b>	\$287.75	\$310.77	\$335.64	\$362.50
8	6	1	\$579.72	<b>\$668.01</b>	\$721.46	\$779.18	\$841.52	\$908.85
9	10	2	\$1,513.42	<b>\$1,744.41</b>	\$1,883.97	\$2,034.69	\$2,197.47	\$2,373.27
<b>10</b>	<b>Projected Revenue</b>		<b>\$67,056</b>	<b>\$76,274</b>	<b>\$82,377</b>	<b>\$88,968</b>	<b>\$96,087</b>	<b>\$103,776</b>

### 6.3.2 Non-Domestic Water Usage Rates

Table 6-22 shows the derivation of the unit cost of service for the ND Water volumetric rate. The District is implementing a uniform rate for all ND Water customers as it is a more common rate structure for ND Water. Note that the revenue requirements in Table 6-19 are divided by Table 6-20 to arrive at the unit costs of service. The proposed ND Water rates based on the revised cost of service and before revenue adjustments are presented in Table 6-23. Table 6-24 presents the rate with the proposed revenue adjustments.

**Table 6-22: Non-Domestic Water Usage Rate Components**

FYE 2021	Usage Rates	
	Supply	System = Base Fixed + Peaking
<b>Revenue Requirements (Table 6-19)</b>	\$187,009	\$374,738
<b>Units of Service (Table 6-20)</b>	230,769	230,769
<b>Units</b>	ccf	ccf
<b>Unit Cost of Service</b>	<b>\$0.82</b>	<b>\$1.63</b>

**Table 6-23: FYE 2021 Non-Domestic Water Usage Rates**

Non-Domestic Usage Rates	Supply	System=Base Fixed + Peaking	Proposed Rates (\$/ccf)	Current Rates (\$/ccf)
<b>Dove</b>	\$0.82	\$1.63	<b>\$2.45</b>	\$2.40
<b>Golf Course</b>	\$0.82	\$1.63	<b>\$2.45</b>	\$2.50
<b>Other ND Customers</b>	\$0.82	\$1.63	<b>\$2.45</b>	\$2.41
<b>Total</b>	<b>\$189,231</b>	<b>\$376,154</b>	<b>\$565,385</b>	<b>\$565,313</b>

**Table 6-24: Proposed FYE 2021 Non-Domestic Water Usage Rates (with 10% Rev Adjustment)**

Non-Domestic	Before Rev Adj A	With Proposed FYE 2021 Revenue Adjustments B	Notes
<b>1 Current Revenues</b>			
2 Fixed Service Charges	\$67,056	\$67,056	Table 6-19
3 Usage Rates	\$565,313	\$565,313	Table 6-23
<b>4 Total Current ND Revenues</b>	<b>\$632,369</b>	<b>\$632,369</b>	
5 Proposed Revenue Adjustments		10%	Table 6-6
6 Cumulative Rev Adjustments	100%	110.00%	
<b>7 Proposed Non-Domestic Revenues</b>	<b>\$632,369</b>	<b>\$695,606</b>	[B7] = [A7] x [B6]
8 Revenue from Fixed Charges	\$70,622	\$76,274	Table 6-21
<b>9 Req Rev from ND Usage Rates</b>	<b>\$561,747</b>	<b>\$619,332</b>	[9] = [7] - [8]
10 % Increase		10%	
<b>11 Proposed Non-Domestic Water Usage Rates</b>			
12 Dove	\$2.45/ccf	<b>\$2.71/ccf</b>	A x (1+[B10]), roundup
13 Golf Course	\$2.45/ccf	<b>\$2.71/ccf</b>	A x (1+[B10]), roundup
14 Other ND Customers	\$2.45/ccf	<b>\$2.71/ccf</b>	A x (1+[B10]), roundup

Table 6-25 derives the ND water use rates over the study period and Table 6-26 presents both the Meter Flat charge and the use rate over the study period.

**Table 6-25: Calculations of Non-Domestic Water Use Rates for FYE 2021-FYE 2025**

Line No.	Non-Domestic	Before Rev Adj	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
1	Current Revenues						
2	Fixed Service Charges	\$67,056	\$67,056	\$67,056	\$67,056	\$67,056	\$67,056
3	Usage Rates	\$565,313	\$565,313	\$565,313	\$565,313	\$565,313	\$565,313
4	<b>Total Current ND Revenues</b>	<b>\$632,369</b>	<b>\$632,369</b>	<b>\$632,369</b>	<b>\$632,369</b>	<b>\$632,369</b>	<b>\$632,369</b>
5	Proposed Revenue Adjustments		10%	10%	15%	15%	15%
6	Cumulative Rev Adjustments	100%	110%	121%	139%	160%	184%
7	<b>Proposed Non-Domestic Revenues</b>	<b>\$632,369</b>	<b>\$695,606</b>	<b>\$765,166</b>	<b>\$879,941</b>	<b>\$1,011,932</b>	<b>\$1,163,722</b>
8	Revenue from Fixed Charges	\$70,622	\$76,274	\$82,377	\$88,968	\$96,087	\$103,776
9	<b>Req Rev from ND Usage Rates</b>	<b>\$561,747</b>	<b>\$619,332</b>	<b>\$682,789</b>	<b>\$790,973</b>	<b>\$915,845</b>	<b>\$1,059,946</b>
10	% Increase		10.25%	10.25%	15.84%	15.79%	15.73%
11	<b>Proposed Non-Domestic Water Usage Rates</b>						
12	<b>All ND Class</b>	<b>\$2.45/ccf</b>	<b>\$2.71/ccf</b>	<b>\$2.99/ccf</b>	<b>\$3.47/ccf</b>	<b>\$4.02/ccf</b>	<b>\$4.66/ccf</b>

**Table 6-26: Five-Year Proposed Non-Domestic Water Rates**

Meter Size	Current Rates	January 1, 2021	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
		10%	10%	15%	15%	15%
5/8	\$16.67	\$18.03	\$19.48	\$21.04	\$22.73	\$24.55
3/4	\$16.67	\$18.03	\$19.48	\$21.04	\$22.73	\$24.55
1	\$24.00	\$26.31	\$28.42	\$30.70	\$33.16	\$35.82
1 1/2	\$43.85	\$47.01	\$50.78	\$54.85	\$59.24	\$63.98
2	\$65.04	\$71.85	\$77.60	\$83.81	\$90.52	\$97.77
3	\$134.03	\$150.51	\$162.56	\$175.57	\$189.62	\$204.79
4	\$233.19	\$266.43	\$287.75	\$310.77	\$335.64	\$362.50
6	\$579.72	\$668.01	\$721.46	\$779.18	\$841.52	\$908.85
10	\$1,513.42	\$1,744.41	\$1,883.97	\$2,034.69	\$2,197.47	\$2,373.27
<b>Non-Domestic Usage Rates</b>	<b>\$/ccf</b>	<b>\$/ccf</b>	<b>\$/ccf</b>	<b>\$/ccf</b>	<b>\$/ccf</b>	<b>\$/ccf</b>
Non-Domestic - Dove	\$2.40	\$2.71	\$2.99	\$3.47	\$4.02	\$4.66
Non-Domestic - Golf Course	\$2.50	\$2.71	\$2.99	\$3.47	\$4.02	\$4.66
Non-Domestic - Other Customers	\$2.41	\$2.71	\$2.99	\$3.47	\$4.02	\$4.66

## 6.4 NON-DOMESTIC CUSTOMER IMPACT ANALYSIS

The customer impacts based on average use are provided in Table 6-27. Note that each customer will experience a slight increase from the current rate.

**Table 6-27: Non-Domestic Customer Impact Analysis**

Customer	Meter Size	Average Use (ccf)	Total Current Bill	Total Proposed FYE 2021 Bill	\$ Difference	% Difference
<b>Dove</b>	10"	6,663	<b>\$17,512</b>	<b>\$19,801</b>	\$2,289	13.1%
<b>Golf Course</b>	10"	10,713	<b>\$28,278</b>	<b>\$30,777</b>	\$2,499	8.8%
<b>Other ND Users</b>	2"	120	<b>\$353</b>	<b>\$397</b>	\$44	12.4%

## RESOLUTION NO. 2020-1288

### RESOLUTION OF THE TRABUCO CANYON WATER DISTRICT BOARD OF DIRECTORS DETERMINING COMPLIANCE WITH PROCEDURAL REQUIREMENTS, MAKING FINDINGS AND DETERMINATIONS, REVISING RATES FOR POTABLE WATER SERVICES, WASTEWATER (SEWER) SERVICES, RECYCLED WATER SERVICES, AND METER FLAT RATES, AMENDING THE CORRESPONDING RATE AND CHARGE SCHEDULES OF THE TRABUCO CANYON WATER DISTRICT AND TAKING RELATED ACTIONS

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**WHEREAS**, the Trabuco Canyon Water District (“District”) is a county water district organized and operating pursuant to Water Code Sections 30000 and following and related California law; and

**WHEREAS**, District has authority to set and collect rates and charges for potable water, water services, recycled water services and wastewater (sewer) services that it provides pursuant to the provisions of Water Code Sections 31000, 31001, 31024, 31025, 30253 and 31101; and

**WHEREAS**, the provisions of Section 6 of Article XIII D of the California Constitution are currently applicable to various rates and charges of public agencies and entities, including, but not limited to, potable water service, recycled water service and wastewater (sewer) service rates of public districts operating within the State of California (“State” or “California”) under current California law; and

**WHEREAS**, the District’s Board of Directors (“Board”) has previously adopted, and amended, its “Policy Concerning Rate Change Proceedings” (“Policy”) in order to provide directives, guidance and policies for changes in District’s service rates and charges, and implementation of rates and charges, under the provisions of California law, and to provide assistance for implementation of such requirements, which Policy is incorporated herein by this reference; and

**WHEREAS**, the Board has previously undertaken proceedings and provided direction for proposed changes in certain of the District’s rates and charges, including the potable water usage charge(s), recycled water usage charge(s), wastewater (sewer) service charge(s), and meter flat rate(s) (all as further described herein) and has directed that notice of such proposed changes in, and adoption of, such rates and charges, as applicable, be provided and that a public hearing be conducted thereon as required by State law, as described in the Policy and as further described herein; and

**WHEREAS**, the District’s existing water rates and charges for the Portola Hills Service Area of the District (as described in District Resolution No. 2018-1261) are not part of, or included within, the proceedings referenced in this Resolution, however District meter flat rate charges and wastewater (sewer) charges affecting the Portola Hills Service Area are a part of, and are included within, the proceedings referenced in this Resolution; and

**WHEREAS**, written notice of the referenced public hearing, the proposed revised rates and charges and proposed rate and charge implementation schedule has been provided to the District’s customers as required under applicable State law and as further described herein; and

**WHEREAS**, the Board has previously conducted a number of meetings and workshops to discuss and review the District’s financial planning and the proposed adjusted rates and charges which are further described herein; and

**WHEREAS**, the Board has received and filed that certain report entitled “Trabuco Canyon Water District 2020 Rate Study Report” prepared by Raftelis Financial Consultants, Inc. (“TCWD Rate Report”), which contains the analysis and basis for the proposed revisions to, and implementation of, the within-referenced rates and charges, which are further described therein and herein, which TCWD Rate Report is on file with the District Secretary and is incorporated herein by this reference; and

**WHEREAS**, the TCWD Rate Report was made available for review by members of the public by posting on the District’s website on November 16, 2020, and has been available at the District’s Business Offices for public review since such date; and

**WHEREAS**, there has also been prepared by, and for, the District documentation and financial data, including, but not limited to, the TCWD Rate Report, information concerning the District’s finances, fiscal projections, current and anticipated financial requirements, the costs and financing requirements for the District to meet its future facilities requirements, and the District’s adopted budget for Fiscal Year 2020-2021, as well as future budgetary projections, documenting the need for the within-referenced rates and charges, which data and information is on file with the District’s Secretary and has been made available to members of the public who may request such information and which information has been made available to, and in certain cases presented to, the Board as part of its consideration of this matter; and

**WHEREAS**, on December 16, 2020, the Board conducted and completed a noticed public hearing to receive public input, comments and protests with regard to such adjusted rates and charges, which public hearing was held at the District’s Board Room/Business Offices located at 32003 Dove Canyon Drive, Trabuco Canyon, California and as a virtual (online) meeting/teleconference pursuant to current Executive Orders of the Governor of the State; and

**WHEREAS**, information to support the findings made by the Board within this Resolution has been prepared by District staff and consultants, made available to any member of the public who would request such information and presented to the Board as part of its consideration of the matters set forth herein; and

**WHEREAS**, the Board desires to make certain findings and determinations in connection with the proposed adjusted rates and charges as set forth herein; and

**WHEREAS**, the Board desires to authorize and adopt the proposed adjusted rates and charges on the basis set forth herein, to comply with the schedule(s) attached hereto and to be effective as set forth within this Resolution.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

**Section 1. Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference.

**Section 2. Provision of Notice.** Pursuant to the provisions of Section 6(a)(1) of Article XIII D of the California Constitution and California Government Code Section 53755, the District provided written notice by mailing of the proposed within-referenced adjusted rates and charges to District customers within the District’s service area. The form of such notice is on file with the District’s Secretary and has been presented to the Board as part of its proceedings. Such notice included the proposed maximum amount of the proposed adjusted rates and charges to be effective for District’s customers, an

identification of the reasons for the proposed revision(s) and the proposed implementation schedule for such adjusted rates and charges, and a method of calculation for District's customers to determine the revision(s) of such rates and charges upon existing District customer accounts. Such notice also included a statement of the date, time and location of the public hearing to be conducted on such proposed adjusted rates and charges by the Board and the opportunity to present protests, and means for doing so, concerning the within-referenced proposed rates and charges to the Board.

Mailing of such written notice to District customers was completed more than forty-five (45) days prior to the date set for conducting of the public hearing. The applicable customer list to which such written notice was mailed is on file with the District's Secretary.

In addition to the provision of such written notice to District customers within the District's service area, the District also provided notice of such proposed revised and implemented rates and charges and such public hearing as follows:

- (a) Notice concerning the proposed adjusted rates and charges, the public hearing, the availability of documentation therefor and the opportunity to present protests concerning such proposed adjusted rates and charges, and means for doing so, was posted on the District's internet web site for a period of more than forty-five (45) days prior to the date the public hearing was conducted; and
- (b) Notice of the proposed adjusted rates and charges, the date, time and place of such public hearing and the opportunity to present protests concerning such proposed revised and implemented rates and charges was posted at the following locations:
  - a. District's Administrative Facility located at 32003 Dove Canyon Drive, Trabuco Canyon, California, on October 27, 2020.
  - b. City of Rancho Santa Margarita Public Notice Board located at 22112 El Paseo, Rancho Santa Margarita, California, on October 27, 2020.
  - c. Dove Canyon Community Public Notice Board located in the Dove Canyon Community, Trabuco Canyon, California, on October 30, 2020.

