

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

May 24, 2021

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 Gaskins, Freshley, Havens, Monin, and Vergara 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/82099300036>. (Meeting ID: 820 9930 0036). 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. Please be advised the Meeting is being recorded.

CALL TO ORDER – President Gaskins

PLEDGE OF ALLEGIANCE – Director Havens

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 Havens

1. 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 April 19, 2021 Finance and Insurance Committee meeting (Minutes Included)

Recommended Action: The Board will be requested to approve the subject minutes listed above in the Consent Calendar.

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.

2. **Quarterly Review of the District's 401(k) Retirement Savings Plan**
(Reference Material Included)

A HighMark representative will review and comment on the investment performance of the District's 401(k) Retirement Savings Plan.

FINANCIAL INFORMATION ITEMS

3. **Springbrook Financial Software** (Reference Material Included)

Staff will review and comment on options and benefits associated with the potential implementation of Springbrook software to manage the District's payroll, financial accounting, and billing systems.

4. **Credit Card Bill Payments** (Reference Material Included)

Staff will review and comment on customer bill payments, options, and fees.

5. **Project Funding Options** (Reference Material Included)

Staff will review and comment on research of funding options for upcoming Capital Projects.

6. **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.

7. **2021/22 Fiscal Year Budget Preparation and Tentative Schedule Status Report** (Reference Material Included)

Staff will review and comment on the 2021/22 fiscal year Budget Preparation and Tentative Schedule.

FINANCIAL ACTION ITEMS

8. **Financial Package - Authorization to Approve Bills for Consideration dated May 24, 2021 and Receive and File Financial Statements as of April 30, 2021**
(Reference Material Included)

The Board will consider approving the Bills for Consideration dated May 24, 2021 and Receive and File Financial Statements as of April 30, 2021.

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 May 24, 2021, and 2) receive and file the Financial Statements for the period ending April 30, 2021.

9. **Annual Review of the District's Cash Reserve Policy Statement 1994-12 (IV)**
(Reference Material Included)

The District performs an annual review of the Cash Reserve Policy Statement 1994-12 (IV). Staff recommends amendments to the Cash Reserve Policy.

Recommended Action: Staff recommends adopting Resolution No. 21-5-1 which amends the District's Cash Reserve Policy Statement 1994-12 (IV).

RESOLUTION NO. 21-5-1

RESOLUTION OF THE BOARD OF DIRECTORS
OF EL TORO WATER DISTRICT
WHICH AMENDS THE DISTRICT'S
CASH RESERVE POLICY STATEMENT 1994-12 (IV)

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ENGINEERING COMMITTEE

CALL MEETING TO ORDER – Director Vergara

10. **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 April 19, 2021 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

11. **Resolution No. 21-5-2 Adopting the Update to the District's Local CEQA Guidelines** (Reference Material Included)

The State CEQA Guidelines requires local agencies to adopt “objectives, criteria, and procedures” to implement the requirements of the CEQA statute and the State CEQA Guidelines (State CEQA Guidelines Section 15022). The El Toro Water District's Local CEQA Guidelines have been revised and amended to reflect recent changes to the State CEQA Guidelines, the Public Resources Code, and relevant court opinions.

Recommended Action: Staff recommends that the Board of Directors adopt Resolution No. 21-5-2 approving the 2021 update to the District's Local California Environmental Quality Act (CEQA) Guidelines.

RESOLUTION NO. 21-5-2

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
ADOPTING THE 2021 UPDATE TO THE DISTRICT'S
LOCAL CALIFORNIA ENVIRONMENTAL QUALITY ACT
(CEQA GUIDELINES)
(PUB RESOURCES CODE §§21000 ET SEQ.)

ENGINEERING GENERAL INFORMATION ITEMS

12. **El Toro Water District Capital Project Status Report**
(Reference Material Included)

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

13. **Engineering Items Discussed at Various Conferences and Meetings**
(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) (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).

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

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

ADJOURNMENT

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.

MINUTES OF THE REGULAR MEETING
OF THE
FINANCE & INSURANCE COMMITTEE

April 19, 2021

At approximately 8:55 a.m. Director Havens called the regular meeting to order.

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

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, BOBBY YOUNG, Principal Engineer, and POLLY WELSCH, Recording Secretary.

Consent Calendar

Director Havens asked for a Motion.

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

Roll Call Vote:

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

Financial Action Items

Quarterly Insurance Report

Ms. Cimorell stated that she added the medical insurance costs to the Benefits for the Directors in this quarterly report. She further stated that there were no Workers Compensation cases this quarter.

Ms. Cimorell stated that under Cal OSHA the District had to report all of the employees who contacted COVID-19 under our Workers Compensation Plan. She further stated that the District received a check from JPIA in the amount of \$54,186 which was a refund from the rate stabilization fund which JPIA determined the District should receive after reviewing past claims and comparing them to the premium amount paid by the District.

Vice President Freshley noted that the Actual vs. Budget data for Total Insurance shows that we are nearly \$28,000 over budget, and asked what happened. Mr. Hayden replied that staff will get back to the Board on why the Liability Insurance is higher. Ms. Cimorell added that the insurance carrier was changed, and the new premium was higher, so this may be the reason for the increase.

Director Havens asked for a Motion.

Motion: Director Monin made a Motion, seconded by Director Vergara and unanimously carried across the Board to Receive and File the Quarterly Insurance Report for the period of January 1, 2021 through March 31, 2021.

Roll Call Vote:

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

Financial Package – Authorization to Approve Bills for Consideration dated April 19, 2021 and Receive and File Financial Statements as of March 31, 2021

Mr. Hayden stated that the Balance Sheet has not changed much. He further stated that on page 4, Summary of Investments, the District continued to ramp up the 1-3 year investments.

Mr. Hayden stated that on page 9, the Receivables report, Receivables Over 121 days has increased by almost 10 times compared to March 2020. He further stated that this could be due to the economic stress from the COVID-19 pandemic, and also the suspension of our ability to shut off water service.

Director Vergara asked if there was a bill that had to do with dealing with bad debt. Mr. Cafferty replied that there was a Senate bill that put significant restrictions on the ability of water agencies to shut customers off for non-payment. He further stated that we had to revise our Rules and Regulations to comply with that Senate bill.

Vice President Freshley stated that we have just over \$2.5 million in a "SOCWA" Reserve, and asked if this is held at SOCWA. Mr. Hayden replied no, this is our internal reserve that is set aside for future SOCWA projects.

Director Havens asked for a Motion.

Motion: Director Monin made a Motion, seconded by President Gaskins and unanimously carried across the Board to approve, ratify, and confirm payment of those bills as set forth in the schedule of bills for consideration dated April 19, 2021, and receive and file the Financial statements for the period ending March 31, 2021.

Roll Call Vote:

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

Financial Information Items

Tiered Water Usage and Revenue Tracking

Mr. Cafferty stated that we continue to trend a little higher in usage this year by approximately 4%, which could be weather driven.

2021/22 Fiscal Year Budget Preparation and Tentative Schedule Status Report

Mr. Cafferty stated that Budget Committee #2 meeting was held on Monday, April 5th, and the full Board Budget Workshop was held last Thursday, April 15th.

Comments Regarding Non-Agenda FIC Items

Vice President Freshley asked about the upcoming CAG meeting, how are we doing on getting registrants. Mr. Cafferty replied that staff will provide a status report at the Board meeting on April 22.

Close Finance and Insurance Committee Meeting

There being no further business the Finance Committee meeting was closed at approximately 9:20 a.m.

Attorney Report

Mr. Granito reported that there is no need for a Closed Session today, therefore regular session continued.

Adjournment

There being no further business, the Engineering Committee meeting was adjourned at approximately 9:20 a.m.

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

MIKE GASKINS, 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

El Toro Water District 401(k) Plan
First Quarter 2021



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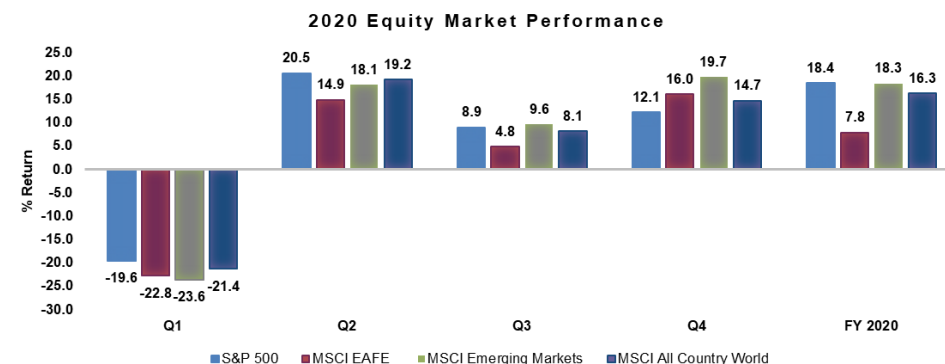
Economic and Market Commentary First Quarter 2021

Market Overview

In keeping with the frenzied cadence of news flow in 2020, an eventful fourth quarter capped off a rollercoaster journey of a year that no one saw coming. A resurgence of COVID-19 cases in the U.S. and Europe was outshined by welcome news on vaccine approvals, a conclusion to the U.S. Presidential election, an additional round of fiscal stimulus and even a Brexit deal for good measure. Aside from the unfortunate spike in cases, the necessary ingredients for the global stock market to continue its monumental comeback were delivered as hoped. On balance, the good news also put upward pressure on longer-term interest rates as investors recalibrated for higher inflation and growth expectations. With the full year now in the history books, there are certainly many reasons why 2020 will not be associated with fond memories but, fortunately, full-year investment returns won't be one of them.

Eagerly awaited vaccine approvals likely mark the beginning of the end of the pandemic. The light at the end of the COVID tunnel is shining as brightly as ever, allowing investors to further embrace a “glass half full” outlook despite the economy remaining far from fully recovered. A belief that modern medicine was up to the challenge of defeating the novel coronavirus, combined with unprecedented levels of globally coordinated monetary and fiscal support, has perpetuated optimistic sentiment in risk assets since the early days of the outbreak.

Not only have most global equity and credit markets fully recovered losses from the February/March downturn, but many managed to post strong positive returns for the year—an improbable feat given the economic challenges created by the severely constraining countermeasures implemented to combat the spread of the virus.



Source: Morningstar Direct

As the pendulum of investor risk appetite swung wildly from one end of the spectrum to the other amid the many economic disruptions in 2020, many questioned if the financial market recovery had come too far too fast. Using the S&P 500 Index as the posterchild for this dynamic, the measure of U.S. large cap stock performance fell 33 percent during the five-week period from February 19 through March 23. By mid-August the index had recovered the entirety of its earlier losses to finish the year at an all-time high with a total return (including dividends) of 18.4 percent. Such strong performance might seem counterintuitive considering earnings for companies in the S&P 500 were expected to decline by 13.6 percent in 2020, according to FactSet.¹ Yet, financial markets tend to overlook present conditions and focus on the future. In this regard, investors appear to be writing off 2020 as an aberration and see a bright future ahead, at least for corporate profits.

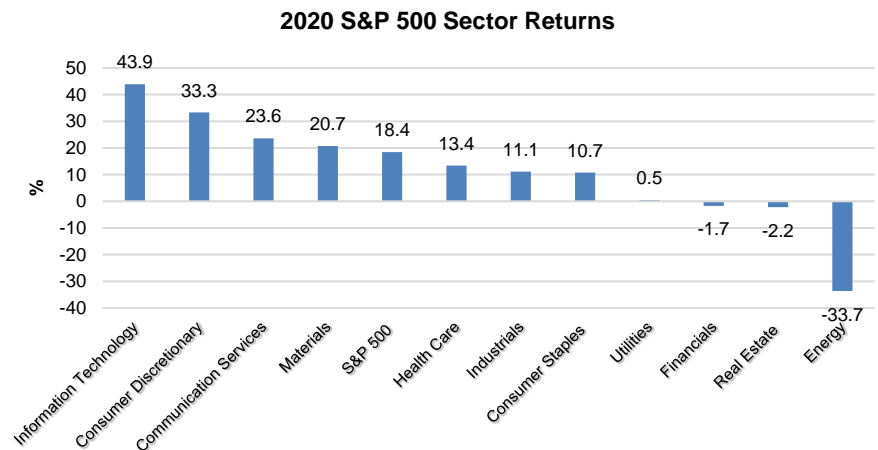
According to FactSet, analyst consensus estimates for 2021 S&P 500 earnings anticipate growth of over 22 percent—representing more than a full recovery back to

¹FactSet Earnings Insight 12/18/20

2019 levels.² Combine this forecast with ultra-low interest rates induced by central bank bond buying and you get the perfect recipe for equity price appreciation. Of course, both the expectation for corporate earnings to recover quickly and interest rates to remain low must be realized for the market's recent price action to be justified. For this reason, it is important to remain mindful of the equity market's vulnerability to "the curse of high expectations," which is a risk that always accompanies premium valuations.

Changing of the Guard

As we highlighted last quarter, the rising tide of investor sentiment has not lifted all boats equally. A clear preference for "new economy" companies with the most open-ended earnings growth potential emerged, while so called "old economy" stocks with higher sensitivity to the economic cycle were left behind. Underscoring this disparity was the performance of the best and worst sectors within the S&P 500 Index. The Information Technology sector surged nearly 44 percent in 2020, while the Energy sector declined almost 34 percent. In light of such unprecedented circumstances, gravitation toward companies with at least partial immunity to the economic cycle is certainly not irrational, but is it overdone?



Source: Morningstar Direct

With the stimulus spigot firmly in the "on" position as the economy heals from the devastation of pandemic-related shutdowns and pent-up demand emerges, it creates the ideal conditions for a surge in growth that would likely benefit the most economically sensitive sectors. Many of these so-called "value" stocks are trading on low expectations in light of the uncertainty about the speed and strength of the global economic recovery. To that end, the International Monetary Fund (IMF) is forecasting global growth to rebound next year to 5.2 percent following an expected contraction of -4.4 percent in 2020. In its October World Economic Outlook, the IMF noted that "while the global economy is coming back, the ascent will likely be long, uneven, and uncertain," adding "economies everywhere face difficult paths back to pre-pandemic activity levels"³

It is caveats like these that have investors understandably skeptical about the outlook for cyclically sensitive stocks. But as we look across sectors, valuations look compelling relative to their secular growth-oriented peers and one could make the argument that investors are reasonably well compensated for the inherent uncertainty. For this

² According to FactSet, 2019 S&P 500 earnings were \$163 per share, 2020 earnings are expected to decline to about \$140 per share and 2021 earnings are expected to fully recover to \$165 per share.

³ <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020#Full%20Report%20and%20Executive%20Summary>

reason, we see a longer potential runway for equity asset classes that are more exposed to these sectors including domestic small cap stocks and non-U.S. equities heading into 2021.

The New Normal

Regardless of how quickly life normalizes in a post-pandemic environment, some aspects of commerce might have changed for good. Perhaps one of the most obvious long-term implications of the pandemic is acceleration of long-running technology trends. Advancements in technological enablement along with the disruption of in-person business activity have converged to challenge the way employers and consumers think about the need to engage their respective counterparts.

An explosion in working from home and online shopping, initially driven by temporary necessity at the onset of the pandemic, might not return to pre-pandemic levels any time soon, if ever. A permanent shift to more virtual commerce has real ramifications for office space and brick-and-mortar retail locations.

While online shopping trends merely accelerated what already looked inevitable, a more unexpected paradigm shift could have occurred in the workplace. Exactly how many workers will be returning to their offices either full- or part-time once the pandemic is behind us is an open question; but there is no doubt this forced experiment has created the opportunity for employers to evaluate their real estate needs and employees to demonstrate they can be productive without going into the office.

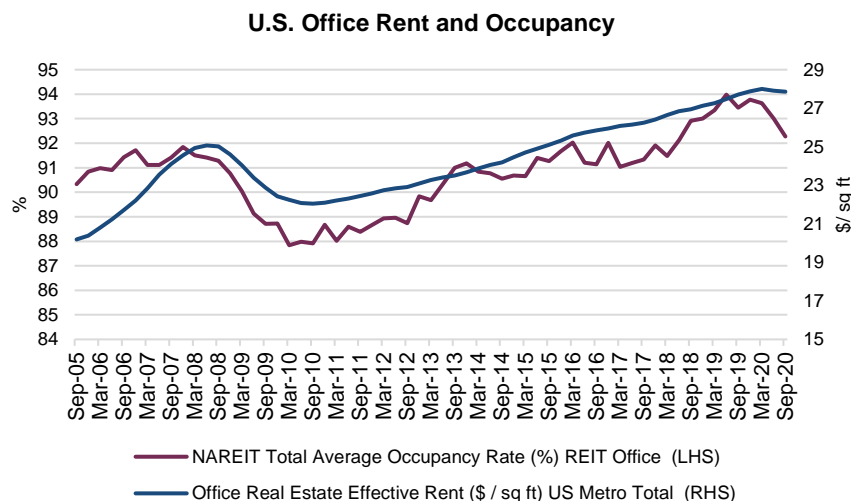
Anecdotally, corporate managers have already begun to telegraph their plans to conduct business differently going forward. In a recent shareholder letter⁴, Jefferies Financial Group executives noted,

“We learned that we all have much more flexibility than we ever realized in how, where and when we can work. The question therefore is: what does the future of work look like and how can we best design the operating environment of Jefferies to incorporate the needs and desires of our clients and our team? ... it is clear that there will be some version of a hybrid model going forward, creating a combination of a series of active central offices and meeting places, balanced with the opportunity to work from home.”

We expect to hear many comments like this in the coming months as companies plan for life after COVID. Green Street Advisors, a commercial real estate research firm, estimates demand for office space overall could fall between 10 and 15 percent with the adoption of remote work arrangements.⁵ However, Green Street also notes that a potential reversal of the trend toward office densification (putting more workers in less space) could offset some of this lost demand. In any case, this will be an important issue to keep an eye on, not just for the office sector investment implications, but also for the knock-on impact to residential real estate markets in gateway cities as remote-working arrangements factor into where employees chose to reside.

Generating Income in a Low Interest Rate World

Stable or declining inflation over the past few decades has helped to push interest rates lower across developed global markets. Aggressive, innovative, and enormous central bank interest rate and asset purchasing policies have driven global rates even lower in recent years. These policies seek to ease credit conditions during the global pandemic and maintain an economy on life support but have also boosted asset prices and pushed yields to near record lows across many global asset classes.

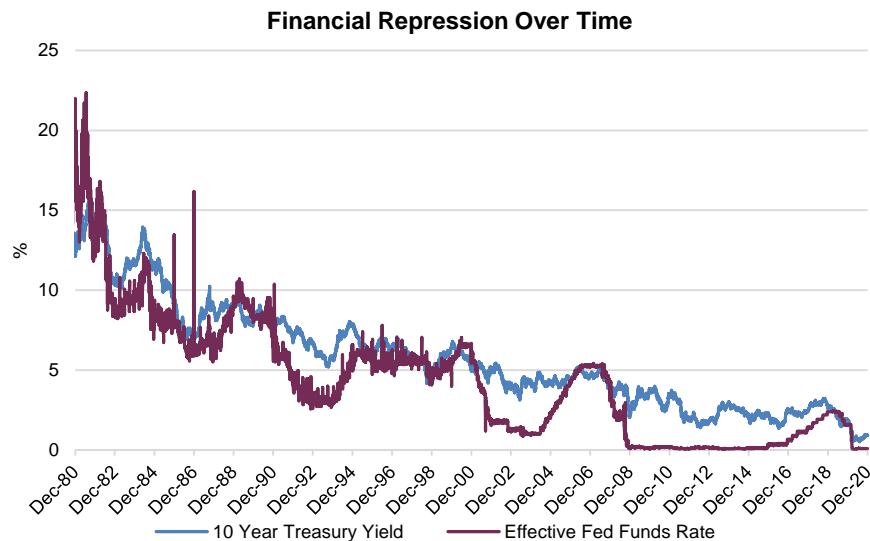


Source: NAREIT, Reis Inc., Bloomberg

⁴ Jefferies 2020 Shareholder Letter (q4cdn.com)

⁵ <https://www.greenstreet.com/insights/blog/the-work-from-home-revolution-implications-for-the-office-sector>

This financial repression,⁶ a result of policies that take rates lower than inflation, is causing investors, particularly those whose goals rely on income, to explore new investment strategies as a means to generate income in a low interest rate world. To evaluate these alternatives, investors should review their long-term goals and objectives and understand the risks and risk/return trade-offs of income generating alternatives. Within this trade-off, various risk parameters must be evaluated particularly as yield is only a component of an investment's total return.



Source: Bloomberg

Former Federal Reserve Chairman Ben Bernanke best explains the theory and desired result of easy monetary policy through lower interest rates and quantitative easing, or central bank asset purchases, as follows:

“Easier financial conditions will promote economic growth. For example, lower mortgage rates will make housing more affordable and allow more homeowners to refinance. Lower corporate bond rates will encourage investment. And higher stock prices will boost consumer wealth and help increase confidence, which can also spur spending. Increased spending will lead to higher incomes and profits that, in a virtuous circle, will further support economic expansion.”⁷

Financial policies to create a “virtuous circle” also encourage income-reliant investors to invest further out on the risk/return spectrum to generate the same income today that they generated before. This is often referred to as “crowding out” savers from ultra-low risk assets such as money market funds or U.S. Treasuries. Some central banks in Europe and Asia have taken crowding out to an extreme through negative interest rate policies, creating the ultimate crowding out environment resulting in roughly \$18 trillion worth of negative yielding financial assets globally.

⁶ “Financial repression” describes government policies that move funds from the private sector to central banks to reduce debt, helping governments borrow at low interest rates and obtain low-cost funding for expenditures. These steps result in rates for savers that are lower than inflation and are, therefore, considered repressive.

⁷ Ben Bernanke, Aiding the economy: What the Fed did and why, Washington Post, November 4, 2010.

Negative Yielding Debt (Trillions USD)



Source: Bloomberg, Bloomberg Barclays Global Aggregate Negative Yielding Debt Market Value USD Index

The Fed's new policy-making mandate (discussed in last quarter's Perspectives), combined with its recent central tendency forecast, equate to "lower for longer" short maturity interest rates. As such, the federal funds rate will likely hover near zero well into 2023.

Investors facing financial repression have alternatives (a few are reviewed below) to enhance income. However, there is no such thing as a "free lunch" or enhanced yield without additional risk. There might be acceptable risk/return trade-offs depending on individual financial objectives, goals and risk tolerances.

Short Duration Fixed Income:

A diversified portfolio of investment grade corporate bonds, with typical maturities of three years or less, can offer roughly 25 to 75 basis points of additional income versus money market investments. This is dependent on portfolio parameters including duration, credit ratings, and sector allocation.

⁸ Investment grade corporate bonds typically carry ratings from BBB to AAA.

Relative to typical money market investments, short duration fixed income has modestly more interest rate risk (duration), credit risk, return variability and reduced liquidity, but benefits from increased issuer diversification. As short maturity U.S. Treasury rates are anchored by federal funds expectations, "lower for longer" policies should mean minimal short maturity interest rate risk in the near term. A modest increase in credit risk relative to money markets is commensurate with a short duration portfolio investing across the investment grade corporate bond rating spectrum.⁸ Given that the Fed has explicitly supported short duration investment grade bonds recently and, given what could be a protracted post-pandemic recovery, a modest increase in credit risk might be an acceptable trade-off.

Money market funds are often forced to have significant exposure to financial issuers, while the short duration fixed income opportunity set spans many industries and fixed income sectors. Liquidity, or the ability to sell a position, is slightly worse for short duration fixed income relative to money markets, as cash investments can typically be accessed with same-day liquidity while short duration can require a few days to generate substantial liquidity. Given global crowding out and investors' hunt for yield, we do not expect liquidity risk to represent a significant concern anytime soon. Investors can expect, however, modestly increased price variability of a short duration fixed income portfolio relative to money market investments.

Intermediate Duration Fixed Income:

A diversified portfolio of investment grade bonds, with average portfolio duration between three and seven years and maturities typically less than 10 years, can offer from 50 to 100 basis points of additional income above money markets depending on portfolio parameters.

Intermediate duration fixed income credit risk can be slightly higher than short duration fixed income portfolios due to the longer maturities of the individual bonds. Similarly, liquidity risk can be slightly higher given higher transaction costs when selling longer maturity securities. The largest risk factor increase for intermediate duration investments is a significantly larger amount of interest rate risk relative to money market investments and short duration fixed income.

Return variability is typically larger than both short duration fixed income and money market investments. Although we expect short maturity interest rates to remain

relatively stable near term, intermediate maturity interest rates could drift higher, resulting in a potential decline in market value.

High Yield Fixed Income:

A diversified portfolio of below investment grade high yield securities can offer 400 to 500 basis points of additional income over money markets. These portfolios typically exhibit modest to minimal interest rate sensitivity. However, credit risk is substantial as all of the investments are rated below investment grade and the underlying companies are typically less stable in terms of balance sheets than investment grade companies. Liquidity is moderate given higher transaction costs within high yield and return variability can be substantial.

Preferred Stock:

A hybrid between traditional bonds and traditional equities, preferreds are securities that are more senior in the corporate capital structure than common equity, but lower than traditional debt, and often carry substantial dividends. Preferred stock from investment grade companies can offer 200 to 300 basis points of additional income above money markets. Duration tends to be modestly less than intermediate fixed income, while credit risk is greater than fixed income but less than traditional equity from the same issuer. As such, return volatility can be substantial, but typically less than traditional equities or high yield investments.

High Dividend Yield Equities:

Income generation can also be enhanced through various high dividend yield strategies. While the S&P 500 has a dividend yield of 1.5 percent,⁹ exceeding the 0.93 percent yield of the 10-year U.S. Treasury,¹⁰ several focused equity indices have dividend yields exceeding that of the S&P 500 Index. The dividend yield on the MSCI USA High Dividend Yield Index exceeds 3 percent, the MSCI World High Dividend Yield Index exceeds 3.6 percent, the Dow Jones Utility Index exceeds 3.7 percent, the MSCI US REIT Index exceeds 4 percent, and the Alerian MLP Index¹¹ exceeds 12 percent.¹² This income generation potential, however, isn't without various risks.

⁹ Source: FactSet Market Aggregates as of December 31, 2020

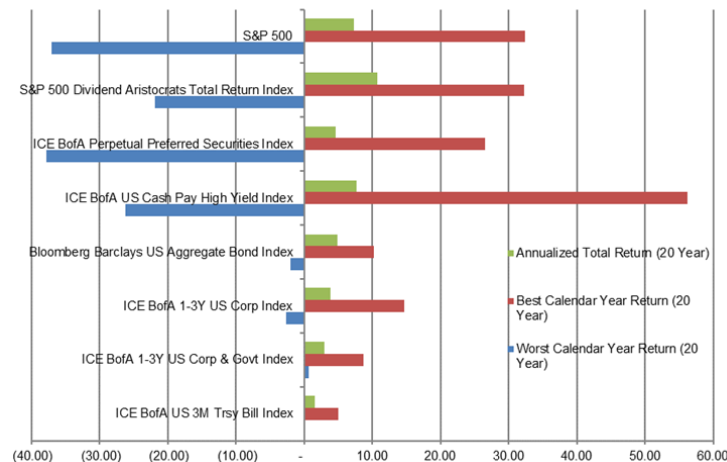
¹⁰ Source: Federal Reserve Bank of St. Louis as of December 31, 2020

¹¹ The Alerian MLP Index is a gauge of energy MLPs. The cap-weighted index, whose constituents represent approximately 85% of total energy MLP market capitalization, was developed with a base level of 100 as of December 29, 1995.

Liquidity in most equities beyond small capitalization names is relatively strong. However, the return variability of equities is significantly higher than fixed income securities due to increased credit risk, equities being lower in the corporate capital structure, and minimal industry diversification within focused strategies.¹³ Some focused strategies have enhanced sensitivity to interest rates, such as utilities and REITs, while other high dividend yielding stocks might be under pressure to cut dividends when dividends exceed free cash flow, such as midstream energy offerings or Master Limited Partnerships (MLPs).

For investors with longer-term investment horizons, however, high dividend yield equities can represent an interesting yield and expected return advantage versus much of the money market and fixed income world, albeit with significantly more return volatility along the way.

Comparison of Best/Worst Calendar Year Returns & Average Annualized Return (20 Year)



Source: Morningstar Direct, Bloomberg, S&P, ICE BofA, Bloomberg Barclays; returns shown for 20-year period ended November 30, 2020

¹² Source: Bloomberg as of Q4 2020

¹³ As of November 2020, the three largest sectors in the MSCI USA High Dividend Yield Index, for example, comprise nearly 50% of the index while in the broad MSCI USA index, these sectors total 29%. The technology sector, notably, is nearly 30% in the broad index and 12% in the high dividend version.

Financial repression and a low interest rate world are likely to persist for years. There are numerous investment strategies available that can be utilized to enhance income in a low yielding world. These strategies aren't without varying degrees of risk. Understanding risk/return trade-offs is a necessity when evaluating income alternatives in a world of low yields.

Seeking Civility in Washington

National political attention shifted from the Presidential election in November to two run-offs in Georgia that effectively shifted the Senate into a 50/50 party split with Vice President-elect Kamala Harris in position as the tiebreaker.

With the Democratic Party having now taken over the Senate, albeit with a razor-thin majority, changes in tax policy and regulatory oversight might well be on the table. The potential for more expansive pandemic relief measures could also lead to an uptick in inflation. But with 60 Senate votes required to override potential Republican filibusters and pass bills, attention will shift to how moderates from both parties will react to the measures brought forward by the new administration and Congress.

Meanwhile, President-elect Biden may approach working with his new colleagues on both the Republican and Democratic aisles in a bipartisan manner regardless of Senate control. Compared to both the current and former presidents, Biden appears to be open to compromises necessary to implement deals that, while appealing to neither the progressive wing of his own party or hard-line Republicans, reflect the type of old-school politics Biden has practiced since joining the Senate in 1973.

Further, the fact that the November "Blue Wave" failed to materialize and Republicans did well "down ticket" in both state houses and the House of Representatives, the ambitions of Democratic progressives facing re-election in upcoming mid-terms might be tempered as legislative moderation could help with their re-election. There are several areas where both parties have indicated common ground going into 2021.

One is increasing antitrust scrutiny of the tech sector and, mirroring aggressive moves by regulators in Europe, bolstering federal privacy laws. Section 230 of the Communications Decency Act, which includes a "safe harbor" from civil liabilities for on-line media platforms, also seems ripe for revision albeit from differing points of view across party lines. While revising Section 230 might open social media platforms to increased legal costs, in our opinion it will not be a major factor in the tech sector's prospects for market gains in 2021 and beyond.

Health care is another area of potential compromise. The pandemic has brought home the risks inherent in offshoring the manufacture of both drug and personal protection equipment. Drug price controls, particularly for prescriptions most used by seniors, might also be on the table and the Affordable Care Act is likely to see modifications but is unlikely to be dramatically altered.

In addition, the incoming Biden administration has begun to lay the foundation for an infrastructure bill by speaking with corporate and union leaders who appear receptive to a 2021 bipartisan infrastructure package that could help the economy heal from the pandemic. While the scope of the potential infrastructure bill is unclear today, we are hopeful that elements beyond constructing roads and bridges, such as expanding access to broadband and 5G, are part of the final package.

Dialing Down the Trade Rhetoric

The tone of trade relations with China should shift from the aggressive stance of the Trump administration, but the bulk of current trade policies are likely to remain in place as Biden's team conducts a comprehensive review of trading relations with China. An early indicator of the new administration's China policy will be its reaction to the December 30 European Union/China pact that eases restrictions on European companies operating in China. The Biden team might find itself torn between supporting the European allies Mr. Trump alienated and rejecting the deal over human rights issues in China.

One area of agreement across party lines is the need to tighten intellectual protections from forced transfer as the price of doing business in China. Mr. Trump's hard-nosed approach has set off an ambitious plan by the Chinese government to be nearly self-sufficient in chip manufacturing by 2025 as the opportunity to extract expertise from U.S. firms dwindles.

As China attempts to onshore critical industries, the U.S. may follow suit to self-source essential materials—such as rare earth minerals—used in a variety of products. While there would be vigorous debate about mining in the U.S., both parties would likely agree that removing resource-based bargaining chips held by China is a laudable goal.

Economic and Market Perspectives Q1 2021

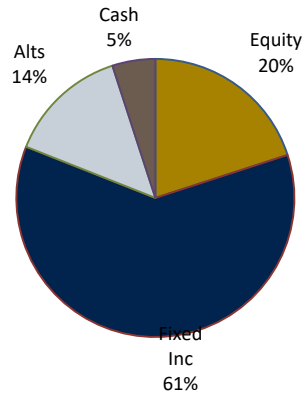
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INVESTMENT POOLS - ASSET ALLOCATION

El Toro Water District - 401(k) Plan

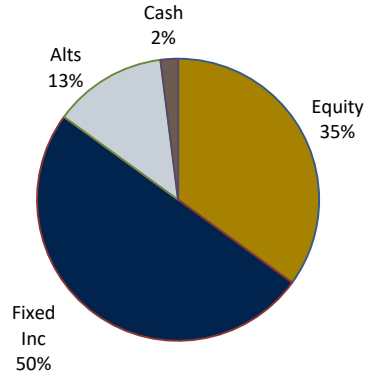
Capital Preservation



65+ years old

Equity:	10% - 30%
Fixed Income:	40% - 80%
Alternatives:	10% - 20%
Cash:	0% - 20%

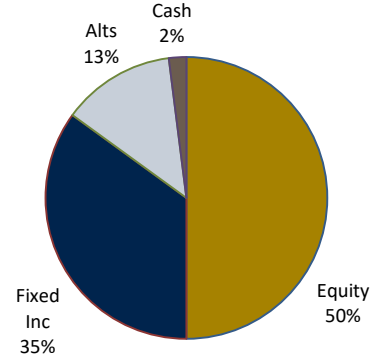
Income



60-64 years old

Equity:	25% - 45%
Fixed Income:	30% - 70%
Alternatives:	10% - 20%
Cash:	0% - 20%

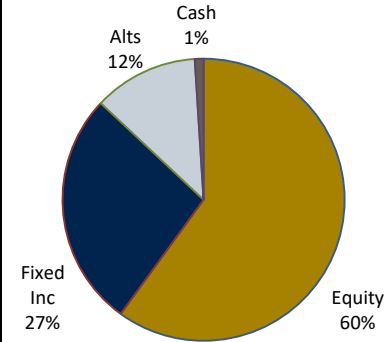
Income & Growth



55-59 years old

Equity:	40% - 60%
Fixed Income:	20% - 60%
Alternatives:	10% - 20%
Cash:	0% - 20%

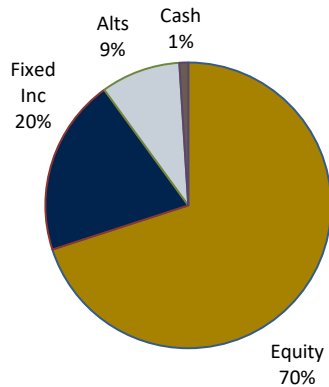
Balanced Income



50-54 years old

Equity:	50% - 70%
Fixed Income:	15% - 35%
Alternatives:	10% - 20%
Cash:	0% - 20%

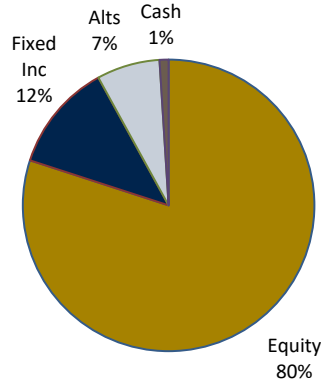
Balanced



45-49 years old

Equity:	60% - 80%
Fixed Income:	10% - 30%
Alternatives:	5% - 15%
Cash:	0% - 20%

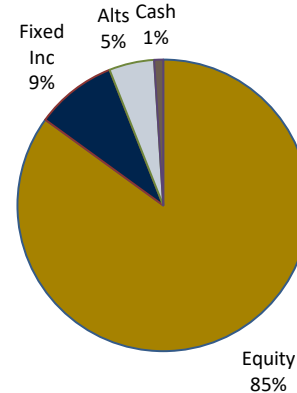
Capital Appreciation



40-44 years old

Equity:	70% - 90%
Fixed Income:	5% - 20%
Alternatives:	5% - 15%
Cash:	0% - 20%

Growth



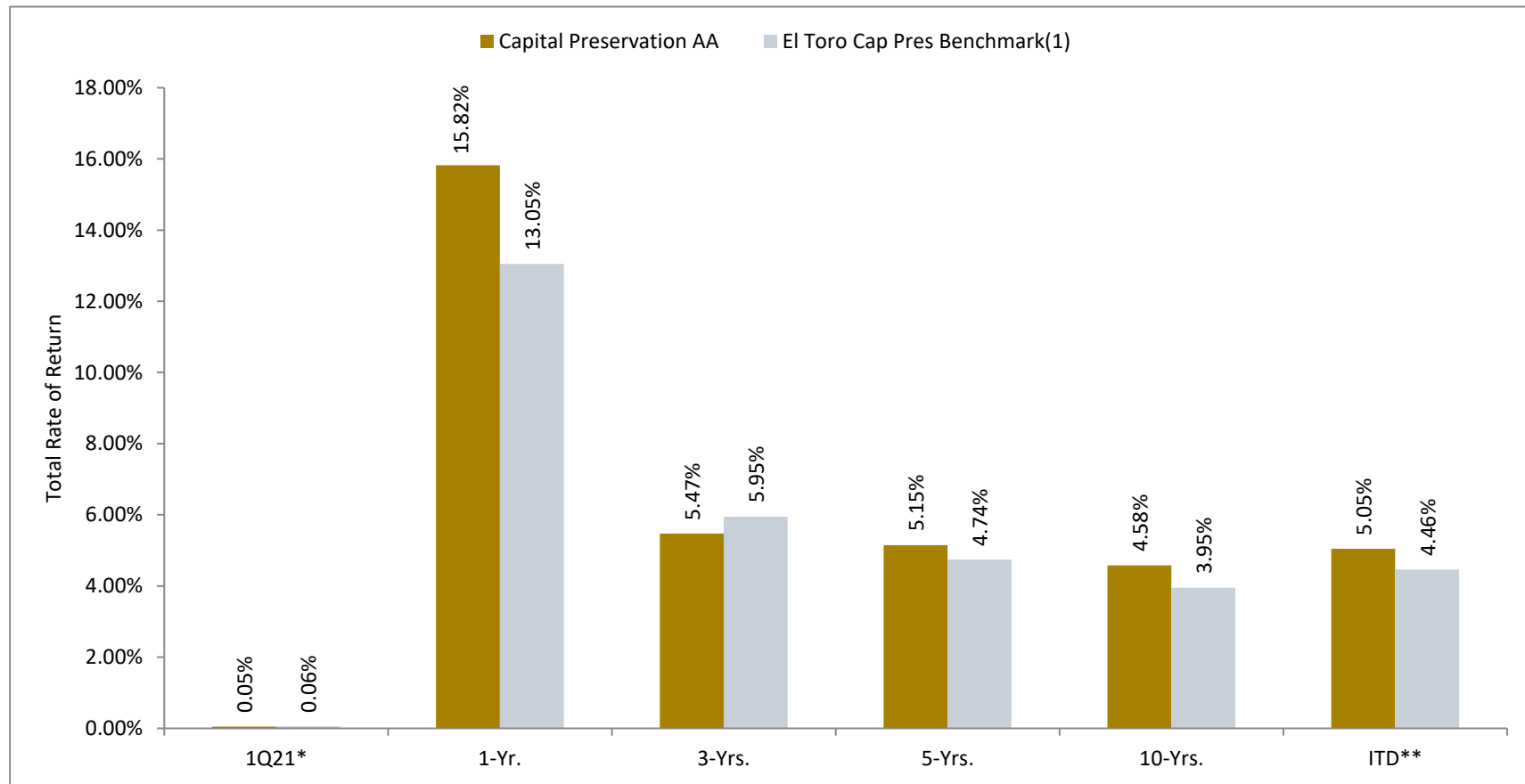
< 40 years old

Equity:	75% - 95%
Fixed Income:	5% - 15%
Alternatives:	2% - 10%
Cash:	0% - 20%

INVESTMENT RETURNS - CAPITAL PRESERVATION PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of March 31, 2021



*Returns for periods under one year are not annualized

**Inception date: January 2006

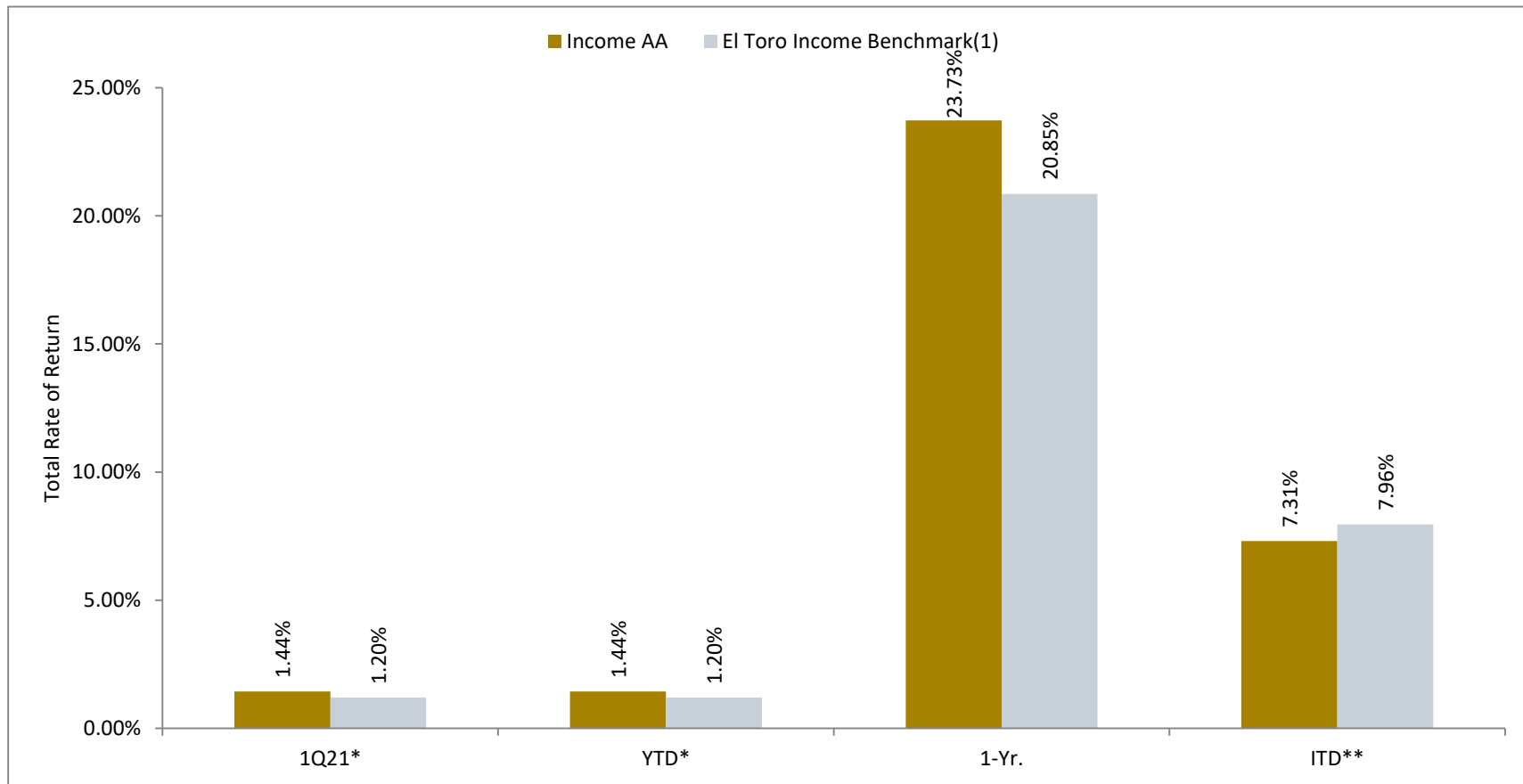
(1) El Toro Cap Pres Benchmark: 12% S&P 500, 2% Russell MidCap, 2% Russell 2000, 3% MSCI EAFE, 1% MSCI Emerging Markets, 44% Barclays US Aggregate Bond, 17% Barclays 1-3 Year Government/Credit Bond, 14% Wilshire Liquid Alternatives, 5% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - INCOME PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of March 31, 2021



*Returns for periods under one year are not annualized

**Inception date: August 2018

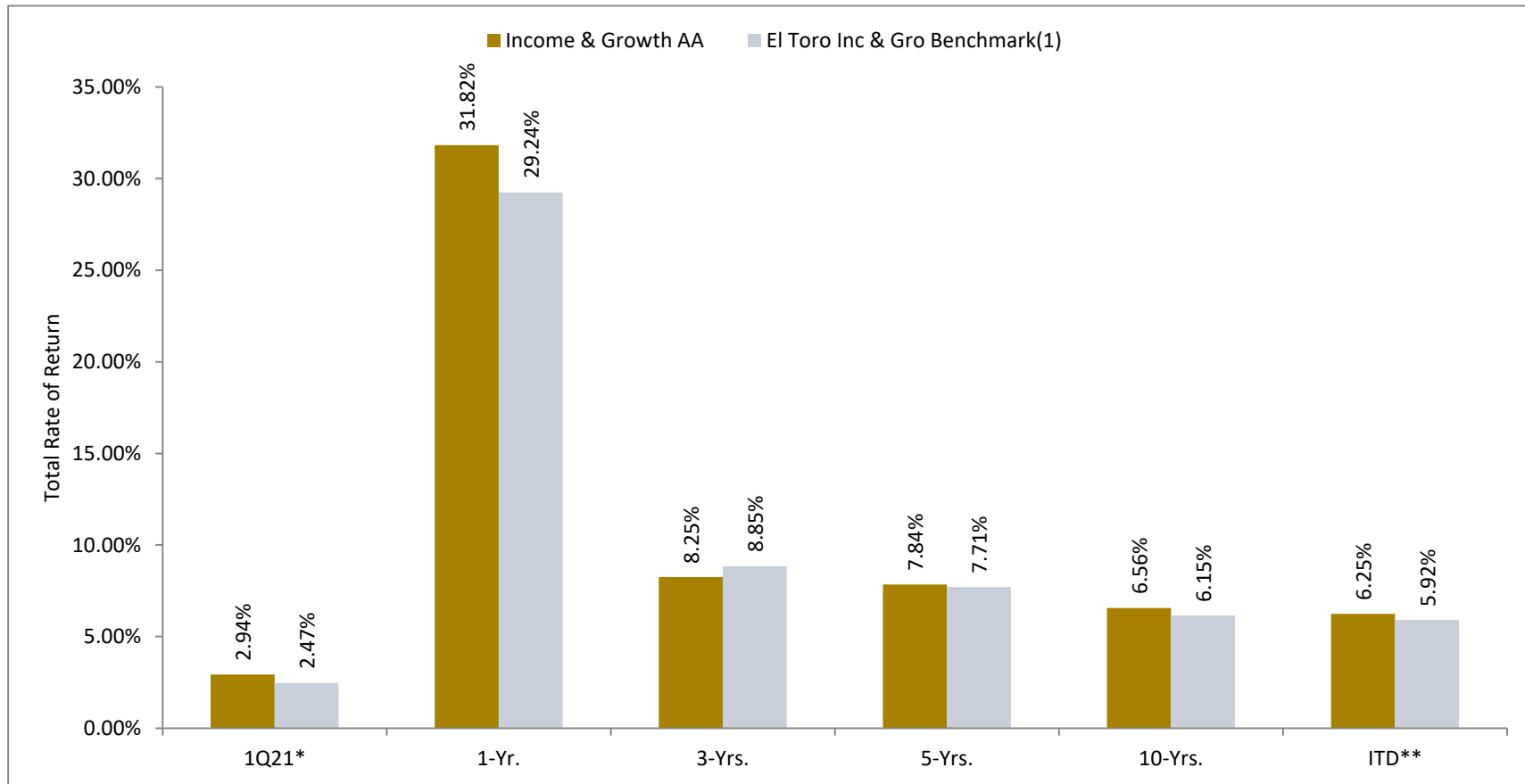
(1) El Toro Income Benchmark: 21% S&P 500, 3% Russell MidCap, 3% Russell 2000, 6% MSCI EAFE, 2% MSCI Emerging Market, 36% Barclays US Aggregate Bond, 14% Barclays 1-3 Year Government/Credit Bond, 13% Wilshire Liquid Alternatives, 2% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - INCOME & GROWTH PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of March 31, 2021



*Returns for periods under one year are not annualized

**Inception date: January 2006

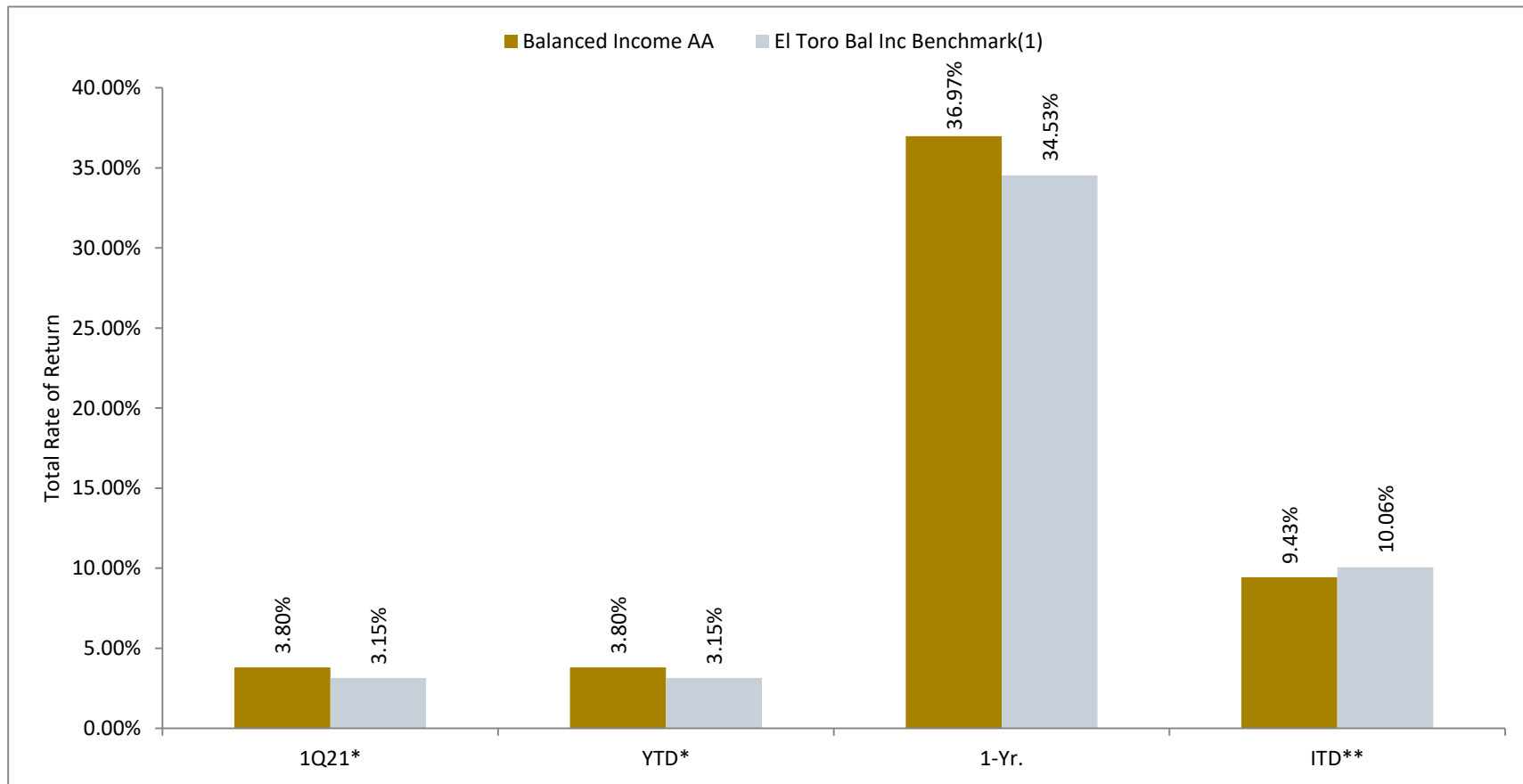
(1) El Toro Inc & Gro Benchmark: 30% S&P 500, 4% Russell MidCap, 4% Russell 2000, 9% MSCI EAFE, 3% MSCI Emerging Market, 25% Barclays US Aggregate Bond, 10% Barclays 1-3 Year Government/Credit Bond, 13% Wilshire Liquid Alternatives, 2% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - BALANCED INCOME PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of March 31, 2021



*Returns for periods under one year are not annualized

**Inception date: August 2018

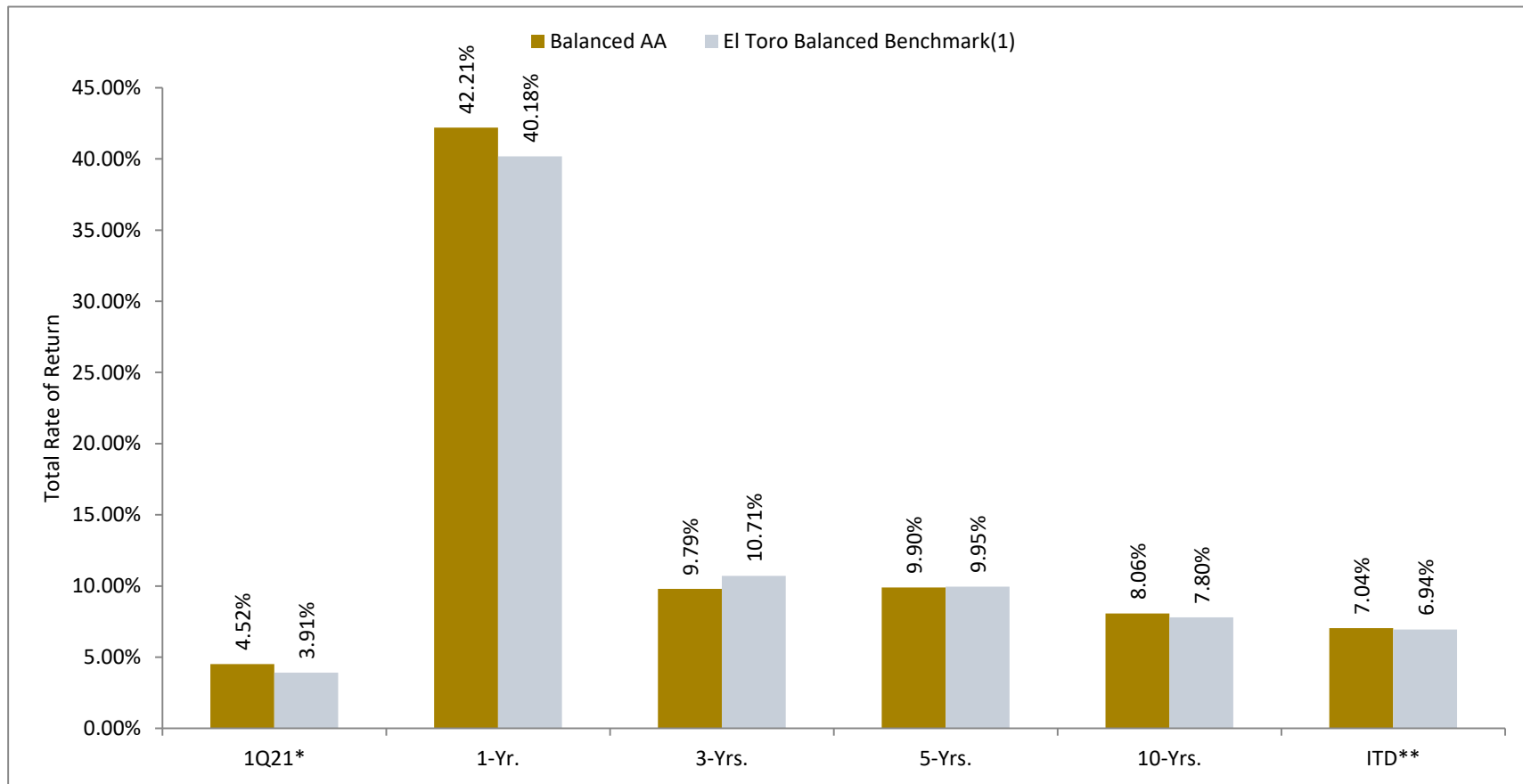
(1) El Toro Bal Inc Benchmark: 36% S&P 500, 4% Russell MidCap, 4% Russell 2000, 12% MSCI EAFE, 4% MSCI Emerging Market, 19% Barclays US Aggregate Bond, 8% Barclays 1-3 Year Government/Credit Bond, 12% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - BALANCED PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of March 31, 2021



*Returns for periods under one year are not annualized

**Inception date: January 2006

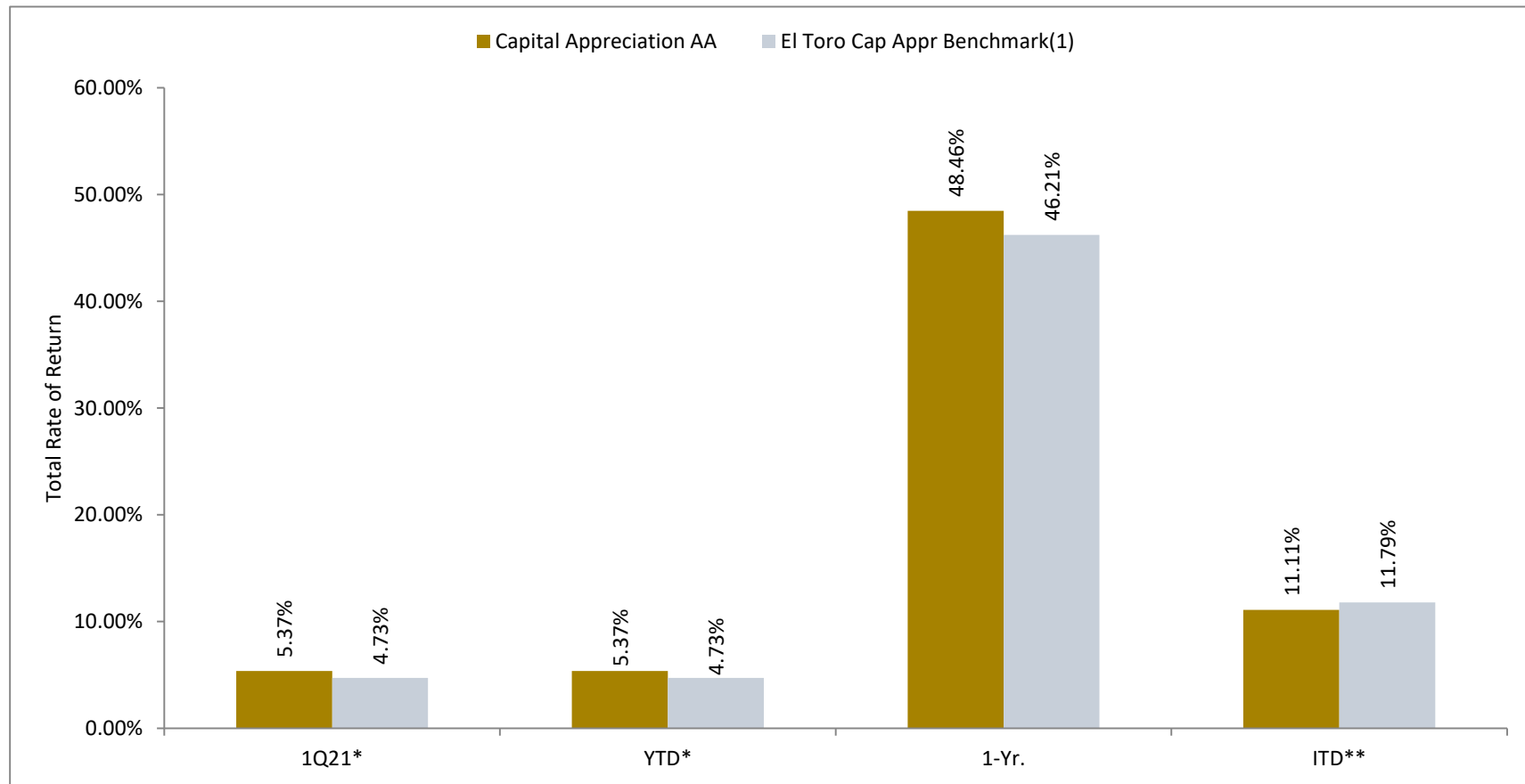
(1) El Toro Balanced Benchmark: 42% S&P 500, 5% Russell MidCap, 5% Russell 2000, 14% MSCI EAFE, 4% MSCI Emerging Market, 14% Barclays US Aggregate Bond, 6% Barclays 1-3 Year Government/Credit Bond, 9% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - CAPITAL APPRECIATION PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of March 31, 2021



*Returns for periods under one year are not annualized

**Inception date: August 2018

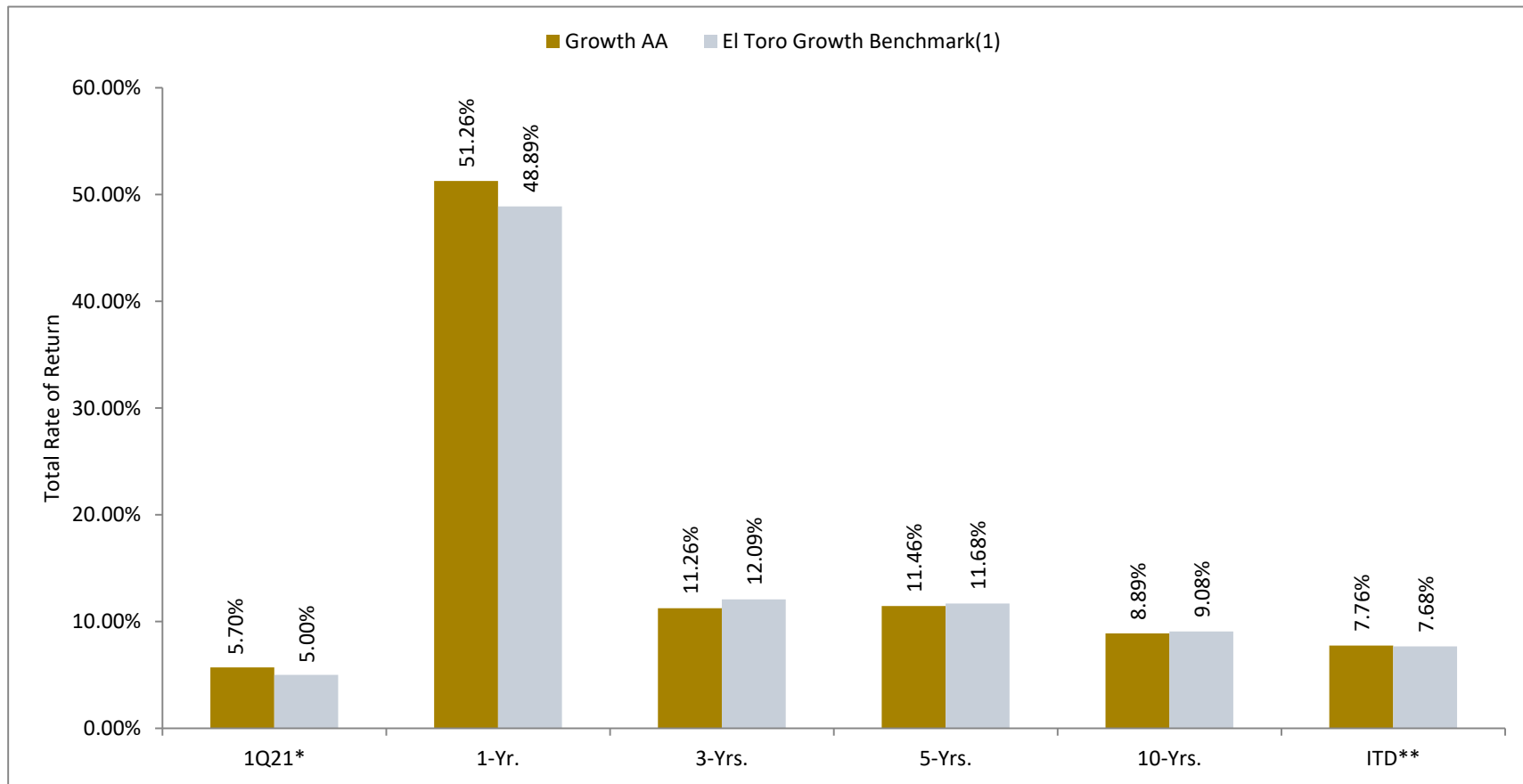
(1) El Toro Cap Appr Benchmark: 48% S&P 500, 6% Russell MidCap, 6% Russell 2000, 16% MSCI EAFE, 4% MSCI Emerging Market, 8% Barclays US Aggregate Bond, 4% Barclays 1-3 year Government/Credit, 7% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - GROWTH PORTFOLIO

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return
as of March 31, 2021



*Returns for periods under one year are not annualized

**Inception date: January 2006

(1) El Toro Growth Benchmark: 51% S&P 500, 6% Russell MidCap, 6% Russell 2000, 17% MSCI EAFE, 5% MSCI Emerging Market, 6% Barclays US Aggregate Bond, 3% Barclays 1-3 year Government/Credit, 5% Wilshire Liquid Alternatives, 1% ICE BofAML 3 Mo US T-Bill

Note: Alternatives benchmark was changed from HFRI FOF Index to Wilshire Liquid Alternatives Index as of 5/31/18

INVESTMENT RETURNS - FIXED INCOME FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 03/31/2021

Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Ultra Short-Term Bond								
VUSFX	Vanguard Ultra-Short-Term Bond Admiral	5	0.16	0.16	2.72	2.51	1.98	--
Short-Term Bond								
VFSUX	Vanguard Short-Term Investment-Grade Adm	4	-0.47	-0.47	6.36	4.01	2.93	2.64
Intermediate-Term Bond								
DODIX	Dodge & Cox Income	4	-2.52	-2.52	7.44	5.61	4.68	4.24
DBLFX	DoubleLine Core Fixed Income I	2	-2.08	-2.08	6.94	4.00	3.46	4.30
PTTRX	PIMCO Total Return Instl	3	-3.09	-3.09	3.25	4.89	3.84	3.75
PTRQX	PGIM Total Return Bond R6	3	-4.44	-4.44	6.33	4.96	4.33	4.69
Multi-Sector Bond								
PIMIX	PIMCO Income Instl	3	-0.17	-0.17	14.38	4.80	5.89	6.92

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 03/31/2021

Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Large Blend								
COFYX	Columbia Contrarian Core Inst3	4	7.13	7.13	60.34	17.73	15.97	14.15
VGIAX	Vanguard Growth & Income Adm	3	6.92	6.92	58.55	16.31	15.86	13.97
Large Value								
DODGX	Dodge & Cox Stock	4	15.86	15.86	75.26	13.59	15.86	12.96
PKAIX	PIMCO RAE US InstI	3	14.14	14.14	64.46	11.84	12.38	--
IVE	iShares S&P 500 Value ETF	4	10.69	10.69	50.10	11.65	12.13	10.96
Large Growth								
HNACX	Harbor Capital Appreciation Retirement	4	-3.37	-3.37	69.33	23.66	23.08	17.43
LSITX	ClearBridge Large Cap Growth IS	3	0.27	0.27	54.90	19.63	18.85	16.52
Mid Blend								
VO	Vanguard Mid-Cap ETF	4	7.19	7.19	70.63	14.65	14.60	12.29
Small Blend								
DCZRX	Delaware Small Cap Core R6	4	13.03	13.03	80.36	13.78	15.44	12.65
VB	Vanguard Small-Cap ETF	4	10.22	10.22	87.71	14.96	15.60	12.15

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 03/31/2021

Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Small Growth								
RSEJX	Victory RS Small Cap Growth R6	2	-2.56	-2.56	77.40	17.24	21.60	14.69
VBK	Vanguard Small-Cap Growth ETF	3	2.58	2.58	83.10	19.39	19.06	13.17
Small Cap Value								
UBVFX	Undiscovered Managers Behavioral Val R6	3	22.72	22.72	114.88	11.16	11.85	11.90
Foreign Large Value								
DODFX	Dodge & Cox International Stock	3	7.16	7.16	57.43	4.03	8.96	5.09
Foreign Large Blend								
DFALX	DFA Large Cap International I	3	4.60	4.60	49.66	6.17	9.30	5.41
HEFA	iShares Currency Hedged MSCI EAFE ETF	5	8.24	8.24	39.28	8.96	10.57	--
Foreign Large Growth								
MGRDX	MFS International Growth R6	3	0.63	0.63	43.28	11.05	12.67	7.80
Diversified Emerging Markets								
HHHFX	Hartford Schroders Emerging Mkts Eq F	4	3.54	3.54	66.93	8.97	14.90	5.14
VVO	Vanguard FTSE Emerging Markets ETF	3	3.57	3.57	58.29	6.37	11.35	3.31

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS - ALTERNATIVE FUNDS

El Toro Water District - 401(k) Plan

Annualized Total Rate of Return (%) as of 03/31/2021

Ticker	Name	MStar Rating*	3-Mos.**	YTD**	1-Yr.	3-Yrs.	5-Yrs.	10-Yrs.
Market Neutral								
BSIKX	BlackRock Strategic Income Opps K	4	0.22	0.22	14.19	4.77	4.77	3.80
BILPX	BlackRock Event Driven Equity Instl	4	0.70	0.70	12.75	6.64	5.64	7.62
Managed Futures								
AHLIX	American Beacon AHL Mgd Futs Strat R5	5	5.88	5.88	8.76	6.96	3.89	--
AMFNX	AlphaSimplex Mgd Futs Strat N	4	4.76	4.76	11.23	5.86	1.44	3.18
Fund of Hedge Funds								
BSTKX	BlackRock Total Factor K	1	4.42	4.42	1.01	-2.17	1.71	--
QSPIX	AQR Style Premia Alternative I	1	19.81	19.81	1.74	-9.25	-3.37	--
REITs								
ICF	iShares Cohen & Steers REIT ETF	4	7.71	7.71	29.18	10.30	5.42	8.48
Precious Metals								
IAU	iShares Gold Trust	n.a.	-10.63	-10.63	4.82	8.23	6.19	1.37

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios

Source: Morningstar Direct

INVESTMENT RETURNS & RANKINGS - FIXED INCOME FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 03/31/2021																						Lipper Category
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%	3 Yr SD	
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg			
Ultra Short-Term Bond																								
VUSFX	Vanguard Ultra-Short-Term Bond Admiral	0.10	5	0.16	29	32	0.16	29	59	2.72	56	59	2.51	11	8	1.98	25	20	--	n.a.	n.a.	1.22	0.94	Lipper Ultra Sht Obligation Funds
Peer Group	US Fund Short-Term Bond			-0.12			-0.12			6.22			3.30			2.55			2.06			0.69	2.52	
Index	BBgBarc US Govt/Credit 1-3 Yr TR USD			-0.04			-0.04			1.57			3.04			2.00			1.57			1.78	0.96	
Short-Term Bond																								
VFSUX	Vanguard Short-Term Investment-Grade Adm	0.10	4	-0.47	71	90	-0.47	71	51	6.36	43	51	4.01	15	6	2.93	22	17	2.64	16	7	0.95	2.74	Lipper Sht Inv Grade Debt Funds
Peer Group	US Fund Short-Term Bond			-0.12			-0.12			6.22			3.30			2.55			2.06			0.69	2.52	
Index	BBgBarc US Govt/Credit 1-3 Yr TR USD			-0.04			-0.04			1.57			3.04			2.00			1.57			1.78	0.96	
Intermediate-Term Bond																								
DBLFX	DoubleLine Core Fixed Income I	0.41	2	-2.08	23	11	-2.08	23	45	6.94	38	45	4.00	86	91	3.46	71	79	4.30	20	23	0.56	4.81	Lipper Core Plus Bond Funds
DODIX	Dodge & Cox Income	0.42	4	-2.52	35	20	-2.52	35	13	7.44	32	13	5.61	18	13	4.68	15	4	4.24	25	8	1.08	3.86	
PTTRX	PIMCO Total Return Instl	0.70	3	-3.09	73	57	-3.09	73	88	3.25	85	88	4.89	52	58	3.84	45	55	3.75	55	56	0.97	3.63	
PTRQX	PGIM Total Return Bond R6	0.39	3	-4.44	98	93	-4.44	98	54	6.33	50	54	4.96	47	52	4.33	26	31	4.69	8	11	0.61	6.02	Lipper Core Plus Bond Funds
Peer Group	US Fund Intermediate Core Bond			-2.96			-2.96			2.79			4.57			3.11			3.34			1.05	3.68	
Index	BBgBarc US Agg Bond TR USD			-3.37			-3.37			0.71			4.65			3.10			3.44			0.93	3.56	
Multi-Sector Bond																								
PIMIX	PIMCO Income Instl	1.09	3	-0.17	49	45	-0.17	49	60	14.38	55	60	4.80	46	52	5.89	16	19	6.92	1	1	0.60	5.78	Lipper Multi-Sector Income Fds
Peer Group	US Fund Multisector Bond			-0.18			-0.18			15.18			4.42			4.75			4.23			0.44	6.84	
Index	BBgBarc US Agg Bond TR USD			-3.37			-3.37			0.71			4.65			3.10			3.44			0.93	3.56	

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.

Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 03/31/2021																							
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%	3 Yr SD	Lipper Category	
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg				
Large Blend																									
COFYX	Columbia Contrarian Core Inst3	0.64	4	7.13	35	33	7.13	35	18	60.34	32	18	17.73	10	15	15.97	31	33	14.15	6	n.a.	0.88	19.08	Lipper Large-Cap Core Funds	
VGIAX	Vanguard Growth & Income Adm	0.22	3	6.92	39	39	6.92	39	28	58.55	41	28	16.31	36	37	15.86	35	35	13.97	9	13	0.83	18.76	Lipper Large-Cap Core Funds	
Peer Group	US Fund Large Blend			6.74			6.74			56.80			14.87			14.80			12.40			0.75	18.21		
Index	Russell 1000 TR USD			5.91			5.91			60.59			17.31			16.66			13.97			0.86	18.99		
Index	S&P 500 TR USD			6.17			6.17			56.35			16.78			16.29			13.91			0.86	18.40		
Large Value																									
DODGX	Dodge & Cox Stock	0.52	4	15.86	12	20	15.86	12	19	75.26	10	19	13.59	13	12	15.86	3	4	12.96	3	2	0.60	23.40	Lipper Large-Cap Value Funds	
PKAIX	PIMCO RAE US Instl	0.41	3	14.14	23	31	14.14	23	38	64.46	27	38	11.84	29	26	12.38	32	30	--	n.a.	n.a.	0.57	20.89	Lipper Large-Cap Core Funds	
IVE	iShares S&P 500 Value ETF	0.18	4	10.69	58	59	10.69	58	75	50.10	70	75	11.65	32	38	12.13	38	44	10.96	35	36	0.59	19.60	Lipper Large-Cap Value Funds	
Peer Group	US Fund Large Value			11.44			11.44			56.98			10.46			11.43			10.32			0.52	19.75		
Index	Russell 1000 Value TR USD			11.26			11.26			56.09			10.96			11.74			10.99			0.55	19.97		
Large Growth																									
HNACX	Harbor Capital Appreciation Retirement	0.58	4	-3.37	97	98	-3.37	97	14	69.33	21	14	23.66	17	16	23.08	13	9	17.43	11	n.a.	1.02	21.93	Lipper Large-Cap Growth Funds	
LSITX	ClearBridge Large Cap Growth IS	0.62	3	0.27	78	75	0.27	78	79	54.90	79	79	19.63	53	72	18.85	53	70	16.52	20	n.a.	0.97	18.98	Lipper Large-Cap Growth Funds	
Peer Group	US Fund Large Growth			2.23			2.23			63.57			20.44			19.42			14.73			0.99	19.00		
Index	Russell 1000 Growth TR USD			0.94			0.94			62.74			22.80			21.05			16.63			1.09	19.41		
Mid Core																									
VO	Vanguard Mid-Cap ETF	0.04	4	7.19	86	88	7.19	86	52	70.63	60	52	14.65	21	14	14.60	23	13	12.29	16	12	0.68	21.54	Lipper Mid-Cap Core Funds	
Peer Group	US Fund Mid-Cap Blend			10.93			10.93			74.76			12.39			13.04			10.72			0.56	22.07		
Index	Russell Mid Cap TR USD			8.14			8.14			73.64			14.73			14.67			12.47			0.67	22.02		

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.

Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 03/31/2021																								
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%	3 Yr SD	Lipper Category		
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg					
Small Value																										
UBVFX	Undiscovered Managers Behavioral Val R6	0.80	3	22.72	34	6	22.72	34	5	114.88	21	5	11.16	30	51	11.85	42	65	11.90	5	n.a.	0.45	31.71	Lipper Small-Cap Value Funds		
Peer Group	US Fund Small Value			21.49			21.49			100.66			9.93			11.66			9.18			0.44	27.64			
Index	Russell 2000 Value TR USD			21.17			21.17			97.05			11.57			13.56			10.06			0.49	26.96			
Small Blend																										
DCZRX	Delaware Small Cap Core R6	0.71	4	13.03	67	74	13.03	67	74	80.36	75	74	13.78	30	24	15.44	24	n.a.	12.65	6	n.a.	0.59	24.50	Lipper Small-Cap Core Funds		
VB	Vanguard Small-Cap ETF	0.05	4	10.22	94	94	10.22	94	55	87.71	59	55	14.96	15	13	15.60	19	17	12.15	12	11	0.64	24.67			
Peer Group	US Fund Small Blend			15.14			15.14			89.31			11.96			13.48			10.55			0.50	25.15			
Index	Russell 2000 TR USD			12.70			12.70			94.85			14.76			16.35			11.68			0.61	25.70			
Small Growth																										
RSEJX	Victory RS Small Cap Growth R6	1.06	2	-2.56	95	95	-2.56	95	95	77.40	85	83	17.24	63	59	21.60	35	n.a.	14.69	24	n.a.	0.69	25.85	Lipper Small-Cap Growth Funds		
VBK	Vanguard Small-Cap Growth ETF	0.07	3	2.58	75	70	2.58	75	70	83.10	73	69	19.39	49	44	19.06	57	52	13.17	57	54	0.80	24.11			
Peer Group	US Fund Small Growth			6.93			6.93			95.97			20.49			20.46			13.43			0.80	24.61			
Index	Russell 2000 Growth TR USD			4.88			4.88			90.20			17.16			18.61			13.02			0.70	25.53			

*Morningstar overall rating

**Returns for periods under one year are not annualized

Returns are shown net of embedded expense ratios. Mstar Rnkg - Fund's ranking within Morningstar's category ("Peer Group"). Funds are ranked in descending order by return. For example, a Fund with a 20 ranking indicates that it is ranked in the top 20th percentile.

Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - EQUITY FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 03/31/2021																								
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%	3 Yr SD	Lipper Category		
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg					
Foreign Large Blend																										
DFALX	DFA Large Cap International I	0.22	3	4.60	29	34	4.60	29	41	49.66	42	41	6.17	48	35	9.30	43	31	5.41	48	37	0.34	18.56	Lipper International Large-Cap Core		
HEFA	iShares Currency Hedged MSCI EAFE ETF	0.03	5	8.24	3	4	8.24	3	87	39.28	86	87	8.96	10	7	10.57	14	6	--	n.a.	n.a.	0.53	15.95	Lipper International Multi-Cap Core		
Peer Group	US Fund Foreign Large Blend			3.71			3.71			48.07			5.94			8.81			5.40			0.33	17.57			
Peer Group	US Fund Europe Stock			4.96			4.96			50.87			6.38			8.45			5.89			0.36	19.16			
Index	MSCI EAFE NR USD			3.48			3.48			44.57			6.02			8.85			5.52			0.34	17.74			
Index	MSCI ACWI Ex USA NR USD			3.49			3.49			49.41			6.51			9.76			4.93			0.37	17.65			
Foreign Large Value																										
DODFX	Dodge & Cox International Stock	0.63	3	7.16	49	43	7.16	49	16	57.43	24	16	4.03	34	22	8.96	10	4	5.09	19	4	0.22	23.35	Lipper International Large-Cap Growth		
Peer Group	US Fund Foreign Large Value			7.18			7.18			49.44			3.23			7.04			3.93			0.19	19.55			
Index	MSCI EAFE Value NR USD			7.44			7.44			45.71			1.85			6.57			3.65			0.12	20.77			
Index	MSCI ACWI Ex USA Value NR USD			7.06			7.06			48.68			2.40			7.25			3.02			0.15	20.23			
Foreign Large Growth																										
MGRDX	MFS International Growth R6	0.73	3	0.63	43	54	0.63	43	73	43.28	82	73	11.05	41	25	12.67	39	24	7.80	36	18	0.66	15.68	Lipper International Multi-Cap Growth		
Peer Group	US Fund Foreign Large Growth			0.31			0.31			54.23			11.05			12.28			7.67			0.60	16.68			
Index	MSCI EAFE Growth NR USD			-0.57			-0.57			42.59			9.84			10.84			7.21			0.58	15.80			
Index	MSCI ACWI Ex USA Growth NR USD			-0.08			-0.08			49.36			10.31			12.03			6.69			0.60	16.20			
Diversified Emerging Markets																										
HHHFX	Hartford Schoders Emerging Mkts Eq F	--	4	3.54	43	39	3.54	43	37	66.93	32	37	8.97	22	29	14.90	15	n.a.	5.14	27	n.a.	0.47	19.48	Lipper Emerging Markets Funds		
VVO	Vanguard FTSE Emerging Markets ETF	0.10	3	3.57	43	38	3.57	43	69	58.29	65	69	6.37	43	51	11.35	53	61	3.31	57	61	0.35	18.94	Lipper Emerging Markets Funds		
Peer Group	US Fund Diversified Emerging Mkts			3.14			3.14			62.38			6.09			11.52			3.82			0.32	19.15			
Index	MSCI EM NR USD			2.29			2.29			58.39			6.48			12.07			3.65			0.35	19.16			

*Morningstar overall rating

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

INVESTMENT RETURNS & RANKINGS - ALTERNATIVE FUNDS

El Toro Water District - 401(k) Plan

		Annualized Total Rate of Return (%) as of 03/31/2021																						
Ticker	Name	Exp Ratio	MStar Rtg*	3-Mos**			YTD**			1-Year			3-Years			5-Years			10-Years			3 Yr Shrp%	3 Yr SD	Lipper Category
				Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg	Tot ROR	Mstar Rnkg	Lipper Rnkg			
Market Neutral																								
BSIKX	BlackRock Strategic Income Opps K	0.63	4	0.22	52	52	0.22	52	59	14.19	37	59	4.77	16	17	4.77	29	42	3.80	10	n.a.	0.67	5.08	Lipper Alt Credit Focus Funds
BILPX	BlackRock Event Driven Equity Instl	1.20	4	0.70	69	71	0.70	69	52	12.75	22	52	6.64	11	38	5.64	10	29	7.62	n.a.	1	1.09	4.74	Lipper Alt Event Driven Funds
Managed Futures																								
AHLIX	American Beacon AHL Mgd Futs Strat R5	1.54	5	5.88	13	13	5.88	13	28	8.76	32	28	6.96	3	4	3.89	3	1	--	n.a.	n.a.	0.63	9.13	Lipper Alt Managed Futures
AMFNX	AlphaSimplex Mgd Futs Strat N	1.35	4	4.76	26	28	4.76	26	17	11.23	18	17	5.86	16	17	1.44	35	n.a.	3.18	1	n.a.	0.45	10.82	Lipper Alt Managed Futures
Fund of Hedge Funds																								
BSTKX	BlackRock Total Factor K	0.50	1	4.42	17	25	4.42	17	95	1.01	88	95	-2.17	92	96	1.71	n.a.	n.a.	--	n.a.	n.a.	-0.40	8.11	Lipper Alt Multi-Strategy Funds
QSPIX	AQR Style Premia Alternative I	1.78	1	19.81	1	1	19.81	1	76	1.74	86	76	-9.25	100	99	-3.37	98	99	--	n.a.	n.a.	-1.00	10.46	Lipper Absolute Return
REITs																								
ICF	iShares Cohen & Steers REIT ETF	0.34	4	7.71	68	57	7.71	68	87	29.18	91	87	10.30	39	39	5.42	59	56	8.48	41	38	0.59	16.57	Lipper Real Estate Funds
Precious Metals																								
IAU	iShares Gold Trust	--	n.a.	-10.63	90	96	-10.63	90	91	4.82	83	91	8.23	25	45	6.19	28	34	1.37	5	9	0.54	13.96	Lipper Commodities Precious Metals

*Morningstar overall rating

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Source: Morningstar Direct; Wilshire Compass (Lipper Rankings)

TARGET FUND ALLOCATIONS

El Toro Water District - 401(k) Plan

	Capital Preservation	Income	Income & Growth	Balanced Income	Balanced	Capital Appreciation	Growth		
Equity	20%	37%	52%	61%	68%	79%	83%	Ticker	Fund Name
Large Cap Blend	3.16%	5.39%	8.11%	9.47%	10.46%	12.28%	12.51%	COFYX	Columbia Contrarian Core Inst3
	3.13%	5.46%	8.19%	8.97%	10.21%	11.56%	12.28%	VGIAX	Vanguard Growth & Income Adm
Large Cap Growth	1.63%	2.93%	4.06%	4.88%	5.10%	6.22%	6.11%	HNACX	Harbor Capital Appreciation Retirement
	1.36%	2.49%	3.20%	3.86%	4.38%	4.89%	5.19%	LSITX	ClearBridge Large Cap Growth IS
Large Cap Value	1.43%	2.55%	3.49%	4.19%	5.06%	5.94%	6.01%	PKAIX	PIMCO RAE US Instl
	1.49%	2.65%	3.64%	4.36%	5.29%	6.10%	6.25%	DODGX	Dodge & Cox Stock
	0.21%	0.52%	0.49%	0.97%	1.35%	1.60%	1.76%	IVE	iShares S&P 500 Value ETF
Mid Cap Blend	0.46%	0.88%	0.64%	0.99%	0.97%	0.90%	0.99%	VO	Vanguard Mid-Cap ETF
Small Cap Blend	0.79%	1.75%	1.82%	1.40%	1.79%	2.12%	2.14%	DCZRX	Delaware Small Cap Core R6
	0.32%	0.64%	1.53%	1.76%	1.48%	1.93%	1.88%	VB	Vanguard Small-Cap ETF
Small Cap Growth	0.36%	0.53%	1.08%	0.99%	1.31%	1.64%	1.45%	RSEJX	Victory RS Small Cap Growth R6
	0.22%	0.35%	0.37%	0.94%	1.21%	1.11%	1.45%	VBK	Vanguard Small-Cap Growth ETF
Small Cap Value	0.76%	1.08%	1.98%	2.65%	3.16%	3.89%	4.10%	UBVFX	Undiscovered Managers Behavioral Val R6
Foreign Large Blend	0.75%	1.00%	1.21%	1.68%	1.65%	2.09%	2.02%	HEFA	iShares Currency Hedged MSCI EAFE ETF
	2.01%	3.75%	6.42%	6.80%	7.27%	8.54%	8.58%	DFALX	DFA Large Cap International I
Foreign Large Growth	0.65%	1.23%	1.50%	1.88%	1.93%	2.30%	2.40%	MGRDX	MFS International Growth R6
Foreign Large Value	0.66%	1.25%	1.54%	1.90%	2.16%	2.44%	2.54%	DODFX	Dodge & Cox International Stock
Emerging Markets	1.06%	2.17%	2.89%	3.35%	3.70%	3.90%	5.23%	HHHFX	Hartford Schrodgers Emerging Mkts Eq F
	0.00%	0.00%	0.23%	0.50%	0.49%	0.49%	0.69%	VWO	Vanguard FTSE Emerging Markets ETF
Alternatives	9%	10%	10%	8%	7%	5%	4%	Ticker	Fund Name
Managed Futures	1.24%	1.33%	1.32%	1.21%	0.76%	0.46%	0.35%	AHLIX	American Beacon AHL Mgd Futs Strat R5
	1.74%	1.80%	1.49%	1.45%	1.08%	0.62%	0.67%	AMFNX	AlphaSimplex Mgd Futs Strat N
Market Neutral	1.50%	1.50%	1.35%	1.20%	0.99%	0.54%	0.75%	BSIKX	BlackRock Strategic Income Opps K
	1.40%	1.42%	1.44%	1.05%	0.80%	0.73%	0.76%	BILPX	BlackRock Event Driven Equity Instl
Multi-Strategy / Fund of Funds	0.38%	0.55%	0.58%	0.50%	0.35%	0.18%	0.18%	BSTKX	BlackRock Total Factor K
	0.29%	0.54%	0.96%	0.66%	0.60%	0.32%	0.26%	QSPIX	AQR Style Premia Alternative I
REITs	2.67%	2.66%	2.57%	2.29%	1.98%	1.80%	1.49%	ICF	iShares Cohen & Steers REIT ETF
Precious Metals	0.40%	0.43%	0.42%	0.41%	0.39%	0.40%	0.27%	IAU	iShares Gold Trust
Fixed Income	66%	48%	34%	25%	17%	10%	7%	Ticker	Fund Name
Ultra Short-Term Bond	3.11%	1.38%	0.58%	1.75%	1.60%	1.65%	0.79%	VUSFX	Vanguard Ultra-Short-Term Bond Admiral
Short-Term Bond	5.21%	3.34%	2.83%	2.89%	1.88%	1.65%	1.39%	VFSUX	Vanguard Short-Term Investment-Grade Adm
Intermediate-Term Bond	14.00%	10.67%	7.35%	4.88%	3.23%	1.68%	1.27%	DBLFX	DoubleLine Core Fixed Income I
	14.36%	10.96%	7.53%	5.02%	3.31%	1.72%	1.31%	PTTRX	PIMCO Total Return Instl
	14.41%	10.85%	7.55%	5.05%	3.28%	1.73%	1.31%	PTRQX	PGIM Total Return Bond R6
	14.64%	11.17%	7.69%	5.09%	3.37%	1.76%	1.33%	DODIX	Dodge & Cox Income
Multi-Sector Bond	1.00%	1.00%	1.00%	1.20%	0.99%	0.83%	0.00%	PIMIX	PIMCO Income Instl
Cash	3%	4%	3%	4%	6%	4%	4%	Ticker	Fund Name
Cash & Equivalents	3.20%	3.78%	2.92%	3.83%	6.44%	4.01%	4.32%	FIGXX	Fidelity Money Market Government Portfolio I
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		

Target Allocations are subject to change without notice.

