



**REGULAR BOARD MEETING AGENDA
TRABUCO CANYON WATER DISTRICT
32003 DOVE CANYON DRIVE, TRABUCO CANYON, CALIFORNIA
ADMINISTRATIVE FACILITY, CONFERENCE ROOM
DECEMBER 16, 2021 AT 7:00 PM**

BOARD OF DIRECTORS

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

DISTRICT STAFF

Fernando Paludi, General Manager
Michael Perea, District Secretary
Cindy Byerrum, District Treasurer
Hanson Bridgett LLP, District General Legal Counsel

AGENDA NOTE:

Trabuco Canyon Water District (District) will make this Regular Board Meeting available by telephone audio as follows:

Telephone Audio: 1 (669) 900-6833 (Toll Free) **Access Code:** 913-8681-1652

*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**. You may submit public comments by email to the Board at **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.*

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**. 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.*

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**. 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

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING AGENDA | DECEMBER 16, 2021**

**PRESENTATION TO THE BOARD OF DIRECTORS FROM THE ORANGE COUNTY LOCAL AGENCY FORMATION
COMMISSION (OCLAFCO) SPECIAL DISTRICT COMMISSIONERS**

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, 2021 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, 2021

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 2021

c. PAYMENT OF BILLS FOR CONSIDERATION

RECOMMENDED ACTION:

Ratify the payment of bills for consideration, Payroll and Payroll Taxes for November 2021.

ITEM 3: ENGINEERING/OPERATIONAL COMMITTEE MEETING

RECOMMENDED ACTION:

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

1. November 3, 2021

ITEM 4: EXECUTIVE COMMITTEE MEETING

RECOMMENDED ACTION:

Receive and file the following Executive Committee Meeting Recap(s):

1. November 8, 2021



ACTION CALENDAR

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

ADMINISTRATIVE MATTERS

ITEM 5: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ ATTENDANCE

RECOMMENDED ACTION:

Approve the tentative future meetings/attendance items and ratify the Directors' expenses and fees from the following period(s):

1. November 2021

ITEM 6: 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.

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING CALENDAR YEAR 2022 BOARD MEMBER COMMITTEE APPOINTMENTS AND AGENCY REPRESENTATIVE ASSIGNMENTS

RECOMMENDED ACTION(S):

Discuss at the time of the Board Meeting and take action(s) as deemed appropriate.

ITEM 8: PUBLIC HEARINGS ON THE ADOPTION OF ORDINANCE NO. 2021-22 AND RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT DECLARING A LEVEL 2 WATER SUPPLY SHORTAGE CONDITION

RECOMMENDED ACTION:

1. Receive information at the time of the Board Meeting.
2. Conduct Public Hearing to receive public comments relating to the proposed adoption of Ordinance No. 2021-22 – Water Conservation Program Ordinance
3. Adopt Ordinance No. 2021-22 – Water Conservation Program Ordinance
4. Conduct Public Hearing to receive public comments relating to the proposed adoption of Resolution No. 2021-1301 – Resolution of the Board of Directors of the Trabuco Canyon Water District Declaring a Level 2 Water Shortage Condition per the District's Water Shortage Contingency Plan.
5. Adopt Resolution No. 2021-1301 – Resolution of the Board of Directors of the Trabuco Canyon Water District Declaring a Level 2 Water Shortage Condition per the District's Water Shortage Contingency Plan.

ITEM 9: DISCUSSION AND APPROVAL OF ADMINISTRATIVE FACILITY BOARD ROOM USE APPLICATION AND PERMIT

RECOMMENDED ACTION(S):

1. Receive information at the time of the Board Meeting.
2. Approve the proposed District Board Room Use Application and Permit.



**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING AGENDA | DECEMBER 16, 2021**

ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING ADOPTION OF A RESOLUTION AUTHORIZING AN APPLICATION TO THE DEPARTMENT OF WATER RESOURCES' 2021 URBAN AND MULTIBENEFIT DROUGHT RELIEF GRANT PROGRAM

RECOMMENDED ACTION:

1. *Receive information at the time of the Board Meeting.*
2. *Recommend adoption of Resolution No. 2021-1302 – Resolution of the Board of Directors of Trabuco Canyon Water District Authorizing the Grant Application, Acceptance, and Execution for the Automatic Meter Reading/Advanced Metering Infrastructure Implementation Project (Action Calendar).*

FINANCIAL MATTERS

ITEM 11: TRABUCO CANYON WATER DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR ENDING JUNE 30, 2021

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, 2021.*

LEGISLATIVE AND OTHER MATTERS

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

RECOMMENDED ACTION(S):

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

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

ITEM 13: _____

ITEM 14: _____

GENERAL COUNSEL REPORT

Reports or comments from the District's General Counsel

OTHER INFORMATION/MATTERS

Reports or comments from the General Manager and/or Staff

ADDITIONAL DIRECTORS' COMMENTS

Additional reports or comments from Directors

END ACTION CALENDAR & ADJOURNMENT



**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING AGENDA | DECEMBER 16, 2021**

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. 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 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.

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, 2022 | February 17, 2022 | March 17, 2022



**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

CONSENT CALENDAR

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

RECOMMENDED ACTION

Approve the minutes of the following Board Meetings:

1. *November 18, 2021 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, 2021

The Regular Meeting of the Board of Directors of the Trabuco Canyon Water District (TCWD or District) conducted on November 18, 2021 was called to order by President Chadd at 7:00 p.m. 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 Don Chadd
Vice President Stephen Dopudja
Director Michael Safranski
Director Edward Mandich

DIRECTORS ABSENT

Director Glenn Acosta

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Lisa Marie Sangi, Executive Assistant/Assistant District Secretary

DISTRICT CONSULTANTS PRESENT

Claire Collins, General Legal Counsel – Hanson Bridgett LLP

PUBLIC PRESENT ON THE CONFERENCE CALL

None

PLEDGE OF ALLEGIANCE

Mr. Perea 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

None

DIRECTOR'S COMMENTS

Director Safranski reported on his attendance at the City of Rancho Santa Margarita (RSM) City Council Meeting on October 27, 2021, and he briefly commented on a presentation of the City's DRAFT Housing Element Report to meet the State's Regional Housing Needs Assessment (RHNA) requirement.

Director Mandich reported on his attendance at the November 4, 2021 South Orange County Integrated Regional Watershed Management Area (IRWM) Executive Committee Meeting, and he provided an update on certain grant funding opportunities.

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING MINUTES | NOVEMBER 18, 2021**

Director Dopudja reported on his attendance at the City of RSM State of the City event and provided a brief review of the matters discussed at the event. Director Dopudja expressed his appreciation to District staff for his invitation to the District lunch.

Director Chadd reported on an email message he received from Orange County Water District (OCWD) Director Cathy Green related to her candidacy for the Association of California Water Agencies (ACWA) Vice Presidents position.

REPORT FROM THE GENERAL MANAGER

Mr. Paludi reported on the following matters:

- Expressed his appreciation to District staff and the Directors that attended the District Thanksgiving Lunch.
- Ms. Lausten was currently out of the office due to a scheduling conflict.
- Orange County Local Agency Formation Commission (OCLAFCO) has requested comments on their proposed 2021 Strategic Plan, and the District has provided input and considerations for their strategic plan. Mr. Paludi added that Commissioners Davert and Fisler have requested to attend the December Regular Board Meeting and provide an update to the Board of Directors.
- Mr. Paludi wished all in attendance a Happy Thanksgiving holiday.

ADMINISTRATIVE MATTERS

CONSENT CALENDAR

President Chadd 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 Safranski and seconded by Director Mandich to approve the Consent Calendar.
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

ITEM 5: RATIFICATION OF DIRECTORS' FEES AND EXPENSES, AND TENTATIVE FUTURE MEETINGS/ ATTENDANCE

Mr. Paludi presented this matter for Board consideration, and he reported this matter was reviewed with the Finance/Audit Committee.

Action: A motion was made by Director Dopudja and seconded by Director Mandich to approve of the Directors' Fees and Expenses Report as presented.
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

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

Mr. Paludi presented this matter for Board consideration, and he reported that District staff recommends reopening the Administration Facility for public access on January 3, 2022. Mr. Paludi added that District staff is currently working with General Legal Counsel to prepare a streamlined Board Room Use application and permit for groups that want to use the room for meetings.

Action: No action was taken.

TRABUCO CANYON WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING MINUTES | NOVEMBER 18, 2021

ITEM 7: APPROVAL AND ADOPTION OF MEMORANDUM OF UNDERSTANDING BETWEEN THE COUNTY OF ORANGE FOR USE OF COUNTYWIDE MASS NOTIFICATION SYSTEM (ALERTOC)

Mr. Perea presented this matter for Board consideration, he mentioned that this matter was reviewed with the Engineering/Operational Committee. Mr. Perea reported that the District has partnered with the County of Orange and has used the AlertOC notification system since 2013, and he provided a brief overview of the updated terms in the proposed Memorandum of Understanding (MOU). Mr. Perea added that there is no cost to the District to continue to participate and use the system.

Action: A motion was made by Director Safranski and seconded by Director Dopudja to approve and authorize the General Manager to execute the Memorandum of Understanding Between the County of Orange and Participants for Use of Countywide Mass Notification System.
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

FINANCIAL MATTERS

ITEM 8: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING CERTAIN BUDGETARY REALLOCATIONS OF FISCAL YEAR 2021/2022 CAPITAL IMPROVEMENT PROJECT BUDGET

Mr. Paludi introduced this item for Board consideration, and he reported this matter was reviewed with the Engineering/Operational and Finance/Audit Committees. Mr. Paludi presented a proposed reallocated capital improvement project (CIP) budget due to the impacts of higher critical facility improvement projects. Mr. Perea provided additional feedback related to the proposed budget reallocation and he emphasized the critical nature of certain wastewater facility projects. Discussion occurred concerning certain project deferment to future years to accommodate the higher priority projects.

Action: A motion was made by Director Dopudja and seconded by Director Mandich to approve the reallocated Fiscal Year 2021/2022 Capital Improvement Project Budget.
The motion was approved by a vote of 4 – 0 – 1 with Director Acosta absent.

ENGINEERING MATTERS

ITEM 9: APPROVAL OF CONTRACT WITH SS MECHANICAL FOR THE EL TORO SEWER LIFT STATION SURGE TANK REHABILITATION PROJECT

Mr. Paludi introduced this matter for Board consideration, and he reported this matter was reviewed with the Engineering/Operational Committee. Mr. Perea provided a brief overview of the failed surge tank at the facility, and he reported that the station is currently bypassed to Irvine Ranch Water District's (IRWD) facility downstream. Mr. Perea reported that District staff requested a proposal from and recommended SS Mechanical for the replacement of the onsite surge tank and related equipment.

Action: A motion was made by Director Dopudja and seconded by Director Mandich to approve and authorize the General Manager to execute a contract with SS Mechanical Construction Corp. for the El Toro Sewer Lift Station Surge Tank Rehabilitation Project for \$235,395 with a contingency of \$20,000, for a not to exceed amount of \$255,395.
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, 2021**

ITEM 10: DIMENSION WATER TREATMENT PLANT BACKWASH TANK REPLACEMENT PROJECT STATUS UPDATE

Mr. Paludi provided a brief project update to the Board, and he reported that this project has been completed. Mr. Perea reviewed the project photos with the Board, and he expressed his appreciation to District staff for their work on this challenging project.

Action: No action was taken.

LEGISLATIVE, ADMINISTRATIVE AND OTHER MATTERS

ITEM 11: WATER SUPPLY AND DROUGHT RESPONSE UPDATE

Mr. Paludi presented this matter for Board consideration, and he delivered a PowerPoint Presentation that highlighted the current statewide drought conditions and regional impacts. Mr. Paludi recommended implementing a District response consistent with the Water Shortage Contingency Plan (WSCP), and he reported that District staff is working with General Legal Counsel to prepare a resolution to implement a level 2 shortage level and response measures consistent with the WSCP. Discussion occurred concerning the importance of public outreach to District customers.

Action: No action was taken.

OTHER INFORMATION/MATTERS

Mr. Perea reported that President Chadd received a letter from Santa Margarita Water District (SMWD) Board President expressing appreciation to TCWD Wastewater Operators Blake Smith and Garrett Rias for responding to a mutual aid request from SMWD due to a sanitary system overflow. Mr. Perea expressed his appreciation to Mr. Smith and Mr. Rias for their efforts.

Ms. Collins extended an invitation to the Board of Directors and District staff to attend a dinner at the ACWA Fall Conference.

ADDITIONAL DIRECTORS' COMMENTS

None

ADJOURNMENT

President Chadd adjourned the November 18, 2021 Regular Board Meeting 7:52 p.m.

TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021

CONSENT CALENDAR

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, 2021*

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 2021*

c. *PAYMENT OF BILLS FOR CONSIDERATION*

RECOMMENDED ACTION:

Ratify the payment of bills for consideration, Payroll and Payroll Taxes for November 2021.

EXHIBITS:

1. Revenue Report – November 2021
2. Disbursement Report – November 2021
3. Summary of Disbursements – November 2021
4. General Fund Warrant Register – November 2021
5. General Fund Payroll Warrant Register – November 2021

CONTACTS (staff responsible): PALUDI/PEREA/WARNER



TRABUCO CANYON WATER DISTRICT FINANCE/AUDIT COMMITTEE MEETING RECAP | NOVEMBER 10, 2021

DIRECTORS PRESENT

Director Don Chadd, Committee Chair
Director Ed Mandich, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Karen Warner, Principal Accountant
Lorrie Lausten, District Engineer
Lisa Marie Sangi, Executive Assistant

PUBLIC PRESENT VIA CONFERENCE CALL

None

CALL MEETING TO ORDER

Director Chadd called the November 10, 2021 Finance/Audit Committee Meeting to order at 1:00 p.m.

VISITOR PARTICIPATION

No visitor participation was received.

ORAL COMMUNICATION

No oral communication was received.

COMMITTEE MEMBER COMMENTS

There were no comments received.

REPORT FROM THE GENERAL MANAGER

There were no comments 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.

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | NOVEMBER 10, 2021**

RECOMMENDED ACTION:

The Committee recommended that the Directors' Fees and Expenses Report for October 2021 and the Tentative Future Meetings/Attendance Report be forwarded to the Board of Directors for consideration as amended (Action Calendar).

ITEM 3: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING PROPOSED FISCAL YEAR 2021/2022 CAPITAL IMPROVEMENT PROGRAM BUDGET REALLOCATIONS

Mr. Paludi introduced this matter for Committee consideration, he reported this matter was reviewed with the Engineering/Operational Committee. Mr. Paludi provided an overview of the proposed budgetary changes which could potentially result in lowering the overall Capital Improvement Project (CIP) budget for the current year.

RECOMMENDED ACTION:

The Committee recommended forwarding the DRAFT Proposed Reallocated Fiscal Year 2021/2022 Capital Improvement Program Budget to the Board of Directors for consideration (Action Calendar).

ITEM 4: OTHER MATTERS

Mr. Paludi reported that District staff is currently discussing the issuance of debt consistent with the 2020 rate study with the District Treasurer and financial consultants.

RECOMMENDED ACTION:

No action was taken.

ITEM 5: FINANCIAL REPORT

Ms. Warner presented the preliminary unaudited financials for September 2021, and she highlighted the following items:

Operating Revenue, Residential Water

Ms. Warner reported that water demand for the month was lower than the prior month, but the year to date was higher than budgeted.

Operating Revenue, Irrigation Water

Ms. Warner reported that this line item was higher than the prior month due to warmer temperatures and increased sales.

Operating Revenue, Baker Treatment Plant Sales

Ms. Warner reported that this line item was higher than the prior month as the District resumed the sale of Baker Water Treatment Plant water to the City of San Clemente as the Dimension Water Treatment Plant (DWTP) Backwash Tank Rehabilitation Project has completed.

Operating Expenses, Sanitation Expenses

Ms. Warner reported that this line item was lower than the prior month, as well as lower than budgeted for the year due to fewer expenses.

RECOMMENDED ACTION:

The Committee recommended the Board of Directors receive and file the preliminary unaudited financial statements for September 2021 (Consent Calendar).

**TRABUCO CANYON WATER DISTRICT
FINANCE AUDIT COMMITTEE MEETING RECAP | NOVEMBER 10, 2021**

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, 2021 as presented (Consent Calendar).

ADJOURNMENT

Director Chadd adjourned the November 10, 2021 Finance/Audit Committee Meeting at 1:14 p.m.

DRAFT



Trabuco Canyon Water District

Statement of Revenues & Expenses

FY 2021-22 (Unaudited)

	October 2021	September 2021	Current YTD	Annual Budget	33% YTD	Prior YTD
1 Operating Revenue						
2 Residential Water	\$ 342,818	\$ 363,595	\$ 1,461,582	\$ 4,116,200	36%	\$ 1,496,309
3 Business & Industrial Water	11,817	13,147	50,042	165,600	30%	56,499
4 Irrigation Water	146,418	146,200	568,558	1,075,200	53%	384,251
5 Stand-by	-	-	-	41,800	0%	13,667
6 Sanitation Revenue	150,586	151,166	607,423	1,964,200	31%	573,096
7 Recycled & Reclaimed Revenue	98,461	121,647	464,529	999,000	46%	419,129
8 Baker Treatment Plant Water Sales *	121,153	75,282	199,054	1,383,500	14%	401,405
9 Other Operating Revenue	14,508	12,833	50,812	179,600	28%	2,261
10 Total Operating Revenue	885,761	883,870	3,402,000	9,925,100	34%	3,346,617
11 Non-Operating Revenue						
12 Property Tax Unrestricted	4,608	31,407	38,988	2,006,200	2%	569,133
13 Interest Revenue	315	3,087	4,218	35,600	12%	14,120
14 Other Non-Operating Revenue	6,180	3,077	13,963	72,400	19%	13,659
15 Total Non-Operating Revenue	11,103	37,571	57,169	2,114,200	3%	639,964
16 Total Revenues	896,864	921,441	3,459,169	12,039,300	29%	3,986,580
17 Operating Expenses						
18 Source of Supply	387,674	218,945	881,030	2,262,400	39%	820,450
19 Baker Treatment SOS Costs	97,168	163,731	451,269	1,287,700	35%	366,760
20 Water Related Expense	175,478	184,647	721,071	2,032,100	35%	688,369
21 Sanitation Expense	260,918	96,445	525,899	1,359,200	39%	475,422
22 Recycled Expense	34,171	24,063	114,386	234,200	49%	89,211
23 Reclaimed Expense	34,102	24,063	114,319	234,100	49%	81,591
24 Salaries & Benefits	289,953	306,040	1,206,762	3,923,000	31%	1,105,795
25 Board Expense	9,437	8,869	37,931	122,600	31%	36,904
26 Miscellaneous Expense	856	78	939	5,000	19%	920
27 Total Operating Expenses	1,289,758	1,026,880	4,053,607	11,460,300	35%	3,665,421
Net Income / (Loss) before Contributed Capital,						
28 Trust Contributions & Debt Service	(392,894)	(105,439)	(594,439)	579,000		321,160
29 WRES Fees for Capital	68,726	68,751	274,990	822,200	33%	273,659
30 Other Capital Contributions	-	-	-	344,000	0%	-
31 Debt Principal, Interest & Issuance Costs	(23,271)	(15,126)	(76,794)	(445,300)	17%	(76,794)
32 CalPERS UAL & Pension Trust Contributions	(19,967)	(19,967)	(79,869)	(590,500)	14%	(72,044)
33 OPEB Trust Contributions & Paygo	(11,041)	8,952	(39,272)	(206,100)	19%	(101,277)
Net Contributed Capital, Trust Contributions						
34 & Debt Service	14,447	42,610	79,055	(75,700)	-104%	23,545
35 Net Income	\$ (378,447)	\$ (62,829)	\$ (515,383)	\$ 503,300		\$ 344,704

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, 2021** **(Unaudited)**

	October 2021	September 2021	October 2020
1 Assets			
2 Current Assets			
3 Cash	\$ 687,629	\$ 419,768	\$ 1,025,394
4 Accounts Receivable, Net	1,616,409	1,590,458	2,165,143
5 Property Tax Receivable	-	-	1,714,867
6 Prepaid Expenses	407,029	341,897	357,687
7 Total Current Assets	2,711,067	2,352,122	5,263,090
9 Total Restricted Assets (see Schedule A)	3,419,340	4,166,517	8,146,036
11 Utility Plant			
12 Utility Plant, at Cost	123,510,337	123,450,627	115,729,687
13 Accumulated Depreciation	(74,842,788)	(74,488,719)	(72,158,739)
14 Construction in Progress	362,279	242,957	3,201,513
15 Total Utility Plant	49,029,827	49,204,865	46,772,461
16 Other Assets			
17 Due from BTP	960,012	991,828	1,341,533
18 Deferred Outflow (Pension Related)	1,486,261	1,486,261	1,277,368
19 Total Other Assets	2,446,273	2,478,089	2,618,901
20 Total Assets	\$ 57,606,507	\$ 58,201,593	\$ 62,800,487
21 Liabilities & Retained Earnings			
22 Current Liabilities			
23 Accounts Payable	\$ 1,641,281	\$ 1,394,640	\$ 1,759,558
24 Due to Internal Financing Fund	960,012	991,828	1,341,533
25 Accrued Expenses	345,353	411,226	381,853
26 Deferred Property Tax Revenue	-	-	1,165,600
27 Total Current Liabilities	2,946,646	2,797,695	4,648,543
28 Liabilities to be Paid from Restricted Assets			
29 Accrued Interest	16,290	8,145	17,648
30 Current Portion-Long Term Debt	182,547	182,547	178,449
31 Refundable Deposits	9,500	19,500	13,500
32 Developer Deposits	106,106	114,123	83,726
33 Total Liabilities to be Paid from Restricted Assets	314,443	324,315	293,323

*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.



Trabuco Canyon Water District **Balance Sheet - Comparative** **As of October 31, 2021** **(Unaudited)**

	October 2021	September 2021	October 2020
34 Long Term Debt			
35 Accrued Post Employment Benefits	356,589	356,589	533,587
36 Accrued Pension Liability	3,652,253	3,652,253	3,399,715
37 State Revolving Fund Loan	1,957,505	1,957,505	2,140,052
38 Total Long Term Debt	5,966,347	5,966,347	6,073,354
39 Total Liabilities	9,227,436	9,088,357	11,015,220
40 Fund Balance			
41 Invested in Capital Net of Related Debt	46,873,485	47,056,668	44,436,312
42 Restricted for Debt Service	236,967	236,963	225,136
43 Legally Restricted	(231,553)	512,516	4,399,129
44 Designated by Board	3,301,027	3,301,027	3,508,677
45 Unrestricted	(1,799,165)	(1,993,897)	(783,987)
46 Total Fund Balance	48,380,760	49,113,277	51,785,267
47 Total Liabilities and Fund Balance	\$ 57,608,196	\$ 58,201,633	\$ 62,800,487

*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.



Trabuco Canyon Water District **Restricted Assets Report** **As of October 31, 2021** **(Unaudited)**

	October 2021	September 2021	October 2020
1 LAIF Accounts (at Cost)			
2 LAIF Unrestricted	\$ (5,373,193)	\$ (4,589,305)	\$ (840,499)
3 Water Storage Facilities	1,051,427	1,051,427	1,051,427
4 Sanitation Capital Improvement	-	-	326,587
5 WRES - Rose Canyon/Lang Wells	1,377,770	1,342,128	1,187,356
6 WRES - Reservoir/Distribution Improvements	2,635,859	2,631,736	2,597,997
7 RD#5	76,585	76,530	76,261
8 LAIF Interim Sewage	112,899	116,011	119,162
9 Water Rate Stabilization Funds	792,830	792,830	684,080
10 Sewer Rate Stabilization Funds	547,360	547,360	726,160
11 Working Capital Funds	1,960,304	1,960,304	1,975,776
12 Market Value Over/(Under) Cost	533	533	16,593
13 State Revolving Fund			
14 Cash in CB&T Reserved for SRF Loan	236,967	236,963	225,136
15 Total Restricted Assets	\$ 3,419,340	\$ 4,166,517	\$ 8,146,036

*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.



Trabuco Canyon Water District
Investment Schedule
As of October 31, 2021
(Unaudited)

DESCRIPTION	RATE	COST	MARKET	% OF TOTAL
District Investments in the California Local Agency				
1 Water Storage Fees	0.203%	\$ 1,051,427	\$ 1,051,294	33%
2 Trabuco Creek Wells	0.203%	1,377,770	1,377,596	43%
3 Reservoir/Distribution	0.203%	2,635,859	2,635,526	83%
4 RD#5	0.203%	76,585	76,575	2%
5 LAIF Interim Sewage	0.203%	112,899	112,885	4%
6 Water Rate Stabilization Funds	0.203%	792,830	792,730	25%
7 Sewer Rate Stabilization Funds	0.203%	547,360	547,291	17%
8 Working Capital Funds	0.203%	1,960,304	1,960,056	62%
9 LAIF Unrestricted	0.203%	(5,373,193)	(5,372,514)	-169%
Total District Investments		\$ 3,181,840	\$ 3,181,438	100%

** 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*

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

*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.



Trabuco Canyon Water District

Checking Account Activity

October 2021

(Unaudited)

Inflows	Current Month	Year to Date
Utility Billing Collections	\$ 816,266	\$ 3,282,340
Tax Receipts	4,603	61,470
Transfer From LAIF	750,000	3,250,000
Miscellaneous	33,372	173,979
Total Inflows	1,604,241	6,767,790
Outflows		
Vouchers	683,984	3,735,375
Payroll	304,748	1,046,346
Transfer to LAIF	-	-
Miscellaneous & Online Payments	626,312	1,478,860
Total Outflows	1,615,043	6,260,581
Net Change in Checking Account	(10,802)	507,209
Beginning Checking Account	1,018,790	500,779
Ending Checking Account	\$ 1,007,987	\$ 1,007,987

*No assurance is provided on these financial statements. Substantially all disclosures required by accounting principles generally accepted in the U.S. are not included.



Trabuco Canyon Water District
General Fund Warrant Register
11/10/2021

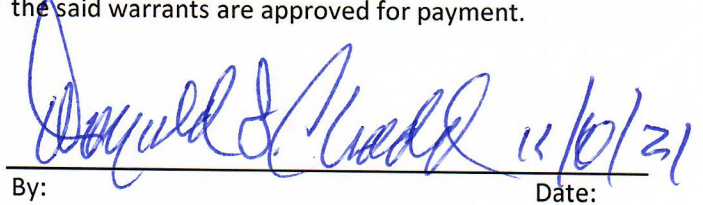
Summary of Disbursements

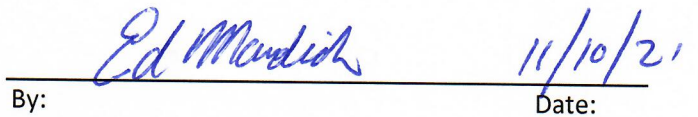
Computer Checks	344,916.60
UB Refund Checks	9,666.84
Bank Drafts	423,876.07
Bank EFTs	232,726.47
Voided Checks	-
Total Disbursements	1,011,185.98

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.


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.