**Section 3. Data and Information Relating to Determination to Adopt and Implement Revised Rates and Charges.** The Board has been provided with, and/or had available to it, various reports, data and information supporting the findings set forth herein and the determination of the Board to impose such proposed adjusted rates and charges. Reference is also made to those meetings held by the Board, and supporting documentation made available to the Board and members of the public, as part of the consideration of the potential District imposition of the proposed revised and implemented rates and charges on on-going District financial considerations. Such data and information has been made available to members of the public desiring to review such, is on file with the District's Secretary and is available for review upon public request. Such data and information includes, but it not limited to, the following:

- (a) The TCWD Rate Report (specifically including the long-term financial plan and cost-of-services analysis set forth therein);
- (b) The District's Capital Improvement Program, and supporting documents, as submitted to, and reviewed by, the Board;

- (c) District's adopted Fiscal Year 2020-2021 Budget;
- (d) Financial projections relating to the District's financial and operating requirements, including, but not limited to, installment payments to be made by the District as part of the District's outstanding and project debt issuances and the costs and financing requirements for the District to meet its future facilities needs and service delivery requirements; and
- (e) Financial considerations relating to the prudent and financially responsible level of the District's financial dedicated funds and accounts (fiscal reserves), including policies relating thereto as previously established by this Board.

**Section 4. Public Hearing.** Pursuant to the provisions of Section 6(a)(2) of Article XIID of the California Constitution, the Board conducted a public hearing on the proposed adjusted rates and charges not less than forty-five (45) days after the date of mailing of such written notice to District customers within the District's boundaries as set forth in Section 2 herein. Such public hearing was held at District's Administrative Facility located at 32003 Dove Canyon Drive, Trabuco Canyon, California commencing at 7:00 p.m. on December 16, 2020 and included an opportunity for members of the public to participate both in person and through a virtual (online teleconference) meeting pursuant to current Executive Orders of the Governor. At the time of the public hearing the Board considered all protests against the proposed adjusted rates and charges as set forth in Section 5 hereof. Such public hearing was conducted in conformance with the requirements of the Policy. During such public hearing the Board was presented with the results of any and all qualified protests to the proposed adjusted rates and charges and heard and considered all public comments submitted to the Board during such public hearing and a full and fair hearing was held.

**Section 5. No Majority Protest.** Pursuant to the provisions of Section 6(a)(2) of Article XIID of the California Constitution and the Policy, the District Secretary has reviewed those protests received by District with regard to the imposition of the proposed adjusted rates and charges. Any and all protests submitted to District concerning such proposed adjusted rates and charges were handled and considered as set forth in the Policy. The District Secretary has compared such protests with the District's customer list on file with the District. The District Secretary has provided the Board with a statement of all such protests. Based thereon, the Board hereby determines that the proposed adjusted rates and charges described herein have not been protested by a majority of owners of parcels/customer accounts within District's service area.

**Section 6. Findings and Determinations.** The Board hereby finds and determines as follows:

- (a) The District's current and projected finances, financial condition and revenue requirements, and the costs and financing requirements for drought-measure potable water usage limitations and the need for the District to meet its future facilities, water storage and delivery requirements have been considered and the Board has adopted a balanced budget for Fiscal Year 2020-2021. Correspondingly, the Board hereby finds and determines that the revenues derived from the proposed adjusted rates and charges set forth herein do not exceed the funds required by the District in order to provide the corresponding services the District provides to its customers.
- (b) The Board hereby determines and directs that revenues derived from the proposed adjusted rates and charges set forth herein shall be used for the purposes for which

District was formed and operates, including, but not limited to, the provision of water availability (including, but not limited to, emergency water availability), potable water service, recycled water services and wastewater (sewer) services to the District's customers, as applicable, and shall not be used for other purposes.

- (c) The District's proposed adjusted rates and charges are based on the availability of service(s) to each District customer, as applicable, within each billing period. Correspondingly, the amount of the proposed adjusted rates and charges applicable to the District's customers does not exceed the cost of the District's provision of the corresponding service(s) to such customer(s).
- (d) Section 6(b)(4) of Article XIII D of the California Constitution provides that no fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. In the case of District's proposed adjusted rates and charges, District's services for water availability and delivery, recycled water availability and delivery and wastewater (sewer) collection, transportation, treatment and disposal are imposed on District customers where such service(s) are, as applicable, actually used by, or is immediately available to, District customers which are, and will be, subject to the proposed adjusted rates and charges. District's proposed adjusted rates and charges, as set forth herein, do not constitute any form of standby charge(s) as set forth in such section of the California Constitution.
- (e) The District's proposed adjusted rates and charges are imposed only on District customers for the particular and specific services provided by the District. The District's proposed adjusted rates and charges will be imposed pursuant to District's Rules and Regulations, as applicable, to the District's customers. District does not, and will not, impose any rates and charges for purposes of the provision of general governmental services such as police, fire, ambulance or library services which are available to the public at large.
- (f) District's proposed adjusted rates and charges, as set forth herein, are part of an integrated finance and revenue system including rates and charges, revenue sources, projected expenditures, debt service requirements, dedicated funds (reserves) and other financial considerations. The District's rates and charges are structured and implemented by the District in order to meet District's financial obligations and responsibilities to operate, maintain and improve its potable water, recycled water and wastewater (sewer) systems and facilities, meet service demand requirements, address anticipated emergency service needs, meet its legal and operational obligations and requirements and to conduct its business, administrative and governmental operations.
- (g) With respect to the schedule of rates and charges described herein, the within-referenced notices and proceedings have complied with the requirements of Government Code Section 53756. The District's Temporary Revenue Stabilization Charge (TRSC) is not subject to amendment hereunder. The District's existing water rates and charges for the Portola Hills Service Area of the District (as described in District Resolution No. 2018-1261) are not part of, or included within, the proceedings referenced herein and such rates and charges are not amended or modified by this Resolution. The District's meter flat rate charges and wastewater (sewer) charges affecting the Portola Hills Service Area are a part of, and are included within, the proceedings referenced in this Resolution.

- (h) The reasons and basis for the adoption and implementation of the proposed adjusted rates and charges, and the method of calculation thereof, have been identified in the notices provided as set forth in Section 2 and in the documentation and information referenced in Section 3 hereof.
- (i) The adjusted rates and charges adopted and implemented hereby are not taxes under Section 1(e)(2) and (7) of the provisions of Article XIII C of the California Constitution inasmuch as the referenced rates and charges are: (i) services/products provided directly to the District customer of record and do not exceed the reasonable costs to the District for such corresponding service(s) so provided; and (ii) under current California law such rates and charges are considered to be property-related fees and/or charges for which the District has complied with the applicable requirements of Article XIII D of the California Constitution.

**Section 7. Imposition and Implementation of Proposed Adjusted Rates and Charges.**

- (a) The District's potable water usage rate(s) are hereby revised to conform to the Schedule attached hereto as Attachment A, including the date(s) of implementation set out therein, and incorporated herein by this reference.
- (b) The District's recycled water usage rate(s) are hereby revised to conform to the Schedule attached hereto as Attachment A, including the date(s) of implementation set out therein, and incorporated herein by this reference.
- (c) The District's wastewater (sewer) service charge(s) are hereby revised to conform to the Schedule attached hereto as Attachment A, including the date(s) of implementation set forth therein, and incorporated herein by this reference.
- (d) The District's meter flat rates are hereby revised to conform to the Schedule attached hereto as Attachment A, including the date(s) of implementation set out therein, and incorporated herein by this reference.
- (e) The District's schedules of rates and charges as set out in the District's Rules and Regulations are, and shall be, amended or revised to conform to the directives of this Resolution.
- (f) The District's other existing rates, fees and charges, which were not subject to the proceedings for revision undertaken hereby, are not amended or revised by way of this Resolution. The District's existing Water Reliability and Emergency Storage Meter Charge ("WRES Rates") is not subject to amendment hereunder and shall remain in force and effect pursuant to prior actions of this Board. The District's existing water rates and charges for the Portola Hills Service Area of the District (as described in District Resolution No. 2018-1261) are not part of, or included within, the proceedings referenced herein and such rates and charges are not amended or modified by this Resolution. The District's meter flat rate charges and wastewater (sewer) charges affecting the Portola Hills Service Area are a part of, and are included within, the proceedings referenced in this Resolution.
- (g) In the event that the Board shall, at any time in the future, determine to impose the within-referenced rates and charges, or any of them, at lower levels or at later dates than

set forth herein, the Board shall take such action(s) and thereafter provide notice of such change(s) and/or revision(s) to District customers as required by then-applicable law.

**Section 8. Action(s) for Pass-Through of Changes in Wholesale Charges for Water.** The Board reserves the right to take action(s) in the future pursuant to Government Code Section 53756 to adjust the rate(s) for potable water service based on changes in wholesale charges for untreated and/or potable water imposed on the District. In such event, the Board shall comply with the requirements under then-applicable law.

**Section 9. Other Actions.** District's General Manager and other District officers and staff and District consultants are hereby authorized and directed to take all necessary and appropriate actions as may be required or desirable to carry out the findings, determinations and directives of this Resolution.

**Section 10. Partial Invalidity; Severability.** If any one or more of the findings or directives set forth in this Resolution should be contrary to law, then such findings or directives, or such portions thereof, shall be null and void and shall be deemed separable from the remaining findings and directives or portions thereof and shall in no way affect the validity of this Resolution or the other directives set out herein. The Board hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized and approved the findings or directives set forth herein irrespective of the fact that any one or more sections, paragraphs, subdivisions sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 11. Authority.** This Resolution is adopted pursuant to the provisions of Water Code Sections 31000, 31001, 31024, 31025, 30523 and 31101 and the requirements of Government Code Sections 53755 and 53756.

**Section 12. Effective Date.** This Resolution shall be effective upon adoption.

[Remainder of this page intentionally left blank]

**ADOPTED, SIGNED and APPROVED** this 16th day of December 2020.

**TRABUCO CANYON WATER DISTRICT:**

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President/Vice President

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Secretary/Assistant Secretary

DRAFT

STATE OF CALIFORNIA            )  
  ) ss.  
COUNTY OF ORANGE            )

I, Michael Perea, Secretary of the Board of Trabuco Canyon Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of such District at a meeting of such Board held on the 16th day of December 2020, of which meeting all of the members of the Board had due notice and at which a quorum thereof were present and acting throughout and for which notice and an agenda was prepared and posted as required by law and that at such meeting such resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
District Secretary,  
Trabuco Canyon Water District

DRAFT

STATE OF CALIFORNIA            )  
  ) ss.  
COUNTY OF ORANGE            )

I, Michael Perea, Secretary of the Board of Trabuco Canyon Water District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2020-1288 of such Board and that the same has not been amended or repealed.

Dated this 16th day of December 2020.

\_\_\_\_\_  
District Secretary,  
Trabuco Canyon Water District

DRAFT

DRAFT

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE CORONAVIRUS, INCLUDING SAFETY OF DISTRICT SERVICES AND EMPLOYEES, AND IMPACT TO BOARD & COMMITTEE MEETINGS**

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**LOCAL STATUS**

Orange County remains is currently in the Purple /"Widespread" tier – the most restrictive tier of the state's Blueprint for a Safer Economy. Additionally, since December 6, Orange County is included in the state's "Regional Stay-at-Home Order" based on hospital ICU capacity within an 11-county southern California region. The new Regional Stay-at-Home Order will be effective for at least three weeks, and potentially longer depending on regional ICU capacity. Thereafter, Orange County will return to its Blueprint for a Safer Economy tier based on case rate and test positivity.

**DISTRICT RESPONSE EFFORTS**

Pursuant to Governor Newsom's Executive Order N-29-20, and direction from the Board President, effective December 1, 2020 and until further notice, all public meetings involving the Board of Directors will be held remotely, with public participation via the District's current virtual meeting platform or by phone. District customer service functions continue to be limited to phone and on-line access (no physical access to Administration Facility except for exterior payment drop boxes). District staff understands the potential for the pandemic situation to change negatively and well as positively and is now well-positioned to adapt as necessary to continue ensuring a safe and secure workplace for its employees while providing essential services to its customers. District staff will continue to closely monitor guidance from both the state and the County of Orange and coordinate with Water Emergency Response Organization of Orange County (WEROC). More information may be presented at the time of the meeting.

**WATER TRANSMISSION & COVID-19**

According to the CDC, "The COVID-19 virus has not been detected in drinking water. Conventional water treatment methods that use filtration and disinfection, such as those in most municipal drinking water systems, should remove and/or inactivate the virus that causes COVID-19." The District owns and operates the Dimension Water Treatment Plant (DWTP) which uses multi-media filters and disinfects raw surface water with sodium hypochlorite (free chlorine) and therefore meets the CDC's definition of conventional water treatment methods.

**FUNDING SOURCE:**

Unknown at this time

**FISCAL IMPACT**

Unknown at this time

**ENVIRONMENTAL COMPLIANCE:**

Not applicable

**COMMITTEE STATUS:**

This matter was not reviewed at the Committee level.

**RECOMMENDED ACTIONS:**

*Receive information at the time of the Board meeting and take action(s) as deemed appropriate.*

**EXHIBIT(S):**

None

**CONTACTS (staff responsible): PALUDI/PEREA**

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) RELATED TO THE PROPOSED PALOMA SQUARE DEVELOPMENT (DOVE CANYON PLAZA) AND OTHER RELATED MATTERS**

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Trabuco Canyon Water District (TCWD or District) owns the Administration Facility and the property upon which it resides; the property is adjacent to the Dove Canyon Plaza commercial center. On July 24, 2019, Dove Canyon Recovery Acquisition, LLC (DCRA), the owner of Dove Canyon Plaza, with their consultant William Lyon Homes (now Taylor Morrison) submitted a proposal to the City of Rancho Santa Margarita (City) for a change in use from commercial to residential. The proposed project is titled "Paloma Square." The initial submittal to the City, and all subsequent submittals, project information, and correspondence between City and William Lyon Homes/Taylor Morrison related to Paloma Square are available on the City's website. The District's website, under the "Community" tab, also includes information and correspondence regarding proposed project.

More information may be presented at the time of the meeting.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT:**

\$10,000

**ENVIRONMENTAL COMPLIANCE:**

Not applicable

**COMMITTEE STATUS:**

This matter was reviewed with the Engineering/Operational Committee.