INVESTMENT PORTFOLIO SUMMARY - CAPITAL PRESERVATION

El Toro Water District - 401(k) Plan

Data as of:

03/31/2021

Portfolio Manager:

Keith Stribling, CFA

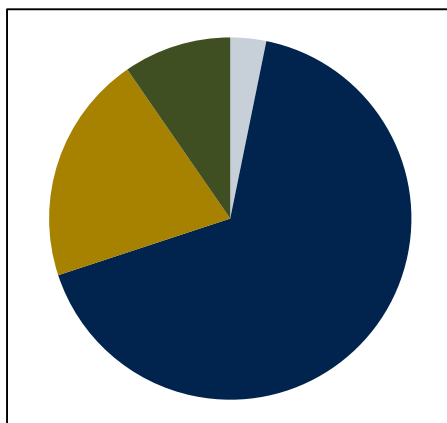
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$44,854.15	\$44,854.15	\$13.46	0.03%
Fixed Income	\$936,227.18	\$948,843.38	\$23,536.75	2.51%
Equities	\$286,767.52	\$221,810.19	\$3,137.24	1.09%
Alternatives	\$134,990.78	\$130,692.22	\$2,711.96	2.01%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$1,402,839.63	\$1,346,199.94	\$29,399.41	2.10%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

3.2%	Cash & Equivalents
66.7%	Fixed Income
20.4%	Equities
9.6%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$1
Taxable Fixed Income Income Earned YTD	\$6,677
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$267
Alternative Income Earned YTD	\$260
Other Income Earned YTD	\$0
Total	\$7,205

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$1,069	
Net Long Term Gain/Loss	\$13,116	
Total	\$14,185	\$56,640

(1) As of 03/31/2021

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(1,572.6100)	(\$1,572.61)	1.00	(\$1,572.61)	-3.51%	-0.11%
FPZXX	n.a.	CASH FUND	46,426.76	\$46,426.76	1.00	\$46,426.76	103.51%	3.31%
TOTAL CASH				\$44,854.15		\$44,854.15		3.20%
FIXED INCOME								
Ultra Short-Term Bond Funds								
VUSFX	922031711	Vanguard Ultra-Short-Term Bond Admiral	2,168.41	43,714.89	20.14	43,671.70	4.66%	3.11%
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	6,687.19	71,967.10	10.93	73,090.95	7.81%	5.21%
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	17,834.67	196,617.07	11.01	196,359.69	20.97%	14.00%
DODIX	256210105	Dodge & Cox Income	14,548.79	205,966.09	14.12	205,428.94	21.94%	14.64%
PTRQX	74440B884	PGIM Total Return Bond R6	14,096.16	206,993.22	14.34	202,138.93	21.59%	14.41%
PTTRX	693390700	PIMCO Total Return Instl	19,713.47	209,531.43	10.22	201,471.65	21.52%	14.36%
				\$819,107.81		\$805,399.21		57.41%
Multi-Sector Bond Funds								
PIMIX	72201F490	PIMCO Income Instl	1,175.05	14,053.58	11.97	14,065.32	1.50%	1.00%
TOTAL FIXED INCOME				\$948,843.38		\$936,227.18		66.74%
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	1,328.80	33,675.08	33.36	44,328.70	15.46%	3.16%
VGIAX	921913208	Vanguard Growth & Income Adm	438.01	33,971.62	100.21	43,892.88	15.31%	3.13%
				\$67,646.70		\$88,221.58		6.29%
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	94.53	16,462.57	220.76	20,868.66	7.28%	1.49%
PKAIX	72202L462	PIMCO RAE US Instl	1,503.58	15,576.57	13.32	20,027.69	6.98%	1.43%
IVE	464287408	iShares S&P 500 Value ETF	21.00	2,528.98	141.24	2,966.04	1.03%	0.21%
				\$34,568.12		\$43,862.39		3.13%

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	227.16	18,197.20	100.73	22,881.73	7.98%	1.63%
LSITX	52469H255	ClearBridge Large Cap Growth IS	280.83	14,791.98	68.09	19,121.65	6.67%	1.36%
				<u>\$32,989.18</u>		<u>\$42,003.38</u>		<u>2.99%</u>
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	29.00	4,828.51	221.34	6,418.86	2.24%	0.46%
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	135.48	7,706.14	78.97	10,698.86	3.73%	0.76%
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	361.79	8,006.06	30.63	11,081.60	3.86%	0.79%
VB	922908751	Vanguard Small-Cap ETF	21.00	3,131.11	214.08	4,495.68	1.57%	0.32%
				<u>\$11,137.17</u>		<u>\$15,577.28</u>		<u>1.11%</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	49.46	4,127.45	100.77	4,984.08	1.74%	0.36%
VBK	922908595	Vanguard Small-Cap Growth ETF	11.00	2,106.22	274.65	3,021.15	1.05%	0.22%
				<u>\$6,233.67</u>		<u>\$8,005.23</u>		<u>0.57%</u>
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	198.34	7,711.60	46.83	9,288.45	3.24%	0.66%
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	1,079.73	22,750.47	26.08	28,159.46	9.82%	2.01%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	321.00	8,650.84	32.97	10,583.37	3.69%	0.75%
				<u>\$31,401.31</u>		<u>\$38,742.83</u>		<u>2.76%</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	211.69	6,988.16	42.92	9,085.91	3.17%	0.65%
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schroders Emerging Mkts Eq F	706.07	10,599.63	21.05	14,862.75	5.18%	1.06%
				<u>\$10,599.63</u>		<u>\$14,862.75</u>		<u>1.06%</u>
TOTAL EQUITY				\$221,810.19		\$286,767.52	20.44%	

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Preservation

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
BILPX	09250J734	BlackRock Event Driven Equity Instl	1,954.22	19,181.77	10.06	19,659.47	6.86%	1.40%
BSIKX	09260B374	BlackRock Strategic Income Opps K	2,040.21	20,549.36	10.34	21,095.79	7.36%	1.50%
				<u>\$39,731.13</u>		<u>\$40,755.26</u>		<u>2.91%</u>
Managed Futures								
AHLIX	024525669	American Beacon AHL Mgd Futs Strat R5	1,532.31	16,485.86	11.35	17,391.73	6.06%	1.24%
AMFNX	63873P825	AlphaSimplex Mgd Futs Strat N	2,259.75	22,943.50	10.79	24,382.67	8.50%	1.74%
				<u>\$39,429.36</u>		<u>\$41,774.40</u>		<u>2.98%</u>
Fund of Hedge Funds								
BSTKX	09258N380	BlackRock Total Factor K	598.95	5,234.85	8.97	5,372.61	1.87%	0.38%
QSPIX	00203H420	AQR Style Premia Alternative I	530.61	5,085.78	7.62	4,043.22	1.41%	0.29%
				<u>\$10,320.63</u>		<u>\$9,415.83</u>		<u>0.67%</u>
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	647.00	34,761.36	57.81	37,403.07	13.04%	2.67%
Precious Metals								
IAU	464285105	iShares Gold Trust	347.00	6,449.74	16.26	5,642.22	1.97%	0.40%
TOTAL ALTERNATIVES				\$130,692.22		\$134,990.78		9.62%
TOTAL - ALL ASSETS				\$1,346,199.94		\$1,402,839.63		100.00%

INVESTMENT PORTFOLIO SUMMARY - INCOME

El Toro Water District - 401(k) Plan

Data as of:

03/31/2021

Portfolio Manager:

Keith Stribling, CFA

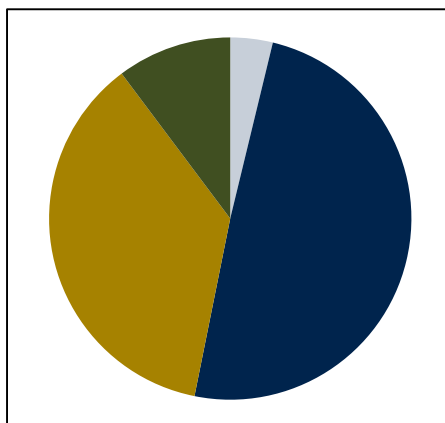
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$197,148.18	\$197,148.18	\$59.14	0.03%
Fixed Income	\$2,572,229.22	\$2,561,762.56	\$64,665.84	2.51%
Equities	\$1,906,865.71	\$1,532,906.68	\$20,861.11	1.09%
Alternatives	\$533,010.72	\$521,638.02	\$10,708.19	2.01%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$5,209,253.83	\$4,813,455.44	\$96,294.28	1.85%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

3.8%	Cash & Equivalents
49.4%	Fixed Income
36.6%	Equities
10.2%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$3
Taxable Fixed Income Income Earned YTD	\$18,235
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$1,824
Alternative Income Earned YTD	\$955
Other Income Earned YTD	\$0
Total	\$21,016

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$3,082	
Net Long Term Gain/Loss	\$18,445	
Total	\$21,527	\$395,798

(1) As of 03/31/2021

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Income

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(4,846.8300)	(\$4,846.83)	1.00	(\$4,846.83)	-2.46%	-0.09%
FPZXX	n.a.	CASH FUND	201,995.01	\$201,995.01	1.00	\$201,995.01	102.46%	3.88%
TOTAL CASH				\$197,148.18		\$197,148.18		3.78%
FIXED INCOME								
Ultra Short-Term Bond Funds								
VUSFX	922031711	Vanguard Ultra-Short-Term Bond Admiral	3,565.77	71,850.22	20.14	71,814.59	2.79%	1.38%
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	15,926.74	167,976.17	10.93	174,079.24	6.77%	3.34%
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	50,503.11	551,806.72	11.01	556,039.26	21.62%	10.67%
DODIX	256210105	Dodge & Cox Income	41,213.80	572,797.73	14.12	581,938.87	22.62%	11.17%
PTRQX	74440B884	PGIM Total Return Bond R6	39,432.56	569,880.69	14.34	565,462.84	21.98%	10.85%
PTTRX	693390700	PIMCO Total Return Instl	55,856.84	575,478.60	10.22	570,856.87	22.19%	10.96%
				\$2,269,963.74		\$2,274,297.84		43.66%
Multi-Sector Bond Funds								
PIMIX	72201F490	PIMCO Income Instl	4,347.33	51,972.43	11.97	52,037.55	2.02%	1.00%
TOTAL FIXED INCOME				\$2,561,762.56		\$2,572,229.22		49.38%
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	8,416.74	225,960.03	33.36	280,782.55	14.72%	5.39%
VGIAX	921913208	Vanguard Growth & Income Adm	2,838.28	230,553.77	100.21	284,423.54	14.92%	5.46%
				\$456,513.80		\$565,206.09		10.85%
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	626.29	116,179.54	220.76	138,260.00	7.25%	2.65%
PKAIX	72202L462	PIMCO RAE US Instl	9,965.46	108,932.72	13.32	132,739.98	6.96%	2.55%
IVE	464287408	iShares S&P 500 Value ETF	193.00	23,590.73	141.24	27,259.32	1.43%	0.52%
				\$248,702.99		\$298,259.30		5.73%

HOLDINGS REPORT

El Toro Water District 401(k) - Income

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	1,514.62	120,632.29	100.73	152,567.97	8.00%	2.93%
LSITX	52469H255	ClearBridge Large Cap Growth IS	1,902.78	101,450.76	68.09	129,560.02	6.79%	2.49%
				<u>\$222,083.05</u>		<u>\$282,127.99</u>		<u>5.42%</u>
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	207.00	34,702.54	221.34	45,817.38	2.40%	0.88%
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	710.29	43,931.59	78.97	56,091.84	2.94%	1.08%
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	2,975.39	69,098.02	30.63	91,136.26	4.78%	1.75%
VB	922908751	Vanguard Small-Cap ETF	156.00	23,835.85	214.08	33,396.48	1.75%	0.64%
				<u>\$92,933.87</u>		<u>\$124,532.74</u>		<u>2.39%</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	271.74	21,882.56	100.77	27,383.64	1.44%	0.53%
VBK	922908595	Vanguard Small-Cap Growth ETF	66.00	12,637.28	274.65	18,126.90	0.95%	0.35%
				<u>\$34,519.84</u>		<u>\$45,510.54</u>		<u>0.87%</u>
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	1,388.02	56,680.40	46.83	65,001.02	3.41%	1.25%
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	7,492.89	159,117.43	26.08	195,414.65	10.25%	3.75%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,577.00	45,103.21	32.97	51,993.69	2.73%	1.00%
				<u>\$204,220.64</u>		<u>\$247,408.34</u>		<u>4.75%</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	1,488.72	52,264.86	42.92	63,895.86	3.35%	1.23%
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schroders Emerging Mkts Eq F	5,368.87	86,353.10	21.05	113,014.61	5.93%	2.17%
				<u>\$86,353.10</u>		<u>\$113,014.61</u>		<u>2.17%</u>
TOTAL EQUITY				\$1,532,906.68		\$1,906,865.71		36.61%

HOLDINGS REPORT

El Toro Water District 401(k) - Income

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
BILPX	09250J734	BlackRock Event Driven Equity Instl	7,336.82	72,233.94	10.06	73,808.40	3.87%	1.42%
BSIKX	09260B374	BlackRock Strategic Income Opps K	7,575.72	76,162.50	10.34	78,332.93	4.11%	1.50%
				\$148,396.44		\$152,141.33		2.92%
Managed Futures								
AHLIX	024525669	American Beacon AHL Mgd Futs Strat R5	6,119.69	66,413.00	11.35	69,458.47	3.64%	1.33%
AMFNX	63873P825	AlphaSimplex Mgd Futs Strat N	8,697.61	85,804.49	10.79	93,847.19	4.92%	1.80%
				\$152,217.49		\$163,305.66		3.13%
Fund of Hedge Funds								
BSTKX	09258N380	BlackRock Total Factor K	3,211.99	28,072.83	8.97	28,811.59	1.51%	0.55%
QSPIX	00203H420	AQR Style Premia Alternative I	3,679.19	33,810.27	7.62	28,035.45	1.47%	0.54%
				\$61,883.10		\$56,847.04		1.09%
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	2,397.00	133,830.29	57.81	138,570.57	7.27%	2.66%
REITs								
IAU	464285105	iShares Gold Trust	1,362.00	25,310.70	16.26	22,146.12	1.16%	0.43%
TOTAL ALTERNATIVES				\$521,638.02		\$533,010.72		10.23%
TOTAL - ALL ASSETS				\$4,813,455.44		\$5,209,253.83		100.00%

INVESTMENT PORTFOLIO SUMMARY - INCOME & GROWTH

El Toro Water District - 401(k) Plan

Data as of:

03/31/2021

Portfolio Manager:

Keith Stribling, CFA

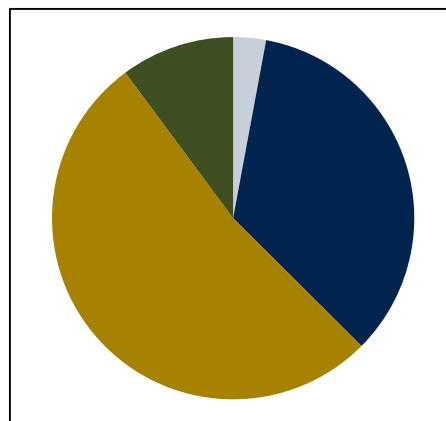
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$231,223.13	\$231,223.13	\$69.37	0.03%
Fixed Income	\$2,732,205.62	\$2,741,456.79	\$68,687.65	2.51%
Equities	\$4,145,619.40	\$3,102,260.73	\$45,477.44	1.10%
Alternatives	\$802,390.79	\$811,025.66	\$16,120.03	2.01%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$7,911,438.94	\$6,885,966.31	\$130,354.49	1.65%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

2.9%	Cash & Equivalents
34.5%	Fixed Income
52.4%	Equities
10.1%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$1
Taxable Fixed Income Income Earned YTD	\$19,531
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$3,736
Alternative Income Earned YTD	\$1,507
Other Income Earned YTD	\$0
Total	\$24,776

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$3,742	
Net Long Term Gain/Loss	\$63,008	
Total	\$66,750	\$1,025,472

(1) As of 03/31/2021

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Income & Growth

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(6,438.4100)	(\$6,438.41)	1.00	(\$6,438.41)	-2.78%	-0.08%
FPZXX	n.a.	CASH FUND	237,661.54	\$237,661.54	1.00	\$237,661.54	102.78%	3.00%
TOTAL CASH				\$231,223.13		\$231,223.13		2.92%
FIXED INCOME								
Ultra Short-Term Bond Funds								
VUSFX	922031711	Vanguard Ultra-Short-Term Bond Admiral	4.00	46,222.64	20.14	46,199.71	1.69%	0.58%
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	4.00	217,761.71	10.93	224,072.98	8.20%	2.83%
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	52,798.07	576,589.94	11.01	581,306.76	21.28%	7.35%
DODIX	256210105	Dodge & Cox Income	43,086.74	596,386.45	14.12	608,384.80	22.27%	7.69%
PTRQX	74440B884	PGIM Total Return Bond R6	41,650.36	609,291.96	14.34	597,266.16	21.86%	7.55%
PTTRX	693390700	PIMCO Total Return Instl	58,282.76	615,944.97	10.22	595,649.83	21.80%	7.53%
				\$2,398,213.32		\$2,382,607.55		30.12%
Multi-Sector Bond Funds								
PIMIX	72201F490	PIMCO Income Instl	4.00	79,259.12	11.97	79,325.38	2.90%	1.00%
TOTAL FIXED INCOME				\$2,741,456.79		\$2,732,205.62		34.53%
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	19,235.54	441,361.55	33.36	641,697.48	15.48%	8.11%
VGIAX	921913208	Vanguard Growth & Income Adm	6,462.60	472,973.76	100.21	647,617.25	15.62%	8.19%
				\$914,335.31		\$1,289,314.73		16.30%
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	1,303.82	237,277.62	220.76	287,831.30	6.94%	3.64%
PKAIX	72202L462	PIMCO RAE US Instl	20,758.56	222,483.95	13.32	276,503.95	6.67%	3.49%
IVE	464287408	iShares S&P 500 Value ETF	276.00	35,383.25	141.24	38,982.24	0.94%	0.49%
				\$495,144.82		\$603,317.49		7.63%

HOLDINGS REPORT

El Toro Water District 401(k) - Income & Growth

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	3,192.48	221,893.27	100.73	321,578.31	7.76%	4.06%
LSITX	52469H255	ClearBridge Large Cap Growth IS	3,716.03	175,863.62	68.09	253,024.35	6.10%	3.20%
				<u>\$397,756.89</u>		<u>\$574,602.66</u>		<u>7.26%</u>
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	227.00	36,877.70	221.34	50,244.18	1.21%	0.64%
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	1,979.11	125,658.89	78.97	156,290.24	3.77%	1.98%
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	4,709.58	110,240.03	30.63	144,254.40	3.48%	1.82%
VB	922908751	Vanguard Small-Cap ETF	567.00	85,011.72	214.08	121,383.36	2.93%	1.53%
				<u>\$195,251.75</u>		<u>\$265,637.76</u>		<u>3.36%</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	851.19	70,101.08	100.77	85,774.21	2.07%	1.08%
VBK	922908595	Vanguard Small-Cap Growth ETF	106.00	20,296.23	274.65	29,112.90	0.70%	0.37%
				<u>\$90,397.31</u>		<u>\$114,887.11</u>		<u>1.45%</u>
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	2,609.11	106,061.17	46.83	122,184.76	2.95%	1.54%
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	19,463.70	411,048.39	26.08	507,613.17	12.24%	6.42%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	2,897.00	74,191.07	32.97	95,514.09	2.30%	1.21%
				<u>\$485,239.46</u>		<u>\$603,127.26</u>		<u>7.62%</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	2,772.94	81,860.85	42.92	119,014.46	2.87%	1.50%
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schrodgers Emerging Mkts Eq F	10,868.47	155,614.90	21.05	228,781.25	5.52%	2.89%
VWO	922042858	Vanguard FTSE Emerging Markets ETF	350.00	18,061.68	52.05	18,217.50	0.44%	0.23%
				<u>\$173,676.58</u>		<u>\$246,998.75</u>		<u>3.12%</u>
TOTAL EQUITY				\$3,102,260.73		\$4,145,619.40		52.40%

HOLDINGS REPORT

El Toro Water District 401(k) - Income & Growth

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
BILPX	09250J734	BlackRock Event Driven Equity Instl	11,346.29	112,796.82	10.06	114,143.67	2.75%	1.44%
BSIKX	09260B374	BlackRock Strategic Income Opps K	10,356.88	103,283.91	10.34	107,090.09	2.58%	1.35%
				\$216,080.73		\$221,233.76		2.80%
Managed Futures								
AHLIX	024525669	American Beacon AHL Mgd Futs Strat R5	9,178.48	100,498.38	11.35	104,175.69	2.51%	1.32%
AMFNX	63873P825	AlphaSimplex Mgd Futs Strat N	10,906.96	114,692.99	10.79	117,686.04	2.84%	1.49%
				\$215,191.37		\$221,861.73		2.80%
Fund of Hedge Funds								
BSTKX	09258N380	BlackRock Total Factor K	5,139.00	44,914.85	8.97	46,096.82	1.11%	0.58%
QSPIX	00203H420	AQR Style Premia Alternative I	9,986.36	99,840.71	7.62	76,096.06	1.84%	0.96%
				\$144,755.56		\$122,192.88		1.54%
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	3,522.00	196,721.31	57.81	203,606.82	4.91%	2.57%
REITs								
IAU	464285105	iShares Gold Trust	2,060.00	38,276.69	16.26	33,495.60	0.81%	0.42%
TOTAL ALTERNATIVES				\$811,025.66		\$802,390.79		10.14%
TOTAL - ALL ASSETS				\$6,885,966.31		\$7,911,438.94		100.00%

INVESTMENT PORTFOLIO SUMMARY -BALANCED INCOME

El Toro Water District - 401(k) Plan

Data as of:

03/31/2021

Portfolio Manager:

Keith Stribling, CFA

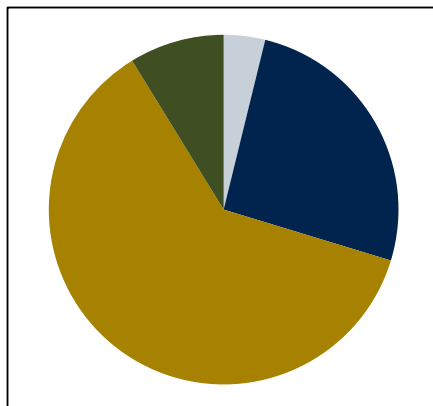
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$226,707.41	\$226,707.41	\$68.01	0.03%
Fixed Income	\$1,533,075.77	\$1,500,601.98	\$38,541.52	2.51%
Equities	\$3,645,181.27	\$2,982,808.83	\$39,987.64	1.10%
Alternatives	\$519,750.43	\$511,365.78	\$10,441.79	2.01%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$5,924,714.88	\$5,221,484.00	\$89,038.96	1.50%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

3.8%	Cash & Equivalents
25.9%	Fixed Income
61.5%	Equities
8.8%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$4
Taxable Fixed Income Income Earned YTD	\$10,152
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$3,524
Alternative Income Earned YTD	\$1,021
Other Income Earned YTD	\$0
Total	\$14,700

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$2,398	
Net Long Term Gain/Loss	\$13,064	
Total	\$15,462	\$703,231

(1) As of 03/31/2021

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Balanced Income

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(3,984.6500)	(\$3,984.65)	1.00	(\$3,984.65)	-1.76%	-0.07%
FPZXX	n.a.	CASH FUND	230,692.06	\$230,692.06	1.00	\$230,692.06	101.76%	3.89%
TOTAL CASH				\$226,707.41		\$226,707.41		3.83%
FIXED INCOME								
Ultra Short-Term Bond Funds								
VUSFX	922031711	Vanguard Ultra-Short-Term Bond Admiral	5,136.08	103,542.92	20.14	103,440.59	6.75%	1.75%
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	15,690.74	165,986.15	10.93	171,499.80	11.19%	2.89%
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	26,235.85	282,033.24	11.01	288,856.75	18.84%	4.88%
DODIX	256210105	Dodge & Cox Income	21,376.49	289,767.78	14.12	301,836.01	19.69%	5.09%
PTRQX	74440B884	PGIM Total Return Bond R6	20,865.55	295,668.85	14.34	299,211.92	19.52%	5.05%
PTTRX	693390700	PIMCO Total Return Instl	29,094.50	292,599.77	10.22	297,345.75	19.40%	5.02%
				\$1,160,069.64		\$1,187,250.43		20.04%
Multi-Sector Bond Funds								
PIMIX	72201F490	PIMCO Income Instl	5,921.88	71,003.27	11.97	70,884.95	4.62%	1.20%
TOTAL FIXED INCOME				\$1,500,601.98		\$1,533,075.77		25.88%
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	16,827.06	456,648.08	33.36	561,350.75	15.40%	9.47%
VGIAX	921913208	Vanguard Growth & Income Adm	5,301.59	434,778.62	100.21	531,272.23	14.57%	8.97%
				\$891,426.70		\$1,092,622.98		18.44%
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	1,169.13	231,399.67	220.76	258,096.04	7.08%	4.36%
PKAIX	72202L462	PIMCO RAE US Instl	18,619.02	212,265.76	13.32	248,005.33	6.80%	4.19%
IVE	464287408	iShares S&P 500 Value ETF	406.00	51,912.15	141.24	57,343.44	1.57%	0.97%
				\$495,577.58		\$563,444.81		9.51%

HOLDINGS REPORT

El Toro Water District 401(k) - Balanced Income

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	2,871.45	225,354.17	100.73	289,241.16	7.93%	4.88%
LSITX	52469H255	ClearBridge Large Cap Growth IS	3,357.65	174,665.80	68.09	228,622.46	6.27%	3.86%
				<u>\$400,019.97</u>		<u>\$517,863.62</u>		<u>8.74%</u>
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	265.00	43,064.28	221.34	58,655.10	1.61%	0.99%
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	1,985.44	135,867.04	78.97	156,790.20	4.30%	2.65%
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	2,704.40	66,273.50	30.63	82,835.62	2.27%	1.40%
VB	922908751	Vanguard Small-Cap ETF	488.00	70,824.74	214.08	104,471.04	2.87%	1.76%
				<u>\$137,098.24</u>		<u>\$187,306.66</u>		<u>3.16%</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	579.47	47,615.37	100.77	58,393.19	1.60%	0.99%
VBK	922908595	Vanguard Small-Cap Growth ETF	202.00	38,677.74	274.65	55,479.30	1.52%	0.94%
				<u>\$86,293.11</u>		<u>\$113,872.49</u>		<u>1.92%</u>
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	2,406.58	103,380.02	46.83	112,700.00	3.09%	1.90%
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	15,442.90	326,723.50	26.08	402,750.75	11.05%	6.80%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	3,022.00	89,440.99	32.97	99,635.34	2.73%	1.68%
				<u>\$416,164.49</u>		<u>\$502,386.09</u>		<u>8.48%</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	2,594.92	91,744.47	42.92	111,373.92	3.06%	1.88%
Diversified Emerging Markets								
HHHF	41665X859	Hartford Schroders Emerging Mkts Eq F	9,442.15	153,016.21	21.05	198,757.15	5.45%	3.35%
VWO	922042858	Vanguard FTSE Emerging Markets ETF	565.00	29,156.72	52.05	29,408.25	0.81%	0.50%
				<u>\$182,172.93</u>		<u>\$228,165.40</u>		<u>3.85%</u>
TOTAL EQUITY				\$2,982,808.83		\$3,645,181.27		61.53%

HOLDINGS REPORT

El Toro Water District 401(k) - Balanced Income

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
BILPX	09250J734	BlackRock Event Driven Equity Instl	6,198.65	61,361.90	10.06	62,358.41	1.71%	1.05%
BSIKX	09260B374	BlackRock Strategic Income Opps K	6,864.20	67,876.35	10.34	70,975.86	1.95%	1.20%
				<u>\$129,238.25</u>		<u>\$133,334.27</u>		<u>2.25%</u>
Managed Futures								
AHLIX	024525669	American Beacon AHL Mgd Futs Strat R5	6,330.15	69,458.76	11.35	71,847.19	1.97%	1.21%
AMFNX	63873P825	AlphaSimplex Mgd Futs Strat N	7,955.61	78,262.37	10.79	85,841.06	2.35%	1.45%
				<u>\$147,721.13</u>		<u>\$157,688.25</u>		<u>2.66%</u>
Fund of Hedge Funds								
BSTKX	09258N380	BlackRock Total Factor K	3,331.03	29,113.21	8.97	29,879.35	0.82%	0.50%
QSPIX	00203H420	AQR Style Premia Alternative I	5,158.98	48,713.88	7.62	39,311.44	1.08%	0.66%
				<u>\$77,827.09</u>		<u>\$69,190.79</u>		<u>1.17%</u>
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	2,342.00	128,986.01	57.81	135,391.02	3.71%	2.29%
Precious Metals								
IAU	464285105	iShares Gold Trust	1,485.00	27,593.30	16.26	24,146.10	0.66%	0.41%
TOTAL ALTERNATIVES				\$511,365.78		\$519,750.43		8.77%
TOTAL - ALL ASSETS				\$5,221,484.00		\$5,924,714.88		100.00%

INVESTMENT PORTFOLIO SUMMARY - BALANCED

El Toro Water District - 401(k) Plan

Data as of:

03/31/2021

Portfolio Manager:

Keith Stribling, CFA

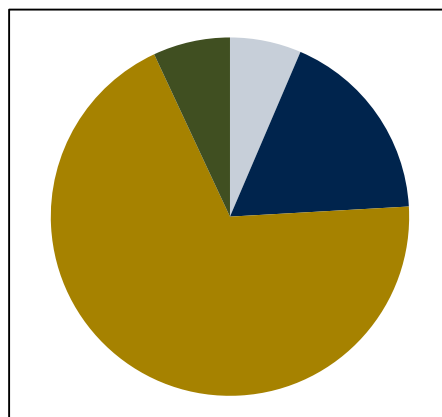
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$51,299.66	\$51,299.66	\$15.39	0.03%
Fixed Income	\$140,743.99	\$140,578.83	\$3,538.30	2.51%
Equities	\$549,453.54	\$413,570.40	\$6,027.51	1.10%
Alternatives	\$55,407.11	\$55,618.23	\$1,113.13	2.01%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$796,904.30	\$661,067.12	\$10,694.33	1.34%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

6.4%	Cash & Equivalents
17.7%	Fixed Income
68.9%	Equities
7.0%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$1
Taxable Fixed Income Income Earned YTD	\$910
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$562
Alternative Income Earned YTD	\$121
Other Income Earned YTD	\$0
Total	\$1,595

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$408	
Net Long Term Gain/Loss	\$410	
Total	\$819	\$135,837

(1) As of 03/31/2021

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Balanced

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(445.6200)	(\$445.62)	1.00	(\$445.62)	-0.87%	-0.06%
FPZXX	n.a.	CASH FUND	51,745.28	\$51,745.28	1.00	\$51,745.28	100.87%	6.49%
TOTAL CASH				\$51,299.66		\$51,299.66		6.44%
FIXED INCOME								
Ultra Short-Term Bond Funds								
VUSFX	922031711	Vanguard Ultra-Short-Term Bond Admiral	633.45	12,770.24	20.14	12,757.62	9.06%	1.60%
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	1,370.77	14,507.33	10.93	14,982.55	10.65%	1.88%
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	2,337.95	25,475.99	11.01	25,740.86	18.29%	3.23%
DODIX	256210105	Dodge & Cox Income	1,900.79	26,222.74	14.12	26,839.13	19.07%	3.37%
PTRQX	74440B884	PGIM Total Return Bond R6	1,824.01	26,616.69	14.34	26,156.27	18.58%	3.28%
PTTRX	693390700	PIMCO Total Return Instl	2,579.02	27,062.70	10.22	26,357.62	18.73%	3.31%
				\$105,378.12		\$105,093.88		13.19%
Multi-Sector Bond Funds								
PIMIX	72201F490	PIMCO Income Instl	660.81	7,923.14	11.97	7,909.94	5.62%	0.99%
TOTAL FIXED INCOME				\$140,578.83		\$140,743.99		17.66%
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	2,497.71	56,831.95	33.36	83,323.67	15.16%	10.46%
VGIAX	921913208	Vanguard Growth & Income Adm	812.24	60,118.69	100.21	81,394.07	14.81%	10.21%
				\$116,950.64		\$164,717.74		20.67%
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	190.93	34,760.23	220.76	42,148.60	7.67%	5.29%
PKAIX	72202L462	PIMCO RAE US Instl	3,027.53	32,257.09	13.32	40,326.73	7.34%	5.06%
IVE	464287408	iShares S&P 500 Value ETF	76.00	9,676.34	141.24	10,734.24	1.95%	1.35%
				\$76,693.66		\$93,209.57		11.70%

HOLDINGS REPORT

El Toro Water District 401(k) - Balanced

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	403.19	28,224.10	100.73	40,613.13	7.39%	5.10%
LSITX	52469H255	ClearBridge Large Cap Growth IS	512.54	24,347.53	68.09	34,898.64	6.35%	4.38%
				<u>\$52,571.63</u>		<u>\$75,511.77</u>		<u>9.48%</u>
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	35.00	5,879.59	221.34	7,746.90	1.41%	0.97%
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	318.49	19,904.81	78.97	25,150.76	4.58%	3.16%
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	466.16	11,189.27	30.63	14,278.57	2.60%	1.79%
VB	922908751	Vanguard Small-Cap ETF	55.00	7,973.86	214.08	11,774.40	2.14%	1.48%
				<u>\$19,163.13</u>		<u>\$26,052.97</u>		<u>3.27%</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	103.57	8,682.31	100.77	10,436.35	1.90%	1.31%
VBK	922908595	Vanguard Small-Cap Growth ETF	35.00	6,701.59	274.65	9,612.75	1.75%	1.21%
				<u>\$15,383.90</u>		<u>\$20,049.10</u>		<u>2.52%</u>
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	366.99	14,850.81	46.83	17,186.28	3.13%	2.16%
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	2,221.90	46,334.76	26.08	57,947.20	10.55%	7.27%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	400.00	10,337.33	32.97	13,188.00	2.40%	1.65%
				<u>\$56,672.09</u>		<u>\$71,135.20</u>		<u>8.93%</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	357.45	10,668.67	42.92	15,341.75	2.79%	1.93%
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schrodgers Emerging Mkts Eq F	1,398.94	20,961.10	21.05	29,447.75	5.36%	3.70%
VWO	922042858	Vanguard FTSE Emerging Markets ETF	75.00	3,870.37	52.05	3,903.75	0.71%	0.49%
				<u>\$24,831.47</u>		<u>\$33,351.50</u>		<u>4.19%</u>
TOTAL EQUITY				\$413,570.40		\$549,453.54		68.95%

HOLDINGS REPORT

El Toro Water District 401(k) - Balanced

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
BILPX	09250J734	BlackRock Event Driven Equity Instl	635.83	6,321.21	10.06	6,396.40	1.16%	0.80%
BSIKX	09260B374	BlackRock Strategic Income Opps K	766.06	7,567.36	10.34	7,921.03	1.44%	0.99%
				<u>\$13,888.57</u>		<u>\$14,317.43</u>		<u>1.80%</u>
Managed Futures								
AHLIX	024525669	American Beacon AHL Mgd Futs Strat R5	534.52	5,872.80	11.35	6,066.76	1.10%	0.76%
AMFNX	63873P825	AlphaSimplex Mgd Futs Strat N	797.45	8,399.13	10.79	8,604.44	1.57%	1.08%
				<u>\$14,271.93</u>		<u>\$14,671.20</u>		<u>1.84%</u>
Fund of Hedge Funds								
BSTKX	09258N380	BlackRock Total Factor K	307.88	2,690.89	8.97	2,761.70	0.50%	0.35%
QSPIX	00203H420	AQR Style Premia Alternative I	627.99	6,148.16	7.62	4,785.25	0.87%	0.60%
				<u>\$8,839.05</u>		<u>\$7,546.95</u>		<u>0.95%</u>
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	273.00	15,091.13	57.81	15,782.13	2.87%	1.98%
Precious Metals								
IAU	464285105	iShares Gold Trust	190.00	3,527.55	16.26	3,089.40	0.56%	0.39%
TOTAL ALTERNATIVES				\$55,618.23		\$55,407.11		6.95%
TOTAL - ALL ASSETS				\$661,067.12		\$796,904.30		100.00%

INVESTMENT PORTFOLIO SUMMARY - CAPITAL APPRECIATION

El Toro Water District - 401(k) Plan

Data as of:

03/31/2021

Portfolio Manager:

Keith Stribling, CFA

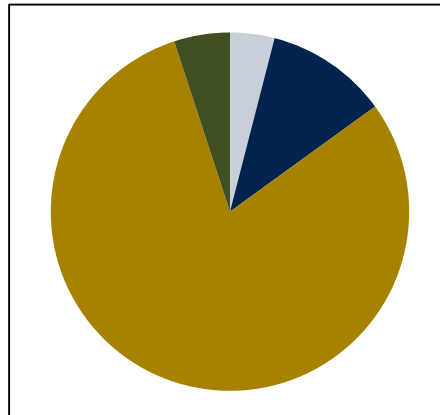
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$34,648.23	\$34,648.23	\$10.39	0.03%
Fixed Income	\$95,186.31	\$94,117.36	\$2,392.98	2.51%
Equities	\$690,936.23	\$559,110.34	\$7,579.57	1.10%
Alternatives	\$43,542.19	\$42,686.30	\$874.76	2.01%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$864,312.96	\$730,562.23	\$10,857.71	1.26%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

4.0%	Cash & Equivalents
11.0%	Fixed Income
79.9%	Equities
5.0%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$1
Taxable Fixed Income Income Earned YTD	\$555
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$702
Alternative Income Earned YTD	\$108
Other Income Earned YTD	\$0
Total	\$1,366

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$198	
Net Long Term Gain/Loss	\$1,131	
Total	\$1,329	\$133,751

(1) As of 03/31/2021

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Appreciation

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(425.3400)	(\$425.34)	1.00	(\$425.34)	-1.23%	-0.05%
FPZXX	n.a.	CASH FUND	35,073.57	\$35,073.57	1.00	\$35,073.57	101.23%	4.06%
TOTAL CASH				\$34,648.23		\$34,648.23		4.01%
FIXED INCOME								
Ultra Short-Term Bond Funds								
VUSFX	922031711	Vanguard Ultra-Short-Term Bond Admiral	706.29	14,238.81	20.14	14,224.74	14.94%	1.65%
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	1,303.70	14,098.02	10.93	14,249.46	14.97%	1.65%
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	1,319.24	14,220.00	11.01	14,524.79	15.26%	1.68%
DODIX	256210105	Dodge & Cox Income	1,077.42	14,767.12	14.12	15,213.18	15.98%	1.76%
PTRQX	74440B884	PGIM Total Return Bond R6	1,043.11	14,819.82	14.34	14,958.24	15.71%	1.73%
PTTRX	693390700	PIMCO Total Return Instl	1,455.78	14,823.88	10.22	14,878.11	15.63%	1.72%
				<u>\$58,630.82</u>		<u>\$59,574.32</u>		<u>6.89%</u>
Multi-Sector Bond Funds								
PIMIX	72201F490	PIMCO Income Instl	596.31	7,149.71	11.97	7,137.79	7.50%	0.83%
TOTAL FIXED INCOME				\$94,117.36		\$95,186.31		11.01%
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	3,182.31	86,122.89	33.36	106,161.86	15.36%	12.28%
VGIAX	921913208	Vanguard Growth & Income Adm	997.03	81,543.55	100.21	99,912.68	14.46%	11.56%
				<u>\$167,666.44</u>		<u>\$206,074.54</u>		<u>23.84%</u>
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	238.81	44,868.00	220.76	52,719.03	7.63%	6.10%
PKAIX	72202L462	PIMCO RAE US Instl	3,852.15	42,090.80	13.32	51,310.64	7.43%	5.94%
IVE	464287408	iShares S&P 500 Value ETF	98.00	12,025.08	141.24	13,841.52	2.00%	1.60%
				<u>\$98,983.88</u>		<u>\$117,871.19</u>		<u>13.64%</u>

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Appreciation

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	533.33	43,001.22	100.73	53,722.13	7.78%	6.22%
LSITX	52469H255	ClearBridge Large Cap Growth IS	621.01	32,888.31	68.09	42,284.50	6.12%	4.89%
				<u>\$75,889.53</u>		<u>\$96,006.63</u>		<u>11.11%</u>
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	35.00	5,934.52	221.34	7,746.90	1.12%	0.90%
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	426.23	25,825.19	78.97	33,659.30	4.87%	3.89%
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	597.73	14,485.51	30.63	18,308.56	2.65%	2.12%
VB	922908751	Vanguard Small-Cap ETF	78.00	11,499.03	214.08	16,698.24	2.42%	1.93%
				<u>\$25,984.54</u>		<u>\$35,006.80</u>		<u>4.05%</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	140.66	11,908.34	100.77	14,174.51	2.05%	1.64%
VBK	922908595	Vanguard Small-Cap Growth ETF	35.00	6,701.58	274.65	9,612.75	1.39%	1.11%
				<u>\$18,609.92</u>		<u>\$23,787.26</u>		<u>2.75%</u>
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	449.43	18,307.61	46.83	21,046.90	3.05%	2.44%
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	2,831.49	59,893.02	26.08	73,845.29	10.69%	8.54%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	547.00	15,856.83	32.97	18,034.59	2.61%	2.09%
				<u>\$75,749.85</u>		<u>\$91,879.88</u>		<u>10.63%</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	464.00	16,393.28	42.92	19,914.92	2.88%	2.30%
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schrodgers Emerging Mkts Eq F	1,599.71	25,532.43	21.05	33,673.81	4.87%	3.90%
VWO	922042858	Vanguard FTSE Emerging Markets ETF	82.00	4,233.15	52.05	4,268.10	0.62%	0.49%
				<u>\$29,765.58</u>		<u>\$37,941.91</u>		<u>4.39%</u>
TOTAL EQUITY				\$559,110.34		\$690,936.23		79.94%

HOLDINGS REPORT

El Toro Water District 401(k) - Capital Appreciation

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
BILPX	09250J734	BlackRock Event Driven Equity Instl	627.32	6,170.33	10.06	6,310.83	0.91%	0.73%
BSIKX	09260B374	BlackRock Strategic Income Opps K	454.67	4,418.35	10.34	4,701.25	0.68%	0.54%
				\$10,588.68		\$11,012.08		1.27%
Managed Futures								
AHLIX	024525669	American Beacon AHL Mgd Futs Strat R5	350.47	3,850.69	11.35	3,977.87	0.58%	0.46%
AMFNX	63873P825	AlphaSimplex Mgd Futs Strat N	492.67	4,873.65	10.79	5,315.92	0.77%	0.62%
				\$8,724.34		\$9,293.79		1.08%
Fund of Hedge Funds								
BSTKX	09258N380	BlackRock Total Factor K	170.66	1,491.60	8.97	1,530.86	0.22%	0.18%
QSPIX	00203H420	AQR Style Premia Alternative I	359.58	3,358.65	7.62	2,739.97	0.40%	0.32%
				\$4,850.25		\$4,270.83		0.49%
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	269.00	14,623.05	57.81	15,550.89	2.25%	1.80%
Precious Metals								
IAU	464285105	iShares Gold Trust	210.00	3,899.98	16.26	3,414.60	0.49%	0.40%
TOTAL ALTERNATIVES				\$42,686.30		\$43,542.19		5.04%
TOTAL - ALL ASSETS				\$730,562.23		\$864,312.96		100.00%

INVESTMENT PORTFOLIO SUMMARY - GROWTH

El Toro Water District - 401(k) Plan

Data as of:

03/31/2021

Portfolio Manager:
Keith Stribling, CFA

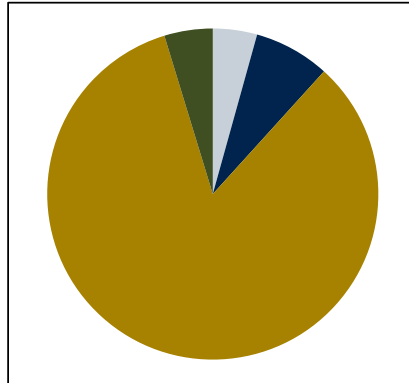
Account Snapshot

Asset Class	Market Value	Tax Cost	Est. Annual Income	Current Yield (%)
Cash & Equivalents	\$98,347.84	\$98,347.84	\$29.50	0.03%
Fixed Income	\$168,533.32	\$168,355.91	\$4,125.70	2.45%
Equities	\$1,901,931.27	\$1,469,555.15	\$20,864.19	1.10%
Alternatives	\$107,516.34	\$106,714.97	\$2,160.00	2.01%
Other	\$0.00	\$0.00	\$0.00	0.00%
Total	\$2,276,328.77	\$1,842,973.87	\$27,179.39	1.19%

Yields are gross of any fees and reflect the reinvestment of dividends and other income

Asset Allocation

4.3%	Cash & Equivalents
7.4%	Fixed Income
83.6%	Equities
4.7%	Alternatives
0.0%	Other



Income Summary (1, 2)

Cash & Equivalents Income Earned YTD	\$2
Taxable Fixed Income Income Earned YTD	\$1,057
Tax-Exempt Fixed Income Income Earned YTD	\$0
Equity Income Earned YTD	\$1,917
Alternative Income Earned YTD	\$240
Other Income Earned YTD	\$0
Total	\$3,216

Net Gain/Loss Summary (3)

	Realized	Unrealized
Net Short Term Gain/Loss	\$21,515	
Net Long Term Gain/Loss	\$124,926	
Total	\$146,441	\$433,355

(1) As of 03/31/2021

(2) Information is calculated on a calendar year basis and includes income, dividends, and capital gain distributions

(3) Gain/Loss information is for informational purposes only.

HOLDINGS REPORT

El Toro Water District 401(k) - Growth

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
CASH EQUIVALENTS								
MONEY MARKET FUNDS/CASH								
n.a.	n.a.	CASH	(1,022.8100)	(\$1,022.81)	1.00	(\$1,022.81)	-1.04%	-0.04%
FPZXX	n.a.	CASH FUND	99,370.65	\$99,370.65	1.00	\$99,370.65	101.04%	4.37%
TOTAL CASH				\$98,347.84		\$98,347.84		4.32%
FIXED INCOME								
Ultra Short-Term Bond Funds								
VUSFX	922031711	Vanguard Ultra-Short-Term Bond Admiral	889.88	17,939.86	20.14	17,922.14	10.63%	0.79%
Short-Term Bond Funds								
VFSUX	922031836	Vanguard Short-Term Investment-Grade Adm	2,898.47	31,395.48	10.93	31,680.22	18.80%	1.39%
Intermediate-Term Bond Funds								
DBLFX	258620301	DoubleLine Core Fixed Income I	2,633.73	28,664.68	11.01	28,997.41	17.21%	1.27%
DODIX	256210105	Dodge & Cox Income	2,148.93	29,680.05	14.12	30,342.91	18.00%	1.33%
PTRQX	74440B884	PGIM Total Return Bond R6	2,083.55	30,337.43	14.34	29,878.11	17.73%	1.31%
PTTRX	693390700	PIMCO Total Return Instl	2,907.29	30,338.41	10.22	29,712.53	17.63%	1.31%
				\$119,020.57		\$118,930.96		5.22%
TOTAL FIXED INCOME				\$168,355.91		\$168,533.32		7.40%
EQUITY								
Large Cap Blend Funds								
COFYX	19766M709	Columbia Contrarian Core Inst3	8,533.30	206,419.58	33.36	284,670.95	14.97%	12.51%
VGIAX	921913208	Vanguard Growth & Income Adm	2,789.30	211,536.86	100.21	279,515.35	14.70%	12.28%
				\$417,956.44		\$564,186.30		24.78%
Large Cap Value Funds								
DODGX	256219106	Dodge & Cox Stock	644.27	118,610.70	220.76	142,229.27	7.48%	6.25%
PKAIX	72202L462	PIMCO RAE US Instl	10,262.86	110,598.69	13.32	136,701.32	7.19%	6.01%
IVE	464287408	iShares S&P 500 Value ETF	283.00	35,944.85	141.24	39,970.92	2.10%	1.76%
				\$265,154.24		\$318,901.51		14.01%

HOLDINGS REPORT

El Toro Water District 401(k) - Growth

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
Large Cap Growth Funds								
HNACX	411512528	Harbor Capital Appreciation Retirement	1,379.75	100,320.01	100.73	138,982.42	7.31%	6.11%
LSITX	52469H255	ClearBridge Large Cap Growth IS	1,734.03	84,735.72	68.09	118,070.10	6.21%	5.19%
				<u>\$185,055.73</u>		<u>\$257,052.52</u>		<u>11.29%</u>
Mid Cap Blend Funds								
VO	922908629	Vanguard Mid-Cap ETF	102.00	16,276.99	221.34	22,576.68	1.19%	0.99%
Small Cap Value Funds								
UBVFX	904504479	Undiscovered Managers Behavioral Val R6	1,183.16	74,036.95	78.97	93,434.07	4.91%	4.10%
Small Cap Blend Funds								
DCZRX	24610B826	Delaware Small Cap Core R6	1,589.30	38,122.53	30.63	48,680.38	2.56%	2.14%
VB	922908751	Vanguard Small-Cap ETF	200.00	29,628.65	214.08	42,816.00	2.25%	1.88%
				<u>\$67,751.18</u>		<u>\$91,496.38</u>		<u>4.02%</u>
Small Cap Growth Funds								
RSEJX	92647Q363	Victory RS Small Cap Growth R6	328.12	27,411.24	100.77	33,064.65	1.74%	1.45%
VBK	922908595	Vanguard Small-Cap Growth ETF	120.00	22,976.87	274.65	32,958.00	1.73%	1.45%
				<u>\$50,388.11</u>		<u>\$66,022.65</u>		<u>2.90%</u>
Foreign Large Value Funds								
DODFX	256206103	Dodge & Cox International Stock	1,234.62	50,832.03	46.83	57,817.25	3.04%	2.54%
Foreign Large Blend Funds								
DFALX	233203868	DFA Large Cap International I	7,485.33	160,369.55	26.08	195,217.35	10.26%	8.58%
HEFA	46434V803	iShares Currency Hedged MSCI EAFE ETF	1,393.00	36,807.24	32.97	45,927.21	2.41%	2.02%
				<u>\$197,176.79</u>		<u>\$241,144.56</u>		<u>10.59%</u>
Foreign Large Growth Funds								
MGRDX	552746356	MFS International Growth R6	1,272.62	40,482.91	42.92	54,620.81	2.87%	2.40%
Diversified Emerging Markets								
HHHFX	41665X859	Hartford Schrodgers Emerging Mkts Eq F	5,656.23	88,852.83	21.05	119,063.54	6.26%	5.23%
VWO	922042858	Vanguard FTSE Emerging Markets ETF	300.00	15,590.95	52.05	15,615.00	0.82%	0.69%
				<u>\$104,443.78</u>		<u>\$134,678.54</u>		<u>5.92%</u>
TOTAL EQUITY				\$1,469,555.15		\$1,901,931.27		83.55%

HOLDINGS REPORT

El Toro Water District 401(k) - Growth

As of First Quarter 2021

TICKER	CUSIP	ASSET NAME	SHARES/UNITS	COST BASIS	PRICE	MARKET VALUE (MV)	MV AS % OF ASSET TYPE	MV AS % OF TOTAL
ALTERNATIVES								
Market Neutral								
BILPX	09250J734	BlackRock Event Driven Equity Instl	1,711.09	16,830.70	10.06	17,213.61	0.91%	0.76%
BSIKX	09260B374	BlackRock Strategic Income Opps K	1,640.14	16,361.11	10.34	16,959.06	0.89%	0.75%
				\$33,191.81		\$34,172.67		1.50%
Managed Futures								
AHLIX	024525669	American Beacon AHL Mgd Futs Strat R5	702.80	7,721.78	11.35	7,976.80	0.42%	0.35%
AMFNX	63873P825	AlphaSimplex Mgd Futs Strat N	1,418.57	14,686.37	10.79	15,306.34	0.80%	0.67%
				\$22,408.15		\$23,283.14		1.02%
Fund of Hedge Funds								
BSTKX	09258N380	BlackRock Total Factor K	460.31	4,023.12	8.97	4,128.99	0.22%	0.18%
QSPIX	00203H420	AQR Style Premia Alternative I	781.81	7,792.04	7.62	5,957.38	0.31%	0.26%
				\$11,815.16		\$10,086.37		0.44%
REITs								
ICF	464287564	iShares Cohen & Steers REIT ETF	586.00	32,334.34	57.81	33,876.66	1.78%	1.49%
Precious Metals								
IAU	464285105	iShares Gold Trust	375.00	6,965.51	16.26	6,097.50	0.32%	0.27%
TOTAL ALTERNATIVES				\$106,714.97		\$107,516.34	4.72%	
TOTAL - ALL ASSETS				\$1,842,973.87		\$2,276,328.77	100.00%	

DISCLOSURES

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STAFF REPORT

To: BOARD OF DIRECTORS

Meeting Date: May 24, 2021

From: Jason Hayden, Chief Financial Officer

Subject: Analysis of Costs and Benefits Related to Purchasing and Implementing an Integrated Enterprise Software System

The District is currently operating numerous software systems to accomplish various processes, including:

- QuickBooks for General Ledger and Accounts Payable processes;
- a software system called Utility Management Solution (UMS) for utility billing, customer account maintenance, and cash receipting;
- Automatic Data Processing (ADP) online for payroll and some basic human resource functions;
- an internally developed html interface and database for purchasing;
- Geoviewer online for GIS and Workorders.

There are some significant challenges to utilizing this many software systems. The primary challenge is the lack of communication between the various systems and the need to transfer data from one system to another. The District has not developed any Application Programming Interfaces (APIs) that would allow the various software systems to transfer data back and forth. As a result, whenever a process within one software system has completed and the data needs to be transferred to another software system, the transfer needs to occur via some data entry process (this could be manual data entry via keyboard or a download and then upload of a compatible file format).

As an example, when the District has completed a payroll process in ADP online, certain data from the payroll process needs to be transferred to the general ledger in QuickBooks. This data transfer process involves the following steps:

1. The payroll data from ADP online is downloaded and saved in a file folder;
2. The saved file is converted into an excel format and several pre-programmed excel formulas are utilized to summarize the payroll data into credits/debits in balance sheet and income statement accounts in the QuickBooks general ledger;
3. Once finished, the excel file is reviewed by another employee to ensure it appears to accurately convert the payroll data into the General Ledger Accounts;
4. Once reviewed and approved, the excel file is then uploaded into QuickBooks;

5. In order to generate checks to pay the various payroll vendors, a separate Accounts Payable process is initiated (some of the payroll vendors include the Joint Powers Insurance Authority for health, dental, vision, and life insurance payments, Aflac for supplemental benefits, etc.)
6. Once the monthly financial report is generated, the Accounting Supervisor and CFO must carefully review the expense accounts to see if there are any discrepancies between the budget and expense data that may indicate the payroll data is not accurately reflected in the expense accounts.

The type of complex data conversion process illustrated in the payroll example occurs throughout many of the processes of the District, as illustrated below:

- **Cash receipting** – on a daily basis, the District's front office staff receives cash, checks, credit card payments, e-checks, and bank checks for utility bill payments. Each day these payment types are entered into the cash receipting module in the UMS software to credit customer accounts and generate a daily cash receipts file. At the end of each day, a cash receipts report is generated and must be reviewed to make sure it balances against actual receipts. Once approved, this data is then converted into an Excel file which converts the data into a format that debits/credits the correct general ledger accounts and is then uploaded into QuickBooks.
- **Utility Billing** – when a utility billing batch is completed, the data from the batch must be exported out of UMS, converted into an Excel format which converts the data into a format that debits/credits the correct general ledger accounts and is then uploaded into QuickBooks. The District has three billing cycles so this process combines the data from these three cycles into a conversion file and is completed once per month.
- **Payroll** – As described above, payroll data must be moved into QuickBooks. This occurs at least twice per month with three payrolls occurring in two months each year (a bi-weekly cycle means 26 payrolls).
- **Purchasing** – Currently there is not a process to move purchasing data into QuickBooks, so employees involved in the purchasing process must remember or generate a report out of the purchasing system to understand how purchasing actions affects the accounts in QuickBooks. If an employee is looking at a QuickBooks expense account, there is no information in the account about open purchase orders. This can make it difficult to assess whether an expense account is actually within budget because there may be an open purchase order that affects the account.

Each of these examples of data transfers between non-integrated software systems causes inefficiencies in the work flow processes of the District and also degrades the internal control structure of the District. The steps involved in transferring data from one software system to another increase the probability of errors or omissions occurring and also provide more opportunities for fraudulent activity to occur.

In contrast to this, an enterprise wide integrated software system would rectify many of the challenges that are created from having multiple, non-integrated software systems. A payroll process in an integrated software system should work like this:

1. The payroll process is completed in the payroll module;
2. Because the payroll module is directly integrated into the General Ledger, all journal entries (credit payroll payable, debit salary and benefit accounts, debit payroll payable on payroll day, credit cash to show cash transaction occurring) are automatically completed by the software system;

3. In addition, because payroll is integrated with Accounts Payable, the payroll process includes a process to automatically generate an Accounts Payable batch with all of the payroll vendor checks for the payroll completed;
4. Once the monthly financial report is generated, the Accounting Supervisor and CFO review the expense accounts to see if there are any discrepancies between the budget and expense data.

This simplification and automation of the District's processes will occur for all of the examples listed on the prior page.

- **Cash receipting** – the cash receipting module is integrated into the General Ledger and Utility Billing modules, so when a payment is received and entered, the customer's account is credited, the journal entry is made into the General Ledger by the software (i.e., debiting cash and crediting utility payment receivable), and Staff only needs to be concerned with balancing the actual cash and checks received with the cash receipt batch.
- **Utility Billing** – the Utility Billing module is integrated into the General Ledger and therefore when a utility billing cycle is completed the software makes all of the journal entries (debiting utility payment receivable and crediting the appropriate revenue accounts).
- **Payroll** – Already discussed.
- **Purchasing** – the purchasing module is integrated directly into the General Ledger module, so when a Purchase Order is approved, there is a column in the expense account that shows a pending purchase order and shows the remaining budget in the account including the pending purchase order. In addition, during the purchase order creation process, the remaining budget information from the General Ledger is displayed and the system will not allow a new purchase order to be created if it will cause the expense account to exceed the budget without a manager's approval.

The enterprise wide integrated software system under consideration is called Springbrook Software. Springbrook was originally based in Portland, Oregon and began as a utility billing software system. They have since built out their platform so that it is a complete, integrated software system that can include the following modules:

General Ledger	Bank Reconciliation	Accounts Payable
Purchase Orders	Project/Grant Management	Fixed Assets
Utility Billing	Cash Receipting	Electronic Transactions
Payroll	Human Resources	Employee Self Service

Springbrook is now primarily a cloud software system that utilizes the Microsoft Azure cloud platform and utilizes Microsoft SQL as the backend database. The Microsoft Azure Cloud platform is a robust platform that includes world class cybersecurity and very high availability (99.95% or downtime of approximately 4.5 hours per year). Microsoft Azure is hosted at more than 160 data centers worldwide including 10 in the United States, this provides robust redundancy because if one data center is out of service data can be routed through other data centers.

I have worked with Springbrook since 2006 (as the Finance Director for Lyons, Illinois and then as the Finance Director for Barrington, Illinois) and was responsible for implementing the software in Barrington in 2010. In Barrington, we completed a full Request For Proposal (RFP) process and selected Springbrook because it was the only fully integrated system that was affordable for a smaller organization (in Barrington we compared Springbrook to Munis from Tyler Technologies, SunGard Public Sector, and New World Systems, these other systems generally cost 2x as much as Springbrook and were generally intended for larger organizations and were therefore tremendously more challenging to implement).

Attached to this memo are factsheets that provide a brief overview of the modules available in Springbrook.

Also attached is the quote proposal from Springbrook for the ongoing annual subscription price. The table below summarizes the current cost for the disparate system the District is using compared to the Springbrook cost:

	Current System Cost	Springbrook
Utility Billing/Cash Receipting	\$17,405	\$13,618
Payroll	\$28,893	\$5,525
General Ledger/Accounts Receivable	\$5,821	\$19,871
Fixed Assets	N/A	\$3,896
Total Cost	\$52,119	\$42,910

Springbrook has also proposed the District convert its credit card processing to the Springbrook system which is called CivicPay. The cost for that would essentially be \$1.60 per transaction. This will need to be analyzed separately if the Board is interested in working with Springbrook (the current vendor is proposing to charge the District 2% of each transaction amount, so the breakeven point for the Springbrook proposal is \$80 per transaction. All transactions below \$80 would cost the District more than the current vendor but all transactions above \$80 would cost less than the current vendor). This is difficult to forecast and Staff can analyze this in more detail if the Board chooses to proceed with Springbrook.

Also, please note, that the Springbrook proposal includes a Fixed Asset module which would be a system that the District does not currently have but has discussed purchasing in the past. If the District chooses to proceed with Springbrook, the acquisition of a Fixed Assets module would be accomplished as part of the overall implementation process.

There are several significant deterrents or concerns that should be considered:

1. The upfront costs for training and implementation are significant – the Springbrook proposal includes 727 hours of professional services, at \$179 per hour, for consulting, software setup, data migration, process assessment and improvement, and training as part of the implementation process. The total cost for these items in the Springbrook proposal equals \$130,133. These costs would occur over a period of time but would likely primarily impact the 2021-2022 Budget cycle. There is a possibility this cost could be reduced significantly if we choose to minimize some of these services. I have experience setting up many of these systems and would be able to minimize these professional service costs, especially in the modules included in the Finance Suite of applications. However, it should be recognized that the implementation process will be costly and it will be many years before the District would recognize a cost savings from the reduced annual cost of Springbrook.
2. Springbrook's current Utility Billing system does not accommodate the District's current water budget based billing system. Dennis and I met with the CEO and Chief Product Officer of Springbrook and the company wants to work with District to incorporate the water budget based billing into their current utility billing system. Springbrook recognizes that many agencies in their primary market in the Western part of the United States are moving in this direction and therefore they want to work with an agency to develop this in their utility billing module. This is a risk for the District but it seems our interests are aligned with Springbrook and this would provide the ability to influence how the budget based billing system would be developed in the software. The District can delay implementing the utility billing portion of the software until the budget based

billing has been implemented, although Springbrook has indicated a willingness to work towards a July 1, 2022 implementation of the water budget based billing components in the utility billing module (this is the date that is probably realistic for the District to implement the Springbrook software, based on a reasonable timeline for implementation).

3. Springbrook's current cost proposal indicates the District would need to make a payment for the software "upon order signature". This is probably standard contract language included in their quotes but the District would need to make sure to modify their quote so the annual payment would not occur until the District actually began using the system.

Springbrook is an enterprise wide integrated software system that could improve efficiencies in many of the District's processes and would have a positive impact on the District's internal control structure. Over a period of time, the significant implementation costs could be recouped through annual cost savings and potential efficiency improvements that could provide the District with the ability to restructure staffing as employees leave the organization. Implementation will be a significantly challenging project that will involve assessing the District's work flow processes, adjusting those processes to improve efficiency and adapt to the software, and training employees to use new systems. Overall, the potential implementation of an integrated software system will be a significant endeavor for the District but it has the potential to provide significant organizational benefits.

Several Springbrook representatives will be attending the District's meeting beginning at 8 am, the Springbrook representatives will include:

Lorraine Jobe, Senior Account Executive
John Perreault, Chief Revenue Officer
Ken Hoffman, Chief Product Officer

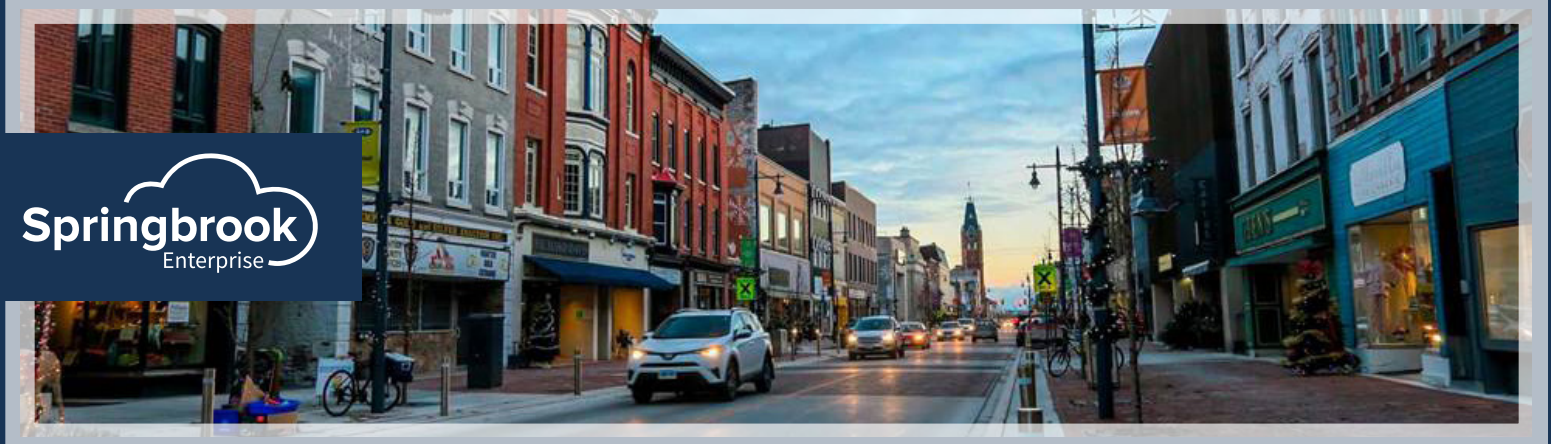
These representatives will provide a brief overview of Springbrook and its software and will be able to answer questions about the software and any concerns about the cloud offering, including concerns about security, reliability, and access to the data.

Attachments

Attachment I – Springbrook Module Informational Documents

Attachment II – Springbrook Cost Proposal for El Toro Water District

Attachment I
Springbrook Module Informational Documents



Springbrook Enterprise

Cloud Financial Suite

Seamless integration that's easy to use.

Springbrook offers a comprehensive line of **cloud-based financial solutions** that make work easier for agency personnel, and local government interactions more convenient for your citizens. Whether you're looking to manage back-end operations or improve the citizen bill-pay experience, we have options designed to fit your agency's needs. Our fully integrated cloud based suite is easy to use and will become an extension of your agency's team.

It starts with the General Ledger

Springbrook offers a suite of fully integrated tools to manage cash flow, budgets, utilities, payroll, assets and a host of other critical activities that keep agencies running efficiently. Additionally we'll be making Tableau, the industry's leading reporting and analytics tool, available to all Springbrook cloud customers.

General Ledger



WO

PO

CR

FA

AP

AR

PM



Training Support

Our dedicated training and support team understands your challenges firsthand. Many of our team members came to Springbrook as former clients. They've been in your shoes and know the importance of thorough training and quick issue resolution. We also host a dedicated Community site and produce many educational webinars to share updates, support, tips and tricks to help your team make the most of Springbrook solutions.

These modules represent our most popular suite, in use by local government agencies nationwide.

Financial Suite

WORK ORDERS

Springbrook's Work Order Management module allows agencies to employ a centralized system for tracking and managing work orders. Our comprehensive maintenance screen enables detailed analysis of labor, equipment, materials and services, all with drill-down capabilities. When used with the Springbrook Financial Suite, these modules provide a complete work order management and maintenance solution.

PURCHASE ORDERS

Springbrook's Purchase Orders module is a comprehensive, integrated management tool that administers all purchasing decisions. The module features electronic approval of purchase orders and online remote purchase order entry. It is seamlessly integrated into Springbrook's General Ledger, Accounts Payable, Inventory Control, Asset Management, Project Management and Work Orders modules. This module is a key component to an agency's successful financial management.

CASH RECEIPTS

Springbrook's Central Cash Receipts module provides secure management and tight operational controls of payment collection and processing. This powerful application centralizes all payment collection for maximum productivity and control. With full keyboard input and direct interfaces to cash drawers and receipt printers, your agency will excel in efficiency.

FIXED ASSETS

Springbrook's Asset Management module is a complete asset management application that tracks value and depreciation from acquisition through disposal. Designed to meet GASB 34 requirements, and powerful enough to meet any local government need, the module is fully integrated with the Accounts Payable, Purchase Orders and General Ledger modules.

ACCOUNTS PAYABLE

Springbrook's Accounts Payable module governs vendor payment processing. Integration with all other Springbrook modules allows for a complete analysis and online, real-time budget control. This powerful application can offer a paperless environment and create an efficient and effective solution for all accounts payable needs.

ACCOUNTS RECEIVABLE

Springbrook's Accounts Receivable module is designed exclusively for the government sector. Seamlessly integrated with the rest of the Springbrook modules, this application provides a comprehensive system for creating and maintaining all pertinent information necessary to record and track customer data, invoices and balances.

PROJECT MANAGEMENT

Springbrook's Project/Grant Management module is designed to monitor costs, budgets and requirements for an unlimited number of projects and grants. This module allows agencies to be proactive in the project management arena by tracking all aspects and stages of project and grant activity. Springbrook's unique multi-level tasking allows for users to define the project in as much detail required to fit that project. This, combined with the integration to all modules, gives agencies the ideal management tool for effectively tracking these items and making informed and intelligent decisions.



REPORTING AND ANALYTICS

Springbrook is bringing the power of Tableau reporting and analytics tools to all cloud customers. Agency presentations will come alive with the industry's most powerful reporting solution.





The Springbrook Payroll Suite is a comprehensive solution proven over tens of thousands of municipal payroll cycles and millions of payroll checks.

Payroll Suite

Powerful, flexible and easy to use for your staff and employees.

Flexibility to handle any deduction, benefit or payroll scenario...even complex FLSA for public safety.

Integrated human resources capabilities that provides full personal histories at a glance.

Online employee self-service saves you time and gives employees access 24 hours a day.

Built-in workflow and approvals ensure best practices are followed, while reducing the tedium of repetitive tasks like approving timecards.

ADDITIONAL PAYROLL FUNCTIONS

- Deduction, benefit and accrual revisions
- Electronic approvals of timesheets and PTO
- State and Federal reporting
- Automate your complex FLSA
- Retro Pay

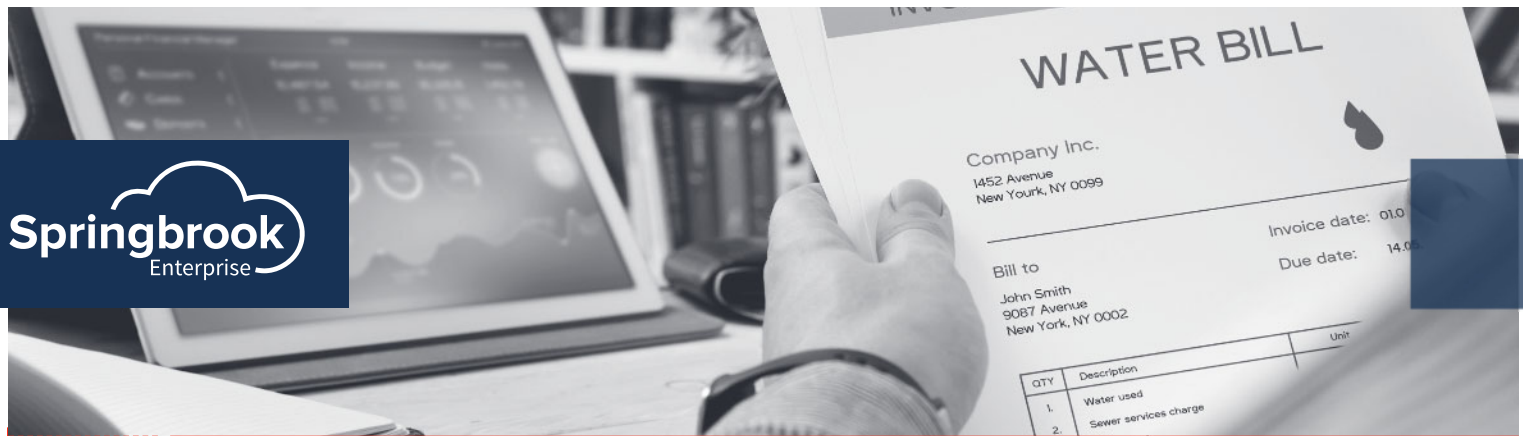
ADDITIONAL PAYROLL FUNCTIONS

HUMAN RESOURCES – Track and manage everything from promotions to certifications to disciplinary actions. Our flexible, code-based system enables automated effective dates to easily set and track the things that matter most.

- COLA and pay adjustments
- Electronic personnel action forms
- FMLA tracking
- Training and certification
- Online Open Enrollment
- Online Applicant Tracking

EMPLOYEE SELF-SERVICE – Online Employee Self-service lets your employees view and manage their own information, empowering them and saving you time and hassle. Rock solid security and approval workflows enable safe and smooth execution.

- Timecard entry
- Time off requests
- Online check stubs and W2s
- Easy access for employees' records



Between meter reading, bill printing and outsourcing, IVR, service requests, payments and, most importantly, financial integration: **your Utility Billing system needs to be able to talk to everything.**

Utility Billing

Integrated, Flexible and Citizen-Friendly
Loved by Finance & Utility Departments

Are you a Finance Manager? Utility Billing will save you time, and make your job easier, faster and better.

Our Utility Billing solution eliminates the need for double entry, freeing up valuable time and reducing errors that could lead to ledger balancing problems.

Truly integrates with your general ledger, unlike most other payment solutions on the market. Utility Billing talks to Springbrook's Financial Suite, including:

- Accounts Payable module for easy transfer of refund checks
- Accounts Receivable module for inhouse collections processing

Simple, seamless integration with any third party meter software

Print your bills inhouse or export to a print shop

Built-in Word merge technology for easy form design and maintenance

Airtight audit trail: comprehensive audit trail so you always know what happened with every account

Are you a Utility Manager? Here are the reasons why your citizens and your billing team will love the convenience that our Utility Billing solution offers.

Empower your citizens with 24/7 account access, including automatic reminders and alerts so they never miss a payment

Flexible billing structure: tiered rate structures, winter averaging, credit-based deposits

Reduce customer management issues:

- Automation cuts down on expensive tech time to shut off / turn on delinquent accounts
- Fewer customer service calls
- Overall less hassle and confusion caused by a lagging paper trail

Collect past dues faster: streamlined, configurable past due processing

Report to command: comprehensive audit trail so you always know what happened with every account

Let's Talk!



Detailed Tracking for All Your Assets

Fixed Assets

Fixed Assets

The Springbrook Fixed Assets (FA) module is a complete asset management application that tracks value and depreciation from acquisition through disposal. Designed to meet GASB 34 requirements and powerful enough to meet any local government need, the system is fully integrated with other Springbrook modules including Accounts Payable, Purchase Orders and General Ledger.

FUNCTIONS INCLUDE:

- Assign assets to a single fund, or split assets across multiple funds
- Acquire and improve assets via tight integration with Purchase Orders and Accounts Payable, and Work Order Management modules
- Track assets by class, location, and department
- Quickly import existing assets from a spreadsheet using Quick Asset Import
- Tracking and manage equipment readings
- Guided processes for asset installation, adjustment, and disposal
- Built-in audit trail to track all changes
- Tightly integrated to the General Ledger module
- Track single assets or group assets together to form "mass assets"
- Integrated document attachment

Interested? Let's Chat

Attachment II

Springbrook Cost Proposal for El Toro Water District



Order Form
El Toro Water District
05-05-2021

El Toro Water District CA - Enterprise All Suite Cloud Deploy

Expiration Date: 06-30-2021



Dear Jason Hayden,

Thank you for the opportunity to submit this order form in the amount of \$180,163.65.

All of us at Springbrook are working to provide the best possible solutions for your agency and your citizens.

Our goal is nothing short of your 100% satisfaction.

Thank you for being a valued customer.

Sincerely,

Lorraine Jobe

Lorraine Jobe

PAX STANDARD MANUFACTURER'S WARRANTY DOCUMENT

Hardware-PAX guarantees that all PAX hardware products are warranted to be free from any defect in workmanship and material that may occur within two (2) years from date of initial shipment from PAX's facility. This warranty is transferable. PAX will either repair or replace the products. Customer will pay expenses for return of such Products to PAX. PAX will pay expenses for shipment of repaired or replacement Products, via standard ground shipment, except for Products returned to Customer from another country. Repair or replacement of a Product (or any part thereof) does not extend the warranty period for such Product.

Product accessories such as cables, rechargeable batteries and supplies are not covered in the PAX warranty unless out of box failure (OBF).

If a warranty claim is made, PAX shall have the right to verify the claim at the purchaser's assistance, and in case of a verified claim, PAX shall have the right, at its sole discretion, to either repair or replace the Product at its own cost, or refund the purchase price, less shipping and handling (if applicable). No warranty shall apply if the Product: a) has been disassembled, worked upon, altered or repaired by a

person other than one duly authorized in writing by PAX; b) has been subject to misuse, or use not in accordance with the product manual; c) has been deliberately, negligently or accidentally damaged other than by normal use of the Product; d) is one whose serial number has been altered, defaced or removed by any person other than one duly authorized in writing by PAX; or e) is not manufactured, assembled or sold by PAX.

Please note that opening the unit yourself will void your warranty, and erase fill data, applications, and encryption keys on the terminal.

Please note that it may be necessary for the terminal to be re-encrypted following some types of repairs. PAX Technology is not responsible for any costs relating to the re-encryption of a repaired terminal. PAX's Disclaimer of Warranty. Any software provided by the PAX is licensed "as-is." Users bear the risk of using it. PAX gives no express warranties, guarantees or conditions. Users may have additional consumer rights under their local laws which this agreement cannot change. To the extent permitted under the users' local laws, PAX excludes the implied warranties of merchantability, fitness for a particular purpose and non-infringement.

Out of Warranty Repairs-The warranty does not cover units damaged by: customer abuse, fire, spillage or flood, power surge or any electrical incident or units that have been connected to peripherals that are not authorized by PAX. Also the warranty is voided for units that have been opened by unauthorized repair centers or security seal is broken or destroyed. The serial number has to be visible and not altered in any way and also has to match the electronically stored serial number in the terminal. PAX warranties do not apply to repairs resulting from; damage resulting from negligence, accident, or environmental stress; any Customer or third party supplied software or supplies; unauthorized repair or modification; improper site preparation or configuration, improper use, operation or implementation outside of the Product original specifications. Out of Warranty Repairs will apply.

Customer Abuse:

Abuse is defined as incidents requiring repair that are a result of damage due to normal usage and service. Some examples include a forced pulled pen cable from the connector, damaged glass screen from external blunt force, cracked terminal covers, repairs needed due to environmental stress such as hurricane, earthquake, flood, accident, liquid spillage such as soft drinks, and loss or damage in transit. THIS WARRANTY IS EXPRESSED IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON PAX'S PART, AND IT NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PARTY TO ASSUME FOR PAX ANY OTHER LIABILITIES. THE FOREGOING CONSTITUTES THE CUSTOMER'S SOLE AND EXCLUSIVE REMEDY FOR THE FURNISHING OF DEFECTIVE OR NONCONFORMING PRODUCTS AND PAX WILL NOT IN ANY EVENT BE LIABLE FOR

DOWNTIME COSTS, LOSS OF PROFITS, REVENUES OR GOODWILL, RELIABILITY DAMAGES, LOSS OF DATA, LOSS OF USE, DAMAGE TO ANY ASSOCIATED EQUIPMENT, OR ANY OTHER INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES BY REASON OF THE FACT THAT SUCH PRODUCTS WILL HAVE BEEN DETERMINED TO BE DEFECTIVE OR NONCONFORMING.

Annual Product Pricing

Item Name	Rate	Quantity	Discount %	Net Price
Accounts Receivable Subscription	\$3,948.05	1	0%	\$3,948.05
Finance Suite Subscription	\$15,922.52	1	0%	\$15,922.52
Fixed Assets Subscription	\$4,584.19	1	15%	\$3,896.56
Payroll Subscription	\$6,500.00	1	15%	\$5,525.00
Utility Billing Subscription	\$16,407.86	1	17%	\$13,618.52
Discount				9.40%
Products Total Net Price				\$42,910.65

CivicPay Pricing

Item Name	Rate	Product description	Quantity	Net Price
CivicPay Pad Transaction Fee	\$1.00	Transaction Fee Billed Monthly after Delivery	1	0
CivicPay Payment Pad with Printer Hardware	\$560.00		2	\$1,120.00
CivicPay Transaction Fee	\$1.00	Transaction Fee Billed Monthly after Delivery	1	0
CivicPay Online Subscription	\$0.60		10,000	\$6,000.00
Total Net Price				\$7,120.00

Estimated Professional Services Pricing

Item Name	Rate	Description	Quantity	Net Price
Standard Professional Services	\$179.00	Accounts Receivable Implementation and Training	15	\$2,685.00
Standard Professional Services	\$179.00	Payroll Implementation and Training	249	\$44,571.00
Standard Professional Services	\$179.00	Finance Suite Implementation and Training	191	\$34,189.00
Standard Professional Services	\$179.00	Fixed Assets Implementation and Training	22	\$3,938.00

Item Name	Rate	Description	Quantity	Net Price
Standard Professional Services	\$179.00	Utility Billing Implementation and Training	250	\$44,750.00
Estimated Professional Services Total Net Price				\$130,133.00

Grand Total:	\$180,163.65
* Excludes Applicable Sales Tax	

Order Details

General Information	
Customer Name:	El Toro Water District
Customer Contact:	Jason Hayden
Customer Address:	
Governing Agreement(s):	This Order Form is governed by the applicable terms found at: MSA: https://sprbrk.box.com/v/sprbrk-saas-terms MLA: https://sprbrk.app.box.com/v/sprbrk-onpremise-terms Professional Services: https://sprbrk.app.box.com/v/sprbrk-svcs-terms
Term(s):	3 year

Order Terms	
Items Ordered	Order Start Date
Professional Services Orders	Date of the last signature on the Order Form
Software Licenses, Subscriptions, Maintenance and Hosting (New)	The earlier of a) date of delivery** of software or log-in to hosted software to Customer or b) 60 days after last signature on the Order Form
Software Licenses, Subscriptions, Maintenance and Hosting (Renewal)	The day after expiration of your last order of the same product
Special Order Terms	None

**The date of delivery of software to the Customer is the date the software is made available to the customer, either by delivery of software or delivery of first log-in to a hosted environment, which may be either a test or production environment. This date of delivery is frequently earlier than the dates professional services are completed, the Customer completes user acceptance testing, the Customer distributes additional log-ins to end users, and the Customer go-live in a production environment.

Order Duration

- Any Software Licenses or Hardware are one-time, non-refundable purchases.
- Subscriptions, Maintenance, Hosting and Support ("Recurring Services") continue from the Order Start Date through the term listed in this Order Form (or if not listed, 1 year).
- Orders for Recurring Services auto-renew unless the Customer or Springbrook provides a written notice of non-renewal at least sixty (60) days' before the end of the Order Term
- Subscription Service fees and any other recurring fees will be subject to an automatic annual increase by not more than seven percent (7%) of the prior year's Subscription Service fees ("Standard Annual Price Increase").

Invoice Timing and Delivery

- Invoices are delivered electronically via e-mail to the billing contact on file for the Customer. Customer invoices are issued for the full amount of software and services purchased as follows:

Items Ordered	Invoice Timing
Professional Services Orders	Monthly for services in the prior month* unless specified in Special Professional Services Invoicing Terms
Software Licenses and Hardware	Customer signature on Order Form
Subscriptions, Maintenance and Hosting (New)	Customer signature on Order Form
Software Licenses, Subscriptions, Maintenance and Hosting (Renewal)	60 days in advance of the Order Start Date
CivicPay Transactions	Monthly for transactions in the prior month

*Professional Services pricing is based on expected hours using Springbrook's standard implementation methodology. Actual hours and billings may vary from this estimate. Please note that only when project costs exceed \$5,000 of this estimate, a signed change order will be required to continue work – changes under \$5,000 will continue to be delivered and billed accordingly.

Special Order Terms	
Special Order Terms	None
In the event of an inconsistency between this Order Form, any governing agreement, purchase order, or invoice, the Order Form shall govern as it pertains to this transaction.	

Payment Terms	
Payment Terms	Net 30
Special Invoicing Terms	None
Special Professional Service Invoicing Terms	
Billing Contact	
Billing Email	
If the Customer requires a PO number on invoices, Customer must provide Springbrook with the PO number and a copy of the PO prior to invoice issuance. If a PO number is not provided prior to the invoice issuance date, invoices issued on this Order Form will be valid without a PO reference.	
PO# (If required):	

As Buyer, by signing you agree to the terms and conditions as set forth in this agreement.

Agency Representative

BUYER SIGNATURE

BUYER SIGNATURE DATE

As Seller, by signing you agree to the terms and conditions as set forth in this agreement.

Springbrook Representative

SELLER SIGNATURE

SELLER SIGNATURE DATE



STAFF REPORT

To: BOARD OF DIRECTORS

Meeting Date: May 24, 2021

**From: Dennis Cafferty, General Manager
Jason Hayden, Chief Financial Officer**

Subject: Discussion Regarding Charging a Fee for Credit Card and Electronic Check Payments

Customers of the District have multiple options to pay their utility bill, including two options that include a convenience fee, these include:

<u>Payment Type</u>	<u>How Payment is Made</u>	<u>Convenience Fee</u>
Cash Payment	In person*	No
Checks, money orders, cashier's check	In person*, drop box, mail	No
ACH Direct Debit	Automatic withdrawal from bank account	No
Bank Check Payment	Customer arranges payment that is sent by bank	No
Electronic Check	Online or automated phone system	Yes
Credit Card	Online or automated phone system	Yes

*once Lobby is open

The District is currently charging customers who choose to pay their utility bill by credit card or electronic check a convenience fee of \$2.25 or 2.5% (whichever is greater). The District does not receive any of the revenues from this fee as the fee is paid directly to the credit card processing vendor.

The District does receive an occasional negative comment or complaint about the credit card processing fee but this negative feedback is limited and usually occurs less than 10 times per year.

The credit card processing contract is due for renewal and during this renewal process the vendor asked whether the District would be interested in absorbing the fees rather than charging the customers a convenience fee. If the District chose to absorb the fee, the cost for processing credit card charges would decrease to approximately 2% of the transaction amount. Staff has estimated that this would cost the District approximately \$25,000 per year based on current usage but this is likely to increase significantly if the District were to absorb the cost since more people may switch to using credit cards for payment if there is not a convenience fee.

In order to assess what other agencies are doing, Staff conducted a survey. The results are presented below. Of the 11 Water Districts included in the survey, five charge a processing fee (including El Toro Water District). The Irvine Ranch Water District and Trabuco Canyon Water District recently converted from charging a processing fee to absorbing the fee.

Should the District choose to absorb the credit card processing fee, the cost would ultimately impact rates. Current non-rate revenues are already fully utilized. Any diversion of these funds would reduce the current offset of rates thereby necessitating a future rate increase. As such, customers that do not pay using the above described payment methods would ultimately subsidize the convenience for customers wishing to use credit cards.

Analysis of Credit Card Fee Processing Charges	
East Orange County Water District	1% service fee
El Toro Water District	\$2.75 or 3%, whichever is greater
Irvine Ranch Water District	No processing fee for credit card payments, recently discontinued \$2.95 transaction fee
Laguna Beach County Water District	\$100 or less is \$2, Above \$100 is 2%
Mesa Water District	No processing fee for credit card payments
Molton Niguel Water District	\$2.95 Processing Fee
Santa Margarita Water District	No processing fee for credit card payments
Serrano Water District	\$3.75 convenience fee (\$500 cap per transaction, \$2,000 cap per customer per 30 days)
South Coast Water District	No processing fee for credit card payments
Trabucco Canyon Water District	No processing fee for credit card payments
Yorba Linda Water District	No processing fee for credit card payments



STAFF REPORT

To: BOARD OF DIRECTORS

Meeting Date: May 24, 2021

From: Jason Hayden, Chief Financial Officer

Subject: Analysis of Financing Options for Near-term Future Capital Projects

In the next couple of years the District needs to engage in multiple capital projects as detailed below:

- Reservoir 6 Cover – Project Cost: estimated \$12 million total cost with \$5.3 million of the cost allocated to the District with project construction occurring in the 2022-2023 and 2023-2024 Budget years.
- South Orange County Turnout Main – Project Cost: \$2.6 million allocated to the District with an uncertain project timeline.
- Joint Turnout Main Pump Station – Estimated Project Cost: \$1.5 million with a project timeline that can be determined by the District.
- Demolition of the old filtration plant and construction of a cold storage facility – Estimated Project Cost: \$2.8 million with a project timeline that can be determined by the District
- SOCWA Capital Projects – Estimated Project Cost: \$8 million with projects occurring primarily in the 2022-2023 to 2024-2025 Budget years.
- Advanced Metering Infrastructure – Estimated Project Cost: \$5 million with a project timeline that can be determined by the District.
- Ongoing capital reinvestment in the existing infrastructure and equipment.

In total, there are approximately \$35 million in capital projects the District needs to complete in the next five years. The District has accumulated reserves or anticipates receiving funding for a portion of these projects and therefore needs to finance approximately \$20-25 million to fund the remainder of these costs.

There are three options that have been identified for financing these projects:

1. Obtaining a low interest loan from the Drinking Water State Revolving Fund program;
2. Pursuing a financing arrangement with a single institution (similar to the Baker Plant Loan);
3. Issuing bonds.

Each of these options is further discussed on the following pages.

Option 1 – Obtaining a low interest loan from the Drinking Water State Revolving Fund Program - This is the preferred option to finance the projects for numerous reasons, including:

1. Funding from this program has typically included a component of grant funding or loan forgiveness, so a portion of the cost of the project is paid by Federal Grants passed through by the State of California;
2. This option is probably less costly than issuing bonds, both because the interest rate on the debt is low and because the administrative cost for the financing is much less than the cost of issuing bonds;

Unfortunately, the attractiveness of this option also limits its availability. According to recent statements by Drinking Water State Revolving Fund (DWSRF) Staff, the program is very oversubscribed, with 345 current funding requests totaling \$3.39 billion. The program has an average loan capacity of approximately \$330 million per year so it appears the program is oversubscribed by approximately 10.2 times.

In addition, most of the projects the District needs to complete are not good matches for the priorities of the DWSRF program. The DWSRF program is granting priority to Severely Disadvantaged Communities (SDACs) and small Disadvantaged Communities (DACs). In addition, the program prioritizes immediate health risks (priority A), untreated/at-risk sources (priority B), and projects that are not compliant with regulations or may cause future shortages (priority C). These first three categories of priorities currently include 138 projects with a total request of \$746 million.

Another challenge for accessing a low interest loan from the DWSRF program is timing. The application process can take up to one year to complete and then based on the priority projects, it is unlikely DWSRF would be able to make funding available for at least a couple of years after the application is complete.

Finally, a significant portion of the projects the District needs to complete is not eligible for the DWSRF program. The SOCWA capital projects are clean water project and therefore not eligible for the program, the demolition and construction of the old filtration plant is also not eligible for DWSRF funding, nor is the installation of an AMI system.

Option 2 – Finance the projects using a loan or line of credit from a financial institution - This option has some advantages when compared to issuing bonds but also has several disadvantages, some of the advantages include:

1. Usually financial institutions are amenable to setting up a financing arrangement that includes a draw period followed by a payback period. During the draw period, the District would only pay interest on that portion of the financing that had been utilized. This would have the effect of minimizing interest paid on debt that had not yet been utilized.
2. This option is probably less costly and less administratively difficult than issuing bonds. Issuing bonds is a costly process that involves legal counsel, a bond underwriter, and a ratings process. The typical cost for issuing bonds can range from 50 to 100 basis points of the issuance amount, so for an issuance of \$20 million, the cost to issue bonds will probably be \$100,000 to \$200,000. In contrast, securing financing from a financial institution would be much less expensive, probably with a cost less than \$25,000.

There are some significant disadvantages with this option:

1. Loans or Lines of Credit from financial institutions are typically floating rate debt, usually tied to LIBOR (or whatever replaces LIBOR), especially when they are structured to include a draw period followed by a payback period. This would subject the District to potentially paying much higher rates of interest in the future if interest rates were to increase which seems likely since they are close to multi-generational lows.
2. The repayment period for loans from financial institutions is typically much shorter than the repayment period for bonds. Usually financial institutions want to structure a loan for a seven to ten year repayment period.
3. Oftentimes financial institution loans have onerous covenants that could be negative for the District. These are negotiable and but having a thorough legal review of the finance contract is critical to ensure the District is not agreeing to covenants that could negatively impact the District's finances in the future.

The District had success in overcoming the disadvantages of Option 2 in the past, the refinancing of the Baker Plant Debt in 2017 included a competitive interest rate and a term that lasted through 2036. The possibility exists this success could be replicated but the amount that needs to be financed (\$20 to \$25 million compared to less than \$10 million for the Baker Plant Debt) may be a barrier since this would be a significant exposure for many financial institutions.

Option 3 – Issuing bonds - This option has some key positive attributes that may be a good fit for the projects the District needs to complete. However, there are several challenges to issuing bonds that need to be carefully considered. Positive attributes of issuing bonds include:

1. Bonds are issued for a long payback period at a fixed interest rate. As of a May 14, 2021, a AA+ rated local government agency (my estimate of the District's bond rating) could issue a 30 year bond for an average fixed interest rate of 1.70% (please note this is an average, so the District's bond issuance would include bonds that mature each year of the 30 year period, the bonds maturing in one year would have an interest rate of 0.10% but the bonds maturing in 2051 would have an interest rate of 2.52%, the District does have some flexibility to manage the maturity schedule and therefore has some control over the average interest rate).
2. The District can control the maturity schedule for the bonds. As an example, in Barrington when we issued bonds we set up the maturity schedule so that the principle repayment (and therefore the total debt service payment) increased once some of our other debt matured. As a result, Barrington was able to maintain a stable total debt service payment amount despite having issued additional debt but the interest cost was higher.
3. Once bonds are issued, the proceeds can be utilized for a three year period after issuance without having to engage in a tax arbitrage process. This corresponds nicely to the timing of the District's capital projects.
4. The District has a lot of discretion in the use of the Bond Proceeds. Generally, the Official Statement of a bond issuance will describe the projects the bonds are being issued for but will also include a general use statement such as "and other capital expenditures". This provides flexibility to use the proceeds of the bonds as needed for various projects and encourages the District to be prudent in the use of the proceeds since any proceeds remaining after the identified projects are completed can be used for additional projects.
5. Demand for municipal bonds is strong and this will probably continue in the future, especially as the Federal Government discusses raising tax rates for corporations and wealthy individuals. This provides the District with the opportunity to secure long term financing at very competitive interest rates.
6. Bonds are generally free from the covenants and requirements typically included in bank loan agreements. There are some requirements in bond agreements but they typically are not as onerous as bank loan agreements.

Some of the challenges of issuing bonds include:

1. The issuance of bonds will be more expensive than pursuing financing from the State or negotiating a bank loan. In general, issuing bonds costs between 50 and 100 basis points of the cost of issuance. For a \$20 million issuance, the cost will most likely be between \$100,000 and \$200,000. The costs included in issuing bonds will include the Bond Underwriter discount (usually taken out of the bond proceeds), the cost for a bond attorney and an official statement attorney, the cost for the bond rating, the cost for a financial consultant, and some incidental costs.
2. Issuing bonds will be more complex than securing a bank loan. District Staff will need to engage the services of a Financial Consultant, a Bond Underwriter, and a legal firm that specializes in the issuance of bonds by Special Districts.
3. The District will need to complete a bond rating process. The results of this can be uncertain and could be disappointing if the bond rating is not what was expected.
4. Issuing bonds can take a significant period of time. It is likely it will take the District approximately six months from process initiation to receipt of bond proceeds. The process

will take a significant amount of time on the part of the Staff to complete. Even after the proceeds are received Staff will be involved in finalizing the issuance paperwork.

5. After the bonds are issued, the District will need to set up a continuing disclosure process. Municipal bond issuers are now required to register with the Municipal Securities Rulemaking Board (MSRB) and file continuing disclosure reports each year (at a minimum, this will require the District to file its CAFR with the MSRB each year, in addition, anything that could materially impact the District's finances would need to be disclosed through the MSRB system).
6. In order to issue bonds without having to resort to an election, the District will need to re-establish the El Toro Water District Financing Corporation to issue certificates of participation and the Authority will need to be maintained in good standing for the duration of the bond repayment period.