By: _____ Date: 11/10/21


By: Ed Mandich Date: 11/10/21



Trabuco Canyon Water District, CA

Check Report

By Check Number

Date Range: 10/14/2021 - 11/09/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-APBNK						
ACWA0001	ACWA	10/14/2021	EFT	0.00	23,705.00	83
ACWA0003	ACWA/JPIA - Benefits (WC & Life)	10/14/2021	EFT	0.00	587.10	84
TRUE0001	ALS - Truesdail Laboratories	10/14/2021	EFT	0.00	1,400.00	85
EIDE0001	Eide Bailly	10/14/2021	EFT	0.00	14,969.20	86
MWDO0001	MWDOC	10/14/2021	EFT	0.00	111,672.99	87
SYNO0001	Synoptek, LLC	10/14/2021	EFT	0.00	3,605.75	88
UNIT0001	United Water Works, Inc.	10/14/2021	EFT	0.00	4,297.79	89
ACWA0003	ACWA/JPIA - Benefits (WC & Life)	10/25/2021	EFT	0.00	11,351.64	90
ACWA0002	ACWA/JPIA - Property & Liability	10/25/2021	EFT	0.00	60,767.00	91
TRUE0001	ALS - Truesdail Laboratories	10/25/2021	EFT	0.00	370.00	92
APPL0001	Applied Industrial Technologies	10/25/2021	Regular	0.00	809.51	10487
ARCO001	ARC	10/25/2021	Regular	0.00	61.87	10488
AT&T0001	AT&T	10/25/2021	Regular	0.00	48.60	10489
BCWI0001	BC Wire Rope & Rigging	10/25/2021	Regular	0.00	70.04	10490
COAS0001	Coastline Equipment	10/25/2021	Regular	0.00	990.97	10491
COMM0002	Commercial Door of Orange County Incorporated	10/25/2021	Regular	0.00	1,305.50	10492
COMO0001	Comoso	10/25/2021	Regular	0.00	362.04	10493
COUN0001	County of Orange	10/25/2021	Regular	0.00	850.46	10494
DMV0001	DMV	10/25/2021	Regular	0.00	20.00	10495
DUTH0001	Duthie Electric Service Corporation	10/25/2021	Regular	0.00	6,624.08	10496
FEDE0001	FedEx	10/25/2021	Regular	0.00	40.25	10497
FLOS0001	Flo-Services, Inc.	10/25/2021	Regular	0.00	21,696.07	10498
GRAI0001	Grainger	10/25/2021	Regular	0.00	386.34	10499
HAAK0001	Haaker Equipment Company	10/25/2021	Regular	0.00	19.60	10500
SMAR0001	Hadronex, Inc.	10/25/2021	Regular	0.00	300.00	10501
HYDR0002	Hydrotech Electric	10/25/2021	Regular	0.00	7,265.00	10502
INFO0001	InfoSend, Inc.	10/25/2021	Regular	0.00	2,603.72	10503
IRVI0002	Irvine Pipe Supply	10/25/2021	Regular	0.00	1,752.13	10504
LAHA0001	La Habra Fence Co., Inc.	10/25/2021	Regular	0.00	9,758.00	10505
MCFA0001	McFadden-Dale Industrial Hardware	10/25/2021	Regular	0.00	47.00	10506
OCWA0001	OC Waste & Recycling	10/25/2021	Regular	0.00	3,108.46	10507
OLIN0001	Olin Chemicals	10/25/2021	Regular	0.00	3,422.25	10508
ORAN0004	Orange County Pumping, Inc.	10/25/2021	Regular	0.00	2,130.00	10509
O'RE0001	O'Reilly Automotive, Inc.	10/25/2021	Regular	0.00	182.21	10510
PARK0002	Parkson Corporation	10/25/2021	Regular	0.00	1,620.00	10511
S&JS0001	S & J Supply Company	10/25/2021	Regular	0.00	7,177.21	10512
SERP0001	Serpas, Phil	10/25/2021	Regular	0.00	260.00	10513
SIER0002	Sierra Analytical	10/25/2021	Regular	0.00	3,691.00	10514
SOTO0002	Soto Resources	10/25/2021	Regular	0.00	165.00	10515
SOUT0004	Southland Water Technologies LLC	10/25/2021	Regular	0.00	660.63	10516
SOUT0009	SouthWest Hydro Tech ACV Systems	10/25/2021	Regular	0.00	4,819.07	10517
SUPE0001	Superior Tank Company Inc.	10/25/2021	Regular	0.00	211,965.06	10518
TESC0001	Tesco Controls, Inc.	10/25/2021	Regular	0.00	33,225.88	10519
TREN0001	Trench Shoring Company	10/25/2021	Regular	0.00	239.74	10520
TYLE0001	Tyler Technologies, Inc.	10/25/2021	Regular	0.00	10.50	10521
UNIT0004	United Pumping Service, Inc.	10/25/2021	Regular	0.00	4,004.25	10522
USAB0001	USA BlueBook	10/25/2021	Regular	0.00	691.75	10523
VAUG0001	Vaughan's Industrial Repair Co., Inc.	10/25/2021	Regular	0.00	8,384.87	10524
WECK0001	Weck Laboratories, Inc.	10/25/2021	Regular	0.00	110.80	10525
XYLE0001	Xylem	10/25/2021	Regular	0.00	4,036.74	10526
ADP0001	ADP	10/14/2021	Bank Draft	0.00	65.38	DFT0002319
COXC0001	Cox Communications	10/19/2021	Bank Draft	0.00	689.96	DFT0002320
COXC0001	Cox Communications	10/15/2021	Bank Draft	0.00	115.01	DFT0002321
TOLL0001	The Toll Roads	10/15/2021	Bank Draft	0.00	140.00	DFT0002322

Check Report

Date Range: 10/14/2021 - 11/09/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
WEXF0001	Wex Fleet Universal	10/15/2021	Bank Draft	0.00	3,237.95	DFT0002323
ADP0001	ADP	10/18/2021	Bank Draft	0.00	245.00	DFT0002324
CALP0001	CalPERS	10/18/2021	Bank Draft	0.00	9,015.25	DFT0002325
CALP0001	CalPERS	10/18/2021	Bank Draft	0.00	13,335.97	DFT0002326
CALP0001	CalPERS	10/18/2021	Bank Draft	0.00	4,630.12	DFT0002327
ADP0001	ADP	10/18/2021	Bank Draft	0.00	101,520.99	DFT0002328
UMPQ0001	Umpqua Bank	10/18/2021	Bank Draft	0.00	10,695.46	DFT0002329
HOME0001	Home Depot	10/25/2021	Bank Draft	0.00	932.64	DFT0002330
LOWE0001	Lowe's	10/25/2021	Bank Draft	0.00	434.77	DFT0002331
WAGE0001	Wage Works, Inc.	10/25/2021	Bank Draft	0.00	75.00	DFT0002332
AT&T0003	AT&T Mobility	10/25/2021	Bank Draft	0.00	2,193.68	DFT0002333
SPAR0001	Sparkletts	10/28/2021	Bank Draft	0.00	186.80	DFT0002337
TOLL0001	The Toll Roads	10/28/2021	Bank Draft	0.00	140.00	DFT0002338
ADP0001	ADP	10/29/2021	Bank Draft	0.00	116.00	DFT0002339
ADP0001	ADP	11/01/2021	Bank Draft	0.00	9.02	DFT0002340
CALP0001	CalPERS	11/02/2021	Bank Draft	0.00	42,973.84	DFT0002341
CALP0001	CalPERS	11/01/2021	Bank Draft	0.00	5,266.88	DFT0002342
GUAR0001	Guardian	11/01/2021	Bank Draft	0.00	4,088.43	DFT0002343
VSP0001	VSP	11/01/2021	Bank Draft	0.00	797.37	DFT0002344
SANT0003	Santa Margarita Water District	11/02/2021	Bank Draft	0.00	4,406.11	DFT0002345
EPX0001	EPX	11/02/2021	Bank Draft	0.00	6,266.92	DFT0002346
SHRE0001	Shred-it USA LLC	11/02/2021	Bank Draft	0.00	232.00	DFT0002347
ADP0001	ADP	11/03/2021	Bank Draft	0.00	99,802.53	DFT0002348
CALP0001	CalPERS	11/03/2021	Bank Draft	0.00	9,015.25	DFT0002349
CALP0001	CalPERS	11/03/2021	Bank Draft	0.00	13,335.97	DFT0002350
CALP0001	CalPERS	11/03/2021	Bank Draft	0.00	4,630.12	DFT0002351
CINT0001	Cintas	11/03/2021	Bank Draft	0.00	161.28	DFT0002352
CINT0001	Cintas	11/03/2021	Bank Draft	0.00	109.52	DFT0002353
CINT0001	Cintas	11/03/2021	Bank Draft	0.00	155.51	DFT0002354
CINT0001	Cintas	11/03/2021	Bank Draft	0.00	226.88	DFT0002355
ADP0001	ADP	11/03/2021	Bank Draft	0.00	1,802.45	DFT0002356
SOUT0002	Southern California Edison	11/04/2021	Bank Draft	0.00	75,015.27	DFT0002357
XERO0001	Xerox Corporation	11/03/2021	Bank Draft	0.00	389.33	DFT0002358
STAN0001	Stanley Security Solutions	11/08/2021	Bank Draft	0.00	680.25	DFT0002359
TEKC0001	TekCollect	11/08/2021	Bank Draft	0.00	2,500.00	DFT0002360
TOLL0001	The Toll Roads	11/08/2021	Bank Draft	0.00	140.00	DFT0002361
COXC0001	Cox Communications	11/08/2021	Bank Draft	0.00	2,378.81	DFT0002362
COXC0001	Cox Communications	11/09/2021	Bank Draft	0.00	1,722.35	DFT0002363

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	64	40	0.00	344,916.60
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	124	42	0.00	423,876.07
EFT's	17	10	0.00	232,726.47
	205	92	0.00	1,001,519.14

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	64	40	0.00	344,916.60
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	124	42	0.00	423,876.07
EFT's	17	10	0.00	232,726.47
	205	92	0.00	1,001,519.14

Fund Summary

Fund	Name	Period	Amount
99	Pooled Cash	10/2021	725,413.05
99	Pooled Cash	11/2021	276,106.09
			1,001,519.14



Trabuco Canyon Water District, CA

Refund Check Register

Refund Check Detail

UBPKT06619 - Refunds 02 UBPKT06611 Regular

Account	Name	Date	Check #	Amount	Code	Receipt	Amount	Type
100-0082-001	WALLSTROM, ROBERT	10/18/2021	10477	119.38			119.38	Deposit
100-0090-005	BETTY BOYD	10/18/2021	10478	73.37			73.37	Generated From Billing
100-0311-001	CISCONE, KELLY	10/18/2021	10479	129.84			129.84	Deposit
800-0009-016	HOMES, LENNAR	10/18/2021	10480	145.32			145.32	Deposit
800-0009-017	LLC, TRABUCO OLD STAGE PARTNERS	10/18/2021	10481	1,807.07			1807.07	Generated From Billing
800-0019-003	LLC, TRABUCO OLD STAGE PARTNERS	10/18/2021	10482	1,815.26			1815.26	Generated From Billing
800-0021-002	CONTRACTORS, BELLFREE	10/18/2021	10483	1,642.80			1642.80	Generated From Billing
800-0023-000	LLC, TRABUCO OLD STAGE PARTNERS	10/18/2021	10484	1,823.44			1823.44	Generated From Billing
800-0024-000	INC, CHAMPION PAVING	10/18/2021	10485	1,901.11			1901.11	Generated From Billing
Total Refunds: 9				Total Refunded Amount:			9,457.59	

Revenue Code Summary

Revenue Code	Amount
996 - UNAPPLIED CREDITS	9457.59
Revenue Total:	9457.59

General Ledger Distribution

Posting Date: 10/18/2021

	Account Number	Account Name	Posting Amount	IFT
Fund:	10 - Water Fund			
	10-000-1010	Claim on Cash	-9,457.59	Yes
	10-000-2501	Customer Credit	9,457.59	
		10 Total:	0.00	
Fund:	99 - Pooled Cash			
	99-000-1004	Bank of the West Checking (Pooled Cash)	-9,457.59	
	99-000-2120	Due to Other Fund	9,457.59	Yes
		99 Total:	0.00	
		Distribution Total:	0.00	



Trabuco Canyon Water District, CA

Refund Check Register

Refund Check Detail

UBPKT06642 - Refund credit on account

Account	Name	Date	Check #	Amount	Code	Receipt	Amount	Type
400-0023-001	WHELAN, TIM	10/20/2021	10486	209.25			209.25	Deposit
Total Refunds: 1				Total Refunded Amount:	209.25			

Revenue Code Summary

Revenue Code	Amount
996 - UNAPPLIED CREDITS	209.25
Revenue Total:	209.25

General Ledger Distribution

Posting Date: 10/20/2021

	Account Number	Account Name	Posting Amount	IFT
Fund:	10 - Water Fund			
	10-000-1010	Claim on Cash	-209.25	Yes
	10-000-2501	Customer Credit	209.25	
	10 Total:		0.00	
Fund:	99 - Pooled Cash			
	99-000-1004	Bank of the West Checking (Pooled Cash)	-209.25	
	99-000-2120	Due to Other Fund	209.25	Yes
	99 Total:		0.00	
	Distribution Total:		0.00	



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

GENERAL FUND PAYROLL WARRANT REGISTER

For the Month of: November 2021

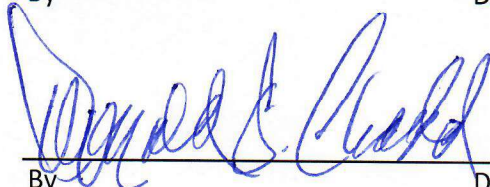
\$ 202,231.39

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

 12-8-21
By Date

 12/8/21
By Date

Net Pay	<u>Checks</u>				.00
	<u>Direct Deposits</u>				65,999.64
	Subtotal Net Pay				65,999.64
	<u>Adjustments</u>				5,301.28
<u>Total Net Pay Liability (Net Cash)</u>					71,300.92
Taxes					
Federal	You are responsible for		Amount debited		
	Depositing these amounts		from your account		
	Agency	Rate	EE withheld	ER contrib.	EE withheld ER contrib.
	<u>Federal Income Tax</u>		13,173.53		
	<u>Earned Income Credit Advances</u>				
	<u>Social Security</u>		4,696.37		4,696.38
	<u>Medicare</u>		1,593.51		1,593.52
	<u>Medicare Surtax</u>		109.14		
	<u>Federal Unemployment Tax</u>				
	<u>Subtotal Federal</u>		19,572.55		6,289.90 25,862.45
	<u>FMLA-PSL Payments Credit</u>				
	<u>FMLA-PSL ER FICA Credit</u>				
	<u>FMLA-PSL Health Care Premium Credit</u>				
	<u>Employee Retention Qualified Payments Cre</u>				
	<u>Employee Retention Qualified Health Care</u>				
	<u>Cobra Premium Assistance Payments</u>				
	<u>Total Federal</u>		19,572.55		6,289.90 25,862.45
State	<u>CA State Income Tax</u>		5,994.98		
	<u>CA State Unemployment Insurance-ER 0000</u>		20.12		
	<u>CA State Disability Insurance-EE</u>		759.14		
	<u>Subtotal CA</u>		6,754.12		20.12 6,774.24
	<u>Total Taxes</u>		.00 .00		26,326.67 6,310.02 32,636.69
	Amount ADP Debited From AccountXXXX6939		Tran/ABA XXXXXXXXXX		32,636.69
Other	ADP Direct Deposit		65,999.64		25 Employee Transactions
Transfers Amount ADP Debited From AccountXXXX6939		Tran/ABA XXXXXXXXXX		65,999.64	
Total Amount ADP Debited From Your Accounts					98,636.33



Statistical Summary Detail

TRABUCO CANYON WATER

Region Name : GKN
Company Code : ADP RESOURCE

Batch : 7174
Quarter Number : 4
Service Center: 580

Period Ending : 11/15/2021
Pay Date : 11/19/2021
Current Date : 11/16/2021

Week 46
Page 2

Net Pay	<u>Checks</u>		228.21		
	<u>Direct Deposits</u>		70,983.91		
	Subtotal Net Pay				71,212.12
	<u>Adjustments</u>		.00		
Total Net Pay Liability (Net Cash)					71,212.12
Taxes					
		You are responsible for	Amount debited		
		Depositing these amounts	from your account		
Federal	Agency	Rate	EE withheld	ER contrib.	EE withheld ER contrib.
<u>Federal Income Tax</u>			13,067.32		
<u>Earned Income Credit Advances</u>					
<u>Social Security</u>			4,743.31		4,743.29
<u>Medicare</u>			1,591.97		1,591.97
<u>Medicare Surtax</u>			109.14		
<u>Federal Unemployment Tax</u>					
<u>Subtotal Federal</u>			19,511.74		6,335.26
<u>FMLA-PSL Payments Credit</u>					25,847.00
<u>FMLA-PSL ER FICA Credit</u>					
<u>FMLA-PSL Health Care Premium Credit</u>					
<u>Employee Retention Qualified Payments Cre</u>					
<u>Employee Retention Qualified Health Care</u>					
<u>Cobra Premium Assistance Payments</u>					
<u>Total Federal</u>			19,511.74		6,335.26
					25,847.00
State	<u>CA State Income Tax</u>			5,762.05	
	<u>CA State Unemployment Insurance-ER 0000</u>			37.55	
	<u>CA State Disability Insurance-EE</u>			736.34	
	<u>Subtotal CA</u>			6,498.39	
				37.55	
				6,535.94	
	<u>Total Taxes</u>			.00	
				.00	
				26,010.13	
				6,372.81	
			32,382.94		
Amount ADP Debited From AccountXXXX6939			Tran/ABA XXXXXXXXXX		32,382.94
Excludes Taxes That Are Your Responsibility					
Other	<u>ADP Direct Deposit</u>		70,983.91		29 Employee Transactions
Transfers	<u>ADP Check</u>		228.21		
Amount ADP Debited From AccountXXXX6939			Tran/ABA XXXXXXXXXX		71,212.12
Total Amount ADP Debited From Your Accounts					103,595.06

29 Employee Transactions



Statistical Summary Detail

TRABUCO CANYON WATER

Region Name : GKN
Company Code : ADP RESOURCE

Batch : 8408
Quarter Number : 4
Service Center: 580

Period Ending : 11/30/2021
Pay Date : 12/03/2021
Current Date : 12/01/2021

Week 48
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**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

CONSENT CALENDAR

ITEM 3: ENGINEERING/OPERATIONAL COMMITTEE MEETING

RECOMMENDED ACTION:

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

1. *November 3, 2021*

CONTACTS (staff responsible): PALUDI/PEREA/SANGI



TRABUCO CANYON WATER DISTRICT ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 3, 2021

DIRECTORS PRESENT

Ed Mandich, Committee Chair
Stephen Dopudja, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager
Lorrie Lausten, District Engineer
Karen Warner, Principal Accountant
Gary Kessler, Water Superintendent
Jason Stroud, Maintenance Superintendent
Oscar Ulloa, Wastewater Chief Plant Operator
Lisa Marie Sangi, Executive Assistant

PUBLIC PRESENT

None

PUBLIC PRESENT VIA CONFERENCE CALL

None

CALL MEETING TO ORDER

Director Mandich called the November 3, 2021 Engineering/Operational Committee Meeting to order at 7:01 AM. Public access to the meeting was made available by teleconference broadcast.

VISITOR PARTICIPATION

No comments were received.

ORAL COMMUNICATION

No comments were received.

COMMITTEE MEMBER COMMENTS

No comments were received.

REPORT FROM THE GENERAL MANAGER

No comments were received.

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(s) be forwarded to the Board of Directors for approval (Consent Calendar).

**TRABUCO CANYON WATER DISTRICT
ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 3, 2021**

ITEM 2: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING FISCAL YEAR 2021/2022 CAPITAL IMPROVEMENT PROGRAM BUDGET REALLOCATIONS

Mr. Paludi introduced this matter to the Committee for consideration. Ms. Lausten provided a brief overview of the adopted Fiscal Year 2021/2022 Capital Improvement Program (CIP), and she presented a proposed reallocation budget due to the impacts of higher critical facility improvement projects. Mr. Perea provided additional feedback related to the proposed budget reallocation and he emphasized the critical nature of certain wastewater facility projects. Discussion occurred concerning certain project deferment to future years. Mr. Paludi added that District staff will bring additional information related to this matter, including financing options as detailed in the 2020 rate study.

RECOMMENDED ACTION:

Committee recommended forwarding the DRAFT Proposed Reallocated Fiscal Year 2021/2022 Capital Improvement Program Budget to the Board of Directors for consideration (Action Calendar).

ITEM 3: DIMENSION WATER TREATMENT PLANT BACKWASH TANK REPLACEMENT PROJECT UPDATE

Ms. Lausten provided a brief project status update, and she reported that the project has been completed. Ms. Lausten presented project photos for Committee review, and she reported that a contract change order would be presented at the following Committee meeting for consideration. Mr. Kessler commented that Water Operations is very satisfied with the final product. Discussion occurred concerning ongoing cathodic protection improvements at District facilities.

RECOMMENDED ACTION:

Receive information at the time of the meeting. No action required.

ITEM 4: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING HERITAGE SEWER LIFT STATION REHABILITATION PROJECT

Mr. Paludi introduced this matter for Committee review, and he mentioned that this project is currently in the design stage. Ms. Lausten provided a brief update on the proposed design and engineer's estimated project budget. Discussion occurred concerning certain proposed facility mechanical, electrical, and site security improvements. Ms. Lausten added that this project has been re-scheduled for Fiscal Year 2022/2023.

RECOMMENDED ACTION:

There was no action taken.

ITEM 5: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING EL TORO SEWER LIFT STATION SURGE TANK REHABILITATION PROJECT

Mr. Paludi presented this matter for Committee consideration. Mr. Perea reported that JIG Consultants has completed the final design for the station improvements, including mechanical and electrical improvements. Mr. Perea expressed his appreciation to Irvine Ranch Water District (IRWD) for their patience during this process as the station is currently bypassed to their facility downstream. Ms. Lausten reviewed the plans and specifications, and she reported that SS Mechanical is finalizing a proposal for the proposed improvements. Discussion occurred concerning supply chain challenges and delays that have impacted the procurement of certain items. Mr. Perea recommended forwarding this matter to Board of Directors for their consideration.

RECOMMENDED ACTION:

The Committee recommended forwarding this information to the Board of Directors for their consideration (Action Calendar).

**TRABUCO CANYON WATER DISTRICT
ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 3, 2021**

ITEM 6: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING ADOPTION OF UPDATED MEMORANDUM OF UNDERSTANDING BETWEEN THE COUNTY OF ORANGE FOR USE OF COUNTYWIDE MASS NOTIFICATION SYSTEM (ALERTOC)

Mr. Paludi presented this matter for Committee consideration. Mr. Perea provided a brief review of the District's participation in County of Orange Countywide Mass Notification System (AlertOC) since 2013, and he presented the updated proposed Memorandum of Understanding (MOU) with a review of the updated terms. Mr. Perea recommended the Board of Directors approve and authorize the continued participation in the AlertOC system.

RECOMMENDED ACTION:

Committee recommended the Board of Directors approve and authorize the General Manager to execute the Memorandum of Understanding Between the County of Orange and Participants for Use of Countywide Mass Notification System (Action Calendar).

ITEM 7: OTHER ENGINEERING AND OPERATIONS PROJECTS

1. Dimension Water Treatment Plant Office and Storage Improvements

Mr. Paludi introduced this matter for Committee consideration. Ms. Lausten reviewed the proposed office site layout and final plans. Ms. Lausten mentioned that this matter will be brought back to the next Engineering/Operational Committee meeting for Committee consideration.

2. Saddle Crest Development

Mr. Paludi introduced this matter. Mr. Perea mentioned that District staff met with the Developer onsite and reviewed the punch list items; testing and accepting the facilities once TCWD standards have been met.

3. Golf Club Sewer Lift Station Surge Tank Replacement

Mr. Perea provided a brief project update to the Committee, and he reported on the procurement delays for the Motor Control Center (MCC) and certain valves. Ms. Lausten reported that District staff are evaluating the replacement and relocation of the facility onsite surge tank.

4. Other Projects

Ms. Lausten mentioned that Verizon Mobile has contacted the District concerning the potential for a cellular tower installation on an above ground reservoir. Mr. Paludi added that more information concerning this matter will be presented at a future meeting.

RECOMMENDED ACTION

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

ITEM 8: WATER SYSTEM UPDATES

Mr. Kessler reviewed the projects and repairs for October 2021, and he reported that Water Operations staff has completed the following tasks:

1. Worked with Ferreira Construction to repair a 10" domestic water emergency pipeline break on Live Oak Canyon Road.
2. Replaced the backwash waste valve on Filter No. 2 at the Dimension Water Treatment Plant (DWTP).
3. Completed eight fire flow tests in the both the Saddle Crest Development and Shelter Canyon Development.
4. Worked with Wastewater Operations assistance to repair a leaking water valve in the Rancho Cielo community.

**TRABUCO CANYON WATER DISTRICT
ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 3, 2021**

5. Relocated excess spoils from DWTP Backwash Tank Rehabilitation Project to Coyote Flats below Robinson Ranch Wastewater Treatment Plant.

Mr. Kessler reviewed the Monthly Water System Operations Summary with the Committee, and he reported that domestic water was supplied to the reclaimed water reservoir to meet high system demands.

RECOMMENDED ACTION

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

ITEM 9: WASTEWATER SYSTEM UPDATES

Mr. Ulloa reviewed the projects and repairs for October 2021, and he reported that Wastewater Operations staff had completed the following tasks:

1. Worked with TESCO Controls on SCADA system upgrades.
2. Worked with Maintenance Department to install a back-up polymer pump for solids handling.
3. Completed wastewater and recycled water quarterly sampling schedule.
4. Worked with Brightview Landscape for weed abatement of overflow structures at Dove Lake and Reservoir.
5. Cleaned gravity sanitary sewer lines from Falcon View Estates to El Toro Lift Station overnight with Traffic Control assistance.
6. Worked with Maintenance Department on blower motor improvements at the Robinson Ranch WWTP.

Mr. Ulloa provided a review of the Monthly Non-Domestic Water (NDW) System Summary report for October 2021, and he reported that operations supplemented the reclaimed water reservoir with domestic water to meet high system demands. Mr. Perea reported that District staff will invoice NDW users for the cost of supplemental domestic water in accordance with the Recycled Water Allocation Policy.

RECOMMENDED ACTION

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

ITEM 10: MAINTENANCE DEPARTMENT UPDATES

Mr. Stroud reviewed the projects and repairs for October 2021, and he provided the additional highlights:

1. Finished repairs at Falcon Booster Pump Station with new motors, and rebuilt pumps.
2. Scheduled Quinn CAT Mobile Services to repair the CAT 430E backhoe stinger ram, located at the Robinson Ranch Wastewater Treatment Plant.
3. Excavated a 12' deep x 16' long x 3' wide trench for the Orange County Fire Authority to perform their annual trench safety training.
4. Provided flood damage assistance at the Administration building.
5. Staff attended the SCADA kick-off meeting with TESCO Controls.

Mr. Stroud provided a brief update on the upcoming staff training for open trench/competent person training.

RECOMMENDED ACTION

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

**TRABUCO CANYON WATER DISTRICT
ENGINEERING/OPERATIONAL COMMITTEE MEETING RECAP | NOVEMBER 3, 2021**

ITEM 11: OTHER MATTERS/REPORTS

There were no other matters or reports received.

RECOMMENDED ACTION

There was no action taken.

ADJOURNMENT

Director Mandich adjourned the November 3, 2021 Engineering/Operational Committee Meeting at 7:55 AM.

DRAFT

TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021

CONSENT CALENDAR

ITEM 4: EXECUTIVE COMMITTEE MEETING

RECOMMENDED ACTION:

Receive and file the following Executive Committee Meeting Recap(s):

1. *November 8, 2021*



TRABUCO CANYON WATER DISTRICT EXECUTIVE COMMITTEE MEETING RECAP | NOVEMBER 8, 2021

DIRECTORS PRESENT

Vice President Stephen Dopudja, Committee Chair
President Don Chadd, Committee Member

STAFF PRESENT

Fernando Paludi, General Manager
Michael Perea, Assistant General Manager

PUBLIC PRESENT

There were no members of the public present

CALL MEETING TO ORDER

Vice President Dopudja called the November 8, 2021 Executive Committee Meeting to order at 4:00 PM.

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

Mr. Paludi had no comments.

BOARD AGENDA MATTERS

ITEM 1: EXECUTIVE COMMITTEE MEETING RECAP

Mr. Paludi presented the Executive Committee Meeting Recap for Committee review in accordance with the agenda.

RECOMMENDED ACTION:

The Committee recommended that the October 11, 2021 Executive Committee meeting recap be forwarded to the Board of Directors for approval (Consent Calendar).

DISCUSSION MATTERS

ITEM 2: BOARD AGENDA PLANNING CALENDAR

Mr. Paludi presented this matter for Committee consideration, and he provided a handout highlighting certain proposed Board agenda planning calendar updates including, but not limited to:

November 2021

- El Toro Sewer Lift Station Surge Tank Replacement
- AlertOC Memorandum of Understanding

TRABUCO CANYON WATER DISTRICT
EXECUTIVE COMMITTEE MEETING RECAP | OCTOBER 11, 2021

December 2021

- Fiscal Year 2020/2021 Financial Report (Audit)
- Water Conservation Ordinance
- Water Shortage Contingency Plan Level 2 Declaration
- Board Officer Election & Committee/Representative Assignments

January 2022

- District Treasurer's Annual Statement of Investment Policy
- Action on Financial Borrowing

Discussion occurred concerning the Orange County Local Agency Formation Commission (OC LAFCO) 2021 Strategic Plan (Plan). Mr. Paludi reported that the Executive Officer of OC LAFCO has requested feedback and input on the proposed methodology and structure of the Plan. The Committee commended OC LAFCO's efforts concerning the proposed Plan and recommended expressing the District's support in writing.

RECOMMENDED ACTION:

The Committee recommended the General Manager express the District's support to OC LAFCO for the proposed 2021 Strategic Plan

OTHER MATTERS

ITEM 3: REPORTS OR COMMENTS FROM THE GENERAL MANAGER AND/OR STAFF

There were no other matters reported.

RECOMMENDED ACTION:

None

ADJOURNMENT

Vice President Dopudja adjourned the November 8, 2021 Executive Committee Meeting at 4:33 PM.

