I hereby certify that the following agenda
was posted at least 72 hours prior to the time
of the meeting so noticed below at
24251 Los Alisos Boulevard, Lake Forest, California.

DENNIS P. CAFFERTY, Secretary of the
El Toro Water District and the Board of
Directors thereof

AGENDA

EL TORO WATER DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS FINANCE AND INSURANCE COMMITTEE MEETING AND ENGINEERING COMMITTEE MEETING

July 20, 2020

7:30 a.m.

This Meeting is being conducted in accordance with Governor Newsom's Executive Order N-29-20 (Paragraph 3) and the conditions specified therein which waive certain provisions of the Brown Act.

In an effort to protect public health and prevent the spread of COVID-19 (Coronavirus), and in accordance with the Governor's Executive Order N-29-20, **there will be no public location for attending in person.**

The Order allows all Board Members to participate telephonically in the Meeting from remote locations. As such, Directors Monin, Gaskins, Vergara, Freshley and Havens will be participating telephonically.

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may observe and address the Meeting by joining at this link: https://us02web.zoom.us/j/87132527622. (Meeting ID: 871 3252 7622). Members of the public who wish only to listen to the telephonic meeting may dial in at the following numbers (669) 900-6833 or (346) 248-7799 with the same Meeting ID noted above.

CALL TO ORDER – President Monin

PLEDGE OF ALLEGIANCE – Vice President Gaskins

ORAL COMMUNICATIONS/PUBLIC COMMENTS

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Board. Comments on other items will be heard at the times set aside for "COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS" or for "COMMENTS REGARDING NON-AGENDA FIC ITEMS." The public may identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize item(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

FINANCE AND INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – Director Vergara

1. California Asset Management Program (CAMP) (Reference Material Included)

A CAMP Representative will update the Board on the District's investment holdings and philosophy based on the economic outlook. CAMP assists the District with short-term and long-term investment alternatives.

2. Consent Calendar

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

a. Consider approving the minutes of the June 22, 2020 Finance and Insurance Committee meeting (Minutes Included)

APPROVAL OF ITEMS REMOVED FROM TODAY'S FINANCE AND INSURANCE COMMITTEE CONSENT CALENDAR

The Board will discuss items removed from today's Finance and Insurance Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's Finance and Insurance Committee Consent Calendar.

FINANCIAL ACTION ITEMS

3. **El Toro Water District Draft 2020-21 Water, Recycled Water, and Wastewater Rate Update Study (**Reference Material Included)

Staff and the Committee will review and discuss the draft 2020-21 Water, Recycled Water, and Wastewater Rate Update Study, the draft Proposition 218 Notice and the schedule to distribute and conduct a Public Hearing on same.

Recommended Action: Staff recommends that the Board of Directors 1) approve the 2020/21 Water, Recycled Water, and Wastewater Rate Update Study; 2) approve the 2020/21 Proposition 218 Notice and authorize distribution of same in accordance with applicable requirements; and 3) authorize noticing of a Rate Public Hearing to be scheduled for September 24, 2020.

4. **Quarterly Insurance Report** (Reference Material Included)

Staff will review and comment on the Quarterly Insurance Report for the period April 1, 2020 through June 30, 2020.

Recommended Action: Staff recommends that the Board Receive and File the Quarterly Insurance Report for the period of April 1, 2020 through June 30, 2020.

5. **Financial Package - Authorization to Approve Bills for Consideration dated July 20, 2020 and Receive and File Financial Statements as of June 30, 2020** (Reference Material Included)

The Board will consider approving the Bills for Consideration dated July 20, 2020 and Receive and File Financial Statements as of June 30, 2020.

Recommended Action: Staff recommends that the Board 1) approve, ratify and confirm payment of those bills as set forth in the schedule of bills for consideration dated July 20, 2020, and 2) receive and file the Financial Statements for the period ending June 30, 2020.

FINANCIAL INFORMATION ITEMS

6. **Comprehensive Annual Financial Report (CAFR) Certificate of Achievement for Excellence in Financial Reporting** (Reference Material Included)

Staff will review and comment on the District's achieving the Comprehensive Annual Financial Report (CAFR) Certificate of Achievement for Excellence in Financial Reporting for the fourth year in a row.

7. 2020/21 Fiscal Year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule Status Report (Reference Material Included)

Staff will review and comment on the 2020/21 fiscal year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule.

8. Tiered Water Usage and Revenue Tracking (Reference Material Included)

Staff will review and comment on monthly and year to date Tiered Water Usage and Revenue tracking.

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ENGINEERING COMMITTEE

CALL MEETING TO ORDER – Director Freshley

9. Consent Calendar

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

a. Consider approving the minutes of the June 22, 2020 Engineering Committee meeting. (Minutes Included)

Recommended Action: The Board will be requested to approve the subject minutes.

APPROVAL OF ITEMS REMOVED FROM TODAY'S ENGINEERING COMMITTEE CONSENT CALENDAR

The Board will discuss items removed from today's Engineering Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's Engineering Committee Consent Calendar.

ENGINEERING ACTION ITEMS

There are no action items.

ENGINEERING GENERAL INFORMATION ITEMS

10. <u>El Toro Water District Capital Project Status Report</u>
(Reference Material Included)

Staff will review and comment on the El Toro Water District Capital Project Status Report.

11. <u>Engineering Items Discussed at Various Conferences and Meetings</u>
(Oral Report)

The Committee will discuss any pertinent Engineering items discussed at Conferences.

COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS

CLOSE ENGINEERING COMMITTEE MEETING

ATTORNEY REPORT

CLOSED SESSION

At this time the Board will go into Closed Session as follows:

1. At this time, the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (4) to consult with legal counsel and staff regarding the initiation of litigation (Quiet Title Action) regarding the District's Oso Lift Station Site.

2. At this time, the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. [Class Action] *Kessner et al. v. City of Santa Clara, et al. (Santa Clara County Superior Court - Case No. 20 CV 364054*).

3. At this time the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. *The People of the State of California, acting by and through the Department of Transportation. Plaintiff, vs. Laguna Hills Investment Company, L.P., a Delaware Limited Liability Company, et al., inclusive of El Toro Water District and Does 1 through 20, inclusive. Defendants- Orange County Superior Court- Case No. 30-2020-01140132-CU-EI-CXC.*

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

ADJOURNMENT TO 7:30 a.m., Monday, August 24 , 2020.

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Polly Welsch at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Polly Welsch.

El Toro Water District

Portfolio Update

Period Ending June 30, 2020

Presented By:
Richard Babbe, CCM, Senior Managing Consultant

July 20, 2020

PFM Asset Management LLC
www.pfm.com

601 South Figueroa
Suite 4500
Los Angeles, CA
90017
Tel: (213) 489-4075

50 California Street
Suite 2300
San Francisco, CA
94111
Tel: (415) 982-5544

COVID-19 Impact Update

Health Pandemic

- Confirmed cases exceed 10 million worldwide
- U.S. is leading the world with roughly 25% of cases and deaths
- Recent surge in new U.S. case numbers threatens economic reopening

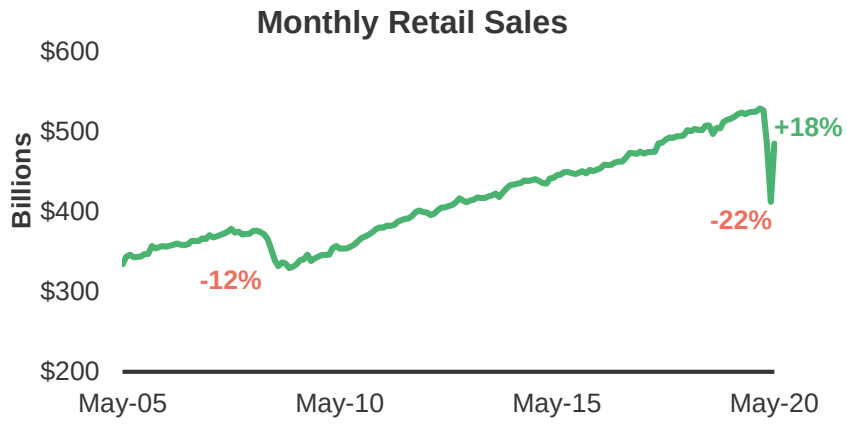
Effects on the Economy

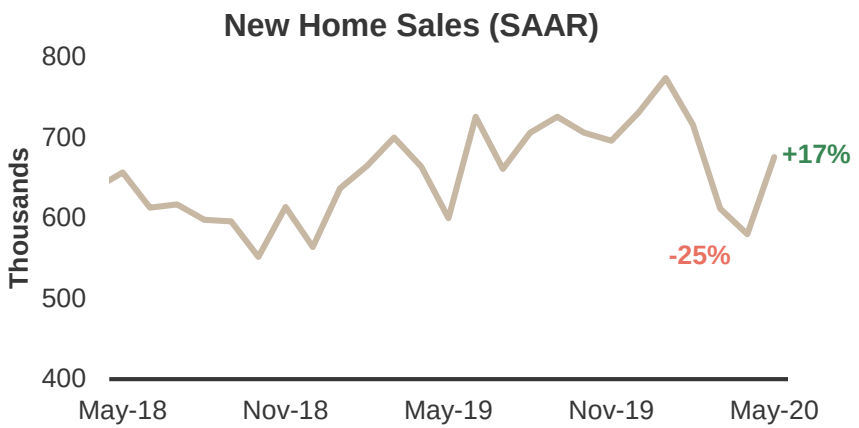
- Significant negative impact of lockdowns apparent in first and second quarter economic data
- Early signs of rebound have appeared as some states start to reopen

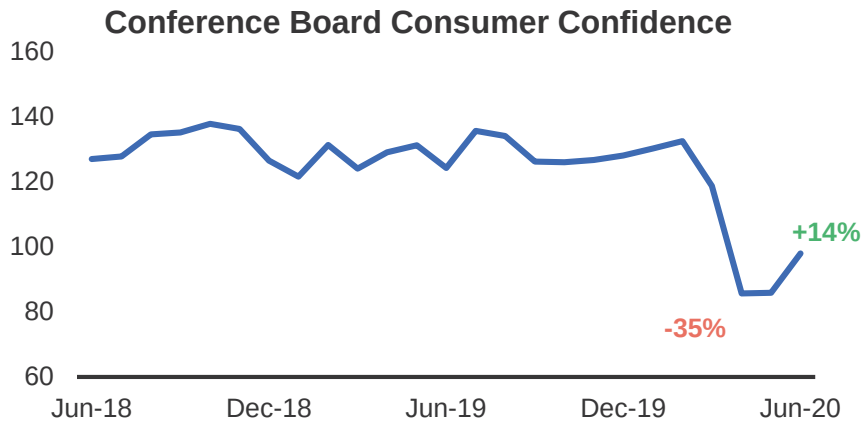
Effects on the Financial Markets

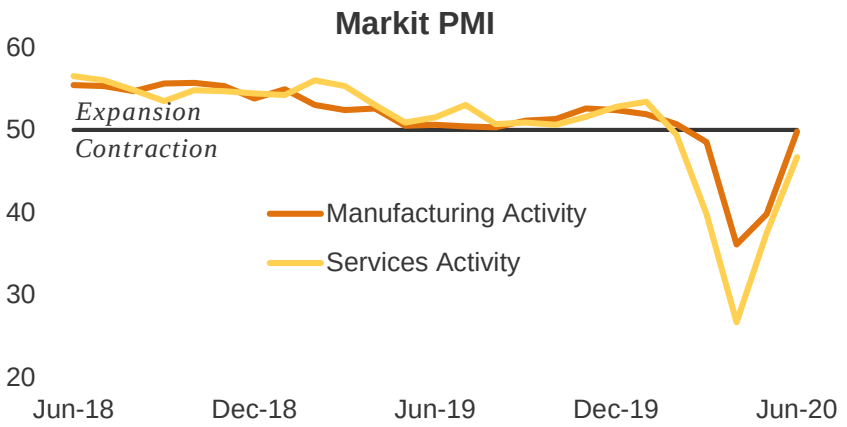
- Yields remain very low and are not expected to move meaningfully over the near term
- Fed support stabilized the bond market and returned liquidity
- Equity markets substantially recovered in second quarter

Economic Conditions Are Depressed, but Appear to Have Bottomed





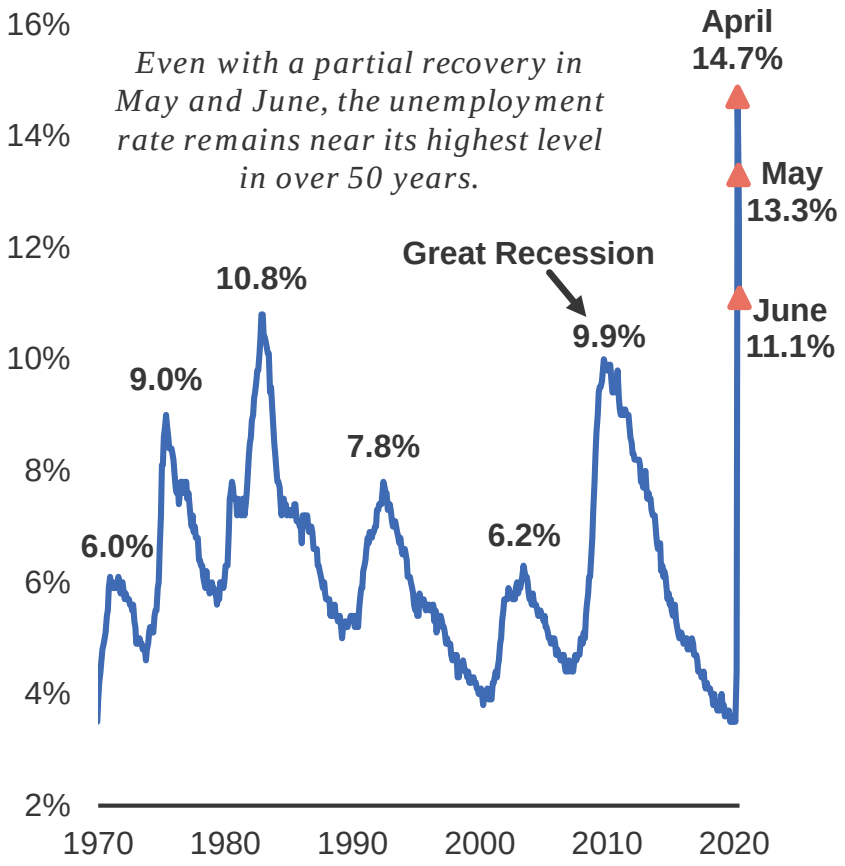




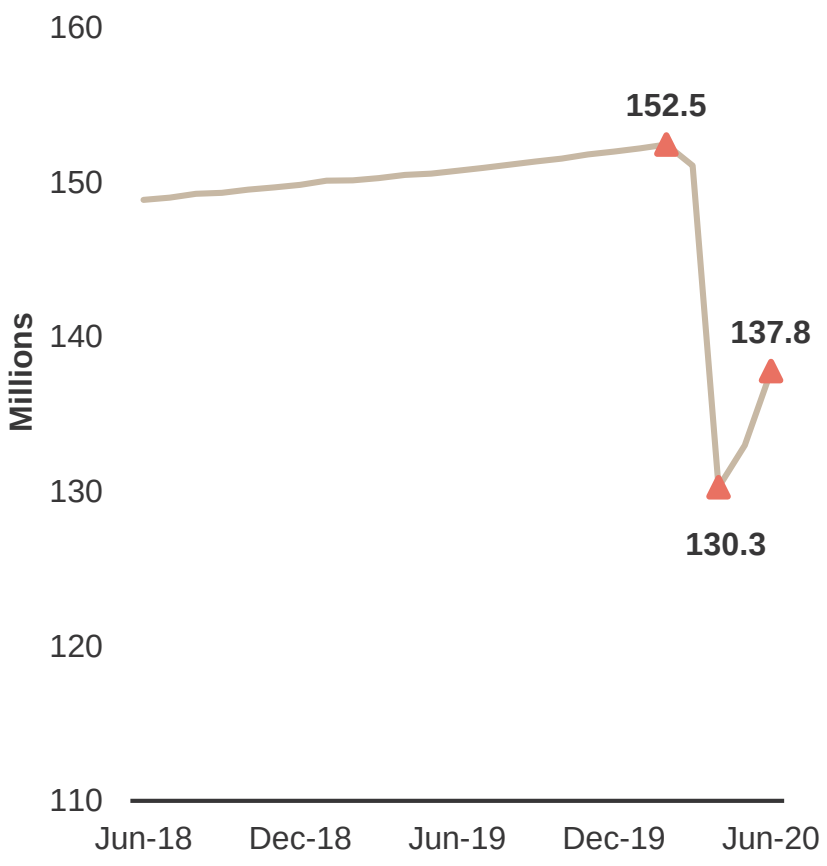
Source: Bloomberg, data available as of 6/30/2020.

Labor Market Struggling; Early Signs of Recovery Present

Unemployment Rate



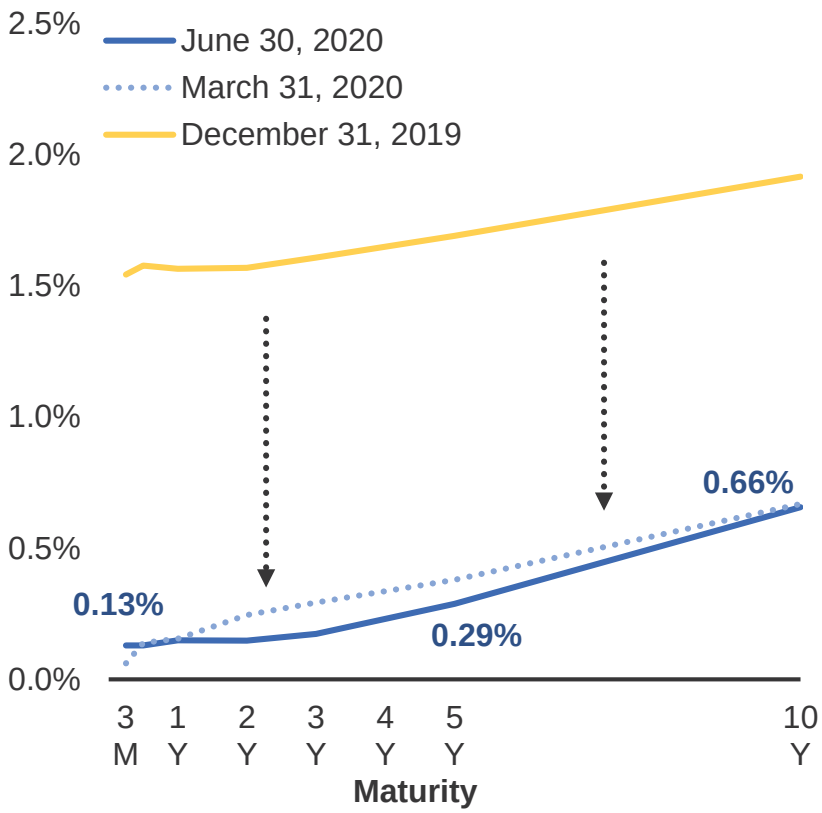
Total Nonfarm Employment



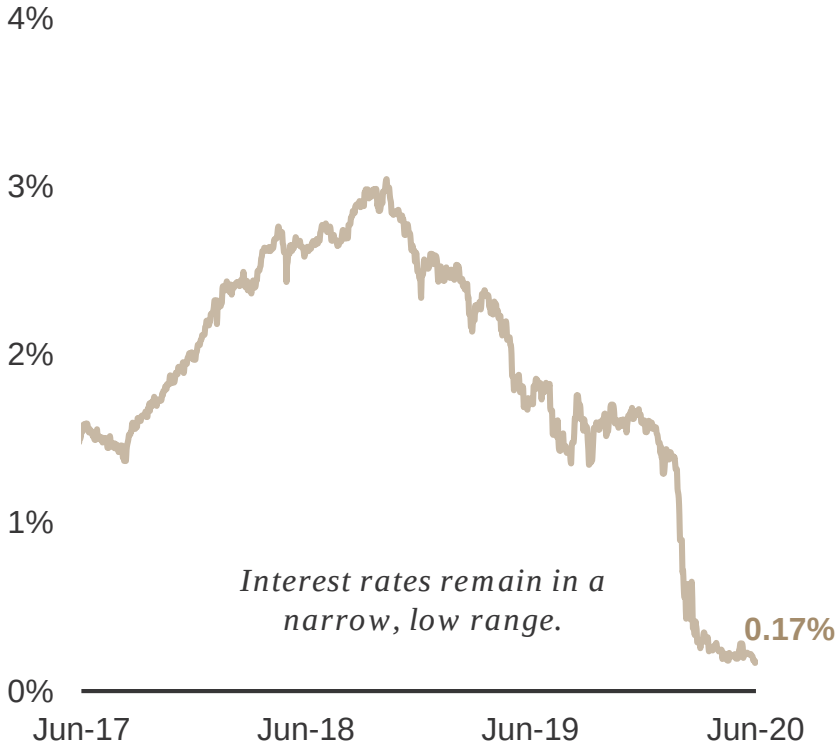
Source: Bloomberg, as of 6/30/2020. Data is seasonally adjusted.

Interest Rates Traded in a Narrow Range During the Second Quarter

U.S. Treasury Yield Curve



3-Year Treasury Yield

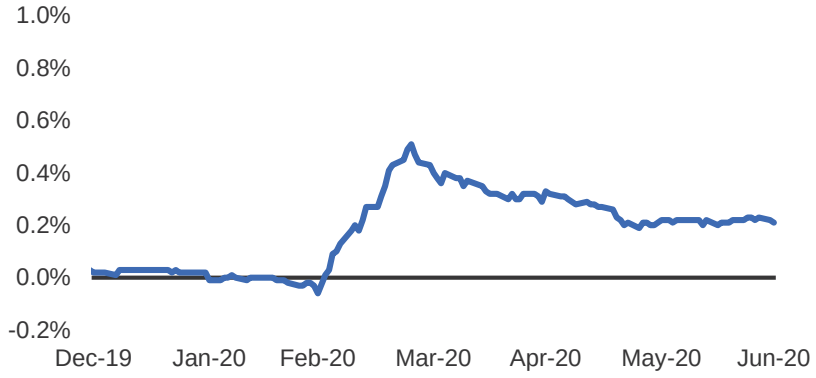


Source: Bloomberg, as of 6/30/2020.

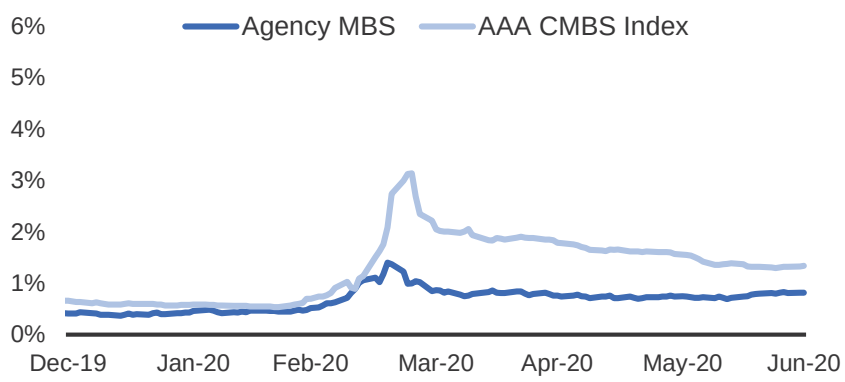
Sector Spreads Tightened Significantly, Moving Toward Pre-COVID Levels

1-5 Year Indices

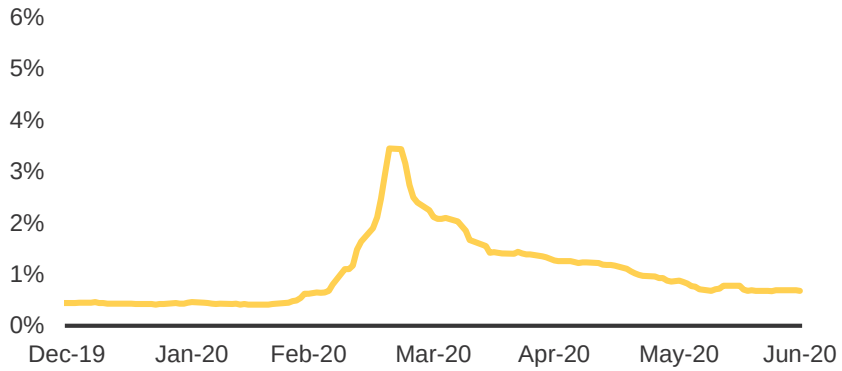
Federal Agency Yield Spreads



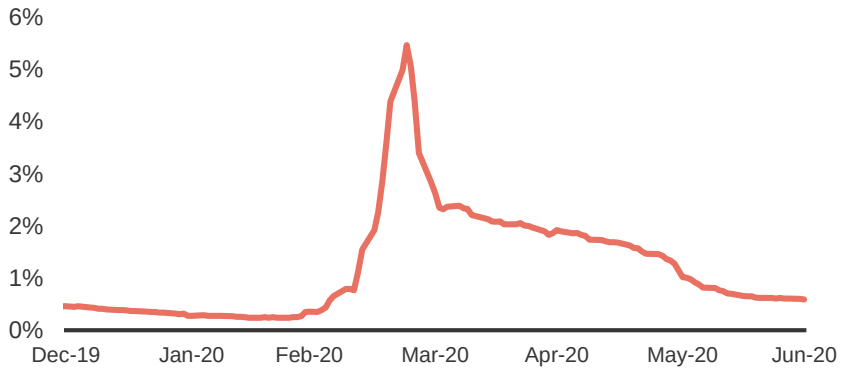
Mortgage-Backed Securities Yield Spreads



Corporate Notes A-AAA Yield Spreads



Asset-Backed Securities Yield Spreads



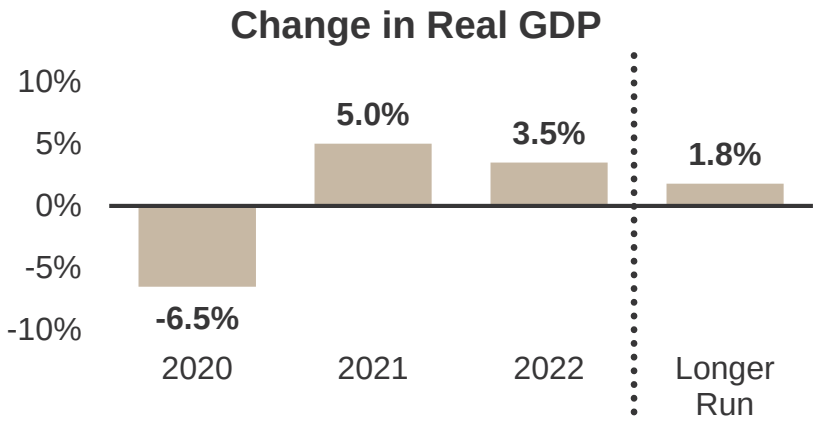
Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess, and PFM, as of 6/30/2020. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable-maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

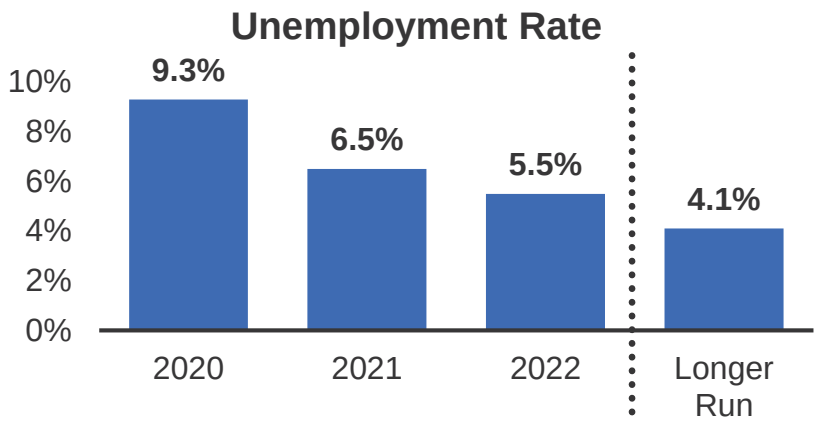
Yield Environment as of June 30, 2020

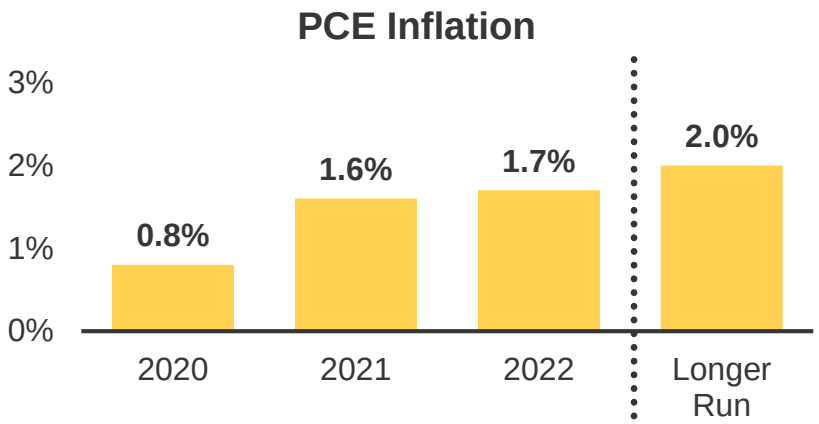
Maturity	Treasury	Federal Agency	AA Corporate	A Corporate
3-Month	0.12%	0.12%	0.13%	0.19%
6-Month	0.14%	0.13%	0.22%	0.30%
1-Year	0.15%	0.19%	0.32%	0.44%
2-Year	0.15%	0.22%	0.36%	0.50%
3-Year	0.18%	0.27%	0.46%	0.63%
5-Year	0.29%	0.46%	0.76%	0.95%

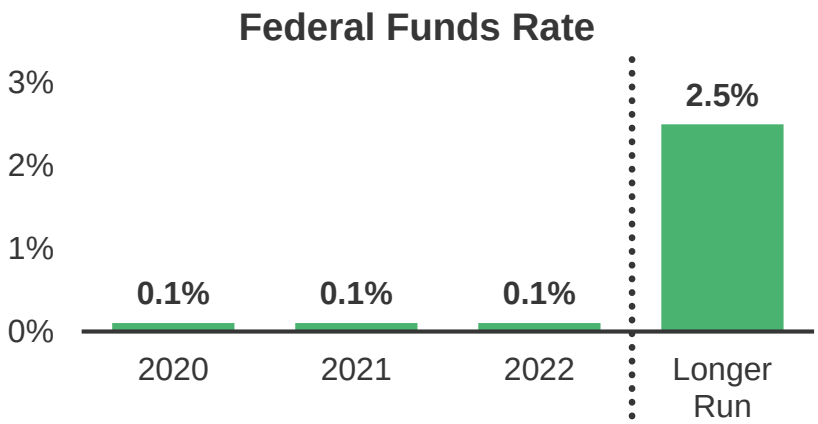
Source: Bloomberg BVAL yield curves for Treasury and Corporate. TradeWeb for Federal Agency yields. 3 and 6 month corporate yields from commercial paper; A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields may vary by issue.

Fed's June Economic Projections Indicate Long Recovery Ahead









Source: Federal Reserve, economic projections as of June 2020.

Portfolio Composition

- The portfolio is in compliance with the District's Investment Policy.

Security Type	December 31, 2019	% of Portfolio	June 30, 2020	% of Portfolio	Change vs. 12/31/19	Permitted by Policy	In Compliance
U.S. Treasury	$1,556,157	7.9%	$1,568,256	8.5%	+0.6%	100%	✓
Federal Agency	$199,961	1.0%	$0	0.0%	-1.0%	100%	✓
Agency CMOs	$42,333	0.2%	$36,020	0.2%	-	100%	✓
Municipal Bonds	$101,296	0.5%	$101,867	0.6%	+0.1%	30%	✓
Supranationals	$852,670	4.3%	$616,536	3.4%	-0.9%	30%	✓
Asset-Backed	$564,092	2.9%	$216,957	1.2%	-1.7%	20%	✓
Negotiable CDs	$678,789	3.4%	$389,008	2.1%	-1.3%	30%	✓
Corporate Notes	$1,721,197	8.7%	$834,330	4.5%	-4.2%	30%	✓
Securities Sub-Total	**$5,716,496**	**29.0%**	**$3,762,975**	**20.5%**			
Accrued Interest	$28,203		$14,785				
Securities Total	**$5,744,700**		**$3,777,760**				
CAMP Pool	$3,716,550	18.8%	$5,776,268	31.5%	+12.7%	50%	✓
LAIF	$10,298,880	52.2%	$8,804,275	48.0%	-4.2%	$30 million	✓
Total Investments	**$19,760,130**	**100.0%**	**$18,358,302**	**100.0%**			

1. Market value excluding accrued interest. Totals may not add due to rounding.

Issuer Distribution

- The portfolio is diversified across sectors and issuers.

Sector	Issuer	Percentage
Treasury	US Treasury	8.5%
Agency	FNMA	0.2%
Supra	IADB	2.0%
Supra	IFC	0.9%
Supra	IBRD	0.5%
Muni	State of California	0.6%
Corp	Toyota Motor	0.6%
Corp	United Parcel Service	0.5%
Corp	Wal-Mart	0.5%
Corp	Bank of America	0.5%
Corp	State Street	0.4%
Corp	Caterpillar	0.4%
Corp	Charles Schwab	0.3%
Corp	Paccar Financial	0.3%
Corp	American Express	0.3%
Corp	Hershey	0.2%
Corp	CitiGroup	0.2%
Corp	National Rural Utilities	0.2%
Corp	PepsiCo	0.2%
Corp	Visa Inc	0.1%

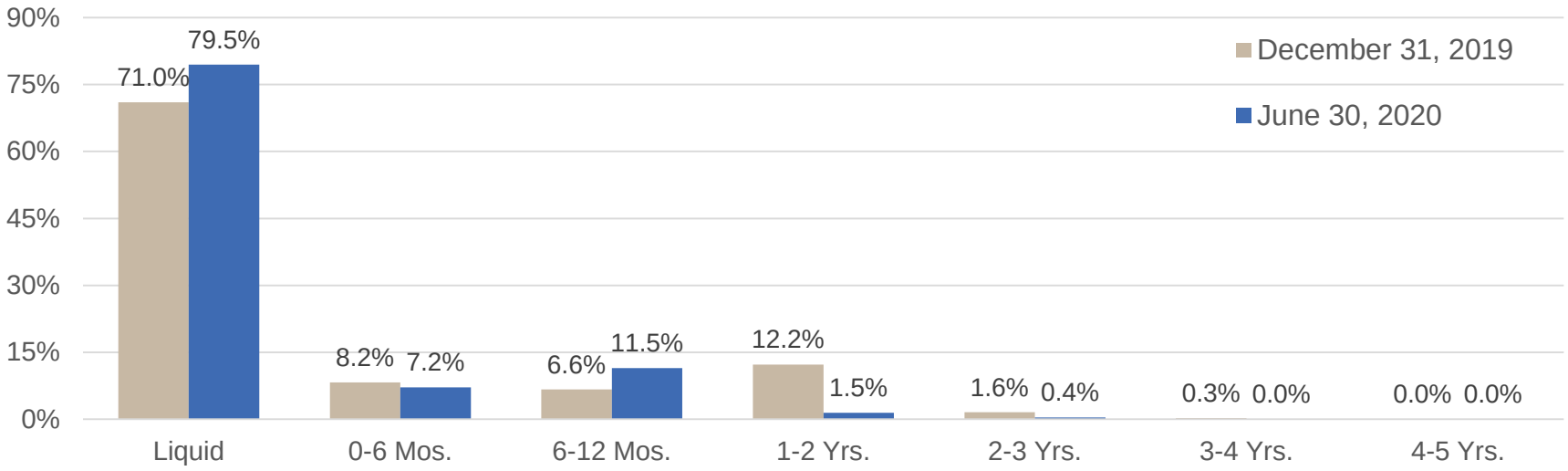
Sector	Issuer	Percentage
CD	Westpac Banking	0.8%
CD	Swedbank	0.7%
CD	RBOC	0.6%
ABS	Ford Auto Receivables	0.3%
ABS	Hyundai Auto Receivables	0.3%
ABS	Mercedes Auto Receivables	0.3%
ABS	Ally Auto Receivables	0.1%
ABS	Honda Auto Receivables	0.1%
ABS	John Deere Trust	0.1%
ABS	Nissan Auto Receivables	<0.1%
CAMP	CAMP	31.5%
LAIF	LAIF	48.0%

Totals may not add due to rounding.

Maturity Distribution

- The portfolio's average maturity continues to shorten, as we let investment maturities roll into pooled investments as directed.

Portfolio Maturity Distribution
December 31, 2019 versus June 30, 2020



	12/31/19	6/30/20
Weighted Average Duration (portfolio)	0.94 years	0.53 years
Weighted Average Duration (overall)	0.27 years	0.11 years

Portfolio Total Return Performance

- The portfolio's shorter average duration relative to the benchmark hurt the portfolio's performance relative to benchmark as interest rates fell sharply over the past twelve months.

Total Return Performance Periods Ending December , 2019 [1,2,3,4,5,6]					
Portfolio/Benchmark	**Effective Duration**	**Quarter** (Unannualized)	**1 Year**	**3 Year**	**Since Inception**
ETWD Portfolio	0.54	0.39%	2.20%	1.99%	1.69%
ETWD (net of fees) [5]		*0.37%*	*2.10%*	*1.89%*	*1.59%*
ICE BofAML 1-3Yr. Treasury Index	1.82	0.13%	4.07%	2.68%	2.14%

Notes:
1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. ICE BoAML Index and U.S. Treasury yields provided by Bloomberg Financial Markets.
3. Returns longer than one year are calculated on an annualized basis
4. Excludes money fund balance in performance, duration, and yield computations.
5. Net of fees assumes an average annualized fee of 0.10%.
6. Inception date is 9/30/16

Portfolio Earnings

- The drop in interest rates over the past twelve months have resulted in significant unrealized market value gains, which increased the portfolio's market value return, but reduced CAMP dividends.

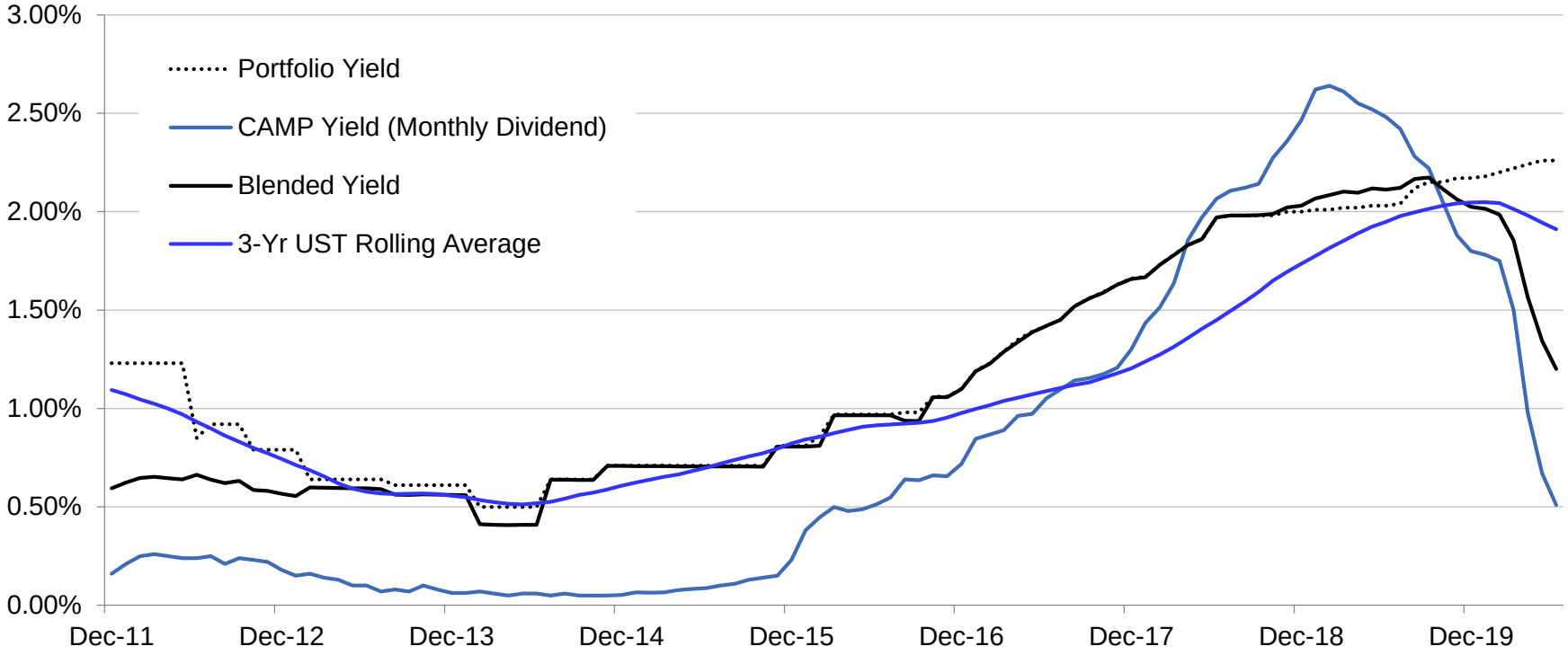
	Quarters Ending				12-Month
Market Value Earnings	**9/30/19**	**12/31/19**	**3/31/20**	**6/30/20**	**TOTALS**
Interest Earned	$48,015	$47,113	$44,294	$30,851	**$170,273**
Change in Value	$11,254	$3,142	$14,592	$6,040	**$35,028**
Portfolio Earnings	$59,269	$50,255	$58,886	$36,891	**$205,301**
CAMP Dividends	$13,347	$16,455	$17,510	$9,416	**$56,728**
Total Earnings	**$72,617**	**$66,710**	**$76,395**	**$46,308**	**$262,029**

Book Value Earnings	**3/31/19**	**6/30/19**	**3/31/20**	**6/30/20**	**TOTALS**
Interest Earned	$48,015	$47,113	$44,294	$30,851	**$170,273**
Change in Value	$1,745	$1,547	$1,668	$1,698	**$6,658**
Portfolio Earnings	$49,760	$48,660	$45,962	$32,549	**$176,931**
CAMP Dividends	$13,347	$16,455	$17,510	$9,416	**$56,728**
Total Earnings	**$63,107**	**$65,115**	**$63,472**	**$41,965**	**$233,659**

Yield Comparison

- With no new investments, the managed portfolio's yield remains relatively unchanged.
- Short-term rates have fallen sharply over the past twelve months driven by cuts in the federal funds target rate.

Portfolio Yield Comparison History
December 2011 – June 2020

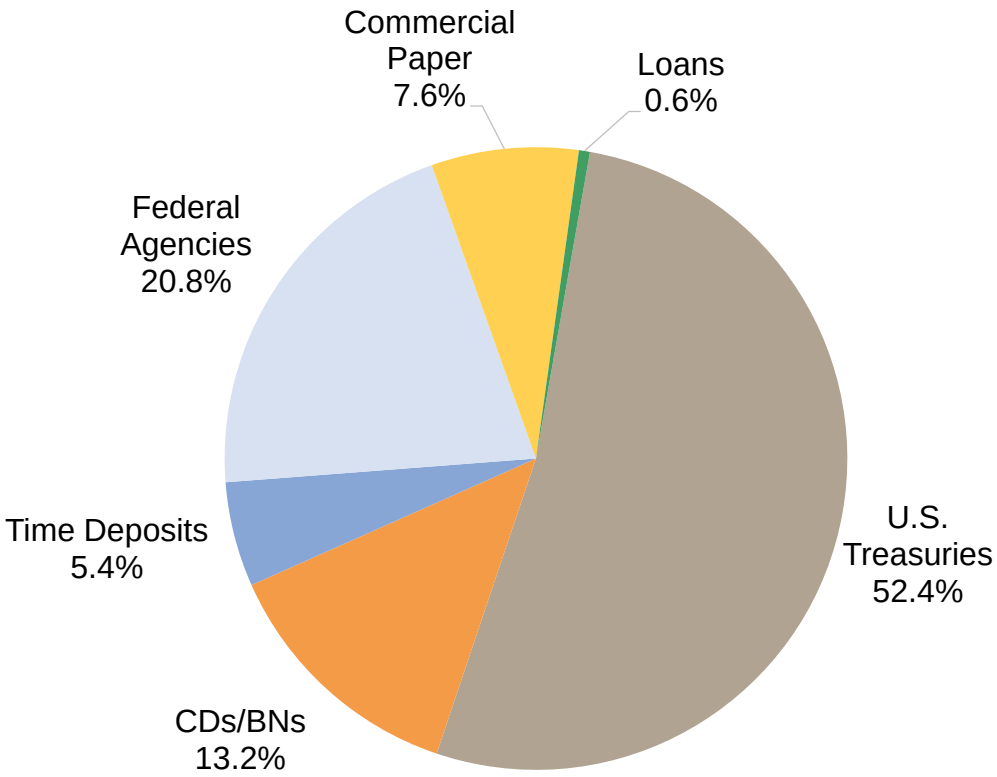


Treasury Yield Source: U.S. Department of the Treasury.

LAIF Characteristics as of June 30, 2020

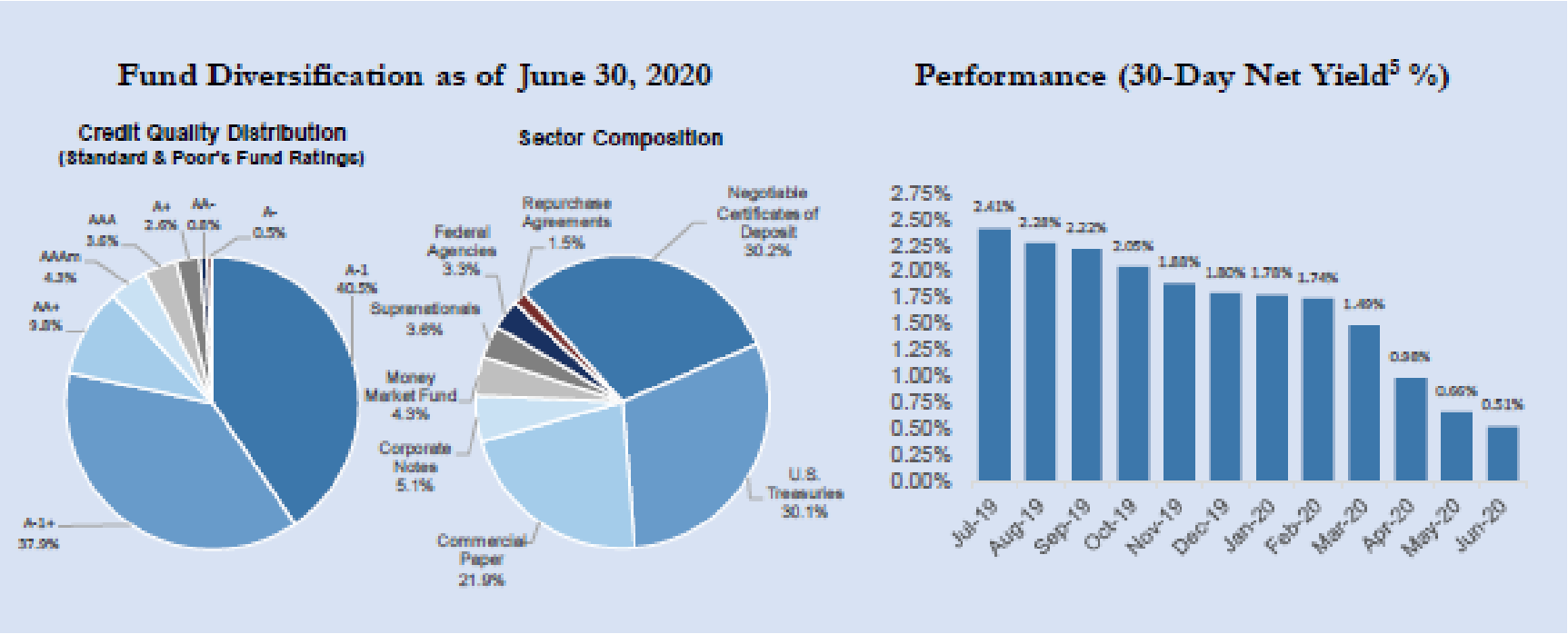
Characteristic	Value
Assets	$101.0 Billion
Average Maturity	191 days
QTD Yield	1.41%

Pooled Money Investment Account Sector Distribution



Source: http://www.treasurer.ca.gov/pmia-laif/performance/PMIA-LAIF_perform.pdf

CAMP Fact Sheet Excerpt as of June 30, 2020



Source: www.camponline.com

CAMP Fact Sheet Excerpt as of June 30, 2020 – continued

[1] 7-day net yield, also known as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally $1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.