Attachments

Attachment I – Drinking Water State Revolving Fund Intended Use Presentation (Excerpted Slides)

Attachment II – Memo from Bradley R Neal regarding “Financing Options for El Toro Water District”

Attachment I
Drinking Water State Revolving Fund Intended Use Presentation
(Excerpted Slides)

1. PROGRAM BACKGROUND

- ❖ **DWSRF Est'd In 1996 By Safe Drinking Water Act (SDWA) Amendment**
 - Low interest loans and limited principal forgiveness to public water systems for drinking water system improvements
- ❖ **State Loans/Grants Complement DWSRF**
 - DWSRF policy and IUP applicable for DWSRF and complementary sources
- ❖ **Safer Drinking Water Program**
 - SAFER fund is one of the tools and will be used in combination with the DWSRF program
- ❖ **Projects Are Prioritized To**
 - Address most serious public health risk problems
 - Ensure compliance with SDWA requirements
 - Assist those most in need on per household affordability basis

3. FINANCIAL OUTLOOK

FUNDS AVAILABILITY/CAPACITY

- ❖ **Sustainable DWSRF Capacity, Approximately**
 - \$330 million loan per year
- ❖ **DWSRF PF**
 - \$151 million (SFY 2021-22)
- ❖ **Additional Supplemental Appropriations for Disaster Relief Act, 2019 (ASADRA)**
 - \$46 million
- ❖ **Complementary Funds**
 - Prop 1 and Prop 68 grant funds = \$155 million
 - SADW

4. COMPREHENSIVE & FUNDABLE LISTS

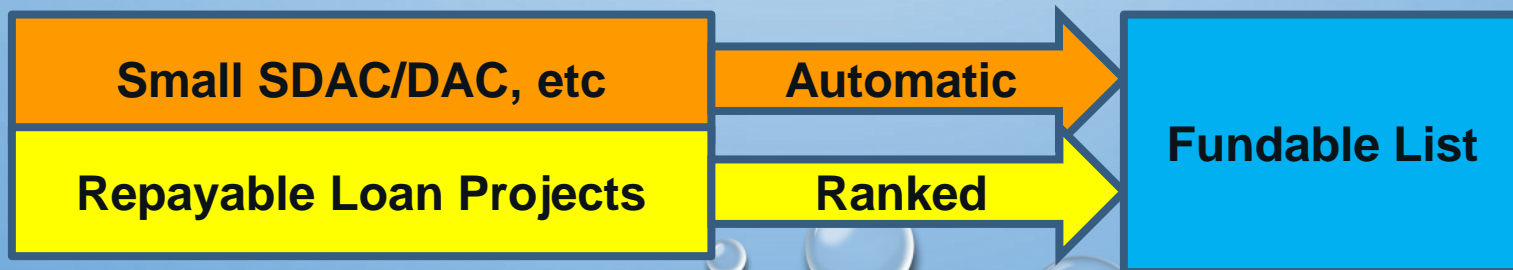
COMPREHENSIVE LIST OF APPLICATIONS

Application Status	Number of Applications	Requested Amount, million
Existing and New Small SDAC & Small DAC Projects (Automatically on the Fundable List)	270	\$637
Projects Subject to Ranking (Requesting Placement on the Fundable List)	54	\$1,458
Rollovers from SFY 2020-21 IUP	21	\$1,300
Total =	345	\$3,395

4. COMPREHENSIVE & FUNDABLE LISTS

THE FUNDABLE LIST

- ❖ **Fundable List Identifies Projects DFA Can Finance**
 - Anticipate financing by June 30, 2022
- ❖ **Added to Fundable List in two ways:**
 - Small DAC/SDAC, expanded small DAC/SDAC, and Category A-C for small non-DACs are automatically added provided they submit complete application
 - All other applications were prioritized by:
 - Projects which address the most serious risk to human health
 - Necessary to ensure compliance with SDWA
 - Readiness to proceed



Attachment II
Memo from Bradley R Neal regarding
“Financing Options for El Toro Water District”

MEMORANDUM

TO: Jason Hayden, Chief Financial Officer
El Toro Water District

FILE NUMBER: 022008-0000

FROM: Bradley R. Neal

DATE: November 23, 2020

SUBJECT: **Financing Options For El Toro Water District**

FACTS

El Toro Water District (the “**District**”) wishes to explore its options for financing certain capital improvements in connection with certain upcoming capital improvement projects for the District.

ISSUES PRESENTED AND SHORT ANSWERS

A. What types of bonds can the District issue to finance capital improvements?

(1) *The District can issue bonds secured by ad valorem assessments (akin to general obligation bonds) levied only on land. Proceeds of the bonds may only finance the acquisition or improvement of real property. In order to issue such bonds, a plan of works must be prepared and considered at a public hearing and two-thirds of voters within the Districts must approve the bond issuance in a special election.*

(2) *The District can issue bonds secured by a pledge of specified utility system revenues. In order to issue such bonds, a plan of works must be prepared and considered at a public hearing and a majority of voters within the District must approve the bond issuance in a special election.*

(3) *The District can issue bonds secured by special benefit assessments in a fixed amount under the Improvement Bond Act of 1915. Such assessments must be based on the “special benefit” that the assessed properties receive from the improvements that are financed. In order to issue such bonds, an engineer’s report must be prepared and considered at a public hearing. If a majority protest opposes the levy of assessments or the issuance of the bonds, special benefit assessment bonds may not be issued.*

(4) *The District can establish a community facilities district (a “CFD”) and cause the CFD to issue bonds secured by special taxes levied on land and improvements. There is no requirement to limit the use of bond proceeds to the acquisition and improvement of real property or to show a special benefit to the levied properties. However, CFDs are independent legal entities that must be maintained in good standing while bonds are outstanding, and a two-thirds vote of landowners is required to issue CFD bonds. In addition, a rate and method of apportionment of the special taxes must be prepared and approved.*

(5) *The District can cause a joint powers authority (a “JPA”) to issue bonds or a financing corporation to execute and deliver certificates of participation (“COPs”) secured by installment payments of the District. Such installment payments are payable from specified utility system revenues. JPA bonds and COPs do not require an election or consultant reports. However, JPAs and financing corporations are independent legal entities that must be maintained in good standing while bonds are outstanding.*

(6) *The District may also form an Improvement Districts within the boundaries of the District and issue either bonds secured by ad valorem assessments or bonds secured by a pledge of specified utility system revenues on behalf of such Improvement District.*

ANALYSIS

B. What Types of Bonds Can the District Issue to Finance Capital Improvements?

(1) Bonds Secured by Ad Valorem Assessments

The District can issue bonds payable from ad valorem assessments (akin to general obligation bonds) if: (i) it prepares a plan of works¹ (as further described in the following paragraph) and an estimate of the amount needed to carry out such plan, including probable expenses of the District for at least one year after the completion of such plan (such as interest on bonds)²; (ii) the District’s board calls a special election by resolution³; (iii) notice of the election is published once a week for

¹ WC § 35150.

² WC § 36251.

³ WC § 35150. The owners of a majority of the land within the District can also petition for the issuance of bonds.

four weeks in a county newspaper of general circulation⁴; and (iv) *two-thirds* of the votes cast approve the imposition of the ad valorem assessments and the issuance of the bonds.⁵

The Board must adopt the plan of works by resolution after a public hearing.⁶ Notice of the public hearing must be: (a) published in a newspaper in the county at least 14 days before the hearing date; (b) posted in three public places within the District for at least 14 days before the hearing date; and (c) mailed by certified mail to the addresses of all owners of land in the District.⁷ If majority written protest⁸ is made against the plan of works, the plan of works will not be approved and District may not reconsider the matter for at least one year.⁹

Ad valorem assessments may be levied only on land.¹⁰ Bonds payable from such ad valorem assessments may be issued only to finance “the acquisition or improvement of real property.”¹¹ Vehicles, equipment, furnishings, supplies, labor and other moveable personal property are not real property and may *not* be financed with ad valorem assessment bond proceeds. Similarly, ordinary repairs, maintenance and the payment of rent do not constitute the acquisition or improvement of real property and may *not* be financed with ad valorem assessment bond proceeds. Deferred maintenance that involves replacement of major systems or building components is probably permitted to be financed with ad valorem assessment bond proceeds.¹²

(2) Bonds Secured by System Revenues

The District can also issue bonds secured by revenues of all or a specified portion of the District’s water system.¹³

⁴ WC § 35151. Under WC §§ 35152 and 35153, the notice must specify the purpose, type and amount of the proposed bonds and the maximum interest rate to be paid.

⁵ WC § 35155(a); California Constitution Article XIII A § 1(b)(2).

⁶ WC § 36253.

⁷ WC § 36254.

⁸ “Majority” means *either*: (i) over one-half of the *area* proposed to be assessed for the payment of the proposed bonds; *or* (ii) over one-half of the *assessed valuation* of the land within the boundaries of the ID to be assessed for the payment of the proposed bonds. WC § 36257. The written protests can be submitted as late as 30 days after the Board’s adoption of a resolution approving the bonds.

⁹ WC § 36257.

¹⁰ WC § 36253.

¹¹ California Constitution Article XIII A § 1(b)(2). WC §§ 35951 and 36252 also limit expenditures of bond proceeds, but the list of permitted uses is broad enough to capture ordinary capital costs.

¹² CDIAC California Debt Issuance Primer (Publication 06-04), page 135.

¹³ WC § 36300.

In order to issue revenue bonds, the Board must adopt a plan of works at a public hearing and estimate the amount of money necessary to carry out such plan (such as interest on bonds); if revenue bonds are issued for working capital, the amount of bonds issued for such purpose may not exceed the estimated total operating costs of the District for two years.¹⁴

The District may only issue revenue bonds if a majority of voters in the special bond election that is described above approve the issuance of such revenue bonds.¹⁵

(3) Bonds Secured by Special Benefit Assessments in a Fixed Amount

The District can issue bonds payable from assessments, which are fixed in amount and not based on property values, under the Improvement Bond Act of 1915.¹⁶ In the resolution of intention to issue such bonds, the District must state whether it will obligate itself to advance repayment funds if assessments are not paid.¹⁷ Bonds are only payable on September 2 as to principal and on March 2 and September 2 as to interest¹⁸ and must mature no more than 40 years after issuance.¹⁹

The District can issue bonds payable from assessments if: (i) an engineer's report is prepared identifying: (A) each parcel to be assessed; (B) the proposed assessment amount and duration for each parcel; and (C) the proposed improvements to be financed; (ii) assessment ballots are mailed to each parcel owner; (iii) a public hearing is held at least 45 days later; and (iv) the proposed assessments are based on the "special benefit" to each parcel (as discussed in the following paragraph).²⁰ Assessments may not be imposed if there is a majority protest, meaning that ballots submitted in opposition to the assessment (weighted as described in the following sentence) exceed ballots submitted in favor.²¹ Ballots are weighted according to the proportional financial obligation of each affected property.²²

¹⁴ WC § 36300.

¹⁵ WC § 35155(b).

¹⁶ Streets and Highways Code § 8500 *et seq.* The District can also issue bonds under the Improvement Bond Act of 1911 (Streets and Highways Code § 5000 *et seq.*), but these provisions are rarely used and not discussed herein. They require individual bonds to be secured by an assessment on individual parcels. For instance, if a \$5,000 assessment is levied on a parcel, a bond in the amount of \$5,000 must be issued.

¹⁷ Streets and Highways Code §§ 8769 and 8680(b).

¹⁸ Streets and Highways Code § 8650(b).

¹⁹ Streets and Highways Code § 8651. The form of the bonds is described in Streets and Highways Code § 8652.

²⁰ California Constitution Article XIID § 4.

²¹ California Constitution Article XIID § 4.

²² California Constitution Article XIID § 4(e).

A “special benefit” is a particular and distinct benefit in addition to general benefits conferred on real property within the ID, or on the public at large. The proportionate special benefit derived by each parcel is determined in relationship to the total capital cost of an improvement, the maintenance and operation expenses thereof or the cost of the property-related service being provided. No assessment may be imposed on any parcel which exceeds the cost of the proportional special benefit for such parcel. Only special benefits are assessable, and the District must separate general benefits from special benefits conferred on a parcel. Generally speaking, showing a special benefit to each parcel to be assessed may be difficult and fraught with potential litigation risk depending on the improvements to be financed.²³

(4) Community Facilities District Bonds

The District can finance capital improvements by establishing a CFD within the District’s boundaries. CFDs are separate legal entities that have independent authority to issue bonds.²⁴ Although a full discussion of CFD bond issuances is beyond the scope of this memorandum, CFD bonds are secured by special taxes that must be approved by *two-thirds* of landowners voting on the matter. CFD special taxes, which can be imposed on both land and improvements, require the preparation by a special tax consultant of a rate and method of apportionment of the special tax. CFD bond proceeds can be expended for uses that are not limited to the acquisition and improvement of real property. CFDs are also subject to extensive annual administrative and reporting requirements to the State of California.

(5) Installment Purchase Contracts

The District can also cause a JPA to issue bonds under the Marks-Roos Act,²⁵ or cause a financing corporation to execute COPs, secured by installment payments payable by the District under an installment purchase contract. Installment payments under such a structure are payable from a pledge of specified utility system revenues.

While JPA Bonds and COPs can be issued without an election or any consultant reports, they do require the preparation of an official statement with extensive information about the utility

²³ The burden of proving a special benefit lies with the District. California Constitution Article XIID § 4(f).

²⁴ Government Code § 53311 *et seq.*

²⁵ Government Code § 6584 *et seq.*

system(s) that are the source of the pledged repayment stream if a public sale is undertaken, including historical and projected operating data. The District has not previously prepared an official statement with such information. In addition, the JPA or financing corporation must be maintained in good standing with the State of California while the installment purchase contract is outstanding.

C. Improvement Districts.

As a California Water District under Water Code Division 13, the District can form an improvement district pursuant to Water Code § 36410 *et seq.*,²⁶ under which:

(1) The Board must hold a public hearing on the improvement district's formation. Notice of the public hearing must be: (a) published in a newspaper in the county at least 14 days before the hearing; and (b) posted in three public places within the proposed improvement district for at least 14 days before the hearing.²⁷

(2) After the hearing, the Board must adopt a resolution stating: (a) the Board's intention to form an improvement district; (b) the purpose of forming the improvement district; (c) the estimated costs of carrying out the improvement district's purpose; (d) that any assessments will be levied only on land within the improvement district; and (e) that a map of the improvement district is on file with the District.²⁸

If the District were to form an Improvement District, the District may then generally issue the types of bonds described herein on behalf of the improvement district with approval of the voters within the improvement district under generally the same terms and conditions as for the District as a whole.

D. Conclusion

In order to issue bonds secured by ad valorem assessments, assessments in a fixed amount or system revenues, both an election and the preparation of written reports are required. These requirements are time-consuming, expensive and require the engagement of consultants, with no

²⁶ The District can also form an ID under the provisions by which irrigation districts form IDs (WC §§ 36450 and WC § 23600 *et seq.*). This procedure is cumbersome, requiring a petition signed by two-thirds of the landowners and a feasibility study, and is neither recommended nor discussed herein.

²⁷ WC § 36414.

²⁸ WC §§ 36413 and 36419.

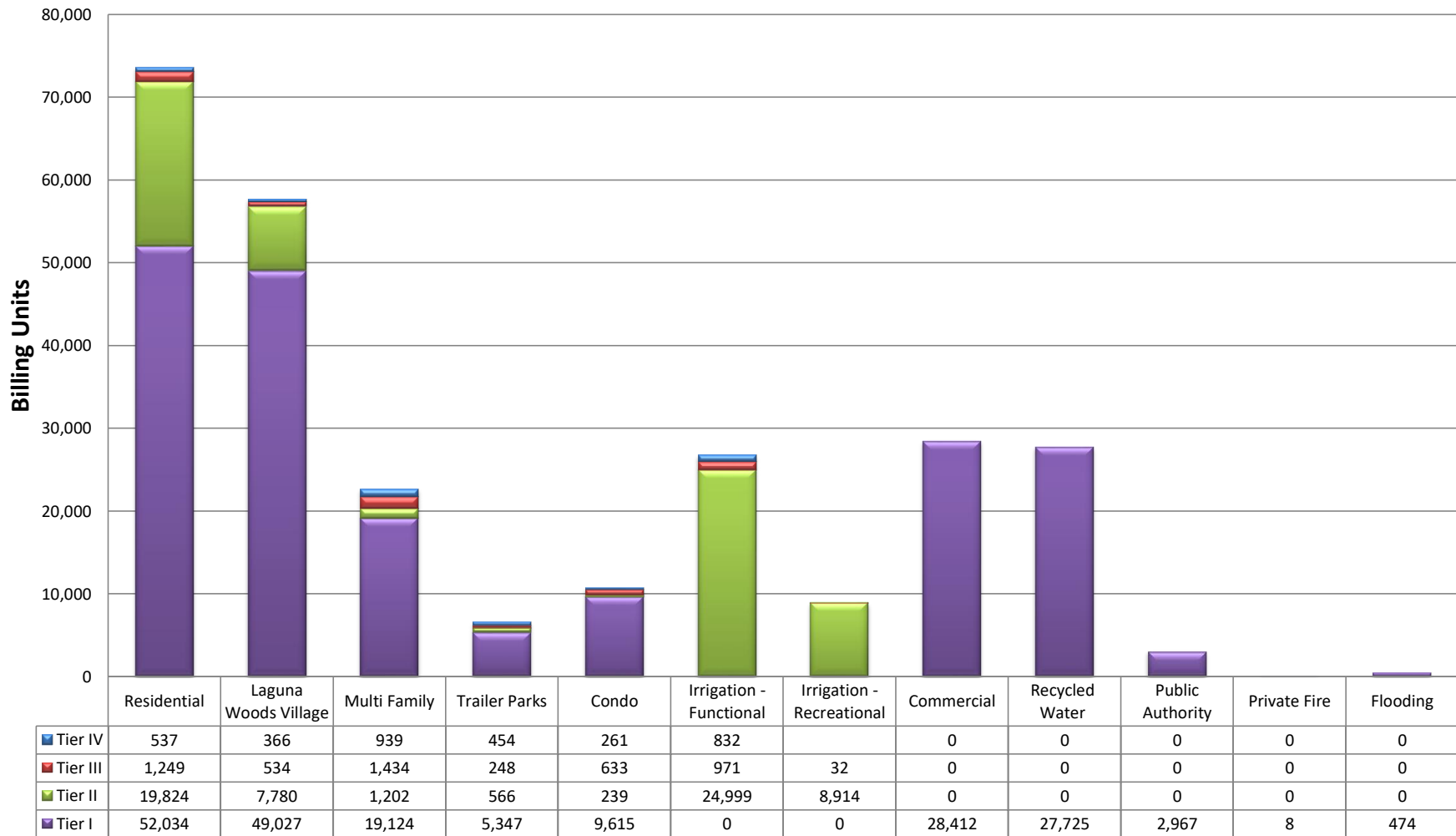
certainty as to the outcome of the election. CFD bonds have similar requirements in that an election must be held and a rate and method of apportionment of the CFD special tax must be prepared, approved and recorded. By contrast, installment purchase contracts may be entered into without an election or the preparation of any consultant reports.

CFDs, JPAs and financing corporations are separate legal entities that must be maintained in good standing while bonds are outstanding. CFDs in particular have extensive annual reporting requirements to the State. The administrative tasks associated with maintaining a JPA or a financing corporation are relatively less burdensome, but do exist. In addition, JPA bonds are ideally issued by a JPA that is controlled by the District. If the District is not currently a member of a suitable JPA, it would need to form one in conjunction with a partner agency.

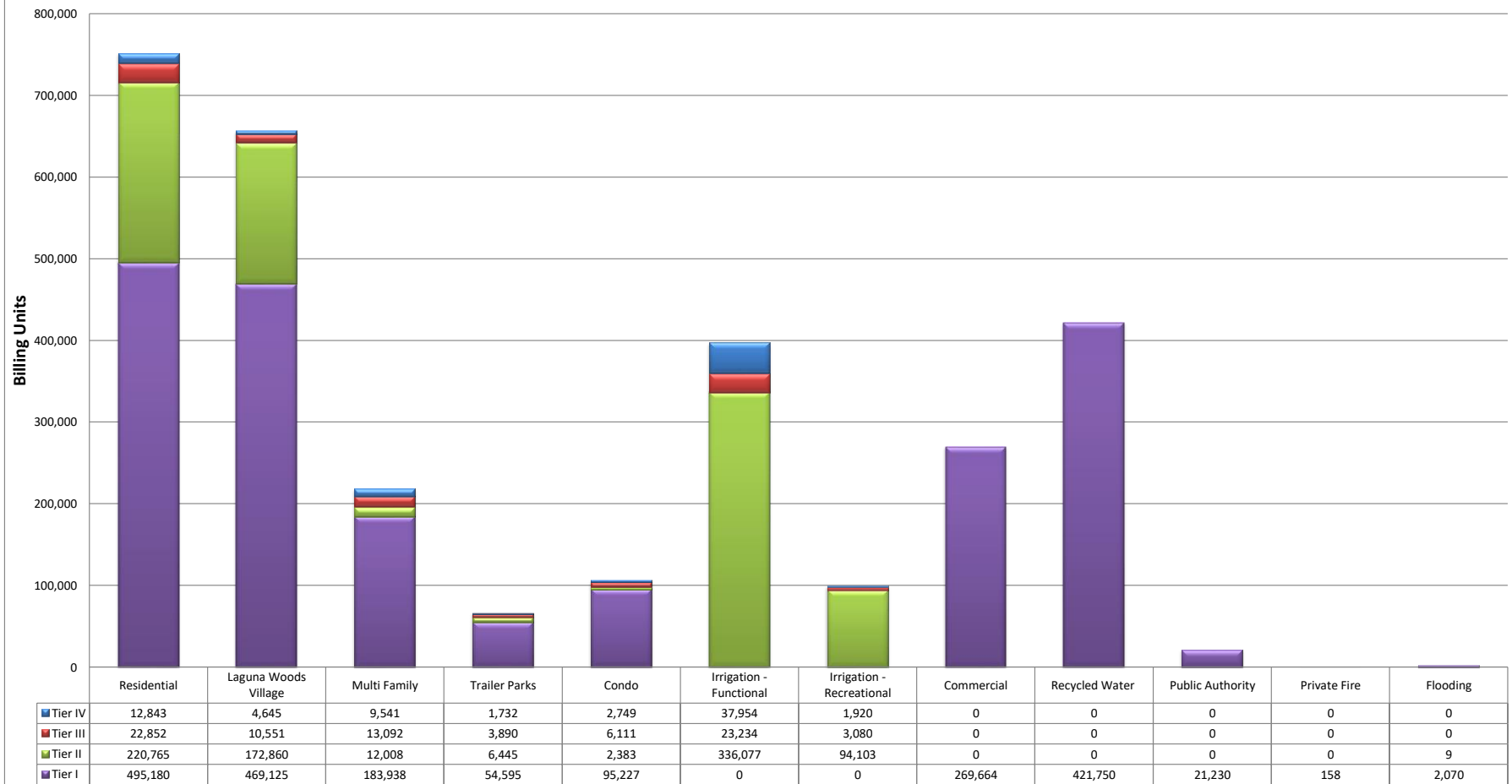
The security for bonds is ad valorem assessments, assessments levied on land in a fixed amount and/or a pledge of system revenues. The security for CFD bonds is solely a special tax levied on land. The security for installment purchase contracts is solely a pledge of system revenues. The District's financial advisor can advise the District about the likely credit rating and likely price differential of these different security features.

Ad valorem assessment bonds can only be issued to acquire or improve real property. The issuance of bonds secured by assessments in a fixed amount is also limited by a requirement that the assessed properties receive a "special benefit" from the improvements to be financed. This is a heavily litigated area of California Constitutional law that is fraught with potential litigation risk depending on the improvements to be financed. By contrast, improvements that are financed from CFD bond, JPA revenue bond or COP proceeds need not demonstrate a special benefit to property and can be issued for purposes other than the acquisition or improvement of real property.

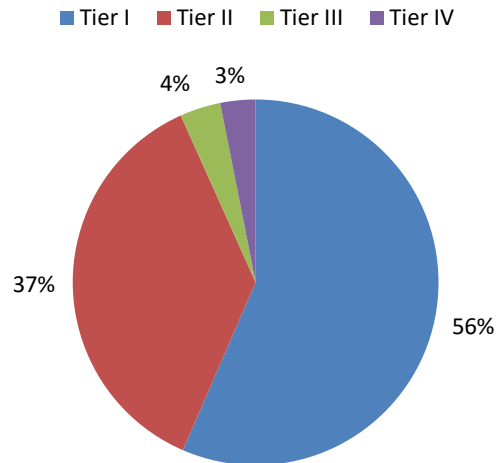
April 2021 Water Sales



Year-to-Date Water Sales as of April 2021

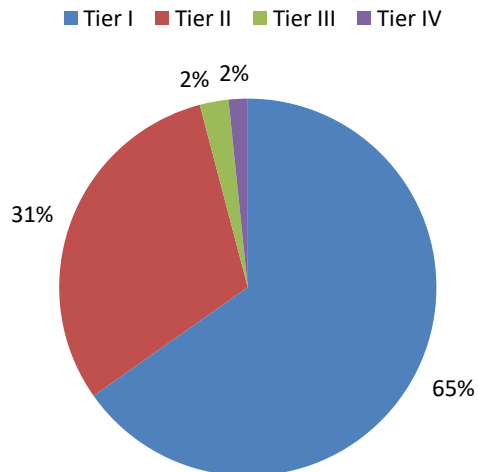


Year to Date Tiered Sales As of April 2021



Year To Date Sales in ccf		
Tier I	1,298,065	56.51%
Tier II	844,641	36.77%
Tier III	82,810	3.61%
Tier IV	71,384	3.11%
	2,296,900	100.00%

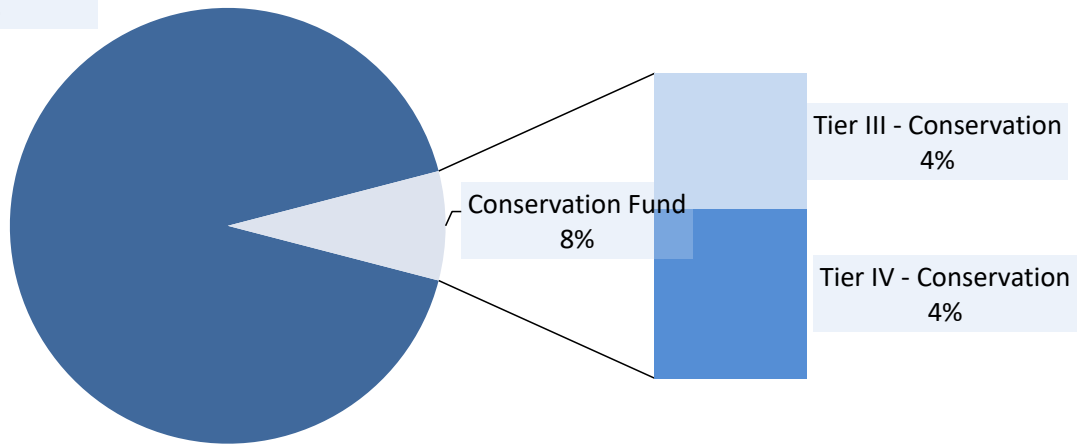
April 2021 Tiered Sales



Current Month Sales in ccf		
Tier I	135,147	65.24%
Tier II	63,524	30.66%
Tier III	5,101	2.46%
Tier IV	3,389	1.64%
	207,161	100.00%

Year to Date Water Sales as of April 2021

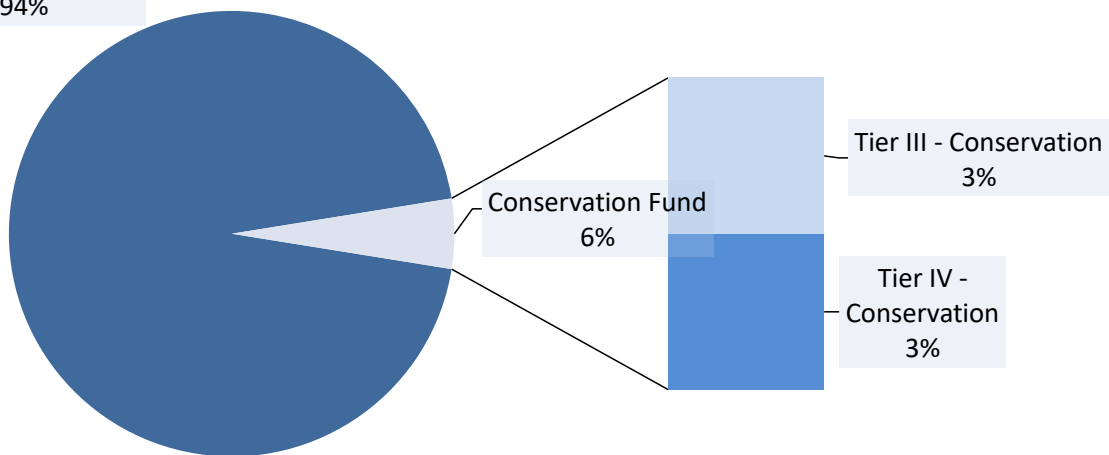
Water Delivery Cost
92%



Category	Billings	Percentage
Water Delivery Cost	\$6,430,828.99	91.91%
Tier III - Conservation	\$251,742.40	3.60%
Tier IV - Conservation	\$313,993.00	4.49%
	\$6,996,564.39	100.00%

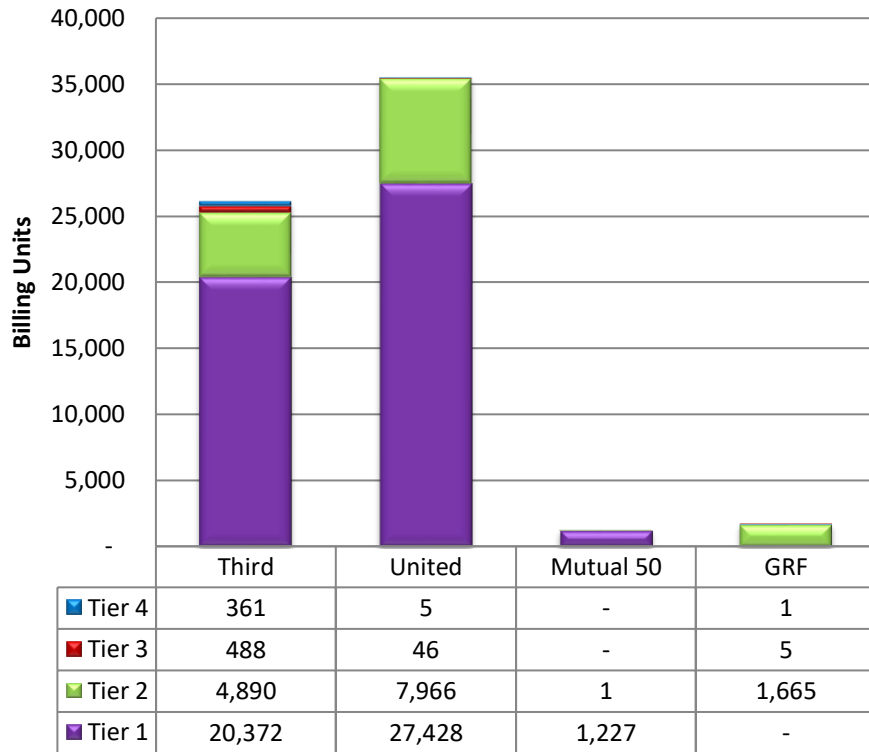
April 2021 Water Sales

Water Delivery Cost
94%

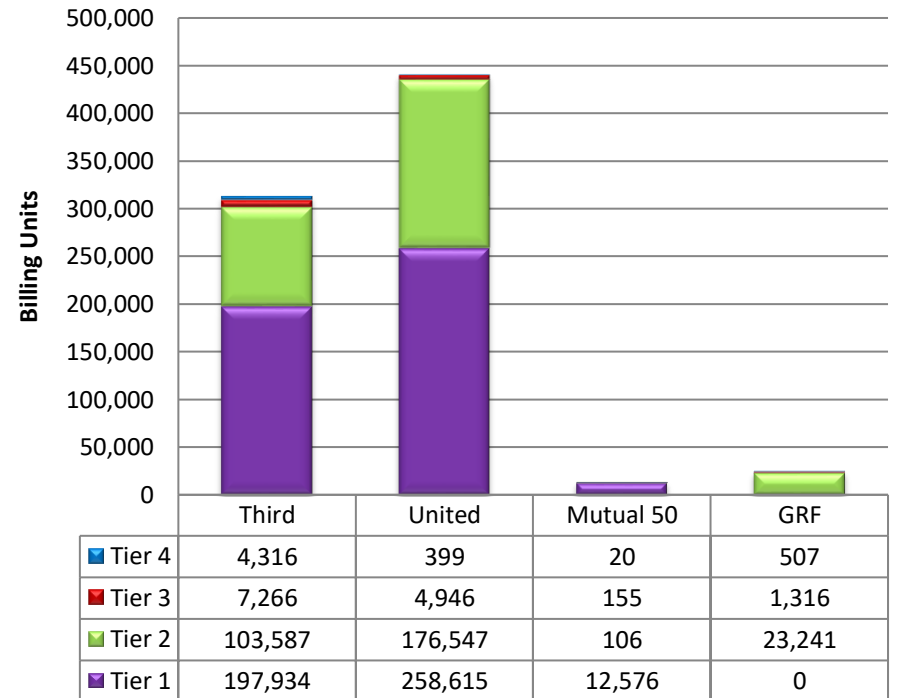


Category	Billings	Percentage
Water Delivery Cost	\$578,877.50	94.92%
Tier III - Conservation	\$15,507.04	2.54%
Tier IV - Conservation	\$15,458.11	2.53%
	\$609,842.65	100.00%

Laguna Woods Village April 2021 Water Sales



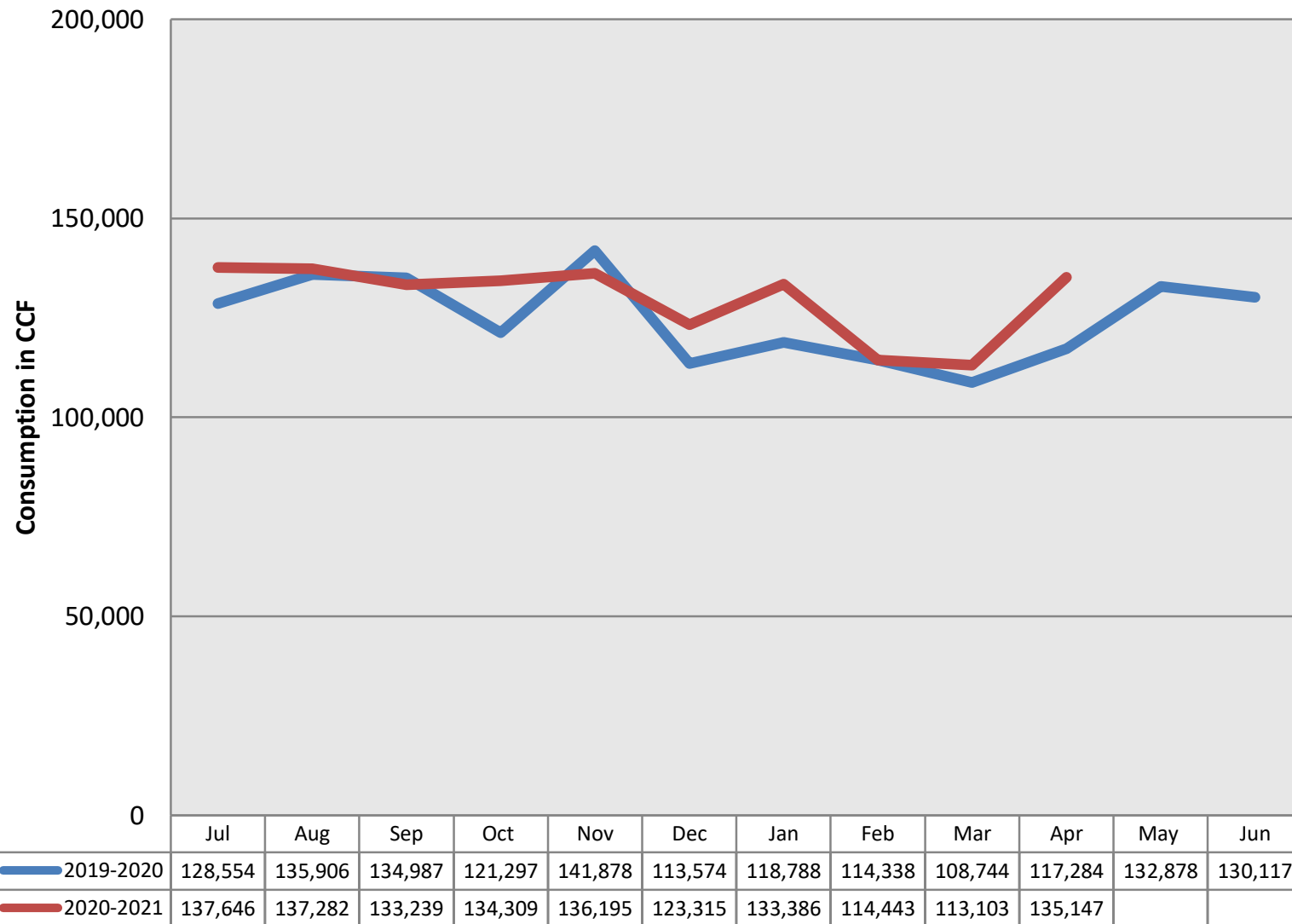
Laguna Woods Village Year-to-Date Water Sales April 2021



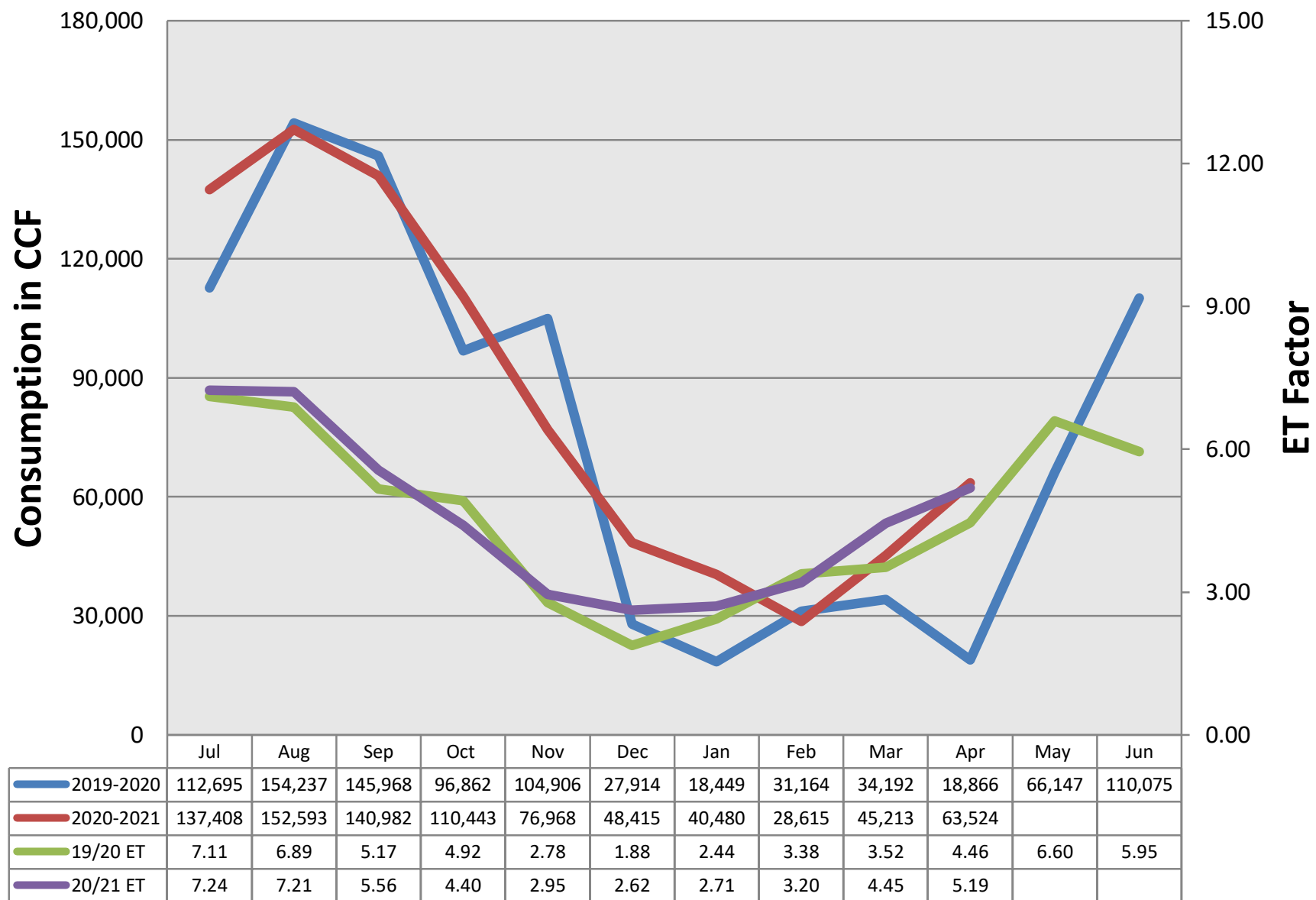
ETWD Total Consumption



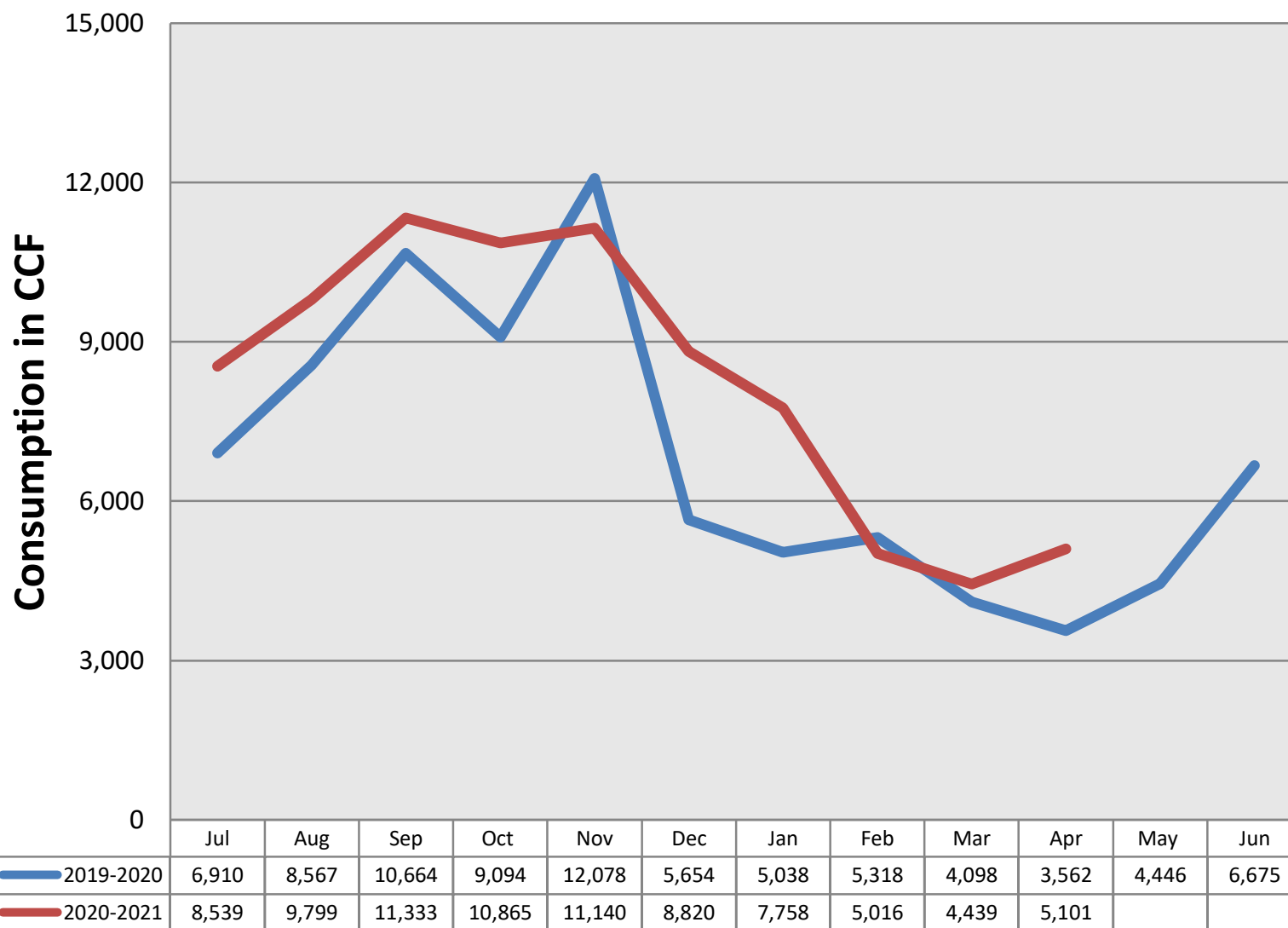
Tier I Consumption



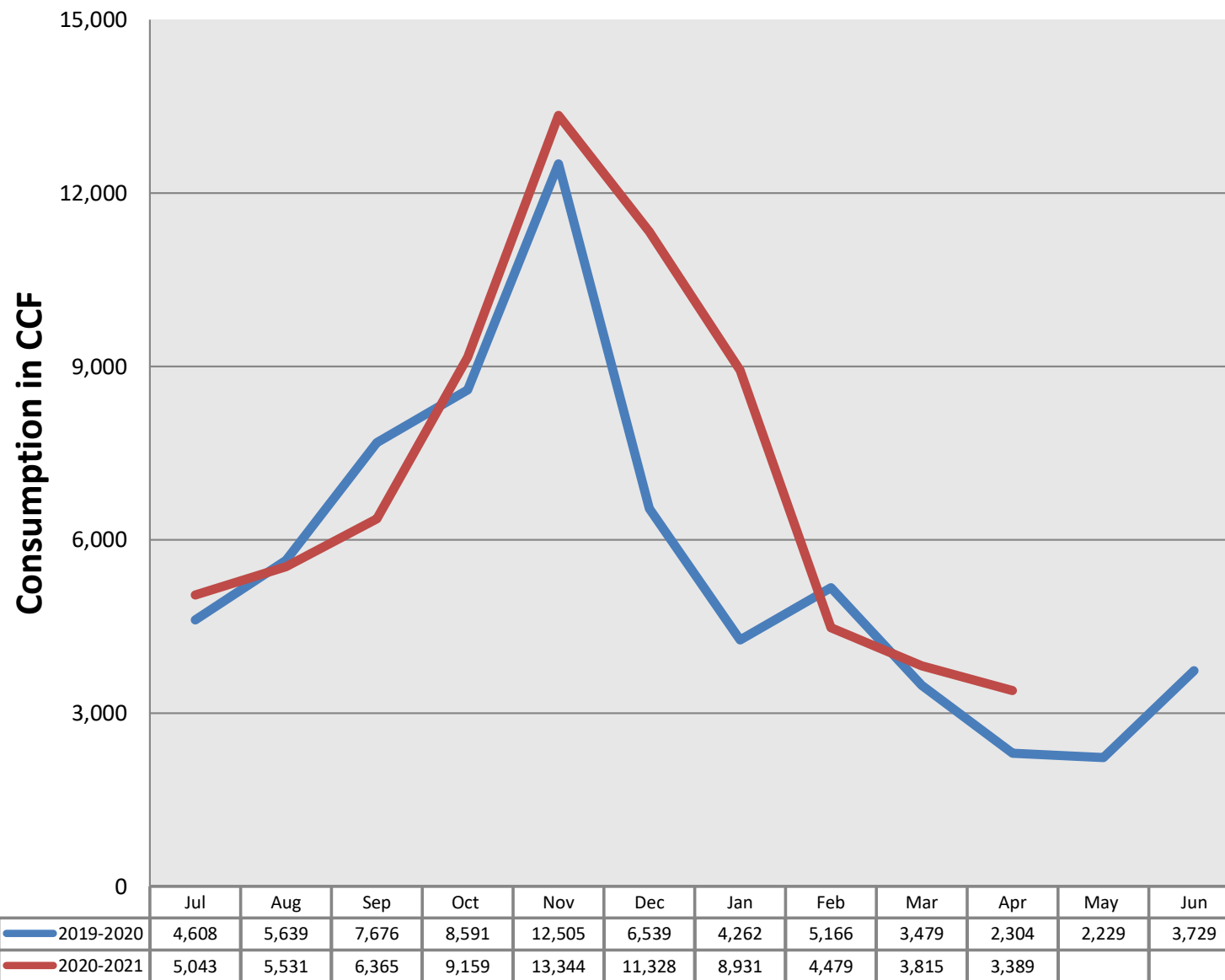
Tier II Consumption



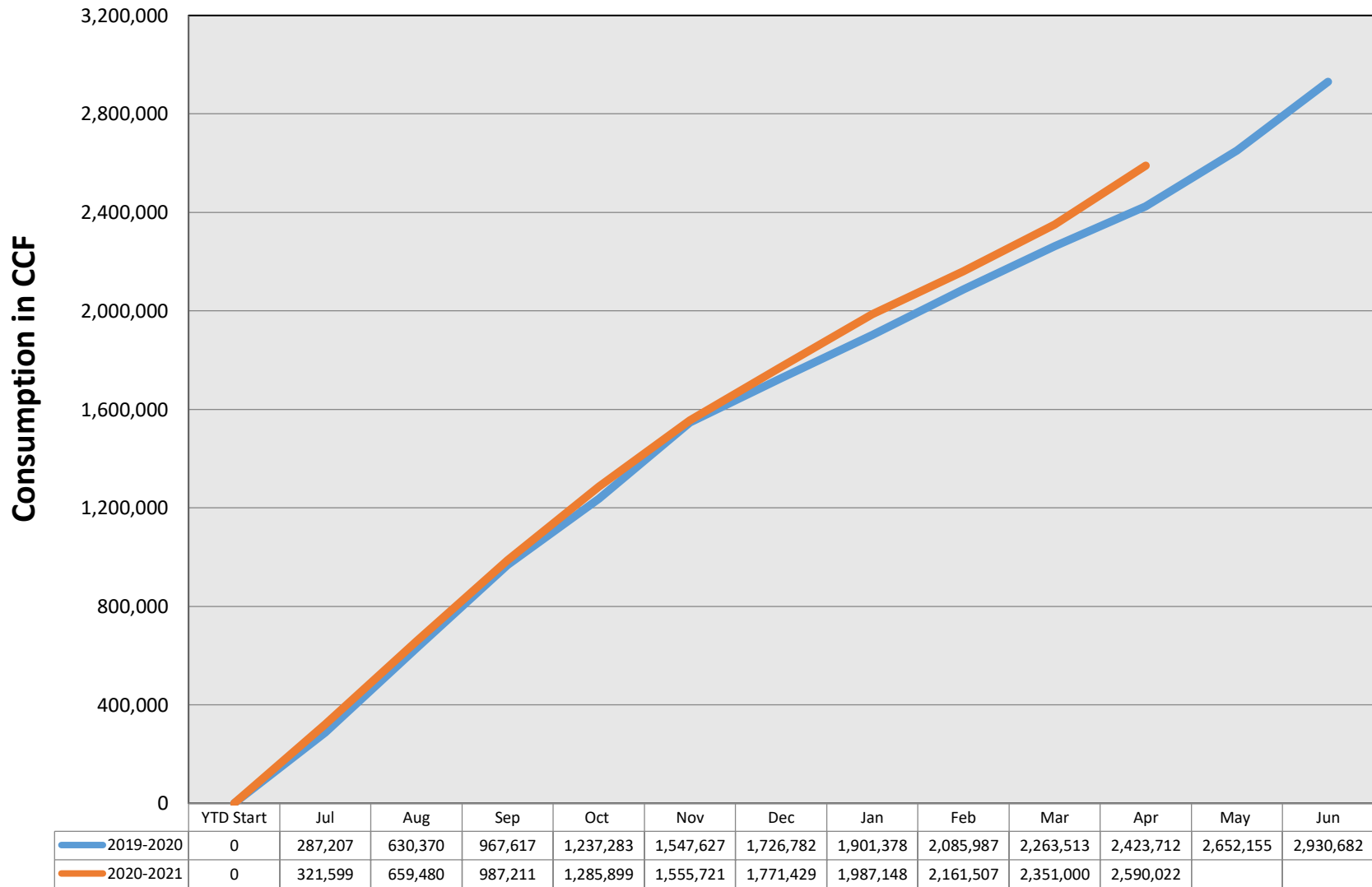
Tier III Consumption



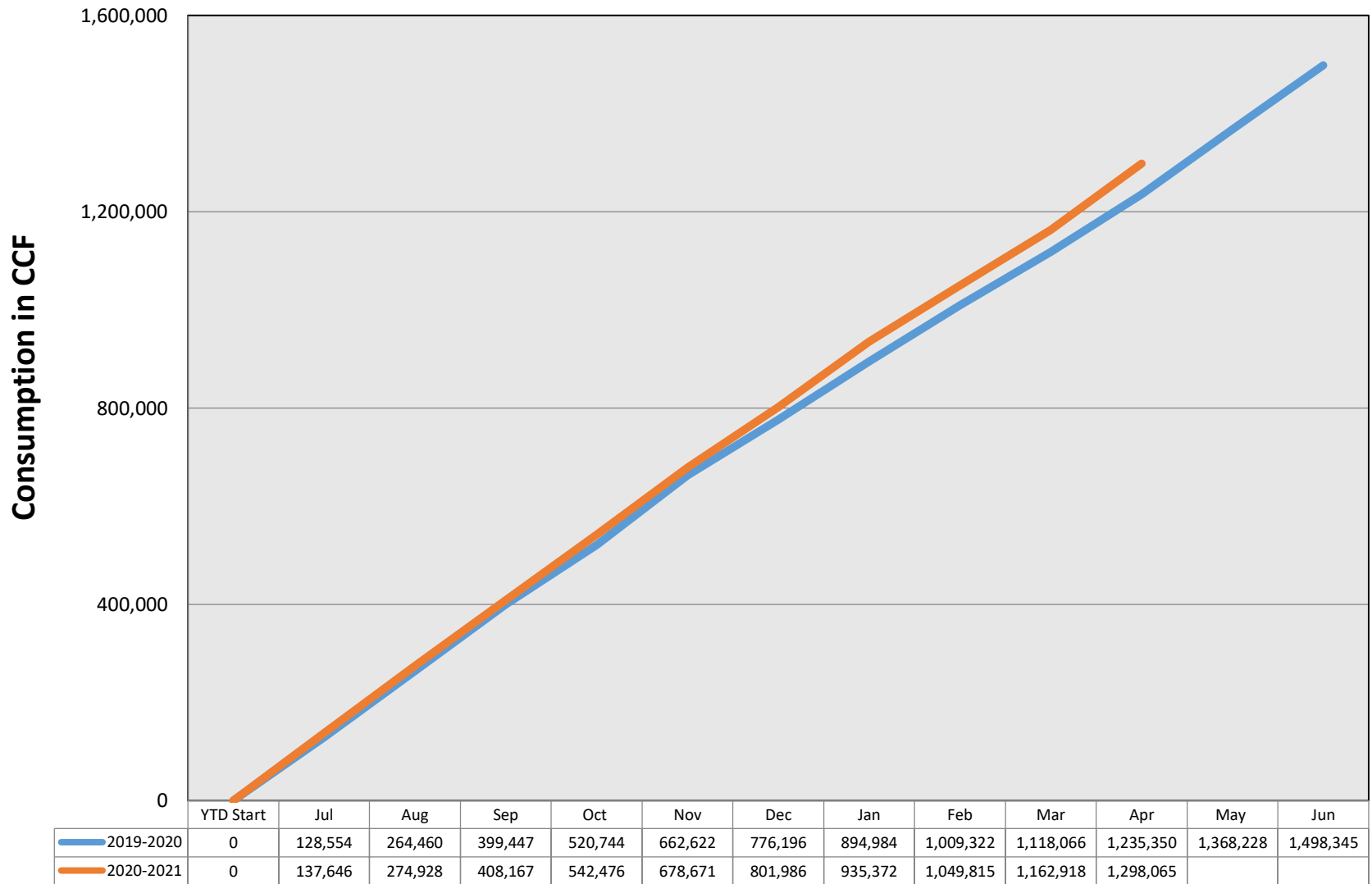
Tier IV Consumption



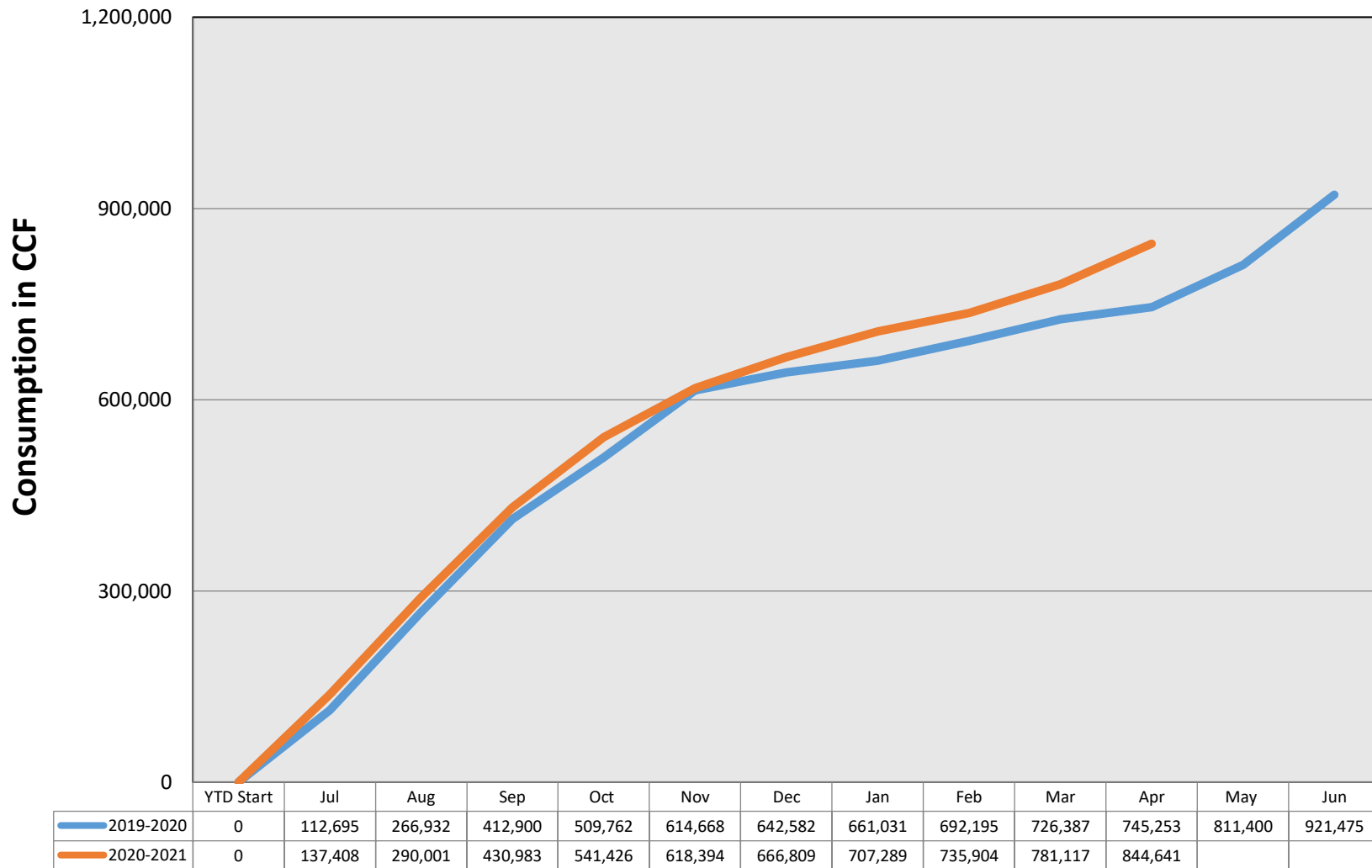
ETWD YTD Consumption



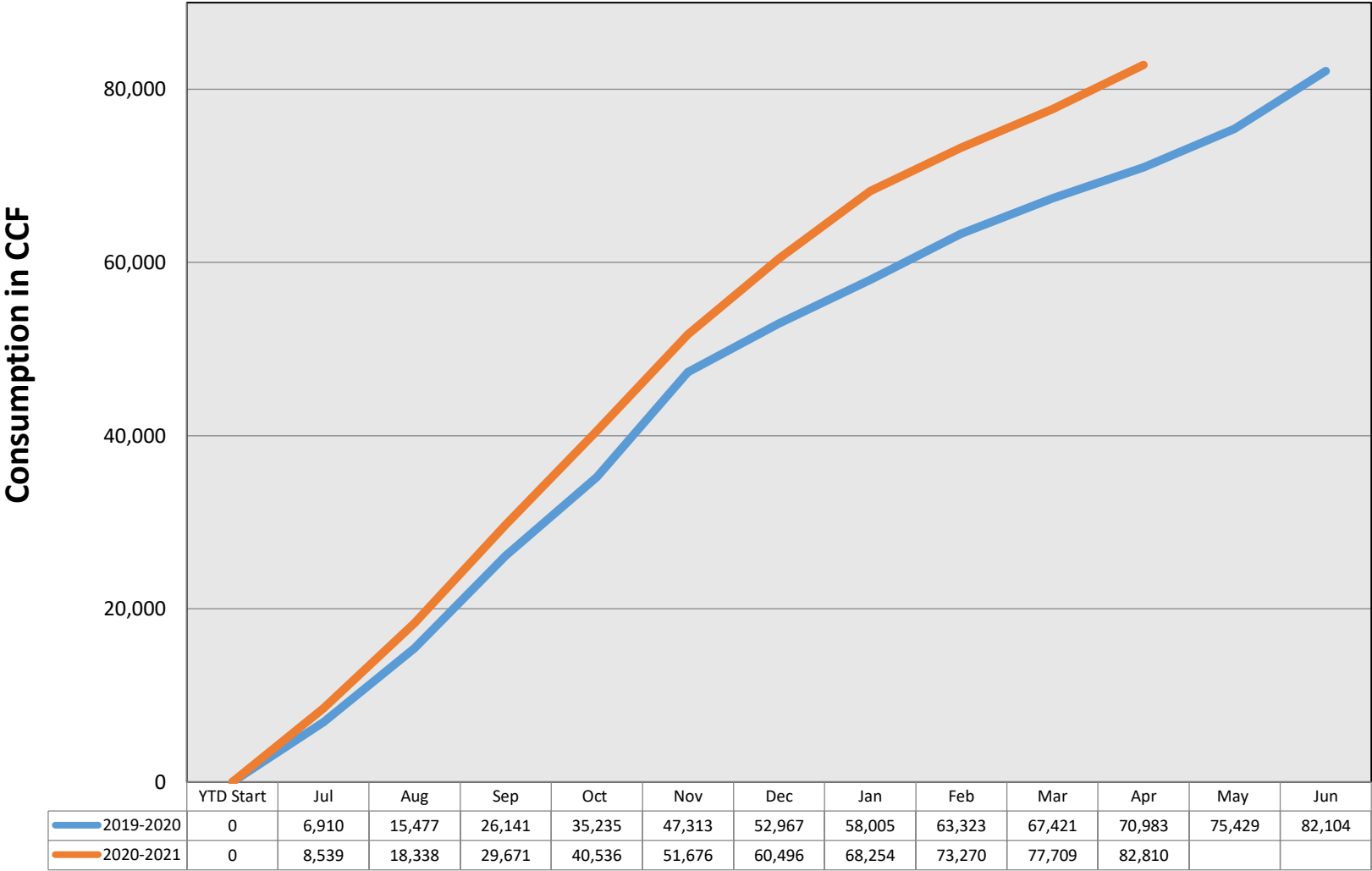
Tier I YTD Consumption



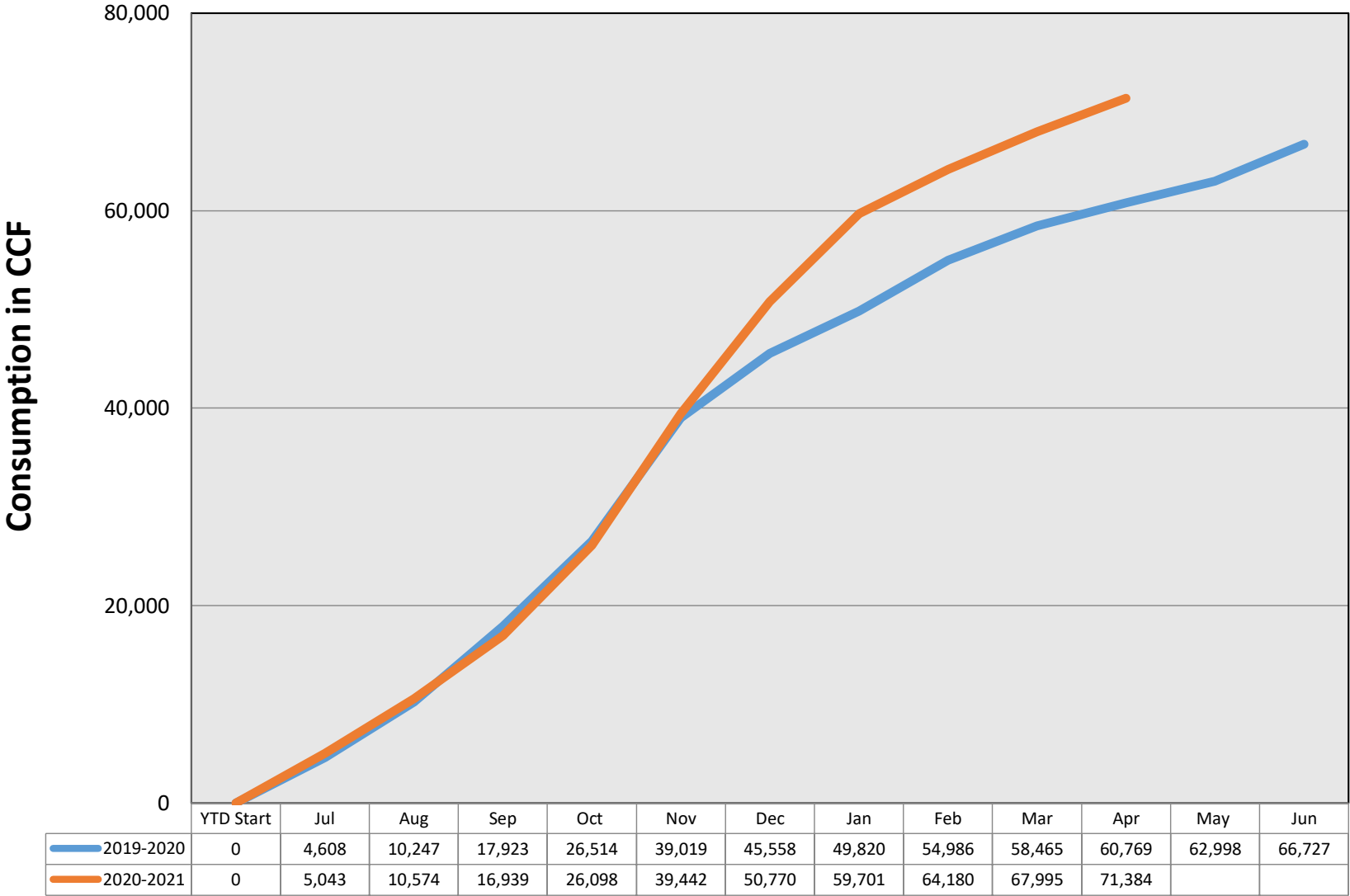
Tier II YTD Consumption



Tier III YTD Consumption



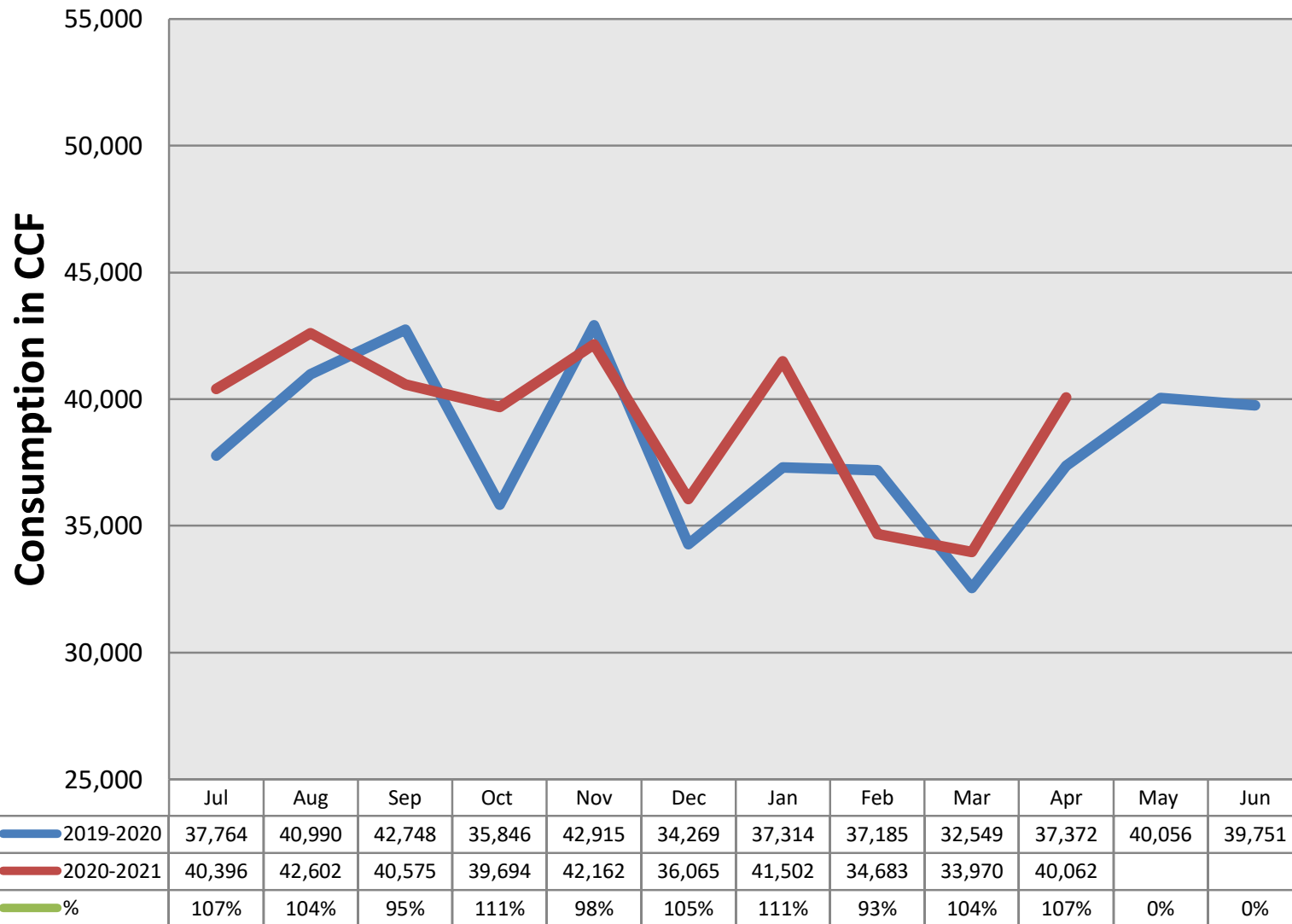
Tier IV YTD Consumption



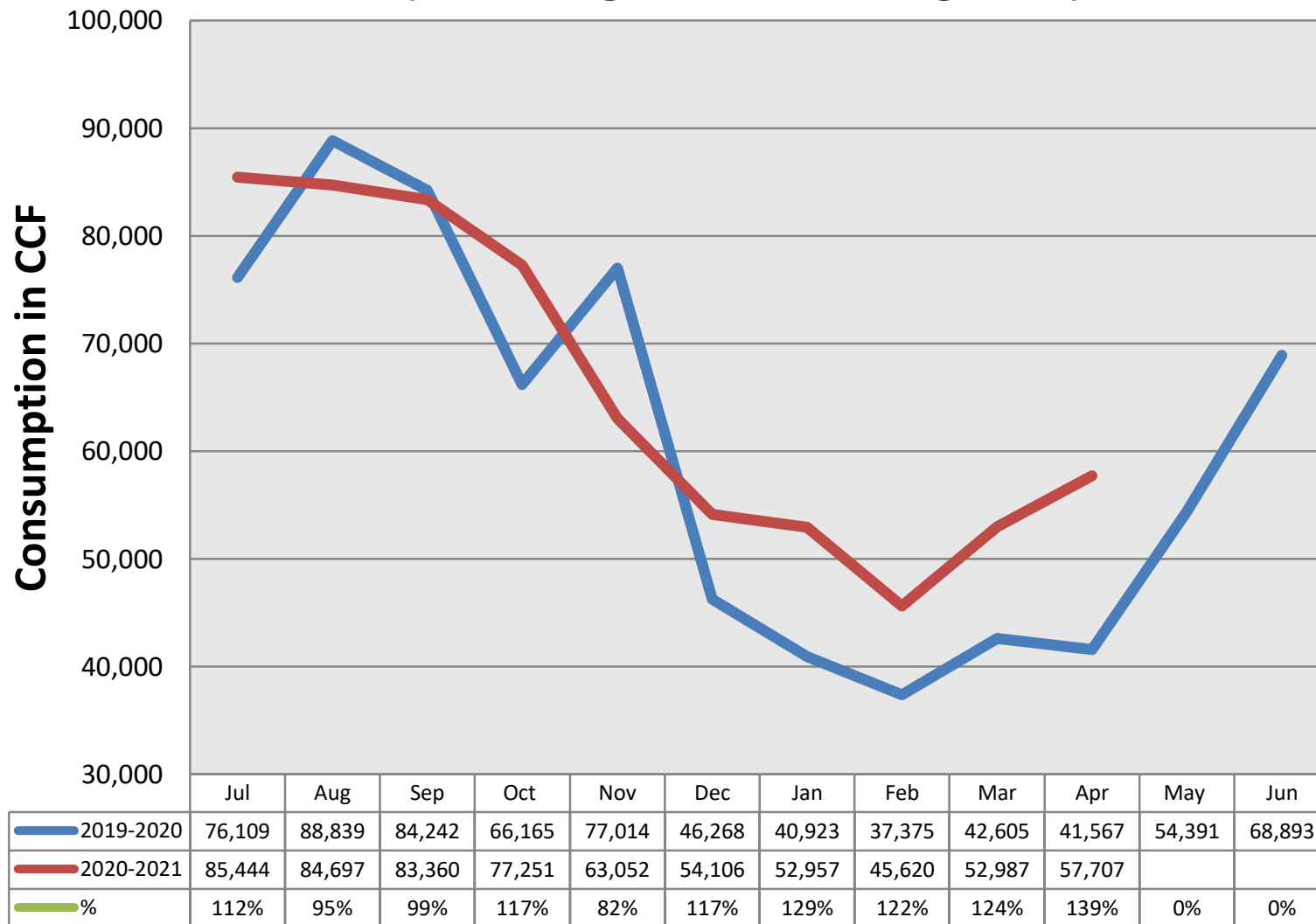
Single Family Residents Consumption



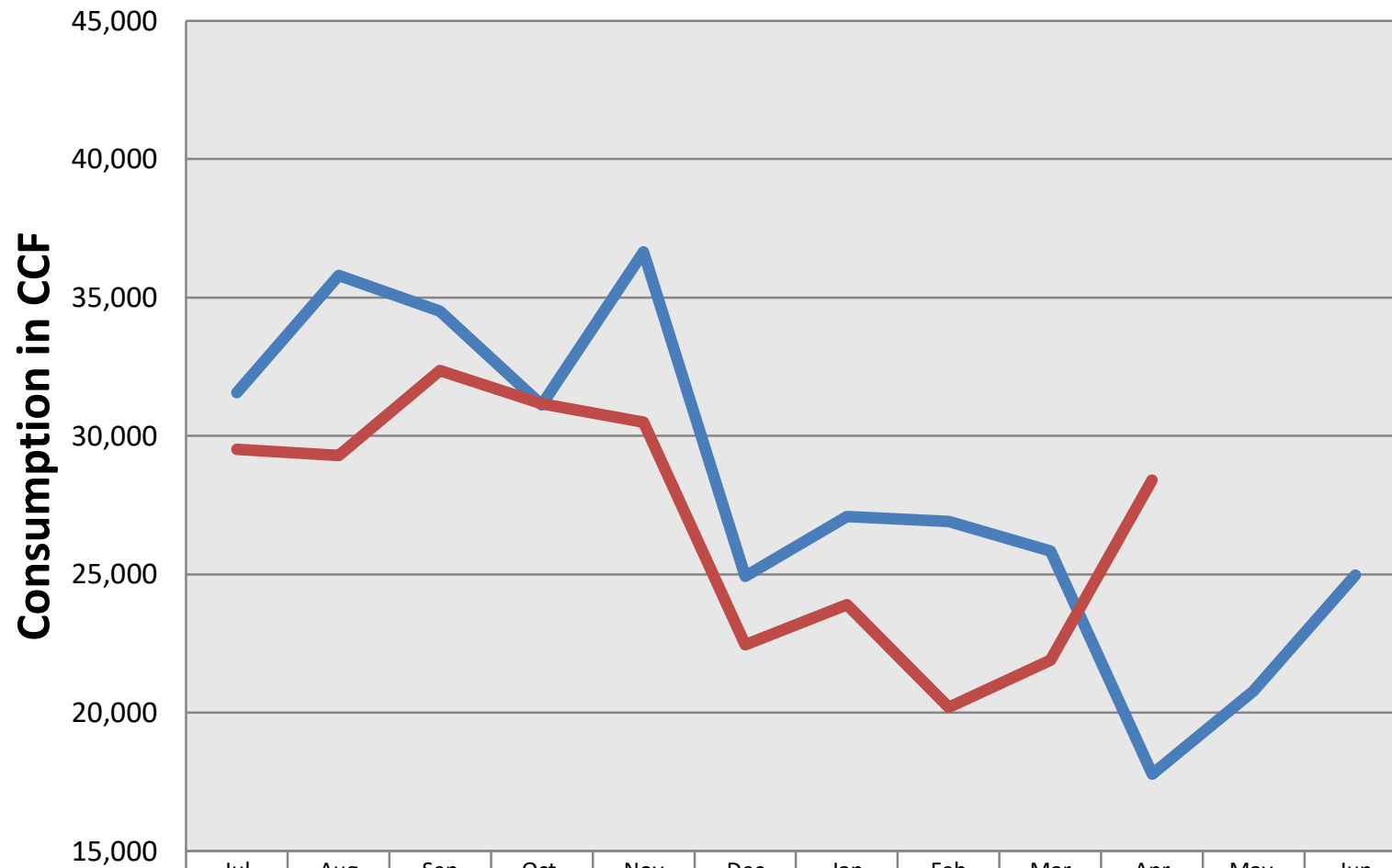
Multi Family Residents Consumption



Laguna Woods Village Consumption (Excluding Dedicated Irrigation)

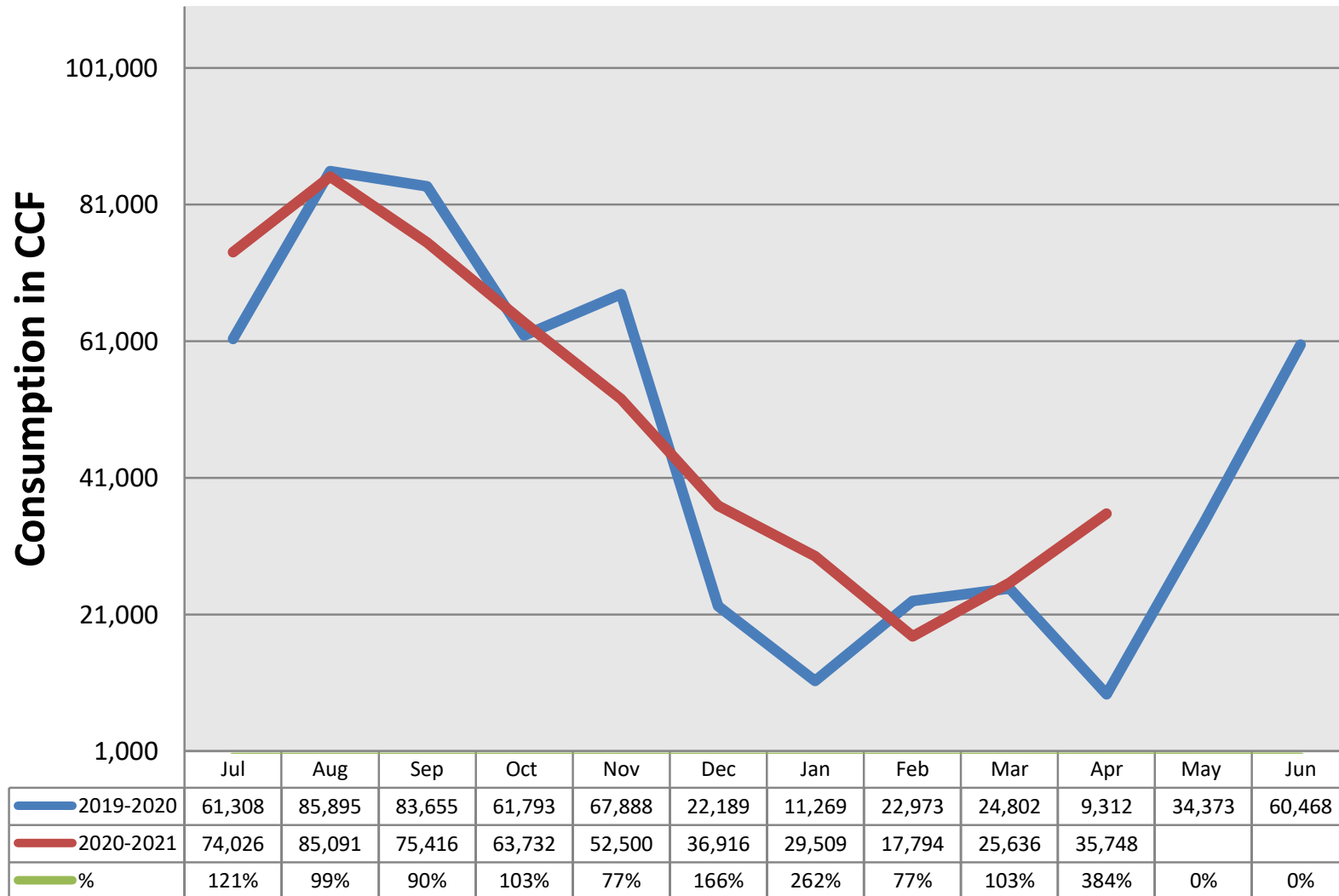


Commercial Consumption



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
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
2020-2021	29,513	29,290	32,362	31,164	30,493	22,444	23,895	20,192	21,899	28,412		
%	94%	82%	94%	100%	83%	90%	88%	75%	85%	160%	0%	0%

Dedicated Irrigation Consumption (including LWV)



BUDGET SCHEDULE

FY 2021/2022

DESCRIPTION	DATE	DAY
Board Budget Committee #1	3/23/2021	Tues
Board Budget Committee #2	4/5/2021	Mon
Board Budget Workshop	4/15/2021	Thurs
E, F & I Budget Update	4/19/2021	Mon
Distribute Prop 218 Notice	5/3/2021	Mon
CAG	5/13/2021	Thurs
Publish Public Hearing Notice - Newspaper	5/28/2021	Fri
E, F & I Budget Update	6/21/2021	Mon
Conduct Public Hearing - Regular Board Meeting	6/24/2021	Thurs
Implement Board Action	7/1/2021	Thurs

Note: Board Budget Committee #1, Committee #2, and Workshop are at 7:30 am

EL TORO WATER DISTRICT
FINANCIAL REPORT
May 24, 2021

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**EL TORO WATER DISTRICT
BALANCE SHEET**

	4/30/21 (Unaudited)	June 30, 2020 (Audited)
ASSETS		
Current Assets		
Cash	\$2,216,267	\$2,718,968
Investments:		
Investments Cash	6,404,701	7,863,284
Investments FMV Adjustment	9,241	99,832
Receivables:		
Accounts Receivable	3,206,434	2,706,924
Inventories	909,427	698,779
Prepaid Expenses	400,848	173,851
Total Current Assets	<u>\$13,146,920</u>	<u>14,261,637</u>
Restricted Assets		
Cash & Investments	<u>10,428,495</u>	<u>10,423,655</u>
Total Restricted Assets	<u>10,428,495</u>	<u>10,423,655</u>
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	122,043,853	121,567,548
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,958,828	34,871,067
Total Utility Plant	<u>171,040,355</u>	<u>170,476,289</u>
Less Accumulated Depreciation & Amortization	<u>(83,322,505)</u>	<u>(79,832,055)</u>
Net Utility Plant	87,717,850	90,644,235
Construction Work in Progress	2,379,850	793,303
Deferred Outflow OPEB	<u>3,634,674</u>	<u>3,634,674</u>
Total Non-current Assets	<u>93,732,374</u>	<u>95,072,212</u>
TOTAL ASSETS	<u><u>\$117,307,788</u></u>	<u><u>\$119,757,504</u></u>

**EL TORO WATER DISTRICT
BALANCE SHEET**

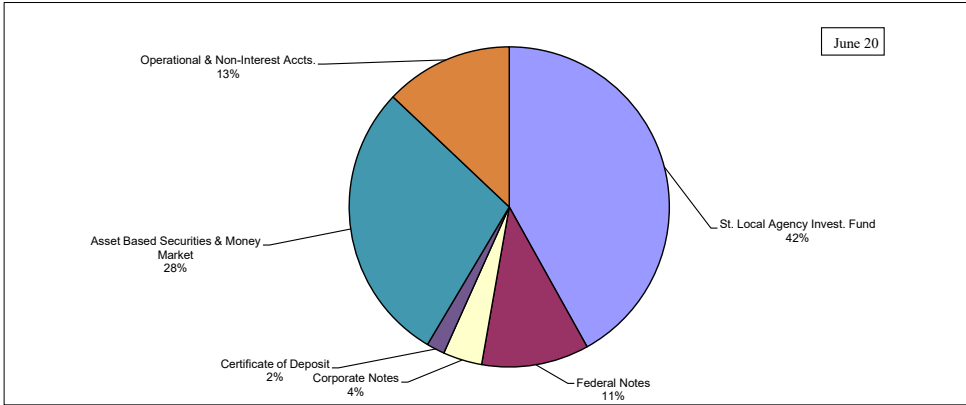
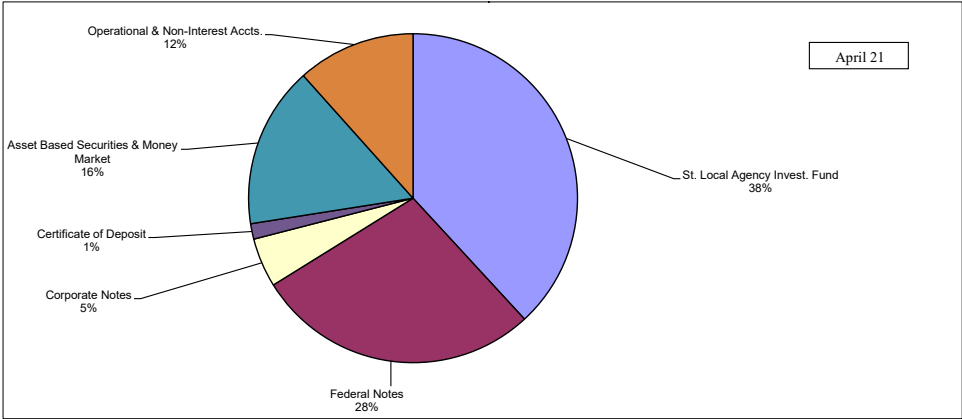
	4/30/21 (Unaudited)	June 30, 2020 (Audited)
LIABILITIES and EQUITY		
Liabilities		
Current Liabilities Payable		
Accounts Payable	\$1,103,341	\$2,106,030
Current Portion of Long-Term Debt	426,020	2,203,943
Other Current Liabilities	2,062,845	2,116,800
Total Current Liabilities Payable		
From Current Assets	3,592,206	6,426,773
Long Term Debt		
Long Term Debt	50,591,444	50,591,444
Total Long Term Debt	50,591,444	50,591,444
Total Liabilities	54,183,650	57,018,217
Fund Equity		
Retained Earnings - Reserved	17,034,893	17,034,893
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	36,959,626	38,773,389
Net Income	384,852	(1,813,763)
Total Fund Equity	63,124,139	62,739,286
Total Liabilities & Fund Equity	\$117,307,788	\$119,757,504

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

	Maturity Dates	Par	Market Value 4/30/21	Financial Institution	YTM 4/30/21	Original Cost 4/30/21
State Local Agency Investment Fund	NA	NA	\$7,277,581	LAIF	0.34%	\$7,277,581
US Treasury N/B - Coupon Rate 2.000%	5/31/2021	490,000	490,689	US Bank/CAMP	2.62%	481,272
US Treasury N/B - Coupon Rate 0.125%	7/31/2022	600,000	600,188	US Bank/CAMP	0.11%	600,117
US Treasury N/B - Coupon Rate 0.125%	11/30/2022	400,000	400,000	US Bank/CAMP	0.11%	400,109
US Treasury N/B - Coupon Rate 0.125%	12/31/2022	400,000	399,938	US Bank/CAMP	0.11%	400,125
US Treasury N/B - Coupon Rate 0.125%	1/31/2023	200,000	199,938	US Bank/CAMP	0.13%	199,977
US Treasury N/B - Coupon Rate 0.125%	1/31/2023	400,000	399,875	US Bank/CAMP	0.11%	400,141
US Treasury N/B - Coupon Rate 0.250%	6/15/2023	400,000	400,500	US Bank/CAMP	0.14%	401,047
US Treasury N/B - Coupon Rate 0.125%	7/15/2023	200,000	199,656	US Bank/CAMP	0.19%	199,688
US Treasury N/B - Coupon Rate 0.125%	7/15/2023	400,000	399,312	US Bank/CAMP	0.14%	399,828
US Treasury N/B - Coupon Rate 0.125%	8/15/2023	500,000	498,984	US Bank/CAMP	0.23%	498,809
US Treasury N/B - Coupon Rate 0.250%	11/15/2023	90,000	90,000	US Bank/CAMP	0.26%	89,982
US Treasury N/B - Coupon Rate 0.125%	2/15/2024	400,000	398,188	US Bank/CAMP	0.27%	398,313
Intl BK of Recon and Dev Note - Coupon Rate 0.125%	4/20/2023	135,000	134,791	US Bank/CAMP	0.23%	134,721
NJ TPK Auth -B- Txbl Muni Bond - Coupon Rate 0.897%	1/1/2025	20,000	19,999	US Bank/CAMP	0.90%	20,000
FNA 2018-M5 A2- Coupon Rate 3.560%	9/1/2021	4,565	4,565	US Bank/CAMP	2.93%	4,656
FHMS K724 A2 - Coupon Rate 3.062%	11/1/2023	60,000	63,271	US Bank/CAMP	0.58%	64,052
FHMS K133 A1 - Coupon Rate 0.440%	12/1/2025	14,932	14,612	US Bank/CAMP	0.44%	14,932
Federal Farm Credit Bank Note - Coupon Rate 0.125%	2/3/2023	230,000	229,762	US Bank/CAMP	0.15%	229,871
Freddie Mac Notes - Coupon Rate 0.250	11/6/2023	155,000	155,029	US Bank/CAMP	0.23%	155,087
Fannie Mae Notes - Coupon Rate 0.250	11/27/2023	250,000	249,921	US Bank/CAMP	0.24%	250,107
Federal Notes		5,349,497	5,349,216			5,342,832
Hershey Company Corp. Note - Coupon Rate 3.100%	5/15/2021	40,000	40,036	US Bank/CAMP	3.12%	39,972
Caterpillar Fin. Ser. Corp. Notes - Coupon Rate 0.250%	3/1/2023	65,000	64,970	US Bank/CAMP	0.29%	64,944
Toyota Motor Credit Corp Corporate Note - Coupon Rate 0.450%	1/11/2024	70,000	70,008	US Bank/CAMP	0.45%	69,996
John Deere Corp Notes - Coupon Rate 0.450%	1/17/2024	55,000	54,967	US Bank/CAMP	0.48%	54,961
Morgan Stanley Corp Notes - Coupon Rate 0.529%	1/25/2024	55,000	54,945	US Bank/CAMP	0.53%	55,000
PACCAR Financial Corp Corporate Note - Coupon Rate 0.350%	2/2/2024	65,000	64,676	US Bank/CAMP	0.39%	64,925
National Rural Util Coop Corporate Note - Coupon Rate 0.350%	2/8/2024	25,000	24,866	US Bank/CAMP	0.37%	24,983
Goldman Sachs Corp Notes - Coupon Rate 4.000%	3/3/2024	40,000	43,703	US Bank/CAMP	0.69%	44,062
Goldman Sachs Corp Notes - Coupon Rate 0.673%	3/8/2024	20,000	19,999	US Bank/CAMP	0.67%	20,000
JPMorgan Chase & Co Corp Note Call - Coupon Rate 0.697%	3/16/2024	70,000	70,174	US Bank/CAMP	0.70%	70,000
Charles Schwab Corp Note - Coupon Rate 0.750%	3/18/2024	30,000	30,187	US Bank/CAMP	0.77%	29,985
Bank of NY Mellon Corp Note - Coupon Rate 0.500%	4/26/2024	55,000	54,936	US Bank/CAMP	0.54%	54,941
Apple Inc Corp Note - Coupon Rate 2.750%	1/13/2025	40,000	42,839	US Bank/CAMP	0.89%	42,786
Merck & Co Inc Corp Note - Coupon Rate 2.750%	2/10/2025	20,000	21,350	US Bank/CAMP	0.94%	21,389
JPMorgan Chase & Co Corp Note Call - Coupon Rate 0.563%	2/16/2025	30,000	29,789	US Bank/CAMP	0.56%	30,000
Lockheed Martin Corp Note - Coupon Rate 2.900%	3/1/2025	20,000	21,412	US Bank/CAMP	1.06%	21,422
Burlington North Santa Fe Corp Note Call - Coupon Rate 3.000%	4/1/2025	20,000	21,505	US Bank/CAMP	1.07%	21,533
Bank of America Corp Notes - Coupon Rate 0.976%	4/22/2025	70,000	70,189	US Bank/CAMP	0.98%	70,000
Bank of NY Mellon Corp Note - Coupon Rate 1.600%	4/24/2025	45,000	46,299	US Bank/CAMP	0.97%	46,148
Pepsico Inc Corp Note Call - Coupon Rate 2.750%	4/30/2025	20,000	21,489	US Bank/CAMP	1.02%	21,400
Citigroup Inc Corp Notes - Coupon Rate 0.981%	5/1/2025	35,000	35,091	US Bank/CAMP	0.98%	35,000
Honeywell Intl Corp Note - Coupon Rate 1.350%	6/1/2025	20,000	20,401	US Bank/CAMP	0.91%	20,360
Corporate Notes		910,000	923,830			923,806
Royal Bank of Canada NY CD- Coupon Rate 3.240%	6/7/2021	100,000	100,321	US Bank/CAMP	3.24%	100,000
Barclays Bank PLC NY CD- Coupon Rate 0.290%	2/4/2022	190,000	190,014	US Bank/CAMP	0.29%	190,000
Certificate of Deposit		290,000	290,335			290,000
Hart 2018-A A3 - Coupon Rate 2.790%	7/15/2022	3,932	3,941	US Bank/CAMP	2.79%	3,931
MBart 2018-1 A3 - Coupon Rate 3.030%	1/15/2023	14,846	14,955	US Bank/CAMP	3.03%	14,845
MBalt 2021-1 A3 - Coupon Rate 0.250%	1/16/2024	15,000	14,986	US Bank/CAMP	0.25%	14,998
BMWLT 2021-1 A3 - Coupon Rate 0.290%	1/25/2024	15,000	14,989	US Bank/CAMP	0.29%	15,000
Fordl 2021-A A3 - Coupon Rate 0.260%	2/15/2024	25,000	24,981	US Bank/CAMP	0.26%	24,997
Carmx 2021-1 A2A- Coupon Rate 0.220%	2/15/2024	90,000	89,984	US Bank/CAMP	0.24%	89,944
GMALT 2021-1 A3 - Coupon Rate 0.260%	2/20/2024	30,000	29,982	US Bank/CAMP	0.26%	29,997
Fordo 2019-C A3 - Coupon Rate 1.870%	3/15/2024	55,000	55,776	US Bank/CAMP	1.38%	55,763
Harot 2021-A A3 - Coupon Rate 0.270%	4/21/2025	25,000	24,928	US Bank/CAMP	0.27%	25,000
Fordo 2021-A A3 - Coupon Rate 0.300%	8/15/2025	30,000	29,967	US Bank/CAMP	0.30%	29,997
GMCar 2021-1 A3 - Coupon Rate 0.350%	10/16/2025	15,000	14,997	US Bank/CAMP	0.35%	14,998
Carmx 2021-1 A3 - Coupon Rate 0.340%	12/15/2025	15,000	14,966	US Bank/CAMP	0.34%	14,997
CAMP Money Market Fund	NA	NA	2,692,781	US Bank/CAMP	0.06%	2,692,781
Asset Based Securities & Money Market		333,778	3,027,233			3,027,247
Total Camp Investments		6,883,275	9,590,615			9,583,886

Operational & Non-Interest Bearing Accounts

ETWD General Cash Account	NA	NA	2,212,672	Union Bank of Cal.	0.00%	2,212,672
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.			2,216,267			2,216,267
			\$19,084,463	Total Investments & Cash		\$19,077,734



LIQUIDITY

	April 30, 2021			June 30, 2020	
	\$	%		\$	%
DEMAND	\$ 12,186,629	63.88%		\$ 17,297,570	82.35%
30 Days	\$ 39,972	0.21%		\$ -	0.00%
31-180 Days	\$ 585,927	3.07%		\$ 1,310,976	6.24%
181 - 360	\$ 190,000	1.00%		\$ 2,053,566	9.78%
361-1800 Days	\$ 6,075,205	31.84%		\$ 341,855	1.63%
TOTAL	\$ 19,077,734	100.00%		\$ 21,003,967	100.00%

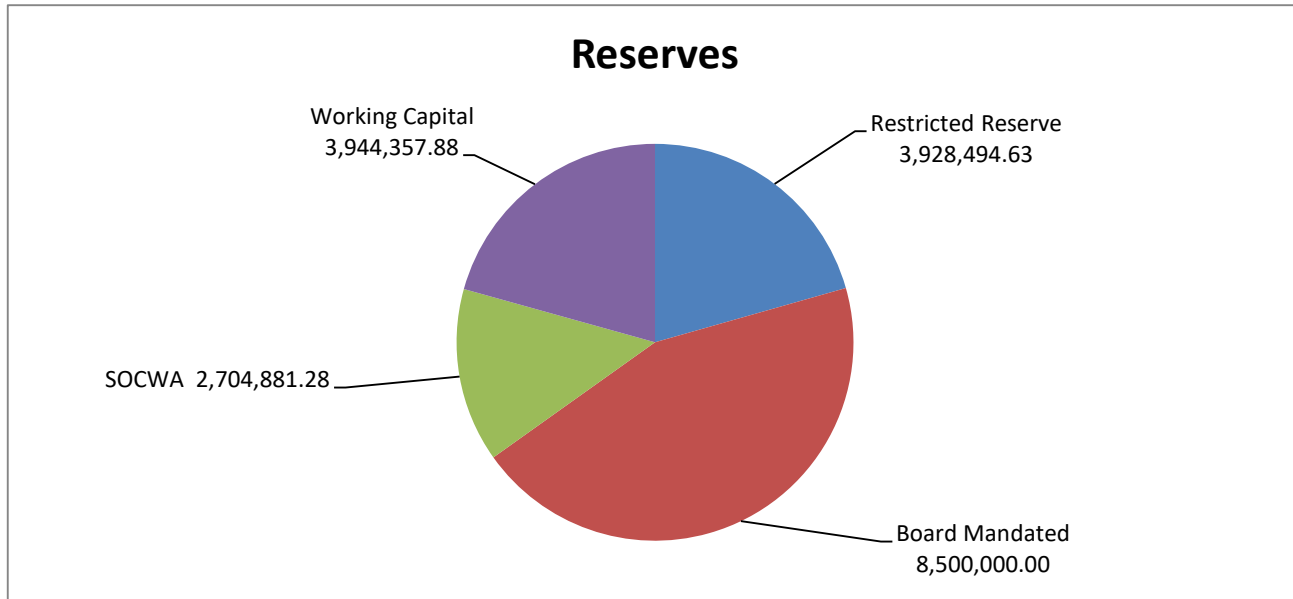
* The portfolio is in compliance with the investment policy.

