



AGENDA

EAST ORANGE COUNTY WATER DISTRICT
(EOCWD)

Thursday, April 27, 2023
Clifton C. Miller Community Center
300 Centennial Way, Tustin, CA 92780

5:00 p.m.

MEETING MAY BE ATTENDED IN-PERSON AT THE ABOVE-REFERENCED LOCATION, OR REMOTELY AT:

To Access the Meeting by Computer/Device

<https://us02web.zoom.us/j/86185481337?pwd=ckNlTmVYY1VhYWWE4TzhUeGpVcEdvdz09>
or via short link: <https://bit.ly/3LtaF44>

To Access the meeting by Phone: Dial: (669) 444-9171

Meeting ID: 861 8548 1337 Passcode: 854769

Members of the public shall be permitted to speak live either in-person or by using the above-referenced internet or telephone options at the meeting as to both agendized and non-agendized items.. Those wishing to speak may either submit a speaker request via the on-line chat feature before an item is heard, or by verbally indicating their desire to comment at the time the item is called. Additionally, members of the public may, but are not required to, e-mail comments to Sylvia Prado at sprado@eocwd.com up to 30 minutes before the Board meeting, and such comments shall be provided to the Board. Members of the public wishing to attend the meeting that require other reasonable modifications or accommodation to facilitate such attendance should contact Ms. Prado at (714) 538-5815 or the e-mail provided as soon as feasible before the meeting to make such request.

1. **Call Meeting to Order; Pledge of Allegiance – President Davert**
2. **Consideration of Teleconferencing Notifications or Requests From Board Members**
Per Government Code § 54953(f), less than a quorum of Board members may on a limited basis videoconference to Board meetings for just cause or emergency circumstances.
3. **Addition of Items Arising After Posting of Agenda Requiring Immediate Action**
(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)



Recommendation: Adopt resolution determining need to take immediate action on item(s) and that the need for action came to the District's attention after posting of the Agenda and that such item(s) be added to the Agenda.

4. **Public Communications to the Board:** Opportunity for members of the public to comment on agenda items and non-agenda items. Each speaker and comment is limited to three minutes. During this time, e-mailed comments timely submitted to Ms. Prado shall be provided to the Board. Interested speakers who either verbally indicate their desire to speak during this item or submit a chat request at the beginning of the meeting shall be afforded an opportunity to address the Board. At the discretion of the Board President, comments on a particular agenda item may be deferred until that item is heard.

CONSENT CALENDAR (Items 5-14) All matters on the Consent Calendar are to be approved by one motion, without separate discussion on these items, unless a Board member or District staff request that specific items be removed from the Consent Calendar for separate consideration.

5. Minutes of Regular Board Meeting Held March 23, 2023
Recommendation: Approve minutes as presented.
6. Schedule of Disbursements
Recommendation: Approval of disbursements as submitted.
7. General Manager's Report
Recommendation: Receive and File.
8. Financial Statements
Recommendation: Informational.
9. Wholesale and Retail Water Usage Report
Recommendation: Informational.
10. ACWA President Nomination
Recommendation: Approve Resolution No. 929 supporting Cathy Green for ACWA President.
11. District Offices Construction Management
Recommendation: Approve CM contract with Butier for \$217,560.
12. PFAS Treatment System Grant Application
Recommendation: Approve Resolution No. 930 in Support of Grant Application
13. OC 43 Walnut Turnout Contract Amendment with Black and Veatch.
Recommendation: Approve amendment of \$37,740 for additional design services



14. Newport Reservoir Rehabilitation Final Acceptance.
Recommendation: Accept final completion of the project.

MATTER FOR CONSIDERATION

15. Presentation on 2023 Rate and Capacity Fee Study
Recommendation: Receive and File Rate Study

16. **PUBLIC HEARING AND POTENTIAL ACTION:** Proposed Retail Zone (RZ) Rate Increase and Placement of RZ Capital Charges on Property Tax Roll
Recommendation: A) Conduct Public Hearing and Tabulate Written Protests
B) Consider for approval Resolution No. 931
C) Consider for approval Resolution No. 932

17. **PUBLIC HEARING AND POTENTIAL ACTION:** Proposed Sewer (ID1) Rate Increase and Placement Charges on Property Tax Roll
Recommendation: A) Conduct Public Hearing and Tabulate Written Protests
B) Consider for approval Resolution No. 933
C) Consider for approval Resolution No. 934

18. **PUBLIC HEARING AND POTENTIAL ACTION:** Proposed Fats, Oils & Grease (FOG) Fee on Property Tax Roll
Recommendation: A) Conduct Public Hearing and Tabulate Written Protests
B) Consider for approval Resolution No. 935

19. Wholesale Zone (WZ) Water Rate Increase – Consideration of Resolution No. 936
Recommendation: Consider for approval Resolution No. 936

20. Retail Zone (RZ), Wholesale Zone (WZ), and Sewer (ID1) Connection and Capacity Charge Increase – Consideration of Resolution Nos. 937, 938, and 939
Recommendation: Consider for approval Resolution Nos. 937, 938, and 939

MISCELLANEOUS ITEMS

21. Directors' reports on meetings attended at District expense (Government Code Section 53232.3) and Directors' comments. Directors or staff may ask questions for clarification, make brief announcements, and make brief reports on their own activities. Directors may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning a matter, or direct staff to place a matter on a future agenda (Government Code § 54954.2)



22. Monthly Legislative & Outreach Report
Recommendation: Receive and File.

RECESS TO CLOSED SESSION

Conference with Legal Counsel - Existing Litigation (Govt Code § 54956.9(d)(1))-
Irvine Ranch Water District v. Orange County Water District, Case No. 30-2016-
00858584-CU-WMCJC.

ADJOURNMENT

Adjourning to the next Regular Meeting scheduled for **May 25, 2023**, at 5:00 p.m., at the Clifton C. Miller Community Center, 300 Centennial Way, Tustin, CA 92780 or on-line as noticed pursuant to findings of the Board.

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the East Orange County Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection in the District’s office, 185 N. McPherson Road, Orange, California (“District Office”). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available at the reception desk of the District Office during business hours at the same time as they are distributed to the Board members, except that if such writings are distributed less than one hour prior to, or during, the meeting, they will be available in the meeting room of the District Office.

Disability-related accommodations: The East Orange County Water District Board of Directors meeting room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.) please contact Sylvia Prado in the District Office at (714) 538-5815 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to Sylvia Prado in the District Office, at least seventy-two (72) hours prior to the scheduled meeting.

MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE EAST ORANGE COUNTY WATER DISTRICT (EOCWD)

March 23, 2023

Call to Order. A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by President DOUGLASS DAVERT at 5:00 p.m. on Thursday, March 23, 2023, with Director MARILYN THOMS leading the Pledge of Allegiance. Public attendance was permitted in-person or via video or teleconference. JEFFREY HOSKINSON, Secretary, recorded the minutes of the meeting.

The following Directors attended the meeting: DOUGLASS DAVERT, GEORGE MURDOCH, JOHN NIELSEN, JOHN SEARS, and MARILYN THOMS.

Also present were:

DAVID YOUNGBLOOD
JEFF SMYTH
JERRY MENDZER
SYLVIA PRADO
RAMON GALLEGOS
JEFF HOSKINSON

General Manager
Engineering Manager
Operations Manager
Office Manager
GIS Manager
District Secretary and Legal Counsel

Other staff and members of the public may have attended in-person or via video- or teleconference that are not listed above.

Consideration of Teleconferencing Notifications/Requests. None received

Addition of Items Arising After Posting of Agenda Requiring Immediate Action.
(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present).

ACTION TAKEN: None

Public Communications to the Board. None provided.

Consent Calendar. General Manager Youngblood requested, with Board concurrence, that Item No. 7 be pulled from the Consent Calendar. The Board, on motion from NIELSEN, seconded by THOMS, approved the balance of the Consent Calendar by unanimous vote, as follows:

5. **Minutes:** THE MINUTES OF THE FEBRUARY 23, 2023 REGULAR MEETING OF THE BOARD WERE APPROVED AS SUBMITTED;
6. **Schedules of Disbursements:** THE BOARD APPROVED THE SCHEDULES OF DISBURSEMENTS AS SUBMITTED;

8. **Financial Statements:** THE BOARD RECEIVED AND FILED THE FINANCIAL STATEMENTS;
9. **Wholesale and Retail Water Usage Report:** THE BOARD RECEIVED AND FILED THE WHOLESALE AND RETAIL WATER USAGE REPORT;

Item No. 7 was then heard separately, as follows:

7. **General Manager's Report.** General Manager Youngblood presented the report, with inquiries from Director SEARS relative to Accessory Dwelling Unit (ADU) issues.

ACTION TAKEN: The Board, on motion duly seconded, by unanimous vote received and filed the General Manager's Report.

Matters for Consideration.

10. **District Headquarters Building Project – Budget Increase.** General Manager Youngblood introduced the item, with explained design changes. Director NEILSEN inquired as to participation in future cost changes.

ACTION TAKEN: The Board, on motion by SEARS, seconded by THOMS, by unanimous vote approved an increase of \$1.2 million to the Project budget for a total Project budget of \$8.7 million.

Miscellaneous Items.

11. **Conference and Meeting Requests.** General Manager Youngblood discussed the MWDOC Elected Officials Forum (“MWDOC Event”) and the Urban Water Institute (“UWI”) 2023 Spring Conference to be held on May 9-11, 2023.

ACTION TAKEN: The Board, on motion by MURDOCH, seconded by SEARS, by unanimous vote authorized attendance at the MWDOC Event and UWI Spring Conference by all Board members who elect to attend.

12. **Directors' reports on meetings attended at District expense (Government Code Section 53232.3) and Directors' comments.** The Directors reported attendance as set forth in the agenda, as follows:

President Davert

2/8 OC LAFCO Commission Meeting
2/9 MWDOC Water Policy Forum & Dinner
2/23 EOCWD Regular Board Meeting

Vice President Murdoch

2/7 ACWA Membership Committee Meeting
2/7 ACWA Region 10 Event Work Group Meeting
2/8 ACWA Region 10 State Legislative Committee Prep Meeting



2/9 MWDOC Water Policy Forum & Dinner
2/15 ACWA Regulatory Committee Meeting
2/16 EOCWD Engineering & Operations Committee Meeting
2/23 EOCWD Regular Board Meeting
2/24 ACWA Business Development Subcommittee Meeting

Director Sears

2/3 Water Advisory Committee of Orange County (WACO) Meeting
2/9 MWDOC Water Policy Forum & Dinner
2/22-2/24 Urban Water Institute's Spring Conference, Palm Springs, CA
2/23 EOCWD Regular Board Meeting
2/14 North Tustin Fire Safe Council
2/17 EOCWD Administration & Finance Committee Meeting

Director Thoms

2/3 Water Advisory Committee of Orange County (WACO) Meeting
2/22-2/24 Urban Water Institute's Spring Conference, Palm Springs, CA
2/23 EOCWD Regular Board Meeting

Director Nielsen

2/9 MWDOC Water Policy Forum
2/22-2/24 Urban Water Institute's Spring Conference, Palm Springs, CA
2/23 EOCWD Regular Board Meeting

Director SEARS provided a summary of the WACO meeting held on March 3, 2023. No other updates were provided. Director NEILSEN provided a summary of the UWI Conference held in February.

13. Monthly Legislative & Outreach Report. President DAVERT provided a highlight of the report by Hon. John Lewis, as well as a Local Agency Formation Commission (LAFCO) update.

ACTION TAKEN: The Board, on motion by NIELSEN, seconded by THOMS, by unanimous vote, received and filed the report.

Adjournment.

The Board adjourned the meeting at or around 5:32 p.m. to the next Regular Meeting of the Board of Directors on **Thursday, April 27, 2023**, at 5:00 p.m., to be held at the Clifton C. Miller Community Center, 300 Centennial Way, Tustin, CA 92780.

Respectfully submitted,

Jeffrey A. Hoskinson



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: MONTHLY DISBURSEMENTS
DATE APRIL 27, 2023

Background

Monthly disbursements

Recommendation

Approval of disbursements as submitted.

Attachment(s): Monthly disbursements report

EAST ORANGE COUNTY WATER DISTRICT

DISBURSEMENT SUMMARY

April 27, 2023

WHOLESALE AND RETAIL BILL PAYMENTS	\$560,761.95
EFT Wire Transfers:	
MWDOC - Water Delivery Payment for February 2023 Usage	\$547,097.04
SCE Engineering Services for OC-43 Walnut Turnout Vault	\$10,000.00
DIRECTOR'S PAYROLL	\$4,211.76
EMPLOYEE'S PAYROLL	\$176,219.31
DISBURSEMENT TOTAL	<u><u>\$1,298,290.06</u></u>

TRANSFER SUMMARY

TRANSFERS	\$ 420,000.00
TRANSFER TOTAL	<u><u>\$420,000.00</u></u>

NOTE: THE EXPLANATION OF FUNDS TRANSFERRED IS SHOWN ON THE FUNDS TRANSFERRED SHEET ATTACHED.