[2] The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one share (normally $1.00 per share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

[3] Weighted Average Maturity: Calculated by the final maturity for a security held in the portfolio and the interest rate reset date. This is a way to measure a fund's sensitivity to potential interest rate changes.

[4] Standard & Poor's fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor's rating criteria, the AAAm rating signifies excellent safety of investment principal and a superior capacity to maintain a $1.00 per share net asset value. However, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology, visit Standard & Poor's website (http://www.standardandpoors.com/ratings/en_US/web/guest/home).

[5] As of the last day of the month. The 30-day yield represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally $1.00 per share) over a thirty-day base period expressed as a percentage of the value of one share at the beginning of the thirty-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 30.

Source: www.camponline.com

CAMP Monthly Dividend Yield History: Disclosures

- CAMP's Current Annualized Yield: 0.48%, as of June 30, 2020. Past performance is not indicative of future results and yields may vary. The "current annualized yield" of the Pool may, from time to time, be quoted in reports, literature and advertisements published by the Trust. Current annualized yield represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally $1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.

- The Trust also may publish a "monthly distribution yield." The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one share (normally $1.00 per share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

- *This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Information Statement, which should be read carefully before investing. A copy of the Trust's Information Statement may be obtained by calling 1-800-729-7665 or is available on the Trust's website at www.camponline.com. While the Trust seeks to maintain a stable net asset value of $1.00 per share, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by* ***PFM Fund Distributors, Inc.****., member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc.. is a wholly owned subsidiary of PFM Asset Management LLC.*

Disclosures

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MINUTES OF THE REGULAR MEETING
OF THE
FINANCE COMMITTEE MEETING

June 22, 2020

Director Vergara called to order the regular meeting of the Board of Directors at 10:05 a.m. on June 22, 2020.

Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS participated via Zoom.

Also participating via Zoom were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, GILBERT J. GRANITO, General Counsel, RICK OLSON, Operations Superintendent, BOBBY YOUNG, Principal Engineer, RORY HARNISCH, Project Engineer, CAROL MOORE, Laguna Woods City Council Member, and POLLY WELSCH, Recording Secretary.

Consent Calendar

Director Vergara stated that he had some clarification of his comments which he gave to the Board Recording Secretary.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by President Monin and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Freshley	aye
Director Havens	aye
President Monin	aye
Vice President Gaskins	aye
Director Vergara	aye

Approval of Items Removed from Today's FIC Consent Calendar

There were no items removed.

Finance Action Items

ETWD 2020/21 Operating Budget

Mr. Cafferty stated that the budget in the package is the same one presented at the Board Budget Workshop. He further stated that staff uses the CPI number published in January by the Bureau of Labor Statistics that represents an average of the previous year. Mr. Cafferty indicated this procedure has been consistently followed for several years.

Mr. Cafferty stated that the January average was 3.2%. He further stated that staff reduced the budget in a number of places, including cutting this number to 2.2%.

Director Vergara expressed appreciation for the effort to reduce the budget.

President Monin stated that we don't have any control over the CPI and believes it is important to remain consistent in the approach to CPI.

Vice President Gaskins stated that the procedure that the District has been following is using the January to January CPI which is 3.2% this year and he supports the District going to a 2.2% CPI which helps manage the budget. He further stated that Mr. Cafferty is working to incorporate this procedure into the Employee Handbook so employees understand how the process works. Mr. Cafferty confirmed staff is working on the policy and will bring it to the Board for approval at a future date.

Mr. Cafferty stated that the approval of the budget does not approve any rate increase. Mr. Cafferty further stated that the implementation of a rate increase consists of three components for the Board to approve: 1) approval of a Prop 218 Notice, 2)

approval of a Cost of Service Study, and 3) authorization to schedule a Public Hearing. He further stated that Raftelis is working on the Cost of Service Study.

Mr. Cafferty stated that there was not sufficient time to complete the Cost of Service Study in time for a September 1st rate increase so staff is proposing to defer a rate increase to October 1st. He further stated that staff will bring the action items to the Board in July.

Director Vergara asked for a Motion.

Motion: Vice President Gaskins made a Motion, seconded by Director Freshley and unanimously carried across the Board to approve the District's 2020/21 Operating Budget.

Roll Call Vote:

President Monin	aye
Vice President Gaskins	aye
Director Vergara	aye
Director Freshley	aye
Director Havens	aye

Financial Package – Authorization to Approve Bills for Consideration dated June 22, 2020 and Receive and File Statements as of May 31, 2020

Mr. Cafferty stated that we continue to track Aged Receivables and don't see a trend to be concerned with regarding Revenue at this time. He further stated that there is no pattern of non-payments emerging but staff will continue to monitor it.

Mr. Cafferty stated that page 11, Income Statement, we provided a comparison to actual that shows the July 2018 to May 2019 to compare current year July to May to the previous actual from the last fiscal year.

Director Vergara asked for a Motion.

Motion: President Monin made a Motion, seconded by Director Havens and unanimously carried across the Board to 1) approve, ratify and confirm payment of those bills as set forth in the schedule of bills for consideration dated June 22, 2020, and 2) receive and file the Financial Statements for the period ending May 31, 2020.

Roll Call Vote:

President Monin	aye
Vice President Gaskins	aye
Director Vergara	aye
Director Freshley	aye
Director Havens	aye

Olin Chemical

Mr. Cafferty stated that this contract is the sodium hypochlorite that we use both for the recycled water system at the Plant, and the Reservoir management system at the R-1 and R-2 Reservoirs. He further stated that this is a contract that we participate with SOCWA.

President Monin asked if we have any co-op agreements with other agencies where we can purchase products. Mr. Cafferty replied that this is exactly that which we share through SOCWA with some neighboring agencies.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Vice President Gaskins, and unanimously carried across the Board to approve the purchase order contract for Olin Chemical in the amount not to exceed $94,000 for the purchase of 12.5% concentration Sodium Hypochlorite.

Roll Call Vote:

President Monin	aye
Vice President Gaskins	aye
Director Vergara	aye
Director Freshley	aye
Director Havens	aye

Neives Landscape

Mr. Cafferty stated that we bid this project 2 years ago, and will most likely bid it again going into the next fiscal year. He further stated that the cost remains the same as the past fiscal year.

Mr. Cafferty stated that this contract covers the Main Office, the Plant, and all of the District's other sites.

Director Havens asked if we have been satisfied with this contractor. Mr. Cafferty replied that there were some issues and we are working to improve those areas.

Director Vergara asked for a Motion.

Motion: Director Havens made a Motion, seconded by Director Freshley, and unanimously carried across the Board to approve the purchase order contract with Neives Landscape in the amount not to exceed $137,648.

Roll Call Vote:

President Monin	aye
Vice President Gaskins	aye
Director Vergara	aye
Director Freshley	aye
Director Havens	aye

CAMP Reserves Investment Direction

Mr. Cafferty stated that the Board was to provide direction to the CAMP representative. He further stated that after reviewing the previous direction that the Board provided to PFM, it was decided for all concerned that this be an action item so the direction comes clearly from the Board.

Mr. Cafferty stated that the consensus from the Board's previous direction was that which is in the Recommended Action for this item.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Vice President Gaskins, and unanimously carried across the Board to confirm the direction to PFM use their best judgement in the investment of District reserve funds in a portfolio that may include longer duration investments with the District's previous benchmark, the ICE BoAML 1-3 year Treasury Index, while staying within the District's liquidity needs.

Roll Call Vote:

President Monin	aye
Vice President Gaskins	aye
Director Vergara	aye
Director Freshley	aye
Director Havens	aye

FINANCIAL INFORMATION ITEMS

JPIA Overview

Mr. Cafferty stated that the Board had previously asked for some description of the JPIA insurance program and how the District participates.

Ms. Shahbakhti stated that JPIA was established in 1979 and is a risk-sharing program created by water agencies for water agencies and consists of 360 members with 50 employees. She further stated that they cover property and liability.

Ms. Shahbakhti stated that the insurance also covers Cyber liability, Crime program, Underground storage tank pollution liability, and dam failure liability. She further stated that they also offer Workers compensation, employee benefits, risk management services, and human resources support.

Ms. Shahbakhti stated that JPIA also includes Employee benefit services, training resources and claims services. She further stated that the Annual liability and Property premium for the District is $418,371.

2020/21 Fiscal Year Budget/Cost of Service Evaluation/Preparation and Tentative Schedule Status Report

Mr. Cafferty stated that included in the package is the updated Budget schedule leading up to an October rate increase.

Tiered Water Usage and Revenue Tracking

Mr. Cafferty stated that we added total consumption to the water use.

Comments Regarding Non-Agenda FIC Items

There were no comments.

Adjournment

There being no further business to come before the Board, the Finance Committee meeting was adjourned at approximately 10:40 a.m.

Respectfully submitted,

_____

POLLY WELSCH
Recording Secretary

APPROVED:

_____

MARK L. MONIN, President
of the El Toro Water District and the
Board of Directors thereof

_____

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof

STAFF REPORT

TO: BOARD OF DIRECTORS **MEETING DATE: July 20, 2020**

FROM: Dennis Cafferty, General Manager

SUBJECT: El Toro Water District Draft 2020-21 Water, Recycled Water and Wastewater Rate Update Study

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At the Board Budget Workshop, conducted in June 2020, the Board directed staff to prepare for a fiscal year 2021 rate increase with a September 1 implementation date. After evaluating the schedule staff informed the Board, at the June Finance Committee meeting, that there was not sufficient time to accomplish the necessary steps for the September 1 implementation date. Staff further indicated that the appropriate material would be available for consideration by the Board at the July Finance Committee meeting thereby facilitating an October 1 implementation date for a potential rate increase. The following are the steps required for the implementation of an increase to the District's rates and charges.

- The Board approves the 2020-21 Water, Recycled Water, and Wastewater Rate Update Study. The attached "cost of service" Study, prepared by Raftelis Financial Consultants, provides a detailed financial model which documents the justification for the proposed rates. Upon approval, the Study will be made available to the public and posted on the District website.

- The Board approves the 2020-21 Proposition 218 Notice and authorizes staff to distribute the Notice to the property owners in the District's service area. The attached 218 Notice provides notice of the proposed rate increase and the date and time of a public hearing. In order to comply with the 45-day public noticing requirements necessary to consider a rate increase at a September Public Hearing, the Proposition 218 Notices need to be mailed by August 3.

- The Board authorizes staff to schedule a Public Hearing. The Public Hearing is proposed for September 24, 2020.

- The Board conducts a public hearing regarding the proposed rate increase.

- The Board approves the rate increase.

The proposed action at the July Finance Committee Meeting does not constitute approval of a rate increase. The recommended action authorizes staff only to distribute the 218 Notice and to provide the noticing and schedule the public hearing. The actual approval of a rate increase will be considered at the September Board meeting.

RECOMMENDATION

Recommended Action: Staff recommends that the Board of Directors 1) approve the 2020/21 Water, Recycled Water, and Wastewater Rate Update Study; 2) approve the 2020/21 Proposition 218 Notice and authorize distribution of same in accordance with applicable requirements; and 3) authorize noticing of a Rate Public Hearing to be scheduled for September 24, 2020.

2020-21 Water, Recycled Water, and Wastewater Rate Update Study

EL TORO WATER DISTRICT

2020-21 Water, Recycled Water, and Wastewater Rate Update Study

Final Report / July 14, 2020

EL TORO WATER DISTRICT
Serving the Public
Respecting the Environment

RAFTELIS

RAFTELIS

July 14, 2020

Dennis P. Cafferty, P.E.
General Manager
El Toro Water District
24251 Los Alisos Blvd.
Lake Forest, CA 92630

Subject: 2020-21 Water, Recycled Water and Wastewater Rate Update Study Report

Dear Mr. Cafferty:

As part of the annual cost of service and rate update process, El Toro Water District (ETWD or District) engaged Raftelis Consultants, Inc. (Raftelis) to conduct a cost of service study for the development of its water, wastewater, and recycled water rates that comply with Proposition 218 and other legal requirements. As part of the Study, we reviewed the latest operating budget, including purchased water costs, referenced previously conducted cost of service analyses, and calculated the water, wastewater and recycled water rates for the District in fiscal year (FY) 2020-21. The updated rates, scheduled to be effective on July 1, 2020, reflect projected changes in net revenue requirements for each enterprise and projected water sales for FY 2020-21.

This Water, Recycled Water and Wastewater Rate Update Study Report summarizes the key findings and recommendations related to the development of the respective rates.

It has been a pleasure working with the District. We would like to thank you for your assistance during the Study. If we can be of further assistance, please call me at 626-233-6762.

Sincerely,

Khanh Phan
Project Manager

445 S Figueroa Street, Suite 1925
Los Angeles, CA 90071
www.raftelis.com

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1. Executive Summary

1.1. Background of the Study

The District engaged Raftelis Consultants, Inc. (Raftelis) to conduct the Water, Recycled Water (RW) and Wastewater Rate Update Study (Study) to develop rates for all three enterprises that are equitable and in compliance with Proposition 218. This 2020-21 *Water, Recycled Water and Wastewater Rate Update Study Report* (Report) summarizes the key findings and recommendations related to the development of the respective rates.

The District's current water and wastewater rate structure consists of the following components to ensure that rates are charged equitably to all customers, provide adequate revenues to fund operating and capital costs, and are simple to administer and implement while continuing to promote water efficiency and conservation.

Water

- Monthly Service Charges by meter size to recover a portion of operating costs
- Variable Rates: Tiered Residential Rates, and Uniform Commercial Rates, comprised of the following rate components:
  - Water Supply Rate to pay for purchased water supply costs
  - Delivery Rate to recover the remaining operating costs
  - Revenue Offset to provide a rate incentive and affordability for essential water use in Tier 1
  - Conservation and Recycled Water Program costs applied to inefficient and excessive water use to fund the District's conservation and supplemental water supply (i.e., Recycled Water expansion) programs
- Capital Replacement and Refurbishment (R&R) Charges by meter size to pay for capital replacement and refurbishment of the existing water system

Wastewater (WW)

- O&M Charges (by dwelling units for residential customers and by usage for non-residential customers) by customer classes
- Capital R&R Charges by meter size to pay for capital R&R of the existing wastewater system

1.2. Proposed Water Rates

1.2.1. MONTHLY SERVICE CHARGES

Table 1-1 shows the proposed monthly service charges for FY 2021, effective July 1, 2020.

Table 1-1: FY 2021 Proposed Monthly Service Charges

Meter Size	Proposed FY 2021 A	Current FY 2020 B	$ Change C = A – B	% Change D = C/B	Water Accounts E
5/8"	$15.17	$14.14	$1.03	7.3%	2,382
¾"	$20.33	$18.99	$1.34	7.1%	4,860
1"	$30.66	$28.70	$1.96	6.8%	450
1 ½"	$56.48	$52.98	$3.50	6.6%	705
2"	$108.11	$101.52	$6.59	6.5%	1,137

1.2.2. CAPITAL R&R CHARGES

The District will maintain the current Capital R&R Charges.

Table 1-2: FY 2021 Proposed Capital R&R Charges

Meter Size	Current FY 2020	Proposed FY 2021	Water Accounts	RW Accts	Water + RW Accounts
5/8"	$4.66	**$4.66**	2,382	0	2,382
¾"	$4.66	**$4.66**	4,860	0	4,860
1"	$7.78	**$7.78**	450	0	450
1 ½"	$18.91	**$18.91**	705	28	733
2"	$47.47	**$47.47**	1,137	247	1,384

1.2.3. COMMODITY RATES

The proposed water commodity rates for FY 2021, effective July 1, 2020, reflect the projected increases in purchased water supply costs from Municipal Water District of Orange County (MWDOC).

Table 1-3: FY 2021 Proposed Water Commodity Rates

Tier	FY 2020 Current	FY 2021 Proposed	$ Change	% Change	Projected Water Sales
Tier 1 - Essential Use	$2.58	$2.65	$0.07	2.7%	1,459,129 ccf
Tier 2 - Efficient Use	$2.97	$3.04	$0.07	2.4%	913,013 ccf
Tier 3 - Inefficient Use	$6.14	$6.21	$0.07	1.1%	90,201 ccf
Tier 4 - Excessive Use	$7.88	$7.95	$0.07	0.9%	72,696 ccf
Uniform - Commercial Use	$2.95	$3.02	$0.07	2.4%	383,481 ccf

1.3. Proposed Wastewater Rates

1.3.1. SERVICE CHARGES

Based on careful review of financial requirements of Wastewater Enterprise performed by the District and the current economic situation during the global pandemic, the District decided to keep the wastewater rates unchanged as shown in Table 1-4 and Table 1-5.

Table 1-4: FY 2021 Proposed Wastewater Service Charges

Customer Class	FY 2020 Current	FY 2021 Proposed	$ Increase	% Increase
Residential Unrestricted	$24.30 / EDU	$24.30 / EDU	$0.00	0.0%
Multi-Family Restricted	$19.28 / EDU	$19.28 / EDU	$0.00	0.0%
Multi-Family Unrestricted	$22.92 / EDU	$22.92 / EDU	$0.00	0.0%
Animal Kennel/Hospital	$3.99 / ccf	$3.99 / ccf	$0.00	0.0%
Car Wash	$3.97 / ccf	$3.97 / ccf	$0.00	0.0%
Department/Retail Store	$3.99 / ccf	$3.99 / ccf	$0.00	0.0%
Dry Cleaners	$3.50 / ccf	$3.50 / ccf	$0.00	0.0%
Golf Course/Camp/Park	$3.49 / ccf	$3.49 / ccf	$0.00	0.0%
Health Spa	$3.98 / ccf	$3.98 / ccf	$0.00	0.0%
Hospital/Convalescent Home	$3.50 / ccf	$3.50 / ccf	$0.00	0.0%
Hotel	$6.04 / ccf	$6.04 / ccf	$0.00	0.0%
Market	$7.92 / ccf	$7.92 / ccf	$0.00	0.0%
Mortuary	$7.89 / ccf	$7.89 / ccf	$0.00	0.0%
Nursery/Greenhouse	$3.54 / ccf	$3.54 / ccf	$0.00	0.0%
Professional/Financial Office	$3.99 / ccf	$3.99 / ccf	$0.00	0.0%
Public Institution	$3.93 / ccf	$3.93 / ccf	$0.00	0.0%
Repair/Service Station	$3.98 / ccf	$3.98 / ccf	$0.00	0.0%
Restaurant	$3.77 / ccf	$3.77 / ccf	$0.00	0.0%
Schools	$4.13 / ccf	$4.13 / ccf	$0.00	0.0%
Theater	$3.99 / ccf	$3.99 / ccf	$0.00	0.0%
Warehouse/Storage	$3.16 / ccf	$3.16 / ccf	$0.00	0.0%
Basic Commercial	$3.50 / ccf	$3.50 / ccf	$0.00	0.0%

1.3.2. CAPITAL R&R CHARGES

The Wastewater Enterprise will also maintain its Capital R&R Charges with no proposed increase.

Table 1-5: FY 2021 Proposed Wastewater Capital R&R Charges

Customer Classes	Current FY 2020 Capital R&R Charges	Proposed FY 2021 Capital R&R Charges	$ Increase	% Increase
Residential				
Residential Unrestricted	$4.93 / EDU	$4.93 / EDU	$0.00	0.0%
Multi-Family Restricted	$3.91 / EDU	$3.91 / EDU	$0.00	0.0%
Multi-Family Unrestricted	$4.65 / EDU	$4.65 / EDU	$0.00	0.0%
Non-Residential				
5/8"	$4.34 / month	$4.34 / month	$0.00	0.0%
3/4"	$7.34 / month	$7.34 / month	$0.00	0.0%
1"	$13.55 / month	$13.55 / month	$0.00	0.0%
1 1/2"	$24.07 / month	$24.07 / month	$0.00	0.0%
2"	$70.96 / month	$70.96 / month	$0.00	0.0%
Public Authority				
1"	$4.93 / month	$4.93 / month	$0.00	0.0%
1 1/2"	$24.65 / month	$24.65 / month	$0.00	0.0%
2"	$39.71 / month	$39.71 / month	$0.00	0.0%

1.4. Proposed Recycled Water Rates

With the completion of the Recycled Water Expansion Project, all RW customers (existing and converted customers) are now supplied with higher quality tertiary RW and are subject to the corresponding rates that support the annual cost of providing tertiary RW. The proposed RW rate for FY 2021 is **$2.74/ccf**, which is approximately 90 percent of the Tier 2 potable water rate. All RW customers connected to the new recycled water distribution system will be assessed Monthly Service Charges (Table 1-6) and Capital R&R Charges (Table 1-7), the same as potable meters to recover the customer service, meter service, a portion of capacity and other RW related fixed costs and to pay for capital R&R of the expanded RW system.

Table 1-6: FY 2021 Proposed Monthly Service Charges

Meter Size	FY 2020 Current A	FY 2021 Proposed B	# of RW Accounts C
5/8-in	$14.14	$15.17	0
3/4-in	$18.99	$20.33	0
1-in	$28.70	$30.66	0
1 1/2-in	$52.98	$56.48	28
2-in	$101.52	$108.11	247

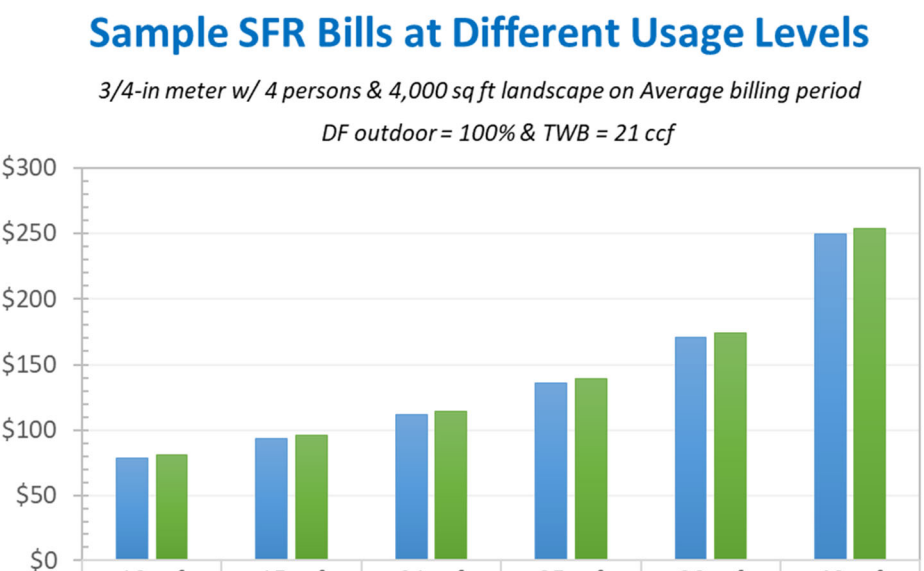
Table 1-7: FY 2021 Proposed Capital R&R Charges

Meter Size	FY 2020 Rates	FY 2021 Rates	$ Increase	% Increase
5/8-in	$4.66	$4.66	$0.00	0%
3/4-in	$4.66	$4.66	$0.00	0%
1-in	$7.78	$7.78	$0.00	0%
1 1/2-in	$18.91	$18.91	$0.00	0%
2-in	$47.47	$47.47	$0.00	0%

1.5. Customer Impact Analysis

Figure 1-1 shows a breakdown of water and wastewater bills at various water usage levels for a single-family residential user with 4 occupants and 4,000 sq. ft. landscape area serviced by a ¾-in meter. The combined water and wastewater bill increase would be ranging from $2.04 to $4.14 per month depending on the monthly billed water usage. The bill impacts result from increases in water monthly fixed service charges and water supply costs. Note that the impacts for recycled water are not shown because residential users do not purchase recycled water.

Figure 1-1: SFR Total Monthly Bill at Different Usage Levels



	10 ccf	15 ccf	21 ccf	25 ccf	30 ccf	40 ccf
Current Water + WW Bills	$79.07	$93.92	$111.74	$136.30	$170.48	$249.28
Proposed Water + WW Bills	$81.11	$96.31	$114.55	$139.39	$173.92	$253.42
Combined Bill Impacts	$2.04	$2.39	$2.81	$3.09	$3.44	$4.14
% Bill Impacts	2.6%	2.5%	2.5%	2.3%	2.0%	1.7%

2. Introduction

2.1. District Background

The El Toro Water District (District), located within the southern portion of Orange County, was formed in 1960 under provisions of California Water District Law, Division 13 of the Water Code of the State of California, commencing with Section 34,000, for the purposes of providing water and wastewater services to the service area. The District is governed by a publicly elected Board of Directors. The District is nearly built out and encompasses the entirety of the City of Laguna Woods and portions of four other cities: Lake Forest, Aliso Viejo, Laguna Hills, and Mission Viejo.

The District provides water, wastewater, and recycled water services to a population of approximately 48,500 in a service area of approximately 8.5 square miles. Constructed in phases since 1960, the District's water system is relatively modern. It contains 6 reservoirs with a combined capacity of 287 million gallons, in which the District owns 136 million gallons, over 170 miles of water lines, and 8 booster pump stations with 12 pressure zones to deliver water to approximately 10,000 metered water accounts. The District also participated in a five-agency collaboration to fund and construct a local water treatment plant (Baker Water Treatment Plant) located in the City of Lake Forest to improve water treatment and water supply reliability for ETWD's customers and South Orange County. The Baker Water Treatment Plant (Baker WTP) allows the participating agencies to purchase untreated water from MWDOC at a lower cost than the treated water, reducing the financial burden on the District's customers.
The District's wastewater system is comprised of 142 miles of collection system pipeline, 3,400 manholes, and 11 pump stations which pump to the District's treatment plant with a rated capacity of 6 million gallons per day. Much of the District's effluent is reused through RW sales. The District completed its Water Recycling Plant (WRP) upgrades to produce higher quality tertiary RW in FY 2015. To make RW available to more customers, the District increased its RW distribution by adding 19 miles of RW distribution pipeline. In FY 2019, the District completed further expansion of the RW Distribution System that increased the total amount of RW distribution pipelines to nearly 25 miles. In FY 2021, the District budget was based on 275 recycled water accounts and an increase in RW usage from 1,256 AF in FY 2020 to 1,400 AF.

2.2. Study Background and Objectives

As part the annual cost of service and rate update process, the District engaged Raftelis to conduct the Water, Recycled Water (RW) and Wastewater Rate Study (Study) to develop rates for all three enterprises that are equitable and in compliance with Proposition 218.

The major objectives of the Study include the following:

- Determine the revenue requirements from water, wastewater, and recycled water rates for FY 2021
- Update the water rates to meet the District's goals and objectives, including defensibility, affordability for essential use and promoting efficiency and conservation
- Update the recycled water rates
- Update the wastewater rates
- Conduct customer impact analyses for the proposed water and wastewater rates.

This *Water, Recycled Water and Wastewater Rate Update Study Report* (Report) summarizes the key findings and recommendations related to the development of the respective rates.

2.3. Legal Framework and Rate Setting Methodology

This section of the report describes the legal framework that was considered in the development of the rates to ensure that the calculated cost of service rates provided a fair and equitable allocation of costs to the different customer classes.

2.3.1. CONSTITUTIONAL MANDATES AND STATUTORY AUTHORITY

Article XIII D, Section 6 (Proposition 218) and Article X, Section 2 of the California Constitution govern the principles applicable to this Rate Study. This Rate Study equitably implements and harmonizes these constitutional mandates in concert with the authority and principles set forth in Water Code Section 370 et seq. which governs Allocation-Based Conservation Water Pricing (commonly referred to as "Water Budget Rate Structure").
This Rate Study provides for a water budget four tier Rate Structure designed to implement, in a reasonable manner, the constitutional mandates and statutory authority and principles referenced above.

2.3.2. CALIFORNIA CONSTITUTION – ARTICLE X, SECTION 2

Article X, Section 2 of the California Constitution (established in 1976) provides as follows:

> *It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.*

As such, public agencies are constitutionally mandated to maximize the beneficial use of water, prevent waste, and encourage conservation which this Rate Study achieves.

2.3.3. CALIFORNIA CONSTITUTION – ARTICLE XIII D, SECTION 6 (PROPOSITION 218)

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

1. Water and wastewater rates shall not exceed the funds required to provide the service.
2. Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.

The rates developed in this Rate Study use a methodology to establish an equitable system of fixed and variable charges that recover the cost of providing service and fairly apportion costs to each customer as required by Proposition 218.

2.3.4. STATUTORY AUTHORITY – GOVERNMENT CODE SECTION 370 ET SEQ. (ALLOCATION-BASED CONSERVATION WATER PRICING)

In 2000, the California Legislature (AB 2882), consistent with the above-referenced constitutional provisions, adopted a body of law entitled "Allocation-Based Conservation Water Pricing" (Water Code Section 370 et seq.)

Water Code Section 370 provides in part as follows:

> *The Legislature hereby finds and declares all of the following:*

(a) The use of allocation-based conservation water pricing by public entities that sell and distribute water is one effective means by which waste or unreasonable use of water can be prevented and water can be saved in the interest of the people and for the public welfare, within the contemplation of Section 2 of Article X of the California Constitution.

(b) It is in the best interest of the people of California to encourage public entities to voluntarily use allocation-based conservation water pricing, tailored to local needs and conditions, as a means of increasing efficient uses of water, and further discouraging wasteful or unreasonable use of water under both normal and dry-year hydrologic conditions.

Water Code Section 372 provides as follows:

(a) A public entity may employ allocation-based conservation water pricing that meets all of the following criteria.

(1) Billing is based on metered water use.

(2) A basic use allocation is established for each customer account that provides a reasonable amount of water for the customer's needs and property characteristics. Factors used to determine the basic use allocation may include, but are not limited to the number of occupants, the type or classification of use, the size of lot or irrigated area, and the local climate data for the billing period. Nothing in this chapter prohibits a customer of the public entity from challenging whether the basic use allocation established for that customer's account is reasonable under the circumstances. Nothing in this chapter is intended to permit public entities to limit the use of property through the establishment of a basic use allocation.

(3) A basic charge is imposed for all water used within the customer's basic use allocation, except that at the option of the public entity, a lower rate may be applied to any portion of the basic use allocation that the public entity has determined to represent superior or more than reasonable conservation efforts.

(4) A conservation charge shall be imposed on all increments of water use in excess of the basic use allocation. The increments may be fixed or may be determined on a percentage or any other basis, without limitation on the number of increments, or any requirement that the increments or conservation charges be sized, or ascend uniformly, or in a specified relationship. The volumetric prices for the lowest through the highest priced increments shall be established in an ascending relationship that is economically structured to encourage conservation and reduce the inefficient use of water, consistent with Section 2 of Article X of the California Constitution.

(b) ---

(1) Except as specified in subdivision (a), the design of an allocation-based conservation pricing rate structure shall be determined in the discretion of the public entity.

(2) The public entity may impose meter charges or other fixed charges to recover fixed costs of water service in addition to the allocation-based conservation pricing rate structure.

(c) A public entity may use one or more allocation-based conservation water pricing structures for any class of municipal or other service that the public entity provides.

As noted in the referenced statutes, "Allocation-Based Conservation Water Pricing Rate Structure" is a form of increasing block rates where the amount of water within the first block or blocks is based on the estimated, efficient water needs of the individual customer. Water-budget rates differ from other metered water rate designs in two key ways. First, the blocks are established based on water budgets that represent varying levels of each customer's efficient water use. Second, water-budget rates require the public agency to set specific standards for what is, and what is not, considered efficient water use for an individual customer.

This Rate Study in conjunction with ETWD's findings and determinations for individual customers establishes a standard for efficient usage and then establishes a budget for each individual customer. That defines how much water is considered efficient. Customers with usage above this efficient usage budget pay a higher rate for their "inefficient" or "wasteful" usage in accordance with Section 372 of the Water Code.
This Rate Study conforms to the principles set forth in the enabling statutes for Water Budget Rate Structures.

2.3.5. TIERED RATES

"Inclining" Block-Rate Structures, (which are synonymous with "Increasing Block-Rate Structures") when properly designed and differentiated by customer class as this Rate Study does, allow a water agency to send consistent price incentives for conservation to customers. For this reason, the heightened interest in water conservation, "Increasing Block-Rates" have been increasingly favored, especially in relatively water-scarce regions, such as Southern California.

2.3.6. PROPORTIONALITY – PROPOSITION 218'S REQUIREMENT THAT FEES BE PROPORTIONATE TO THE COST OF SERVICE FOR EACH PARCEL

There is a fair amount of ambiguity in the way that Proposition 218 was drafted – none more so than the issue of "proportionality." It has taken a succession of court rulings over several years to clarify the substantive requirement of Proposition 218.

The recent Appellate case of Griffith v. Pajaro Valley Water Management Agency (2013) California Court of Appeal, Sixth District has provided much guidance on several important Proposition 218 issues, including the issue of proportionality. In Pajaro, the Appellate Court held in part as follows:

1. That Pajaro's costs of using supplemental water along the coast to prevent salt water intrusion benefited all of Pajaro's customers, including inland customers, using the groundwater basins.
2. That proportionality is not measured on an individual parcel basis, but instead is measured collectively, considering all customer classes. As such, the Appellate Court in Pajaro confirmed the common practice of grouping customers into classes with comparable service costs and setting rates by class rather than parcel by parcel met the Prop 218 requirement that fees be proportionate to the cost of providing service to each parcel.

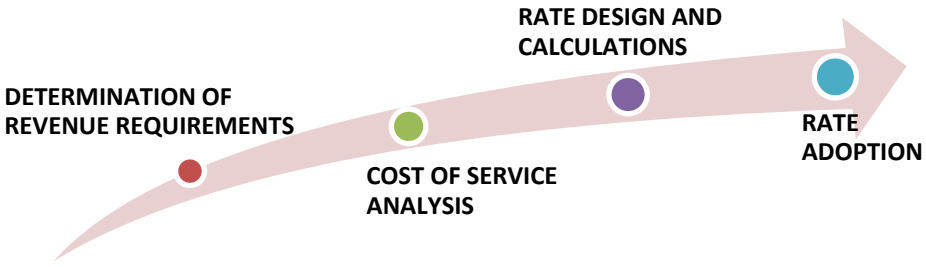
Under Item 1 noted above, water utilities can reasonably justify that the addition of recycled water to the water resource mix, frees up water for potable uses and therefore all customers should share in the costs of recycled water so that recycled water can be put to beneficial use as required by Article X, Section 2. This clarification by the appellate court allows agencies to harmonize the mandates of Proposition 218 and Article X, Section 2.
Under Item 2 noted above, utilities can develop rates by customer class and meet the requirements of Proposition 218, as opposed to the strict interpretation which would require cost proportionality for each parcel receiving service. This was another major clarification of Proposition 218 since cost proportionality for individual parcels is almost impossible to achieve in the strict sense.

The Pajaro case rulings provided for the harmonizing of the proportionality requirements of Prop 218 with the efficient use and conservation requirements of Article X, Section 2 by accepting that the supplemental costs of water used by one group of customers should be shared by all users, based on the concept that all users receive benefit from the overall water resources. In the District's case, recycled water adds a water resource that provides benefit to all users by freeing up potable water and therefore the costs of recycled water can be shared by all inefficient potable water users. Due to non-essential usage's demand on the system, the District allocates the cost of funding recycled water system development to Tiers 3 and 4 residential/irrigation usage as well as to commercial use at a smaller rate based on the assumption that 10 percent of Commercial and Public Authority (CII) water use is non-essential.

2.4. Cost-Based Rate Setting Methodology

As stated in the Manual M1, the methodology put forth by the AWWA Rates and Charges Subcommittee is consistent with the Proposition 218 requirement that "the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." To develop utility rates that comply with Proposition 218 and industry standards while meeting other emerging goals and objectives of the utility, there are four major steps:

Figure 2-1: Cost-Based Rate Setting Methodology



1. **DETERMINATION OF REVENUE REQUIREMENT:** The rate-making process starts with the determination of future revenue requirements to sufficiently fund the utility's operation and maintenance (O&M), capital replacement and refurbishment (R&R), capital improvement and perpetuation of the system and to ensure preservation of the utility's financial integrity. The basic revenue requirements of a utility include O&M expenses, debt service payments, contributions to specified reserves and the cost of capital expenditures that are not debt financed.
2. **COST OF SERVICE ANALYSIS:** The annual costs of providing water services (cost of service), determined in the financial plan development, should be allocated among the customers commensurate with their service requirements. In this step, costs are identified and allocated to cost causation components and distributed to respective customer classes according to the industry standards provided in the Manual M1 published by AWWA.
3. **RATE DESIGN and CALCULATIONS:** Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as conservation, affordability for essential needs, revenue stability, etc. and should work as a public information tool in communicating these objectives to customers.
4. **RATE ADOPTION:** In the last step of the rate-making process, to comply with the Proposition 218 requirements, the results of the analyses are documented in a Study Report that clearly identifies the nexus between costs and rates to help educate the public about the proposed changes, the rationale and justifications behind the changes and their anticipated financial impacts in layman's terms. At least 45 days after sending out the public notices, at a public hearing, the agency shall consider all written protests against the proposed rates. If there is no majority protest, the agency can officially adopt the new rates.

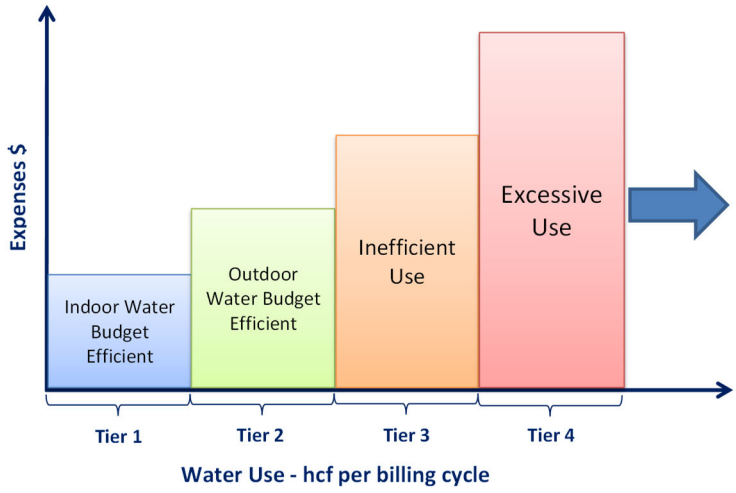
3. Water Budget and Tier Definitions

Since July 1, 2010, the District has implemented a water budget rate structure to incentivize conservation and efficient water use. The description of the allocations to individual customers and the development of water budgets is described here for completeness of this report.

3.1. Water Budget Definitions

The American Water Works Association Journal defines water budget as "the quantity of water required for an efficient level of water use by that customer" *(Source: American Water Works Association Journal, May 2008, Volume 100, Number 5).* Therefore, each customer has their own allocation or water budget as shown in the following figures. Figure 3-1 illustrates how the tier breaks are set for water budget customers. Tier 1 is defined by the allotment for indoor use and Tier 2 is defined by the allotment for outdoor use. Tier 3 is set to a percentage of the total water budget (or Tiers 1 and 2) combined. Any use beyond Tier 3 is considered excessive and falls into Tier 4.

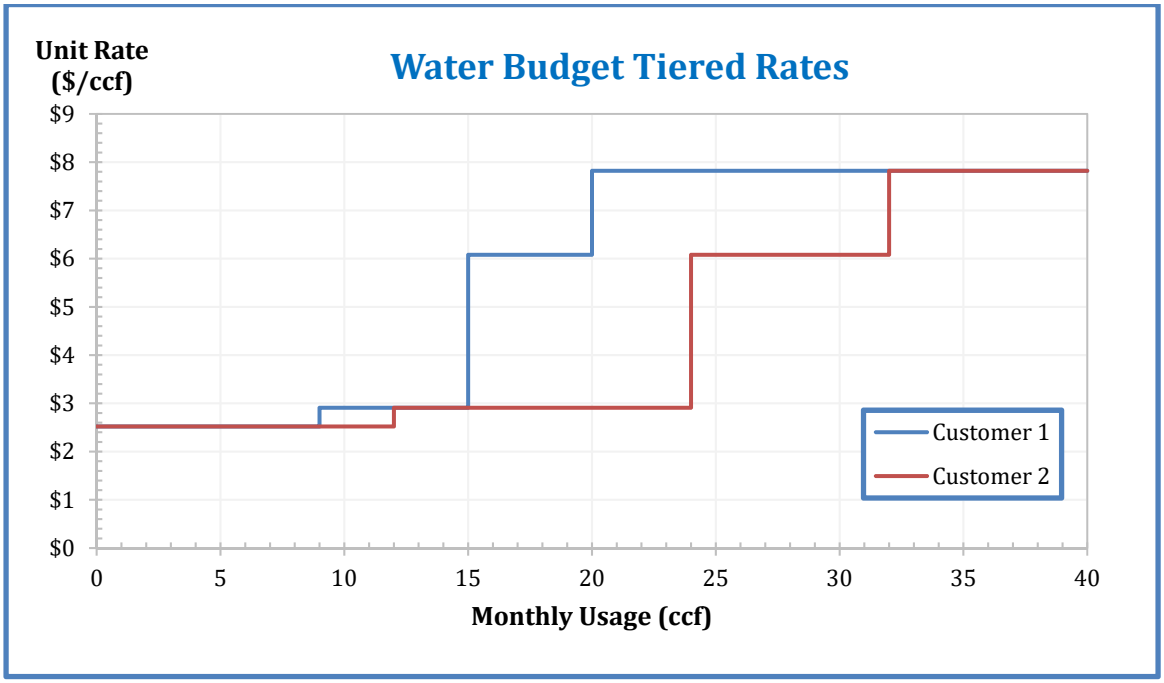
Figure 3-1: Water Budget Tiers



It is worth noting that water budget rate structures are customized for each customer, which results in different tier breaks for different customers. For example, as illustrated by Figure 3-2,[1] which examines the usage of two customers of a *hypothetical* water utility. The first 9 units consumed by Customer 1 is charged at Tier 1 rate, whereas Customer 2 has 12 units at Tier 1 rate ($2.58/ccf) for indoor use. The next 6 units (10 – 15 units) consumed by Customer 1 is reserved for outdoor use, which is charged at Tier 2 rate ($2.97/ccf), and any usage exceeding 20 units[2] will be deemed excessive and charged at the Tier 4 Rate ($7.88/ccf). Similarly, for Customer 2, Tier 2 spans from 13-24 units, and usage exceeding 32 units will be charged at Tier 4 Rate ($7.88/ccf). Customer 2, with larger indoor and outdoor water budget (or allotment), represents a residential customer with larger family and bigger irrigated landscape area than Customer 1.

[1] This is for illustrative purposes only and is not based on actual rates of the District.
[2] Tier 3 = 30% of Total Water Budget (TWB) whereas TWB = Indoor WB + Outdoor WB

Figure 3-2: Customized Water Budget Tiers[3]



Similar to the Water Budget Rate Study in 2010, the District's water budget allocations and tiered rate structure are designed for residential and irrigation accounts only; all other customer types will retain the current uniform rate structure.

3.2. Indoor Water Budget

The indoor water budget (IWB) is determined by a customer's household size and a standard consumption per person. The proposed IWB formula is as follows:

$$IWB = \frac{GPCD * Household\ \ Size * Dwelling\ \ Units * Days\ \ of\ Service * DF_{indoor}}{748} + V_{indoor}$$

where

- GPCD – Gallons per capita per day.
  - SB x7-7,[4] Section 10608 of the Water Code, established the provisional standard for indoor residential water use at 55 gallons per capita per day.
- Household Size – Number of residents per dwelling unit. The 2010 census lists the average household size at 2.91 persons, which includes single and multi-family housing. Typically, single family household size is greater than 3 persons and multi-family household size is less than 3.0 persons. The District policy is to provide adequate water for the health and sanitation needs and minimize customer complaints and requests for variances. The default values for household size are set as follows based on customer characteristics.
  - Single Family: Household Size = 4 persons
  - Apartment: Household Size = 2 persons
  - Multi-Family:

[3] For illustrative purposes only, not actual rates of the District

[4] The language from SB x7-7 setting the 55 GPCD performance standard: (2) The per capita daily water use that is estimated using the sum of the following performance standards: (A) For indoor residential water use, 55 gallons per capita daily water use as a provisional standard.

        - Restricted: Household Size = 2 persons (senior citizen housing typically 1 to 2 residents per dwelling unit)
        - Unrestricted: Household Size = 3 persons
- Dwelling units – Number of dwelling units served by the meter / account
- Days of Service. The number of days of service varies with each billing cycle for each customer. The actual number of days of service will be applied to calculate the indoor water budget for each billing cycle.
- DF_{indoor} – Indoor drought factor. The percentage of indoor water budget allotted during drought conditions. The drought factor is subject to the approval of the District's Board of Directors. The indoor drought factor is currently set at 100 percent.
- V_{indoor} – Indoor variance. The additional water allotment to be granted for extenuating circumstances is subject to District's approval or verification as outlined in the District's variance program. Variances can be requested by submitting a "Variance/Adjustment Request Form" found on the District's website.
- 748 is the conversion unit from gallons to billing unit of hundred cubic feet (ccf).

3.3. Outdoor Water Budget

The outdoor water budget (OWB) is determined by three main variables: irrigable landscape area, weather data and evapotranspiration (ET) Adjustment Factor. The irrigable landscape area, measured as square footage of landscape surface on a customer's property, is in some cases established through on-site direct physical measurement and in others is estimated using the Orange County Assessors' parcel data - lot size, building size and number of floors - where the actual irrigable landscape area data is not available. The weather data is based on the reference Evapotranspiration (ET_0), which is the amount of water loss to the atmosphere over a given time period under local atmospheric conditions. ET_0 is the amount of water (in inches of water) needed for a hypothetical reference crop to maintain its health and appearance. The ET Adjustment Factor (ETAF) is a coefficient that adjusts ET_0 values based on plant factor and irrigation system efficiency. The updated California Department of Water Resources' Model Water Efficient Landscape Ordinance (Landscape Ordinance) provides the following ETAF for different landscapes:

- Existing landscape (Functional): $ETAF_{Existing} = 80\%$
- New development / redevelopment landscape (Functional): $ETAF_{New} = 70\%$
- Special landscape (Recreational): $ETAF_{Recreational} = 100\%$

The formula to calculate outdoor water budget is as follows:

$$OWB = \left(\frac{\text{Landscape Area} * ET_0 * ETAF}{1200} + V_{outdoor} \right) * DF_{outdoor}$$

where

- ET_0 is measured in inches of water during the billing period based on daily data acquired from the California Irrigation Management Information System (CIMIS) Station 75, which is the closest station to the District's service area.
- ETAF (% of ET_0) is defined using the updated Landscape Ordinance as shown above.
- Landscape Area (or Irrigable Landscape Area) (in square feet) is the measured irrigable landscape area served by a customer's meter.
    - Where the measured irrigable landscape area is not available, the landscape area will be estimated by the following formula using the Orange County Assessors' parcel data.
        - $$\text{Landscape Area (sq ft)} = 70\% * \left(\text{Lot Size} - \frac{\text{Building Size}}{\text{Number of Floors}} \right)$$
    - For accounts dedicated for domestic use only, such as multi-family units, 25 square feet of irrigable landscape area is provided for each dwelling unit for patio plants.

- $DF_{outdoor}$ – Outdoor drought factor. The percentage of outdoor water budget allotted during drought conditions. The drought factor is subject to the approval of the District's Board of Directors. The outdoor drought factor is currently set at 100 percent.
- $V_{outdoor}$ – Outdoor variance. The additional water allotment to be granted for extenuating circumstances is subject to District's approval or verification as outlined in the variance program. Outdoor variance is subject to outdoor drought factor.
- 1,200 is the conversion unit from inch*ft^2 to billing unit of hundred cubic feet (ccf).

3.4. Water Budget Allocations by Customer Type

Table 3-1 summarizes the water budget allocation by customer type. Both Single Family and Multi-Family (restricted and unrestricted) customers will receive an indoor and outdoor water budget. Irrigation accounts will only receive an outdoor budget. Commercial and Public Authority (CII) customers will continue with the current uniform water rate structure.

Table 3-1: Water Budget Allocations by Customer Type

Customer Type	Water Budget Allocations	Default Values
Single Family	IWB + OWB	Household Size = 4 persons; GPCD = 55 $ETAF_{New}$ = 70%; $ETAF_{Existing}$ = 80%; $DF_{outdoor}$ = 100%
Multi-Family – Restricted	IWB + OWB	Household Size = 2 persons; GPCD = 55 $ETAF_{New}$ = 70%; $ETAF_{Existing}$ = 80%; $DF_{outdoor}$ = 100%
Multi- Family – Unrestricted	IWB + OWB	Household Size = 3 persons; GPCD = 55 $ETAF_{New}$ = 70%; $ETAF_{Existing}$ = 80%; $DF_{outdoor}$ = 100%
Irrigation – Functional*	OWB	$ETAF_{New}$ = 70%; $ETAF_{Existing}$ = 80%; $DF_{outdoor}$ = 100%
Irrigation – Recreational**	OWB	$ETAF_{Recreational}$ = 100%; $DF_{outdoor}$ = 100%

**Irrigation – Functional: landscape that is ornamental in nature*
***Irrigation – Recreational: landscape that is used mostly for recreational purposes (schools, parks, golf courses, etc…)*

3.5. Tier Definitions

Based on the information in Table 3-1, the tier definitions are developed as shown in Table 3-2. The main difference between Single-Family/Multi-Family and Irrigation accounts is that Irrigation accounts do not have a Tier 1 allotment which is reserved for indoor use. All three customer types have their Tier 3 allotment defined as 30 percent of their respective total water budget (TWB) and usage exceeding 130% TWB falls in Tier 4.