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

ACTION CALENDAR

ADMINISTRATIVE MATTERS

**ITEM 5: 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:

Approve the tentative future meetings/attendance items and ratify the Directors' expenses and fees from the following period(s):

1. *November 2021*

EXHIBIT(S):

1. Directors Fees and Expenses Monthly Report for November 2021
2. Directors Future/Tentative Meeting/Attendance Schedule for Calendar Year 2021

CONTACTS (staff responsible): PALUDI/PEREA/SANGI

TRABUCO CANYON WATER DISTRICT
DIRECTORS' FEES AND EXPENSES MONTHLY REPORT | NOVEMBER 2021

MEETING DESCRIPTION	ACOSTA	CHADD	DOPUDJA	MANDICH	SAFRANSKI
DISTRICT MEETINGS					
Engineering/Operational Committee Meeting			11/03/21	11/03/21	
Ad Hoc Committee Meeting - Paloma Square			11/04/21		11/04/21
Executive Committee Meeting		11/08/21	11/08/21		
Finance/Audit Committee Meeting		11/10/21		11/10/21	
Individual Meeting with General Manager	11/15/21	11/15/21	11/16/21	11/15/21	11/17/21
Regular Board Meeting		11/18/21	11/18/21	11/18/21	11/18/21
REPRESENTATIVE MEETINGS					
City of Rancho Santa Margarita Council Meeting	11/10/21				
City of Rancho Santa Margarita Council Meeting					
City of Rancho Santa Margarita City Planning Commission Meeting	CXL				
Independent Special Districts of Orange County - Luncheon Meeting					
Independent Special Districts of Orange County - Quarterly/Meeting					
Santiago Aqueduct Commission Meeting(SAC)					
South Orange County Agencies Group		11/23/21			11/23/21
South Orange County Wastewater Authority (SOCWA) Regular Board Meeting			11/04/21		
South Orange County Wastewater Authority (SOCWA) Finance Meeting					
South Orange County Integrated Regional Watershed Management Executive Committee				11/04/21	
Water Advisory Committee of Orange County Meeting (WACO)	11/06/21				
NUMBER OF MEETINGS ATTENDED	3	5	5	5	4
FEES (\$125 per each meeting*)	\$375.00	\$625.00	\$625.00	\$625.00	\$500.00
DIRECT REIMBURSABLE EXPENSES					
DIRECT REIMBURSABLE EXPENSES TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
INDIRECT REIMBURSABLE EXPENSES					
INDIRECT REIMBURSABLE EXPENSES TOTALS					
TOTAL	\$375.00	\$625.00	\$625.00	\$625.00	\$500.00
<i>* Maximum per diem per day is one; maximum per diems per month is 10</i>					

DIRECTOR SIGNATURE

TRABUCO CANYON WATER DISTRICT | 2021 PUBLIC MEETING AND CONFERENCE CALENDAR

2021													
LINE ITEM	MEETING DESCRIPTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DISTRICT PUBLIC MEETINGS													
1	Executive Committee Meeting	TBD			TBD			TBD			TBD		
2	Engineering/Operational Committee Meeting	01/06/21	02/03/21	03/03/21	04/07/21	05/05/21	06/02/21	07/07/21	08/04/21	09/01/21	10/06/21	11/03/21	12/01/21
3	Finance/Audit Committee Meeting	01/13/21	02/10/21	03/10/21	04/14/21	05/12/21	06/09/21	07/14/21	08/11/21	09/08/21	10/13/21	11/10/20	12/08/21
4	Regular Board Meeting	01/20/21	02/17/21	03/17/21	04/21/21	05/19/21	06/16/21	07/21/21	08/18/21	09/15/21	10/20/21	11/17/21	12/15/21
5	District Properties Ad Hoc Committee Meeting	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC MEETINGS													
6	City of RSM City Council Meeting - Meeting No. 1	01/13/21	02/10/21	03/10/21	04/14/21	05/12/21	06/09/21	07/14/21	08/11/21	09/08/21	10/13/21	11/10/21	12/08/21
7	City of RSM City Council Meeting - Meeting No. 2	01/27/21	02/24/21	03/24/21	04/28/21	05/26/21	06/23/21	07/28/21	08/25/21	09/22/21	10/27/21	11/24/21	12/22/21
8	Independent Special Districts of Orange County Meeting	01/05/21	02/02/21	03/02/21	04/06/21	05/04/21	06/01/21	07/06/21	08/03/21	09/07/21	10/05/21	11/02/21	12/07/21
9	Independent Special Districts of Orange County Meeting	01/28/21	-	-	04/29/21	-	-	07/29/21	-	-	10/28/21	-	-
10	Orange County Local Agency Formation Commission (OC LAFCO)	01/13/21	02/10/21	03/10/21	04/14/21	05/12/21	06/09/21	07/14/21	08/11/21	09/08/21	10/13/21	11/10/21	12/08/21
11	Santiago Aqueduct Commission Meeting	-	-	03/18/21	-	-	06/17/21	-	-	09/16/21	-	-	12/16/21
12	South Orange County Integrated Regional Watershed Management Executive Committee	-	-	03/04/21	-	05/06/21	-	-	08/05/21	-	-	11/04/21	-
13	South Orange County Water Agencies Group Meeting*	01/28/21	-	03/25/21	-	05/27/21	-	07/22/21	-	09/23/21	-	11/25/21	12/30/21
14	South Orange County Wastewater Authority Regular Board Meeting	01/07/21	02/04/21	03/04/21	04/07/21	05/06/21	06/03/21	07/01/21	08/05/21	09/02/21	10/07/21	11/04/21	12/02/21
15	Water Advisory Committee of Orange County	01/01/21	02/05/21	03/05/21	04/02/21	05/07/21	06/04/21	07/02/21	08/07/21	09/03/21	10/01/21	11/06/21	12/04/21
CONFERENCES													
16	ACWA Spring Conference - Monterey, CA					5/11 - 5/14							
17	ACWA Fall Conference - Pasadena, CA											11/30 12/3	
18	CSDA Annual Conference -Monterey, CA								8/3 - 9/2				
19	CSDA GM Leadership Summit - Olympic Valley, CA						6/27 - 6/29						
20	CSDA SDLA Conference - Lake Tahoe, CA									9/26 - 9/29			

District Observed Holiday - Reschedule Meeting

*4th Tuesday of the Odd Numbered Month

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 6: ELECTION OF BOARD OFFICERS

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

FY 2021/2022 Budgeted Board Expenses: \$38,400

Directors receive \$125.00 per diem, not to exceed ten (10) per diems per month, for meetings approved by the Board.

ENVIRONMENTAL COMPLIANCE:

Not applicable

COMMITTEE STATUS:

This matter was reviewed with the Executive Committee.

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.

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 7: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING CALENDAR YEAR 2022 BOARD MEMBER COMMITTEE APPOINTMENTS AND AGENCY REPRESENTATIVE ASSIGNMENTS

The District's Annual Organizational Meeting is normally held at the December Regular Board Meeting for the purpose of determining Committee Member and Agency Representative assignments by the President of the Board of Directors.

A list of the current Committee Members and Agency Representatives has been included for Board review and consideration prior to the Annual Organizational Meeting. If Directors have a preference to serve on specific Committees or as an Agency Representative, they should communicate with the General Manager. A current list of preferences will be provided to the President of the Board of Directors at the time of the Regular Board Meeting, if any.

FUNDING SOURCE:

General Fund

FISCAL IMPACT

FY 2021/2022 Budgeted Board Expenses: \$38,400

Directors receive \$125.00 per diem, not to exceed ten (10) per diems per month, for meetings approved by the Board.

ENVIRONMENTAL COMPLIANCE:

Not applicable

COMMITTEE STATUS:

This matter was reviewed with the Executive Committee.

RECOMMENDED ACTIONS:

Discuss at the time of the Board Meeting and take action(s) as deemed appropriate.

EXHIBIT(S):

1. Board Member Committee Appointments and Agency Representative Assignments, Calendar Year 2022

CONTACTS (staff responsible): PALUDI/PEREA/SANGI

TRABUCO CANYON WATER DISTRICT**BOARD MEMBER COMMITTEE APPOINTMENTS & AGENCY REPRESENTATIVE ASSIGNMENTS | CY 2021**

STANDING COMMITTEES		CHAIR	MEMBER	ALTERNATE	
Engineering/Operational Committee		Mandich	Dopudja	Safranski	
Executive Committee		Vice President	President		
Finance/Audit Committee		Chadd	Mandich	Acosta	
District Properties Committee		Dopudja	Mandich	Chadd	
AD HOC COMMITTEES		CHAIR	MEMBER	ALTERNATE	
Paloma Square Project Ad Hoc Committee		Dopudja	Safranski	Chadd	
District Organization Ad Hoc Committee		Dopudja	Chadd		
MEMBER AGENCY REPRESENTATIVE ASSIGNMENTS		TITLE	PRIMARY	SECONDARY	THIRD
Association of California Water Agencies	Director	Safranski			
Baker Water Treatment Plant Project Committee	Member	Paludi	Dopudja		
California Special Districts Association	Delegate	Acosta			
Independent Special Districts of Orange County	Member	Acosta	Dopudja		
Santiago Aqueduct Commission	Commissioner	Chadd	Mandich		
South Orange County Wastewater Authority Board	Director	Dopudja	Acosta	Paludi	
South Orange County Wastewater Authority Engineering Committee	Staff	Lausten	Paludi		
South Orange County Agencies Group	Liaison	Chadd	Safranski	Paludi	
South Orange County Watershed Management Area Executive Committee	Member	Mandich	Chadd	Acosta	
ORGANIZATION REPRESENTATIVE ASSIGNMENTS		TITLE	PRIMARY	SECONDARY	THIRD
American Water Works Association	Liaison	Paludi	Perea		
City of Santa Margarita City Council Meeting No. 1	Liaison	Acosta	Mandich		
City of Santa Margarita City Council Meeting No. 2	Liaison	Safranski	Mandich		
Local Agency Formation Commission	Liaison	Paludi	Chadd		
Municipal Water District of Orange County Board	Liaison	Dopudja	Chadd		
Water Advisory Committee of Orange County	Member	Acosta	Chadd		

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

ACTION CALENDAR

ADMINISTRATIVE MATTERS

ITEM 8: PUBLIC HEARINGS ON THE ADOPTION OF ORDINANCE NO. 2021-22 AND RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT DECLARING A LEVEL 2 WATER SUPPLY SHORTAGE CONDITION

Drought and Response Update

Due to persistent drought conditions in California and throughout most of the western United States and in light of drought response actions taken recently by Trabuco Canyon Water District's imported water suppliers, staff is recommending that the Board consider enacting the Water Shortage Contingency Plan (WSCP) adopted in June 2021.

Thus far Governor Newsom has called for voluntary conservation of at least 15% compared with 2020 consumption, although deeper cuts as well as mandatory measure are anticipated if conditions do not improve. On December 1, 2021, the Department of Water Resources (DWR) announced a zero percent initial allocation of State Project Water in anticipation of a third consecutive dry year with reservoirs at or near historic lows. Given these conditions, DWR will focus on the health and safety needs for Metropolitan Water District (MET) and the other 28 water agencies that contract to receive SWP supplies. Although Metropolitan has its own water storage reserves, over a third of its service area is supplied exclusively with SWP water and as a result, Metropolitan's Board of Directors last month declared a state of emergency for these so-called SWP exclusive areas.

In Orange County, the Board of MWD of Orange County (MWDOC) declared a WSCP Level 2 Supply Shortage in October 2021. Similar actions have also been taken by Santa Margarita Water District and Irvine Ranch Water District to reinforce the public messaging surrounding conservation to extend existing water storage levels in southern California and avoid or significantly delay more draconian restrictions on water use.

District's Proposed Response Action

In order to be responsive to the Governor's call for 15% reduction in consumption and consistent with the District's imported water suppliers and neighboring agencies, staff recommends the WSCP be implemented at a Level 2 Water Supply Shortage which targets a consumer demand reduction of up to 20%. Staff is recommending the Board adopt Resolution No. 2021-1301, included as Exhibit 2 to implement the WSCP.

During a declared Level 2, the following water conservation requirements may be applied, in addition to Permanent Water Conservation Requirements and prohibitions against waste already in effect at all times in the District's service area:

1. Expanded public awareness including leveraging regional outreach and marketing efforts by MWDOC and MET;
2. Targeted outreach to irrigation customers using drinking water;
3. Voluntary watering day limits for lawn or landscaped area with potable water including three days per week April through October and one day per week November through March;
4. Requirement for customers to fix leaks or breaks in their systems within 48 hours of notification by the District;
5. Targeted outreach to commercial agriculture and nurseries regarding conservation measures to be taken in deeper water supply shortage levels if necessary;

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6. Encouraging best practices for recreational water features such as pools and spas (description of best practices included in WSCP);
7. Eating or drinking establishments encouraged to refrain from providing drinking water unless expressly requested.

Water Conservation Program Ordinance

The adoption and enforcement of a water conservation and supply shortage program is necessary to manage the potable water supply in order to avoid or minimize the effects of drought or other shortage within the District's service area.

Several important changes to state laws and regulations related to water conservation and drought planning since 2008 necessitate revisions to the District's current Ordinance No. 2008-18. Perhaps the most relevant of these changes has been the requirement that TCWD and other urban water suppliers prepare and adopt a Water Shortage Contingency Plan (WSCP) that includes proposed water shortage response actions for each of the six standard water shortage levels that correspond to water shortage percentages ranging from 10% to greater than 50%. The District's Board of Directors adopted the TCWD WSCP in June 2021 and it became effective July 1, 2021.

The proposed Ordinance establishes permanent water conservation standards intended to alter behavior related to water use efficiency for non-shortage conditions and further establishes six levels of water supply shortage response actions, consistent with those in the WSCP, to be implemented during times of declared water shortage or declared water shortage emergencies, with increasing restrictions on water use in response to worsening drought or emergency conditions and decreasing supplies as determined by the Board. The Ordinance grants the General Manager the authority to determine which of the water conservation requirements listed for each water shortage level will apply. In addition to describing the procedures for declaration and notification of each water supply shortage level, the Ordinance includes a hardship waiver section and a penalty structure for failing to comply with any provisions of the Ordinance.

In response to ongoing drought conditions in California and other western states, the Board will consider adopting a resolution declaring a Water Shortage Level 2 per the District's WSCP at its regular meeting in December 2021. Upon declaration of a Level 2, the District will implement the mandatory Level 2 conservation measures identified in Ordinance No. 2021-22, consistent with the WSCP.

FUNDING SOURCE:

Not applicable

FISCAL IMPACT

Implementing the WSCP and some or all of the shortage response actions to achieve targeted water conservation levels may result in reduced potable water consumption revenue to the District.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This matter was reviewed with the Finance/Audit and Executive Committees.

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RECOMMENDED ACTIONS:

1. *Receive information at the time of the Board Meeting.*
2. *Conduct Public Hearing to receive public comments relating to the proposed adoption of Ordinance No. 2021-22 – Water Conservation Program Ordinance*
3. *Adopt Ordinance No. 2021-22 – Water Conservation Program Ordinance*
4. *Conduct Public Hearing to receive public comments relating to the proposed adoption of Resolution No. 2021-1301 – Resolution of the Board of Directors of the Trabuco Canyon Water District Declaring a Level 2 Water Shortage Condition per the District’s Water Shortage Contingency Plan.*
5. *Adopt Resolution No. 2021-1301 – Resolution of the Board of Directors of the Trabuco Canyon Water District Declaring a Level 2 Water Shortage Condition per the District’s Water Shortage Contingency Plan.*

EXHIBIT(S):

1. Ordinance No. 2021-22 – Water Conservation Program Ordinance
2. Resolution No. 2021-1301 – Resolution of the Board of Directors of the Trabuco Canyon Water District Declaring a Level 2 Water Shortage Condition per the District’s Water Shortage Contingency Plan

CONTACTS (staff responsible): PALUDI/PEREA/COLLINS

ORDINANCE NO. 2021-22

TRABUCO CANYON WATER DISTRICT WATER CONSERVATION PROGRAM ORDINANCE SUPERSEDING ORDINANCE NO. 2008-18 AND TAKING RELATED ACTIONS

THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT
ORDAINS AS FOLLOWS:

Section 1. Authority:

This Ordinance No. 2021-22 (**Ordinance**) is enacted pursuant to Sections 30000–33901 , including, but not limited to, Sections 31026–31029, Sections 350-359, Sections 375–378, Sections 10609–10609.38, and Sections 10610-10657 of the California Water Code, and Section 53069.4 of the California Government Code. The Trabuco Canyon Water District (**TCWD**) may establish additional guidelines, penalties, cost recovery systems, enforcement procedures and other rules and regulations to assist in the conservation of water. TCWD has the power to restrict the use of water supplied to TCWD customers during any emergency caused by drought, or other threatened or existing water shortage, and to prohibit the wastage of water supplied to TCWD customers, or the use of water, during such periods. TCWD may prohibit use of such water during such periods for specific uses which TCWD may, from time to time, find to be nonessential.

Section 2. Findings and Determinations:

The Board hereby finds and determines as follows:

- 2.1. A reliable minimum supply of Potable Water (as defined below) is essential to the public health, safety and welfare of the people and economy of the southern California region.
- 2.2. Southern California is a semiarid region and is largely dependent upon imported water supplies. A growing population, climate change, environmental concerns, and other factors in other parts of the State and western United States, make the region highly susceptible to water supply reliability issues and situations.
- 2.3. Careful water management, which includes active water conservation measures not only in times of drought but at all times, is essential to ensure a reliable minimum supply of water to meet current and future water supply needs.
- 2.4. TCWD is a county water district organized and operating pursuant to the laws of the State of California that has, as one of its functions, the authority to provide for the provision of water and water services to its customers.
- 2.5. Article X, Section 2 of the California Constitution declares that the general welfare requires that water resources be put to beneficial use, waste or unreasonable use or unreasonable method of use of water be prevented, and conservation of water be fully exercised with a view to the reasonable and

beneficial use thereof.

- 2.6. California Water Code Section 375 authorizes public agency water suppliers to adopt and enforce a comprehensive water conservation program to reduce water consumption and conserve supplies.
- 2.7. California Water Code Sections 31026–31029 authorizes county water districts to provide for restrictions and limitations on use of water during drought and/or threatened or existing water shortage situations.
- 2.8. The California State Legislature enacted two policy bills—Senate Bill 606 (Hertzberg) and Assembly Bill 1668 (Friedman)—to establish a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts in California. The new laws amended existing law to provide expanded and new authorities and requirements to enable permanent changes and actions for water conservation and drought planning purposes.
- 2.9. TCWD adopted its **WSCP** (as defined below) in June 2021 to be a strategic document designed to prepare for and respond to water shortages. The WSCP is TCWD's operating manual that is used to prevent catastrophic service disruptions through proactive, rather than reactive, management.
- 2.10. TCWD has undertaken various planning efforts and facilities projects to improve and support local water supplies, water reuse and imported water facilities in order to meet water demands of TCWD's current and future customers; however, circumstances do occur, and may occur in the future, which necessitate planning and measures to address water shortages on State-wide and local levels.
- 2.11. The adoption and enforcement of a water conservation and supply shortage program is necessary to manage TCWD's Potable Water supply in the short and long-term and to avoid or minimize the effects of drought and shortage within TCWD. Such program is essential to ensure a reliable and sustainable minimum supply of water for the public health, safety and welfare.
- 2.12. The protection, conservation, and management of local and imported water supplies are one of the main functions of TCWD as a public agency water provider. The Board of Directors of TCWD, based on the actions mandated by the Governor of the State of California, the Metropolitan Water District of Southern California ("**MET**") and the Municipal Water District of Orange County ("**MWDOC**"), and a review of the factual circumstances, has determined the necessity of adopting and implementing a comprehensive, mandatory water conservation plan to reduce overall TCWD usage to meet mandated levels.
- 2.13. Tthe public agencies supplying water to TCWD may mandate water rationing to TCWD because of limited supplies.
- 2.14. It is known that the distribution or storage facilities of public agencies supplying

water to TCWD may become inadequate to meet demands.

- 2.15. That due to circumstances or events beyond the control of TCWD or other public agencies, a major failure of the supply, storage and distribution facilities of the public agencies supplying water to TCWD may occur.

Section 3. **Declaration of Purpose and Intent:**

- 3.1. The purpose of this Ordinance is to establish a water conservation and supply shortage program in order to:
 - a. Reduce water consumption within TCWD through conservation;
 - b. Allow for effective water supply planning;
 - c. Ensure reasonable and beneficial use of water;
 - d. Prevent waste of water at all times;
 - e. Maximize the efficient use of water within the TCWD to avoid and minimize the effect(s) and hardship of water shortage(s) to the greatest extent possible;
 - f. Use water more wisely;
 - g. Strengthen local drought resilience; and
 - h. Improve agricultural water use efficiency and drought planning.
- 3.2. This Ordinance establishes permanent water conservation standards intended to alter behavior related to water use efficiency for non-shortage conditions and further establishes six levels of water supply shortage response actions to be implemented during times of declared water shortage or declared water shortage emergencies, with increasing restrictions on water use in response to worsening drought or emergency conditions and decreasing supplies as determined by the Board.

Section 4. **Definitions:**

- 4.1. The following words and phrases whenever used in this Ordinance will have the meaning defined in this Section:
 - a. **“Board”** means the Board of Directors of TCWD.
 - b. **“TCWD”** means the Trabuco Canyon Water District, a county water district organized and operating pursuant to the laws of the State.
 - c. **“Effective Date”** means the date this Ordinance becomes effective.

- d. **“Efficiency Standard”** means the percentage of water delivered to plant roots that is used beneficially.
- e. **“Landscape Irrigation System”** means an irrigation system which is used for watering landscape, greenbelts and similar which may include pipes, hoses, spray heads, or sprinkling devices that are operated by hand or through an automated system.
- f. **“Ordinance”** means this Ordinance No. 2021-22 as adopted, and as such may be amended by TCWD from time to time.
- g. **“Person”** means any natural person, property owner, renter, or lessee, as well as any corporation, partnership, government entity or subdivision, trust, estate, cooperative association, homeowners’ association, joint venture, business entity, or other similar entity, or the property management company, property manager, agent, employee or representative of any of the above.
- h. **“Potable Water”** means water which is suitable for drinking.
- i. **“Reclaimed Water”** means non-Potable Water which has been treated at a wastewater treatment facility and is available for irrigation use.
- j. **“Recycled Water”** means non-Potable Water collected by TCWD from dry season water flow or storm water flow and is available for irrigation use
- k. **“Single Pass Cooling Systems”** means equipment where water is circulated only once to cool systems and/or equipment before being disposed of.
- l. **“State”** means the State of California.
- m. **“Water Waste”** means uses of water which are prohibited or limited, going beyond the purpose of necessary or intended use, including area runoff, and which could reasonably be prevented.
- n. **“Water Conservation Coordinator”** is TCWD’s General Manager or his/her designee(s) or such other officer(s) or employee(s) of TCWD as TCWD may direct.
- o. **“WSCP”** is TCWD's 2020 Water Shortage Contingency Plan adopted in June 2021.

Section 5. Application:

- 5.1. The provisions of this Ordinance apply to any Person in the use of any Potable Water provided by TCWD.

- 5.2. The provisions of this Ordinance will apply within TCWD's boundaries and to TCWD customers.
- 5.3. The provisions of this Ordinance do not apply to uses of water necessary to protect public health and safety or for essential government services, such as police, fire and other similar emergency services.
- 5.4. The provisions of this Ordinance do not apply to the use of Reclaimed Water or Recycled Water, with the exception of Section 6.
- 5.5. This Ordinance is intended solely to further the conservation of water. It is not intended to implement any provision of federal, State, or local statutes, ordinances, or regulations relating to protection of water quality or control of drainage or runoff. This Ordinance will not act to repeal, supersede or amend any federal, State or local law, ordinance or regulation relating to protection of water quality or control of drainage or runoff (including, but not limited to, any and all NPDES permits or requirements which may be applicable in such instance) or exempt any Person or party from compliance therewith.

Section 6. Permanent Water Conservation Requirements - Prohibition Against Waste:

The following water conservation requirements will be effective at all times while this Ordinance is in effect (unless otherwise specifically determined and directed by the Board). Violations of this Section will be considered waste and an unreasonable use of water.

- 6.1. **Limits on Watering Hours:** Watering or irrigating of lawn, landscape or other vegetated area with Potable Water is prohibited between the hours of 8:00 a.m. and 6:00 p.m. Pacific Standard Time on any day, except by use of a hand-held bucket or similar container, a hand-held hose equipped with a positive self-closing water shut-off nozzle or device, with drip irrigation, manually watering to establish new landscape, or for very short periods of time for the express purpose of adjusting or repairing an irrigation system.
- 6.2. **Limit on Watering Duration:** Watering or irrigating of lawn, landscape or other vegetated area with Potable Water using a Landscape Irrigation System or a watering device that is not continuously attended is limited to no more than ten minutes watering per station, per day. This Subsection does not apply to Landscape Irrigation Systems that exclusively use very low flow drip type irrigation systems when no emitter produces more than two gallons of water per hour and weather based controllers or stream rotor sprinklers that meet a 70% Efficiency Standard.
- 6.3. **No Watering While Raining:** No Person shall allow lawns, groundcover, shrubbery, other landscape material, or open ground, to be watered during or after measurable rainfall for 48 hours. Automatic irrigation controllers may be turned off manually, or connected to a rain shutoff device. All irrigation controllers associated with dedicated landscape meters shall have a rain shutoff device which

overrides the program in the event of rainfall.

- 6.4. **No Excessive Water Flow or Runoff:** Watering or irrigating of any lawn, landscape or other vegetated area in a manner that causes or allows excessive water flow or runoff onto an adjoining sidewalk, parking lot, driveway, street, alley, gutter or ditch is prohibited.
- 6.5. **No Irrigating Turf with Drinking Water on Public Medians:** Irrigating turf with drinking water on public medians is prohibited.
- 6.6. **No Washing Down Hard or Paved Surfaces:** Washing down hard or paved surfaces, including but not limited to sidewalks, walkways, driveways, parking areas, tennis courts, patios or alleys, is prohibited except when necessary to alleviate safety or sanitary hazards, and then only by use of a hand-held bucket or similar container or a low volume, high-pressure cleaning machine or broom.
- 6.7. **Obligation to Fix Leaks, Breaks or Malfunctions:** Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the water user's plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected is prohibited. Property owners are obligated to fix leaks or breaks in the plumbing system within seven days. For irrigation applications, if unattended malfunctions are observed to be causing excessive loss of water, TCWD may, at its sole discretion, turn off the irrigation to the affected area until such time the property owner can respond to correct the malfunction.
- 6.8. **Recirculating Water Required for Water Fountains and Decorative Water Features:** Operating a water fountain or other decorative water feature that does not use recirculated water is prohibited.
- 6.9. **Limits on Washing Vehicles:** Using water to wash or clean a vehicle, including but not limited to any automobile, truck, van, bus, motorcycle, boat or trailer, whether motorized or not, is prohibited, except by use of a handheld bucket or similar container or a hand-held hose equipped with a positive self-closing water shut-off nozzle or device. This Subsection does not apply to any commercial car washing facility.
- 6.10. **Commercial Lodging Establishments Must Provide Option to Not Launder Linen Daily:** Hotels, motels and other commercial lodging establishments must provide customers the option of not having towels and linen laundered daily. Commercial lodging establishments shall prominently display notice of this option in each bathroom using clear and easily understood language. Commercial visitor-serving facilities must also ensure that such facility displays, in places visible to all customers, placards or decals approved by TCWD, promoting public awareness of the need for water conservation.
- 6.11. **No Installation of Single Pass Cooling Systems:** Installation of a Single Pass

Cooling System is prohibited.

- 6.12. **No Installation of Non-recirculating Commercial Car Wash and Laundry Systems:** Installation of non-recirculating water systems is prohibited in commercial car wash and laundry systems. All commercial conveyor car wash systems which use TCWD water must have installed operational recirculating water systems or must have secured a waiver of this requirement from TCWD.
- 6.13. **Large Landscape Areas – Rain Sensors:** Large landscape areas, defined as a lawn, greenbelt, landscape, or other vegetated area, or combination thereof, equal to more than one acre of irrigable land, including parks, cemeteries, golf courses, school grounds, and playing fields, that use Landscape Irrigation Systems to water or irrigate, must use Landscape Irrigation Systems with rain sensors that automatically shut off such systems during periods of rain or irrigation timers which automatically use information such as evapo-transpiration sensors to set an efficient water use schedule.

Section 7. Level 1 Water Supply Shortage

- 7.1. A Level 1 water supply shortage exists when TCWD notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 10% is necessary to make more efficient use of water and respond to existing water conditions. TCWD will implement the mandatory Level 1 conservation measures identified in this Ordinance. The type of event that may prompt TCWD to declare a Level 1 water supply shortage may include, among other factors, a finding that its wholesale water provider calls for extraordinary water conservation.
- 7.2. **Additional Water Conservation Measures:** In addition to the prohibited uses of water identified in Section 6, the following water conservation requirements may be applied during a declared Level 1 water supply shortage to elicit a voluntary customer demand reduction of up to 10%:
- a. **Increase Public Awareness:** TCWD will increase public awareness of the water supply messaging and will call for voluntary conservation.
 - b. **Encourage Voluntary Outdoor Water Use Efficiency:** In combination with increased public awareness, customers will be encouraged to use water efficiently, particularly outdoors with efficient irrigation practices.
 - c. **Promote Rebates for Indoor and Outdoor Water Use Efficiency:** In combination with increased messaging, TCWD will promote existing rebates and incentives from MWDOC and MET, and augment rebates where feasible.
 - d. **Require Water Users to Fix Leaks:** All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be

repaired within 72 hours of notification by TCWD unless other arrangements are made with TCWD.

- e. **Reinforce Permanent Water Conservation Measures:** Reinforce and promote the Permanent Water Conservation Measures.

The General Manager shall determine which of the water conservation requirements listed above will apply during a Level 1 water supply shortage.