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

EL TORO WATER DISTRICT

RESERVE ANALYSIS

30-Apr-21



Restricted Reserve	\$	3,928,495
Board Mandated	\$	8,500,000
SOCWA	\$	2,704,881
Capital Cash Flow / Compliance	\$	3,944,358
Total	\$	19,077,734

Restricted Reserve

SRFL-Recycled Phase I	\$	1,602,958
SRFL-Recycled Phase II	\$	409,046
Capital Facilities Reserve	\$	2,895
Tiered Cons Fund	\$	1,420,229
Baker Funding	\$	493,367
Total	\$	3,928,495

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:	\$15,149,239

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

EL TORO WATER DISTRICT CHANGE IN RESERVES

	<u>April 30, 2021</u>	<u>Year to Date</u>	<u>Year Ended June 30, 2020</u>
Operating Revenue	2,102,755	21,452,822	24,886,981
Non-operating Revenue	151,617	1,445,140	2,057,794
Total Revenue	<u>2,254,372</u>	<u>22,897,962</u>	<u>26,944,775</u>
Operating Expenses	1,669,269	18,294,015	23,497,422
Depreciation & Amortization	358,855	3,588,555	4,483,605
Non-operating Expenses	63,054	630,540	777,511
Total Expenses	<u>2,091,179</u>	<u>22,513,110</u>	<u>28,758,539</u>
NET INCOME	163,193	384,852	(1,813,763)
Add Depreciation & Amortization	205,468	3,490,450	4,483,605
Net Cash Provided by Operating Activities	38,248	(3,776,565)	2,477,046
Net Cash Provided by Investing Activities	63,850	(2,150,612)	(1,447,543)
Net Cash Provided by Financing Activities	-	-	(855,860)
Net Increase/(Decrease) Cash for the Period	<u>470,759</u>	<u>(2,051,875)</u>	<u>2,843,484</u>
Cash at End of Period from Balance Sheet		8,630,210	
Restricted Cash		10,428,495	
Unrealized (Gains)/Losses Fair Market Value		<u>25,759</u>	
Cash at End of Period		19,084,463	
Net (Increase)/Decrease Cash for the Period		(470,759)	
Net (Increase)/Decrease in Restricted Cash for the Period		(80,588)	
Net Increase/(Decrease) in Unrealized Gains/(Losses) Fair Market Value		(80,755)	
Void Checks in Prior Period			
Cash at Beginning of Period		<u>18,452,362</u>	

EL TORO WATER DISTRICT
Cash Sheet
For the month ending April 30, 2021

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
90355	04/08/2021	MUNICIPAL WATER DISTRICT OF ORANGE CO.	372,176.57
90370	04/08/2021	SOUTH ORANGE COUNTY WASTEWATER AUTHORITY	246,120.00
90476	04/29/2021	MOULTON NIGUEL WATER DISTRICT	174,064.54
90418	04/15/2021	IRVINE RANCH WATER DISTRICT	173,588.79
90337	04/08/2021	ACWA HEALTH BENEFITS AUTHORITY	129,530.74
90368	04/08/2021	SO. CALIFORNIA EDISON CO.	111,920.49
90323	04/01/2021	MOULTON NIGUEL WATER DISTRICT	68,227.20

TOTAL CHECKS OVER \$50,000 **\$ 1,275,628.33**

TOTAL CHECKS IN REGISTER **\$ 1,744,641.86**

DEBIT TRANSFERS

04/09/2021	PAYROLL DIRECT DEPOSIT	150,117.88
04/09/2021	FEDERAL DEPOSIT LIABILITY	33,297.82
04/09/2021	SDI & STATE TAX	13,572.40
04/09/2021	WAGE GARNISHMENTS	585.00
04/09/2021	PRUDENTIAL (401K)	56,056.19
04/09/2021	PRUDENTIAL (457)	18,321.82
04/15/2021	PAYROLL BOARD OF DIRECTOR	6,440.46
04/15/2021	SS, MEDICARE, SDI & STATE TAX	2,015.13
04/15/2021	PRUDENTIAL (457)	2,788.97
04/23/2021	PAYROLL DIRECT DEPOSIT	141,080.97
04/23/2021	FEDERAL DEPOSIT LIABILITY	30,549.72
04/23/2021	SDI & STATE TAX	12,228.84
04/23/2021	WAGE GARNISHMENTS	585.00
04/23/2021	PRUDENTIAL (401K)	52,113.86
04/23/2021	PRUDENTIAL (457)	16,877.83
04/30/2021	ADP AND BANK FEES	5,922.55

TOTAL INTERBANK WIRES / DEBIT TRANSFERS **\$ 542,554.44**

TOTAL DISBURSEMENTS **\$ 2,287,196.30**

REIMBURSEMENTS TO ETWD EMPLOYEES

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
90364	04/08/2021	ROBERT McKERN (Reimbursement for Mileage for Backflow Testing)	341.60
90480	04/29/2021	ROBERT McKERN (Certification Fees)	60.00

TOTAL CHECKS TO EMPLOYEES **\$ 401.60**

REINBURSEMENTS TO ETWD DIRECTORS

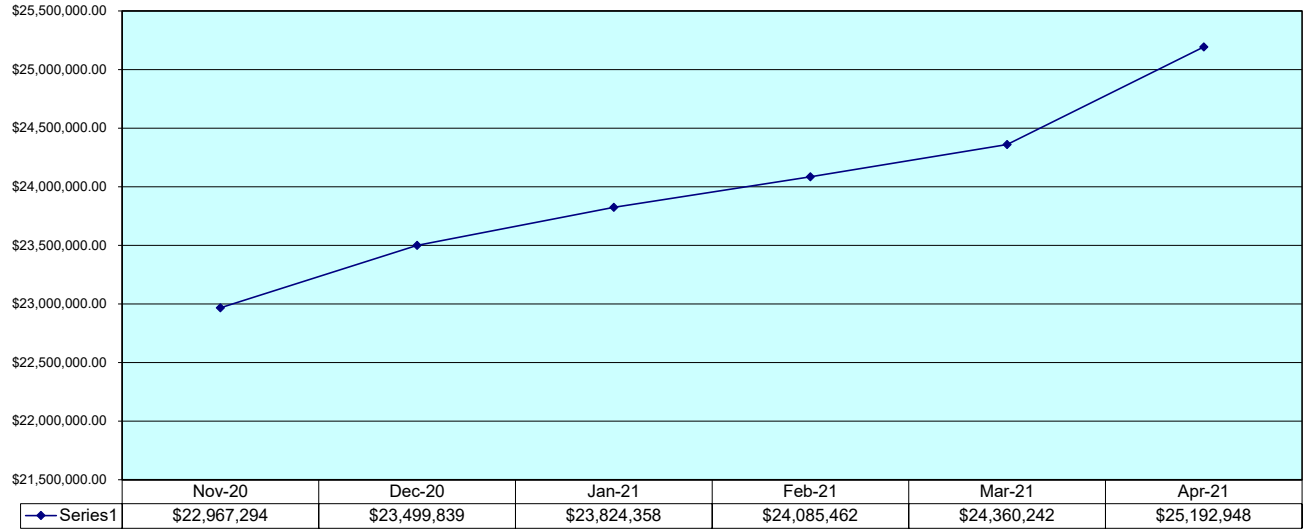
CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
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No Activity

TOTAL CHECKS TO DIRECTORS **\$ -**

EL TORO WATER DISTRICT 401K PLAN SUMMARY

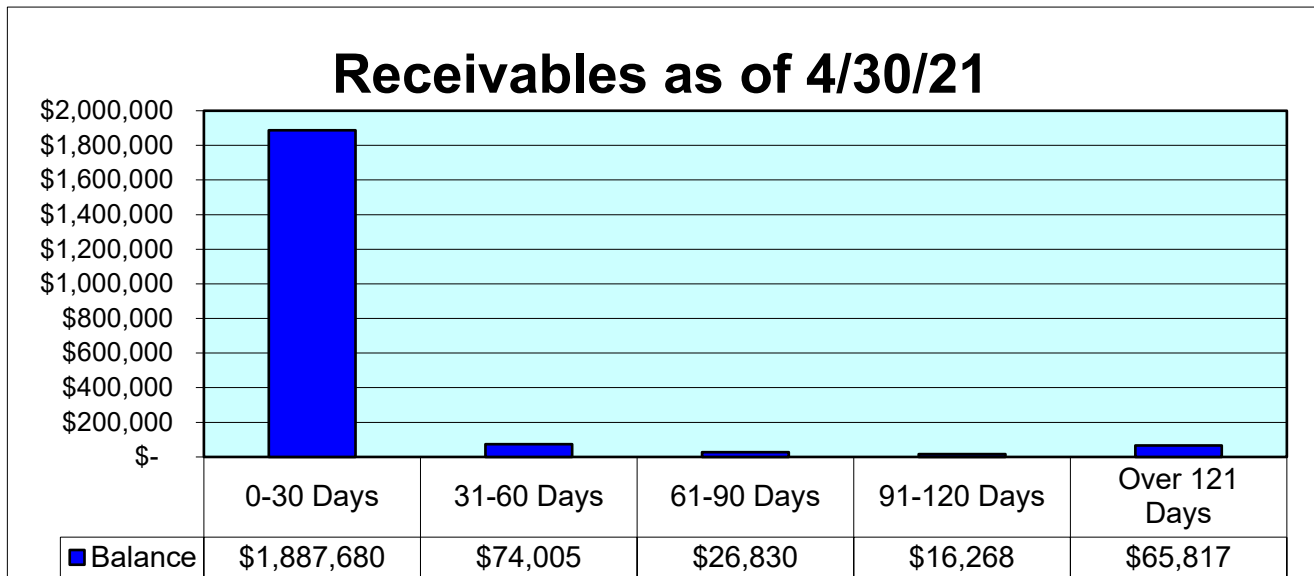
401K PLAN MARKET VALUE



	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, 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
Contributions	293,148.79	52,595.73	87,936.52	180,038.12	215,119.02	291,799.38	85,389.31
Withdrawals	0.00	0.00	0.00	0.00	(429,204.03)	(562,107.97)	(531,684.99)
Transfers	(233,311.03)	121,616.52	(791,692.87)	(307,035.64)	(242,151.66)	763,611.10	688,963.58
Interest, dividends and appreciation net of fees and charges	560,917.47	218,830.53	199,970.72	1,294,659.88	1,482,636.89	740,376.84	129,191.02
Balance at April 30, 2021	\$ 2,412,899.74	\$908,228.59	\$839,162.13	\$6,199,408.97	\$8,103,215.85	\$5,370,684.95	\$1,359,348.15
Average return YTD April 30, 2021	31.30%	42.48%	14.89%	25.73%	20.95%	17.90%	13.08%

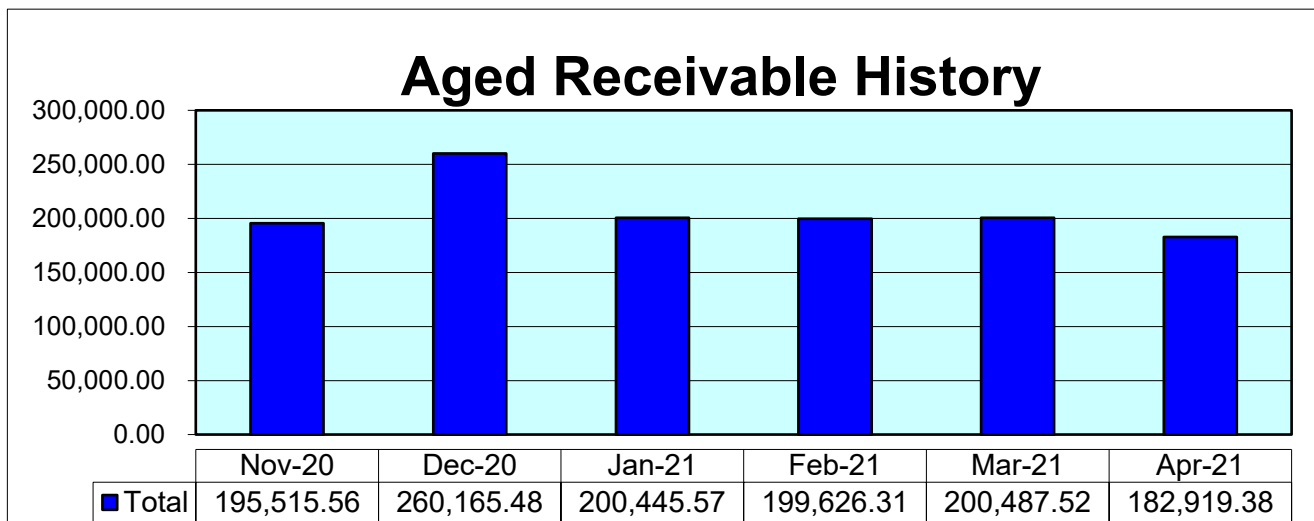
Average return is calculated by dividing the interest, dividends and appreciation, net of fees by beginning fiscal year fund balance.

RECEIVABLES AGEING



	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 121 Days
Apr-20	1,553,176	39,890	22,782	11,949	12,099

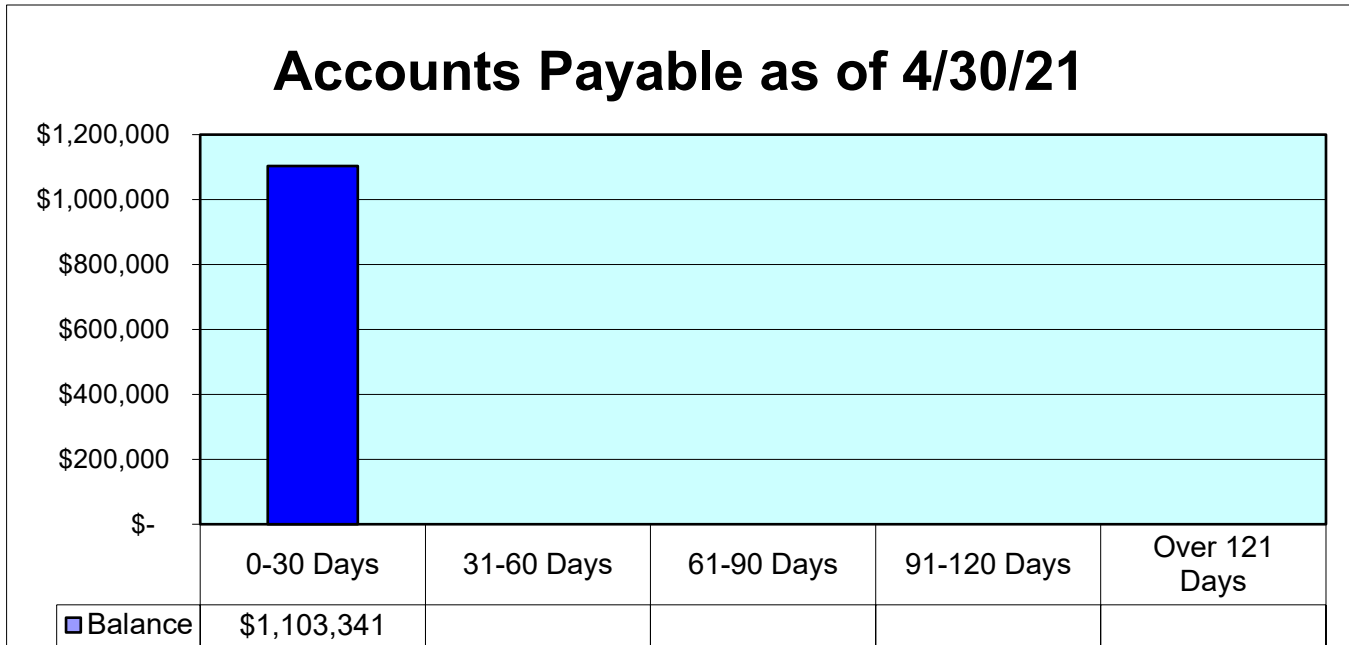
Bad Debts Year to Date: 16,023.20



Total receivables greater than 30 Days

	31-60 Days	61-90 Days	91-120 Days	Over 121 Days	Total
Nov-20	92,212.30	44,999.88	13,988.16	44,315.22	195,515.56
Dec-20	145,683.41	45,818.71	18,061.74	50,601.62	260,165.48
Jan-21	99,527.76	30,526.52	16,241.36	54,149.93	200,445.57
Feb-21	103,027.37	24,673.85	10,638.88	61,286.21	199,626.31
Mar-21	89,008.45	28,620.10	17,470.84	65,388.13	200,487.52
Apr-21	74,004.52	26,830.40	16,267.66	65,816.80	182,919.38

PAYABLES AGEING

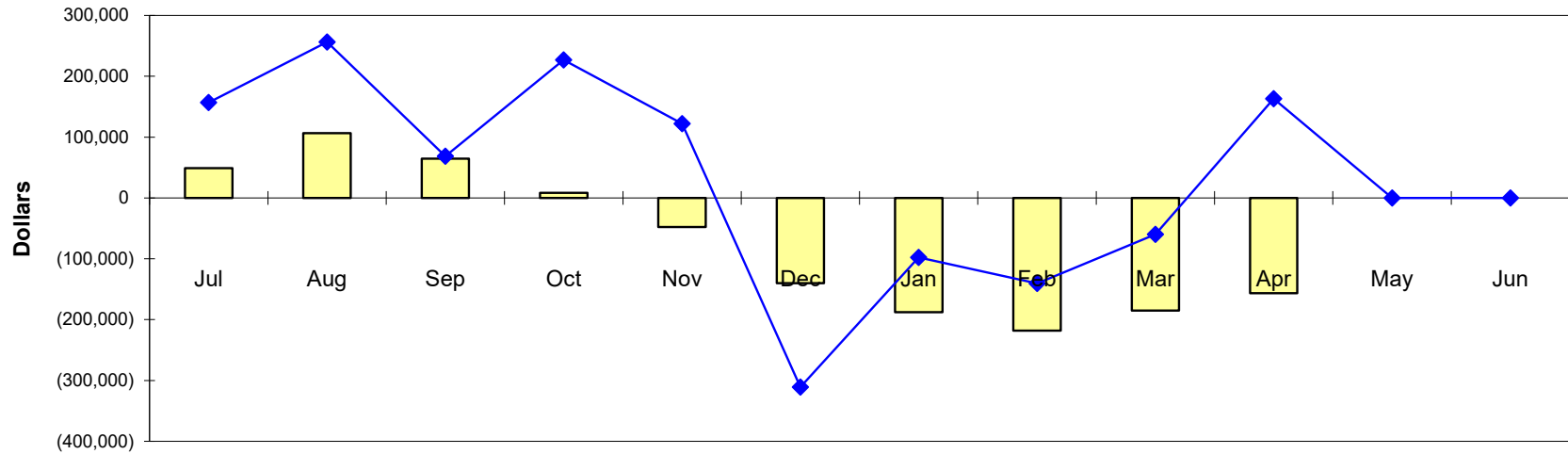


Year to Date Discounts Taken: \$849

Page 11
El Toro Water District
Income Statement
April 2021

	Apr 21	Budget	% of Budget	Jul '19 - Apr 20	Jul '20 - Apr 21	YTD Budget	% of Budget	Annual Budget
Income								
4600 · Water Service Charge	322,469.47	318,682.25	101.19%	3,036,295.90	3,151,831.60	3,186,822.50	98.9%	3,824,187.00
4700 · Sanitary Service	637,149.90	647,916.67	98.34%	6,387,634.02	6,311,017.18	6,479,166.66	97.41%	7,775,000.00
4722 · Recycled Water Tertiary Sales	151,950.24	57,645.98	263.59%	1,076,149.91	1,382,878.67	1,351,475.71	102.32%	1,663,847.00
4724 · Service Charge - Recycled Water	26,827.55	28,017.25	95.75%	210,462.22	252,045.83	280,172.50	89.96%	336,207.00
4750 · Capital Facilities Charge	250,522.82	251,250.00	99.71%	2,505,925.45	2,504,345.61	2,512,500.00	99.68%	3,015,000.00
4800 · Commodity Charge	712,621.74	682,255.01	104.45%	7,164,148.26	7,706,265.81	7,267,709.97	106.03%	8,904,396.00
4950 · Other Operating Income	1,213.49	4,583.33	26.48%	41,349.57	13,387.51	45,833.34	29.21%	55,000.00
4960 · Other Income	97,173.22	45,104.17	215.44%	528,101.20	508,663.58	451,041.66	112.78%	541,250.00
4967 · SMWD	0.00	9,333.33	0.0%	90,807.84	108,812.93	93,333.34	116.59%	112,000.00
4970 · MNWD	0.00	1,958.34	0.0%	20,377.49	22,237.16	19,583.32	113.55%	23,500.00
4980 · Interest Income	7,702.68	29,166.67	26.41%	308,238.72	102,324.23	291,666.66	35.08%	350,000.00
4985 · Changes FMV CAMP	2,680.20			37,055.77	-36,727.17			
4986 · Changes FMV LAIF	-45,754.91			50,735.24	-34,012.14			
4990 · Property Taxes	89,815.70	87,791.67	102.31%	803,662.53	904,891.29	877,916.66	103.07%	1,053,500.00
Total Income	2,254,372.10	2,163,704.67	104.19%	22,260,944.12	22,897,962.09	22,857,222.32	100.18%	27,653,887.00
Gross Profit	2,254,372.10	2,163,704.67	104.19%	22,260,944.12	22,897,962.09	22,857,222.32	100.18%	27,653,887.00
Expense								
5100 · Personnel Cost	691,000.95	715,783.08	96.54%	6,654,495.73	6,758,767.20	7,157,830.84	94.43%	8,589,397.00
5405 · Water Purchases	350,767.39	608,091.03	57.68%	6,217,093.41	6,370,342.06	6,441,869.34	98.89%	7,878,746.00
5410 · Electrical Power	106,195.95	93,616.65	113.44%	873,374.47	1,071,880.61	936,166.70	114.5%	1,123,400.00
5415 · Repair Parts & Materials	17,659.82	33,823.74	52.21%	289,866.32	230,505.30	338,237.52	68.15%	405,885.00
5420 · Equipment Maintenance & Repair	6,417.99	10,285.82	62.4%	131,872.62	93,115.65	102,858.36	90.53%	123,430.00
5425 · Pump Maintenance & Repair	16,313.63	8,291.67	196.75%	55,283.96	81,860.81	82,916.66	98.73%	99,500.00
5430 · Motor Maintenance & Repair	12,068.13	2,791.66	432.29%	19,947.28	21,498.09	27,916.68	77.01%	33,500.00
5440 · Electrical/Contl Maint & Repair	799.30	6,633.34	12.05%	64,358.97	57,049.18	66,333.32	86.0%	79,600.00
5445 · Meter Maintenance & Repair	5,773.35	487.50	1,184.28%	2,988.56	7,445.87	4,875.00	152.74%	5,850.00
5455 · Chemicals	22,808.84	18,225.01	125.15%	160,514.62	185,799.46	182,249.98	101.95%	218,700.00
5460 · Structure Maint & Repair	1,721.95	2,694.25	63.91%	43,616.69	48,440.15	26,942.50	179.79%	32,331.00
5465 · Asphalt Maintenance & Repair	5,340.00	6,916.67	77.21%	44,053.00	53,575.00	69,166.66	77.46%	83,000.00
5470 · Consultants	6,345.10	4,695.83	135.12%	59,222.39	29,690.32	46,958.34	63.23%	56,350.00
5475 · Contractors	114,114.12	97,997.16	116.45%	1,018,417.30	1,008,813.91	979,971.68	102.94%	1,175,966.00
5480 · Engineers	35,276.50	11,583.33	304.55%	68,946.08	161,870.39	115,833.34	139.74%	139,000.00
5482 · Dump Fees	625.65	1,500.00	41.71%	7,478.63	8,875.04	15,000.00	59.17%	18,000.00
5485 · Laboratory	85.00	2,408.33	3.53%	30,589.85	26,617.82	24,083.34	110.52%	28,900.00
5490 · License & Permits	34,917.84	15,025.50	232.39%	134,551.78	147,466.42	150,255.00	98.14%	180,306.00
5495 · Gas & Oil	8,161.22	8,750.00	93.27%	86,094.60	73,073.04	87,500.00	83.51%	105,000.00
5500 · Equipment Rental	1,233.88	1,675.00	73.66%	15,392.67	12,878.27	16,750.00	76.89%	20,100.00
5505 · Landscaping	6,984.79	13,669.85	51.1%	96,663.18	93,282.69	136,698.30	68.24%	164,038.00
5510 · Small Tools & Equipment	9,038.69	5,583.35	161.89%	53,562.77	45,473.31	55,833.30	81.45%	67,000.00
5515 · Security	1,608.84	1,587.94	101.32%	12,770.19	16,050.56	15,879.12	101.08%	19,055.00
5520 · Operating Supplies	5,889.52	4,688.33	125.62%	50,993.33	57,069.03	46,883.34	121.73%	56,260.00
5525 · Safety Equipment	8,684.75	2,999.99	289.49%	22,816.80	28,032.46	30,000.02	93.44%	36,000.00
5530 · Temporary Help	0.00	2,291.67	0.0%	27,324.00	0.00	22,916.66	0.0%	27,500.00
5535 · Other Employee Cost	26,946.11	9,250.00	291.31%	99,486.28	144,186.16	92,500.00	155.88%	111,000.00
5540 · Depreciation	358,285.00	408,333.33	87.74%	3,636,750.00	3,582,850.00	4,083,333.34	87.74%	4,900,000.00
5545 · Insurance	29,691.25	25,981.08	114.28%	386,052.96	276,862.41	259,810.84	106.56%	311,773.00
5548 · Retiree Medical Insurance	24,155.19	24,553.75	98.38%	66,666.60	233,812.94	245,537.50	95.23%	294,645.00
5555 · Advertising & Publicity	0.00	166.67	0.0%	960.00	6,400.00	1,666.66	384.0%	2,000.00
5560 · Amortization	570.49	570.83	99.94%	5,704.90	5,704.90	5,708.34	99.94%	6,850.00
5570 · Annual Event	0.00	500.00	0.0%	5,136.24	3,866.19	5,000.00	77.32%	6,000.00
5575 · Audit	0.00	2,141.67	0.0%	27,500.00	21,160.00	21,416.66	98.8%	25,700.00
5580 · Bad Debts	4,461.79	1,666.67	267.71%	6,509.09	16,023.20	16,666.66	96.14%	20,000.00
5585 · Bank Charges	5,922.55	5,250.00	112.81%	49,286.46	55,221.09	52,500.00	105.18%	63,000.00
5590 · Data Processing Supply & Access	512.31	2,083.34	24.59%	22,067.97	15,871.32	20,833.32	76.18%	25,000.00
5595 · Data Processing Equipment	8,166.19	2,500.00	326.65%	23,456.62	37,799.81	25,000.00	151.2%	30,000.00
5600 · Data Processing Consultants	0.00	3,333.33	0.0%	29,171.51	3,905.24	33,333.34	11.72%	40,000.00
5605 · Directors Fees	10,950.00	10,000.00	109.5%	97,355.00	105,996.00	100,000.00	106.0%	120,000.00
5610 · Dues & Memberships	10,075.34	7,278.33	138.43%	75,902.65	73,270.93	72,783.34	100.67%	87,340.00
5615 · Education & Training	1,036.00	2,833.33	36.57%	45,652.99	7,831.10	28,333.34	27.64%	34,000.00
5620 · Election Expense	0.00	2,916.67	0.0%	0.00	0.00	29,166.66	0.0%	35,000.00
5625 · Employee Service Awards	0.00	341.67	0.0%	2,528.93	3,150.00	3,416.66	92.2%	4,100.00
5630 · Software Maintenance & Licenses	25,332.61	13,416.67	188.81%	111,222.14	174,075.67	134,166.66	129.75%	161,000.00
5640 · Interest Expense	63,054.00	63,054.08	100.0%	656,216.20	630,540.00	630,540.84	100.0%	756,649.00
5645 · Janitorial	0.00	3,133.33	0.0%	35,913.54	59,677.75	31,333.34	190.46%	37,600.00
5650 · Legal	19,058.69	8,941.66	213.15%	128,633.40	133,171.66	89,416.68	148.93%	107,300.00
5655 · Meets, Conventions & Travel	512.59	3,250.00	15.77%	25,726.14	6,300.15	32,500.00	19.39%	39,000.00
5657 · Meets, Con & Travel - Directors	0.00	3,541.65	0.0%	25,281.10	7,838.00	35,416.70	22.13%	42,500.00
5660 · Office Supplies	715.14	1,650.00	43.34%	14,561.13	13,300.45	16,500.00	80.61%	19,800.00
5670 · Postage	10,636.70	1,708.33	622.64%	7,471.07	15,172.30	17,083.34	88.81%	20,500.00
5675 · Printing & Reproduction	796.08	1,550.00	51.36%	6,920.76	6,358.77	15,500.00	41.02%	18,600.00
5680 · Property Tax	5,079.67	716.67	708.79%	4,816.54	9,239.86	7,166.66	128.93%	8,600.00
5685 · Public Education & Outreach	2,974.47	15,391.67	19.33%	73,735.65	58,987.45	153,916.66	38.32%	184,700.00
5690 · Publications & Subscriptions	545.64	250.00	218.26%	672.54	545.64	2,500.00	21.83%	3,000.00
5695 · Communications	10,391.41	9,583.33	108.43%	93,132.90	97,164.00	95,833.34	101.39%	115,000.00
5700 · Utilities	1,476.38	2,275.84	64.87%	18,962.30	17,354.05	22,758.32	76.25%	27,310.00
Total Expense	2,091,178.80	2,320,260.60	90.13%	22,025,742.81	22,513,109.68	23,563,565.20	95.54%	28,424,781.00
	Apr 21	Budget	% of Budget	Jul '19 - Apr 20	Jul '20 - Apr 21	YTD Budget	% of Budget	Annual Budget
Net Income	163,193.30	-156,555.93	-104.24%	235,201.31	384,852.41	-706,342.88	-54.49%	-770,894.00

ANALYSIS OF REVENUE & EXPENSE
Fiscal Year 2020/2021

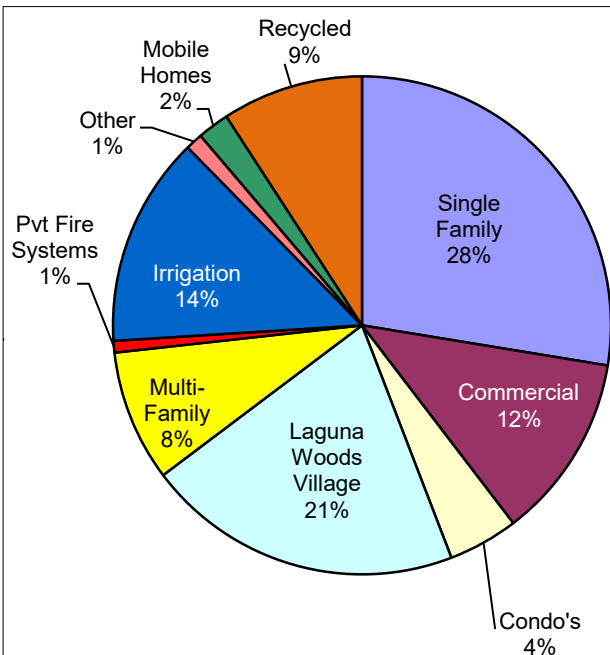
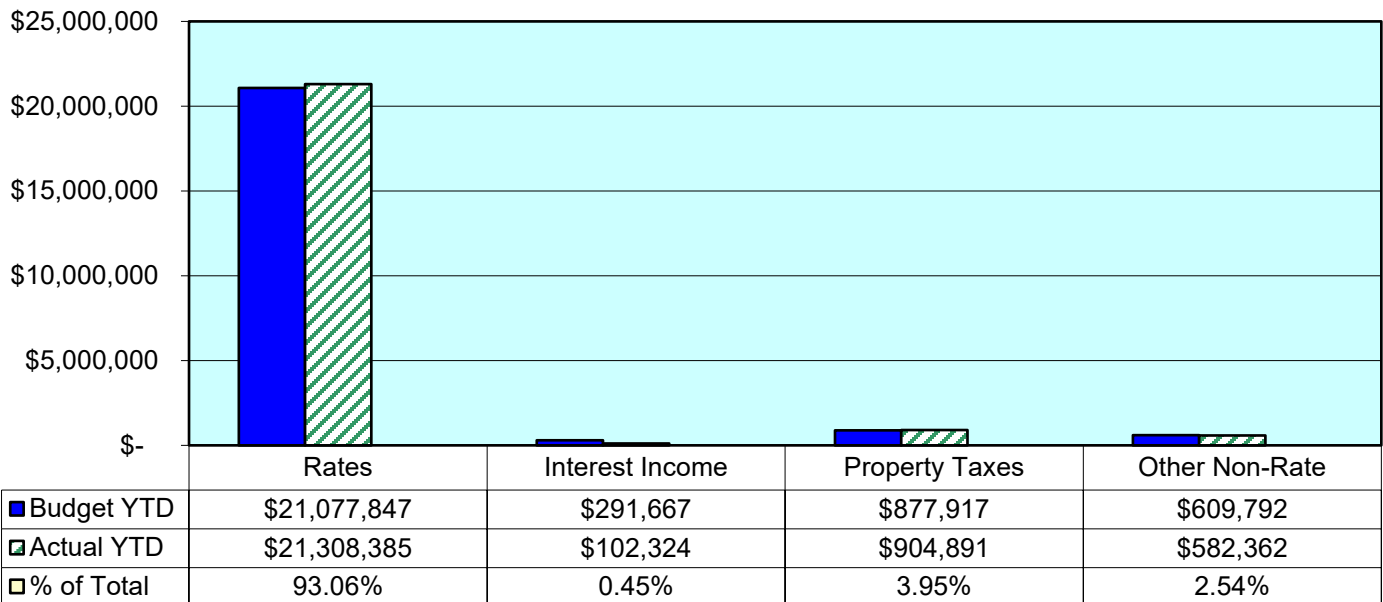


ANALYSIS OF REVENUES & EXPENSES
BUDGET COMPARED TO ACTUAL
FISCAL YEAR 2020/2021

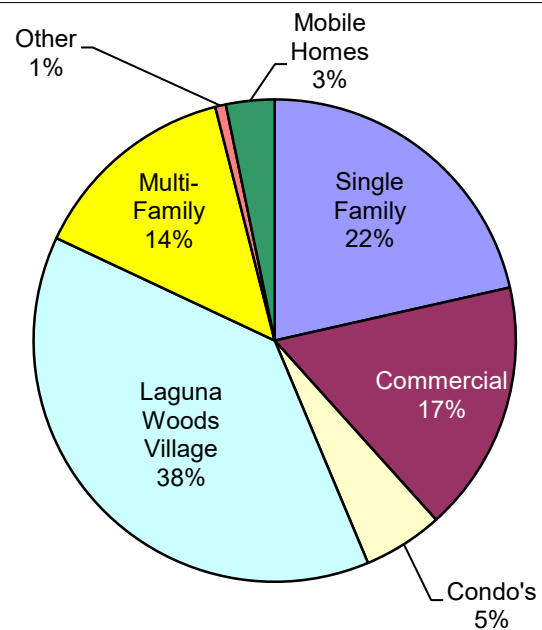
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget												
Revenue	2,578,232	2,738,760	2,504,281	2,537,996	2,295,265	2,129,649	2,002,446	1,871,233	2,035,656	2,163,705		
Expense	2,529,347	2,632,043	2,439,655	2,529,502	2,343,096	2,269,512	2,190,309	2,089,232	2,220,608	2,320,261		
Profit/Loss	48,886	106,717	64,626	8,494	(47,831)	(139,864)	(187,864)	(217,999)	(184,953)	(156,556)	0	0
Actual												
Revenue	2,594,130	2,609,535	2,482,538	2,545,216	2,117,632	2,132,951	2,084,215	1,944,580	2,128,950	2,254,372		
Expense	2,437,346	2,353,227	2,414,001	2,318,539	1,995,487	2,443,827	2,182,065	2,085,014	2,188,580	2,091,179		
Profit/Loss	156,784	256,308	68,536	226,677	122,145	(310,876)	(97,850)	(140,434)	(59,630)	163,193	0	0

EL TORO WATER DISTRICT REVENUES FROM WATER & WASTE WATER SALES AS OF 4/30/21

Where the Money Comes From



WATER REVENUE YTD 2020/2021



WASTE WATER REVENUE YTD 2020/2021

**EL TORO WATER DISTRICT
REVENUE COMPARISON
For the Month Ended April 30, 2021**

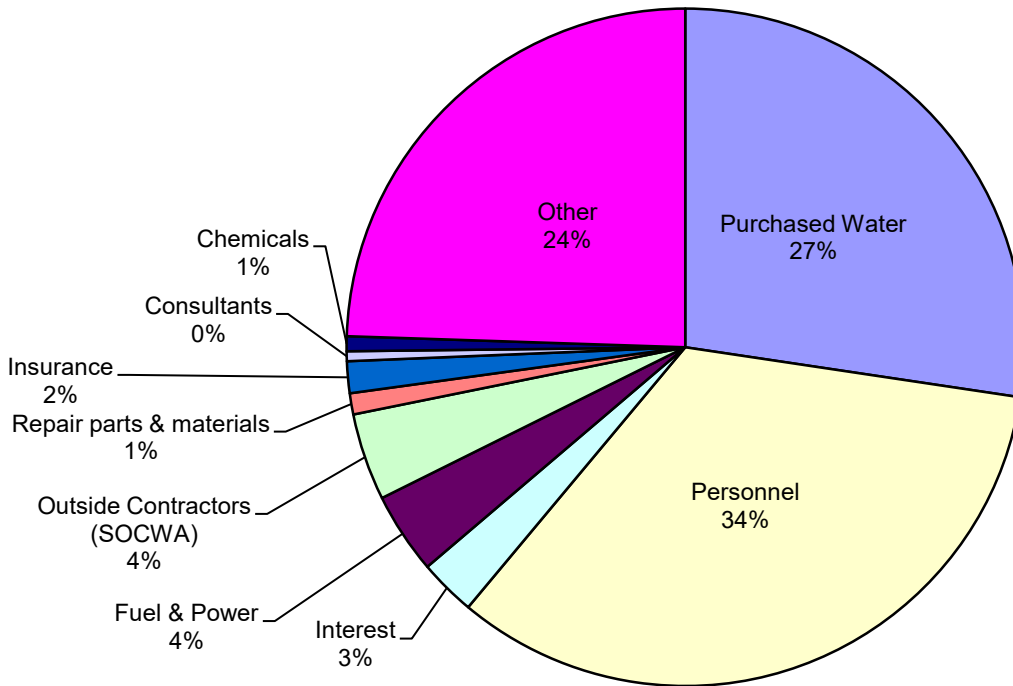
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	BUDGET	REMAINING BUDGET
<u>From Rates</u>										
Capital Facilities Charge	\$ 250,523	\$ 251,250	\$ (727)	0%	\$ 2,504,346	\$ 2,512,500	\$ (8,154)	0%	\$ 3,015,000	\$ 510,654
Water sales - Commodity	712,622	682,255	30,367	4%	7,706,266	7,267,710	438,556	6%	8,904,396	1,198,130
Water sales - Fixed Meter	322,469	318,682	3,787	1%	3,151,832	3,186,823	(34,991)	-1%	3,824,187	672,355
Waste water sales	637,150	647,917	(10,767)	-2%	6,311,017	6,479,167	(168,149)	-3%	7,775,000	1,463,983
Recycled water tertiary sales	151,950	57,646	94,304	164%	1,382,879	1,351,476	31,403	2%	1,663,847	280,968
Service charge - Recycled water	26,828	28,017	(1,190)	-4%	252,046	280,173	(28,127)	-10%	336,207	84,161
TOTAL FROM RATES	2,101,542	1,985,767	115,775	6%	21,308,385	21,077,847	230,537	1%	25,518,637	4,210,252
<u>Non-rate Revenue</u>										
Admin fee	1,033	1,600	(567)	-35%	12,548	16,000	(3,452)	-22%	19,200	6,652
48 Hour notice fee	-	2,451	(2,451)	-100%	-	24,514	(24,514)	-100%	29,416.44	29,416
Restoration fee	-	370	(370)	-100%	-	3,700	(3,700)	-100%	4,440	4,440
Unpaid check fee	130	150	(20)	-13%	790	1,500	(710)	-47%	1,800	1,010
Cut lock fee	50	12	38	317%	50	120	(70)	-58%	144	94
TOTAL NON-RATE	1,213	4,583	(3,370)	-74%	13,388	45,834	(32,446)	-71%	55,000	41,613
<u>Other Revenue</u>										
Interest	7,703	29,167	(21,464)	-74%	102,324	291,667	(189,342)	-65%	350,000	247,676
Change FMV Investment	(43,075)	-	(43,075)	0%	(70,739)	-	(70,739)	0%	-	70,739
Property taxes	89,816	87,792	2,024	2%	904,891	877,917	26,975	3%	1,053,500	148,609
Other	97,173	45,104	52,068	115%	508,664	451,042	57,622	13%	541,250	32,586
TOTAL OTHER REVENUE	151,617	162,063	(10,446)	-6%	1,445,140	1,620,625	(175,485)	-11%	1,944,750	499,610
<u>Contract Service</u>										
Santa Margarita W. D.	-	9,333	(9,333)	-100%	108,813	93,333	15,480	17%	112,000	3,187
Moulton Niguel W. D.	-	1,958	(1,958)	-100%	22,237	19,583	2,654	14%	23,500	1,263
TOTAL CONTRACT SERVICES	-	11,292	(11,292)	-100%	131,050	112,917	18,133	16%	135,500	4,450
 TOTAL REVENUE	 \$ 2,254,372	 \$ 2,163,705	 \$ 90,667	 4%	 \$ 22,897,962	 \$ 22,857,223	 \$ 40,739	 0%	 \$ 27,653,887	 \$ 4,755,925

**EL TORO WATER DISTRICT
NON-RATE REVENUE ANALYSIS
FOR THE MONTH ENDING April 30, 2021**

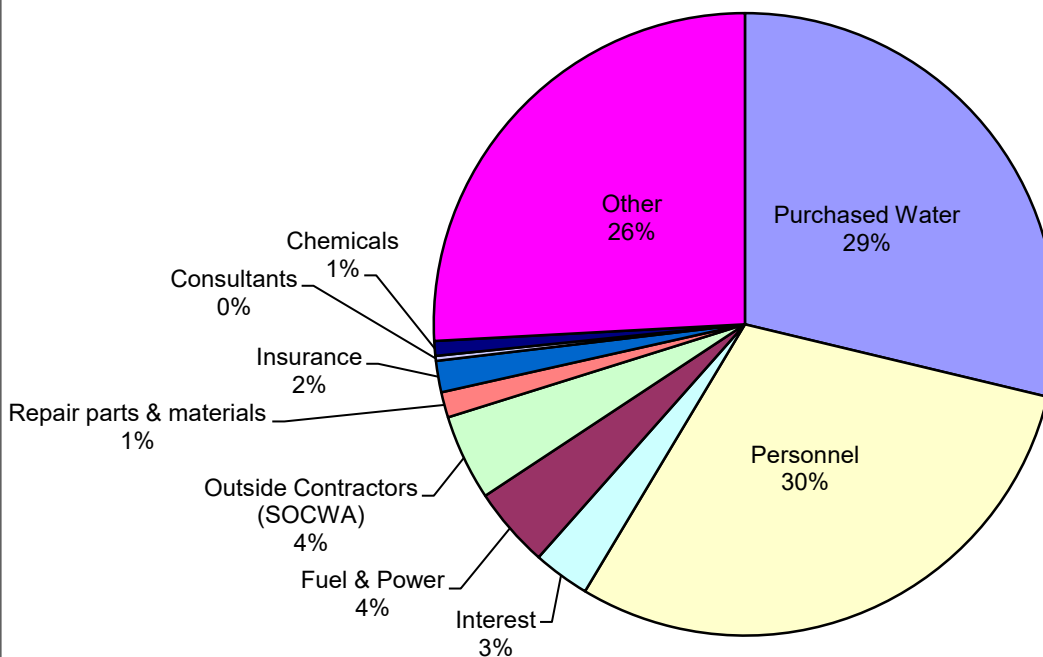
	Apr-21 Actual	Apr-21 Budget	Jul 20- Apr 21 YTD Actual	Jul 20- Apr 21 YTD Budget
Site Leases	8,057	19,583	185,258	195,830
MWD Recycled Water LRP Rebate	16,450	23,854	244,100	238,540
JPIA Refund	54,187	-	54,187	-
SOCWA Refund		-	-	-
Recycled Metal	1,174	-	3,336	-
Diesel Fuel Tax Refund	-	-	903	-
Sale of District Trucks	16,580	-	16,580	-
Misc Work for Customers	726	1,667	4,300	16,670
	<u>\$ 97,173</u>	<u>\$ 45,104</u>	<u>\$ 508,664</u>	<u>\$ 451,040</u>
Other Operating Income				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	<u>-</u>		<u>-</u>	
	<u>-</u>		<u>-</u>	
Total	<u>97,173</u>		<u>508,664</u>	

WHERE THE MONEY GOES

YTD EXPENSES AT 4/30/21



EXPENSES YEAR ENDING 6/30/20



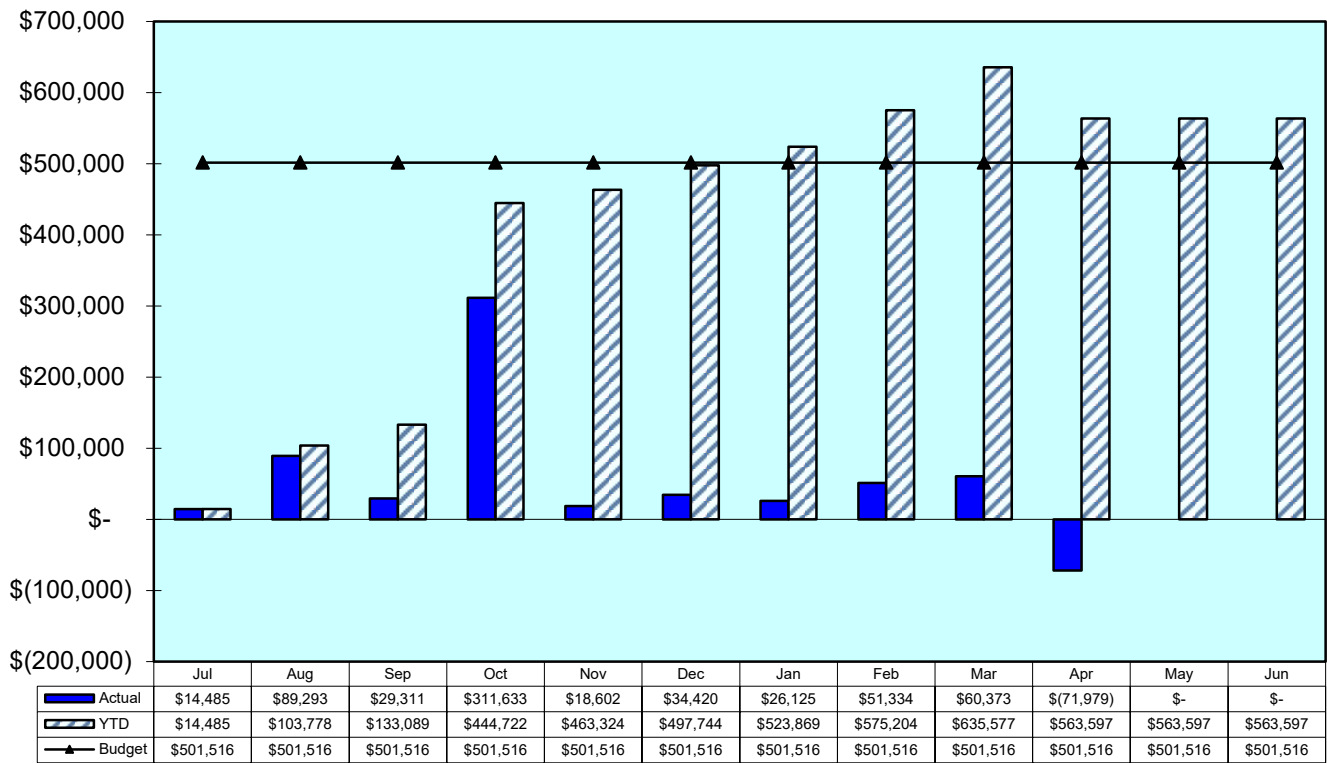
EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended April 30, 2021

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Operating Expenses</u>										
Personnel cost	\$691,001	\$715,783	\$24,782	3%	\$6,758,767	\$7,157,831	\$399,064	6%	\$8,589,397	1,830,630
Purchased water	350,767	608,091	257,324	42%	6,370,342	6,441,869	71,527	1%	7,878,746	1,508,404
Electrical power	106,196	93,617	(12,579)	-13%	1,071,881	936,167	(135,714)	-14%	1,123,400	51,519
Repair parts & materials	17,660	33,824	16,164	48%	230,505	338,238	107,732	32%	405,885	175,380
Equipment repairs & maintenance	6,418	10,286	3,868	38%	93,116	102,858	9,743	9%	123,430	30,314
Pump repairs & maintenance	16,314	8,292	(8,022)	-97%	81,861	82,917	1,056	1%	99,500	17,639
Motor repairs & maintenance	12,068	2,792	(9,276)	-332%	21,498	27,917	6,419	23%	33,500	12,002
Electrical repairs & maintenance	799	6,633	5,834	88%	57,049	66,333	9,284	14%	79,600	22,551
Meter repairs & maintenance	5,773	488	(5,286)	-1084%	7,446	4,875	(2,571)	-53%	5,850	(1,596)
Chemicals	22,809	18,225	(4,584)	-25%	185,799	182,250	(3,549)	-2%	218,700	32,901
Structure repairs & maintenance	1,722	2,694	972	36%	48,440	26,943	(21,498)	-80%	32,331	(16,109)
Asphalt repairs & maintenance	5,340	6,917	1,577	23%	53,575	69,167	15,592	23%	83,000	29,425
Consultants - outside	6,345	4,696	(1,649)	-35%	29,690	46,958	17,268	37%	56,350	26,660
Contractors - outside	114,114	97,997	(16,117)	-16%	1,008,814	979,972	(28,842)	-3%	1,175,966	167,152
Engineers - outside	35,277	11,583	(23,693)	-205%	161,870	115,833	(46,037)	-40%	139,000	(22,870)
Dump fees	626	1,500	874	58%	8,875	15,000	6,125	41%	18,000	9,125
Laboratories	85	2,408	2,323	96%	26,618	24,083	(2,534)	-11%	28,900	2,282
License & permits	34,918	15,026	(19,892)	-132%	147,466	150,255	2,789	2%	180,306	32,840
Automotive fuel & oil	8,161	8,750	589	7%	73,073	87,500	14,427	16%	105,000	31,927
Equipment rental	1,234	1,675	441	26%	12,878	16,750	3,872	23%	20,100	7,222
Landscaping	6,985	13,670	6,685	49%	93,283	136,698	43,416	32%	164,038	70,755
Small tools & equipment	9,039	5,583	(3,455)	-62%	45,473	55,833	10,360	19%	67,000	21,527
Security	1,609	1,588	(21)	-1%	16,051	15,879	(171)	-1%	19,055	3,004
Operating supplies	5,890	4,688	(1,201)	-26%	57,069	46,883	(10,186)	-22%	56,260	(809)
Safety equipment	8,685	3,000	(5,685)	-189%	28,032	30,000	1,968	7%	36,000	7,968
Temporary help	0	2,292	2,292	100%	0	22,917	22,917	100%	27,500	27,500
Other employee cost	26,946	9,250	(17,696)	-191%	144,186	92,500	(51,686)	-56%	111,000	(33,186)
Employee service awards	0	342	342	100%	3,150	3,417	267	8%	4,100	950
Education & training	1,036	2,833	1,797	63%	7,831	28,333	20,502	72%	34,000	26,169
Total Operating Expenses	1,497,815	1,694,522	196,706	12%	16,844,640	17,306,176	461,536	3%	20,915,914	4,071,274

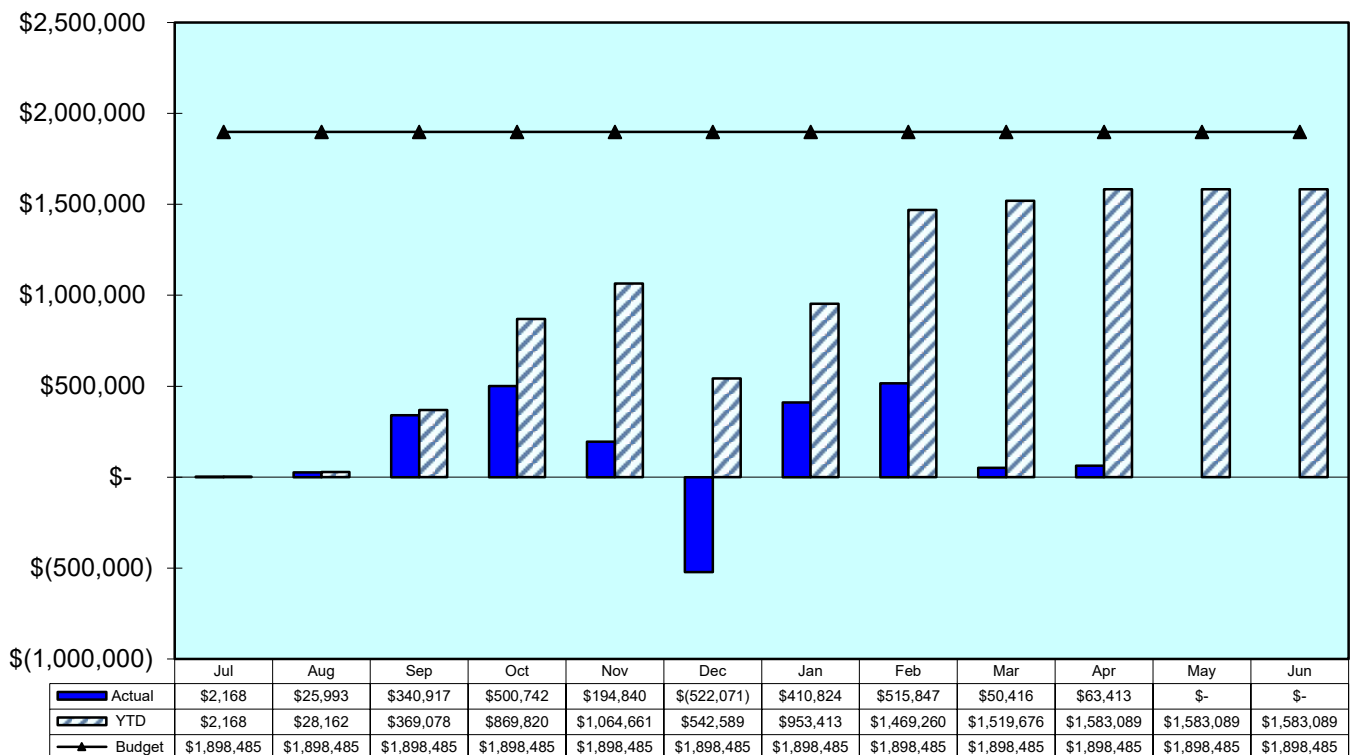
EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended April 30, 2021

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Indirect Cost</u>										
Depreciation	358,285	408,333	50,048	12%	3,582,850	4,083,333	500,483	12%	4,900,000	1,317,150
Amortization	570	571	0	0%	5,705	5,708	3	0%	6,850	1,145
Insurance	29,691	25,981	(3,710)	-14%	276,862	259,811	(17,052)	-7%	311,773	34,911
Retiree Medical Insurance	24,155	24,554	399	2%	233,813	245,538	11,725	5%	294,645	60,832
Data processing supplies & assc.	512	2,083	1,571	75%	15,871	20,833	4,962	24%	25,000	9,129
Data processing equipment	8,166	2,500	(5,666)	-227%	37,800	25,000	(12,800)	-51%	30,000	(7,800)
Data processing consultants	-	3,333	3,333	100%	3,905	33,333	29,428	88%	40,000	36,095
Software maintenance & licenses	25,333	13,417	(11,916)	-89%	174,076	134,167	(39,909)	-30%	161,000	(13,076)
Janitorial	0	3,133	3,133	100%	59,678	31,333	(28,344)	-90%	37,600	(22,078)
Printing & reproduction	796	1,550	754	49%	6,359	15,500	9,141	59%	18,600	12,241
Publications & subscriptions	546	250	(296)	-118%	546	2,500	1,954	78%	3,000	2,454
Communications - voice	1,283	1,833	551	30%	12,177	18,333	6,156	34%	22,000	9,823
Communications - data	5,610	4,750	(860)	-18%	50,134	47,500	(2,634)	-6%	57,000	6,866
Communications - mobile	3,499	3,000	(499)	-17%	34,853	30,000	(4,853)	-16%	36,000	1,147
Utilities	1,476	2,276	799	35%	17,354	22,758	5,404	24%	27,310	9,956
Total Indirect Cost	459,923	497,565	37,642	8%	4,511,983	4,975,648	463,666	9%	5,970,778	1,458,796
<u>Overhead Cost</u>										
Annual events	0	500	500	100%	3,866	5,000	1,134	23%	6,000	2,134
Audit	0	2,142	2,142	100%	21,160	21,417	257	1%	25,700	4,540
Bad debts	4,462	1,667	(2,795)	-168%	16,023	16,667	643	4%	20,000	3,977
Bank charges	5,923	5,250	(673)	-13%	55,221	52,500	(2,721)	-5%	63,000	7,779
Directors fees	10,950	10,000	(950)	-10%	105,996	100,000	(5,996)	-6%	120,000	14,004
Dues & memberships	10,075	7,278	(2,797)	-38%	73,271	72,783	(488)	-1%	87,340	14,069
Election Expense	0	2,917	2,917	100%	0	29,167	29,167	100%	35,000	35,000
Interest	63,054	63,054	0	0%	630,540	630,541	1	0%	756,649	126,109
Legal	19,059	8,942	(10,117)	-113%	133,172	89,417	(43,755)	-49%	107,300	(25,872)
Meetings, conventions & travel	513	3,250	2,737	84%	6,300	32,500	26,200	81%	39,000	32,700
Meets, con & travel - Directors	-	3,542	3,542	100%	7,838	35,417	27,579	78%	42,500	34,662
Office supplies	715	1,650	935	57%	13,300	16,500	3,200	19%	19,800	6,500
Postage	10,637	1,708	(8,928)	-523%	15,172	17,083	1,911	11%	20,500	5,328
Property taxes	5,080	717	(4,363)	-609%	9,240	7,167	(2,073)	-29%	8,600	(640)
Advertising & Publicity	0	167	167	100%	6,400	1,667	(4,733)	-284%	2,000	(4,400)
Public education & outreach	2,974	15,392	12,417	81%	58,987	153,917	94,929	62%	184,700	125,713
Total Overhead Cost	133,441	128,174	(5,267)	-4%	1,156,487	1,281,741	125,254	10%	1,538,089	381,602
TOTAL EXPENSES	\$2,091,179	\$2,320,261	\$229,082	10%	\$22,513,110	\$23,563,565	\$1,050,456	4%	\$28,424,781	\$5,911,671

CAPITAL COST ANALYSIS - EQUIPMENT 4/21



CAPITAL COST ANALYSIS - PROJECTS 4/21





STAFF REPORT

To: BOARD OF DIRECTORS

Meeting Date: May 24, 2021

From: Jason Hayden, Chief Financial Officer

Subject: Cash Reserve Policy Statement

Staff performs an annual review of the District Cash Policy and makes recommendations for changes.

The recommended revisions to the Cash Reserve Policy include clarifications and updates to make the Policy consistent with the District's financial operations and tracking procedures. There are no recommendations to change the defined reserve levels.

A redline version of the document, identifying the proposed changes, as well as a clean version of the updated Cash Reserve Policy are enclosed.

RECOMMENDATION

Recommended Action: Staff recommends adopting Resolution No. 21-5-1 which amends the District's Cash Reserve Policy Statement 1994-12 (IV).

RESOLUTION NO. 21-5-1

RESOLUTION OF THE BOARD OF DIRECTORS
OF EL TORO WATER DISTRICT
WHICH AMENDS THE DISTRICT'S
CASH RESERVE POLICY STATEMENT 1994-12 (IV)

RESOLUTION NO. 21-5-1

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
AMENDING IN IT'S ENTIRETY
POLICY STATEMENT 1994-12 (IV)
"CASH RESERVE POLICY"

WHEREAS, the Board of Directors of the El Toro Water District desires to amend its existing policy with regard to Cash Reserve Policy;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED as follows:

Policy Statement – Cash Reserve Policy 1994-12 (IV) is hereby amended, approved and adopted in the form and content attached to this Resolution marked Exhibit "A";

ADOPTED, SIGNED AND APPROVED this 24th day of May 2021.

MIKE GASKINS, President
El Toro Water District and of the
Board of Directors thereof

ATTEST

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

4Prepared by: Staff	EL TORO WATER DISTRICTPOLICY STATEMENT 1994-12 (IV) CASH RESERVE POLICY	Page 1 of 5 Item 9 Section IV
Approved by: Board of Directors		Date: 0405/240/2021 Revision: 198

The District maintains the following three categories of reserves.

- Legally Restricted Reserves
- Board Mandated Reserves
- Board Restricted Reserves

Legally Restricted Reserves

The District is required to establish, maintain, and restrict certain Cash reserves to comply with contractual and/or legal obligations ("legally Restricted Reserves"). Accordingly, the District reserves Cash from operational revenues and various other sources to restrict cash as necessary to fulfill the following reserve requirements.

- A. Bond Reserve Investment: Bond Indentures (including State Revolving Fund Loans) require that the District establish and maintain certain reserve funds as established by the loan agreements. These amounts will change from year to year as annual debt service requirements change, bonds are retired and new bonds are issued.
- B: Capital Facility Fee: State law requires that the District establish, maintain and separately account for Capital Facility fees collected from customers. Funds are held in reserve until disbursed for the designated purpose.

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Superseded by Resolution: 96-7-1	Date: 07/18/96
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Superseded by Resolution: 00-6-3	Date: 06/22/00
Superseded by Resolution: 01-6-2	Date: 06/21/01
Superseded by Resolution: 03-4-2	Date: 04/24/03
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Superseded by Resolution: 17-3-2	Date: 03/28/17
Superseded by Resolution: 20-4-1	Date: 04/20/20
Superseded by Resolution: 21-5-1	Date: 05/24/21

2Prepared by: Staff	EL TORO WATER DISTRICTPOLICY STATEMENT 1994-12 (IV) CASH RESERVE POLICY	Page 2 of 5 Item 9 Section IV
Approved by: Board of Directors		Date: <u>0405/240/2021</u> Revision: <u>198</u>

Board Mandated Reserves

The Board mandated reserves are maintained for funding basic needs of the District, including revenue shortfalls, unplanned expenses or unanticipated risks ("Rate Stabilization" and "Operating" Reserves). Also included in Board Mandated Reserves are the Board mandated minimum funds utilized to support monthly cash flow ("Working Capital") and cash ~~ear-marked-designated~~ for funding the Capital Replacement and Restoration Program ("Capital Reserves").

Reserves may be amended or closed by the Board provided such action does not impair any obligation that has been incurred by the District. Upon completion of a project for which a reserve exists, the General Manager shall close that reserve after all work has been completed and all other costs have been paid. Unused reserve balances shall be returned to Working Capital. All reserves shall be reviewed at least annually to determine the status of work and changes. The General Manager shall report annually to the Board on the status of reserves to permit the Board to consider which, if any, ~~of such~~ reserves should remain open, ~~should~~ be closed, or ~~should~~ have their minimum levels adjusted.

The General Manager is authorized to restrict the source of funds for reserves to pay for capital programs or other contractual or legal obligations. The General Manager shall report quarterly to the Board all changes in sources of funding ~~for from~~ those restricted revenues used to fund the reserve at the time of approval of the reserve.

Reserves should be maintained at a level that will provide for financial security required of a fiscally responsible local government. The minimum level of Board Mandated reserves has been deemed to be \$8,500,000 excluding contractual or legal obligations. Interest earned on those funds held in reserve will be deemed unreserved and be utilized as a source of revenue to meet the needs of the operating budget. If reserves are drawn below contractual or legal requirements or the minimum level established by this policy, the reserves would be replenished from Working Capital to the extent available and then, operating revenues or other revenue or cash flow sources as required. If Working Capital, operating revenues or other revenue or cash flow sources are not immediately sufficient to replenish any reserve that has been drawn below the minimum reserve level, the General Manager shall present the Board with a plan to replenish the reserve.

<u>Board Mandated Reserves</u>	<u>Minimum Level</u>
Capital Reserves	\$3,000,000
Rate Stabilization Reserve	\$2,200,000
Operating Reserve	\$1,300,000
Working Capital	<u>\$2,000,000</u>
Total	<u>\$8,500,000</u>

3Prepared by: Staff	EL TORO WATER DISTRICTPOLICY STATEMENT 1994-12 (IV) CASH RESERVE POLICY	Page 3 of 5 Item 9 Section IV
Approved by: Board of Directors		Date: <u>0405/240/2021</u> Revision: <u>198</u>

Board Mandated Reserve Description /Purpose

- A. Capital Reserve: (approx. 100% of average annual capital expenditures) This reserve is established to provide a funding source for the Long Term Capital Replacement and Restoration Program "Capital R&R Program". In addition, it is a source of funds to meet construction project progress payments for planned or unplanned capital replacement and restoration projects for which other financing sources are not immediately adequate.

Typically capital expenditures are funded out of the current year collections of the water, sewer and recycled water Capital Replacement and Restoration charge ("Capital R & R Charge"). To the extent that the current year Capital R & R Charge collections are not sufficient to cover capital expenditures for a particular year, then the District relies on capital reserves. If current annual Capital R & R Charge collections plus capital reserves are not sufficient to cover the District's five-year capital expenditure program, then the District will investigate alternative funding sources and/or rate adjustments.

It is the District's intent to fund capital expenditures out of current cash flows and to have adequate capital reserves to assure total funding of the District's ongoing five-year Capital R & R Program. The determination of the Capital Reserve will be as follows:

- 1) Funds available from Capital R & R Charge collections, based on the District's current year operating budget, will be projected for the five-year period.
- 2) Funds carried over from previous fiscal years Capital R & R Charge collections for projects that have not yet been completed, have been cancelled or have been completed under budget.
- 3) Capital expenditures, as included in the operating budget, will be projected for the five-year period. The Capital Reserve will be the difference between the funds available (items 1 and 2) and the funds required (item 3) but not less than \$3 million.

- B. Rate Stabilization Reserve: (approx. 7.5% to 15% of annual Operations & Maintenance costexpenses, excluding depreciation.) This reserve is established to provide a source of funds when unusually wet weather or drought restrictions cause water sales to fall below levels used to prepare the budget for the year in question or when unusual conditions result in revenue shortfalls. In addition, the rate stabilization reserve will provide necessary funds in those years where budgeted revenues from all sources isare not sufficient to meet budgeted expenses.

4Prepared by: Staff	<p style="text-align: center;">EL TORO WATER DISTRICTPOLICY STATEMENT 1994-12 (IV) CASH RESERVE POLICY</p>	Page 4 of 5 Item 9 Section IV
Approved by: Board of Directors		Date: <u>0405/240/2021</u> Revision: <u>198</u>

- C. Operating Reserves: (approx. 5% to 10% of annual Operations & Maintenance expenses-cost, excluding depreciation.) This reserve is established to provide a source of funds to ensure continual operations in challenging circumstances, such as follows:
- 1) Other revenue sources fall short of expectations. (i.e. interest income, property taxes, etc.)
 - 2) Budget overages are experienced; such as the need to complete major repairs to critical operating equipment when such equipment was not scheduled for major repair.
 - 3) SOCWA operations and/or capital expenditures that exceed the budgeted amounts.
 - 4) Needed repairs that may be necessary to restore operations after a natural disaster. As a public agency providing a vital service to the community, the District cannot afford to be inoperable for an extended period of time.
- D. Working Capital: In order to ensure adequate operating cash the District will maintain Working Capital funds equal to at least 1 month of cash flow requirements (Operations & Maintenance expenses-costs, excluding depreciation). Reserve funds in excess of the Board Mandated Reserves, not otherwise designated as Legally Restricted, Board Restricted or Capital Reserves, will be considered as Working Capital.

Prepared by: Staff	EL TORO WATER DISTRICT POLICY STATEMENT 1994-12 (IV) CASH RESERVE POLICY	Page 5 of 5 Item 9 Section IV
Approved by: Board of Directors		Date: <u>04/05/2021</u> Revision: <u>198</u>

Board Restricted Reserves

- A. Conservation Water Supply Reserve: The amount of this restricted reserve varies based upon Tier III and Tier IV water sales less the water supply and delivery rate component. This reserve is established to provide a source of revenue to fund Conservation efforts and development of Water Supply Resources (Conservation/Water Supply Reserves) as follows:
- 1) The conservation program inclusive of personnel, outreach, newsletters, website support and any other efforts dedicated to supporting, encouraging and promoting water conservation.
 - 2) To enhance, expand and/or add to customer water use efficiency rebate programs in which the District participates in or initiates.
 - 3) To fund the investigation, study, design and construction of Recycled Water Treatment and Delivery Projects.
 - 4) To fund supplemental revenue as necessary to balance the revenues and operational expenses of the Recycled Water Enterprise.
 - 5) To fund the investigation, study, design and construction of Supplemental Potable Water Supply Projects.
- B. Baker Funding Reserve: A portion of the revenue generated from the Water Capital R&R Charge will be used to fund a portion of the debt associated with the Baker Water Treatment Plant project in the amount of \$500,000. Beginning with the 2021-2022 Budget, this amount will increase through 2025-2026 to approximately \$680,000 and will eventually fully fund the Baker Water Treatment Plant Debt Service. This portion of the Water Capital R&R Charge revenue is accumulated in the Baker Funding Reserve to be used when the Baker Water Treatment Plant loan payments are due.

Prepared by: Staff	<p style="text-align: center;">EL TORO WATER DISTRICT POLICY STATEMENT 1994-12 (IV) CASH RESERVE POLICY</p>	Page 1 of 5 Item 9 Section IV
Approved by: Board of Directors		Date: 05/24/21 Revision: 19

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Working Capital	\$2,000,000
Total	\$8,500,000

Prepared by: Staff	<p style="text-align: center;">EL TORO WATER DISTRICT POLICY STATEMENT 1994-12 (IV) CASH RESERVE POLICY</p>	Page 3 of 5 Item 9 Section IV
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MINUTES OF THE REGULAR MEETING
& OF THE
ENGINEERING COMMITTEE MEETING

April 19, 2021

At approximately 7:30 a.m. President Gaskins called the regular meeting to order via Zoom.

Director Vergara led the Pledge of Allegiance to the flag.

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

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, BOBBY YOUNG, Principal Engineer, DOUG HILTS, Hilts Consulting Group, Inc., and POLLY WELSCH, Recording Secretary.

Oral Communications/Public Comments

There were no comments.

Items Received too Late to be Agendized

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

Engineering Committee

At approximately 7:33 a.m. Director Vergara called the Engineering Committee meeting to order.

Consent Calendar

Director Vergara asked for a Motion.

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

Roll Call Vote:

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

Engineering Action Items

R-6 Cover Replacement & Improvement Project

Mr. Cafferty stated that once the design is done, we will be ready to start construction in the fall of 2022. He further stated that we will need to take the Reservoir out of service, and will avoid doing so during the summer.

Mr. Young stated that the staff paper outlines some background regarding the R-6 Reservoir, and the liner. He further stated that staff noticed significant wear on the floating cover and some incidents where repairs were beginning to become more frequent.

Mr. Young stated that there was a study conducted which included material testing to determine the remaining useful life of the cover and liner. He further stated that the report summarized that we are nearing the end of the useful life of the R-6 cover.

Mr. Young stated that staff worked on an RFP process to solicit proposals relating to design of floating covers. He further stated that we received one proposal which staff reviewed with SMWD and MNWD and received comments.

Mr. Young stated that there is new technology of the material advanced over the last 20 years. He further stated that the rainwater removal system currently is a gravity

system that is no longer viewed upon as the best recommended design.

Director Monin asked if there will be a pump system that gets rid of the rain water. Mr. Young replied yes.

Mr. Young stated that MNWD's share of the project cost is 5% and will not require their Board's approval, but SMWD's share of the cost will require their Board's approval.

Director Havens asked since we are putting the cover on a 20 year old liner, how can we be assured that the liner is going to last another 20 years. Mr. Cafferty replied that the cover is approximately \$11 million and if we include the liner, the cost would increase \$6-7 million. Mr. Cafferty further stated that staff believes the submerged portions of the liner have not been subject to the same level of deterioration as the liner. Mr. Cafferty also noted that isolated failures of the liner are protected by the liner leakage system.

Director Monin asked if staff could see if there is a lighter color that would absorb less heat and deterioration, and if not could the cover be painted a lighter color. Mr. Cafferty replied that staff will go through the design details and see what benefits the best interest of the facility.

Vice President Freshley stated that we would need to consider a non-reflective color for the cover.

Mr. Young stated that the proposal includes demolition of the existing cover, new hatch designs for access to the Reservoir for the divers, and includes added components for pressure and temperature sensors. He further stated that we would also need to review the existing metering structure and valve control systems.

Mr. Cafferty stated that there are 6 underwater valves which will be reviewed to see if they need to be replaced while we are replacing the cover. He further stated that staff will be waiting until SMWD's Board takes action on the cover before we move forward with this project.

Director Vergara asked for a Motion.

Motion: Vice President Freshley made a motion, seconded by President Gaskins and unanimously carried across the Board to authorize the District's General Manager to enter into a contract with Hilts Consulting Group, Inc. in the amount of \$527,953 for engineering design services for the R-6 Reservoir Floating Cover Replacement and Improvement Project.

Roll Call Vote:

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

Engineering General Information Items

Capital Projects Status Report

Phase II Recycled Water Distribution System Expansion Project

Mr. Young stated that the Phase II West (B) sites have unique valves. He further stated that both the State and County have both reviewed and have no more comments on the plans.

Mr. Young stated that staff is setting up a final site walk through with the Department of Drinking Water (DDW) who will then determine next steps.

Mr. Cafferty stated that the rebate applications have been approved by MET. He further stated that the Phase II contract is very different than the Phase I contract,

instead of the \$250 per acre foot rebate, we chose the \$475 rebate for a shorter term, which was designed to be consistent with the loan term we have on the SRF loan to maximize the amount of financial benefit both in combination with the interest and the LRP.

Mr. Cafferty stated that one of the challenges we had early on was that MET took a position that while Phase II was more money, we couldn't get any Phase II rebates until all of the Phase I contract usage number was met. He further stated that recently MET contacted staff and asked if we could clearly identify Phase I versus Phase II users, and staff responded affirmatively.

CalTrans I-5 Widening Project

Mr. Young stated that we have a few remaining utilities to relocate, and staff has submitted invoices covering the work to Caltrans for payment and of the three invoices we submitted, we received one payment thus far through OCTA. He further stated that the next phase of construction for relocation efforts is scheduled for October 2021.

Oso Lift Station Improvement Project

Mr. Young stated that the Motor Control Center (MCC) pad has been poured, and the wet well has been lined and tested, so we are getting close to what will resemble a new lift station soon.

Mr. Young stated that the MCC will be arriving in early May, and the pumps are going into the wet well this week or next.

Director Monin asked when the project will be complete. Mr. Young replied that the substantial completion should be in July; however there will remain housekeeping/punch list items that may run into August.

Director Monin asked if the District is done with titling with Laguna Woods Village. Mr. Cafferty replied that titling is soon to be complete.

Mr. Cafferty stated that a Change Order may be coming for Board approval next month that exceeds the General Manager's authority.

Allen-McColloch Pipeline Shutdown and Repair - MWDSC

Mr. Young stated that MET is on schedule for the shutdown, which is occurring April 4th through May 10th. He further stated that staff has been tracking daily the R-6 Reservoir levels and demands within the service area.

IRWD Flow Study – LAWRP

Mr. Young stated that flow monitoring is currently taking place between District and IRWD staff.

East Orange County Feeder No. 2/Joint Transmission Main (JTM) Turnout

Mr. Cafferty stated that staff has been trying to run the 2 cfs capacity from the JTM using our existing facility. He further stated that our only choice is to put this water into our R-1 and R-2 Reservoirs as the pressure in the JTM is insufficient for anything other than putting the water into those Reservoirs.

Mr. Cafferty stated that we cannot run the gravity feed at the same time as the JTM because there is a significant difference in pressure, so if our gravity line is in service, no water will come out of the JTM.

Vice President Freshley asked what staff's recommendation is. Mr. Cafferty replied that if we are looking at pumping water to fully benefit from the available capacity, we will need to be sure we have a clear understanding of what the costs will be to build a pump station, what it would cost to operate the pump station, and a commitment to the O&M costs on the East Orange County Feeder #2.

Director Havens stated that a Statement of Purpose for this project would be helpful.

Energy Efficiency Analysis

Mr. Cafferty stated that the Board asked staff to look at how the District can become more energy efficient and ways to save money on energy costs. He further stated that staff met with a variety of different consultants to be the best fit with the District's need for an Energy Sustainability Plan.

Mr. Cafferty stated that we have a lot of old pumps that are inefficient. Mr. Hopkins stated that Alternative Energy Systems Consulting (AESC) looked to be the best fit for the District's needs.

Mr. Hopkins stated that AESC suggested that the District become a member of SoCal REN, which will cover the cost for AESC to perform an analysis of the District's facilities. He further stated that they are reviewing our Edison data, and will present some options to help develop an Energy and Sustainability Plan.

Mr. Hopkins stated that they also discussed the use of solar panels, which type to use and the payback. He further stated that we should have their report in May.

Mr. Hopkins stated that several agencies are considering electric vehicles, but the technology is not there yet for larger vehicles.

Vice President Freshley asked who will be reviewing the demand metering and way our structure is set up. Mr. Hopkins replied that the Edison testing will help with this information.

Vice President Freshley asked on the Capital Replacement and Refurbishment Items, what the WRP Main Electrical Power Breaker upgrade is, and how long it's been in service. Mr. Cafferty replied that it's the original breaker that was installed with the

plant reconstruction in the late 1990's. He further stated that some maintenance was performed on the breaker to extend its useful life, but now the breaker is not working properly and needs to be replaced.

Vice President Freshley asked about the La Paz Motor Control item where an evaluation was done in September, and asked for an update. Mr. Young replied that this project is being deferred to the Master Plan due to significant capital costs.

Engineering Items Discussed at Various Conferences and Meetings

Vice President Freshley stated that at the ACWA Engineering Committee meeting they are actively working on some Government funding availability for electric vehicles.

Comments Regarding Non-Agenda Engineering Committee Items

There were no comments.

Close Engineering Committee Meeting

There being no further business the Engineering Committee meeting was adjourned at approximately 8:55 a.m.

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

MIKE GASKINS, 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: May 24, 2021

From: Dennis Cafferty, General Manager

Subject: Update to the District's Local CEQA Guidelines

Background:

The California Environmental Quality Act ("CEQA"), codified at Public Resources Code section 21000 et seq., is California's most comprehensive environmental law. It generally requires public agencies to evaluate the environmental effects of their actions before they are taken. CEQA also aims to prevent significant environmental effects from occurring as a result of agency actions by requiring agencies to avoid or reduce, when feasible, the significant environmental impacts of their decisions.

To this end, CEQA requires public agencies to adopt specific objectives, criteria and procedures for evaluating public and private projects that are undertaken or approved by such agencies.

Discussion:

The District contracts with Best, Best & Krieger (BB&K) to perform an annual update of the District's Local CEQA Guidelines. BB&K has prepared a proposed updated set of Local CEQA Guidelines for 2021 in compliance with CEQA's requirements. These Guidelines reflect recent changes to State CEQA Guidelines and relevant court opinions. These Local CEQA Guidelines also provide instructions and forms for preparing all environmental documents required under CEQA. The updated Guidelines are enclosed for reference. A summary of the changes precedes the detailed Guidelines.

Fiscal Impact:

No fiscal impact is anticipated from amending the Local CEQA Guidelines.

Environmental Impact:

No environmental impact is anticipated from amending the Local CEQA Guidelines. The El Toro Water District adoption of the attached resolution is not a project under State CEQA Guidelines section 15378(b)(5) because it involves an administrative activity involving process only and would not result in any environmental impacts.

Recommendation:

Recommended Action: Staff recommends that the Board of Directors adopt Resolution No. 21-5-2 approving the 2021 update to the District's Local California Environmental Quality Act (CEQA) Guidelines.

RESOLUTION NO. 21-5-2

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EL TORO WATER DISTRICT
ADOPTING THE 2021 UPDATE TO THE DISTRICT'S
LOCAL CALIFORNIA ENVIRONMENTAL QUALITY ACT
(CEQA GUIDELINES)
(PUB RESOURCES CODE §§21000 ET SEQ.)

Memorandum

TO: Project 5 District Client
FROM: Best Best & Krieger LLP
DATE: April 5, 2021
RE: 2021 Summary of Changes to Local CEQA Guidelines

REVISIONS TO LOCAL GUIDELINES

Revised and New Sections

1. SECTION 3.02(G) MINISTERIAL ACTIONS

The Local Guidelines include a list of ministerial actions not subject to CEQA review, and we have supplemented this list to reflect the California Legislature's adoption of AB 2421. Specifically, we added a subdivision (g) to Section 3.02 of the Local Guidelines to reflect that an application to install an emergency standby generator to serve a macro cell tower must be reviewed on an administrative, nondiscretionary basis where certain conditions are met. Because such an application requires only a ministerial approval, its approval is not subject to CEQA.

2. SECTION 3.21 TRANSIT PRIORITIZATION PROJECTS

Section 3.21 has been added to the Local Guidelines to reflect the Legislature's adoption of SB 288, which exempts certain transit prioritization and other transportation projects from CEQA, including projects relating to pedestrian and bicycle facilities; projects relating to signal coordination, signal modifications, the installation of ramp meters, the installation of dedicated transit or very high occupancy vehicle lanes; the installation of shared turning lanes; and projects carried out by a city or county to reduce minimum parking requirements. A full list of the projects exempt from CEQA under SB 288 is set forth in Section 3.21.

3. SECTION 3.22 RESTRIPIING STREETS AND HIGHWAYS FOR BICYCLE LANES

Section 3.22 has been added to the Local Guidelines to reflect codification of Public Resources Code section 21080.20. This section exempts from CEQA a bicycle transportation plan for an urbanized area for the restriping of streets and highways, bicycle parking and storage, signal timing to improve street and highway intersection operations, and the related signage for bicycles, pedestrians, and vehicles.

4. SECTION 3.23 SMALL DISADVANTAGED COMMUNITY WATER SYSTEM AND STATE SMALL WATER SYSTEM

With its adoption of SB 974, the Legislature has exempted from CEQA certain projects consisting solely of the installation, repair, or reconstruction of water infrastructure for small disadvantaged community water systems or state small water systems that (1) improve the water system's water quality, water supply, or water reliability; (2) encourage water conservation; or (3) provide safe drinking water service to existing residences within a disadvantaged community.

We have added Section 3.23 to the Local Guidelines to reflect these exemptions.

5. SECTION 5.09 DETERMINING THE SIGNIFICANCE OF TRANSPORTATION IMPACTS

In December 2018, the Office of Administrative Law adopted State CEQA Guidelines section 15064.3, which codified a change in how transportation impacts must be analyzed under CEQA. Section 15064.3 of the State CEQA Guidelines provides that “vehicle miles traveled,” or VMT, shall be the most appropriate measure of transportation impacts under CEQA. VMT refers to the amount and distance of automobile travel attributable to a project. Under Section 15064.3, VMT shall replace a proposed project’s effect on automobile delay—generally measured by “level of service” or LOS—as the appropriate measure for transportation impacts. Accordingly, a project’s effect on automobile delay shall no longer constitute a significant transportation environmental impact under CEQA.

Section 15064.3, however, provided that its provisions would not go into effect until July 1, 2020, unless a lead agency elected to be governed by its provisions earlier. In last year’s 2020 Local CEQA Guidelines, we made clear that unless the District established otherwise via a separate action, the District did not elect to be governed by the provisions of Section 15064.3 before July 1, 2020.

This year, we have amended the Local CEQA Guidelines to remove the language providing that the District has not elected to be governed by the provisions of Section 15064.3. Whether the District takes separate action or not, the District must now consider Section 15064.3 when addressing a project’s transportation impacts. This does not mean, however, that the District must necessarily adopt any new thresholds of significance relating to VMT, though the District may seek to adopt a threshold of significance if it is so inclined.

6. SECTIONS 6.04 & 7.28 PUBLIC REVIEW FOR NEGATIVE DECLARATION OR EIR

Sections 6.04 and 7.28 of the Local Guidelines discuss the length of the public review period for a negative declaration or EIR. We have revised these sections to clarify that the ending date for the relevant public review period may not fall on a weekend, legal holiday, or other day on which the lead agency’s offices are closed.

We understand that in response to the Covid-19 pandemic, many public agencies have closed their physical offices to the public; we are not suggesting that in such circumstance, the public review period should continue indefinitely until the agency opens its offices to the public. Accordingly, we have made clear that a public agency’s office is not considered closed for purposes of calculating the relevant public review period where the agency’s office may be physically closed, but the agency is nonetheless open for business and is operating remotely or virtually.

7. SECTIONS 6.11, 7.25 & 7.26 SUBMISSION OF DOCUMENTS TO STATE CLEARINGHOUSE

As of November 3, 2020, the State Clearinghouse no longer accepts printed copies of CEQA documents. Rather, all CEQA documents submitted to the State Clearinghouse must be

submitted electronically via the State Clearinghouse's "CEQA Submit" database. A step-by-step discussion of how to submit documents to the State Clearinghouse can be found at <http://www.opr.ca.gov/clearinghouse/ceqa/document-submission.html>.

These developments have been memorialized in Sections 6.11, 7.25 and 7.26 of the Local Guidelines.