Table 3-2: Tier Definitions by Customer Types

Tiers	Single Family	Multi-Family	Irrigation
Tier 1 – Indoor Use	100% IWB	100% IWB	N/A
Tier 2 – Outdoor Use	100% OWB	100% OWB	100% OWB
Tier 3 – Inefficient Use	100% to 130% TWB	100% to 130% TWB	100% to 130% OWB
Tier 4 – Excessive Use	Above Tier 3	Above Tier 3	Above Tier 3
TWB = Total Water Budget = IWB + OWB			

The tier definitions are tailored to the unique consumption patterns of the District's customers and subject to the District's policy decisions. The tier definitions are based on Raftelis' usage and impact analysis and numerous policy discussions with the Board. The priority for water use is essential indoor water use for health, safety, and sanitary purposes. Based on the Board's direction, indoor water use is eligible for revenue offsets from site leases and property tax revenues. Maintaining a healthy landscape at efficient water use is non-essential, yet important; thus, efficient outdoor water use is required to pay the Tier 2 rate. The total water budget is the sum of the indoor and outdoor water budgets.

Tier 3 was designed to account for inefficient use and/or customers with non-climate appropriate landscapes. Tier 3 is set to thirty percent (30%) of the total water budget and was determined based on the 2009 analysis which indicated that a customer with high water use plants would require 30% more water than an identical customer with climate-appropriate plants. Any use beyond Tier 3 is considered excessive and falls into Tier 4. Tiers 3 and 4 allow individuals to use additional water above their total water budget while providing a signal to each customer on their inefficient and excessive water usage. Tier 3 provides usage up to 30 percent of the total water budget and usage exceeding 130% TWB is considered to be excessive.

Any usage above an efficient level is subject to higher charges to fund conservation programs and any other supplemental water supply program. The current water supply is reserved for efficient water use within the District for indoor, outdoor, and commercial use. The higher Tier 3 rate serves as a signal for conservation and efficient use, whereas excessive use in Tier 4 incurs the highest marginal costs of providing service.

The Commercial class will continue to be billed at a uniform rate; however, this rate will encompass domestic use and inefficient use. Based on SB x7-7 (i.e. Water Conservation Act of 2009), which requires commercial users to cut back by 10 percent, indoor and efficient outdoor (or process) use are defined at 90 percent of total use and the remaining 10 percent use as inefficient. Additionally, indoor use is defined as 90 percent of the efficient use (90% x 90% = 81%) and the remainder is defined as efficient outdoor use (10% x 90% = 9%). The uniform rate charged to commercial customers will then be a blend of the usage defined here.

4. Pass-through Water Supply Cost

The District purchases water from the Municipal Water District of Orange County (MWDOC), a member agency of Metropolitan Water District of Southern California (MWD). MWD rates are scheduled to increase in January 2021. The MWD rate increases, along with MWDOC's other costs, will be included in the blended rates charged to the District. As shown in Table 4-1, total combined water supply costs from the MWDOC & MWD purchased water and the Baker Treatment Plan costs are partially offset by capital charge revenue funding shown in Line 6. Dividing the total costs by the projected water sales (Line 8) results in the unit rate shown in Line 9. See Appendix 1 for detailed breakdown of water supply costs. Table 4-2 and Table 4-3 show that projected water supply rates will be increased by $0.07 across all tiers.

Table 4-1: Water Supply Revenue Requirements

Line #	Revenue Requirements	Budget FY 2021	Notes
1	MWDOC & MWD Fixed Costs	$0.656M	Appendix 1
2	MWDOC & MWD Variable Costs	$3.960M	Appendix 1
3	Baker Raw Water Cost ($)	$2.572M	Appendix 1
4	Baker O&M Annual Cost ($)	$0.680M	Appendix 1
5	Plus Baker Capital Cost (Debt Service)	$0.684M	Appendix 1
6	Less Capital Charge Revenue Funding	-$0.650M	Appendix 1
7	**Total Water Supply Costs**	**$7.903M**	Appendix 1
8	Plus (+) Operating Reserve Funding	$0.000M	Appendix 1
9	**Total Water Supply Costs w/ Reserve Funding**	**$7.903M**	**Sum of [1] to [8]**
10	Projected Water Sales	2,918,520 ccf	[8] / [9]
11	**Water Supply Unit Rate**	**$2.71 /ccf**	

Table 4-2: Current and Projected Water Supply Unit Rate

Fiscal Year (FY)	Water Supply Unit Rate $ / hundred cubic feet (ccf)
FY 2020	$2.64 / ccf
FY 2021	$2.71 / ccf
Increase / Change	**$0.07 / ccf**

Table 4-3: Water Supply Cost Component of the Water Rates ($/ccf)

Tiers	Descriptions	Current FY 2020	Proposed FY 2021
Tier 1 – Indoor Use	MWDOC + Baker Blended	$2.64	$2.71
Tier 2 – Outdoor Use	MWDOC + Baker Blended	$2.64	$2.71
Tier 3 – Inefficient Use	MWDOC + Baker Blended	$2.64	$2.71
Tier 4 – Excessive Use	MWDOC + Baker Blended	$2.64	$2.71
Uniform – CII Use	MWDOC + Baker Blended	$2.64	$2.71

5. Water Revenue Requirements and Proposed Rates

5.1. Revenue Requirements

Table 5-1 shows the derivation of the revenue requirement of the water rates. Total expenses for the water enterprise are shown in Line 1. Next, other supplementary revenues are subtracted from the expenses, serving as an offset of these costs. For the District, this is encompassed in the Non-Operating Revenues totaled in Line 2. These revenues include cell-site leases, property taxes, investment revenues, and others. The District makes annual debt payments totaling $0.684M annually for its contribution to the Baker Treatment Plant's construction. This Debt Service (Line 3) is added to the O&M expenses. Next, the District will use reserves to offset some of the operating expenses and reduce the revenue required from rates for FY 2021 (Line 4). The total revenue required from rates, excluding Fire Service, is shown in Line 5.

Details of the figures presented in Table 5-1 can be found in Appendix 3, in the Cash Flow Analysis for the Water Funds. The Cash Flow Analysis is part of the Financial Plan developed by District staff to determine the long-term financial needs of the District. Raftelis based its determination of the revenue requirements and cost of service for FY 2021 on the Financial Plan developed by District Staff.

Table 5-1: Water Operating Revenue Requirements from Rates[5]

Line #	Water Operating Revenue Requirements	FY 2021 Budgeted	Notes
1	Total Water O&M Expenses	$13.369M	
2	Less (-) Non-Operating Revenues	-$2.012M	Appendix 3
3	Plus (+) Debt Service	$0.684M	Appendix 3
4	Plus (+) Operating Reserve Funding	-$0.166M	Appendix 3
5	**Total Rev Req from Rates, excluding Fire SC**	**$11.876M**	

The District separately charges customers for the cost of capital repair and replacement (R&R) for the water and recycled water systems via a fixed charge. Table 5-2 provides the calculation of the Capital R&R revenue requirement from capital R&R charges.

[5] May include some rounding errors

Table 5-2: Water Capital Revenue Requirements

Line #	Water Capital Revenue Requirements	Water
1	Water Capital Expenditures	$755,000
2	Plus (+) Baker Capital Funding	$500,000
3	Plus (+) Capital Reserve Funding	$0
4	Less (-) Restricted Reserve Funding	$0
5	**Total Water Capital R&R Revenues**	**$1,255,000**
6	Current Water Capital R&R Revenues	$1,254,644
7	% Rate Increase	0.00%

5.2. Cost of Service

Water systems are designed to accommodate the peak use of any class or type of customer. Different parts of a water system are designed to handle different peaks and there are significant costs associated with meeting peak requirements. For example, the District's maximum day usage is estimated to be two times the average usage and facilities such as reservoirs are designed twice as large to ensure that maximum day requirements are met (reservoirs also are designed to meet fire flows). To allocate costs appropriately amongst the different type of usage, an analysis of the peaking costs is provided in Section 5.2.1.

5.2.1. PEAKING FACTOR ANALYSIS

In the 2014 Rate Study, RFC performed usage analyses for single family customers to determine the monthly peaking factors for each tier using 3-year average consumption (2009-2011) data for the 5,630 single family accounts. The results are shown in Table 5-3. The peaks in each tier are compared to the average for the class to establish the comparative peaking relationship among the tiers.

Table 5-3: Peaking Factor Analysis for Different Usage Types

Tiers	Individual Max Month Average Usage (per unit)[6]	Average Usage per account / unit	Peaking factors (among tiers)
Indoor Use	7.91	18.09	0.44
Outdoor Use	18.00	18.09	1.00
Inefficient Use	25.12	18.09	1.39
Excessive Use	36.92	18.09	2.04

The proposed peaking factors are shown in Table 5-4 for each usage type. The tiers for residential customers are defined based on each usage class as shown in Table 5-4. Commercial use includes both indoor and outdoor use and

[6] Individual max month usage (per unit) = Max month usage per dwelling unit in the 12-month period for each account
Individual Max Month Average Usage (per unit) = average of the individual max month usage

therefore peaks more than indoor use but less than outdoor. Typical indoor use for commercial is estimated at 90 percent and outdoor use at 10 percent, thus an average of the indoor and outdoor peaking factors was used to approximate the commercial peaking factor (90% x 0.44 + 10% x 1.00) of 0.50. Note that the purpose of this analysis is to define the relative difference in the peaking factors for the different usage classes so that the costs are appropriately allocated.

Table 5-4: Peaking Factors by Usage Class

Tiers	Relative Peaking Factors
Indoor Use	0.44
Outdoor Use	1.00
Inefficient Use	1.39
Excessive Use	2.04
Commercial Use	0.50

The different peaking factors, increasing in the direction of the arrow, may be conceptually represented on the scale shown below.

5.2.2. COST OF SERVICE ANALYSIS

To allocate costs appropriately to the different usage classes and determine the cost of service rates, revenue requirements are allocated to the following cost causation categories[7] consistent with the Base Extra Capacity methodology of the American Water Works Association (AWWA) *M1 Manual*, *Principles of Water Rates, Fees, and Charges* (M1 Manual):

1. Water supply costs: Imported water supply costs, allocated to all users in proportion to their usage.
2. Base fixed costs: fixed costs associated with operating and maintaining water system to deliver water to meet average demand, including customer service, meter service, administration, and other base fixed costs.
3. Peaking costs: fixed costs associated with operating and maintaining water system to deliver water to meet peak demand.
4. RW Funding: The use of RW for non-potable needs releases potable supply for inefficient and excessive use. RW is the least expensive supplemental source of water available to the District and creates supply for potable needs. The revenues collected under this category will be collected in restricted reserves to assist the RW fund to pay for debt services used to finance the RW expansion project completed in FY 2015 and expanded in FY 2019.
5. Conservation: Conservation program cost, allocated to inefficient and excessive use to help conserve water.
6. Revenue Offsets: Property taxes and cell tower lease revenues to provide incentive for indoor/domestic use.

The cost causation categories above are then assigned to each rate component:

[7] See Appendix 6 for details about cost allocations

Fixed Rate Components (i.e. Monthly Service Charges)

- To recover customer service, meter service, administration and other base fixed costs and a portion of the peaking costs.

Commodity Rate Components

- Water supply: to recover imported water supply costs.
- Delivery / Peaking: to recover remaining peaking costs associated with operating and maintaining water system to deliver water to meet peak demand. These costs are allocated based on the peaking characteristics of each class of use.
- Recycled Water (RW): to generate supplemental funding sources to pay for RW expansion projects.
- Conservation: to recover the conservation program cost, allocated to inefficient and excessive users, to help encourage water conservation.
- Revenue offsets: A portion of the property taxes and cell tower lease revenues to provide incentive for indoor/domestic use.

Capital R&R Charges:

- Funds for the capital replacement and refurbishment of the existing water and RW system.

Table 5-5 below summarizes the unrestricted revenue requirement for each cost category. The Total Cost of Service (Line 8) is divided among the various cost components (Lines 1-5 & 7). The District Board directs District staff to provide a revenue offset for essential use provided by non-rate revenues (Line 5). The revenue requirements for water supply, base fixed, and peaking were determined using COS allocation methods recommended by AWWA. Details of how the revenue requirements for these three cost causation categories were determined can be found in Appendix 6.

Table 5-5: Unrestricted Revenue Requirements by Cost Categories

Line #	Revenue Requirements	FY 2021	Water Rate Components		
			Monthly Service Charges	Unrestricted Water Commodity Rates	Water Capital R&R
1	Water Supply	$7,909,190		$7,909,190	
2	Billing & CS	$553,724	$553,724		
3	Base Fixed	$2,351,841	$2,351,841		
4	Peaking	$1,507,163	$832,163	$675,000	
5	Rev Offset	($372,779)		($372,779)	
6	**Subtotal Water Rev from Rates, excl. Fire SC**	**$11,949,139**	**$3,737,728**	**$8,211,411**	
7	Capital R&R	$1,255,000			$1,255,000
8	**Net Revenue Requirement**	**$13,204,139**	**$3,737,728**	**$8,211,411**	**$1,255,000**

The total revenue requirement for each cost causation category is then assigned to a rate component. For example, it is appropriate that the entirety of the water supply revenue requirement is assigned to the water supply rate component. The Revenue Offset is all assigned entirely to their respective rate components.

The AWWA M1 Manual describes a cost of service approach to setting water rates which results in the distribution of costs to each customer or customer class based on the costs that each incurs. A dual set of fees—fixed and variable—is an extension of this cost causation theory. For example, a utility incurs some costs associated with serving customers irrespective of the amount or rate of water they use, such as billing and customer service costs. These types of costs are referred to as customer-related costs and typically are costs that would be recovered through a fixed monthly service charge. These costs are usually recovered on a per-customer basis or some other non-consumptive basis. Regardless of the level of a customer's consumption, a customer will be charged this minimum amount on each bill.

Utilities invest in and continue to maintain facilities to provide capacity to meet all levels of desired consumption including the peak demand plus fire protection, and these costs also must be recovered regardless of the amount of water used during a given period. Thus, capacity or peaking costs along with base costs are generally considered as fixed water system costs. Ideally an agency could recover 100% of the fixed costs in the fixed charges, therefore providing revenue stability; however, this approach foregoes affordability for essential use and heavily impacts small users. To balance between affordability and revenue stability, a portion of the base costs and peaking costs are recovered in the fixed charges along with the customer-related costs and meter-related costs. Revenue requirements for the District's fixed monthly service charges include 100 percent of base fixed costs, inclusive of billing and customer service costs and other fixed costs to meet average demand, and a portion of the peaking costs. The remaining peaking costs are recovered in the delivery rate component of the commodity rates.
The rate structure remains unchanged and consists of the monthly fixed service and the volumetric commodity rates which are determined as follows (Table 5-6):

- The monthly service charge includes customer service, fixed base costs and a portion of the peaking costs (shown in Table 5-5).
- The volumetric water commodity rates include water supply (to recover total purchased water costs from MWDOC and Baker Water Treatment Plant water costs), delivery/peaking (to recover the District's remaining peaking costs), RW funding, conservation, and revenue offsets components.

Table 5-6: Cost Categories and Water Rate Structure

Cost Components	Service Charges	Tier 1 Essential Use	Tier 2 Efficient Use	Tier 3 Inefficient Use	Tier 4 Excessive Use	Commercial Use
Billing & Customer Service	x					
Meters	x					
Fixed Base Costs	x					
Delivery Peaking Costs	x	x	xx	xxx	xxx	x
Water Supply		x	x	x	x	x
RW Program Funding				xx	xxx	x
Conservation				x	x	x
Rev Offset		x				x

Extra capacity costs representing the demand placed on the system are related to the capacity of the meters. The capacity of the meters is determined by comparing the hydraulic capacity of the meters to the smallest meter in the system which is assigned a capacity of one. Thus, a 1-inch meter that can continuously deliver 50 gallons per minute ("gpm") is considered to have a capacity of 2.5 when compared to the 5/8-inch meter which can deliver 20 gpm. Because of the unique characteristics of the District's service area, the maximum of the hydraulic capacity or the actual usage characteristics were used to determine the capacity of the meters. For example, a 2-inch meter, on the

average, used 10 times the water of the 5/8-inch meter. The meter capacity ratios representing the maximum of the hydraulic ratio or the actual usage is used to calculate the equivalent meter units to recover the meters & capacity costs (based on ETWD Cost of Service Study Report for Water, Wastewater and Recycled Water prepared in April 2009).

Monthly service charge calculations are shown in Table 5-7, Table 5-8, and Table 5-9 below.

Table 5-7: Units of Service for Monthly Service Charges

Meter Size	Water Accounts A	Bills / year B = A x 12	Meter Capacity Ratios C	EMUs[8] D = B x C
5/8"	2,382	28,584	1.00	28,584
¾"	4,860	58,320	1.50	87,480
1"	450	5,400	2.50	13,500
1 ½"	705	8,460	5.00	42,300
2"	1,137	13,644	10.00	136,440
Total	**9,534**	**114,408 Bills**		**308,304 EMU's**

Table 5-8: Calculated Unit Cost of Service for Monthly Service Charges

	Billing & Customer Service	Meters & Capacity
Revenue Requirements *(Table 5-5)*	$553,724	$3,184,004
Units of Service *(Table 5-7)*	114,408 bills / year	308,304 EMUs / year
Unit Cost of Service	**$4.84**	**$10.33**

[8] EMUs = equivalent meter units

Table 5-9: Proposed Monthly Service Charges Calculations

Meter Size	Billing & CS A	Meters & Capacity B[9]	Proposed FY 2021 C = A + B	Current FY 2020 D	$ Change E = C – D	% Change F = E / D
5/8"	$4.84	$10.33	**$15.17**	$14.14	$1.03	7.3%
¾"	$4.84	$15.49	**$20.33**	$18.99	$1.34	7.1%
1"	$4.84	$25.82	**$30.66**	$28.70	$1.96	6.8%
1 ½"	$4.84	$51.64	**$56.48**	$52.98	$3.50	6.6%
2"	$4.84	$103.27	**$108.11**	$101.52	$6.59	6.5%

5.3. Proposed Rates

As discussed above, the District has determined that it will not increase its Capital R&R charges in FY 2020. In addition, the District will pass-through the increase in water supply costs in the water commodity rates.

5.3.1. MONTHLY SERVICE CHARGES

Based on the revenue requirements shown in Table 5-3 and the Monthly Service Charge calculations in Tables 5-5 to 5-7, the proposed Monthly Service Charges for FY 2021 are shown in Table 5-10 below.

Table 5-10: Monthly Service Charges

Meter Size	Proposed FY 2021 A	Current FY 2020 B	$ Change C = A – B	% Change D = C/B	Water Accounts E
5/8"	$15.17	$14.14	$1.03	7.3%	2,382
¾"	$20.33	$18.99	$1.34	7.1%	4,860
1"	$30.66	$28.70	$1.96	6.8%	450
1 ½"	$56.48	$52.98	$3.50	6.6%	705
2"	$108.11	$101.52	$6.59	6.5%	1,137
Projected Revenues[10]	**$3,737,703**	**$3,500,004**	**$237,698**	**6.8%**	**9,534**

5.3.2. CAPITAL R&R CHARGES

As discussed above, the District will not adjust the Capital R&R Charges.

[9] $10.33 (from Table 5-8) x Meter Capacity Ratio for each meter size (from Table 5-7, column C)
[10] Projected Revenues = Σ (Service Charges x # of Accounts for each meter size) x 12 bills/year

Table 5-11: Water Capital R&R Charges

Meter Size	Current FY 2020	Proposed FY 2021	Water Accounts	RW Accts	Water + RW Accounts
5/8"	$4.66	**$4.66**	2,382	0	2,382
¾"	$4.66	**$4.66**	4,860	0	4,860
1"	$7.78	**$7.78**	450	0	450
1 ½"	$18.91	**$18.91**	705	28	733
2"	$47.47	**$47.47**	1,137	247	1,384
Projected Revenues			**$1,254,644**	**$147,055**	**$1,401,699**

5.3.3. COMMODITY RATES

The District will pass-through increases in water supply costs in the Water Commodity Rates. See Section 4 for projected water supply costs and unit cost change.

Table 5-12: FY 2021 Proposed Water Commodity Rates

Tier	FY 2020 Current	FY 2021 Proposed	$ Change	% Change	Projected Water Sales
Tier 1 - Essential Use	$2.58	$2.65	$0.07	2.7%	1,459,129 ccf
Tier 2 - Efficient Use	$2.97	$3.04	$0.07	2.4%	913,013 ccf
Tier 3 - Inefficient Use	$6.14	$6.21	$0.07	1.1%	90,201 ccf
Tier 4 - Excessive Use	$7.88	$7.95	$0.07	0.9%	72,696 ccf
Uniform - Commercial Use	$2.95	$3.02	$0.07	2.4%	383,481 ccf
Total Projected Revenues	**$9,172,174**	**$9,356,433**	**2.3%**	**2.3%**	**2,918,520 ccf**

6. Wastewater Revenue Requirements and Proposed Rates

6.1. Monthly Service Charges

As with the Water Enterprise, the Wastewater Enterprise will maintain its cost of service allocations. Therefore, the rates will be updated to account for any necessary adjustments to meet the revenue requirements projected for FY 2021. Table 6-1 shows the calculation of the Wastewater O&M revenue requirement from rates. The Wastewater O&M expenses (Line 1) will be partially offset by non-operating revenues (Line 2). The District also continues to have a debt obligation (Line 3) due entirely to the Northline Lift Station. The resulting revenue requirement for FY 2021 is shown in Line 5 and compared to the projected FY 2020 revenues from current rates in Line 6. The projected revenue from current rates was provided in the Wastewater Enterprise's cash flow statement. Based on the projected revenue requirement, the current Wastewater rates are sufficient for FY 2021, thus the District will not adopt any change for FY 2021.

Table 6-1: Wastewater O&M Revenue Requirements from Rates

Line #	Wastewater Operating Revenue Requirements	Budget FY 2021	Notes
1	Total WW O&M Expenses	$8,207,716	Appendix 2
2	Less (-) Non-Operating Revenues	($712,750)	Appendix 5
3	Plus (+) Debt Service	$258,146	Appendix 5
4	Plus (+) Operating Reserve Funding	$21,888	Appendix 5
5	**Total Revenue Requirement from WW Rates**	**$7,775,000**	
6	Current WW Service Revenues	$7,775,000	Appendix 5
7	Required Revenue Increase	$0	Appendix 5
8	**Overall WW Rate Increase**	**0.0%**	

Table 6-2 provides the proposed rates for FY 2021, which is the same as the FY 2020 rates.

Table 6-2: FY 2021 Proposed Wastewater Service Charges

Customer Class	FY 2020 Current	FY 2021 Proposed	$ Increase	% Increase
Residential Unrestricted	$24.30 / EDU	$24.30 / EDU	$0.0	0.0%
Multi-Family Restricted	$19.28 / EDU	$19.28 / EDU	$0.0	0.0%
Multi-Family Unrestricted	$22.92 / EDU	$22.92 / EDU	$0.0	0.0%
Animal Kennel/Hospital	$3.99 / ccf	$3.99 / ccf	$0.0	0.0%
Car Wash	$3.97 / ccf	$3.97 / ccf	$0.0	0.0%
Department/Retail Store	$3.99 / ccf	$3.99 / ccf	$0.0	0.0%
Dry Cleaners	$3.50 / ccf	$3.50 / ccf	$0.0	0.0%
Golf Course/Camp/Park	$3.49 / ccf	$3.49 / ccf	$0.0	0.0%
Health Spa	$3.98 / ccf	$3.98 / ccf	$0.0	0.0%
Hospital/Convalescent Home	$3.50 / ccf	$3.50 / ccf	$0.0	0.0%
Hotel	$6.04 / ccf	$6.04 / ccf	$0.0	0.0%
Market	$7.92 / ccf	$7.92 / ccf	$0.0	0.0%
Mortuary	$7.89 / ccf	$7.89 / ccf	$0.0	0.0%
Nursery/Greenhouse	$3.54 / ccf	$3.54 / ccf	$0.0	0.0%
Professional/Financial Office	$3.99 / ccf	$3.99 / ccf	$0.0	0.0%
Public Institution	$3.93 / ccf	$3.93 / ccf	$0.0	0.0%
Repair/Service Station	$3.98 / ccf	$3.98 / ccf	$0.0	0.0%
Restaurant	$3.77 / ccf	$3.77 / ccf	$0.0	0.0%
Schools	$4.13 / ccf	$4.13 / ccf	$0.0	0.0%
Theater	$3.99 / ccf	$3.99 / ccf	$0.0	0.0%
Warehouse/Storage	$3.16 / ccf	$3.16 / ccf	$0.0	0.0%
Basic Commercial	$3.50 / ccf	$3.50 / ccf	$0.0	0.0%

6.2. Capital R&R Charges

The Wastewater Enterprise also charges a separate Capital R&R Charge. As shown in Table 6-3, there is no increase in revenue requirements for WW Capital R&R charges. The proposed Capital R&R Charges are shown in Table 6-4.

Table 6-3: Wastewater Capital R&R Revenue Requirements

Wastewater Revenue Requirement from Rates	Budget FY 2021 *(Appendix 5)*
Total Capital Expenditures	$1,605,000
Current Wastewater Capital R&R Revenues	$1,605,000
Overall Capital R&R Rate Increase	**0%**

Table 6-4: FY 2021 Proposed Wastewater Capital R&R Charges

Customer Classes	Current Capital R&R Charges	FY 2021 Capital R&R Charges	$ Increase	% Increase
Residential				
Residential Unrestricted	$4.93 / EDU	$4.93 / EDU	$0.00	0.0%
Multi-Family Restricted	$3.91 / EDU	$3.91 / EDU	$0.00	0.0%
Multi-Family Unrestricted	$4.65 / EDU	$4.65 / EDU	$0.00	0.0%
Non-Residential				
5/8"	$4.34 / month	$4.34 / month	$0.00	0.0%
3/4"	$7.34 / month	$7.34 / month	$0.00	0.0%
1"	$13.55 / month	$13.55 / month	$0.00	0.0%
1 1/2"	$24.07 / month	$24.07 / month	$0.00	0.0%
2"	$70.96 / month	$70.96 / month	$0.00	0.0%
Public Authority				
1"	$4.93 / month	$4.93 / month	$0.00	0.0%
1 1/2"	$24.65 / month	$24.65 / month	$0.00	0.0%
2"	$39.71 / month	$39.71 / month	$0.00	0.0%

7. Recycled Water Revenue Requirements and Proposed Rates

7.1. Recycled Water System

Prior to the completion of the Recycled Water Expansion Project, the District had only one recycled water (RW) customer who purchased secondary treated disinfected recycled water - Laguna Woods Village Golf Course, operated by the Golden Rain Foundation (GRF). There was neither a monthly service charge nor a capital R&R charge for this RW customer since all services were provided based on the terms of the service contract. With the completion of the RW expansion project, all RW customers (existing and converted customers) are now supplied with higher quality tertiary RW and all RW customers are subject to the corresponding rates that support the annual cost of providing tertiary RW.

In FY 2015, the District completed the expansion of its recycled water system, including water recycling plant (WRP) upgrades to tertiary treatment and RW distribution system pipeline expansion. In FY 2019, the District completed the Phase II expansion of the RW Distribution System. The RW expansion capital cost for both phases, was financed by the following sources: State Revolving Fund (SRF) Loan, grants, and from the restricted reserve (revenues from Tier 3 and Tier 4 potable usage dedicated to recycled water expansion).

7.2. Projected Recycled Water Sales

The District is completing the Phase II Recycled Water Retrofit Project and anticipates serving 275 Recycled Water accounts in FY 2021. The projected RW sales for FY 2020 are estimated at 1,256 AF. The District projects an increase of 144 AF or 11.5% in consumption for FY 2021. The estimated Recycled Water sales for FY 2020 and budgeted water states for FY 2021 are shown in Table 7-1.

Table 7-1: Recycled Water Sales

	RW Sales	
	ccf	**AF**
FY 2020 Estimated Actual Sales	546,901	1,256
FY 2021 Budgeted Sales	609,840	1,400
Increase	62,939	144
% Increase	11.5%	

7.3. Revenue Requirement and Proposed Rates

In FY 2015, the District began separating Recycled Water costs into an independent RW Enterprise Fund. Table 7-2 summarizes the RW revenue requirements from rates for FY 2021. RW O&M expenses and supply (Line 3) will be partially offset by non-operating revenues (Line 4). The RW Fund's debt service payment is incorporated into Restricted Reserve Funding (Line 5). Debt Service payments (Line 6) and Operating Reserve Funding (Line 7) from missing revenues are added to the revenue requirement. The remaining revenue requirement to be recovered from

rates is shown in Line 8. The line items shown below are further detailed in Appendix 4 – Cash Flow Analysis for RW Funds, developed by District Staff and provided to Raftelis as basis for the cost of service analysis.

Table 7-2: Recycled Water Revenue Requirement from Rates

Line #	Revenue Requirement	FY 2021	Notes
1	Treatment Tertiary Recycled Water	$285,500	Appendix 2
2	Other RW O&M	$907,101	Appendix 2
3	**Revenue Requirement for RW**	**$1,192,601**	
4	Less (-) Non-Operating Revenues	($286,250)	Appendix 4
5	Less (-) Restricted Reserve Funding	($918,302)	Appendix 4
6	Plus (+) Debt Service	$2,012,004	Appendix 4
7	Plus (+) Operating Reserve Funding	$10,615	Appendix 4
8	**Total Revenue Requirement from Rates**	**$2,010,668**	

All RW customers connected to the recycled water distribution system will be assessed the same Monthly Service Charges (Table 7-3) and Capital R&R Charges (Table 7-4) as potable customers to recover the customer service, meter service, a portion of capacity and other RW related fixed costs and to pay for capital R&R of expanded RW system. After the completion of the RW expansion in FY 2015, all RW customers (existing and converting customers) are now supplied with higher quality tertiary RW and will be subject to the corresponding rates that support the annual projected cost of providing tertiary RW.

Table 7-3: FY 2021 Proposed Monthly Service Charges

Meter Size	FY 2020 Current A	FY 2021 Proposed B	# of RW Accounts C
5/8-in	$14.14	$15.17	0
3/4-in	$18.99	$20.33	0
1-in	$28.70	$30.66	0
1 1/2-in	$52.98	$56.48	28
2-in	$101.52	$108.11	247
Projected RW Revenues *(Column A or B x Column C x 12)*	**$318,707**	**$339,415**	**275 Accounts**

Table 7-4: FY 2021 Proposed Capital R&R Charges

Meter Size	FY 2020 Rates	FY 2021 Rates	$ Increase	% Increase
5/8-in	$4.66	$4.66	$0.00	0%
3/4-in	$4.66	$4.66	$0.00	0%
1-in	$7.78	$7.78	$0.00	0%
1 1/2-in	$18.91	$18.91	$0.00	0%
2-in	$47.47	$47.47	$0.00	0%
Projected Capital R&R RW Revenues	**$147,055**	**$147,055**		

Table 7-5 derives the revenue required from the Recycled Water Commodity Rate (Line 3) by subtracting the Monthly Service Charge Revenue (Line 2) from the Total Revenue Requirements (Line 1). The unit RW commodity rate is calculated using the net revenue requirements from RW commodity rates (Line 3) divided by projected RW sales (Line 4). The RW commodity rate for FY 2021 is $2.74 / ccf or $1,194 / AF, which is approximately 90% of Tier 2 Potable Water Commodity Rate for FY 2021 and provides an economic incentive for irrigation customers to convert to RW.

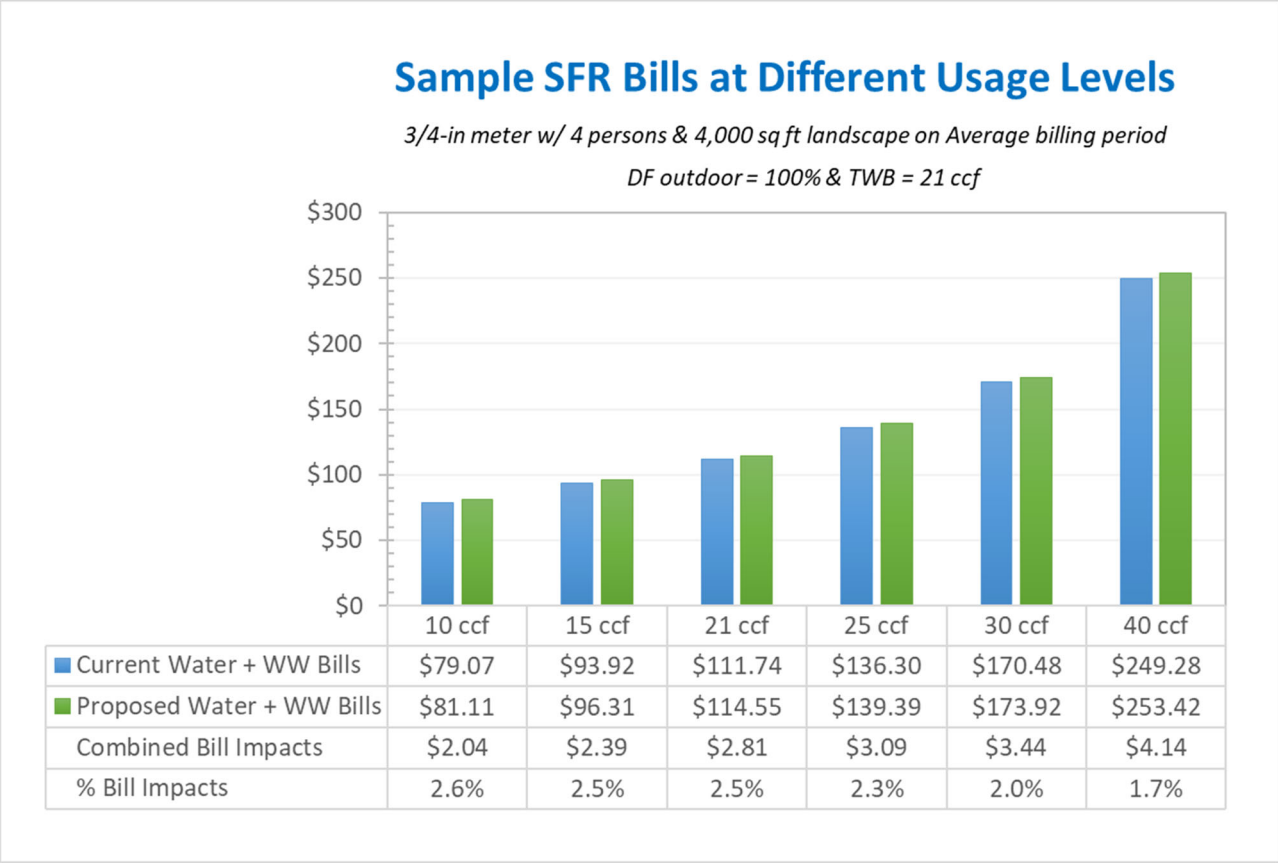
Table 7-5: Recycled Water Commodity Rate Calculation

Line #		FY 2021
1	Total Revenue Requirement from RW Rates	**$2,010,668**
2	Less (-) Monthly Service Charge	($339,415)
3	**Net Commodity Rate Revenue Requirements**	**$1,671,253**
4	Projected RW Sales	609,840 ccf
5	**Unit RW Commodity Rate ($/ccf)**	**$2.74 /ccf**
6	Unit RW Commodity Rate ($/AF)	$1,194 / AF
7	Percent of Tier 2 Potable Water Rate	**90%**

8. Customer Impact Analysis

Figure 8-1 shows a breakdown of water and wastewater bills at various water usage levels for a single-family residential user with 4 occupants and 4,000 sq. ft. landscape area serviced by a ¾-in meter. The combined water and wastewater bill increase would be ranging from $2.04 to $4.14 per month depending on the monthly billed water usage. The bill impacts are resulting from increases in water monthly fixed service charges and water supply costs. Note that the impacts for recycled water are not shown because residential users do not purchase recycled water.

Figure 8-1: SFR Total Monthly Bill at Different Usage Levels



	10 ccf	15 ccf	21 ccf	25 ccf	30 ccf	40 ccf
Current Water + WW Bills	$79.07	$93.92	$111.74	$136.30	$170.48	$249.28
Proposed Water + WW Bills	$81.11	$96.31	$114.55	$139.39	$173.92	$253.42
Combined Bill Impacts	$2.04	$2.39	$2.81	$3.09	$3.44	$4.14
% Bill Impacts	2.6%	2.5%	2.5%	2.3%	2.0%	1.7%

APPENDICES

APPENDIX 1: PASS-THROUGH WATER SUPPLY COST

Source: Purchased Water.xlsx sent by Dennis 6/12/2020.

EL TORO WATER DISTRICT

2020/21 PURCHASED WATER BUDGET

		2019/20 Budget		2019/20 Projected Actual		2020/21 Budget	
		Jul 2019	Jan 2020	Jul 2019	Jan 2020	Jul 2020	Jan 2021
1	Total Period Demand (AF)	3,925	3,425	4,033	2,966	4,000	3,000
2	Total Annual Demand (AF)		7,350		6,999		7,000
3	MWD Period Demand (AF)	2,246	1,746	2,473	1,252	2,321	1,321
4	MWD Annual Demand (AF)		3,992		3,725		3,642
5	**MWD Untreated Commodity Rates**						
6	System Access Rate	326.00	346.00	326.00	346.00	346.00	373.00
7	System Power Rate	127.00	136.00	127.00	136.00	136.00	161.00
8	Water Stewardship Rate	69.00	65.00	69.00	65.00	65.00	-
9	MWD Tier 1 Rate	209.00	208.00	209.00	208.00	208.00	243.00
10	**Subtotal Untreated Full Service**	**731.00**	**755.00**	**731.00**	**755.00**	**755.00**	**777.00**
11	Treatment Surcharge	319.00	323.00	319.00	323.00	323.00	327.00
12	**Total Treated Full Service Rate**	**1,050.00**	**1,078.00**	**1,050.00**	**1,078.00**	**1,078.00**	**1,104.00**
13	**Total Treated Full Service Annual Cost**	**2,358,300**	**1,882,188**	**2,596,965**	**1,349,333**	**2,502,038**	**1,458,384**
14	**MWD Fixed Charges**						
15	Capacity Reservation Charge	56,610	58,200	56,610	58,200	68,978	68,978
16	Readiness To Serve Charge	197,838	202,200	179,261	204,114	200,369	200,369
17	**Total MWD Fixed Charges**		**514,848**		**498,185**		**538,692**
18	**Total MWD Cost**		**4,755,336**		**4,444,483**		**4,499,114**
19	**Total MWD Unit Cost ($/AF)**		**1,191**		**1,193**		**1,235**
20	**MWDOC Connection Rate ($/meter)**	**12.50**		**12.40**		**12.20**	
21	ETWD Meters	9,568		9,568		9,578	
22	**MWDOC Connection Charge ($)**		**119,600**		**118,643**		**116,852**
23	**Baker Water Treatment Plant**						
24	Period Demand (AF)	1,679	1,679	1,560	1,715	1,679	1,679
25	Annual Demand (AF)		3,358		3,274		3,358
26	**Baker Raw Water Cost**	**1,227,349**	**1,267,645**	**1,140,068**	**1,294,518**	**1,267,645**	**1,304,583**
27	Baker O&M Unit Cost (per AF)	187	187	172	182	193	193
28	SCP Surcharge	8.38	8.38	8.14	8.14	8.38	8.38
29	SAC Surcharge	1.15	1.15	1.10	1.10	1.13	1.13
30	**Baker O&M Annual Cost**	**330,759**	**330,759**	**282,662**	**327,899**	**340,026**	**340,026**
31	Baker Capital Cost (Debt Service)	342,131	342,131	342,131	342,131	342,131	342,131
32	**Total Period Baker Water Treatment Plant Cost**	**1,900,239**	**1,940,535**	**1,764,861**	**1,964,548**	**1,949,802**	**1,986,740**
33	**Total Annual Baker Water Treatment Plant Cost**		**3,840,775**		**3,729,409**		**3,936,543**
34	**Baker Water Treatment Plant Unit Cost($/AF)**		**1,144**		**1,139**		**1,172**
35	**Capital Charge Revenue Funding**		**(600,000)**		**(600,000)**		**(650,000)**
36	**Total Baker Water Treatment Plant Cost**		**3,240,775**		**3,129,409**		**3,286,543**
37	**Total Purchased Water Cost**						
38	MWD		4,755,336		4,444,483		4,499,114
39	MWDOC		119,600		118,643		116,852
40	Baker		3,240,775		3,129,409		3,286,543
41	**Total Purchased Water Cost**		**8,115,711**		**7,692,535**		**7,902,508**
42	**Total Expense (Less Baker Debt Service)**		**8,031,449**		**7,608,273**		**7,868,246**
43	Percent Increase Budget to Budget per Unit		**2.30%**				2.24%
44	**Overall Imported Water Effective Rate**						
45	Fiscal Year Cost per Acre Foot Purchased		**1,104**		**1,099**		**1,129**
46	Fiscal Year Cost per CCF Purchased		**2.53**		**2.52**		**2.59**
47	Fiscal Year Rate per CCF Sold		**2.64**		**2.64**		**2.71**

APPENDIX 2: O&M EXPENSES ALLOCATIONS TO WATER, RECYCLED WATER AND WASTEWATER FUNDS

Source: 10YearCashFlow.2021.KP.0620.xlsx sent by Dennis 6/12/2020

	Projected 2019/20 Actual	Water	Sewer	Recycled Water	Total		2020/21 Budget	Water	Sewer	Recycled Water	Total
Source of Supply	7,741,992	7,741,992			7,741,992		8,001,449	8,001,449			8,001,449
Pumping Water	248,962	248,962			248,962		263,623	263,623			263,623
Treatment Water	45,166	45,166			45,166		35,341	35,341			35,341
Transmission & Distribution Water	569,358	569,358			569,358		563,547	563,547			563,547
Customer Accounts	0	0			0		0	0			0
Outside Treatment Sewer	912,721		912,721		912,721		963,500		963,500		963,500
Pumping Sewer	328,282		328,282		328,282		305,835		305,835		305,835
Treatment Sewer	904,982		904,982		904,982		886,749		886,749		886,749
Treatment Tertiary Recycled Water	248,532			248,532	248,532		285,500			285,500	285,500
Transmission & Distribution Sewer	240,754		240,754		240,754		194,475		194,475		194,475
T&D Recycled Water	6,000			6,000	6,000		6,000			6,000	6,000
Operations Support	225,657	90,263	117,342	18,053	225,657		324,413	129,765	168,695	25,953	324,413
Operations Support Power	8,100	3,240	4,212	648	8,100		8,500	3,400	4,420	680	8,500
Fleet	301,900	120,760	156,988	24,152	301,900		286,185	114,474	148,816	22,895	286,185
Operations Indirect Costs	29,934	11,974	15,566	2,395	29,934		42,752	17,101	22,231	3,420	42,752
Information Technology	296,569	118,627	154,216	23,725	296,569		256,000	102,400	133,120	20,480	256,000
Administration	178,132	71,253	92,629	14,251	178,132		167,400	66,960	87,048	13,392	167,400
Admin Power	36,900	14,760	19,188	2,952	36,900		38,400	15,360	19,968	3,072	38,400
Administration Indirect Costs	1,303,495	521,398	677,817	104,280	1,303,495		1,550,716	620,286	806,372	124,057	1,550,716
Depreciation & Amortization	4,620,946	1,848,378	2,402,892	369,676	4,620,946		4,906,850	1,962,740	2,551,562	392,548	4,906,850
Interest Expense	787,459	277,046	75,567	434,845	787,459		756,649	264,422	70,638	421,589	756,649
Total	**19,035,840**	**11,683,176**	**6,103,156**	**1,249,508**	**19,035,840**		**19,843,884**	**12,160,869**	**6,363,429**	**1,319,586**	**19,843,884**
Other O&M											

	Projected 2019/20 Actual	Water	Sewer	Recycled Water	Total		2020/21 Budget	Water	Sewer	Recycled Water	Total
Purchased Water	$7,608,273	$7,608,273			7,608,273		7,868,246	7,868,246			7,868,246
SOCWA	902,721		$902,721		902,721		950,000		950,000		950,000
Fuel & Power	1,055,800	188,000	756,700	111,100	1,055,800		1,123,400	196,260	788,390	138,750	1,123,400
Operations Indirect Costs	29,934	11,974	15,566	2,395	29,934		42,752	17,101	22,231	3,420	42,752
Information Technology	296,569	118,627	154,216	23,725	296,569		256,000	102,400	133,120	20,480	256,000
Administration	178,132	71,253	92,629	14,251	178,132		167,400	66,960	87,048	13,392	167,400
Administration Indirect Costs	1,303,495	521,398	677,817	104,280	1,303,495		1,550,716	620,286	806,372	124,057	1,550,716
Depreciation & Amortization	4,620,946	1,848,378	2,402,892	369,676	4,620,946		4,906,850	1,962,740	2,551,562	392,548	4,906,850
Interest Expense	787,459	277,046	75,567	434,845	787,459		756,649	264,422	70,638	421,589	756,649
Total Other O&M	**2,252,511**	**1,038,227**	**1,025,048**	**189,237**	**2,252,511**		**2,221,871**	**1,062,453**	**954,068**	**205,350**	**2,221,871**
Labor	8,484,793	3,392,806	4,410,648	678,561	8,482,015		8,589,397	3,435,759	4,466,487	687,152	8,589,397
Total Expense	**27,520,633**	**15,075,982**	**10,513,803**	**1,928,069**	**27,517,854**		**28,433,281**	**15,596,628**	**10,829,916**	**2,006,738**	**28,433,282**
Less Depreciation & Interest	**22,112,229**	**12,950,558**	**8,035,344**	**1,123,548**	**22,109,450**		**22,769,782**	**13,369,465**	**8,207,716**	**1,192,601**	**22,769,782**
Enterprise Allocations		**40%**	**52%**	**8%**							
Per 1920 Labor Budget Dept Salary Analysis											

APPENDIX 3: CASH FLOW ANALYSIS FOR WATER FUND

Source: 10YearCashFlow.2021.KP.0620.xlsx sent by Dennis 6/12/2020

WATER CASH FLOW	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
BEGINNING RESERVE BALANCE	**6,653,104**	**6,799,988**	**6,634,366**	**6,538,307**	**6,515,301**	**6,520,068**	**6,520,648**	**6,520,349**	**6,518,798**	**6,518,159**	**6,519,237**
OPERATIONS & MAINTENANCE CASH FLOW											
O&M REVENUES											
Revenue from 19/20 Commodity Rates (Unrestricted)	8,368,736	8,008,839	8,008,839	8,008,839	8,008,839	8,008,839	8,008,839	8,008,839	8,008,839	8,008,839	8,008,839
Revenue from 19/20 Fixed Meter Rates	3,502,749	3,500,004	3,500,004	3,500,004	3,500,004	3,500,004	3,500,004	3,500,004	3,500,004	3,500,004	3,500,004
Revenue from 19/20 Fire / Flooding Meters	118,320	126,100	134,200	146,000	156,500	162,100	174,300	183,100	192,400	203,400	213,000

Additional Service Revenue Required

Year	Rate Action										
2020-21	MWD Pass Through		204,296	204,296	204,296	204,296	204,296	204,296	204,296	204,296	204,296
2020-21	COS Rate Increase		236,000	236,000	236,000	236,000	236,000	236,000	236,000	236,000	236,000
2021-22	MWD Pass Through			233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500
2021-22	COS Rate Increase			240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
2022-23	MWD Pass Through				262,700	262,700	262,700	262,700	262,700	262,700	262,700
2022-23	COS Rate Increase				350,000	350,000	350,000	350,000	350,000	350,000	350,000
2023-24	MWD Pass Through					408,600	408,600	408,600	408,600	408,600	408,600
2023-24	COS Rate Increase					310,000	310,000	310,000	310,000	310,000	310,000
2024-25	MWD Pass Through						612,900	612,900	612,900	612,900	612,900
2024-25	COS Rate Increase						165,000	165,000	165,000	165,000	165,000
2025-26	MWD Pass Through							321,000	321,000	321,000	321,000
2025-26	COS Rate Increase							360,000	360,000	360,000	360,000
2026-27	MWD Pass Through								321,000	321,000	321,000
2026-27	COS Rate Increase								260,000	260,000	260,000
2027-28	MWD Pass Through									291,900	291,900
2027-28	COS Rate Increase									275,000	275,000
2028-29	MWD Pass Through										291,900
2028-29	COS Rate Increase										325,000
2029-30	MWD Pass Through										321,000