East Orange County Water District
Bills For Consideration
As of March 31, 2023

Date	Num	Name	Memo	Credit
03/23/2023	7435	ALS GROUP USA, CORP	Laboratory Analysis (water quality) March 2023	2,190.00
03/23/2023	7436	ATKINSON, ANDELSON, LOYA, RUUD & ROMO	February 2023 Legal Fees	9,112.50
03/23/2023	7437	AYALA ENGINEERING	Sewer Manhole Rehab	9,150.00
03/23/2023	7438	CALIFORNIA CONCRETE READY MIX, INC.	Sewer 8" VCP Repair on Chapman Ave	1,575.00
03/23/2023	7439	CALIFORNIA WATER EFFICIENCY PARTNERSHIP	CalWEP Dues 2023	892.60
03/23/2023	7440	CHAMPION PAVING INC.	Asphalt Services	4,080.00
03/23/2023	7441	CINTAS CORPORATION NO. 3	Uniforms - March 2023	106.94
03/23/2023	7442	CITY OF ORANGE	Vehicle Maintenance	220.43
03/23/2023	7443	CITY OF TUSTIN	Permit and Inspection Fees	10,273.00
03/23/2023	7444	COUNTY OF ORANGE	Encroachment Permits	1,058.86
03/23/2023	7445	DAVIS FARR LLP	Annual Financial Audit thru 02/28/23	11,950.00
03/23/2023	7446	FIRE GRAZERS INC.	Reservoir Maintenance at 6 MG reservoir site	5,857.00
03/23/2023	7447	G O RODRIGUEZ TRUCKING, INC	Spoils Haul Off	1,944.90
03/23/2023	7448	GENERATOR SERVICES CO, INC	Rental Generator 03/01/23-03/31/23	2,699.52
03/23/2023	7449	HAAKER EQUIPMENT COMPANY	Vehicle Maintenance	257.79
03/23/2023	7450	HILL BROTHERS CHEMICAL CO	Chemicals for WZ Reservoir	1,405.00
03/23/2023	7451	MUNICIPAL MAINTENANCE EQUIPMENT	Vehicle Maintenance	481.55
03/23/2023	7452	MY SELF STORAGE SPACE ORANGE	Storage Rental 4/1/23-4/30/23	579.00
03/23/2023	7453	NINYO & MOORE	Consulting Services - Redhill Avenue Pavement Distress	2,181.25
03/23/2023	7454	PERFORMANCE PIPELINE TECHNOLOGIES	Sewer Line Maintenance	4,743.75
03/23/2023	7455	PTI SAND & GRAVEL	Mains Services Maintenance	693.39
03/23/2023	7456	SOUTHERN CALIFORNIA EDISON	Electric Services 02/09/23 - 03/09/23 - 185 McPherson	114.89
03/23/2023	7457	SPECTRUM BUSINESS	Office Internet 03/08/23-04/07/23	526.48
03/23/2023	7458	TOTAL EXTERMINATING INC	Rodent Control - Peter's Canyon Res - March 2023	550.00
03/23/2023	7459	UMPQUA BANK	Credit Card Activity 02/01/23-02/28/23	6,458.08
03/23/2023	7460	UNITED WATERWORKS INC.	Main Lines Maintenance	146.26
03/23/2023	7461	WATERLINE TECHNOLOGIES INC.	Water Quality	1,848.96
03/23/2023	7462	YO FIRE	Service Lines Maintenance	3,675.90
03/24/2023	7463	CASA	Membership Renewal - O & M Budget	4,250.00
TOTAL				89,023.05

East Orange County Water District Bills For Consideration As of April 20, 2023

Date	Num	Name	Memo	Credit
04/04/2023	7464	Dartco Transmission Sales & Service, Inc.	Vehicle Maintenance	6,544.66
04/06/2023	7465	ARCHIE'S TOWING	Vehicle Maintenance	800.00
04/06/2023	7466	BECKO, INC.	Treatment Plant Demolition	42,384.00
04/06/2023	7467	CITY OF TUSTIN	Construction Meter 07/27/2022-09/15/2022 (to clean sewer system)	615.14
04/07/2023	7468	ACWA- WORKERS COMP	Worker's Compensation 3rd Quarter 01/01/2023-03/31/2023	8,342.92
04/07/2023	7469	ACWA-JPIA (EMP INSURANCE)	Employee Med/Dental/Vision/Life Insurance May 2023	20,672.91
04/07/2023	7470	Advanced Industrial Services, Inc.	Rehabilitation of Newport Reservoir	103,645.00
04/07/2023	7471	ALLCOM BUILDING SERVICES, LLC	April 2023 Janitorial	710.00
04/07/2023	7472	ALS GROUP USA, CORP	Laboratory Analysis (water quality) April 2023	1,932.50
04/07/2023	7473	Annie Maestre	RZ Customer Deposit Refund	275.96
04/07/2023	7474	AT&T LONG DISTANCE	Long Distance Calls 02/27/23-03/23/23	31.78
04/07/2023	7475	Brandon J. Brito & Tracy Teresa	Customer Refund for Water Meter Upsize	1,269.00
04/07/2023	7476	CALIFORNIA BARRICADE INC.	Traffic Control Signs	273.13
04/07/2023	7477	CINTAS CORPORATION NO. 3	Uniforms - April 2023	209.60
04/07/2023	7478	COMMUNICATIONS LAB	Professional Services - February 2023	17,824.32
04/07/2023	7479	COUNTY OF ORANGE	Encroachment Permit	600.00
04/07/2023	7480	EAST ORANGE COUNTY WATER DIST.	Payment to WZ for Imported Water	60,798.59
04/07/2023	7481	EEC ENVIRONMENTAL	FOG Program 02/01/23-02/28/23	7,019.24
04/07/2023	7482	EIDE BAILLY LLP	Consulting Services Retainer & Out of Scope - February 2023	9,122.25
04/07/2023	7483	ENGEIO INCORPORATED	Hydrogeo Services for Well Destruction	6,895.50
04/07/2023	7484	FOOTHILL SENTRY, INC	Water Conservation Ad	525.17
04/07/2023	7485	GOLDEN METERS SERVICE INC.	Water Meter Testing	215.00
04/07/2023	7486	HAAKER EQUIPMENT COMPANY	Vehicle Maintenance	926.65
04/07/2023	7487	HILL BROTHERS CHEMICAL CO	Chemicals for WZ Reservoir	722.50
04/07/2023	7488	HYDROPRO SOLUTIONS	RZ Meter Maintenance	4,549.74
04/07/2023	7489	INDUSTRIAL SAFETY LLC	Safety Equipment	432.29
04/07/2023	7490	INSTANT LUBE, INC.	Vehicle Maintenance	65.99
04/07/2023	7491	LEWIS CONSULTING GROUP	Consulting Services - March 2023	2,500.00
04/07/2023	7492	MATRIX COMPUTER SERVICE	IT Support - Petty Cash Reimbursement	32.31
04/07/2023	7493	MCMaster-CARR SUPPLY COMPANY	Newport Reservoir Project	217.57
04/07/2023	7494	MESA WATER DISTRICT	Legal Fee Sharing 09/01/22 - 11/30/22	318.44
04/07/2023	7495	Michael Paino	RZ Customer Deposit Refund	331.89
04/07/2023	7496	MORROW MEADOWS CORP	Troubleshoot at Vista Panorama Reservoir	745.76
04/07/2023	7497	MUNICIPAL MAINTENANCE EQUIPMENT	Vehicle Maintenance	176.13
04/07/2023	7498	Pacific Legacy Real Estate & Investment	RZ Customer Deposit Refund	165.24
04/07/2023	7499	PARADISE DRINKING WATERS	Bottled Water (Office/Field)	90.50
04/07/2023	7500	SC FUELS	Fuel - March 2023	4,513.07
04/07/2023	7501	SOUTHERN CALIFORNIA EDISON	Electricity - Various Location 03/06/23-04/03/23	495.43
04/07/2023	7502	STANDARD INSURANCE COMPANY	Life Insurance Premium 04/01/23-04/30/23	845.60
04/07/2023	7503	TETRA TECH, INC.	Peters Canyon 6.0 MG Replacement Conceptual Design- Consulting Services	8,695.00
04/07/2023	7504	THE SHERWIN-WILLIAMS CO	Vault Maintenance	1,047.99
04/07/2023	7505	TOTAL EXTERMINATING INC	Rodent Control - Peter's Canyon Res March 2023	275.00
04/07/2023	7506	TOWNSEND PUBLIC AFFAIRS, INC.	State/Fed Gov Relations April 2023	3,000.00
04/07/2023	7507	UMPQUA BANK	Credit Card Activity 0/30/1/23-03/31/23	15,757.51
04/07/2023	7508	UNDERGROUND SERVICE ALERT	USA Location - March 2023	380.28
04/07/2023	7509	VERIZON WIRELESS	Wireless - 02/26/23-03/25/23	1,298.02
04/07/2023	7510	WATERLINE TECHNOLOGIES INC.	Water Quality	1,353.60
04/07/2023	7511	WEST YOST & ASSOCIATES, INC	Professional Services 02/04/23 to 03/03/23	13,032.25
04/07/2023	7512	YO FIRE	RZ Service Line Maintenance	3,717.72
04/12/2023	7513	PACIFIC HYDROTECH CORPORATION	Barrett Booster Pump Station	97,496.12
04/12/2023	7514	AMERICAN BUSINESS BANK	Barrett Booster Pump Station	17,849.63
TOTAL				471,738.90

EAST ORANGE COUNTY WATER DISTRICT
 CITIZENS BUSINESS BANK
 Prior Month's Checks To Ratify
 DIRECTORS' PAYROLL*
 27-Apr-23

PAYMENT FOR BOARD AND COMMITTEE MEETINGS IN THE MONTH OF FEBRUARY 2023

DATE	CHECK NO	AMOUNT	PAYABLE TO
3/23/2023	396	\$ 613.90	BOARD DIRECTOR
3/23/2023	397	\$ 923.69	BOARD DIRECTOR
3/23/2023	398	\$ 1,067.76	BOARD DIRECTOR
3/23/2023	399	\$ 923.69	BOARD DIRECTOR
		\$ 3,529.04	TOTAL PAYROLL CHECKS
PAYROLL TAXES, ADP CHARGE EFT			
		\$682.72	ADP TAXES
		\$682.72	TOTAL CHARGES & TRANSFER
		\$4,211.76	

***** NOTE: DOUG DAVERT DECLINES PAYMENT FOR ALL MEETINGS**

*Note: Payroll is processed by ADP (Automatic Data Processing)

EAST ORANGE COUNTY WATER DISTRICT
 CITIZENS BUSINESS BANK
 Prior Month's Checks To Ratify
 EMPLOYEES' PAYROLL*
 Month of MAR 2023

	CHECK DATE	CHECK AMOUNT	PAYABLE TO
AUTO DEPOSIT	3/8/2023	\$ 7,574.09	GENERAL MANAGER
AUTO DEPOSIT	3/8/2023	\$ 5,604.22	ENGINEERING MANAGER
AUTO DEPOSIT	3/8/2023	\$ 5,005.91	OPERATIONS MANAGER
AUTO DEPOSIT	3/8/2023	\$ 3,638.87	GIS MANAGER
AUTO DEPOSIT	3/8/2023	\$ 3,963.27	WASTEWATER SUPERVISOR
AUTO DEPOSIT	3/8/2023	\$ 2,683.26	WATER DISTRIBUTION OPERATOR III
AUTO DEPOSIT	3/8/2023	\$ 3,072.41	WATER DISTRIBUTION OPERATOR I
AUTO DEPOSIT	3/8/2023	\$ 2,307.69	WASTEWATER COLLECTION OPERATOR II
AUTO DEPOSIT	3/8/2023	\$ 2,076.74	WASTWATER COLLECTION OPERATOR II
AUTO DEPOSIT	3/8/2023	\$ 2,800.26	WASTEWATER COLLECTIONS OPERATOR II
AUTO DEPOSIT	3/8/2023	\$ 1,790.97	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	3/8/2023	\$ 1,430.17	INTERN
AUTO DEPOSIT	3/8/2023	\$ 2,679.57	OFFICE MANAGER
AUTO DEPOSIT	3/8/2023	\$ 2,345.73	MANAGEMENT ANALYST
AUTO DEPOSIT	3/8/2023	\$ 2,220.58	ADMINISTRATIVE ASSISTANT I
AUTO DEPOSIT	3/8/2023	\$ 1,533.31	PART TIME ADMINISTRATIVE ASSISTANT
		<u>\$ 50,727.05</u>	SUB TOTAL

AUTO DEPOSIT	3/22/2023	\$ 6,774.07	GENERAL MANAGER
AUTO DEPOSIT	3/22/2023	\$ 5,604.21	ENGINEERING MANAGER
AUTO DEPOSIT	3/22/2023	\$ 5,008.24	OPERATIONS MANAGER
AUTO DEPOSIT	3/22/2023	\$ 3,321.04	GIS MANAGER
AUTO DEPOSIT	3/22/2023	\$ 4,850.28	WASTEWATER SUPERVISOR
AUTO DEPOSIT	3/22/2023	\$ 2,605.88	WATER DISTRIBUTION OPERATOR III
AUTO DEPOSIT	3/22/2023	\$ 3,125.71	WATER DISTRIBUTION OPERATOR I
AUTO DEPOSIT	3/22/2023	\$ 2,332.89	WASTEWATER COLLECTION OPERATOR II
AUTO DEPOSIT	3/22/2023	\$ 2,076.75	WASTEWATER COLLECTION OPERATOR II
AUTO DEPOSIT	3/22/2023	\$ 2,709.81	WASTEWATER COLLECTIONS OPERATOR II
AUTO DEPOSIT	3/22/2023	\$ 1,790.96	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	3/22/2023	\$ 1,430.17	INTERN
AUTO DEPOSIT	3/22/2023	\$ 2,632.14	OFFICE MANAGER
AUTO DEPOSIT	3/22/2023	\$ 2,315.88	MANAGEMENT ANALYST
AUTO DEPOSIT	3/22/2023	\$ 1,632.49	ADMINISTRATIVE ASSISTANT I
AUTO DEPOSIT	3/22/2023	\$ 2,366.53	PART TIME ADMINISTRATIVE ASSISTANT
		<u>\$ 50,577.05</u>	SUB TOTAL