**RECOMMENDED ACTIONS:**

*Receive information at the time of the Board meeting and take action(s) as deemed appropriate.*

**EXHIBIT(S):**

None

**CONTACTS (staff responsible): PALUDI/PEREA/LAUSTEN**

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR**

**ADMINISTRATIVE MATTERS**

**ITEM 8: DISCUSSION AND SELECTION OF A DISTRICT REPRESENTATIVE TO THE SOUTH ORANGE COUNTY AGENCIES GROUP NOMINATION COMMITTEE FOR THE OPEN MWDOC/MET DIRECTOR SEAT**

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MWDOC appoints four Directors to the Board of Directors of the Metropolitan Water District of Southern California (MET). According to the MWDOC Administrative Code, of the four MET Directors approved by the MWDOC Board, two seats are nominated by MWDOC Member Agencies – one nominated by South County agencies (“South County Seat”) and one nominated by North County agencies (“North County Seat”).

The South County Seat is currently vacant due to the retirement of that position by Larry McKenney in November 2020. Similar to the process initiated in 2014 to interview candidates which led to the nomination of Mr. McKenney, the ten water agencies that constitute the South Orange County Agencies Group (SOCAG) will form a Nomination Committee this month and begin accepting applications for the South County Seat. MWDOC’s Board of Directors will begin formally discussing the vacant position and its process to fill the South County Seat at its Administration and Finance Committee on January 13, 2021.

As a member of SOCAG, Trabuco Canyon Water District will be represented on the Nomination Committee. The Board of Directors shall approve a current Director to be the representative at its regular meeting in December.

**FUNDING SOURCE:**

Not applicable

**FISCAL IMPACT**

Not applicable

**ENVIRONMENTAL COMPLIANCE:**

Not applicable

**COMMITTEE STATUS:**

This matter was not reviewed at the Committee level

**RECOMMENDED ACTIONS:**

*Receive information at the time of the Board meeting and take action(s) as deemed appropriate.*

**EXHIBIT(S):**

None.

**CONTACTS (staff responsible): PALUDI/PEREA**

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR  
FINANCIAL MATTERS**

**ITEM 9: TRABUCO CANYON WATER DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR  
ENDING JUNE 30, 2020**

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At the May 16, 2018 Regular Board Meeting, the Board of Directors authorized the Interim General Manager to contract with Davis Farr, LLC to provide auditing services for years ending June 30, 2018, 2019, and 2020 for the Trabuco Canyon Water District (“District”), the Trabuco Canyon Public Financing Authority (“TCPFA”), and the Trabuco Canyon Improvement Corporation (“TCIC”). The District’s Rules and Regulations, Section 8.8, includes subsections on the annual independent audit and auditor where the independent auditor is selected by the Board based on upon such criteria as the Board shall direct. As the auditor works for the Board, not District staff, the Board and its Finance/Audit Committee are an integral part of the financial auditing and review process.

The District Treasurer and District staff have worked with Davis Farr, LLC to prepare the Annual Financial Report (Audit) for Fiscal Year Ending June 30, 2020, which is included for Committee consideration and review. Additional information regarding the financial audit process may be provided at the time of the meeting.

**FUNDING SOURCE:**

Not applicable

**FISCAL IMPACT:**

Contract for Three-Year Period: \$88,330

**ENVIRONMENTAL COMPLIANCE:**

Not applicable.

**COMMITTEE STATUS:**

This matter was reviewed with the Finance/Audit Committee

**RECOMMENDED ACTION:**

1. *Receive information at the time of the Board meeting.*
2. *Receive and file the Trabuco Canyon Water District Annual Financial Report (Audit) for Fiscal Year Ending June 30, 2020.*

**EXHIBITS**

1. DRAFT Trabuco Canyon Water District Annual Financial Report (Audit) for Fiscal Year Ending June 30, 2020
2. DRAFT Trabuco Canyon Water District Audit Communications for Fiscal Year Ending June 30, 2020

**CONTACTS (staff responsible): PALUDI/PEREA/BYERRUM**

**TRABUCO CANYON WATER DISTRICT**

**Annual Financial Report**

**Year ended June 30, 2020**



**Board of Directors as of June 30, 2020**

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Current Term</u>
Michael Safranski	President	Elected	12/19 - 12/23
Don Chadd	Vice-President	Elected	12/19 - 12/23
Glenn Acosta	Director	Elected	12/19 - 12/23
Stephen Dopudja	Director	Elected	12/16 - 12/20
Edward Mandich	Director	Elected	12/19 - 12/23

**Trabuco Canyon Water District  
Fernando Paludi General Manager  
32003 Dove Canyon Drive  
Trabuco Canyon, California 92679  
(949) 858-0277 – [www.tcwd.ca.gov](http://www.tcwd.ca.gov)**

**Trabuco Canyon Water District  
Annual Financial Report  
For the Years Ended June 30, 2020**

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## **Independent Auditor's Report**

To the Board of Directors  
of the Trabuco Canyon Water District  
Trabuco Canyon, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Trabuco Canyon Water District (District), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2020 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
of the Trabuco Canyon Water District  
Trabuco Canyon, California

***Report on Summarized Comparative Information***

We have previously audited the Trabuco Canyon Water District's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of OPEB Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trabuco Canyon Water Districts basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors  
of the Trabuco Canyon Water District  
Trabuco Canyon, California

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Davis Farr LLP*

Irvine, California  
December 1, 2020

# **Trabuco Canyon Water District Management's Discussion and Analysis For the Year Ended June 30, 2020**

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Trabuco Canyon Water District (District) introduces the financial statements of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

## **Financial Highlights**

- In 2020, the District's net position increased 5.65% or \$2,814,266 to \$52,640,821. This change in net position is primarily driven by capital contributions associated with the forfeiture of asset capacity of \$4,526,000 and increased capital contributions.
- In 2020, the District's operating revenues increased 10.09%, or \$751,645, primarily due to a \$240,341 increase in water consumption sales and a \$238,053 increase in sewer service charges.
- In 2020, the District's operating expenses increased 11.50%, or \$1,108,224, primarily due to increases of \$898,010 for general & administrative, \$274,303 for source of supply, and \$138,609 for pumping. Notably, these increases were offset by decreases of \$74,532 in sewer operations and \$149,422 for transmission and distribution.
- In 2020, the District utilized \$4,325,961 in cash for construction and acquisition of new capital assets. This is offset by capital contributions received of \$1,347,472.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The financial statements are comprised of two components: 1) financial statements and, 2) notes to financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

The financial statements are designed to provide readers with a broad overview of the District's finances in a manner related to that of a private-sector business.

The *balance sheet* first presents information on District assets combined with deferred outflows of resources. This section is followed by District liabilities and deferred inflows of resources. The difference is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the District is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents a more detailed change in net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses are reported in this statement for items related to cash flows experienced in previous or future fiscal periods (e.g., prepaid insurance or earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, non-capital financing activities, capital and related financing activities and investing activities. In addition, it provides a reconciliation of the statement back to cash and cash equivalents.

**Trabuco Canyon Water District**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. The District's net position, or the difference between assets and liabilities, can be viewed as a measure of the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, natural disasters, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Condensed Balance Sheets**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current assets	\$ 10,188,899	\$ 3,897,714	\$ 6,291,185	161.41%
Restricted assets	3,254,760	7,429,487	(4,174,727)	-56.19%
Capital assets, net	<u>47,295,351</u>	<u>46,398,051</u>	<u>897,300</u>	1.93%
<b>Total assets</b>	60,739,010	57,725,252	3,013,758	5.22%
<b>Deferred outflows of resources</b>	<u>1,277,369</u>	<u>1,126,152</u>	<u>151,217</u>	13.43%
<b>Total assets and deferred outflows of resources</b>	<u>\$ 62,016,379</u>	<u>\$ 58,851,404</u>	<u>\$ 3,164,975</u>	5.38%
<b>Liabilities:</b>				
Current liabilities	\$ 3,066,128	\$ 2,935,657	\$ 130,471	4.44%
Noncurrent liabilities	<u>6,060,462</u>	<u>5,892,648</u>	<u>167,814</u>	2.85%
<b>Total liabilities</b>	9,126,590	8,828,305	298,285	3.38%
<b>Deferred inflows of resources</b>	<u>248,968</u>	<u>196,544</u>	<u>52,424</u>	26.67%
<b>Net position:</b>				
Net investment in capital assets	44,976,850	43,977,274	999,576	2.27%
Restricted	3,254,760	6,426,257	(3,171,497)	-49.35%
Unrestricted	<u>4,409,211</u>	<u>(576,976)</u>	<u>4,986,187</u>	-864.19%
<b>Total net position</b>	<u>52,640,821</u>	<u>49,826,555</u>	<u>2,814,266</u>	5.65%
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 62,016,379</u>	<u>\$ 58,851,404</u>	<u>\$ 3,164,975</u>	5.38%

**Trabuco Canyon Water District**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$52,640,821 as of June 30, 2020.

By far the largest portion of the District's net position (85% as of June 30, 2019) reflects its investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

As of June 30, 2020, the District showed a balance in its restricted net position of \$3,254,760, which is restricted for future capital projects and debt service repayments.

As of June 30, 2020, the District shows a positive balance in unrestricted net position of \$4,409,211. This balance indicates that District liabilities, deferred inflows of resources, restricted net position, and the net investment in capital assets have created a surplus in unrestricted net position. This surplus in unrestricted net position is available for future years.

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	<u>% Change</u>
<b>Revenues:</b>				
Operating revenues	\$ 8,201,075	\$ 7,449,430	\$ 751,645	10.09%
Non-operating revenues	6,653,654	2,113,986	4,539,668	214.74%
<b>Total revenues</b>	14,854,729	9,563,416	5,291,313	55.33%
<b>Expenses:</b>				
Operating expenses	10,772,034	9,632,710	1,139,324	11.83%
Depreciation	3,428,661	3,304,227	124,434	3.77%
Non-operating expenses	73,331	140,550	(67,219)	-47.83%
<b>Total expenses</b>	14,274,026	13,077,487	1,196,539	9.15%
<b>Capital contributions</b>	2,233,563	902,879	1,330,684	147.38%
<b>Change in net position</b>	2,814,266	(2,611,192)	5,425,458	207.78%
<b>Net position:</b>				
Beginning of year	49,826,555	52,437,747	(2,611,192)	-4.98%
End of year	\$ 52,640,821	\$ 49,826,555	\$ 2,814,266	5.65%

The statement of revenues, expenses, and changes in net position shows how the District's net position changes during the fiscal year. In the case of the District, net position increased by \$2,814,266 to \$52,640,821 largely driven by a \$4,520,385 increase in non-operating revenues and increased capital contributions, which was offset by \$1,119,6629 in higher total expenses..

**Trabuco Canyon Water District**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

**Revenues**

<b>Operating revenues:</b>	<b><u>June 30, 2020</u></b>	<b><u>June 30, 2019</u></b>	<b><u>Change</u></b>	<b><u>% Change</u></b>
Water consumption sales	\$ 3,165,259	\$ 2,966,405	\$ 198,854	6.70%
Water service charges	1,033,023	973,161	59,862	6.15%
Sewer service charges	1,918,114	1,680,061	238,053	14.17%
Reclaimed water sales	541,972	444,032	97,940	22.06%
Recycled water sales	181,116	106,614	74,502	69.88%
Wholesale water sales – BTP	1,210,433	1,164,972	45,461	3.90%
Other service charges	<u>151,158</u>	<u>114,185</u>	<u>36,973</u>	32.38%
<b>Total operating revenues</b>	<b>8,201,075</b>	<b>7,449,430</b>	<b>751,645</b>	<b>10.09%</b>
<b>Non-operating revenues:</b>				
Property taxes	1,936,412	1,768,140	168,272	9.52%
Investment earnings	119,066	228,244	(109,178)	-47.83%
Rental revenue	24,112	23,410	702	3.00%
Capacity assignment revenue	4,526,000	-	4,526,000	100.00%
Other non-operating revenue	<u>48,064</u>	<u>94,192</u>	<u>(46,128)</u>	-48.97%
<b>Total non-operating revenues</b>	<b><u>6,653,654</u></b>	<b><u>2,113,986</u></b>	<b><u>4,539,668</u></b>	<b>214.74%</b>
<b>Total revenue</b>	<b><u>\$ 14,854,729</u></b>	<b><u>\$ 9,563,416</u></b>	<b><u>\$ 5,291,313</u></b>	<b>55.33%</b>

In fiscal year 2020, operating revenues increased by 10.09%, or \$751,645, primarily due to a \$240,341 increase in water consumption sales, a \$238,053 increase in sewer services charges and a \$120,006 increase in water service charges.

In fiscal year 2020, non-operating revenues increased by \$4,525,081 primarily due to the receipt of capital contributions associated with the forfeiture of asset capacity by another agency.

**Trabuco Canyon Water District**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

**Expenses**

<b>Operating expenses:</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>Change</b>	<b>% Change</b>
Source of supply	\$ 3,150,263	\$ 2,846,965	\$ 303,298	10.65%
Pumping	252,227	497,539	(245,312)	-49.31%
Water treatment	303,281	56,539	246,742	436.41%
Transmission and distribution	149,577	216,180	(66,603)	-30.81%
Sewer operations	770,329	1,489,840	(719,511)	-48.29%
Reclaimed operations	110,299	-	110,299	100.00%
Recycled operations	129,746	-	129,746	100.00%
General and administrative	5,906,312	4,525,647	1,380,665	30.51%
<b>Total operating expenses</b>	<b>10,772,034</b>	<b>9,632,710</b>	<b>1,139,324</b>	<b>11.83%</b>
Depreciation	3,428,661	3,304,227	124,434	3.77%
<b>Non-operating expenses:</b>				
Interest expense	60,635	121,869	(61,234)	-50.25%
Debt administration expense	850	7,214	(6,364)	-88.22%
Property tax administration charge	11,846	11,467	379	3.31%
<b>Total non-operating expenses</b>	<b>73,331</b>	<b>140,550</b>	<b>(67,219)</b>	<b>-47.83%</b>
<b>Total expenses</b>	<b>\$ 14,274,026</b>	<b>\$ 13,077,487</b>	<b>\$ 1,196,539</b>	<b>9.15%</b>

In fiscal year 2020, operating expenses increased by 11.50%, or \$1,108,224, primarily due to a \$900,133 increase in general and administrative costs and \$274,303 in source of supply costs. These increases were offset by decreases of \$74,532 in sewer operations and \$149,422 in transmission and distribution expenses.

In fiscal year 2020, non-operating expenses decreased by \$50,706 due to a reduction in interest expense of \$61,234. During fiscal year 2019-20 the District retired the 1994 Series C refunding revenue bonds and will no longer incur interest expense on the retired obligation. In addition, the District continues to pay off the 2011 State revolving fund loan and should continue to see a decrease in interest expense annually.

**Trabuco Canyon Water District**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2020**

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**Capital Asset Administration**

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Non-depreciable assets	\$ 5,335,924	\$ 2,819,033
Depreciable assets	113,393,595	111,814,889
Accumulated depreciation	<u>(71,434,168)</u>	<u>(68,235,870)</u>
Total capital assets, net	<u>\$ 47,295,351</u>	<u>\$ 46,398,052</u>

In 2020, the District utilized \$4,325,961 in cash to construct new capital assets for the District's infrastructure or provide new equipment for District operations, while depreciation expense for the year totaled \$3,428,661. The capital asset activities of the District are summarized above and described in greater detail in Note 5 to the basic financial statements.