WATER CASH FLOW	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
2029-30 COS Rate Increase											285,000
Total Unrestricted Water Service Rate Revenue	**11,989,805**	**12,075,239**	**12,556,839**	**13,181,339**	**13,910,439**	**14,693,939**	**15,387,139**	**15,976,939**	**16,553,139**	**17,181,039**	**17,796,639**
Adjusted for partial year revenue increases											
MWD Pass Through		(34,049)	0	0	0	0	0	0	0	0	0
COS Rate Increase		(39,333)	0	0	0	0	0	0	0	0	0
Other Sources of Cash											
Restricted Reserves Funding of Conservation Program	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Charge Funding of Baker Debt Service	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Restricted Reserve Funding of Baker Debt Service	100,000	150,000	150,000	225,000	200,000						
Property Taxes - General Fund Revenue	320,891	390,141	407,726	425,733	444,173	463,057	482,395	502,199	522,482	543,254	564,528
Property Taxes (Funds Tier 1 Offset)	141,609	136,609	129,559	122,298	114,818	107,114	99,180	91,007	82,589	73,918	64,987
Miscellaneous Revenue	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Other Income (Site Leases)	230,000	235,000	242,050	249,312	256,791	264,495	272,429	280,602	289,020	297,691	306,622
Other Income (R-6 Partners)	124,400	124,500	126,990	129,530	132,120	134,763	137,458	140,207	143,011	145,872	148,789
Investment Income	200,000	175,000	175,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Subtotal Other Sources of Cash	**1,791,900**	**1,886,250**	**1,906,325**	**1,926,872**	**1,922,903**	**1,744,429**	**1,766,462**	**1,789,016**	**1,812,102**	**1,835,734**	**1,859,926**
TOTAL O&M REVENUES (Unrestricted)	**13,781,705**	**13,888,107**	**14,463,164**	**15,108,211**	**15,833,342**	**16,438,368**	**17,153,601**	**17,765,955**	**18,365,241**	**19,016,773**	**19,656,565**
O&M REVENUE REQUIREMENTS											
Total O & M Expense	12,950,558	13,369,465	13,874,960	14,446,954	15,096,312	15,753,525	16,359,637	16,953,243	17,531,617	18,161,433	18,781,854
OPEB (115 Trust)					48,000		110,000	130,000	150,000	170,000	190,000
Debt Service											
Baker Water Treatment Plant	684,263	684,263	684,263	684,263	684,263	684,263	684,263	684,263	684,263	684,263	684,263
Subtotal Debt Service	**684,263**	**684,263**	**684,263**	**684,263**	**684,263**	**684,263**	**684,263**	**684,263**	**684,263**	**684,263**	**684,263**
TOTAL O&M REVENUE REQUIREMENTS	**13,634,821**	**14,053,728**	**14,559,223**	**15,131,217**	**15,828,575**	**16,437,788**	**17,153,900**	**17,767,506**	**18,365,880**	**19,015,696**	**19,656,117**
ANNUAL O&M SURPLUS (DEFICIT)	**146,884**	**(165,622)**	**(96,059)**	**(23,006)**	**4,767**	**580**	**(299)**	**(1,551)**	**(638)**	**1,078**	**448**

WATER CASH FLOW	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM											
CAPITAL EXPENDITURES											
Capital Replacement & Refurbishment Program	755,000	755,000	816,000	860,000	904,000	948,000	970,000	1,014,000	1,036,000	1,036,000	1,036,000
Baker Pipeline Capacity Purchase											
Baker Water Treatment Plant											
Baker Water Treatment Plant Construction Period Interest											
Capital Charge Funding of Baker Debt Service	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
TOTALCAPITAL EXPENDITURES	**1,255,000**	**1,255,000**	**1,316,000**	**1,360,000**	**1,404,000**	**1,448,000**	**1,470,000**	**1,514,000**	**1,536,000**	**1,536,000**	**1,536,000**
CAPITAL PROGRAM REVENUE											
Revenue from Existing Capital Charge	755,000	755,000	755,000	755,000	755,000	755,000	755,000	755,000	755,000	755,000	755,000
Capital Charge Funding of Baker Debt Service	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Restricted Reserve Funding		0	0	0	0	0	0	0	0	0	0
Capital Charge Revenue Increase		0	61,000	105,000	149,000	193,000	215,000	259,000	281,000	281,000	281,000
Capital Charge Revenue Increase											
Subtotal Capital Charge Revenue	**1,255,000**	**1,255,000**	**1,316,000**	**1,360,000**	**1,404,000**	**1,448,000**	**1,470,000**	**1,514,000**	**1,536,000**	**1,536,000**	**1,536,000**
Loan Proceeds - Baker											
Loan Proceeds - Recycled Water Project- SRF											
Capital Reserves											
TOTAL CAPITAL REVENUE	**1,255,000**	**1,255,000**	**1,316,000**	**1,360,000**	**1,404,000**	**1,448,000**	**1,470,000**	**1,514,000**	**1,536,000**	**1,536,000**	**1,536,000**
	—	—	—	—	—	—	—	—	—	—	—
ANNUAL CAPITAL SURPLUS (DEFICIT)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL CASH FLOW											
TRANSFER FROM RECYCLED WATER	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL ANNUAL RESERVE IMPACT	**146,884**	**(165,622)**	**(96,059)**	**(23,006)**	**4,767**	**580**	**(299)**	**(1,551)**	**(638)**	**1,078**	**448**
ENDING RESERVE BALANCE	**6,799,988**	**6,634,366**	**6,538,307**	**6,515,301**	**6,520,068**	**6,520,648**	**6,520,349**	**6,518,798**	**6,518,159**	**6,519,237**	**6,519,686**

APPENDIX 4: CASH FLOW ANALYSIS FOR RECYCLED WATER FUND

Source: 10YearCashFlow.2021.KP.0620.xlsx sent by Dennis 6/12/2020

RECYCLED WATER CASH FLOW	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
BEGINNING RESERVE BALANCE	0	0	0	0	0	0	0	0	0	0	0
OPERATIONS & MAINTENANCE CASH FLOW											
O&M REVENUES											
Revenue from 1920 Commodity Rates	1,432,880	1,628,273	1,628,273	1,628,273	1,628,273	1,628,273	1,628,273	1,628,273	1,628,273	1,628,273	1,628,273
Revenue from 1920 Fixed Meter Rates	283,030	318,707	318,707	318,707	318,707	318,707	318,707	318,707	318,707	318,707	318,707
Additional Service Revenue Required											
Year / Rate Action											
2020-21 RW Commodity Rate Increase		35,574	42,689	42,689	42,689	42,689	42,689	42,689	42,689	42,689	42,689
2020-21 COS Rate Increase		17,500	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
2021-22 RW Commodity Rate Increase			146,732	146,732	146,732	146,732	146,732	146,732	146,732	146,732	146,732
2021-22 COS Rate Increase			21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
2022-23 RW Commodity Rate Increase				51,749	51,749	51,749	51,749	51,749	51,749	51,749	51,749
2022-23 COS Rate Increase				29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
2023-24 RW Commodity Rate Increase					84,093	84,093	84,093	84,093	84,093	84,093	84,093
2023-24 COS Rate Increase					27,000	27,000	27,000	27,000	27,000	27,000	27,000
2024-25 RW Commodity Rate Increase						116,436	116,436	116,436	116,436	116,436	116,436
2024-25 COS Rate Increase						18,000	18,000	18,000	18,000	18,000	18,000
2025-26 RW Commodity Rate Increase							64,687	64,687	64,687	64,687	64,687
2025-26 COS Rate Increase							42,000	42,000	42,000	42,000	42,000
2026-27 RW Commodity Rate Increase								64,687	64,687	64,687	64,687
2026-27 COS Rate Increase								33,000	33,000	33,000	33,000
2027-28 RW Commodity Rate Increase									58,218	58,218	58,218
2027-28 COS Rate Increase									39,000	39,000	39,000
2028-29 RW Commodity Rate Increase										58,218	58,218
2028-29 COS Rate Increase										48,000	48,000

RECYCLED WATER CASH FLOW	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
2029-30 RW Commodity Rate Increase											64,687
2029-30 COS Rate Increase											43,000
Total Recycled Water Service Rate Revenue	1,715,910	2,000,053	2,178,400	2,259,149	2,370,242	2,504,678	2,611,364	2,709,051	2,806,269	2,912,487	3,020,173
Other Sources of Cash											
Restricted Reserves Funding of Debt Service	1,039,643	764,302	587,447	550,225	497,051	399,041	376,409	336,531	305,011	271,519	239,734
Recycled Water Meter Capital Charge Funding of Debt	147,000	154,000	166,000	175,000	184,000	193,000	197,000	206,000	210,000	210,000	210,000
MWD LRP Rebate	233,000	286,250	326,625	326,625	326,625	326,625	326,625	326,625	326,625	326,625	326,625
Property Taxes											
Subtotal Other Sources of Cash	1,419,643	1,204,552	1,080,072	1,051,850	1,007,676	918,666	900,034	869,156	841,636	808,144	776,359
TOTAL O&M REVENUES	3,135,552	3,204,605	3,258,472	3,310,999	3,377,918	3,423,344	3,511,398	3,578,207	3,647,905	3,720,631	3,796,533
O&M REVENUE REQUIREMENTS											
Total O & M Expense	1,123,548	1,192,601	1,246,468	1,298,995	1,353,914	1,411,340	1,471,394	1,534,203	1,599,901	1,668,627	1,740,529
OPEB (115 Trust)					12,000		28,000	32,000	36,000	40,000	44,000
Debt Service											
Recycled Water SRF Loan - Phase 1	1,602,958	1,602,958	1,602,958	1,602,958	1,602,958	1,602,958	1,602,958	1,602,958	1,602,958	1,602,958	1,602,958
Recycled Water SRF Loan - Phase II	409,046	409,046	409,046	409,046	409,046	409,046	409,046	409,046	409,046	409,046	409,046
Subtotal Debt Service	2,012,004	2,012,004	2,012,004	2,012,004	2,012,004	2,012,004	2,012,004	2,012,004	2,012,004	2,012,004	2,012,004
TOTAL O&M REVENUE REQUIREMENTS	3,135,552	3,204,605	3,258,472	3,310,999	3,377,918	3,423,344	3,511,398	3,578,207	3,647,905	3,720,631	3,796,533
ANNUAL O&M SURPLUS (DEFICIT)	0	0	0	0	0	0	0	0	0	0	0
TOTAL ANNUAL RESERVE IMPACT	0	0	0	0	0	0	0	0	0	0	0
ENDING RESERVE BALANCE	0	0	0	0	0	0	0	0	0	0	0

APPENDIX 5: CASH FLOW ANALYSIS FOR WASTEWATER FUND

Source: 10YearCashFlow.2021.KP.0620.xlsx sent by Dennis 6/12/2020

WW CASH FLOW	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
BEGINNING RESERVE BALANCE	6,653,104	6,806,669	6,828,557	6,777,788	6,808,009	6,808,605	6,808,215	6,809,694	6,810,074	6,810,525	6,811,308
OPERATIONS & MAINTENANCE CASH FLOW											
O&M REVENUES											
Revenue from 18/19 Service Rates	7,775,000	7,775,000	7,775,000	7,775,000	7,775,000	7,775,000	7,775,000	7,775,000	7,775,000	7,775,000	7,775,000
Additional Service Revenue Required											
Year / Rate Action											
2020-21 COS Rate Increase											
2021-22 COS Rate Increase			360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
2022-23 COS Rate Increase				475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000
2023-24 COS Rate Increase					330,000	330,000	330,000	330,000	330,000	330,000	330,000
2024-25 COS Rate Increase						375,000	375,000	375,000	375,000	375,000	375,000
2025-26 COS Rate Increase							485,000	485,000	485,000	485,000	485,000
2026-27 COS Rate Increase								440,000	440,000	440,000	440,000
2027-28 COS Rate Increase									460,000	460,000	460,000
2028-29 COS Rate Increase										470,000	470,000
2029-30 COS Rate Increase											500,000
Total Wastewater Service Rate Revenue	7,775,000	7,775,000	8,135,000	8,610,000	8,940,000	9,315,000	9,800,000	10,240,000	10,700,000	11,170,000	11,670,000
Other Sources of Cash											
Property Taxes	462,500	526,750	537,285	548,031	558,991	570,171	581,575	593,206	605,070	617,172	629,515
MNWD Payment for RW Service to Golf Course	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Capital Facilities Fee	0	0	0	0	0	0	0	0	0	0	0

WW CASH FLOW	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Investment Income	200,000	175,000	150,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Subtotal Other Sources of Cash	673,500	712,750	698,285	659,031	669,991	681,171	692,575	704,206	716,070	728,172	740,515
TOTAL O&M REVENUES	8,448,500	8,487,750	8,833,285	9,269,031	9,609,991	9,996,171	10,492,575	10,944,206	11,416,070	11,898,172	12,410,515
O&M REVENUE REQUIREMENTS											
Total O & M Expense	8,036,789	8,207,716	8,625,908	8,980,664	9,351,250	9,738,416	10,142,950	10,565,680	11,007,473	11,469,243	11,951,946
OPEB (115 Trust)							90,000	120,000	150,000	170,000	200,000
Debt Service											
State Revolving Fund Loan											
Northline Lift Station	258,146	258,146	258,146	258,146	258,146	258,146	258,146	258,146	258,146	258,146	258,146
Subtotal Debt Service	258,146	258,146	258,146	258,146	258,146	258,146	258,146	258,146	258,146	258,146	258,146
TOTAL O&M REVENUE REQUIREMENTS	8,294,935	8,465,862	8,884,054	9,238,810	9,609,396	9,996,561	10,491,096	10,943,825	11,415,619	11,897,389	12,410,092
ANNUAL O&M SURPLUS (DEFICIT)	153,565	21,888	(50,769)	30,221	596	(390)	1,479	381	451	783	423
CAPITAL REPLACEMENT & REFURBISHMENT PROGRAM											
CAPITAL EXPENDITURES											
Capital Replacement & Refurbishment Program	1,605,000	1,605,000	1,684,000	1,740,000	1,796,000	1,852,000	1,880,000	1,936,000	1,964,000	1,964,000	1,964,000
TOTAL CAPITAL EXPENDITURES	1,605,000	1,605,000	1,684,000	1,740,000	1,796,000	1,852,000	1,880,000	1,936,000	1,964,000	1,964,000	1,964,000
CAPITAL PROGRAM REVENUE											
Revenue from Existing Capital Charge	1,605,000	1,605,000	1,605,000	1,605,000	1,605,000	1,605,000	1,605,000	1,605,000	1,605,000	1,605,000	1,605,000
Capital Charge Revenue Increase			79,000	135,000	191,000	247,000	275,000	331,000	359,000	359,000	359,000
Subtotal Capital Charge Revenue	1,605,000	1,605,000	1,684,000	1,740,000	1,796,000	1,852,000	1,880,000	1,936,000	1,964,000	1,964,000	1,964,000
Loan Proceeds - Northline											

WW CASH FLOW	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Capital Reserves											
TOTAL CAPITAL REVENUE	1,605,000	1,605,000	1,684,000	1,740,000	1,796,000	1,852,000	1,880,000	1,936,000	1,964,000	1,964,000	1,964,000
ANNUAL CAPITAL SURPLUS (DEFICIT)	0	0	0	0	0	0	0	0	0	0	0
TOTAL ANNUAL RESERVE IMPACT	153,565	21,888	(50,769)	30,221	596	(390)	1,479	381	451	783	423
ENDING RESERVE ANALYSIS	6,806,669	6,828,557	6,777,788	6,808,009	6,808,605	6,808,215	6,809,694	6,810,074	6,810,525	6,811,308	6,811,731

APPENDIX 6: DETAILED WATER COST OF SERVICE ANALYSIS

	Peaking Factors	Base Cost Allocation	Peaking Cost Allocation
Max Day	2.00 x Average Demand	50.0%	50.0%
Max Hour	3.00 x Average Demand	33.3%	66.7%
Average Demand		41.7%	58.3%

The appropriate allocation factors between base and extra capacity vary with system design. The water utility is comprised of various facilities, each designed and operated to fulfill a given function. To provide adequate service to its customers at all times, the utility must be capable of providing the total water demand as well as peak demand.

Different facilities are designed to meet different peaking demands. These characteristics are used to allocate costs to functional cost components. Since all customers do not exert their maximum demand for water at the same time, water facilities are designed to meet coincidental demands for all customers. Comparison of historical system coincidental maximum day and maximum hour demands to average day demands results in appropriate ratios for allocation of capital costs and operating expenses to base and extra capacity cost components. A maximum day to average day ratio of 2.0 is used based on demands experienced in the District's system. This indicates that 50 percent of the capacity of the facilities designed and operated for maximum day demand is needed for average or base use and 50 percent is used for maximum day extra capacity requirements.

Cost of service is allocated to functional cost components using either water system demand ratios developed above or direct assignment, such as billing costs. The separation of costs into functional components provides a means for distributing such costs to customers based on their respective responsibilities for each type of service.

O&M expenses are generally allocated to the functional cost components that best reflect the design parameter associated with that expense. For example, source of supply meets the average day requirements of the system; thus, related expenses are allocated to the base cost component. The treatment plant and transmission mains are designed to meet maximum day demands of the system and so related expenses are allocated to the base and maximum day cost components. In a similar manner, pump stations and distribution mains are designed to meet the maximum hour demands of the system so related expenses are allocated to the base, maximum day and maximum hour cost components.

Other supporting costs such as Fleet, Information Technology and General & Admin are allocated using staff levels as provided by District Staff.

Cost Categories	Billing & Customer Service	Base Fixed	Peaking	Notes
Operations Support	18%	82%		Based on staffing levels for field office
Operations Support Power	18%	82%		Based on staffing levels for field office
Fleet	18%	82%		Based on staffing levels for field office
Operations Indirect Costs	18%	82%		Based on staffing levels for field office
Information Technology	30%	70%		Based on staffing level for main office
Administration	30%	70%		Based on staffing level for main office
Admin Power	30%	70%		Based on staffing level for main office
Administration Indirect Costs	30%	70%		Based on staffing level for main office
Labor	6.97%	62.76%	30.27%	Based on staffing levels

Using the allocation factors discussed above, the Table below summarizes the allocation of Water Revenue Requirements to different cost causation categories.

Water Revenue Requirements	2020-21	Water Supply	Billing & CS	Meters	Base Fixed	Peaking	RW	Conservation	Rev Offset	Capital R&R
					Water Revenue Requirement Components					
O&M Expenses (excl. Interest & Depreciation)										
Source of Supply	$8,001,449	98.3%			1.7%					
Pumping Water	$263,623				33.3%	66.7%				
Treatment Water	$35,341				50.0%	50.0%				
Transmission & Distribution Water	$563,547				50.0%	50.0%				
Customer Accounts	$0				41.7%	58.3%				
Outside Treatment Sewer	$0				100.0%					
Operations Support	$129,765		18%		82.0%					
Operations Support Power	$3,400		18%		82.0%					
Fleet	$114,474		18%		82.0%					
Operations Indirect Costs	$17,101		18%		82.0%					
Information Technology	$102,400		30%		70.0%					
Administration	$66,960		30%		70.0%					
Admin Power	$15,360		30%		70.0%					
Administration Indirect Costs	$620,286		30%		70.0%					
Labor	$3,435,759		7.0%		62.99%	30.04%				
Subtotal O&M Expenses (excl. Interest & Depreciation)	**$13,369,465**	**$7,868,246**	**$528,628**	**$0**	**$3,465,428**	**$1,507,163**	**$0**	**$0**	**$0**	**$0**
Other Revenue Requirements										
OPEB (115 Trust)	$0		30%		70.0%					
Debt Service	$684,263	100.0%								
Unrestricted Capital R&R Funding	$755,000									100.0%
Restricted Capital R&R Funding (Baker WTP)	$500,000									100.0%
Subtotal Other Revenue Requirements	**$1,939,263**	**$684,263**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$1,255,000**
***Less* Other Revenues**										
Fire Service Charges	($126,100)				100.0%	0.0%				
Restricted Reserves Funding of Conservation Program	($100,000)				100.0%	0.0%				
Capital Charge Funding of Baker Debt Service	($500,000)	100.0%				0.0%				
Restricted Reserve Funding of Baker Debt Service	($150,000)	100.0%				0.0%				
Restricted Reserve Funding	$0									100.0%
Property Taxes - General Fund Revenue	($390,141)				99.7%	0.0%			0.3%	
Property Taxes (Funds Tier 1 Offset)	($136,609)								100.0%	
Miscellaneous Revenue	($75,000)				100.0%	0.0%				
Other Income (Site Leases)	($235,000)					0.0%			100.0%	
Other Income (R-6 Partners)	($124,500)				100.0%	0.0%				
Investment Income	($175,000)				100.0%	0.0%				
Subtotal Other Revenues	**($2,012,350)**	**($650,000)**	**$0**	**$0**	**($989,571)**	**$0**	**$0**	**$0**	**($372,779)**	**$0**
***Plus* Operating Reserve Funding**	($165,622)				100%					
***Plus* Capital Reserve Funding**	$0									100%
Plus Annualizing Revenue Adjustments	$73,383	9%	34%		57%					
NET REV REQUIREMENTS FROM RATES, EXC. FIRE SC	**$13,204,139**	**$7,909,190**	**$553,724**	**$0**	**$2,351,841**	**$1,507,163**	**$0**	**$0**	**($372,779)**	**$1,255,000**

Revenues requirements by categories are then collected through different rate components. Peaking costs are recovered using both fixed charges via meters & capacity rates and water commodity rates via peaking delivery rate component, as shown in the Table below.

Water		Water Rate Components							
Revenue Requirements	2020-21	Billing & CS	Meters & Capacity	Water Supply	Peak Delivery	RW	Conservation	Rev Offset	Capital R&R
Water Supply	$7,909,190			$7,909,190					
Billing & CS	$553,724	$553,724							
Meters	$0								
Base Fixed	$2,351,841		$2,351,841						
Peaking	$1,507,163		$832,163		$675,000				
RW	$0					$0			
Conservation	$0						$0		
Rev Offset	($372,779)							($372,779)	
Capital R&R	$1,255,000								$1,255,000
NET REVENUE REQUIREMENTS	$13,204,139	$553,724	$3,184,004	$7,909,190	$675,000	$0	$0	($372,779)	$1,255,000

Proposition 218 Notice

El Toro Water District

NOTICE OF PUBLIC HEARING ON PROPOSED WATER, SEWER AND RECYCLED WATER RATE/CHARGE INCREASE

Notice is hereby given that the Board of Directors of the El Toro Water District (the "District") will conduct a public hearing on September 24, 2020 at 7:30 a.m. in the District Boardroom at 24251 Los Alisos Blvd., Lake Forest, CA 92630, or virtually if not in person, to consider adopting increases to certain rates and charges. If the public hearing is conducted virtually, information to access the meeting will be listed in the hearing agenda posted on the District website. The proposed increases are the result of detailed budget analysis and an independent professional 2020-21 Water, Recycled Water and Wastewater Rate Update Study Report prepared to determine appropriateness of the amounts, and fair and equitable cost allocation among customer categories. The proposed increases impact the potable water usage rates, uniform recycled water usage rate, and the water and recycled water operations and maintenance charges. The net impact of the proposed changes in the rates for residential and commercial/public authority customers will vary based upon the actual water consumption and, where applicable, property specific water budgets. (See "**Potable Water Budget Calculation**" section).

BACKGROUND

While the District continually strives for cost reductions and efficient utilization of the public's assets entrusted to us, we still must align rates and charges with the costs to deliver services. These costs include 1) electricity for operations, 2) the cost to purchase and treat water, 3) compliance with regulations governing the distribution, collection and treatment of water, wastewater and recycled water, 4) the disposal of treated wastewater & bio-solids, 5) construction of capital infrastructure improvements needed to repair, replace and update aging water, sewer and recycled water systems, 6) ongoing maintenance of vital infrastructure and 7) District labor necessary to maintain the systems and operations of the District. Each year the District's Board of Directors adopts an annual operating budget that goes into effect on July 1. Part of the budgeting process is to assess the adequacy of the District's rates and charges. Of utmost importance is the effort to minimize costs (and therefore rates and charges), while maintaining the integrity and reliability of the District's infrastructure and the District's financial stability. To assist the District in this endeavor, the District retains an independent outside financial consultant who specializes in Cost of Service analysis and rate setting.

POTABLE WATER USAGE RATES

The District, given the lack of available groundwater supply, purchases 100% of its potable water (drinking water) supply to meet residential, potable irrigation, commercial/public authority and fire protection demands from its wholesale water provider, the Municipal Water District of Orange County (MWDOC). MWDOC purchases it's water from it's wholesale water provider Metropolitan Water District of Southern California (MWD). Wholesale imported water (Northern California and the Colorado River) costs from MWDOC/MWD are driven by continued investment in regional water treatment and delivery system infrastructure, increased water importation costs, securing higher cost water supplies and water storage arrangements due to Northern California Bay-Delta (Bay-Delta) regulatory exportation restrictions and increased funding to aggressively pursue near term and long term Bay-Delta solutions (The Delta Conveyance Project) that will ensure a greater degree of future water supply reliability to Southern California and Orange County.

Customers may obtain a copy of the proposed 2020/21 fiscal year budget and the Cost of Service Rate Study at the District's Administrative Office and the District's website at www.etwd.com. For assistance in determining the impact of the proposed rate increase on your monthly bill you may access a Water Budget Calculator on the District's website or call our Customer Service Representatives at (949) 837-0660.

South Orange County receives the majority of its potable water from MWDOC via the MWD Diemer Water Filtration Plant located in Yorba Linda. To diversify and improve water treatment reliability for South Orange County residences and businesses, the District and four other water agencies partnered to fund and construct the Baker Water Treatment Plant located in the City of Lake Forest. The plant provides increased water reliability by increasing local water treatment capability from multiple water supply sources, including imported untreated water from MWD and local surface water from Irvine Lake.

The cost of purchased water includes the amount paid by the District to MWDOC for wholesale imported water treated by Metropolitan Water District, the amount paid by the District to MWDOC for untreated imported water supplied to the Baker Water Treatment Plant and the amount paid to Irvine Ranch Water District for Operations and Maintenance (O&M) costs associated with the treatment and delivery of water from the Baker Water Treatment Plant. The amount paid by the District for the purchase of water delivered to its customers is the amount "passed through" to the District's customers in the form of a Potable Water Usage Charge. The indoor Tier I and Uniform Commercial Usage rates include an offsetting credit (funded by non-rate revenue) based on the 2020/21 Cost of Service Study, to recognize that the highest and best use of potable water is for indoor health, safety and sanitation purposes. Tier II rates are applied to usage outside the home for landscape irrigation. Tiers III and IV rates are applied to usage exceeding the combined calculated Tier I indoor and Tier II outdoor efficient water budgets. Tiers III and IV rates include the actual costs to purchase and deliver water from the District's wholesale water provider plus charges to fund the District's conservation and alternative supply development programs. The Potable Water Usage Rate Increase will become effective with the first full billing period after October 1, 2020.

PROPOSED MONTHLY TIERED WATER USAGE RATES

Water Usage Charges	Current Rate $/ccf*	Proposed Rate $/ccf*
Tier I - Indoor Efficient	$2.58	$2.65
Tier II - Outdoor Efficient	$2.97	$3.04
Tier III - Inefficient	$6.14	$6.21
Tier IV - Excessive	$7.88	$7.95
Commercial, Institutional and Industrial ("CII")	$2.95	$3.02

* 1 Billing Unit or "ccf" = 748 gallons

RECYCLED WATER USAGE RATES

The uniform Recycled Water Usage Rate ($2.67/ccf) is proposed to increase by $0.07/ccf to $2.74/ccf to recover the cost of producing and delivering recycled water for irrigation purposes. The Recycled Water Usage Rate will become effective with the first full billing period after October 1, 2020.

WATER AND SEWER OPERATIONS AND MAINTENANCE CHARGE

To responsibly maintain and preserve its water, sewer and recycled water infrastructure investment, meet stringent regulatory requirements and ensure a continuous high level of service to its customers, the District administers an ongoing operations and maintenance program. To minimize financial impacts to customers and, fairly and equitably allocate that cost, the District commissioned an independent Cost of Service Study Report. Coupled with prudent utilization of reserves the District proposes to increase the water, and recycled water operations and maintenance charges to meet costs associated with operating and maintenance of the water, and recycled water systems. The Water, and Recycled Water Enterprise Operations and Maintenance (O&M) Charges increase will become effective with the first full billing period after October 1, 2020. No change in the Sewer O&M Charge is proposed in the 2020/21 fiscal year.

WATER / RECYCLED WATER

Meter Size	Current Charge	Proposed Charge
5/8"	$14.14	$15.17
3/4"	$18.99	$20.33
1"	$28.70	$30.66
1-1/2"	$52.98	$56.48
2"	$101.52	$108.11

SEWER

Residential

Meter Size	Current Charge	Proposed Charge
Single Family (1)	$24.30	No Change
Multi-family Restricted (2)	$19.28	No Change
Multi-family Unrestricted (2)	$22.92	No Change

(1) charged per month

(2) charged per Equivalent Dwelling Unit per month

(3) per ccf of water used

SEWER

Commercial(3)

	Current Charge	Proposed Charge
Animal Kennel/Hospital	$3.99	No Change
Car Wash	$3.97	No Change
Department/Retail Store	$3.99	No Change
Dry Cleaner	$3.50	No Change
Golf Course/Camp/Park	$3.49	No Change
Health Spa	$3.98	No Change
Hospital/Convalescence Home	$3.50	No Change
Hotel	$6.04	No Change
Market	$7.92	No Change
Mortuary	$7.89	No Change
Nursery/Greenhouse	$3.54	No Change
Professional/Financial Office	$3.99	No Change
Public Institution	$3.93	No Change
Repair/Service Station	$3.98	No Change
Restaurant	$3.77	No Change
School	$4.13	No Change
Theater	$3.99	No Change
Warehouse/Storage	$3.16	No Change
Basic Commercial	$3.50	No Change

CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

The District maintains over $164 million worth of water, sewer and recycled water infrastructure. The District's capital program, which reinvests, replaces and refurbishes the assets that are essential to the provision of water, sewer and recycled water services to the District's customers is funded by the Capital Replacement and Refurbishment Charge. No change in the Capital Replacement and Refurbishment Charge is proposed in the 2020/21 fiscal year.

POTABLE AND RECYCLED WATER CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

Meter Size	Current Charge ($/Month)	Proposed Charge ($/Month)
5/8"	$4.66	No Change
3/4"	$4.66	No Change
1"	$7.78	No Change
1-1/2"	$18.91	No Change
2"	$47.47	No Change

SEWER CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

User Category	Current Charge ($/Month)	Proposed Charge ($/Month)
Single Family Residential	$4.93	No Change
Multi-Family Restricted	$3.91	No Change
Multi-Family Unrestricted	$4.65	No Change
Commercial		
5/8" Meter	$4.34	No Change
3/4" Meter	$7.34	No Change
1" Meter	$13.55	No Change
1-1/2" Meter	$24.07	No Change
2"Meter	$70.96	No Change
Public Authority		
1" Meter	$4.93	No Change
1-1/2" Meter	$24.65	No Change
2" Meter	$39.71	No Change

POTABLE WATER BUDGET CALCULATION

RESIDENTIAL CUSTOMERS

A per meter, customer specific water budget is calculated to meet the efficient demands of indoor domestic use as well as outdoor irrigation under normal operating and water supply conditions. Under Emergencies and Water Supply Shortage conditions indoor and/or outdoor water budgets maybe adjusted using the Drought Factor ("DF") to reduce water budgets to further encourage conservation. A water budget is the sum of the indoor and outdoor water budgets.

The **indoor water budget** in hundred cubic feet (ccf[1]) is:

55 gallons/person/day * Number of people per household* Days/billing cycle * DF_{indoor}/748

- The indoor Drought Factor DF_{indoor} which is set by the Board of Directors is currently set to 100% and the number of people per household is as follows:
  - Detached home (single family home): 4 people
  - Apartment: 2 people
  - Attached home - unrestricted (i.e. condominium or townhouse): 3 people
  - Attached home - restricted (i.e. condominium or townhouse with age restrictions): 2 people

Customers may request a variance/adjustment to provide an equitable water budget for special circumstances such as, more people living in the home than the formula provides, medical needs, etc.

The **outdoor water budget allocation** in ccf is: **(Weather data * Landscape area * ETAF/1200) * $DF_{outdoor}$**

- The weather data is measured by the reference EvapoTranspiration (ET_0) data in inches of water per billing cycle. ET is the amount of water that is lost by plants through evaporation and transpiration, and needs to be replaced for the plants to remain healthy. ET_0 data is obtained from California Irrigation Management Information System (CIMIS) Station 75 established by State of California Department of Water Resources, Office of Water Use Efficiency;
- The landscape area for multi-family accounts including apartments, condominiums and mobile homes is 25 square feet of landscape per dwelling unit plus any dedicated landscape area associated with the account;
- The landscape area for single-family detached homes is calculated by taking the building area and dividing it by the number of floors and subtracting that from the parcel area. The result is then multiplied by 70 percent to obtain the landscape area as follows:
  Landscape area = (lot size - (building area /number of floors)) * 70%
- ET Adjustment Factor (ETAF) is a coefficient that adjusts the EvapoTranspiration (ET_0) values based on type of plants and irrigation system efficiency. Based on the updated Model Water Efficient Landscape Ordinance[2] developed by the California Department of Water Resources, any landscape installed prior to January 1, 2010 has an ETAF of 0.8 and new landscape is an ETAF of 0.7. New landscape is defined as new or re-developments.
- $DF_{outdoor}$ is the outdoor drought factor (set by the Board of Directors) currently set at 100%.
  This factor is not necessarily the same as the DF for indoor;
- 1200 is the conversion factor from inches-water (weather data)*square feet (landscape area) to ccf (outdoor water budget).

Under normal water supply conditions and circumstances Customers may request a variance/adjustment to provide an equitable water budget for special circumstances such as, establishing new landscaping and changes in irrigation landscape area. Under Emergencies and Water Supply Shortage conditions, variances/adjustments <u>may be limited.</u>

The indoor water budget, as determined above, will be billed at Tier I ("Indoor - Efficient") rates. The outdoor water budget, as determined above, will be billed at Tier II ("Outdoor - Efficient") rates. Water use in excess of the Tier I and II water budget would be deemed inefficient and/or excessive. Tier III ("Inefficient") water use would be usage between 100% and 130% of the Tier I and II water budget (or Total Water Budget) and Tier IV ("Excessive") usage would be consumption over 130% of Total Water Budget.

POTABLE IRRIGATION CUSTOMERS

Potable Irrigation customers fall into one of two categories: Recreational or Functional. Recreational irrigation customers are those whose landscape is used mostly for recreational purposes (i.e. parks, soccer fields, etc.) while Functional irrigation customers will be those whose landscape is ornamental in nature (greenbelts, medians, etc.).

The irrigation water budget for dedicated irrigation customers in ccf is calculated as follows:

(Weather data * Landscape area * ETAF/1200) * $DF_{outdoor}$, where

- Weather data (ET_0) as described in the section above,
- Landscape area is assumed to be the lesser of 100% of total parcel area or 100% of the measured landscape area served by each meter,
- ET adjustment factor (ETAF) is equal to 0.8 for Functional irrigation and 1 for Recreational irrigation customers based on the updated Model Water Efficient Landscape Ordinance, and
- $DF_{outdoor}$ is the outdoor drought factor (set by the Board of Directors) will be set at 100%. This factor is not necessarily the same as the DF for indoor;

Under normal circumstances Customers may request a variance/adjustment to provide an equitable water budget for special circumstances such as, establishing new landscaping and changes in irrigation landscape area. Under Emergencies and Water Supply Shortage conditions, variances/adjustments <u>may be limited</u>.

All of an irrigation customer's Water Budget will be at Tier II ("Outdoor - Efficient"). Water use in excess of the Tier II water budget would be deemed inefficient and/or excessive. Tier III ("Inefficient") water usage would be between 100% and 130% of the Tier II budget and Tier IV ("Excessive") water usage would be consumption over 130% of the Tier II budget.

1. ccf (100 cubic feet) = 748 gallons 2. Also in *State of California Code of Regulations, Title 23, Section 490-495*

WHY AM I RECEIVING THIS NOTICE?

You are receiving this notice because you are the owner of record of one or more parcels of property located within the service area of El Toro Water District.

PUBLIC HEARING AND PROTEST PROCEEDING

The Governing Board of the El Toro Water District will conduct a **public hearing on September 24, 2020 at 7:30 a.m.** in the District Board Room of its Administrative Office located at 24251 Los Alisos Blvd., Lake Forest, CA 92630 or virtually if not in person. If the public hearing is conducted virtually, information to access the meeting will be listed in the hearing agenda posted on the District website. The purpose of the hearing will be to consider adoption of the proposed Potable Water Usage Rate Increase, the Recycled Water Usage Rate Increase and a Water and Recycled Water Operations and Maintenance Charge increase. Property (parcel) owners may comment and file a written protest (one vote per parcel owned) on the proposed increases. California law prohibits the District from increasing charges if a majority of the affected property (parcel) owners file a written protest opposing the proposed increases before the end of the public hearing. Written protests must be submitted to the District at P.O. Box 4000, Laguna Hills, CA 92654 or personally submitted on or before the end of the public hearing, which is scheduled for 7:30 a.m. on September 24, 2020. Each protest must identify the affected property and include the signature of a record property owner. Email protests will not be accepted. Oral protests at the public hearing will not qualify as a protest, unless accompanied by a written protest. The District's Board of Directors welcomes input from the public during the public hearing.

El Toro Water District
24251 Los Alisos Blvd.
Lake Forest, CA 92630

EL TORO WATER DISTRICT
INSURANCE UPDATE
July 2020

Liability Program

There is nothing new to report this quarter.

Property Insurance

There is nothing new to report this quarter.

Excess Public Employee Fidelity Program

There is nothing new to report this quarter.

Underground Storage Tank Pollution Liability

There is nothing new to report this quarter.

Dam Failure Liability

There is nothing new to report this quarter.

Fiduciary Liability Policy

There is nothing new to report this quarter.

Liability & Property Claims

Saddleback Valley Dental Associates filed a claim for damages that were allegedly caused by sewage in May 2020. The spill occurred in January 2020. The District rejected the claim on May 28, 2020. JPIA is working with Dr. Wright from Saddleback Valley Dental Associates directly

Workers' Compensation Policy

The Workers' Compensation Policy was renewed as of July 1, 2019 and runs through June 30, 2020. The District's experience modification rate is down from 0.83 to 0.64 for FY 19/20.

Workers' Compensation Claims

There were no worker's compensation claims this quarter.

Medical Insurance

The District offers three medical plans as follows:

Kaiser Health - $10 office co-pay with no annual deductibles.

Anthem Blue Cross – HMO; Offers a $10 copay with no annual deductibles.

Anthem Blue Cross – PPO; this plan offers benefits within the physician network and outside of the network. In network there is a co-pay of $15.00 with an annual deductible of $200 per person and $600 per family. Out of the network, benefits are offered at 20% cost to the employee for all covered services with the same annual deductibles.

Average cost per month per employee for the fourth quarter is $1375.18.

Vision Insurance

VSP provides vision coverage to our employees, Directors and dependents. It provides an annual eye exam and discounted rates for frames, lenses and contacts.

The cost per month per employee for the fourth quarter is $17.21.

Dental Insurance

The District provides dental coverage with Delta Dental. Our dental insurance pays up to $1,500 for the upcoming year for covered services. All preventative services are offered every six months with the copay waived.

Average cost per month per employee for the fourth quarter is $78.21.

Long and Short Term Disability Insurance

The District offers Long and Short Term Disability Program through Lincoln National Life Insurance Company. The Long Term Disability program provides a maximum monthly benefit of $10,000. The Short Term Disability program provides a maximum weekly benefit of $ 1,500.

Both Short and Long Term Disability Programs are paid by the District and provides disability payments up to 66 2/3 of an employee's weekly or monthly salary if the claim is approved.

Average cost per month per employee for the fourth quarter is $63.99.

Long Term Care Insurance

Long Term care is a program that provides a monthly benefit of $2,500 to be applied to home health care or an assisted living facility.

Average cost per month per employee for the fourth quarter is $9.46.

Life Insurance Coverage

The District offers Life Insurance coverage through Lincoln National Life Insurance Company at twice the employee's annual salary up to a maximum of $300,000.

Lincoln National Life Insurance Company also provides life insurance coverage for the Directors.

Premium rates are based on age and salary of insured employees. The premium is adjusted on the employee's birthday every fifth year.

Average cost per month per employee for the fourth quarter is $55.14.

Employee Assistance Program (EAP) Coverage

UNUM is our carrier for our Employee Assistance Program. This program offers assistance in many areas such as: childcare, eldercare, legal consultations, and health information, personal relationship issues, financial planning assistance, stress management and career development. This benefit also comes with a $5,000 portable term life insurance benefit.

The cost per month per employee for the fourth quarter is $1.70.

An insurance report of Budget vs. Actual Costs for fiscal year 2019/2020 is attached for the Board's review as well as a summary of currently held District insurance policies.

Submitted by:
Judy Wilson
Judy Cimorell

Budget vs. Actual - Q4 2019/2020
7/1/2020

Insurance Coverage	Annual Budget	Actual Paid to Date	Difference
Liability	$150,000	$172,271	$22,271
Property	$70,000	$65,271	($4,729)
Fiduciary Liability (Pd 2 years 9/2018 - 8/2020)	$6,300	$6,164	($137)
Dam Ins. (includes Excess)	$21,405	$23,949	$2,544
less SMWD- 50% &	($7,950)	($11,975)	-$4,025
MNWD 5% - R-6	($795)	($1,197)	($402)
Underground Storage Tank	$1,350	$1,419	$69
Excess Crime	$1,750	$1,900	$150
Total Insurance	**$242,060**	**$257,801**	**$15,741**

Benefits - Directors	Annual Budget	Q1, Q2, Q3 & Q4 Budget	Accumulative Q1, Q2, Q3 & Q4 Actual	Difference
Long Term Care	$18,264	$18,264	$21,551	$3,287
Dental	$4,625	$4,625	$2,747	($1,878)
Vision	$1,049	$1,049	$1,033	($16)
Life	$173	$173	$139	($34)
Total Benefits Directors	**$24,111**	**$24,111**	**$25,470**	**$1,359**
Retiree Benefits				
Medical	$322,321	$322,321	$293,475	($28,846)
Employee paid	($32,232)	($32,232)	($29,398)	$2,834
Anthem Supplement	$0	$0	$0	$0
Total retiree benefits	**$290,089**	**$290,089**	**$264,077**	**($26,012)**
Employee Benefits				
Emp.Assistance Program	$1,224	$1,224	$1,175	($49)
Medical	$1,203,295	$1,203,295	$1,072,710	($130,585)
Emp. Co-pay	($88,109)	($88,109)	($84,380)	$3,729
Life/AD&D	$28,741	$28,741	$30,857	$2,116
Dental	$59,988	$59,988	$57,993	($1,995)
Vision	$12,445	$12,445	$12,288	($157)
LTD/STD	$36,650	$36,650	$38,179	$1,529
LTC	$8,646	$8,646	$7,728	($918)
LTC-Emp. Paid	($2,598)	($2,598)	($1,739)	$859
Workers comp.	$135,000	$135,000	$88,265	($46,735)
Total Employee Benefits	**$1,395,282**	**$1,395,282**	**$1,223,076**	**($172,206)**

SUMMARY OF COVERAGE

Type of Coverage	GENERAL LIABILITY	Coverage Term: 10/19-20
Coverage Includes	1. Commercial General Liability 2. Contractual Liability 3. Products/Completed Operations 4. Personal Injury	**Premium - $172,271**
Coverage Limits	**Insurance Carrier**	**Policy Number**
	Pooled Self-insured	MOLC - 100110

Type of Coverage	AUTO LIABILITY	Coverage Term: 10/19-20
Coverage Includes	1. Owned Automobiles/Trucks 2. Non-owned Automobiles/Trucks 3. Hired Automobiles/Trucks	**Premium - Included**
Coverage Limits	**Insurance Carrier**	**Policy Number**
	Pooled Self-insured	MOLC - 100110

Type of Coverage	PUBLIC OFFICIALS LIABILITY	Coverage Term: 10/19-20
Coverage Includes	1. Errors & Omissions	**Premium - Included**
Coverage Limits	**Insurance Carrier**	**Policy Number**
	Pooled Self-insured	MOLC - 100110

Type of Coverage	PROPERTY	Coverage Term: 7/19 - 20
Coverage Includes	1. Basic Property Values- Building, Fixed Equipment, Personal Property 2. Mobile Equipment Value 3. Licensed Vehicle - Comprehensive & Collision - Private Passenger, Light Truck, Sport Utility, Other Vehicles	**$65,271**
Automobile Physical Damage **Comprehensive - 83 Vehicles** **Collision - 83 Vehicles**		
Coverage Limits	**Insurance Carrier**	**Policy Number**
	Pooled Self-insured	MOLC - 100110

Type of Coverage	EXCESS CRIME PROGRAM	Coverage Term: 7/19 - 20
Coverage Includes	1. Public Employee Dishonesty 2. Forgery or Alteration 3. Computer Fraud 4. Faithful Performance of Duty 5. Treasurer/Tax Collector/Board Members (included)	**Premium - $1,900**
Coverage Limits	**Insurance Carrier**	**Policy Number**
	Pooled Self-insured	MOLC - 100110

Type of Coverage	UNDERGROUND STORAGE TANK POLLUTION LIABILITY	Coverage Term: 7/19 - 20
Coverage Includes	1. Claims-Made 2. Environmental Incident	**Premium - $1,419**
Covers 1 Tank Located at: **23542 Moulton Parkway** **Laguna Woods, CA 92637**		
Coverage Limits	**Insurance Carrier**	**Policy Number**
	Pooled Self-insured	MOLC - 100110

Type of Coverage	DAM FAILURE LIABILITY	Coverage Term: 10/19-09/20
Coverage (Includes Excess Ins. for El Toro Reservoir)	$10,000,000.00	**Premium - $23,949**
Covers: **El Toro Reservoir** **Rossmoor Dam**	$5,000,000.00	
Coverage Limits	**Insurance Carrier**	**Policy Number**
		MOLC - 100110

Type of Coverage	FIDUCIARY LIABILITY	Coverage Term: 9/18-20
Coverage Includes 2 years Pre-paid Premium	1. Executive Protection Policy	**Premium - $12,327**
Parent Organization: **ETWD Retirement Savings Plan & Trust Agreement**		
Coverage Limits	**Insurance Carrier**	**Policy Number**
	Travelers Casualty & Surety Co. of America	105992703

Type of Coverage	WORKERS' COMPENSATION	Coverage Term: 7/19 - 6/20
Coverage Includes	1. Coverage A - Workers' Compensation 2. Coverage B - Employer's Liability	**Premium - Paid Quarterly** **Varies per Payroll**
Coverage Limits	**Insurance Carrier**	**Policy Number**
Coverage A		
$0 - $2 Million	Pooled Self-insured	MOLC - 100110
$2 Million to Statutory		
Coverage Limits	**Insurance Carrier**	**Policy Number**
Coverage B		
$0 - $2 Million	Pooled Self-insured	MOLC - 100110
$2 Million excess of $2 Million SIR		

Type of Coverage	LIFE & ACCIDENT	4th Quarter Premium $9,772
Coverage Includes	**Coverage - 2 X Annual Income (Max. of $300,000)**	
Insurance Carrier	**Lincoln National Life Insurance Co.**	**Policy # 10218807**
Eligibility Period	**2 Months After Hire**	
Plan Wait or Deductible	**60 Days**	

Type of Coverage	LONG / SHORT TERM DISABILITY	4th Quarter Premium $11,326
Coverage Includes	**66 2/3 Insured Earnings Max. of $10,000**	
Insurance Carrier	**Lincoln National Life Insurance Co.**	**Policy # 10218808**
Eligibility Period	**1 Year After Hire**	
Plan Wait or Deductible	**30 Days STD 90 Days or 9 Weeks LTD**	

Type of Coverage	LONG TERM CARE	4th Quarter Premium $1,333
Coverage Includes	**$2,500/Month $150,000 Total Benefit**	
Insurance Carrier	**UNUM**	**Policy # 220384**
Eligibility Period	**1 Year After Hire**	
Plan Wait or Deductible	**365 Days**	

Type of Coverage	PERSONAL ACCIDENT INSURANCE	4th Quarter Premium Employee Paid
Coverage Includes	$50,000 or $100,000	
Insurance Carrier	INA	Policy # OKH-1253-56
Eligibility Period	Optional	
Plan Wait or Deductible	None	

Type of Coverage	DENTAL	4th Quarter Premium $14,507
Coverage Includes	$25.00 or $50.00/Family	
Insurance Carrier	Delta Dental Plan of California	Policy #399-1012
Eligibility Period	2 Months After Hire	
Plan Wait or Deductible	60 Days	