Section 8. Level 2 Water Supply Shortage

- 8.1. A Level 2 water supply shortage exists when TCWD notifies its water users that due to drought or other supply reductions, a consumer demand reduction of up to 20% is necessary to make more efficient use of water and respond to existing water conditions. Upon declaration of a Level 2 water supply shortage condition, TCWD will implement the mandatory Level 2 conservation measures identified in this Ordinance.
- 8.2. **Additional Conservation Measures:** In addition to the prohibited uses of water identified in Sections 6 and 7, the following additional water conservation requirements may be applied during a declared Level 2 water supply shortage:
 - a. **Expanded Public Awareness:** TCWD will expand public awareness of the water shortage situation while leveraging regional outreach and marketing efforts by MWDOC and MET.
 - b. **Targeted Outreach to Irrigation Customers Using Drinking Water:** TCWD will target communication and outreach to dedicated irrigation customers using drinking water.
 - c. **Voluntary Watering Day Limits:** Customers are encouraged to voluntarily limit watering or irrigating of lawn or landscaped area with Potable Water to three days per week April through October and one day per week November through March. Exceptions to the water days limit include:
 - i. Drop emitters or in-line drip systems;
 - ii. Irrigating by use of a handheld bucket or similar container;
 - iii. Irrigating by a handheld hose equipped with a positive self-closing water shut off nozzle; or
 - iv. Irrigating for short periods of time for the express purpose of adjusting or repairing an irrigation system.
 - d. **Requirement for Water Users to Fix Leaks:** All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be

repaired within 48 hours of notification by TCWD unless other arrangements are made with TCWD.

- e. **Targeted Outreach to Commercial Agriculture and Nurseries:** Commercial agriculture and nurseries using drinking water will be consulted regarding the conservation measures to be taken to achieve water savings.
- f. **Encouraging Recreational Water Features Best Practices:** All pool owners and operators and their agents or contractors shall, to the extent feasible, adhere to TCWD's Best Management Practices in the WSCP for the construction and operation of water use efficient recreational water features, such as pools or spas.
- g. **Voluntary Drinking Water Served Upon Request:** Eating or drinking establishments, including but not limited to a restaurant, hotel, cafe, cafeteria, bar, or other public place where food or drinks are sold, served, or offered for sale, are encouraged to refrain from providing drinking water to any Person unless expressly requested.

The General Manager shall determine which of the water conservation requirements listed above will apply during a Level 2 water supply shortage.

Section 9. Level 3 Water Supply Shortage

- 9.1. A Level 3 water supply shortage exists when TCWD declares a water shortage emergency condition pursuant to California Water Code Section 350 and notifies its residents and businesses that up to 30% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. TCWD must declare a water supply shortage emergency in the manner and on the grounds provided in California Water Code Section 350.
- 9.2. **Additional Conservation Measures:** In addition to the prohibited uses of water identified in Sections 6-8, the following water conservation requirements may be applied during a declared Level 3 water supply shortage:
 - a. **Targeted Outreach and Assistance to High Water Users:** TCWD will target outreach and assistance to high use customers to achieve further water savings through expanded onsite water use surveys.
 - b. **Enhanced Conservation Program Activity:** TCWD may enhance water conservation program activities or incentive levels to further increase customer participation in activities that lead to long-term structural water savings.
 - c. **Watering Day Limits:** Watering or irrigating of lawn or landscaped area with drinking water is limited to three days per week April through

October and one day per week November through March. Exceptions to the water days limit include:

- i. Drip emitters or in-line drip systems;
 - ii. Irrigating by use of a handheld bucket or similar container, or with a hand-held hose equipped with a positive self-closing water shut off nozzle;
 - iii. Irrigating for short periods of time for the express purpose of adjusting or repairing an irrigation system; or
 - iv. Irrigating for maintenance of existing landscape necessary for fire protection.
- d. **Irrigation Limits on Commercial Agriculture and Nurseries:** Commercial agriculture and nursery use of drinking water is reduced by 30% of five-year average use monthly .
- e. **Requirement for Water Users to Fix Leaks:** All leaks, breaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within 24 hours of notification by TCWD unless other arrangements are made with TCWD.
- f. **Limits on Use of Potable Water for Construction:** The use of recycled or non-Potable Water, when available, is required for construction purposes. Potable or drinking water for construction purposes shall only be permitted by, and in accordance with the provisions of, a construction water use permit obtained from TCWD Chief Engineer or their designee, otherwise, Recycled Water is to be used.
- g. **Limits on Street Sweeping with Drinking Water:** The use of recycled or non-Potable Water, when available, is required for street sweeping purposes.
- h. **Reduce Frequency of Line Cleaning and Flushing:** TCWD, to the extent feasible, will minimize the use of or flushing of drinking water when performing operational duties including, but not limited to, sewer line cleaning, fire hydrant flushing, valve exercising, and angle stop repairs.

The General Manager shall determine which of the water conservation requirements listed above will apply during a Level 3 water supply shortage.

Section 10. Level 4 Water Supply Shortage

- 10.1. A Level 4 water supply shortage exists when TCWD declares a water shortage emergency condition pursuant to California Water Code Section 350 and notifies

its residents and businesses that up to 40% consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. TCWD must declare a water supply shortage emergency in the manner and on the grounds provided in California Water Code Section 350.

- 10.2. **Additional Conservation Measures:** In addition to the prohibited uses of water identified in Sections 6–9, the following water conservation requirements may be applied during a declared Level 4 water supply shortage:
- a. **Watering Day Limits:** Watering or irrigating of lawn or landscaped area with drinking water is limited to two days per week April through October and one day per week November through March. Exceptions to the water days limit include:
 - i. Drip emitters or in-line drip systems;
 - ii. Irrigating by use of a handheld bucket or similar container, or with a hand-held hose equipped with a positive self-closing water shut off nozzle;
 - iii. Irrigating for short periods of time for the express purpose of adjusting or repairing an irrigation system; or
 - iv. Irrigating for maintenance of existing landscape necessary for fire protection.
 - b. **Limits on Commercial Agriculture and Nurseries:** Commercial agriculture and nursery irrigation with drinking water is limited to 60% of monthly five-year average use.
 - c. **Prohibition on Vehicle Washing:** Washing of autos, trucks, trailers, boats, airplanes or other types of mobile equipment is prohibited. Washing is permitted at commercial car wash facilities. The use of water by all types of commercial car washes shall be reduced in volume by 50%.
 - d. **Prohibition on Filling Decorative Water Features:** Filling, refilling, or adding water to decorative water features that use Potable Water is prohibited.
 - e. **No New Potable Water Service:** Upon declaration of a Stage 4 condition, no new Potable Water service will be provided, no new temporary meters or permanent meters will be provided, and no will-serve letters will be issued, except under the following circumstances:
 - i. TCWD approved plans and specifications have been issued;
 - ii. A valid permit has been issued for the project;

- iii. The project is necessary to protect the public health, safety, and welfare; or
- iv. The applicant provides substantial evidence of an enforceable commitment that water demands for the project will be offset prior to the provision of a new water meter(s) to the satisfaction of TCWD.

The General Manager shall determine which of the water conservation requirements listed above will apply during a Level 4 water supply shortage.

Section 11. Level 5 Water Supply Shortage

- 11.1. A Level 5 water supply shortage exists when TCWD declares a water shortage emergency condition pursuant to California Water Code Section 350 and notifies its residents and businesses that up to 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. TCWD must declare a water supply shortage emergency in the manner and on the grounds provided in California Water Code Section 350.
- 11.2. **Additional Conservation Measures:** In addition to the prohibited uses of water identified in Sections 6-10, the following water conservation requirements may be applied during a declared Level 5 water supply shortage:
 - a. **Expand Enforcement and Outreach to High Users:** TCWD will expand its efforts to target and assist over-budget accounts, including escalating enforcement of any and all mandatory restrictions that the accounts are not in compliance with, pursuant to any declared water shortage stage.
 - b. **Flow Restrictors to Non-Compliant Accounts:** TCWD may require a flow restrictor to be installed on services where the account holder is non-responsive to outreach and other mandatory restrictions, pursuant to any declared water shortage stage.
 - c. **Prohibition on Watering Turf with Drinking Water:** Watering or irrigating of lawn or turf with Potable Water is prohibited. Exemptions to this prohibition may be made for municipal parks with active recreational fields, such as parks with athletic fields, however, the applied water must be limited to the amount which will just keep the turfgrass alive to minimize affects to public health and safety.
 - d. **Watering Day Limits:** Watering or irrigating of trees, woody shrubs, or food-producing crops for residential use with drinking water is limited to one day per week in all months. Additional watering is only permitted if irrigating for maintenance of existing landscape necessary for fire protection.

- e. **Limits on Commercial Agriculture and Nurseries:** Commercial agriculture and nursery irrigation with drinking water is limited to 50% of monthly five-year average use.
- f. **Prohibition on Filling All Recreational Water Features:** Filling, re-filling, or adding of Potable Water to recreational water features such as pools or spas that do not adhere to TCWD's Best Management Practices is prohibited.

The General Manager shall determine which of the water conservation requirements listed above will apply during a Level 5 water supply shortage.

Section 12. Level 6 Water Supply Shortage

- 12.1. A Level 6 water supply shortage exists when TCWD declares a water shortage emergency condition pursuant to California Water Code Section 350 and notifies its residents and businesses that greater than 50% or more consumer demand reduction is required to ensure sufficient supplies for human consumption, sanitation and fire protection. TCWD must declare a water supply shortage emergency in the manner and on the grounds provided in California Water Code Section 350.
- 12.2. **Additional Conservation Measures:** In addition to the prohibited uses of water identified in Sections 6-11, the following water conservation requirements may be applied during a declared Level 6 water supply shortage:
 - a. **Conduct Emergency Public Outreach:** TCWD would conduct emergency public outreach, as part of TCWD's overall emergency response programs. Messaging to focus on limiting water to essential uses only.
 - b. **Water Supply Allocation, as Necessary:** As deemed necessary, an allocation of water supply under a Water Shortage Stage 6 condition, beyond the TCWD's shortage response actions under the Water Shortage Stages outlined in this Section, may be implemented.
 - c. **Prohibition on Watering with Drinking Water:** All outdoor irrigation with Potable Water is prohibited with the exception of maintenance of existing landscape necessary for fire protection.
 - d. **Prohibition on Commercial Nurseries Using Drinking Water:** Commercial agriculture and nursery irrigation with Potable Water is prohibited.
 - e. **Prohibition of Vehicle Washing:** Washing of autos, trucks, trailers, boats, airplanes or other types of mobile equipment is prohibited. Washing is also prohibited at a commercial car wash.

- f. **Other Water Response Shortage Action, as Needed:** TCWD reserves the right to implement other shortage response actions to appropriately respond to a water shortage emergency.

The General Manager shall determine which of the water conservation requirements listed above will apply during a Level 6 water supply shortage.

Section 13. Procedures for Determination / Notification of Water Supply Shortage

- 13.1. **Declaration and Notification of Level 1 & 2 Water Supply Shortage:** The existence of Level 1 and Level 2 water supply shortage conditions may be declared by resolution adopted by the Board at a regular or special public meeting held in accordance with State law. The mandatory conservation requirements applicable to the Level 1 or Level 2 conditions, as determined by the Board, will take effect on the tenth day after the date the shortage level is declared and identified. Within five days following the declaration of the shortage level, TCWD will publish a copy of the resolution in a newspaper used for publication of official notices. Upon the cessation of a Level 1 or Level 2 water supply shortage condition will be determined by the Board, and notice thereof provided in the same manner as set forth above. If TCWD establishes a water allocation, it will provide notice of the allocation by including it in the regular billing statement or by any other mailing to the address to which TCWD customarily mails the billing statement for fees or charges for on-going water service. A water allocation will be effective on the fifth day following the date of mailing or at such later date as specified in the notice.
- 13.2. **Declaration and Notification of Levels 3–6 Water Supply Shortage:** The existence of Levels 3–6 water supply shortage conditions may be declared in accordance with the procedures specified in Water Code Sections 350–52. The mandatory conservation requirements applicable to the Level conditions, as determined by the Board as set forth herein will take effect on the tenth day after the date such shortage emergency is declared. Within five days following the declaration of such shortage emergency, TCWD will publish a copy of the resolution in a newspaper used for the publication of official notices pursuant to Government Code Section 6061. If TCWD establishes a water allocation, it will provide notice of the allocation by including it in the regular billing statement or by any other mailing to the address to which TCWD customarily mails the billing statement for fees or charges for on-going water service. A water allocation will be effective on the fifth day following the date of mailing or at such later date as specified in the notice.

Section 14. Hardship Waiver

- 14.1. **Undue and Disproportionate Hardship:** If, due to unique circumstances, a specific requirement of this Ordinance would result in undue hardship to a Person using water or to property upon which water is used, that is disproportionate to the impacts to TCWD water users generally or to similar property or classes of

water users, then the Person may apply for a waiver to the requirements as provided in this Section 15.

14.2. **Written Finding:** The waiver may be granted or conditionally granted only upon a written finding of the existence of facts demonstrating an undue hardship to a Person using water or to property upon which water is used, that is disproportionate to the impacts to water users generally or to similar property or classes of water use due to specific and unique circumstances of the user or the user's property.

- a. **Application:** Application for a waiver will be on a form prescribed by TCWD and will be accompanied by a non-refundable processing fee in an amount set by resolution of TCWD.
- b. **Supporting Documentation:** The application shall be accompanied by photographs, maps, drawings, and other information, including a written statement of the applicant in support of such application.
- c. **Required Findings for Variance:** An application for a waiver shall be denied unless the Water Conservation Coordinator finds, based in the information provided in the application, supporting documents, or such additional information as may be requested, and on water use information for the property as shown by the records of TCWD or its Agent, all of the following:
 - i. That the waiver does not constitute a grant of special privilege inconsistent with the limitations upon other TCWD residents and businesses;
 - ii. That because of special circumstances applicable to the property or its use, the strict application of this Ordinance would have a disproportionate impact on the property or use that exceeds the impacts to TCWD residents and businesses generally.
 - iii. That the authorizing of such waiver will not be of substantial detriment to adjacent properties, and will not materially affect the ability of TCWD to effectuate the purpose of this Ordinance and will not be detrimental to the public interest; and
 - iv. That the condition or situation of the subject property or the intended use of the property for which the waiver is sought is not common, recurrent or general in nature.
- d. **Approval Authority:** The Water Conservation Coordinator will exercise approval authority and act upon any completed application no later than ten days after submittal and may approve, conditionally approve, or deny the waiver. The applicant requesting the waiver will be promptly notified

in writing of any action(s) taken. Unless specified otherwise at the time a waiver is approved, the waiver applies to the subject property during the term of the mandatory water supply shortage condition.

- e. **Appeals to TCWD:** An applicant may appeal a decision or condition of the Water Conservation Coordinator on a waiver application to the Board within ten days of the decision upon written request for a hearing. The request shall state the grounds for the appeal. At a public meeting, the Board will act as the approval authority and review the appeal de novo by following the regular waiver procedure. The decision of the Board will be final.

Section 15. Penalties and Violations

- 15.1. **Civil Penalties:** Pursuant to Water Code Section 377 and Government Code Section 53069.4, civil penalties for failure to comply with any provisions of the Ordinance will be as follows:
 - a. **First Violation:** TCWD will issue a written warning and deliver a copy of this Ordinance in Person or by mail.
 - b. **Second Violation:** A second violation within one year after the first violation is punishable by a fine not to exceed \$100.
 - c. **Third Violation:** A third violation within one year after the first violation is punishable by a fine not to exceed \$200.
 - d. **Fourth and Subsequent Violations:** A fourth and any additional violation within one year after the first violation is punishable by a fine not to exceed \$500. In addition, TCWD may also undertake the following actions:
 - i. **Water Flow Restrictor:** In addition to any fines, TCWD may install a water flow restrictor device of approximately one gallon per minute capacity for services up to one and one-half inch size and comparatively sized restrictors for larger services after written notice of intent to install a flow restrictor for a minimum of 48 hours.
 - ii. **Termination of Service:** In addition to any fines and the installation of a water flow restrictor, TCWD may disconnect and/or terminate a customer's water service.
 - e. Pursuant to Water Code Section 377(e), commencing on the 31st day after TCWD notifies a Person of a violation, and subject to applicable notice and hearing requirements, the Person additionally may be civilly liable in

an amount not to exceed \$10,000 plus \$500 for each additional day on which the violation continues.

- 15.2. **Cost of Flow Restrictor and Disconnecting Service:** A Person or entity that violates this Ordinance is responsible for payment of TCWD's charges for installing and/or removing any flow restricting device and for disconnecting and/or reconnecting service per TCWD's schedule of charges then in effect. The charge for installing and/or removing any flow restricting device will be paid to TCWD before the device is removed. Nonpayment will be subject to the same remedies as nonpayment of basic water rates.
- 15.3. **Separate Offenses:** Each day that a violation of this Ordinance occurs is a separate violation.
- 15.4. **Notice and Hearing:**
- a. Pursuant to Water Code Section 377, TCWD will issue a Notice of Violation complaint by mail or personal delivery at least 30 days before taking any enforcement action described herein and such notice will describe the enforcement action(s) to be taken and the basis for the proposed penalty. A customer may request a hearing on the Notice of Violation by filing a written request for a hearing with TCWD within 14 days after receipt of the notice. If a customer does not submit a timely request for a hearing, the Notice of Violation will be final. Upon receipt of a timely request for a hearing, a hearing on the violation will be scheduled in a timely manner, and TCWD will mail written notice of the hearing to the customer at least 30 days before the date of the said hearing.
 - b. The hearing may be before the Water Conservation Coordinator, the General Manager, or their respective designee(s), and will involve such processes and presentation of information and evidence as TCWD may so direct in writing.
 - c. Pending a hearing, TCWD may take appropriate steps to prevent the unauthorized use of water as appropriate to the nature and extent of the violations and the current declared water level condition.

Section 16. Severability

If any Section, Subsection, sentence, clause or phrase in this Ordinance or the application thereof to any Person or circumstance is for any reason held invalid, the validity of the remainder of the Ordinance or the application of such provision to other Persons or circumstances will not be affected thereby. TCWD hereby declares it would have passed this Ordinance and each Section, Subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more Sections, Subsections, sentences, clauses, or phrases or the application thereof to any Person or circumstance be held invalid.

Section 17. Application of Law

The terms, provisions and conditions of this Ordinance not otherwise set forth herein will be interpreted pursuant to State law.

Section 18. Superseding Prior Ordinance

Ordinance No. 2008-18 of the Trabuco Canyon Water District is hereby repealed and superseded by this Ordinance No. 2021-22 upon this Ordinance No. 2021-22 becoming effective.

ORDAINED and APPROVED this 16th day of December, 2021.

TRABUCO CANYON WATER
DISTRICT:

President/Vice President

Secretary

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 Ordinance was duly adopted by the Board of said District at a meeting of said Board held on the 16th day of December, 2021, 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 said meeting such resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary of the Board
Trabuco Canyon Water District

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 Ordinance No. 2021-22 of such Board and that the same has not been amended or repealed.

Dated this 16th day of December, 2021.

Secretary of the Board
Trabuco Canyon Water District

DRAFT

DRAFT

RESOLUTION NO. 2021-1301

RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRABUCO CANYON WATER DISTRICT DECLARING A LEVEL 2 WATER SUPPLY SHORTAGE

California Water Code Section 350 authorizes Trabuco Canyon Water District ("TCWD") to declare a water supply shortage emergency condition if TCWD finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply to the extent that there would be insufficient water use for human consumption, sanitation, and fire protection.

TCWD has a variety of water supply sources, including seasonal groundwater, imported water primarily from TCWD's Dimension Water Treatment Plant, and imported treated surface water from Metropolitan Water District of Southern California ("MET").

In August 2021, the MET Board of Directors declared a Water Supply Alert, calling on consumers and businesses to voluntarily reduce water use and help preserve the region's water storage reserves.

On October 19, 2021, California Governor Gavin Newsom proclaimed a state of emergency to exist statewide as a result of drought conditions and recommended Californians voluntarily reduce their water use by 15% from their 2020 levels. The Governor's proclamation acknowledges that the State of California is experiencing extremely dry conditions that have persisted for the past two years.

The purpose of this declaration is to facilitate conservation of TCWD's water supply for the greatest public benefit with particular regard to public health, fire protection, and domestic use; to conserve water by reducing and restricting nonessential water use; and to the extent necessary by reason of drought and the existing water shortage emergency condition, to reduce water use fairly and equitably.

TCWD has adopted a 2020 Water Shortage Contingency Plan ("WSCP") as a strategic planning document designed to prepare and respond to water shortages. TCWD also has adopted a Water Conservation Program Ordinance to implement and enforce the District's mandatory water supply shortage actions outlined in the WSCP and ensure customer compliance.

TCWD now intends to declare a Level 2 Water Shortage, as defined by the WSCP, to exist within the boundaries of TCWD.

On December 16, 2021, at a properly noticed regular Board of Directors ("Board") meeting, the Board held a public hearing to consider whether to declare that a water shortage emergency condition exists within the water service area of TCWD.

Notice of the public hearing was published pursuant to law one time at least seven days prior to the date of the public hearing in the Orange County Register, a newspaper of general circulation, printed and published within the water service area of TCWD.

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

Section 1: The Board hereby declares a Level 2 Water Shortage within the water service area of TCWD, calling for voluntary cutbacks in water usage along with the Permanent Water Conservation Requirements, and directs the District to increase its public education and outreach efforts to build awareness for conservation practices. Consistent with the Governor's declaration and TCWD's wholesale water supplier MET's call for voluntary reductions, projections indicate that the ordinary demands and requirements of the water consumers in TCWD's service area cannot be met and satisfied by the water supplies now available to TCWD without depleting the water supply or diminishing its quality to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.

Section 2: The Board calls on all its customers to reduce their water consumption by 15% from their 2020 water use levels.

Section 3: During the water shortage emergency, the Board hereby implements the Water Shortage Level 2 restrictions outlined in the 2020 WSCP, and directs the General Manager to implement and enforce the water conservation elements set out in the 2020 WSCP and the Water Conservation Program Ordinance.

Section 4: If any section, subsection, sentence, clause or phrase of this Resolution is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this Resolution. The Board hereby declares that it would have passed this Resolution, and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Section 5: The Board finds the adoption of this Resolution is not subject to the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, Sections 15269(c) (the activity is an immediate action necessary to prevent or mitigate an emergency); Section 15307 (to assure the maintenance, restoration, or enhancement of a natural resource); and Section 15282(v) (preparation and adoption of Urban Water Management Plans).

Section 6: This Resolution takes effect immediately upon adoption by the Board and will remain in effect until Governor Newsom's proclamation of a State of Emergency due to drought conditions expires, or until TCWD rescinds this Resolution, whichever occurs first.

ADOPTED, SIGNED, and APPROVED December 16, 2021.

TRABUCO CANYON WATER DISTRICT

President/Vice President

APPROVED AS TO FORM:

Claire Collins, General Counsel

STATE OF CALIFORNIA)
)ss.
COUNTY OF ORANGE)

I, Michael Perea, Secretary of the Board of Trabuco Canyon Water District, hereby certify that the foregoing Resolution was duly adopted by the Board of the District at its meeting held on December 16, 2021, at which a quorum was present and acting throughout, and for which notice and an agenda was prepared and posted as required by law and that the Resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary of the Board
Trabuco Canyon Water District

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

**ACTION CALENDAR
FINANCIAL MATTERS**

ITEM 9: DISCUSSION AND APPROVAL OF ADMINISTRATIVE FACILITY BOARD ROOM USE APPLICATION AND PERMIT

Trabuco Canyon Water District (District) owns and operates the Administration Facility in Dove Canyon Plaza, and the Board of Directors have approved the use of the Board Room for community group meetings and small private events. The last time the Board adopted an updated Facility Use Policy ("Policy") was at the February 21, 2007 Regular Board Meeting. Prior to the COVID-19 pandemic, the Board Room was used on a monthly recurring basis by Non-Profit Groups, such as Homeowner Associations (HOAs), Youth Sports Groups, and other local Non-Profit Organizations, and this Policy has served as a guidance document for District staff for the use of the Board Room.

District staff have worked with General Legal Counsel and ACWA/JPIA, the District's insurer, to develop a new streamlined application and permit for use of the Board Room which allows for the Board Room to continue to serve as a community center for local stakeholders and protect the District in the event of damages to the facility. More information may be presented at the time of the meeting.

FUNDING SOURCE:

Not applicable

FISCAL IMPACT:

Potential revenue due to private event rentals

ENVIRONMENTAL COMPLIANCE:

Not applicable

COMMITTEE STATUS:

This matter was reviewed with the Executive Committee.

RECOMMENDED ACTION:

1. *Receive information at the time of the Board Meeting.*
2. *Approve the proposed District Board Room Use Application and Permit.*

EXHIBITS:

1. DRAFT Board Room Use Application and Permit

CONTACTS (staff responsible): PALUDI/PEREA



Board Room Use Application and Permit

Applicant Information:

Applicant Name: _____

Organization Name (if applicable): _____

Address: _____ City: _____

Zip: _____ Phone: _____ E-mail: _____

Name & Purpose of Event: _____

Date(s) Requested:

Time(s) Requested (includes setup and breakdown):

_____ a.m. or p.m. TO _____ a.m. or p.m.

_____ a.m. or p.m. TO _____ a.m. or p.m.

_____ a.m. or p.m. TO _____ a.m. or p.m.

Number of Guests: _____

Serving Alcohol ☐ No ☐ * Yes (*Alcohol Liability Insurance is required)

The following disclaimer must be included in any published announcement:

"Trabuco Canyon Water District makes its facilities available for use by residents and non-profit organizations merely as a public service, but does not, by allowing this use, endorse or support the purpose of the event or its sponsor."

I have read and understand the Board Room Use Application and Permit, including the Terms and Conditions and applicable Special Conditions. Applicant will not charge for admission and will not sell products or services at the event.

Print name _____ Signature _____ Date _____

Please contact 949-858-0277 or admin@tcwd.ca.gov during normal business hours to cancel your reservation

APPROVAL

TCWD hereby permits the above-named applicant ("**Permittee**") to use the requested facility ("**Premises**") for the event described above, subject to the attached Terms and Conditions.

By: _____
Name of District Representative Signature Date

TCWD Notes/Special Conditions:



Board Room Use Application and Permit Terms and Conditions

1. Limitations. The Permit is limited to the above-specified premises, purposes, dates, time, and duration. Trabuco Canyon Water District (TCWD or District) makes these facilities available for public use as a public service and reserves the right to approve or deny applications in the General Manager's, or designee's, sole discretion.

2. Compliance with Rules; Supervision. Permittee must comply with and cause its employees, officers, agents, representatives, licensees, volunteers, and invitees (collectively, "**Permittee's Invitees**") to comply with and be subject to all these Terms and Conditions, and with any and all instructions and directions of authorized agents of Trabuco Canyon Water District ("**District**"). Permittee shall continuously supervise and control Permittee's Invitees. Each person entering the Premises under this Permit will be considered to be acting as Permittee's agent and enters at their own risk.

3. Inspection. The District representatives may enter and inspect the facilities at any time, without notice.

4. Reservations. Reservations are handled on a first come, first served basis. No user or group may use a given facility more than one time per month.

5. Alcoholic Beverages. The District reserves the right to determine whether or not alcoholic beverages may be served. Alcoholic beverages must not be or served to anyone who is under 21 years of age. If serving alcohol, Permittee must obtain and provide proof of Alcohol Liability Insurance and onsite security detail acceptable to the District.

6. Prohibitions

- a) No Discrimination. Groups using the facility must not discriminate against anyone with regard to race, creed, color, or national origin.
- b) No Sports. Sporting activities, events, or competitions are not permitted.
- c) No Political Events. Political events are not permitted.
- d) No Worship. Facilities may be used by religiously based organizations, however, meetings or activities involving chanting, worship, or prayer are not permitted.

e) Material Posting and Distribution. No signs, posters, handbills or fliers may be displayed, posted or distributed inside or outside the facilities without the District's prior approval. Approved materials must be removed at the conclusion of the meeting.

f) No Animals. Animals are not allowed at or inside any facility, except service animals.

7. Disclaimer. The following disclaimer must be included in any published announcement about this event:

"Trabuco Canyon Water District makes its facilities available for use by residents and non-profit organizations merely as a public service, but does not, by allowing this use, endorse or support the purpose of the event or its sponsor."

8. Assumption of Risk; Waiver. Permittee assumes the risk of bodily injury or death, or damage to property, for Permittee and Permittee's Invitees. Permittee waives any claims, causes of action and demands, including those for any bodily injury, wrongful death, or property damage, that Permittee may have, now or in the future, against the District and all the District's directors, officers, employees, agents, representatives, affiliates, sponsors, volunteers, and their respective employees ("**District Parties**") arising out of use of the Premises. Permittee acknowledges that the District Parties will not be responsible or liable for any injury (including death), damage, loss, or expense, to their person or property incurred as a result of Permittee or Permittee's Invitees using the Premises, and Permittee covenants not to sue the District or District Parties.

9. Possible COVID-19 and Other Health Risks. State and local authorities have imposed certain restrictions and made certain recommendations regarding personal protective measures (including avoiding certain non-essential activities, engaging in social distancing, and wearing masks) to mitigate the spread of and minimize the likelihood of contracting COVID-19. Permittee understands that entering the Premises may subject Permittee to risks related to COVID-19, including, but not limited to, coming in contact with persons who may have COVID-19 and/or contracting COVID-19. Permittee voluntarily assumes the risk of Permittee or Permittee's Invitees being exposed to COVID-19 by using the Premises, and the risk that exposure may result in personal injury, illness, permanent disability, or death.



Board Room Use Application and Permit Terms and Conditions

10. Warranty; Duty. The District makes no representation that the Premises are fit for any particular use, including Permittee's intended purposes specified above, nor that the Premises are free from defects, conditions or risks. Permittee has inspected or will inspect the Premises and accepts the Premises "AS IS." District will have no duty to inspect the Premises or to warn any person of any latent or patent defect, condition, or risk that may be encountered in Permittee's use of the Premises under the Permit.