**Debt Administration**

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Bonds payable, net	\$ -	\$ 890,000
Loans payable	<u>2,318,501</u>	<u>2,492,943</u>
Total long-term debt	<u>\$ 2,318,501</u>	<u>\$ 3,382,943</u>

The debt administration activities of the District are summarized above and described in greater detail in Note 7 to the basic financial statements.

**Conditions Affecting Current Financial Position**

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position or operating results based on past, present and future events.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager, at 32003 Dove Canyon Drive, Trabuco Canyon, California 92679, (949) 858-0277.

## **BASIC FINANCIAL STATEMENTS**

**Trabuco Canyon Water District**  
**Statement of Net Position**  
**June 30, 2020**

(with prior year data for informational purposes)

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2020</b>	<b>2019</b>
<b>Current assets:</b>		
Cash and investments (Note 2)	\$ 760,643	\$ 1,326,418
Accrued interest receivable	25	3,582
Accounts receivable – water sales and services, net (Note 4)	1,042,924	911,843
Accounts receivable – due from other governments	2,669,579	1,269,527
Accounts receivable – other	5,618,586	244,640
Prepaid items	97,142	141,704
<b>Total current assets</b>	<b>10,188,899</b>	<b>3,897,714</b>
<b>Non-current assets:</b>		
Restricted – cash and investments (Note 2 and 3)	3,240,419	7,388,423
Restricted – accrued interest receivable (Note 3)	14,341	41,064
Capital assets – not being depreciated (Note 5)	5,335,924	2,819,033
Capital assets – being depreciated, net (Note 5)	41,959,427	43,579,018
<b>Total non-current assets</b>	<b>50,550,111</b>	<b>53,827,538</b>
<b>Total assets</b>	<b>60,739,010</b>	<b>57,725,252</b>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to net pension liability (Note 8)	860,449	869,316
Deferred amounts related to OPEB liability (Note 9)	416,920	256,836
<b>Total deferred outflows of resources</b>	<b>1,277,369</b>	<b>1,126,152</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 62,016,379</b>	<b>\$ 58,851,404</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 2,618,513	\$ 1,081,004
Deposits and unearned revenue	280,050	706,383
Accrued interest payable	-	27,146
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	78,817	58,651
Bonds payable (Note 7)	-	890,000
Loans payable (Note 7)	88,748	172,473
<b>Total current liabilities</b>	<b>3,066,128</b>	<b>2,935,657</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	146,374	108,922
Loans payable (Note 7)	2,229,753	2,320,470
Net pension liability (Note 8)	3,150,747	2,892,988
Net other post-employment benefits liability (Note 9)	533,588	570,268
<b>Total non-current liabilities</b>	<b>6,060,462</b>	<b>5,892,648</b>
<b>Total liabilities</b>	<b>9,126,590</b>	<b>8,828,305</b>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to net pension liability (Note 8)	151,113	155,790
Deferred amounts related to OPEB liability (Note 9)	97,855	40,754
<b>Total deferred inflows of resources</b>	<b>248,968</b>	<b>196,544</b>
<b>Net position:</b>		
Net investment in capital assets (Note 10)	44,976,850	43,977,274
Restricted – capital projects	3,254,760	6,426,257
Unrestricted	4,409,211	(576,976)
<b>Total net position</b>	<b>52,640,821</b>	<b>49,826,555</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 62,016,379</b>	<b>\$ 58,851,404</b>

See accompanying Notes to the Basic Financial Statements.

**Trabuco Canyon Water District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ending June 30, 2020**  
(with prior year data for informational purposes)

	<u>2020</u>	<u>2019</u>
<b>Operating revenues:</b>		
Water consumption sales	\$ 3,165,259	\$ 2,966,405
Water service charges	1,033,023	973,161
Sewer service charges	1,918,114	1,680,061
Reclaimed water sales	541,972	444,032
Recycled water sales	181,116	106,614
Wholesale water sales – Baker Treatment Plant	1,210,433	1,164,972
Other service charges	151,158	114,185
<b>Total operating revenues</b>	<u>8,201,075</u>	<u>7,449,430</u>
<b>Operating expenses:</b>		
Source of supply	3,150,263	2,846,965
Pumping	252,227	497,539
Water treatment	303,281	56,539
Transmission and distribution	149,577	216,180
Sewer operations	770,329	1,489,840
Reclaimed operations	110,299	-
Recycled operations	129,746	-
General and administrative	5,906,312	4,525,647
<b>Total operating expenses</b>	<u>10,772,034</u>	<u>9,632,710</u>
Operating (loss) before depreciation	(2,570,959)	(2,183,280)
Depreciation expense	(3,428,661)	(3,304,227)
<b>Operating (loss)</b>	<u>(5,999,620)</u>	<u>(5,487,507)</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	1,936,412	1,768,140
Investment earnings	119,066	228,244
Rental revenue	24,112	23,410
Interest expense	(60,635)	(121,869)
Debt administration expense	(850)	(7,214)
Property tax administration charge	(11,846)	(11,467)
Capacity assignment revenue	4,526,000	-
Other non-operating revenue	48,064	94,192
<b>Total non-operating revenues, net</b>	<u>6,580,323</u>	<u>1,973,436</u>
<b>Net (loss) before capital contributions</b>	580,703	(3,514,071)
<b>Capital contributions:</b>		
Water reliability and emergency storage fees	833,511	854,770
Capital grants	1,400,052	48,109
<b>Total capital contributions</b>	<u>2,233,563</u>	<u>902,879</u>
<b>Change in net position</b>	2,814,266	(2,611,192)
<b>Net position:</b>		
Beginning of year	49,826,555	52,437,747
End of year	<u>\$ 52,640,821</u>	<u>\$ 49,826,555</u>

See accompanying Notes to the Basic Financial Statements.

**Trabuco Canyon Water District**  
**Statements of Cash Flows**  
**For the Year Ending June 30, 2020**  
(with prior year data for informational purposes)

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers for water sales and services	\$ 7,937,690	\$ 7,607,024
Cash paid to employees for salaries and wages	(2,071,512)	(1,931,372)
Cash paid to vendors and suppliers for materials and services	(8,522,307)	(7,498,624)
<b>Net cash (used in) operating activities</b>	<b>(2,656,129)</b>	<b>(1,822,972)</b>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	1,936,412	1,768,140
Property tax administration charge	(11,846)	(11,467)
<b>Net cash provided by non-capital financing activities</b>	<b>1,924,566</b>	<b>1,756,673</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(4,325,961)	(2,586,510)
Capital contributions	833,511	854,770
Cash received from developers for capital purposes	513,961	-
Capital grants	-	48,109
Debt administration charges	(850)	(7,214)
Principal paid	(1,064,442)	(995,526)
Interest paid	(87,781)	(143,929)
<b>Net cash (used in) capital and related financing activities</b>	<b>(4,131,562)</b>	<b>(2,830,300)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from investment earnings	149,346	230,648
<b>Net cash provided by investing activities</b>	<b>149,346</b>	<b>230,648</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,713,779)</b>	<b>(2,665,951)</b>
<b>Cash and cash equivalents</b>		
Beginning of year	8,714,841	11,380,792
End of year	<b>\$ 4,001,062</b>	<b>\$ 8,714,841</b>
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and investments	\$ 760,643	\$ 1,326,418
Restricted – cash and investments	3,240,419	7,388,423
<b>Total cash and cash equivalents</b>	<b>\$ 4,001,062</b>	<b>\$ 8,714,841</b>

See accompanying Notes to the Basic Financial Statements.

**Trabuco Canyon Water District**  
**Statements of Cash Flows (Continued)**  
**For the Year Ending June 30, 2020**  
(with prior year data for informational purposes)

	<b>2020</b>	<b>2019</b>
<b>Reconciliation of operating (loss) to net cash (used in) operating activities:</b>		
<b>Operating (loss)</b>	\$ (5,999,620)	\$ (5,487,507)
<b>Adjustments to reconcile operating (loss) to net cash (used in) operating activities:</b>		
Depreciation expense	3,428,661	3,304,227
Rental revenue	24,112	23,410
Other non-operating expense	#REF!	-
Other non-operating revenue	48,064	94,192
<b>Changes in assets – (increase)decrease:</b>		
Accounts receivable – water sales and services, net	(131,081)	497,648
Accounts receivable – other	(132,304)	(82,329)
Prepaid items	44,562	(18,264)
<b>Change in deferred outflows of resources – (increase)decrease:</b>		
Deferred amounts related to net pension liability	8,867	199,986
Deferred amounts related to other post-employment benefits liability	(160,084)	(20,406)
<b>Changes in liabilities – increase(decrease):</b>		
Accounts payable and accrued expenses	1,537,509	22,477
Deposits and unearned revenue	(1,655,936)	(257,725)
Compensated absences	57,618	1,139
Net other post-employment benefits liability	(36,680)	(107,848)
Net pension liability	257,759	(39,300)
<b>Change in deferred inflows of resources – increase(decrease):</b>		
Deferred amounts related to net pension liability	(4,677)	49,736
Deferred amounts related to other post-employment benefits liability	57,101	(2,408)
<b>Total adjustments</b>	#REF!	3,664,535
<b>Net cash (used in) operating activities</b>	#REF!	\$ (1,822,972)

There were no significant non-cash investing, capital and financing activities for the years ended June 30, 2020 and 2019.

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

***Organization and Operations of the Reporting Entity***

The Trabuco Canyon Water District (District) was organized in January 1962, under provisions of the County Water District Act (Sections 30000 et. seq. of the Water Code of the State of California). The District is governed by a Board of Directors made up of five members elected by the qualified voters in the District. The purpose of the District is to finance, construct, operate and maintain a water system and wastewater system to serve properties within the District's boundaries. The Trabuco Canyon Water District includes the accounts of the District, Trabuco Canyon Improvement Corporation and Trabuco Canyon Public Financing Authority as blended component units.

The Trabuco Canyon Public Financing Authority (Authority) was organized on August 8, 1993, pursuant to the Government Code of the State of California (Title 1, Division 7 Section 6500 of the California Government Code), as a Joint Powers Agency, solely for the purpose of providing financial assistance to the District.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Complete financial statements for the Authority are available at the District's office or upon request of the District's Treasurer at 32003 Dove Canyon Drive, Trabuco Canyon, California 92679.

***Basis of Accounting and Measurement Focus***

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

The financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting and Measurement Focus (Continued)***

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses, not included in the above categories, are reported as non-operating revenues and expenses.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

***Deferred Outflows of Resources*** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

***Deferred Inflows of Resources*** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

***Financial Reporting***

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's enterprise fund.

***Use of Estimates***

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results most likely will differ from those estimates.

***Cash and Cash Equivalents***

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

***Investments***

Investments are reported at fair value. Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the balance sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

***Accounts Receivable and Allowance for Uncollectible Accounts***

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

***Property Taxes***

Property taxes receivable at year-end are related to property taxes collected by the County of Orange, which have not been credited to the District as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

The County of Orange Assessor’s Office assesses all real and personal property within the County each year. The County of Orange Auditor-Controller’s Office bills and collects the District’s share of property taxes and assessments. The County of Orange Treasurer’s Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

***Prepaid Items***

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Capital Assets***

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Water transmission and distribution system	5 to 40 years
Wastewater system	4 to 40 years
Structures and improvements	10 to 30 years
Machinery equipment	3 to 15 years

***Construction-in-Process***

The costs associated with developmental stage projects are accumulated in an in-progress account until the project is fully developed. Once the project is complete and in use, the entire cost of the project is transferred to a capital asset account and depreciated over its estimated useful life.

***Compensated Absences***

The District's policy is to permit employees to accumulate earned vacation up to a total of 240 hours with amounts exceeding the limit being paid out as part of the employee's regular compensation. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time. Upon retirement employees are paid all unused vacation and 50% of any unused sick time.

***Pensions***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net pension of the District's pension plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Other Postemployment Benefits***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s plan (OPEB Plan), the assets of which are held by the California Employers’ Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

***Net Position***

The financial statements utilize a net position presentation. Net position is categorized as follows:

**Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.

**Restricted** – This component of net position consists of external constraints placed on net position imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** – This component of net position is the amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

***Water Sales and Sewer Services***

Water sales and sewer services are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

***Capital Contributions***

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

***Comparative Financial Statements and Reclassifications***

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

**Note 2 – Cash and Investments**

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Cash and investments	\$ 760,643
Restricted - cash and investments	<u>3,240,419</u>
Total cash and investments	<u><u>\$ 4,001,062</u></u>

Cash and investments as of June 30, 2020 consisted of the following:

Cash on hand	\$ 500
Deposits with financial institutions	606,381
Investments	<u>3,394,181</u>
Total cash and investments	<u><u>\$ 4,001,062</u></u>

***Demand Deposits***

At June 30, 2020 the carrying amount of the District's demand deposits was \$606,381 and the financial institution balance was \$1,274,583. The \$668,203 net differences as of June 30, 2020 represent outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 2 – Cash and Investments (Continued)**

***Custodial Credit Risk***

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District’s bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District’s investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table below.

***Investments***

Investments as of June 30, 2020 consisted of the following:

<u>Type of Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>June 30, 2020 Fair Value</u>	<u>Maturity 12 Months or less</u>
Local Agency Investment Fund (LAIF)	n/a*	n/a	\$ 3,394,181	3,394,181
Total investments			<u>\$ 3,394,181</u>	<u>3,394,181</u>

\*investments not required to be measured at fair value

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 2 – Cash and Investments (Continued)**

***Authorized Investments and Investment Policy***

The table below identifies the investment types that are authorized for Trabuco Canyon by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of Trabuco Canyon, rather than the general provision of the California Government Code or Trabuco Canyon’s investment policy.

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	Yes	5 year	None	None
U.S. agency securities	Yes	5 year	None	None
Bankers acceptances	Yes	180 days	15%	5%
California municipal obligations	Yes	5 year	10%	5%
State municipal obligations	Yes	5 year	10%	5%
Commercial paper	Yes	270 days	25%	10%
Certificates of deposits	Yes	5 year	30%	5%
Repurchase agreements	No	1 year	None	None
Reverse repurchase agreements	No	92 days	20% of base value	None
Medium-term notes	Yes	5 year	30%	5%
Mutual funds	No	N/A	20%	10%
Money market mutual funds	Yes	N/A	20%	10%
Mortgage pass-through securities	No	5 year	20%	None
LAIF	Yes	N/A	None	None
Supranational	Yes	5 year	30%	None

***Investment in California – Local Agency Investment Fund (LAIF)***

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the entity’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller’s website: [www.treasurer.ca.gov/pmia-laif/](http://www.treasurer.ca.gov/pmia-laif/)

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 2 – Cash and Investments (Continued)**

***Investment in California – Local Agency Investment Fund (LAIF) (Continued)***

The District’s investments with LAIF at June 30, 2020 included a portion of the pool funds invested in structured notes and asset-backed securities:

***Structured Notes:*** debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

***Asset-Backed Securities:*** generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had \$3,394,181 invested in LAIF. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investments in LAIF as of June 30, 2020.