Type of Coverage	MEDICAL	4th Quarter Premium $310,074
Coverage Includes	HMO or PPO by Employee Choice	
Insurance Carrier	Anthem Blue Cross / Kaiser Insurance thru ACWA	Policy #229CA
Eligibility Period	1 Month After Hire	
Plan Wait or Deductible	30 Days	

* Premium includes employees and retirees

Type of Coverage	VISION	4th Quarter Premium $3,253
Coverage Includes	Annual Exam/Frame Every 2 Years	
Insurance Carrier	Vision Service Plan thru ACWA	Policy #399-1012
Eligibility Period	2 Months After Hire	
Plan Wait or Deductible	60 Days	

EL TORO WATER DISTRICT
FINANCIAL REPORT
July 20, 2020

EL TORO WATER DISTRICT
BALANCE SHEET

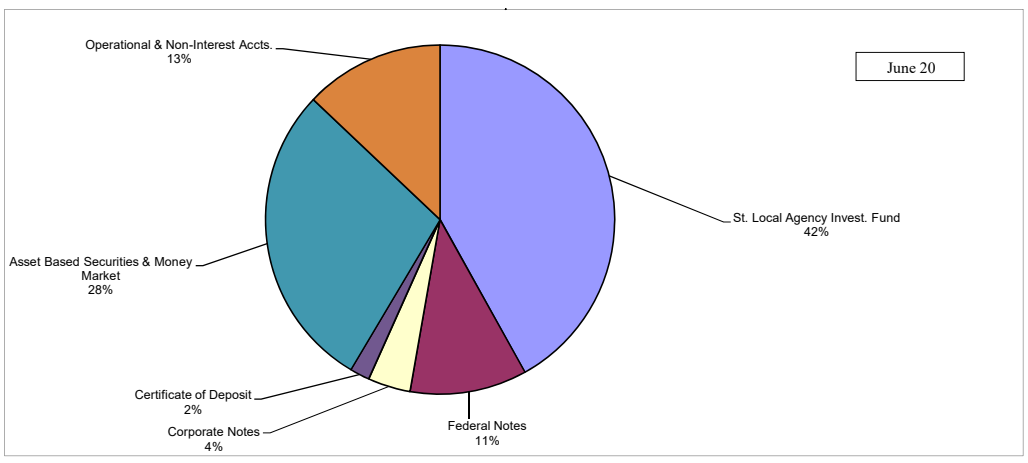
	6/30/20 (Unaudited)	June 30, 2019 (Audited)
ASSETS		
Current Assets		
Cash	$2,717,028	$1,704,132
Investments:		
Investments Cash	7,724,881	6,095,362
Investments FMV Adjustment	122,443	39,107
Receivables:		
Accounts Receivable	2,666,116	3,337,975
Notes Receivable	-	-
Inventories	629,459	625,472
Prepaid Expenses	166,971	201,078
Total Current Assets	$14,026,898	12,003,125
Restricted Assets		
Cash & Investments	10,562,058	12,035,381
Total Restricted Assets	10,562,058	12,035,381
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	115,192,376	114,139,715
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,871,067	34,806,127
Total Utility Plant	164,101,118	162,983,517
Less Accumulated Depreciation & Amortization	(79,719,396)	(75,348,450)
Net Utility Plant	84,381,722	87,635,067
Construction Work in Progress	7,259,007	6,838,533
Notes Receivable	-	-
Deffered Outflow OPEB	3,337,168	3,337,168
Total Non-current Assets	94,977,897	97,810,768
TOTAL ASSETS	$119,566,853	$121,849,273

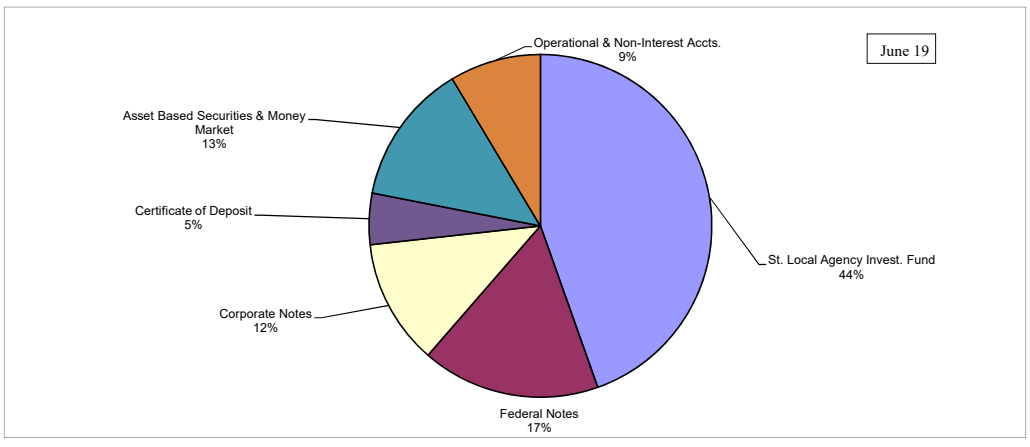
EL TORO WATER DISTRICT
BALANCE SHEET

	6/30/20 (Unaudited)	June 30, 2019 (Audited)
LIABILITIES and EQUITY		
Liabilities		
Current Liabilities Payable		
Accounts Payable	$1,855,614	$1,964,675
Current Portion of Long-Term Debt	6,180	2,173,134
Other Current Liabilities	1,770,803	2,008,617
Total Current Liabilities Payable From Current Assets	3,632,597	6,146,426
Long Term Debt		
Long Term Debt	51,149,798	51,149,798
Total Long Term Debt	51,149,798	51,149,798
Total Liabilities	54,782,395	57,296,224
Fund Equity		
Retained Earnings - Reserved	17,034,893	17,034,893
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	38,773,389	37,178,785
Net Income	231,408	1,594,605
Total Fund Equity	64,784,457	64,553,049
Total Liabilites & Fund Equity	$119,566,853	$121,849,273

CASH & INVESTMENTS (General Fund)
SUMMARY OF INVESTMENTS BY TYPE

	Maturity Dates	Par	Market Value 6/30/20	Financial Institution	YTM 6/30/20	Original Cost 6/30/20
State Local Agency Investment Fund	NA	NA	$8,804,275	LAIF	1.22%	$8,804,275
US Treasury N/B - Coupon Rate 1.625%	7/31/2020	60,000	60,066	US Bank/CAMP	1.60%	60,038
US Treasury N/B - Coupon Rate 1.375%	8/31/2020	110,000	110,223	US Bank/CAMP	1.53%	109,502
US Treasury N/B - Coupon Rate 1.375%	8/31/2020	260,000	260,528	US Bank/CAMP	1.44%	259,523
US Treasury N/B - Coupon Rate 1.375%	10/31/2020	95,000	95,386	US Bank/CAMP	1.65%	94,228
US Treasury N/B - Coupon Rate 1.750%	12/31/2020	340,000	342,656	US Bank/CAMP	1.90%	338,513
US Treasury N/B - Coupon Rate 1.375%	1/31/2021	50,000	50,344	US Bank/CAMP	2.05%	49,006
US Treasury N/B - Coupon Rate 1.125%	2/28/2021	150,000	150,938	US Bank/CAMP	2.41%	144,428
US Treasury N/B - Coupon Rate 2.000%	5/31/2021	490,000	498,116	US Bank/CAMP	2.62%	481,272
Intl BK of Recon & Dev Notes - Coupon Rate 1.561%	9/12/2020	90,000	90,197	US Bank/CAMP	1.64%	89,784
Inter-American Development Bank - Coupon Rate 2.125%	11/9/2020	90,000	90,577	US Bank/CAMP	1.81%	90,834
Intl Finance Note - Coupon Rate 2.250%	1/25/2021	70,000	70,778	US Bank/CAMP	2.35%	69,794
Intl Finance Corporation Note - Coupon Rate 2.635%	3/9/2021	90,000	91,435	US Bank/CAMP	2.66%	89,933
Inter-American Dev Bank Note - Coupon Rate 1.875%	3/15/2021	200,000	202,242	US Bank/CAMP	2.56%	196,046
Inter-American Dev Bank Note - Coupon Rate 2.625%	4/19/2021	70,000	71,308	US Bank/CAMP	2.70%	69,846
CA ST TXBL GO Bonds- Coupon Rate 2.800%	4/1/2021	100,000	101,867	US Bank/CAMP	2.80%	100,004
FNA 2018-M5 A2- Coupon Rate 3.560%	9/1/2021	35,585	36,020	US Bank/CAMP	2.93%	36,292
Federal Notes		2,300,585	2,322,679			2,279,041
State Street Corp Notes - Coupon Rate 2.550%	8/18/2020	10,000	10,031	US Bank/CAMP	1.83%	10,208
State Street Corp Notes - Coupon Rate 2.550%	8/18/2020	70,000	70,215	US Bank/CAMP	1.82%	71,471
Caterpillar Finl Service Note - Coupon Rate 1.850%	9/4/2020	70,000	70,180	US Bank/CAMP	1.88%	69,941
Citigroup Inc Corp Notes - Coupon Rate 2.650%	10/26/2020	40,000	40,250	US Bank/CAMP	2.34%	40,360
Paccar Financial Corp Notes - Coupon Rate 2.050%	11/13/2020	20,000	20,121	US Bank/CAMP	2.05%	19,998
VISA Inc. (Callable) Corp Notes - Coupon Rate 2.200%	12/14/2020	20,000	20,114	US Bank/CAMP	1.85%	20,220
Wal-Mart Stores Inc. Corp. Note - Coupon Rate 1.900%	12/15/2020	90,000	90,684	US Bank/CAMP	1.95%	89,870
Paccar Financial Corp Notes - Coupon Rate 2.800%	3/1/2021	30,000	30,468	US Bank/CAMP	2.82%	29,985
National Rural Util Coop - Coupon Rate 2.900%	3/15/2021	35,000	35,568	US Bank/CAMP	2.94%	34,961
United Parcel Service Corporate Bond - Coupon Rate 2.050%	4/1/2021	90,000	91,148	US Bank/CAMP	2.10%	89,858
Toyota Motor Credit Corp Notes - Coupon Rate 2.950%	4/13/2021	90,000	91,565	US Bank/CAMP	2.96%	89,964
Pepsico Inc. Corp. Note - Coupon Rate 2.000%	4/15/2021	30,000	30,381	US Bank/CAMP	2.01%	29,994
Hershey Company Corp. Note - Coupon Rate 3.100%	5/15/2021	40,000	40,975	US Bank/CAMP	3.12%	39,972
American Express Co. - Coupon Rate 3.375%	5/17/2021	45,000	46,036	US Bank/CAMP	3.38%	44,992
Charles Schwab Corp. Corp. Notes - Coupon Rate 3.250%	5/21/2021	55,000	56,232	US Bank/CAMP	3.25%	54,998
Bank of America Note - Coupon Rate 2.328%	10/1/2021	90,000	90,363	US Bank/CAMP	2.33%	90,000
Corporate Notes		825,000	834,330			826,793
Westpac Banking Corp NY CD - Coupon Rate 2.050%	8/3/2020	150,000	150,272	US Bank/CAMP	2.05%	150,000
Swedbank (NewYork) CD- Coupon Rate 2.270%	11/16/2020	135,000	135,944	US Bank/CAMP	0.00%	135,000
Royal Bank of Canada NY CD- Coupon Rate 3.240%	6/7/2021	100,000	102,792	US Bank/CAMP	3.24%	100,000
Certificate of Deposit		385,000	389,008			385,000
Toyota ABS 2017-B A3 - Coupon Rate 1.760%	7/15/2021	12,435	12,453	US Bank/CAMP	1.76%	12,434
Honda ABS 2017-1 A3 - Coupon Rate 1.720%	7/21/2021	3,065	3,070	US Bank/CAMP	1.72%	3,065
Ally ABS 2017-2 A3 - Coupon Rate 1.780%	8/15/2021	1,047	1,047	US Bank/CAMP	1.78%	1,047
Nissan ABS 2017-2 A3 - Coupon Rate 1.740%	8/15/2021	5,072	5,078	US Bank/CAMP	1.74%	5,072
Honda ABS 2017-2 A3 - Coupon Rate 1.680%	8/15/2021	15,218	15,253	US Bank/CAMP	1.68%	15,217
Hyundai ABS 2017-A A3 - Coupon Rate 1.760%	8/16/2021	2,307	2,309	US Bank/CAMP	1.76%	2,307
John Deere ABS 2017-B A3 - Coupon Rate 1.820%	10/15/2021	3,623	3,630	US Bank/CAMP	1.82%	3,623
Ford ABS 2017-B A3 - Coupon Rate 1.690%	11/15/2021	13,496	13,524	US Bank/CAMP	1.69%	13,495
Hyundai ABS 2017-B A3 - Coupon Rate 1.770%	1/18/2022	21,173	21,228	US Bank/CAMP	1.77%	21,169
Allya 2017-5 A3 - Coupon Rate 1.990%	3/15/2022	18,705	18,769	US Bank/CAMP	1.99%	18,704
Fordo 2017-C A3 - Coupon Rate 2.010%	3/15/2022	38,013	38,175	US Bank/CAMP	2.01%	38,007
JDOT 2018-A A3 - Coupon Rate 2.660%	4/15/2022	8,915	8,983	US Bank/CAMP	2.66%	8,914
Hart 2018-A A3 - Coupon Rate 2.790%	7/15/2022	27,143	27,455	US Bank/CAMP	2.79%	27,139
MBart 2018-1 A3 - Coupon Rate 3.030%	1/15/2023	45,372	45,980	US Bank/CAMP	3.03%	45,370
CAMP Money Market Fund	NA	NA	5,776,268	US Bank/CAMP	0.51%	5,776,268
Asset Based Securities & Money Market		215,585	5,993,225			5,991,830
Total Camp Investments		3,726,169	9,539,242			9,482,664
Operational & Non-Interest Bearing Accounts						
ETWD General Cash Account	NA	NA	2,713,433	Union Bank of Cal.	0.00%	2,713,433
ETWD Capital Facilities Reserve Account	NA	NA	2,895	Union Bank of Cal.	0.00%	2,895
ETWD Payroll Account	NA	NA	0	Union Bank of Cal.	0.00%	0
ETWD Petty Cash Account	NA	NA	700	Union Bank of Cal.	0.00%	700
Operational & Non-Interest Accts.			2,717,028			2,717,028
			$21,060,545	**Total Investments & Cash**		$21,003,967





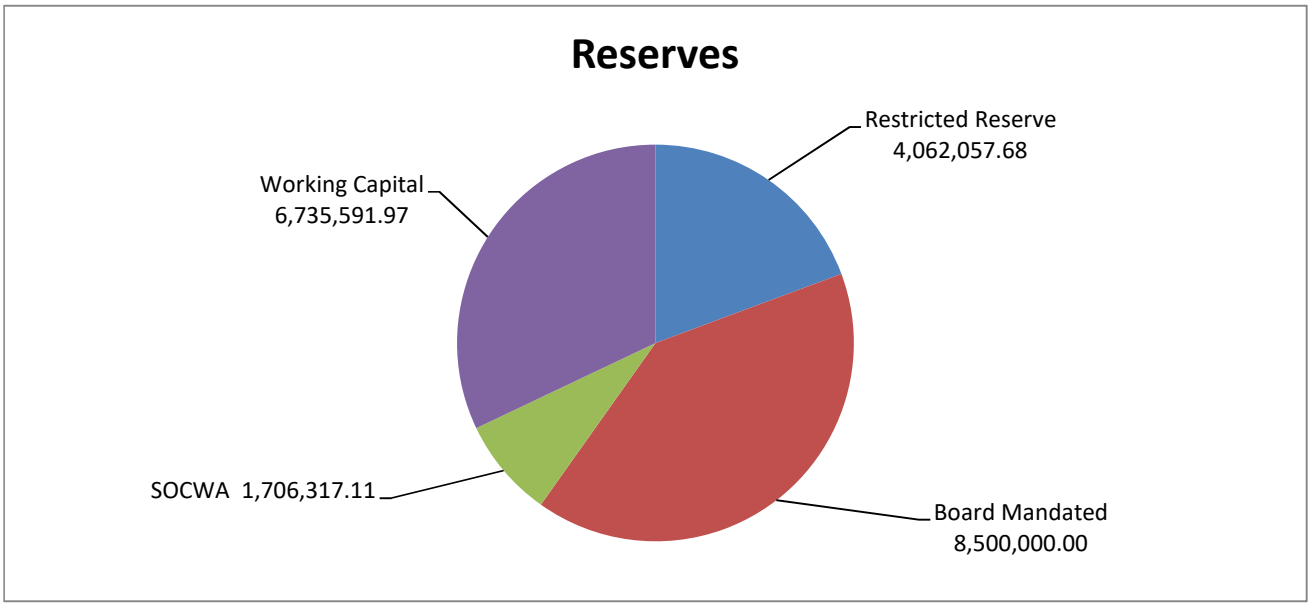
LIQUIDITY

	June 30, 2020			June 30, 2019	
	$	%		$	%
DEMAND	$ 17,297,570	82.35%		$ 12,245,220	61.74%
30 Days	$ -	0.00%		$ 208,880	1.05%
31-180 Days	$ 1,310,976	6.24%		$ 1,161,829	5.86%
181 - 360	$ 2,053,566	9.78%		$ 1,771,413	8.93%
361-1800 Days	$ 341,855	1.63%		$ 4,447,532	22.42%
TOTAL	$ 21,003,967	100.00%		$ 19,834,874	100.00%

* The portfolio is in compliance with the investment policy.

** PFM Investment Advisory Services (10bp on first $25 mm, 8bp over) $ 480.91 for January 2020

EL TORO WATER DISTRICT
RESERVE ANALYSIS
30-Jun-20



Restricted Reserve	$	4,062,058
Board Mandated	$	8,500,000
SOCWA	$	1,706,317
Capital Cash Flow / Compliance	$	6,735,592
Total	**$**	**21,003,967**

Restricted Reserve

SRFL-Recycled Phase I	$	1,602,958
SRFL-Recycled Phase II	$	409,046
Capital Facilities Reserve	$	2,895
Tiered Cons Fund	$	1,320,462
Baker Funding	$	726,697
Total	**$**	**4,062,058**

Board Mandated Minimum Reserve Levels

Capital Construction	$	3,000,000
Rate Stabilization	$	2,200,000
Operations	$	1,300,000
Working Capital	$	2,000,000
Total	**$**	**8,500,000**

Six months operating expense requirement:	$12,800,791
Cash less restricted reserve on hand:	$16,941,909

ETWD has the ability to meet its expediture requirements for the next six months.

EL TORO WATER DISTRICT
CHANGE IN RESERVES

	June 30, 2020	Year to Date	June 30, 2019
Operating Revenue	2,443,639	24,886,981	26,368,844
Non-operating Revenue	140,585	2,071,872	2,908,390
Total Revenue	2,584,224	26,958,853	29,277,234
Operating Expenses	2,022,227	21,569,040	22,462,405
Depreciation & Amortization	364,245	4,370,946	4,466,431
Non-operating Expenses	65,622	787,459	753,794
Total Expenses	2,452,094	26,727,445	27,682,629
NET INCOME	132,129	231,408	1,594,605
Add Depreciation & Amortization	364,245	4,370,946	4,466,431
Net Cash Provided by Operating Activities	434,072	(338,526)	(584,951)
Net Cash Provided by Investing Activities	(4,923)	(1,538,075)	(2,691,563)
Net Cash Provided by Financing Activities	-	-	2,594,367
Net Increase/(Decrease) Cash for the Period	925,523	2,725,752	5,378,889
Cash at End of Period from Balance Sheet		10,564,352	
Restricted Cash		10,562,058	
Unrealized (Gains)/Losses Fair Market Value		(122,443)	
Cash at End of Period		21,003,967	
Net (Increase)/Decrease Cash for the Period		(925,523)	
Net (Increase)/Decrease in Rescricted Cash for the Period		27,904	
Net Increase/(Decrease) in Unrealized Gains/(Losses) Fair Market Value		(3,754)	
Void Checks in Prior Period		(430)	
Cash at Beginning of Period		20,102,163	

EL TORO WATER DISTRICT
Cash Sheet
For the month ending June 30, 2020

CHECK NUMBER	PAYMENT DATE	VENDOR NAME		PAYMENT AMOUNT
88947	06/18/2020	SUNFLOWER PUBLIC FINANCE, LLC.		545,739.99
88865	06/04/2020	MUNICIPAL WATER DISTRICT OF ORANGE CO.		327,957.34
88920	06/18/2020	ACWA HEALTH BENEFITS AUTHORITY		119,475.52
88938	06/18/2020	MOULTON NIGUEL WATER DISTRICT		98,637.00
		TOTAL CHECKS OVER $50,000	**$**	**1,091,809.85**
		TOTAL CHECKS IN REGISTER	**$**	**1,389,292.80**

DEBIT TRANSFERS

	06/05/2020	PAYROLL DIRECT DEPOSIT		142,876.22
	06/05/2020	FEDERAL DEPOSIT LIABILITY		31,137.27
	06/05/2020	SDI & STATE TAX		12,198.86
	06/05/2020	WAGE GARNISHMENTS		585.00
	06/05/2020	PRUDENTIAL (401K)		52,772.70
	06/05/2020	PRUDENTIAL (457)		17,784.72
	06/15/2020	PAYROLL BOARD OF DIRECTOR		6,498.00
	06/15/2020	SS, MEDICARE, SDI & STATE TAX		1,757.42
	06/15/2020	PRUDENTIAL (457)		2,409.00
	06/19/2020	PAYROLL DIRECT DEPOSIT		139,010.09
	06/19/2020	FEDERAL DEPOSIT LIABILITY		29,889.45
	06/19/2020	SDI & STATE TAX		11,613.87
	06/19/2020	WAGE GARNISHMENTS		585.00
	06/19/2020	PRUDENTIAL (401K)		51,405.85
	06/19/2020	PRUDENTIAL (457)		16,979.64
	06/30/2020	ADP AND BANK FEES		4,885.65
		TOTAL INTERBANK WIRES / DEBIT TRANSFERS	**$**	**522,388.74**
		TOTAL DISBURSEMENTS	**$**	**1,911,681.54**

ETWD EMPLOYEES

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)		PAYMENT AMOUNT
88981	06/25/2020	RAYMUND LLADA		694.99
88937	06/18/2020	MARISOL MELENDEZ		222.22
88934	06/18/2020	JAKE F. KNOKE		202.30
88951	06/18/2020	WILLIAM WESSON		172.30
88935	06/18/2020	JAY M. CURRY		150.00
		TOTAL CHECKS TO EMPLOYEES	**$**	**1,441.81**

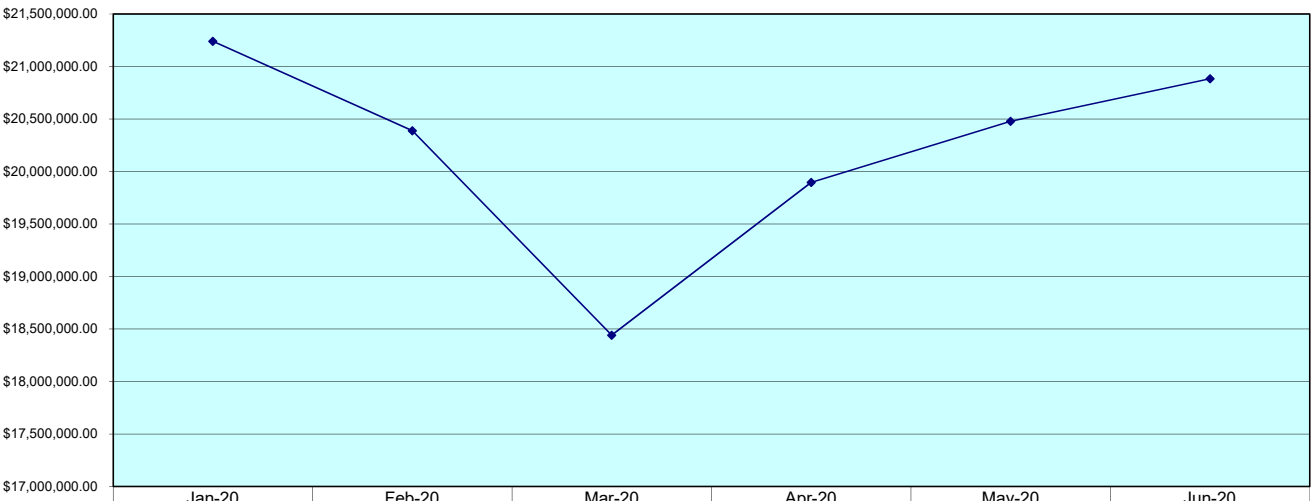
ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)		PAYMENT AMOUNT
		No Activity		
		TOTAL CHECKS TO DIRECTORS	**$**	**-**

EL TORO WATER DISTRICT

401K PLAN SUMMARY

401K PLAN MARKET VALUE

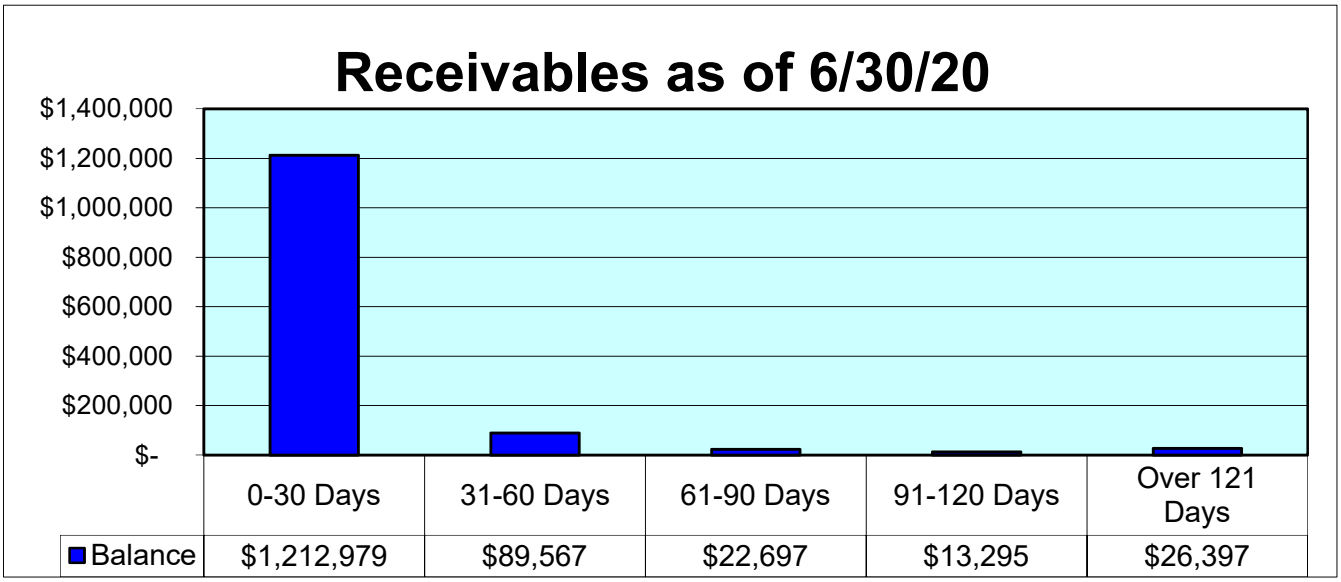


MARKET VALUE SUMMARY

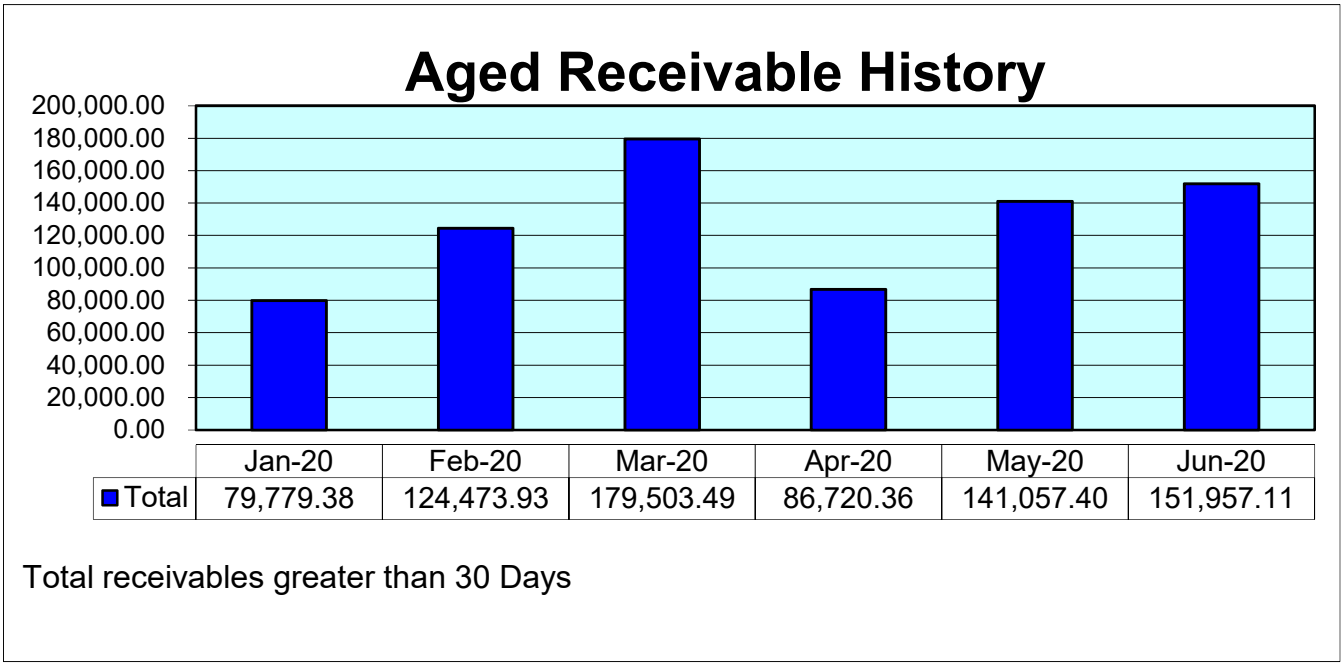
	Growth Under 40 yrs. Old	Capital Appreciation 40 to 44 yrs. Old	Balanced 45 to 49 yrs. Old	Balanced Income 50 to 54 yrs. Old	Income & Growth 55 to 59 yrs. Old	Income 60 to 64 yrs. Old	Capital Pres. Port Over 65 yrs. Old
Balance at July 1, 2019	$ 1,506,787.68	$549,062.24	$1,801,553.21	$5,954,287.10	$6,260,620.08	$2,461,760.00	$2,894,379.39
Contributions	295,069.31	60,564.21	92,116.38	219,695.07	263,695.67	339,708.40	109,957.85
Withdrawals	0.00	0.00	0.00	(54,817.47)	0.00	(7,692.31)	(2,461,658.05)
Transfers	(20,538.08)	(91,674.24)	(576,278.95)	(1,257,870.85)	396,540.67	1,222,682.82	327,138.63
Interest, dividends and appreciation net of fees and charges	10,825.60	(2,766.40)	25,557.12	170,452.76	155,959.21	120,546.69	117,671.41
Balance at June 30, 2020	$ 1,792,144.51	$515,185.81	$1,342,947.76	$5,031,746.61	$7,076,815.63	$4,137,005.60	$987,489.23
Average return YTD June 30, 2020	0.72%	-0.50%	1.42%	2.86%	2.49%	4.90%	4.07%

Average return is calculated by dividing the interest, dividends and appreciation, net of fees by beginning fiscal year fund balance.

RECEIVABLES AGEING



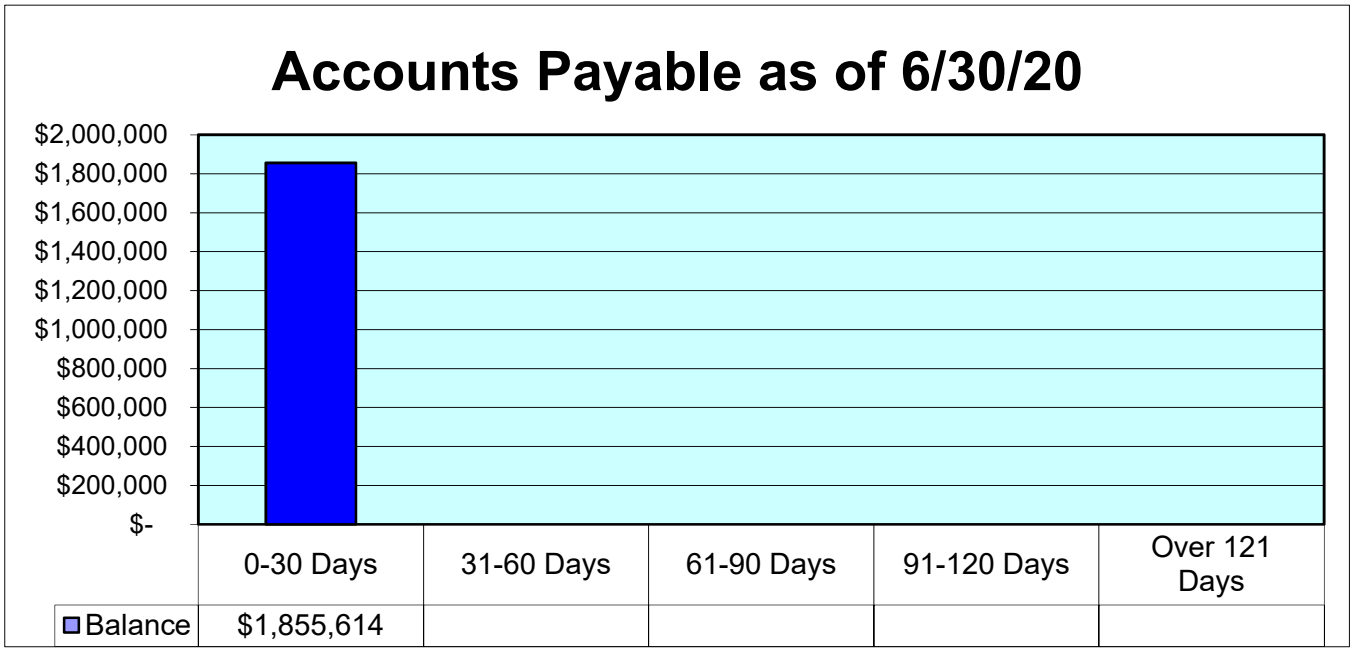
Bad Debts Year to Date: **6,215.57**



Total receivables greater than 30 Days

	31-60 Days	61-90 Days	91-120 Days	Over 121 Days	Total
Jan-20	66,546.98	4,376.43	1,590.54	7,265.43	79,779.38
Feb-20	108,795.76	6,498.71	2,657.73	6,521.73	124,473.93
Mar-20	119,914.61	45,063.03	7,036.61	7,489.24	179,503.49
Apr-20	39,890.33	22,781.81	11,948.97	12,099.25	86,720.36
May-20	81,514.14	28,539.19	12,645.73	18,358.34	141,057.40
Jun-20	89,567.35	22,697.27	13,295.37	26,397.12	151,957.11

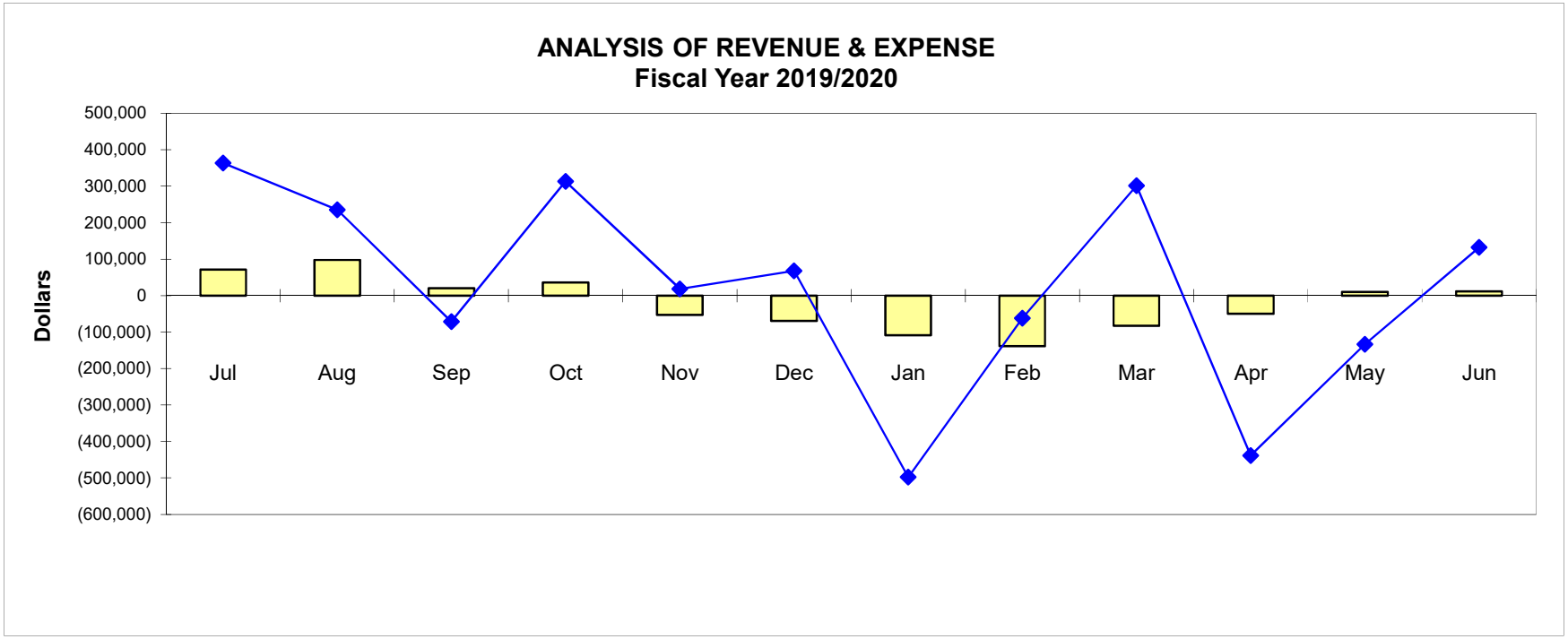
PAYABLES AGEING



Year to Date Discounts Taken: **$1,046**

El Toro Water District
Income Statement
June 2020

	Jun 20	Budget	% of Budget	Jul '18 - Jun 19	Jul '19 - Jun 20	YTD Budget	% of Budget	Annual Budget
Income								
4600 · Water Service Charge	352,971.57	301,792.00	116.96%	3,339,048.96	3,695,636.01	3,621,504.00	102.05%	3,621,504.00
4700 · Sanitary Service	706,666.03	647,916.67	109.07%	7,698,021.92	7,705,617.42	7,775,000.00	99.11%	7,775,000.00
4722 · Recycled Water Tertiary Sales	204,840.32	155,890.15	131.4%	1,309,054.66	1,355,118.92	1,686,426.00	80.35%	1,686,426.00
4724 · Service Charge - Recycled Water	26,106.81	26,558.92	98.3%	226,645.17	258,409.45	318,707.00	81.08%	318,707.00
4750 · Capital Facilities Charge	250,576.51	251,221.33	99.74%	3,005,535.42	3,007,171.38	3,014,656.00	99.75%	3,014,656.00
4800 · Commodity Charge	901,417.88	864,892.35	104.22%	8,474,790.85	8,705,987.77	9,356,441.00	93.05%	9,356,441.00
4950 · Other Operating Income	1,060.00	4,583.33	23.13%	2,164,086.76	47,854.87	55,000.00	87.01%	55,000.00
4960 · Other Income	38,228.60	46,666.67	81.92%	1,394,780.68	596,285.91	560,000.00	106.48%	560,000.00
4967 · SMWD	0.00	9,333.33	0.0%	127,225.54	90,807.84	112,000.00	81.08%	112,000.00
4970 · MNWD	0.00	1,953.34	0.0%	24,434.50	20,377.49	23,440.00	86.94%	23,440.00
4980 · Interest Income	22,044.00	16,666.67	132.26%	352,260.16	345,578.47	200,000.00	172.79%	200,000.00
4985 · Changes FMV CAMP	-3,754.26			124,060.86	32,601.31			
4986 · Changes FMV LAIF	0.00			24,465.31	50,735.24			
4990 · Property Taxes	84,066.26	77,083.33	109.06%	1,012,823.22	1,046,671.06	925,000.00	113.15%	925,000.00
Total Income	2,584,223.72	2,404,558.09	107.47%	29,277,234.01	26,958,853.14	27,648,174.00	97.51%	27,648,174.00
Gross Profit	2,584,223.72	2,404,558.09	107.47%	29,277,234.01	26,958,853.14	27,648,174.00	97.51%	27,648,174.00
Expense								
5100 · Personnel Cost	673,610.23	712,173.54	94.59%	9,037,136.09	7,977,233.14	8,546,083.00	93.34%	8,546,083.00
5405 · Water Purchases	742,036.31	737,570.15	100.61%	7,446,375.40	7,682,707.22	8,041,949.00	95.53%	8,041,949.00
5410 · Electrical Power	135,411.47	93,783.34	144.39%	1,059,980.93	1,116,171.56	1,125,400.00	99.18%	1,125,400.00
5415 · Repair Parts & Materials	22,054.91	35,861.08	61.5%	361,291.43	353,892.06	430,332.00	82.24%	430,332.00
5420 · Equipment Maintenance & Repair	11,430.10	10,260.43	111.4%	117,452.05	148,473.09	123,125.00	120.59%	123,125.00
5425 · Pump Maintenance & Repair	37,764.46	9,483.33	398.22%	119,011.86	101,103.22	113,800.00	88.84%	113,800.00
5430 · Motor Maintenance & Repair	10,243.75	2,191.66	467.4%	24,412.28	30,191.03	26,300.00	114.8%	26,300.00
5440 · Electrical/Contl Maint & Repair	2,649.30	5,970.85	44.37%	55,358.64	68,147.84	71,650.00	95.11%	71,650.00
5445 · Meter Maintenance & Repair	0.00	666.67	0.0%	3,511.38	2,988.56	8,000.00	37.36%	8,000.00
5455 · Chemicals	32,523.56	17,450.00	186.38%	203,515.87	205,029.36	209,400.00	97.91%	209,400.00
5460 · Structure Maint & Repair	4,939.00	2,523.67	195.71%	54,390.00	49,781.69	30,284.00	164.38%	30,284.00
5465 · Asphalt Maintenance & Repair	0.00	7,716.66	0.0%	127,403.75	64,463.00	92,600.00	69.61%	92,600.00
5470 · Consultants	9,649.40	5,316.67	181.49%	67,151.08	69,026.99	63,800.00	108.19%	63,800.00
5475 · Contractors	81,474.51	101,658.35	80.15%	1,234,871.16	1,190,856.74	1,219,900.00	97.62%	1,219,900.00
5480 · Engineers	8,443.77	6,333.33	133.32%	48,531.14	77,389.85	76,000.00	101.83%	76,000.00
5482 · Dump Fees	3,098.75	1,333.34	232.41%	20,349.40	11,391.24	16,000.00	71.2%	16,000.00
5485 · Laboratory	9,968.08	2,991.67	333.2%	92,567.79	40,642.93	35,900.00	113.21%	35,900.00
5490 · License & Permits	12,208.04	12,532.78	97.41%	160,887.03	148,009.83	150,393.00	98.42%	150,393.00
5495 · Gas & Oil	6,604.22	7,916.67	83.42%	100,726.72	98,288.93	95,000.00	103.46%	95,000.00
5500 · Equipment Rental	1,445.28	1,675.00	86.29%	21,976.04	18,533.35	20,100.00	92.21%	20,100.00
5505 · Landscaping	44,133.66	12,272.92	359.6%	158,231.58	149,210.50	147,275.00	101.31%	147,275.00
5510 · Small Tools & Equipment	2,985.28	5,833.34	51.18%	54,799.64	66,648.52	70,000.00	95.21%	70,000.00
5515 · Security	1,599.38	1,587.94	100.72%	24,410.90	15,968.95	19,055.00	83.81%	19,055.00
5520 · Operating Supplies	10,351.37	4,333.33	238.88%	54,094.35	63,590.87	52,000.00	122.29%	52,000.00
5525 · Safety Equipment	2,019.68	1,691.67	119.39%	15,070.36	25,435.30	20,300.00	125.3%	20,300.00
5530 · Temporary Help	0.00	3,041.67	0.0%	0.00	27,324.00	36,500.00	74.86%	36,500.00
5535 · Other Employee Cost	3,039.33	7,441.67	40.84%	145,035.01	104,249.42	89,300.00	116.74%	89,300.00
5540 · Depreciation	363,675.00	372,500.00	97.63%	4,459,585.44	4,364,100.00	4,470,000.00	97.63%	4,470,000.00
5545 · Insurance	24,671.12	46,479.58	53.08%	506,765.31	435,395.17	557,755.00	78.06%	557,755.00
5548 · Retiree Medical Insurance	19,685.68	0.00	100.0%		108,574.48	0.00	100.0%	0.00
5555 · Advertising & Publicity	0.00	166.67	0.0%	1,806.00	960.00	2,000.00	48.0%	2,000.00
5560 · Amortization	570.49	570.83	99.94%	6,845.88	6,845.88	6,850.00	99.94%	6,850.00
5570 · Annual Event	0.00	500.00	0.0%	5,585.07	5,136.24	6,000.00	85.6%	6,000.00
5575 · Audit	0.00	2,500.00	0.0%	24,000.00	27,500.00	30,000.00	91.67%	30,000.00
5580 · Bad Debts	0.00	1,666.67	0.0%	20,995.72	6,215.57	20,000.00	31.08%	20,000.00
5585 · Bank Charges	4,885.65	4,750.00	102.86%	63,650.10	59,261.20	57,000.00	103.97%	57,000.00
5590 · Data Processing Supply & Access	935.56	1,916.68	48.81%	20,157.29	23,729.69	23,000.00	103.17%	23,000.00
5595 · Data Processing Equipment	263.32	2,999.99	8.78%	28,249.78	32,866.26	36,000.00	91.3%	36,000.00
5600 · Data Processing Consultants	16,100.00	6,250.00	257.6%	42,122.00	47,071.51	75,000.00	62.76%	75,000.00
5605 · Directors Fees	10,512.00	9,166.67	114.68%	113,218.00	115,632.00	110,000.00	105.12%	110,000.00
5610 · Dues & Memberships	8,805.44	7,782.50	113.14%	84,926.47	92,384.48	93,390.00	98.92%	93,390.00
5615 · Education & Training	2,095.68	3,583.33	58.48%	30,562.38	47,914.52	43,000.00	111.43%	43,000.00
5620 · Election Expense	0.00	0.00	0.0%	33,532.54	0.00	0.00	0.0%	0.00
5625 · Employee Service Awards	0.00	316.67	0.0%	3,916.65	2,678.93	3,800.00	70.5%	3,800.00
5630 · Software Maintenance & Licenses	10,493.25	13,750.00	76.32%	183,152.62	137,294.04	165,000.00	83.21%	165,000.00
5640 · Interest Expense	65,621.62	60,963.08	107.64%	753,793.51	787,459.44	731,557.00	107.64%	731,557.00
5645 · Janitorial	6,624.75	2,816.67	235.2%	34,222.59	49,163.04	33,800.00	145.45%	33,800.00
5650 · Legal	14,949.04	8,333.33	179.39%	98,501.10	155,971.86	100,000.00	155.97%	100,000.00
5655 · Meets, Conventions & Travel	-20.00	3,250.00	-0.62%	32,340.45	25,706.14	39,000.00	65.91%	39,000.00
5657 · Meets, Con & Travel - Directors	0.00	2,474.16	0.0%	40,321.29	20,646.84	29,690.00	69.54%	29,690.00
5660 · Office Supplies	935.98	1,650.00	56.73%	11,589.12	16,059.09	19,800.00	81.11%	19,800.00
5670 · Postage	164.45	1,708.33	9.63%	19,480.31	7,759.52	20,500.00	37.85%	20,500.00
5675 · Printing & Reproduction	15,017.66	1,500.00	1,001.18%	17,323.04	21,938.42	18,000.00	121.88%	18,000.00
5680 · Property Tax	34.22	458.33	7.47%	8,617.28	4,902.57	5,500.00	89.14%	5,500.00
5685 · Public Education & Outreach	4,332.87	12,500.00	34.66%	98,164.21	81,380.37	150,000.00	54.25%	150,000.00
5690 · Publications & Subscriptions	-11.00	250.00	-4.4%	2,475.40	661.54	3,000.00	22.05%	3,000.00
5695 · Communications	9,508.12	8,795.00	108.11%	107,517.74	112,318.03	105,540.00	106.42%	105,540.00
5700 · Utilities	2,559.69	1,583.34	161.66%	20,670.19	23,169.43	19,000.00	121.94%	19,000.00
Total Expense	2,452,094.43	2,392,793.56	102.48%	27,682,629.36	26,727,445.45	27,904,628.00	95.78%	27,904,628.00
	Jun 20	**Budget**	**% of Budget**	**Jul '18 - Jun 19**	**Jul '19 - Jun 20**	**YTD Budget**	**% of Budget**	**Annual Budget**
Net Income	**132,129.29**	**11,764.53**	**1,123.12%**	**1,594,604.65**	**231,407.69**	**-256,454.00**	**-90.23%**	**-256,454.00**