3/8/2023	\$24,981.82	ADP TAXES
3/8/2023	\$2,882.76	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
3/8/2023	\$3,554.03	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
3/8/2023	\$1,980.24	EMPLOYEE PERS PEPRA TRANSFER
3/8/2023	\$2,191.49	EMPLOYER PERS PEPRA MEMBER TRANSFER
3/8/2023	\$1,631.37	CAL PERS 457 - ING BANK
	<u>\$37,221.71</u>	TOTAL TRANSFERS

PAYROLL	PAYROLL
3/8/2023	3/22/2023
\$50,727.05	\$50,577.05
\$37,221.71	\$37,693.50
<u>\$87,948.76</u>	<u>\$88,270.55</u>

3/22/2023	\$25,499.40	ADP TAXES
3/22/2023	\$2,871.86	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
3/22/2023	\$3,540.60	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
3/22/2023	\$1,980.25	EMPLOYEE PERS PEPRA TRANSFER
3/22/2023	\$2,191.49	EMPLOYER PERS PEPRA MEMBER TRANSFER
3/22/2023	\$1,609.90	CAL PERS 457 - ING BANK
	<u>\$37,693.50</u>	TOTAL TRANSFERS

\$176,219.31 **GRAND TOTAL PAYROLL**

*Note: Payroll is processed by ADP (Automatic Data Processing)

EAST ORANGE COUNTY WATER DISTRICT
FUNDS TRANSFERRED BETWEEN ACCOUNTS
27-Apr-23

DATE	AMOUNT	FROM	TO	REASON FOR FUND TRANSFER
3/31/2023	\$420,000.00	Citizens Business Bank Money Market Account	Citizens Business Bank Checking Account	Excess Funds



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: GENERAL MANAGER'S REPORT
DATE APRIL 27, 2023

Background

Monthly report from the General Manager on District activities

Recommendation

Receive and File.

Attachment(s): General Manager's Report

EAST ORANGE COUNTY WATER DISTRICT GENERAL MANAGER'S REPORT

APRIL 2023

The following report is a summary of the District's activities over the past month.

SEWER

1) ID1 Update

Activities & Accomplishments for March include:

Activities

- Completed Group 3 cleaning (see attached report).
- Reviewed applications for sewer permits.
- Completed monthly siphon cleaning.
- Completed monthly hot spot cleaning.
- Completed CCTV inspections.
- Completed Dig Alert tickets.
- Ordered misc. sewer supplies and tools.
- Provided training to water staff on use of combo trucks (on going).
- Attended SARBS meeting (all field staff).

Sewer Spills

Update: On March 19, 2023, staff responded to a resident report of a sewer spill on Lemon Heights Drive. The spill occurred at a District manhole that connects to a private lift station. Upon arriving, staff set up containment and then determined that there was an issue at the lift station. The contractor responsible for the lift station maintenance was notified of the issue and responded within an hour. The total spill volume was 45 gallons and because the sewage exited the District's facility, we were required to report the spill as a local spill rather than private.

Permits:

Update: Seven (7) sewer permits were issued in March; three (3) SFR remodels, one (1) in the unincorporated area, one (1) in the City of Orange and one (1) in the City of Tustin; two (2) SFR septic to sewer conversions, one (1) in the unincorporated area and one (1) in the City of Orange; one (1) new ADU in the unincorporated area; and one (1) new MFR in the City of Tustin.

2) ID1 Capacity, Reliability, and Augmentation Project #1

Update: All of the pipe is installed south of the 5 Fwy. The project has been re-sequenced and the next segment will be the railroad and flood control channel crossing at Fallen Leaf. The final segment will be north of the 5 Fwy, this will allow for installation when school is not in session and eliminate disruption to UTT Middle School traffic.

3) Rockhurst Ave. to Greenbrier Rd. Sewer Pipe Liner Removal Project

In September 2022, Staff discovered an issue with one segment of 6" sewer pipe traversing through an easement from Rockhurst Ave. to Greenbrier Rd. Initially it appeared that the liner

which had been installed roughly 20 years ago was defective. Upon closer evaluation, it was determined that the liner was failing due to root intrusion. Staff determined that the most likely path to successfully addressing the issue was to remove the liner. Removal involved re-heating the liner using steam to soften it and then pulling the liner out through a manhole using a winch. Ayala Engineering was hired to perform this work and was able to remove 200 feet of the liner with 75 feet left inside the pipe. Another contractor is being used to remove the remaining liner and roots using a remotely operated robot equipped with a cutting tool.

Update: No update.

4) **Chapman Ave. Sewer Main Repair**

During routine cctv inspection, staff discovered a large rock protruding through the top of the 8" sewer pipe along Chapman Ave., east of Esplanade Street. A contract with WA Rasic Construction was issued to dig and replace this section of sewer pipe. The work was completed successfully without issue.

WHOLESALE ZONE

1) **WZ Water Demands**

See attachment.

2) **Water Quality Update**

No Update.

3) **OC-43/Walnut Takeout Vault Rehabilitation/Replacement Update**

Update: Construction has begun. The contractor has installed the shoring and will begin excavating and removing the old vault and piping. A full road closure was required on Walnut to accommodate an Edison crane to support a transmission pole for safety during the shoring installation. Another full road closure will be required mid-June for shoring removal. Project completion is anticipated at the end of June.

4) **WZ Connection Permits**

Update: Ten (10) wholesale permits were issued in March; seven (7) in the City of Tustin's service area, (2) in the City of Orange's service area and (1) in EOCWD's service area.

RETAIL ZONE

1) **Water Demand** – see attachment

2) **East Orange DroughtReach™ Program**

Update: RZ Demand was 55 % lower in March 2023 than March 2022. Water efficiency messaging continues through social media and print media (Foothill Sentry).

3) **Well / Booster Station Operations**

No Update.

Well Levels – Update: Groundwater levels have risen significantly over the last month as shown

on the attached graph.

The pumping water level for the East Well is currently at 210.9 feet BGS (below ground surface). (Note that pumping water levels have been as low as 297 feet BGS back in July 2014).

4) **Vista Panorama Reservoir**

Update: The topographic plan is complete and staff is requesting quotes for the rough grading. The pump station design is in progress.

5) **VanderWerff Well/PFAS Treatment**

Update: The contractor is installing the raw and finished water lines. Completion is expected in June.

6) **System Leaks**

None to report for March 2023.

7) **Water Availability Request/Connection Permits**

One (1) retail zone permit was issued in March (no charge permit).

8) **Monthly WZ & RZ Operations Activities – February**

- Completion of Newport Reservoir re-coating.
- Re-installed reservoir mixer and chloramination trailer at Newport reservoir.
- Completed RZ meter reading.
- Completed 110 service lateral inspections.
- Completed 13 meter changeouts.
- Investigated 1 high bill.
- Investigated 3 customer leaks.
- Performed 1 conservation work order.
- Potholed along Circula Panorama and Fairhaven Ext. for Zone 2 to Zone 3 Pipeline Project.
- Attended meetings for Barrett Booster Station, ID1, SCADA, Admin Building, Vista Panorama reservoir, Newport reservoir projects and Water Standards Update, Zone 2 to Zone 3 project.
- Ordered misc. tools, parts, and materials for water and sewer departments.
- Completed 31 Dig Alerts.
- Monitored daily operations of reservoir chlorination system at Andres reservoir (Ops. Manager).
- Attended Groundwater Producer Meetings (Eng. Manager).
- Submitted monthly, quarterly, and annual reports to SWRCB.
- Reviewed weekly water quality data.
- Ordered water quality supplies.
- Attend weekly maintenance and operations meeting with GM (Engineering and Ops Managers).

JOINT SYSTEM ACTIVITIES

A. Pandemic Response (COVID-19) Plan

No Update.

B. Public Safety Power Shutoff (PSPS)

No Update.

C. SEDARU

Please see the attached SEDARU water work and sewer work reports which provide information on work staff is performing and the types of customer interactions that staff are having.

D. GIS Newsletter

Please see the attached GIS Newsletter that describes our GIS, how we are using it, and highlights some of the improvements that have been made.

E. America's Water Infrastructure Act (AWIA) Cybersecurity Improvements

No Update

F. Safety

Update: Staff completed general electrical hazard awareness training during March.

G. Engineering & Operations Committee

The April 13, 2023 meeting minutes are attached.

H. Administrative & Finance Committee

The April meeting was cancelled.



Monthly Water Asset Report

March 2023

Customer Work

Broken Meter Box	0	Check Backflow	0
Hi/Lo Pressure	0	Conservation	1
Meter Changeout	13	Customer Leak	3
Meter Connect	1	Door Tag	1
Meter Disconnect	0	High Water Bill	1
Meter Edit	6	Misc Customer Task	7
Meter Read	7	Water Qual. Compl.	0
Meter Re-read	0	Grand Total	13
Grand Total	27		

Facilities Work

Andres Reservoir Site	6
Barret Reservoir Site	2
Facility Edit	0
Maintenance	13
Newport Reservoir Site	2
Peters Canyon Reservoir Site	5
Vista Panorama Reservoir Site	4
Grand Total	32

Sample Work

In-House WQ Data	61
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DigTicket Work

Water	31
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Pump Work

Pump and Motor Maintenance	0
----------------------------	---

Water Distribution Line Work

Main Leak Report	0	Service Lateral Leak	12
Pipe Edit	0		
Grand Total	0		

Valve Work

Valve Edit	0
Valve Exercise	2
Grand Total	2

Hydrant Work

Hydrant Edit	0	Gallons Used
Hydrant Flushing	0	0
Hydrant Maintenance	5	
Hydrant Meter Install	0	
Hydrant Meter Read	1	
Hydrant Meter Removal	4	
Grand Total	10	

Production Meter Work

Production Meter Maintenance	0
Production Meter Test	0
Grand Total	0

Air Vac Work

Air Vac Maintenance	3
---------------------	---

Pressure Reducing Station Work

Pressure Reducing Station Maintenance	0
---------------------------------------	---

Lateral Work

Lateral Edit	6
Lateral Inspection	104
Grand Total	110



Monthly Sewer Asset Report

March 2023

Sewer Gravity Main Work

CCTV Inspection	94	Pipes CCTVd	102
Line Cleaning Segments	530	Feet of Main CCTVd	24,424
Managers Form	2		
Pipe Edit	28		
Root Foaming	0		
Grand Total	654		
Feet of Main Root Foamed	0	Feet of Main Cleaned	128,469

Easement Work

Easement Inspection	10
---------------------	----

DigTicket Work

811 Locate	119
------------	-----

Manhole Work

Manhole Edit	97
Manhole Inspection	290
Manhole Rehab	1
Roach Spray	0
Grand Total	388

Customer Work

Const. Inspection	0
Customer Investigation	2
Parcel Edit	0
Pre construction	0
Grand Total	2

FOG Work

BMP GRE Inspection	11
BMP GRE Violation Follow-up	2
BMP Inspection	16
BMP Violation Follow-up	0
FOG Form	0
FOG Permitting	4
FSE Edit	60
GRE Violation Follow-up	3
Initial Inspection	8
Grand Total	104

Water Hydrants

Hydrant Meter Read	9
Water Used in CCF	57.10
Water Used in Gallons	42,825

SSO Report

Spill Date and Time	Quantity
03/19/2023 10:00:00	1



EOCWD'S GIS: AN INTRODUCTION

The term Geographic Information System (GIS) describes a computer environment that helps us manage and analyze information about our water and sewer systems. We use maps to display and organize data, which makes it easier to collect that information, analyze it, and make decisions. GIS helps us keep track of assets like pipes, valves, and manholes, as well as water quality, asset condition, and water usage. It helps us plan for the future and efficiently respond to emergencies.

Everyday we gather data in Sedaru to better understand our water and sewer assets' condition, location, maintenance history and needs. We analyze the data to identify where maintenance, infrastructure repairs, or improvements or are needed.

We produce reports to comply with regulatory requirements, such as maintenance programs, asset inventories, water use / loss, and water quality standards.

As you all know, we are using Sedaru for **asset and work order management**: EOCWD's GIS is the driving force behind Sedaru and is where all the data entered into either OMNI or Fieldforce is stored. The more accurate our data collection is, the more accurate and complete our asset inventories will be, and the more accurate our analysis will be, leading to better decisions. Our GIS can be used to analyze and visualize spatial data to aid in **planning and design decisions**. For example, the District could use GIS to analyze the spatial distribution



Figure 2. GIS environment.

of water demand and identify areas that require infrastructure improvements. We have already used GIS to better understand the wastewater drainage basins. Our GIS is used to support **emergency response** efforts. For example, if there is a water main break or sewer backup, Sedaru can be used to quickly identify the location and extent of the problem and prioritize response efforts. Our GIS is used to track and report **compliance with regulatory requirements**, such as discharge permits and water quality standards. By mapping sampling locations and adding laboratory data, the District can produce reports that illustrate compliance with regulatory limits.