***Concentration of Credit Risk***

The District’s investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District’s total investments that are subject to disclosure.

**Note 3 – Restricted Assets**

Restricted assets as of June 30, 2020 are classified in the accompanying financial statements as follows:

Restricted - cash and investments	\$ 3,240,419
Restricted - accrued interest receivable	<u>14,341</u>
 Total restricted assets	 <u><u>\$ 3,254,760</u></u>

Restricted assets for the year ended June 30, 2020 were restricted as follows:

Proceeds for water reliability and emergency storage	\$ 630,272
Proceeds for developer and other capital improvements	1,577,184
Proceeds from debt service	<u>1,047,304</u>
 Total restricted assets	 <u><u>\$ 3,254,760</u></u>

**Note 4 – Accounts Receivable**

Accounts receivable for the year ended June 30, 2020 consisted of the following:

Accounts receivable - water sales and services	\$ 1,103,819
Allowance for doubtful accounts	<u>(60,895)</u>
 Accounts receivable - water sales and services, net	 <u><u>\$ 1,042,924</u></u>

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 5 – Capital Assets**

Changes in capital assets for the year ended June 30, 2020 were as follows:

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Balance June 30, 2020</b>
<b>Non-depreciable Assets:</b>				
Land and land rights	\$ 2,339,113	\$ -	\$ -	\$ 2,339,113
Construction-in-process	479,920	2,891,351	(374,460)	2,996,811
<b>Total Non-depreciable Assets</b>	<u>2,819,033</u>	<u>2,891,351</u>	<u>(374,460)</u>	<u>5,335,924</u>
<b>Depreciable Assets:</b>				
Water transmission and distribution system	55,358,268	330,445	(23,515)	55,665,198
Recycled Water and Wastewater system	53,916,514	1,376,657	(206,850)	55,086,321
Structures and improvements	1,609,622	-	-	1,609,622
Machinery and equipment	930,485	101,969	-	1,032,454
<b>Total Depreciable Assets</b>	<u>111,814,889</u>	<u>1,809,071</u>	<u>(230,365)</u>	<u>113,393,595</u>
<b>Accumulated Depreciation:</b>				
Water transmission and distribution system	(31,315,364)	(1,602,971)	23,513	(32,894,822)
Recycled Water and Wastewater system	(35,488,034)	(1,591,253)	206,850	(36,872,437)
Structures and improvements	(1,140,248)	(62,382)	-	(1,202,630)
Machinery and equipment	(292,224)	(172,055)	-	(464,279)
<b>Total Accumulated Depreciation</b>	<u>(68,235,870)</u>	<u>(3,428,661)</u>	<u>230,363</u>	<u>(71,434,168)</u>
<b>Total Depreciable Assets, net</b>	<u>43,579,019</u>	<u>(1,619,590)</u>	<u>(2)</u>	<u>41,959,427</u>
<b>Total Capital Assets, net</b>	<u>\$ 46,398,052</u>	<u>\$ 1,271,761</u>	<u>\$ (374,462)</u>	<u>\$ 47,295,351</u>

**Construction-In-Process**

The construction-in-process balances at June 30, 2020 were as follows:

<b>Project Description</b>	<b>June 30, 2020</b>
Supervisory Control and Data Acquisition Upgrades	\$ 605,308
Recycled Water Pump Stations Replacement	581,090
Ridgeline Pump Station Improvements	1,372,830
Various other minor projects	437,583
<b>Total construction-in-process</b>	<u>\$ 2,996,811</u>

**Note 6 – Compensated Absences**

Changes in compensated absences for the year ending June 30, 2020 was as follows:

<b>Balance July 1, 2019</b>	<b>Earned</b>	<b>Taken</b>	<b>Balance June 30, 2020</b>	<b>Current Portion</b>	<b>Non-current Portion</b>
<u>\$ 167,573</u>	<u>\$ 203,993</u>	<u>\$ (146,375)</u>	<u>\$ 225,191</u>	<u>\$ 78,817</u>	<u>\$ 146,374</u>

**Note 7 – Long-Term Debt**

Changes in long-term debt amounts for the year ended June 30, 2020 were as follows:

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>	<b>Amount Due Within One Year</b>	<b>Amount Due In More Than One Year</b>
<b>Bonds Payable:</b>						
1994 Series C refunding revenue bonds	\$ 890,000	-	(890,000)	-	-	-
<b>Total Bonds Payable</b>	<u>890,000</u>	<u>-</u>	<u>(890,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Loans Payable:</b>						
2011 State revolving fund loan	2,492,943	-	(174,442)	2,318,501	88,748	2,229,753
<b>Total Loans Payable</b>	<u>2,492,943</u>	<u>-</u>	<u>(174,442)</u>	<u>2,318,501</u>	<u>88,748</u>	<u>2,229,753</u>
<b>Total Long-Term Debt</b>	<u>\$ 3,382,943</u>	<u>-</u>	<u>(1,064,442)</u>	<u>2,318,501</u>	<u>88,748</u>	<u>2,229,753</u>

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 7 – Long-Term Debt (Continued)**

**2011 State Revolving Fund Loan**

In fiscal year 2011, the District and the State of California, Department of Public Health, entered into a contract for a construction loan in the amount of \$3,694,264 under the Safe Drinking Water State Revolving Fund Law of 1977. The purpose of the loan was to assist the District in financing construction of the Trabuco Creek Wells Facility, which will enable the District to meet the State of California’s safe drinking water standards. The loan proceeds were disbursed to the District based upon project expenditures submitted. The final construction costs totaled and submitted were \$3,682,316, which was \$11,948 less than the original contracted amount. The loan is scheduled to mature in fiscal year 2032. Principal and interest installments are payable each fiscal year at a rate of 2.2836% on July 1<sup>st</sup> and January 1<sup>st</sup>. Annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 88,748	53,947	142,695
2022	180,486	49,895	230,381
2023	184,631	45,750	230,381
2024	188,842	41,509	230,351
2025	193,209	37,172	230,381
2026-2030	1,034,681	117,225	1,151,906
2031-2032	<u>447,904</u>	<u>12,858</u>	<u>460,762</u>
Total	<u>\$ 2,318,501</u>	<u>358,356</u>	<u>2,676,857</u>

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan**

**General Information about the Pension Plans**

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	<u>Miscellaneous Plans</u>	
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0 @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.0%
Required member contribution rates	7.948%	6.750%
Required employer contribution rates	11.763%	7.363%

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

**General Information about the Pension Plans (Continued)**

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Members Covered by Benefit Terms

At June 30, 2018 (Valuation Date), the following members were covered by the benefit terms:

<b>Plan Members</b>	<b>Miscellaneous Plans</b>		<b>Total</b>
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>	
Active members	14	5	19
Transferred and terminated members	28	-	28
Retired members and beneficiaries	9	-	9
<b>Total plan members</b>	<b>51</b>	<b>5</b>	<b>56</b>

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees’ Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member’s highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***General Information about the Pension Plans (Continued)***

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.65 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans***

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2018 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRM Miscellaneous Plan are based above in the Plans Description schedule.

Contributions for the year ended June 30, 2020 consisted of the following:

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>	
Contributions – employer	\$ 378,621	38,422	417,043
Contributions – members	<u>121,191</u>	<u>32,983</u>	<u>154,174</u>
<b>Total contributions</b>	<u>\$ 499,812</u>	<u>71,405</u>	<u>571,217</u>

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Actuarial Methods and Assumptions Used to Determine the Total Pension Liability*

For the measurement period ending June 30, 2019 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major *asset class*.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Years 11+<sup>2</sup></u>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

<sup>1</sup> An expected inflation rate-of-return of 2.0% is used for years 1 – 10.

<sup>2</sup> An expected inflation rate-of-return of 2.92% is used for years 11+.

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8– Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate for the June 30, 2019 Valuation Date as follows:

<b>Plan Type</b>	<b>Plan's Net Pension Liability/(Asset)</b>		
	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate + 1% 8.15%</b>
CalPERS – Miscellaneous Plan	\$ 4,727,163	\$ 3,150,747	\$ 1,849,528

*Pension Plan Fiduciary Net Position*

Detail information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

*Proportionate Share of Net Pension Liability and Pension Expense*

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2020:

<b>Plan Type and Balance Descriptions</b>	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Change in Plan Net Pension Liability</b>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2018 (Measurement Date)	\$ 11,119,446	8,226,458	2,892,988
Balance as of June 30, 2019 (Measurement Date)	11,720,295	8,569,548	3,150,747
<b>Change in Plan Net Pension Liability</b>	<b>\$ 600,849</b>	<b>343,090</b>	<b>257,759</b>

The District’s proportionate share of the net pension liability for the June 30, 2019 measurement date was as follows:

	<b>Percentage Share of Risk Pool</b>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2020</b>	<b>Fiscal Year Ending June 30, 2019</b>	
Measurement Date	June 30, 2019	June 30, 2018	
Percentage of Risk Pool Net Pension Liability	0.030750%	0.030020%	0.000730%

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 8– Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

For the year ended June 30, 2020 the District recognized pension expense in the amounts of \$678,990 for the CalPERS Miscellaneous Plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

*Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 417,043	\$ -
Difference between actual and proportionate share of employer contributions	-	14,561
Adjustment due to differences in proportions	74,331	11,252
Differences between expected and actual experience	218,833	16,955
Differences between projected and actual earnings on pension plan investments	-	55,085
Changes in assumptions	<u>150,242</u>	<u>53,260</u>
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<u>\$ 860,449</u>	<u>\$ 151,113</u>

The District will recognize \$417,043 reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2021, as noted above.

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 8– Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources*

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2021	\$ 261,514
2022	(18,098)
2023	37,747
2024	<u>11,130</u>
<b>Total</b>	<u>\$ 292,293</u>

**Note 9 – Net Other Post-Employment Benefits Liability**

***Plan Description***

The District has established a Retiree Healthcare Plan (Plan), an agent multiple-employer defined benefit retiree healthcare plan. The Plan provides employees who retire directly from the District, at a minimum age of 55, that are vested in their CalPERS pension benefit and commence payment of their pension benefit upon retirement with the District with the following benefits. For employees hired prior to April 1, 2014 The District’s financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum which is targeted at the PERS Choice Plan at the family coverage level (currently \$1,857.52 and scheduled to decrease to \$1,817.30 effective January 1, 2018). The District’s contribution will continue for the lifetime of the retiree and any surviving eligible spouse. For employees hired on or after April 1, 2014 the District’s contribution is 100% of the coverage level elected by the retiree up to the 100/90 State Annuitant rates multiplied by a vesting schedule. 100/90 amount is 100% of the weighted average of single coverage and 90% of the weighted average of the additional premium for two party and family coverage for the 4 PEMHCA plans with the highest State enrollment in the prior year.

***Employees Covered***

As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	20
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to, but not yet receiving benefits	<u>-</u>
Total	<u>27</u>

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 9 – Net Other Post-Employment Benefits Obligation (Continued)**

**Contributions**

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the District’s cash contributions were \$163,277 in payments to the trust, \$88,706 cash paid for benefits and the estimated implied subsidy was \$23,367 resulting in total payments of \$275,350. In Fiscal Year 2016, joined the California Employers’ Retiree Benefit Trust (CERBT), an OPEB trust administrator and affiliate program of CalPERS, for the purpose of prefunding obligations for past services.

**Net OPEB Liability**

The District’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

<b>Actuarial Cost Method:</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
Discount Rate	7.00%
Inflation	2.50%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	7.00%, assuming actuarially determined contributions funded into CERBT Investment Strategy 1
Mortality Rate <sup>(1)</sup>	Derived using CalPERS’ Membership Data for all funds
Pre-Retirement Turnover <sup>(2)</sup>	Derived using CalPERS’ Membership Data for all funds
Healthcare Trend Rate	7.0% HMO & 7.5% PPO decreasing to 4.5% HMO & 4.5% PPO over future periods

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS’ specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

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**Note 9 – Net Other Post-Employment Benefits Obligation (Continued)**

***Net OPEB Liability (Continued)***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Assets Class</b>	<b>Strategy 1</b>	
	<b>Target Allocation</b>	<b>Long-Term expected real Rate of return</b>
Global Equities	59.00%	5.50%
US Fixed Income	25.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
Total	<u>100%</u>	

\* Long-term expected rate of return is 7.00%

***Discount Rate***

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 9 – Net Other Post-Employment Benefits Obligation (Continued)**

***Changes in the OPEB Liability***

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net position (b)</b>	<b>Net OPEB Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2019 <i>(Measurement Date June 30, 2018)</i>	<b>\$ 2,738,770</b>	<b>2,168,502</b>	<b>570,268</b>
<b>Changes recognized for the measurements period:</b>			
Service cost	101,477	-	101,477
Interest	195,787	-	195,787
Differences between expected and actual experience	159,266	-	159,266
Changes of assumptions	(97,270)	-	(97,270)
Contributions - employer	-	259,180	(259,180)
Net investment income	-	137,226	(137,226)
Benefit payments	(86,591)	(86,591)	-
Administrative expense	-	(466)	466
<b>Net Changes</b>	<b>272,669</b>	<b>309,349</b>	<b>(36,680)</b>
Balance at June 30, 2020 <i>(Measurement Date June 30, 2019)</i>	<b>\$ 3,011,439</b>	<b>2,477,851</b>	<b>533,588</b>

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<b>Current</b>	
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>
\$ 956,013	\$ 533,588	\$ 185,961

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<b>Current Healthcare</b>	
<b>1% Decrease</b>	<b>Cost Trend Rate</b>	<b>1% Increase</b>
<b>5.5% decreasing to 3.5%</b>	<b>6.5% decreasing to 4.5%</b>	<b>7.5% decreasing to 5.5%</b>
\$ 144,077	\$ 533,588	\$ 1,016,143

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

**Note 9 – Net Other Post-Employment Benefits Obligation (Continued)**

***OPEB Plan Fiduciary Net Position***

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees’ Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94429-2703.