8. SECTION 9.01 STREAMLINED MINISTERIAL APPROVAL PROCESS FOR AFFORDABLE HOUSING PROJECTS

The Legislature has provided for a streamlined, ministerial approval process for certain affordable housing projects satisfying various conditions. This process is not new, and it is already included in the Local Guidelines in Section 9.01. The Legislature, however, has amended this process to provide for more robust tribal consultation and to provide for increased protection of tribal cultural resources. The new provisions relating to tribal cultural resources are set forth in Section 9.01(b) of the Local Guidelines.

Other Changes

Effective January 1, 2021, the Department of Fish and Wildlife has increased its fees. For a Negative Declaration or a Mitigated Negative Declaration, the new filing fee is \$2,480.25. For an EIR, the new filing fee is \$3,445.25. For an environmental document pursuant to a Certified Regulatory Program, the filing fee has been increased to \$1,171.25.

Conclusion

As always, CEQA remains complicated and, at times, challenging to apply. The only constant in this area of law is how quickly the rules change. Should you have questions about any of the provisions discussed above, or about the environmental review of any of your District's projects, please contact a BB&K attorney for assistance.

BEST BEST & KRIEGER LLP

RESOLUTION NO. 21-5-2

**RESOLUTION OF THE EL TORO WATER DISTRICT
AMENDING AND ADOPTING LOCAL GUIDELINES
FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT
(PUBLIC RESOURCES CODE §§ 21000 ET SEQ.)**

WHEREAS, the California Legislature has amended the California Environmental Quality Act (“CEQA”) (Pub. Resources Code §§ 21000 et seq.), the Natural Resources Agency has amended the State CEQA Guidelines (Cal. Code Regs, tit. 14, §§ 15000 et seq.), and the California courts have interpreted specific provisions of CEQA; and

WHEREAS, Section 21082 of the Public Resources Code requires all public agencies to adopt objectives, criteria and procedures for the evaluation of public and private projects undertaken or approved by such public agencies, and the preparation, if required, of environmental impact reports and negative declarations in connection with that evaluation; and

WHEREAS, the El Toro Water District must revise its local guidelines for implementing CEQA to make them consistent with the current provisions and interpretations of CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the El Toro Water District (“District”) hereby resolves as follows:

SECTION 1. The District hereby adopts the “Local Guidelines for Implementing the California Environmental Quality Act (2021 Revision),” a copy of which is on file at the offices of the District and is available for inspection by the public.

SECTION 2. All prior actions of the District enacting earlier guidelines are hereby repealed.

ADOPTED this 27th day of May 2021.

MIKE GASKINS, President
Of the Board of Directors of the
El Toro Water District

ATTEST:

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

APPROVED AS TO FORM:

GILBERT J. GRANITO, General Counsel
El Toro Water District



CEQA Guidelines

2021

Prepared For:

El Toro Water District

**Local Guidelines for Implementing the California
Environmental Quality Act**

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2021

**LOCAL GUIDELINES
FOR IMPLEMENTING THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT

FOR

EL TORO WATER DISTRICT**

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LOCAL GUIDELINES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

(2021)

1. GENERAL PROVISIONS, PURPOSE AND POLICY.

1.01 GENERAL PROVISIONS.

These Local Guidelines (“Local Guidelines”) are to assist the El Toro Water District (“District”) in implementing the provisions of the California Environmental Quality Act (“CEQA”). These Local Guidelines are consistent with the Guidelines for the Implementation of CEQA (“State CEQA Guidelines”), which have been promulgated by the California Natural Resources Agency for the guidance of state and local agencies in California. These Local Guidelines have been adopted pursuant to California Public Resources Code section 21082.

1.02 PURPOSE.

The purpose of these Local Guidelines is to help the District accomplish the following basic objectives of CEQA:

- (a) To enhance and provide long-term protection for the environment, while providing a decent home and satisfying living environment for every Californian;
- (b) To provide information to governmental decision-makers and the public regarding the potential significant environmental effects of the proposed project;
- (c) To provide an analysis of the environmental effects of future actions associated with the project to adequately apprise all interested parties of the true scope of the project for intelligent weighing of the environmental consequences of the project;
- (d) To identify ways that environmental damage can be avoided or significantly reduced;
- (e) To prevent significant avoidable environmental damage through utilization of feasible project alternatives or mitigation measures; and
- (f) To disclose and demonstrate to the public the reasons why a governmental agency approved the project in the manner chosen. Public participation is an essential part of the CEQA process. Each public agency should encourage wide public involvement, formal and informal, in order to receive and evaluate public reactions to environmental issues related to a public agency’s activities. Such involvement should include, whenever possible, making environmental information available in electronic format on the Internet, on a web site maintained or utilized by the public agency.

1.03 APPLICABILITY.

These Local Guidelines apply to any activity that constitutes a “project,” as defined in Local Guidelines Section 11.57, for which the District is the Lead Agency or a Responsible Agency. These Local Guidelines are also intended to assist the District in determining whether a

proposed activity constitutes a project that is subject to CEQA review, or whether the activity is exempt from CEQA.

1.04 REDUCING DELAY AND PAPERWORK.

The State CEQA Guidelines encourage local governmental agencies to reduce delay and paperwork by, among other things:

- (a) Integrating the CEQA process into early planning review; to this end, the project approval process and these procedures, to the maximum extent feasible, are to run concurrently, not consecutively;
- (b) Identifying projects which fit within categorical or other exemptions and are therefore exempt from CEQA processing;
- (c) Using initial studies to identify significant environmental issues and to narrow the scope of Environmental Impact Reports (EIRs);
- (d) Using a Negative Declaration when a project, not otherwise exempt, will not have a significant effect on the environment;
- (e) Consulting with state and local responsible agencies before and during the preparation of an EIR so that the document will meet the needs of all the agencies which will use it;
- (f) Allowing applicants to revise projects to eliminate possible significant effects on the environment, thereby enabling the project to qualify for a Negative Declaration rather than an EIR;
- (g) Integrating CEQA requirements with other environmental review and consultation requirements;
- (h) Emphasizing consultation before an EIR is prepared, rather than submitting adverse comments on a completed document;
- (i) Combining environmental documents with other documents, such as general plans;
- (j) Eliminating repetitive discussions of the same issues by using EIRs on programs, policies or plans and tiering from statements of broad scope to those of narrower scope;
- (k) Reducing the length of EIRs by means such as setting appropriate page limits;
- (l) Preparing analytic, rather than encyclopedic EIRs;
- (m) Mentioning insignificant issues only briefly;
- (n) Writing EIRs in plain language;
- (o) Following a clear format for EIRs;
- (p) Emphasizing the portions of the EIR that are useful to decision-makers and the public and reducing emphasis on background material;
- (q) Incorporating information by reference; and
- (r) Making comments on EIRs as specific as possible.

1.05 COMPLIANCE WITH STATE LAW.

These Local Guidelines are intended to implement the provisions of CEQA and the State CEQA Guidelines, and the provisions of CEQA and the State CEQA Guidelines shall be fully complied with even though they may not be set forth or referred to herein.

1.06 TERMINOLOGY.

The terms “must” or “shall” identify mandatory requirements. The terms “may” and “should” are permissive, with the particular decision being left to the discretion of the District.

1.07 PARTIAL INVALIDITY.

In the event any part or provision of these Local Guidelines shall be determined to be invalid, the remaining portions that can be separated from the invalid unenforceable provisions shall continue in full force and effect.

1.08 ELECTRONIC DELIVERY OF COMMENTS AND NOTICES.

Individuals may file a written request to receive copies of public notices provided for under these Local Guidelines or the State CEQA Guidelines. The requestor may elect to receive these notices via email rather than regular mail. Notices sent by email are deemed delivered when the staff person sending the email sends it to the last email address provided by the requestor to the District. Any request to receive public notices shall be in writing and shall be renewed annually.

Individuals may also submit comments on the CEQA documentation for a project via email. Comments submitted via email shall be treated as written comments for all purposes. Comments sent to the District via email are deemed received when they actually arrive in an email account of a staff person who has been designated or identified as the point of contact for a particular project.

CEQA also requires the lead agency to make copies of certain environmental documents available in an electronic format (such as Draft Environmental Impact Reports, Draft Negative Declarations and Draft Mitigated Negative Declarations), upon request.

1.09 THE DISTRICT MAY CHARGE REASONABLE FEES FOR REPRODUCING ENVIRONMENTAL DOCUMENTS.

A public agency may charge and collect a reasonable fee from members of the public that request a copy of an environmental document, so long as the fee does not exceed the cost of reproduction. The kinds of “environmental documents” that CEQA specifically allows public agencies to seek reimbursement for include: initial studies, negative declarations, mitigated negative declarations, draft and final EIRs, and documents prepared as a substitute for an EIR, negative declaration, or mitigated negative declaration.

The District may choose to make documents available to the public-at-large on its website or charge a reasonable fee for reproducing the document in hard-copy form, on compact discs, email attachments, or other digital transfers. Requests for documents made pursuant to the California Public Records Act must comply with the Government Code. (See, for example, Government Code section 6253.9 for information regarding providing documents in electronic format.)

1.10 TIME OF PREPARATION

Before granting any approval of a non-exempt project subject to CEQA, the Lead Agency or Responsible Agency shall consider either (1) a Final EIR, (2) a Negative Declaration, (3) a Mitigated Negative Declaration, or (4) another document authorized by the State CEQA Guidelines to be used in the place of an EIR or Negative Declaration (e.g., an Addendum, a Supplemental EIR, a Subsequent EIR, etc.).

Choosing the precise time for CEQA compliance involves a balancing of competing factors. EIRs, Negative Declarations, and Mitigated Negative Declarations should be prepared as early as feasible in the planning process to enable environmental considerations to influence project program and design and yet late enough to provide meaningful information for environmental assessment.

With public projects, at the earliest feasible time, project sponsors shall incorporate environmental considerations into project conceptualization, design, and planning. CEQA compliance should be completed prior to acquisition of a site for a public project.

To implement the above principles, the District shall not undertake actions concerning the proposed public project that would have a significant adverse effect or limit the choice of alternatives or mitigation measures, before completion of CEQA compliance. For example, the District shall not:

(A) Formally make a decision to proceed with the use of a site for facilities which would require CEQA review, regardless of whether the District has made any final purchase of the site for these facilities, except that the District may designate a preferred site for CEQA review and may enter into land acquisition agreements when the District has conditioned its future use of the site on CEQA compliance.

(B) Otherwise take any action that gives impetus to a planned or foreseeable project in a manner that forecloses alternatives or mitigation measures that would ordinarily be part of CEQA review of that public project.

With private projects, the District shall encourage the project proponent to incorporate environmental considerations into project conceptualization, design, and planning at the earliest feasible time.

While mere interest in, or inclination to support, a project does not constitute approval, a public agency entering into preliminary agreements regarding a project prior to approval shall not, as a practical matter, commit the agency to the project. For example, the District shall not grant any vested development entitlements prior to compliance with CEQA. Further, any such pre-approval agreement should, for example:

(A) Condition the agreement on compliance with CEQA;

(B) Not bind any party, or commit to any definite course of action, prior to CEQA compliance;

- (C) Not restrict the Lead Agency from considering any feasible mitigation measures and alternatives, including the “no project” alternative; and
- (D) Not restrict the Lead Agency from denying the project.

The District’s environmental document preparation and review should be coordinated in a timely fashion with the District’s existing planning, review, and project approval processes. These procedures, to the maximum extent feasible, are to run concurrently, not consecutively.

(See State CEQA Guidelines, § 15004; *Save Tara v. City of West Hollywood* (2008) 45 Cal.4th 116.)

1.11 STATE AGENCY FURLONGHS.

Due to budget concerns, the State may institute mandatory furlough days for state government agencies. Local agencies may also change their operating hours.

Because state and local agencies may enact furloughs that limit their operating hours, if the District has time-sensitive materials or needs to consult with a state agency, the District should check with the applicable state agency office or with the District’s attorney to ensure compliance with all applicable deadlines.

2. LEAD AND RESPONSIBLE AGENCIES

2.01 LEAD AGENCY PRINCIPLE.

The District will be the Lead Agency if it will have principal responsibility for carrying out or approving a project. Where a project is to be carried out or approved by more than one public agency, only one agency shall be responsible for the preparation of environmental documents. This agency shall be called the Lead Agency.

(Reference: State CEQA Guidelines, §§ 15050, 15367.)

2.02 SELECTION OF LEAD AGENCY.

Where two or more public agencies will be involved with a project, the Lead Agency shall be designated according to the following criteria:

- (a) If the project will be carried out by a public agency, that agency shall be the Lead Agency even if the project will be located within the jurisdiction of another public agency; or
- (b) If the project will be carried out by a nongovernmental person or entity, the Lead Agency shall be the public agency with the greatest responsibility for supervising and approving the project as a whole.

The Lead Agency will normally be the agency with general governmental powers, rather than an agency with a single or limited purpose. (For example, a district that will provide a public service or utility to the project serves a limited purpose.) If two or more agencies meet this criteria equally, the agency that acts first on the project will normally be the Lead Agency.

If two or more public agencies have a substantial claim to be the Lead Agency under either (a) or (b), they may designate one agency as the Lead Agency by agreement. An agreement may also provide for cooperative efforts by contract, joint exercise of powers, or similar devices. If the agencies cannot agree which agency should be the Lead Agency for preparing the environmental document, any of the disputing public agencies or the project applicant may submit the dispute to the Office of Planning and Research. Within 21 days of receiving the request, the Office of Planning and Research will designate the Lead Agency. The Office of Planning and Research shall not designate a Lead Agency in the absence of a dispute. A “dispute” means a contested, active difference of opinion between two or more public agencies as to which of those agencies shall prepare any necessary environmental document. A dispute exists when each of those agencies claims that it either has or does not have the obligation to prepare that environmental document.

(Reference: State CEQA Guidelines, § 15051.)

2.03 DUTIES OF A LEAD AGENCY.

As a Lead Agency, the District shall decide whether a Negative Declaration, Mitigated Negative Declaration or an EIR will be required for a project and shall prepare, or cause to be prepared, and consider the document before making its decision on whether and how to approve

the project. The documents may be prepared by Staff or by private consultants pursuant to a contract with the District. However, the District shall independently review and analyze all draft and final EIRs or Negative Declarations prepared for a project and shall find that the EIR or Negative Declaration reflects the independent judgment of the District prior to approval of the document. If a Draft EIR or Final EIR is prepared under a contract with the District, the contract must be executed within forty-five (45) days from the date on which the District sends a Notice of Preparation. The District, however, may take longer to execute the contract if the project applicant and the District mutually agree to an extension of the 45-day time period. (Pub. Resources Code, § 21151.5; see also Local Guidelines Section 7.02.)

During the process of preparing an EIR, the District, as Lead Agency, shall have the following duties:

- (a) If a California Native American tribe has requested consultation, within 14 days after determining that an application for a project is complete or a decision to undertake a project, the District shall begin consultation with the California Native American tribes (see Local Guidelines Section 7.07);
- (b) Immediately after deciding that an EIR is required for a project, the District shall send to the Office of Planning and Research and each Responsible Agency a Notice of Preparation (Form “G”) stating that an EIR will be prepared (see Local Guidelines Section 7.03);
- (c) Prior to release of an EIR, if the California Native American tribe that is culturally affiliated with the geographic area of a project requests in writing to be informed of any proposed project, the District shall begin consultation with the tribe consistent with California law and Local Guidelines Section 7.07;
- (d) The District shall prepare or cause to be prepared the Draft EIR for the project (see Local Guidelines Sections 7.06 and 7.18);
- (e) Once the Draft EIR is completed, the District shall file a Notice of Completion (Form “H”) with the Office of Planning and Research (see Local Guidelines Section 7.25);
- (f) The District shall consult with state, federal and local agencies that exercise authority over resources that may be affected by the project for their comments on the completed Draft EIR (see, e.g., Local Guidelines Sections 5.02, 5.16, Section 7.26);
- (g) The District shall provide public notice of the availability of a Draft EIR (Form “K”) at the same time that it sends a Notice of Completion to the Office of Planning and Research (see Local Guidelines Section 7.25);
- (h) The District shall evaluate comments on environmental issues received from persons who reviewed the Draft EIR and shall prepare or cause to be prepared a written response to all comments that raise significant environmental issues and that were timely received during the public comment period. A written response must be provided to all public agencies who commented on the project during the public review period at least ten (10) days prior to certifying an EIR (see Local Guidelines Section 7.30);
- (i) The District shall prepare or cause to be prepared a Final EIR before approving the project (see Local Guidelines Section 7.31);
- (j) The District shall certify that the Final EIR has been completed in compliance with CEQA and has been reviewed by the Board of Directors (see Local Guidelines Section 7.33); and

- (k) The District shall include in the Final EIR any comments received from a Responsible Agency on the Notice of Preparation or the Draft EIR (see Local Guidelines Sections 2.07, 7.30 and 7.31).

As Lead Agency, the District may charge a non-elected body with the responsibility of making a finding of exemption or adopting, certifying or authorizing environmental documents; however, such a determination shall be subject to the District's procedures allowing for the appeal of the CEQA determination of any non-elected body to the District's Board of Directors. In the event the District's Board of Directors has delegated authority to a subsidiary board or official to approve a project, the Board of Directors also hereby delegates to that subsidiary board or official the authority to make all necessary CEQA determinations, including whether an EIR, Negative Declaration, Mitigated Negative Declaration or exemption shall be required for any project. A subsidiary board or official's CEQA determination shall be subject to appeal consistent with the District's established procedures for appeals.

2.04 PROJECTS RELATING TO DEVELOPMENT OF HAZARDOUS WASTE AND OTHER SITES.

An applicant for a development project must submit a signed statement to the District, as Lead Agency, stating whether the project and any alternatives are located on a site that is included in any list compiled by the Secretary for Environmental Protection of the California Environmental Protection Agency ("California EPA") listing hazardous waste sites and other specified sites located in the District's boundaries. The applicant's statement must contain the following information:

- (a) The applicant's name, address, and phone number;
- (b) Address of site, and local agency (city/county);
- (c) Assessor's book, page, and parcel number; and
- (d) The list which includes the site, identification number, and date of list.

Before accepting as complete an application for any development project as defined in Local Guidelines Section 11.16, the District, as Lead Agency, shall consult lists compiled by the Secretary for Environmental Protection of the California EPA pursuant to Government Code section 65962.5 listing hazardous waste sites and other specified sites located in the District's boundaries. When acting as Lead Agency, the District shall notify an applicant for a development project if the project site is located on such a list and not already identified. In the Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration (see Local Guidelines Section 6.04) or the Notice of Preparation of Draft EIR (see Local Guidelines Section 7.03), the District shall specify the California EPA list, if any, that includes the project site, and shall provide the information contained in the applicant's statement.

This provision does not apply to projects for which applications have been deemed complete on or before January 1, 1992.

(Reference: Gov. Code, § 65962.5.)

2.05 RESPONSIBLE AGENCY PRINCIPLE.

When a project is to be carried out or approved by more than one public agency, all public agencies other than the Lead Agency that have discretionary approval power over the project shall be identified as Responsible Agencies.

(Reference: State CEQA Guidelines, § 15381.)

2.06 DUTIES OF A RESPONSIBLE AGENCY.

When it is identified as a Responsible Agency, the District shall consider the environmental documents prepared or caused to be prepared by the Lead Agency and reach its own conclusions on whether and how to approve the project involved. The District shall also both respond to consultation and attend meetings as requested by the Lead Agency to assist the Lead Agency in preparing adequate environmental documents. The District should also review and comment on Draft EIRs, Negative Declarations, and Mitigated Negative Declarations. Comments shall be limited to those project activities that are within the District's area of expertise or are required to be carried out or approved by the District or are subject to the District's powers.

As a Responsible Agency, the District may identify significant environmental effects of a project for which mitigation is necessary. As a Responsible Agency, the District may submit to the Lead Agency proposed mitigation measures that would address those significant environmental effects. If mitigation measures are required, the District should submit to the Lead Agency complete and detailed performance objectives for such mitigation measures that would address the significant environmental effects identified, or refer the Lead Agency to appropriate, readily available guidelines or reference documents. Any mitigation measures submitted to the Lead Agency by the District, when acting as a Responsible Agency, shall be limited to measures that mitigate impacts to resources that are within the District's authority. For private projects, the District, as a Responsible Agency, may require the project proponent to provide such information as may be required and to reimburse the District for all costs incurred by it in reporting to the Lead Agency.

(Reference: State CEQA Guidelines, § 15096.)

2.07 RESPONSE TO NOTICE OF PREPARATION BY RESPONSIBLE AGENCIES.

Within thirty (30) days of receipt of a Notice of Preparation of an EIR, the District, as a Responsible Agency, shall specify to the Lead Agency the scope and content of the environmental information related to the District's area of statutory responsibility in connection with the proposed project. At a minimum, the response shall identify the significant environmental issues and possible alternatives and mitigation that the District, as a Responsible Agency, will need to have explored in the Draft EIR. Such information shall be specified in writing, shall be as specific as possible, and shall be communicated to the Lead Agency, by certified mail or any other method of transmittal that provides it with a record that the response was received. The Lead Agency shall incorporate this information into the EIR.

(Reference: State CEQA Guidelines, § 15103.)

2.08 USE OF FINAL EIR OR NEGATIVE DECLARATION BY RESPONSIBLE AGENCIES.

The District, as a Responsible Agency, shall consider the Lead Agency's Final EIR or Negative Declaration before acting upon or approving a proposed project. As a Responsible Agency, the District must independently review and consider the adequacy of the Lead Agency's environmental documents prior to approving any portion of the proposed project. In certain instances, the District, in its role as a Responsible Agency, may require that a Subsequent EIR or a Supplemental EIR be prepared to fully address those aspects of the project over which the District has approval authority. Mitigation measures and alternatives deemed feasible and relevant to the District's role in carrying out the project shall be adopted. Findings that are relevant to the District's role as a Responsible Agency shall be made. After the District decides to approve or carry out part of a project for which an EIR or negative declaration has previously been prepared by the Lead Agency, the District, as Responsible Agency, should file a Notice of Determination with the County Clerk within five (5) days of approval, but need not state that the Lead Agency's EIR or Negative Declaration complies with CEQA. The District, as Responsible Agency, should state that it considered the EIR or Negative Declaration as prepared by a Lead Agency.

(Reference: State CEQA Guidelines, § 15096.)

2.09 SHIFT IN LEAD AGENCY RESPONSIBILITIES.

The District, as a Responsible Agency, shall assume the role of the Lead Agency if any one of the following three conditions is met:

- (a) The Lead Agency did not prepare any environmental documents for the project, and the statute of limitations has expired for a challenge to the action of the appropriate Lead Agency;
- (b) The Lead Agency prepared environmental documents for the project, and all of the following conditions apply:
 - (1) A Subsequent or Supplemental EIR is required;
 - (2) The Lead Agency has granted a final approval for the project; and
 - (3) The statute of limitations has expired for a challenge to the action of the appropriate Lead Agency; or
- (c) The Lead Agency prepared inadequate environmental documents without providing public notice of a Negative Declaration or sending Notice of Preparation of an EIR to Responsible Agencies and the statute of limitations has expired for a challenge to the action of the appropriate Lead Agency.

(Reference: State CEQA Guidelines, § 15052.)

3. ACTIVITIES EXEMPT FROM CEQA

3.01 ACTIONS SUBJECT TO CEQA.

CEQA applies to discretionary projects proposed to be carried out or approved by public agencies such as the District. If the proposed activity does not come within the definition of “project” contained in Local Guidelines Section 11.57, it is not subject to environmental review under CEQA.

“Project” does not include:

- (a) Proposals for legislation to be enacted by the State Legislature;
- (b) Continuing administrative or maintenance activities, such as purchases for supplies, personnel-related actions, and general policy and procedure making (except as provided in Local Guidelines Section 11.57);
- (c) The submittal of proposals to a vote of the people in response to a petition drive initiated by voters, or the enactment of a qualified voter-sponsored initiative under California Constitution Art. II, Section 11(a) and Election Code section 9214;
- (d) The creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project that may have a potentially significant physical impact on the environment. Government funding mechanisms may include, but are not limited to, assessment districts and community facilities districts;
- (e) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment; and
- (f) Activities that do not result in a direct or reasonably foreseeable indirect physical change in the environment.

(Reference: State CEQA Guidelines, §§ 15060(c), 15378.)

3.02 MINISTERIAL ACTIONS.

Ministerial actions are not subject to CEQA review. A ministerial action is one that is approved or denied by a decision that a public official or a public agency makes that involves only the use of fixed standards or objective measurements without personal judgment or discretion.

When a project involves an approval that contains elements of both a ministerial and discretionary nature, the project will be deemed to be discretionary and subject to the requirements of CEQA. The decision whether the approval of a proposed project or activity is ministerial in nature may involve or require, to some extent, interpretation of the language of the legal mandate, and should be made on a case-by-case basis. The following is a non-exclusive list of examples of ministerial activities:

- (a) Issuance of business licenses;
- (b) Approval of final subdivision maps and final parcel maps;
- (c) Approval of individual utility service connections and disconnections;
- (d) Issuance of licenses;
- (e) Issuance of a permit to do street work; and

- (f) Issuance of building permits where the Lead Agency does not retain significant discretionary power to modify or shape the project.
- (g) Until January 1, 2024, approval of an application to install an emergency standby generator to serve a macro cell tower where conditions set forth in Government Code section 65850.75 are met.

(Reference: State CEQA Guidelines, § 15268.)

3.03 EXEMPTIONS IN GENERAL.

CEQA and the State CEQA Guidelines exempt certain activities and provide that local agencies should further identify and describe certain exemptions. The requirements of CEQA and the obligation to prepare an EIR, Negative Declaration or Mitigated Negative Declaration generally do not apply to the exempt activities that are set forth in CEQA, the State CEQA Guidelines and Chapter 3 of these Local Guidelines.

(Reference: State CEQA Guidelines, §§ 15260 – 15332.)

3.04 PRELIMINARY EXEMPTION ASSESSMENT.

If, in the judgment of Staff, a proposed activity is exempt, Staff should so find on the form entitled “Preliminary Exemption Assessment” (Form “A”). The Preliminary Exemption Assessment shall be retained at District Offices as a public record.

3.05 NOTICE OF EXEMPTION.

After approval of an exempt project, a “Notice of Exemption” (Form “B”) may be filed by the District or its representatives with the county clerk of each county in which the activity will be located. If the Lead Agency exempts an agricultural housing, affordable housing, or residential infill project under State CEQA Guidelines sections 15193, 15194 or 15195 and approves or determines to carry out that project, it must file a notice with the Office of Planning and Research (“OPR”) identifying the exemption. The Preliminary Exemption Assessment shall be attached to the Notice of Exemption for filing. If filed, the Clerk must post the Notice within twenty-four (24) hours of receipt, and the Notice must remain posted for thirty (30) days. Although no California Department of Fish and Wildlife (“DFW”) filing fee is applicable to exempt projects, most counties customarily charge a documentary handling fee to pay for record keeping on behalf of the DFW. Refer to the Index in the Staff Summary to determine if such a fee will be required for the project. The Notice of Exemption must also identify the person undertaking the project, including any person undertaking an activity that receives financial assistance from the District as part of the project or the person receiving a lease, permit, license, certificate, or other entitlement for use from the District as part of the project.

When filing a Notice of Exemption, Staff has different responsibilities for certain types of actions. If the activity is either:

(a) undertaken by a *person* (not a public agency) and is supported, in whole or in part, through contracts, grants, subsidies, loans, or other forms of assistance from one or more public agencies; or

(b) involves the issuance to a *person* (not a public agency) of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies; then

Staff may direct that person to file the Notice of Exemption with the county clerk of each county in which the activity will be located. (See Public Resources Code section 21065 (b) and (c)). A Notice of Exemption filed by a person as described above must have a certificate of determination attached to it issued by the District stating that the action is not subject to CEQA. (See Public Resources Code sections 21080 and 21152.) The certificate of determination may be in the form of a certified copy of an existing document or record of the District.

The filing of a Notice of Exemption, when appropriate, is recommended for District actions because it starts a 35-day statute of limitations on legal challenges to the District's determination that the activity is exempt from CEQA. The District is encouraged to make postings of all filed notices available in electronic format on the Internet. These electronic postings are in addition to the procedures required by the State CEQA Guidelines and the Public Resources Code. If a Notice of Exemption is not filed, a 180-day statute of limitations will apply. Please see Local Guidelines Section 3.13 for certain circumstances in which the Lead Agency is required to file a Notice of Exemption. The thirty-day posting requirement excludes the first day of posting and includes the last day of posting. On the 30th day, the Notice of Exemption must be posted for the entire day.

When a request is made for a copy of the Notice prior to the date on which the District determines the project is exempt, the Notice must be mailed, first class postage prepaid, within five (5) days after the District's determination. If such a request is made following the District's determination, then the copy should be mailed in the same manner as soon as possible.

(Reference: State CEQA Guidelines, § 15062.)

3.06 DISAPPROVED PROJECTS.

Projects that the Lead Agency rejects or disapproves are exempt from CEQA. An applicant shall not be relieved of paying the costs for an EIR, Negative Declaration, or Mitigated Negative Declaration prepared for a project prior to the Lead Agency's disapproval of the project.

(Reference: State CEQA Guidelines, §§ 15061(b)(4), 15270.)

3.07 PROJECTS WITH NO POSSIBILITY OF SIGNIFICANT EFFECT.

Where it can be seen with absolute certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is exempt from CEQA.

(Reference: State CEQA Guidelines, § 15061(b)(3).)

3.08 EMERGENCY PROJECTS.

The following types of emergency projects are exempt from CEQA (the term “emergency” is defined in Local Guidelines Section 11.20):

- (a) Work in a disaster-stricken area in which a state of emergency has been proclaimed by the Governor pursuant to Section 8550 of the Government Code. This includes projects that will remove, destroy, or significantly alter a historical resource when that resource represents an imminent threat to the public of bodily harm or of damage to adjacent property or when the project has received a determination by the State Office of Historic Preservation pursuant to Section 5028(b) of the Public Resources Code.
- (b) Emergency repairs to publicly or privately owned service facilities necessary to maintain service essential to the public health, safety or welfare. Emergency repairs include those that require a reasonable amount of planning to address an anticipated emergency.
- (c) Projects necessary to prevent or mitigate an emergency. This does not include long-term projects undertaken for the purpose of preventing or mitigating a situation that has a low probability of occurrence in the short-term, but this exclusion does not apply (i) if the anticipated period of time to conduct an environmental review of such a long-term project would create a risk to public health, safety or welfare, or (ii) if activities (such as fire or catastrophic risk mitigation or modifications to improve facility integrity) are proposed for existing facilities in response to an emergency at a similar existing facility.
- (d) Projects undertaken, carried out, or approved by a public agency to maintain, repair, or restore an existing highway damaged by fire, flood, storm, earthquake, land subsidence, gradual earth movement, or landslide, provided that the project is within the existing right of way of that highway and is initiated within one year of the damage occurring. Highway shall have the same meaning as defined in Section 360 of the Vehicle Code. This exemption does not apply to highways designated as official state scenic highways, nor to any project undertaken, carried out, or approved by a public agency to expand or widen a highway damaged by fire, flood, storm, earthquake, land subsidence, gradual earth movement, or landslide.
- (e) Seismic work on highways and bridges pursuant to Streets and Highways Code section 180.2.

(Reference: State CEQA Guidelines, § 15269.)

3.09 FEASIBILITY AND PLANNING STUDIES.

A project that involves only feasibility or planning studies for possible future actions which the District has not yet approved, adopted or funded is exempt from CEQA.

(Reference: State CEQA Guidelines, § 15262.)

3.10 RATES, TOLLS, FARES AND CHARGES.

The establishment, modification, structuring, restructuring or approval of rates, tolls, fares or other charges by the District that the District finds are for one or more of the purposes listed below are exempt from CEQA.

- (a) Meeting operating expenses, including employee wage rates and fringe benefits;
- (b) Purchasing or leasing supplies, equipment or materials;
- (c) Meeting financial reserve needs and requirements; or
- (d) Obtaining funds for capital projects necessary to maintain service within existing service areas.

When the District determines that one of the aforementioned activities pertaining to rates, tolls, fares or charges is exempt from the requirements of CEQA, it shall incorporate written findings setting forth the specific basis for the claim of exemption in the record of any proceeding in which such an exemption is claimed.

(Reference: State CEQA Guidelines, § 15273.)

3.11 PIPELINES WITHIN A PUBLIC RIGHT-OF-WAY AND LESS THAN ONE MILE IN LENGTH.

Projects that are for the installation of a new pipeline or the maintenance, repair, restoration, reconditioning, relocation, replacement, removal, or demolition of an existing pipeline and that are:

- (a) in a public street or highway or any other public right-of-way; and
- (b) less than one mile in length

shall be exempt from CEQA requirements.

“Pipeline” includes subsurface facilities but does not include any surface facility related to the operation of the underground facility.

(Reference: Public Resources Code, § 21080.21.)

3.12 PIPELINES OF LESS THAN EIGHT MILES IN LENGTH.

Projects that are for the inspection, maintenance, repair, restoration, reconditioning, relocation, replacement, or removal of an existing pipeline, or any valve, flange, meter, or other piece of equipment that is directly attached to the pipeline shall be exempt from CEQA requirements if all of the following conditions are met:

- (a) The project is less than eight miles in length.
- (b) Notwithstanding the project length, actual construction and excavation activities undertaken to achieve the maintenance, repair, restoration, reconditioning, relocation, replacement, or removal of an existing pipeline are not undertaken over a length of more than one-half mile at any one time.
- (c) The project consists of a section of pipeline that is not less than eight miles from any section of pipeline that has been subject to an exemption pursuant to CEQA in the past 12 months.
- (d) The project is not solely for the purpose of excavating soil that is contaminated by hazardous materials, and, to the extent not otherwise expressly required by law, the party undertaking the project immediately informs the lead agency of the discovery of contaminated soil.

- (e) To the extent not otherwise expressly required by law, the person undertaking the project has, in advance of undertaking the project, prepared a plan that will result in notification of the appropriate agencies so that they may take action, if determined to be necessary, to provide for the emergency evacuation of members of the public who may be located in close proximity to the project.
- (f) Project activities are undertaken within an existing right-of-way and the right-of-way is restored to its condition prior to the project.
- (g) The project applicant agrees to comply with all conditions otherwise authorized by law, imposed by the city or county planning department as part of any local agency permit process, that are required to mitigate potential impacts of the proposed project, and to otherwise comply with the Keene-Nejedly California Wetlands Preservation Act (Chapter 7 (commencing with Section 5810) of Division 5), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), and other applicable state laws, and with all applicable federal laws.

If a project meets all of the requirements for this exemption, the person undertaking the project shall do all of the following:

- (a) Notify, in writing, any affected public agency, including, but not limited to, any public agency having permit, land use, environmental, public health protection, or emergency response authority of this exemption.
- (b) Provide notice to the public in the affected area in a manner consistent with paragraph (3) of Public Resources Code section 21092(b).
- (c) In the case of private rights-of-way over private property, receive from the underlying property owner permission for access to the property.
- (d) Comply with all conditions otherwise authorized by law, imposed by the city or county planning department as part of any local agency permit process, that are required to mitigate potential impacts of the proposed project, and otherwise comply with the Keene-Nejedly California Wetlands Preservation Act (Chapter 7 (commencing with Section 5810) of Division 5), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), and other applicable state laws, and with all applicable federal laws.

This exemption does not apply to a project in which the diameter of the pipeline is increased or to a project undertaken within the boundaries of an oil refinery.

For purposes of this exemption, the following definitions apply:

- (a) “Pipeline” includes every intrastate pipeline used for the transportation of hazardous liquid substances or highly volatile liquid substances, including a common carrier pipeline, and all piping containing those substances located within a refined products bulk loading facility which is owned by a common carrier and is served by a pipeline of that common carrier, and the common carrier owns and serves by pipeline at least five such facilities in the state. “Pipeline” does not include the following:

- (1) An interstate pipeline subject to Part 195 of Title 49 of the Code of Federal Regulations.

- (2) A pipeline for the transportation of a hazardous liquid substance in a gaseous state.
- (3) A pipeline for the transportation of crude oil that operates by gravity or at a stress level of 20 percent or less of the specified minimum yield strength of the pipe.
- (4) Transportation of petroleum in onshore gathering lines located in rural areas.
- (5) A pipeline for the transportation of a hazardous liquid substance offshore located upstream from the outlet flange of each facility on the Outer Continental Shelf where hydrocarbons are produced or where produced hydrocarbons are first separated, dehydrated, or otherwise processed, whichever facility is farther downstream.
- (6) Transportation of a hazardous liquid by a flow line.
- (7) A pipeline for the transportation of a hazardous liquid substance through an onshore production, refining, or manufacturing facility, including a storage or in plant piping system associated with that facility.
- (8) Transportation of a hazardous liquid substance by vessel, aircraft, tank truck, tank car, or other vehicle or terminal facilities used exclusively to transfer hazardous liquids between those modes of transportation.

(Reference: State CEQA Guidelines, § 15284.)

3.13 CERTAIN RESIDENTIAL HOUSING PROJECTS.

CEQA does not apply to the construction, conversion, or use of residential housing if the project meets all of the general requirements described in Section A below and satisfies the specific requirements for any one of the following three categories: (1) agricultural housing (Section B below), (2) affordable housing projects in urbanized areas (Section C below), or (3) affordable housing projects near major transit stops (Section D below).

A. General Requirements. The construction, conversion, or use of residential housing units affordable to low-income households (as defined in Local Guidelines Section 11.36) located on an infill site in an urbanized area is exempt from CEQA if all of the following general requirements are satisfied:

- (1) The project is consistent with:
 - (a) Any applicable general plan, specific plan, or local coastal program, including any mitigation measures required by such plan or program, as that plan or program existed on the date that the application was deemed complete; and
 - (b) Any applicable zoning ordinance, as that zoning ordinance existed on the date that the application was deemed complete. However, the project may be inconsistent with zoning if the zoning is inconsistent with the general plan and the project site has not been rezoned to conform to the general plan;

- (2) Community level environmental review has been adopted or certified;
- (3) The project and other projects approved prior to the approval of the project can be adequately served by existing utilities, and the project applicant has paid, or has committed to pay, all applicable in-lieu or development fees;
- (4) The project site meets all of the following four criteria relating to biological resources:
 - (a) The project site does not contain wetlands;
 - (b) The project site does not have any value as a wildlife habitat;
 - (c) The project does not harm any species protected by the federal Endangered Species Act of 1973, the Native Plant Protection Act, or the California Endangered Species Act; and
 - (d) The project does not cause the destruction or removal of any species protected by a local ordinance in effect at the time the application for the project was deemed complete;
- (5) The site is not included on any list of facilities and sites compiled pursuant to Government Code section 65962.5;
- (6) The project site is subject to a preliminary endangerment assessment prepared by a registered environmental assessor to determine the existence of any release of a hazardous substance on the site and to determine the potential for exposure of future occupants to significant health hazards from any nearby property or activity. In addition, the following steps must have been taken in response to the results of this assessment:
 - (a) If a release of a hazardous substance is found to exist on the site, the release shall be removed or any significant effects of the release shall be mitigated to a level of insignificance in compliance with state and federal requirements; or
 - (b) If a potential for exposure to significant hazards from surrounding properties or activities is found to exist, the effects of the potential exposure shall be mitigated to a level of insignificance in compliance with state and federal requirements;
- (7) The project does not have a significant effect on historical resources pursuant to Section 21084.1 of the Public Resources Code (see Local Guidelines Section 11.28);
- (8) The project site is not subject to wildland fire hazard, as determined by the Department of Forestry and Fire Protection; unless the applicable general plan or zoning ordinance contains provisions to mitigate the risk of a wildland fire hazard;

- (9) The project site does not have an unusually high risk of fire or explosion from materials stored or used on nearby properties;
- (10) The project site does not present a risk of a public health exposure at a level that would exceed the standards established by any state or federal agency;
- (11) Either the project site is not within a delineated earthquake fault zone, or a seismic hazard zone, as determined pursuant to Section 2622 and 2696 of the Public Resources Code respectively, or the applicable general plan or zoning ordinance contains provisions to mitigate the risk of an earthquake or seismic hazard;
- (12) Either the project site does not present a landslide hazard, flood plain, flood way, or restriction zone, or the applicable general plan or zoning ordinance contains provisions to mitigate the risk of a landslide or flood;
- (13) The project site is not located on developed open space;
- (14) The project site is not located within the boundaries of a state conservancy;
- (15) The project site has not been divided into smaller projects to qualify for one or more of the exemptions for affordable housing, agricultural housing, or residential infill housing projects found in the subsequent sections; and
- (16) The project meets the requirements set forth in either Public Resources Code sections 21159.22, 21159.23 or 21159.24.

(Reference: State CEQA Guidelines, § 15192.)

B. Specific Requirements for Agricultural Housing. CEQA does not apply to the construction, conversion, or use of residential housing for agricultural employees that meets all of the general requirements described above in Section A and meets the following additional criteria:

- (1) The project either:
 - (a) Is affordable to lower income households, lacks public financial assistance, and the developer has provided sufficient legal commitments to ensure the continued availability and use of the housing units for lower income households for a period of at least fifteen (15) years; or
 - (b) If public financial assistance exists for the project, then the project must be housing for very low-, low-, or moderate-income households and the developer of the project has provided sufficient legal commitments to the appropriate local

agency to ensure the continued availability and use of the housing units for low- and moderate-income households for a period of at least fifteen (15) years;

- (2) The project site is adjacent on at least two sides to land that has been developed and the project consists of not more than forty-five (45) units or provides dormitories, barracks, or other group-living facilities for a total of forty-five (45) or fewer agricultural employees, and either:
 - (a) The project site is within incorporated city limits or within a census-defined place with a minimum population density of at least five thousand (5,000) persons per square mile; or
 - (b) The project site is within incorporated city limits or within a census-defined place and the minimum population density of the census-defined place is at least one thousand (1,000) persons per square mile, unless the Lead Agency determines that there is a reasonable possibility that the project, if completed, would have a significant effect on the environment due to unusual circumstances or that the cumulative effects of successive projects of the same type in the same area would, over time, be significant;
- (3) If the project is located on a site zoned for general agricultural use, it must consist of twenty (20) or fewer units, or, if the housing consists of dormitories, barracks, or other group-living facilities, the project must not provide housing for more than twenty (20) agricultural employees; and
- (4) The project is not more than two (2) acres in area if the project site is located in an area with a population density of at least one thousand (1,000) persons per square mile, and is not more than five (5) acres in area for all other project sites.

(Reference: Pub. Resources Code, §§ 21084, 21159.22; State CEQA Guidelines, §§ 15192, 15193.)

C. Specific Requirements for Affordable Housing Projects in Urbanized Areas.
CEQA does not apply to any development project that consists of the construction, conversion, or use of residential housing consisting of one hundred (100) or fewer units that are affordable to low-income households if all of the general requirements described in Section A above are satisfied and the following additional criteria are also met:

- (1) The developer of the project provides sufficient legal commitments to the local agency to ensure the continued availability and use of the housing units for lower income households for a period of at least thirty (30) years, at monthly housing costs deemed to be “affordable rent” for lower

income, very low income, and extremely low income households, as determined pursuant to Section 50053 of the Health and Safety Code;

- (2) The project site meets one of the following conditions:
 - (a) Has been previously developed for qualified urban uses;
 - (b) Is immediately adjacent to parcels that are developed with qualified urban uses; or
 - (c) At least 75% of the perimeter of the site adjoins parcels that are developed with qualified urban uses and the remaining 25% of the perimeter of the site adjoins parcels that have previously been developed for qualified urban uses, the site has not been developed for urban uses and no parcel within the site has been created within ten (10) years prior to the proposed development of the site;
- (3) The project site is not more than five (5) acres in area; and
- (4) The project site meets one of the following requirements regarding population density:
 - (a) The project site is within an urbanized area or within a census-defined place with a population density of at least five thousand (5,000) persons per square mile;
 - (b) If the project consists of fifty (50) or fewer units, the project site is within an incorporated city with a population density of at least twenty-five hundred (2,500) persons per square mile and a total population of at least twenty-five thousand (25,000) persons; or
 - (c) The project site is within either an incorporated city or a census-defined place with a population density of one thousand (1,000) persons per square mile, unless there is a reasonable possibility that the project would have a significant effect on the environment due to unusual circumstances or due to the related or cumulative impacts of reasonably foreseeable projects in the vicinity of the project.

(Reference: Pub. Resources Code, §§ 21083, 21159.23; State CEQA Guidelines, § 15194.)

D. Specific Requirements for Affordable Housing Projects Near Major Transit Stops. CEQA does not apply to a residential project on an infill site within an urbanized area if all of the general requirements described above in Section A are satisfied and the following additional criteria are also met:

- (1) Within five (5) years prior to the date that the application for the project is deemed complete, community-level environmental review was certified or adopted. This exemption does not apply, however, if new

information about the project or substantial changes regarding the circumstances surrounding the project become available after the community-level environmental review was certified or adopted;

- (2) The site is not more than four (4) acres in total area;
- (3) The project does not contain more than one hundred (100) residential units;
- (4) The project meets either of the following criteria:
 - (a) At least 10% of the housing is sold to families of moderate income or rented to families of low income, or at least 5% of the housing is rented to families of very low income, and the project developer has provided sufficient legal commitments to ensure the continued availability and use of the housing units for very low-, low-, and moderate-income households at monthly housing costs; or
 - (b) The project developer has paid or will pay in-lieu fees sufficient to pay for the development of the same number of units that would otherwise be sold or rented to families of moderate or very low income pursuant to subparagraph (a);
- (5) The project is within one-half mile of a major transit stop;
- (6) The project does not include any single-level building that exceeds one hundred thousand (100,000) square feet;
- (7) The project promotes higher density infill housing:
 - (a) A project with a density of at least 20 units per acre shall be conclusively presumed to promote higher density infill housing; or
 - (b) A project with a density of at least 10 units per acre and a density greater than the average density of the residential properties within 1,500 feet shall be presumed to promote higher density housing unless the preponderance of the evidence demonstrates otherwise;
- (8) Exception:
 - (a) Except as provided in subdivision (b), this division does not apply to a project if all of the following criteria are met:
 - 1. The project is a residential project on an infill site.
 - 2. The project is located within an urbanized area.

3. The project satisfies the criteria of Section 21159.21.
4. Within five years of the date that the application for the project is deemed complete pursuant to Section 65943 of the Government Code, community-level environmental review was certified or adopted.
5. The site of the project is not more than four acres in total area.
6. The project does not contain more than 100 residential units.
7. Either of the following criteria are met:
 - a. At least 10 percent of the housing is sold to families of moderate income, or not less than 10 percent of the housing is rented to families of low income, or not less than 5 percent of the housing is rented to families of very low income.
 - b. The project developer provides sufficient legal commitments to the appropriate local agency to ensure the continued availability and use of the housing units for very low-, low-, and moderate-income households at monthly housing costs determined pursuant to paragraph (3) of the subdivision (h) of Section 65589.5 of the Government Code.
 - c. The project developer has paid or will pay in-lieu fees pursuant to a local ordinance in an amount sufficient to result in the development of an equivalent number of units that would otherwise be required pursuant to subparagraph (7)(a).
8. The project is within one-half mile of a major transit stop.
9. The project does not include any single level building that exceeds 100,000 square feet.
10. The project promotes higher density infill housing. A project with a density of at least 20 units per acre shall be conclusively presumed to promote higher density infill housing. A project with a density of at least 10 units per acre and a density greater than the average density of the residential properties within 1,500 feet shall be presumed to promote higher density housing unless the preponderance of the evidence demonstrates otherwise.

- (b) The Exemption for Affordable Housing Projects near Major Transit Stops does not apply if any one of the following criteria is met:
 - 1. There is a reasonable possibility that the project will have a project-specific, significant effect on the environment due to unusual circumstances;
 - 2. Substantial changes have occurred since community-level environmental review was adopted or certified with respect to the circumstances under which the project is being undertaken, and those changes are related to the project; or
 - 3. New information regarding the circumstances under which the project is being undertaken has become available, and that new information is related to the project and was not known and could not have been known at the time of the community-level environmental review;
- (c) If a project satisfies any one of the three criteria described above in Section 3.13D(8)(a), the environmental effects of the project must be analyzed in an Environmental Impact Report or a Negative Declaration. The environmental analysis shall be limited to the project-specific effects and any effects identified pursuant to Section 3.13D(8)(a).

(Reference: Pub. Resources Code, §§ 21083, 21159.24; State CEQA Guidelines, § 15195.)

- E.** Whenever the Lead Agency determines that a project is exempt from environmental review based on Public Resources Code sections 21159.22 [Section 3.13B of these Local Guidelines], 21159.23 [Section 3.13C of these Local Guidelines], or 21159.24 [Section 3.13D of these Local Guidelines], Staff and/or the proponent of the project shall file a Notice of Exemption with the Office of Planning and Research within five (5) working days after the approval of the project.

(Reference: State CEQA Guidelines, § 15196.)

3.14 MINOR ALTERATIONS TO FLUORIDATE WATER UTILITIES.

Minor alterations to water utilities made for the purpose of complying with the fluoridation requirements of Health and Safety Code sections 116410 and 116415 or regulations adopted thereunder are exempt from CEQA.

(Reference: State CEQA Guidelines, § 15282(m).)

3.15 BALLOT MEASURES.

The definition of project in the State CEQA Guidelines specifically excludes the submittal of proposals to a vote of the people of the state or of a particular community. This exemption does not apply to the public agency that sponsors the initiative. When a governing

body makes a decision to put a measure on the ballot, that decision may be discretionary and therefore subject to CEQA. In contrast, the enactment of a qualified voter-sponsored initiative under California Constitution Art. II, Section 11(a) and Election Code section 9214 is not a project and therefore is not subject to CEQA review.

(Reference: Local Guidelines Section 3.01; State CEQA Guidelines, § 15378(b)(3).)

3.16 TRANSIT PRIORITY PROJECT.

Exemption: Transit Priority Projects (see Local Guidelines Section 11.75) that are consistent with the general use designation, density, building intensity, and applicable policies specified for the project area in either a Sustainable Community Strategy or an alternative planning strategy may be exempt from CEQA. To qualify for the exemption, the decision-making body must hold a hearing and make findings that the project meets all of Public Resources Code section 21155.1's environmental, housing, and public safety conditions and requirements.

Streamlined Review: A Transit Priority Project that has incorporated all feasible mitigation measures, performance standards or criteria set forth in a prior environmental impact report, may be eligible for streamlined environmental review. For a complete description of the requirements for this streamlined review see Public Resources Code section 21155.2. Similarly, the environmental review for a residential or mixed use residential project may limit, or entirely omit, its discussion of growth-inducing impacts or impacts from traffic on global warming under certain limited circumstances. Note, however, that impacts from other sources of greenhouse gas emissions would still need to be analyzed. For complete requirements see Public Resources Code section 21159.28.

Note that neither the exemption nor the streamlined review will apply until: (1) the applicable Metropolitan Planning Organization prepares and adopts a Sustainable Communities Strategy or alternative planning strategy for the region; and (2) the California Air Resources Board has accepted the Metropolitan Planning Organization's determination that the Sustainable Communities Strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets adopted for the region.

(Reference: Pub. Resources Code, § 21155.1, 21151.2, 21159.28.)

3.17 CERTAIN INFILL PROJECTS

(a) (1) If an environmental impact report was certified for a planning level decision of the city or county, the application of CEQA to the approval of an infill project shall be limited to the effects on the environment that (A) are specific to the project or to the project site and were not addressed as significant effects in the prior environmental impact report or (B) substantial new information shows the effects will be more significant than described in the prior environmental impact report. The attached Form "S" shall be used for this determination. A lead agency's determination pursuant to this section shall be supported by substantial evidence.

(2) An effect of a project upon the environment shall not be considered a specific effect of the project or a significant effect that was not considered significant in a prior

environmental impact report, or an effect that is more significant than was described in the prior environmental impact report if uniformly applicable development policies or standards adopted by the city, county, or the lead agency, would apply to the project and the lead agency makes a finding, based upon substantial evidence, that the development policies or standards will substantially mitigate that effect.

(b) If an infill project would result in significant effects that are specific to the project or the project site, or if the significant effects of the infill project were not addressed in the prior environmental impact report, or are more significant than the effects addressed in the prior environmental impact report, and if a mitigated negative declaration or a sustainable communities environmental assessment could not be otherwise adopted, an environmental impact report prepared for the project analyzing those effects shall be limited as follows:

(1) Alternative locations, densities, and building intensities to the project need not be considered.

(2) Growth inducing impacts of the project need not be considered.

(c) This section applies to an infill project that satisfies both of the following:

(1) The project satisfies any of the following:

A) Is consistent with the general use designation, density, building intensity, and applicable policies specified for the project area in either a sustainable communities strategy or an alternative planning strategy for which the State Air Resources Board, pursuant to subparagraph (H) of paragraph (2) of subdivision (b) of Section 65080 of the Government Code, has accepted a metropolitan planning organization's determination that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets.

(B) Consists of a small walkable community project located in an area designated by a city for that purpose.

(C) Is located within the boundaries of a metropolitan planning organization that has not yet adopted a sustainable communities strategy or alternative planning strategy, and the project has a residential density of at least 20 units per acre or a floor area ratio of at least 0.75.

(2) Satisfies all applicable statewide performance standards contained in the guidelines adopted pursuant to Public Resources Code section 21094.5.5 (Form "R").

(d) This section applies after the Secretary of the Natural Resources Agency adopts and certifies the guidelines establishing statewide standards pursuant to Public Resources Code section 21094.5.5.

(e) For the purposes of this section, the following terms mean the following:

(1) "Infill project" means a project that meets the following conditions:

(A) Consists of any one, or combination, of the following uses:

(i) Residential.

(ii) Retail or commercial, where no more than one-half of the project area is used for parking.

(iii) A transit station.

(iv) A school.

(v) A public office building.

(B) Is located within an urban area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with qualified urban uses.

(2) “Planning level decision” means the enactment or amendment of a general plan, community plan, specific plan, or zoning code.

(3) “Prior environmental impact report” means the environmental impact report certified for a planning level decision, as supplemented by any subsequent or supplemental environmental impact reports, negative declarations, or addenda to those documents.

(4) “Small walkable community project” means a project that is in an incorporated city, which is not within the boundary of a metropolitan planning organization and that satisfies the following requirements:

(A) Has a project area of approximately one-quarter mile diameter of contiguous land completely within the existing incorporated boundaries of the city.

(B) Has a project area that includes a residential area adjacent to a retail downtown area.

(C) The project has a density of at least eight dwelling units per acre or a floor area ratio for retail or commercial use of not less than 0.50.

(5) “Urban area” includes either an incorporated city or an unincorporated area that is completely surrounded by one or more incorporated cities that meets both of the following criteria:

(A) The population of the unincorporated area and the population of the surrounding incorporated cities equal a population of 100,000 or more.

(B) The population density of the unincorporated area is equal to, or greater than, the population density of the surrounding cities.

(Reference: Pub. Resources Code, § 21094.5.)

3.18 EXEMPTION FOR INFILL PROJECTS IN TRANSIT PRIORITY AREAS

A residential or mixed-use project, or a project with a floor area ratio of at least 0.75 on commercially-zoned property, including any required subdivision or zoning approvals, is exempt from CEQA if the project satisfies the following criteria:

- The project is located within a transit priority area as defined in Section 11.74 below;
- The project is consistent with an applicable specific plan for which an environmental impact report was certified; and
- The project is consistent with the general use designation, density, building intensity, and applicable policies specified for the project area in either a sustainable communities strategy or an alternative planning strategy for which the State Air Resources Board has accepted the determination that the sustainable communities strategy or the alternative planning strategy would achieve the applicable greenhouse gas emissions reduction targets.

Further environmental review shall be required for a project meeting the above criteria only if one of the events specified in Section 8.04 below occurs.

(Reference: State CEQA Guidelines, § 15182(b).)

3.19 EXEMPTION FOR RESIDENTIAL PROJECTS UNDERTAKEN PURSUANT TO A SPECIFIC PLAN

Where a public agency has prepared an EIR for a specific plan after January 1, 1980, a residential project undertaken pursuant to and in conformity with that specific plan is generally exempt from CEQA. Residential projects covered by this section include, but are not limited to, land subdivisions, zoning changes, and residential planned unit developments.

Further environmental review shall be required for a project meeting the above criteria only if, after the adoption of the specific plan, one of the events specified in Section 8.04 below occurs. In that circumstance, this exemption shall not apply until the city or county which adopted the specific plan completes a subsequent EIR or a supplement to an EIR on the specific plan. The exemption provided by this section shall again be available to residential projects after the Lead Agency has filed a Notice of Determination on the specific plan as reconsidered by the subsequent EIR or supplement to the EIR.

(Reference: State CEQA Guidelines, § 15182(c).)

3.20 TRANSFER OF LAND FOR THE PRESERVATION OF NATURAL CONDITIONS

CEQA does not apply to the acquisition, sale, or other transfer of interest in land by the District for the purpose of fulfilling any of the following purposes: (1) preservation of natural conditions existing at the time of transfer, including plant and animal habitats, (2) restoration of natural conditions, including plant and animal habitats, (3) continuing agricultural use of the land; (4) prevention of encroachment of development into flood plains; (5) preservation of

historical resources; or (6) preservation of open space or lands for park purposes. CEQA similarly does not apply to the granting or acceptance of funding by the District for the foregoing purposes.

The foregoing applies even if physical changes to the environment or changes in the use of the land are a reasonably foreseeable consequence of the acquisition, sale, or other transfer of the interests in land, or of the granting or acceptance of funding, provided that environmental review otherwise required by CEQA occurs before any project approval that would authorize physical changes being made to that land.

The District must file a Notice of Exemption with the State Clearinghouse and the County Clerk should it find a project exempt under this provision.

(Reference: Pub. Resources Code, § 21080.28.)

3.21 TRANSIT PRIORITIZATION PROJECTS.

CEQA exempts the following projects when (i) the project is carried out by a public agency that is the lead agency for the project; (ii) the project is located in an urbanized area; (iii) the project is located within an existing public right-of-way; (iv) the project does not add physical infrastructure that increases new automobile capacity on existing rights-of-way except for minor modifications needed for efficient and safe movement of transit vehicles, such as extended merging lanes; (v) the project does not include the addition of any auxiliary lanes; and (vi) the construction of the project shall not require the demolition of affordable housing units:

- (1) Pedestrian and bicycle facilities, including bicycle parking, bicycle sharing facilities, and bikeways as defined in Section 890.4 of the Streets and Highways Code;
- (2) Projects that improve customer information and wayfinding for transit riders, bicyclists, or pedestrians;
- (3) Transit prioritization projects, including projects relating to signal coordination, signal timing modifications, signal phasing modifications, the installation of wayside technology and onboard technology, the installation of ramp meters, the installation of dedicated transit or very high occupancy vehicle lanes (i.e., vehicle with six or more occupants), and shared turning lanes;
- (4) On highways with existing public transit service or that will be implementing public transit service within six months of the conversion, a project for the designation and conversion of general purpose lanes or highway shoulders to bus-only lanes, for use either during peak congestion hours or all day.
- (5) A project for the institution or increase of new bus rapid transit, bus, or light rail service, including the construction of stations, on existing public rights-of-way or existing highway rights-of-way, whether or not the right-of-way is in use for public mass transit.

- (6) A project to construct or maintain infrastructure to charge or refuel zero-emission transit buses, provided the project is carried out by a public transit agency that is subject to, and in compliance with, the State Air Resources Board's Innovative Clean Transit regulations (Article 4.3 (commencing with Section 2023) of Chapter 1 of Division 3 of Title 13 of the California Code of Regulations) and the project is located on property owned by the transit agency or within an existing public right-of-way.
- (7) The maintenance, repair, relocation, replacement, or removal of any utility infrastructure associated with a project identified in paragraphs (1) to (6), inclusive.
- (8) A project that consists exclusively of a combination of any of the components of a project identified in paragraphs (1) to (7), inclusive.
- (9) A project carried out by a city or county to reduce minimum parking requirements.

Additional conditions apply to a project otherwise exempt under this section if the project exceeds one hundred million dollars (\$100,000,000) in 2020 United States dollars, as set forth in Public Resources Code section 21080.25.

If the District determines that a project is not subject to CEQA pursuant to this section and approves that project, the District must file a Notice of Exemption with both the Office of Planning and Research and the county clerk of the county in which the project is located.

This exemption shall remain in effect only until January 1, 2023, and as of that date it will be repealed. (Reference: Pub. Resources Code, § 21080.25.)

3.22 RESTRIPEING STREETS AND HIGHWAYS FOR BICYCLE LANES.

CEQA does not apply to a bicycle transportation plan for an urbanized area for the restriping of streets and highways, bicycle parking and storage, signal timing to improve street and highway intersection operations, and the related signage for bicycles, pedestrians, and vehicles.

Before determining that a project is exempt pursuant to this section, the Lead Agency must hold noticed public hearings in areas affected by the bicycle transportation plan to hear and respond to public comments. Publication of the notice must comply with Government Code section 6061 and be in a newspaper of general circulation in the area affected by the proposed project.

If the District determines that a project is not subject to CEQA pursuant to this section and approves that project, the District must file a Notice of Exemption with both the Office of Planning and Research and the county clerk of the county in which the project is located.

This exemption shall remain in effect only until January 1, 2030, and as of that date it will be repealed. (Reference: Pub. Resources Code, § 20180.20.)

3.23 SMALL DISADVANTAGED COMMUNITY WATER SYSTEM AND STATE SMALL WATER SYSTEM.

CEQA does not apply to certain water infrastructure projects that primarily benefit a “small disadvantaged community water system” or a “state small water system,” as these terms are defined in Public Resources Code section 21080.47. If certain labor requirements and other conditions are met as set forth in Public Resources Code section 21080.47, the installation, repair, or construction of the following for the benefit of a small disadvantaged community water system or state small water system is exempt from CEQA:

- (1) Drinking water groundwater wells with a maximum flow rate of up to 250 gallons per minute;
- (2) Drinking water treatment facilities with a footprint of less than 2,500 square feet that are not located in an environmentally sensitive area;
- (3) Drinking water storage tanks with a capacity of up to 250,000 gallons;
- (4) Booster pumps and hydropneumatic tanks;
- (5) Pipelines of less than one mile in length in a road right-of-way or up to seven miles in length in a road right-of-way when the project is required to address threatened or current drinking water violations;
- (6) Water services lines; and
- (7) Minor drinking water system appurtenances, including, but not limited to, system and service meters, fire hydrants, water quality sampling stations, valves, air releases and vacuum break valves, emergency generators, backflow prevention devices, and appurtenance enclosures.

(Reference: Pub. Resources Code, § 21080.47.)

3.24 OTHER SPECIFIC EXEMPTIONS.

CEQA and the State CEQA Guidelines exempt many other specific activities, including early activities related to thermal power plants, ongoing projects, transportation improvement programs, family day care homes, congestion management programs, railroad grade separation projects, restriping of streets or highways to relieve traffic congestion, hazardous or volatile liquid pipelines, and the installation of solar energy systems, including, but not limited to solar panels. Specific statutory exemptions are listed in the Public Resources Code, including Sections 21080 through 21080.35, and in the State CEQA Guidelines, including Sections 15260 through 15285. In addition, other titles of the California Codes provide statutory exemptions

from CEQA, including, for example, Government Code section 12012.70.Categorical Exemptions.

The State CEQA Guidelines establish certain classes of categorical exemptions. These apply to classes of projects which have been determined not to have a significant effect on the environment and which, therefore, are generally exempt from CEQA. For any project that falls within one of these classes of categorical exemptions, the preparation of environmental documents under CEQA is not required. The classes of projects are briefly summarized below. (Reference to the State CEQA Guidelines for the full description of each exemption is recommended.)

The exemptions for Classes 3, 4, 5, 6 and 11 below are qualified in that such projects must be considered in light of the location of the project. A project that is ordinarily insignificant in its impact on the environment may, in a particularly sensitive environment, be significant. Therefore, these classes are considered to apply in all instances except when the project may impact an environmental resource of hazardous or critical concern that has been designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies.

All classes of categorical exemptions are qualified. None of the categorical exemptions are applicable if any of the following circumstances exist:

- (1) The cumulative impact of successive projects of the same type in the same place over time is significant;
- (2) There is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances;
- (3) The project may result in damage to a scenic resource or may result in a substantial adverse change to a historical resource; or
- (4) The project is located on a site which is included on any hazardous waste site or list compiled pursuant to Government Code section 65962.5.

However, a project's greenhouse gas emissions do not, in and of themselves, cause an exemption to be inapplicable if the project otherwise complies with all applicable regulations or requirements adopted to implement statewide, regional, or local plans consistent with State CEQA Guidelines section 15183.5.

With the foregoing limitations in mind, the following classes of activity are generally exempt from CEQA:

Class 1: Existing Facilities. Activities involving the operation, repair, maintenance, permitting, leasing, licensing, minor alteration of—or legislative activities to regulate— existing public or private structures, facilities, mechanical equipment or other property, or topographical features, provided the activity involves negligible or no expansion of existing or former use. The types of “existing facilities” itemized in State CEQA Guidelines section 15301 are not intended to be all-inclusive of the types of projects which might fall within

Class 1. The key consideration is whether the project involves negligible or no expansion of use. (State CEQA Guidelines, § 15301.)

Class 2: Replacement or Reconstruction. Replacement or reconstruction of existing facilities, structures, or other property where the new facility or structure will be located on the same site as the replaced or reconstructed facility or structure and will have substantially the same purpose and capacity as the replaced or reconstructed facility or structure. (State CEQA Guidelines, § 15302.)

Class 3: New Construction or Conversion of Small Structures. Construction of limited numbers of small new facilities or structures; installation of small new equipment or facilities in small structures; and the conversion of existing small structures from one use to another, when only minor modifications are made in the exterior of the structure. This exemption includes structures built for both residential and commercial uses. (State CEQA Guidelines, § 15303 outlines, among other things, the maximum number of structures allowable under this exemption].)

Class 4: Minor Alterations to Land. Minor alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees, except for forestry or agricultural purposes. (State CEQA Guidelines, § 15304.)

Class 5: Minor Alterations in Land Use Limitations. Minor alterations in land use limitations in areas with an average slope of less than 20% which do not result in any changes in land use or density. (State CEQA Guidelines, § 15305.)

Class 6: Information Collection. Basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. (State CEQA Guidelines, § 15306.)

Class 7: Actions by Regulatory Agencies for Protection of Natural Resources. Actions taken by regulatory agencies as authorized by state law or local ordinance to assure the maintenance, restoration, or enhancement of a natural resource where the regulatory process involves procedures for protection of the environment. (State CEQA Guidelines, § 15307.)

Class 8: Actions By Regulatory Agencies for Protection of the Environment. Actions taken by regulatory agencies, as authorized by state or local ordinance, to assure the maintenance, restoration, enhancement or protection of the environment where the regulatory process involves procedures for protection of the environment. (State CEQA Guidelines, § 15308.)

Class 9: Inspection. Inspection activities, including, but not limited to, inquiries into the performance of an operation and examinations of the quality, health or safety of a project. (State CEQA Guidelines, § 15309.)

Class 10: Loans. Loans made by the Department of Veterans Affairs under the Veterans Farm and Home Purchase Act of 1943, mortgages for the purchase of existing structures where the loan will not be used for new construction and the purchase of such mortgages by financial institutions. (State CEQA Guidelines, § 15310.)

Class 11: Accessory Structures. Construction or replacement of minor structures accessory or appurtenant to existing commercial, industrial, or institutional facilities, including, but not limited to, on-premise signs; small parking lots; and placement of seasonal or temporary use items, such as lifeguard towers, mobile food units, portable restrooms or similar items in generally the same locations from time to time in publicly owned parks, stadiums or other facilities designed for public use. (State CEQA Guidelines, §15311.)

Class 12: Surplus Government Property Sales. Sales of surplus government property, except for certain parcels of land located in an area of statewide, regional or area-wide concern identified in State CEQA Guidelines section 15206(b)(4). However, even if the surplus property to be sold is located in any of those areas, its sale is exempt if:

- (a) The property does not have significant values for wildlife or other environmental purposes; and
- (b) Any one of the following three conditions is met:
 - 1. The property is of such size, shape, or inaccessibility that it is incapable of independent development or use;
 - 2. The property to be sold would qualify for an exemption under any other class of categorical exemption in the State CEQA Guidelines; or
 - 3. The use of the property and adjacent property has not changed since the time of purchase by the public agency.

(State CEQA Guidelines, § 15312.)

Class 13: Acquisition of Lands for Wildlife Conservation Purposes. Acquisition of lands for fish and wildlife conservation purposes, including preservation of fish and wildlife habitat, establishment of ecological preserves under Fish and Game Code section 1580, and preservation of access to public lands and waters where the purpose of the acquisition is to preserve the land in its natural condition. (State CEQA Guidelines, § 15313.)

Class 14: Minor Additions to Schools. Minor additions to existing schools within existing school grounds where the addition does not increase original student capacity by more 25% or ten (10) classrooms, whichever is less. The addition of portable classrooms is included in this exemption. (State CEQA Guidelines, § 15314.)

Class 15: Minor Land Divisions. Division(s) of property in urbanized areas zoned for residential, commercial or industrial use into four or fewer parcels when the division is in conformance with the General Plan and zoning, no variances or exceptions are required, all services and access to the proposed parcels to local standards are available, the parcel was not involved in a division of a larger parcel within the previous two (2) years, and the parcel does not have an average slope greater than 20%. (State CEQA Guidelines, §15315.)

Class 16: Transfer of Ownership of Land in Order to Create Parks. Acquisition, sale, or other transfer of land in order to establish a park where the land is in a natural condition or contains historical or archaeological resources and either:

- (a) The management plan for the park has not been prepared, or
- (b) The management plan proposes to keep the area in a natural condition or preserve the historic or archaeological resources.

CEQA will apply when a management plan is proposed that will change the area from its natural condition or cause substantial adverse change in the significance of the historic or archaeological resource. (State CEQA Guidelines, § 15316.)

Class 17: Open Space Contracts or Easements. Establishment of agricultural preserves, making and renewing of open space contracts under the Williamson Act, or acceptance of easements or fee interests in order to maintain the open space character of the area. (The cancellation of such preserves, contracts, interests or easements is not included in this exemption.) (State CEQA Guidelines, § 15317.)

Class 18: Designation of Wilderness Areas. Designation of wilderness areas under the California Wilderness System. (State CEQA Guidelines, § 15318.)

Class 19: Annexations of Existing Facilities and Lots for Exempt Facilities.

This exemption applies only to the following annexations:

- (a) Annexations to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or rezoning of either the gaining or losing governmental agency, whichever is more restrictive; provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities; and
- (b) Annexations of individual small parcels of the minimum size for facilities exempted by Class 3, New Construction or Conversion of Small Structures.

(State CEQA Guidelines, § 15319.)

Class 20: Changes in Organization of Local Agencies. Changes in the organization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised. Examples include but are not limited to:

- (a) Establishment of a subsidiary district;
- (b) Consolidation of two or more districts having identical powers; and
- (c) Merger with a city of a district lying entirely within the boundaries of the city.

(State CEQA Guidelines, § 15320.)

Class 21: Enforcement Actions by Regulatory Agencies. Actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate or other entitlement for use issued, adopted or prescribed by the regulatory agency or enforcement of a law, general rule, standard or objective administered or adopted by the regulatory agency; or law enforcement activities by peace officers acting under any law that provides a criminal sanction. The direct referral of a violation of lease, permit, license, certificate, or entitlement to the City Attorney for judicial enforcement is exempt under this Class. (Construction activities undertaken by the public

agency taking the enforcement or revocation action are not included in this exemption.) (State CEQA Guidelines, § 15321.)

Class 22: Educational or Training Programs Involving No Physical Changes. The adoption, alteration or termination of educational or training programs which involve no physical alteration in the area affected or which involve physical changes only in the interior of existing school or training structures. Examples include but are not limited to:

- (a) Development of or changes in curriculum or training methods; or
- (b) Changes in the trade structure in a school which do not result in changes in student transportation. (State CEQA Guidelines, § 15322.)

Class 23: Normal Operations of Facilities for Public Gatherings. Continued or repeated normal operations of existing facilities for public gatherings for which the facilities were designed, where there is past history, of at least three years, of the facility being used for the same or similar purposes. Facilities included within this exemption include, but are not limited to, race tracks, stadiums, convention centers, auditoriums, amphitheaters, planetariums, swimming pools and amusement parks. (State CEQA Guidelines, § 15323.)

Class 24: Regulation of Working Conditions. Actions taken by the District to regulate employee wages, hours of work or working conditions where there will be no demonstrable physical changes outside the place of work. (State CEQA Guidelines, § 15324.)

Class 25: Transfers of Ownership of Interest in Land to Preserve Existing Natural Conditions and Historical Resources. Transfers of ownership of interest in land in order to preserve open space, habitat, or historical resources. Examples include, but are not limited to, acquisition, sale, or other transfer of areas to: preserve existing natural conditions, including plant or animal habitats; allow continued agricultural use of the areas; allow restoration of natural conditions; preserve open space or lands for natural park purposes; or prevent encroachment of development into floodplains. This exemption does not apply to the development of parks or park uses. (State CEQA Guidelines, § 15325.)

Class 26: Acquisition of Housing for Housing Assistance Programs. Actions by a redevelopment agency, housing authority or other public agency to implement an adopted Housing Assistance Plan by acquiring an interest in housing units, provided the housing units are either in existence or possessing all required permits for construction when the agency makes its final decision to acquire the units. (State CEQA Guidelines, § 15326.)

Class 27: Leasing New Facilities. Leasing of a newly constructed or previously unoccupied privately owned facility by a local or state agency when the District determines that the proposed use of the facility:

- (a) Conforms with existing state plans and policies and with general, community, and specific plans for which an EIR or Negative Declaration has been prepared;
- (b) Is substantially the same as that originally proposed at the time the building permit was issued;
- (c) Does not result in a traffic increase of greater than 10% of front access road capacity; and

- (d) Includes the provision of adequate employee and visitor parking facilities.

(State CEQA Guidelines, § 15327.)

Class 28: Small Hydroelectric Projects as Existing Facilities. Installation of certain small hydroelectric-generating facilities in connection with existing dams, canals and pipelines, subject to the conditions in State CEQA Guidelines section 15328. (State CEQA Guidelines, § 15328.)

Class 29: Cogeneration Projects at Existing Facilities. Installation of cogeneration equipment with a capacity of 50 megawatts or less at existing facilities meeting certain conditions listed in State CEQA Guidelines section 15329. (State CEQA Guidelines, § 15329.)

Class 30: Minor Actions to Prevent, Minimize, Stabilize, Mitigate or Eliminate the Release or Threat of Release of Hazardous Waste or Hazardous Substances. Any minor cleanup actions taken to prevent, minimize, stabilize, mitigate, or eliminate the release or threat of release of a hazardous waste or substance which are small or medium removal actions costing \$1 million or less.

- (a) No cleanup action shall be subject to this Class 30 exemption if the action requires the onsite use of a hazardous waste incinerator or thermal treatment unit or the relocation of residences or businesses, or the action involves the potential release into the air of volatile organic compounds as defined in Health and Safety Code section 25123.6, except for small scale in situ soil vapor extraction and treatment systems which have been permitted by the local Air Pollution Control District or Air Quality Management District. All actions must be consistent with applicable state and local environmental permitting requirements including, but not limited to, off-site disposal, air quality rules such as those governing volatile organic compounds and water quality standards, and approved by the regulatory body with jurisdiction over the site;
- (b) Examples of such minor cleanup actions include but are not limited to:
 1. Removal of sealed, non-leaking drums of hazardous waste or substances that have been stabilized, containerized and are designated for a lawfully permitted destination;
 2. Maintenance or stabilization of berms, dikes, or surface impoundments;
 3. Construction or maintenance or interim of temporary surface caps;
 4. Onsite treatment of contaminated soils or sludge provided treatment system meets Title 22 requirements and local air district requirements;
 5. Excavation and/or offsite disposal of contaminated soils or sludge in regulated units;
 6. Application of dust suppressants or dust binders to surface soils;
 7. Controls for surface water run-on and run-off that meets seismic safety standards;
 8. Pumping of leaking ponds into an enclosed container;
 9. Construction of interim or emergency ground water treatment systems; or
 10. Posting of warning signs and fencing for a hazardous waste or substance site that meets legal requirements for protection of wildlife.

(State CEQA Guidelines, § 15330.)

Class 31: Historical Resource Restoration/Rehabilitation. Maintenance, repairs, stabilization, rehabilitation, restoration, preservation, conservation, or reconstruction of historical resources in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings (1995), Weeks and Grimmer. (State CEQA Guidelines, § 15331.)

Class 32: Infill Development Projects. Infill development meeting the following conditions:

- (a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations;
- (b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses;
- (c) The project site has no value as habitat for endangered, rare or threatened species;
- (d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and
- (e) The site can be adequately served by all required utilities and public services.

(State CEQA Guidelines, § 15332.)

Class 33: Small Habitat Restoration Projects.

This exemption applies to projects to assure the maintenance, restoration, enhancement, or protection of habitat for fish, plants, or wildlife, provided that such projects meet the following criteria:

- (a) The project does not exceed five acres in size;
- (b) There would be no significant adverse impact on endangered, rare or threatened species or their habitat pursuant to Section 15065 of the State CEQA Guidelines;
- (c) There are no hazardous materials at or around the project site that may be disturbed or removed; and
- (d) The project will not result in impacts that are significant when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.

Examples of small habitat restoration projects include, but are not limited to: revegetation of disturbed areas with native plant species; wetland restoration, the primary purpose of which is to improve conditions for waterfowl or other species that rely on wetland habitat; stream or river bank revegetation, the primary purpose of which is to improve habitat for amphibians or native fish; projects to restore or enhance habitat that are carried out principally with hand labor and not mechanized equipment; stream or river bank stabilization with native vegetation or other bioengineering techniques, the primary purpose of which is to reduce or eliminate erosion and sedimentation; and culvert replacement conducted in accordance with

published guidelines of DFW or NOAA Fisheries, the primary purpose of which is to improve habitat or reduce sedimentation.

(State CEQA Guidelines, § 15333.)

4. TIME LIMITATIONS

4.01 REVIEW OF PRIVATE PROJECT APPLICATIONS.

Staff shall determine whether the application for a private project is complete within thirty (30) days of receipt of the application. No application may be deemed incomplete based on an applicant's refusal to waive the time limitations set forth in Local Guidelines Sections 4.03 and 4.04.

Accepting an application as complete does not limit the authority of the District, acting as Lead Agency or Responsible Agency, to require the applicant to submit additional information needed for environmental evaluation of the project. Requiring such additional information after the application is complete does not change the status of the application.

(Reference: State CEQA Guidelines, § 15101.)

4.02 DETERMINATION OF TYPE OF ENVIRONMENTAL DOCUMENT.

Except as provided in Local Guidelines Sections 4.05 and 4.06, Staff's initial determination as to whether a Negative Declaration, Mitigated Negative Declaration or an EIR should be prepared shall be made within thirty (30) days from the date on which an application for a project is accepted as complete by the District. This period may be extended fifteen (15) days with consent of the applicant and the District.

(Reference: State CEQA Guidelines, § 15102.)

4.03 COMPLETION AND ADOPTION OF NEGATIVE DECLARATION.

For private projects involving the issuance of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies, the Negative Declaration/Mitigated Negative Declaration shall be completed and approved within one hundred eighty (180) days from the date when the District accepted the application as complete. In the event that compelling circumstances justify additional time and the project applicant and Lead Agency consent thereto, Staff may provide that the 180-day time limit may be extended once for a period of not more than 90 days.

(Reference: State CEQA Guidelines, § 15107.)

4.04 COMPLETION AND CERTIFICATION OF FINAL EIR.

For private projects, the Final EIR shall be completed and certified by the District within one (1) year after the date the District accepted the application as complete. In the event that compelling circumstances justify additional time and the project applicant consents thereto, the District may provide a one-time extension up to ninety (90) days for completing and certifying the EIR.

(Reference: State CEQA Guidelines, § 15108.)

4.05 PROJECTS SUBJECT TO THE PERMIT STREAMLINING ACT.

The Permit Streamlining Act requires agencies to make decisions on certain development project approvals within specified time limits. If a project is subject to the Permit Streamlining Act, the District cannot require the project applicant to submit the informational equivalent of an EIR or prove compliance with CEQA as a prerequisite to determining whether the project application is complete. In addition, if requested by the project applicant, the District must begin processing the project application prior to final CEQA action, provided the information necessary to begin the process is available.

(Reference: Gov. Code §§ 65941, 65944.)

Under the Permit Streamlining Act, the Lead Agency must approve or disapprove the development project application within one hundred eighty (180) days from the date on which it certifies the EIR, or within ninety (90) days of certification if an extension for completing and certifying the EIR was granted. If the Lead Agency adopts a Negative Declaration/Mitigated Negative Declaration or determines the development project is exempt from CEQA, it shall approve or disapprove the project application within sixty (60) days from the date on which it adopts the Negative Declaration/Mitigated Negative Declaration or determines that the project is exempt from CEQA.

(Reference: Gov. Code §§ 65950, 65950.1; see also State CEQA Guidelines, § 15107.)

Except for waivers of the time periods for preparing a joint Environmental Impact Report/Environmental Impact Statement (as outlined in Government Code sections 65951 and 65957), the District cannot require a waiver of the time limits specified in the Permit Streamlining Act as a condition of accepting or processing a development project application. In addition, the District cannot disapprove a development project application in order to comply with the time limits specified in the Permit Streamlining Act.

(Reference: Gov. Code §§ 65940.5, 65952.2.)

4.06 PROJECTS, OTHER THAN THOSE SUBJECT TO THE PERMIT STREAMLINING ACT, WITH SHORT TIME PERIODS FOR APPROVAL.

A few statutes require agencies to make decisions on project applications within time limits that are so short that review of the project under CEQA would be difficult. To enable the District as Lead Agency to comply with both the enabling statute and CEQA, the District shall deem a project application as not received for filing under the enabling statute until such time as the environmental documentation required by CEQA is complete. This section applies where all of the following conditions are met:

- (a) The enabling statute for a program, other than development projects under Chapter 4.5 (commencing with Section 65920) of Division 1 of Title 7 of the Government Code, requires the District to take action on an application within a specified period of time of six (6) months or less;
- (b) The enabling statute provides that the project is approved by operation of law if the District fails to take any action within the specified time period; and

- (c) The project application involves the District's issuance of a lease, permit, license, certificate or other entitlement for use.

In any case, the environmental document shall be completed or certified and the decision on the application shall be made within the period established by the Permit Streamlining Act (Government Code sections 65920, et seq.).

(Reference: State CEQA Guidelines, § 15111.)

4.07 WAIVER OR SUSPENSION OF TIME PERIODS.

These deadlines may be waived by the applicant if the project is subject to both CEQA and the National Environmental Policy Act ("NEPA").

An unreasonable delay by an applicant in meeting the District's requests necessary for the preparation of a Negative Declaration, Mitigated Negative Declaration, or an EIR shall suspend the running of the time periods described in Local Guidelines sections 4.03 and 4.04 for the period of the unreasonable delay. Alternatively, the District may disapprove a project application where there is unreasonable delay in meeting requests. The District may also allow a renewed application to start at the same point in the process where the prior application was when it was disapproved.

(Reference: State CEQA Guidelines, §§ 15109, 15110, and 15224; see Section 5.04 of these Local Guidelines for information about projects that are subject to both CEQA and NEPA.)

5. INITIAL STUDY

5.01 PREPARATION OF INITIAL STUDY.

If the District determines that it is the Lead Agency for a project which is not exempt, the District will normally prepare an Initial Study to ascertain whether the project may have a substantial adverse effect on the environment, regardless of whether the overall effect of the project is adverse or beneficial. All phases of project planning, implementation and operation must be considered in the Initial Study. An Initial Study may rely on expert opinion supported by facts, technical studies or other substantial evidence. However, an Initial Study is neither intended nor required to include the level of detail included in an EIR.

The District, as Lead Agency, may use any of the following arrangements or combination of arrangements to prepare an Initial Study:

- (1) Preparing the Initial Study directly with the District's own staff.
- (2) Contracting with another entity, public or private, to prepare the Initial Study.
- (3) Accepting a draft Initial Study prepared by the applicant, a consultant retained by the applicant, or any other third person.
- (4) Executing a third party contract or memorandum of understanding with the applicant to govern the preparation of an Initial Study by an independent contractor.
- (5) Using a previously prepared Initial Study.

The Initial Study sent out for public review, however, must reflect the independent judgment of the Lead Agency.

For private projects, the person or entity proposing to carry out the project shall complete Form "I" of these Local CEQA Guidelines, submit the completed Form "I" to the District, and submit all other data and information as may be required by the District to determine whether the proposed project may have a significant effect on the environment. All costs incurred by the District in reviewing the data and information submitted, or in conducting its own investigation based upon such data and information, or in preparing an Initial Study for the project shall be borne by the person or entity proposing to carry out the project.

(Reference: State CEQA Guidelines, §§ 15063, 15084.)

5.02 INFORMAL CONSULTATION WITH OTHER AGENCIES.

When more than one public agency will be involved in undertaking or approving a project, the Lead Agency shall consult with all Responsible and any Trustee Agencies. Such consultation shall be undertaken in compliance with the notice procedures applicable to the type of CEQA document being prepared. See Section 6.04, Negative Declarations, and Sections 7.03 and 7.25, EIRs.

When the District is acting as Lead Agency, the District may choose to engage in early consultation with Responsible and Trustee Agencies before the District begins to prepare the Initial Study. This early consultation may be done quickly and informally and is intended to ensure that the EIR, Negative Declaration or Mitigated Negative Declaration reflects the concerns of all Responsible Agencies that will issue approvals for the project and all Trustee Agencies responsible for natural resources affected by the project. The District's early consultation process may include consultation with other individuals or organizations with an interest in the project, if the District so desires. The OPR, upon request of the District or a private project applicant, shall assist in identifying the various Responsible Agencies for a proposed project and ensure that the Responsible Agencies are notified regarding any early consultation. In the case of a project undertaken by a public agency, the OPR, upon request of the District, shall ensure that any Responsible Agency or public agency that has jurisdiction by law with respect to the project is notified regarding any early consultation.

If, during the early consultation process it is determined that the project will clearly have a significant effect on the environment, the District, as Lead Agency, may immediately dispense with the Initial Study and determine that an EIR is required.

(Reference: State CEQA Guidelines, § 15063.)

5.03 CONSULTATION WITH PRIVATE PROJECT APPLICANT.

During or immediately after preparation of an Initial Study for a private project, the District may consult with the applicant to determine if the applicant is willing to modify the project to reduce or avoid the significant effects identified in the Initial Study. If the project can be revised to avoid or mitigate effects to a level of insignificance and there is no substantial evidence before the District that the project, as revised, may have a significant effect on the environment, the District may prepare and adopt a Negative Declaration or Mitigated Negative Declaration. If any significant effect may still occur despite alterations of the project, an EIR must be prepared.

(Reference: State CEQA Guidelines, § 15063(g).)

5.04 PROJECTS SUBJECT TO NEPA.

Projects that are carried out, financed, or approved in whole or in part by a federal agency are subject to the provisions of NEPA in addition to CEQA. To the extent possible, the State CEQA Guidelines encourage the District, when it is a Lead Agency under CEQA, to use the federally-prepared Environmental Impact Statement ("EIS") or Finding of No Significant Impact ("FONSI") or to prepare a joint CEQA/NEPA document instead of preparing separate NEPA and CEQA documents for a project that is subject to both NEPA and CEQA. (State CEQA Guidelines, § 15220.)

For example, the District should attempt to work in conjunction with the federal agency involved in the project to prepare a combined EIR-EIS or Negative Declaration-FONSI. (State CEQA Guidelines, § 15222.) To avoid the need for the federal agency to prepare a separate document for the same project, the Lead Agency must involve the federal agency in the

preparation of the joint document. The Lead Agency may also enter into a Memorandum of Understanding with the federal agency to ensure that both federal and state requirements are met.

The District is required to cooperate with the federal agency and to utilize joint planning processes, environmental research and studies, public hearings, and environmental documents to the fullest extent possible. (State CEQA Guidelines, § 15226.) However, since NEPA does not require an examination of mitigation measures or growth-inducing impacts, analysis of mitigation measures and growth-inducing impacts will need to be added before NEPA documents may be used to satisfy CEQA. (State CEQA Guidelines, § 15221.)

For projects that are subject to NEPA, a scoping meeting held pursuant to NEPA satisfies the CEQA scoping requirement as long as notice is provided to the agencies and individuals listed in Local Guidelines Section 7.10, and provided in accordance with these Local Guidelines.

If the federal agency refuses to cooperate with the District with regard to the preparation of joint documents, the District should attempt to involve a state agency in the preparation of the EIR, Negative Declaration, or Mitigated Negative Declaration. Since federal agencies are explicitly permitted to utilize environmental documents prepared by agencies of statewide jurisdiction, it is possible that the federal agency will reuse the state-prepared CEQA documents instead of requiring the applicant to fund a redundant set of federal environmental documents. (State CEQA Guidelines, § 15228.)

Where the federal agency has circulated the EIS or FONSI and the circulation satisfied the requirements of CEQA and any other applicable laws, the District, when it is a Lead Agency under CEQA, may use the EIS or FONSI in place of an EIR or Negative Declaration without having to recirculate the federal documents. The District's intention to adopt the previously circulated EIS or FONSI must be publicly noticed in the same way as a Notice of Availability of a Draft EIR. Special rules may apply when the environmental documents are prepared for projects involving the reuse of military bases. (See State CEQA Guidelines, § 15225.)

5.05 AN INITIAL STUDY.

The Initial Study shall be used to determine whether a Negative Declaration, Mitigated Negative Declaration or an EIR shall be prepared for a project. It provides written documentation of whether the District found evidence of significant adverse impacts which might occur. The purposes of an Initial Study are to:

- (a) Identify environmental impacts;
- (b) Enable an applicant or Lead Agency to modify a project, mitigating adverse impacts before an EIR is written;
- (c) Focus an EIR, if one is required, on potentially significant environmental effects;
- (d) Facilitate environmental assessment early in the design of a project;
- (e) Provide documentation of the factual basis for the finding in a Negative Declaration that a project will not have a significant effect on the environment;
- (f) Eliminate unnecessary EIRs; and
- (g) Determine whether a previously prepared EIR could be used for the project.

(Reference: State CEQA Guidelines, § 15063.)

5.06 CONTENTS OF INITIAL STUDY.

An Initial Study shall contain in brief form:

- (a) A description of the project, including the location of the project. The project description must be consistent throughout the environmental review process;
- (b) An identification of the environmental setting. The environmental setting is usually the existing physical environmental conditions in the vicinity of the project, as they exist at the time the Notice of Preparation is published, or if no Notice of Preparation is published, such as in the case of a Negative Declaration or Mitigated Negative Declaration, at the time environmental analysis begins. The environmental setting should describe both the project site and surrounding properties. The description should include, but not necessarily be limited to, a discussion of existing structures, land use, energy supplies, topography, water usage, soil stability, plants and animals, and any cultural, historical, or scenic aspects. This environmental setting will normally constitute the baseline physical conditions against which a Lead Agency may compare the project to determine whether an impact is significant;
- (c) An identification of environmental effects by use of a checklist, matrix, or other method, provided that entries are briefly explained to show the evidence supporting the entries. The brief explanation may be through either a narrative or a reference to other information such as attached maps, photographs, or an earlier EIR or Negative Declaration or Mitigated Negative Declaration. A reference to another document should include a citation to the page or pages where the information is found;
- (d) A discussion of ways to mitigate any significant effects identified;
- (e) An examination of whether the project is consistent with existing zoning and local land use plans and other applicable land use controls;
- (f) The name of the person or persons who prepared or participated in the Initial Study; and
- (g) Identification of prior EIRs or environmental documents that could be used with the project.

(Reference: State CEQA Guidelines, § 15063(d).)

5.07 USE OF A CHECKLIST INITIAL STUDY.

When properly completed, the Environmental Checklist (Form “J”) will meet the requirements of Local Guidelines Section 5.05 for an Initial Study provided that the entries on the checklist are explained. Either the Environmental Checklist (Form “J”) should be expanded or a separate attachment should be prepared to describe the project, including its location, and to identify the environmental setting.

California courts have rejected the use of a bare, unsupported Environmental Checklist as an Initial Study. An Initial Study must contain more than mere conclusions. It must disclose supporting data or evidence upon which the Lead Agency relied in conducting the Initial Study. The Lead Agency must augment checklists with supporting factual data and reference information sources when completing the forms. Explanation of all “potential impact” answers should be provided on attached sheets. For controversial projects, it is advisable to state briefly

why “no” answers were checked. If practicable, attach a list of reference materials, such as prior EIRs, plans, traffic studies, air quality data, or other supporting studies.