Overall, our GIS and Sedaru are valuable tools to manage our infrastructure, plan for future needs, respond to emergencies, meet regulatory requirements, analyze maintenance effectiveness, and identify weaknesses, risks, and liabilities.

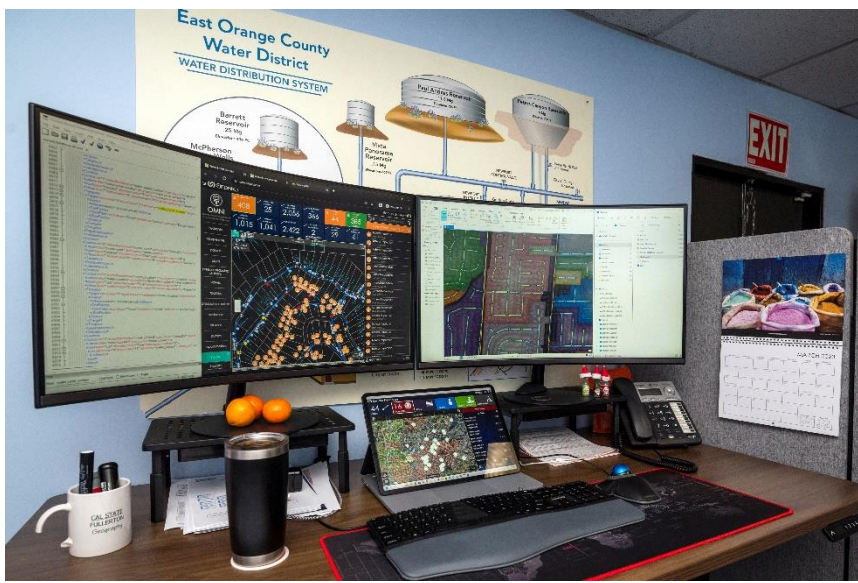


Figure 1. GIS workstation.

WORKFLOW HIGHLIGHT: SERVICE LATERAL INVENTORY

With the use of our GIS and Sedaru, we are managing our service lateral inventory and inspection program. The State Water Resources Control Board, through the Division of Drinking Water, enforces the California Lead and Copper Rule, which requires water agencies to inventory all water service lines and document the material of every water service lateral pipe in our system. This will enable us to address any lead pipes that may be in our system and develop appropriate measures to remove those high-risk materials. Our teams have been out in the field diligently reviewing every lateral connection and documenting, when possible, material type and other available information and taking pictures for confirmation purposes.



Figure 3. Customer meter.

TEAM MEETINGS

We have scheduled several recurring meetings for our different teams to meet with the GIS Manager to review and enhance current workflows. Workflows can include valve exercising, sewer line cleaning, enhanced maintenance locations, asset inspection programs, Fats Oil and Grease program management, manhole inspections, sewer service line connection management, and water system leak management.

The purpose of these meetings is to

- Ensure the team is on the same page with workflow requirements and terminology
- Ensure Sedaru is providing data needed by the field users
- Identify how the District's GIS and Sedaru can enhance workflows
- Share how data collected in the field is being used for analysis and decision making
- Identify asset management tools that are under or not utilized and develop plan to implement

WORKFLOWS AND KEY PERFORMANCE INDICATORS

Because our teams have been entering maintenance information consistently into Sedaru for many years, we are able to analyze data collected in the field and determine if workflows need to be adjusted or updated. The data also provides valuable insight into key performance indicators.

As you can see in the graph below, we can easily review how well our teams have been doing over a multi-year period. Using the sewer line cleaning work entered into Sedaru, we were quickly able to see if our annual footage cleaned has been reducing or increasing. This kind of information will give us greater insight to resource allocation and whether recent changes, such as work schedule changes, have an adverse effects on performance.

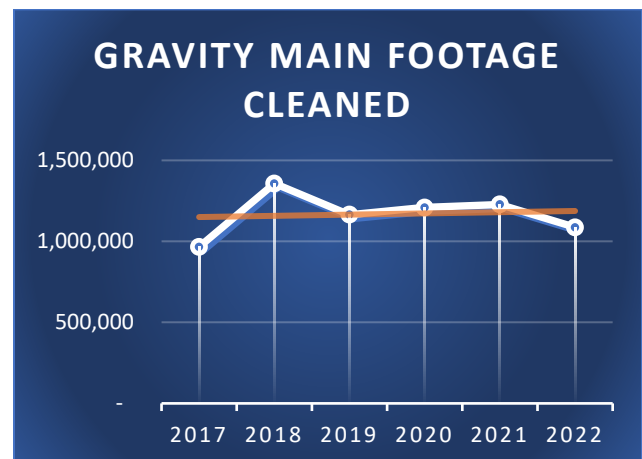


Figure 4. Awesome team work.

**Minutes of the
Engineering & Operations Committee
April 13, 2023**

1. The meeting was called to order at 4:33 p.m. by Director Murdoch.

The following Directors attended the meeting: Director Murdoch and Director Thoms. Also present at the meeting were: David Youngblood – General Manager, Jeff Smyth – Engineering Manager, and Jerry Mendzer – Operations Manager.

2. No public comments were received.
3. No additional items were added to the agenda.

Informational Items

4. RZ Well Levels, System Status, and Water Use – Staff informed the Committee the well water volume was for sampling purposes only.
5. WZ System Status and Water Use – Staff informed the Committee regarding vegetation clearing at the 6MG reservoir (goats), the treatment plant demo, and work to be completed and the Newport reservoir.
6. Sewer System Status and Development Permits – Staff informed the Committee on a sewer spill in March. The spill was due to a pump failure on a private lift station on Sharon lane
7. GIS Report – Staff informed the Committee in regards to GIS activities. See attached report.

Action Items

8. West Well Destruction Contract Award – Staff presented the item. The Committee awarded a construction contract with General Pump in the amount of \$88,302 for the destruction of the West Well.
9. 1MG Newport Reservoir Rehabilitation Final Acceptance – Staff presented the item. The Committee supported presenting the Final Acceptance to the Board for approval.
10. District Headquarters Building Project, Field Office Demolition and Construction Management Awards – Staff presented the item. The Committee awarded a contract with BeckCo in the amount of \$80,583 for demolition of the Field Office. The Committee supported presenting the contract award with Butier Engineering to the Board for approval.
11. OC43 Walnut Vault Replacement B&V Contract Amendment – Staff presented the item. The Committee supported presenting PSA Amendment #3 with Black and Veatch to the Board for approval.
12. Adjournment at 5:50 p.m.



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: MONTHLY FINANCIALS & TREASURER'S REPORT
DATE APRIL 27, 2023

Background

Monthly Financial Summary for Wholesale Zone, Retail Zone, and ID1 (wastewater).

Recommendation

Informational.

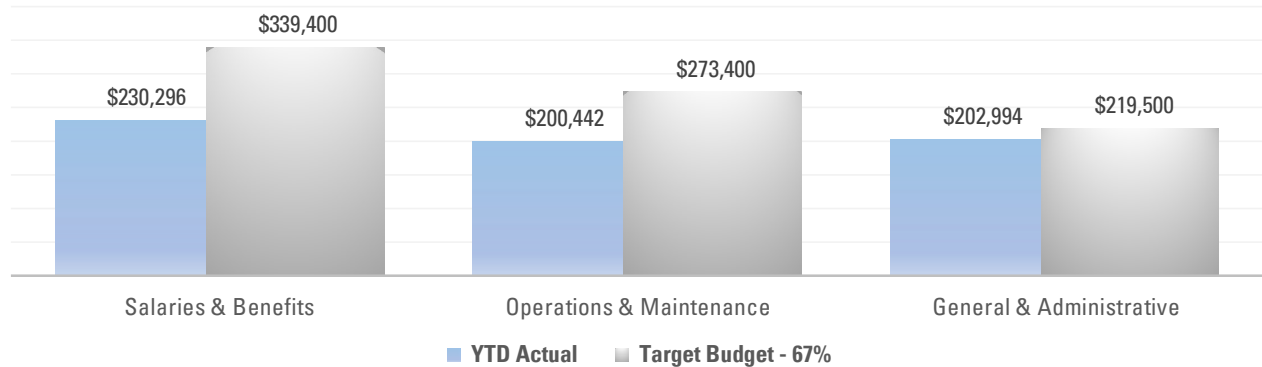
Attachment(s): WZ, RZ, and ID1 Financial Summary for February 2023
Treasurer's Report for February 2023



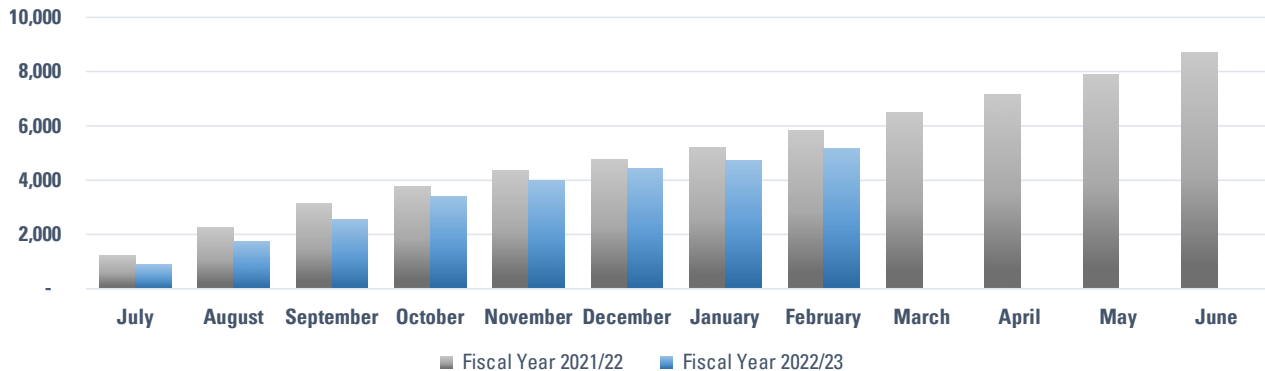
Revenue & Expense Summary Wholesale (Unaudited) For the Period Ending February 28, 2023

	A	B	C	D = B/C
	FEB 2023 ACTUAL	YTD ACTUAL	2022/23 ANNUAL BUDGET	YTD BUDGET 67%
1 REVENUES				
2 Operating Revenues	\$ 618,487	\$ 6,727,595	\$ 9,540,800	71%
3 Non-Operating Revenues/ (Expense)	(15,821)	775,115	1,217,200	64%
4 TOTAL REVENUES	602,666	7,502,710	10,758,000	70%
5 EXPENSES				
6 Source of Supply	571,035	6,331,707	9,011,200	70%
7 Salaries & Benefits	29,450	230,296	509,100	45%
8 Operations & Maintenance	24,410	200,442	410,100	49%
9 General & Administrative	16,599	202,994	329,300	62%
10 TOTAL EXPENSES	641,495	6,965,440	10,259,700	68%
11 NET INCOME / (LOSS) BEFORE CAPITAL & 115 CONTRIBUTIONS	(38,829)	537,270	498,300	108%
12 Capital Expenses (Reserve-Funded)	(173,596)	(903,700)	(3,562,300)	25%
13 Section 115 Pension Trust Contributions	-	-	(50,000)	0%
14 NET INCREASE / (DECREASE) TO RESERVES	\$ (212,425)	\$ (366,429)	\$ (3,114,000)	12%

Expense v. Target Budget



Annual Water Sales (AF)