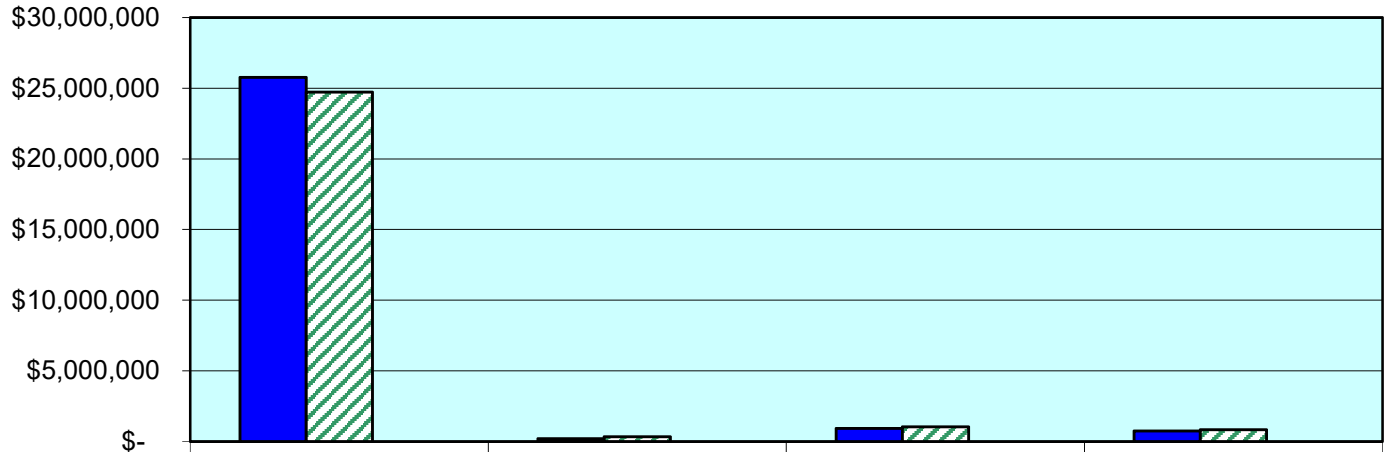


ANALYSIS OF REVENUES & EXPENSES
BUDGET COMPARED TO ACTUAL
FISCAL YEAR 2019/2020

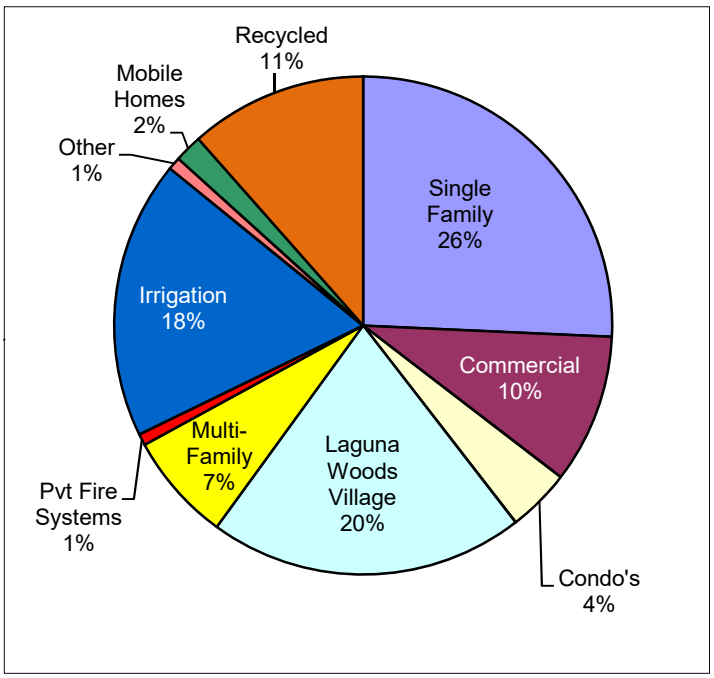
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget												
Revenue	2,586,223	2,665,941	2,431,150	2,477,021	2,207,515	2,157,163	2,037,661	1,948,431	2,117,026	2,216,708	2,398,777	2,404,558
Expense	2,514,586	2,568,034	2,410,622	2,441,375	2,260,690	2,226,932	2,146,813	2,086,991	2,200,022	2,266,853	2,388,918	2,392,794
Profit/Loss	71,637	97,908	20,528	35,646	(53,174)	(69,769)	(109,153)	(138,560)	(82,997)	(50,145)	9,859	11,765
Actual												
Revenue	2,510,117	2,623,770	2,383,674	2,549,780	2,232,142	2,065,618	1,844,446	1,892,004	2,169,745	1,989,648	2,113,685	2,584,224
Expense	2,146,058	2,388,030	2,454,694	2,236,133	2,213,388	1,997,714	2,342,233	1,953,528	1,868,341	2,428,212	2,247,019	2,452,094
Profit/Loss	364,059	235,739	(71,020)	313,647	18,754	67,904	(497,787)	(61,523)	301,404	(438,565)	(133,334)	132,129

EL TORO WATER DISTRICT
REVENUES FROM WATER & WASTE WATER SALES AS OF 6/30/20

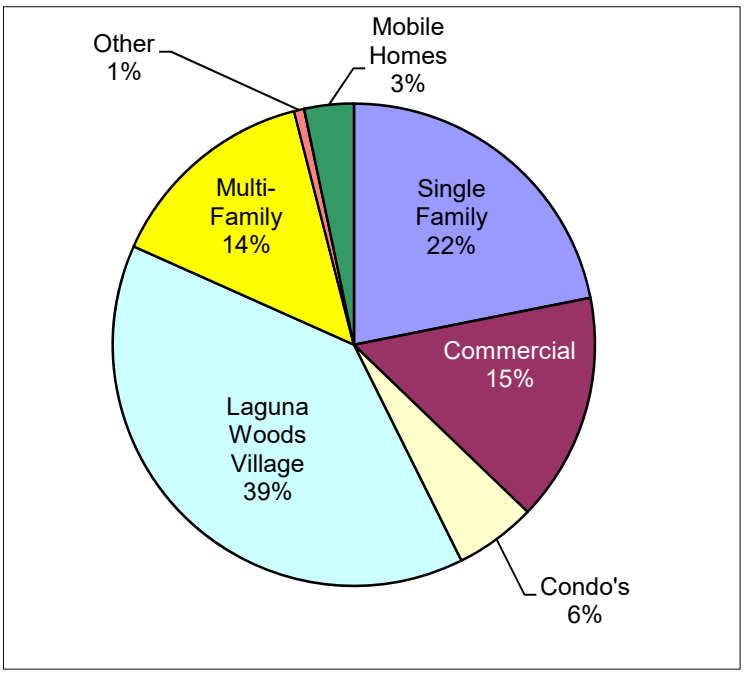
Where the Money Comes From



	Rates	Interest Income	Property Taxes	Other Non-Rate
Budget YTD	$25,772,734	$200,000	$925,000	$750,440
Actual YTD	$24,727,941	$345,578	$1,046,671	$838,663
% of Total	91.72%	1.28%	3.88%	3.11%



WATER REVENUE YTD 2019/2020



WASTE WATER REVENUE YTD 2019/2020

EL TORO WATER DISTRICT
REVENUE COMPARISON
For the Month Ended June 30, 2020

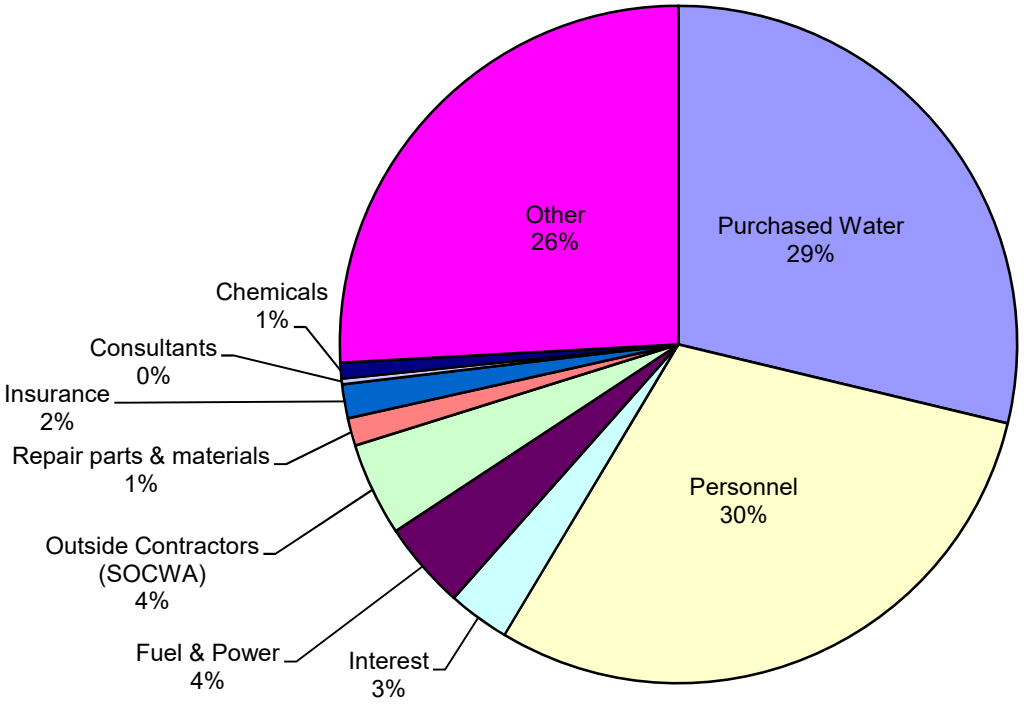
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	BUDGET	REMAINING BUDGET
From Rates										
Capital Facilities Charge	$ 250,577	$ 251,221	$ (645)	0%	$ 3,007,171	$ 3,014,656	$ (7,485)	0%	$ 3,014,656	$ 7,485
Water sales - Commodity	901,418	864,892	36,526	4%	8,705,988	9,356,441	(650,453)	-7%	9,356,441	650,453
Water sales - Fixed Meter	352,972	301,792	51,180	17%	3,695,636	3,621,504	74,132	2%	3,621,504	(74,132)
Waste water sales	706,666	647,917	58,749	9%	7,705,617	7,775,000	(69,383)	-1%	7,775,000	69,383
Recycled water tertiary sales	204,840	155,890	48,950	31%	1,355,119	1,686,426	(331,307)	-20%	1,686,426	331,307
Service charge - Recycled water	26,107	26,559	(452)	-2%	258,409	318,707	(60,298)	-19%	318,707	60,298
TOTAL FROM RATES	2,442,579	2,248,271	194,308	9%	24,727,941	25,772,734	(1,044,793)	-4%	25,772,734	1,044,793
Non-rate Revenue										
Admin fee	950	1,600	(650)	-41%	30,230	19,200	11,030	57%	19,200	(11,030)
48 Hour notice fee	-	2,451	(2,451)	-100%	14,205	29,416	(15,211)	-52%	29,416.44	15,211
Restoration fee	-	370	(370)	-100%	1,950	4,440	(2,490)	-56%	4,440	2,490
Unpaid check fee	110	150	(40)	-27%	1,370	1,800	(430)	-24%	1,800	430
Cut lock fee	-	12	(12)	-100%	100	144	(44)	-31%	144	44
TOTAL NON-RATE	1,060	4,583	(3,523)	-77%	47,855	55,000	(7,146)	-13%	55,000	7,146
Other Revenue										
Interest	22,044	16,667	5,377	32%	345,578	200,000	145,578	73%	200,000	(145,578)
Change FMV Investment	(3,754)	-	(3,754)	0%	83,337	-	83,337	0%	-	(83,337)
Property taxes	84,066	77,083	6,983	9%	1,046,671	925,000	121,671	13%	925,000	(121,671)
Other	38,229	46,667	(8,439)	-18%	596,286	560,000	36,286	6%	560,000	(36,286)
TOTAL OTHER REVENUE	140,585	140,417	168	0%	2,071,872	1,685,000	386,872	23%	1,685,000	(386,872)
Contract Service										
Santa Margarita W. D.	-	9,333	(9,333)	-100%	90,808	112,000	(21,192)	-19%	112,000	21,192
Moulton Niguel W. D.	-	1,953	(1,953)	-100%	20,377	23,440	(3,063)	-13%	23,440	3,063
TOTAL CONTRACT SERVICES	-	11,287	(11,287)	-100%	111,185	135,440	(24,255)	-18%	135,440	24,255
TOTAL REVENUE	$ 2,584,224	$ 2,404,558	$ 179,666	7%	$ 26,958,853	$ 27,648,174	$ (689,321)	-2%	$ 27,648,174	$ 689,321

EL TORO WATER DISTRICT
NON-RATE REVENUE ANALYSIS
FOR THE MONTH ENDING June 30, 2020

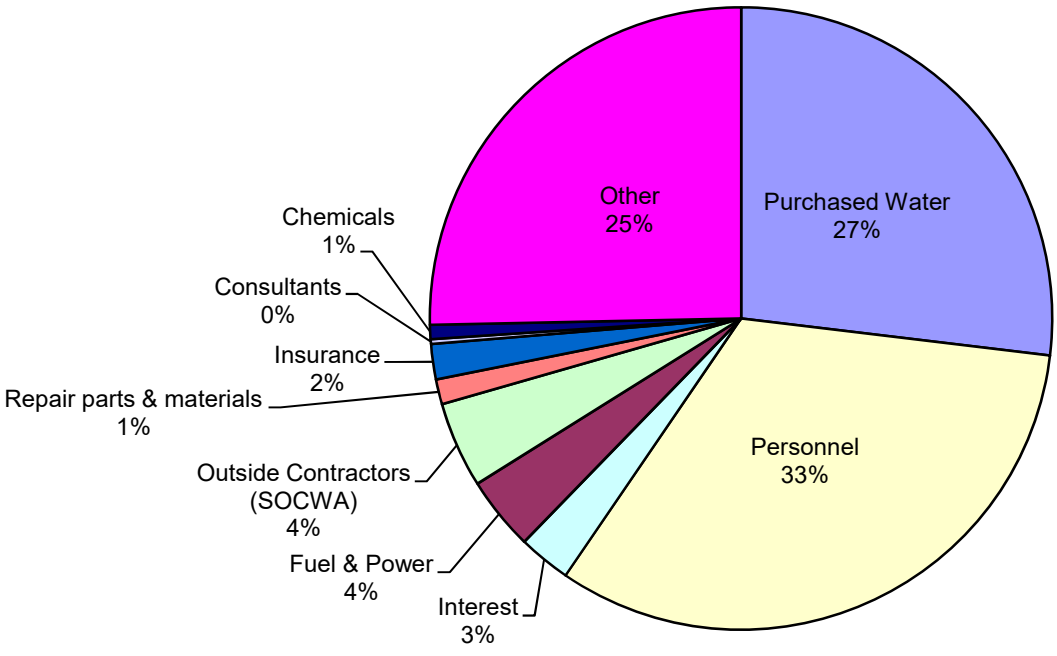
	Jun-20 Actual	Jun-20 Budget	Jul 19- Jun 20 YTD Actual	Jul 19- Jun 20 YTD Budget
Site Leases	30,637	19,167	242,187	230,000
MWD Recycled Water LRP Rebate	2,625	25,833	217,125	310,000
JPIA Refund		-	96,058	-
SOCWA Refund		-	28,035	-
Recycled Metal		-	2,170	-
Diesel Fuel Tax Refund		-	420	-
Sale of District Trucks	2,710	-	2,710	-
Misc Work for Customers	2,256	1,667	7,581	20,000
	$ 38,229	$ 46,667	$ 596,286	$ 560,000
Other Operating Income				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	-		-	
Total	38,229		596,286	

WHERE THE MONEY GOES

YTD EXPENSES AT 6/30/20



EXPENSES YEAR ENDING 6/30/19



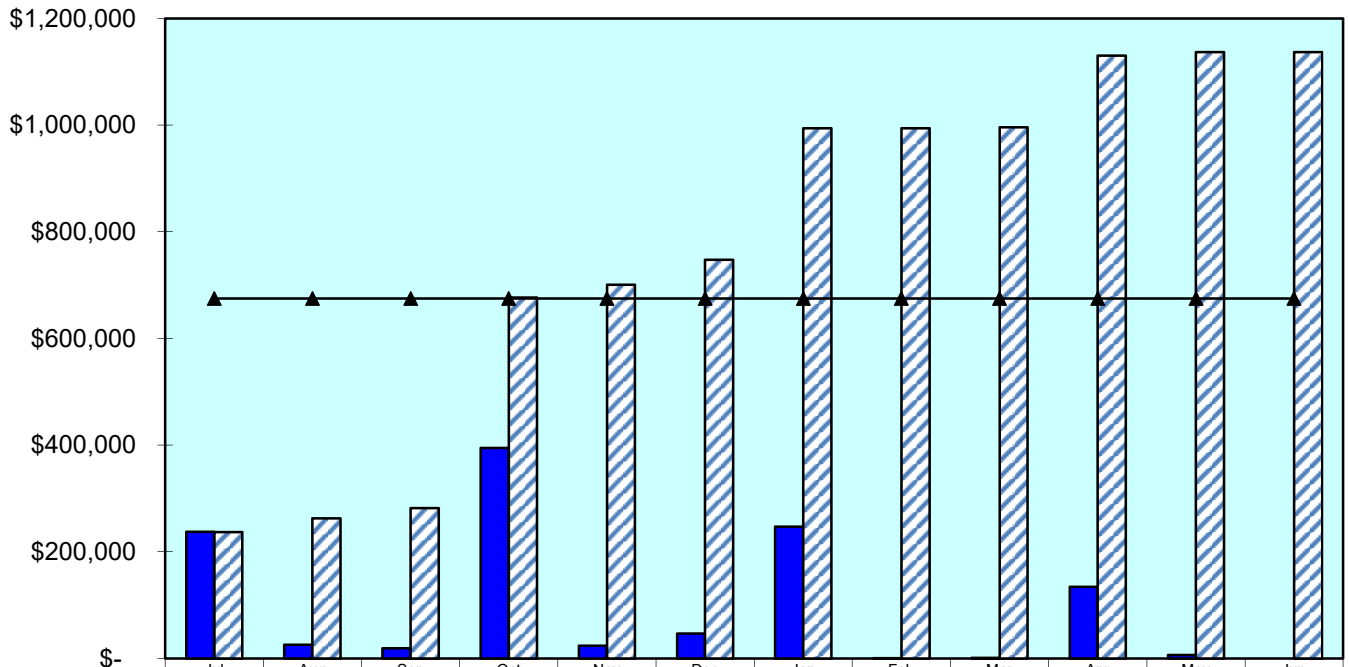
EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended Jun 30, 2020

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
Operating Expenses										
Personnel cost	$673,610	$712,174	$38,563	5%	$7,977,233	$8,546,083	$568,850	7%	$8,546,083	568,850
Purchased water	742,036	737,570	(4,466)	-1%	7,682,707	8,041,949	359,242	4%	8,041,949	359,242
Electrical power	135,411	93,783	(41,628)	-44%	1,116,172	1,125,400	9,228	1%	1,125,400	9,228
Repair parts & materials	22,055	35,861	13,806	38%	353,892	430,332	76,440	18%	430,332	76,440
Equipment repairs & maintenance	11,430	10,260	(1,170)	-11%	148,473	123,125	(25,348)	-21%	123,125	(25,348)
Pump repairs & maintenance	37,764	9,483	(28,281)	-298%	101,103	113,800	12,697	11%	113,800	12,697
Motor repairs & maintenance	10,244	2,192	(8,052)	-367%	30,191	26,300	(3,891)	-15%	26,300	(3,891)
Electrical repairs & maintenance	2,649	5,971	3,322	56%	68,148	71,650	3,502	5%	71,650	3,502
Meter repairs & maintenance	0	667	667	100%	2,989	8,000	5,011	63%	8,000	5,011
Chemicals	32,524	17,450	(15,074)	-86%	205,029	209,400	4,371	2%	209,400	4,371
Structure repairs & maintenance	4,939	2,524	(2,415)	-96%	49,782	30,284	(19,498)	-64%	30,284	(19,498)
Asphalt repairs & maintenance	0	7,717	7,717	100%	64,463	92,600	28,137	30%	92,600	28,137
Consultants - outside	9,649	5,317	(4,333)	-81%	69,027	63,800	(5,227)	-8%	63,800	(5,227)
Contractors - outside	81,475	101,658	20,184	20%	1,190,857	1,219,900	29,043	2%	1,219,900	29,043
Engineers - outside	8,444	6,333	(2,110)	-33%	77,390	76,000	(1,390)	-2%	76,000	(1,390)
Dump fees	3,099	1,333	(1,765)	-132%	11,391	16,000	4,609	29%	16,000	4,609
Laboratories	9,968	2,992	(6,976)	-233%	40,643	35,900	(4,743)	-13%	35,900	(4,743)
License & permits	12,208	12,533	325	3%	148,010	150,393	2,383	2%	150,393	2,383
Automotive fuel & oil	6,604	7,917	1,312	17%	98,289	95,000	(3,289)	-3%	95,000	(3,289)
Equipment rental	1,445	1,675	230	14%	18,533	20,100	1,567	8%	20,100	1,567
Landscaping	44,134	12,273	(31,861)	-260%	149,211	147,275	(1,936)	-1%	147,275	(1,936)
Small tools & equipment	2,985	5,833	2,848	49%	66,649	70,000	3,351	5%	70,000	3,351
Security	1,599	1,588	(11)	-1%	15,969	19,055	3,086	16%	19,055	3,086
Operating supplies	10,351	4,333	(6,018)	-139%	63,591	52,000	(11,591)	-22%	52,000	(11,591)
Safety equipment	2,020	1,692	(328)	-19%	25,435	20,300	(5,135)	-25%	20,300	(5,135)
Temporary help	0	3,042	3,042	100%	27,324	36,500	9,176	25%	36,500	9,176
Other employee cost	3,039	7,442	4,402	59%	104,249	89,300	(14,949)	-17%	89,300	(14,949)
Employee service awards	0	317	317	100%	2,679	3,800	1,121	30%	3,800	1,121
Education & training	2,096	3,583	1,488	42%	47,915	43,000	(4,915)	-11%	43,000	(4,915)
Total Operating Expenses	1,871,780	1,815,512	(56,268)	-3%	19,957,343	20,977,246	1,019,903	5%	20,977,246	1,019,903

EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended Jun 30, 2020

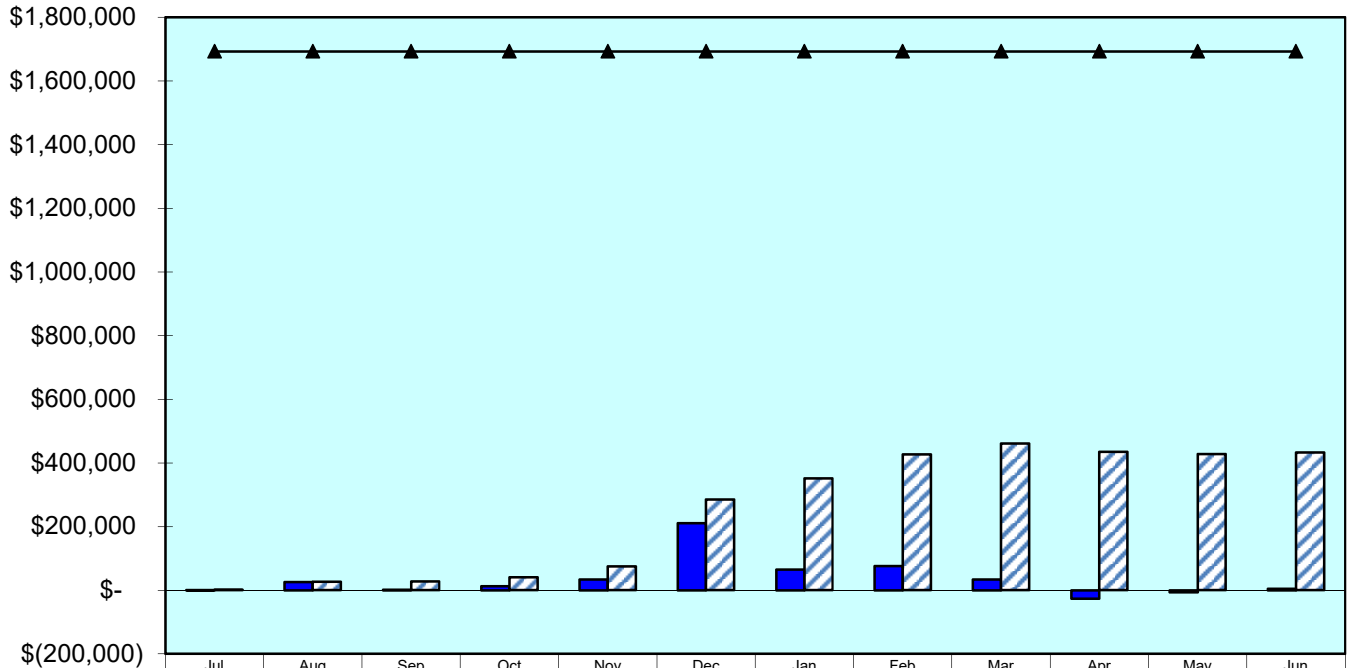
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
Indirect Cost										
Depreciation	363,675	372,500	8,825	2%	4,364,100	4,470,000	105,900	2%	4,470,000	105,900
Amortization	570	571	0	0%	6,846	6,850	4	0%	6,850	4
Insurance	24,671	46,480	21,808	47%	435,395	557,755	122,360	22%	557,755	122,360
Retiree Medical Insurance	19,686	0	(19,686)	0%	108,574	0	(108,574)	0%	0	(108,574)
Data processing supplies & assc.	936	1,917	981	51%	23,730	23,000	(730)	-3%	23,000	(730)
Data processing equipment	263	3,000	2,737	91%	32,866	36,000	3,134	9%	36,000	3,134
Data processing consultants	16,100	6,250	(9,850)	-158%	47,072	75,000	27,928	37%	75,000	27,928
Software maintenance & licenses	10,493	13,750	3,257	24%	137,294	165,000	27,706	17%	165,000	27,706
Janitorial	6,625	2,817	(3,808)	-135%	49,163	33,800	(15,363)	-45%	33,800	(15,363)
Printing & reproduction	15,018	1,500	(13,518)	-901%	21,938	18,000	(3,938)	-22%	18,000	(3,938)
Publications & subscriptions	(11)	250	261	104%	662	3,000	2,338	78%	3,000	2,338
Communications - voice	1,292	3,333	2,042	61%	20,337	40,000	19,663	49%	40,000	19,663
Communications - data	4,943	3,289	(1,653)	-50%	54,652	39,470	(15,182)	-38%	39,470	(15,182)
Communications - mobile	3,274	2,173	(1,101)	-51%	37,329	26,070	(11,259)	-43%	26,070	(11,259)
Utilities	2,560	1,583	(976)	-62%	23,169	19,000	(4,169)	-22%	19,000	(4,169)
Total Indirect Cost	470,094	459,412	(10,682)	-2%	5,363,127	5,512,945	149,818	3%	5,512,945	149,818
Overhead Cost										
Annual events	0	500	500	100%	5,136	6,000	864	14%	6,000	864
Audit	0	2,500	2,500	100%	27,500	30,000	2,500	8%	30,000	2,500
Bad debts	-	1,667	1,667	100%	6,216	20,000	13,784	69%	20,000	13,784
Bank charges	4,886	4,750	(136)	-3%	59,261	57,000	(2,261)	-4%	57,000	(2,261)
Directors fees	10,512	9,167	(1,345)	-15%	115,632	110,000	(5,632)	-5%	110,000	(5,632)
Dues & memberships	8,805	7,783	(1,023)	-13%	92,384	93,390	1,006	1%	93,390	1,006
Election Expense	0	0	0	0%	0	0	0	0%	0	0
Interest	65,622	60,963	(4,659)	-8%	787,459	731,557	(55,902)	-8%	731,557	(55,902)
Legal	14,949	8,333	(6,616)	-79%	155,972	100,000	(55,972)	-56%	100,000	(55,972)
Meetings, conventions & travel	(20)	3,250	3,270	101%	25,706	39,000	13,294	34%	39,000	13,294
Meets, con & travel - Directors	-	2,474	2,474	100%	20,647	29,690	9,043	30%	29,690	9,043
Office supplies	936	1,650	714	43%	16,059	19,800	3,741	19%	19,800	3,741
Postage	164	1,708	1,544	90%	7,760	20,500	12,740	62%	20,500	12,740
Property taxes	34	458	424	93%	4,903	5,500	597	11%	5,500	597
Advertising & Publicity	0	167	167	100%	960	2,000	1,040	52%	2,000	1,040
Public education & outreach	4,333	12,500	8,167	65%	81,380	150,000	68,620	46%	150,000	68,620
Total Overhead Cost	110,221	117,870	7,648	6%	1,406,975	1,414,437	7,462	1%	1,414,437	7,462
TOTAL EXPENSES	$2,452,094	$2,392,794	($59,301)	-2%	$26,727,445	$27,904,628	$1,177,183	4%	$27,904,628	$1,177,183

CAPITAL COST ANALYSIS - EQUIPMENT 06/20



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Actual	$237,184	$25,493	$19,242	$394,508	$24,068	$46,712	$246,788	$223	$1,337	$134,560	$6,728	$-
YTD	$237,184	$262,678	$281,920	$676,428	$700,496	$747,208	$993,996	$994,219	$995,556	$1,130,116	$1,136,843	$1,136,843
Budget	$674,770	$674,770	$674,770	$674,770	$674,770	$674,770	$674,770	$674,770	$674,770	$674,770	$674,770	$674,770

CAPITAL COST ANALYSIS - PROJECTS 06/20



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Actual	$957	$25,410	$1,437	$12,715	$33,879	$210,986	$65,490	$75,849	$34,254	$(26,609)	$(6,387)	$4,923
YTD	$957	$26,367	$27,804	$40,519	$74,398	$285,383	$350,873	$426,722	$460,976	$434,367	$427,980	$432,904
Budget	$1,692,886	$1,692,886	$1,692,886	$1,692,886	$1,692,886	$1,692,886	$1,692,886	$1,692,886	$1,692,886	$1,692,886	$1,692,886	$1,692,886

Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 *fax:* 312.977.4806

7/2/2020

Neely Shahbakhti
Finance Manager / Controller
El Toro Water District, California

Dear Ms. Shahbakhti:

Congratulations!

We are pleased to notify you that your CAFR for the fiscal year ended June 30, 2019 has met the requirements to be awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Congratulations, again, for having satisfied the high standards of the program.

Your electronic award packet contains the following:

- **A "Summary of Grading" form and a confidential list of comments and suggestions for possible improvements**. We strongly encourage you to implement the recommended improvements in your next report. Certificate of Achievement Program policy requires that written responses to these comments and suggestions for improvement be included with your 2020 fiscal year end submission. If a comment is unclear or there appears to be a discrepancy, please contact the Technical Services Center at (312) 977-9700 and ask to speak with a Certificate of Achievement Program in-house reviewer.
- **Certificate of Achievement**. A Certificate of Achievement is valid for a period of one year. A current holder of a Certificate of Achievement may reproduce the Certificate in its immediately subsequent CAFR. Please refer to the instructions for reproducing your Certificate in your next report.
- **Award of Financial Reporting Achievement**. When GFOA awards a government the Certificate of Achievement for Excellence in Financial Reporting, we also present an Award of Financial Reporting Achievement (AFRA) to the department identified in the application as primarily responsible for achievement of the Certificate.
- **Sample press release**. Attaining this award is a significant accomplishment. Attached is a sample news release that you may use to give appropriate publicity to this notable achievement.

In addition, award recipients will receive via mail either a plaque (if first-time recipients or if the government has received the Certificate ten times since it received its last plaque) or a brass medallion to affix to the plaque (if the government currently has a plaque with space to affix the medallion). If receiving a plaque, it should arrive in approximately ten weeks; if receiving a medallion, it should arrive in approximately two weeks.

As an award-winning government, we would like to invite one or more appropriate members of your CAFR team to apply to join the Special Review Committee. As members of the Special Review Committee, peer reviewers get exposure to a variety of reports from around the country; gain insight into how to improve their own comprehensive annual financial reports; achieve professional recognition; and provide valuable input that helps other local

governments improve their reports. Please see our website for eligibility requirements and information on completing an application.

Thank you for participating in and supporting the Certificate of Achievement Program. If we may be of any further assistance, please contact the Technical Services Center at (312) 977-9700.

Sincerely,

Michele Mark Levine
Director, Technical Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

El Toro Water District
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

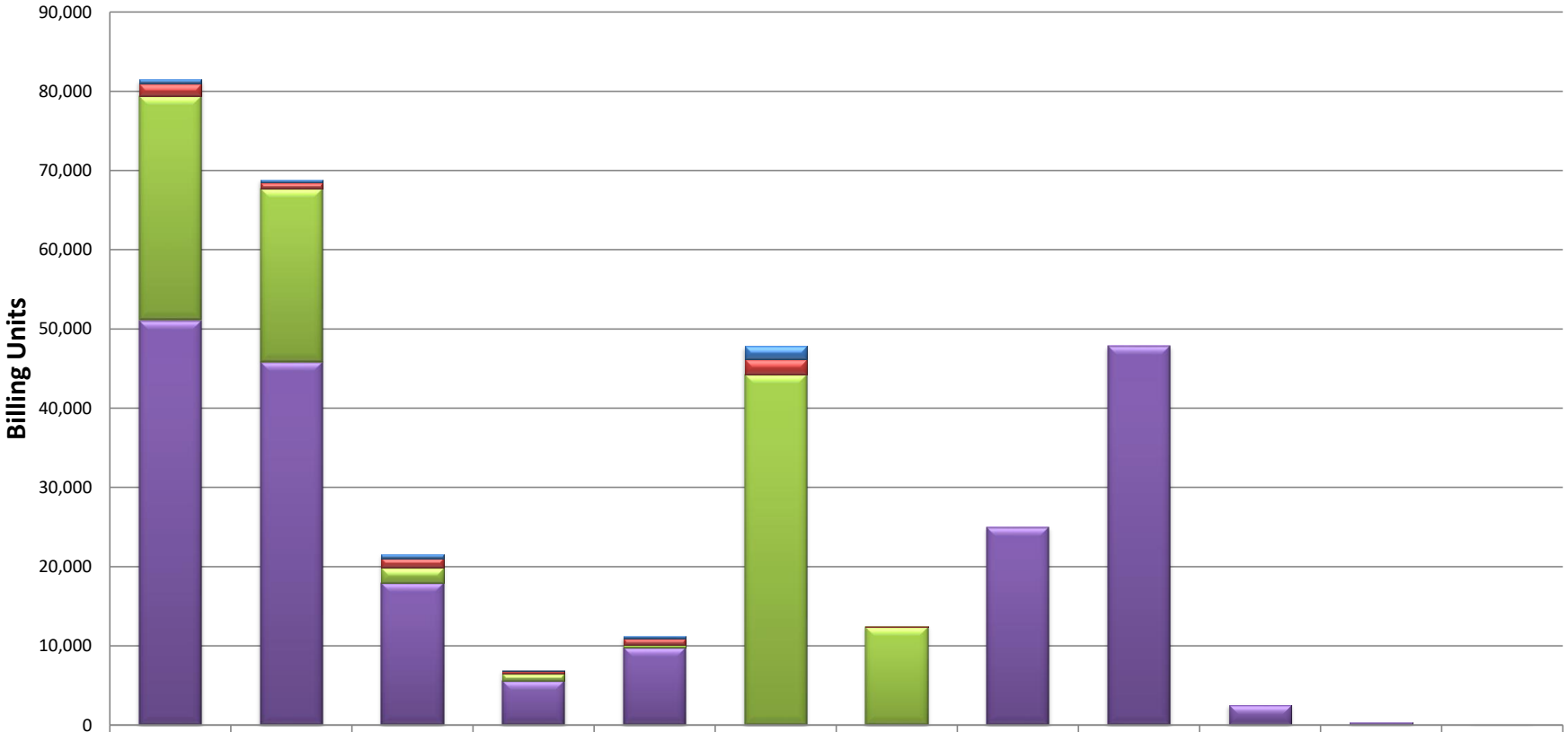
Christopher P. Morrill

Executive Director/CEO

BUDGET SCHEDULE
FY 2020/2021

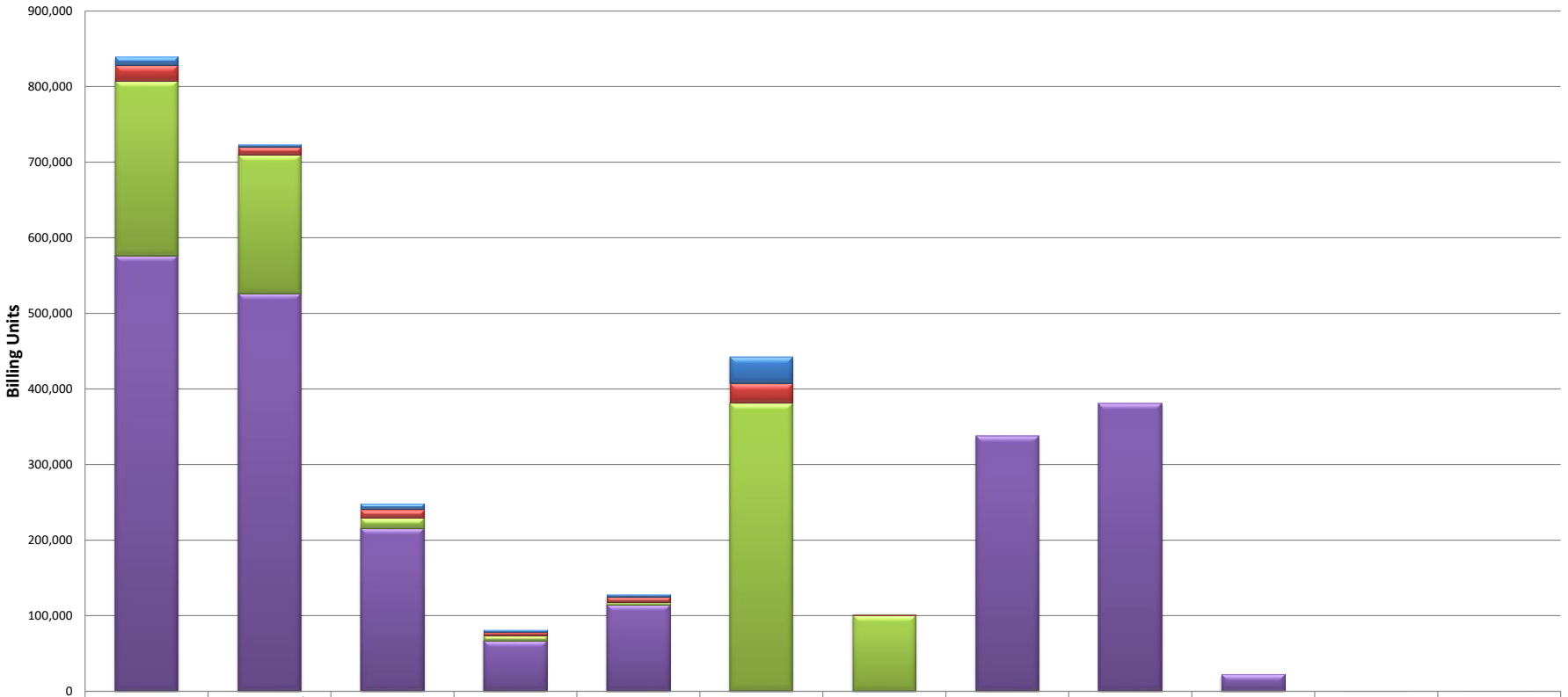
DESCRIPTION	DATE	DAY
Board Budget Committee #1	4/28/2020	Tues
Board Budget Committee #2	5/11/2020	Mon
Board Budget Workshop	6/9/2020	Tues
Budget Approval	6/22/2020	Mon
Distribute Prop 218 Notice	8/5/2020	Wed
Publish Public Hearing Notice - Newspaper	9/1/2020	Tues
Conduct Public Hearing - Regular Board Meeting	9/24/2020	Thurs
Implement Board Action	10/1/2020	Tues

June 2020 Water Sales

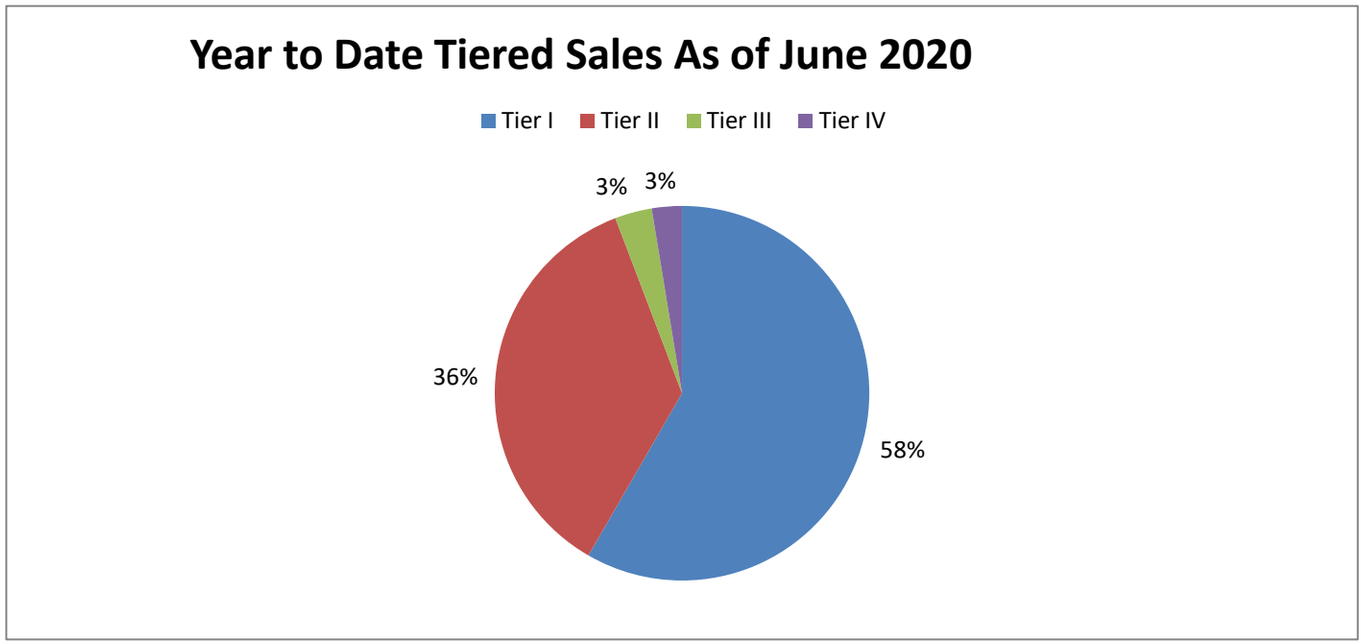


	Residential	Laguna Woods Village	Multi Family	Trailer Parks	Condo	Irrigation - Functional	Irrigation - Recreational	Commercial	Recycled Water	Public Authority	Private Fire	Flooding
Tier IV	566	429	548	134	315	1,652	85	0	0	0	0	0
Tier III	1,527	726	1,215	342	794	1,926	145	0	0	0	0	0
Tier II	28,319	21,969	1,924	916	287	44,286	12,374	0	0	0	0	0
Tier I	51,072	45,769	17,907	5,558	9,811	0	0	24,962	47,860	2,558	315	96

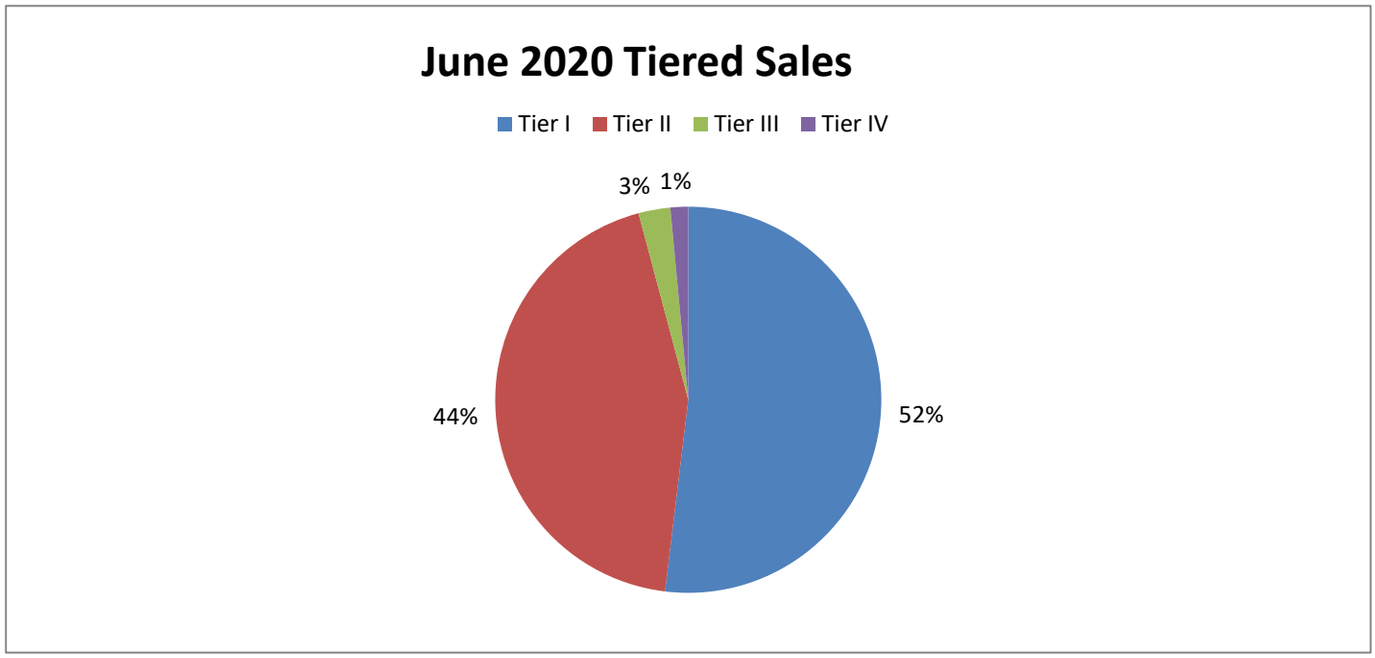
Year-to-Date Water Sales as of June 2020



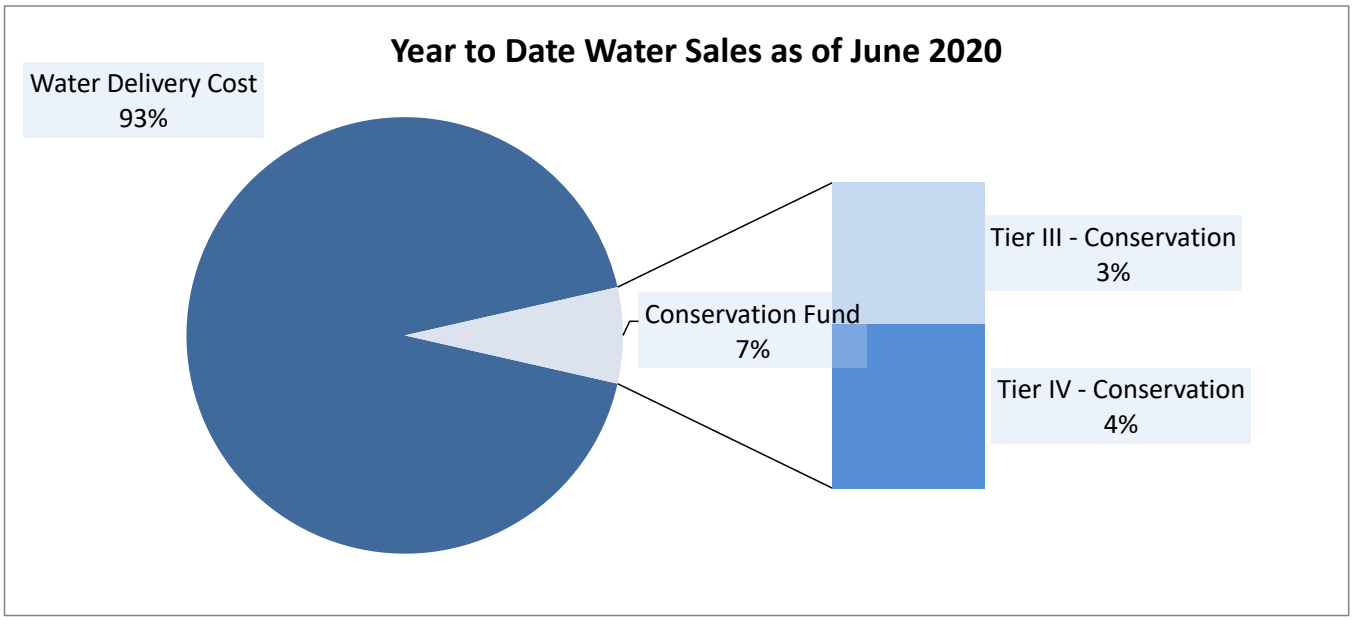
	Residential	Laguna Woods Village	Multi Family	Trailer Parks	Condo	Irrigation - Functional	Irrigation - Recreational	Commercial	Recycled Water	Public Authority	Private Fire	Flooding
Tier IV	10,965	3,878	8,014	3,480	3,873	35,186	1,331	0	0	0	0	0
Tier III	21,359	10,551	10,853	4,551	7,255	25,704	1,831	0	0	0	0	0
Tier II	231,177	184,371	14,121	7,128	2,805	381,434	100,439	0	0	0	0	0
Tier I	576,075	525,591	215,666	66,420	114,593	0	0	337,936	380,349	22,828	769	498