***Recognition of Deferred Outflows and Deferred Inflows of Resources***

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected Average Remaining Service Lifetime (EARSL)

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$138,032. As of fiscal year ended June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions made Subsequent to Measurement Date	\$ 275,350	-
Differences between expected and actual experience	141,570	-
Changes in Assumptions	-	(86,461)
Net Difference in Earnings on Plan Investments	-	(11,394)
<b>Total</b>	<b>\$ 416,920</b>	<b>(97,855)</b>

The \$275,350 reported as deferred inflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

<b>Fiscal Year Ended June 30</b>		<b>Deferred Outflows/ (Inflows) of Resources</b>
2020	\$	(1,879)
2021		(1,881)
2022		8,913
2023		11,005
2024		6,888
Thereafter		20,668
Total	\$	<b>43,714</b>

**Trabuco Canyon Water District  
Notes to the Basic Financial Statements (Continued)  
For the Year Ended June 30, 2020**

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**Note 10 – Net Investment in Capital Assets**

Net investment in capital assets as of June 30, 2020 consisted of the following:

Capital assets – not being depreciated	\$ 5,335,924
Capital assets – being depreciated, net	41,959,427
Loans payable – current	(88,748)
Loans payable – noncurrent	<u>(2,229,753)</u>
<b>Total net investment in capital assets</b>	<u><u>\$ 44,976,850</u></u>

**Note 11 – Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2020 the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees’ errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit at \$1,000,000 per occurrence. The JPIA purchases additional excess coverage layers: \$60 million per occurrence for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$100,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$100 million per occurrence, subject to a \$2,500 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$50 million per occurrence, subject to various deductibles depending on the type of equipment.
- Dam failure liability coverage up to \$5.0 million per occurrence; the ACWA/JPIA is self-insured up to \$50,000 and excess insurance coverage has been purchased.
- Workers’ compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law. The ACWA/JPIA is self-insured up to \$2.0 million and excess insurance coverage has been purchased.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District’s insurance coverage during the years ending June 30, 2020. Liabilities are recorded when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payables as of June 30, 2020.

**Trabuco Canyon Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 12 – Commitments and Contingencies**

***Economic Dependency***

The District purchases a majority of its source of supply from the Santiago Aqueduct Commission. Interruption of this source would impact the District negatively.

***Grant Awards***

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

***Construction Contracts***

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and capital contributions.

***Litigation***

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Trabuco Canyon Water District  
Required Supplementary Information (Unaudited)  
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability  
For the Year Ended June 30, 2020**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Measurement Date:</b>	<b>June 30, 2019<sup>1</sup></b>	<b>June 30, 2018<sup>1</sup></b>	<b>June 30, 2017<sup>1</sup></b>	<b>June 30, 2016<sup>1</sup></b>	<b>June 30, 2015<sup>1</sup></b>	<b>June 30, 2014<sup>1</sup></b>
District's Proportion of the Net Pension Liability	0.078680%	0.076763%	0.074380%	0.028990%	0.029498%	0.024334%
District's Proportionate Share of the Net Pension Liability	\$ 3,150,747	2,892,988	2,932,288	2,508,531	2,024,702	1,514,199
District's Covered Payroll	1,768,682	1,688,233	1,650,240	1,718,534	1,668,480	1,619,883
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	<u>178.14%</u>	<u>171.36%</u>	<u>177.69%</u>	<u>145.97%</u>	<u>121.35%</u>	<u>93.48%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>77.73%</u>	<u>73.98%</u>	<u>74.06%</u>	<u>74.06%</u>	<u>76.75%</u>	<u>83.03%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

**Summary of Changes of Benefits or Assumptions:**

**Benefit Changes:** There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

**Changes in Assumptions:** In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

**Trabuco Canyon Water District  
Required Supplementary Information (Unaudited)  
Schedule of the District's Contributions to the Pension Plan  
For the Year Ended June 30, 2020**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year:</b>	<b>2019-20<sup>1</sup></b>	<b>2018-19<sup>1</sup></b>	<b>2017-18<sup>1</sup></b>	<b>2016-17<sup>1</sup></b>	<b>2015-16<sup>1</sup></b>	<b>2014-15<sup>1</sup></b>	<b>2013-14<sup>1</sup></b>
Actuarially Determined Contribution <sup>2</sup> Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	\$ 417,043	347,954	301,990	278,521	264,450	265,436	255,864
	<u>(417,043)</u>	<u>(347,954)</u>	<u>(301,990)</u>	<u>(278,521)</u>	<u>(264,450)</u>	<u>(265,436)</u>	<u>(255,864)</u>
Contribution Deficiency (Excess)	-	-	-	-	-	-	-
District's Covered Payroll	<u>\$ 1,985,268</u>	<u>1,768,682</u>	<u>1,688,233</u>	<u>1,650,240</u>	<u>1,718,534</u>	<u>1,668,479</u>	<u>1,619,883</u>
Contributions as a Percentage of Covered Payroll	<u>21.01%</u>	<u>19.67%</u>	<u>17.89%</u>	<u>16.88%</u>	<u>15.39%</u>	<u>15.91%</u>	<u>15.80%</u>

<sup>1</sup> Historical information is required only for measurement periods for which GASB No. 68 is applicable.

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2020 were from the June 30, 2017 public agency valuations.

Fiscal Year End:	6/30/2020
Valuation Date:	6/30/2017
Methods and assumptions used to determine contributions rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.250%
Project Salary Increase	Varies by entry age and service
Inflation	2.63%
Payroll Growth	2.88%

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decreases in the discount rate. For the June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

**Trabuco Canyon Water District**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**for the Measurement Periods Ended June 30**

Measurement Period	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 101,477	98,521	\$ 92,077
Interest on the total OPEB liability	195,787	181,652	167,849
Actual and expected experience difference	159,266	-	-
Changes in assumptions	(97,270)	-	-
Changes in benefit terms	-	-	-
Benefit payments	(86,591)	(75,817)	(62,564)
Net change in total OPEB liability	272,669	204,356	197,362
Total OPEB liability - beginning	2,738,769	2,534,413	2,337,052
Total OPEB liability - ending (a)	\$ 3,011,438	2,738,769	\$ 2,534,414
<b>Plan Fiduciary Net Position</b>			
Contribution - employer	\$ 259,180	245,243	\$ 175,489
Net investment income	137,226	146,228	168,197
Benefit payments	(86,591)	(75,817)	(62,564)
Administrative expense	(467)	(993)	(852)
Other expense	-	(2,457)	-
Net change in plan fiduciary net position	309,348	312,204	280,270
Plan fiduciary net position - beginning	2,168,502	1,856,298	1,576,028
Plan fiduciary net position - ending (b)	\$ 2,477,850	2,168,502	\$ 1,856,298
Net OPEB liability - ending (a)-(b)	\$ 533,588	570,267	\$ 678,116
Plan fiduciary net position as a percentage of the total OPEB liability	82.28%	79.18%	73.24%
Covered-employee payroll	\$ 1,985,268	1,668,352	\$ 1,688,233
Net OPEB liability as a percentage of covered-employee payroll	26.88%	34.18%	40.17%

Notes to Schedule:

Changes in assumptions. The discount rate was changed from 7.28 percent (net of administrative expense) to 7.00 percent for the measurement period ended June 30, 2017.

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**SUPPLEMENTARY INFORMATION**

**Trabuco Canyon Water District**  
**Schedule of Net Position - Combined**  
**June 30, 2020**  
(with prior year data for informational purposes)

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Recycled Water Fund</b>	<b>Reclaimed Water Fund</b>	<b>2020 Total</b>	<b>2019 Total</b>
<b>Current assets:</b>						
Cash and investments	\$ 760,643	-	-	-	760,643	1,326,418
Accrued interest receivable	25	-	-	25	25	3,582
Accounts receivable – water sales and services, net	743,163	167,094	27,116	105,551	1,042,924	911,843
Accounts receivable – due from other governments	2,669,579	-	-	-	2,669,579	1,269,527
Accounts receivable – other	832,772	4,784,704	1,110	-	5,618,586	244,640
Prepaid items	34,420	37,220	24,322	1,180	97,142	141,704
Due from other funds	1,950,934	-	-	-	1,950,934	3,357,670
<b>Total current assets</b>	<b>6,991,536</b>	<b>4,989,018</b>	<b>52,548</b>	<b>106,731</b>	<b>12,139,833</b>	<b>7,255,384</b>
<b>Non-current assets:</b>						
Restricted – cash and investments	2,609,422	630,997	-	-	3,240,419	7,388,423
Restricted – accrued interest receivable	13,513	828	-	-	14,341	41,064
Capital assets – not being depreciated	3,616,510	991,102	364,156	364,156	5,335,924	2,819,033
Capital assets – being depreciated, net	23,257,630	15,307,993	2,581,409	812,395	41,959,427	43,579,018
<b>Total non-current assets</b>	<b>29,497,075</b>	<b>16,930,920</b>	<b>2,945,565</b>	<b>1,176,551</b>	<b>50,550,111</b>	<b>53,827,538</b>
<b>Total assets</b>	<b>36,488,611</b>	<b>21,919,938</b>	<b>2,998,113</b>	<b>1,283,282</b>	<b>62,689,944</b>	<b>61,082,922</b>
<b>Deferred outflows of resources:</b>						
Deferred amounts related to net pension liability	602,314	215,113	21,511	21,511	860,449	869,316
Deferred amounts related to OPEB liability	291,843	104,231	10,423	10,423	416,920	256,836
<b>Total deferred outflows of resources</b>	<b>894,157</b>	<b>319,344</b>	<b>31,934</b>	<b>31,934</b>	<b>1,277,369</b>	<b>1,126,152</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 37,382,768</b>	<b>22,239,282</b>	<b>3,030,047</b>	<b>1,315,216</b>	<b>63,967,313</b>	<b>62,209,074</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	\$ 1,762,942	523,605	214,638	117,328	2,618,513	1,081,004
Deposits and unearned revenue	119,978	153,286	3,393	3,393	280,050	706,383
Accrued interest payable	-	-	-	-	-	27,146
Due to other funds	-	1,431,399	491,608	27,927	1,950,934	3,357,670
Long-term liabilities – due within one year:						
Compensated absences	57,815	17,231	1,885	1,885	78,817	58,651
Bonds payable	-	-	-	-	-	890,000
Loans payable	88,748	-	-	-	88,748	172,473
<b>Total current liabilities</b>	<b>2,029,483</b>	<b>2,125,521</b>	<b>711,524</b>	<b>150,533</b>	<b>5,017,062</b>	<b>6,293,327</b>
<b>Non-current liabilities:</b>						
Long-term liabilities – due in more than one year:						
Compensated absences	107,370	32,001	3,502	3,502	146,374	108,922
Loans payable	2,229,753	-	-	-	2,229,753	2,320,470
Net pension liability	2,205,523	787,687	78,769	78,768	3,150,747	2,892,988
Net other post-employment benefits liability	373,511	133,397	13,340	13,340	533,588	570,268
<b>Total non-current liabilities</b>	<b>4,916,157</b>	<b>953,085</b>	<b>95,611</b>	<b>95,610</b>	<b>6,060,462</b>	<b>5,892,648</b>
<b>Total liabilities</b>	<b>6,945,640</b>	<b>3,078,606</b>	<b>807,135</b>	<b>246,143</b>	<b>11,077,524</b>	<b>12,185,975</b>
<b>Deferred inflows of resources:</b>						
Deferred amounts related to net pension liability	105,779	37,778	3,778	3,778	151,113	155,790
Deferred amounts related to OPEB liability	68,499	24,464	2,446	2,446	97,855	40,754
<b>Total deferred inflows of resources</b>	<b>174,278</b>	<b>62,242</b>	<b>6,224</b>	<b>6,224</b>	<b>248,968</b>	<b>196,544</b>
<b>Net position:</b>						
Net investment in capital assets	24,555,639	16,299,095	2,945,565	1,176,551	44,976,850	43,977,274
Restricted – capital projects	2,609,422	630,997	-	-	3,240,419	6,426,257
Unrestricted	3,097,789	2,168,342	(728,877)	(113,702)	4,423,552	(576,976)
<b>Total net position</b>	<b>30,262,850</b>	<b>19,098,434</b>	<b>2,216,688</b>	<b>1,062,849</b>	<b>52,640,821</b>	<b>49,826,555</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 37,382,768</b>	<b>22,239,282</b>	<b>3,030,047</b>	<b>1,315,216</b>	<b>63,967,313</b>	<b>62,209,074</b>

**Trabuco Canyon Water District**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Combined**  
**For the Year Ending June 30, 2020**  
(with prior year data for informational purposes)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Recycled Water Fund</u>	<u>Reclaimed Water Fund</u>	<u>2020</u>	<u>2019</u>
<b>Operating revenues:</b>						
Water consumption sales	\$ 3,165,259	-	-	-	3,165,259	2,966,405
Water service charges	1,033,023	-	-	-	1,033,023	973,161
Sewer service charges	-	1,918,114	-	-	1,918,114	1,680,061
Reclaimed water sales	-	-	-	541,972	541,972	444,032
Recycled water sales	-	-	181,116	-	181,116	106,614
Wholesale water sales – Baker Treatment Plant	1,210,433	-	-	-	1,210,433	1,164,972
Other service charges	67,827	20,656	1,048	61,627	151,158	114,185
<b>Total operating revenues</b>	<b>5,476,542</b>	<b>1,938,770</b>	<b>182,164</b>	<b>603,599</b>	<b>8,201,075</b>	<b>7,449,430</b>
<b>Operating expenses:</b>						
Source of supply	3,150,263	-	-	-	3,150,263	2,846,965
Pumping	252,227	-	-	-	252,227	497,539
Water treatment	303,281	-	-	-	303,281	56,539
Transmission and distribution	149,577	-	-	-	149,577	216,180
Sewer operations	-	770,329	-	-	770,329	1,489,840
Reclaimed operations	-	-	-	110,299	110,299	-
Recycled operations	-	-	129,746	-	129,746	-
General and administrative	4,301,252	991,871	326,909	286,280	5,906,312	4,525,647
<b>Total operating expenses</b>	<b>8,156,600</b>	<b>1,762,200</b>	<b>456,655</b>	<b>396,579</b>	<b>10,772,034</b>	<b>9,632,710</b>
Operating (loss) before depreciation	(2,680,058)	176,570	(274,491)	207,020	(2,570,959)	(2,183,280)
Depreciation expense	(1,761,669)	(1,513,468)	(111,528)	(41,996)	(3,428,661)	(3,304,227)
<b>Operating (loss)</b>	<b>(4,441,727)</b>	<b>(1,336,898)</b>	<b>(386,019)</b>	<b>165,024</b>	<b>(5,999,620)</b>	<b>(5,487,507)</b>
<b>Non-operating revenues(expenses):</b>						
Property taxes	968,206	968,206	-	-	1,936,412	1,768,140
Investment earnings	112,857	6,209	-	-	119,066	228,244
Rental revenue	24,112	-	-	-	24,112	23,410
Interest expense	(55,939)	-	(2,348)	(2,348)	(60,635)	(121,869)
Debt administration expense	(425)	(425)	-	-	(850)	(7,214)
Property tax administration charge	(5,923)	(5,923)	-	-	(11,846)	(11,467)
Other non-operating revenue	13,125	19,149	15,491	299	48,064	94,192
<b>Total non-operating revenues, net</b>	<b>1,056,013</b>	<b>987,216</b>	<b>13,143</b>	<b>(2,049)</b>	<b>2,054,323</b>	<b>1,973,436</b>
<b>Net (loss) before capital contributions</b>	<b>(3,385,714)</b>	<b>(349,682)</b>	<b>(372,876)</b>	<b>162,975</b>	<b>(3,945,297)</b>	<b>(3,514,071)</b>
<b>Capital contributions:</b>						
Water reliability and emergency storage fees	833,511	-	-	-	833,511	854,770
Capital buyout	-	4,526,000	-	-	4,526,000	-
Capital grants	1,400,052	-	-	-	1,400,052	48,109
<b>Total capital contributions</b>	<b>2,233,563</b>	<b>4,526,000</b>	<b>-</b>	<b>-</b>	<b>6,759,563</b>	<b>902,879</b>
<b>Other financing sources:</b>						
Transfers in	623,297	-	2,589,564	899,874	4,112,735	854,770
Transfers out	-	(4,112,735)	-	-	(4,112,735)	48,109
<b>Total other financing sources</b>	<b>623,297</b>	<b>(4,112,735)</b>	<b>2,589,564</b>	<b>899,874</b>	<b>-</b>	<b>902,879</b>
<b>Change in net position</b>	<b>(528,854)</b>	<b>63,583</b>	<b>2,216,688</b>	<b>1,062,849</b>	<b>2,814,266</b>	<b>(2,611,192)</b>
<b>Net position:</b>						
Beginning of year	30,791,704	19,034,851	-	-	49,826,555	52,437,747
End of year	<b>\$ 30,262,850</b>	<b>19,098,434</b>	<b>2,216,688</b>	<b>1,062,849</b>	<b>52,640,821</b>	<b>49,826,555</b>