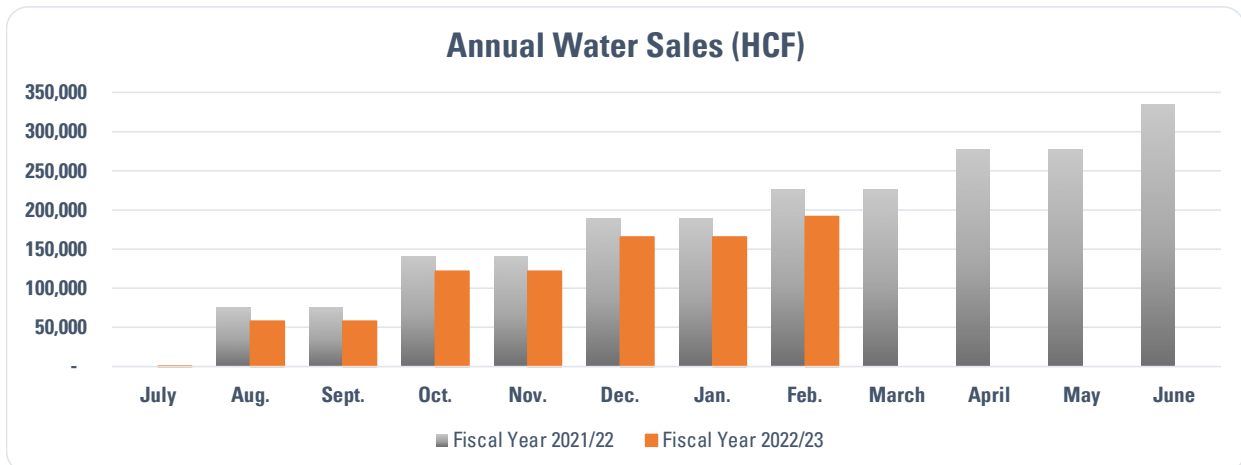
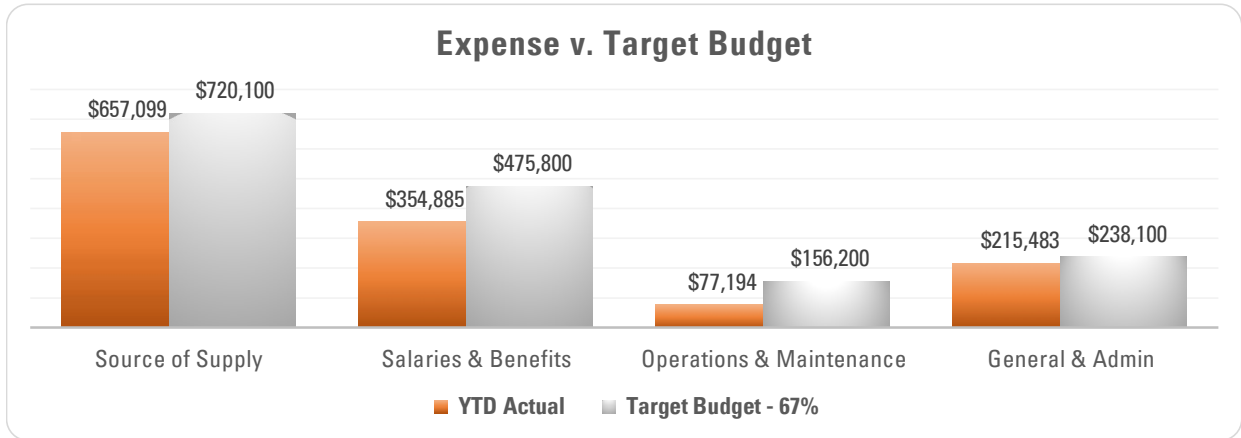


No assurance provided on these financial statements. The financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the U.S. not included.



Revenue & Expense Summary Retail (Unaudited) For the Period Ending February 28, 2023

	A	B	C	D = B/C
	FEB 2023 ACTUAL	YTD ACTUAL	2022/23 ANNUAL BUDGET	YTD BUDGET 67%
1 REVENUES				
2 Operating Revenues	\$ 312,504	\$ 1,733,894	\$ 2,725,900	64%
3 Non-Operating Revenues	600	338,059	520,200	65%
4 TOTAL REVENUES	313,104	2,071,953	3,246,100	64%
5 EXPENSES				
6 Source of Supply	116,939	657,099	1,080,100	61%
7 Salaries & Benefits	44,443	354,885	713,700	50%
8 Operations & Maintenance	5,279	77,194	234,300	33%
9 General & Administrative	21,224	215,483	357,100	60%
10 TOTAL EXPENSES	187,886	1,304,662	2,385,200	55%
11 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL, & OTHER	125,218	767,291	860,900	89%
12 Debt Service	-	(43,498)	(259,000)	17%
13 Capital Expenses (Reserve-Funded)	(321,428)	(648,198)	(5,664,200)	11%
14 Section 115 Pension Trust Contributions	-	-	(50,000)	0%
15 Prior Year Revenue	-	215,187	-	N/A
16 NET INCREASE / (DECREASE) TO RESERVES	\$ (196,210)	\$ 290,783	\$ (5,112,300)	N/A



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

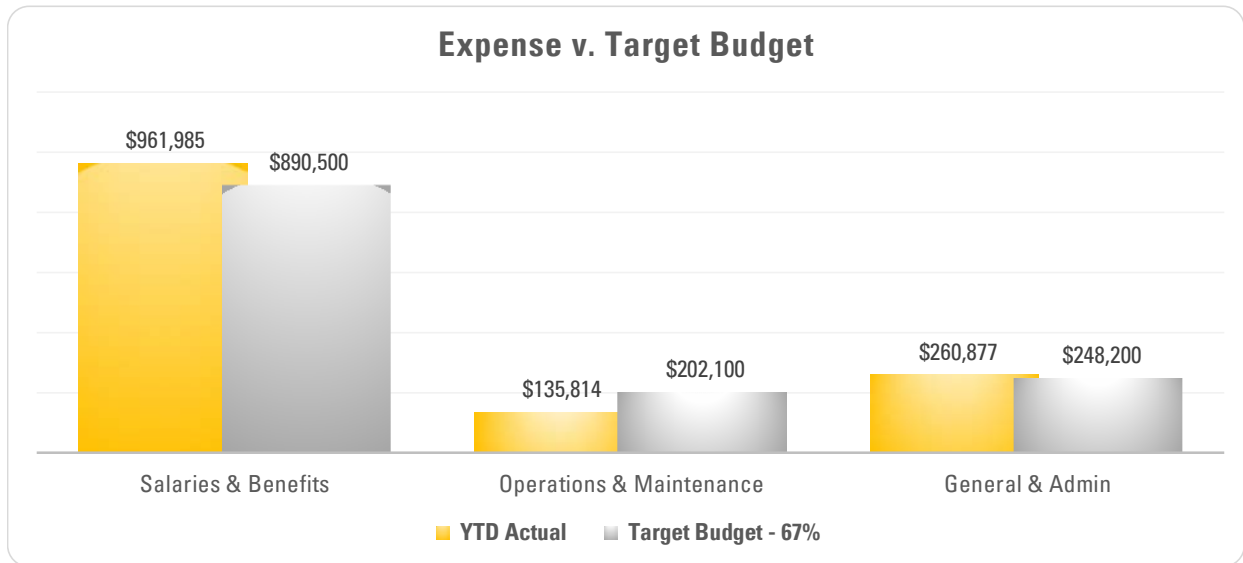


Revenue & Expense Summary

Sewer

(Unaudited)
For the Period Ending February 28, 2023

	A	B	C	D = B/C
	FEB 2023 ACTUAL	YTD ACTUAL	2022/23 ANNUAL BUDGET	YTD BUDGET 67%
1 REVENUES				
2 Operating Revenues	\$ 12,225	\$ 1,826,751	\$ 3,229,500	57%
3 Non-Operating Revenues/(Expense)	(368,930)	(44,310)	690,900	N/A
4 TOTAL REVENUES	(356,705)	1,782,440	3,920,400	45%
5 EXPENSES				
6 Salaries & Benefits	122,117	961,985	1,335,700	72%
7 Operations & Maintenance	8,358	135,814	303,100	45%
8 General & Administrative	40,051	260,877	372,300	70%
9 TOTAL EXPENSES	170,526	1,358,676	2,011,100	68%
10 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL, & OTHER	(527,231)	423,764	1,909,300	22%
11 Debt Service	-	(173,990)	(1,036,000)	17%
12 Capital Expenses (Reserve-Funded)	(10,191)	(386,523)	(3,627,600)	11%
13 Section 115 Pension Trust Contribution	-	-	(50,000)	0%
14 NET INCREASE / (DECREASE) TO RESERVES	\$ (537,529)	\$ (136,858)	\$ (2,804,300)	5%



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



Cash & Investments

(Unaudited)
February 28, 2023

	Type	Cost	Market	% Total
District Cash & Investments				
Unrestricted				
Local Agency Investment Fund (LAIF) *	Investment	\$ 9,420,365	\$ 9,245,045	13.4%
U.S. Bank - Sewer	Investment	1,690,837	1,585,958	2.3%
Raymond James Brokerage	Investment	7,255,055	7,087,335	10.3%
Citizens Business Bank	Checking	8,035,163	8,035,163	11.6%
Citizens Business Bank	Money Market	190,303	190,303	0.3%
Total Unrestricted		26,591,723	26,143,804	37.9%
Restricted				
U.S. Bank - Sewer Acquisition Funds	Investment	36,399,752	34,141,950	49.5%
U.S. Bank - Sewer Capacity Fees	Investment	1,203,673	1,129,011	1.6%
U.S. Bank - Debt Proceeds	Investment	7,422,638	7,422,638	10.8%
PARS Post-Employment Benefits	Trust	150,000	134,753	0.2%
Total Restricted		45,176,063	42,828,353	62.1%
Total District Cash & Investments		\$ 71,767,786	\$ 68,972,157	100.0%

* The LAIF Market Value factor is updated quarterly in September, December, March, and June.

Treasurer Certification

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

Cindy Byerrum

Cindy Byerrum, Treasurer



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: WHOLESALE AND RETAIL WATER USAGE REPORT
DATE APRIL 27, 2023

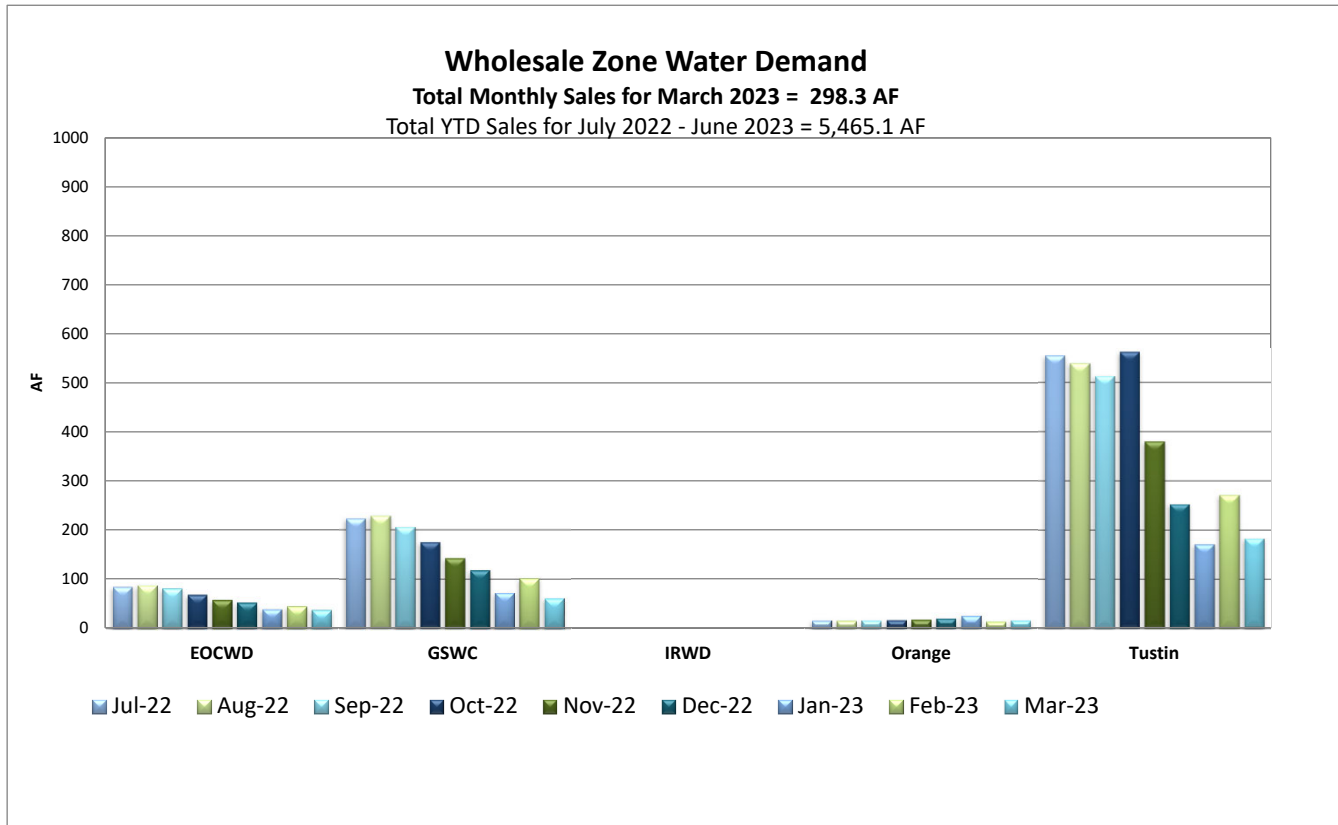
Background

Monthly report on wholesale and retail water usage for the month of March 2023.

Recommendation

Informational.