11. Responsibility for Premises. Permittee shall close all doors and lock all locks when leaving the Premises at the end of each day and during any times when it is not using the Premises. Permittee shall not remove any property from the Premises without the District's express prior consent. Upon expiration or termination of the Permit, Permittee shall restore the Premises to the condition of Premises prior to Permittee's entry. Permittee will be liable for and shall pay to the District the cost of repairing all damage of any kind whatsoever to the Premises and any District property or facilities, landscaping and structures, including damage and expense from the loss of use, arising from or related to any acts or omissions of Permittee or Permittee's Invitees, unless the foregoing are held by a court of competent jurisdiction to have been caused solely by the gross negligence or willful misconduct of District.

12. Fee. District does not charge fees for use of its Board Room for Non-Profit users. Private events are charged an hourly rate for use of the Board Room subject to availability and District approval. Applicant shall not charge for entrance to the facilities and shall not solicit contributions. Furthermore, no products, services, food, or beverages may be sold at the Premises.

13. Release and Indemnity. Permittee hereby releases the District from liability for, and Permittee shall indemnify, defend and hold District and its employees, officers, agents, representatives, licensees, and invitees, and its and their respective successor and assigns (collectively, the "Indemnitees") harmless from and against, any and all claims, losses, liabilities, costs and expenses, including attorney's fees (collectively, the "Claims") for damage to real, personal, tangible or intangible property (including Permittee's Invitees) including loss of use of any such property, and all Claims for bodily injury, sickness disease or death of any person (including any Permittee's Invitees), arising from or in any way related to (i) any entry upon the Premises or other activity under the Permit by Permittee or Permittee's Invitees or (ii) any breach by Permittee of its obligations under the Permit, unless and to the extent any of

the foregoing are held by a court of competent jurisdiction to have been caused solely by the gross negligence or willful misconduct of the Indemnitees.

14. General Liability Insurance. District reserves the right to require Permittee to provide general liability insurance for the event. If required by the District, prior to any entry under the Permit, Permittee shall furnish District with a policy or certificate of comprehensive general liability insurance carried by Permittee, covering the occurrences described in Paragraph 8 hereof regardless of when any Claims respecting such occurrences are made, endorsed to include the District as additional insured and including a 10-day notice to District in the event of cancellations or any material change in coverage. In addition, this insurance as respects any claim, loss or liability arising directly or indirectly from Permittee's activities under the Permit, and any other insurance maintained by District must be considered noncontributing. This liability insurance must be in a form satisfactory to District and written with limits of liability no less than the greater of \$2,000,000 (or for such greater amount as may reasonably be required by the District) combined single limit of liability carried by Permittee. If Permittee carries more liability insurance than the minimum amount required above, the certificate or policy delivered to District must evidence this greater amount. District will not be responsible for any costs of premiums or other charges for such insurance. Nothing in this paragraph will limit Permittee's obligations under these Terms and Conditions.

15. Non-Transferability. The Permit cannot be transferred or assigned by Permittee.

16. Termination. The Permit is revocable at any time at the sole option and discretion of District, and Permittee shall peaceably surrender the Premises upon written or oral demand given by District or its authorized representative to Permittee or any of Permittee's Invitees. Permittee will not hold the District liable for any costs, damages, or other expenses if the District exercises its discretion and revokes the Permit. The obligations and liabilities of Permittee under Paragraph 9 of these Terms and Conditions shall survive the expiration or termination of this Permit.

17. Other Special Conditions. Permittee agrees to all special conditions for the applicable facility, as described below.



Board Room Use Application and Permit Terms and Conditions

SPECIAL CONDITIONS – BOARD ROOM

1. **Operating Hours.** The facility is generally open from 5 p.m. to 10 p.m. Monday – Friday, and 8 a.m. to 10 p.m. on weekends subject to availability and District approval.

2. **Capacity.** The capacity of the Board Meeting is 50 people if the room is set up classroom style. 80 people with standing room only. At the District's sole option and discretion, capacity may be restricted at any time to comply with State and local regulations, including but not limited to COVID-19.

3. **Keys.** The District will provide a key card/fob for entry to the Board Room. District will only provide a key card/fob to the Permittee or its representative authorized in writing. Permittee must notify the District in advance if the Permittee's representative has been authorized.

4. **Parking.** Parking areas are only for vehicle parking and may not be used by Permittee and Permittee's Invitees for other purposes. The District reserves the right to restrict parking to assigned areas of the parking lot. The District encourages carpooling. Do not remove the parking barriers. Permittee must not reserve spaces for itself or its invitees or cover the handicap parking signs in anyway. Parking spaces are available to other users.

5. Prohibitions

- No dogs or other animals, except for service animals. Proof of registration as a service animal must be made available to the District upon request.
- No food trucks or mobile video game trailers are allowed.
- No inflatables, bounce houses, jumpers/trampolines, water slides or E-Z Up canopies/pop up shade structures are allowed.
- No organized games, activities, or music is allowed outside of the Administrative Facility. This includes the patio areas. Climbing trees is also prohibited.
- No outside heat sources.
- Do not tape, staple, nail, or pin decorations to the walls.

6. Cleanup Requirements

- Wipe down tables and chairs and return them to storage rooms (cleaning supplies are not provided).
- All trash must be removed from the Board Room. Please place full trash bags inside the trash dumpsters located in the parking lot and make sure the lid is closed.
- Turn off temperature timer for the heater/air conditioner before leaving.

- Remove all decorations before departing the Board Room as well as any signage or balloons.
- Turn off all lights.
- Lock all doors and vacate the Premises by 10 p.m.

7. **Private Event Rates** The Board Room is available for Private Events, and the hourly rental rates are as follows:

Customer		Non-Customer	
Weekday	Weekend	Weekday	Weekend
\$80.00	\$100.00	\$125.00	\$150.00

Weekend use requires a minimum four-hour rental.

All private events require a security/cleaning deposit payable to the District prior to the event date.

Security/Cleaning Deposit: \$5,000

8. **Equipment.** A/V equipment is available for public use with prior coordination with District staff. District staff will review equipment operation with Permittee prior to scheduled event. Please ensure all A/V equipment is turned off when you leave the room.

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

**ACTION CALENDAR
FINANCIAL MATTERS**

ITEM 10: DISCUSSION AND POSSIBLE ACTION(S) CONCERNING ADOPTION OF A RESOLUTION AUTHORIZING AN APPLICATION TO THE DEPARTMENT OF WATER RESOURCES' 2021 URBAN AND MULTIBENEFIT DROUGHT RELIEF GRANT PROGRAM

This Department of Water Resources (DWR) grant application is related to the District's Automated Meter Reading/Advanced Metering Infrastructure Implementation Project, included as part of the Capital Improvement Program for fiscal years ending 2022 and 2023. In [Month] 2020, the same project was awarded a \$500,000 grant from the United States Bureau of Reclamation and staff is in the process of working with Reclamation on their grant agreements. In [Month], the Board authorized staff to contract with Ferguson to procure and install AMR meters for all District potable water meters not yet converted, as well as the AMI and software/customer interface elements of the project. Staff does not anticipate proceeding with project implementation until Spring 2022, after the agreements with Reclamation have been executed.

The California Legislature's Budget Act of 2021 allocated \$300 million to DWR to deliver grants for interim and immediate drought relief to urban communities and for multi-benefit projects. In October 2021, DWR launched the Urban and Multi-benefit Drought Relief Program (Program) under which \$140 million will be made available to all eligible applicants, with a minimum award of \$2 million per application. The Program's Guidelines and Proposal Solicitation Package is included as Exhibit 1. District staff believes the AMR/AMI Implementation project meets the requirements of the grant program and has over \$2 million of project budget not otherwise funded by the Reclamation grant and therefore available to be covered by a DWR grant. Under the Program guidelines, there is neither a local cost share requirement nor a prohibition against mixing state and federal grant funds. Should the AMR/AMI Implementation Project be awarded under the DWR Program, the project would be almost entirely funded by grants.

DWR grant applications are due no later than December 17. Staff has enlisted Soto Resources under an existing contract to support the preparation of the application. The application requires that the Board adopt an Authorizing Resolution, included as Exhibit 2.

FUNDING SOURCE:

General Fund

FISCAL IMPACT:

Preparation of the grant application will require the expenditure of approximately \$7,000 in professional services under an existing grant services support contract with Soto Resources.

ENVIRONMENTAL COMPLIANCE:

Not applicable

COMMITTEE STATUS:

This matter was reviewed with the Finance/Audit Committee.

RECOMMENDED ACTION(S):

1. *Receive information at the time of the Board Meeting.*
2. *Recommend adoption of Resolution No. 2021-1302 – Resolution of the Board of Directors of Trabuco Canyon Water District Authorizing the Grant Application, Acceptance, and Execution for the Automatic Meter Reading/Advanced Metering Infrastructure Implementation Project (Action Calendar).*

TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021

EXHIBITS:

1. *2021 DWR Urban & Multibenefit Drought Relief Grant Program Guidelines and Proposal Solicitation Package*
2. *Resolution No. 2021-1302 – Resolution of the Board of Directors of Trabuco Canyon Water District Authorizing the Grant Application, Acceptance, and Execution for the Automatic Meter Reading/Advanced Metering Infrastructure Implementation Project*

CONTACTS (staff responsible): PALUDI/PEREA

2021
Urban and
Multibenefit
Drought Relief
Grant Program

Guidelines and
Proposal
Solicitation
Package

Published: October 2021

CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES
DIVISION OF REGIONAL ASSISTANCE



FOREWORD

This document contains the California Department of Water Resources' (DWR) Guidelines and Proposal Solicitation Package (GL/PSP) for the Urban and Multibenefit Drought Relief Grant Program. The Program is funded by the Budget Act of 2021 (Stats. 2021, ch. 240, § 80). Applicants must read the entire document and are encouraged to read linked references and templates prior to submitting their application.

Grant Program and Drought Websites

This document, as well as other pertinent information about the Urban and Multibenefit Drought Relief Grant Program, can be found at the following link:

<https://water.ca.gov/Water-Basics/Drought/urbanmultibenefiddrought>

In addition, information about other DWR and State Agency drought efforts and funding programs can be found at the following link: <https://water.ca.gov/Water-Basics/Drought>

Contact Information

For questions about this document or the Program, please send an e-mail to: Urbandrought@water.ca.gov.

Grant Agreement

All applicants that are awarded funding will be required to enter into a grant agreement with DWR. The grant agreement template can be found at the following link:

<https://water.ca.gov/Water-Basics/Drought/urbanmultibenefiddrought> .

It is HIGHLY recommended that applicants review the grant agreement template prior to submission of their application. If applicants are not able to abide by the terms and conditions contained therein, applicants should not submit an application. Note that the agreement template is subject to change prior to agreement execution.

Application Timeline

Applications will be accepted following publication of the Final GL/PSP. Updated timelines will be posted on the following website:

<https://water.ca.gov/Water-Basics/Drought/urbanmultibenefiddrought> . Applicants are encouraged to check the website frequently for updates.

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ACRONYMS AND ABBREVIATIONS

Abbreviation	Definition
AB	Assembly Bill
AP	Advanced Payment
AWMP	Agricultural Water Management Plan
CASGEM	California Statewide Groundwater Elevation Monitoring
CEQA	California Environmental Quality Act
DAC	Disadvantaged Community
DIR	California Department of Industrial Relations
DWR	Department of Water Resources
EO	Executive Order
GB	Gigabyte
GL	Guidelines
GSA	Groundwater Sustainability Agency
GWMP	Groundwater Management Plan
LPS	Local Project Sponsor
NA	Not Applicable
NAHC	Native American Heritage Commission
PSP	Proposal Solicitation Package
SB	Senate Bill
SGMA	Sustainable Groundwater Management Act
URC	Underrepresented Community
UWMP	Urban Water Management Plan
Water Code	California Water Code
WSCP	Water Shortage Contingency Plan

I. PURPOSE AND USE

This Guidelines and Proposal Solicitation Package (GL/PSP) establishes the process, procedures, and criteria that the Department of Water Resources (DWR) will use to implement the Urban and Multibenefit Drought Relief Grant Program (Program). The GL/PSP is a combined document that provides both general information about the Program and detailed information about the proposal solicitation. This document includes information on Program requirements, eligible applicant and project types, submittal and review of grant applications, and the grant award process. This Program is being conducted separately and independently from the [Small Community Drought Relief Program](#), except that applications received under either program may be referred to the other if deemed to be a better fit in terms of eligibility.

II. INTRODUCTION

The Budget Act of 2021 (Stats. 2021, ch. 240, § 80) allocated \$300 million to DWR to deliver grants for interim and immediate drought relief to urban communities and for multibenefit projects. These grants are intended to provide water to communities that face the loss or contamination of their water supplies, to address immediate impacts on human health and safety, and to protect fish and wildlife resources.

III. PROGRAM SCHEDULE

Table 1 outlines the general schedule for this Program. This schedule is subject to change. Applicants are encouraged to check the website listed in the Foreword frequently for exact dates as they become available. Applications will be accepted on a rolling basis and evaluated at set intervals. Awards will be made on set intervals throughout the solicitation.

Table 1 – Urban and Multibenefit Drought Relief Grant Program Schedule

Activity	Schedule*
DWR releases final GL/PSP	October 2021
DWR begins accepting applications on a rolling basis (see Section V.I.I. C for more detail)	Following release of final GL/PSP
DWR announces grant awards in phases	Starting early December 2021; award for a particular application will be dependent on application submittal date.

*Subject to change. Program website will have updated information.

IV. FUNDING

a. Funding Source

The Budget Act of 2021 (Stats. 2021, ch. 240, § 80) for the State of California allocated \$300 million to DWR to deliver grants for interim and immediate drought relief to urban communities and for multibenefit projects. DWR is combining \$200 million of the funding into one Urban and Multibenefit Drought Relief Program and will match applications to the appropriate funding source based on eligibility (see Table 2 for the breakdown). DWR will utilize approximately 5% of the funding for administrative costs of the Program. DWR retains discretion to utilize additional funds for state operations.

Table 2 – Funding Summary

Funding Source*	Amount	Who may receive money from this funding source?
Urban Community Drought Relief	Approx. \$95 million	Projects benefitting areas covered by an Urban Water Management Plan
Multibenefit Project Funds	Approx. \$95 million	Open to all communities statewide
Program Administration (approx. \$5 million from each funding source above)	Approx. \$10 million	DWR administrative costs and other State Operations as appropriate
Total funding amount addressed by this solicitation	\$200 million	-

**Projects may be funded by either Urban Community Drought Relief funds or Multibenefit Project funds or a mix of both. DWR will match applications to the appropriate funding source based on eligibility and the availability of funds.*

This GL/PSP makes at least \$190 million in drought relief funding available. A Set-Aside of at least \$50 million will be made available to support Underrepresented Communities and Native American Tribes (Tribes) via the existing Proposition 1 IRWM Disadvantaged Community Involvement Program (DACI) for drought relief projects. See Appendix F for more information on Underrepresented Communities; see Section V.a. for a list of Tribes eligible for the drought relief funding. The remaining funds, approximately \$140 million, will be available to all eligible applicants, including Underrepresented Communities and Tribes.

This Program strategy is intended to award all available Urban Community Drought Relief funding (approximately \$95 million) and half of the available Multibenefit Project funding (approximately \$95 million) through this solicitation. DWR may make additional funds available from the remaining Multibenefit Project funds should the demand exceed the amount made available through this solicitation.

b. Underrepresented Communities and Native American Tribes Set-Aside (\$50M)

A Set-Aside of at least \$50 million will be made available to support Underrepresented Communities and Native American Tribes (Tribe or Tribes) through the Proposition 1 IRWM Disadvantaged Community Involvement (DACI) Program. An applicant must be an existing Grantee of the DACI Program to apply for this Set-Aside¹. Grantees may be awarded up to \$5 million (no minimum) to fund eligible drought relief projects benefitting Underrepresented Communities or Tribes within a Funding Area. Grantees that receive funding through this Set-Aside will amend their existing DACI grant agreements. The Grantee/Applicant may request additional funding for existing projects within their DACI grant agreement or request funding for new drought relief projects. All IRWM regions within a Funding Area must approve submittal of an application, as well as provide proof of approval by the Funding Area prior to amending an existing agreement.

c. General Implementation Fund (\$140M)

The approximately \$140 million remaining will be granted to all eligible applicants, including Underrepresented Communities and Tribes with a minimum award amount of \$2 million per application. Smaller projects may be bundled together in a single application to meet the minimum grant award

¹ Proposition 1 (Water Code §79744) authorized \$510 million in IRWM grant funds that were allocated to the 12 hydrologic region-based Funding Areas.

requirement. For such applications, DWR requires a single primary Grantee to enter into the grant agreement with DWR and each project should have an assigned “local project sponsor” (LPS). The LPS must qualify as an eligible applicant (see V.a.). DWR may establish a maximum award size depending on the applications received and available funds.

d. Funding Match Requirements

No funding match is required for this Program; however, applicants are encouraged to use other fund sources to supplement the grant funds. Applicants are required to describe all other funding sources (actual and anticipated) necessary to complete the project.

e. Advanced Payment

To be eligible for advanced payment, projects must benefit a county and/or watershed included in the Governor’s state of emergency drought proclamations or a drought scenario determined by the State Water Board as set forth in Water Code Section 13198(a). Advanced payment up to 25% of the grant award will be available to eligible applicants that can demonstrate difficulty with cash flow (See Appendix E). Note that a project not explicitly identified in Water Code section 13198(c) (e.g., drought resilience planning, demand management) are not eligible to receive advance payment. Applicants are encouraged to review the statute and contact DWR with specific questions.

V. ELIGIBILITY

a. Eligible Applicants

The grant applicant is the entity submitting the grant application; this entity will also be the primary entity to enter into the grant agreement with DWR. Entities that are eligible to apply under this GL/PSP (or included as LPS in the application) are listed below:

- Public agencies
- Public utilities
- Special districts
- Colleges and universities
- Mutual water companies
- Non-profit organizations²
- Regional water management groups, as defined in Section 10539 of the Water Code
- Federally recognized California Native American Tribes
- Non-federally recognized Native American Tribes on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004

An applicant must be an existing Grantee of the Proposition 1 IRWM DACI Program to apply for the Underrepresented Community and Tribal Set-Aside. As stated earlier, DWR will match grant applications to the appropriate funding source based on eligibility and may use a mix of Urban Community Drought Relief and Multibenefit Project funding. The Urban Community Drought Relief funding source must be used for projects directly benefitting areas served by an Urban Water Supplier (see Appendix A for definition); however, the Multibenefit Project funding has no such restrictions.

b. Eligible Project Types

For the purposes of this GL/PSP, “project” means all planning, design, engineering, acquisition of real property interests, construction and related activities undertaken to implement a discrete action to be funded under this Program. Eligible project types include:

- Hauled water
- Installation of temporary community water tanks
- Bottled water

² “Non-profit organization” means an organization qualified to do business in California and qualified under Sections 501(c)(3) of Title 26 of the United States Code.

- Water vending machine
- Emergency water interties
- New wells or rehabilitation of existing wells
- Construction or installation of permanent connection to adjacent water systems, recycled water projects that support immediate relief to potable water supplies
- Fish and wildlife rescue, protection, and relocation
- Drought resilience planning (not applicable to Multibenefit Project Funds)
- Other projects that support immediate drought response

Projects (e.g., water demand management, groundwater recharge, and ecosystem restoration) not explicitly identified by Water Code Section 13198 (c) may still be eligible if projects satisfy the criteria and eligibility outlined in this GL/PSP and address an immediate drought response. Applicants are encouraged to review the supporting materials and contact DWR with questions on eligibility.

c. Eligible Costs & Reimbursement Limitations

Costs incurred after award date are eligible for reimbursement. Eligible costs include technical assistance, site acquisitions, and costs directly related to the provision of each project.

Grantees are encouraged to limit grant administrative costs (i.e., coordinating contractual obligations with DWR, quarterly reporting, submitting invoices, etc.). Grant administrative costs should generally not exceed 10% of the total requested grant amount for the application, but exceptions may be made with reasonable justification.

Ineligible activities and costs not reimbursable by this Program include, but are not limited to, the following items:

- Meals not directly related to travel
- Payment of stipends
- Purchase of equipment that is not an integral part of the project
- Purchase of water supplies that are not an integral part of the project
- Establishment of a reserve fund
- Replacement of existing funding sources for ongoing programs
- Support of existing punitive regulatory agency requirements and/or mandates in response to negligent behavior
- Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of the project, as set forth and detailed by engineering and feasibility studies, or land purchased prior to the execution of the grant agreement
- Payment of principal or interest of existing indebtedness or any interest payments.
- Operation and maintenance costs
- Costs incurred as part of any necessary response and cleanup activities required under the Comprehensive Environmental Response, Compensation, and Liability Act; Resource Conservation and Recovery Act; Hazardous Substances Account Act; or other applicable law
- Any federal or state taxes
- Expenses incurred in preparation of the application for this solicitation or an application for another program
- Indirect costs: Indirect Costs are costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the funded project (i.e., costs that are not directly related to the funded project). Examples of Indirect Costs include, but are not limited to, central service costs; general administration of the Funding Recipient; non-project-specific accounting and personnel services performed within the Funding Recipient's organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition; conference fees, and generic overhead or

markup. It is highly recommended that the applicant review the agreement template for further guidance on how to correctly submit charges for administrative expenses.

This list applies to the Grantee and any subcontract or sub-agreement entered into for work on the funded project that will be reimbursed with grant funds from DWR.

d. Additional Application and Project Eligibility Requirements

As part of this GL/PSP, all projects (or a single project) submitted in a single application are collectively referred to as an Application. Application and project eligibility requirements for this GL/PSP are included in Table 3. All applicants are required to submit a self-certification form to certify compliance with the requirements to demonstrate and maintain eligibility to receive state funds. Appendix D provides more detailed information on the eligibility requirements.

Table 3 - Additional Application and Project Eligibility Requirements

Criteria Type	Eligibility Criteria	Guidance	Criteria Met (Yes, No, or NA)
Applicant Eligibility	Eligible Applicant Type	Applicant must be an eligible applicant type as described in Section V.a. Also, complete the self-certification form.	
Applicant Eligibility	Urban Water Management Compliance	If the applicant is an Urban Water Supplier, they must be in compliance with all requirements for Urban Water Suppliers. An exception will be for applications to update Urban Water Management Plans. See Appendix D for more information. Complete the self-certification form and include the date of plan verification and details for each LPS.	
Applicant Eligibility	Water Shortage Contingency Plan (WSCP)	If the applicant is an Urban Water Supplier facing water supply shortages, they must have activated a Water Shortage Contingency Plan to a stage commensurate with their current water supply conditions. If you are an Urban Water Supplier and have adequate water supply with no need to activate a WSCP, you are still eligible. See Appendix D for more information. Complete the self-certification form and include the date of plan activation and details for each LPS.	
Applicant Eligibility	Agricultural Water Management and Measurement Compliance	If the applicant is an Agricultural Water Supplier, they must be in compliance with all requirements for an Agricultural Water Supplier. See Appendix D for more information. Complete the self-certification form and include the date of plan verification and details for each LPS.	
Applicant Eligibility	Surface Water Diverter Compliance	If the applicant is a Surface Water Diverter, they must be in compliance with all reporting requirements for Surface Water Diversers. See Appendix D for more information. Complete the self-certification form for each LPS.	
Applicant Eligibility	Groundwater Management Compliance	If the project directly affects groundwater, the project must be in compliance with the local Groundwater Management Plan(s). See Appendix D. Complete the self-certification form and indicate if the agency self-certifies regarding Groundwater Management Plans or the project does not affect groundwater for each LPS.	

Criteria Type	Eligibility Criteria	Guidance	Criteria Met (Yes, No, or NA)
Applicant Eligibility	California Statewide Groundwater Elevation Monitoring (CASGEM) Compliance	The Applicant and Local Project Sponsor must be compliant with CASGEM. Complete the self-certification form and include the name of monitoring entities.	
Local Project Sponsor Eligibility	Local Project Sponsor Requirements	Each Local Project Sponsor must meet the same eligibility requirements as the applicant if applicable.	Utilize same checklist as above for each Local Project Sponsor
Project Eligibility	Stormwater Resource Plan Compliance	If the project is a stormwater and/or dry weather runoff capture project, it must be included in a Stormwater Resource Plan (or functionally equivalent plan). Complete self-certification form.	
Project Eligibility	Groundwater Sustainability Agency Support	If the project affects Groundwater in a high or medium priority basin, the project must have the support of the local Groundwater Sustainability Agency (GSA), or agency responsible for implementing an Alternative Plan. Complete self-certification form.	
Project Eligibility	Eligible Project Type	The project must be one of the eligible project types described in Section V.b.	
Project Eligibility	Project Purpose	Projects must meet one of the following purposes: (1) Address immediate impacts on human health and safety, including providing or improving availability of food, water, or shelter. (2) Address immediate impacts on fish and wildlife resources. (3) Provide water to persons or communities that lose or are threatened with the loss or contamination of water supplies.	

Criteria Type	Eligibility Criteria	Guidance	Criteria Met (Yes, No, or NA)
Project Eligibility	Multibenefit	Each project must produce two or more benefits with the primary benefit being related to water management. The primary benefit must be quantified unless it is a drought resilience planning project. Complete grant application Questions 8 and 9.	
Project Eligibility	Alignment with IRWM Plan	Projects must enhance regional drought resilience and align with the goals and objectives of the relevant approved Integrated Regional Water Management (IRWM) Plan. A project can identify the appropriate IRWM region by using the map found in Appendix E – links. Complete grant application Question 7.	

VI. GENERAL PROGRAM GUIDELINES

a. Conflict of Interest

All participants are subject to State conflict-of-interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any agreement being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, Government Code section §1090 and Public Contract Code sections §10410 and §10411. As part of the conflict-of-interest requirements, individuals working on behalf of a Grantee may be required by the State to file a Statement of Economic Interest (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.

b. Confidentiality

Applicants should be aware that when submitting an application to the State, they will waive their rights to the confidentiality of the contents of the application. Once a decision on an application has been made by DWR, the application is subject to disclosure pursuant to the California Public Records Act (Gov. Code, § 6250 et seq.).

c. Labor Law Compliance

As part of the grant agreement, the funding recipient (Grantee or LPS) shall agree to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from the grant agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at: <http://www.dir.ca.gov/lcp.asp>. Before submitting an application, applicants are urged to consult with their legal counsel regarding Labor Code compliance. DWR will not advise applicants on Labor Code compliance. For more information, please refer to DIR's Public Works Manual at: <http://www.dir.ca.gov/dlse/PWManualCombined.pdf>. The funding recipient will also affirm that it is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance.

d. CEQA/NEPA Compliance

Activities funded under this Program, regardless of funding source, must comply with the California Environmental Quality Act (CEQA) (Public Resources Code § 21000 et seq.). Public Resources Code section 21080.3.1 requires the CEQA lead agency to consider project effects on Tribal cultural resources and to conduct consultation with California Native American Tribes. Some projects conducted on Tribal lands or with a federal permitting requirement may also require compliance with the National Environmental Policy Act (NEPA) (42 USC § 4321 et seq.).

e. Monitoring Requirements

Water quality monitoring data shall be collected and reported to the State Water Board in a manner that is compatible and consistent with surface water monitoring data systems or groundwater monitoring data systems administered by the State Water Board (Water Code § 79704). See Appendix G for web links to the California Environmental Data Exchange Network and the Groundwater Ambient Monitoring and Assessment Program (Water Code § 79704). Projects that collect watershed monitoring data shall collect and report the data in a manner consistent with the Department of Conservation's statewide watershed monitoring program (Water Code § 79704).

Water Code section 10927 requires various entities, including local agencies that are managing all or part of a groundwater basin pursuant to Water Code section 10750, to assume responsibilities for groundwater elevation monitoring and reporting, as required by Water Code section 10920 et seq. Appendix A provides a link to the CASGEM program website which provides useful information on the CASGEM requirement.

f. Signage or Acknowledgement of Credit

To the extent practicable, a project supported by funds made available through this Program must include signage or other relevant forms of acknowledgement informing the public that the project received drought relief funds from the Budget Act of 2021.

g. Tribal Status

The Department of Water Resources acknowledges federally recognized Tribes are protected by the doctrine of sovereign immunity. Further, the Department acknowledges that there are several types of Tribal land ownership, such as the following:

1. Land that is owned by or subject to an ownership of possessory interest of the Tribe.
2. Land that is “Indian Lands” of the Tribe, as that term is defined by 25 U.S.C. section 81(a)(1);.
3. Land that is owned by a tribal entity, or Tribe, within the external border of such Indian lands.

If a Tribe is awarded grant funding, DWR will consult with the Tribe on a government-to-government basis to execute a limited waiver of sovereign immunity prior to the execution of a grant agreement.

h. Competitive Bidding and Procurement

A funding recipient’s contracts with other entities for the acquisition of goods, services, and construction of public works with funds provided by the State must be in writing and shall comply with all applicable laws and regulations regarding the securing of competitive bids and undertaking competitive negotiations. If a funding recipient does not have a written policy to award contracts through a competitive bidding or sole source process, Department of General Services’ State Contracting Manual rules must be followed and are available at: <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/State-Contracting>. Applicants with questions regarding competitive bidding requirements should be directed to their counsel. DWR will not advise applicants on competitive bidding requirements.

i. Indemnify and Hold Harmless

As part of the grant agreement, funding recipients shall indemnify and hold harmless the State, its officers, agents, and employees from any and all liability from any claims and damages (including inverse condemnation) arising from the planning, design, construction, repair, replacement, rehabilitation, maintenance, and operation of the project, and any breach of the grant agreement.