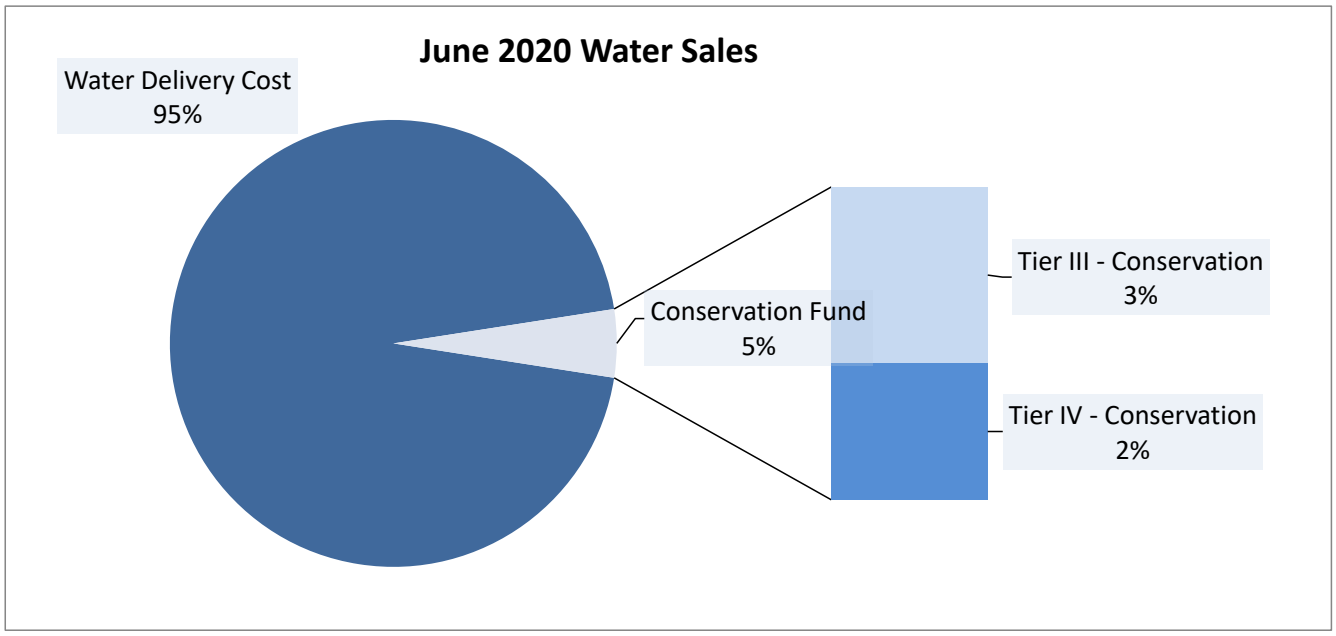
Year To Date Sales in ccf		
Tier I	1,498,345	58.33%
Tier II	921,475	35.87%
Tier III	82,104	3.20%
Tier IV	66,727	2.60%
	2,568,651	100.00%



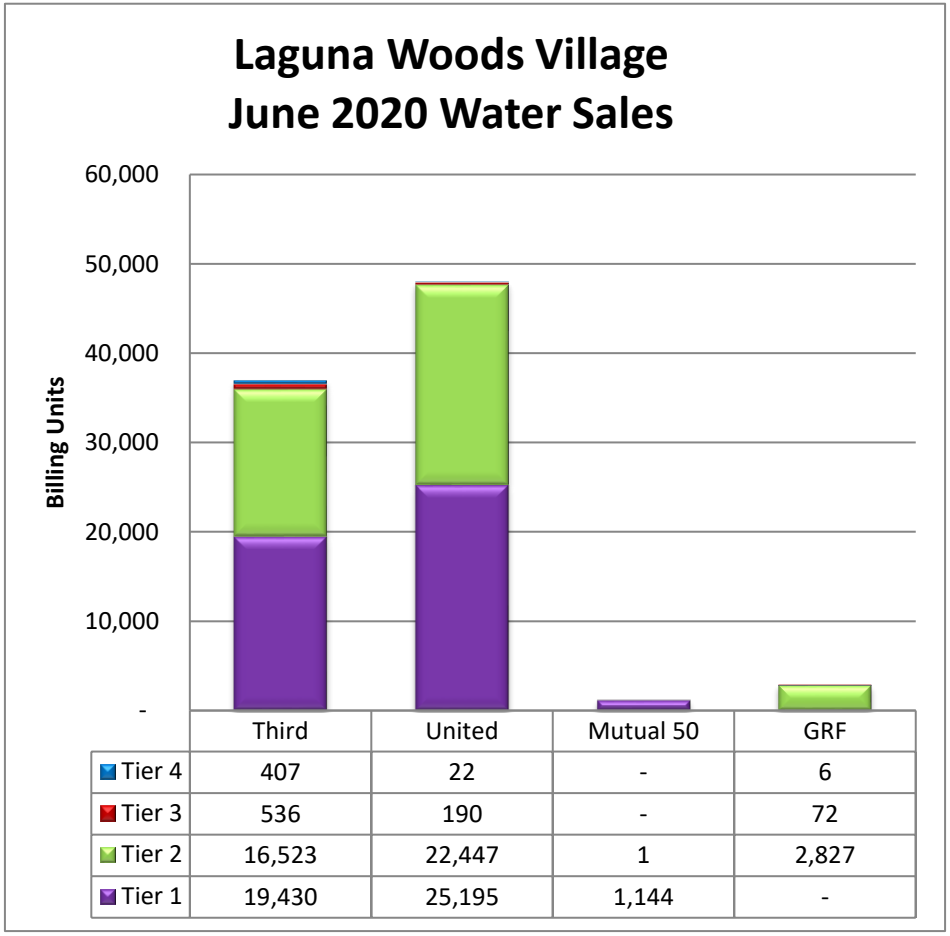
Current Month Sales in ccf		
Tier I	130,117	51.92%
Tier II	110,075	43.93%
Tier III	6,675	2.66%
Tier IV	3,729	1.49%
	250,596	100.00%

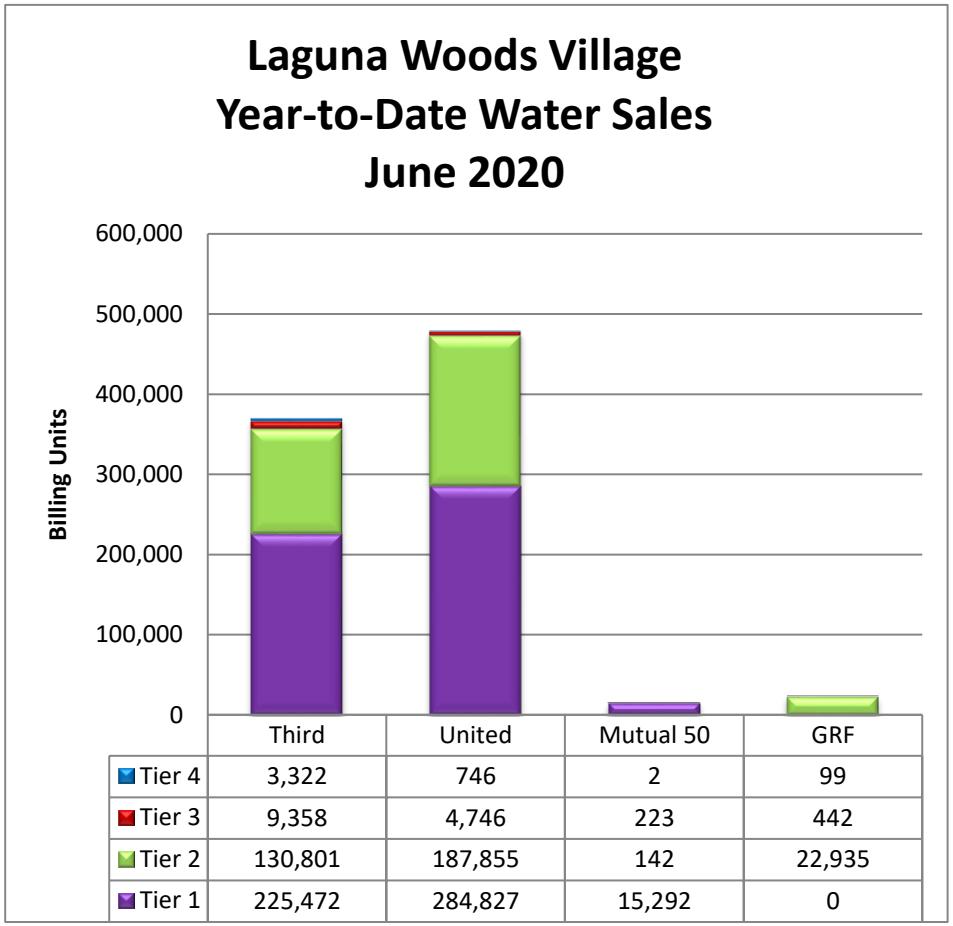


Category	Billings	Percentage
Water Delivery Cost	$7,062,733.60	92.90%
Tier III - Conservation	$249,596.16	3.28%
Tier IV - Conservation	$290,123.17	3.82%
	$7,602,452.93	100.00%

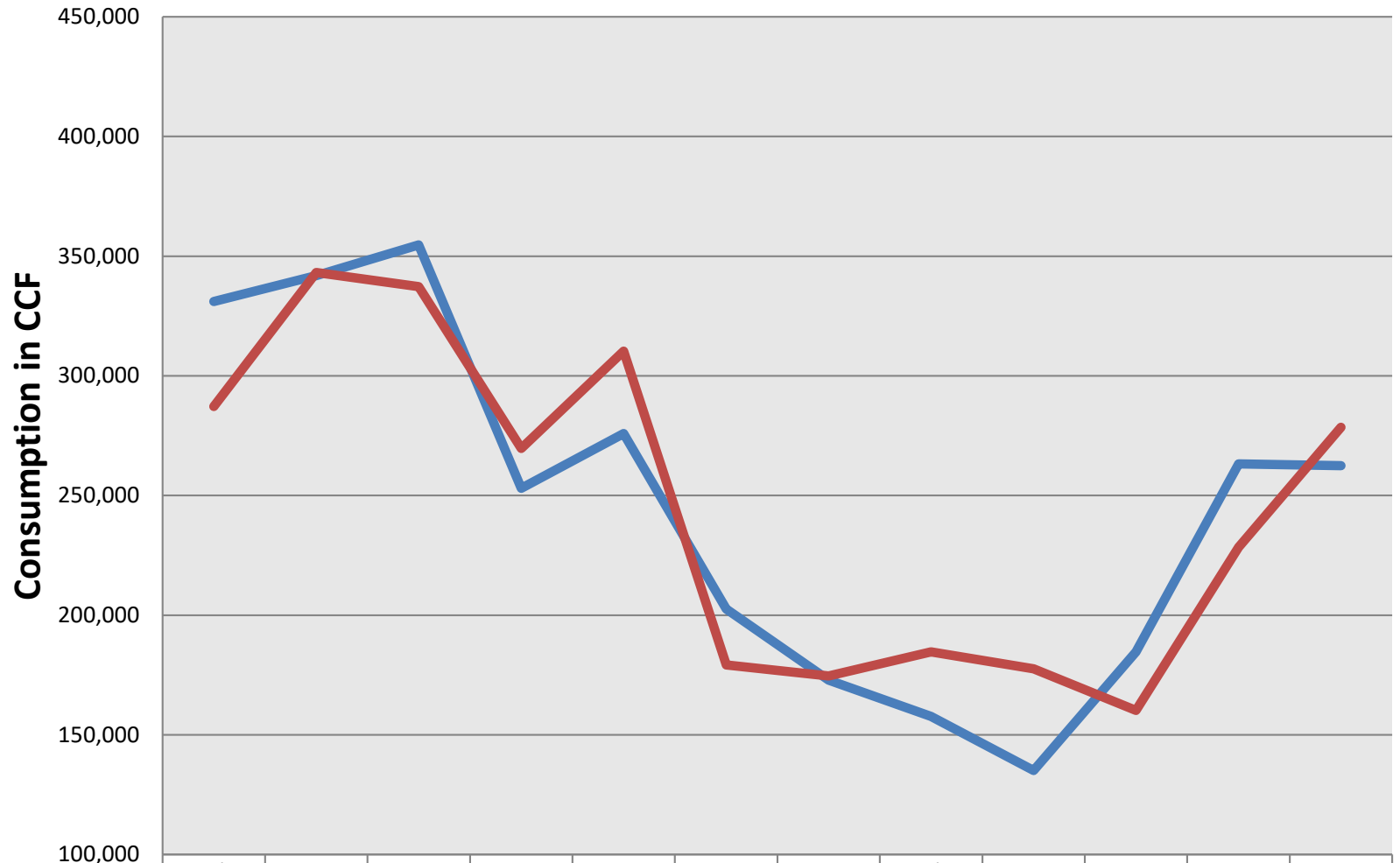


Category	Billings	Percentage
Water Delivery Cost	$695,660.10	95.08%
Tier III - Conservation	$20,292.00	2.77%
Tier IV - Conservation	$15,732.27	2.15%
	$731,684.37	100.00%


Laguna Woods Village
June 2020 Water Sales
Billing Units
60,000
50,000
40,000
30,000
20,000
10,000
-
Third
United
Mutual 50
GRF
Tier 4 407 22 - 6
Tier 3 536 190 - 72
Tier 2 16,523 22,447 1 2,827
Tier 1 19,430 25,195 1,144 -

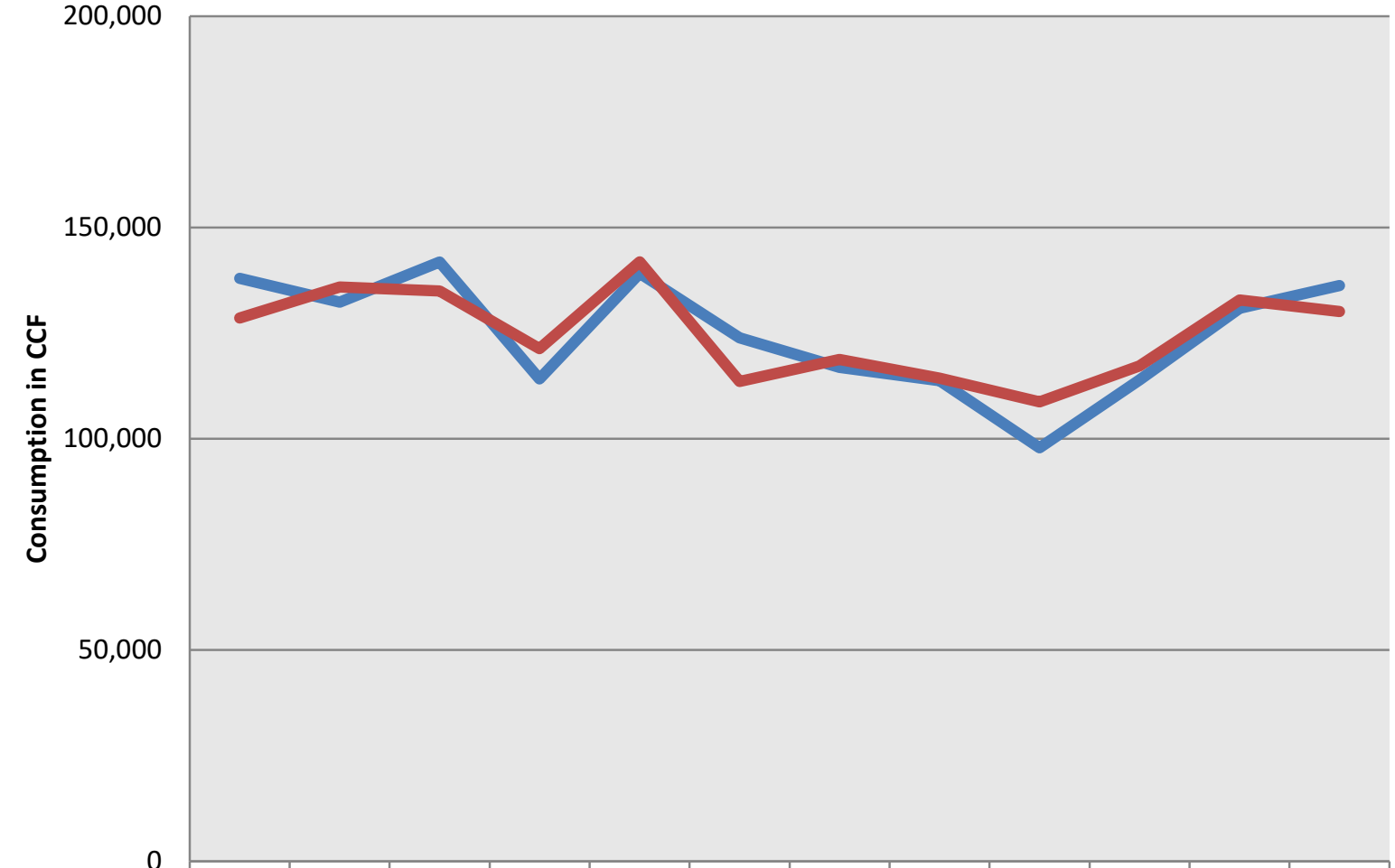

Laguna Woods Village
Year-to-Date Water Sales
June 2020
Billing Units
600,000
500,000
400,000
300,000
200,000
100,000
0
Third
United
Mutual 50
GRF
Tier 4 3,322 746 2 99
Tier 3 9,358 4,746 223 442
Tier 2 130,801 187,855 142 22,935
Tier 1 225,472 284,827 15,292 0

ETWD Total Consumption



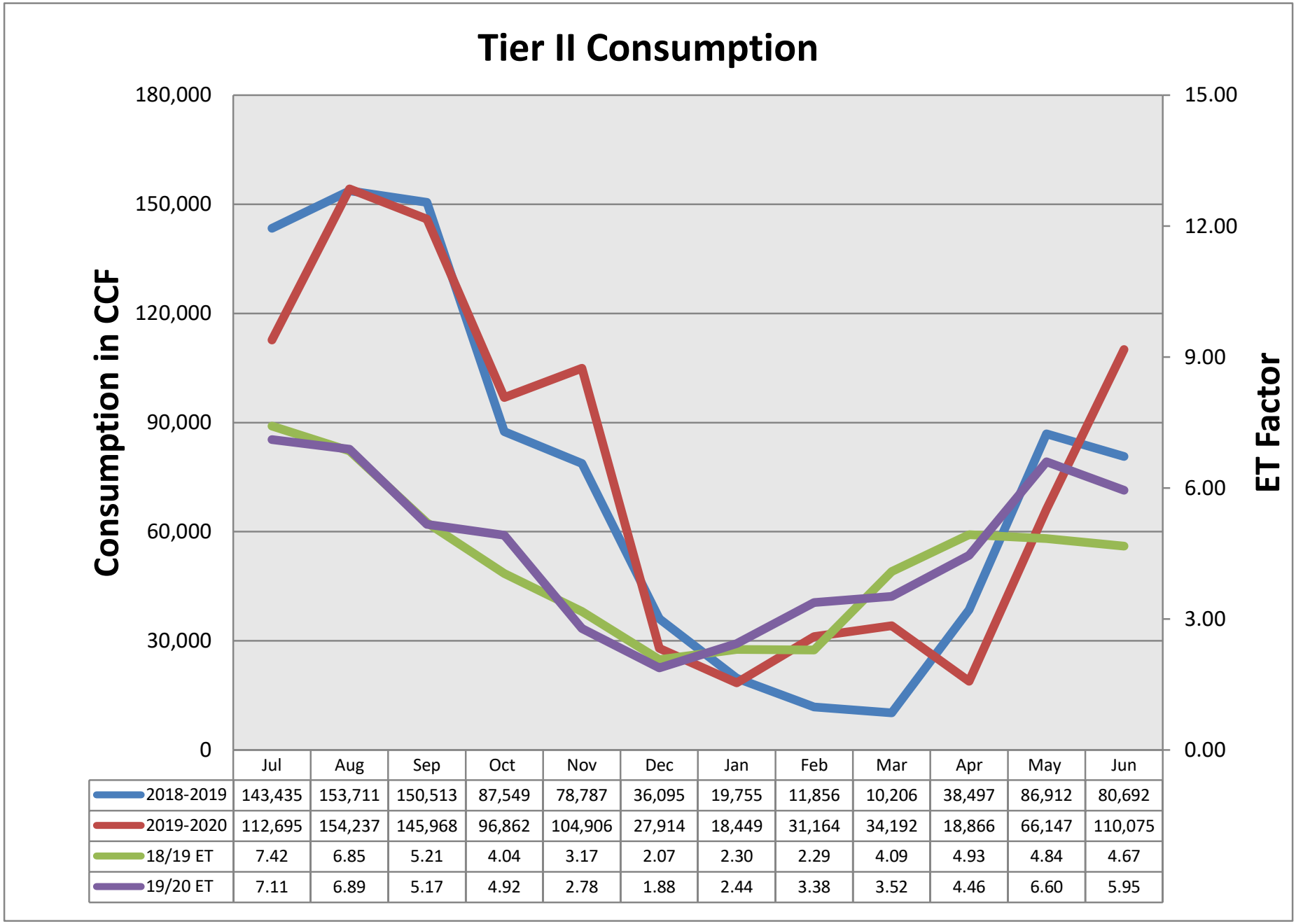
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	331,098	341,819	354,683	253,007	275,853	202,506	172,911	157,696	135,090	184,628	263,218	262,396
2019-2020	287,207	343,163	337,247	269,666	310,344	179,155	174,596	184,609	177,526	160,199	228,443	278,527
%	87%	100%	95%	107%	113%	88%	101%	117%	131%	87%	87%	106%

Tier I Consumption



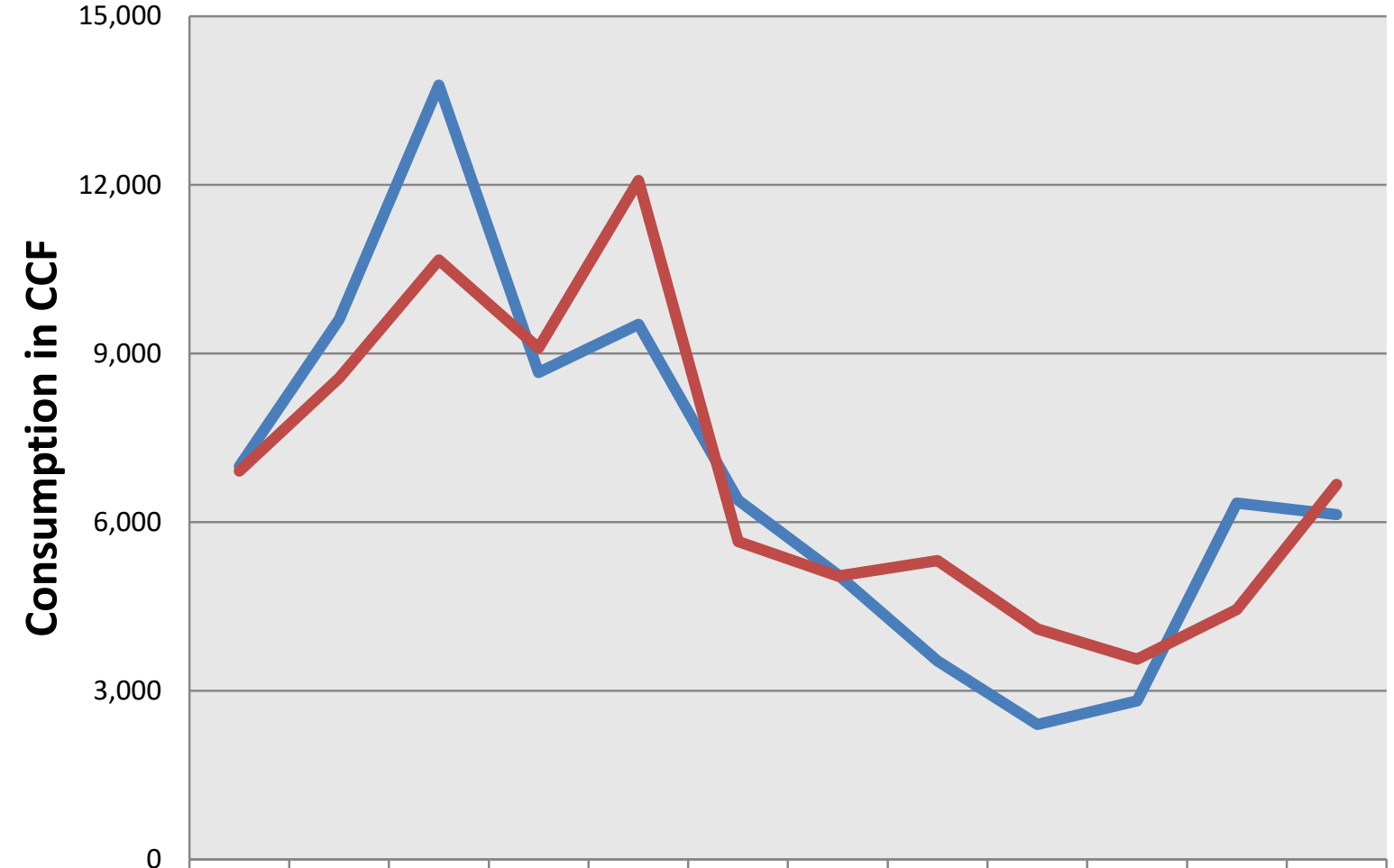
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	137,942	132,362	141,843	114,216	139,130	123,888	116,895	113,728	97,880	113,892	130,856	136,272
2019-2020	128,554	135,906	134,987	121,297	141,878	113,574	118,788	114,338	108,744	117,284	132,878	130,117

Tier II Consumption



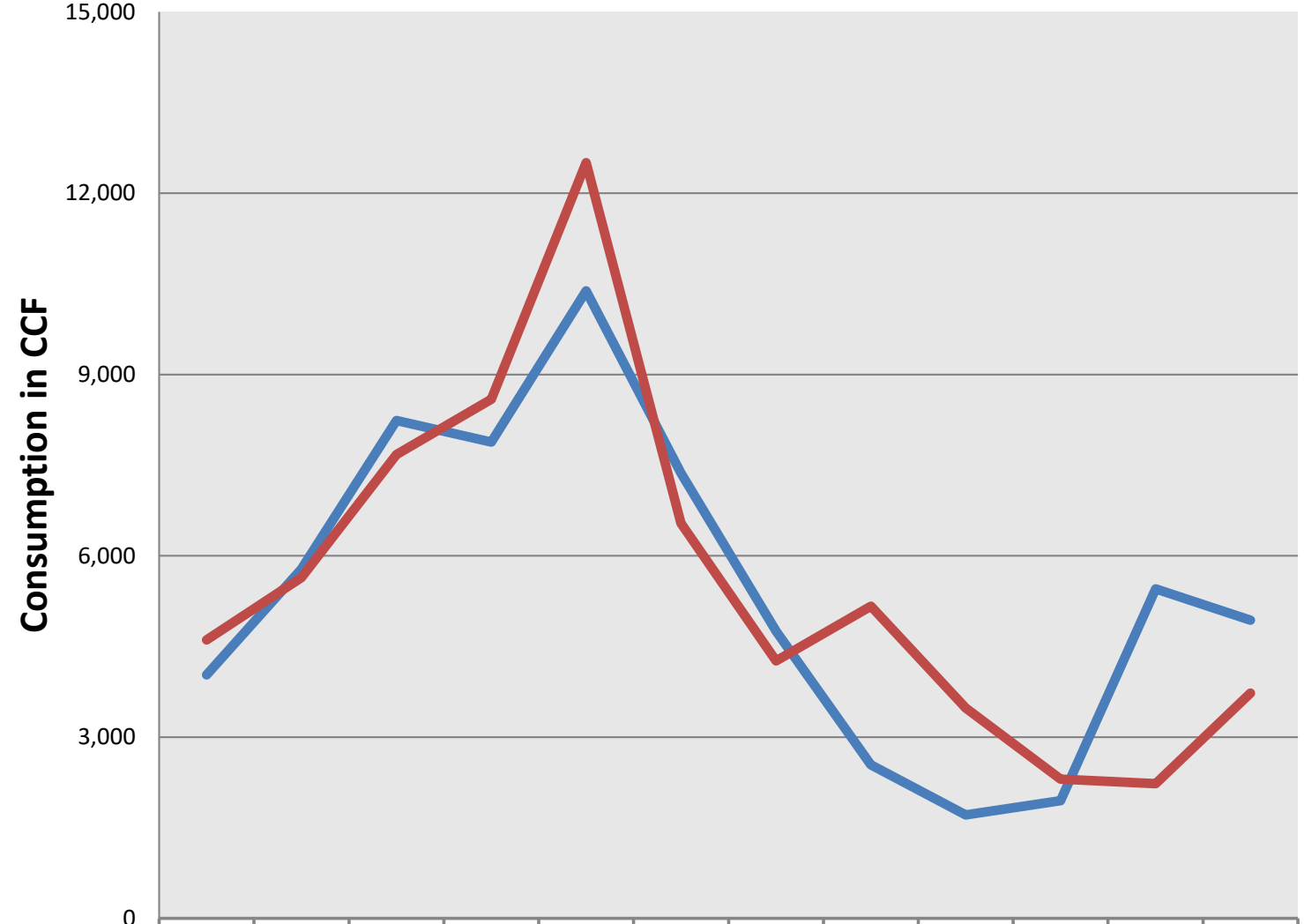
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	143,435	153,711	150,513	87,549	78,787	36,095	19,755	11,856	10,206	38,497	86,912	80,692
2019-2020	112,695	154,237	145,968	96,862	104,906	27,914	18,449	31,164	34,192	18,866	66,147	110,075
18/19 ET	7.42	6.85	5.21	4.04	3.17	2.07	2.30	2.29	4.09	4.93	4.84	4.67
19/20 ET	7.11	6.89	5.17	4.92	2.78	1.88	2.44	3.38	3.52	4.46	6.60	5.95

Tier III Consumption



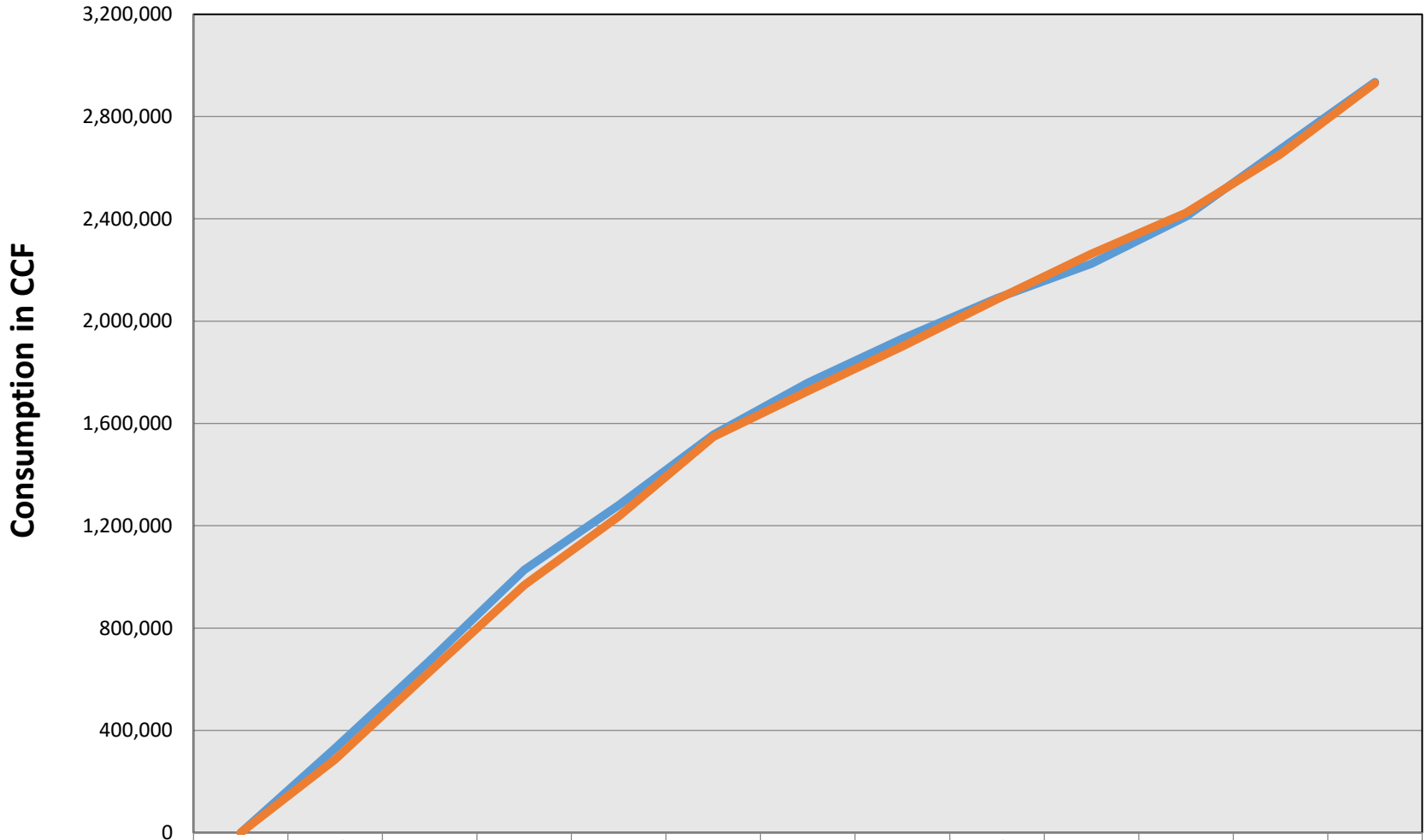
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	6,994	9,606	13,775	8,664	9,520	6,389	5,069	3,533	2,401	2,818	6,339	6,135
2019-2020	6,910	8,567	10,664	9,094	12,078	5,654	5,038	5,318	4,098	3,562	4,446	6,675

Tier IV Consumption



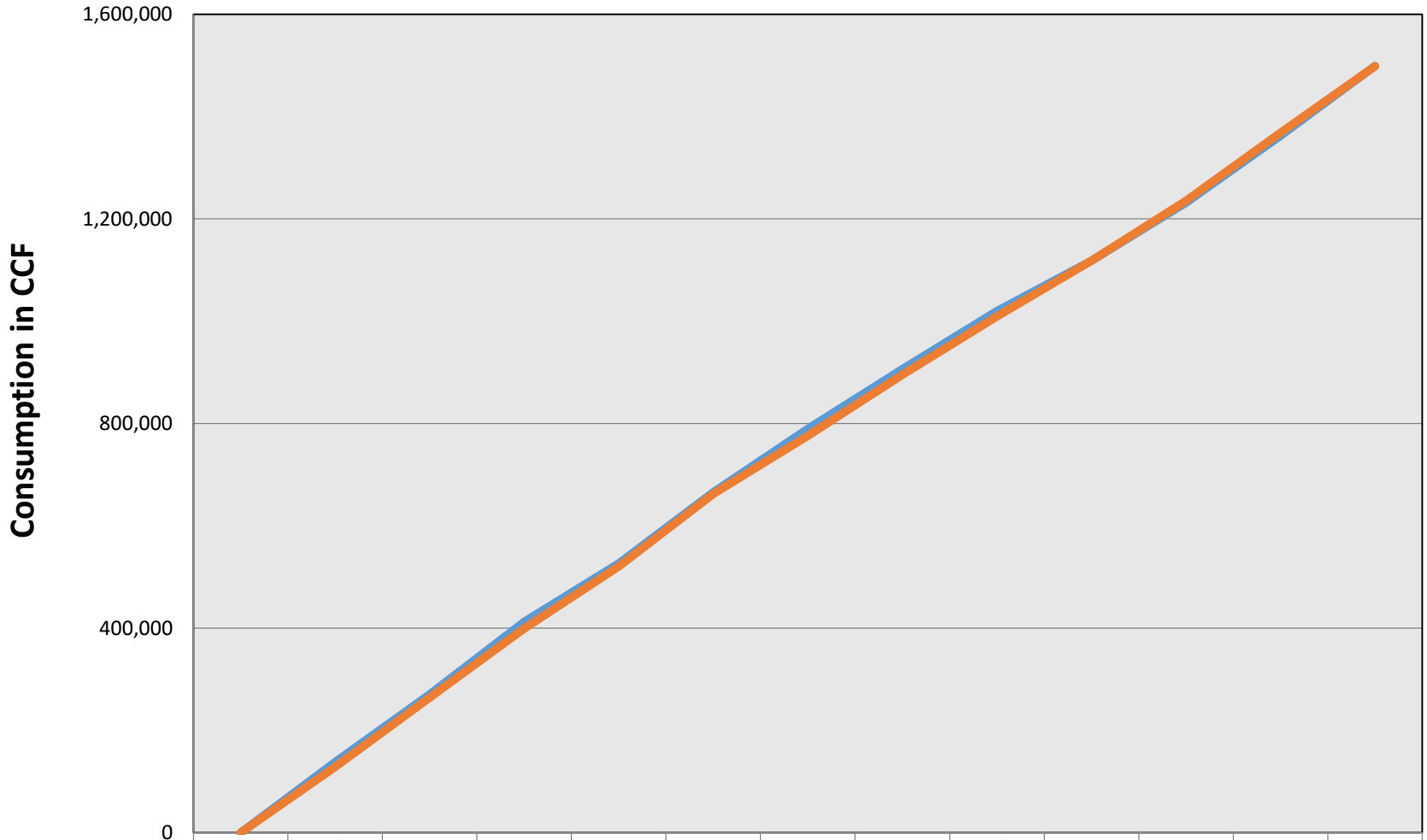
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	4,028	5,777	8,236	7,879	10,384	7,370	4,752	2,539	1,712	1,945	5,454	4,936
2019-2020	4,608	5,639	7,676	8,591	12,505	6,539	4,262	5,166	3,479	2,304	2,229	3,729

ETWD YTD Consumption



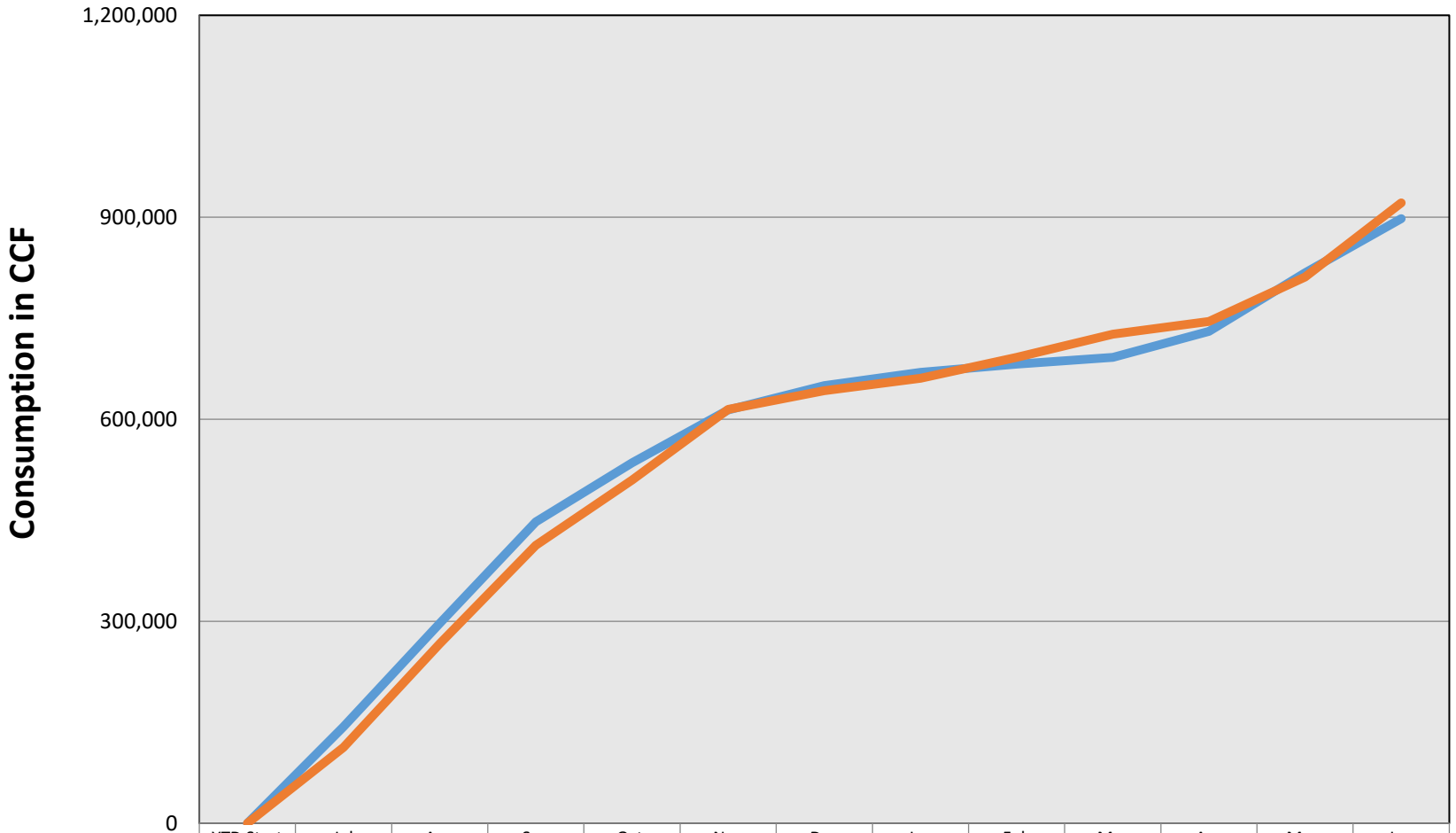
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	0	331,098	672,917	1,027,600	1,280,607	1,556,460	1,758,966	1,931,877	2,089,573	2,224,663	2,409,291	2,672,509	2,934,905
2019-2020	0	287,207	630,370	967,617	1,237,283	1,547,627	1,726,782	1,901,378	2,085,987	2,263,513	2,423,712	2,652,155	2,930,682

Tier I YTD Consumption



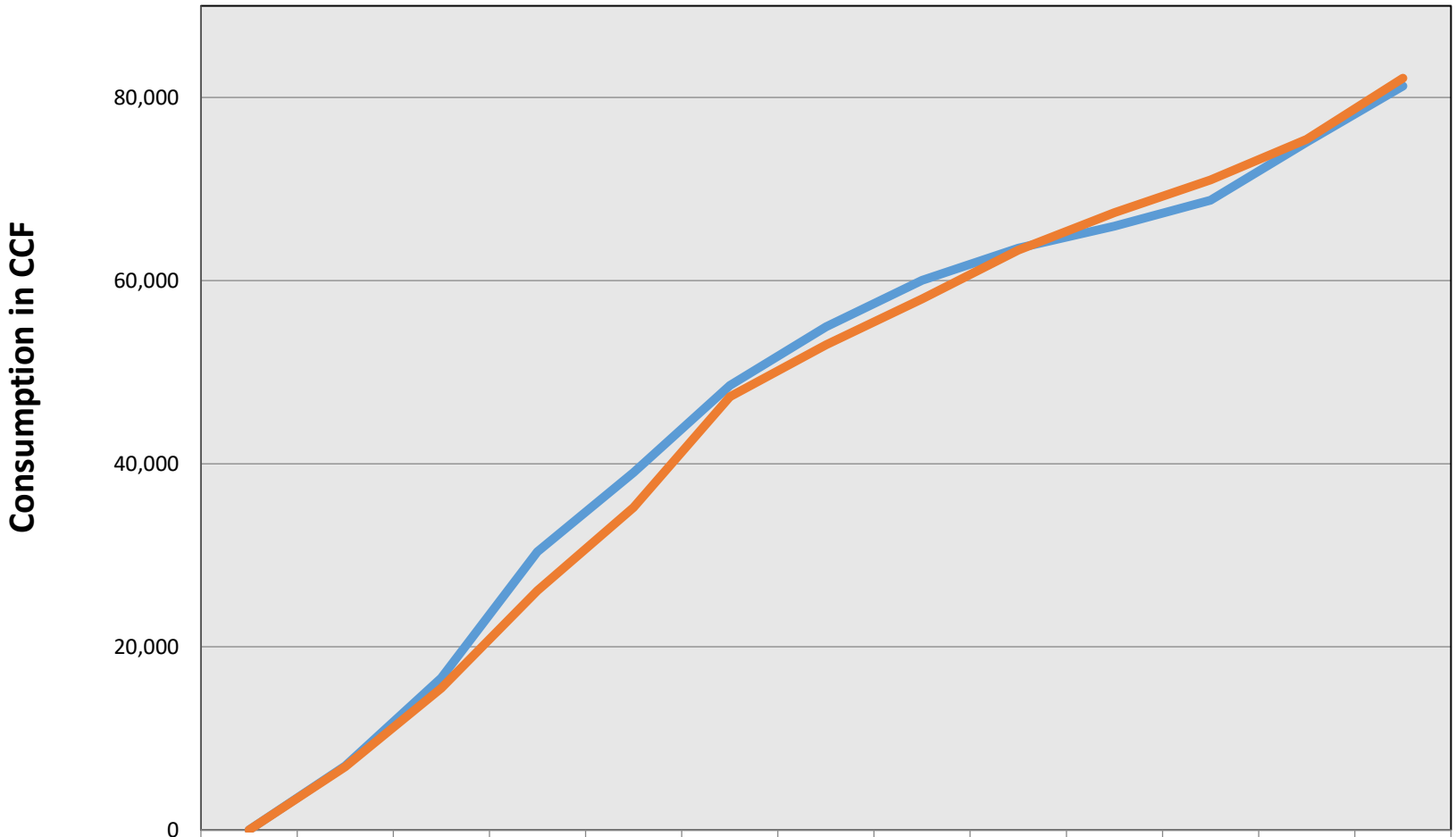
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	0	137,942	270,304	412,147	526,363	665,493	789,381	906,276	1,020,004	1,117,884	1,231,776	1,362,632	1,498,904
2019-2020	0	128,554	264,460	399,447	520,744	662,622	776,196	894,984	1,009,322	1,118,066	1,235,350	1,368,228	1,498,345