Attachment(s): Wholesale and Retail Usage Reports



EOCWD IMPORTED WATER DELIVERY BALANCE - FY22/23

(Acre-feet)

	OC-43	OC-48				OC-70						TOTAL DELIVERIES BY AGENCY				
	MWD Tustin	Retail Zone	Golden State	Tustin	MWD Total	IRWD Jamboree	Orange	Retail Zone	Golden State	Tustin	MWD Total	IRWD OPA	Orange	Retail Zone	Golden State	Tustin
JUL	320.9	0.0	19.0	221.8	240.8	0.0	15.1	84.0	204.3	12.6	316.0	0.0	15.1	84.0	223.3	555.3
AUG	287.0	0.0	17.8	218.0	235.8	0.0	14.7	87.4	210.9	34.5	347.5	0.0	14.7	87.4	228.7	539.5
SEP	311.8	0.0	16.8	179.8	196.6	0.0	15.4	80.8	189.5	22.2	307.9	0.0	15.4	80.8	206.3	513.8
OCT	340.8	0.0	52.7	208.1	260.8	0.0	16.0	68.0	122.3	14.0	220.3	0.0	16.0	68.0	175.0	562.9
NOV	231.0	0.0	39.8	142.9	182.7	0.0	16.8	57.4	102.7	6.7	183.6	0.0	16.8	57.4	142.5	380.6
DEC	126.9	0.0	10.1	123.8	133.9	0.0	19.4	52.8	108.4	2.4	183.0	0.0	19.4	52.8	118.5	253.1
JAN	86.8	0.0	6.3	81.0	87.3	0.0	24.5	39.4	66.6	3.4	133.9	0.0	24.5	39.4	72.9	171.2
FEB	144.8	0.0	9.0	122.3	131.3	0.0	13.0	44.8	93.1	4.5	155.4	0.0	13.0	44.8	102.1	271.6
MAR	11.3	0.0	5.4	168.0	173.4	0.0	15.9	37.6	56.2	3.9	113.6	0.0	15.9	37.6	61.6	183.2
APR												0.0	0.0	0.0	0.0	0.0
MAY												0.0	0.0	0.0	0.0	0.0
JUN												0.0	0.0	0.0	0.0	0.0
Total	1861.3	0.0	176.9	1465.7	1642.6	0.0	150.8	552.2	1154.0	104.2	1961.2	0.0	150.8	552.2	1330.9	3431.2

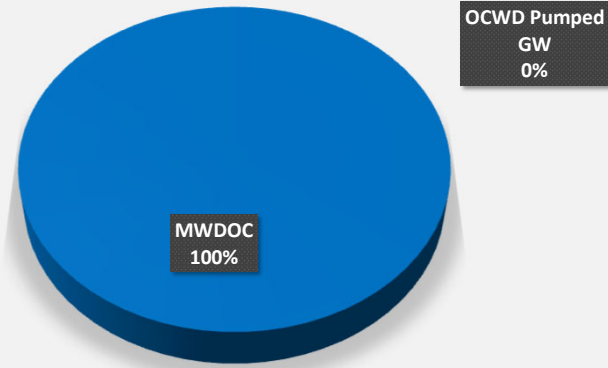
East Orange County Retail Zone Water Usage Report

East Orange County Retail Zone Overview of Usage FY 2022-23 Monthly Water Use

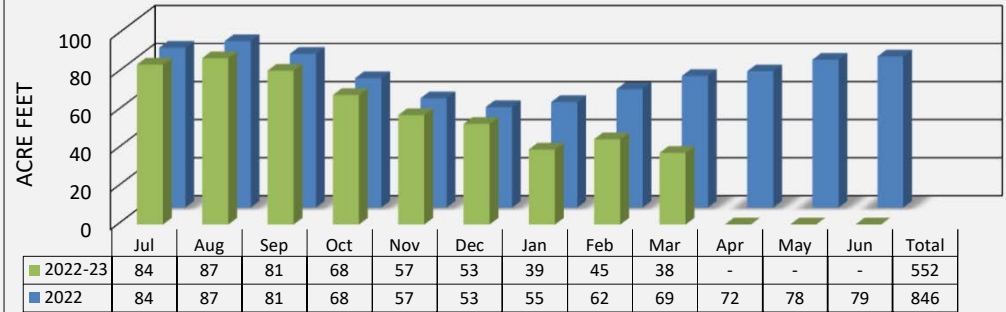
Type of Supply	July	August	September	October	November	December	January	February	March	April	May	June	Total
MWDOC	84	87	81	68	57	53	39	45	38	-	-	-	552
OCWD Pumped GW	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	84	87	81	68	57	53	39	45	38	-	-	-	552

2022 MWDOC Usage	July	August	September	October	November	December	January	February	March	April	May	June	Total
	84	87	81	68	57	53	55	62	69	72	78	79	846