VII. APPLICATION AND AWARD PROCESS

a. How to Submit

Each applicant must use the application form available on the Program website, and submit a complete application to DWR using the following e-mail address:

Urbandrought@water.ca.gov

Applications may be submitted starting on the date specified on the website listed in the Foreword and will be accepted until the funding is exhausted. Any additional materials beyond the required items will not be reviewed. In addition to the set aside funds, DACI Grantees may also apply for the General Implementation Fund, but must submit a separate application.

A complete grant application consists of the following items:

- Authorizing Resolution if available (See Appendix B)
- Application form (See Appendix C)
- Self-Certification Form (See Appendix D)

- Support letter from GSA if project affects groundwater
- Underrepresented Community Benefits, if applicable (See Appendix F)

b. Application Review Process

DWR will perform an initial eligibility and completeness review for each application upon receipt. Applications will be screened for eligibility and completeness in accordance with this GL/PSP. The information provided by applicants will be used to determine eligibility and completeness.

If an application is initially determined to be complete and eligible, the applicant will be notified via email and their application will move on to technical review. If an application is deemed to be incomplete and/or ineligible, the application will not be reviewed and DWR will notify the applicant by email. The applicant may adjust the eligibility/completeness and resubmit the application at a later date.

Applications that are complete and eligible will proceed to technical review and be reviewed for responsiveness to the solicitation. Each application will be evaluated based on the following criteria as being sufficient or not sufficient in responsiveness to the GL/PSP. DWR will complete technical review and award funding on a rolling basis as applications are received.

Table 4 -Technical Evaluation Criteria

#	Criteria	Evaluation Guidance	Application Question No.
1	The application includes a schedule that demonstrates the project will be complete by March 31, 2026	The schedule is reasonable in demonstrating each project will be complete by March 31, 2026 based on the project type, status, and setting. Drought relief funds will expire on June 30, 2026.	Question 20
2	The application clearly explains the water-related impacts due to the current drought	The applicant describes water-related impacts from the current drought including but not limited to, impacts on water supply, water quality, and lack of flow for in-stream wildlife.	Question 11
3	The application clearly demonstrates how the proposed project will help alleviate the identified drought impacts	The applicant describes how each project will alleviate drought impacts based on a justified set of benefits.	Question 12
4	The application clearly demonstrates a need for state funds to complete the project and that any additional funds necessary are/will be secured to complete the project on schedule.	The applicant must show why the project could not be completed in a timely manner without state funds. The project must have secured or have a strong plan in place to secure any additional funding necessary to complete the construction of the project. DWR may award partial funds for projects that do not clearly demonstrate a need for full funding.	Question 14 and Question 15

Eligible projects that reasonably satisfy all criteria (Table 4) and meet one or more of the priorities listed below will be prioritized for funding first:

- Projects that respond to critical human and/or wildlife emergencies.³ Consideration will be given to such emergency projects that benefit communities, particularly underrepresented communities (see Appendix F), facing a Human Right to Water challenge.
- Projects that can commence immediately upon receiving funding due to CEQA completion, having secured other environmental approvals, acquired necessary land or landowner permission, and completed plans and specifications.
- The applicant is an Urban Water Supplier and has activated its Water Shortage Contingency Plan commensurate with a stage appropriate for their current water supply conditions. A higher priority will be placed on Urban Water Suppliers that have activated a higher stage of their Water Shortage Contingency Plan.

If sufficient funding exists, projects that do not meet a priority above may be funded. It is anticipated that demand for funding will far exceed the funding available. DWR will make efforts to award funds equitably throughout the areas of the state eligible to receive drought funding. DWR may make partial awards to ensure equitable distribution of funding.

c. Award Process

DWR will go through the application review and award process in phases by setting “application review dates” according to the schedule posted on the website listed in the Foreword. The schedule will be updated as needed based on the number and timing of applications received. DWR will award a portion of the available funding in each phase. Eligible applications that do not receive an award (due to insufficient funds in a particular phase) will be held and prioritized against new applications in the next phase.

Awards will be posted on DWR’s website and may be announced to the public through e-mail listserv or other means. Following approval by the Director or designee, the selected grant recipient (Grantee) will receive an award letter officially notifying them of their selection, the grant amount, and associated conditions and requirements.

d. Direct Expenditures

In addition to the solicitation process, DWR reserves the right to use any or all of funds for direct expenditures that fulfill the requirements and intent of the legislation and DWR priorities. DWR may propose direct expenditure projects in response to applications submitted and/or to achieve program objectives. Direct expenditure projects must address an interest of the State and the Program. These projects may be proposed and approved at any time by DWR. Direct expenditures must meet the eligibility criteria outlined in Section V.

VIII. GRANT AGREEMENT

After the grant award is approved and the Applicant is notified, a grant agreement will be executed between DWR and the Grantee; funds will not be disbursed until there is an executed agreement. DWR has discretion to develop new agreements or amend any current agreements wherever feasible (for existing Grantees). Grantees that receive funding through the Underrepresented Communities and Tribal Set-Aside Fund may amend their existing Proposition 1 IRWM DACI grant agreement. The grant agreement template is available on the website listed in the Foreword. It is HIGHLY recommended that applicants review the grant agreement template prior to submitting their application. If applicants are not able to abide by the terms and conditions contained therein, applicants should not submit an application. As part of the grant agreement, the Grantee will be required to submit quarterly progress reports, invoices, and deliverables.

³ An emergency project is considered a current water supply shortage and/or water quality emergency of a dimension which significantly impacts water supply and, thereby, endangers the public health, safety or welfare of a specific community, region, or a species of concern or a species listed on either the California or Federal Endangered Species Acts.

Appendix A- Definitions

Acquisition – obtaining an interest in real property including, easements, leases, water, water rights, or interest in water obtained for the purposes of instream flows and development rights.

Advanced Payment – is available for certain projects meeting the criteria specified in Appendix E. Advanced payment is only available for eligible reimbursable costs (see reimbursable costs definition below).

Agricultural Water Supplier – a water supplier, either publicly or privately owned, that provides water to 10,000 or more irrigated acres, excluding the acreage that receives recycled water; also includes a supplier or contractor for water, regardless of the basis of right, that distributes or sells water for ultimate resale to customers (Water Code §10608.12(a)).

Applicant – the entity that is formally submitting a grant application. This is the same entity that would enter into an agreement with the State should the grant application be funded. The grant applicant must be a public agency, public utility, special district, college or university, mutual water company, non-profit organization, regional water management group as defined in Section 10539 of the Water Code, federally recognized California Native American Tribe, or non-federally recognized Native American Tribe on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004.

Application – the electronic submission to DWR that requests grant funding for a proposal that the applicant intends to implement.

California Native American Tribe – Federally recognized California Native American Tribes or Non-federally recognized Native American Tribes on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004.

Climate Resilience – means the ability of an entity or system, including an individual, a community, an ecosystem, or a natural system, and its component parts, to absorb, accommodate, or recover from the effects of a climate event in a timely and efficient manner, including through ensuring the preservation, restoration, or improvement of its essential basic structures and functions. In the case of natural and working lands, climate resilience includes the preservation, restoration, or enhancement of the ability to sequester greenhouse gases.

Disadvantaged Community – a community with an annual median household income that is less than 80 percent of the Statewide annual median household income.

Drought Resilience Planning – Planning efforts intended to foster long term resilience to drought to address one or more of the following: (1) building a community's coping capacity and ability to prepare for and adapt to drought; (2) improving drought early warning, forecasting, and monitoring; (3) improving drought emergency response; and (4) improving recovery and relief from adverse effects.

Emergency Project - A water supply shortage and/or water quality emergency of a dimension which significantly impacts water supply and, thereby, endangers the public health, safety or welfare of a specific community or region or a water supply shortage to a species of concern or a species listed on either the California or Federal Endangered Species Act.

Grantee – a grant recipient that is responsible for the administration of the grant agreement.

Grant Administration – work or other activities performed by the Grantee or Local Project Sponsor including, but not limited to, activities associated with administering the grant, submitting progress reports, invoice processing, coordinating with DWR's Financial Assistance Branch, and other like work required for the successful execution, managing, processing, and closing of a Grant Agreement.

In-Kind Services – work performed by the Grantee that furthers the scope of the grant, the cost of which is considered local cost share in-lieu of actual funds from the Grantee.

Integrated Regional Water Management (IRWM) – a collaborative effort to manage all aspects of water resources in a region. IRWM crosses jurisdictional, watershed, and political boundaries; involves multiple agencies, stakeholders, individuals, and groups; and attempts to address the issues and differing perspectives of all the entities involved through mutually beneficial solutions.

Integrated Regional Water Management Plan – a comprehensive plan for a defined geographic area, the specific development, content, and adoption of which shall satisfy requirements developed pursuant to this part. At a minimum, an Integrated Regional Water Management Plan describes the major water-related objectives and conflicts within a region, considers a broad variety of resource management strategies, identifies the appropriate mix of water demand and supply management alternatives, water quality protections, and environmental stewardship actions to provide long-term, reliable, and high-quality water supply and protect the environment, and identifies disadvantaged communities in the region and takes the water-related needs of those communities into consideration. (Water Code 10530 et seq., in particular §10534)

Local Project Sponsor – the sponsor of an individual project contained within the grant agreement.

Long-term – means for a period of not less than 20 years.

Mutual Water Company – a private corporation or association organized for the purposes of delivering water to its stockholders and members at cost, including use of works for conserving, treating, and reclaiming water (Public Utilities Code §§ 2725-2729).

Non-profit Organization – any non-profit corporation qualified to do business in California and qualified under United States Code, title 26, §501(c)(3).

Physical Benefits – measures of project accomplishments (expressed as numeric targets) such as amount of water supply, change in water quality, area, and types of properties protected by flood control features, habitat measured in acreage or flow, energy production or savings, recreation facilities, etc.

Public Agency – any state agency or department, special district, joint powers authority, city, county, city and county, or other political subdivision of the State.

Public Utility – as defined in Public Utilities Code §216.

Regional Water Management Group – or RWMG means a group in which three or more local agencies, at least two of which have a statutory authority over water supply or water management, as well as those persons who may be necessary for the development and implementation of an IRWM Plan that meets the requirements in Water Code §10540 and §10541.

Reimbursable Costs – costs that may be repaid by state grant. Reimbursable costs may include the reasonable costs of engineering, design, land and easement, legal fees, preparation of environmental documentation, environmental mitigation, and project implementation including directly related administrative costs.

Scoring Criteria – set of requirements used by DWR to evaluate an application for a given program or for funding.

Stakeholder – an individual, group, coalition, agency, or others who are involved in, affected by, or have an interest in the implementation of a specific program or project.

Tribe or Tribes – see definition for California Native American Tribe

Underrepresented Communities – Disadvantaged Communities (DACs), SDACs (Severely Disadvantaged Communities), EDAs (Economically Distressed Area), Tribes, Environmentally Disadvantaged Communities (EnvDACs), and Fringe Communities are collectively referred to as Underrepresented Communities (URCs). See Appendix F for details.

Urban Water Supplier – supplier, either publicly or privately owned, that provides water for municipal purposes, either directly or indirectly, to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually (Water Code §10617).

Appendix B- Sample Authorizing Resolution

If possible, include a resolution adopted by the applicant's governing body authorizing the application for a grant under this program that designates a representative to sign the application, and in the event of an award of grant funds, a representative to execute the funding agreement and all necessary documentation (e.g., invoices, progress reports, etc.). If the resolution has not been adopted prior to the application's submission, indicate in the self-certification form document when a signed resolution will be received by DWR. A signed, certified resolution must be received prior to the execution of a grant agreement with the State. In some cases, an applicant may have a standing (permanent) delegation, applicable ordinance, or bylaws that already delegate a representative. In such cases, please include the applicable documents with your application. Attached is a sample resolution template that may be used:

RESOLUTION NO. [xxxx]
A RESOLUTION OF THE [GOVERNING BODY] OF THE [AGENCY NAME]
AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION
FOR THE [PROJECT TITLE]

WHEREAS, [Agency Name] proposes to implement [Project Title];

WHEREAS, [Agency Name] has the legal authority and is authorized to enter into a funding agreement with the State of California; and

WHEREAS, [Agency Name] intends to apply for grant funding from the California Department of Water Resources for the [Project Title];

THEREFORE, BE IT RESOLVED by the [Governing Body] of the [Agency Name] as follows:

1. That pursuant and subject to all of the terms and provisions of Budget Act of 2021 (Stats. 2021, ch. 240, § 80), the [Agency Name] [Title of Authorized Representative], or designee is hereby authorized and directed to prepare and file an application for funding with the Department of Water Resources, and take such other actions necessary or appropriate to obtain grant funding.
2. The [Agency Name] [Title of Authorized Representative], or designee is hereby authorized and directed to execute the funding agreement with the Department of Water Resources and any amendments thereto.
3. The [Agency Name] [Title of Authorized Representative], or designee is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

CERTIFICATION I hereby certify that the foregoing Resolution was duly and regularly adopted by the [Governing Body Name] of the [agency name] at the meeting held on [date], motion by [member name] and seconded by [member name], motion passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

[Printed Name]
[Title], [Governing Body]

Attest:

[Printed Name]
[Secretary/Clerk]

Appendix C- Grant Application

The following outlines the required questions included in the application form for reference. Applicants must complete the application form, available on the webpage linked in the Foreword, and submit via email, to be considered for this grant opportunity.

APPLICANT INFORMATION

Please complete the following summary form for the application. This form should be saved and submitted with the forms intact via email to urbandrought@water.ca.gov. Please do not print to pdf or scan this form. If the application contains more than five projects, please contact DWR for an expanded form. A Project Information Form should be complete for each project in addition to this summary form.

Applicant Name

Primary Contact Name

Title

E-mail

Address

City

Zip Code

Telephone ()

Total State Funding Requested:

Does this application include project(s) benefitting underrepresented communities/Tribes? Yes/No

Provide a summary of the budget for the application including other cost share (if applicable), for all projects included in the application. Please note that there is no required non-state cost share, but cost share is encouraged. Applicants are required to show other cost share to account for the full project budget. Funding source(s) for cost share must be described for each project in Question 15 on the Project Information Form.

APPLICATION BUDGET SUMMARY

	PROJECTS	Grant Amount	Other Cost Share	Total Cost
	Grant Administration			
1	Project Name:			
2	Project Name:			
3	Project Name:			
4	Project Name:			
5	Project Name:			
GRAND TOTAL				

PROJECT INFORMATION FORM

Please complete a unique Project Information Form for each project in the application. There are no character limits on specific questions but the Project Information Form as a whole may not exceed 10 pages.

1. Project Name
2. Local Project Sponsor (if different than Grantee):
3. Please provide the latitude and longitude of the project site. For linear projects or those covering a large area, report the coordinates for a central point. If this information is confidential, it must be clearly labeled "confidential." You can find the latitude and longitude easily using google maps. You can find instructions at the following link:
<https://support.google.com/maps/answer/18539?hl=en&co=GENIE.Platform%3DDesktop>.

Latitude:

Longitude:

4. Please briefly describe the proposed project.
5. Does this project respond to an existing emergency to humans and/or wildlife? If so, please describe the emergency and how this project is addressing it.
6. Each project must meet one of the following purposes as it relates to drought. Please select the appropriate purpose for your project.
 - a. Address immediate impacts on human health and safety, including providing or improving availability of food, water, or shelter.
 - b. Address immediate impacts on fish and wildlife resources.
 - c. Provide water to persons or communities that lose or are threatened with the loss or contamination of water supplies.
7. Each project must enhance regional drought resilience and align with the goals and objectives of the relevant approved Integrated Regional Water Management Plan. You can find the relevant IRWM Region by using the map at the following link: <https://gis.water.ca.gov/app/dacs/>. The IRWM Plans can be found at the following link: <https://water.ca.gov/Work-With-Us/Grants-And-Loans/IRWM-Grant-Programs/Plan-Review-Process>. If you have any questions about the IRWM region the contact list can be found at the following link: <https://water.ca.gov/Work-With-Us/Grants-And-Loans/IRWM-Grant-Programs>. Applicants are encouraged to contact and coordinate with the applicable RWMG for the IRWM region in which the project is located. Please identify the IRWM objective your project addresses.

8. Describe the Primary Benefit of the project:

Quantified benefit:

Units:

Benefit Type:

Drop down Unit: mg/l, Acres, Acre feet per year, cubic feet per second

Drop Down Benefit type: Ecosystem/Habitat Restoration, Ecosystem/Freshwater habitat, Fishery Improvements, Flood Damage Reduction, Groundwater Quality, Groundwater Recharge, Improve operational efficiency, Other, Reduce Groundwater Pumping, Reduce Water Demand, Stormwater and Flood Management, Surface Water Quality, Water Conservation, Water Quality, Water Quality – Groundwater, Water Quality – Sediment, Water Quality - Surface Water, Water Supply, Water Supply (Ground), Water Supply (recycle), Water Supply (Surface), Water Supply Reliability

If 'other' benefit please provide here:

If 'other' benefit type please provide here:

9. Describe the Secondary Benefit of the project:

Quantified benefit:

Units:

Benefit Type:

10. Please briefly describe how the project will achieve the claimed benefits.

11. Briefly describe how the community/area benefiting from this project is being impacted by the current drought.

12. How will this project alleviate the impacts described in your answer to Question 11?

13. Please complete the following budget table for the project. (Identify funding sources in Question 15)

BUDGET CATEGORY		Grant Amount	All Other Cost	Total Cost
(a)	Project Administration			
(b)	Land Purchase / Easement			
(c)	Planning / Design / Engineering / Environmental Documentation			
(d)	Construction / Implementation			
TOTAL COSTS				

14. Please describe why state funding is needed for this project. If state funding is not secured, what will happen to the project?

15. Will the applicant provide cost share (encouraged but not required) and/or will this project require any additional funding from sources other than this solicitation? If so, please describe the funding source and indicate if the funding has been secured. If the funding has not been secured, please describe the plan to secure the necessary funding.

16. Is land acquisition or landowner permission required for this project? If so, please briefly describe the status of the acquisition or agreement with the landowner. If the acquisition is not complete or permission not secured at the time of application, please describe the plan to complete it.
17. Has planning and design for this project been completed? If not, please describe the status of planning and design.
18. Are the CEQA (and NEPA if applicable) and permitting processes for this project complete? If not, please briefly describe the permits and CEQA (or NEPA) documents to be completed and projected schedule for completion.
19. Please briefly describe the necessary construction/implementation for this project.
20. Please complete the schedule below for the project. Projects must be complete by March 31, 2026, to allow time for final invoice processing and retention payment before the State funds expire on June 30, 2026. Project administration should end at least three months after construction.

Categories		Start Date	End Date
(a)	Project Administration		
(b)	Land Purchase / Easement		
(c)	Planning/ Design / Engineering / Environmental Documentation		
(d)	Construction/ Implementation		

Appendix D- Self-Certification for Eligibility

Each applicant must complete and submit a self-certification form for the following eligibility items. The self-certification form can be found on the website listed in the Foreword.

Eligible Applicant

Eligible applicants are public agencies; public utilities; special districts; colleges and universities; mutual water companies; non-profit organizations; regional water management groups, as defined in Section 10539 of the Water Code; federally recognized California Native American Tribes; and non-federally recognized Native American Tribes on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004.

DWR encourages potential applicants to reach out to DWR regarding any eligibility questions or concerns prior to submitting an application.

Urban Water Management Compliance

Each urban water supplier must:

- Have a current Urban Water Management Plan (UWMP) verified by DWR that addresses the requirements of the California Water Code. If an urban water supplier's UWMP has not been verified by DWR, explain, and provide the anticipated date for having a UWMP that addresses the requirements of the Water Code, including interim target reporting, as applicable in the self-certification form.
- If applicable, have a complete and validated water loss audit report verified by DWR in accordance with Senate Bill No. 555 (Stats. 2015, ch. 679).
- If applicable, must be compliant with the water metering requirements contained in Water Code section 525 et seq. Each urban water supplier proposing wastewater projects, water use efficiency projects, or drinking water projects must be compliant.
- If applicable, be compliant with requirements to submit to the State Water Resources Control Board their monthly water use reports in compliance with requirements outlined in the California Code of Regulations, title 23, sections 991.
- If facing water supply shortages, must have activated a Water Shortage Contingency Plan to a stage commensurate with their current water supply conditions. The applicant must report activation of the plan to the State Water board to be considered eligible.

Agricultural Water Management and Measurement Compliance

Each agricultural water supplier that provides water to *less than 10,000 irrigated acres*, excluding recycled water must:

- Indicate on the self-certification form that the supplier provides water to less than 10,000 irrigated acres, excluding recycled water.

or:

- Indicate on the self-certification form that each supplier's Agricultural Water Management Plan (AWMP) addresses the Water Code and Executive Order (EO) B-29-15 requirements. If an agricultural water supplier's AWMP has not been verified by DWR, explain, and provide the anticipated date for having an AWMP that addresses the Water Code and EO B-29-15 requirements.

Each agricultural water supplier that provides water to *less than 25,000 irrigated acres*, excluding recycled

water must:

- Indicate on the self-certification form the supplier provides water to less than 25,000 irrigated acres, excluding recycled water, or is otherwise deemed exempt from Water Code Efficient Water Management Practices (EWMPs) and the Water Measurement Regulation.

or:

- Indicate on the self-certification form that each supplier addresses the Water Code requirements for implementing EWMPs including Water Measurement, Volumetric Water Pricing, and all technically feasible and locally cost-effective EWMPs listed in the Water Code; and
- Indicate on the self-certification form that each supplier implements the Water Measurement Regulation, including AWMP reporting requirements.

or:

- Submit to DWR for approval a schedule, financing plan, and budget, to be included in the grant or loan agreement, for implementation of the EWMPs. The supplier may request grant or loan funds to implement the efficient water management practices to the extent the request is consistent with the eligibility requirements applicable to the water funds.

To comply with the farm-gate delivery requirements, each agricultural water supplier must complete the self-certification form based on the agricultural water supplier's irrigated acres.

- For those agricultural water suppliers that supply less than 2,000 acre-feet of water or water to less than 2,000 irrigated acres, excluding recycled water, provide the suppliers supply of water or irrigated area.

or:

- For those agricultural water suppliers that supply water to areas greater than 2,000 irrigated acres, verify that the annual aggregated monthly or bi-monthly farm-gate delivery data has been provided to DWR.

and/or:

- For those suppliers that provide water to less than 25,000 irrigated acres, complete the self-certification form and indicate that the implementation of a program or practices to measure farm-gate deliveries using Best Professional Practices is not locally cost-effective.

Surface Water Diverter Compliance

List the surface water diverters that will receive funding from the proposed grant on the self-certification form. If there are none, please indicate so. For the listed surface water diverters, state whether they have submitted to the State Water Resources Control Board their annual and monthly surface water diversion reports in compliance with requirements outlined in Water Code section 5100 et seq., and California Code of Regulations, title 23, sections 907-930. If a surface water diverter has not, explain and provide the anticipated date for meeting the requirements.

Groundwater Management Compliance

Each local sponsor or applicant implementing groundwater projects or projects directly affecting groundwater levels or quality must be compliance with Water Code section 10753 regarding Groundwater Management Plans (GWMPs). Please note that projects that affect groundwater levels or quality located in a CASGEM High or Medium priority groundwater basin without an adopted GWMP in compliance of Water Code section 10753 before January 1, 2015 will not be eligible (Wat. Code, § 10750.1(a)).

For groundwater projects or other projects that directly affect groundwater levels or quality in a high or medium priority basin, documentation that the project has support from the Groundwater Sustainability

Agency of the impacted groundwater basin(s), or the agency responsible for implementing an alternative plan should be included with the application.

Note that Local Project Sponsors that receive a grant award will have to maintain compliance with Water Code section 10000 et seq. of the Water Code as part of continuing eligibility requirements. Groundwater Management compliance requirements may be revised or updated based upon the implementation of the Sustainable Groundwater Management Act of 2014 (SGMA).

CASGEM Compliance

DWR has prioritized the groundwater basins. The CASGEM Program description, along with the basin prioritization information, can be found at: [https://water.ca.gov/Programs/Groundwater-Management/Groundwater-Elevation-Monitoring-- CASGEM](https://water.ca.gov/Programs/Groundwater-Management/Groundwater-Elevation-Monitoring--CASGEM)

For the high and medium priority basins that do not have a CASGEM monitoring entity, the grant applicant and Local Project Sponsor that match the list of potential monitoring entities identified in Water Code section 10927, along with the counties whose jurisdictions include unmonitored high and medium priority basins, will not be eligible to receive Round 2 IRWM Grant funding (Wat. Code, § 10933.7(a)).

Consistent with Water Code section 10933.7(b), if the entire service area of the grant applicant or the individual Local Project Sponsor's service area is demonstrated to be a DAC, as defined in the 2021 Guidelines, Appendix E, the project will be considered eligible for grant funding notwithstanding CASGEM compliance. If the Local Project Sponsor is exempt, a map must be included with the application that shows the Project's implementing agency's service area boundary. The map should include a DAC overlay to demonstrate the project is exempt.

Water Code section 10927 identifies GSAs as entities that may assume responsibility for the monitoring and reporting of groundwater elevations as required by section 10920 et seq. Following a GSAs submittal of a GSP, compliance with this section is required to continue through the monitoring and reporting of groundwater elevations as required by the GSA per the GSP regulations (Cal. Code Regs., tit. 23, § 350 et seq.), rather than the previously defined monitoring entity and the groundwater level data must be submitted through the SGMA Portal at SGMA Groundwater Management (SGMA) Portal - Department of Water Resources (ca.gov).

Stormwater Management Plan Compliance

For all Stormwater projects and/or dry weather runoff capture projects the project must be included in a Stormwater Resource Plan (or Functionally Equivalent Stormwater Resource Plan), or the project must benefit a DAC with a population of 20,000 or less that is not a co-permittee for a municipal separate stormwater system national pollutant discharge elimination system permit issued to a municipality with a population greater than 20,000.

Appendix E- Advanced Payment

Water Code section 13198.4 authorizes advanced payment of up to 25% by DWR to eligible entities (Grantees and/or Local Project Sponsors) for eligible projects. Eligible projects listed in Water Code section 13198(c), must benefit a county and/or watershed included in Governor's state of emergency drought proclamations or a drought scenario determined by the State Water Board as set forth in Water Code section 13198(a) to be eligible for advanced payment. The following outlines the general requirements for advanced payment eligibility, application process, accountability reporting, and default provisions. **Additional details regarding the specific requirements for advanced payment will be provided in individual grant agreements.**

Process to Apply for Advanced Payment

Following award notification and within 90 calendar days of execution of a grant agreement with DWR, the Grantee shall provide DWR with the list of projects for which advanced payment is requested. Failure to provide this list within 90 calendar days of execution of the grant agreement shall result in the forfeiture of the right to request or receive advanced payment for the grant. The list of projects shall include the following:

- Description of each project requesting advanced funds, consistent with the executed grant agreement.
- The names of the entities that will receive the funding for each project.
- Description of each funding recipient's cash flow needs (an explanation of why the entity does not have enough funding to cover its liabilities for the project).
- Description of each funding recipient's financial capacity to administer the advanced funds and complete the project once the advanced funds have been expended.
- Statement acknowledging that advanced funds will be placed in a non-interest-bearing account.
- A Funding Plan (template will be provided) that includes:
 - a. Budget for each project.
 - b. Anticipated quarterly schedule for each project, showing how the advanced payment funds will be expended including associated activities and deliverables.
 - c. Any reimbursable funds expended to date.
- Any other information that DWR may deem necessary.

Within 60 days of receiving all required project information and that information being deemed adequate at the sole discretion of DWR, DWR may authorize payment of up to 25 percent of the grant award for the qualified project(s).

The Grantee will be responsible for the timely distribution of the advanced funds to the individual Local Project Sponsors, if applicable.

Accountability Report Requirements

Upon receipt of advanced payment, there are requirements and responsibilities that must be met by the Grantee. The Grantee shall, on a quarterly basis, provide an Accountability Report to DWR regarding the expenditure and use of the advanced grant funds that provides, at a minimum, the following information:

- An itemization as to how advanced payment funds have been expended, including documentation that advanced funds were spent on eligible reimbursable costs.
- An updated Funding Plan with project itemization and a quarterly schedule describing how any remaining advanced payment funds will be expended.
- Documentation that the funds were placed/remain in a non-interest-bearing account, and the dates

of withdrawals of funds from that account during the reporting period.

- Proof of distribution of advanced funds to Local Project Sponsor(s), if applicable.

Default of Advanced Payment Obligations

Any of the following actions will be considered a default on the advanced payment obligations and shall result in DWR requesting the Grantee return all or a portion of the advanced funds and may result in a breach of the grant agreement:

- Failure to expend the advanced funds within the timeframe agreed to by DWR and the Grantee when the advanced payment request was approved unless an extension has been approved by DWR.
- Failure by Grantee to submit complete and accurate quarterly Accountability Reports by the required due dates, unless otherwise approved by DWR.
- Failure to deposit funds in a non-interest-bearing account.
- Use of Advance Payment funds for ineligible expenses and/or activities not consistent with the grant agreement.
- Inappropriate use of funds, as deemed by DWR.
- Failure to comply with any other term of the executed grant agreement.

If advanced funds are not fully expended by project completion or by the grant agreement termination date, whichever is earlier, the unused grant funds shall be returned to DWR within 60 calendar days.