Tier II YTD Consumption



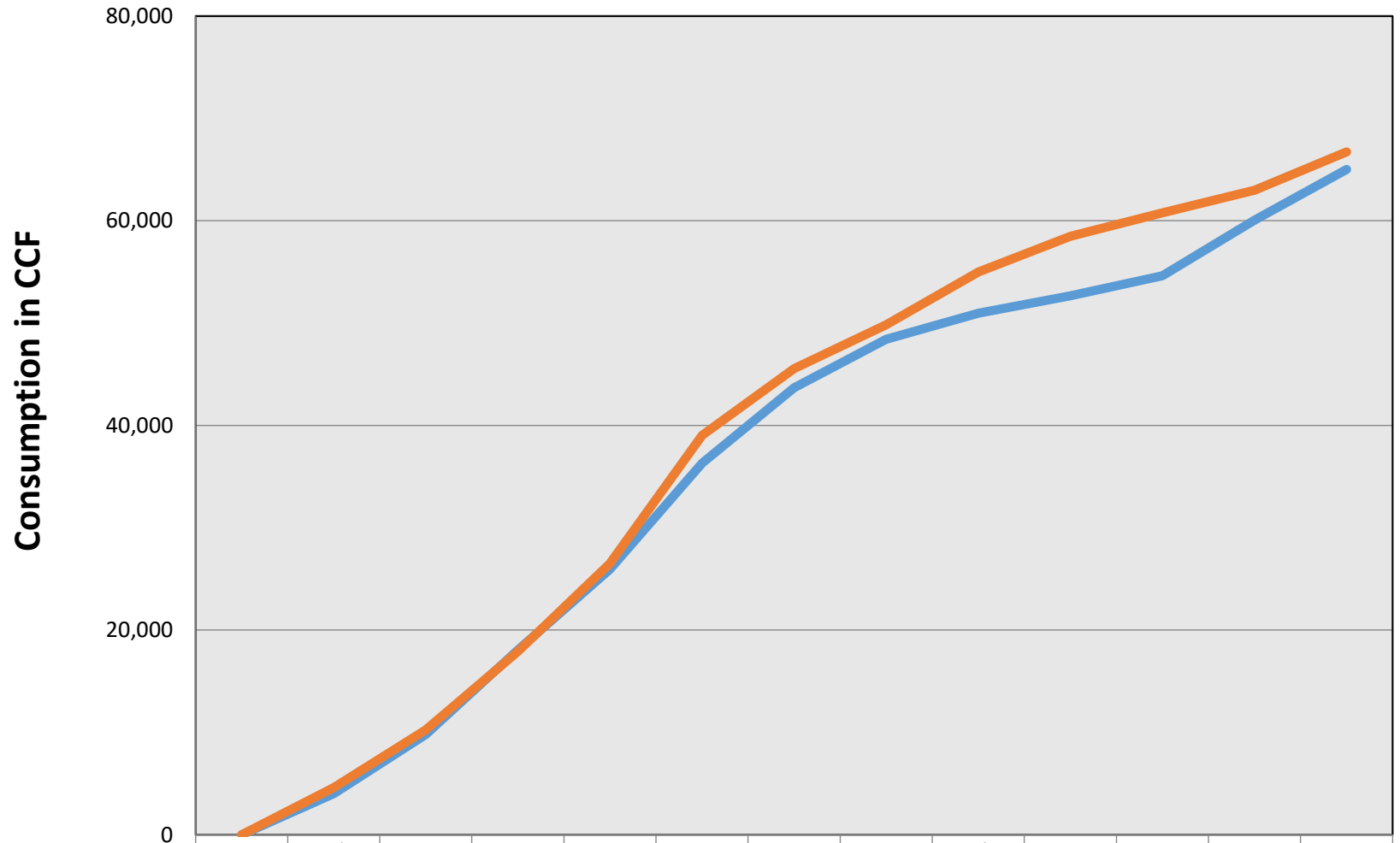
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	0	143,435	297,146	447,659	535,208	613,995	650,090	669,845	681,701	691,907	730,404	817,316	898,008
2019-2020	0	112,695	266,932	412,900	509,762	614,668	642,582	661,031	692,195	726,387	745,253	811,400	921,475

Tier III YTD Consumption



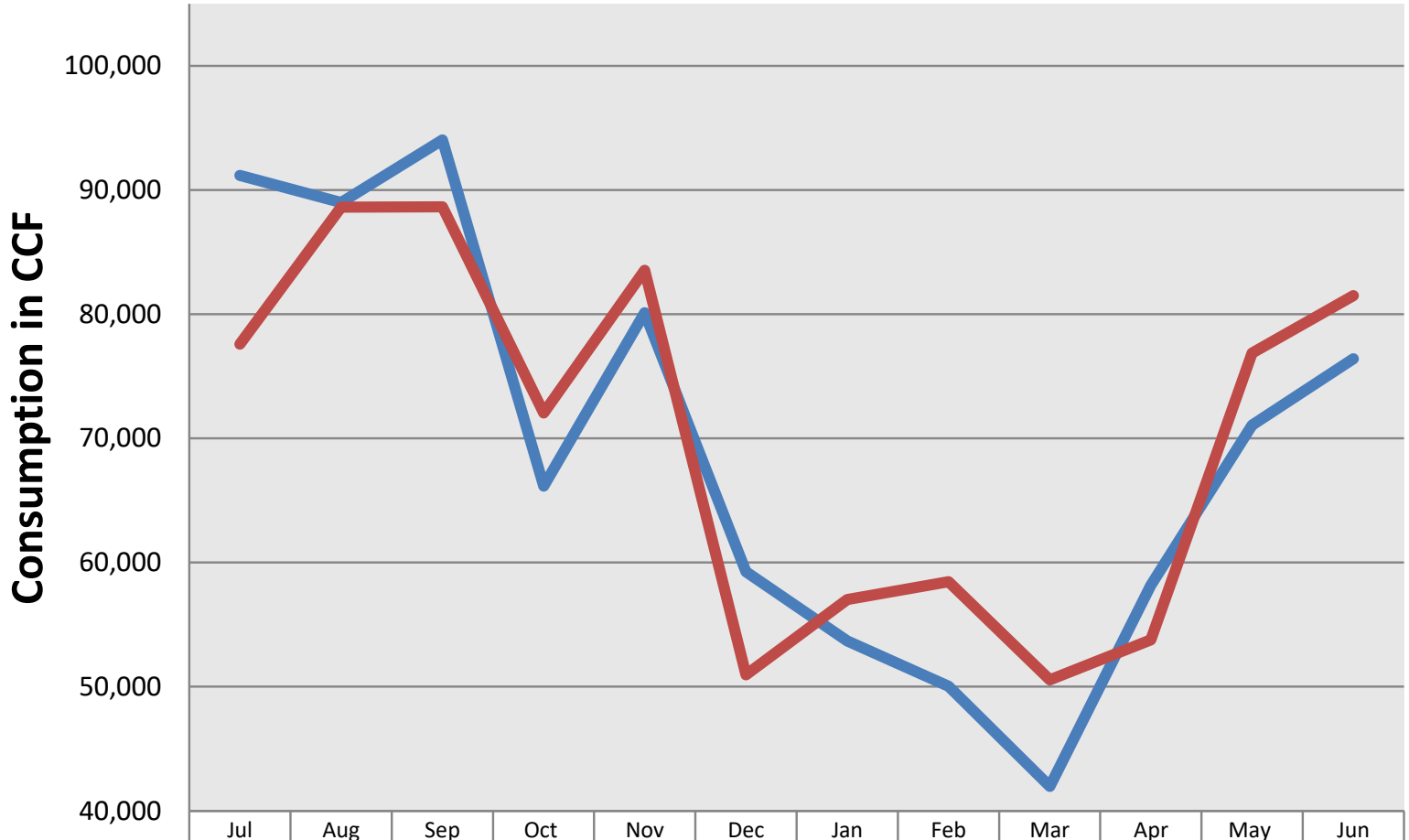
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	0	6,994	16,600	30,375	39,039	48,559	54,948	60,017	63,550	65,951	68,769	75,108	81,243
2019-2020	0	6,910	15,477	26,141	35,235	47,313	52,967	58,005	63,323	67,421	70,983	75,429	82,104

Tier IV YTD Consumption



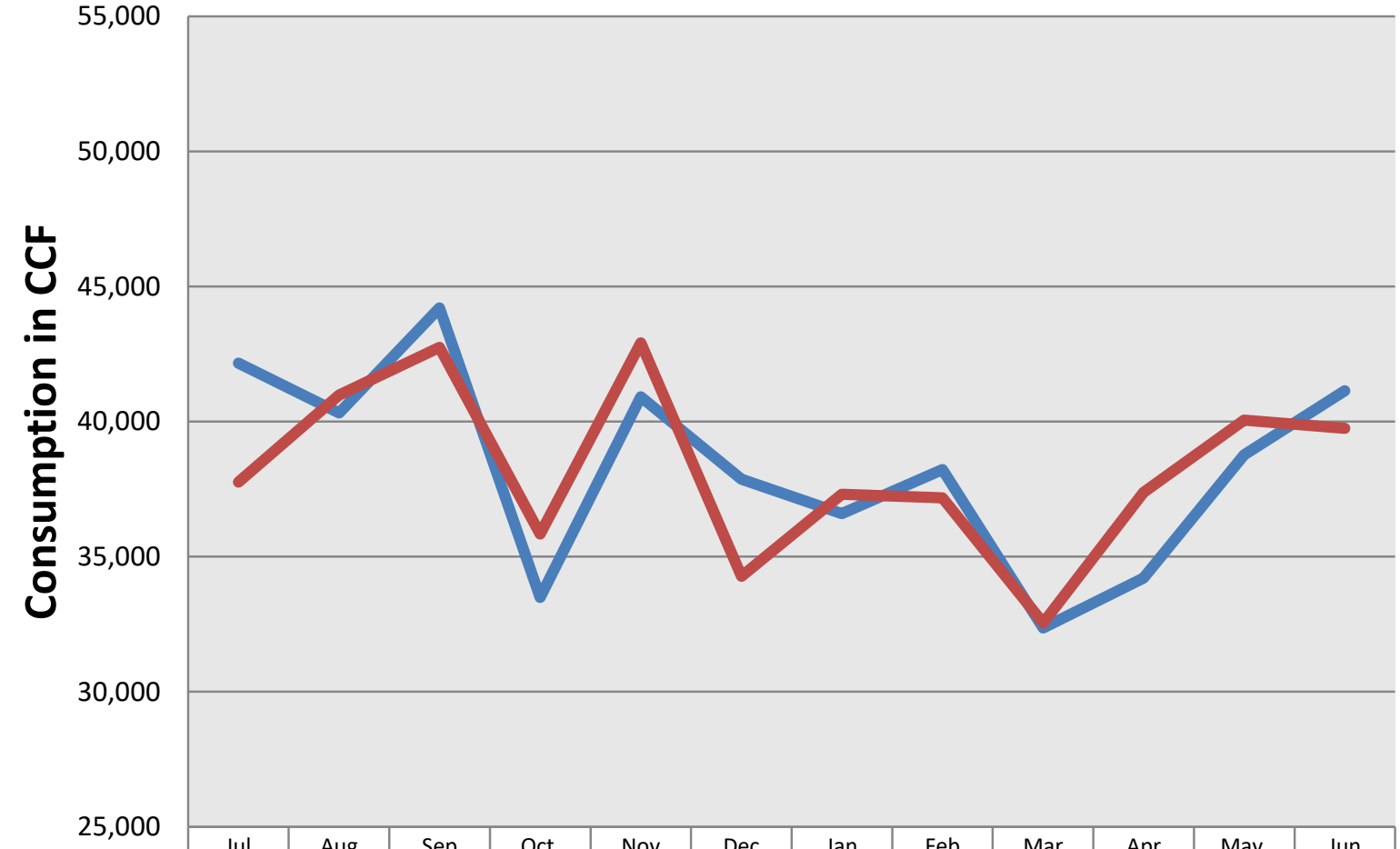
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	0	4,028	9,805	18,041	25,920	36,304	43,674	48,426	50,965	52,677	54,622	60,076	65,012
2019-2020	0	4,608	10,247	17,923	26,514	39,019	45,558	49,820	54,986	58,465	60,769	62,998	66,727

Single Family Residents Consumption



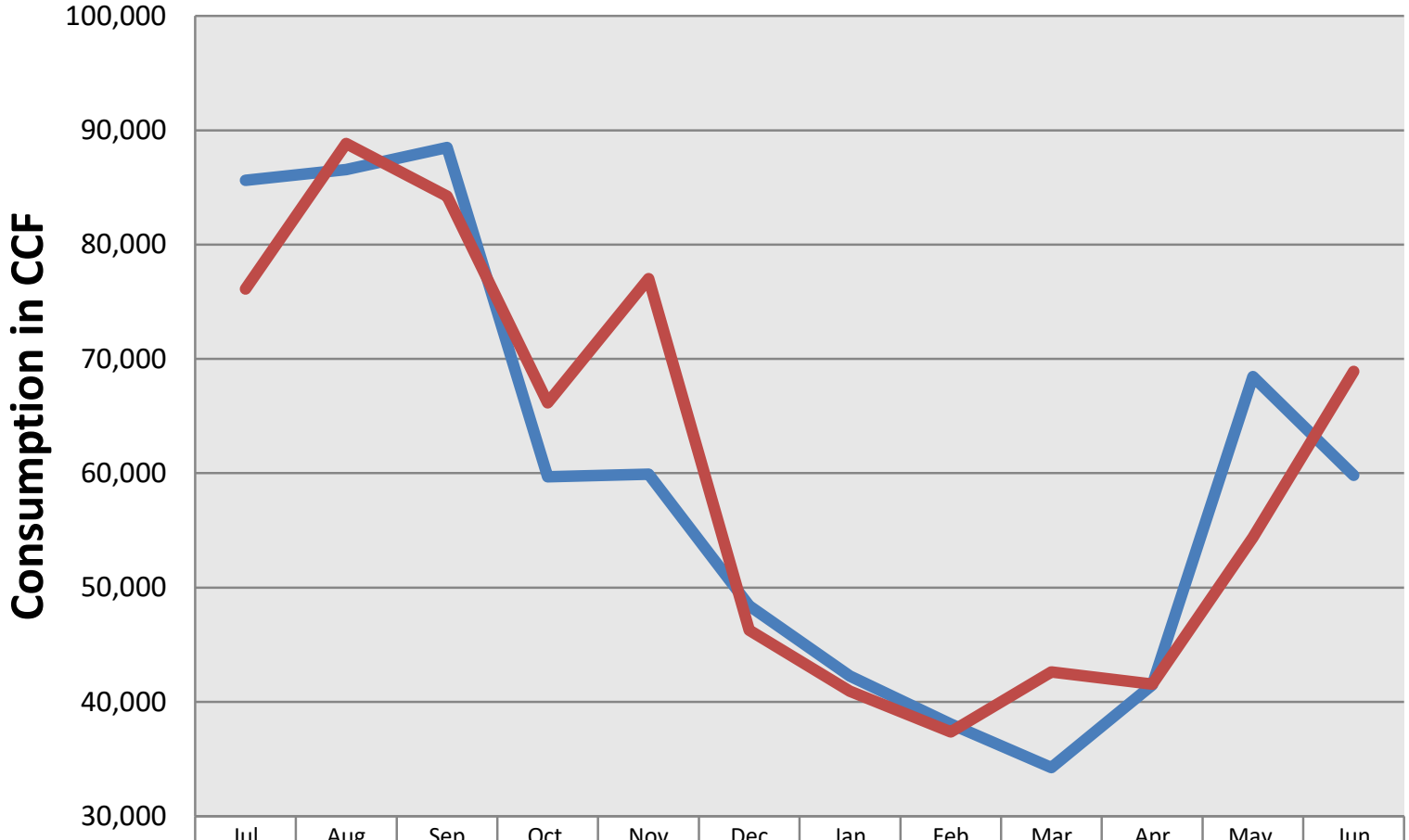
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	91,178	89,009	94,035	66,147	80,118	59,264	53,677	50,046	41,974	58,165	71,066	76,403
2019-2020	77,586	88,625	88,650	72,040	83,550	50,955	57,031	58,453	50,557	53,765	76,880	81,484
%	85%	100%	94%	109%	104%	86%	106%	117%	120%	92%	108%	107%

Multi Family Residents Consumption



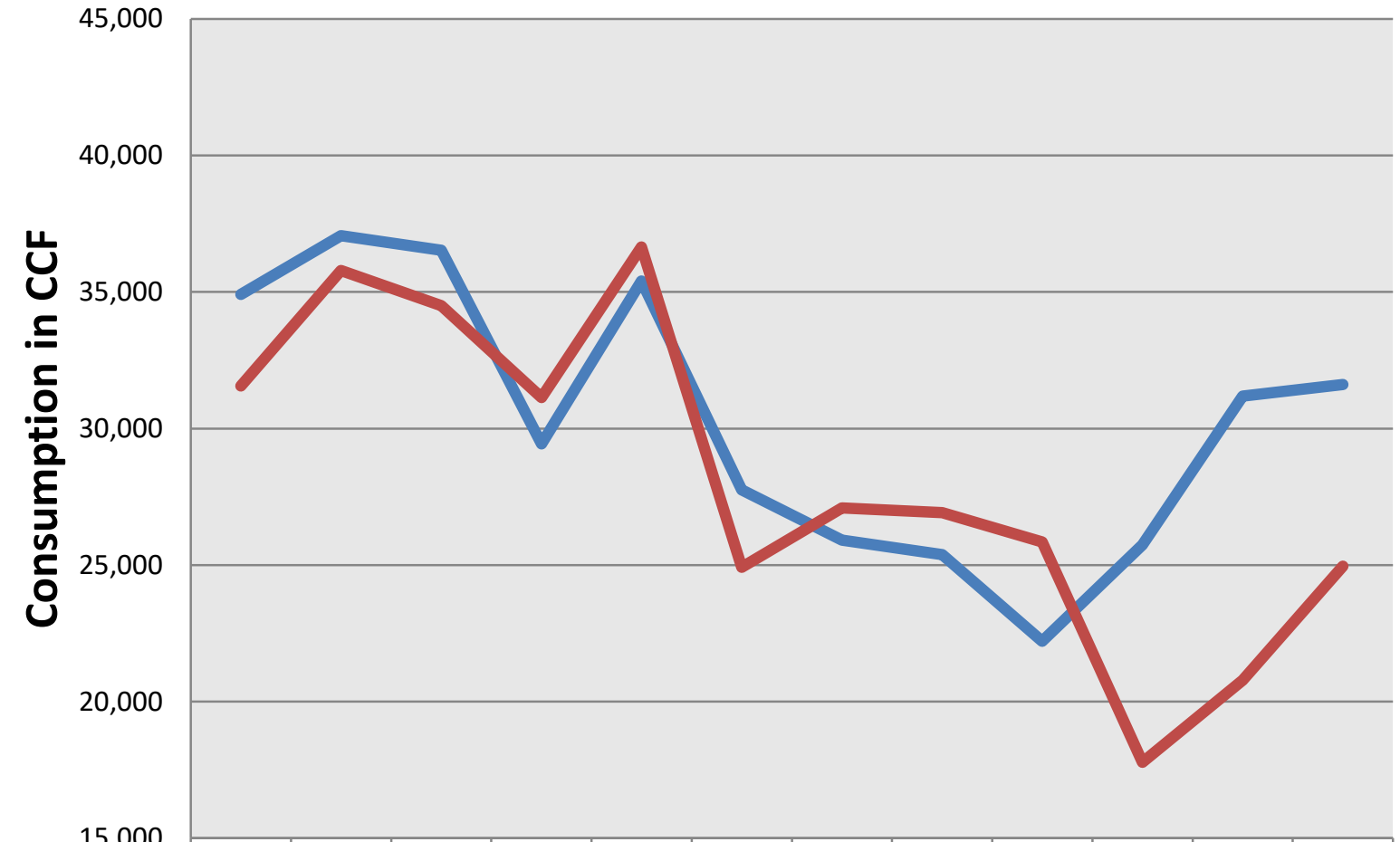
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	42,163	40,322	44,209	33,491	40,924	37,866	36,596	38,228	32,364	34,208	38,774	41,146
2019-2020	37,764	40,990	42,748	35,846	42,915	34,269	37,314	37,185	32,549	37,372	40,056	39,751
%	90%	102%	97%	107%	105%	91%	102%	97%	101%	109%	103%	97%

Laguna Woods Village Consumption
(Excluding Dedicated Irrigation)



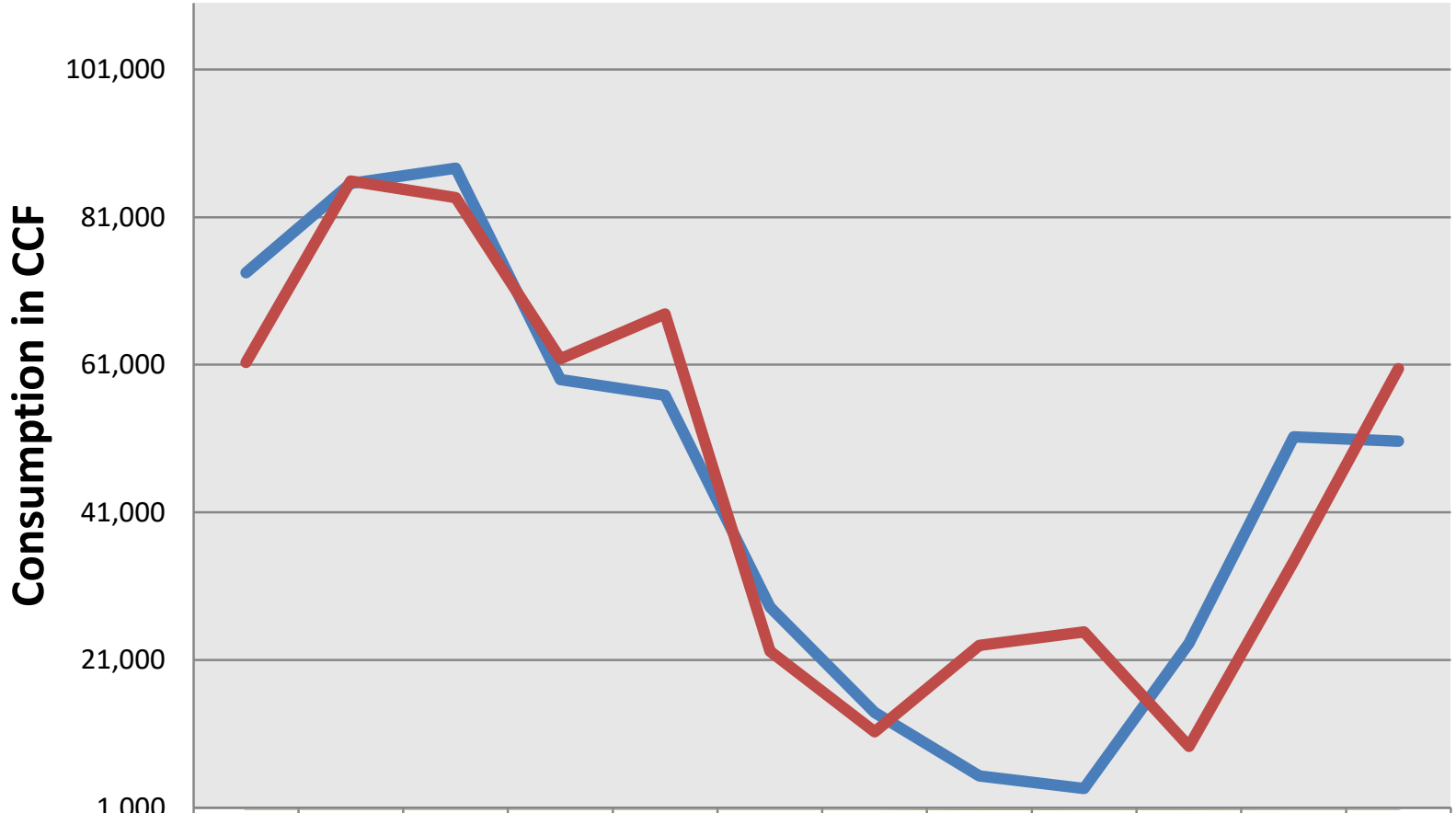
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	85,610	86,572	88,490	59,693	59,905	48,420	42,272	38,076	34,256	41,488	68,468	59,811
2019-2020	76,109	88,839	84,242	66,165	77,014	46,268	40,923	37,375	42,605	41,567	54,391	68,893
%	89%	103%	95%	111%	129%	96%	97%	98%	124%	100%	79%	115%

Commercial Consumption



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	34,907	37,064	36,532	29,437	35,401	27,750	25,918	25,385	22,210	25,740	31,185	31,612
2019-2020	31,560	35,793	34,506	31,129	36,650	24,924	27,092	26,914	25,842	17,778	20,786	24,962
%	90%	97%	94%	106%	104%	90%	105%	106%	116%	69%	67%	79%

Dedicated Irrigation Consumption (including LWV)



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2018-2019	73,448	85,554	87,633	58,977	56,874	28,192	13,926	5,306	3,605	23,291	51,253	50,675
2019-2020	61,308	85,895	83,655	61,793	67,888	22,189	11,269	22,973	24,802	9,312	34,373	60,468
%	83%	100%	95%	105%	119%	79%	81%	433%	688%	40%	67%	119%

MINUTES OF THE REGULAR MEETING
& OF THE
ENGINEERING COMMITTEE MEETING

June 22, 2020

At approximately 7:30 a.m. President Monin called the Regular meeting to order.

Director Freshley led the Pledge of Allegiance to the flag.

Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS participated via Zoom.

Also participating via Zoom were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, NEELY SHAHBAKHTI, Finance Manager/Controller, GILBERT J. GRANITO, General Counsel, RICK OLSON, Operations Superintendent, BOBBY YOUNG, Principal Engineer, RORY HARNISCH, Project Engineer, JENNIFER PANCAKE, Special Counsel, CAROL MOORE, Laguna Woods City Council Member, and POLLY WELSCH, Recording Secretary.

Oral Communications/Public Comments

There were no comments.

Items Received too Late to be Agendized

President Monin asked if there were any items received too late to be agendized. Mr. Cafferty replied no.

Attorney Report

Mr. Granito reported that a Closed Session is needed to discuss item #1 as agendized in today's Closed Session agenda.

Closed Session

At approximately 7:45 a.m. the Board went into Closed Session. Also at this time, Ms. Shahbakhti, Ms. Cimorell, Ms. Welsch, Ms. Moore, Mr. Olson, Mr. Young, and Mr. Harnisch left the meeting.

Open Session Report

At approximately 8:20 a.m. the Board returned to Regular Session. Also at this time Ms. Shahbakhti, Ms. Cimorell, Ms. Welsch, Ms. Moore, Mr. Olson, Mr. Young, and Mr. Harnisch returned to the meeting.

Mr. Granito reported that the Board did go into Closed Session at approximately 7:45 a.m. to discuss and deliberate on item #1 of today's Closed Session agenda.

Mr. Granito reported that during the first phase of the Closed Session discussion pertained to the Quiet Title Action that the District has been pending for some time with regard to solidifying and clarifying the District's ownership in the Oso Lift Station site, and during this phase of the Closed Session the Board authorized Special Counsel to move forward with the Quiet Title Action.

Mr. Granito reported that during the second phase of the Closed Session General Counsel, Special Counsel, and the General Manager commented on the risk associated with moving forward with awarding the construction contract for the improvement project while the Quiet Title Action is pending and that risk analysis was shared with the Board. No further reportable action was taken.

At approximately 8:25 a.m. Ms. Pancake left the meeting.

Engineering Committee Meeting

Director Freshley called the Engineering Committee Meeting to order at 8:20 a.m.

Consent Calendar

1. Consider approving the minutes of the May 26, 2020 Engineering Committee meeting.

Director Freshley asked for a Motion.

Motion: Vice President Gaskins made a Motion, seconded by Director Havens, and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Freshley	aye
Director Havens	aye
President Monin	aye
Vice President Gaskins	aye
Director Vergara	aye

Engineering Action Items

Cal Trans I-5 Widening Project

Mr. Young stated that we had a formal bid process as reflected in the Board package.

Mr. Young stated that 4 bidders submitted bids last Wednesday which were opened publicly and read aloud and having done our bid analysis, the conclusion was that Paulus Engineering, Inc. has submitted the lowest bid.

Mr. Cafferty stated that the District has previous experience with Paulus Engineering, Inc. He further stated that we are prepared from a construction standpoint to proceed, but staff is still working out agreements with Caltrans necessary to accommodate the expansion of the I-5 freeway.

Mr. Cafferty stated that staff has been negotiating with Caltrans for some time on who is responsible to pay for the relocation costs. He further stated that they have agreed to pay a portion, which is shown in the staff paper as $328,000 of the total cost of $769,000.

Mr. Cafferty stated that staff has prepared utility agreements that the Board approved at a previous meeting, which staff has signed and returned to Caltrans. He further stated that we have not received the executed agreements back from Caltrans.

Mr. Cafferty stated that we will not proceed until we have received the executed signed agreement from Caltrans documenting that they will pay for their portion of the project. He further stated that the remaining amount of work amounts to approximately $440,000 and is work that we have not yet agreed who is responsible to pay, as the District believes the State should pay for this portion but Caltrans feels the District should pay for it.

Mr. Cafferty stated that a large portion of these utilities are in the right-of-way of Avenida de la Carlota (Carlota) which is owned by the City of Laguna Hills, and the work we are having to do is not necessitated by an improvement to Carlota. He further stated that Caltrans is arguing that we have no superior occupancy rights.

Mr. Cafferty stated that staff feels this project is only necessary to accommodate the expansion of the I-5 freeway and Caltrans should be covering the costs. He further stated that there are provisions within the Caltrans right-of-way manual stemming from the Streets and Highways Code that deal with conflicts such as this and our interpretation would suggest that there is a means to proceed in which Caltrans pays for the work and the dispute gets settled later.

Mr. Cafferty stated that the next step will be to submit a letter indicating that while we still maintain that this should be Caltrans cost, if they want to proceed with the work so that we can accommodate their schedule, this would be the path to do so. He further stated that we are aware that Santa Margarita Water District (SMWD) is experiencing a similar issue in the exact same area and their work is close to $4 million, and they have proposed a similar alternative to get the project going, but Caltrans has not responded to them.

Director Havens stated that when she looks at a bid and sees such a wide span of cost differences, she questions why. Mr. Cafferty replied it's difficult to understand the minds of contractors, but factors may include where they are located and their current workload.

Vice President Gaskins stated that in the staff paper under the Recommended Action it states that according to "previously signed agreements with Caltrans these costs will be reimbursed by Caltrans", and asked is this a done deal. Mr. Cafferty replied that the $328,000 worth of work was agreed to by Caltrans that they would pay, so it's the $440,000 worth of work that is being negotiated. He further stated that staff is asking the Board for approval to award construction contingent on having the executed Utility Agreements in place with Caltrans.

Mr. Cafferty stated that the one Agreement will say that Caltrans will pay for a certain amount of work and the other Agreement will likely say that the work is still in dispute, that they will advance the funding, and will be resolved at a later date. He further stated that there will remain the potential that we are responsible for the $440,000 cost either via a compromise or litigation.

Mr. Cafferty stated that Caltrans has asked that this work be done by the middle of October, so staff is asking the Board to authorize staff to move forward with the Contractor contingent upon receiving the signed Agreements indicating that Caltrans will either pay, or pay and work under dispute.

Mr. Granito reported that when there is a dispute as to who is liable, the law and Street and Highway Code Section 706 as procedurally reflected in Chapter 13 of Caltrans Right of Way Manual would compel Caltrans to fund the project based on an Agreement, which could reflect a compromise.

Mr. Granito reported that after Caltrans funds the project, they have 4 years to file a lawsuit to refund their costs.

Director Vergara stated that he feels it would be in the best interest of Caltrans to get this project moving and questioned whether the District has any leverage. Mr. Cafferty replied that Cal Trans has two big concerns; one is the precedent of paying the $440,000 cost that they feel they are not liable for, and they feel that paying for these costs is a gift of public funds.

President Monin asked do we know how Santa Margarita Water District (SMWD) is handling their issue. Mr. Cafferty replied that they are also asking Caltrans to front the costs with reference to their right-of-way manual, and when Mr. Cafferty contacted SMWD last week they had not received a response from Caltrans.

President Monin stated that he feels we will lose a lot of leverage and he feels we have been good stewards and therefore should not go ahead with a construction contract until Caltrans agrees to assume the liability. President Monin further stated that he is not comfortable with being on the hook for the liability for as much as four years until resolved.

Mr. Granito suggested continuing the discussion to Thursday and allow staff to make further contact to Caltrans and determine any reaction to the suggestion of Caltrans funding the project until the dispute is resolved.

Director Freshley stated that she is concerned about the District being an impediment to a project that is important to the County. President Monin stated that he agrees staff should contact Caltrans to get further information.

Director Vergara stated that “gift of public funds” mentioned by Caltrans, and asked if this is true when the State spends money on a public agency project, or only when spending money on a private entity. Mr. Cafferty replied that their letter stated that they interpret, per their right-of-way manual, that they are not responsible to pay for this work and would therefor consider it a gift of public funds.

Mr. Cafferty stated that Caltrans has indicated that they have some sort of cooperative agreement with the Orange County Transportation Authority which represents all the Cities and they feel they have some type of superior right-of-way. He further stated that we asked for a copy of the agreement, but they are checking to see if it is a public document that they can disclose.

President Monin asked how long this work would take. Mr. Cafferty replied that it would have to be done in phases with some of the work being done in a couple months and the remainder coordinated with the freeway construction.

Director Vergara suggested moving on with the construction contract so that we don’t delay this project, but he also supports further discussion on Thursday to see if staff can provide additional information from Caltrans. He further stated that we could negotiate with Caltrans on the project costs.

Vice President Gaskins agrees with the action item as presented, with the understanding that an Agreement will be in place to be reimburse for the $440,000 costs from the State prior to authorizing the work, but he is also ok with holding off discussion until Thursday.

Director Havens stated that she feels we should get the signed Agreement from Caltrans and have assurance moving forward, and would not like to hold up the project.

Director Freshley stated that we are not funding this project from our Reserves because Caltrans would fund the project. Director Freshley further noted that Caltrans can come back later over the next four years to come back to request the funds from the District if they feel they were not responsible. Mr. Cafferty clarified that the proposed approach would have Caltrans pay for the project up front with the understanding that they may come back later arguing that it was always the District's liability and ask us to pay the $440,000 cost.

Director Freshley stated she did not want to commit to any compromise until research regarding the District's occupancy rights is complete.

Director Freshley asked for a Motion.

Motion: President Monin made a Motion, seconded by Director Vergara, to continue further discussion on this project at Thursday's Board meeting on June 25, 2020 after staff has had more discussion with Caltrans.

Roll Call Vote:

Director Freshley	no
Director Havens	aye
Director Vergara	aye
President Monin	aye
Vice President Gaskins	aye

Motion passes 4-1.

Oso Lift Station Improvement Project

Mr. Cafferty stated that we are proposing to award the construction contract with an encroachment permit from the City. He further stated that we have been in contact with the City of Laguna Woods through email and a phone conversation with Chris Macon, the City Manager, whose interpretation is that everything is done except for Recording the documents for the lot line adjustment.

President Monin asked if there is any way we could build the project so we wouldn't need the extra 10 feet. Mr. Cafferty replied that the entire design of the project which was started approximately 5 years ago with a preliminary engineering alternatives analysis where they looked at a variety of different designs and this was the best one.

President Monin asked what are we going to be putting on the extra 10 feet. Mr. Cafferty replied that the second page of the staff paper shows a design of the new lift station.

Mr. Cafferty stated that the difference between the low bid and high bid were $50,000 apart so we are comfortable in suggesting Filanc for the project, and the engineering services contract to Tetra Tech, with some smaller contracts for geotechnical and CEQA services that are within the General Manager's authority.

Director Havens asked if the Contractor is sharing any risk with the District. Mr. Cafferty replied no, they are not sharing any of the property acquisition risk, which is minimal.

Director Freshley asked for a Motion.

Motion: Director Vergara made a Motion, seconded by Vice President Gaskins, and unanimously carried across the Board to authorize the General Manager to 1) enter into a contract (after agreement on the permit) with J.R. Filanc Construction Company, Inc. in the amount of $1,954,236.00 for construction of the Oso Lift Station Improvement Project, and 2) to enter into a contract with Tetra Tech in the amount of $84,000.00 for professional engineering services during construction after procurement of the encroachment permit from the City of Laguna Woods.

Roll Call Vote:

President Monin	aye
Vice President Gaskins	aye
Director Vergara	aye
Director Freshley	aye
Director Havens	aye

Engineering Information Items

Capital Projects Report

Phase II Recycled Water Distribution System Expansion Project

Mr. Young stated that the State has approved several of our upcoming retrofit sites being the taller manor 3-story buildings, and the County has weighed in on their cross control procedures. He further stated that staff continues to work on notifying the residents and is in the process of reaching out to building captains, preparing notification flyers to be posted in laundry rooms, building access points, and throughout the sites, so the residents are aware of the project, when their water will be turned off, for how long, and when it will be turned back on.

Mr. Young stated that we submitted another package to the State to address their questions on the remaining sites, which the State and County are reviewing, and we hope to have a response this week.

Mr. Young stated that we have hired a Consultant to move forward with Phase II West dual-plumbed areas, which requires a supplemental engineering report that is a thorough document that the State will review for procedures and on-going maintenance that the District will partake.

Mr. Young stated that staff has been in contact with the Southern California Water Smart staff and they have been a little more lenient on the deadlines associated with the retrofit rebates for converting to recycled water which is typically a 6-month process.

Mr. Cafferty stated that staff has been looking for ways to minimize the interaction with residents and the contractor is ready to move.

President Monin stated that he is in favor of moving this project forward. Director Freshley stated that we shall see how converting the first building goes.

Director Havens asked about the manors that have courtyards, can they opt in or out. She further asked if any residents have practiced the social distancing and wearing masks. Mr. Cafferty replied yes, our staff is wearing masks and following CDC regulations for safety of the residents and our staff.

He further stated that the courtyard may have a control valve from a potable supply that irrigates part of the courtyard, and another with recycled water, but there is no unique valve into their courtyard, its part of the overall system.

Engineering Items Discussed at Various Conferences and Meetings

Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

Adjournment

At approximately 10:00 a.m. the Engineering Committee meeting was adjourned to Thursday June 25, 2020 at 7:30 a.m.

Respectfully submitted,

_____
POLLY WELSCH
Recording Secretary

APPROVED:

_____
MARK L. MONIN, President
of the El Toro Water District and the
Board of Directors thereof

_____
DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof

STAFF REPORT

TO: BOARD OF DIRECTORS **MEETING DATE: July 20, 2020**

FROM: Bobby Young, Principal Engineer

SUBJECT: Capital Project Status Report

I Oso Lift Station Improvement Project

Staff worked with City of Laguna Woods to obtain an Encroachment Permit for the work on current City property and within City Right-of-Way. A construction contract has been executed and Notice to Proceed has been issued to Filanc. Per the Mitigation Monitoring and Reporting Program, the general bird breeding / nesting season is not considered active after August 30th. Filanc can begin off-site work activities, including submittals, materials acquisition, and traffic control plans to prepare for the start of construction activities after August 30th.

II Phase II Recycled Water Distribution System Expansion Project

On April 14th, Staff received a conditional approval letter of several, but not all, West Side System sites from the State Water Resources Control Board Division of Drinking Water (DDW). Staff has addressed DDW's remaining comments / revisions, and now awaits the final approval letter for the remaining sites.

Staff successfully conducted the first two-way shutdown test on one building in an approved West Side site with County of Orange Health Care Agency (OCHCA) staff. Staff continues to schedule site testing with OCHCA and will continue moving forward with testing and subsequent conversion.

Staff has entered into an Agreement with a consultant to prepare a Supplemental Engineering Report, which will be submitted to the DDW for review and approval of the "dual-plumbed" sites as part of Phase II West. Upon approval, staff will look into bidding the retrofit construction work.

III Caltrans I-5 Widening Project

Caltrans continues to prepare to implement an I-5 Freeway widening project between El Toro Road and the 73 Toll Road. The portion of the project between Los Alisos Blvd. and El Toro Road will necessitate certain utility relocations.

Staff continues discussions with Caltrans regarding final Utility Agreements for terms and payment sharing of the utility relocations. In order to keep the project on schedule, Caltrans and ETWD staff decided to separate out the Utility Agreements for several of the relocation efforts. Currently two agreements have been executed and cover five (5) of the nine (9) utility conflicts, in which Caltrans has agreed to reimburse payment. A construction contract has been executed and Notice to Proceed has been issued to Paulus to begin work on the first two Utility Agreements. Staff sent a letter on June 24th as a follow up from a phone call with Caltrans, which should resolve one (1) more utility conflict, but Staff has not received official approval yet. The remaining three (3) are still under review by Caltrans for proof of prior rights.

IV WRP Sludge Truck Tractor Replacement

A Purchase Order for the WRP Sludge Truck Tractor Replacement has been issued. Staff has communicated with the vendor and expects to receive the truck in September.

V Dump Truck / Traffic Control Truck Replacement

A Purchase Order for the Dump / Traffic Control Truck has been issued. Staff expects to receive the truck in August.

VI On-Going Capital Projects

The following table summarizes the current status of on-going projects.

Project Title	***Status***
WRP Grit Chamber Rehab	Staff is negotiating with a consultant to prepare specifications for the coating work.
Master Plan Update / Asset Management Plan	Staff is working to finalize the Request for Proposals document.
OOPS Generator Replacement	Staff is performing a final review of drawings and specifications before soliciting bids for the project.
WRP Aeration Basin Diffuser Replacement Project	Staff sent final comments on the draft technical memorandum, plans, and specs prepared by Black & Veatch. Once staff receives finalized plans and specs, staff will solicit bids for the project.
Multi-Purpose Room & Main Office HVAC Projects	Staff received an initial report from a consultant and returned comments. The consultant will submit a revised draft in the coming weeks.

F.Y. 2020/21 CAPITAL REPLACEMENT AND REFURBISHMENT PROGRAM BUDGET ITEMS > $50,000
BOARD APPROVAL SCHEDULE

	Project Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Estimate	Board Approved Cost
2020/21 Capital Projects (reference number corresponds with Approved Budget item numbers)															
1	R-2 Reservoir Interior Recoating		E	E	B	B	A	C	C	C				$262,500	
2	R-2 Reservoir Exterior Recoating		E	E	B	B	A	C	C	C				$80,000	
5	4920 Siphon Stabilization											E	E	$150,000	
6	WRP Main Electrical Power Breaker Upgrade	B	A	O/C										$80,000	
10	Main Office / Field Office HVAC Replacement & Improvement Project	ET	E	B	A	C	C							$157,500	
2020/21 Capital Equipment (reference number corresponds with Approved Budget item numbers)															
1	La Paz MCC and PLC Upgrade - Engineering	ET	ET	ET										$140,000	
2	Aeration Basin No. 1 Diffusers	E	B	A	C	C	C	C						$170,000	
4	Effluent Pump Station Pump Replacement								B	B	A	C	C	$100,000	
Carryover															
	Oso Lift Station Improvement Project	C	C	C	C	C	C	C	C	C	C	C	C	$1,000,000	$1,954,322
	Grit Chamber Rehab/Re-Coating		E	E	B	B	A	C	C	C				$85,000	
	OOPS Emergency Generator Replacement	E	B	A	C	C	C							$220,000	
	R-6 Floating Cover Replacement Project	RFP	RFP	RFP	E	E	E								
	Caltrans Widening Utility Relocations	C	C	C	C										$769,777
	Clarifier No. 3 and 4 Scum Pump Station	B	A/O	C										$80,000	
	Master Plan Update	RFP	RFP											$350,000	
												Total		$2,875,000	$2,724,099

E = Engineering/Study
C = Construction
O = Order
N = Negotiate

R = Receive
P = Permit
CQ = CEQA
CO = Carry Over

RFP = Request for Proposal
B = Bid
A = Approve by Board
L = Legal

ET = Evaluate
M = Monitoring
BP = Board Presentation

7/16/2020

EL TORO WATER DISTRICT
Glossary of Water Terms

Accumulated overdraft: The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

Acre-foot, AF: A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

ACWA: Association of California Water Agencies.
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

Advanced treatment: Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

AFY: Acre-foot per year.

Alluvium: A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

AMP: Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

Annexation: The inclusion of land within a government agency's jurisdiction.

Annual overdraft: The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

Aqueduct: A man-made canal or pipeline used to transport water.

Aquifer: An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

Arid: Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

Artesian: An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

Artificial recharge: The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

AWWA American Water Works Association
Nationwide group of public and private water purveyors and related industrial suppliers.

Base flow: The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

Bay-Delta: The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta Is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a $400 billion economy.

BIA: Building Industry Association.

Biofouling: The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

Biosolids: Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

BMP: Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

Brackish water: A mixture of freshwater and saltwater.

Brown Act: Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also know as the Open Meeting requirements.

Canal: A ditch used to move water from one location to another.

CASA: California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

CEQA: California Environmental Quality Act.

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

CFS: Cubic feet per second.

Chloramines: A mixture of ammonia and chlorine used to purify water.

Clarify: To make clear or pure by separation and elimination of suspended solid material.

Coagulation: The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

Coastkeepers: A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

Colored water: Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

Condensation: The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

Confined aquifer: An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

Conjunctive use: Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

Contaminate: To make unclean or impure by the addition of harmful substances.

CPCFA: California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

Crisis:
1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife *crisis*>
2. The decisive moment (as in a literary plot)
3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* **:** one with the distinct possibility of a highly undesirable outcome <a financial *crisis*> **b:** a situation that has reached a critical phase

CTP Coastal Treatment Plant

CWPCA California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

Dam: A barrier built across a river or stream to hold water.

Decompose: To separate into simpler compounds, substances or elements.

Deep percolation: The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

Degraded water: Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

Delta: Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.

Delta Vision: Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

Demineralize: To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

De-nitrification: The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

Desalting (or desalination): Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

Desilting: The physical process of removing suspended particles from water.

Dilute: To lessen the amount of a substance in water by adding more water.

Disinfection: Water treatment which destroys potentially harmful bacteria.

Drainage basin: The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

Drought: A prolonged period of below-average precipitation.

DPHS: California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

DVL: Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

DWR: California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

Endangered Species: A species of animal or plant threatened with extinction.

Endangered Species Act of 1973 (ESA): The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untendered by adequate concern and conservation.

Ecosystem: Where living and non-living things interact (coexist) in order to survive.

Effluent: Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Evaporation: The process that changes water (liquid) into water vapor (gas).

Estuary: Where fresh water meets salt water.

Evapotransporation: The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

FCH Federal Clearing House – Environmental Review/Processing

FEMA Federal Emergency Management Agency

Filtration: The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

Flocculation: A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

Forebay: A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

Gray water reuse: Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

Green Acres Project (GAP): A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

God Squad: A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

Groundwater basin: A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

Groundwater mining: The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

Groundwater overdraft: The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

Groundwater recharge: The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

Ground Water Replenishment System (GWRS): A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

Groundwater table: The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface if formed by an impermeable body.

GPM: Gallons per minute.

Ground Water Replenishment System (GWRS): Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

Hydrologic balance: An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

Hydrologic cycle: The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

Imported water: Water that has originated from one hydrologic region and is transferred to another hydrologic region.

Inflatable rubber dams: Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

Influent: Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

Irrigation: Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

JPIA Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

LAIF Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

Leach: To remove components from the soil by the action of water trickling through.

MAF: Million acre feet.

MCL: Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

Microfiltration: A physical separation process where tiny, hollow filaments members separate particles from water.

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

MWDOC: Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

Non-point source pollution: Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

NPDES National Pollution Discharge Elimination System

OCBC: Orange County Business Council.

OCEMA Orange County Environmental Management Agency

OCWD: Orange County Water District.

Opportunity:
1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

Organism: Any individual form of life, such as a plant, animal or bacterium.

PCM Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

Perched groundwater: Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

Percolation: The downward movement of water through the soil or alluvium to the groundwater table.

Permeability: The capability of soil or other geologic formations to transmit water.

Point source: A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

Potable water: Suitable and safe for drinking.

PPB: Parts per billion.

Precipitation: Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

Primary treated water: First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

Primary treatment: Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

Prior appropriation doctrine: Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

Pumping Plant: A facility that lifts water up and over hills.

Recharge: The physical process where water naturally percolates or sinks into a groundwater basin.

Recharge basin: A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

Reclaimed wastewater: Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

Reclamation project: A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

Recycling: A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

Reservoir: A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

Reverse osmosis: (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

RFP Request for Proposal

Riparian: Of or on the banks of a stream, river, or other body of water.

RO: Reverse osmosis. See the listing under "reverse osmosis."

R-O-W Right-of-way

Runoff: Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

RWQCB Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

Safe Drinking Water Act (SDWA): The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

Safe yield: The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

SAFRA Santa Ana River Flood Protection Agency

Salinity: Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAWPA: Santa Ana Watershed Project Authority.

SCADA Supervisory Control and Data Acquisition

SCAP Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

SCH State Clearing House – Environmental Review/Processing

Seasonal storage: A three-part program offered by Metropolitan Water District of Southern California:

> **STSS (Short Term Seasonal Storage)** financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;
>
> **LTSS (Long Term Seasonal Storage)** financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

Seawater intrusion: The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

Seawater barrier: A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

Secondary treatment: The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

Sedimentation: The settling of solids in a body of water using gravity.

Settle: To clarify water by causing impurities/solid material to sink to a container's bottom.

Sewer: The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

SigAlert: Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

SJBA San Juan Basin Authority

Sludge: The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

SOCWA South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

SRF State Revolving Fund

Storm Drain: The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

Storm flow: Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

SWP: State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

SWRCB State Water Resources Control Board

TDS: Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

Tertiary treatment: The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THM: Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

TMA: Too many acronyms.

TMDL: Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

Transpiration: The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

Turbidity: Thick or opaque with matter in suspension; muddy water.

Ultraviolet light disinfection: A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

VE Value Engineering

VOC: Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

Wastewater: Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

Water Cycle: The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

Water rights: A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

Water-use Efficiency: The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

Water year (USGS): The period between October 1st of one calendar year to September 30th of the following calendar year.

Watermaster: A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

Water Reclamation: The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

Watershed: The total land area that from which water drains or flows to a river, stream, lake or other body of water.

Water table: The top level of water stored underground.

WEF Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

Weir box: A device to measure/control surface water flows in streams or between ponds.

Wellhead treatment: Water quality treatment of water being produced at the well site.

Wetland: Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

Xeriscape: Landscaping that requires minimal water.