5.08 EVALUATING SIGNIFICANT ENVIRONMENTAL EFFECTS.

In evaluating the environmental significance of effects disclosed by the Initial Study, the Lead Agency shall consider:

- (a) Whether the Initial Study and/or any comments received informally during consultations indicate that a fair argument can be made that the project may have a significant adverse environmental impact that cannot be mitigated to a level of insignificance. Even if a fair argument can be made to the contrary, an EIR should be prepared;
- (b) Whether both primary (direct) and reasonably foreseeable secondary (indirect) consequences of the project were evaluated. Primary consequences are immediately related to the project, while secondary consequences are related more to the primary consequences than to the project itself. For example, secondary impacts upon the resources base, including land, air, water and energy use of an area, may result from population growth, a primary impact;
- (c) Whether adverse social and economic changes will result from a physical change caused by the project. Adverse economic and social changes resulting from a project are not, in themselves, significant environmental effects. However, if such adverse changes cause physical changes in the environment, those consequences may be used as the basis for finding that the physical change is significant;
- (d) Whether there is serious public controversy or disagreement among experts over the environmental effects of the project. However, the existence of public controversy or disagreement among experts does not, without more, require preparation of an EIR in the absence of substantial evidence of significant effects;
- (e) Whether the cumulative impact of the project is significant and whether the incremental effects of the project are “cumulatively considerable” (as defined in Local Guidelines Section 11.13) when viewed in connection with the effects of past projects, current projects, and probable future projects. The District may conclude that a project’s incremental contribution to a cumulative effect is not cumulatively considerable if the project will comply with the requirements in a previously approved plan or mitigation program (including, but not limited to, water quality control plan, air quality attainment or maintenance plan, integrated waste management plan, habitat conservation plan, natural community conservation plan, plans or regulations for the reduction of greenhouse gas emissions) that provides specific requirements that will avoid or substantially lessen the cumulative problem. To be used for this purpose, such a plan or program must be specified in law or adopted by the public agency with jurisdiction over the affected resources through a public review process. In relying on such a plan or program, the District should explain which requirements apply to the project and ensure that the project’s incremental contribution is not cumulatively considerable; and
- (f) Whether the project may cause a substantial adverse change in the significance of an archaeological or historical resource.

The District may use a threshold of significance (as that term is defined in State CEQA Guidelines section 15064.7) to determine whether a project may cause a significant

environmental impact. When using a threshold of significance, the District should briefly explain how compliance with the threshold means that the project's impacts are less than significant. Compliance with the threshold, however, does not relieve the District of the obligation to consider substantial evidence indicating that a project's environmental effects may still be significant.

(Reference: State CEQA Guidelines, § 15064(b)(2).)

5.09 DETERMINING THE SIGNIFICANCE OF TRANSPORTATION IMPACTS

On or about December 28, 2018, the California Natural Resources Agency added a new section to the State CEQA Guidelines—Section 15064.3, entitled “Determining the Significance of Transportation Impacts.” Section 15064.3 provides:

(a) Purpose.

This section describes specific considerations for evaluating a project's transportation impacts. Generally, vehicle miles traveled is the most appropriate measure of transportation impacts. For the purposes of this section, “vehicle miles traveled” refers to the amount and distance of automobile travel attributable to a project. Other relevant considerations may include the effects of the project on transit and non-motorized travel. Except as provided in subdivision (b)(2) below (regarding roadway capacity), a project's effect on automobile delay shall not constitute a significant environmental impact.

(b) Criteria for Analyzing Transportation Impacts.

(1) Land Use Projects. Vehicle miles traveled exceeding an applicable threshold of significance may indicate a significant impact. Generally, projects within one-half mile of either an existing major transit stop or a stop along an existing high quality transit corridor should be presumed to cause a less than significant transportation impact. Projects that decrease vehicle miles traveled in the project area compared to existing conditions should be presumed to have a less than significant transportation impact.

(2) Transportation Projects. Transportation projects that reduce, or have no impact on, vehicle miles traveled should be presumed to cause a less than significant transportation impact. For roadway capacity projects, agencies have discretion to determine the appropriate measure of transportation impact consistent with CEQA and other applicable requirements. To the extent that such impacts have already been adequately addressed at a programmatic level, such as in a regional transportation plan EIR, a lead agency may tier from that analysis as provided in Section 15152.

(3) Qualitative Analysis. If existing models or methods are not available to estimate the vehicle miles traveled for the particular project being considered, a lead agency may analyze the project's vehicle miles traveled qualitatively. Such a

qualitative analysis would evaluate factors such as the availability of transit, proximity to other destinations, etc. For many projects, a qualitative analysis of construction traffic may be appropriate.

(4) Methodology. A lead agency has discretion to choose the most appropriate methodology to evaluate a project's vehicle miles traveled, including whether to express the change in absolute terms, per capita, per household or in any other measure. A lead agency may use models to estimate a project's vehicle miles traveled, and may revise those estimates to reflect professional judgment based on substantial evidence. Any assumptions used to estimate vehicle miles traveled and any revisions to model outputs should be documented and explained in the environmental document prepared for the project. The standard of adequacy in Section 15151 shall apply to the analysis described in this section.

(c) Applicability.

The provisions of this section shall apply prospectively as described in section 15007. A lead agency may elect to be governed by the provisions of this section immediately. Beginning on July 1, 2020, the provisions of this section shall apply statewide.

(Reference: State CEQA Guidelines, § 15064.3.)

5.10 MANDATORY FINDINGS OF SIGNIFICANT EFFECT.

Whenever there is substantial evidence, in light of the whole record, that any of the conditions set forth below may occur, the Lead Agency shall find that the project may have a significant effect on the environment and thereby shall require preparation of an EIR:

- (a) The project has the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of major periods of California history or prehistory;
- (b) The project has the potential to achieve short-term environmental goals to the disadvantage of long-term environmental goals;
- (c) The project has possible environmental effects which are individually limited but cumulatively considerable, as defined in Local Guidelines Section 11.13. That is, the District, when acting as Lead Agency, is required to determine whether the incremental impacts of a project are cumulatively considerable by evaluating them against the back-drop of the environmental effects of the other projects; or
- (d) The environmental effects of a project will cause substantial adverse effects on humans either directly or indirectly.

If, before the release of the CEQA document for public review, the potential for triggering one of the mandatory findings of significance is avoided or mitigation measures or

project modifications reduce the potentially significant impacts to a point where clearly the mandatory finding of significance is not triggered, preparation of an EIR is not mandated. If the project's potential for triggering one of the mandatory findings of significance cannot be avoided or mitigated to a point where the criterion is clearly not triggered, an EIR shall be prepared, and the relevant mandatory findings of significance shall be used:

- (1) as thresholds of significance for purposes of preparing the EIR's impact analysis;
- (2) in making findings on the feasibility of alternatives or mitigation measures;
- (3) when found to be feasible, in making changes in the project to lessen or avoid the adverse environmental impacts; and
- (4) when necessary, in adopting a statement of overriding considerations.

Although an EIR prepared for a project that triggers one of the mandatory findings of significance must use the relevant mandatory findings as thresholds of significance, the EIR need not conclude that the impact itself is significant. Rather, the District, as Lead Agency, must exercise its discretion and determine, on a case-by-case basis after evaluating all of the relevant evidence, whether the project's environmental impacts are avoided or mitigated below a level of significance or whether a statement of overriding considerations is required.

With regard to a project that has the potential to substantially reduce the number or restrict the range of a protected species, the District, as Lead Agency, does not have to prepare an EIR solely due to that impact, provided the project meets the following three criteria:

- (a) The project proponent must be bound to implement mitigation requirements relating to such species and habitat pursuant to an approved habitat conservation plan and/or natural communities conservation plan;
- (b) The state or federal agency must have approved the habitat conservation plan and/or natural community conservation plan in reliance on an EIR and/or EIS; and
- (c) The mitigation requirements must either avoid any net loss of habitat and net reduction in number of the affected species, or preserve, restore, or enhance sufficient habitat to mitigate the reduction in habitat and number of the affected species below a level of significance.

(Reference: State CEQA Guidelines, § 15065.)

5.11 MANDATORY PREPARATION OF AN EIR FOR WASTE-BURNING PROJECTS.

Lead Agencies shall prepare or cause to be prepared and certify the completion of an EIR, or, if appropriate, an Addendum, Supplemental EIR, or Subsequent EIR, for any project involving the burning of municipal wastes, hazardous waste or refuse-derived fuel, including, but not limited to, tires, if the project consists of any of the following:

- (a) The construction of a new facility;
- (b) The expansion of an existing hazardous waste burning facility which would increase its permitted capacity by more than 10%;

- (c) The issuance of a hazardous waste facilities permit to a land disposal facility, as defined in Local Guidelines Section 11.32; or
- (d) The issuance of a hazardous waste facilities permit to an offsite large treatment facility, as defined in Local Guidelines Sections 11.33 and 11.53.

This section does not apply to projects listed in subsections (c) and (d), immediately above, if the facility only manages hazardous waste that is identified or listed pursuant to Health and Safety Code section 25140 or 25141 or only conducts activities which are regulated pursuant to Health and Safety Code sections 25100, et seq.

The Lead Agency shall calculate the percentage of expansion for an existing facility by comparing the proposed facility's capacity with either of the following, as applicable:

- (a) The facility capacity authorized in the facility's hazardous waste facilities permit pursuant to Health and Safety Code section 25200, or its grant of interim status pursuant to Health and Safety Code section 25200.5, or the facility capacity authorized in any state or local agency permit allowing the construction or operation of the facility for the burning of hazardous waste granted before January 1, 1990; or
- (b) The facility capacity authorized in the facility's original hazardous facilities permit, grant of interim status, or any state or local agency permit allowing the construction or operation of a facility for the burning of hazardous waste, granted on or after January 1, 1990.

This section does not apply to any project over which the State Energy Resources Conservation and Development Commission has assumed jurisdiction per Health and Safety Code sections 25500 et seq.

The EIR requirement is also subject to a number of exceptions for specific types of waste-burning projects. (Public Resources Code section 21151.1 and State CEQA Guidelines section 15081.5.) Even if preparation of an EIR is not mandatory for a particular type of waste-burning project, those projects are not exempt from the other requirements of CEQA, the State CEQA Guidelines, or these Local Guidelines. In addition, waste-burning projects are subject to special notice requirements under Public Resources Code section 21092. Specifically, in addition to the standard public notices required by CEQA, notice must be provided to all owners and occupants of property located within one-fourth mile of any parcel or parcels on which the waste-burning project will be located. (Public Resources Code section 21092(c); see Local Guidelines Sections 6.12 and 7.27.)

5.12 DEVELOPMENT PURSUANT TO AN EXISTING COMMUNITY PLAN AND EIR.

Before preparing a CEQA document, Staff should determine whether the proposed project involves development consistent with an earlier zoning or community plan to accommodate a particular density for which an EIR has been certified. If an earlier EIR for the zoning or planning action has been certified, and if the proposed project concerns the approval of a subdivision map or development, CEQA applies only to the extent the project raises environmental effects peculiar to the parcel which were not addressed in the earlier EIR. Off-site

and cumulative effects not discussed in the general plan EIR must still be considered. Mitigation measures set out in the earlier EIR should be implemented at this stage.

Environmental effects shall not be considered peculiar to the parcel if uniformly applied development policies or standards have been previously adopted by a city or county with a finding based on substantial evidence that the policy or standard will substantially mitigate the environmental effect when applied to future projects. Examples of uniformly applied development policies or standards include, but are not limited to: parking ordinances; public access requirements; grading ordinances; hillside development ordinances; flood plain ordinances; habitat protection or conservation ordinances; view protection ordinances; and requirements for reducing greenhouse gas emissions as set forth in adopted land use plans, policies or regulations. Any rezoning action consistent with the Community Plan shall be subject to exemption from CEQA in accordance with this section. “Community Plan” means part of a city’s general plan which: (1) applies to a defined geographic portion of the total area included in the general plan; (2) complies with Article 5 (commencing with Section 65300) of Chapter 3 of Division 1 of Title 7 of the Government Code by referencing each of the mandatory elements specified in Government Code section 65302; and (3) contains specific development policies adopted for the area in the Community Plan and identifies measures to implement those policies, so that the policies which will apply to each parcel can be determined.

(Reference: State CEQA Guidelines, § 15183.)

5.13 LAND USE POLICIES.

When a project will amend a general plan or another land use policy, the Initial Study must address how the change in policy and its expected direct and indirect effects will affect the environment. When the amendments constitute substantial changes in policies that result in a significant impact on the environment, an EIR may be required.

5.14 EVALUATING IMPACTS ON HISTORICAL RESOURCES.

Projects that may cause a substantial adverse change in the significance of a historical resource, as defined in Local Guidelines Section 11.28 are projects that may have a significant effect on the environment, thus requiring consideration under CEQA. Particular attention and care should be given when considering such projects, especially projects involving the demolition of a historical resource, since such demolitions have been determined to cause a significant effect on the environment.

Substantial adverse change in the significance of a historical resource means physical demolition, destruction, relocation or alteration of the resource or its immediate surroundings, such that the significance of a historical resource would be materially impaired.

The significance of a historical resource is materially impaired when a project:

- (a) Demolishes or materially alters in an adverse manner those physical characteristics of a historical resource that convey its historical significance and that justify its inclusion in, or eligibility for inclusion in, the California Register of Historical Resources;

- (b) Demolishes or materially alters in an adverse manner those physical characteristics that account for its inclusion in a local register of historical resources or its identification in a historical resources survey, unless the Lead Agency establishes by a preponderance of evidence that the resource is not historically or culturally significant; or
- (c) Demolishes or materially alters in an adverse manner those physical characteristics of a historical resource that convey its historical significance and that justify its eligibility for inclusion in the California Register of Historical Resources as determined by the Lead Agency for purposes of CEQA.

Generally, a project that follows either one of the following sets of standards and guidelines will be considered mitigated to a level of less than significant: (a) the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring and Reconstructing Historic Buildings; or (b) the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (1995), Weeks and Grimmer.

In the event of an accidental discovery of a possible historical resource during construction of the project, the District may provide for the evaluation of the find by a qualified archaeologist or other professional. If the find is determined to be a historical resource, the District should take appropriate steps to implement appropriate avoidance or mitigation measures. Work on non-affected portions of the project, as determined by the District, may continue during the process. Curation may be an appropriate mitigation measure for an artifact that must be removed during project excavation or testing.

(Reference: State CEQA Guidelines, § 15064.5.)

5.15 EVALUATING IMPACTS ON ARCHAEOLOGICAL SITES.

When a project will impact an archaeological site, the District shall first determine whether the site is a historical resource, as defined in Local Guidelines Section 11.28. If the archaeological site is a historical resource, it shall be treated and evaluated as such, and not as an archaeological resource. If the archaeological site does not meet the definition of a historical resource, but does meet the definition of a unique archaeological resource set forth in Public Resources Code section 21083.2, the site shall be treated in accordance with said provisions of the Public Resources Code. The time and cost limitations described in Section 21083.2(c-f) do not apply to surveys and site evaluation activities intended to determine whether the project site contains unique archaeological resources.

If the archaeological resource is neither a unique archaeological resource nor a historical resource, the effects of the project on those resources shall not be considered a significant effect on the environment. It shall be sufficient that both the resource and the effect on it are noted in the Initial Study or EIR, if one is prepared to address impacts on other resources, but they need not be considered further in the CEQA process.

In the event of an accidental discovery of a possible unique archaeological resource during construction of the project, the District may provide for the evaluation of the find by a qualified archaeologist. If the find is determined to be a unique archaeological resource, the

District should take appropriate steps to implement appropriate avoidance or mitigation measures. Work on non-affected portions of the project, as determined by the District, may continue during the process. Curation may be an appropriate mitigation measure for an artifact that must be removed during project excavation or testing.

When an Initial Study identifies the existence of, or the probable likelihood of, Native American human remains within the Project, the District shall comply with the provisions of State CEQA Guidelines section 15064.5(d). In the event of an accidental discovery or recognition of any human remains in any location other than a dedicated cemetery, the District shall comply with the provisions of State CEQA Guidelines section 15064.5(e).

(Reference: State CEQA Guidelines, § 15064.5(c).)

5.16 CONSULTATION WITH WATER AGENCIES REGARDING LARGE DEVELOPMENT PROJECTS.

(a) Projects Subject to Consultation Requirements.

For certain development projects, cities and counties must consult with water agencies. If the District is a municipal water provider, the city or county may request that the District prepare a water supply assessment to be included in the relevant environmental documentation for the project. The District may refer to this section when preparing such an assessment or when reviewing projects in its role as a Responsible Agency. This section applies only to water demand projects as defined by Local Guidelines Section 11.83. Program level environmental review may not need to be as extensive as project level environmental review. (See Local Guidelines Sections 8.03 and 8.08.)

(b) Water Supply Assessment.

When a city or county as Lead Agency determines the type of environmental document that will be prepared for a water demand project or any project that includes a water demand project, the city or county must identify any public water system (as defined in Local Guidelines Sections 11.59 and 11.83) that may supply water for the project. The city or county must also request that the public water system determine whether the projected demand associated with the project was included in the most recently adopted Urban Water Management Plan. The city or county must also request that the public water system prepare a specified water supply assessment for approval at a regular or special meeting of the public water system governing body. A sample request for a water supply assessment is provided as Form “N” of these Local CEQA Guidelines.

If no public water system is identified that may supply water for the water demand project, the city or county shall prepare the water supply assessment. The city or county shall consult with any entity serving domestic water supplies whose service area includes the site of the water demand project, the local agency formation commission, and the governing body of any public water system adjacent to the site of the water demand project. The city council or county board of supervisors must approve the water assessment prepared pursuant to this paragraph at a regular or special meeting.

As per Water Code section 10910, the water assessment must include identification of existing water supply entitlements, water rights, or water service contracts relevant to the water supply for the proposed project and water received in prior years pursuant to those entitlements, rights, and contracts, and further information is required if water supplies include groundwater. The water assessment must determine the ability of the public water system to meet existing and future demands along with the demands of the proposed water demand project in light of existing and future water supplies. This supply demand analysis is to be conducted via a twenty-year projection, and must assess water supply sufficiency during normal year, single dry year, and multiple dry year hydrology scenarios. If the public water agency concludes that the water supply is, or will be, insufficient, it must submit plans for acquiring additional water supplies.

The city or county may grant the public water agency a thirty (30) day extension of time to prepare the assessment if the public water agency requests an extension within ninety (90) days of being asked to prepare the assessment. If the governing body of the public water system fails to request and receive an extension of time, or fails to submit the water assessment notwithstanding the thirty (30) day extension, the city or county may seek a writ of mandamus to compel the governing body of the public water system to comply.

If a water-demand project has been the subject of a water assessment, no additional water assessment shall be required for subsequent water-demand projects that were included in the larger water-demand project if all of the following criteria are met:

- (1) The entity completing the water assessment concluded that its water supplies are sufficient to meet the projected water demand associated with the larger water-demand project, in addition to the existing and planned future uses, including, but not limited to, agricultural and industrial uses; and
- (2) None of the following changes has occurred since the completion of the water assessment for the larger water-demand project:
 - (A) Changes in the larger water-demand project that result in a substantial increase in water demand for the water-demand project;
 - (B) Changes in the circumstances or conditions substantially affecting the ability of the public water system identified in the water assessment to provide a sufficient supply of water for the water demand project; and
 - (C) Significant new information becomes available which was not known and could not have been known at the time when the entity had reached its assessment conclusions.
- (3) The city or county shall include the water assessment, and any water acquisition plan in the EIR, negative declaration, or mitigated negative declaration, or any supplement thereto, prepared for the project, and may include an evaluation of the water assessment and water acquisition plan information within such environmental document. A discussion of water supply availability should be included in the main text of the environmental document. Normally, this discussion should be based on the data and information included in the water

supply assessment. In making its required findings under CEQA, the city or county shall determine, based on the entire record, whether projected water supplies will be sufficient to satisfy the demands of the project, in addition to existing and planned future uses. If a city or county determines that water supplies will not be sufficient, the city or county shall include that determination in its findings for the project.

The degree of certainty regarding the availability of water supplies will vary depending on the stage of project approval. A Lead Agency should have greater confidence in the availability of water supplies for a specific project than might be required for a conceptual plan (i.e. general plan, specific plan). An analysis of water supply in an environmental document may incorporate by reference information in a water supply assessment, urban water management plan, or other publicly available sources. The analysis shall include the following:

- (1) Sufficient information regarding the project's proposed water demand and proposed water supplies to permit the Lead Agency to evaluate the pros and cons of supplying the amount of water that the project will need.
- (2) An analysis of the reasonably foreseeable environmental impacts of supplying water throughout all phases of the project.
- (3) An analysis of circumstances affecting the likelihood of the water's availability, as well as the degree of uncertainty involved. Relevant factors may include but are not limited to, drought, salt-water intrusion, regulatory or contractual curtailments, and other reasonably foreseeable demands on the water supply.
- (4) If the Lead Agency cannot determine that a particular water supply will be available, it shall conduct an analysis of alternative sources, including at least in general terms the environmental consequences of using those alternative sources, or alternatives to the project that could be served with available water.

For complete information on these requirements, consult Water Code sections 10910, et seq. For other CEQA provisions applicable to these types of projects, see Local Guidelines Sections 7.03 and 7.25.

5.17 SUBDIVISIONS WITH MORE THAN 500 DWELLING UNITS.

Cities and counties must obtain written verification (see Form “O” for a sample) from the applicable public water system(s) that a sufficient water supply is available before approving certain residential development projects. If the District is a municipal water provider for a project, the city or county may request such a verification from the District. The District should also be aware of these requirements when reviewing projects in its role as a Responsible Agency.

Cities and counties are prohibited from approving a tentative map, parcel map for which a tentative map was not required, or a development agreement for a subdivision of property of more than 500 dwellings units, unless:

- (1) The City Council, Board of Supervisors, or the advisory agency receives written verification from the applicable public water system that a sufficient water supply is available; or
- (2) Under certain circumstances, the City Council, Board of Supervisors or the advisory agency makes a specified finding that sufficient water supplies are, or will be, available prior to completion of the project.

For complete information on these requirements, consult Government Code section 66473.7.

5.18 IMPACTS TO OAK WOODLANDS.

When a county prepares an Initial Study to determine what type of environmental document will be prepared for a project within its jurisdiction, the county must determine whether the project may result in a conversion of oak woodlands that will have a significant effect on the environment. Normally, this rule will not apply to projects undertaken by the District. However, if the District is a Responsible Agency on such a project, the District should endeavor to ensure that the county, as Lead Agency, analyzes these impacts in accordance with CEQA.

(Reference: Pub. Resources Code, § 21083.4.)

5.19 CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS.

A. Estimating or Calculating the Magnitude of the Project's Greenhouse Gas Emissions.

The District shall analyze the greenhouse gas emissions of its projects as required by State CEQA Guidelines section 15064.4. For projects subject to CEQA, the District shall make a good-faith effort, based to the extent possible on scientific and factual data, to describe, calculate or estimate the amount of greenhouse gas emissions resulting from a project.

In performing analysis of greenhouse gas emissions, the District, as Lead Agency, shall have discretion to determine, in the context of a particular project, whether to:

- (1) Quantify greenhouse gas emissions resulting from a project; and/ or
- (2) Rely on a qualitative analysis or performance-based standards.

B. Factors in Determining Significance.

In determining the significance of a project's greenhouse gas emissions, the District, when acting as Lead Agency, should focus its analysis on the reasonably foreseeable incremental contribution of the project's emissions to the effects of climate change. A project's incremental contribution may be cumulatively considerable even if it appears relatively small compared to statewide, national, or global emissions. The District's analysis should consider a timeframe that

is appropriate for the project. The District's analysis also must reasonably reflect evolving scientific knowledge and state regulatory schemes.

Once the amount of a project's greenhouse gas emissions have been described, estimated, or calculated, the District should consider the following factors, among others, to determine whether those emissions are significant:

- (1) The extent to which the project may increase or reduce greenhouse gas emissions as compared to the existing environmental setting. Physical environmental conditions in the vicinity of the project, as they exist at the time the Notice of Preparation is published or the time when the environmental analysis is commenced, will normally constitute the baseline. All project phases, including construction and operation, should be considered in determining whether a project will cause emissions to increase or decrease as compared to the baseline;
- (2) Whether the project emissions exceed a threshold of significance that the Lead Agency determines applies to the project. The Lead Agency may rely on thresholds of significance developed by experts or other agencies, provided that application of the threshold and the significance conclusion is supported with substantial evidence. When relying on thresholds developed by other agencies, the Lead Agency should ensure that the threshold is appropriate for the project and the project's location; and
- (3) The extent to which the project complies with regulations or requirements adopted to implement a statewide, regional, or local plan for the reduction or mitigation of greenhouse gas emissions (see, e.g., State CEQA Guidelines section 15183.5(b)). Such requirements must be adopted by the relevant public agency through a public review process and must reduce or mitigate the project's incremental contribution of greenhouse gas emissions. If there is substantial evidence that the possible effects of a particular project are still cumulatively considerable notwithstanding compliance with the adopted regulations or requirements, an EIR must be prepared for the project. In determining the significance of impacts, the Lead Agency may consider a project's consistency with the State's long-term climate goals or strategies, provided that substantial evidence supports the agency's analysis of how those goals or strategies address the project's incremental contribution to climate change and its conclusion that the project's incremental contribution is not cumulatively considerable.

The Lead Agency may use a model or methodology to estimate greenhouse gas emissions resulting from a project. The Lead Agency has discretion to select the model or methodology it considers most appropriate to enable decision makers to intelligently take into account the project's incremental contribution to climate change. The Lead Agency must support its selection of a model or methodology with substantial evidence. The Lead Agency should explain the limitations of the particular model or methodology selected for use.

C. Consistency with Applicable Plans.

When an EIR is prepared, it must discuss any inconsistencies between the proposed project and any applicable general plan, specific plans, and regional plans. This includes, but is not limited to, any applicable air quality attainment plans, regional blueprint plans, or plans for the reduction of greenhouse gas emissions.

D. Mitigation Measures Related to Greenhouse Gas Emissions.

Lead Agencies must consider feasible means of mitigating the significant effects of greenhouse gas emissions. Any such mitigation measure must be supported by substantial evidence and be subject to monitoring or reporting. Potential mitigation will depend on the particular circumstances of the project, but may include the following, among others:

- (1) Measures in an existing plan or mitigation program for the reduction of emissions that are required as part of the Lead Agency's decision;
- (2) Reductions in emissions resulting from a project through implementation of project features, project design, or other measures, such as those described in State CEQA Guidelines Appendix F;
- (3) Off-site measures, including offsets that are not otherwise required, to mitigate a project's emissions;
- (4) Measures that sequester greenhouse gases; and
- (5) In the case of the adoption of a plan, such as a general plan, long range development plan, or plan for the reduction of greenhouse gas emissions, mitigation may include the identification of specific measures that may be implemented on a project-by-project basis. Mitigation may also include the incorporation of specific measures or policies found in an adopted ordinance or regulation that reduces the cumulative effect of emissions.

E. Streamlined Analysis of Greenhouse Gas Emissions.

Under certain limited circumstances, the legislature has specifically declared that the analysis of greenhouse gas emissions or climate change impacts may be limited. Public Resources Code sections 21155, 21155.2, and 21159.28 provide that if certain residential, mixed use and transit priority projects meet specified ratios and densities, then the lead agencies for those projects may conduct a limited review of greenhouse gas emissions or may be exempted from analyzing global warming impacts that result from cars and light duty trucks, if a detailed list of requirements is met. However, unless the project is exempt from CEQA, the Lead Agency must consider whether such projects will result in greenhouse gas emissions from other sources, including, but not limited to, energy use, water use, and solid waste disposal.

F. Tiering.

The District may analyze and mitigate the significant effects of greenhouse gas emissions at a programmatic level. Later project-specific environmental documents may then tier from and/or incorporate by reference that existing programmatic review.

G. Plans for the Reduction of Greenhouse Gas Emissions.

Public agencies may choose to analyze and mitigate greenhouse gas emissions in a plan for the reduction of greenhouse gas emissions or in a similar document. A plan for the reduction of greenhouse gas emissions should:

- (1) Quantify greenhouse gas emissions, both existing and projected over a specified time period, resulting from activities within a defined geographic area;
- (2) Establish a level, based on substantial evidence, below which the contribution to greenhouse gas emissions from activities covered by the plan would not be cumulatively considerable;
- (3) Identify and analyze the greenhouse gas emissions resulting from specific actions or categories of actions anticipated within the geographic area;
- (4) Specify measures or a group of measures, including performance standards, that substantial evidence demonstrates, if implemented on a project-by-project basis, would collectively achieve the specified emissions level;
- (5) Establish a mechanism to monitor the plan's progress toward achieving the level and to require amendment if the plan is not achieving specified levels; and
- (6) Be adopted in a public process following environmental review.

A plan for the reduction of greenhouse gas emissions, once adopted following certification of an EIR, or adoption of another environmental document, may be used in the cumulative impacts analysis of later projects. An environmental document that relies on a plan for the reduction of greenhouse gas emissions for a cumulative impacts analysis must identify those requirements specified in the plan that apply to the project, and, if those requirements are not otherwise binding and enforceable, incorporate those requirements as mitigation measures applicable to the project. If there is substantial evidence that the effects of a particular project may be cumulatively considerable notwithstanding the project's compliance with the specified requirements in the plan for reduction of greenhouse gas emissions, an EIR must be prepared for the project.

H. Analyzing the Effects of Climate Change on the Project.

Where an EIR is prepared for a project, the EIR shall analyze any significant environmental effects the project might cause by bringing development and people into the project area that may be affected by climate change. In particular, the EIR should evaluate any potentially significant impacts of locating development in areas susceptible to hazardous

conditions (e.g., floodplains, coastlines, wildfire risk areas) as identified in authoritative hazard maps, risk assessments or in land use plans addressing such hazards areas. The analysis may be limited to the potentially significant effects of locating the project in a potentially hazardous location. Further, this analysis may be limited by the project's life in relation to the potential of such effects to occur and the availability of existing information related to potential future effects of climate change. Further, the EIR need not include speculation regarding such future effects.

5.20 ENERGY CONSERVATION.

Potentially significant energy implications of a project must be considered in an EIR to the extent relevant and applicable to the project. Therefore, the project description should identify the following as applicable or relevant to the particular project:

- (1) Energy consuming equipment and processes which will be used during construction, operation and/or removal of the project. If appropriate, this discussion should consider the energy intensiveness of materials and equipment required for the project;
- (2) Total energy requirements of the project by fuel type and end use;
- (3) Energy conservation equipment and design features;
- (4) Identification of energy supplies that would serve the project; and
- (5) Total estimated daily vehicle trips to be generated by the project and the additional energy consumed per trip by mode.

As described in Local Guidelines Section 5.06, above, an initial study must include a description of the environmental setting. The discussion of the environmental setting may include existing energy supplies and energy use patterns in the region and locality. The District may also consider the extent to which energy supplies have been adequately considered in other environmental documents. Environmental impacts may include:

- (1) The project's energy requirements and its energy use efficiencies by amount and fuel type for each stage of the project including construction, operation, maintenance and/or removal. If appropriate, the energy intensiveness of materials may be discussed;
- (2) The effects of the project on local and regional energy supplies and on requirements for additional capacity;
- (3) The effects of the project on peak and base period demands for electricity and other forms of energy;
- (4) The degree to which the project complies with existing energy standards;
- (5) The effects of the project on energy resources; and/or

- (6) The project's projected transportation energy use requirements and its overall use of efficient transportation alternatives.

As discussed above in Section 5.06, the Initial Study must identify the potential environmental effects of the proposed activity. That discussion must include the unavoidable adverse effects. Unavoidable adverse effects may include wasteful, inefficient and unnecessary consumption of energy during the project construction, operation, maintenance and/or removal that cannot be feasibly mitigated.

When discussing energy conservation, alternatives should be compared in terms of overall energy consumption and in terms of reducing wasteful, inefficient and unnecessary consumption of energy.

5.21 ENVIRONMENTAL IMPACT ASSESSMENT.

The Initial Study identifies which environmental impacts may be significant. Based upon the Initial Study, Staff shall determine whether a proposed project may or will have a significant effect on the environment. Such determination shall be made in writing on the Environmental Impact Assessment Form (Form "C"). If Staff finds that a project will not have a significant effect on the environment, it shall recommend that a Negative Declaration be prepared and adopted by the decision-making body. If Staff finds that a project may have a significant effect on the environment, but the effects can be mitigated to a level of insignificance, it shall recommend that a Mitigated Negative Declaration be prepared and adopted by the decision-making body. If Staff finds that a project may have a significant effect on the environment, it shall recommend that an EIR be prepared and certified by the decision-making body.

5.22 FINAL DETERMINATION.

The Board of Directors shall have the final responsibility for determining whether an EIR, Negative Declaration or Mitigated Negative Declaration shall be required for any project. The Board of Directors' determination shall be final and conclusive on all persons, including Responsible Agencies and Trustee Agencies, except as provided in Section 15050(c) of the State CEQA Guidelines. Additionally, in the event the Board of Directors has delegated authority to a subsidiary board or official to approve a project, the Board of Directors also hereby delegates to that subsidiary board or official the authority to make all necessary CEQA determinations, including whether an EIR, Negative Declaration, Mitigated Negative Declaration or exemption shall be required for any project. A subsidiary board or official's CEQA determination shall be subject to appeal consistent with the District's established procedures for appeals.

(Reference: Pub. Resources Code, § 21151.)

6. NEGATIVE DECLARATION

6.01 DECISION TO PREPARE A NEGATIVE DECLARATION.

A Negative Declaration (Form “E”) shall be prepared for a project subject to CEQA when the Initial Study shows that there is no substantial evidence in light of the whole record that the project may have a significant or potentially significant adverse effect on the environment. (See Local Guidelines Sections 11.65 and 11.71.)

(Reference: State CEQA Guidelines, § 15070(a).)

6.02 DECISION TO PREPARE A MITIGATED NEGATIVE DECLARATION.

A Mitigated Negative Declaration (Form “E”) shall be prepared for a project subject to CEQA when the Initial Study identifies potentially significant effects on the environment, but:

- (a) The project applicant has agreed to revise the project or the District can revise the project to avoid these significant effects or to mitigate the effects to a point where it is clear that no significant effects would occur; or
- (b) There is no substantial evidence in light of the whole record before the District that the revised project may have a significant effect.

It is insufficient to require an applicant to adopt mitigation measures after final adoption of the Mitigated Negative Declaration or to state that mitigation measures will be recommended on the basis of a future study. The District must know the measures at the time the Mitigated Negative Declaration is adopted in order for them to be evaluated and accepted as adequate mitigation. Evidence of agreement by the applicant to such mitigation should be in the record prior to public review. Except where noted, the procedural requirements for the preparation and approval of a Negative Declaration and Mitigated Negative Declaration are the same.

(Reference: State CEQA Guidelines, § 15070(b).)

6.03 CONTRACTING FOR PREPARATION OF NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION.

The District, when acting as Lead Agency, is responsible for preparing all documents required pursuant to CEQA. The documents may be prepared by Staff or by private consultants pursuant to a contract with the District, but they must be the District’s product and reflect the independent judgment of the District.

6.04 NOTICE OF INTENT TO ADOPT A NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION.

When, based upon the Initial Study, it is recommended to the decision-making body that a Negative Declaration or Mitigated Negative Declaration be adopted, a Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration (Form “D”) shall be prepared. In addition to being provided to the public through the means set forth in Local Guidelines Section 6.07, this Notice shall also be provided to:

- (a) Each Responsible and Trustee Agency;
- (b) Any other federal, state, or local agency that has jurisdiction by law or exercises authority over resources affected by the project, including:
 - (1) Any water supply agency consulted under Local Guidelines Section 5.16;
 - (2) Any city or county bordering on the project area;
 - (3) For a project of statewide, regional, or area-wide significance, to any transportation agencies or public agencies which have major local arterials or public transit facilities within five (5) miles of the project site or freeways, highways, or rail transit service within ten (10) miles of the project site which could be affected by the project; and
 - (4) For a subdivision project located within one mile of a facility of the State Water Resources Development System, to the California Department of Water Resources;
- (c) The last known name and address of all organizations and individuals who have previously filed a written request with the District to receive these Notices;
- (d) For certain projects that may impact a low-level flight path, military impact zone, or special use airspace and that meet the other criteria of Local Guidelines Section 6.05, to the specified military services contact;
- (e) For certain projects that involve the construction or alteration of a facility anticipated to include hazardous air emissions or handle hazardous substances within one-quarter mile of a school and that meet the other requirements of Local Guidelines Section 6.06, to any potentially affected school district;
- (f) For certain waste-burning projects that meet the requirements of Local Guidelines Section 5.11 (regarding mandatory preparation of EIR) (see also Local Guidelines Section 7.27), to the owners and occupants of property within one-fourth mile of any parcel on which the project will be located; and
- (g) For a project that establishes or amends a redevelopment plan that contains land in agricultural use, notice shall be provided to the agricultural and farm agencies and organizations specified in Health and Safety Code section 33333.3.

Additionally, for a project of statewide, regional, or area-wide significance, the Lead Agency should also consult with public transit agencies with facilities within one-half mile of the proposed project.

A copy of the proposed Negative Declaration or Mitigated Negative Declaration and the Initial Study shall be attached to the Notice of Intent to Adopt that is sent to every Responsible Agency and Trustee Agency concerned with the project and every other public agency with jurisdiction by law over resources affected by the project.

The Notice of Intent to Adopt a Negative Declaration (Form “D”) must be filed and posted with the County Clerk at least twenty (20) days before the final adoption of the Negative Declaration or Mitigated Negative Declaration by the decision-making body, unless the Negative

Declaration or Mitigated Negative Declaration must be submitted to the State Clearinghouse for review by a state agency as set forth in Local Guidelines Section 6.11. Where the Negative Declaration or Mitigated Negative Declaration must be submitted to the State Clearinghouse (e.g., where a state agency is a Responsible Agency or Trustee Agency or where state agency review is otherwise required for the proposed project), the Notice of Intent to Adopt a Negative Declaration must be filed and posted with the County Clerk and with the State Clearinghouse at least thirty (30) days before the final adoption of the Negative Declaration or Mitigated Negative Declaration. (Reference: State CEQA Guidelines, §§ 15105, 15205.) For purposes of calculating the length of the public review period, the last day of the public review period cannot fall on a weekend, a legal holiday, or other day on which the lead agency's offices are closed.¹ (Reference: *Rominger v. County of Colusa* (2014) 229 Cal.App.4th 690, 708.)

The District requires requests for notices to be in writing and to be renewed annually. If the District is not otherwise required by CEQA or another regulation to provide notice, the District may charge a fee for providing notices to individuals or organizations that have submitted written requests to receive such notices, unless the request is made by another public agency.

If the Negative Declaration or Mitigated Negative Declaration has been submitted to the State Clearinghouse for circulation, the public review period shall be at least as long as the period of review by the State Clearinghouse. (See Local Guidelines Section 6.11.) Day one of the state review period shall be the date that the State Clearinghouse distributes the document to state agencies. If the Lead Agency is submitting a Negative Declaration or Mitigated Negative Declaration to the State Clearinghouse, the Notice of Completion form may be used.

The Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration shall contain the following information:

- (a) The period during which comments shall be received;
- (b) The date, time and place of any public meetings or hearings on the proposed project;
- (c) A brief description of the proposed project and its location;
- (d) The address where copies of the proposed Negative Declaration or Mitigated Negative Declaration and all documents incorporated by reference in the proposed Negative Declaration or Mitigated Negative Declaration are available for review;
- (e) A description of how the proposed Negative Declaration or Mitigated Negative Declaration can be obtained in electronic format;
- (f) The Environmental Protection Agency ("EPA") list on which the proposed project site is located, if applicable, and the corresponding information from the applicant's statement (see Local Guidelines Section 2.04); and
- (g) The significant effects on the environment, if any, anticipated as a result of the proposed project.

¹ A public agency's "offices are closed" for purposes of this section on days in which the agency is formally closed for business (for example, due to a weekend, a legal holiday, or a formal furlough affecting the entire office). A public agency's office is not considered closed for purposes of this section where the agency's office may be physically closed, but the agency is nonetheless open for business and is operating remotely or virtually (for example, in response to the Covid-19 pandemic).

(Reference: State CEQA Guidelines, § 15072.)

6.05 PROJECTS AFFECTING MILITARY SERVICES; DEPARTMENT OF DEFENSE NOTIFICATION.

CEQA imposes additional requirements to provide notice to potentially affected military agencies when:

- (a) The project meets one of the following three criteria:
 - (1) The project includes a general plan amendment;
 - (2) The project is of statewide, regional, or area-wide significance; or
 - (3) The project relates to a public use airport or certain lands surrounding a public use airport; and
- (b) A “military service” (defined in Section 11.42 of these Local Guidelines) has provided its contact office and address and notified the Lead Agency of the specific boundaries of a “low-level flight path” (defined in Section 11.37 of these Local Guidelines), “military impact zone” (defined in Section 11.41 of these Local Guidelines), or “special use airspace” (defined in Section 11.67 of these Local Guidelines).

When a project meets these requirements, the District must provide the military service’s designated contact with a copy of the Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration that has been prepared for the project, unless the project involves the remediation of lands contaminated with hazardous wastes and meets certain other requirements. (Reference: Pub. Resources Code, §§21080.4 and 21092; Health & Safety Code, §§ 25300, et seq., 25396, and 25187.)

The District must provide the military service with sufficient notice of its intent to adopt a Negative Declaration or Mitigated Negative Declaration to ensure that the military service has no fewer than twenty (20) days to review the documents before they are approved, provided that the military service shall have a minimum of thirty (30) days to review the environmental documents if the documents have been submitted to the State Clearinghouse.

(Reference: State CEQA Guidelines, §§ 15105(b), 15190.5(c).)

6.06 SPECIAL FINDINGS REQUIRED FOR FACILITIES THAT MAY EMIT HAZARDOUS AIR EMISSIONS NEAR SCHOOLS.

Special procedural rules apply to projects involving the construction or alteration of a facility within one-quarter mile of a school/schools when: (1) the facility might reasonably be anticipated to emit hazardous air emissions or to handle an extremely hazardous substance or a mixture containing extremely hazardous substances in a quantity equal to or greater than the threshold specified in Health and Safety Code section 25532(j), and (2) the emissions or substances may pose a health or safety hazard to persons who would attend or would be employed at the school. If the project meets both of those criteria, a Lead Agency may not

approve a Negative Declaration or a Mitigated Negative Declaration unless both of the following have occurred:

- (a) The Lead Agency consulted with the affected school district or districts having jurisdiction over the school regarding the potential impact of the project on the school; and
- (b) The school district(s) was given written notification of the project not less than thirty (30) days prior to the proposed approval of the Negative Declaration.

When the District is considering the adoption of a Negative Declaration or Mitigated Negative Declaration for a project that meets these criteria, it can satisfy this requirement by providing the Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration, the proposed Negative Declaration or Mitigated Negative Declaration, and the Initial Study to the potentially affected school district at least thirty (30) days before the decision-making body will consider the adoption of the Negative Declaration or Mitigated Negative Declaration. See also Local Guidelines Section 6.04.

Implementation of this Guideline shall be consistent with the definitions and terms utilized in State CEQA Guidelines section 15186.

6.07 CONSULTATION WITH CALIFORNIA NATIVE AMERICAN TRIBES.

Prior to the release of a Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration for a project, the Lead Agency shall begin consultation with a California Native American tribe that is traditionally and culturally affiliated with the geographic area of the proposed project if:

- (a) The California Native American tribe requested to the Lead Agency, in writing, to be informed by the Lead Agency through formal notification of proposed projects in the geographic area that is traditionally and culturally affiliated with the tribe; and
- (b) The California Native American tribe responds, in writing, within 30 days of receipt of the formal notification, and requests the consultation. The California Native American tribe shall designate a lead contact person when responding to the Lead Agency. If a lead contact is not designated by the California Native American tribe, or it designates multiple lead contact people, the Lead Agency shall defer to the individuals listed on the contact list maintained by the Native American Heritage Commission. Consultation is defined in Local Guidelines Section 11.11.

To expedite the requirements of this section, the Native American Heritage Commission shall assist the Lead Agency in identifying the California American Native tribes that are traditionally and culturally affiliated with the project area.

Within 14 days of determining that an application for a project is complete or a decision by a public agency to undertake a project, the Lead Agency shall provide formal notification to the designated contact of, or a tribal representative of, traditionally and culturally affiliated

California Native American tribes that have requested notice, which shall be accomplished by at least one written notification that includes a brief description of the proposed project and its location, the Lead Agency contact information, and a notification that the California Native American tribe has 30 days to request consultation. Where the application for a housing development project is deemed to be complete on or after March 4, 2020 and before December 31, 2021, the California Native American tribe shall have 60 days to respond to the Lead Agency and request consultation. (Reference: Gov. Code, § 65583(i).)

The Lead Agency shall begin the consultation process within 30 days of receiving a California Native American tribe's request for consultation.

If consultation is requested, the parties may propose mitigation measures, including those set forth in Public Resources Code section 21084.3, capable of avoiding or substantially lessening potential significant impacts to a tribal cultural resource or alternatives that would avoid significant impacts to a tribal cultural resource. The consultation may include discussion concerning the type of environmental review necessary, the significance of tribal cultural resources, the significance of the project's impacts on the tribal cultural resources, and, if necessary, project alternatives or the appropriate measures for preservation or mitigation that the California Native American tribe may recommend to the Lead Agency.

The consultation shall be considered concluded when either of the following occurs:

- (1) The parties agree to measures to mitigate or avoid a significant effect, if a significant effect exists, on a tribal cultural resource.
- (2) A party, acting in good faith and after reasonable effort, concludes that mutual agreement cannot be reached.

The California Native American tribe is not limited in its ability to submit information to the lead agency regarding the significance of the tribal cultural resources, the significance of the project's impact on tribal cultural resources, or any appropriate measures to mitigate the impacts. Additionally, the lead agency or project proponent is not limited in its ability to incorporate changes and additions to the project as a result of the consultation, even if not legally required.

(Reference: Pub. Resources Code, §§ 21080.3.1, 21080.3.2.)

6.08 IDENTIFICATION OF TRIBAL CULTURAL RESOURCES AND PROCESSING OF INFORMATION AFTER CONSULTATION WITH THE CALIFORNIA NATIVE AMERICAN TRIBE

After consultation with the California Native American tribe listed above in Local Guidelines Section 6.07, any mitigation measures agreed upon in the consultation conducted pursuant to Public Resources Code section 21080.3.2 shall be recommended for inclusion in the Mitigated Negative Declaration and in an adopted mitigation monitoring and reporting program, if the mitigation measures are determined to avoid or lessen the proposed project's impacts on tribal cultural resources, and if the mitigation measures are enforceable.

If a project may have a significant impact on a tribal cultural resource, the Lead Agency's Mitigated Negative Declaration shall discuss both of the following:

- (a) Whether the proposed project has a significant impact on an identified tribal cultural resource;
- (b) Whether feasible alternatives or mitigation measures, including those measures that may be agreed to during the consultation, avoid or substantially lessen the impact on the identified tribal cultural resource.

Any information provided regarding the location, description and use of the tribal cultural resource that is submitted by a California Native American tribe during the environmental review process shall not be included in the Negative Declaration or Mitigated Negative Declaration or otherwise disclosed by the Lead Agency or any other public agency to the public, consistent with Governmental Code sections 6254(r) and 6254.10, and State CEQA Guidelines 15120(d), without the prior consent of the tribe that provided the information. If the Lead Agency publishes any information submitted by a California Native American tribe during the consultation or environmental review process, that information shall be published in a confidential appendix to the Negative Declaration or Mitigated Negative Declaration unless the tribe provides consent, in writing, to the disclosure of some or all of the information to the public. This does not prohibit the confidential exchange of the submitted information between public agencies that have lawful jurisdiction over the preparation of the Negative Declaration or the Mitigated Negative Declaration.

The exchange of confidential information regarding tribal cultural resources submitted by a California Native American tribe during the consultation or environmental review process among the Lead Agency, the California Native American tribe, the project applicant, or the project applicant's agent is not prohibited by Public Resources Code section 21082.3. The project applicant and the project applicant's legal advisers must use a reasonable degree of care and maintain the confidentiality of the information exchanged for the purposes of preventing looting, vandalism, or damage to tribal cultural resources and shall not disclose to a third party confidential information regarding the cultural resource unless the California Native American tribe providing the information consents in writing to the public disclosure of such information.

Public Resources Code section 21082.3 does not prevent a Lead Agency or other public agency from describing the information in general terms in the Negative Declaration or Mitigated Negative Declaration so as to inform the public of the basis of the Lead Agency's or other public agency's decision without breaching the confidentiality required. In addition, a Lead Agency may adopt a Mitigated Negative Declaration for a project with a significant impact on an identified tribal cultural resource only if one of the following occurs:

- (a) The consultation process between the California Native American tribe and the Lead Agency has occurred as provided in Public Resources Code sections 21080.3.1 and 21080.3.2 and concluded pursuant to subdivision (b) of Section 21080.3.2.

- (b) The California Native American tribe has requested consultation pursuant to Public Resources Code section 21080.3.1 and has failed to provide comments to the Lead agency, or otherwise failed to engage, in the consultation process.
- (c) The Lead Agency has complied with subdivision (d) of Section 21080.3.1 of the Public Resources Code and the California Native American tribe has failed to request consultation within 30 days.

If substantial evidence demonstrates that a project will cause a significant effect to a tribal cultural resource but the decision-makers do not include the mitigation measures recommended by the staff in the Mitigated Negative Declaration, or if there are no agreed upon mitigation measures at the conclusion of the consultation; or if no consultation has occurred, the Lead Agency must still consider the adoption of feasible mitigation.

(Reference: Pub. Resources Code, § 21082.3.)

6.09 SIGNIFICANT ADVERSE IMPACTS TO TRIBAL CULTURAL RESOURCES

Public agencies shall, when feasible, avoid damaging effects to any tribal cultural resource. If the Lead Agency determines that a project may cause a substantial adverse change to a tribal cultural resource, and measures are not otherwise identified in the consultation process provided in Public Resources Code section 21080.3.2 and as set forth in Local Guidelines Section 6.07, the following examples of mitigation measures, if feasible, may be considered to avoid or minimize the significant adverse impacts:

- (a) Avoidance and preservation of the resources in place, including, but not limited to, planning and construction to avoid the resources and protect the cultural and natural context, or planning greenspace, parks, or other open space, to incorporate the resources with culturally appropriate protection and management criteria.
- (b) Treating the resource with culturally appropriate dignity taking into account the tribal cultural values and meaning of the resource, including, but not limited to, the following:
 - (1) Protecting the cultural character and integrity of the resource.
 - (2) Protecting the traditional use of the resource.
 - (3) Protecting the confidentiality of the resource.
- (c) Permanent conservation easements or other interests in real property, with culturally appropriate management criteria for the purposes of preserving or utilizing the resources or places.
- (d) Protecting the resource.

(Reference: Pub. Resources Code, § 21084.3.)

6.10 POSTING AND PUBLICATION OF NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION.

The District shall have a copy of the Notice of Intent to Adopt, the Negative Declaration or Mitigated Negative Declaration, and the Initial Study posted at the District's offices and shall make these documents available for public inspection. The Notice must be provided either twenty (20) or thirty (30) days prior to final adoption of the Negative Declaration or Mitigated Negative Declaration. The public review period for a Negative Declaration or Mitigated Negative Declaration prepared for a project subject to State Clearinghouse review must be circulated for at least as long as the review period established by the State Clearinghouse, usually no less than thirty (30) days. Under certain circumstances, a shortened review period of at least twenty (20) days may be approved by the State Clearinghouse as provided for in State CEQA Guidelines section 15105. See the Shortened Review Request Form "P." The state review period will commence on the date the State Clearinghouse distributes the document to state agencies. The State Clearinghouse will distribute the document within three (3) days of receipt if the Negative Declaration or Mitigated Negative Declaration is deemed complete.

The Notice must also be posted in the office of the Clerk in each county in which the project is located and must remain posted throughout the public review period. The County Clerk is required to post the Notice within twenty-four (24) hours of receiving it.

Notice shall be provided as stated in Local Guidelines Section 6.04. In addition, Notice must be given by at least one of the following procedures:

- (a) Publication at least once in a newspaper of general circulation in the area affected by the proposed project. If more than one area will be affected, the notice shall be published in the newspaper of largest circulation from among the newspapers of general circulation in those areas;
- (b) Posting of notice on and off site in the area where the project is to be located; or
- (c) Direct mailing to owners and occupants of property contiguous to the project, as shown on the latest equalized assessment roll.

The District, when acting as Lead Agency, shall consider all comments received during the public review period for the Negative Declaration or Mitigated Negative Declaration. For a Negative Declaration or Mitigated Negative Declaration, the District is not required to respond in writing to comments it receives either during or after the public review period. However, the District may provide a written response to all comments if it will not delay action on the Negative Declaration or Mitigated Negative Declaration, since any comment received prior to final action on the Negative Declaration or Mitigated Negative Declaration can form the basis of a legal challenge. A written response that refutes the comment or adequately explains the District's action in light of the comment will assist the District in defending against a legal challenge. The District shall notify any public agency that comments on a Negative Declaration or Mitigated Negative Declaration of the public hearing or hearings, if any, on the project for which the Negative Declaration or Mitigated Negative Declaration was prepared.

(Reference: State CEQA Guidelines, §§ 15072-15073.)

6.11 SUBMISSION OF NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION TO STATE CLEARINGHOUSE.

A Negative Declaration or Mitigated Negative Declaration must be submitted to the State Clearinghouse for circulation in the following situations:

- (a) The Negative Declaration or Mitigated Negative Declaration is prepared by a Lead Agency that is a state agency;
- (b) The Negative Declaration or Mitigated Negative Declaration is prepared by a public agency where a state agency is a Responsible Agency, Trustee Agency, or otherwise has jurisdiction by law with respect to the project; or
- (c) The Negative Declaration or Mitigated Negative Declaration is for a project identified in State CEQA Guidelines section 15206 as being of statewide, regional, or area-wide significance.

State CEQA Guidelines section 15206 identifies the following types of projects as being examples of projects of statewide, regional, or area-wide significance that require submission to the State Clearinghouse for circulation:

- (1) Projects that have the potential to cause significant environmental effects beyond the city or county where the project would be located, such as:
 - (a) Residential development of more than 500 units;
 - (b) Commercial projects employing more than 1,000 persons or covering more than 500,000 square feet of floor space;
 - (c) Office building projects employing more than 1,000 persons or covering more than 250,000 square feet of floor space;
 - (d) Hotel or motel development of more than 500 rooms; or
 - (e) Industrial projects housing more than 1,000 persons, occupying more than 40 acres of land, or covering more than 650,000 square feet of floor area;
- (2) Projects for the cancellation of a Williamson Act contract covering 100 or more acres;
- (3) Projects in one of the following Environmentally Sensitive Areas:
 - (a) Lake Tahoe Basin;
 - (b) Santa Monica Mountains Zone;
 - (c) Sacramento-San Joaquin River Delta;
 - (d) Suisun Marsh;
 - (e) Coastal Zone, as defined by the California Coastal Act;
 - (f) Areas within one-quarter mile of a river designated as wild and scenic; or
 - (g) Areas within the jurisdiction of the San Francisco Bay Conservation and Development Commission;
- (4) Projects that would affect sensitive wildlife habitats or the habitats of any rare, threatened, or endangered species;

- (5) Projects that would interfere with water quality standards; and
- (6) Projects that would provide housing, jobs, or occupancy for 500 or more people within 10 miles of a nuclear power plant.

A Negative Declaration or Mitigated Negative Declaration may also be submitted to the State Clearinghouse for circulation if a state agency has special expertise with regard to the environmental impacts involved.

When the Negative Declaration or Mitigated Negative Declaration is submitted to the State Clearinghouse for review, the review period shall be at least thirty (30) days. The review period begins (day one) on the date that the State Clearinghouse distributes the Negative Declaration or Mitigated Negative Declaration to state agencies. The State Clearinghouse is required to distribute the Negative Declaration or Mitigated Negative Declaration to state agencies within three (3) working days from the date the State Clearinghouse receives the document, as long as the Negative Declaration or Mitigated Negative Declaration is complete when submitted to the State Clearinghouse. If the document submitted to the State Clearinghouse is not complete, the State Clearinghouse must notify the Lead Agency. The review period for the public and all other agencies may run concurrently with the state agency review period established by the State Clearinghouse, but the public review period cannot conclude before the state agency review period does. The review period for the public shall be at least as long as the review period established by the State Clearinghouse.

When a Negative Declaration or Mitigated Negative Declaration is submitted to the State Clearinghouse, a Notice of Completion (Form “H”) should be included. The State Clearinghouse only accepts submissions of CEQA documents electronically via its “CEQA Submit database.” As of November 3, 2020, the State Clearinghouse no longer accepts printed copies of CEQA documents. For instructions on how to submit a document to the State Clearinghouse, see <http://www.opr.ca.gov/clearinghouse/ceqa/document-submission.html>.

A shorter review period by the State Clearinghouse for a Negative Declaration or Mitigated Negative Declaration can be requested by the decision-making body. The shortened review period shall not be less than twenty (20) days. Such a request must be made in writing by the Lead Agency to the Office of Planning and Research. The decision-making body may designate by resolution or ordinance an individual authorized to request a shorter review period. (See Form “P”). Any approval of a shortened review period must be given prior to, and reflected in, the public notice. However, a shortened review period shall not be approved by the Office of Planning and Research for any proposed project of statewide, regional or area-wide environmental significance, as defined by State CEQA Guidelines section 15206.

(Reference: State CEQA Guidelines, §§ 15205, 15206.)

6.12 SPECIAL NOTICE REQUIREMENTS FOR WASTE- AND FUEL-BURNING PROJECTS.

For any project that involves the burning of municipal waste, hazardous waste, or refuse-derived fuel (such as tires) and that does not require an EIR, as defined in Local Guidelines Section 5.11, a Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration shall be given to all organizations and individuals who have previously requested it

and shall also be given by all three of the procedures listed in Local Guidelines Section 6.07. In addition, Notice shall be given by direct mailing to the owners and occupants of property within one-quarter mile of any parcel or parcels on which such a project is located.

These notice requirements apply only to those projects described in Local Guidelines Section 5.11. These notice requirements do not preclude the District from providing additional notice by other means if desired.

(Reference: Pub. Resources Code, § 21092(c).)

6.13 CONSULTATION WITH WATER AGENCIES REGARDING LARGE DEVELOPMENT PROJECTS.

Under specific circumstances a city or county acting as Lead Agency must consult with the public water system that will supply the project to determine whether the public water system can adequately supply the water needed for the project. As a Responsible Agency, the District should be aware of these requirements. See Local Guidelines Section 5.16 for more information on these requirements.

(Reference: State CEQA Guidelines, § 15155.)

6.14 CONTENT OF NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION.

A Negative Declaration must be prepared directly by or under contract to the District and should generally resemble Form “E.” It shall contain the following information:

- (a) A brief description of the project proposed, including any commonly used name for the project;
- (b) The location of the project and the name of the project proponent;
- (c) A finding that the project as proposed will not have a significant effect on the environment; and
- (d) An attached copy of the Initial Study documenting reasons to support the finding.

For a Mitigated Negative Declaration, feasible mitigation measures included in the project to substantially lessen or avoid potentially significant effects must be fully enforceable through permit conditions, agreements, or other measures. Such permit conditions, agreements, and measures must be consistent with applicable constitutional requirements such as the “nexus” and “rough proportionality” standards established by case law.

The proposed Negative Declaration or Mitigated Negative Declaration must reflect the independent judgment of the District.

(Reference: State CEQA Guidelines, § 15071.)

6.15 TYPES OF MITIGATION.

The following is a non-exhaustive list of potential types of mitigation the District may consider:

- (a) Avoidance;
- (b) Preservation;
- (c) Rehabilitation or replacement. Replacement may be on-site or off-site depending on the particular circumstances; and/or
- (d) Participation in a fee program.

(Reference: State CEQA Guidelines, § 15370.)

6.16 ADOPTION OF NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION.

Following the publication, posting or mailing of the Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration, but not before the expiration of the applicable twenty (20) or thirty (30) day public review period, the Negative Declaration or Mitigated Negative Declaration may be presented to the decision-making body at a regular or special meeting. Prior to adoption, the District shall independently review and analyze the Negative Declaration or Mitigated Negative Declaration and find that the Negative Declaration or Mitigated Negative Declaration reflects the independent judgment of the District.

If new information is added to the Negative Declaration or Mitigated Negative Declaration after public review, the District should determine whether recirculation is warranted. (See Local Guidelines Section 6.19). If the decision-making body finds that the project will not have a significant effect on the environment, it shall adopt the Negative Declaration or Mitigated Negative Declaration. If the decision-making body finds that the proposed project may have a significant effect on the environment that cannot be mitigated or avoided, it shall order the preparation of a Draft EIR and the filing of a Notice of Preparation of a Draft EIR.

When adopting a Negative Declaration or Mitigated Negative Declaration, the District shall specify the location and custodian of the documents or other material that constitute the record of proceedings upon which it based its decision. If adopting a Negative Declaration for a project that may emit hazardous air emissions within one-quarter mile of a school and that meets the other requirements of Local Guidelines Section 6.06, the decision-making body must also make the findings required by Local Guidelines Section 6.06.

As Lead Agency, the District may charge a non-elected official or body with the responsibility of independently reviewing the adequacy of and adopting a Negative Declaration or a Mitigated Negative Declaration; however, when a non-elected decision-making body adopts a Negative Declaration or Mitigated Negative Declaration, the District must have a procedure allowing for the appeal of that decision to the Board of Directors.

(Reference: State CEQA Guidelines, § 15074.)

6.17 MITIGATION REPORTING OR MONITORING PROGRAM FOR MITIGATED NEGATIVE DECLARATION.

When adopting a Mitigated Negative Declaration pursuant to Local Guidelines Section 6.13, the District shall adopt a reporting or monitoring program to assure that mitigation measures, which are required to mitigate or avoid significant effects on the environment, will be fully enforceable through permit conditions, agreements, or other measures and implemented by

the project proponent or other responsible party in a timely manner, in accordance with conditions of project approval. The District shall also specify the location and the custodian of the documents that constitute the record of proceedings upon which it based its decision. There is no requirement that the reporting or monitoring program be circulated for public review; however, the District may choose to circulate it for public comments along with the Mitigated Negative Declaration. The mitigation measures required to mitigate or avoid significant effects on the environment must be adopted as conditions of project approval.

This reporting or monitoring program shall be designed to assure compliance during the implementation or construction of a project and shall otherwise comply with the requirements described in Local Guidelines Section 7.38. If a Responsible Agency or Trustee Agency has required that certain conditions be incorporated into the project, the District may request that agency to prepare and submit a proposed reporting or monitoring program. The District shall also require that, prior to the close of the public review period for a Mitigated Negative Declaration (see Local Guidelines Section 6.04), the Responsible or Trustee Agency submit detailed performance objectives for mitigation measures, or refer the District to appropriate, readily available guidelines or reference documents. Any mitigation measures submitted to the District by a Responsible or Trustee Agency shall be limited to measures that mitigate impacts to resources that are within the Responsible or Trustee Agency's authority.

Local agencies have the authority to levy fees sufficient to pay for this program. Therefore, the District can charge the project proponent a fee to cover actual costs of program processing and implementation.

Transportation information resulting from the reporting or monitoring program required to be adopted by the District shall be submitted to the regional transportation planning agency where the project is located and to the Department of Transportation for a project of statewide, regional or area-wide significance according to State CEQA Guidelines section 15206. The transportation planning agency and the Department of Transportation are required by law to adopt guidelines for the submittal of these reporting or monitoring programs, so the District may wish to tailor its submittal to such guidelines.

(Reference: State CEQA Guidelines, §§ 15074, 15097.)

6.18 APPROVAL OR DISAPPROVAL OF PROJECT.

At the time of adoption of a Negative Declaration or Mitigated Negative Declaration, the decision-making body may consider the project for purposes of approval or disapproval. Prior to approving the project, the decision-making body shall consider the Negative Declaration or Mitigated Negative Declaration, together with any written comments received and considered during the public review period, and shall approve or disapprove the Negative Declaration or Mitigated Negative Declaration. In making a finding as to whether there is any substantial evidence that the project will have a significant effect on the environment, the factors listed in Local Guidelines Section 5.08 should be considered. (See Local Guidelines Section 6.06 for approval requirements for facilities that may emit hazardous pollutants or that may handle extremely hazardous substances within one-quarter mile of a school site.)

(Reference: State CEQA Guidelines, § 15092.)

6.19 RECIRCULATION OF A NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION.

A Negative Declaration or Mitigated Negative Declaration must be recirculated when the document must be substantially revised after the public review period but prior to its adoption. A “substantial revision” occurs when the District has identified a new and avoidable significant effect for which mitigation measures or project revisions must be added in order to reduce the effect to a level of insignificance, or when the District determines that the proposed mitigation measures or project revisions will not reduce the potential effects to less than significant and new measures or revisions must be required.

Recirculation is not required under the following circumstances:

- (a) Mitigation measures are replaced with equal or more effective measures, and the District makes a finding to that effect;
- (b) New project revisions are added after circulation of the Negative Declaration or Mitigated Negative Declaration or in response to written or oral comments on the project’s effects, but the revisions do not create new significant environmental effects and are not necessary to mitigate an avoidable significant effect;
- (c) Measures or conditions of project approval are added after circulation of the Negative Declaration or Mitigated Negative Declaration, but the measures or conditions are not required by CEQA, do not create new significant environmental effects, and are not necessary to mitigate an avoidable significant effect; or
- (d) New information is added to the Negative Declaration or Mitigated Declaration which merely clarifies, amplifies, or makes insignificant modifications to the Negative Declaration or Mitigated Negative Declaration.

If, after preparation of a Negative Declaration or Mitigated Negative Declaration, the District determines that the project requires an EIR, it shall prepare and circulate the Draft EIR for consultation and review and advise reviewers in writing that a proposed Negative Declaration or Mitigated Declaration had previously been circulated for the project.

(Reference: State CEQA Guidelines, § 15073.5.)

6.20 NOTICE OF DETERMINATION ON A PROJECT FOR WHICH A PROPOSED NEGATIVE OR MITIGATED NEGATIVE DECLARATION HAS BEEN APPROVED.

After final approval of a project for which a Negative Declaration or Mitigated Negative Declaration has been prepared, Staff shall cause to be prepared, filed, and posted a Notice of Determination (Form “F”). The Notice of Determination shall contain the following information:

- (a) An identification of the project, including the project title as identified on the proposed Negative Declaration or Mitigated Negative Declaration, location, and the State Clearinghouse identification number for the proposed Negative Declaration or Mitigated Negative Declaration if the Notice of Determination is filed with the State Clearinghouse;

- (b) For private projects, identification of the person undertaking a project that is supported, in whole or in part, through contracts, grants, subsidies, loans, or other forms of assistance from one or more public agencies or the identity of the person receiving a lease, permit, license, certificate, or other entitlement for use from one or more public agencies;
- (c) A brief description of the project;
- (d) The name of the District and the date on which the District approved the project;
- (e) The determination of the District that the project will not have a significant effect on the environment;
- (f) A statement that a Negative Declaration or Mitigated Negative Declaration was adopted pursuant to the provisions of CEQA;
- (g) A statement indicating whether mitigation measures were made a condition of the approval of the project, and whether a mitigation monitoring plan/program was adopted; and
- (h) The address where a copy of the Negative Declaration or Mitigated Negative Declaration may be examined.

The Notice of Determination shall be filed with the Clerk of each county in which the project will be located within five (5) working days of project approval.

The District is encouraged to make copies of filed notices available in electronic format on the Internet. Such electronic notices are in addition to the posting requirements of the State CEQA Guidelines and the Public Resources Code. The Clerk must post the Notice of Determination within twenty-four (24) hours of receipt. The Notice must be posted in the office of the Clerk for a minimum of thirty (30) days. Thereafter, the Clerk shall return the notice to the District with a notation of the period it was posted. The District shall retain the notice for not less than twelve (12) months. If the project requires discretionary approval from any State agency, the Notice of Determination shall also be filed with OPR within five (5) working days of project approval along with proof of payment of the DFW fee or a no effect determination form from the DFW (see Local Guidelines Section 6.24). Simultaneously with the filing of the Notice of Determination with the Clerk, Staff shall cause a copy of the Notice of Determination to be posted at District Offices.

If a written request has been made for a copy of the Notice prior to the date on which the District adopts the Negative Declaration or Mitigated Negative Declaration, the copy must be mailed, first class postage prepaid, within five (5) days of the District's determination. If such a request is made following the District's determination, then the copy should be mailed in the same manner as soon as possible. The recipients of such documents may be charged a fee reasonably related to the cost of providing the service.

For projects with more than one phase, Staff shall file a Notice of Determination for each phase requiring a discretionary approval.

The filing and posting of the Notice of Determination with the County Clerk, and, if necessary, with OPR, usually starts a thirty (30) day statute of limitations on court challenges to the approval under CEQA. When separate notices are filed for successive phases of the same overall project, the thirty (30) day statute of limitations to challenge the subsequent phase begins

to run when the second notice is filed. Failure to file the Notice may result in a one hundred eighty (180) day statute of limitations.

(Reference: State CEQA Guidelines, § 15075.)

6.21 ADDENDUM TO NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION.

The District may prepare an addendum to an adopted Negative Declaration or Mitigated Negative Declaration if only minor technical changes or additions are necessary. The District may also prepare an addendum to an adopted Negative Declaration or Mitigated Negative Declaration when none of the conditions calling for a subsequent Negative Declaration or Mitigated Negative Declaration have occurred. (See Local Guidelines Section 6.22 below.) An addendum need not be circulated for public review but can be attached to the adopted Negative Declaration or Mitigated Negative Declaration. The District shall consider the addendum with the adopted Negative Declaration or Mitigated Negative Declaration prior to project approval.

(Reference: State CEQA Guidelines, § 15164.)

6.22 SUBSEQUENT NEGATIVE DECLARATION OR MITIGATED NEGATIVE DECLARATION.

When a Negative Declaration or Mitigated Negative Declaration has been adopted for a project, or when an EIR has been certified, no subsequent Negative Declaration, Mitigated Negative Declaration, or EIR shall be prepared for that project unless the Lead Agency determines, on the basis of substantial evidence in the light of the whole record, one or more of the following:

- (a) Substantial changes are proposed in the project which will require major revisions of the previous EIR, Negative Declaration, or Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
- (b) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR, Negative Declaration, or Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
- (c) New information of substantial importance which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified or the Negative Declaration was adopted which shows any of the following:
 - (1) The project will have one or more significant effects not discussed in the previous EIR or Negative Declaration;
 - (2) Significant effects previously examined will be substantially more severe than shown in the previous EIR;

- (3) Mitigation measure(s) or alternative(s) previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents declined to adopt the mitigation measure(s) or alternative(s); or
- (4) Mitigation measure(s) or alternative(s) which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure(s) or alternative(s).

The District, as Lead Agency, would then determine whether a Subsequent EIR, Supplemental EIR, Subsequent Negative Declaration, Subsequent Mitigated Negative Declaration, or Addendum would be applicable. Subsequent Negative Declarations and Mitigated Negative Declarations must be given the same notice and public review period as other Negative Declarations. The Subsequent Negative Declaration shall state where the previous document is available and can be reviewed.

(Reference: State CEQA Guidelines, § 15162.)

6.23 PRIVATE PROJECT COSTS.

For private projects, the person or entity proposing to carry out the project shall bear all costs incurred by the District in preparing the Initial Study and in preparing and filing the Negative Declaration or Mitigated Negative Declaration and Notice of Determination.

6.24 FILING FEES FOR PROJECTS THAT AFFECT WILDLIFE RESOURCES.

At the time a Notice of Determination for a Negative Declaration or Mitigated Negative Declaration is filed with the County or Counties in which the project is located, a fee of \$2,480.25, or the then applicable fee, shall be paid to the Clerk for projects that will adversely affect fish or wildlife resources. These fees are collected by the Clerk on behalf of DFW pursuant to Fish and Game Code section 711.4.

Only one filing fee is required for each project unless the project is tiered or phased and separate environmental documents are prepared. (Fish & Game Code section 711.4(g).) For projects where Responsible Agencies file separate Notices of Determination, only the Lead Agency is required to pay the fee.

Note: County Clerks are authorized to charge a documentary handling fee for each project in addition to the Fish and Game Code fees specified above. Refer to the Index in the Staff Summary to help determine the correct total amount of fees applicable to the project.

For private projects, the District may pass these costs on to the project applicant.

Fish and Game Code fees may be waived for projects with “no effect” on fish or wildlife resources or for certain projects undertaken by the DFW and implemented through a contract with a non-profit entity or local government agency; however, the Lead Agency must obtain a form showing that the DFW has determined that the project will have “no effect” on fish and

wildlife. (Fish and Game Code section 711.4(c)(2)(A)). Projects that are statutorily or categorically exempt from CEQA are also not subject to the filing fee, and do not require a no effect determination. (State CEQA Guidelines sections 15260 through 15333; Fish and Game Code section 711.4(d)(1)). The applicable DFW Regional Office's environmental review and permitting staff are responsible for determining whether a project within their region will qualify for a no effect determination and if the CEQA filing fee will be waived.

The request should be submitted when the CEQA document is released for public review, or as early as possible in the public comment period. Documents submitted in digital format are preferred (e.g. compact disk). If insufficient documentation is submitted to DFW for the proposed project, a no effect determination will not be issued.

If the District believes that a project for which it is Lead Agency will have "no effect" on fish or wildlife resources, it should contact the appropriate DFW Regional Office. The project's CEQA document may need to be provided to the appropriate DFW Regional Office along with a written request. Documentation submitted to the appropriate DFW Regional Office should set forth facts in support of the fee exemption. Previous examples of projects that have qualified for a fee exemption include: minor zoning changes that did not lead to or allow new construction, grading, or other physical alterations to the environment; and minor modifications to existing structures, including addition of a second story to single or multi-family residences.

The fee exemption requirement that the project have "no" impact on fish or wildlife resources is more stringent than the former requirement that a project have only "de minimis" effects on fish or wildlife resources. DFW may determine that a project would have no effect on fish and wildlife if all of the following conditions apply:

- The project would not result in or have the potential to result in harm, harassment, or take of any fish and/or wildlife species.
- The project would not result in or have the potential to result in direct or indirect destruction, ground disturbance, or other modification of any habitat that may support fish and/or wildlife species.
- The project would not result in or have the potential to result in the removal of vegetation with potential to support wildlife.
- The project would not result in or have the potential to result in noise, vibration, dust, light, pollution, or an alteration in water quality that may affect fish and/or wildlife directly or from a distance.
- The project would not result in or have the potential to result in any interference with the movement of any fish and/or wildlife species.

Any request for a fee exemption should include the following information:

- (1) the name and address of the project proponent and applicant contact information;
- (2) a brief description of the project and its location;

- (3) site description and aerial and/or topographic map of the project site;
- (4) State Clearinghouse number or county filing number;
- (5) a statement that an Initial Study has been prepared by the District to evaluate the project's effects on fish and wildlife resources, if any; and
- (6) a declaration that, based on the District's evaluation of potential adverse effects on fish and wildlife resources, the District believes the project will have no effect on fish or wildlife.

If insufficient documentation is submitted to DFW for the proposed project, a no effect determination will not be issued. (A sample Request for Fee Exemption is attached as Form "L".) DFW will review the District's finding, and if DFW agrees with the District's conclusions, DFW will provide the District with written confirmation. Retain DFW's determination as part of the administrative record; the District is required to file a copy of this determination with the County after project approval and at the time of filing of the Notice of Determination.

The Lead Agency must have written confirmation of DFW's finding of "no impact" at the time the Lead Agency files its Notice of Determination with the County. The County cannot accept the Notice of Determination unless it is accompanied by the appropriate fee or a written no effect determination from DFW.

7. ENVIRONMENTAL IMPACT REPORT

7.01 DECISION TO PREPARE AN EIR.

An EIR shall be prepared whenever there is substantial evidence in light of the whole record which supports a fair argument that the project may have a significant effect on the environment. (See Local Guidelines Sections 11.65 and 11.71.) The record may include the Initial Study or other documents or studies prepared to assess the project's environmental impacts.

(Reference: Pub. Resources Code, § 21151.)

7.02 CONTRACTING FOR PREPARATION OF EIRS.

If an EIR is prepared under a contract with the District, the contract must be executed within forty-five (45) days from the date on which the District sends a Notice of Preparation. The District may take longer to execute the contract if the project applicant and the District mutually agree to an extension of the 45-day time limit. (Reference: Pub. Resources Code, § 21151.5.)

The EIR prepared under contract must be the District's product. Staff, together with such consultant help as may be required, shall independently review and analyze the EIR to verify its accuracy, objectivity and completeness prior to presenting it to the decision-making body. The EIR made available for public review must reflect the independent judgment of the District. Staff may require such information and data from the person or entity proposing to carry out the project as Staff deems necessary for completion of the EIR. (Reference: State CEQA Guidelines, §§ 15084, 15090.)

7.03 NOTICE OF PREPARATION OF DRAFT EIR.

After determining that an EIR will be required for a proposed project, the Lead Agency shall prepare and send a Notice of Preparation (Form "G") to OPR and to each of the following:

- (a) Each Responsible Agency and Trustee Agency involved with the project;
- (b) Any other federal, state, or local agency which has jurisdiction by law or exercises authority over resources affected by the project, including:
 - (1) Any water supply agency consulted under Local Guidelines Section 5.16;
 - (2) Any city or county bordering on the project area;
 - (3) For a project of statewide, regional, or area-wide significance, to any transportation agencies or public agencies which have major local arterials or public transit facilities within five (5) miles of the project site or freeways, highways, or rail transit service within ten (10) miles of the project site which could be affected by the project; and

- (4) For a subdivision project located within one mile of a facility of the State Water Resources Development System, the California Department of Water Resources;
- (c) The last known name and address of all organizations and individuals who have previously filed a written request with the District to receive these Notices;
- (d) For certain projects that may impact a low-level flight path, military impact zone, or special use airspace and that meet the other criteria in Local Guidelines Section 7.04, the specified military services contact;
- (e) For certain projects that involve the construction or alteration of a facility anticipated to emit hazardous air emissions or handle hazardous substances within one-quarter mile of a school and that meet the other requirements of Local Guidelines Section 7.36, any potentially affected school district;
- (f) For certain waste-burning projects that meet the requirements of Local Guidelines Section 5.11 (See also Local Guidelines Section 7.27), the owners and occupants of property within one-fourth mile of any parcel on which the project will be located; and
- (g) For a project that establishes or amends a redevelopment plan that contains land in agricultural use, the agricultural and farm agencies and organizations specified in Health and Safety Code section 33333.3.

Additionally, for a project of statewide, regional, or area-wide significance, the Lead Agency should also consult with public transit agencies with facilities within one-half mile of the proposed project.

The Notice of Preparation must also be filed and posted in the office of the Clerk in each county in which the project is located for thirty (30) days. The County Clerk must post the Notice within twenty-four (24) hours of receipt.

When submitting the Notice of Preparation to OPR, a Notice of Completion (Form “H”) should be used as a cover sheet. Responsible and Trustee Agencies, the State Clearinghouse, and the state agencies contacted by the State Clearinghouse have thirty (30) days to respond to the Notice of Preparation. Agencies that do not respond within thirty (30) days shall be deemed not to have any comments on the Notice of Preparation.

The Lead Agency shall send copies of the Notice of Preparation by certified mail or any other method of transmittal which provides it with a record that the Notice was received.

At a minimum, the Notice of Preparation shall include:

- (a) A description of the project;
- (b) The location of the project indicated either on an attached map (preferably a copy of the USGS 15’ or 7½’ topographical map identified by quadrangle name) or by a street address and cross street in an urbanized area;
- (c) The probable environmental effects of the project;
- (d) The name and address of the consulting firm retained to prepare the Draft EIR, if applicable; and

- (e) The Environmental Protection Agency (“EPA”) list on which the proposed site is located, if applicable, and the corresponding information from the applicant’s statement. (See Local Guidelines Section 2.04.)

(Reference: State CEQA Guidelines, § 15082.)

7.04 SPECIAL NOTICE REQUIREMENTS FOR AFFECTED MILITARY AGENCIES

CEQA imposes additional requirements to provide notice to potentially affected military agencies when:

- (a) A “military service” (defined in Section 11.42 of these Local Guidelines) has provided the District with its contact office and address and notified the District of the specific boundaries of a “low-level flight path” (defined in Section 11.37 of these Local Guidelines), “military impact zone” (defined in Section 11.41 of these Local Guidelines), or “special use airspace” (defined in Section 11.67 of these Local Guidelines); and
- (b) The project meets one of the following criteria:
 - (1) The project is within the boundaries specified pursuant to subsection (a) of this guideline;
 - (2) The project includes a general plan amendment;
 - (3) The project is of statewide, regional, or area-wide significance; or
 - (4) The project relates to a public use airport or certain lands surrounding a public use airport.

When a project meets these requirements, the District must provide the military service’s designated contact with any Notice of Preparation, and/or Notice of Availability of Draft EIRs that have been prepared for a project, unless the project involves the remediation of lands contaminated with hazardous wastes and meets certain other requirements.

The District must provide the military service with sufficient notice of its intent to certify an EIR to ensure that the military service has no fewer than thirty (30) days to review the document; or forty-five (45) days to review the environmental documents before they are approved if the documents have been submitted to the State Clearinghouse.

It should be noted that the effect, or potential effect, a project may have on military activities does not itself constitute an adverse effect on the environment pursuant to CEQA.

(Reference: Pub. Resources Code, §§ 21080.4, 21092; Health & Safety Code, §§ 25300, et seq., 25396, 25187; State CEQA Guidelines, § 15082(a).)

7.05 ENVIRONMENTAL LEADERSHIP DEVELOPMENT PROJECT.

Under certain circumstances, a project applicant may choose to apply to the Governor of the State of California to have the project certified as an Environmental Leadership Development Project. Only large, privately funded projects that will result in a minimum investment of \$100 million in California upon completion of construction and that create high-wage, highly skilled jobs without resulting in any net additional emission of greenhouse gases, will qualify for certification. All construction workers employed in the execution of the project will receive at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Labor Code sections 1773 and 1773.9. If the project is certified for streamlining, the project applicant shall include this requirement in all contracts for the performance of the work. The request for certification must be made and granted prior to the release of the Draft EIR. If the Governor certifies the project, the lead agency must make the administrative record available concurrently with the Draft EIR and certify the administrative record within five (5) days of project approval and must make it available in an electronic format. Within 10 days of the Governor certifying an Environmental Leadership Development Project, the Lead Agency shall, at the applicant's expense, issue a public notice. See Public Resources Code section 21187 for the language to be used in the public notice. If litigation is filed against such a project, certain fast-tracked litigation procedures will apply. Please see Public Resources Code section 21178 and Sections 21183 through 21187 for a complete description of the requirements for such projects.

7.06 PREPARATION OF DRAFT EIR.

The Lead Agency is responsible for preparing a Draft EIR. The Lead Agency may begin preparation of the Draft EIR without awaiting responses to the Notice of Preparation. However, information communicated to the Lead Agency not later than thirty (30) days after receipt of the Notice of Preparation shall be included in the Draft EIR.

(Reference: State CEQA Guidelines, § 15084.)

7.07 CONSULTATION WITH CALIFORNIA NATIVE AMERICAN TRIBES.

Prior to the release of a Draft EIR for a project, the Lead Agency shall begin consultation with a California Native American tribe that is traditionally and culturally affiliated with the geographic area of the proposed project if:

- (a) The California Native American tribe requested to the Lead Agency, in writing, to be informed by the Lead Agency through formal notification of proposed projects in the geographic area that is traditionally and culturally affiliated with the tribe; and
- (b) The California Native American tribe responds, in writing, within 30 days of receipt of the formal notification, and requests the consultation. The California Native American tribe shall designate a lead contact person when responding to the Lead Agency. If a lead contact is not designated by the California Native American tribe, or if it designates multiple lead contact people, the Lead Agency

shall defer to the individuals listed on the contact list maintained by the Native American Heritage Commission. Consultation is defined in Local Guidelines Section 11.11.

To expedite the requirements of this section, the Native American Heritage Commission shall assist the Lead Agency in identifying the California American Native tribes that are traditionally and culturally affiliated with the project area.

Within 14 days of determining that an application for a project is complete or a decision by a public agency to undertake a project, the Lead Agency shall provide formal notification to the designated contact of, or a tribal representative of, traditionally and culturally affiliated California Native American tribes that have requested notice, which shall be accomplished by at least one written notification that includes a brief description of the proposed project and its location, the Lead Agency contact information, and a notification that the California Native American tribe has 30 days to request consultation.

The Lead Agency shall begin the consultation process within 30 days of receiving a California Native American tribe's request for consultation.

If consultation is requested, the parties may propose mitigation measures, including those set forth in Public Resources Code section 21084.3, capable of avoiding or substantially lessening potential significant impacts to a tribal cultural resource or alternatives that would avoid significant impacts to a tribal cultural resource. The consultation may include discussion concerning the type of environmental review necessary, the significance of tribal cultural resources, the significance of the project's impacts on the tribal cultural resources, and, if necessary, project alternatives or the appropriate measures for preservation or mitigation that the California Native American tribe may recommend to the lead agency.

The consultation shall be considered concluded when either of the following occurs:

- (1) The parties agree to measures to mitigate or avoid a significant effect, if a significant effect exists, on a tribal cultural resource.
- (2) A party, acting in good faith and after reasonable effort, concludes that mutual agreement cannot be reached.

The California Native American tribe is not limited in its ability to submit information to the Lead Agency regarding the significance of the tribal cultural resources, the significance of the project's impact on tribal cultural resources, or any appropriate measures to mitigate the impacts. Additionally, the Lead Agency or project proponent is not limited in its ability to incorporate changes and additions to the project as a result of the consultation, even if not legally required.

(Reference: Pub. Resources Code, §§ 21080.3.1, 21080.3.2.)

7.08 IDENTIFICATION OF TRIBAL CULTURAL RESOURCES AND PROCESSING OF INFORMATION AFTER CONSULTATION WITH THE CALIFORNIA NATIVE AMERICAN TRIBE

After consultation with the California Native American tribe listed above in Local Guidelines Section 7.07, any mitigation measures agreed upon in the consultation conducted pursuant to Public Resources Code section 21080.3.2 shall be recommended for inclusion in the EIR and in an adopted mitigation monitoring and reporting program, if the mitigation measures are determined to avoid or lessen the proposed project's impacts on tribal cultural resources, and if the mitigation measures are enforceable.

If a project may have a significant impact on a tribal cultural resource, the Lead Agency's EIR shall discuss both of the following:

- (a) Whether the proposed project has a significant impact on an identified tribal cultural resource;
- (b) Whether feasible alternatives or mitigation measures, including those measures that may be agreed to during the consultation, avoid or substantially lessen the impact on the identified tribal cultural resource.

Any information provided regarding the location, description and use of the tribal cultural resource that is submitted by a California Native American tribe during the environmental review process shall not be included in the EIR or otherwise disclosed by the lead agency or any other public agency to the public, consistent with Governmental Code sections 6254(r) and 6254.10, and State CEQA Guidelines 15120(d), without the prior consent of the tribe that provided the information. If the Lead Agency publishes any information submitted by a California Native American tribe during the consultation or environmental review process, that information shall be published in a confidential appendix to the EIR unless the tribe provides consent, in writing, to the disclosure of some or all of the information to the public. This does not prohibit the confidential exchange of the submitted information between public agencies that have lawful jurisdiction over the preparation of the EIR.

The exchange of confidential information regarding tribal cultural resources submitted by a California Native American tribe during the consultation or environmental review process among the Lead Agency, the California Native American tribe, the project applicant, or the project applicant's agent is not prohibited by Public Resources Code section 21082.3. The project applicant and the project applicant's legal advisers must use a reasonable degree of care and maintain the confidentiality of the information exchanged for the purposes of preventing looting, vandalism, or damage to tribal cultural resources and shall not disclose to a third party confidential information regarding the cultural resource unless the California Native American tribe providing the information consents in writing to the public disclosure of such information.

Public Resources Code section 21082.3 does not prevent a Lead Agency or other public agency from describing the information in general terms in the EIR so as to inform the public of the basis of the Lead Agency's or other public agency's decision without breaching the

confidentiality required. In addition, a Lead Agency may certify an EIR for a project with a significant impact on an identified tribal cultural resource only if one of the following occurs:

- (a) The consultation process between the California Native American tribe and the Lead Agency has occurred as provided in Public Resources Code sections 21080.3.1 and 21080.3.2 and concluded pursuant to subdivision (b) of Section 21080.3.2.
- (b) The California Native American tribe has requested consultation pursuant to Public Resources Code section 21080.3.1 and has failed to provide comments to the Lead Agency, or otherwise failed to engage, in the consultation process.
- (c) The Lead Agency has complied with subdivision (d) of Section 21080.3.1 of the Public Resources Code and the California Native American tribe has failed to request consultation within 30 days.

If substantial evidence demonstrates that a project will cause a significant effect to a tribal cultural resource but the decision-makers do not include the mitigation measures recommended by the staff in the Draft EIR, or if there are no agreed upon mitigation measures at the conclusion of the consultation, or if no consultation has occurred, the Lead Agency must still consider the adoption of feasible mitigation.

(Reference: Pub. Resources Code, § 21082.3.)

7.09 SIGNIFICANT ADVERSE IMPACTS TO TRIBAL CULTURAL RESOURCES

Public agencies shall, when feasible, avoid damaging effects to any tribal cultural resource. If the Lead Agency determines that a project may cause a substantial adverse change to a tribal cultural resource, and measures are not otherwise identified in the consultation process provided in Public Resources Code section 21080.3.2 as set forth in Local Guidelines Section 7.07, the following examples of mitigation measures, if feasible, may be considered to avoid or minimize the significant adverse impacts:

- (a) Avoidance and preservation of the resources in place, including, but not limited to, planning and construction to avoid the resources and protect the cultural and natural context, or planning greenspace, parks, or other open space, to incorporate the resources with culturally appropriate protection and management criteria.
- (b) Treating the resource with culturally appropriate dignity taking into account the tribal cultural values and meaning of the resource, including, but not limited to the following:
 - (1) Protecting the cultural character and integrity of the resource.
 - (2) Protecting the traditional use of the resource.
 - (3) Protecting the confidentiality of the resource.

- (c) Permanent conservation easements or other interests in real property, with culturally appropriate management criteria for the purposes of preserving or utilizing the resources or places.
- (d) Protecting the resource.

(Reference: Pub. Resources Code, § 21084.3.)

7.10 CONSULTATION WITH OTHER AGENCIES AND PERSONS.

To expedite consultation in response to the Notice of Preparation, the Lead Agency, a Responsible Agency, or a project applicant may request a meeting among the agencies involved to assist in determining the scope and content of the environmental information that the involved agencies may require. For any project that may affect highways or other facilities under the jurisdiction of the State Department of Transportation, the Department of Transportation can request a scoping meeting. When acting as Lead Agency, the District must convene the meeting as soon as possible but no later than thirty (30) days after a request is made. When acting as a Responsible Agency, the District should make any requests for consultation as soon as possible after receiving a Notice of Preparation.

Prior to completion of the Draft EIR, the Lead Agency shall consult with each Responsible Agency and any public agency that has jurisdiction by law over the project.

When acting as a Lead Agency, the District may fulfill this obligation by distributing the Notice of Preparation in compliance with Local Guidelines Section 7.03 and soliciting the comments of Responsible Agencies, Trustee Agencies, and other affected agencies. The District may also consult with any individual who has special expertise with respect to any environmental impacts involved with a project. The District may also consult directly with any person or organization it believes will be concerned with the environmental effects of the project, including any interested individuals and organizations of which the District is reasonably aware. The purpose of this consultation is to “scope” the EIR’s range of analysis. When a Negative Declaration or Mitigated Negative Declaration will be prepared for a project, no scoping meeting need be held, although the District may hold one if it so chooses. For private projects, the District as Lead Agency may charge and collect from the applicant a fee not to exceed the actual cost of the consultations.

In addition to soliciting comments on the Notice of Preparation, the Lead Agency may be required to conduct a scoping meeting to gather additional input regarding the impacts to be analyzed in the EIR. The Lead Agency is required to conduct a scoping meeting when:

- (a) The meeting is requested by a Responsible Agency, a Trustee Agency, OPR, or a project applicant;
- (b) The project is one of “statewide, regional or area wide significance” as defined in State CEQA Guidelines section 15206; or
- (c) The project may affect highways or other facilities under the jurisdiction of the State Department of Transportation, and the Department of Transportation has requested a scoping meeting.

When acting as Lead Agency, the District shall provide notice of the scoping meeting to all of the following:

- (a) Any county or city that borders on a county or city within which the project is located, unless the District has a specific agreement to the contrary with that county or city;
- (b) Any Responsible Agency;
- (c) Any public agency that has jurisdiction by law over the project;
- (d) A transportation planning agency, or any public agency that has transportation facilities within its jurisdiction, that could be affected by the project; and
- (e) Any organization or individual who has filed a written request for the notice.

The requirement for providing notice of a scoping meeting may be met by including the notice of the public scoping meeting in the public meeting notice.

Government Code section 65352 requires that before a legislative body may adopt or substantially amend a general plan, the planning agency must refer the proposed action to any city or county, within or abutting the area covered by the proposal, and any special district that may be significantly affected by the proposed action. CEQA allows that referral procedure to be conducted concurrently with the scoping meeting required pursuant to this section of the Local CEQA Guidelines.

For projects that are also subject to NEPA, a scoping meeting held pursuant to NEPA satisfies the CEQA scoping requirement as long as notice is provided to the agencies and individuals listed above, and in accordance with these Local Guidelines. (See Local Guideline 5.04 for a discussion of NEPA.)

The District shall call the scoping meeting as soon as possible but not later than 30 days after the meeting was requested. If the scoping meeting is being conducted concurrently with the procedure in Government Code section 65352 for the consideration of adoption or amendment of general plans, each entity receiving a proposed general plan or amendment of a general plan should have 45 days from the date the referring agency mails it or delivers it in which to comment unless a longer period is specified. The commenting entity may submit its comments at the scoping meeting.