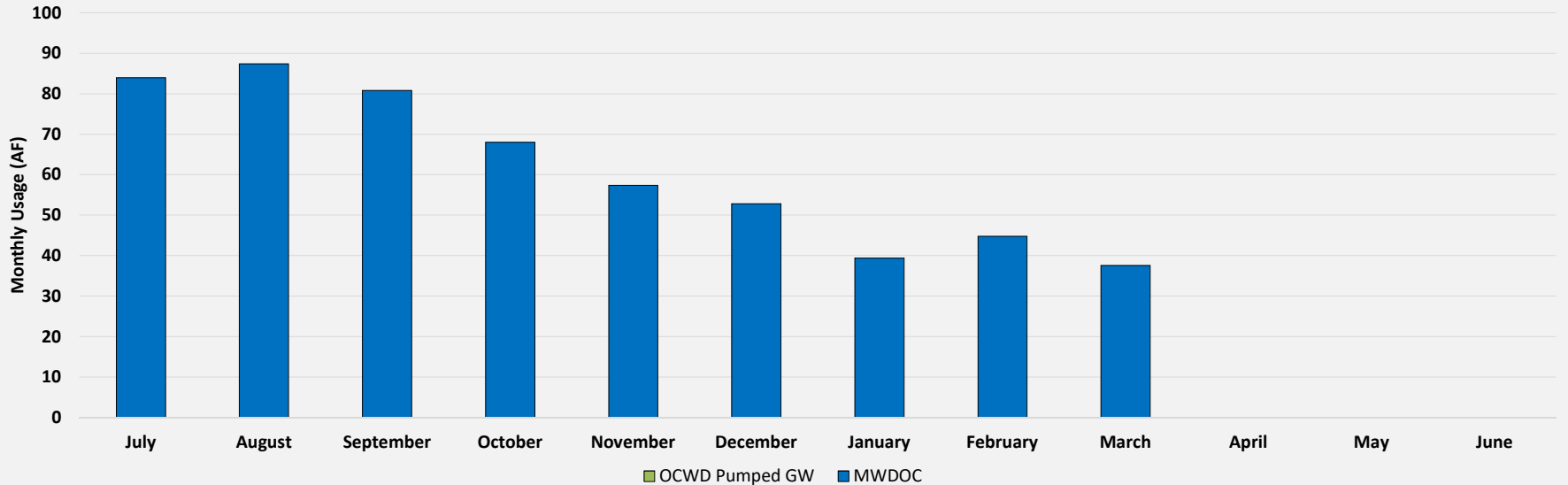
2022-23 Sources of Water



MWDOC Calendar Year and Fiscal Year Purchases



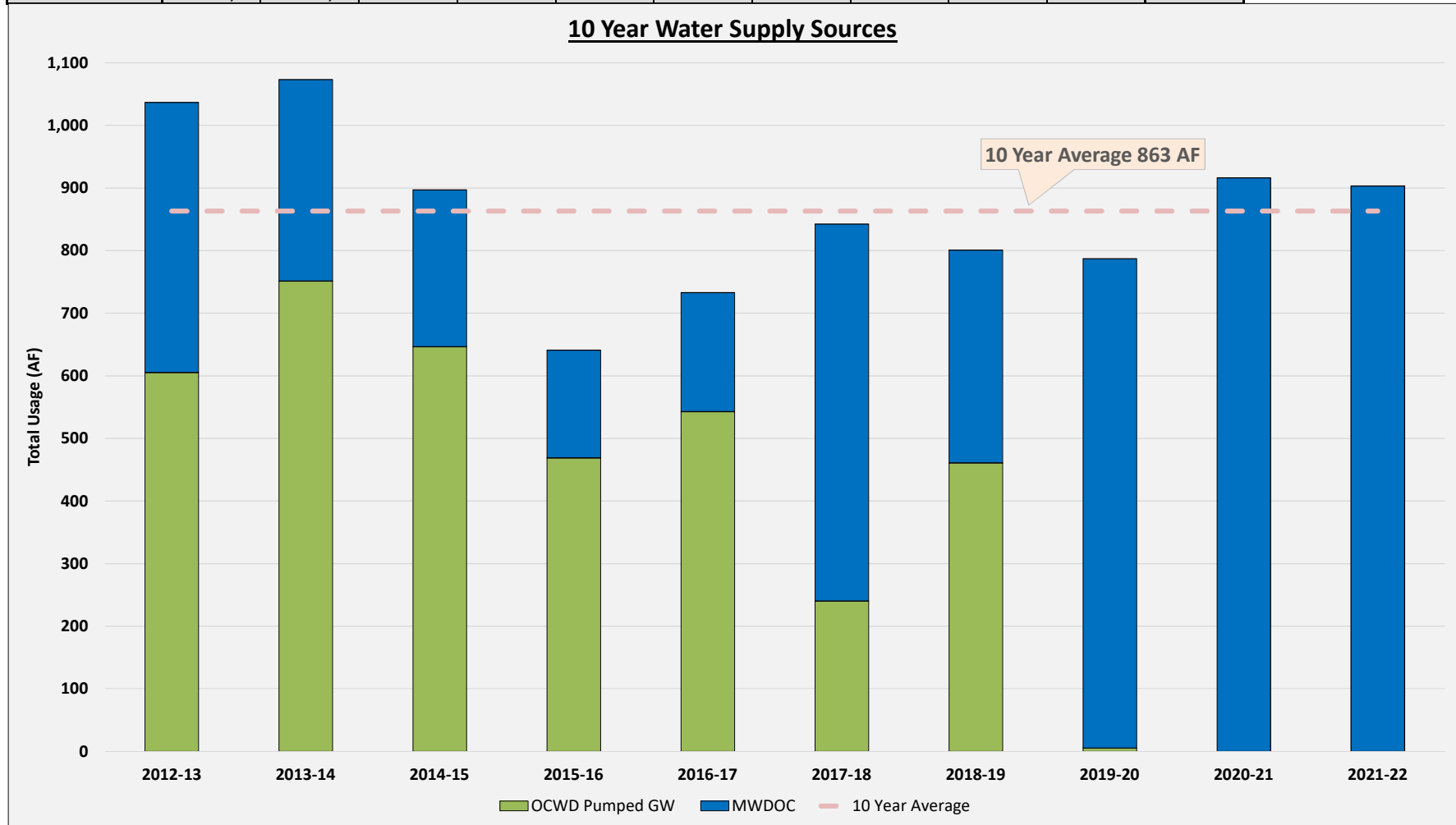
2022-23 Monthly Water Supply Sources



East Orange County Retail Zone Water Usage Report

Annual Water Usage

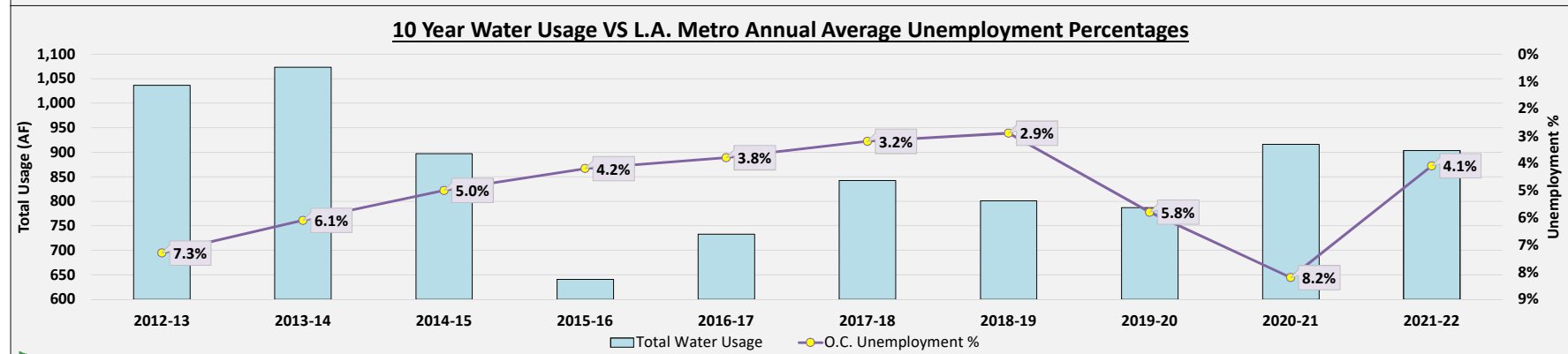
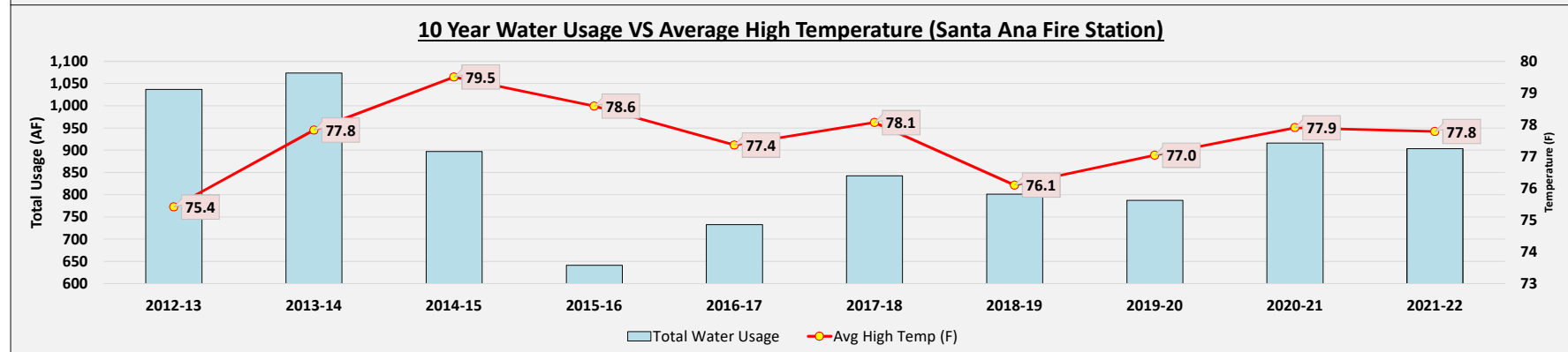
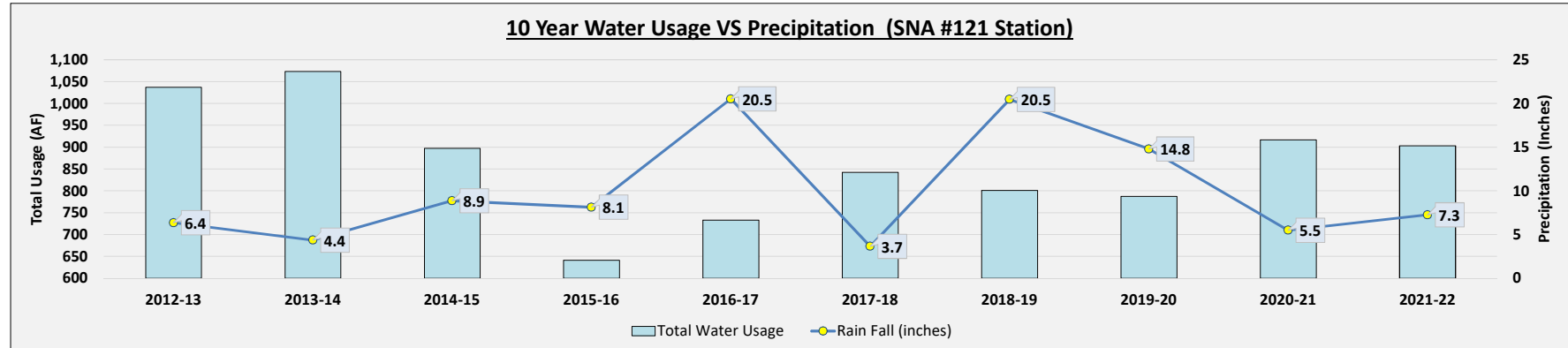
Type of Supply	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
MWDOC	431.3	322.0	250.7	172.1	190.2	602.1	340.0	781.8	916.4	903.3	491.0
OCWD Pumped GW	605.2	751.3	646.3	468.9	542.7	240.2	461.0	5.2	0.0	0.0	372.1
Total	1,037	1,073	897	641	733	842	801	787	916	903	863



East Orange County Retail Zone Water Usage Report

Water Usage Variables

Type of Supply	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average
Rain Fall (inches)	6.4	4.4	8.9	8.1	20.5	3.7	20.5	14.8	5.5	7.3	10.0
Avg High Temp (F)	75.4	77.8	79.5	78.6	77.4	78.1	76.1	77.0	77.9	77.8	77.6
O.C. Unemployment %	7.3%	6.1%	5.0%	4.2%	3.8%	3.2%	2.9%	5.8%	8.2%	4.1%	5.1%
Total Water Usage	1,037	1,073	897	641	733	842	801	787	916	903	863



East Orange County Retail Zone Water Usage Report

East Orange County Retail Zone Detailed Usage Historical Monthly Potable Usage (Fiscal Year, July-June)

Fiscal Year	July	August	September	October	November	December	January	February	March	April	May	June	Total
2016-17 Usage	82	87	70	68	58	44	37	32	43	70	70	79	738
2017-18 Usage	87	98	77	81	60	70	53	49	45	67	71	84	842
2018-19 Usage	107	99	85	73	62	40	47	29	43	61	59	77	781
2019-20 Usage	82	87	86	83	68	46	47	56	38	52	67	76	787
2020-21 Usage	90	99	93	90	74	68	62	54	43	64	84	95	916
2021-22 Usage	100	102	89	76	73	48	55	62	69	72	78	79	903
Average of Last 6 FYs	91	95	83	79	66	53	50	47	47	64	72	82	828
Monthly Usage Percentage	11%	12%	10%	9%	8%	6%	6%	6%	6%	8%	9%	10%	100%

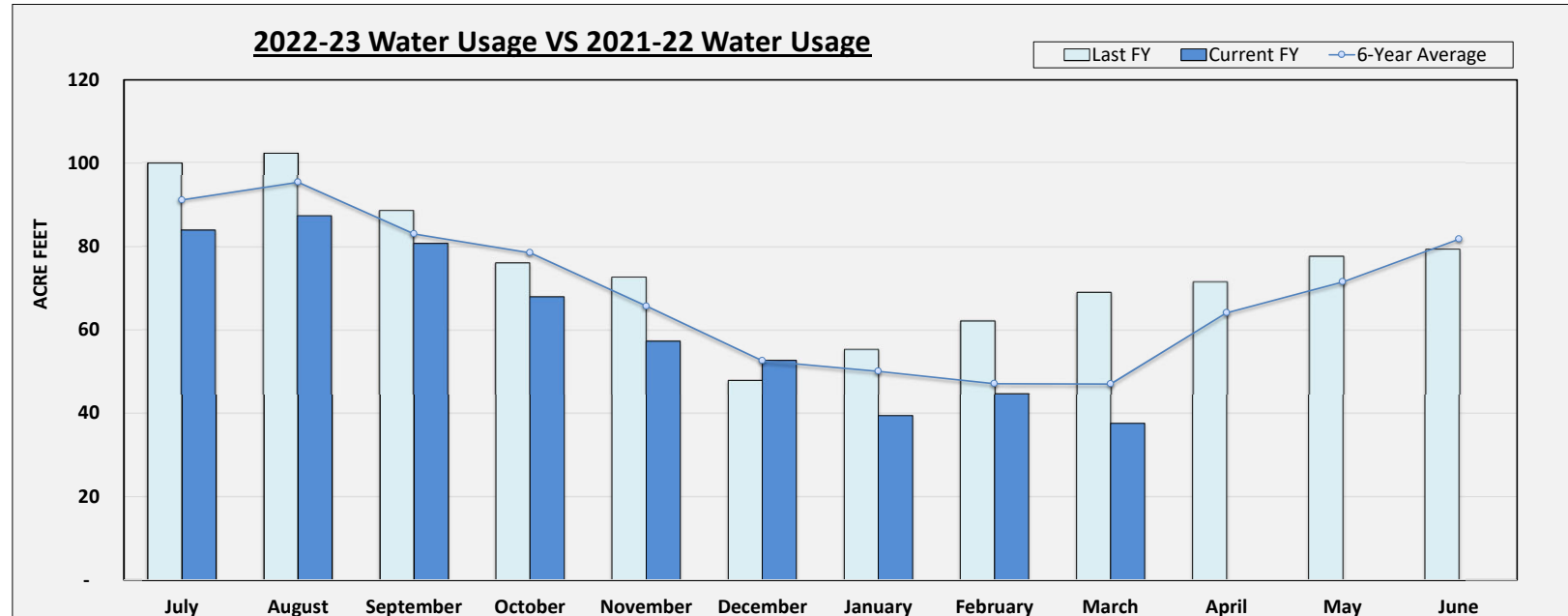
Water Usage By Source

Imported	July	August	September	October	November	December	January	February	March	April	May	June	Total
MWD via EO Wholesale	84.0	87.4	80.8	68.0	57.4	52.8	39.4	44.8	37.6				552.2
Water from IRWD during OC-70 shutdown	-	-	-	-	-	-	-	-	-				-
CPTP	-	-	-	-	-	-	-	-	-				-
MWD In-Lieu*	-	-	-	-	-	-	-	-	-				-
Imported Total	84	87	81	68	57	53	39	45	38	-	-	-	552.2

*In-lieu totals are subtracted from imported totals

Local	July	August	September	October	November	December	January	February	March	April	May	June	Total
OCWD Pumped GW	-	-	-	-	-	-	-	-	-				-
Less Fill up Reservoir	-	-	-	-	-	-	-	-	-				-
Less CPTP	-	-	-	-	-	-	-	-	-				-
Local Total (minus reservoir)	-	-	-	-	-	-	-	-	-	-	-	-	-

Total Usage 2022-23	84	87	81	68	57	53	39	45	38	-	-	-	552
FY 21-22 versus FY 22-23	-16%	-15%	-9%	-11%	-21%	+10%	-29%	-28%	-46%				

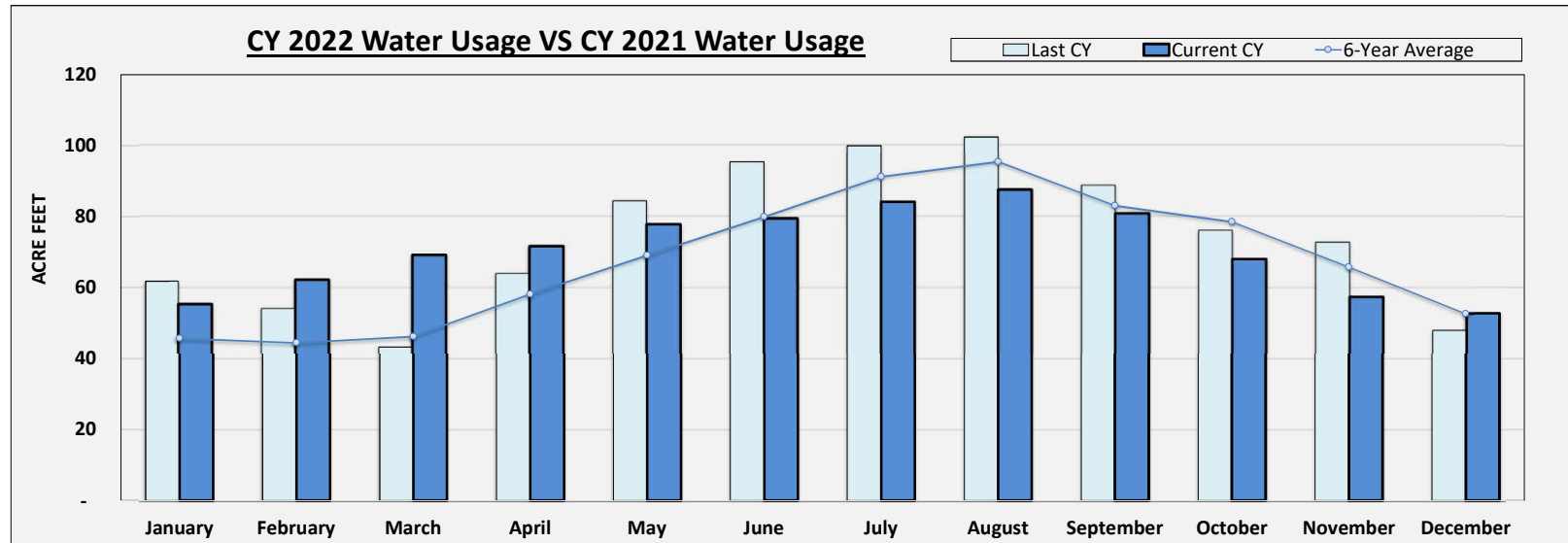


East Orange County Retail Zone Water Usage Report

Historical Monthly Potable Usage (Calendar Year)

Calendar Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
2016	29	46	64	35	63	69	82	87	70	68	58	44	714
2017	37	32	43	70	70	79	87	98	77	81	60	70	803
2018	53	49	45	67	71	84	107	99	85	73	62	40	835
2019	47	29	43	61	59	77	82	87	86	83	68	46	767
2020	47	56	38	52	67	76	90	99	93	90	74	68	849
2021	62	54	43	64	84	95	100	102	89	76	73	48	891
6 year Average	46	44	46	58	69	80	91	95	83	79	66	53	810

Total Water Usage 2022	55	62	69	72	78	79	84	87	81	68	57	53	846
2022 VS 2021 Usage	-10%	+15%	+59%	+12%	-8%	-17%	-16%	-15%	-9%	-11%	-21%	+10%	



	Population	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2021 Usage (AF)		62	54	43	64	84	95	100	102	89	76	73	48	891
2021 GPCD	3,222	202	196	142	216	275	321	326	334	299	248	245	157	247
2022 Usage (AF)		55	62	69	72	78	79	84	87	81	68	57	53	846
2022 GPCD	3,230	180	224	225	241	253	267	273	284	272	221	193	172	234
CY over CY change in GPCD		-21	+28	+83	+25	-22	-54	-53	-50	-27	-27	-52	+15	-13

	Population	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2021-22 Usage (AF)		100	102	89	76	73	48	55	62	69	72	78	79	903
2021-22 GPCD	3,222	326	334	299	248	245	157	181	225	225	241	254	268	250
2022-23 Usage (AF)		84	87	81	68	57	53	39	45	38	-	-	-	552
2022-23 GPCD	3,230	273	284	272	221	193	172	128	161	122	-	-	-	204
FY over FY change in GPCD		-53	-50	-27	-27	-52	+15	-53	-63	-103				-46