Appendix F – Underrepresented Communities

For the purposes of this GL/PSP, Disadvantaged Communities (DACs), SDACs (Severely Disadvantaged Communities), EDAs (Economically Distressed Area), Tribes, Environmentally Disadvantaged Communities (EnvDACs), and Fringe Communities are collectively referred to as Underrepresented Communities (URCs). DWR will use the information presented in the applications to evaluate whether the project provides benefits to an Underrepresented Community and to determine whether the project is eligible for the Underrepresented Community Funding. The Underrepresented Community Funding is available to eligible Proposition 1 Disadvantaged Community and Tribal Involvement Program Grantees.

Applicants seeking this determination must include in their grant application, supporting documentation that identifies the Project benefit area and location(s) of the Underrepresented Communities, identifies how the proposed Project provides benefits to an Underrepresented Community, and indicates the total project benefits provided.

Underrepresented Community Classifications

Disadvantaged Communities (DACs)

A disadvantaged community (DAC) is a community with an annual median household income (MHI) that is less than 80% of the Statewide annual median household income. Using the U.S. Census Bureau American Community Survey (ACS) data for the years 2012 -2016, 80% of the California Statewide MHI is \$51,026.

Applicants must provide the following information for each project claiming benefits to a DAC(s):

- Percentage of the project benefits provided to a DAC, by geographic area or population.
- Information that supports the project benefits a DAC(s), such as a map or shapefile that shows the project benefit area and the location of the DAC(s).
- Where the lack of representative census data that adequately represents the community can be documented, alternative studies (local income surveys, a subset of a block group, older (ACS) data, etc.) may be substituted in the attachment. Include justification for the use of alternate data.

The ACS data gives estimates of MHI for different census geographies, such as for states, counties, census places (incorporated cities and unincorporated towns), census tracts, and census block groups.

DWR has developed a tool which utilizes the most current ACS data to show the location and boundaries of DACs and Severely Disadvantaged Communities (SDACs)

in the State, at the census place, tract, and block group level. The tool allows users to view different geographies or combinations of geographies, using different base maps and to zoom in to various scales. The DAC tool can be found at the following link: <https://water.ca.gov/Work-With-Us/Grants-And-Loans/mapping-tools>. For individuals with Geographic Information System (GIS) capabilities, also provided at this link are GIS files representing the ACS data (and DAC status) for the three census geographies.

The applicant may use ACS data at the census place, census tract, or census block group geography levels to show whether a project serves a DAC, based on what geography is the most representative for that community. For DACs, the allowable alternative geographies are, respectively:

Severely Disadvantaged Communities (SDACs)

A severely disadvantaged community (SDAC) is a community with a median household income of less than 60% of the Statewide average.

Applicants must provide the following information for each project claiming benefits to a SDAC(s):

- Percentage of the project benefits provided to an SDAC, by geographic area or population.

- Information that supports the project benefits an SDAC(s), such as a map or shapefile that shows the project benefit area and the location of the SDAC(s).

If a project serves a DAC or SDAC and is divided among several contiguous census tracts or block groups, and some of the project area tracts or block groups do not meet the DAC or SDAC criterion, the project will be considered a DAC project for the purpose of waiving cost share requirements in proportion to the population served that meets the DAC criterion. The DAC tool described in the previous section can also be used to identify SDAC locations in California.

Economically Distressed Areas (EDAs)

An economically distressed area (EDA) is a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85% of the Statewide median household income, and with one or more of the following conditions as determined by the DWR: (1) financial hardship, (2) Unemployment rate at least 2% higher than the Statewide average, or (3) low population density.

Applicants must provide the following information for each project claiming benefits to an EDA(s):

- Percentage of the project benefits provided to an EDA, by geographic area or population.
- Include information that supports the project benefits an EDA(s), such as a map or shapefile that shows the project benefit area and the location of the EDA(s).
- Where the lack of representative census data that adequately represents the community can be documented, alternative studies (local income surveys, a subset of a block group, etc.) may be substituted in the attachment.
- In determining the MHI for EDAs, applicants may use a single type of census geography or combinations of census geographies that best represent the EDA.

The EDA Mapping Tool is an interactive map that allows users to overlay multiple geographies as separate data layers. Go to <https://water.ca.gov/Work-With-Us/Grants-And-Loans/mapping-tools> to access the EDA mapping tool.

Tribes

For the purposes of this GL/PSP, federally recognized Indian Tribes and California State Indian Tribes listed on the Native American Heritage Commission's California Tribal Consultation List are collectively referred to as "Tribe" or "Tribes."

California Native American Tribe: The term "state Indian tribes" means Federally recognized California Native American Tribes or Non-federally recognized Native American Tribes on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004.

Federally Recognized Indian Tribes: A federally recognized Tribe is an American Indian or Alaska Native Tribal entity that is recognized as having a government-to-government relationship with the United States, with the responsibilities, powers, limitations, and obligations attached to that designation, and is eligible for funding and services from the Bureau of Indian Affairs.

The Tribal applicant shall provide a brief narrative that describes the Tribe, how the Tribe meets the minimum definition for eligibility, and any back-up documentation to support the Tribe's recognition. Provide justification demonstrating the percent of project benefits provided to the Tribe.

DWR will not knowingly disclose information related to Native American cultural sites or sacred places per Government Code section 6254(r). There is no requirement to disclose any information related to Native

American cultural sites or sacred places to DWR in the application. If this information is included in the application, it must be clearly labeled “confidential.”

Environmentally Disadvantaged Communities (EnvDACs)

The California Environmental Protection Agency (CalEPA) designates the top 25% scoring census tracts as DACs. Census tracts that score the highest 5% of Pollution Burden scores, but do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data, are also designated as DACs (found to be 22 census tracts in the 2021 CalEnviroScreen version 4.0).

CalEPA (through the Office of Environmental Health Hazard Assessment (OEHHA)) developed a mapping tool that assesses environmental, health, and socioeconomic indicators to produce a score for each census tract in the State. Each tract receives a Pollution Burden score (Exposures and Environmental Effects) and a Population Characteristics score (Sensitive Populations and Socioeconomic Factors). The average Pollution Burden and Population Characteristics scores are multiplied together to produce an overall CalEnviroScreen score.

There are two tools available to verify if a census tract is considered an EnvDACs:

OPTION 1: CalEnviroScreen 4.0 Mapping Tool

The CalEnviroScreen 4.0 Mapping Tool is an interactive map that allows users to overlay Census Tracts.

Go to <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40> and scroll down to access the CalEnviroScreen 4.0 Mapping Tool.

OPTION 2: CalEnviroScreen 4.0 Results Excel Sheet

The CalEnviroScreen 4.0 Results Excel Sheet is a sortable spreadsheet that contains all CalEnviroScreen 4.0 scores.

Go to <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40> scroll down to Data and Additional Materials.

Fringe Communities

Fringe Communities are those communities that do not meet the established DAC, SDAC, and EDA definitions, but can show that they score in the top 25% of either the Pollution Burden or Population Characteristics score, using the CalEnviroScreen version 4.0, linked above.

Appendix G – Useful Links

California Drought

Destination	Link
California Drought Action:	https://drought.ca.gov/
DWR Drought Page	https://water.ca.gov/Programs/All-Programs/Drought
State Waterboard Drought Page:	https://www.waterboards.ca.gov/drought/
Small Community Drought Relief Program	https://water.ca.gov/Water-Basics/Drought/Small-Community-Drought-Relief
Urban and Multibenefit Drought Relief Program	https://water.ca.gov/Water-Basics/Drought/urbanmultibenefitdrought

CA Department of Water Resources (DWR)

Destination	Link
Homepage:	http://www.water.ca.gov/
Financial Assistance Programs:	https://water.ca.gov/Work-With-Us/Grants-And-Loans
AB 1755: Open and Transparent Water Data Platform for California	https://water.ca.gov/ab1755
Water Use and Efficiency Branch:	https://water.ca.gov/Programs/Water-Use-And-Efficiency
Urban Water Management Plans:	https://water.ca.gov/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans
Agricultural Water Management Plans:	https://water.ca.gov/Programs/Water-Use-And-Efficiency/Agricultural-Water-Use-Efficiency
General Groundwater Management:	https://water.ca.gov/Programs/Groundwater-Management
Climate Change Website:	https://water.ca.gov/Programs/All-Programs/Climate-Change-Program
SGMA Website:	https://water.ca.gov/Programs/Groundwater-Management/SGMA-Groundwater-Management
CASGEM Program:	https://water.ca.gov/Programs/Groundwater-Management/Groundwater-Elevation-Monitoring--CASGEM

Integrated Regional Water Management (IRWM)

Destination	Link
IRWM Grant Program:	https://water.ca.gov/Work-With-Us/Grants-And-Loans/IRWM-Grant-Programs
DAC and EDA Mapping Tools and Data:	https://water.ca.gov/Work-With-Us/Grants-And-Loans/Mapping-Tools
DAC Involvement Program	https://water.ca.gov/Work-With-Us/Grants-And-Loans/IRWM-Grant-Programs/Proposition-1/DAC-Involvement-Program

State Water Resources Control Board (State Water Board)

Destination	Link
Homepage:	http://www.waterboards.ca.gov
Stormwater Resource Plan Guidance:	https://www.waterboards.ca.gov/water_issues/programs/grants_loans/swgp/docs/prop1/swrp_finalguidelines_dec2015.pdf
California Environmental Data Exchange Network:	http://www.ceden.org/
Impaired Water Bodies:	https://www.waterboards.ca.gov/rwqcb5/water_issues/tmdl/impaired_waters_list
Groundwater Ambient Monitoring and Assessment:	http://www.swrcb.ca.gov/gama
Financial Assistance Funding	https://www.waterboards.ca.gov/water_issues/programs/grants_loans/

Regional Water Quality Control Plans (Basin Plans)

Destination	Link
All Regions:	https://www.waterboards.ca.gov/plans_policies/

California Environmental Quality Act (CEQA)

Destination	Link
California State Clearinghouse Handbook	http://opr.ca.gov/docs/SCH_Handbook_2012.pdf

Climate Change Information

Destination	Link
Climate Change Regional Water Planning Handbook:	http://climate.calcommons.org/sites/default/files/basic/climate_change_handbook_regional_water_planning.pdf
California Climate Change Portal:	http://www.climatechange.ca.gov/

AB 32 Scoping Plan	http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm
California Climate Adaptation Planning Guide:	https://resources.ca.gov/CNRALegacyFiles/docs/climate/01APG Planning for Adaptive Communities.pdf
Sea Level Rise Guidance:	http://www.opc.ca.gov/webmaster/ftp/pdf/agenda_items/20180314/Item3 Exhibit-A OPC SLR Guidance-rd3.pdf
Cal-Adapt:	http://cal-adapt.org/

CA Department of Industrial Relations

Destination	Link
Labor Compliance Programs:	http://www.dir.ca.gov/lcp.asp
DIR's <i>Public Works Manual</i> :	http://www.dir.ca.gov/dlse/PWManualCombined.pdf

Tribal Consultation

Destination	Link
California Native American Heritage Commission:	http://www.nahc.ca.gov/
Governor's Tribal Advisor Office:	http://tribalgovtaffairs.ca.gov
Office of Planning and Research Tribal & CEQA Resources:	http://opr.ca.gov/ceqa/updates/ab-52/
DWR Office of Tribal Policy Advisory	https://water.ca.gov/about/tribal-policy
U.S. Fish & Wildlife Service Tribal Consultation Handbook:	http://www.fws.gov/carlsbad/TribalRelations/Tribal_Consultation_Handbook_2013.pdf

U.S. Census Bureau

Destination	Link
Homepage:	http://www.census.gov
American Community Survey:	http://www.census.gov/acs

CALIFORNIA NATURAL RESOURCES AGENCY

DEPARTMENT OF WATER RESOURCES

DIVISION OF REGIONAL ASSISTANCE

RESOLUTION NO. 2021-1302

**RESOLUTION OF THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT
AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, & EXECUTION FOR THE AUTOMATIC
METER READING/ADVANCED METERING INFRASTRUCTURE IMPLEMENTATION PROJECT**

WHEREAS, Trabuco Canyon Water District (TCWD or District) proposes to implement the Automatic Meter Reading/Advanced Metering Infrastructure (AMR/AMI) Implementation Project;

WHEREAS, the AMR/AMI Implementation Project would provide immediate drought benefits by conserving imported water through near real-time water consumption data resulting in rapid leak detection, high water use alerts, and overall enhanced customer water use awareness;

WHEREAS, the District has the legal authority and is authorized to enter into a funding agreement with the State of California; and

WHEREAS, the District intends to apply for grant funding from the California Department of Water Resources for the Automatic Meter Reading/Advanced Metering Infrastructure Implementation Project;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF TRABUCO CANYON WATER DISTRICT DO HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1: That pursuant and subject to all of the terms and provisions of Budget Act of 2021 (Stats. 2021, ch. 240, § 80), the District General Manager, or designee, is hereby authorized and directed to prepare and file an application for funding with the Department of Water Resources and take such other actions necessary or appropriate to obtain grant funding.

Section 2: The District General Manager, or designee, is hereby authorized and directed to execute the funding agreement with the Department of Water Resources and any amendments thereto.

Section 3: The District General Manager, or designee is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

ADOPTED, SIGNED AND APPROVED this 16th day of December, 2021.

TRABUCO CANYON WATER DISTRICT:

President/Vice President

Secretary/Assistant Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Michael Perea, District Secretary of the Trabuco Canyon Water District, do hereby certify that the foregoing resolution was duly adopted by the Board of said District at a meeting of said Board held on the 16th day of December, 2021, 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

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Michael Perea, District Secretary of the Trabuco Canyon Water District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2021-1302 of such Board and that the same has not been amended or repealed.

Dated this 16th day of December, 2021.

District Secretary,
Trabuco Canyon Water District

DRAFT

**TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021**

**ACTION CALENDAR
FINANCIAL MATTERS**

ITEM 11: TRABUCO CANYON WATER DISTRICT ANNUAL FINANCIAL REPORT (AUDIT) FOR FISCAL YEAR ENDING JUNE 30, 2021

At the April 20, 2021 Regular Board Meeting, the Board of Directors authorized the General Manager to contract with Nigro & Nigro LLP to provide auditing services for years ending June 30, 2021, 2022, and 2023 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 Nigro & Nigro LLP to prepare the Annual Financial Report (Audit) for Fiscal Year Ending June 30, 2021, 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, 2021.*

EXHIBITS:

1. Report to the Board of Directors for the FYE June 30, 2021
2. Financial Statements and Independent Auditors' Report for the FYE June 30, 2021

CONTACTS (staff responsible): PALUDI/PEREA

TRABUCO CANYON WATER DISTRICT
Report to the Board of Directors
For the Fiscal Year Ended
June 30, 2021



TRABUCO CANYON WATER DISTRICT

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For the Fiscal Year Ended June 30, 2021

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Board of Directors
Trabuco Canyon Water District
Trabuco Canyon, California

We are pleased to present this report related to our audit of the financial statements of the Trabuco Canyon Water District (District) as of and for the year ended June 30, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

Murrieta, California
November 15, 2021

Required Communications

TRABUCO CANYON WATER DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2021

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated June 1, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices	Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. Adoption of, or Change in, Significant Accounting Policies or Their Application Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Management's Judgments and Accounting Estimates Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.
Audit Adjustments	Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries .
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

TRABUCO CANYON WATER DISTRICT*Required Communications**For the Fiscal Year Ended June 30, 2021*

Area	Comments
Discussions With Management	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 auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	We applied certain limited procedures to the: 1. Management's Discussion and Analysis 2. Required Pension Plan Disclosures 3. Required OPEB Plan Disclosures 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.

TRABUCO CANYON WATER DISTRICT*Required Communications**For the Fiscal Year Ended June 30, 2021*

Area	Comments
Supplementary Information	We were engaged to report on the, Supplementary Information: 1. Balance Sheets – Combined – Internal Funds 2. Statements of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds Which accompanies 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.

This information is intended solely for the information and use of Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Summary of Adjusting Journal Entries

TRABUCO CANYON WATER DISTRICT

Summary of Adjusting Journal Entries For the Fiscal Year Ended June 30, 2021

Adjusting Journal Entries

Adjusting Journal Entries JE # 1

To correctly reflect current and non-current portion for financial reporting - DO NOT POST

10-000-2210	Current - SRF Loan Payable	91,792.00	
10-000-2410	SRF Loan Payable		91,792.00
Total		<u>91,792.00</u>	<u>91,792.00</u>

Adjusting Journal Entries JE # 2

To reverse duplicate AP and expense

10-000-2010	AP Pending (Due to Pool)	9,252.31	
20-000-2010	AP Pending (Due to Pool)	3,320.04	
30-000-2010	AP Pending (Due to Pool)	371.74	
40-000-2010	AP Pending (Due to Pool)	371.74	
10-600-5131	Workers Compensation		9,252.31
20-600-5131	Workers Compensation		3,320.04
30-600-5131	Workers Compensation		341.74
40-600-5131	Workers Compensation		401.74
Total		<u>13,315.83</u>	<u>13,315.83</u>

Adjusting Journal Entries JE # 3

To true up beginning equity with prior year audit report

10-000-3199	Retained Earnings	3.00	
10-160-5901	Misc. Exp		3.00
Total		<u>3.00</u>	<u>3.00</u>

Total Adjusting Journal Entries	<u>105,110.83</u>	<u>105,110.83</u>
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Total All Journal Entries	<u>105,110.83</u>	<u>105,110.83</u>
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**TRABUCO CANYON WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2021
(With Comparative Amounts as of June 30, 2020)**

NIGRO & NIGRO^{PC}

TRABUCO CANYON WATER DISTRICT

For the Fiscal Year Ended June 30, 2021

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Financial Section

INDEPENDENT AUDITORS' REPORT

Board of Directors
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), which comprise the balance sheet as of June 30, 2021, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, 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.

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 Net Pension Liability, Schedule of the District's Contributions to the Defined Benefit Pension Plan, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, and Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Balance Sheets – Combined – Internal Funds and Statements of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 15, 2021, 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 the effectiveness of the District's 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.

Murrieta, California
November 15, 2021

TRABUCO CANYON WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2021 and 2020

Management's Discussion and Analysis (MD&A) offers readers of Trabuco Canyon Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2021. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2021, the District's net position decreased 4.42%, or \$2,328,746 from the prior year's net position of \$52,640,821 to \$50,312,075, as a result of the year's operations.
- In fiscal year 2021, operating revenues increased by 8.88%, or \$727,945 from \$8,201,075 to \$8,929,020, from the prior year, primarily due to increases in water consumption sales as well as increases in other water, sewer, reclaimed and recycled service charges.
- In fiscal year 2021, operating expenses before depreciation expense increased by 8.71% or \$938,319 from \$10,772,034 to \$11,710,353, from the prior year, primarily due to increases in costs for source of supply, transmission and distribution, and general and administrative expenses.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 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 method 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. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure 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, zoning and new or changed government legislation.

Condensed Balance Sheets

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Assets:			
Current assets	\$ 3,623,479	\$ 10,188,899	\$ (6,565,420)
Non-current assets	5,104,320	3,254,760	1,849,560
Capital assets, net	<u>50,053,318</u>	<u>47,295,351</u>	<u>2,757,967</u>
Total assets	<u>58,781,117</u>	<u>60,739,010</u>	<u>(1,957,893)</u>
Deferred outflows of resources	<u>1,486,262</u>	<u>1,277,369</u>	<u>208,893</u>
Total assets and deferred outflows of resources	<u>\$ 60,267,379</u>	<u>\$ 62,016,379</u>	<u>\$ (1,749,000)</u>
Liabilities:			
Current liabilities	\$ 3,727,201	\$ 3,066,128	\$ 661,073
Non-current liabilities	<u>5,975,665</u>	<u>6,060,462</u>	<u>(84,797)</u>
Total liabilities	<u>9,702,866</u>	<u>9,126,590</u>	<u>576,276</u>
Deferred inflows of resources	<u>252,438</u>	<u>248,968</u>	<u>3,470</u>
Net position:			
Net investment in capital assets	47,913,266	44,976,850	2,936,416
Restricted	5,104,320	3,254,760	1,849,560
Unrestricted	<u>(2,705,511)</u>	<u>4,409,211</u>	<u>(7,114,722)</u>
Total net position	<u>50,312,075</u>	<u>52,640,821</u>	<u>(2,328,746)</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 60,267,379</u>	<u>\$ 62,016,379</u>	<u>\$ (1,749,000)</u>

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 \$50,312,075 as of June 30, 2021.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (95% as of June 30, 2021) reflects the District's net 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 its customers; consequently, these assets are not available for future spending.

At the end of year 2021, the District showed a negative (deficit) balance in its unrestricted net position of (\$2,705,511) which is due to the estimated \$2,522,581 amount for the net pension and net OPEB liabilities and their related deferred outflows/inflows.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Operating revenues	\$ 8,929,020	\$ 8,201,075	\$ 727,945
Operating expenses	<u>(11,710,353)</u>	<u>(10,772,034)</u>	<u>(938,319)</u>
Operating income before depreciation	(2,781,333)	(2,570,959)	(210,374)
Depreciation expense	<u>(3,689,570)</u>	<u>(3,428,661)</u>	<u>(260,909)</u>
Operating income	(6,470,903)	(5,999,620)	(471,283)
Non-operating revenues(expenses), net	<u>2,141,801</u>	<u>6,580,323</u>	<u>(4,438,522)</u>
Capital contributions	<u>2,000,356</u>	<u>2,233,563</u>	<u>(233,207)</u>
Change in net position	(2,328,746)	2,814,266	(4,909,805)
Net position:			
Beginning of year	<u>52,640,821</u>	<u>49,826,555</u>	<u>2,814,266</u>
End of year	<u><u>\$ 50,312,075</u></u>	<u><u>\$ 52,640,821</u></u>	<u><u>\$ (2,095,539)</u></u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, net position decreased 4.42%, or \$2,328,746 from the prior year's net position of \$52,640,821 to \$50,312,075, as a result of the year's operations.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water consumption sales	\$ 3,758,473	\$ 3,165,259	\$ 593,214
Water service charges	1,059,237	1,033,023	26,214
Sewer service charges	1,955,995	1,918,114	37,881
Reclaimed water sales	613,962	541,972	71,990
Recycled water sales	245,799	181,116	64,683
Wholesale water sales - BTP	1,278,778	1,210,433	68,345
Other operating revenues	16,776	151,158	(134,382)
Total operating revenues	<u>8,929,020</u>	<u>8,201,075</u>	<u>727,945</u>
Non-operating revenues:			
Property taxes	2,048,224	1,936,412	111,812
Investment earnings	26,763	119,066	(92,303)
Rental and contract revenue	24,836	24,112	724
Capacity assignment revenue	-	4,526,000	(4,526,000)
Other non-operating revenues	106,338	48,064	58,274
Total non-operating revenues	<u>2,206,161</u>	<u>6,653,654</u>	<u>(4,447,493)</u>
Total revenues	<u>\$ 11,135,181</u>	<u>\$ 14,854,729</u>	<u>\$ (3,719,548)</u>

In fiscal year 2021, operating revenues increased by 8.88%, or \$727,945 from \$8,201,075 to \$8,929,020, from the prior year, primarily due to increases in water consumption sales as well as increases in other water, sewer, reclaimed and recycled service charges. Non-operating revenues decreased by \$4,447,493 due to the one-time capacity assignment revenue of \$4,526,000 in fiscal year 2020.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Source of supply	\$ 3,631,094	\$ 3,150,263	\$ 480,831
Pumping and power	295,308	252,227	43,081
Water treatment	346,674	303,281	43,393
Transmission and distribution	278,777	149,577	129,200
Sewer operations	760,445	770,329	(9,884)
Reclaimed operations	162,089	110,299	51,790
Recycled operations	164,044	129,746	34,298
General and administrative	6,071,922	5,906,312	165,610
Total operating expenses	<u>11,710,353</u>	<u>10,772,034</u>	<u>938,319</u>
Depreciation expense	<u>3,689,570</u>	<u>3,428,661</u>	<u>260,909</u>
Non-operating expenses:			
Interest expense	51,932	60,635	(8,703)
Debt administration expense	-	850	(850)
Property tax administration expense	12,428	11,846	582
Total non-operating expenses	<u>64,360</u>	<u>73,331</u>	<u>(8,971)</u>
Total expenses	<u>\$ 15,464,283</u>	<u>\$ 14,274,026</u>	<u>\$ 1,190,257</u>

In fiscal year 2021, operating expenses before depreciation expense increased by 8.71% or \$938,319 from \$10,772,034 to \$11,710,353, from the prior year, primarily due to increases in costs for source of supply, transmission and distribution, and general and administrative expenses.

Capital Assets

	<u>Balance June 30, 2021</u>	<u>Balance June 30, 2020</u>
Capital assets:		
Non-depreciable assets	\$ 2,407,104	\$ 5,335,924
Depreciable assets	121,073,132	113,393,596
Accumulated depreciation	<u>(73,426,918)</u>	<u>(71,434,167)</u>
Total capital assets, net	<u>\$ 50,053,318</u>	<u>\$ 47,295,353</u>

At the end of year 2021, the District's investment in capital assets amounted to \$50,053,318 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$6,494,376 for various projects and equipment. See Note 4 for further information.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

	Balance	Balance
Long-term debt:	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Loans payable	<u>\$ 2,140,052</u>	<u>\$ 2,318,501</u>

Long-term debt decreased by a total of \$178,449 for the year ended June 30, 2021. See Note 6 for further information.

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.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

The District's Board of Directors and management considered many factors when setting the fiscal year 2022 user fees, and charges. A projection is made on the acre feet of water that will be purchased and sold. The District also looks at the increased cost of the source of supply. Since the District heavily relies on imported water, the costs are directly passed through by Metropolitan Water District. Some are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as vehicle expenses and insurance coverages. The District's customer base has not changed significantly; therefore, revenue and costs are more easily projected. Questions concerning the information about the economic analysis, revenue and expense assumptions, and other budgetary process parameters utilized in the annual budget preparation can be obtained from the District's Finance Officer.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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.

TRABUCO CANYON WATER DISTRICT*Balance Sheets**June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,055,746	\$ 760,643
Accrued interest receivable	2,069	25
Accounts receivable, net (Note 4)	1,101,812	1,042,924
Accounts receivable - due from other governments	140,598	2,669,579
Other receivables	246,451	5,618,586
Prepaid expenses	76,803	97,142
Total current assets	3,623,479	10,188,899
Non-current assets:		
Restricted – cash and cash equivalents (Note 2 and 3)	5,100,793	3,240,419
Restricted - accrued interest receivable (Note 3)	3,527	14,341
Capital assets – not being depreciated (Note 5)	2,407,104	5,335,924
Capital assets – being depreciated, net (Note 5)	47,646,214	41,959,427
Total non-current assets	55,157,638	50,550,111
Total assets	58,781,117	60,739,010
Deferred outflows of resources:		
Deferred amounts related to net OPEB obligation (Note 8)	418,881	416,920
Deferred amounts related to net pension liability (Note 9)	1,067,381	860,449
Total deferred outflows of resources	1,486,262	1,277,369
Total assets and deferred outflows of resources	\$ 60,267,379	\$ 62,016,379
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,341,665	\$ 2,618,513
Deposits and unearned revenues	203,261	280,050
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	91,520	78,817
Loan payable (Note 7)	90,755	88,748
Total current liabilities	3,727,201	3,066,128
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	169,963	146,374
Loan payable (Note 7)	2,049,297	2,229,753
Net OPEB obligation (Note 7)	356,590	533,588
Net pension liability (Note 8)	3,399,815	3,150,747
Total non-current liabilities	5,975,665	6,060,462
Total liabilities	9,702,866	9,126,590
Deferred inflows of resources:		
Deferred amounts related to net OPEB obligation (Note 8)	185,600	97,855
Deferred amounts related to net pension liability (Note 9)	66,838	151,113
Total deferred inflows of resources	252,438	248,968
Net position:		
Net investment in capital assets (Note 10)	47,913,266	44,976,850
Restricted (Note 3)	5,104,320	3,254,760
Unrestricted	(2,705,511)	4,409,211
Total net position	50,312,075	52,640,821
Total liabilities, deferred inflows of resources and net position	\$ 60,267,379	\$ 62,016,379

The notes to financial statements are an integral part of this statement.