A Responsible Agency or other public agency shall only make comments regarding those activities that are within its area of expertise or that are required to be carried out or approved by the Responsible Agency. These comments must be supported by specific documentation. Any mitigation measures submitted to the District by a Responsible or Trustee Agency shall be limited to measures that mitigate impacts to resources that are within the Responsible or Trustee Agency's authority.

For projects of statewide, area-wide, or regional significance, consultation with transportation planning agencies or with public agencies that have transportation facilities within their jurisdictions shall be for the purpose of obtaining information concerning the project's effect on major local arterials, public transit, freeways, highways, overpasses, on-ramps, off-ramps, and rail transit services. Moreover, the Lead Agency should also consult with public transit agencies with facilities within one-half mile of the proposed project. Any transportation

planning agency or public agency that provides information to the Lead Agency must be notified of, and provided with, copies of any environmental documents relating to the project.

(Reference: State CEQA Guidelines, §§ 15082, 15083.)

7.11 EARLY CONSULTATION ON PROJECTS INVOLVING PERMIT ISSUANCE.

When the project involves the issuance of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies, the District, upon request of the applicant, shall meet with the applicant regarding the range of actions, potential alternatives, mitigation measures and significant effects to be analyzed in depth in the EIR. The District may also consult with concerned persons identified by the applicant and persons who have made written requests to be consulted. Such requests for early consultation must be made not later than thirty (30) days after the District's decision to prepare an EIR.

7.12 CONSULTATION WITH WATER AGENCIES REGARDING LARGE DEVELOPMENT PROJECTS.

For certain development projects, cities and counties must consult with water agencies. If the District is a water provider for the project, the city or county may request consultation with the District. (See Local Guidelines Sections 5.16 and 5.17 for more information on these requirements.)

(Reference: State CEQA Guidelines, § 15155.)

7.13 AIRPORT LAND USE PLAN.

When the District prepares an EIR for a project within the boundaries of a comprehensive airport land use plan, or, if such a plan has not been adopted, for a project within two (2) nautical miles of a public airport or public use airport, the District shall utilize the Airport Land Use Planning Handbook published by Caltrans' Division of Aeronautics to assist in the preparation of the EIR relative to potential airport or related safety hazards and noise problems.

(Reference: State CEQA Guidelines, § 15154.)

7.14 GENERAL ASPECTS OF AN EIR.

Both a Draft and Final EIR must contain the information outlined in Local Guidelines Sections 7.17 and 7.18. Each element must be covered, and when elements are not separated into distinct sections, the document must state where in the document each element is covered.

The body of the EIR shall include summarized technical data, maps, diagrams and similar relevant information. Highly technical and specialized analyses and data should be included in appendices. Appendices may be prepared in separate volumes, but must be equally available to the public for examination. All documents used in preparation of the EIR must be referenced. An EIR shall not include "trade secrets," locations of archaeological sites and sacred lands, or any other information subject to the disclosure restrictions of the Public Records Act (Government Code section 6250, et seq.).

The EIR should discuss environmental effects in proportion to their severity and probability of occurrence. Effects dismissed in the Initial Study as clearly insignificant and unlikely to occur need not be discussed.

The Initial Study should be used to focus the EIR so that the EIR identifies and discusses only the specific environmental problems or aspects of the project that have been identified as potentially significant or important. A copy of the Initial Study should be attached to the EIR or included in the administrative record to provide a basis for limiting the impacts discussed.

The EIR shall contain a statement briefly indicating the reason for determining that various effects of a project that could possibly be considered significant were not found to be significant and consequently were not discussed in detail in the EIR. The District should also note any conclusion by it that a particular impact is too speculative for evaluation.

The EIR should omit unnecessary descriptions of projects and emphasize feasible mitigation measures and alternatives to projects.

7.15 USE OF REGISTERED CONSULTANTS IN PREPARING EIRs.

An EIR is not a technical document that can be prepared only by a registered consultant or professional. However, state statutes may provide that only registered professionals can prepare certain technical studies that will be used in an EIR, or that will control the detailed design, construction, or operation of the proposed project and that will be prepared in support of an EIR.

(Reference: State CEQA Guidelines, § 15149.)

7.16 INCORPORATION BY REFERENCE.

An EIR, Negative Declaration, or Mitigated Negative Declaration may incorporate by reference all or portions of another document that is a matter of public record or is generally available to the public. Any incorporated document shall be considered to be set forth in full as part of the text of the environmental document. When all or part of another document is incorporated by reference, that document shall be made available to the public for inspection at the District's offices. The environmental document shall state where incorporated documents will be available for inspection.

When incorporation by reference is used, the incorporated part of the referenced document shall be briefly summarized, if possible, or briefly described if the data or information cannot be summarized. The relationship between the incorporated document and the EIR, Negative Declaration, or Mitigated Negative Declaration shall be described. When information from an environmental document that has previously been reviewed through the state review system ("State Clearinghouse") is incorporated by the District, the state identification number of the incorporated document should be included in the summary or text of the EIR.

(Reference: State CEQA Guidelines, § 15150.)

7.17 STANDARDS FOR ADEQUACY OF AN EIR.

An EIR should be prepared with a sufficient degree of analysis to provide decision-makers with information that enables them to make a decision that takes into account the environmental consequences of the project. The evaluation of environmental effects need not be exhaustive, but must be within the scope of what is reasonably feasible. The EIR should be written and presented in such a way that it can be understood by governmental decision-makers and members of the public. A good faith effort at completeness is necessary. The adequacy of an EIR is assessed in terms of what is reasonable in light of factors such as the magnitude of the project at issue, the severity of its likely environmental impacts, and the geographic scope of the project. CEQA does not require a Lead Agency to conduct every test or perform all research, study, and experimentation recommended or demanded by commenters, but CEQA does require the Lead Agency to make a good faith, reasoned response to timely comments raising significant environmental issues.

There is no need to unreasonably delay adoption of an EIR in order to include results of studies in progress, even if those studies will shed some additional light on subjects related to the project.

(Reference: State CEQA Guidelines, § 15151.)

7.18 FORM AND CONTENT OF EIR.

The text of the EIR should normally be less than 150 pages. For proposals of unusual scope or complexity, the EIR may be longer than 150 pages but should normally be less than 300 pages. The required contents of an EIR are set forth in Sections 15122 through 15132 of the State CEQA Guidelines. In brief, the EIR must contain:

- (a) A table of contents or an index;
- (b) A brief summary of the proposed project, including each significant effect with proposed mitigation measures and alternatives, areas of known controversy and issues to be resolved including the choice among alternatives, how to mitigate the significant effects and whether there are any significant and unavoidable impacts (generally, the summary should be less than fifteen (15) pages);
- (c) A description of the proposed project, including its underlying purpose and a list of permit and other approvals required to implement the project (see Local Guidelines Section 7.24 regarding analysis of future project expansion);
- (d) A description of the environmental setting, which includes the project's physical environmental conditions from both a local and regional perspective at the time the Notice of Preparation is published, or if no Notice of Preparation is published, at the time environmental analysis begins. (State CEQA Guidelines section 15125.) This environmental setting will normally constitute the baseline physical conditions by which the Lead Agency determines whether an impact is significant. However, the District, when acting as Lead Agency, may choose any baseline that is appropriate as long as the District's choice of baseline is supported by substantial evidence;
- (e) A discussion of any inconsistencies between the proposed project and applicable general, specific and regional plans. Such plans include, but are not limited to, the applicable air

- quality attainment or maintenance plan or State Implementation Plan, area-wide waste treatment and water quality control plans, regional transportation plans, regional housing allocation, regional blueprint plans, plans for the reduction of greenhouse gas emissions, habitat conservation plans, natural community conservation plans and regional land use plans;
- (f) A description of the direct and indirect significant environmental impacts of the proposed project explaining which, if any, can be avoided or mitigated to a level of insignificance, indicating reasons that various possible significant effects were determined not to be significant and denoting any significant effects that are unavoidable or could not be mitigated to a level of insignificance. Direct and indirect significant effects shall be clearly identified and described, giving due consideration to both short-term and long-term effects;
 - (g) Potentially significant energy implications of a project must be considered to the extent relevant and applicable to the project (see Local Guidelines Section 5.20);
 - (h) An analysis of a range of alternatives to the proposed project that could feasibly attain the project's objectives as discussed in Local Guidelines Section 7.23;
 - (i) A description of any significant irreversible environmental changes that would be involved in the proposed action should it be implemented if, and only if, the EIR is being prepared in connection with:
 - (1) The adoption, amendment, or enactment of a plan, policy, or ordinance of a public agency;
 - (2) The adoption by a Local Agency Formation Commission of a resolution making determinations; or
 - (3) A project that will be subject to the requirement for preparing an Environmental Impact Statement pursuant to NEPA;
 - (j) An analysis of the growth-inducing impacts of the proposed action. The discussion should include ways in which the project could foster economic or population growth, or the construction of additional housing, either directly or indirectly, in the surrounding environment. Growth-inducing impacts may include the estimated energy consumption of growth induced by the project;
 - (k) A discussion of any significant, reasonably anticipated future developments and the cumulative effects of all proposed and anticipated action as discussed in Local Guidelines Section 7.24;
 - (l) In certain situations, a regional analysis should be completed for certain impacts, such as air quality;
 - (m) A discussion of any economic or social effects, to the extent that they cause, or may be used to determine, significant environmental impacts;
 - (n) A statement briefly indicating the reasons that various possible significant effects of a project were determined not to be significant and, therefore, were not discussed in the EIR;
 - (o) The identity of all federal, state or local agencies or other organizations and private individuals consulted in preparing the EIR, and the identity of the persons, firm or agency preparing the EIR, by contract or other authorization. To the fullest extent possible, the

- District should integrate CEQA review with these related environmental review and consultation requirements;
- (p) A discussion of those potential effects of the proposed project on the environment that the District has determined are or may be significant. The discussion on other effects may be limited to a brief explanation as to why those effects are not potentially significant; and
 - (q) A description of feasible measures, as set forth in Local Guidelines Section 7.22, which could minimize significant adverse impacts.

(Reference: State CEQA Guidelines, §§ 15120-15148.)

7.19 CONSIDERATION AND DISCUSSION OF SIGNIFICANT ENVIRONMENTAL IMPACTS.

An EIR must identify and focus on the significant effects of the proposed project on the environment. In assessing the proposed project's potential impacts on the environment, the District should normally limit its examination to comparing changes that would result from the project as compared to the existing physical conditions in the affected area as they exist when the Notice of Preparation is published. If a Notice of Preparation is not published for the project, the District should compare the proposed project's potential impacts to the physical conditions that exist at the time environmental review begins. Direct and indirect significant effects of the project on the environment must be clearly identified and described, considering both the short-term and long-term effects. The discussion should include relevant specifics of the area, the resources involved, physical changes, alterations to ecological systems, and changes induced in population distribution, population concentration, the human use of the land (including commercial and residential development), health and safety problems caused by the physical changes, and other aspects of the project that may impact resources in the project area, such as water, historical resources, scenic quality, and public services. The EIR must also analyze any significant environmental effects the project might cause or risk exacerbating by bringing development and people into the area. If applicable, an EIR should also evaluate any potentially significant direct, indirect, or cumulative environmental impacts of locating development in areas susceptible to hazardous conditions (e.g., floodplains, coastlines, wildfire risk areas), including both short-term and long-term conditions, as identified on authoritative hazard maps, risk assessments or in land use plans addressing such hazards areas.

If analysis of the project's energy use reveals that the project may result in significant environmental effects due to wasteful, inefficient, or unnecessary use of energy, or wasteful use of energy resources, the EIR shall mitigate that energy use. This analysis should include the project's energy use for all project phases and components, including transportation-related energy, during construction and operation. In addition to building code compliance, other relevant considerations may include, among others, the project's size, location, orientation, equipment use and any renewable energy features that could be incorporated into the project. This analysis is subject to the rule of reason and shall focus on energy use that is caused by the project. This analysis may be included in related analyses of air quality, greenhouse gas emissions, transportation or utilities in the discretion of the Lead Agency.

The EIR must describe all significant impacts, including those that can be mitigated but not reduced to a level of insignificance. Where there are impacts that cannot be alleviated

without imposing an alternative design, their implications and the reasons why the project is being proposed, notwithstanding their effect, should be described.

The EIR must also discuss any significant irreversible environmental changes that would be caused by the project. For example, use of nonrenewable resources during the initial and continued phases of a project may be irreversible if a large commitment of such resources makes removal or nonuse thereafter unlikely. Additionally, irreversible commitment of resources may include a discussion of how the project preempts future energy development or future energy conservation. The discussion of irreversible commitment of resources may include a discussion of how the project preempts future energy development or future energy conservation. Irretrievable commitments of resources to the proposed project should be evaluated to assure that such current consumption is justified.

(Reference: Pub. Resources Code, § 21100.)

7.20 ENVIRONMENTAL SETTING

An EIR must include a description of the physical environmental conditions in the vicinity of the project. This environmental setting will normally constitute the baseline physical conditions by which the Lead Agency determines whether an impact is significant. The description of the environmental setting shall be no longer than is necessary to provide an understanding of the significant effects of the proposed project and its alternatives. The purpose of this requirement is to give the public and decision makers the most accurate and understandable picture practically possible of the project's likely near-term and long-term impacts.

(1) Generally, the Lead Agency should describe physical environmental conditions as they exist at the time the Notice of Preparation is published, or if no Notice of Preparation is published, at the time environmental analysis is commenced, from both a local and regional perspective. Where existing conditions change or fluctuate over time, and where necessary to provide the most accurate picture practically possible of the project's impacts, the Lead Agency may define existing conditions by referencing historic conditions, or conditions expected when the project becomes operational, or both, that are supported with substantial evidence. In addition, the Lead Agency may also use baselines consisting of both existing conditions and projected future conditions that are supported by reliable projections based on substantial evidence in the record.

(2) The Lead Agency may use projected future conditions (beyond the date of project operations) as the sole baseline for analysis only if it demonstrates with substantial evidence that use of existing conditions would be either misleading or without informative value to decision-makers and the public. Use of projected future conditions as the only baseline must be supported by reliable projections based on substantial evidence in the record.

(3) An existing conditions baseline shall not include hypothetical conditions—such as those that might be allowed, but have never actually occurred, under existing permits or plans—as the baseline.

(State CEQA Guidelines, § 15125.)

7.21 ANALYSIS OF CUMULATIVE IMPACTS.

An EIR must discuss cumulative impacts when the project's incremental effect is "cumulatively considerable" as defined in Local Guidelines Section 11.13. When the District is examining a project with an incremental effect that is not "cumulatively considerable," it need not consider that effect significant, but must briefly describe the basis for this conclusion. A project's contribution may be less than cumulatively considerable if the project is required to implement or fund its fair share of a mitigation measure designed to alleviate the cumulative impact. When relying on a fee program or mitigation measure(s), the District must identify facts and analysis supporting its conclusion that the cumulative impact is less than significant.

The District may determine that a project's incremental contribution to a cumulative effect is not cumulatively considerable if the project will comply with the requirements in a previously approved plan or mitigation program that provides specific requirements that will avoid or substantially lessen the cumulative problem in the geographic area in which the project is located. Such plans and programs may include, but are not limited to:

- (1) Water quality control plans;
- (2) Air quality attainment or maintenance plans;
- (3) Integrated waste management plans;
- (4) Habitat conservation plans;
- (5) Natural community conservation plans; and/or
- (6) Plans or regulations for the reduction of greenhouse gas emissions.

When relying on such a regulation, plan, or program, the District should explain how implementing the particular requirements of the plan, regulation or program will ensure that the project's incremental contribution to the cumulative effect is not cumulatively considerable.

A cumulative impact consists of an impact that is created as a result of the combination of the project evaluated in the EIR together with other projects causing related impacts. An EIR should not discuss impacts that do not result in part from the project evaluated in the EIR.

The discussion of cumulative impacts in an EIR must focus on the cumulative impacts to which the identified other projects contribute, rather than on the attributes of other projects that do not contribute to the cumulative impact. The discussion of significant cumulative impacts must include either of the following:

- (1) A list of past, present, and probable future projects causing related or cumulative impacts including, if necessary, those projects outside the control of the District;
or
- (2) A summary of projections contained in an adopted local, regional or statewide plan, or related planning document, that describes or evaluates conditions

contributing to the cumulative effect. Such plans may include: a general plan, regional transportation plan, or a plan for the reduction of greenhouse gas emissions. A summary of projections may also be contained in an adopted or certified prior environmental document for such a plan. Such projections may be supplemented with additional information such as a regional modeling program. Documents used in creating a summary of projections must be referenced and made available to the public.

When utilizing a list, as suggested above, factors to consider when determining whether to include a related project should include the nature of each environmental resource being examined and the location and type of project. Location may be important, for example, when water quality impacts are involved since projects outside the watershed would probably not contribute to a cumulative effect. Project type may be important, for example, when the impact is specialized, such as a particular air pollutant or mode of traffic.

Public Resources Code section 21094 also states that if a Lead Agency determines that a cumulative effect has been adequately addressed in an earlier EIR, it need not be examined in a later EIR if the later project's incremental contribution to the cumulative effect is not cumulatively considerable. A cumulative effect has been adequately addressed in the prior EIR if:

- (1) it has been mitigated or avoided as a result of the prior EIR; or
- (2) the cumulative effect has been examined in a sufficient level of detail to enable the effect to be mitigated or avoided by site-specific revisions, the imposition of conditions, or other means in connection with the approval of the later project.

Public Resources Code section 21094 only applies to earlier projects that (1) are consistent with the program, plan, policy, or ordinance for which an environmental impact report has been prepared and certified, (2) are consistent with applicable local land use plans and zoning of the city, county, or city and county in which the later project would be located and (3) are not subject to Public Resources Code section 21166.

If the Lead Agency determines that the cumulative effect has been adequately addressed in a prior EIR, the Lead Agency should clearly explain the basis for its determination in the current environmental documentation for the project.

The District should define the geographic scope of the area affected by the cumulative effect and provide a reasonable explanation for the geographic limitation used.

(Reference: State CEQA Guidelines, § 15130.)

7.22 ANALYSIS OF MITIGATION MEASURES.

The discussion of mitigation measures in an EIR must distinguish between measures proposed by project proponents and other measures proposed by Lead, Responsible or Trustee Agencies. This discussion shall identify mitigation measures for each significant environmental effect identified in the EIR.

Where several measures are available to mitigate an impact, each should be disclosed and the basis for selecting a particular measure should be identified. Formulation of mitigation measures shall not be deferred until some future time. The specific details of a mitigation measure, however, may be developed after project approval when it is impractical or infeasible to include those details during the project's environmental review provided that the Lead Agency (1) commits itself to the mitigation, (2) adopts specific performance standards the mitigation will achieve, and (3) identifies the type(s) of potential action(s) that can feasibly achieve that performance standard and that will be considered, analyzed, and potentially incorporated in the mitigation measure. Compliance with a regulatory permit or other similar process may be identified as mitigation if compliance would result in implementation of measures that would be reasonably expected, based on substantial evidence in the record, to reduce the significant impact to the specified performance standards.

If a mitigation measure would cause one or more significant effects in addition to those that would be caused by the project as proposed, the effects of the mitigation measure shall be disclosed but in less detail than the significant effects of the project itself.

If a project includes a housing development, the District may not reduce the project's proposed number of housing units as a mitigation measure or project alternative if the District determines that there is another feasible specific mitigation measure or project alternative that would provide a comparable level of mitigation without reducing the number of housing units.

Mitigation measures must be fully enforceable through permit conditions, agreements, or other legally binding instruments. In the case of the adoption of a plan, policy, regulation, or other public project, mitigation measures can be incorporated into the plan, policy, regulation, or project design. Mitigation measures must also be consistent with all applicable constitutional requirements such as the "nexus" and "rough proportionality" standards—i.e., there must be an essential nexus between the mitigation measure and a legitimate governmental interest, and the mitigation measure must be "roughly proportional" to the impacts of the project.

Where maintenance, repair, stabilization, rehabilitation, restoration, preservation, conservation or reconstruction of a historical resource will be conducted in a manner consistent with the Secretary of the Interior's "Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring and Reconstructing Historic Buildings" (1995), Weeks and Grimmer, the project's impact on the historical resource shall generally be considered mitigated below a level of significance and thus not significant.

The District should, whenever feasible, seek to avoid damaging effects on any historical resource of an archaeological nature. The following must be considered and discussed in an EIR for a project involving an archaeological site:

- (a) Preservation in place is the preferred manner of mitigating impacts to archaeological sites; and
- (b) Preservation in place may be accomplished by, but is not limited to, the following:
 - (1) Planning construction to avoid archaeological sites;
 - (2) Incorporation of sites within parks, green space, or other open spaces;

- (3) Covering the archaeological sites with a layer of chemically stable soil before building tennis courts, parking lots, or similar facilities on the site; and/or
- (4) Deeding the site into a permanent conservation easement.

When data recovery through excavation is the only feasible mitigation, a data recovery plan, which makes provision for adequately recovering the scientifically consequential information from and about the historical resource, shall be prepared and adopted prior to excavation. Such studies must be deposited with the California Historical Resources Regional Information Center.

Data recovery shall not be required for a historical resource if the District determines that existing testing or studies have adequately recovered the scientifically consequential information from and about the archaeological or historical resource, provided that the determination is documented in the EIR and that the studies are deposited with the California Historical Resources Regional Information Center.

(Reference: State CEQA Guidelines, § 15126.4.)

7.23 ANALYSIS OF ALTERNATIVES IN AN EIR.

The alternatives analysis must describe and evaluate the comparative merits of a range of reasonable alternatives to the project or to the location of the project which would feasibly attain most of the basic objectives of the project, but which would avoid or substantially lessen any of the significant effects of the project. An EIR need not consider every conceivable alternative to a project, and it need not consider alternatives that are infeasible. Rather, an EIR must consider a reasonable range of potentially feasible alternatives that will foster informed decision-making and public participation.

Purpose of the Alternatives Analysis: An EIR must identify ways to mitigate or avoid the significant effects that a project may have on the environment. For this reason, a discussion of alternatives must focus on alternatives to the project or its location that are capable of avoiding or substantially lessening any significant effect of the project, even if these alternatives would impede to some degree the attainment of the project objectives or would be more costly.

Selection of a Range of Reasonable Alternatives: The range of potential alternatives to the proposed project shall include those that could feasibly accomplish most of the basic purposes of the project and could avoid or substantially lessen one or more of the significant effects, even if those alternatives would be more costly or would impede to some degree the attainment of the project's objectives. The EIR should briefly describe the rationale for selecting the alternatives to be discussed. The EIR should also identify any alternatives that were considered by the Lead Agency and rejected as infeasible during the scoping process, and it should briefly explain the reasons for rejecting those alternatives. Additional information explaining the choice of alternatives should be included in the administrative record. Among the factors that may be used to eliminate alternatives from detailed consideration in an EIR are: (a) failure to meet most of the basic project objectives; (b) infeasibility; or (c) inability to avoid significant environmental impacts.

Evaluation of Alternatives: The EIR shall include sufficient information about each alternative to allow meaningful evaluation, analysis and comparison with the proposed project. A matrix displaying the major characteristics and significant environmental effects of each alternative may be used to summarize the comparison. The matrix may also identify and compare the extent to which each alternative meets project objectives. If an alternative would cause one or more significant effects in addition to those that would be caused by the project as proposed, the significant effects of the alternative shall be discussed but in less detail than the significant effects of the project as proposed.

The Rule of Reason: The range of alternatives required in an EIR is governed by a “rule of reason” which courts have held means that an alternatives discussion must be reasonable in scope and content. Therefore, the EIR must set forth only those alternatives necessary to permit public participation, informed decision-making, and a reasoned choice. The alternatives shall be limited to ones that would avoid or substantially lessen any of the significant effects of the project. Of those alternatives, the EIR need examine in detail only the ones the District determines could feasibly attain most of the basic objectives of the project. An EIR need not consider an alternative whose effect cannot be reasonably ascertained and whose implementation is remote and speculative.

Feasibility of Alternatives: The factors that may be taken into account when addressing the feasibility of alternatives include: site suitability; economic viability; availability of infrastructure; general plan consistency; other plans or regulatory limitations; jurisdictional boundaries (projects with a regionally significant impact should consider the regional context); and whether the proponent already owns the alternative site or can reasonably acquire, control or otherwise have access to the site. No one factor establishes a fixed limit on the scope of reasonable alternatives.

Alternative Locations: The first step in the alternative location analysis is to determine whether any of the significant effects of the project could be avoided or substantially lessened by putting the project in another location. This is the key question in this analysis. Only locations that would avoid or substantially lessen any of the significant effects of the project need be considered for inclusion in the EIR.

The second step in this analysis is to determine whether any of the alternative locations are feasible. If the District concludes that no feasible alternative locations exist, it must disclose its reasons, and it should include them in the EIR. When a previous document has sufficiently analyzed a range of reasonable alternative locations and environmental impacts for a project with the same basic purpose, the District should review the previous document and incorporate the previous document by reference. To the extent the circumstances have remained substantially the same with respect to an alternative, the EIR may rely on the previous document to help it assess the feasibility of the potential project alternative.

The “No Project” Alternative: The specific alternative of “no project” must be evaluated along with its impacts. The purpose of describing and analyzing the no project alternative is to allow decision-makers to compare the impacts of approving the proposed project with the impacts of not approving the proposed project. The no project alternative may be different from the baseline environmental conditions. The no project alternative will be the same

as the baseline only if it is identical to the existing environmental setting and the Lead Agency has chosen the existing environmental setting as the baseline.

A discussion of the “no project” alternative should proceed along one of two lines:

- (a) When the project is the revision of an existing land use or regulatory plan, policy or ongoing operation, the “no project” alternative will be the continuation of the existing plan, policy or operation into the future. Typically, this is a situation where other projects initiated under the existing plan will continue while the new plan is developed. Thus, the projected impacts of the proposed plan or alternative plans would be compared to the impacts that would occur under the existing plan; or
- (b) If the project is other than a land use or regulatory plan, for example a development project on identifiable property, the “no project” alternative is the circumstance under which the project does not proceed. This discussion would compare the environmental effects of the property remaining in its existing state against environmental effects that would occur if the project is approved. If disapproval of the project would result in predictable actions by others, such as the proposal of some other project, this “no project” consequence should be discussed.

After defining the “no project” alternative, the District should proceed to analyze the impacts of the “no project” alternative by projecting what would reasonably be expected to occur in the foreseeable future if the project were not approved, based on current plans and consistent with available infrastructure and community services. If the “no project” alternative is the environmentally superior alternative, the EIR must also identify another environmentally superior alternative among the remaining alternatives.

Remote or Speculative Alternatives: An EIR need not consider an alternative whose effect cannot be reasonably ascertained and whose implementation is remote and speculative.

(Reference: State CEQA Guidelines, § 15126.6.)

7.24 ANALYSIS OF FUTURE EXPANSION.

An EIR must include an analysis of the environmental effects of future expansion (or other similar future modifications) if there is credible and substantial evidence that:

- (a) The future expansion or action is a reasonably foreseeable consequence of the initial project; and
- (b) The future expansion or action is likely to change the scope or nature of the initial project or its environmental effects.

Absent these two circumstances, future expansion of a project need not be discussed. CEQA does not require speculative discussion of future development that is unspecific or uncertain. However, if future action is not considered now, it must be considered and environmentally evaluated before it is actually implemented.

(Reference: *Laurel Heights Improvement Ass’n v. Regents of University of California* (1988) 47 Cal.3d 376, 396.)

7.25 NOTICE OF COMPLETION OF DRAFT EIR; NOTICE OF AVAILABILITY OF DRAFT EIR.

Notice of Completion. When the Draft EIR is completed, a Notice of Completion (Form “H”) must be filed with OPR in an electronic form. The State Clearinghouse only accepts submissions of CEQA documents electronically via its “CEQA Submit database.” As of November 3, 2020, the State Clearinghouse no longer accepts printed copies of CEQA documents. For instructions on how to submit a document to the State Clearinghouse, see <http://www.opr.ca.gov/clearinghouse/ceqa/document-submission.html>. The Notice shall contain:

- (a) A brief description of the proposed project;
- (b) The location of the proposed project including the proposed project’s latitude and longitude;
- (c) An address where copies of the Draft EIR are available and a description of how the Draft EIR can be provided in an electronic format; and
- (d) The review period during which comments will be received on the Draft EIR.

OPR has developed a model form Notice of Completion. Form H follows OPR’s model. To ensure that the documents are accepted by OPR staff, this form should be used when documents are transmitted to OPR.

Notice of Availability. At the same time it sends a Notice of Completion to OPR, the District shall provide public notice of the availability of the Draft EIR by distributing a Notice of Availability of Draft EIR (Form “K”). The Notice of Availability shall include at least the following information:

- (a) A brief description of the proposed project and its location;
- (b) The starting and ending dates for the review period during which the District will receive comments, the manner in which the District will receive those comments, and whether the review period has been shortened;
- (c) The date, time, and place of any scheduled public meetings or hearings to be held by the District on the proposed project, if the District knows this information when it prepares the Notice;
- (d) A list of the significant environmental effects anticipated as a result of the project;
- (e) The address where copies of the EIR and all documents incorporated by reference in the EIR will be available for public review, and a description of how the Draft EIR can be obtained in electronic format. This location shall be readily accessible to the public during the District’s normal working hours ; and
- (f) A statement indicating whether the project site is included on any list of hazardous waste facilities, land designated as hazardous waste property, or hazardous waste disposal site, and, if so, the information required in the Hazardous Waste and Substances Statement pursuant to Government Code section 65962.5.

The Notice of Availability shall be provided to:

- (a) Each Responsible and Trustee Agency;
- (b) Any other federal, state, or local agency that has jurisdiction by law or exercises authority over resources affected by the project, including:

- (1) Any water supply agency consulted under Local Guidelines Section 5.16;
 - (2) Any city or county bordering on the project area;
 - (3) For a project of statewide, regional, or area-wide significance, any transportation agencies or public agencies that have major local arterials or public transit facilities within five (5) miles of the project site; or freeways, highways, or rail transit service within ten (10) miles of the project site that could be affected by the project;
 - (4) For a subdivision project located within one mile of a facility of the State Water Resources Development System, the California Department of Water Resources; and
 - (5) For a general plan amendment, a project of statewide, regional, or area-wide significance, or a project that relates to a public use airport, to any “military service” (defined in Section 11.42 of these Local Guidelines) that has provided the District with its contact office and address and notified the District of the specific boundaries of a “low-level flight path” (defined in Section 11.37 of these Local Guidelines), “military impact zone” (defined in Section 11.41 of these Local Guidelines), or “special use airspace” (defined in Section 11.67 of these Local Guidelines);
- (c) The last known name and address of all organizations and individuals who have previously filed a written request with the District to receive these Notices;
 - (d) For certain projects that may impact a low-level flight path, military impact zone, or special use airspace and that meet the other criteria of Local Guidelines Section 7.04, the specified military services contact;
 - (e) For certain projects that involve the construction or alteration of a facility anticipated to emit hazardous air emissions or handle hazardous substances within one-quarter mile of a school and that meet the other requirements of Local Guidelines Section 7.36, any potentially affected school district;
 - (f) For certain waste-burning projects that meet the requirements of Local Guidelines Section 5.11 (see also Local Guidelines Section 7.27), the owners and occupants of property within one-fourth mile of any parcel on which the project will be located; and
 - (g) For a project that establishes or amends a redevelopment plan that contains land in agricultural use, notice and a copy of the Draft EIR shall be provided to the agricultural and farm agencies and organizations specified in Health and Safety Code section 33333.3.

The District requires requests for copies of these Notices to be in writing and to be renewed annually; moreover, the District may charge a fee for the reasonable cost of providing these Notices. A project will not be invalidated due to a failure to send a requested Notice provided there has been substantial compliance with these notice provisions.

Staff may also consult with and obtain comments from any person known to have special expertise or any other person or organization whose comments relative to the Draft EIR would be desirable.

In addition, notice shall be given to the public by at least one of the following procedures:

- (a) Publication of the Notice of Completion and/or the Notice of Availability at least once in a newspaper of general circulation in the area affected by the proposed project. If more than one area will be affected, the notice shall be published in the newspaper of largest circulation from among the newspapers of general circulation in those areas;
- (b) Posting of the Notice of Completion and/or the Notice of Availability on and off site in the area where the project is to be located; or
- (c) Direct mailing of the Notice of Completion and/or the Notice of Availability to owners and occupants of property contiguous to the project, as identified on the latest equalized assessment roll.

The Notice of Completion and Notice of Availability shall be posted in the office of the Clerk in each county in which the project is located for at least thirty (30) days. If the public review period for the Draft EIR is longer than thirty (30) days, the District may wish to leave the Notice posted until the public review period for the Draft EIR has expired.

Copies of the Draft EIR shall also be made available at the District office for review by members of the general public. The District may require any person obtaining a copy of the Draft EIR to reimburse the District for the actual cost of its reproduction. Copies of the Draft EIR should also be furnished to appropriate public library systems.

The District is encouraged to make copies of filed notices available in electronic format on the Internet. Such electronic postings are in addition to the procedures required by the CEQA Guidelines and the Public Resources Code.

(Reference: State CEQA Guidelines, §§ 15085, 15087.)

7.26 SUBMISSION OF DRAFT EIR TO STATE CLEARINGHOUSE.

A Draft EIR must be submitted to the State Clearinghouse for review by state agencies in the following situations:

- (a) A state agency is the Lead Agency for the Draft EIR;
- (b) A state agency is a Responsible Agency, Trustee Agency, or otherwise has jurisdiction by law over resources potentially affected by the project; or
- (c) The Draft EIR is for a project identified in State CEQA Guidelines section 15206 as being a project of statewide, regional, or area-wide significance.

State CEQA Guidelines section 15206 identifies the following types of projects as being examples of projects of statewide, regional, or area-wide significance that require submission to the State Clearinghouse for circulation:

- (1) General plans, elements, or amendments for which an EIR was prepared;

- (2) Projects that have the potential for causing significant environmental effects beyond the city or county where the project would be located, such as:
 - (a) Residential development of more than 500 units;
 - (b) Commercial projects employing more than 1,000 persons or covering more than 500,000 square feet of floor space;
 - (c) Office building projects employing more than 1,000 persons or covering more than 250,000 square feet of floor space;
 - (d) Hotel or motel development of more than 500 rooms; and
 - (e) Industrial projects housing more than 1,000 persons, occupying more than 40 acres of land, or covering more than 650,000 square feet of floor area;
- (3) Projects for the cancellation of a Williamson Act contract covering more than 100 acres;
- (4) Projects in one of the following Environmentally Sensitive Areas:
 - (a) Lake Tahoe Basin;
 - (b) Santa Monica Mountains Zone;
 - (c) Sacramento-San Joaquin River Delta;
 - (d) Suisun Marsh;
 - (e) Coastal Zone, as defined by the California Coastal Act;
 - (f) Areas within one-quarter mile of a river designated as wild and scenic; or
 - (g) Areas within the jurisdiction of the San Francisco Bay Conservation and Development Commission;
- (5) Projects that would affect sensitive wildlife habitats or the habitats of any rare, threatened, or endangered species;
- (6) Projects that would interfere with water quality standards; and
- (7) Projects that would provide housing, jobs, or occupancy for 500 or more people within 10 miles of a nuclear power plant.

A Draft EIR may be submitted to the State Clearinghouse when a state agency has special expertise with regard to the environmental impacts involved.

When the Draft EIR will be reviewed through the State review process handled by the State Clearinghouse, a Notice of Completion (Form “H”) should be used as a cover sheet. The State Clearinghouse only accepts submissions of CEQA documents electronically via its “CEQA Submit database.” As of November 3, 2020, the State Clearinghouse no longer accepts printed copies of CEQA documents. For instructions on how to submit a document to the State Clearinghouse, see <http://www.opr.ca.gov/clearinghouse/ceqa/document-submission.html>.

Submission of the Draft EIR to the State Clearinghouse affects the timing of the public review period as set forth in Local Guidelines Section 7.28.

(Reference: State CEQA Guidelines, §§ 15205, 15206.)

7.27 SPECIAL NOTICE REQUIREMENTS FOR WASTE- AND FUEL-BURNING PROJECTS.

For any waste-burning project, as defined in Local Guidelines Section 5.11, in addition to the notice requirements specified in Local Guidelines Sections 7.25 and 7.26, Notice of Availability of the Draft EIR shall be given by direct mailing or any other method calculated to provide delivery of the notice to the owners and occupants of property within one-fourth mile of any parcel or parcels on which the project is located.

(Reference: Pub. Resources Code, § 21092(c).)

7.28 TIME FOR REVIEW OF DRAFT EIR; FAILURE TO COMMENT.

A period of between thirty (30) and sixty (60) days from the filing of the Notice of Completion of the Draft EIR shall be allowed for review of and comment on the Draft EIR, except in unusual situations. When a Draft EIR is submitted to the State Clearinghouse for review by state agencies, the public review period shall be at least forty-five (45) days, unless a shorter period is approved by the State Clearinghouse as discussed below.

For purposes of calculating the length of the public review period, the last day of the public review period cannot fall on a weekend, a legal holiday, or other day on which the lead agency's offices are closed.² (Reference: *Rominger v. County of Colusa* (2014) 229 Cal.App.4th 690, 708.) If a state agency is a Responsible Agency, or if the Draft EIR is submitted to the State Clearinghouse, the public review period shall be at least as long as the review period established by the State Clearinghouse. The public review period and the state agency review period may, but are not required to, begin and end at the same time. The state agency review period begins (day one) on the date that the State Clearinghouse distributes the Draft EIR to state agencies. The State Clearinghouse is required to distribute the Draft EIR to state agencies within three (3) working days from the date the State Clearinghouse receives the document, as long as the Draft EIR is complete when submitted to the State Clearinghouse. If the document submitted to the State Clearinghouse is not complete, the State Clearinghouse must notify the Lead Agency. The review period for the public and all other agencies may run concurrently with the state agency review period established by the State Clearinghouse.

Under certain circumstances, a shorter review period of the Draft EIR by the State Clearinghouse can be requested by the District; however, a shortened review period shall not be less than thirty (30) days for a Draft EIR. Any request for a shortened review period must be made in writing by the District to OPR. The District may designate a person to make these requests. The District must contact all Responsible and Trustee agencies and obtain their agreement prior to obtaining a shortened review period. (See the Shortened Review Request Form "P.") A shortened review period is not available for any proposed project of statewide, regional or area-wide environmental significance as determined pursuant to State CEQA

² A public agency's "offices are closed" for purposes of this section on days in which the agency is formally closed for business (for example, due to a weekend, a legal holiday, or a formal furlough affecting the entire office). A public agency's office is not considered closed for purposes of this section where the agency's office may be physically closed, but the agency is nonetheless open for business and is operating remotely or virtually (for example, in response to the Covid-19 pandemic).

Guidelines section 15206. Any approval of a shortened review period shall be given prior to, and reflected in, the public notices.

In the event a public agency, group, or person whose comments on a Draft EIR are solicited fails to comment within the required time period, it shall be presumed that such agency, group, or person has no comment to make, unless the Lead Agency has received a written request for a specific extension of time for review and comment and a statement of reasons for the request.

Continued planning activities concerning the proposed project, short of formal approval, may continue during the period set aside for review and comment on the Draft EIR.

(Reference: State CEQA Guidelines, §§ 15203, 15205(d).)

7.29 PUBLIC HEARING ON DRAFT EIR.

CEQA does not require formal public hearings for certification of an EIR; public comments may be restricted to written communications. (However, a hearing is required to utilize the limited exemption for Transit Priority Projects as explained in Local Guidelines Section 3.16; to adopt a bicycle transportation plan as explained in Local Guidelines Section 3.19; and for certain other actions involving the replacement or deletion of mitigation measures under State CEQA Guidelines section 15074.1.) However, if the District provides a public hearing on its consideration of a project, the District should include the project's environmental review documents as one of the subjects of the hearing. Notice of the time and place of the hearing shall be given in a timely manner in accordance with any legal requirements applicable to the proposed project. Generally, the requirements of the Ralph M. Brown Act will provide the minimum requirements for the inclusion of CEQA matters on agendas and at hearings. (Gov. Code, § 54950 et seq.) At a minimum, agendas for meetings and hearings before commissions, boards, councils, and other agencies must be posted in a location that is freely accessible to members of the public at least seventy-two (72) hours prior to a regular meeting. The agenda must contain a brief general description of each item to be discussed and the time and location of the meeting. (Gov. Code, § 54954.2.) Additionally, any legislative body or its presiding officer must post an agenda for each regular or special meeting on the local agency's Internet Web site, if the local agency has one.

(Reference: State CEQA Guidelines, § 15202.)

7.30 RESPONSE TO COMMENTS ON DRAFT EIR.

The Lead Agency shall evaluate any comments on environmental issues received during the public review period for the Draft EIR and shall prepare a written response to those comments that raise significant environmental issues.

As stated below, the District, as Lead Agency, should also consider evaluating and responding to any comments received after the public review period. The written responses shall describe the disposition of any significant environmental issues that are raised in the comments. The responses may take the form of a revision of the Draft EIR, an attachment to the Draft EIR, or some other oral or written response that is adequate under the circumstances. If the District's

position is at variance with specific recommendations or suggestions raised in the comment, the District's response must detail the reasons why such recommendations or suggestions were not accepted. The level of detail contained in the response, however, may correspond to the level of detail provided in the comment (i.e., responses to general comments may be general). A general response may be appropriate when a comment does not contain or specifically refer to readily available information, or does not explain the relevance of evidence submitted with the comment.

Moreover, the District shall respond to any specific suggestions for project alternatives or mitigation measures for significant impacts, unless such alternatives or mitigation measures are facially infeasible. The response shall contain recommendations, when appropriate, to alter the project as described in the Draft EIR as a result of an analysis of the comments received.

At least ten (10) days prior to certifying a Final EIR, the Lead Agency shall provide its proposed written response, either in printed copy or in an electronic format, to any public agency that has made comments on the Draft EIR during the public review period. The District, as Lead Agency, is not required to respond to comments received after the public review period. However, the District, as Lead Agency, should consider responding to all comments if it will not delay action on the Final EIR, since any comment received before final action on the EIR can form the basis of a legal challenge. A written response that addresses the comment or adequately explains the District's action in light of the comment may assist in defending against a legal challenge.

(Reference: State CEQA Guidelines, § 15088.)

7.31 PREPARATION AND CONTENTS OF FINAL EIR.

Following the receipt of any comments on the Draft EIR as required herein, such comments shall be evaluated by Staff and a Final EIR shall be prepared.

The Final EIR shall meet all requirements of Local Guidelines Section 7.18 and shall consist of the Draft EIR or a revision of the Draft, a section containing either verbatim or in summary the comments and recommendations received through the review and consultation process, a list of persons, organizations and public agencies commenting on the Draft, and a section containing the responses of the District to the significant environmental points raised in the review and consultation process.

(Reference: State CEQA Guidelines, §§ 15089, 15132.)

7.32 RECIRCULATION WHEN NEW INFORMATION IS ADDED TO EIR.

When significant new information is added to the EIR after notice and consultation but before certification, the Lead Agency must recirculate the Draft EIR for another public review period. The term "information" can include changes in the project or environmental setting as well as additional data or other information.

New information is significant only when the EIR is changed in a way that would deprive the public of a meaningful opportunity to comment upon a substantial adverse environmental

effect of a project or a feasible way to mitigate or avoid such an effect, including a feasible project alternative, that the project proponents decline to implement. Recirculation is required, for example, when:

- (1) New information added to an EIR discloses:
 - (a) A new significant environmental impact resulting from the project or from a new mitigation measure proposed to be implemented; or
 - (b) A significant increase in the severity of an environmental impact (unless mitigation measures are also adopted that reduce the impact to a level of insignificance); or
 - (c) A feasible project alternative or mitigation measure that clearly would lessen the significant environmental impacts of the project, but which the project proponents decline to adopt; or
- (2) The Draft EIR is so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded.

Recirculation is not required when the new information added to the EIR merely clarifies or amplifies or makes insignificant modifications in an adequate EIR. If the revision is limited to a few chapters or portions of the EIR, the District as Lead Agency need only recirculate the chapters or portions that have been modified. A decision to not recirculate an EIR must be supported by substantial evidence in the record.

When the District determines to recirculate a Draft EIR, it shall give Notice of Recirculation (Form “M”) to every agency, person, or organization that commented on the prior Draft EIR. The Notice of Recirculation must indicate whether new comments must be submitted and whether the District has exercised its discretion to require reviewers to limit their comments to the revised chapters or portions of the recirculated EIR. The District shall also consult again with those persons contacted pursuant to Local Guidelines Section 7.25 before certifying the EIR. When the EIR is substantially revised and the entire EIR is recirculated, the District may require that reviewers submit new comments and need not respond to those comments received during the earlier circulation period. In those cases, the District should advise reviewers that, although their previous comments remain part of the administrative record, the final EIR will not provide a written response to those comments, and new comments on the revised EIR must be submitted. The District need only respond to those comments submitted in response to the revised EIR.

When the EIR is revised only in part and the District is recirculating only the revised chapters or portions of the EIR, the District may request that reviewers limit their comments to the revised chapters or portions. The District need only respond to: (1) comments received during the initial circulation period that relate to chapters or portions of the document that were not revised and recirculated, and (2) comments received during the recirculation period that relate to the chapters or portions of the earlier EIR that were revised and recirculated.

When recirculating a revised EIR, either in whole or in part, the District must, in the revised EIR or by an attachment to the revised EIR, summarize the revisions made to the previously circulated draft EIR.

(Reference: State CEQA Guidelines, § 15088.5.)

7.33 CERTIFICATION OF FINAL EIR.

Following the preparation of the Final EIR, Staff shall review the Final EIR and make a recommendation to the decision-making body regarding whether the Final EIR has been completed in compliance with CEQA, the State CEQA Guidelines and the District's Local Guidelines. The Final EIR and Staff recommendation shall then be presented to the decision-making body. The decision-making body shall independently review and consider the information contained in the Final EIR and determine whether the Final EIR reflects its independent judgment. Before it approves the project, the decision-making body must certify and find that: (1) the Final EIR has been completed in compliance with CEQA, the State CEQA Guidelines and the District's Local Guidelines; (2) the Final EIR was presented to the decision-making body and the decision-making body reviewed and considered the information contained in the Final EIR before approving the project; and (3) the Final EIR reflects the District's independent judgment and analysis.

Except in those cases in which the Board of Directors is the final decision-making body for the project, any interested person may appeal the certification or denial of certification of a Final EIR to the Board of Directors. Appeals must follow the procedures prescribed by the District.

(Reference: State CEQA Guidelines, § 15090.)

7.34 CONSIDERATION OF EIR BEFORE APPROVAL OR DISAPPROVAL OF PROJECT.

Once the decision-making body has certified the EIR, it may then proceed to consider the proposed project for purposes of approval or disapproval.

(Reference: State CEQA Guidelines, § 15092.)

7.35 FINDINGS.

The decision-making body shall not approve or carry out a project if a completed EIR identifies one or more significant environmental effects of the project unless it makes one or more of the following written findings for each such significant effect, accompanied by a brief explanation of the rationale supporting each finding. For impacts that have been identified as potentially significant, the possible findings are:

- (a) Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment as identified in the Final EIR, such that the impact has been reduced to a less-than-significant level;

- (b) Such changes or alterations are within the responsibility and jurisdiction of another public agency and not the District. Such changes have been, or can and should be, adopted by that other agency; or
- (c) Specific economic, legal, social, technological or other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or alternatives identified in the Final EIR. The decision-making body must make specific written findings stating why it has rejected an alternative to the project as infeasible.

The findings required by this Section shall be supported by substantial evidence in the record. Measures identified and relied on to mitigate environmental impacts identified in the EIR to below a level of significance should be expressly adopted or rejected in the findings. The findings should include a description of the specific reasons for rejecting any mitigation measures or project alternatives identified in the EIR that would reduce the significant impacts of the project. Any mitigation measures that are adopted must be fully enforceable through permit conditions, agreements, or other measures.

If any of the proposed alternatives could avoid or lessen an adverse impact for which no mitigation measures are proposed, the District shall analyze the feasibility of such alternative(s). If the project is to be approved without including such alternative(s), the District shall find that specific economic, legal, social, technological or other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the alternatives identified in the Final EIR and shall list such considerations before such approval.

The decision-making body shall not approve or carry out a project as proposed unless: (1) the project as approved will not have a significant effect on the environment; or (2) the project's significant environmental effects have been eliminated or substantially lessened (as determined through one or more of the findings indicated above), and any remaining unavoidable significant effects have been found acceptable because of facts and circumstances described in a Statement of Overriding Considerations (see Local Guidelines Section 7.37). Statements in the Draft EIR or comments on the Draft EIR are not determinative of whether the project will have significant effects.

When making the findings required by this Section, the District as Lead Agency shall specify the location and custodian of the documents or other material which constitute the record of proceedings upon which it based its decision.

(Reference: State CEQA Guidelines, § 15091.)

7.36 SPECIAL FINDINGS REQUIRED FOR FACILITIES THAT MAY EMIT HAZARDOUS AIR EMISSIONS NEAR SCHOOLS.

Special procedural rules apply to projects involving the construction or alteration of a facility within one-quarter mile of a school when: (1) the facility might reasonably be anticipated to emit hazardous air emissions or to handle an extremely hazardous substance or a mixture containing extremely hazardous substances in a quantity equal to or greater than the threshold specified in Health and Safety Code section 25532(j); and (2) the emissions or

substances may pose a health or safety hazard to persons who would attend or would be employed at the school. If the project meets both of those criteria, the Lead Agency may not certify an EIR or approve a Negative Declaration or Mitigated Negative Declaration unless it makes a finding that:

- (a) The Lead Agency consulted with the affected school district or districts having jurisdiction over the school regarding the potential impact of the project on the school; and
- (b) The school district was given written notification of the project not less than thirty (30) days prior to the proposed certification of the EIR or approval of the Negative Declaration or Mitigated Negative Declaration.

Implementation of this Local Guideline shall be consistent with the definitions and terms utilized in State CEQA Guidelines section 15186.

Additionally, in its role as a Responsible Agency, the District should be aware that for projects involving the acquisition of a school site or the construction of a secondary or elementary school by a school district, the Negative Declaration, Mitigated Negative Declaration, or EIR prepared for the project may not be adopted or certified unless there is sufficient information in the entire record to determine whether any boundary of the school site is within 500 feet of the edge of the closest traffic lane of a freeway or other busy traffic corridor.

If it is determined that the project involves the acquisition of a school site that is within 500 feet of the edge of the closest traffic lane of a freeway, or other busy traffic corridor, the Negative Declaration, Mitigated Negative Declaration, or EIR may not be adopted or certified unless the school board determines, through a health risk assessment pursuant to Section 44360(b)(2) of the Health and Safety Code and after considering any potential mitigation measures, that the air quality at the proposed project site does not present a significant health risk to pupils.

(Reference: State CEQA Guidelines, § 15186.)

7.37 STATEMENT OF OVERRIDING CONSIDERATIONS.

Before a project that has unmitigated significant adverse environmental effects can be approved, the decision-making body must adopt a Statement of Overriding Considerations. If the decision-making body finds in the Statement of Overriding Considerations that specific benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered “acceptable.”

Accordingly, the Statement of Overriding Considerations allows the decision-making body to approve a project despite one or more unmitigated significant environmental impacts identified in the Final EIR. A Statement of Overriding Considerations can be made only if feasible project alternatives or mitigation measures do not exist to reduce the environmental impact(s) to a level of insignificance and the benefits of the project outweigh the adverse environmental effect(s). The feasibility of project alternatives or mitigation measures is determined by whether the project alternative or mitigation measure can be accomplished within

a reasonable period of time, taking into account economic, environmental, social, legal and technological factors.

Project benefits that are appropriate to consider in the Statement of Overriding Considerations include the economic, legal, environmental, technological and social value of the project. The District may also consider region-wide or statewide environmental benefits.

Substantial evidence in the entire record must justify the decision-making body's findings and its use of the Statement of Overriding Considerations. If the decision-making body makes a Statement of Overriding Considerations, the Statement must be included in the record of the project approval and it should be referenced in the Notice of Determination.

(Reference: State CEQA Guidelines, § 15093.)

7.38 MITIGATION MONITORING OR REPORTING PROGRAM FOR EIR.

When making findings regarding an EIR, the District must do all of the following:

- (a) Adopt a reporting or monitoring program to assure that mitigation measures that are required to mitigate or avoid significant effects on the environment will be implemented by the project proponent or other responsible party in a timely manner, in accordance with conditions of project approval;
- (b) Make sure all conditions and mitigation measures are feasible and fully enforceable through permit conditions, agreements, or other measures. Such permit conditions, agreements, and measures must be consistent with applicable constitutional requirements such as the “nexus” and “rough proportionality” standards established by case law; and
- (c) Specify the location and the custodian of the documents which constitute the record of proceedings upon which the District based its decision in the resolution certifying the EIR.

There is no requirement that the reporting or monitoring program be circulated for public review; however, the District may choose to circulate it for public comments along with the Draft EIR. Any mitigation measures required to mitigate or avoid significant effects on the environment shall be adopted and made fully enforceable, such as by being imposed as conditions of project approval.

The adequacy of a mitigation monitoring program is determined by the “rule of reason.” This means that a mitigation monitoring program does not need to provide every imaginable measure. It needs only to provide measures that are reasonably feasible and that are necessary to avoid significant impacts or to reduce the severity of impacts to a less-than-significant level.

The mitigation monitoring or reporting program shall be designed to assure compliance with the mitigation measures during the implementation and construction of the project. If a Responsible Agency or Trustee Agency has required that certain conditions be incorporated into the project, the District may request that agency to prepare and submit a proposed reporting or monitoring program. The District shall also require that, prior to the close of the public review period for a Draft EIR, the Responsible or Trustee Agency submit detailed performance objectives for mitigation measures, or refer the District to appropriate, readily available

guidelines or reference documents. Any mitigation measures submitted to the District by a Responsible or Trustee Agency shall be limited to measures that mitigate impacts to resources that are within the Responsible or Trustee Agency's authority.

When a project is of statewide, regional, or area-wide significance, any transportation information resulting from the reporting or monitoring program required to be adopted by the District shall be submitted to the regional transportation planning agency where the project is located and to the Department of Transportation. The transportation planning agency and the Department of Transportation are required by law to adopt guidelines for the submittal of these reporting or monitoring programs, so the District may wish to tailor its submittal to such guidelines.

Local agencies have the authority to levy fees sufficient to pay for this program. Therefore, the District may impose a program to charge project proponents fees to cover actual costs of program processing and implementation.

The District may delegate reporting or monitoring responsibilities to an agency or to a private entity that accepts the delegation; however, until mitigation measures have been completed, the District remains responsible for ensuring that implementation of the mitigation measures occurs in accordance with the program.

The District may choose whether its program will monitor mitigation, report on mitigation, or both. "Reporting" is defined as a written compliance review that is presented to the Board or an authorized staff person. A report may be required at various stages during project implementation or upon completion of the mitigation measure. Reporting is suited to projects that have readily measurable or quantitative mitigation measures or that already involve regular review. "Monitoring" is generally an ongoing or periodic process of project oversight. Monitoring is suited to projects with complex mitigation measures that may exceed the expertise of the District to oversee, are expected to be implemented over a period of time, or require careful implementation to assure compliance.

At its discretion, the District may adopt standardized policies and requirements to guide individually adopted programs.

Standardized policies or requirements for monitoring and reporting may describe, but are not limited to:

- (a) The relative responsibilities of various departments within the District for various aspects of the program;
- (b) The responsibilities of the project proponent;
- (c) Guidelines adopted by the District to govern preparation of programs;
- (d) General standards for determining project compliance with the mitigation measures and related conditions of approval;
- (e) Enforcement procedures for noncompliance, including provisions for administrative appeal; and/or
- (f) A process for informing the Board and staff of the relative success of mitigation measures and using those results to improve future mitigation measures.

When a project is of statewide, regional, or area-wide importance, any transportation information generated by a mitigation monitoring or reporting program must be submitted to the transportation planning agency in the region where the project is located, as well as to the Department of Transportation.

(Reference: State CEQA Guidelines, § 15097.)

7.39 NOTICE OF DETERMINATION.

After approval of a project for which the District is the Lead Agency, Staff shall cause a Notice of Determination (Form “F”) to be prepared, filed, and posted. The Notice of Determination shall include the following information:

- (a) An identification of the project, including its common name, where possible, and its location. If the notice of determination is filed with the State Clearinghouse, the State Clearinghouse identification number for the draft EIR shall be provided.
- (b) A brief description of the project;
- (c) The District’s name and the applicant’s name (if any). If different from the applicant, the Notice of Determination shall further provide, if applicable, the identity of the person undertaking the project that is supported, in whole or in part, through contracts, grants, subsidies, loans, or other forms of assistance from one or more public agencies, or the identity of the person receiving a lease, permit, license, certificate, or other entitlement for use from one or more public agencies.
- (d) The date when the District approved the project;
- (e) Whether the project in its approved form with mitigation will have a significant effect on the environment;
- (f) A statement that an EIR was prepared and certified pursuant to the provisions of CEQA;
- (g) Whether mitigation measures were made a condition of the approval of the project, and whether a mitigation monitoring plan/program was adopted;
- (h) Whether findings were made and/or whether a Statement of Overriding Considerations was adopted for the project; and
- (i) The address where a copy of the EIR (with comments and responses) and the record of project approval may be examined by the general public.

The Notice of Determination shall be filed with the Clerk of each county in which the project will be located within five (5) working days of project approval. (To determine the fees that must be paid with the filing of the Notice of Determination, see Local Guidelines Section 7.42 and the Staff Summary of the CEQA Process.) The County Clerk is required to post the Notice of Determination within twenty-four (24) hours of receipt. The Notice must be posted in the office of the Clerk for a minimum of thirty (30) days. Thereafter, the Clerk shall return the notice to the District with a notation of the period it was posted. The District shall retain the notice for not less than twelve (12) months.

Simultaneously with the filing of the Notice of Determination with the Clerk, Staff shall cause a copy of such Notice to be posted at District Offices. If the project requires discretionary approval from a state agency, the Notice of Determination shall also be filed with OPR within five (5) working days of project approval, along with proof that the District has paid the County

Clerk the DFW fee or a completed form from DFW documenting DFW's determination that the project will have no effect on fish and wildlife. (If the District submits the Notice of Determination in person, the District may bring an extra copy to be date stamped by OPR.)

When a request is made for a copy of the Notice of Determination prior to the date on which the District approves the project, the copy must be mailed, first class postage prepaid, within five (5) days of the District's approval. If such a request is made following the District's approval of the project, then the copy should be mailed in the same manner as soon as possible. The recipients of such documents may be charged a fee reasonably related to the cost of providing the service.

The District may make copies of filed notices available in electronic format on the Internet. Such electronic notices, if provided, are in addition to the posting requirements of the CEQA Guidelines and the Public Resources Code.

For projects with more than one phase, Staff shall file a Notice of Determination for each phase requiring a discretionary approval. The filing and posting of a Notice of Determination with the Clerk, and, if necessary, with OPR, usually starts a thirty (30) day statute of limitations on court challenges to the approval under CEQA. When separate notices are filed for successive phases of the same overall project, the thirty (30) day statute of limitation to challenge the subsequent phase begins to run when the second notice is filed. Failure to file the Notice may result in a one hundred eighty (180) day statute of limitations.

(Reference: State CEQA Guidelines, § 15094.)

7.40 DISPOSITION OF A FINAL EIR.

The District shall file a copy of the Final EIR with the appropriate planning agency of any city or county where significant effects on the environment may occur. The District shall also retain one or more copies of the Final EIR as a public record for a reasonable period of time. Finally, for private projects, the District may require that the project applicant provide a copy of the certified Final EIR to each Responsible Agency.

(Reference: State CEQA Guidelines, § 15095.)

7.41 PRIVATE PROJECT COSTS.

For private projects, the person or entity proposing to carry out the project shall be charged a reasonable fee to recover the estimated costs incurred by the District in preparing, circulating, and filing the Draft and Final EIRs, as well as all publication costs incident thereto.

7.42 FILING FEES FOR PROJECTS THAT AFFECT WILDLIFE RESOURCES.

At the time a Notice of Determination for an EIR is filed with the County or Counties in which the project is located, a fee of \$3,445.25, or the then applicable fee, shall be paid to the Clerk for projects that will adversely affect fish or wildlife resources. These fees are collected by the Clerk on behalf of DFW.

Only one filing fee is required for each project unless the project is tiered or phased and separate environmental documents are prepared. For projects where Responsible Agencies file separate Notices of Determination, only the Lead Agency is required to pay the fee.

Note: County Clerks are authorized to charge a documentary handling fee for each project in addition to the Fish and Wildlife fees specified above. Refer to the Index in the Staff Summary to help determine the correct total amount of fees applicable to the project.

For private projects, the District should pass these costs on to the project applicant.

No fees are required for projects with “no effect” on fish or wildlife resources or for certain projects undertaken by the DFW and implemented through a contract with a non-profit entity or local government agency. (See Local Guidelines Section 6.24 for more information regarding a “no effect” determination.)

8. TYPES OF EIRS

8.01 EIRS GENERALLY.

This chapter describes a number of examples of various EIRs tailored to different situations. All of these types of EIRs must meet the applicable requirements of Chapter 7 of these Local Guidelines.

8.02 TIERING.

(a) Tiering Generally.

“Tiering” refers to using the analysis of general matters contained in a previously certified broader EIR in later EIRs, Negative Declarations, or Mitigated Negative Declarations prepared for narrower projects. The later EIR, Negative Declaration, or Mitigated Negative Declaration may incorporate by reference the general discussions from the broader EIR and may concentrate solely on the issues specific to the later project.

An Initial Study shall be prepared for the later project and used to determine whether a previously certified EIR may be used and whether new significant effects should be examined. Tiering does not excuse the District from adequately analyzing reasonably foreseeable significant environmental effects of a project, nor does it justify deferring analysis to a later tier EIR, Negative Declaration, or Mitigated Negative Declaration. However, the level of detail contained in a first-tier EIR need not be greater than that of the program, plan, policy, or ordinance being analyzed. When the District is using the tiering process in connection with an EIR for a large-scale planning approval, such as a general plan or component thereof (e.g., an area plan, specific plan or community plan), the development of detailed, site-specific information may not be feasible. Such site-specific information can be deferred, in many instances, until such time as the Lead Agency prepares a future environmental document in connection with a project of a more limited geographical scale, as long as deferral does not prevent adequate identification of significant effects of the planning approval at hand.

(b) Identifying New Significant Impacts.

When assessing whether there is a new significant cumulative effect for purposes of a subsequent tier environmental document, the Lead Agency shall consider whether the incremental effects of the project would be considerable when viewed in the context of past, present, and probable future projects.

A Lead Agency may use only a valid CEQA document as a first-tier document. Accordingly, the District, in its role as Lead Agency, should carefully review the first-tier environmental document to determine whether or not the statute of limitations for challenging the document has run. If the statute of limitations has not expired, the District should use the first-tier document with caution and pay careful attention to the legal status of the document. If the first-tier document is subsequently invalidated, any later environmental document may also be defective.

(c) Infill Projects and Tiering.

Certain “infill” projects may tier off of a previously certified EIR. An “infill” project is defined as a project with residential, retail, and/or commercial uses, a transit station, a school, or a public office building. It must be located in an urban area on a previously developed site or on an undeveloped site that is surrounded by developed uses. The project must be either consistent with land use planning strategies that achieve greenhouse gas (“GHG”) emission reduction targets, feature a small walkable community project, or where a sustainable communities or alternative planning strategy has not yet been adopted for the area, include a residential density of at least 20 units per acre or a floor area ratio of at least 0.75. The project must also meet a number of standards related to energy efficiency that are not yet defined but which SB 226 directs the Office of Planning and Research to prepare.

If an EIR was certified for a planning level decision by a city or county (such as a General Plan or Specific Plan), the scope of the CEQA review for a later “infill” project can be limited to those effects on the environment that: 1) are specific to the project or to the project site and were not addressed as significant effects in the prior EIR; or 2) substantial new information shows will be more significant than described in the prior EIR.

When a project meets the definition of “infill” and either of the above conditions exist but a Mitigated Negative Declaration cannot be adopted, then the subsequent EIR for such a project need not consider alternative locations, densities, and building intensities or growth-inducing impacts.

(d) Statement of Overriding Considerations.

A Lead Agency may also tier off of a previously prepared Statement of Overriding Considerations if certain conditions are met. (See Local Guidelines Section 7.37.)

(Reference: State CEQA Guidelines, § 15152.)

8.03 PROJECT EIR.

The most common type of EIR examines the environmental impacts of a specific development project and focuses primarily on the changes in the environment that would result from the development project. This type of EIR must examine all phases of the project, including planning, construction, and operation.

If the EIR for a redevelopment plan is a Project EIR, all public and private activities or undertakings pursuant to or in furtherance of the Redevelopment Plan shall constitute a single project, which shall be deemed approved at the time of the adoption of the Redevelopment Plan. Although the District will probably not act as a Lead Agency for a Redevelopment Plan, the District may act as a Responsible Agency.

(Reference: State CEQA Guidelines, §§ 15161, 15180.)

8.04 SUBSEQUENT EIR.

A Subsequent EIR is required when a previous EIR has been prepared and certified, or a Negative Declaration or Mitigated Negative Declaration has been adopted, for a project and at least one of the three following situations occur:

- (a) Substantial changes are proposed in the project which will require major revisions of a previous EIR due to the identification of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- (b) Substantial changes occur with respect to the circumstances under which the project is to be undertaken which will require major revisions of a previous EIR due to the identification of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
- (c) New information, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete or the Negative Declaration/Mitigated Negative Declaration was adopted, becomes available and shows any of the following:
 - (1) the project will have one or more significant effects not discussed in a previous EIR, Negative Declaration, or Mitigated Negative Declaration;
 - (2) significant effects previously examined will be substantially more severe than shown in a previous EIR;
 - (3) mitigation measures or alternatives previously found not to be feasible are in fact feasible and would substantially reduce one or more significant effects, but the project proponent declines to adopt the mitigation measures or alternatives; or
 - (4) mitigation measures or alternatives which were not considered in a previous EIR would substantially lessen one or more significant effects on the environment, but the project proponent declines to adopt the mitigation measures or alternatives.

A Subsequent EIR must receive the same circulation and review as the previous EIR received. As a potential tool to determine whether a Subsequent EIR is required, see Form J-1 of these Local Guidelines.

In instances where the District is evaluating a modification or revision to an existing use permit, the District may consider only those environmental impacts related to the changes between what was allowed under the old permit and what is requested under the new permit. Only if these differential impacts fall within the categories described above may the District require additional environmental review.

When the District is considering approval of a development project that is consistent with a general plan for which an EIR was completed, another EIR is required only if the project causes environmental effects peculiar to the parcel which were not addressed in the prior EIR or substantial new information shows the effects peculiar to the parcel will be more significant than described in the prior EIR. (Reference: State CEQA Guidelines, § 15162.)

8.05 SUPPLEMENTAL EIR.

The District may choose to prepare a Supplemental EIR, rather than a Subsequent EIR, if any of the conditions described in Local Guidelines Section 8.04 have occurred but only minor additions or changes would be necessary to make the previous EIR adequately apply to the project in the changed situation. To assist the District in making this determination, the decision-making body should request an Initial Study and/or a recommendation by Staff. The Supplemental EIR need contain only the information necessary to make the previous EIR adequate for the project as revised.

A Supplemental EIR shall be given the same kind of notice and public review as is given to a Draft EIR but may be circulated by itself without recirculating the previous EIR.

When the decision-making body decides whether to approve the project, it shall consider the previous EIR as revised by the Supplemental EIR. Findings shall be made for each significant effect identified in the Supplemental EIR.

(Reference: State CEQA Guidelines, § 15163.)

8.06 ADDENDUM TO AN EIR.

The District shall prepare an Addendum to a previously certified EIR, rather than a Subsequent or Supplemental EIR, only if changes or additions to the EIR are necessary, but none of the conditions described in Local Guidelines Section 8.04 or 8.05 calling for preparation of a Subsequent or Supplemental EIR have occurred. Since significant effects on the environment were addressed by findings in the original EIR, no new findings are required in the Addendum.

An Addendum to an EIR need not be circulated for public review but should be included in or attached to the Final EIR. The decision-making body shall consider the Addendum with the Final EIR prior to making a decision on a project. A brief explanation of the decision not to prepare a Subsequent EIR or a Supplemental EIR should be included in the Addendum, the Lead Agency's findings on the project, or elsewhere in the record. This explanation must be supported by substantial evidence.

(Reference: State CEQA Guidelines, § 15164.)

8.07 STAGED EIR.

When a large capital project will require a number of discretionary approvals from governmental agencies and one of the approvals will occur more than two years before construction will begin, a Staged EIR may be prepared. The Staged EIR covers the entire project in a general form or manner. A Staged EIR should evaluate a proposal in light of current and contemplated plans and produce an informed estimate of the environmental consequences of an entire project. The particular aspect of the project before the District for approval shall be discussed with a greater degree of specificity.

When a Staged EIR has been prepared, a Supplemental EIR shall be prepared when a later approval is required for the project and the information available at the time of the later

approval would permit consideration of additional environmental impacts, mitigation measures, or reasonable alternatives to the project.

(Reference: State CEQA Guidelines, § 15167.)

8.08 PROGRAM EIR.

A Program EIR is an EIR that may be prepared on an integrated series of actions that are related either:

- (a) Geographically;
- (b) As logical parts in a chain of contemplated actions;
- (c) In connection with the issuance of rules, regulations, plans or other general criteria to govern the conduct of a continuing program; or
- (d) As individual projects carried out under the same authorizing statutory or regulatory authority and having generally similar environmental effects that can be mitigated in similar ways.

An advantage of using a Program EIR is that it can “[a]llow the Lead Agency to consider broad policy alternatives and program wide mitigation measures at an early time when the agency has greater flexibility to deal with basic problems or cumulative impacts.” (State CEQA Guidelines section 15168(b)(4).) A Program EIR is distinct from a Project EIR, as a Project EIR is prepared for a specific project and must examine in detail site-specific considerations. Program EIRs are commonly used in conjunction with the process of tiering.

Tiering is the coverage of general matters in broader EIRs (such as on general plans or policy statements) with subsequent narrower EIRs. (State CEQA Guidelines section 15385; see also Local Guidelines Sections 8.02 and 11.73.) Tiering is proper “when it helps a public agency to focus upon the issues ripe for decision at each level of environmental review and in order to exclude duplicative analysis of environmental effects examined in previous environmental impact reports.” (Pub. Res. Code, § 21093(a).) For example, the California Supreme Court has ruled that “CEQA does not mandate that a first-tier program EIR identify with certainty particular sources of water for second-tier projects that will be further analyzed before implementation during later stages of the program. Rather, identification of specific sources is required only at the second-tier stage when specific projects are considered.” (*In re Bay-Delta etc.* (2008) 43 Cal. 4th 1143.)

Subsequent activities in the program must be examined in light of the Program EIR to determine whether additional environmental documents must be prepared. Additional environmental review documents must be prepared if the proposed later project may arguably cause significant adverse effects on the environment.

(Reference: State CEQA Guidelines, § 15168.)

8.09 USE OF A PROGRAM EIR WITH SUBSEQUENT EIRS AND NEGATIVE DECLARATIONS.

A Program EIR can be used to simplify the task of preparing environmental documents on later activities in the program. The Program EIR can:

- (a) Provide the basis for an Initial Study to determine whether the later activity may have any significant effects;
- (b) Be incorporated by reference to deal with regional influences, secondary effects, cumulative impacts, broad alternatives and other factors that apply to the program as a whole; or
- (c) Focus an EIR on a later activity to permit discussion solely of new effects which had not been considered before.

If a Program EIR is prepared for a redevelopment plan, subsequent activities in the redevelopment program will be subject to review if they would have effects that were not examined in the Program EIR. Where the later activities involve site-specific operations, the District should use a written checklist or similar device to document the evaluation of the site and the proposed activity to determine whether the environmental effects of the operation were within the scope of the Program EIR. If a later activity would have effects that were not examined in the Program EIR, a new Initial Study would need to be prepared leading to an EIR, Negative Declaration, or Mitigated Negative Declaration. That later analysis may tier from the Program EIR as provided in State CEQA Guidelines section 15152.

If the District finds that no Subsequent EIR would be required, the District can approve the activity as being within the scope of the project covered by the Program EIR, and no new environmental document is required. (See Local Guidelines Section 8.04.) Whether a later activity is within the scope of a Program EIR is a factual question that the Lead Agency determines based on substantial evidence in the record. Factors that the Lead Agency may consider in making that determination include, but are not limited to, consistency of the later activity with the type of allowable land use, overall planned density and building intensity, geographic area analyzed for environmental impacts, and covered infrastructure, as described in the Program EIR.

(Reference: State CEQA Guidelines, § 15168.)

8.10 USE OF AN EIR FROM AN EARLIER PROJECT.

A single EIR may be used to describe more than one project when the projects involve substantially identical environmental impacts. Any environmental impacts peculiar to one of the projects must be separately set forth and explained.

(Reference: State CEQA Guidelines, § 15165.)

8.11 MASTER EIR.

A Master EIR is an EIR which may be prepared for:

- (a) A general plan (including elements and amendments);
- (b) A specific plan;
- (c) A project consisting of smaller individual projects to be phased;
- (d) A regulation to be implemented by subsequent projects;
- (e) A project to be carried out pursuant to a development agreement;
- (f) A project pursuant to or furthering a redevelopment plan;

- (g) A state highway or mass transit project subject to multiple reviews or approvals; or
- (h) A regional transportation plan or congestion management plan.

A Master EIR must do both of the following:

- (a) Describe and present sufficient information about anticipated subsequent projects within its scope, including their size, location, intensity, and scheduling; and
- (b) Preliminarily describe potential impacts of anticipated subsequent projects for which insufficient information is available to support a full impact assessment.

The District and Responsible Agencies identified in the Master EIR may use the Master EIR to limit environmental review of subsequent projects. However, the Lead Agency for the subsequent project must prepare an Initial Study to determine whether the subsequent project and its significant environmental effects were included in the Master EIR. If the Lead Agency for the subsequent project finds that the subsequent project will have no additional significant environmental effect and that no new mitigation measures or alternatives may be required, it may prepare written findings to that effect without preparing a new environmental document. When the Lead Agency makes this finding, it must provide public notice of the availability of its proposed finding for public review and comment in the same manner as if it were providing public notice of the availability of a draft EIR. (See Sections 15177(d) and 15087 of the State CEQA Guidelines and Section 7.25 of these Local Guidelines.)

A previously certified Master EIR cannot be relied upon to limit review of a subsequent project if:

- (a) A project not identified in the certified Master EIR has been approved and that project may affect the adequacy of the Master EIR for the subsequent project now under consideration; or
- (b) The Master EIR was certified more than five (5) years before the filing of an application for the subsequent project, unless the District reviews the adequacy of the Master EIR and:
 - (1) Finds that, since the Master EIR was certified, no substantial changes have occurred that would cause the subsequent project to have significant environmental impacts, and there is no new information that the subsequent project would have significant environmental impacts; or
 - (2) Prepares an Initial Study and either certifies a Subsequent or Supplemental EIR or adopts a Mitigated Negative Declaration that addresses any substantial changes or new information that would cause the subsequent project to have potentially significant environmental impacts. The certified subsequent or supplemental EIR must either be incorporated into the previously certified Master EIR or the District must identify any deletions, additions or other modifications to the previously certified Master EIR in the new document. The District may include a section in the subsequent or supplemental EIR that identifies these changes to the previously certified Master EIR.

When the Lead Agency cannot find that the subsequent project will have no additional significant environmental effect and no new mitigation measures or alternatives will be required, it must prepare either a Mitigated Negative Declaration or an EIR for the subsequent project.

(Reference: State CEQA Guidelines, § 15175.)

8.12 FOCUSED EIR.

A Focused EIR is an EIR for a subsequent project identified in a Master EIR. It may be used only if the District finds that the Master EIR's analysis of cumulative, growth-inducing, and irreversible significant environmental effects is adequate for the subsequent project. The Focused EIR must incorporate by reference the Master EIR.

The Focused EIR must analyze additional significant environmental effects not addressed in the Master EIR and any new mitigation measures or alternatives not included in the Master EIR. "Additional significant effects on the environment" means those project-specific effects on the environment that were not addressed as significant effects on the environment in the Master EIR.

The Focused EIR must also examine the following:

- (a) Significant effects discussed in the Master EIR for which substantial new information exists that shows those effects may be more significant than described in the Master EIR;
- (b) Those mitigation measures found to be infeasible in the Master EIR for which substantial new information exists that shows the effects may be more significant than described in the Master EIR; and
- (c) Those mitigation measures found to be infeasible in the Master EIR for which substantial new information exists that shows those measures may now be feasible.

The Focused EIR need not examine the following effects:

- (a) Those that were mitigated through Master EIR mitigation measures; or
- (b) Those that were examined in the Master EIR in sufficient detail to allow project-specific mitigation or for which mitigation was found to be the responsibility of another agency.

A Focused EIR may be prepared for a multifamily residential project not exceeding 100 units or a mixed use residential project not exceeding 100,000 square feet even though the project was not identified in a Master EIR, if the following conditions are met:

- (a) The project is consistent with a general plan, specific plan, community plan, or zoning ordinance for which an EIR was prepared within five (5) years of the Focused EIR's certification;
- (b) The project does not require the preparation of a Subsequent or Supplemental EIR; and
- (c) The parcel is surrounded by immediately contiguous urban development, was previously developed with urban uses, or is within one-half mile of a rail transit station.

A Focused EIR for these projects should be limited to potentially significant effects that are project-specific and/or which substantial new information shows will be more significant

than described in the Master EIR. No discussion shall be required of alternatives to the project, cumulative impacts of the project, or the growth-inducing impacts of the project.

(Reference: State CEQA Guidelines, § 15179.5.)

8.13 SPECIAL REQUIREMENTS FOR REDEVELOPMENT PROJECTS.

An EIR for a redevelopment plan may be a Master EIR, Program EIR or Project EIR. An EIR for a redevelopment plan must specify whether it is a Master EIR, a Program EIR or a Project EIR. Normally, the District will not be a Lead Agency for a redevelopment plan. However, if the District is a Responsible Agency on such a project, the District should endeavor to ensure that the county and/or applicable city as the case may be, as Lead Agency, analyzes these impacts in accordance with CEQA.

If a Program EIR is prepared for a redevelopment plan, subsequent activities in the redevelopment program will be subject to review if they would have effects that were not examined in the Program EIR. The Lead Agency should use a written checklist or similar device to document the evaluation of the site and the proposed activity to determine whether the environmental effects of the operation were indeed covered in the Program EIR. If the Lead Agency finds that no new effects could occur, no new mitigation measures would be required or that State CEQA Guidelines sections 15162 and 15163 do not otherwise apply, the Lead Agency can approve the activity as being within the scope of the project covered by the Program EIR, and no new environmental document is required.

If the EIR for a redevelopment plan is a Project EIR, all public and private activities or undertakings pursuant to or in furtherance of the Redevelopment Plan shall constitute a single project, which shall be deemed approved at the time of the adoption of the Redevelopment Plan. Once certified, no subsequent EIRs will be needed unless required by State CEQA Guidelines sections 15162 or 15163. If a Master EIR is prepared for a redevelopment plan, subsequent projects will be subject to review if they would have effects that were not examined in the Master EIR. If no new effects could occur or no new mitigation measures would be required, the Lead Agency can approve the activity as being within the scope of the project covered by the Master EIR, and no new environmental document is required.

(Reference: State CEQA Guidelines, § 15180.)

9. AFFORDABLE HOUSING

9.01 STREAMLINED, MINISTERIAL APPROVAL PROCESS FOR AFFORDABLE HOUSING PROJECTS

The legislature has provided reforms and incentives to facilitate and expedite the approval and construction of affordable housing.

(a) An applicant may submit an application for a development that is subject to the streamlined, ministerial approval process and is not subject to a conditional use permit if the development satisfies all of the following objective planning standards:

(i) The development is a multifamily housing development that contains two or more residential units.

(ii) The development is located on a site that satisfies the following:

(A) A site that is a legal parcel or parcels located in a city if, and only if, the city boundaries include some portion of either an urbanized area or urban cluster, as designated by the United States Census Bureau, or, for unincorporated areas, a legal parcel or parcels wholly within the boundaries of an urbanized area or urban cluster, as designated by the United States Census Bureau.

(B) A site in which at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses. For the purposes of this section, parcels that are only separated by a street or highway shall be considered to be adjoined.

(C) A site that is zoned for residential use or residential mixed-use development, or has a general plan designation that allows residential use or a mix of residential and nonresidential uses, with at least two-thirds of the square footage of the development designated for residential use. Additional density, floor area, and units, and any other concession, incentive, or waiver of development standards granted pursuant to the Density Bonus Law in Government Code section 65915 shall be included in the square footage calculation. The square footage of the development shall not include underground space, such as basements or underground parking garages.

(iii) If the development contains units that are subsidized, the development proponent already has recorded, or is required by law to record, a land use restriction or covenant providing that any lower or moderate income housing units required pursuant to subparagraph B of Paragraph (iv) of this Subsection shall remain available at affordable housing costs or rent to persons and families of lower or moderate income for the following applicable minimum durations:

(A) Fifty-five years for units that are rented.

(B) Forty-five years for units that are owned.

(iv) The development satisfies subparagraphs (A) and (B) below:

(A) The development is located in a locality that the department has determined is subject to this subparagraph on the basis that the number of units that have been issued building permits, as shown on the most recent production report received by the department, is less than the locality's share of the regional housing needs, by income category, for that reporting period. A locality shall remain eligible under this subparagraph until the department's determination for the next reporting period. A locality shall be subject to this subparagraph if it has not submitted an annual housing element report to the department pursuant to paragraph (2) of subdivision (a) of Section 65400 for at least two consecutive years before the development submitted an application for approval under this section.

(B) The development is subject to a requirement mandating a minimum percentage of below market rate housing based on one of the following:

(1) The locality did not submit its latest production report to the department by the time period required by Government Code section 65400, or that production report reflects that there were fewer units of above moderate-income housing approved than were required for the regional housing needs assessment cycle for that reporting period. In addition, if the project contains more than 10 units of housing, the project does either of the following:

- A. The project dedicates a minimum of 10 percent of the total number of units to housing affordable to households making at or below 80 percent of the area median income. However, if the locality has adopted a local ordinance that requires that greater than 10 percent of the units be dedicated to housing affordable to households making below 80 percent of the area median income, that local ordinance applies.
- B. If the project is located within the San Francisco Bay area, the project, in lieu of complying with subclause (A), dedicates 20 percent of the total number of units to housing affordable to households making below 120 percent of the area median income with the average income of the units at or below 100 percent of the area median income. However, a local ordinance adopted by the locality applies if it requires greater than 20 percent of the units be dedicated to housing affordable to households making at or below 120 percent of the area median income, or requires that any of

the units be dedicated at a level deeper than 120 percent. In order to comply with this subclause, the rent or sale price charged for units that are dedicated to housing affordable to households between 80 percent and 120 percent of the area median income shall not exceed 30 percent of the gross income of the household. For purposes of this subclause, “San Francisco Bay area” means the entire area within the territorial boundaries of the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, and Sonoma, and the City and County of San Francisco.

(2) The locality did not submit its latest production report to the department by the time period required by Government Code section 65400, or that production report reflects that there were fewer units of housing affordable to households making at or below 80 percent of the area median income that were issued building permits than were required for the regional housing needs assessment cycle for that reporting period, and the project seeking approval dedicates 50 percent of the total number of units to housing affordable to households making at or below 80 percent of the area median income. However, if the locality has adopted a local ordinance that requires that greater than 50 percent of the units be dedicated to housing affordable to households making at or below 80 percent of the area median income, that ordinance applies.

(3) The locality did not submit its latest production report to the department by the time period required by Government Code section 65400, or if the production report reflects that there were fewer units of housing affordable to any income level described in clause (i) or (ii) that were issued building permits than were required for the regional housing needs assessment cycle for that reporting period, the project seeking approval may choose between utilizing clause (i) or (ii).

(C)(i) A development proponent that uses a unit of affordable housing to satisfy the requirements of subparagraph (B) may also satisfy any other local or state requirement for affordable housing, including local ordinances or the Density Bonus Law in Government Code section 65915, provided that the development proponent complies with the applicable requirements in the state or local law.

(C)(ii) A development proponent that uses a unit of affordable housing to satisfy any other state or local affordability requirement may also satisfy the requirements of subparagraph (B), provided that the development proponent complies with applicable requirements of subparagraph (B).

(C)(iii) A development proponent may satisfy the affordability requirements of subparagraph (B) with a unit that is restricted to households with incomes lower than the applicable income limits required in subparagraph (B).

(v) The development, excluding any additional density or any other concessions, incentives, or waivers of development standards granted pursuant to the Density Bonus Law in Government Code section 65915, is consistent with objective zoning standards and objective design review standards in effect at the time that the development is submitted to the local government pursuant to this section. For purposes of this paragraph, “objective zoning standards” and “objective design review standards” mean standards that involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal. These standards may be embodied in alternative objective land use specifications adopted by a city or county, and may include, but are not limited to, housing overlay zones, specific plans, inclusionary zoning ordinances, and density bonus ordinances, subject to the following:

(A) A development shall be deemed consistent with the objective zoning standards related to housing density, as applicable, if the density proposed is compliant with the maximum density allowed within that land use designation, notwithstanding any specified maximum unit allocation that may result in fewer units of housing being permitted.

(B) In the event that objective zoning, general plan, or design review standards are mutually inconsistent, a development shall be deemed consistent with the objective zoning standards pursuant to this section if the development is consistent with the standards set forth in the general plan.

(vi) The development is not located on a site that is any of the following:

(A) A coastal zone, as defined in Division 20 (commencing with Section 30000) of the Public Resources Code.

(B) Either prime farmland or farmland of statewide importance, as defined pursuant to United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation, or land zoned or designated for agricultural protection or preservation by a local ballot measure that was approved by the voters of that jurisdiction.

(C) Wetlands, as defined in the United States Fish and Wildlife Service Manual.

(D) Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178, or within a high or very high fire hazard severity zone as indicated on maps adopted by the Department of Forestry and Fire Protection pursuant to Section 4202 of the Public Resources Code. This subparagraph does not apply to sites excluded from the specified hazard zones by a local agency, pursuant to subdivision (b) of Government Code section 51179, or sites that have adopted fire hazard mitigation measures pursuant to existing building standards or state fire mitigation measures applicable to the development.

(E) A hazardous waste site that is listed pursuant to Government Code section 65962.5 or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code, unless the Department of Toxic Substances Control has cleared the site for residential use or residential mixed uses.

(F) Within a delineated earthquake fault zone as determined by the State Geologist in any official maps published by the State Geologist, unless the development complies with applicable seismic protection building code standards adopted by the California Building Standards Commission under the California Building Standards Law, Health and Safety Code section 18901, and by any local building department under Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2 of the Government Code.

(G) Within a flood plain as determined by maps promulgated by the Federal Emergency Management Agency, unless the development has been issued a flood plain development permit pursuant to Code of Federal Regulations section 59.1.

(H) Within a floodway as determined by maps promulgated by the Federal Emergency Management Agency, unless the development has received a no-rise certification in accordance with Code of Federal Regulations section 60.3(d)(3).

(I) Lands identified for conservation in an adopted natural community conservation plan pursuant to the Natural Community Conservation Planning Act, Fish and Game Code section 2800, habitat conservation plan pursuant to the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), or other adopted natural resource protection plan.

(J) Habitat for protected species identified as candidate, sensitive, or species of special status by state or federal agencies, fully protected species, or species protected by the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), the California Endangered Species Act, Fish and Game Code section 2050, or the Native Plant Protection Act, Fish and Game Code section 1900.

(K) Lands under conservation easement.

(vii) The development is not located on a site where any of the following apply:

(A) The development would require the demolition of the following types of housing:

(1) Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income.

(2) Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power.

(3) Housing that has been occupied by tenants within the past 10 years.

(B) The site was previously used for housing that was occupied by tenants that was demolished within 10 years before the development proponent submits an application under this section.

(C) The development would require the demolition of a historic structure that was placed on a national, state, or local historic register.

(D) The property contains housing units that are occupied by tenants, and units at the property are, or were, subsequently offered for sale to the general public by the subdivider or subsequent owner of the property.

(viii) The applicant has done both of the following, as applicable:

(A) Certified to the locality that either of the following is true, as applicable:

(1) The entirety of the development is a public work for purposes of Labor Code section 1720.

(2) If the development is not in its entirety a public work, that all construction workers employed in the execution of the development will be paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Labor Code sections 1773 and 1773.9, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate. If the development is subject to this

subparagraph, then for those portions of the development that are not a public work all of the following shall apply:

(I) The development proponent shall ensure that the prevailing wage requirement is included in all contracts for the performance of the work.

(II) All contractors and subcontractors shall pay to all construction workers employed in the execution of the work at least the general prevailing rate of per diem wages, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.

(III) Except as provided in subsection (V), all contractors and subcontractors shall maintain and verify payroll records pursuant to Labor Code section 1776 and make those records available for inspection and copying as provided in therein.

(IV) Except as provided in subsection (V), the obligation of the contractors and subcontractors to pay prevailing wages may be enforced by the Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Labor Code section 1741, which may be reviewed pursuant to Labor Code section 1742, within 18 months after the completion of the development, by an underpaid worker through an administrative complaint or civil action, or by a joint labor-management committee through a civil action under Labor Code section 1771.2. If a civil wage and penalty assessment is issued, the contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Labor Code section 1742.1.

(V) Subsections (III) and (IV) shall not apply if all contractors and subcontractors performing work on the development are subject to a project labor agreement that requires the payment of prevailing wages to all construction workers employed in the execution of the development and provides for enforcement of that obligation through an arbitration procedure. For purposes of this clause, “project labor agreement” has the same meaning as set forth in Public Contract Code section 2500(b)(1).

(VI) Notwithstanding Labor Code section 1773.1, subdivision (c), the requirement that employer payments not reduce the obligation to pay the hourly straight time or overtime wages found to be prevailing shall not apply if otherwise provided

in a bona fide collective bargaining agreement covering the worker. The requirement to pay at least the general prevailing rate of per diem wages does not preclude use of an alternative workweek schedule adopted pursuant to Labor Code section 511 or 514.

(B)(1) For developments for which any of the following conditions apply, certified that a skilled and trained workforce shall be used to complete the development if the application is approved:

(I) On and after January 1, 2018, until December 31, 2021, the development consists of 75 or more units that are not 100 percent subsidized affordable housing and will be located within a jurisdiction located in a coastal or bay county with a population of 225,000 or more.

(II) On and after January 1, 2022, until December 31, 2025, the development consists of 50 or more units that are not 100 percent subsidized affordable housing and will be located within a jurisdiction located in a coastal or bay county with a population of 225,000 or more.

(III) On and after January 1, 2018, until December 31, 2019, the development consists of 75 or more units that are not 100 percent subsidized affordable housing and will be located within a jurisdiction with a population of fewer than 550,000 and that is not located in a coastal or bay county.

(IV) On and after January 1, 2020, until December 31, 2021, the development consists of more than 50 units and will be located within a jurisdiction with a population of fewer than 550,000 and that is not located in a coastal or bay county.

(V) On and after January 1, 2022, until December 31, 2025, the development consists of more than 25 units and will be located within a jurisdiction with a population of fewer than 550,000 and that is not located in a coastal bay county.

(2) For purposes of this section, “skilled and trained workforce” has the same meaning as provided in the Public Contract Code section 2600.

(3) If the development proponent has certified that a skilled and trained workforce will be used to complete the development and the application is approved, the following shall apply:

(I) The applicant shall require in all contracts for the performance of work that every contractor and subcontractor at every tier will individually use a skilled and trained workforce to complete the development.

(II) Every contractor and subcontractor shall use a skilled and trained workforce to complete the development.

(III) Except as provided in subdivision (IV), the applicant shall provide to the locality, on a monthly basis while the development or contract is being performed, a report demonstrating compliance with Public Contract Code section 2600. A monthly report provided to the locality pursuant to this subclause shall be a public record under the California Public Records Act, Government Code section 6250 and shall be open to public inspection. An applicant that fails to provide a monthly report demonstrating compliance with Public Contract Code section 2600 shall be subject to a civil penalty of ten thousand dollars (\$10,000) per month for each month for which the report has not been provided. Any contractor or subcontractor that fails to use a skilled and trained workforce shall be subject to a civil penalty of two hundred dollars (\$200) per day for each worker employed in contravention of the skilled and trained workforce requirement. Penalties may be assessed by the Labor Commissioner within 18 months of completion of the development using the same procedures for issuance of civil wage and penalty assessments pursuant to Labor Code section 1741, and may be reviewed pursuant to the same procedures in Labor Code section 1742. Penalties shall be paid to the State Public Works Enforcement Fund.

(IV) Subdivision (III) shall not apply if all contractors and subcontractors performing work on the development are subject to a project labor agreement that requires compliance with the skilled and trained workforce requirement and provides for enforcement of that obligation through an arbitration procedure. For purposes of this subparagraph, “project labor agreement” has the same meaning as set forth in Public Contract Code section 2500(b)(1).

(C) Notwithstanding subparagraphs (A) and (B) above, a development that is subject to approval pursuant to this section is exempt from any requirement to pay prevailing wages or use a skilled and trained workforce if it meets both of the following:

(1) The project includes 10 or fewer units.

(2) The project is not a public work for purposes of Labor Code section 1720.