**TRABUCO CANYON WATER DISTRICT**

**Audit Communications**

**Year ended June 30, 2020**

**Trabuco Canyon Water District**

**Audit Communications**

**Year ended June 30, 2020**

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## **REQUIRED AUDIT COMMUNICATIONS**

Board of Directors  
Trabuco Canyon Water District  
Trabuco Canyon, California

We have audited the financial statements of Trabuco Canyon Water District (District) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 1, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year ended June 30, 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Judgments concerning which capital project expenditures should be capitalized and depreciated versus expensed in the financial statements and judgments concerning which projects should be placed in service.
- Judgements involving the estimated net pension liability
- Judgements involving the estimated net OPEB liability

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Pension Liability and Other Post-Employment Benefits Obligation in Note 8 and Note 9, respectively, to the financial statements due to nature of the underlying information.

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 1, 2020.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management Discussion and Analysis, Pension schedules and Other Post-Employment Benefits schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

This information is intended solely for the information and use of the Board of Directors and management of Trabuco Canyon Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

*Davis Farr LLP*

Irvine, California  
December 1, 2020

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Directors  
Trabuco Canyon Water District  
Trabuco Canyon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Trabuco Canyon Water District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of

our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis Farr LLP

Irvine, California  
December 1, 2020

**Trabuco Canyon Water District**  
**New Accounting Standards Not Yet Effective**  
**Year ended June 30, 2020**

GASB Statement No. 84: *Fiduciary activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The standard will be effective for the fiscal year ending June 30, 2021.

GASB Statement No. 87: *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources.

The standard will be effective for the fiscal year ending June 30, 2022.

GASB Statement No. 90: *Majority Equity Interests*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

The standard will be effective for the fiscal year ending June 30, 2021.

GASB Statement No. 91: *Conduit Debt Obligations*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement clarifies the existing definition of a conduit debt obligation, establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures.

The standard will be effective for the fiscal year ending June 30, 2023.

**Trabuco Canyon Water District**  
**New Accounting Standards Not Yet Effective**  
**Year ended June 30, 2020**

GASB Statement No. 92: *Omnibus 2020*

This Statement addresses a variety of topics and includes specific provisions about the reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of GASB Statement No. 73 to reporting assets accumulated for postemployment benefits, applicability of certain requirements of GASB 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations, and reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.

The standard will be effective for the fiscal year ending June 30, 2022.

GASB Statement No. 93: *Replacement of Interbank Offered Rates*

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

The standard will generally be effective for the fiscal year ending June 30, 2021.

GASB Statement No. 94: *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

The standard will generally be effective for the fiscal year ending June 30, 2023.

**Trabuco Canyon Water District**  
**New Accounting Standards Not Yet Effective**  
**Year ended June 30, 2020**

GASB Statement No. 96: *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The standard will generally be effective for the fiscal year ending June 30, 2023.

GASB Statement No. 97: *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The standard will generally be effective for the fiscal year ending June 30, 2022.

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR  
ENGINEERING MATTERS**

**ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING THE PROPOSED BARNEBURG SEWER LIFT STATION DRY PIT REHABILITATION PROJECT**

Trabuco Canyon Water District (District) owns and operates Barneburg Sewer Lift Station in the Dove Canyon community, and the facility collects wastewater flows from lower portion of the community then delivers flow to the Golf Club Sewer Lift Station. The station has undergone minor repairs, including pump replacement, within the last five to six years, but Wastewater Operations and Maintenance staff have identified specific necessary repairs to certain equipment in the station dry pit and recommend undertaking the repairs urgently to reduce the risk of station failure. The repairs include:

- Removal and Replacement of Valves
- Removal and Replacement of Dry Pit Piping
- Removal, Inspection and Re-Installation of Surge Tank
- Replacement and Painting of Existing Hardware, Fittings, and Supports

District staff requested proposals for the repair work at the facility (Exhibit 2) and the costs are as follows:

<b>CONTRACTOR</b>	<b>BID AMOUNT</b>
Ferreira Construction	\$55,085.00
GCI Construction	Declined to Bid due to Workload
SS Mechanical Construction	\$56,925.00

District staff recommends SS Mechanical for the repair and installation work due to the bids being close and because Ferreira Construction is currently working on other major projects with the District such as Bell Canyon Lift Station Rehabilitation and Silvertree Lane Pipeline Improvements.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT:**

\$56,925.00

**ENVIRONMENTAL COMPLIANCE:**

Notice of Exemption

**COMMITTEE STATUS:**

This matter was reviewed with the Engineering/Operational Committee

**RECOMMENDED ACTION(S):**

1. Receive information at the time of the Board Meeting.
2. Authorize the General Manager to execute a contract for the Barneburg Sewer Lift Station Dry Pit Upgrades to SS Mechanical Construction Corporation in the not to exceed amount of \$56,925.00.

**EXHIBIT(S):**

1. Project Location and Photos
2. Proposal Comparison Summary

**CONTACTS (staff responsible): PALUDI/LAUSTEN**

**Project Location**



**LOCATION MAP**

 Area of Work

**Barneburg Sewer Lift Station**

Address: 46 Barneburg Dr., Trabuco Canyon, CA 92679

# Barneburg Dry Pit Rehabilitation



# Barneburg Dry Pit Rehabilitation



# Barneburg Dry Pit Rehabilitation



# Barneburg Dry Pit Rehabilitation



**TRABUCO CANYON WATER DISTRICT**  
**Barneburg Lift Station Dry Pit Scope of Work**

Item	Description	Quantity	Unit	Ferreira		SS Mechanical		
				Unit Price	Total Price	Unit Price	Total Price	
1	Mobilization and Demobilization (not to exceed 5%)	1	LS	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	
2	Bypass Pumping During Repair. Sewage shall be dumped at Golf Club Lift Station	1	LS	\$11,200.00	\$11,200.00	\$12,075.00	\$12,075.00	
3	Remove and Dispose of All Pipes, Valves, Fittings in Dry Pit	1	LS	\$5,930.00	\$5,930.00	\$4,000.00	\$4,000.00	
4	Remove Surge Tank and Perform Inspection with TCWD Operations. Includes Reinstallation of Surge Tank.	1	EA	\$4,830.00	\$4,830.00	\$700.00	\$700.00	
5	Install 6" Full Port Eccentric Plug Valve (Owner Furnished Valve)	3	EA	\$1,975.00	\$5,925.00	\$381.67	\$1,145.00	
6	Install 6" Swing Check Valve with Spring Lever Assembly (Owner Furnished Valve)	2	EA	\$1,480.00	\$2,960.00	\$365.00	\$730.00	
7	Furnish and Install 4" Gate Valve (Mueller 2362)	1	EA	\$2,020.00	\$2,020.00	\$1,100.00	\$1,100.00	
8	Furnish and Install 2" SSL Ball Isolation Valves for future Air Release Valves	2	EA	\$960.00	\$1,920.00	\$400.00	\$800.00	
9	Furnish and Install all Epoxy Lined DIP Piping, Tees, Elbows, Wyes, Flanges and Pipe Supports	1	LS	\$12,800.00	\$12,800.00	\$28,875.00	\$28,875.00	
10	Allowance for Field Changes	1	LS	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	
<b>Grand Total:</b>						<b>\$55,085.00</b>		<b>\$56,925.00</b>

Notes:

- 1 TCWD shall clean drypit prior to Mobilization.
- 2 Installation, materials, and all labor included in bid items.
- 3 Prevailing wage and performance/materials bonds required
- 4 Surveying, permits, Inspection, traffic control plan will be provided by the District
- 5 All bolts and nuts shall 316 stainless steel
- 6 Paint all piping with 2 Part Epoxy Paint-grey
- 7 Materials shall be per TCWD Specification and approved by the District Engineer.
- 8 Contractor responsible for all confined space requirements

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR  
ENGINEERING MATTERS**

**ITEM 11: DISCUSSION CONCERNING TRABUCO CANYON WATER DISTRICT'S SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) UPGRADE PROJECT**

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The District's Supervisory Control and Data Acquisition (SCADA) System is a critical system used for the daily operation and monitoring of facilities in the water, wastewater, and recycled water systems. The SCADA system includes alarms, remote monitoring and controls, and data logging of the District's various facilities including the water and wastewater treatment plants, pump stations, sewage lift stations, and reservoirs. The SCADA system consists of various telemetry, programmable logic computers, PCs, radios, controllers, and antennas of various heights and types. The SCADA system continuously monitors the District's facilities and reports alarm conditions to the operators on a twenty-four hour per day basis every day.

At times, the SCADA system requires complex programming of different software, some of which is outdated and not supported by the original software developer. In addition, the programming and applications are custom to water and wastewater systems and an understanding of operations is necessary when working on the SCADA system. In addition, the District's geography, varying elevations, and remote facilities require the use of different methods of communicating within the SCADA system, including low and ultra-frequency radios, licensed and unlicensed frequencies, and the internet. Over the past 25 years or more, the SCADA system has undergone upgrades and replacement of components with several no longer supported or available for replacement. The maintenance of the SCADA system is performed by one of the District's Mechanical Technologists with assistance from both Beavens Systems and TESCO Controls, Inc.

Staff has implemented a phased approach to update the District's SCADA System, as summarized below:

- Phase 1 - SCADA System Assessment Study (Completed December 2017).
- Phase 2 - Wide Area Network Improvements and Hardware Replacement (Completed January 2019).
- Phase 3 - Radio Frequency system Analysis and Field Study (Exhibit 1), Software Platform Evaluation and Selection and Purchasing of the Remote PLC Hardware (Completed June 2020).
- Phase 4 :
  - a. Consolidation of the existing SCADA platforms (Intellution FIX and Wonderware) into a single Wonderware InTouch application
  - b. Upgrade of the existing main control panel PLC and HMI at the Trabuco Creek Groundwater Treatment Facility (TCGWTF)
  - c. Implementation of a high-speed radio backbone network throughout the water/wastewater system

More information may be presented at the time of the meeting.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT (PROJECT BUDGET FY 20-21):**

Phase 1: \$45,000

Phase 2: \$200,000

Phase 3: \$400,000

Phase 4: \$600,000

**COSTS TO DATE**

Phase 1: \$ 44,777 - Study (TESCO/Beavens)

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

Phase 2: \$ 182,520 - WAN Improvements/Hardware/Licensing/Programming/Virtualization (TESCO/Beavens)  
Phase 3: \$ 386,840 – Radio Frequency Study, Software Evaluation and Purchase of Remote Site PLC's (TESCO)  
Phase 4: \$580,120 - High Speed Radio Backbone Implementation/Wonderware Upgrade/TCGWTF Upgrade

**ENVIRONMENTAL COMPLIANCE:**

Notice of Exemption

**COMMITTEE STATUS:**

This matter was reviewed with the Engineering/Operational Committee

**RECOMMENDED ACTION(S):**

*Receive project status update at the time of the Board meeting and take action(s) as deemed appropriate.*

**EXHIBIT(S):**

1. FY20-21 SCADA Upgrade Schedule
2. High Speed Backbone System
3. Joplin Repeater Upgrade

**CONTACTS (staff responsible): PALUDI/LAUSTEN**



Project: Schedule Date: Fri 11/13/20	Task		Project Summary		Manual Task		Start-only		Deadline	
	Split		Inactive Task		Duration-only		Finish-only		Progress	
	Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
	Summary		Inactive Summary		Manual Summary		External Milestone			