TRABUCO CANYON WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Water consumption sales	\$ 3,758,473	\$ 3,165,259
Water service charges	1,059,237	1,033,023
Sewer service charges	1,955,995	1,918,114
Reclaimed water sales	613,962	541,972
Recycled water sales	245,799	181,116
Wholesale water sales – Baker Treatment Plant	1,278,778	1,210,433
Other operating revenues	<u>16,776</u>	<u>151,158</u>
Total operating revenues	<u>8,929,020</u>	<u>8,201,075</u>
Operating expenses:		
Source of supply	3,631,094	3,150,263
Pumping and power	295,308	252,227
Water treatment	346,674	303,281
Transmission and distribution	278,777	149,577
Sewer operations	760,445	770,329
Reclaimed operations	162,089	110,299
Recycled operations	164,044	129,746
General and administrative	<u>6,071,922</u>	<u>5,906,312</u>
Total operating expenses	<u>11,710,353</u>	<u>10,772,034</u>
Operating loss before depreciation	<u>(2,781,333)</u>	<u>(2,570,959)</u>
Depreciation expense	<u>(3,689,570)</u>	<u>(3,428,661)</u>
Operating loss	<u>(6,470,903)</u>	<u>(5,999,620)</u>
Non-operating revenues(expenses):		
Property taxes	2,048,224	1,936,412
Investment earnings	26,763	119,066
Rental revenue	24,836	24,112
Interest expense	(51,932)	(60,635)
Debt administration expense	-	(850)
Property tax administration charge	(12,428)	(11,846)
Capacity assignment revenue	-	4,526,000
Other non-operating revenues	<u>106,338</u>	<u>48,064</u>
Total non-operating revenues(expenses), net	<u>2,141,801</u>	<u>6,580,323</u>
Change in net position before capital contributions	<u>(4,329,102)</u>	<u>580,703</u>
Capital contributions:		
Water reliability and emergency storage fees	822,779	833,511
Capital grants	99,751	1,400,052
Contributed capital – other	<u>1,077,826</u>	<u>-</u>
Total capital contributions	<u>2,000,356</u>	<u>2,233,563</u>
Change in net position	<u>(2,328,746)</u>	<u>2,814,266</u>
Net position:		
Beginning of year	<u>52,640,821</u>	<u>49,826,555</u>
End of year	<u>\$ 50,312,075</u>	<u>\$ 52,640,821</u>

TRABUCO CANYON WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	2021	2020
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 9,847,441	\$ 8,009,866
Cash paid to employees for salaries and wages	(2,413,438)	(2,071,512)
Cash paid to vendors and suppliers for materials and services	(8,727,274)	(8,594,483)
Net cash used in operating activities	(1,293,271)	(2,656,129)
Cash flows from non-capital financing activities:		
Proceeds from property taxes	2,092,916	1,924,566
Net cash provided by non-capital financing activities	2,092,916	1,924,566
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(6,494,376)	(4,325,961)
Capacity assignment revenue	4,526,000	-
Capital grants	2,628,732	-
Capital contributions	1,900,605	1,347,472
Debt administration charges	-	(850)
Principal paid on long-term debt	(178,449)	(1,064,442)
Interest paid on long-term debt	(51,932)	(87,781)
Net cash provided by (used in) capital and related financing activities	2,330,580	(4,131,562)
Cash flows from investing activities:		
Change in investments	533	16,593
Investment earnings	24,719	132,753
Net cash provided by investing activities	25,252	149,346
Net increase(decrease) in cash and cash equivalents	3,155,477	(4,713,779)
Cash and cash equivalents:		
Beginning of year	4,001,062	8,714,841
End of year	<u>\$ 7,156,539</u>	<u>\$ 4,001,062</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 2,055,746	\$ 760,643
Restricted – cash and cash equivalents	5,100,793	3,240,419
Total cash and cash equivalents	<u>\$ 7,156,539</u>	<u>\$ 4,001,062</u>

TRABUCO CANYON WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash used in operating activities:		
Operating income	<u>\$ (6,470,903)</u>	<u>\$ (5,999,620)</u>
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	3,689,570	3,428,661
Rental and contract revenue	24,836	24,112
Other non-operating revenues	106,338	48,064
Change in assets – (increase)decrease:		
Accounts receivable, net	(58,888)	(131,081)
Other receivables	846,135	(132,304)
Prepaid expenses	20,339	44,562
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation	(1,961)	(160,084)
Deferred amounts related to net pension liability	(206,932)	8,867
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	723,152	1,537,509
Deposits and unearned revenues	(76,789)	(1,655,936)
Compensated absences	36,292	57,618
Net OPEB obligation	(176,998)	(36,680)
Net pension liability	249,068	257,759
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to net OPEB obligation	87,745	57,101
Deferred amounts related to net pension liability	<u>(84,275)</u>	<u>(4,677)</u>
Total adjustments	<u>5,177,632</u>	<u>3,343,491</u>
Net cash used in operating activities	<u><u>\$ (1,293,271)</u></u>	<u><u>\$ (2,656,129)</u></u>

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

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. 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.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). 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.

B. Basis of Presentation, Basis of Accounting

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 (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

4. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

5. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Transmission and distribution system	5-40 years
Wastewater system	4-40 years
Structures and improvements	10-30 years
Equipment	3-15 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

8. 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.

9. 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 position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' 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 the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2019
Measurement Date June 30, 2020
Measurement Period July 1, 2019 to June 30, 2020

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Pensions (continued)

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.

11. Postemployment Benefits Other Than Pensions (OPEB)

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 Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2020
Measurement Date June 30, 2020
Measurement Period July 1, 2019 to June 30, 2020

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to 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 net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Property Taxes

The Orange County Assessor's Office assesses all real and personal property within the County each year. The Orange County Tax Collector's Office bills and collects the District's share of property taxes. The Orange County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Orange County Tax Collector's Office, which have not been credited to the District's cash balance 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 November 10

F. Reclassifications

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 CASH EQUIVALENTS

Cash and cash equivalents were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2021</u>
Cash and cash equivalents	\$ 2,055,746
Restricted – cash and cash equivalents	5,100,793
Total cash and investments	<u>\$ 7,156,539</u>

Cash and cash equivalents consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>
Cash on hand	\$ 450
Demand deposits held with financial institutions	732,131
Local Agency Investment Fund (LAIF)	6,423,958
Total cash and investments	<u>\$ 7,156,539</u>

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2021, the carrying amount of the District's demand deposits were \$732,131 and the financial institution's balances were \$737,775. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

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.

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.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2021, the District held \$6,423,958 in LAIF.

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.

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2021*

NOTE 3 – RESTRICTED– CASH AND CASH EQUIVALENTS AND RESTRICTED – NET POSITION

Restricted assets as of June 30, were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2021</u>
Restricted – cash and cash equivalents	\$ 5,100,793
Restricted - accrued interest receivable	<u>3,527</u>
Total restricted – cash and investments	<u>\$ 5,104,320</u>

Restricted assets for the year ended June 30, were restricted as follows:

<u>Description</u>	<u>June 30, 2021</u>
Debt service	\$ 1,051,427
Developer and other capital improvements	1,427,862
Water reliability and emergency storage	<u>2,625,031</u>
Total restricted – net position	<u>\$ 5,104,320</u>

NOTE 4 – ACCOUNTS RECEIVABLE, NET

The balance at June 30, consists of the following;

<u>Description</u>	<u>June 30, 2021</u>
Accounts receivable	\$ 1,177,071
Allowance for doubtful accounts	<u>(75,259)</u>
Total accounts receivable, net	<u>\$ 1,101,812</u>

TRABUCO CANYON WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2021, were as follows:

Description	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 2,339,113	\$ -	\$ -	\$ 2,339,113
Construction-in-process	2,996,811	4,137,281	(7,066,101)	67,991
Total non-depreciable assets	5,335,924	4,137,281	(7,066,101)	2,407,104
Depreciable assets:				
Water transmission and distribution system	55,665,200	3,937,172	(987,831)	58,614,541
Recycled water and wastewater system	55,086,321	3,830,205	(755,829)	58,160,697
Structures and improvements	1,609,622	15,149	-	1,624,771
Machinery and equipment	1,032,453	1,640,670	-	2,673,123
Total depreciable assets	113,393,596	9,423,196	(1,743,660)	121,073,132
Accumulated depreciation:				
Water transmission and distribution system	(32,894,822)	(1,644,599)	987,831	(33,551,590)
Recycled water and wastewater system	(36,872,437)	(1,763,464)	708,988	(37,926,913)
Structures and improvements	(1,202,630)	(59,869)	-	(1,262,499)
Machinery and equipment	(464,278)	(221,638)	-	(685,916)
Total accumulated depreciation	(71,434,167)	(3,689,570)	1,696,819	(73,426,918)
Total depreciable assets, net	41,959,429	5,733,626	(46,841)	47,646,214
Total capital assets, net	\$ 47,295,353	\$ 9,870,907	\$ (7,112,942)	\$ 50,053,318

NOTE 6 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2021, were as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
\$ 225,191	\$ 251,901	\$ (215,609)	\$ 261,483	\$ 91,520	\$ 169,963

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2021***NOTE 7 – LOAN PAYABLE**

Changes in loan payable amounts for the year ended June 30, were as follows:

Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Current Portion	Long-term Portion
\$ 2,318,501	\$ -	\$ (178,449)	\$ 2,140,052	\$ 90,755	\$ 2,049,297

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 1st and January 1st. Annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 90,755	\$ 24,435	\$ 115,190
2023	184,631	45,750	230,381
2024	188,872	41,509	230,381
2025	193,209	37,172	230,381
2026	197,647	32,734	230,381
2027-2031	1,058,444	93,462	1,151,906
2032	226,494	3,887	230,381
Total	2,140,052	\$ 278,949	\$ 2,419,001
Current	(90,755)		
Long-term	\$ 2,049,297		

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2021
OPEB related deferred outflows	\$ 418,881
Net other post-employment benefits obligation	356,590
OPEB related deferred inflows	185,600

A. General Information about the OPEB Plan

Plan Description

The post-retirement health benefit provided to eligible employees at retirement is a continuation of the available active medical coverage. An employee is eligible for continuation of medical coverage at retirement provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit upon retirement with the District. Vesting requires at least 5 years of CalPERS eligible service. All employee with at least 5 years of CalPERS service will be eligible to continue coverage if retiring from the District and CalPERS and receive the CalPERS minimum required contribution. Vesting is based on years-of-service increasing 5% per year from 10-years (50%) to 20+years (100%).

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 PERSChoice Plan at the family coverage level (currently \$1,874.89 and scheduled to increase to \$1,914.33 effective January 1, 2020). The District's contribution will continue for the lifetime of the retiree and any surviving eligible spouse.

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 (below). 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. The 100/90 State Annuitant rates are published each year. The current 2019 monthly rates are \$734 single, \$1,398 two-party and \$1,788 family and the 2020 monthly rates are \$767 single, \$1,461 two-party and \$1,868 family.

Employees Covered

As of the June 30, 2020 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

	Amount
Inactive plan members or beneficiaries currently receiving benefit payments	7
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	20
Total	27

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, contributions have been made to a CalPERS CERBT OPEB Trust.

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2020, the measurement period, the District's contributions totaling \$281,864 included \$163,277 placed in its CERBT OPEB Trust, \$88,706 in current year premium payments, and an implied subsidy of \$29,881.

Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	7.00%
Long-Term Expected	
Rate of Return on Investments	7.00%
Inflation	2.75%
Payroll increases	2.75%
Healthcare Trend Rates	6.50% trending down 0.25% annually to 4.50% in 2029+
Morbidity	Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019
Mortality	Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019
Disability	Not Valued
Retirement	CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62
Percent Married	85% of future retirees would enroll a spouse

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2021***NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)****B. Net OPEB Liability (continued)****Actuarial Assumptions (continued)**

The long-term expected rate of return on OPEB 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 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 the arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
CERBT:		
Global Equities	59.00%	5.50%
Global Debt Securities	25.00%	2.35%
Inflation Assets	5.00%	1.50%
REITs	8.00%	3.65%
Commodities	3.00%	1.75%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the City's 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.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total</u>	<u>Plan Fiduciary</u>	<u>Net</u>
	<u>OPEB Liability</u>	<u>Net Position</u>	<u>OPEB Liability</u>
Balance at June 30, 2020 (Measurement date June 30, 2019)	\$ 3,011,438	\$ 2,477,851	\$ 533,587
Changes for the year:			
Service cost	103,022	-	103,022
Interest	213,932	-	213,932
Differences in experience	(123,689)	-	(123,689)
Changes in assumption	-	-	-
Employer contributions	-	281,864	(281,864)
Net investment income	-	89,611	(89,611)
Benefit payments	(118,587)	(118,587)	-
Administrative expenses	-	(1,213)	1,213
Net changes	<u>74,678</u>	<u>251,675</u>	<u>(176,997)</u>
Balance at June 30, 2021 (Measurement date June 30, 2020)	<u>\$ 3,086,116</u>	<u>\$ 2,729,526</u>	<u>\$ 356,590</u>

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2021*

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**C. Changes in the Net OPEB Liability (continued)****Changes of Assumptions**

In fiscal year 2019-20, the measurement period, inflation increased to 2.75%

Change of Benefit Terms

In fiscal year 2019-20, the measurement period, there were no changes to the actuarial assumptions.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current discount rate:

1% Decrease	Discount Rate	1% Increase
6.0%	7.0%	8.0%
<u>\$ 777,832</u>	<u>\$ 356,590</u>	<u>\$ 8,913</u>

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

Healthcare Cost		
7.5% Decreasing	6.5% Decreasing	5.5% Decreasing
to 5.5%	to 4.5%	to 3.5%
<u>\$ (60,106)</u>	<u>\$ 356,590</u>	<u>\$ 874,184</u>

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$134,888. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	\$ 226,102	\$ -
Changes in assumptions	-	(75,654)
Differences between expected and actual experience	123,874	(109,946)
Differences between projected and actual earnings on OPEB plan investments	68,905	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 418,881</u>	<u>\$ (185,600)</u>

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2021*

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$226,102 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 2,259
2023	13,053
2024	15,145
2025	11,028
2026	(6,855)
Thereafter	(27,451)
Total	\$ 7,179

At June 30, 2021, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

NOTE 10 – PENSION PLAN**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2021
Pension related deferred outflows	\$ 1,067,381
Net pension liability	3,399,815
Pension related deferred inflows	66,838

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of 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 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2020	12.431%	7.863%

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 June 30, 2020 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2020 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	14	8	22
Transferred and terminated members	25	6	31
Retired members and beneficiaries	12	-	12
Total plan members	51	14	65

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers 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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2021, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 649,647	\$ 59,249	\$ 708,896

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The following table shows the District'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, 2021:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	
Measurement Date	June 30, 2020	June 30, 2019	
Percentage of Risk Pool Net Pension Liability	0.080601%	0.078680%	0.001921%
Percentage of Plan Net Pension Liability	0.031247%	0.030748%	0.000499%

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2021***NOTE 9 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)****Proportionate Share of Net Pension Liability and Pension Expense (continued)**

The District's proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 11,720,295	\$ 8,569,548	\$ 3,150,747
Balance as of June 30, 2020 (Measurement Date)	\$ 13,700,289	\$ 10,300,474	\$ 3,399,815
Change in Plan Net Pension Liability	\$ 1,979,994	\$ 1,730,926	\$ 249,068

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$666,757. At June 30, 2021, 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 Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 708,896	\$ -
Difference between actual and proportionate share of employer contributions	-	(37,588)
Adjustment due to differences in proportions	82,285	(5,001)
Differences between expected and actual experience	175,203	-
Differences between projected and actual earnings on pension plan investments	100,997	-
Changes in assumptions	-	(24,249)
Total Deferred Outflows/(Inflows) of Resources	\$ 1,067,381	\$ (66,838)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

An amount of \$708,896 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period	Deferred
Fiscal Year Ended June 30	Outflows/(Inflows)
	of Resources
2022	\$ 53,587
2023	110,686
2024	78,933
2025	48,441
Total	\$ 291,647

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2020, 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
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2021***NOTE 9 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)****Long-term Expected Rate of Return (continued)**

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

¹ An expected inflation of 2.0% is used for years 1-10.

² An expected inflation of 2.9% is used for years 11+.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what 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:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate	Current	Discount Rate
	- 1% 6.15%	Discount Rate 7.15%	+ 1% 8.15%
CalPERS – Miscellaneous Plan	<u>5,222,989</u>	<u>\$ 3,399,815</u>	<u>\$ 1,893,383</u>

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension 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.

C. Payable to the Pension Plans

At June 30, 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

Description	June 30, 2021	June 30, 2020
Net investment in capital assets:		
Capital assets – not being depreciated	2,407,104	5,335,924
Capital assets, net – being depreciated	47,646,214	41,959,427
Loan payable – current portion	(90,755)	(88,748)
Loan payable – non-current portion	(2,049,297)	(2,229,753)
Total net investment in capital assets	\$ 47,913,266	\$ 44,976,850

NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 12 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2020 – 396 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2020
Audit signed	April 7, 2021
Statement of financial position:	Sept 30, 2020
Total assets	<u>\$ 237,525,073</u>
Deferred outflows	<u>1,054,750</u>
Total liabilities	<u>113,075,164</u>
Deferred inflows	<u>1,817,452</u>
Net position	<u><u>\$ 123,687,207</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 197,639,443
Total expenses	<u>(172,886,738)</u>
Change in net position	24,752,705
Beginning – net position	<u>98,934,502</u>
Ending – net position	<u><u>\$ 123,687,207</u></u>
F. Member agencies share of year-end financial position	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible.
Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 12 – RISK MANAGEMENT POOL (continued)

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

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, 2021, 2020, and 2019. 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 payable as of June 30, 2021, 2020, and 2019.

NOTE 13 – 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*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.024334%	\$ 1,514,199	\$ 1,619,883	93.48%	83.03%
June 30, 2015	0.029498%	2,024,702	1,659,539	122.00%	76.75%
June 30, 2016	0.028990%	2,508,531	1,602,525	156.54%	72.83%
June 30, 2017	0.295680%	2,932,288	1,688,233	173.69%	72.81%
June 30, 2018	0.030022%	2,892,988	1,537,659	188.14%	73.98%
June 30, 2019	0.030748%	3,150,747	1,695,414	185.84%	73.12%
June 30, 2020	0.031247%	3,399,815	2,011,870	168.99%	75.18%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown. Certain amounts have been updated per the 2020 CalPERS Actuarial Valuations

TRABUCO CANYON WATER DISTRICT*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2021***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2014	\$ 255,864	\$ (255,864)	\$ -	1,619,883	15.80%
June 30, 2015	265,436	(265,436)	-	1,659,539	15.99%
June 30, 2016	264,450	(264,450)	-	1,602,525	16.50%
June 30, 2017	278,521	(278,521)	-	1,688,233	16.50%
June 30, 2018	301,990	(301,990)	-	1,537,659	19.64%
June 30, 2019	347,954	(347,954)	-	1,695,414	20.52%
June 30, 2020	417,043	(417,043)	-	2,011,870	20.73%
June 30, 2021	469,516	(708,896)	(239,380)	2,133,046	22.01%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2014	June 30, 2011	Entry Age	Market Value	2.75%	7.65%
June 30, 2015	June 30, 2012	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2015	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2016	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2018	Entry Age	Market Value	2.50%	7.15%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2.5%@55), 52 years (2.0%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only eight years are shown.
Certain amounts have been updated per the 2020 CalPERS Actuarial Valuations

TRABUCO CANYON WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2021

	Last Ten Fiscal Years*			
Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:				
Service cost	\$ 103,022	\$ 101,477	\$ 98,521	\$ 92,077
Interest	213,932	195,787	181,652	167,849
Changes of assumptions	-	(97,270)	-	-
Differences between expected and actual experience	(123,689)	159,266	-	-
Changes of benefit terms	-	-	-	-
Benefit payments	(118,587)	(86,591)	(75,817)	(62,564)
Net change in total OPEB liability	74,678	272,669	204,356	197,362
Total OPEB liability - beginning	3,011,438	2,738,769	2,534,413	2,337,051
Total OPEB liability - ending	3,086,116	3,011,438	2,738,769	2,534,413
Plan fiduciary net position:				
Contributions - employer	281,864	259,180	245,243	175,489
Net investment income	89,611	137,226	146,228	168,197
Administrative expense	(1,213)	(467)	(993)	(852)
Other expense	-	-	(2,457)	-
Benefit payments	(118,587)	(86,591)	(75,817)	(62,564)
Net change in plan fiduciary net position	251,676	309,348	312,204	280,270
Plan fiduciary net position - beginning	2,477,850	2,168,502	1,856,298	1,576,028
Plan fiduciary net position - ending	2,729,526	2,477,850	2,168,502	1,856,298
District's net OPEB liability	\$ 356,590	\$ 533,588	\$ 570,267	\$ 678,115
Plan fiduciary net position as a percentage of the total OPEB liability	88.45%	82.28%	79.18%	73.24%
Covered-employee payroll	1,753,930	1,706,988	1,668,352	1,668,233
District's net OPEB liability as a percentage of covered-employee payroll	20.33%	31.26%	34.18%	40.65%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2018 – There were no changes in benefits
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
Measurement Date June 30, 2018 – There were no changes in assumptions
Measurement Date June 30, 2019 – Inflation decreased to 2.50% and payroll increases include merit increases
Measurement Date June 30, 2020 – Inflation increased to 2.75%

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

TRABUCO CANYON WATER DISTRICT

Schedule of the District Contributions to the Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 166,309	\$ 172,589	\$ 169,426	\$ 175,489
Contributions in relation to the actuarially determined contributions	(281,864)	(259,180)	(245,243)	(175,489)
Contribution deficiency (excess)	<u>\$ (115,555)</u>	<u>\$ (86,591)</u>	<u>\$ (75,817)</u>	<u>\$ -</u>
Covered payroll	\$ 1,753,930	\$ 1,706,930	\$ 1,668,352	\$ 1,668,352
Contributions as a percentage of covered payroll	16.07%	15.18%	14.70%	10.52%

Notes to Schedule:

Valuation Date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Discount rate	7.00%	7.00%	7.00%	7.00%
Inflation	2.75%	2.50%	2.75%	2.75%
Payroll increases	2.75%+Merit	2.75%+Merit	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)
Percent Married	85%	85%	85%	85%
Healthcare trend rates	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019

(3) Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) 6.50% trending down 0.25% annually to 4.50% in 2029+

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

Supplementary Information

TRABUCO CANYON WATER DISTRICT
Balance Sheets – Combined – Internal Funds
June 30, 2021 (With Comparative Amounts as of June 30, 2020)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water	Sewer	Recycled Water	Reclaimed Water	2021	2020
Current assets:						
Cash and cash equivalents	\$ 831,378	\$ 2,235,530	\$ (975,628)	\$ (35,534)	\$ 2,055,746	\$ 760,643
Accrued interest receivable	1,789	338	(29)	(29)	2,069	25
Accounts receivable, net	775,410	189,167	29,642	107,593	1,101,812	1,042,924
Accounts receivable - due from other governments	140,598	-	-	-	140,598	2,669,579
Other receivables	19,037	222,352	4,809	253	246,451	5,618,586
Prepaid expenses	24,790	32,819	9,597	9,597	76,803	97,142
Total current assets	1,793,002	2,680,206	(931,609)	81,880	3,623,479	10,188,899
Non-current assets:						
Restricted – cash and cash equivalents	4,911,187	189,606	-	-	5,100,793	3,240,419
Restricted - accrued interest receivable	3,362	165	-	-	3,527	14,341
Capital assets – not being depreciated	1,637,379	652,769	58,478	58,478	2,407,104	5,335,924
Capital assets – being depreciated, net	26,534,879	16,915,356	2,945,619	1,250,360	47,646,214	41,959,427
Total non-current assets	33,086,807	17,757,896	3,004,097	1,308,838	55,157,638	50,550,111
Total assets	34,879,809	20,438,102	2,072,488	1,390,718	58,781,117	60,739,010
Deferred outflows of resources:						
Deferred amounts related to net OPEB obligation	293,216	104,721	10,472	10,472	418,881	416,920
Deferred amounts related to net pension liability	747,167	266,846	26,684	26,684	1,067,381	860,449
Total deferred outflows of resources	1,040,383	371,567	37,156	37,156	1,486,262	1,277,369
Total assets and deferred outflows of resources	\$ 35,920,192	\$ 20,809,669	\$ 2,109,644	\$ 1,427,874	\$ 60,267,379	\$ 62,016,379
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
Current liabilities:						
Accounts payable and accrued expenses	\$ 1,658,149	\$ 1,577,900	\$ 52,778	\$ 52,838	\$ 3,341,665	\$ 2,618,513
Deposits and unearned revenues	71,363	128,788	1,555	1,555	203,261	280,050
Long-term liabilities – due within one year:						
Compensated absences	66,010	20,910	2,300	2,300	91,520	78,817
Loan payable	90,755	-	-	-	90,755	88,748
Total current liabilities	1,886,277	1,727,598	56,633	56,693	3,727,201	3,066,128
Non-current liabilities:						
Long-term liabilities – due in more than one year:						
Compensated absences	122,591	38,832	4,270	4,270	169,963	146,374
Loan payable	2,049,297	-	-	-	2,049,297	2,229,753
Net OPEB obligation	249,613	89,147	8,915	8,915	356,590	533,588
Net pension liability	2,379,871	849,954	84,995	84,995	3,399,815	3,150,747
Total non-current liabilities	4,801,372	977,933	98,180	98,180	5,975,665	6,060,462
Total liabilities	6,687,649	2,705,531	154,813	154,873	9,702,866	9,126,590
Deferred inflows of resources:						
Deferred amounts related to net OPEB obligation	129,920	46,400	4,640	4,640	185,600	97,855
Deferred amounts related to net pension liability	46,787	16,709	1,671	1,671	66,838	151,113
Total deferred inflows of resources	176,707	63,109	6,311	6,311	252,438	248,968
Net position:						
Net investment in capital assets	26,032,206	17,568,125	3,004,097	1,308,838	47,913,266	44,976,850
Restricted - capital projects	4,914,549	189,771	-	-	5,104,320	3,254,760
Unrestricted	(1,890,919)	283,133	(1,055,577)	(42,148)	(2,705,511)	4,409,211
Total net position	29,055,836	18,041,029	1,948,520	1,266,690	50,312,075	52,640,821
Total liabilities, deferred inflows of resources and net position	\$ 35,920,192	\$ 20,809,669	\$ 2,109,644	\$ 1,427,874	\$ 60,267,379	\$ 62,016,379

TRABUCO CANYON WATER DISTRICT

Statements of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds For the Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)

	Water	Sewer	Recycled Water	Reclaimed Water	2021	2020
Operating revenues:						
Water consumption sales	\$ 3,758,473	\$ -	\$ -	\$ -	\$ 3,758,473	\$ 3,165,259
Water service charges	1,059,237	-	-	-	1,059,237	1,033,023
Sewer service charges	-	1,955,995	-	-	1,955,995	1,918,114
Reclaimed water sales	-	-	-	613,962	613,962	541,972
Recycled water sales	-	-	245,799	-	245,799	181,116
Wholesale water sales – BTP	1,278,778	-	-	-	1,278,778	1,210,433
Other operating revenues	11,942	4,834	-	-	16,776	151,158
Total operating revenues	6,108,430	1,960,829	245,799	613,962	8,929,020	8,201,075
Operating expenses:						
Source of supply	3,631,094	-	-	-	3,631,094	3,150,263
Pumping and power	295,308	-	-	-	295,308	252,227
Water treatment	346,674	-	-	-	346,674	303,281
Transmission and distribution	278,777	-	-	-	278,777	149,577
Sewer operations	-	760,445	-	-	760,445	770,329
Reclaimed operations	-	-	-	162,089	162,089	110,299
Recycled operations	-	-	164,044	-	164,044	129,746
General and administrative	4,000,450	1,662,482	204,130	204,860	6,071,922	5,906,312
Total operating expenses	8,552,303	2,422,927	368,174	366,949	11,710,353	10,772,034
Operating income(loss) before depreciation	(2,443,873)	(462,098)	(122,375)	247,013	(2,781,333)	(2,570,959)
Depreciation expense	(1,835,644)	(1,652,631)	(148,299)	(52,996)	(3,689,570)	(3,428,661)
Operating income(loss)	(4,279,517)	(2,114,729)	(270,674)	194,017	(6,470,903)	(5,999,620)
Non-operating revenues(expenses):						
Property taxes	1,024,112	1,024,112	-	-	2,048,224	1,936,412
Investment earnings	21,108	4,859	398	398	26,763	119,066
Rental revenue	24,836	-	-	-	24,836	24,112
Interest expense	(51,932)	-	-	-	(51,932)	(60,635)
Debt administration expense	-	-	-	-	-	(850)
Property tax administration charge	(6,214)	(6,214)	-	-	(12,428)	(11,846)
Capacity assignment revenue	-	-	-	-	-	4,526,000
Transfers In/(Out)	-	17,019	(18,674)	1,655	-	-
Other non-operating revenues	90,163	(7,390)	18,288	5,277	106,338	48,064
Total non-operating revenues(expenses), net	1,102,073	1,032,386	12	7,330	2,141,801	6,580,323
Change in net position before capital contribs.	(3,177,444)	(1,082,343)	(270,662)	201,347	(4,329,102)	580,703
Capital contributions:						
Water reliability and emergency storage fees	822,779	-	-	-	822,779	833,511
Capital grants	69,825	24,938	2,494	2,494	99,751	1,400,052
Contributed capital – other	1,077,826	-	-	-	1,077,826	-
Total capital contributions	1,970,430	24,938	2,494	2,494	2,000,356	2,233,563
Change in net position	(1,207,014)	(1,057,405)	(268,168)	203,841	(2,328,746)	2,814,266
Net position:						
Beginning of year	30,262,850	19,098,434	2,216,688	1,062,849	52,640,821	49,826,555
End of year	<u>\$ 29,055,836</u>	<u>\$ 18,041,029</u>	<u>\$ 1,948,520</u>	<u>\$ 1,266,690</u>	<u>\$ 50,312,075</u>	<u>\$ 52,640,821</u>

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' 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 the Trabuco Canyon Water District (District), which comprise the balance sheet as of June 30, 2021, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2021.

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) as a basis for designing audit procedures 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 District'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 of 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 financial statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
November 15, 2021

TRABUCO CANYON WATER DISTRICT
REGULAR BOARD MEETING | DECEMBER 16, 2021

ACTION CALENDAR

LEGISLATIVE AND OTHER MATTERS

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

RECOMMENDED ACTION(S):

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

CONTACTS (staff responsible): PALUDI/PEREA