(ix) The development did not or does not involve a subdivision of a parcel that is, or, notwithstanding this section, would otherwise be, subject to the Subdivision Map Act (Government Code section 66410, et seq.) or any other applicable law authorizing the subdivision of land, unless either of the following apply:

(A) The development has received or will receive financing or funding by means of a low-income housing tax credit and is subject to the requirement that prevailing wages be paid pursuant to subparagraph (A) of paragraph (viii).

(B) The development is subject to the requirement that prevailing wages be paid, and a skilled and trained workforce used, pursuant to paragraph (h).

(x) The development shall not be upon an existing parcel of land or site that is governed under the Mobilehome Residency Law, Civil Code section 798, the Recreational Vehicle Park Occupancy Law, Civil Code section 799.20, the Mobilehome Parks Act, Health and Safety Code section 18200, or the Special Occupancy Parks Act, Health and Safety Code section 18860.

(b)(i)(A)(1) Before submitting an application for a development subject to the streamlined, ministerial approval process described in this section, the development proponent shall submit to the local government a notice of its intent to submit an application. The notice of intent shall be in the form of a preliminary application that includes all of the information described in Section 65941.1 of the Government Code, as that section read on January 1, 2020.

(2) Upon receipt of a notice of intent to submit an application, the local government shall engage in a scoping consultation regarding the proposed development with any California Native American tribe that is traditionally and culturally affiliated with the geographic area, as described in Section 21080.3.1 of the Public Resources Code, of the proposed development. In order to expedite compliance with this subdivision, the local government shall contact the Native American Heritage Commission for assistance in identifying any California Native American tribe that is traditionally and culturally affiliated with the geographic area of the proposed development.

(3) The timeline for noticing and commencing a scoping consultation in accordance with this subdivision shall be as follows:

- A. The local government shall provide a formal notice of a development proponent's notice of intent to submit an application to each California Native American tribe that is traditionally and culturally affiliated with the geographic area of the proposed development within 30 days of receiving that notice of intent. The formal notice provided pursuant to this subclause shall include all of the following:
 - 1. A description of the proposed development.
 - 2. The location of the proposed development.
 - 3. An invitation to engage in a scoping consultation in accordance with this subdivision.
- B. Each California Native American tribe that receives a formal notice pursuant to this clause shall have 30 days from the receipt of that notice to accept the invitation to engage in a scoping consultation.
- C. If the local government receives a response accepting an invitation to engage in a scoping consultation pursuant to this subdivision, the local government shall commence the scoping consultation within 30 days of receiving that response.

(B) The scoping consultation shall recognize that California Native American tribes traditionally and culturally affiliated with a geographic area have knowledge and expertise concerning the resources at issue and shall take into account the cultural significance of the resource to the culturally affiliated California Native American tribe.

(C) The parties to a scoping consultation conducted pursuant to this subdivision shall be the local government and any California Native American tribe traditionally and culturally affiliated with the geographic area of the proposed development. More than one California Native American tribe traditionally and culturally affiliated with the geographic area of the proposed development may participate in the scoping consultation. However, the local government, upon the request of any California Native American tribe traditionally and culturally affiliated with the geographic area of the proposed development, shall engage in a separate scoping consultation with that California Native American tribe. The development proponent and its consultants may participate in a scoping consultation process conducted pursuant to this subdivision if all of the following conditions are met:

- (1) The development proponent and its consultants agree to respect the principles set forth in this subdivision.

- (2) The development proponent and its consultants engage in the scoping consultation in good faith.
 - (3) The California Native American tribe participating in the scoping consultation approves the participation of the development proponent and its consultants. The California Native American tribe may rescind its approval at any time during the scoping consultation, either for the duration of the scoping consultation or with respect to any particular meeting or discussion held as part of the scoping consultation.
- (D) The participants to a scoping consultation pursuant to this subdivision shall comply with all of the following confidentiality requirements: (1) Government Code section 6254, subdivision (r); Government Code section 6254.10; Public Resources Code section 21083.3, subdivision (c); (4) State CEQA Guidelines section 15120, subdivision (d); and any additional confidentiality standards adopted by the California Native American tribe participating in the scoping consultation.
- (E) CEQA does not apply to the scoping consultation conducted pursuant to this subdivision.
- (b)(ii)(A) If, after concluding the scoping consultation, the parties find that no potential tribal cultural resource would be affected by the proposed development, the development proponent may submit an application for the proposed development that is subject to the streamlined, ministerial approval process described in this section
- (B) If, after concluding the scoping consultation, the parties find that a potential tribal cultural resource could be affected by the proposed development and an enforceable agreement is documented between the California Native American tribe and the local government on methods, measures, and conditions for tribal cultural resource treatment, the development proponent may submit the application for a development subject to the streamlined, ministerial approval process described in this section. The local government shall ensure that the enforceable agreement is included in the requirements and conditions for the proposed development.
- (C) If, after concluding the scoping consultation, the parties find that a potential tribal cultural resource could be affected by the proposed development and an enforceable agreement is not documented between the California Native American tribe and the local government regarding methods, measures, and conditions for tribal cultural resource treatment, the development shall not be eligible for the streamlined, ministerial approval process described in this section.

(D) For purposes of this paragraph, a scoping consultation shall be deemed to be concluded if either of the following occur:

- (1) The parties to the scoping consultation document an enforceable agreement concerning methods, measures, and conditions to avoid or address potential impacts to tribal cultural resources that are or may be present.
- (2) One or more parties to the scoping consultation, acting in good faith and after reasonable effort, conclude that a mutual agreement on methods, measures, and conditions to avoid or address impacts to tribal cultural resources that are or may be present cannot be reached.

(E) If the development or environmental setting substantially changes after the completion of the scoping consultation, the local government shall notify the California Native American tribe of the changes and engage in a subsequent scoping consultation if requested by the California Native American tribe.

(b)(iii) A local government may only accept an application for streamlined, ministerial approval pursuant to this section if one of the following applies:

(A) A California Native American tribe that received a formal notice of the development proponent's notice of intent to submit an application pursuant to this section did not accept the invitation to engage in a scoping consultation.

(B) The California Native American tribe accepted an invitation to engage in a scoping consultation pursuant to this section but substantially failed to engage in the scoping consultation after repeated documented attempts by the local government to engage the California Native American tribe.

(C) The parties to a scoping consultation pursuant to this subdivision find that no potential tribal cultural resource will be affected by the proposed development.

(D) A scoping consultation between a California Native American tribe and the local government has occurred and resulted in an agreement.

(b)(iv) A project shall not be eligible for the streamlined, ministerial process described in this section if any of the following apply:

(A) There is a tribal cultural resource that is on a national, state, tribal, or local historic register list located on the site of the project.

(B) There is a potential tribal cultural resource that could be affected by the proposed development and the parties to a scoping consultation conducted pursuant to this subdivision do not document an enforceable agreement on

methods, measures, and conditions for tribal cultural resource treatment, as described in this section.

(C) The parties to a scoping consultation conducted pursuant to this subdivision do not agree as to whether a potential tribal cultural resource will be affected by the proposed development.

(b)(v) (A) If, after a scoping consultation conducted pursuant to this subdivision, a project is not eligible for the streamlined, ministerial process described in this section for any or all of the following reasons, the local government shall provide written documentation of that fact, and an explanation of the reason for which the project is not eligible, to the development proponent and to any California Native American tribe that is a party to that scoping consultation:

- (1) There is a tribal cultural resource that is on a national, state, tribal, or local historic register list located on the site of the project.
- (2) The parties to the scoping consultation have not documented an enforceable agreement on methods, measures, and conditions for tribal cultural resource treatment.
- (3) The parties to the scoping consultation do not agree as to whether a potential tribal cultural resource will be affected by the proposed development.

(b)(v) (B) The written documentation provided to a development proponent pursuant to this paragraph shall include information on how the development proponent may seek a conditional use permit or other discretionary approval of the development from the local government.

(b)(vi) This section is not intended, and shall not be construed, to limit consultation and discussion between a local government and a California Native American tribe pursuant to other applicable law, confidentiality provisions under other applicable law, the protection of religious exercise to the fullest extent permitted under state and federal law, or the ability of a California Native American tribe to submit information to the local government or participate in any process of the local government.

(b)(vii) For purposes of this subdivision:

(A) “Consultation” means the meaningful and timely process of seeking, discussing, and considering carefully the views of others, in a manner that is cognizant of all parties' cultural values and, where feasible, seeking agreement. Consultation between local governments and Native American tribes shall be conducted in a way that is mutually respectful of each party's sovereignty. Consultation shall also recognize the tribes' potential needs for confidentiality

with respect to places that have traditional tribal cultural importance. A lead agency shall consult the tribal consultation best practices described in the “State of California Tribal Consultation Guidelines: Supplement to the General Plan Guidelines” prepared by the Office of Planning and Research.

(B) “Scoping” means the act of participating in early discussions or investigations between the local government and California Native American tribe, and the development proponent if authorized by the California Native American tribe, regarding the potential effects a proposed development could have on a potential tribal cultural resource, as defined in Section 21074 of the Public Resources Code, or California Native American tribe, as defined in Section 21073 of the Public Resources Code.

(b)(viii) This subdivision (b) shall not apply to any project that has been approved under the streamlined, ministerial approval process provided under this section before September 25, 2020.

(c) (i) If a local government determines that a development submitted pursuant to this section is in conflict with any of the objective planning standards specified in subdivision (a), it shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards, as follows:

(A) Within 60 days of submittal of the development to the local government pursuant to this section if the development contains 150 or fewer housing units.

(B) Within 90 days of submittal of the development to the local government pursuant to this section if the development contains more than 150 housing units.

(ii) If the local government fails to provide the required documentation pursuant to paragraph (1), the development shall be deemed to satisfy the objective planning standards specified in subdivision (a).

(iii) For purposes of this section, a development is consistent with the objective planning standards specified in subdivision (a) if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(d) Any design review or public oversight of the development may be conducted by the local government’s planning commission or any equivalent board or commission responsible for review and approval of development projects, or the city council or board of supervisors, as appropriate. That design review or public oversight shall be objective and be strictly focused on assessing compliance with criteria required for streamlined projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local

jurisdiction before submission of a development application, and shall be broadly applicable to development within the jurisdiction. That design review or public oversight shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(i) Within 90 days of submittal of the development to the local government pursuant to this section if the development contains 150 or fewer housing units.

(ii) Within 180 days of submittal of the development to the local government pursuant to this section if the development contains more than 150 housing units.

(e) (i) Notwithstanding any other law, a local government, whether or not it has adopted an ordinance governing parking requirements in multifamily developments, shall not impose parking standards for a streamlined development that was approved pursuant to this section in any of the following instances:

(A) The development is located within one-half mile of public transit.

(B) The development is located within an architecturally and historically significant historic district.

(C) When on-street parking permits are required but not offered to the occupants of the development.

(D) When there is a car share vehicle located within one block of the development.

(ii) If the development does not fall within any of the categories described in paragraph (1), the local government shall not impose parking requirements for streamlined developments approved pursuant to this section that exceed one parking space per unit.

(f) (i) If a local government approves a development pursuant to this section, then, notwithstanding any other law, that approval shall not expire if the project includes public investment in housing affordability, beyond tax credits, where 50 percent of the units are affordable to households making at or below 80 percent of the area median income.

(ii) If a local government approves a development pursuant to this section and the project does not include 50 percent of the units affordable to households making at or below 80 percent of the area median income, that approval shall remain valid for three years from the date of the final action establishing that approval, or if litigation is filed challenging that approval, from the date of the final judgment upholding that approval. Approval shall remain valid for a project provided that vertical construction of the development construction has begun and is in progress. For purposes of this subdivision, “in progress” means one of the following:

- (A) The construction has begun and has not ceased for more than 180 days.
- (B) If the development requires multiple building permits, an initial phase has been completed, and the project proponent has applied for and is diligently pursuing a building permit for a subsequent phase, provided that once it has been issued, the building permit for the subsequent phase does not lapse.
- (C) Notwithstanding subparagraph (ii), a local government may grant a project a one-time, one-year extension if the project proponent can provide documentation that there has been significant progress toward getting the development construction ready, such as filing a building permit application.

(iii) If a local government approves a development pursuant to this section, that approval shall remain valid for three years from the date of the final action establishing that approval and shall remain valid thereafter for a project so long as vertical construction of the development has begun and is in progress. Additionally, the development proponent may request, and the local government shall have discretion to grant, an additional one-year extension to the original three-year period. The local government's action and discretion in determining whether to grant the foregoing extension shall be limited to considerations and processes set forth in this section.

(g) (i) A local government shall not adopt or impose any requirement, including, but not limited to, increased fees or inclusionary housing requirements, that applies to a project solely or partially on the basis that the project is eligible to receive ministerial or streamlined approval pursuant to this section.

(ii) A local government shall issue a subsequent permit required for a development approved under this section if the application substantially complies with the development as it was approved pursuant to subdivision (b). Upon receipt of an application for a subsequent permit, the local government shall process the permit without unreasonable delay and shall not impose any procedure or requirement that is not imposed on projects that are not approved pursuant to this section. Issuance of subsequent permits shall implement the approved development, and review of the permit application shall not inhibit, chill, or preclude the development. For purposes of this paragraph, a "subsequent permit" means a permit required subsequent to receiving approval under subdivision (b), and includes, but is not limited to, demolition, grading, and building permits and final maps, if necessary.

(h) (i) This section shall not affect a development proponent's ability to use any alternative streamlined by right permit processing adopted by a local government, including the provisions of Government Code section 65583.2(i).

- (ii) This section shall not prevent a development from also qualifying as a housing development project entitled to the protections of Government Code section 65589.5. This paragraph does not constitute a change in, but is declaratory of, existing law.
- (i) CEQA does not apply to actions taken by a state agency, local government, or the San Francisco Bay Area Rapid Transit District to:
 - (i) Lease, convey, or encumber land owned by the local government or the San Francisco Bay Area Rapid Transit District or to facilitate the lease, conveyance, or encumbrance of land owned by the local government, or for the lease of land owned by the San Francisco Bay Area Rapid Transit District in association with an eligible TOD project, as defined pursuant to Section 29010.1 of the Public Utilities Code, nor to any decisions associated with that lease, or to provide financial assistance to a development that receives streamlined approval pursuant to this section that is to be used for housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code.
 - (ii) Approve improvements located on land owned by the local government or the San Francisco Bay Area Rapid Transit District that are necessary to implement a development that receives streamlined approval pursuant to this section that is to be used for housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code.
- (j) For purposes of this section the following definitions shall apply:
 - (1) “Department” means the Department of Housing and Community Development.
 - (2) “Development proponent” means the developer who submits an application for streamlined approval pursuant to this section.
 - (3) “Completed entitlements” means a housing development that has received all the required land use approvals or entitlements necessary for the issuance of a building permit.
 - (4) “Locality” or “local government” means a city, including a charter city, a county, including a charter county, or a city and county, including a charter city and county.
 - (5) “Moderate income housing units” means housing units with an affordable housing cost or affordable rent for persons and families of moderate income, as that term is defined in Section 50093 of the Health and Safety Code.

- (6) “Production report” means the information reported pursuant to subparagraph (D) of paragraph (2) of subdivision (a) of Government Code section 65400.
- (7) “Subsidized” means units that are price or rent restricted such that the units are affordable to households meeting the definitions of very low and lower income, as defined in Sections 50079.5 and 50105 of the Health and Safety Code.
- (8) “Reporting period” means either of the following:
 - (A) The first half of the regional housing needs assessment cycle.
 - (B) The last half of the regional housing needs assessment cycle.
- (9) “Urban uses” means any current or former residential, commercial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

(Reference: Gov. Code, § 65913.4.)

9.02 HOUSING SUSTAINABILITY DISTRICTS.

The Planning and Zoning Law requires a city or county to adopt a general plan for land use development within its boundaries. The general plan must contain seven mandatory elements, including a housing element. Existing law provides for various reforms and incentives intended to facilitate and expedite the construction of affordable housing. Senate Bill 73 authorizes a city, county, or city and county, including a charter agency, to establish by ordinance a housing sustainability district that meets specified requirements, including authorizing residential use within the district through the ministerial issuance of a permit. The agency is authorized to apply to the Department of Housing and Community Development for approval of a zoning incentive payment and requires the agency to provide specified information about the proposed housing sustainability district ordinance. The department is required to approve a zoning incentive payment if the ordinance meets the above-described requirements and the agency’s housing element is in compliance with specified law.

A city, county, or city and county with a housing sustainability district would be entitled to a zoning incentive payment, subject to appropriation of funds for that purpose, and require that one-half of the amount be paid when the department approves the zone and one-half of the amount be paid when the department verifies that permits for the construction of the units have issued within the zone, provided that the city, county, or city and county has received a certificate of compliance for the applicable year. If the agency reduces the density of sites within the district from specified levels set forth in the Senate Bill 73, the agency would be required to return the full amount of zoning incentive payments it has received to the department. The bill also authorizes a developer to develop a project in a housing sustainability district in accordance with the already existing land use approval procedures that would otherwise apply to the parcel in the absence of the establishment of the housing sustainability district pursuant to its provisions, as provided.

As it relates specifically to CEQA, a Lead Agency designating a housing sustainability district is required to prepare an EIR pursuant to Government Code section 66201 to identify and mitigate, to the extent feasible, environmental impacts resulting from the designation. The EIR shall identify mitigation measures that may be undertaken by housing projects in the housing sustainability district to mitigate the environmental impacts identified in the EIR. Housing projects undertaken in the housing sustainability districts that meet specified requirements, including if the project satisfies certain design review standards applicable to development projects within the district provided the project is “complementary to adjacent buildings and structures and is consistent with the [agency’s] general plan,” are exempt under CEQA.

(Reference: Pub. Resources Code, § 21155.10, 21155.11.)

9.03 INTERIM MOTEL HOUSING PROJECTS.

“Interim motel housing projects” are statutorily exempt from CEQA. A project is exempt from CEQA as an “interim motel housing project” where the project consists of the conversion of a structure with a certificate of occupancy as a motel, hotel, residential hotel, or hostel to supportive or transitional housing and the conversion meets at least one of the following conditions: (1) the conversion does not result in the expansion of more than 10 percent of the floor area of any individual living unit in the structure; and (2) the conversion does not result in any significant effects relating to traffic, noise, air quality, or water quality.

If the District determines that a project is exempt from CEQA as an interim motel housing project, it must file a Notice of Exemption with the State Clearinghouse.

(Reference: Pub. Resources Code, § 21080.50 [in effect until January 1, 2025].)

9.04 SUPPORTIVE HOUSING AND “NO PLACE LIKE HOME” PROJECTS.

A decision by the District to seek funding from, or the Department of Housing and Community Development’s awarding of funds pursuant to, the “No Place Like Home Program” (set forth in Part 3.9 of Division 5 of the Welfare and Institutions Code, commencing with Section 5849.1) does not constitute a “project” under CEQA.

“Supportive housing” in areas where multifamily and mixed uses are permitted may be a “use by right” and thus exempt from CEQA if the supportive housing project meets certain criteria set forth in Government Code section 65651. A “supportive housing” project is a project that provides housing with no limit on length of stay, that is occupied by persons within the target population—i.e., persons with disabilities, families who are homeless, or homeless youth—and that is linked to onsite or offsite services that assist the supportive housing resident to retain housing, improve their health status, and maximize their ability to live and, when possible, work in the community. A policy by a city or county to approve as a use by right proposed housing developments with a limit higher than 50 units does not constitute a “project” under CEQA. To see the requirements of the exemptions relating to supportive housing, please see Government Code section 65651.

If a No Place Like Home project is not exempt from CEQA under Government Code section 65651, the development applicant may request, within 10 days after the District

determines the type of environmental documentation required for the project under CEQA, that the District prepare and certify the record of proceeding for the environmental review of the No Place Like Home project in accordance with Public Resources Code section 21186.

If the District approves or determines to carry out a No Place Like Home project that is subject to CEQA, the District shall file a notice of that approval or determination in accordance with the requirements of Public Resources Code section 21151, subdivision (a), except that the Notice of Determination shall be filed within two working days after the approval or determination becomes final. Likewise, if the District approves or determines to carry out a No Place Like Home project that is not subject to CEQA, the District shall file a Notice of Exemption in accordance with the requirements of Public Resources Code section 21152, subdivision (b), except that the Notice of Exemption shall be filed within two working days after the approval or determination becomes final.

(Reference: Pub. Resources Code, § 21163, *et seq.*; Gov. Code, § 65651; Health & Safety Code, § 50675.14.)

9.05 SHELTER CRISIS AND EMERGENCY HOUSING.

An action taken by certain cities, counties, or state agencies to lease, convey, or encumber land owned by a city or county—or an action to facilitate the lease, conveyance, or encumbrance of land owned by the local government—for, or to provide financial assistance to, a homeless shelter constructed pursuant to the provisions of Government Code section 8698.4 is statutorily exempt from CEQA. This narrow exception applies to specified efforts to assist specified cities or counties that have declared a shelter crisis and seek to build a homeless shelter. To see all the requirements of this exemption, please see Government Code section 8698.4.

(Reference: Gov. Code, § 8698.4 [in effect until January 1, 2023].)

10. CEQA LITIGATION

10.01 TIMELINES.

When a CEQA lawsuit is filed, there are numerous and complex time requirements that must be met. Pressing deadlines begin to run in the days immediately after a CEQA lawsuit has been filed with the Court. For example, within ten (10) business days of the public agency being served with a petition or complaint alleging a violation of CEQA, the District, if it was the Lead Agency, must provide the petitioner with a list of Responsible Agencies and public agencies with jurisdiction by law over any natural resource affected by the project at issue. There are a variety of other deadlines that apply in CEQA litigation.

If a CEQA lawsuit is filed, CEQA counsel should be contacted immediately in order to ensure that all the applicable deadlines are met.

10.02 MEDIATION AND SETTLEMENT.

After Litigation Has Been Filed. The parties in a CEQA lawsuit are required to meet and discuss settlement. Within twenty (20) days of being served with a CEQA legal challenge, the public agency named in the lawsuit must file a notice with the court setting forth the time and place for a settlement meeting. The meeting must be scheduled and held not later than forty-five (45) days from the date of service of the petition or complaint upon the public agency. Usually the main parties to the litigation (such as the Lead Agency, the developer of the project if there is one, and those challenging the project and their respective attorneys) meet to discuss settlement; there is no requirement to hire a professional mediator. The settlement meeting is usually subject to a confidentiality agreement.

If the parties in a CEQA lawsuit are in settlement or mediation, that attempt is intended to occur concurrently with the litigation. This means that the respondent public agency will be required to comply with all existing litigation timelines and requirements (for example, preparing and lodging the administrative record discussed below) while simultaneously conducting settlement or mediation, unless the parties enter into an alternate agreement to stay the litigation and that agreement is approved by the court.

10.03 ADMINISTRATIVE RECORD.

A. Contents of Administrative Record.

When the Lead Agency's CEQA finding(s) and/or action is challenged in a lawsuit, the Lead Agency must certify the administrative record that formed the basis of the Lead Agency's decision. To the extent the documents listed below exist and are not subject to a privilege that exempts them from disclosure, the following items should be included in the administrative record:

- (1) All project application materials;

- (2) All staff reports and related documents prepared by the public agency with respect to its compliance with the substantive and procedural requirements of CEQA and with respect to the action on the project;
- (3) All staff reports and related documents prepared by the public agency and written testimony or documents submitted by any person relevant to any findings or statement of overriding considerations adopted by the public agency pursuant to CEQA or these Local Guidelines;
- (4) Any transcript or minutes of the proceedings at which the decision-making body of the public agency heard testimony on or considered any environmental document on the project, and any transcript or minutes of proceedings before any advisory body to the respondent public agency that were presented to the decision-making body prior to action on the environmental documents or on the project;
- (5) All notices issued by the public agency to comply with CEQA or with any other law governing the processing and approval of the project;
- (6) All written comments received in response to, or in connection with, environmental documents prepared for the project, including responses to the notice of preparation;
- (7) All written evidence or correspondence submitted to, or transferred from, the public agency with respect to compliance with CEQA or with respect to the project;
- (8) Any proposed decisions or findings submitted to the decision-making body of the public agency by its staff or the project proponent, project opponents, or other persons, to the extent such documents are subject to public disclosure;
- (9) The documentation of the final public agency decision, including the final environmental impact report, mitigated negative declaration, or negative declaration, and all documents, in addition to those referenced in paragraph (3) above, cited or relied on in the findings or in a statement of overriding considerations adopted pursuant to CEQA;
- (10) Any other written materials relevant to the respondent public agency's compliance with CEQA or to its decision on the merits of the project, including the initial study; any drafts of any environmental document, or portions thereof, that were released for public review; copies of studies or other documents relied upon in any environmental document prepared for the project and either made available to the public during the public review period or included in the public agency's files on the project; and internal agency communications related to the project or to compliance with CEQA, to the extent such documents are subject to public disclosure; and

- (11) The full written record before any inferior administrative decision-making body whose decision was appealed prior to the filing of the lawsuit.

B. Organization of Administrative Record.

The administrative record should be organized as follows:

- (1) Index. A detailed index must be included at the beginning of the administrative record listing each document in the order presented. Each entry must include the document's title, date, brief description, and the volume and page where the document begins;
- (2) The Notice of Determination;
- (3) The resolutions or ordinances adopted by the Lead Agency approving the project;
- (4) The findings required by Public Resources Code section 21081, including any statement of overriding considerations;
- (5) The Final EIR, including the Draft EIR or a revision of the draft, all other matters included in the Final EIR (such as traffic studies and air quality studies), and other types of environmental documents prepared under CEQA, such as a negative declaration, mitigated negative declaration, or addenda;
- (6) The initial study;
- (7) Staff reports prepared for the administrative bodies providing subordinate approvals or recommendations to the Lead Agency, in chronological order;
- (8) Transcripts and minutes of hearings, in chronological order; and
- (9) All other documents appropriate for inclusion in the administrative record, in chronological order.

Each section listed above must be separated by tabs or marked with electronic bookmarks. Oversized documents (such as building plans and maps) must be presented in a manner that allows them to be easily unfolded and viewed.

The court may issue an order allowing the documents to be organized in a different manner.

C. Preparation of Administrative Record.

The administrative record can be prepared: (1) by the petitioner, if the petitioner elects to do so, or (2) by the Lead Agency. The petitioner and the Lead Agency can also agree on any alternative method of preparing the record. However, when a third party such as the project applicant prepares or assists with the preparation of the administrative record, the Lead Agency

may not be able to recover fees incurred by the third party unless petitioner has agreed to this method of preparation.

Notwithstanding the above, upon the written request of a project applicant received no later than 30 days after the date that the Lead Agency makes a determination pursuant to Public Resources Code section 21080.1, 21094.5, or Chapter 4.2 (commencing with Public Resources Code section 21155) and with the written consent of the Lead Agency sent within 10 business days from receipt of the written request, the Lead Agency may prepare the administrative record concurrently with the administrative process. Should the Lead Agency and the project applicant so desire to pursue concurrent record preparation, the parties must comply with the provisions of Public Resources Code section 21167.6.2.

D. Special Circumstances For Environmental Leadership Projects.

Special timing considerations and requirements apply if the Project is certified by the Governor as an Environmental Leadership Project pursuant to the “Jobs and Economic Improvement Through Environmental Leadership Act of 2011.” For example, the administrative record must be finished and certified within five (5) days of project approval. See Public Resources Code section 21186 for a complete discussion of the special requirements related to the preparation of an administrative record for an Environmental Leadership Project.

11. DEFINITIONS

Whenever the following terms are used in these Local Guidelines, they shall have the following meaning unless otherwise expressly defined:

11.01 “Agricultural Employee” means a person engaged in agriculture, which includes farming in all its branches, and, among other things, includes: (1) the cultivation and tillage of the soil, (2) dairying, (3) the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities, (4) the raising of livestock, bees, furbearing animals, or poultry, and (5) any practices (including any forestry or lumbering operations) performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, including preparation for market and delivery to storage or to market or to carriers for transportation to market.

This definition does not include any person covered by the National Labor Relations Act as agricultural employees pursuant to Section 2(3) of the Labor Management Relations Act (Section 152(3), Title 29, United States Code) and Section 3(f) of the Fair Labor Standards Act (Section 203(f), Title 29, United States Code). This definition does not apply to employees who perform work to be done at the site of the construction, alteration, painting, or repair of a building, structure, or other work (as these terms have been construed under Section 8(e) of the Labor Management Relations Act, 29 United States Code section 158(e)) or logging or timber-clearing operations in initial preparation of land for farming, or who does land leveling or only land surveying for any of the above. As used in this definition, “land leveling” shall include only major land moving operations changing the contour of the land, but shall not include annual or seasonal tillage or preparation of land for cultivation. (State CEQA Guidelines section 15191(a).)

11.02 “Applicant” means a person who proposes to carry out a project that requires a lease, permit, license, certificate, or other entitlement for use, or requires financial aid from one or more public agencies when applying for governmental approval or assistance.

11.03 “Approval” means a decision by the decision-making body or other authorized body or officer of the District which commits the District to a definite course of action with regard to a particular project. With regard to any project to be undertaken directly by the District, approval shall be deemed to occur on the date when the decision-making body adopts a motion or resolution determining to proceed with the project, which in no event shall be later than the date of adoption of plans and specifications. As to private projects, approval shall be deemed to have occurred upon the earliest commitment to provide service or the issuance by the District of a discretionary contract, subsidy, or other form of financial assistance, lease, permit, license, certificate, or other entitlement for use of the project. The mere acquisition of land by the District shall not, in and of itself, be deemed to constitute approval of a project.

For purposes of these Local Guidelines, all environmental documents must be completed as of the time of project approval.

- 11.04** “Baseline” refers to the pre-project environmental conditions. By comparing the project’s potential impacts to the baseline, the Lead Agency determines whether the project’s impacts are substantial enough to be significant under the relevant thresholds of significance. Generally, the baseline is the environmental conditions existing on the date the environmental analysis begins, such as the date the Notice of Preparation is published for an EIR or the date the Notice of Intent to Adopt a Negative Declaration is published. However, in certain circumstances, an earlier or later date may provide a more accurate environmental analysis. The District may establish any baseline that is appropriate, including an earlier or later date, as long as the choice of baseline can be supported by substantial evidence.
- 11.05** “California Native American Tribe” means a Native American tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004.
- 11.06** “Categorical Exemption” means an exemption from CEQA for a class of projects based on a finding by the Secretary of the Resources Agency that the class of projects does not have a significant effect on the environment.
- 11.07** “Census-Defined Place” means a specific unincorporated land area within boundaries determined by the United States Census Bureau in the most recent decennial census.
- 11.08** “CEQA” means the California Environmental Quality Act, codified at California Public Resources Code sections 21000, et seq.
- 11.09** “Clerk” means either the “Clerk of the Board” or the “County Clerk” depending upon the county. Please refer to the “Index to Environmental Filing by County” in the Staff Summary to determine which applies.
- 11.10** “Community-Level Environmental Review” means either (1) or (2) below:
- (1) An EIR certified for any of the following:
 - (a) A general plan;
 - (b) A revision or update to the general plan that includes at least the land use and circulation elements;
 - (c) An applicable community plan;
 - (d) An applicable specific plan; or
 - (e) A housing element of the general plan, if the Environmental Impact Report analyzed the environmental effects of the density of the proposed project;
 - (2) A Negative Declaration or Mitigated Negative Declaration adopted as a subsequent environmental review document, following and based upon an EIR on a general plan, an applicable community plan or specific plan, provided that the subsequent environmental review document is allowed by CEQA following a Master EIR or a Program EIR or is required pursuant to Public Resource section 21166.

11.11 “Consultation” means the meaningful and timely process of seeking, discussing, and considering carefully the views of others, in a manner that is cognizant of all parties' cultural values and, where feasible, seeking agreement. Consultation between government agencies and Native American tribes shall be conducted in a way that is mutually respectful of each party's sovereignty. Consultation shall also recognize the tribes' potential needs for confidentiality with respect to places that have traditional tribal cultural significance.

11.12 “Cumulative Impacts” means two or more individual effects which, when considered together, are considerable or which compound or increase other environmental impacts. The individual effects may be changes resulting from a single project or a number of separate projects, whether past, present or future.

The cumulative impact from several projects is the change in the environment which results from the incremental impact of the project when added to other closely related past, present and reasonably foreseeable future projects. Cumulative impacts can result from individually minor but collectively significant projects taking place over a period of time.

11.13 “Cumulatively Considerable” means that the incremental effects of an individual project are significant when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.

11.14 “Decision-Making Body” means the body within the District, e.g. the Board of Directors, which has final approval authority over the particular project.

11.15 “Developed Open Space” means land that meets each of the following three criteria:

- (1) Is publicly owned, or financed in whole or in part by public funds;
- (2) Is generally open to, and available for use by, the public; and
- (3) Is predominantly lacking in structural development other than structures associated with open spaces, including, but not limited to, playgrounds, swimming pools, ball fields, enclosed child play areas, and picnic facilities.

Developed Open Space may include land that has been designated for acquisition by a public agency for developed open space purposes, but does not include lands acquired by public funds dedicated to the acquisition of land for housing purposes.

11.16 “Development Project” means any project undertaken for the purpose of development, including any project involving the issuance of a permit for construction or reconstruction but not a permit to operate. It does not include any ministerial projects proposed to be carried out or approved by public agencies. (Government Code section 65928.)

11.17 “Discretionary Project” means a project for which approval requires the exercise of independent judgment, deliberation, or decision-making on the part of the District.

To determine whether a project is discretionary, the key question is whether the public agency can use its subjective judgment to decide whether and how to carry out or approve a project.

11.18 “District” means the El Toro Water District.

11.19 “EIR” means Environmental Impact Report, a detailed written statement setting forth the environmental effects and considerations pertaining to a project. EIR may mean a Draft or a Final version of an EIR, a Project EIR, a Subsequent EIR, a Supplemental EIR, a Tiered EIR, a Staged EIR, a Program EIR, a Redevelopment EIR, a Master EIR, or a Focused EIR.

11.20 “Emergency” means a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, or essential public services. Emergency includes such occurrences as fire, flood, earthquake, landslide or other natural disaster, as well as such occurrences as riot, war, terrorist incident, accident or sabotage.

11.21 “Endangered, Rare or Threatened Species” means certain species or subspecies of animals or plants. A species or subspecies of animal or plant is “Endangered” when its survival and reproduction in the wild are in immediate jeopardy from one or more causes, including loss of habitat, change in habitat, overexploitation, predation, competition, disease, or other factors. A species or subspecies of animal or plant is “Threatened” when it is listed as a threatened species pursuant to the California Endangered Species Act or the Federal Endangered Species Act. A species or subspecies of animal or plant is “Rare” when either:

- (1) Although not presently threatened with extinction, the species is existing in such small numbers throughout all or a significant portion of its range that it may become endangered if its environment worsens; or
- (2) The species is likely to become endangered within the foreseeable future throughout all or a significant portion of its range and may be considered “threatened” as that term is used in the Federal Endangered Species Act.

For purposes of analyzing impacts to biological resources, a species of animal or plant shall be presumed to be endangered, rare or threatened if it is listed under the California Endangered Species Act or the Federal Endangered Species Act.

This definition shall not include any species of the Class Insecta which is a pest whose protection under the provisions of CEQA would present an overwhelming and overriding risk to man as determined by the Director of Food and Agriculture (with regard to economic pests) or the Director of Health Services (with regard to health risks).

11.22 “Environment” means the physical conditions which exist in the area which will be affected by a proposed project, including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. The area involved

shall be the area in which significant effects would occur either directly or indirectly as a result of the project. The “environment” includes both natural and man-made conditions.

- 11.23** “Feasible” means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social and technological factors.
- 11.24** “Final EIR” means an EIR containing the information contained in the Draft EIR, comments either verbatim or in summary received in the review process, a list of persons commenting, and the response of the District to the comments received.
- 11.25** “Greenhouse Gases” include, but are not limited to, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
- 11.26** “Guidelines” or “Local Guidelines” means the District’s Local Guidelines for implementing the California Environmental Quality Act.
- 11.27** “Highway” shall have the same meaning as defined in Section 360 of the Vehicle Code.
- 11.28** “Historical Resources” include:

Resources listed in, or eligible for listing in, the California Register of Historical Resources shall be considered historical resources.

A resource may be listed in the California Register if it meets any of the following National Register of Historic Places criteria:

- (a) Is associated with events that have made a significant contribution to the broad patterns of California’s history and cultural heritage;
- (b) Is associated with the lives of persons important in our past;
- (c) Embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of an important creative individual, or possesses high artistic values; or
- (d) Has yielded, or may be likely to yield, information important in prehistory or history.

A resource may also be listed in the California Register if it is identified as significant in an historical resource survey that meets all of the following criteria:

- (a) The survey has been or will be included in the State Historic Resources Inventory;
- (b) The survey and the survey documentation were prepared in accordance with office procedures and requirements; and
- (c) The resource is evaluated and determined by the office to have a significance rating of Category 1 to 5 on DPR Form 523.

Resources included on a list of properties officially designated or recognized as historically significant by a local government pursuant to a local ordinance or resolution, or identified as significant in a historical resource survey (as described above) are presumed to be historically or culturally significant, unless a preponderance of evidence demonstrates that they are not historically or culturally significant.

Any of the following may be considered historically significant: any object, building, structure, site, area, place, record or manuscript which a Lead Agency determines, based upon substantial evidence in light of the whole record, to be historically significant or significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military or cultural annals of California.

The Lead Agency is not precluded from determining that a resource is a historical resource, as defined in Public Resources Code sections 5020.1(j) or 5024.1, even if it is: (a) not listed in, or is not determined to be eligible for listing in, the California Register of Historical Resources; (b) not included in a local register of historical resources; or (c) not identified in a historical resources survey.

11.29 “Infill Site” means a site in an urbanized area that meets either of the following criteria:

- (1) The site has been previously developed for qualified urban uses; or
- (2) The site has not been previously developed for qualified urban uses and both (a) and (b) are met:
 - (a) the site is immediately adjacent to parcels that are developed with qualified urban uses, or
 1. at least 75 percent of the perimeter of the site adjoins, or is separated only by an improved public right-of-way from, parcels that are developed with existing qualified urban uses at the time the Lead Agency receives an application for an approval; and
 2. the remaining 25 percent of the perimeter of the site adjoins parcels that had been previously developed for qualified urban uses;
 - (b) No parcel within the site has been created within the past 10 years unless the parcel was created as a result of the plan of a redevelopment agency.

(Public Resources Code section 21061.3.)

11.30 “Initial Study” means a preliminary analysis conducted by the District to determine whether an EIR, a Negative Declaration, or a Mitigated Negative Declaration must be prepared or to identify the significant environmental effects to be analyzed in an EIR.

- 11.31** “Jurisdiction by Law” means the authority of any public agency to grant a permit or other entitlement for use, to provide funding for the project in question or to exercise authority over resources which may be affected by the project.

The District will have jurisdiction by law over a project when the District has primary and exclusive jurisdiction over the site of the project, the area in which the major environmental effects will occur, or the area in which reside those citizens most directly concerned by any such environmental effects.

- 11.32** “Land Disposal Facility” means a hazardous waste facility where hazardous waste is disposed in, on, or under land. (Health and Safety Code section 25199.1(d).)

- 11.33** “Large Treatment Facility” means a treatment facility which treats or recycles one thousand (1,000) or more tons of hazardous waste during any one month of the current reporting period commencing on or after July 1, 1991. (Health and Safety Code section 25205.1(d).)

- 11.34** “Lead Agency” means the public agency which has the principal responsibility for preparing environmental documents and for carrying out or approving a project when more than one public agency is involved with the same underlying activity.

- 11.35** “Low- and Moderate-Income Households” means persons and families of low or moderate income as defined in Section 50093 of the Health and Safety Code—i.e., persons and families whose income does not exceed 120% of area median income, adjusted for family size by the Department of Housing and Community Development, in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. (Public Resources Code section 21159.20(d); State CEQA Guidelines section 15191(f).)

- 11.36** “Low-Income Households” means households of persons and families of very low and low income. Low-income persons or families are those eligible for financial assistance from governmental agencies for occupants of state-funded housing. Very low income persons are those whose incomes do not exceed the qualifying limits for very low income families as established and amended pursuant to Section 8 of the United States Housing Act of 1937. Such limits are published and updated in the California Code of Regulations. (Public Resources Code section 21159.20(c); Health and Safety Code sections 50105 and 50106; State CEQA Guidelines section 15191(g).)

- 11.37** “Low-Level Flight Path” means any flight path for any aircraft owned, maintained, or under the jurisdiction of the United States Department of Defense that flies lower than 1,500 feet above ground level, as indicated in the United States Department of Defense Flight Information Publication, “Area Planning Military Training Routes: North and South America (AP/1B)” published by the United States National Imagery and Mapping Agency or its successor.

- 11.38** “Lower Income Households” is defined in Health and Safety Code section 50079.5 to mean any of the following:
- (1) “Lower income households” means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937;
 - (2) “Very low income households” means persons and families whose incomes do not exceed the qualifying limits for very low income families as defined in Health and Safety Code section 50105; or
 - (3) “Extremely low income households” means persons and families whose incomes do not exceed the qualifying limits for extremely low income families as defined in Health and Safety Code section 50106.
- 11.39** “Major Transit Stop” means a site containing an existing rail or bus rapid transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of fifteen (15) minutes or less during the morning and afternoon peak commute periods. (Pub. Resources Code, § 21064.3; see also Pub. Resources Code, § 21060.2; State CEQA Guidelines section 15191(i).)
- 11.40** “Metropolitan Planning Organization” or “MPO” means a federally-designated agency that provides transportation planning and programming in metropolitan areas. A MPO is designated for each urban area that has been defined in the most recent federal census as having a population of more than 50,000 people. There are 18 federally-designated MPOs in California. Non-urbanized (rural) areas do not have a designated MPO.
- 11.41** “Military Impact Zone” means any area, including airspace, that meets both of the following criteria:
- (1) Is located within two miles of a military installation, including, but not limited to, any base, military airport, camp, post, station, yard, center, homeport facility for a ship, or any other military activity center that is under the jurisdiction of the United States Department of Defense; and
 - (2) Covers greater than 500 acres of unincorporated land, or greater than 100 acres of city incorporated land.
- 11.42** “Military Service” means the United States Department of Defense or any branch of the United States Armed Forces.
- 11.43** “Ministerial” describes a governmental decision involving little or no personal judgment by the public official as to the wisdom or manner of carrying out the project. The public official merely applies the law to the facts as presented but uses no special discretion or standards or objective measurements, and the public official

- cannot use personal, subjective judgment in deciding whether or how the project should be carried out. Common examples of ministerial permits include automobile registrations, dog licenses, and marriage licenses. A building permit is ministerial if the ordinance requiring the permit limits the public official to determining whether the zoning allows the structure to be built in the requested location, the structure would meet the strength requirements in the Uniform Building Code, and the applicant has paid his fee. (Public Resources Code section 21080(b)(1).)
- 11.44** “Mitigated Negative Declaration” or “MND” means a Negative Declaration prepared for a Project when the Initial Study has identified potentially significant effects on the environment, but: (1) revisions in the project plans or proposals made, or agreed to, by the applicant before the proposed Negative Declaration and Initial Study are released for public review would avoid the effects or mitigate the effects to a point where clearly no significant effect on the environment would occur, and (2) there is no substantial evidence in light of the whole record before the public agency that the project, as revised, may have a significant effect on the environment.
- 11.45** “Mitigation” includes avoiding the environmental impact altogether by not taking a certain action or parts of an action, minimizing impacts by limiting the degree or magnitude of the action and its implementation, rectifying the impact by repairing, rehabilitating or restoring the impacted environment, reducing or eliminating the impact over time by preservation and maintenance operations during the life of the action, or compensating for the impact by replacing or providing substitute resources or environments, including through permanent protection of such resources in the form of conservation easements.
- 11.46** “Negative Declaration” or “ND” means a written statement by the District briefly describing the reasons that a proposed project, not exempt from CEQA, will not have a significant effect on the environment and, therefore, does not require the preparation of an EIR.
- 11.47** “Notice of Completion” means a brief report filed with the Office of Planning and Research by the District when it is the Lead Agency as soon as it has completed a Draft EIR and is prepared to send out copies for review.
- 11.48** “Notice of Determination” means a brief notice to be filed by the District when it approves or determines to carry out a project which is subject to the requirements of CEQA.
- 11.49** “Notice of Exemption” means a brief notice which may be filed by the District when it has approved or determined to carry out a project, and it has determined that the project is exempt from the requirements of CEQA. Such a notice may also be filed by an applicant where such a determination has been made by a public agency which must approve the project.
- 11.50** “Notice of Preparation” means a brief notice sent by a Lead Agency to notify the Responsible Agencies, Trustee Agencies, the Office of Planning and Research, and

involved federal agencies that the Lead Agency plans to prepare an EIR for a project. The purpose of this notice is to solicit guidance from those agencies as to the scope and content of the environmental information to be included in the EIR. Public agencies are free to develop their own formats for this notice.

- 11.51** “Oak” means a native tree species in the genus *Quercus*, not designated as Group A or Group B commercial species pursuant to regulations adopted by the State Board of Forestry and Fire Protection pursuant to Public Resources Code section 4526, and that is five (5) inches or more in diameter at breast height. (Public Resources Code section 21083.4(a).)
- 11.52** “Oak Woodlands” means an oak stand with a greater than 10 percent canopy cover or that may have historically supported greater than 10 percent canopy cover. (Fish & Game Code section 1361(h).)
- 11.53** “Offsite Facility” means a facility that serves more than one generator of hazardous waste. (Public Resources Code section 21151.1(h).)
- 11.54** “Person” includes any person, firm, association, organization, partnership, business, trust, corporation, company, city, county, city and county, town, the state, and any of the agencies which may be political subdivisions of such entities, and, to the extent permitted by federal law, the United States, or any of its agencies or political subdivisions.
- 11.55** “Pipeline” as defined in these Local Guidelines depends on the context. Please see Local Guidelines Sections 3.11 and 3.12 for specific definitions.
- 11.56** “Private Project” means a project which will be carried out by a person other than a governmental agency, but which will need a discretionary approval from the District. Private projects will normally be those listed in subsections (2) and (3) of Local Guidelines Section 11.57.
- 11.57** “Project” means the whole of an action or activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect change in the environment, and is any of the following:
- (1) A discretionary activity directly undertaken by the District including but not limited to public works construction and related activities, clearing or grading of land, or improvements to existing public structures;
 - (2) A discretionary activity which involves a public agency’s issuance to a person of a lease, permit, license, certificate, or other entitlement for use, or which is supported, in whole or in part, through contracts, grants, subsidies, loans or other forms of assistance by the District; or
 - (3) A discretionary project proposed to be carried out or approved by public agencies, including but not limited to the enactment and amendment of local General Plans or elements thereof, the enactment of zoning ordinances, the

issuance of zoning variances, the issuance of conditional use permits and the approval of tentative subdivision maps.

The presence of any real degree of control over the manner in which a project is completed makes it a discretionary project.

The term “project” refers to the activity which is being approved and which may be subject to several discretionary approvals by governmental agencies. The term “project” does not mean each separate governmental approval.

11.58 “Project-Specific Effects” means all the direct or indirect environmental effects of a project other than cumulative effects and growth-inducing effects. (Public Resources Code section 21065.3; State CEQA Guidelines section 15191(j).)

11.59 “Public Water System” means a system for the provision of piped water to the public for human consumption that has 3,000 or more service connections. A public water system includes all of the following: (A) Any collection, treatment, storage, and distribution facility under control of the operator of the system which is used primarily in connection with the system; (B) Any collection or pretreatment storage facility not under the control of the operator that is used primarily in connection with the system; (C) Any person who treats water on behalf of one or more public water systems for the purpose of rendering it safe for human consumption. (State CEQA Guidelines section 15155.)

11.60 “Qualified Urban Use” means any residential, commercial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses. (Public Resources Code section 21072; State CEQA Guidelines section 15191(k).)

11.61 “Residential” means a use consisting of either residential units only or residential units and primarily neighborhood-serving goods, services, or retail uses that do not exceed 15% of the total floor area of the project. (State CEQA Guidelines section 15191(l).) Residential, pursuant to Public Resources Code section 21159.24, shall mean a use consisting of either of the following:

(1) Residential units only.

(2) Residential units and primarily neighborhood-serving goods, services, or retail uses that do not exceed 25 percent of the total building square footage of the project.

11.62 “Responsible Agency” means a public agency which proposes to carry out or approve a project for which a Lead Agency has prepared the environmental documents. For the purposes of CEQA, the term “Responsible Agency” includes all federal, state, regional and local public agencies other than the Lead Agency which have discretionary approval power over the project.

11.63 “Riparian areas” mean those areas transitional between terrestrial and aquatic ecosystems and that are distinguished by gradients in biophysical conditions,

ecological processes, and biota. A riparian area is an area through which surface and subsurface hydrology connect waterbodies with their adjacent uplands. A riparian area includes those portions of terrestrial ecosystems that significantly influence exchanges of energy and matter with aquatic ecosystems. A riparian area is adjacent to perennial, intermittent, and ephemeral streams, lakes, and estuarine-marine shorelines.

- 11.64** “Roadway” means a roadway as defined pursuant to Section 530 of the Vehicle Code and the previously graded and maintained shoulder that is within a roadway right-of-way of no more than five feet from the edge of the roadway.
- 11.65** “Significant Effect” means a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the activity including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. A social or economic change related to a physical change may be considered in determining whether the physical change is significant.
- 11.66** “Significant Value as a Wildlife Habitat” includes wildlife habitat of national, statewide, regional, or local importance; habitat for species protected by the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531, et seq.), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), or the Native Plant Protection Act (Chapter 10 (commencing with Section 1900) of Division 2 of the Fish and Game Code); habitat identified as candidate, fully protected, sensitive, or species of special status by local, state, or federal agencies; or habitat essential to the movement of resident or migratory wildlife.
- 11.67** “Special Use Airspace” means the land area underlying the airspace that is designated for training, research, development, or evaluation for a military service, as that land area is established by the United States Department of Defense Flight Information Publication, “Area Planning: Special Use Airspace: North and South America (AP/1A)” published by the United States National Imagery and Mapping Agency or its successor.
- 11.68** “Staff” means the General Manager or his or her designee.
- 11.69** “Standard” means a standard of general application that is all of the following:
- (1) A quantitative, qualitative or performance requirement found in a statute, ordinance, resolution, rule, regulation, order, or other standard of general application;
 - (2) Adopted for the purpose of environmental protection;
 - (3) Adopted by a public agency through a public review process;
 - (4) Governs the same environmental effect which the change in the environment is impacting; and

- (5) Governs the jurisdiction where the project is located.

The definition of “standard” includes any thresholds of significance adopted by the District which meet the requirements of this Section.

If there is a conflict between standards, the District shall determine which standard is appropriate based upon substantial evidence in light of the whole record.

11.70 “State CEQA Guidelines” means the Guidelines for Implementation of the California Environmental Quality Act as adopted by the Secretary of the California Natural Resources Agency as they now exist or hereafter may be amended. (California Administrative Code, Title 14, sections 15000, et seq.)

11.71 “Substantial Evidence” means reliable information on which a fair argument can be based to support an inference or conclusion, even though another conclusion could be drawn from that information. “Substantial evidence” includes facts, reasonable assumptions predicated upon facts, and expert opinion supported by facts. “Substantial evidence” does not include argument, speculation, unsubstantiated opinion or narrative, evidence which is clearly inaccurate or erroneous, or evidence of social or economic impacts which do not contribute to, or are not caused by, physical impacts on the environment.

11.72 “Sustainable Communities Strategy” is an element of a Regional Transportation Plan, which must be adopted by the Metropolitan Planning Organization for the region. (See Local Guidelines Section 11.40.) The Sustainable Communities Strategy is an integrated land use and transportation plan intended to reduce greenhouse gases. The Sustainable Communities Strategy includes various components such as: consideration of existing densities and uses within the region, identification of areas within the region that can accommodate an eight-year projection of the region’s housing needs, development of projections for growth in the region, identification of existing transportation networks, and preparation of a forecast for development pattern for the region that can be integrated with transportation networks.

11.73 “Tiering” means the coverage of general matters in broader EIRs (such as on general plans or policy statements) with subsequent narrower EIRs or ultimately site-specific EIRs incorporating by reference the general discussions and concentrating solely on the issues specific to the EIR subsequently prepared. Tiering is appropriate when the sequence of EIRs is:

- (a) From a general plan, policy, or Program EIR to a program, plan, or policy EIR of lesser scope or to a site-specific EIR; or
- (b) From an EIR on a specific action at an early stage to a subsequent EIR or a supplement to an EIR at a later stage. Tiering in such cases is appropriate when it helps the Lead Agency to focus on the issues which are ripe for decision and exclude from consideration issues already decided or not yet ripe.

(Public Resources Code sections 21003, 21061 and 21100.)

- 11.74** “Transit Priority Area” means an area within one-half mile of a major transit stop that is existing or planned, if the planned stop is scheduled to be completed within the planning horizon included in a Transportation Improvement Program adopted pursuant to Section 450.216 or 450.322 of Title 23 of the Code of Federal Regulations.
- 11.75** “Transit Priority Project” means a mixed use project that is consistent with the general use designation, density, building intensity, and applicable policies specified for the project area in either a sustainable communities strategy or an alternative planning strategy for which the California Air Resources Board has accepted a Metropolitan Planning Organization’s determination that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets. Such a project may be exempt from CEQA if a detailed laundry list of requirements is met. To qualify for the exemption, the Transit Priority Project must:
- (1) contain at least 50 percent residential use based on total building square footage;
 - (2) if the project contains between 26 percent and 50 percent non-residential uses, the floor-to-area ratio (FAR) must be at least 0.75;
 - (3) have a minimum net density of 20 dwelling units per acre;
 - (4) be located within a half mile of a major transit stop or high-quality transit corridor included in a regional transportation plan; and
 - (5) meet all the requirements of Public Resources Code section 21155.1.
- 11.76** “Transportation Facilities” includes major local arterials and public transit within five (5) miles of the project site, and freeways, highways, and rail transit service within ten (10) miles of the project site.
- 11.77** “Tribal Cultural Resources” are either of the following:
- (1) Sites, features, places, cultural landscapes, sacred places, and objects with cultural value to a California Native American tribe that are either of the following:
 - (a) Included or determined to be eligible for inclusion in the California Register of Historical Resources.
 - (b) Included in a local register of historic resources as defined in subdivision (k) of Public Resources Code section 5020.1.
 - (2) A resource determined by the Lead Agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code section 5024.1. In applying the criteria set forth in subdivision (c) of Section 5024.1 for the purposes of this

definition, the Lead Agency shall consider the significance of the resource to a California Native American tribe.

A cultural landscape that meets the criteria set forth above is a tribal cultural resource to the extent that the landscape is geographically defined in terms of the size and scope of the landscape.

A historic resource described in Public Resources Code section 21084.1, a unique archaeological resource as defined in subdivision (g) of Public Resources Code section 21083.2, or a “nonunique archaeological resource” as defined in subdivision (h) of Public Resources Code section 21083.2 may also be a tribal cultural resource if it conforms with the criteria of Tribal cultural resources.

11.78 “Trustee Agency” means a State agency having jurisdiction by law over natural resources affected by a project which are held in trust for the people of the State of California. Trustee Agencies may include, but are not limited to, the following:

- (a) The California Department of Fish and Wildlife (“DFW”) with regard to the fish and wildlife of the state, designated rare or endangered native plants, and game refuges, ecological reserves, and other areas administered by DFW;
- (b) The State Lands Commission with regard to state owned “sovereign” lands such as the beds of navigable waters and state school lands;
- (c) The State Department of Parks and Recreation with regard to units of the State Park System;
- (d) The University of California with regard to sites within the Natural Land and Water Reserve System; and/or
- (e) The State Water Resources Control Board with respect to surface waters.

11.79 “Urban Growth Boundary” means a provision of a locally adopted general plan that allows urban uses on one side of the boundary and prohibits urban uses on the other side of the boundary.

11.80 “Urbanized Area” means either of the following:

- (1) An incorporated city that either by itself or in combination with two contiguous incorporated cities has a population of at least one hundred thousand (100,000) persons;
- (2) An unincorporated area that meets both of the following requirements:
 - (a) The unincorporated area is either:
 - (i) completely surrounded by one or more incorporated cities, has a population of at least 100,000 persons either by itself or in combination with the surrounding incorporated city or cities, and has a population density that at least equals the population density of the surrounding city or cities; or

- (ii) located within an urban growth boundary and has an existing residential population of at least five thousand (5,000) persons per square mile. An “urban growth boundary” means a provision of a locally adopted general plan that allows urban uses on one side of the boundary and prohibits urban uses on the other side.
- (b) The board of supervisors with jurisdiction over the unincorporated area has taken all three of the following steps:
 - 1. Prepared a draft document by which the board would find that the general plan, zoning ordinance, and related policies and programs applicable to the unincorporated area are consistent with principles that encourage compact development in a manner that promotes efficient transportation systems, economic growth, affordable housing, energy efficiency, and an appropriate balance of jobs and housing, and protects the environment, open space and agricultural areas;
 - 2. Submitted the draft document to the Office of Planning and Research and allowed OPR thirty (30) days to submit comments on the draft finding to the board; and
 - 3. At least thirty (30) days after submitting the draft document to OPR, the board has adopted a final finding in substantial conformity with the draft finding described in the draft document.

(Public Resources Code sections 21083, 21159.20-21159.24; State CEQA Guidelines section 15191(m).)

11.81 “Water Acquisition Plans” means any plans for acquiring additional water supplies prepared by the public water system or a city or county Lead Agency pursuant to subdivision (a) of section 10911 of the Water Code.

11.82 “Water Assessment” or “Water Supply Assessment” means the water supply assessment that must be prepared by the governing body of a public water system, or a city or county, pursuant to and in compliance with sections 10910 to 10915 of the Water Code, and that includes, without limitation, the elements of the assessment required to comply with subdivisions (d), (e), (f), and (g) of section 10910 of the Water Code.

11.83 “Water Demand Project” means any one of the following:

- (A) A residential development of more than 500 dwelling units;
- (B) A shopping center or business establishment employing more than 1,000 persons or having more than 500,000 square feet of floor space;
- (C) A commercial office building employing more than 1,000 persons or having more than 250,000 square feet of floor space;

- (D) A hotel or motel, or both, having more than 500 rooms;
- (E) An industrial, manufacturing, or processing plant, or industrial park planned to house more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of floor area;

Except, a proposed photovoltaic or wind energy generation facility approved on or after October 8, 2011, is not a Water Demand Project if the facility would demand no more than 75 acre-feet of water annually.
- (F) A mixed-use project that includes one or more of the projects specified in subdivisions (A); (B), (C), (D), (E), or (G) of this section;
- (G) A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project; or
- (H) For public water systems with fewer than 5,000 service connections, a project that meets the following criteria:
 - (1) A proposed residential, business, commercial, hotel or motel, or industrial development that would account for an increase of 10 percent or more in the number of a public water system's existing service connections; or
 - (2) A mixed-use project that would demand an amount of water equivalent to, or greater than, the amount of water required by residential development that would represent an increase of 10 percent or more in the number of the public water system's existing service connections.

(State CEQA Guidelines section 15155.)

- 11.84** "Waterway" means a bay, estuary, lake, pond, river, slough, or a perennial, intermittent, or ephemeral stream, lake, or estuarine-marine shoreline.
- 11.85** "Wetlands" has the same meaning as that term is construed in the regulations issued by the United States Army Corps of Engineers pursuant to the Clean Water Act. Thus, "wetlands" means areas that are inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs, and similar areas. (Public Resources Code section 21159.21(d), incorporating Title 33, Code of Federal Regulations, section 328.3.)
- 11.86** "Wildlife Habitat" means the ecological communities upon which wild animals, birds, plants, fish, amphibians, and invertebrates depend for their conservation and protection. (Public Resources Code section 21159.21.)

11.87 “Zoning Approval” means any enactment, amendment, or appeal of a zoning ordinance; granting of a conditional use permit or variance; or any other form of land use, subdivision, tract, or development approval required from the city or county having jurisdiction to permit the particular use of the property.

12. FORMS

See forms A – S which accompany these Guidelines.

13. COMMON ACRONYMS

A. *****

ADEIR – Administrative Draft Environmental Impact Report
AQMD – Air Quality Management District
AQMP – Air Quality Management Plan
AR – Administrative Record
ARB – Air Resources Board

B. *****

BMP – Best Management Practices
BO – Biological Opinion

C. *****

Cal EPA – California Environmental Protection Agency
CAP – Climate Action Plan
CCAA – California Clean Air Act
CCR – California Code of Regulations (Title 14 Sections 15000 et seq. are also known as the State CEQA Guidelines.)
CE – Categorical Exclusion (NEPA)
CESA – California Endangered Species Act
CEQA – California Environmental Quality Act
CFR – Code of Federal Regulations
CMP – Congestion Management Plan
CRWQCB – California Regional Water Quality Control Board

D. *****

DEIR – Draft Environmental Impact Report
DFW – Department of Fish and Wildlife

E. *****

EA – Environmental Assessment (NEPA term)
EIR – Environmental Impact Report
EIS – Environmental Impact Statement (NEPA term)
EPA – Environmental Protection Agency
ESA – Endangered Species Act; Environmental Site Assessment

F. *****

FCAA – Federal Clean Air Act
FEIR – Final Environmental Impact Report
FOIA – Freedom of Information Act (Federal)
FONSI – Finding of No Significant Impact (NEPA term)
FWS – Fish and Wildlife Service

G. *****

GHG – Greenhouse Gas
GW – Ground Water

H. *****

HH&E – Human Health and Environment
HRA – Health Risk Assessment
HS – Hazardous Substance

I. *****

IS – Initial Study

J. *****

K. *****

L. *****

LADD – Lifetime Average Daily Dose; Lowest Acceptable Daily Dose
LEA – Local Enforcement Agency
LESA – Land Evaluation and Site Assessment
LUFT – Leaking Underground Fuel Tank
LUST – Leaking Underground Storage Tanks. Reference Part 213 of Public Act 451 of 1994.

M. *****

MEIR – Master Environmental Impact Report
MMRP – Mitigation Monitoring and Reporting Plan
MPO – Metropolitan Planning Organization
MND – Mitigated Negative Declaration

N. *****

ND – Negative Declaration
NEPA – National Environmental Policy Act
NOA – Notice of Availability
NOC – Notice of Completion
NOD – Notice of Determination
NOE – Notice of Exemption
NOI – Notice of Intent
NOP – Notice of Preparation
NOV – Notice of Violation

O. *****

OPR – Office of Planning and Research

- P.** *****
- PEIR – Program Environmental Impact Report. Sometimes also used to describe a Project Environmental Impact Report
- PM – Particulate Matter
- PRA – Public Records Act
- PSA – Permit Streamlining Act
- Q.** *****
- R.** *****
- RCRA – Resource Conservation and Recovery Act (1976) Governs definition, handling, and disposal of hazardous waste.
- S.** *****
- SCH – State Clearinghouse
- SEIR – Supplemental or Subsequent Environmental Impact Report
- SMARA – Surface Mining and Reclamation Act
- SWMP – Stormwater Monitoring Program
- SWPPP – Stormwater Pollution Prevention Program
- T.** *****
- TCM – Transportation Control Measure
- TCP – Transportation Control Plan
- TDS – Total Dissolved Solids
- TMP – Transportation Management Plan
- Title V – refers to Title V of the Clean Air Act related to ambient air quality provisions
- TLV – Threshold Limit Value
- U.** *****
- UBC – Uniform Building Code
- UFC – Uniform Fire Code
- UGST – Underground Storage Tank
- USDW – Underground Source of Drinking Water
- UWMP – Urban Water Management Plan
- V.** *****
- VOC – Volatile Organic Compounds (Health & Safety Code, section 25123.6.)
- VOS – Vehicle Operating Survey
- W.** *****
- WQS – Water Quality Standard
- WSA – Water Supply Assessment
- WTP – Water Treatment Plant. A facility designed to provide treatment to water.
- WWTP – Wastewater Treatment Plan

X. *****

Y. *****

Z. *****



STAFF REPORT

To: Board of Directors

Meeting Date: May 24, 2021

From: Dennis Cafferty, General Manager

Subject: Capital Project Status Report

I Phase II Recycled Water Distribution System Expansion Project

The Phase II West (B) have been approved by the Division of Drinking Water (DDW) and Orange County Environmental Health (OCEH). Staff is scheduling the required cross connection tests and have authorized the contractor to begin work. Staff anticipates completion of the Phase II retrofits by the end of July.

The District submitted rebate applications to MET and they have been approved. The Contractor has started to order parts for the Phase II West (B) sites. An overall summary of the Phase II expenses and rebates is provided below.

Phase II Area	Contractor Expenses	MET Rebates Received	MWDOC Rebates Received	MET Rebates Pending	MWDOC Rebates Pending
East	\$188,949.75	\$104,052.00	\$27,995.10	\$0	\$0
West A	\$324,505.20	\$143,539.50	\$0	\$0	<i>unknown</i>
<i>West B</i>	<i>\$140,241.97</i>	<i>\$0</i>	<i>\$0</i>	<i>\$40,129.87</i>	<i>unknown</i>
Total	\$653,696.92	\$247,591.50	\$27,995.10	\$40,129.87	

II Caltrans I-5 Widening Project

The District's utility relocation construction efforts have been completed and reviewed by Caltrans. The District paid its contractor for all applicable work to date. Staff submitted invoices covering the work to Caltrans for payment and has received payments in the amount of \$515,709. Staff continues to monitor and assist with other freeway expansion work that may impact District facilities.

The next phase of construction for the District's relocation efforts is scheduled for October 2021. The Caltrans Contractor and construction management team has been in contact with the District regarding the next phase of work.

III Oso Lift Station Improvement Project

Construction continues with major activities described as follows: valve vault electrical conduit and junction boxes have been installed, discharge piping and valves have been installed, the new wet well has been lined, and the MCC pad has been poured. The current project completion date is scheduled for summer of 2021 and the project remains on schedule at this time.



Project Milestone

Date

Start of Onsite Construction Activities

November 2, 2020

Anticipated End of Construction

July 2021



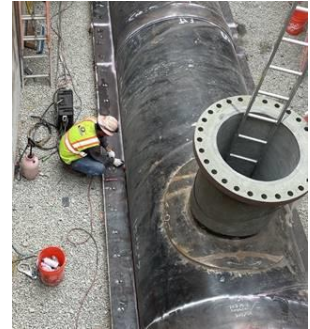
As with all construction projects, there can be many unknowns uncovered throughout the excavation and installation process. Staff has worked closely with the Contractor to identify and resolve conflicts due to unforeseen conditions and minor design discrepancies, and to determine the appropriate level of responsibility and ultimately costs. Several minor Potential Change Orders have come up throughout the project and staff has addressed them in a Change Order that is within the General Manager's authority under the current purchasing policy.

The financial summary of the project is as follows:

	Contract Amount	Billed to Date
Total Contract Bid Amount	\$1,954,236	\$ 1,393,806
Approved Change Orders	\$ 114,223	\$ 114,223
Specialty Inspections (Env., Geotech)	\$ 15,875	\$ 12,203
Eng. Services During Construction	\$ 84,000	\$ 70,523
Contingency	\$ 119,902	\$ 0
Total	\$2,288,236	\$ 1,590,755

IV Allen-McColloch Pipeline Shutdown and Repair - MWDSC

The Allen-McColloch Pipeline shutdown is complete. The pipeline was out of service for approximately 30 days, approximately one week less than the originally anticipated 5 weeks. During the course of the shutdown the District used 104 million gallons from the R-6 Reservoir. The District is currently in the process of refilling the Reservoir and anticipates completion of that process by early June.



V Irvine Ranch Water District Flow Study – LAWRP

Staff was approached by IRWD to discuss planning level analysis for IRWD's upcoming Los Alisos Water Reclamation Plant Reconstruction project. IRWD is requesting to study how much flow the District could potentially accommodate during a bypass scenario. ETWD and IRWD have been working together to perform flow monitoring to assess the ability of the ETWD Collections system to accommodate the LAWRP flows. The valves at the splitter structure were not functioning properly making it difficult to conduct the appropriate flow testing. The ETWD Operations crew performed extensive maintenance of the two splitter valves to restore the full operation of the splitter structure. ETWD and IRWD are coordinating to schedule a new flow test.



VI Filter Plant Building / WEROC EOC

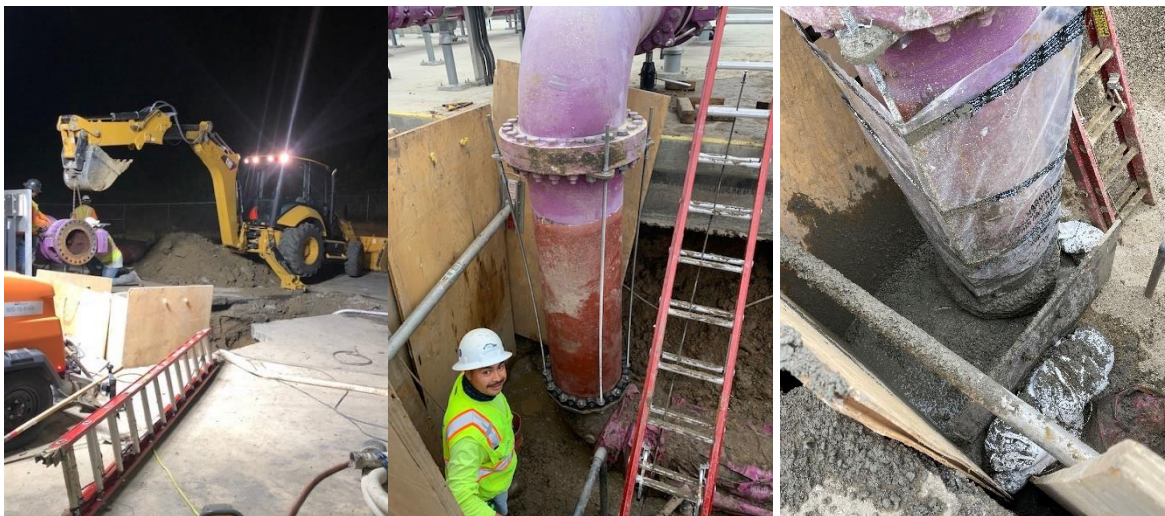
The MWDOC Board of Directors recently authorized the MWDOC/WEROC staff to proceed with the first phase of the WEROC EOC project. This phase is anticipated to include preliminary design engineering and the development of more detailed cost estimates.



Staff has conducted two meetings with MWDOC/WEROC to discuss the project and next steps. Staff is currently working with a consultant to help craft an RFP for the engineering design effort.

VII Recycled Water Pump Station Repair

On Wednesday, May 12, WRP staff noticed water coming up around the 20" discharge line at the Recycled Water Pump Station. The District operations staff was notified and responded to make repairs on Thursday, May 13. After the line was exposed, it was determined that the leak was on a 90 degree bend below the location where the 20" discharge pipeline goes underground immediately downstream of the pump station discharge manifold. The 20" horizontal pipe below grade connected to the 90 degree bend had dropped 2.5", pulling away from the 90 degree bend causing the leak. Given that the entire recycled water distribution system was out of service Staff decided to expedite the repair by requesting Paulus Engineering to make repairs on an emergency basis. The Recycled Water customers were notified of the issue. The repairs were made to the pipe Thursday afternoon continuing overnight. The contractor added restrains and poured a concrete kicker around 90 degree bend. The line was loaded and back online by noon on Friday. Paving was completed on Tuesday, May 19.



VIII Energy Efficiency Analysis

Staff continues in its effort to evaluate energy efficiency opportunities that might allow the District to save money on energy costs.

Staff recently conducted a meeting with its energy consultant, AESC, as well as the Southern California Regional Energy Network and representatives from Southern California Edison and The Gas company. Programs which are available to the District were discussed. AESC has started the process of identifying potential projects focusing on the WRP and will also be looking at pump stations and lift stations.

The presentation slides provided by the Southern California Regional Energy Network are attached.

Staff is also continuing the work with Southern California Edison on a hydraulic pump testing program. The pump testing program will assess potential for several goals including:

- Increased energy efficiency
- Reduced costs
- Improved system reliability

SCE and staff have completed pump testing at 16 of the Districts pump stations and will be completing tests at the remaining five stations in the very near future. Staff will evaluate the SCE reports to the District, which will show each pump's efficiency and energy saving cost if the District determined the cost to replace a pump is feasible compared to the energy savings.

The Expedited Delivery System for Your Energy Efficiency Projects

Initial Kickoff Meeting
El Toro Water District
05/06/21



Today's Agenda

1. Introductions
2. Overview of SoCalREN Public Agency Programs
3. Discuss ETWD Operations and Opportunities
 - a. Plant ops and energy-related efforts
 - b. Past discussions and project exploration
4. Project Initiation Next Steps
5. Site walk



Southern California REGIONAL ENERGY NETWORK



The Southern California Regional Energy Network (SoCalREN) was created to harness the collective power of residents, businesses and the public sector to achieve an unprecedented level of energy savings across Southern California.



Public Agencies



Residential



Financing



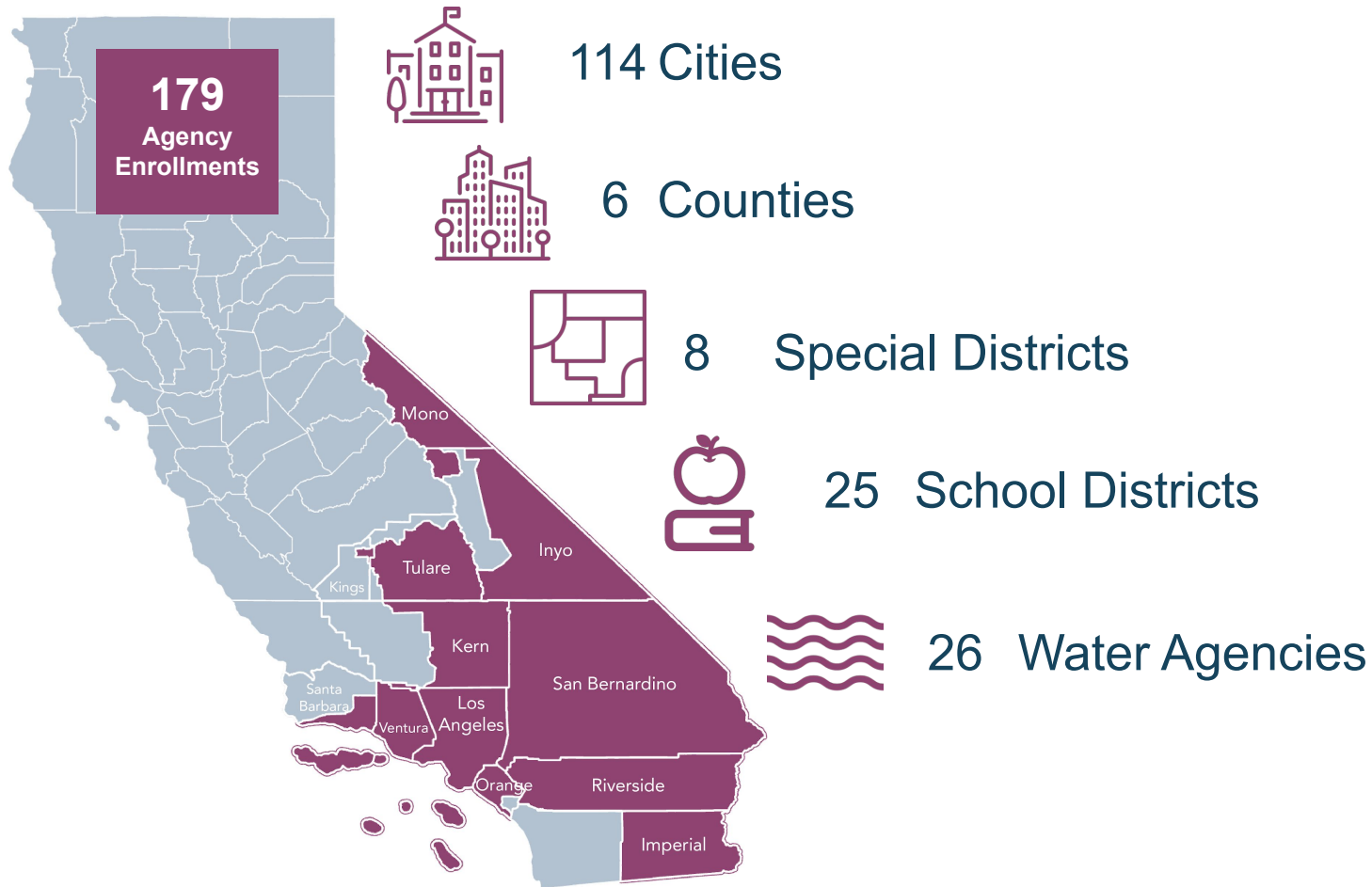
Workforce



The SoCalREN Public Agency Programs are administered by the County of Los Angeles and funded by California utility ratepayers under the auspices of the California Public Utilities Commission. Learn more at socalren.org.



Who's in the Network?



No-Cost Energy Efficiency Services

- Energy consumption benchmarking
- Technical support - ASHRAE level energy audits, audit calculations, identification of energy efficiency projects, and more
- Customizable project management services from start to finish
- Financing options, procurement, and construction support



Enrollment



Benchmarking



Evaluation
& Audit



Procurement



Construction



Completion



SoCalREN Utility Coordination



SoCalREN Public Agency Programs



Project Delivery
Program



Metered Savings
Program



Revolving
Savings Fund



Pathway to Zero



Water Project Identification Strategy

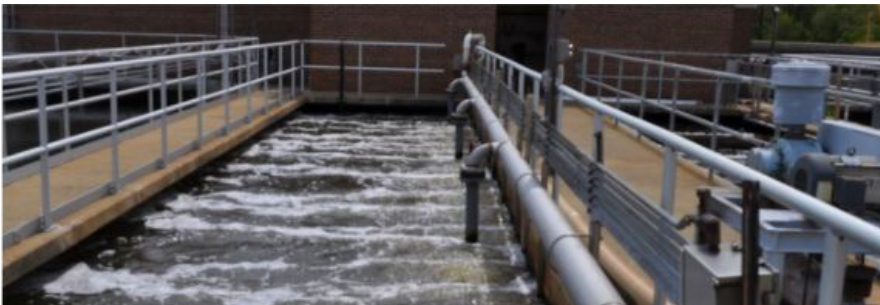
1. Improve component efficiencies



2. Controls optimization



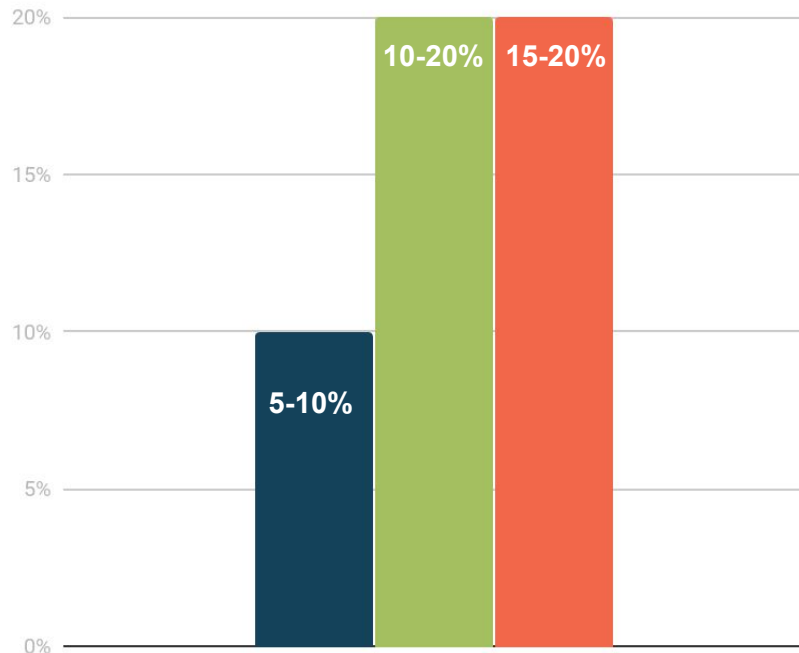
3. System optimization



4. Treatment process optimization

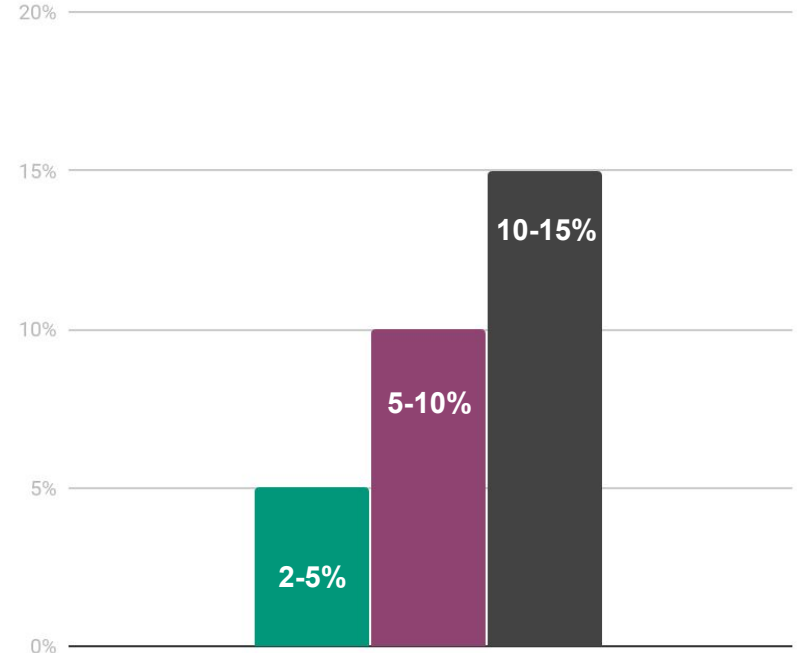


Energy Efficiency Strategies Yield Significant Energy Savings



Water System Optimization

- Pump Sequencing
- Pump Overhaul
- Pump VFD Control



Water/Wastewater Treatment Plant

- RAS Optimization
- Ammonia/Nitrate Control, MLR Optimization, Efficient Mixing
- Blower Overhaul, High Efficiency Blower Replacement, High Efficiency Diffusers



Project Success Spotlight

SoCalREN supported United Water Conservation District with several projects to improve operations and save money and energy. Projects included:

- Phased approach to well pump rehabilitation, VFDs, pump sequencing
- SCADA programming as an efficiency optimization and water quality solution
- 270 exterior lighting fixture retrofits at 5 facilities



25% reduction in
annual energy costs



1.5 million kWh
saved annually



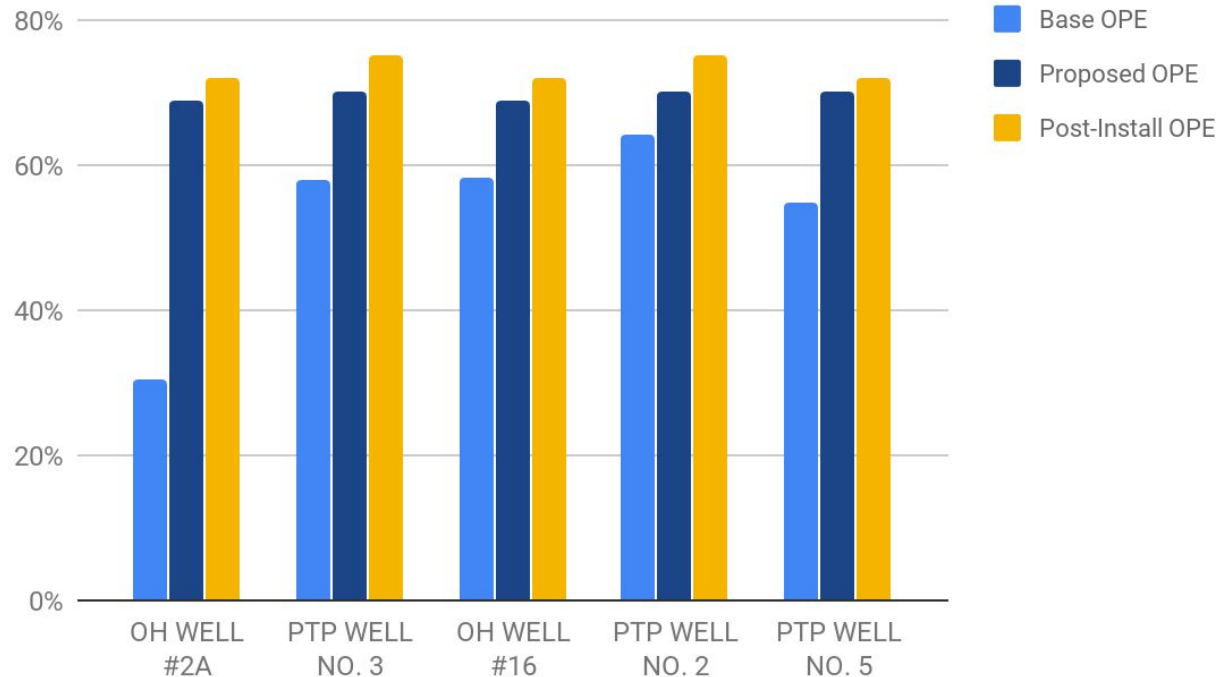
\$125,000
incentives
reserved



Well Pump Rehabilitation



UWCD Pump Overhaul - OPE

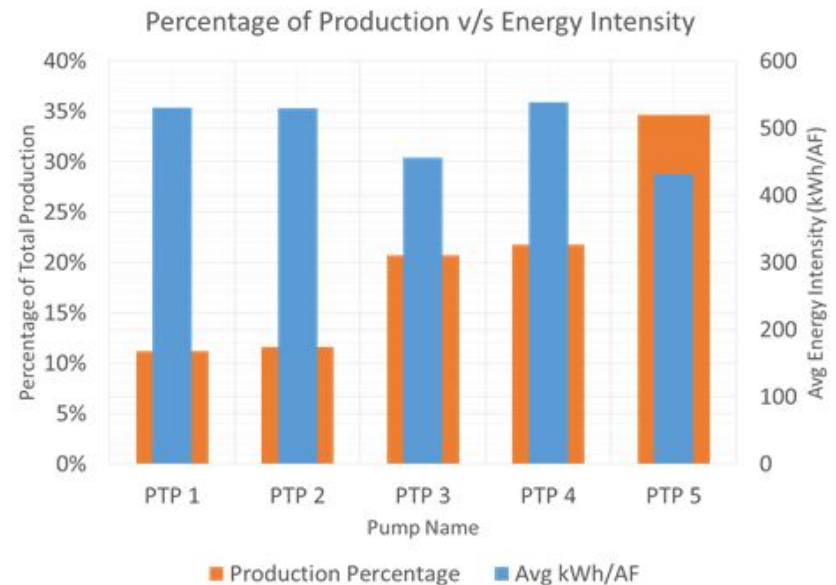
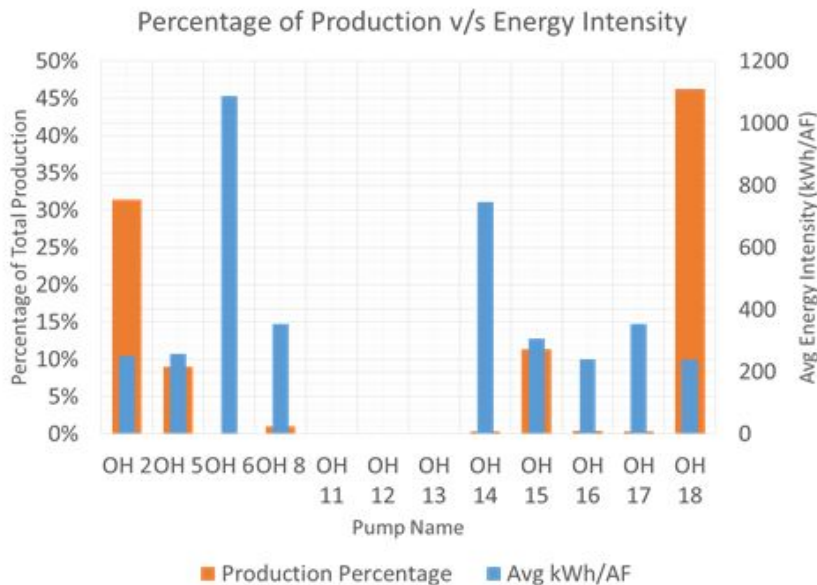


EE Measure Scope was implemented in two phases and involved pump bowl assembly and impeller repairs or replacements, impeller trimming, pump operation improvement, and right sizing of equipment.





Well Pump Sequencing



EE Measure Scope involved power monitoring via SCADA to enable automated shift of run hours from pumps with high EUI to pumps with low EUI while continuing to meet demand. Management strategy may now incorporate secondary parameters (MCL, reservoir level, water age).

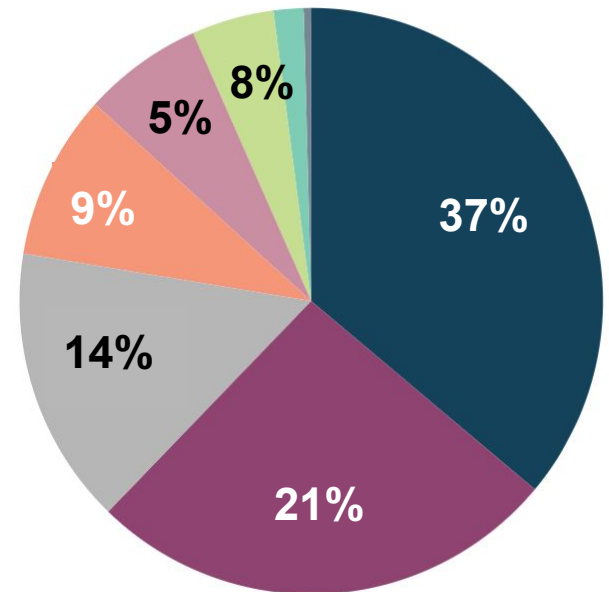


Evaluating the Right Procurement Path

Factors influencing a procurement approach: project size & complexity, staff resources, schedule requirements, regulatory limitations, funding method, etc.

SoCalREN Agency Procurement Trends

- Formal Bidding Process (per CA code)
- Cooperative Procurement - Sourcwell (6500)
- Self Installation
- Job Order Contract
- Amendment to Existing Contract
Sole Source (4217)
- Informal Bidding
- California Uniform Construction Cost
- Accounting Code



Project Financing Support Services

Financial performance analysis for projects

Utility rebate & incentive application support

Review of financing options including:

- Utility On-Bill Financing (OBF)
- Energy Lease Financing (ELF)
- California Energy Commission - Energy Conservation Assistance Act Loan (CEC ECAA)
- State Water Revolving Fund (SWRF)
- Financing options through IBank (California Infrastructure & Economic Development Bank)

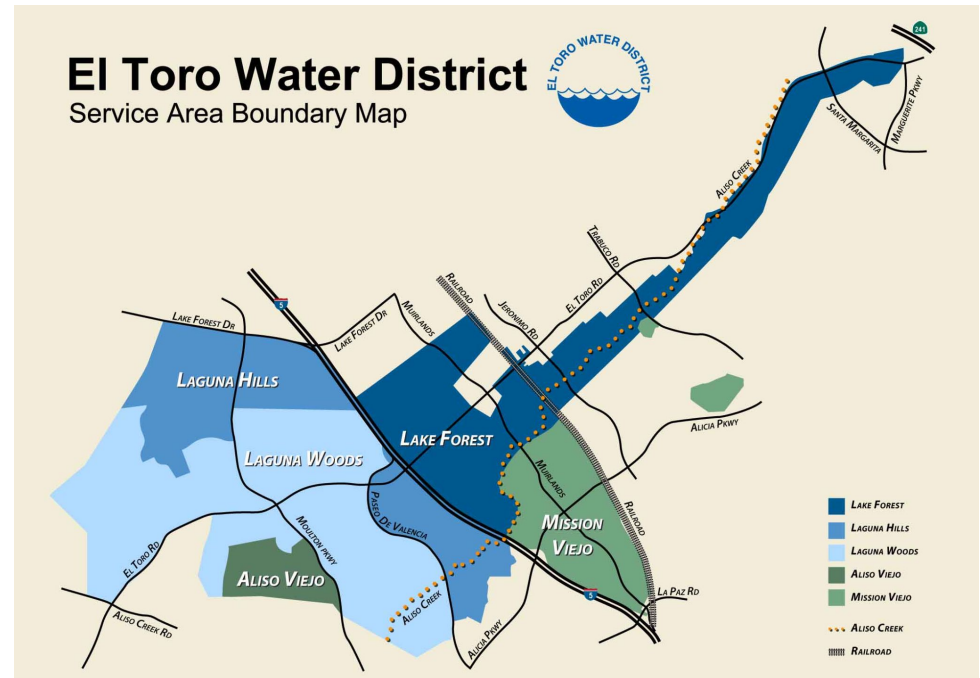
Review of federal, state and local stimulus options



Project Exploration Opportunities

Past Discussions

- Diffuser Membranes
- North Line Pump Station
- Reservoir optimization
- Recycled water pump efficiency improvements
- Pressure-drop energy recovery
- Optimize performance of battery storage



Project Initiation Next Steps

- Enrollment Form
- Preliminary site walk
- Energy data sharing and analysis
- Scope of audit and technical services verified
- Project identification, feasibility assessment, and commitment



Thank you, and welcome to the Network!

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socalren.org | @_SoCalREN



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 known 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 untended 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.

Evapotranspiration: 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 is 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.