**Legend**

- 450 MHz Radio Link
- 5.9/4.9 GHz Radio Link
- 900 MHz Radio Link

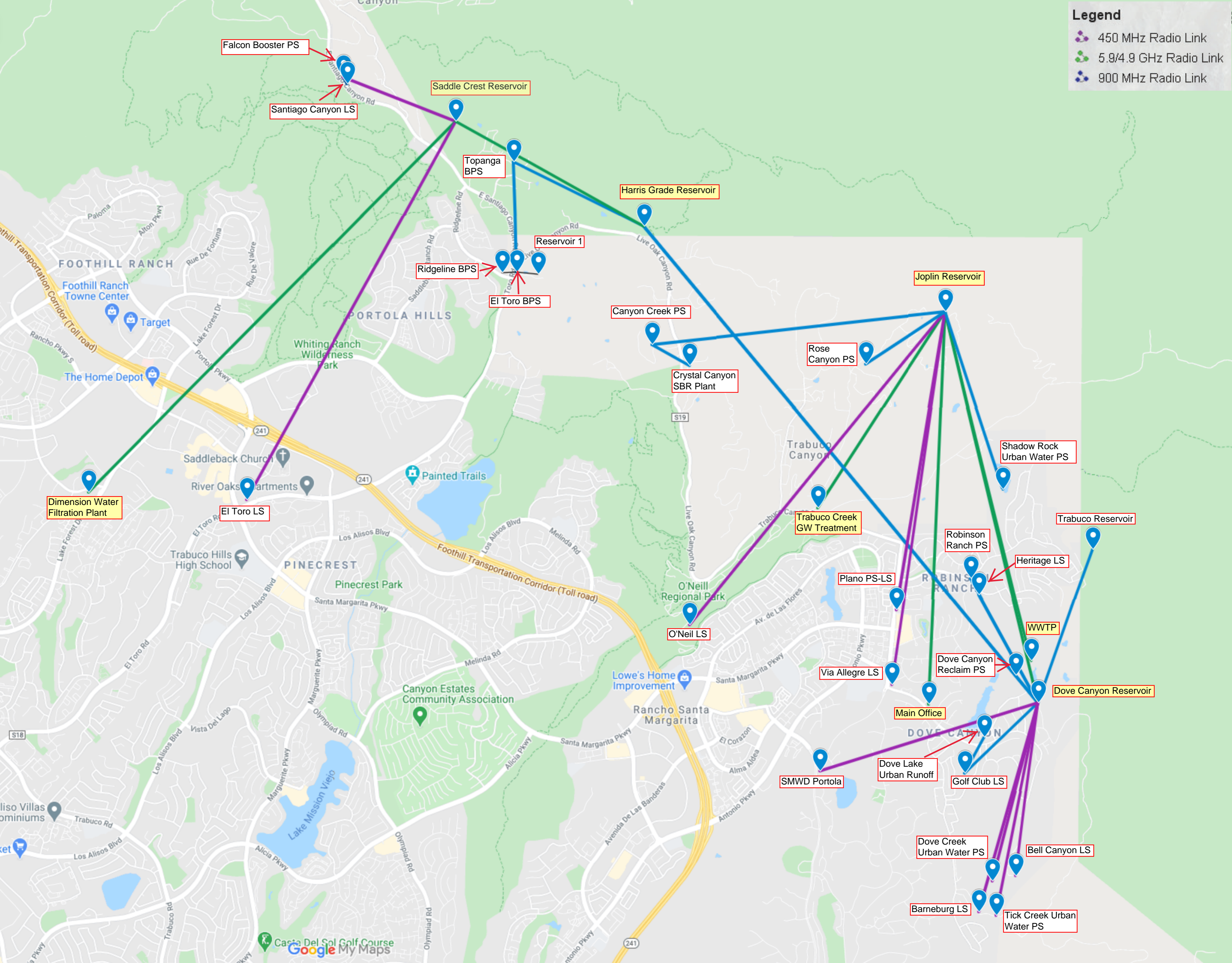
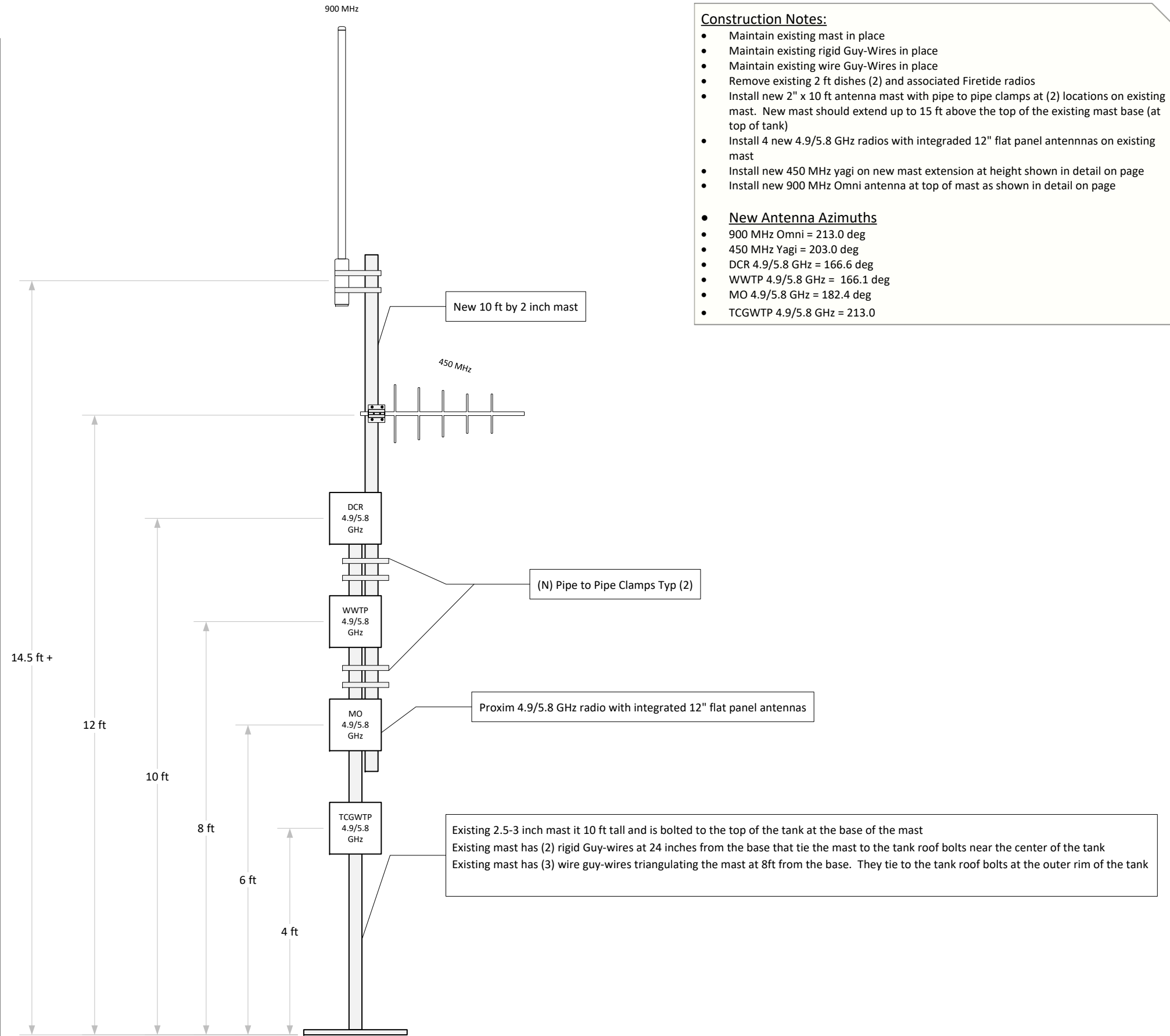


Image shows existing antenna mast with existing radios and dish's. Radios and dishes to be removed, mast and all mounts will remain.



**Construction Notes:**

- Maintain existing mast in place
- Maintain existing rigid Guy-Wires in place
- Maintain existing wire Guy-Wires in place
- Remove existing 2 ft dishes (2) and associated Firetide radios
- Install new 2" x 10 ft antenna mast with pipe to pipe clamps at (2) locations on existing mast. New mast should extend up to 15 ft above the top of the existing mast base (at top of tank)
- Install 4 new 4.9/5.8 GHz radios with integrated 12" flat panel antennas on existing mast
- Install new 450 MHz yagi on new mast extension at height shown in detail on page
- Install new 900 MHz Omni antenna at top of mast as shown in detail on page

**New Antenna Azimuths**

- 900 MHz Omni = 213.0 deg
- 450 MHz Yagi = 203.0 deg
- DCR 4.9/5.8 GHz = 166.6 deg
- WWTP 4.9/5.8 GHz = 166.1 deg
- MO 4.9/5.8 GHz = 182.4 deg
- TCGWTP 4.9/5.8 GHz = 213.0

NOTES



Joplin Antenna Mounting Detail

Trabuco Canyon Water District  
System Communications Upgrades

DRAFTED	DESIGNED	DATE	REV. DATE	JOB NO.	DRAWING
N&T	N&T	07/24/2020	XX/XX/XXXX	46178x3	00

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR**

**LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS**

**ITEM 12: LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL MATTER(S)**

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**Metropolitan Water District (MET)/Delta Conveyance Update:** The MET Board of Directors voted unanimously to approve MET's share of the environmental planning and pre-construction costs for the Delta Conveyance Project (DCP). The approval by MET and fifteen other State Water Project contractors ensures that the project's environmental review and planning phase will move forward. The DCP is a state-led project identified in Governor Newsom's Water Resilience Plan. As proposed, the preferred project is a single-tunnel conveyance that would feature two intakes north of the Delta with a combined capacity of 6,000 cubic feet-per-second. A draft Environmental Impact Report is expected in mid-2022.

Trabuco Canyon Water District submitted a letter of support encouraging MET's approval of the funding.

**RECOMMENDED ACTION(S):**

*Review and discuss local government and legislative informational matter(s) and take action(s) as deemed appropriate.*

**EXHIBIT(S):**

1. TCWD Letter of Support for Delta Conveyance Project Funding

**CONTACTS (staff responsible): PALUDI/PEREA**

## STAFF MEMBERS

Fernando Paludi, General Manager  
Michael Perea, District Secretary  
Cindy Byerrum, District Treasurer  
Atkinson, Andelson, Loya, Ruud & Romo  
District General Legal Counsel



## BOARD OF DIRECTORS

Michael Safranski, President  
Don Chadd, Vice President  
Glenn Acosta, Director  
Stephen Dopudja, Director  
Edward Mandich, Director

**December 3, 2020**

**Chairwoman Gloria Gray  
The Metropolitan Water District of Southern California  
700 N. Alameda Street  
Los Angeles, CA 90012**

**Dear Chairwoman Gray:**

**The Board of Directors of the Trabuco Canyon Water District are in strong support of the Metropolitan Water District (Metropolitan) funding its share of the state's environmental review and planning process for the single-tunnel Delta conveyance project. The Delta conveyance project is one of our best sources of reliable, high-quality and affordable water, and the recommended funding share ensures that environmental review and necessary planning can proceed to avoid further costly delays for this critically important project.**

**Nearly one-third of Southern California's water supply comes from the Sierra Nevada. This resource provides the backbone water supply for about 29 million people statewide, millions of acres of farmland, Southern California's \$1.6 trillion economy, and our environment. Modernizing the aging system that delivers this water makes good sense. It will help ensure we are better prepared for the effects of climate change and earthquakes and bring greater resilience to the Delta waterways and its ecosystem.**

**This is not an either/or situation; it is a both/and situation. Southern California is working diligently to reduce its reliance on the Delta. The Delta conveyance project is one of many steps we must take to ensure the region's water resiliency. Southern California is doing its part – actively diversifying its portfolio by developing recycled water and other local projects and investing in water efficiency. Still, the success of these local projects depends on a reliable supply of the higher quality water from north of the Delta.**

**Governor Newsom's Water Resilience Portfolio prioritizes a one-tunnel Delta conveyance system as essential to ensuring reliable water for generations to come. We continue to support efforts that advance this project because Southern California depends on the reliability the proposed Delta project will provide. With our largest and most affordable supply at risk, Metropolitan needs to provide funding now, ensuring the project continues to move**

forward with needed environmental planning and permitting work so that an informed decision on the project itself can be made in the future.

We urge Metropolitan's Board of Directors to help fund the environmental review and planning process for the project. Thank you for your consideration.

*Michael F. Safranski*

Michael Safranski, President  
Trabuco Canyon Water District

c:     The Honorable Linda Ackerman  
          The Honorable Larry Dick  
          The Honorable Sat Tamaribuchi

**TRABUCO CANYON WATER DISTRICT  
REGULAR BOARD MEETING | DECEMBER 16, 2020**

**ACTION CALENDAR**

**LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS**

**ITEM 13: ELECTION OF BOARD OFFICERS**

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The District's General Policy and Rules and Regulations, adopted on March 16, 2005, stipulate that the December meeting of the Board of Directors shall address the office of the President and Vice President. A copy of the Organizational Meeting Procedures and Guidelines is included for the Board's review and information.

**FUNDING SOURCE:**

General Fund

**FISCAL IMPACT**

None.

**ENVIRONMENTAL COMPLIANCE:**

Not applicable

**COMMITTEE STATUS:**

This matter was not reviewed at the Committee level.

**RECOMMENDED ACTIONS:**

*Pursuant to the District's General Policy and Rules and Regulations, hold elections for the offices of President and Vice President of the Board of Directors.*

**EXHIBIT(S):**

1. TCWD General Policy and Rules and Regulations, Section 2.3, Elections of President and Vice President

**CONTACTS (staff responsible): PALUDI/PEREA**

shall serve as chairperson over that meeting of the Board. And, in the event that both the President and Vice President of the

Board are absent, the remaining three members of the Board shall elect one of the members to serve as chairperson pro-tem over that Board meeting.

## **Section 2.3      Elections of President and Vice-President**

2.3.1 Time of Elections. The election of the President and Vice-President of the Board shall occur each year in December. The President and/or Vice President may be re-elected for an additional one-year term, but in no instance may the President and/or Vice President serve in the same office more than two years consecutively. In the event that a new Director is appointed or elected to the Board to fill a vacant position, and the Director(s) whose office is so replaced was the President or Vice-President, the Board may, by action of a majority of the Board after the new Director(s) has assumed office, call for an election of President and/or Vice-President as appropriate.

2.3.1.1      The Board reserves the right to re-elect, or elect, a President and/or Vice-President at such time(s) as the Board shall determine or direct.

2.3.2 Procedure - Election of President.

2.3.2.1      Nominations. At the time and place set for the election, the General Manager shall request that nominations for the office of President be announced. Such nominations shall be made orally. Each Director shall make no more than one nomination. A Director may nominate another Director or him or herself. The General Manager shall then declare the nominations for the office of President to be closed.

2.3.2.2.1      Election. Following the close of nominations, the General Manager shall call each nominated Director's name and request votes in favor. The votes shall be cast orally. If no Director receives a majority of votes from the entire Board, then the nomination of any Director may be withdrawn and the

nominations may be reopened. The General Manager shall again request votes in favor of each nominee until a majority of the entire Board votes in favor of one nominee. In such election, Directors whose vote is required to break a tie or to constitute a majority of the entire Board shall not abstain from voting unless required to do so by State or Federal law. Following the completion of the election, the Director elected as President shall immediately assume the duties of that office.

### 2.3.3 Procedure - Election of Vice-President

2.3.3.1 Nominations. Nominations for Vice-President shall be held in the same manner as those for President. The President may make a nomination, but the President shall not be nominated for this office.

2.3.3.2 Election. The election of Vice-President shall be in the same manner as for the election of the President. The President may vote for such election. Following the completion of the election, the Director elected as Vice-President shall immediately assume the duties of that office.

## **Section 2.4 District Committees**

2.4.1 General Committee Information. The Board has formed certain District committees in order to manage the flow of information, devote specific attention to particular matters and more efficiently employ the available time of each Director. The District committees shall be formed at the pleasure of the Board and shall perform such duties and functions as are specified by the Board.

Members of District committees shall be appointed by the President. Members of District committees may include Board Members and District staff. Members of the Board and staff may consult with the President on appointments of Board members and District staff to District committees.