*Cumulative through the end of the last month shown

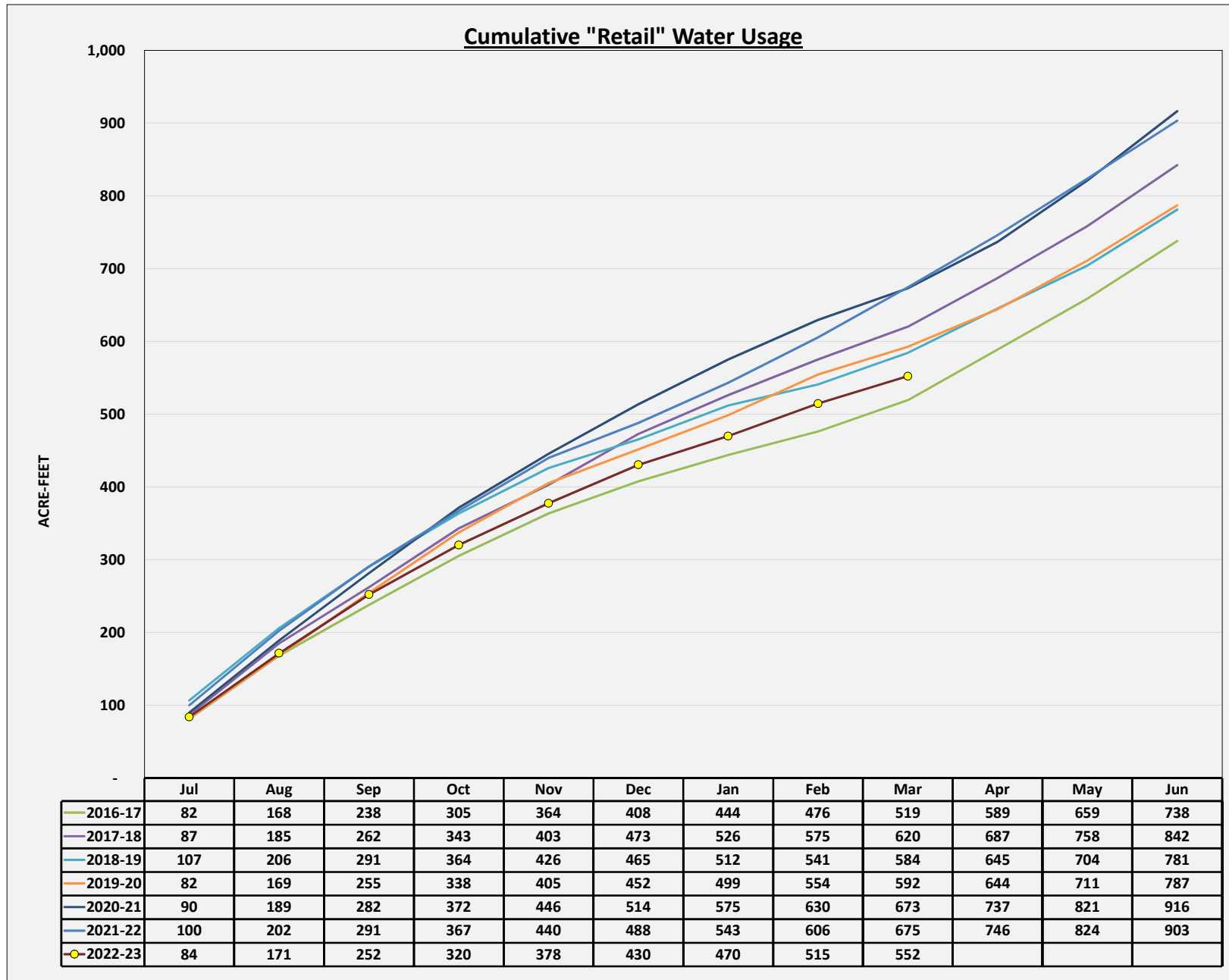
*GPCD = (Total Monthly Production - Fill up Reservoir) / Population/days in the month

*For the months of July 2022 through September 2022, groundwater usage was not delivered to customers and is not counted towards GPCD



East Orange County Retail Zone Water Usage Report

Cumulative Water Usage by Fiscal Year



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: ACWA BOARD PRESIDENT
DATE: APRIL 27, 2023

Background

ACWA recently published a call for nominations for the President of ACWA. We have been requested to support Cathy Green and her candidacy for President of ACWA.

Cathy Green has been vice president of ACWA since 2021 and is running as president of ACWA to continue the momentum she has built on key initiatives she is leading as vice president, including advocating for state accountability on water policy issues, spearheading the ACWA Council of Past Presidents to mentor new ACWA members, and an internal human resources initiative to support ACWA staff.

Cathy Green has also been an active member of ACWA for the past 10 years, making numerous statewide contacts in her work on various committees, and in her prior work as the chair and vice chair of ACWA Region 10.

Cathy Green has been a member of the OCWD Board of Directors since 2010. During Cathy's tenure on the OCWD Board, OCWD has developed several projects and programs -- such as the Groundwater Replenishment System -- which are being duplicated by other water agencies statewide, nationwide, and worldwide.

Cathy Green currently serves as vice chair of National Water Research Institute, a 501c3 nonprofit that collaborates with water utilities, regulators, and researchers in innovative ways to help develop new, healthy, and sustainable sources of drinking water.

Recommendation

Adopt Resolution No. 929 supporting Cathy Green for President of ACWA.

Attachment(s): Resolution No. 929

RESOLUTION NO. 929

RESOLUTION OF THE EAST ORANGE COUNTY WATER DISTRICT BOARD OF DIRECTORS SUPPORTING THE ORANGE COUNTY WATER DISTRICT (OCWD) FIRST VICE PRESIDENT CATHY GREEN AS A CANDIDATE FOR THE OFFICE OF ASSOCIATED OF CALIFORNIA WATER AGENCIES (ACWA) PRESIDENT

WHEREAS, an official nominating resolution from an ACWA member agency on whose board the nominee serves must accompany all nominations for the positions of President and Vice President; and,

WHEREAS, eligible candidates must be an elected or appointed member of the governing body or commission of a member agency of the Association; and,

WHEREAS, the ACWA Election Committee will present an open ballot with all qualifying candidates to the members for a vote by written ballot; and,

WHEREAS, the individual who fills an officer position will need to have a working knowledge of water industry issues and concerns, possess strength of character and leadership capabilities, and be experienced in matters related to the performance of the duties of the office; and,

WHEREAS, this person must be able to provide the dedication of time and energy to effectively serve in this capacity; and,

WHEREAS, Cathy Green has served as ACWA Vice President since 2021 and on the ACWA board since 2014, and she has served on the ACWA Board Executive Committee since 2020; and,

WHEREAS, as ACWA Vice President since 2021, Cathy Green would like to run as President of ACWA to continue the momentum she has built on key initiatives she is leading, including advocating for state accountability on water policy issues, spearheading the ACWA Council of Past Presidents to mentor new ACWA members, and an internal human resources initiative to support ACWA staff; and,

WHEREAS, Cathy Green has served as ACWA Region 10 Chair and Vice Chair; and,

WHEREAS, Cathy Green has served on the ACWA Water Quality Committee, ACWA Energy Committee, and ACWA State Legislative Committee; and,

WHEREAS, Cathy Green has served in a leadership role at Orange County Water District (OCWD). She was appointed to the OCWD Board of Directors in November 2010 and was elected to office in 2012, and re-elected in 2016 and 2020. She was selected by the Board to serve as its President in 2014-16, and 2022 through present. She also served as 1st Vice President from 2013-14 and 2018-22; and,

WHEREAS, Cathy Green currently serves as the Chair of the OCWD Executive Committee and the OCWD Joint Planning Committee; and,

WHEREAS, prior to Cathy Green's service on OCWD's Board, she was elected to two consecutive terms on the Huntington Beach City Council where she served two terms as mayor. Cathy Green has been involved as a council liaison and committee member on many city boards, commissions, and committees; and,

WHEREAS, it is the opinion of the GOVERNING BODY of the YOUR AGENCY NAME HERE that Cathy Green possesses all of the qualities needed to fulfill the duties of the office of ACWA President; and,

IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS ("BOARD") OF THE EAST ORANGE COUNTY WATER DISTRICT ("EOCWD") that the EOCWD Board of Directors does hereby support the nomination of Cathy Green as a candidate for the office of ACWA President.

APPROVED, ADOPTED, AND SIGNED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 929 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: DISTRICT HEADQUARTERS BUILDING PROJECT – CONSTRUCTION MANAGEMENT
DATE: APRIL 27, 2023

Background

At the January 19, 2023 meeting, the Board awarded the District Headquarters Building design-build project to Snyder Langston. Staff requested quotes for the construction management from four construction management firms. Butier Engineering (Butier) submitted the best proposal at the lowest cost. Staff recommends awarding Butier a contract in the amount of \$217,560 for the construction management of the office building. Butier will also assist with constructability reviews of the design plans.

This item was reviewed by the Engineering and Operations Committee at the meeting on April 13, 2023 and the Committee supported submitting the contract award with Butier to the Board for approval.

Recommendation

That the Board award a contract with Butier Engineering in the amount of \$217,560 for construction management of the District Office Building Project.

Attachments:

None



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: PFAS GRANT APPLICATION
DATE: APRIL 27, 2023

Background

As part of Orange County Water District's (OCWD) work on the PFAS water treatment system, OCWD had previously filed for financial assistance through the State Water Resources Control Board. Unfortunately, the State is requiring that EOCWD act as the agency applying for the financial aid. The State staff seem optimistic that the financial aid will be granted but we are reapplying for the program.

As part of the application, the State requires a resolution indicating that the General Manager will act as the authorized representative for the application.

Recommendation

Approve resolution

Attachment(s): Resolution No. 930

RESOLUTION NO. 930

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT AUTHORIZING A REPRESENTATIVE TO SIGN AND FILE A FINANCIAL ASSISTANCE APPLICATION FOR A FINANCING AGREEMENT WITH THE STATE WATER RESOURCES CONTROL BOARD FOR EAST ORANGE COUNTY WATER DISTRICT PFAS WATER TREATMENT PLANT

WHEREAS, the State Water Resource Control Board (“SWRCB”) is accepting applications for funding for the planning, design, and construction of projects to address per- and polyfluoroalkyl substances (“PFAS”) under the Drinking Water Revolving Fund Emerging Contaminants Intended Use Plan (“Plan”); and

WHEREAS, the East Orange County Water District (“EOCWD”) is eligible to submit a Financial Assistance Application for grant funding for EOCWD’s PFAS Treatment Plant project (“Project”), located at its McPherson well sites, up to the maximum established by SWRCB in the Plan or as otherwise limited by the SWRCB.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The recitals set forth above are true and correct, and are incorporated into this Resolution by this reference.

Section 2. The General Manager or his designee (“Authorized Representative”) is authorized and directed to sign and file, for and on behalf of the EOCWD, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Project.

Section 3. The Authorized Representative or his designee is designated and authorized to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

Section 4. The Authorized Representative or his designee is designated and authorized to represent EOCWD in carrying out EOCWD’s responsibilities under the financing agreement, including certifying disbursement requests on behalf of EOCWD and compliance with applicable state and federal laws.

Section 5. This Resolution shall be effective immediately upon adoption by the Board.

ADOPTED, SIGNED AND APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 930 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: OC-43 WALNUT TURNOUT VAULT REPLACEMENT PROJECT – AWARD OF PSA AMENDMENT #3 WITH BLACK AND VEATCH
DATE: APRIL 27, 2023

Background

On March 10, 2022 the Committee awarded Amendment #2 to Black and Veatch for additional design work and engineering services during construction. The construction was awarded to T.E. Roberts and is now in progress. The complexity was much greater than anticipated due to coordination with SCE and MWD and additional construction engineering services are needed.

Staff recommends award of Professional Services Amendment #3, in the amount of \$37,740, to fund additional engineering services during construction. This would increase their total contract amount to \$210,875 for design and construction engineering services. Some of this cost may be reimbursable by SCE.

This item was reviewed by the Engineering and Operations Committee at the meeting on April 13, 2023 and the Committee supported submitting Amendment #3 with Black and Veatch to the Board for approval.

Financial Impact

OC43 WALNUT TURNOUT VAULT REPLACEMENT COST SUMMARY	
Design	\$150,000
Construction	\$830,000
CME&I	\$180,000
Contingency	\$100,000
Reimbursement from City of Tustin	(\$250,000) estimated
Total	\$1,010,000

Recommendation

That the Board approve PSA Amendment #3 with Black and Veatch, in the amount of \$37,740, for a total contract amount of \$210,875, to fund additional engineering services during construction.

Attachment(s):

None

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: 1MG NEWPORT RESERVOIR REHABILITATION FINAL ACCEPTANCE
DATE: APRIL 27, 2023

Background

At the January 20, 2022 meeting, the Board awarded the rehabilitation of the 1MG Newport Reservoir to Advanced Industrial Services (AIS). AIS has completed the required work and all punch list items. The project has received final inspection and acceptance of construction is recommended.

This item was reviewed by the Engineering and Operations Committee at the meeting on April 13, 2023 and the Committee supported submitting the project for Final Acceptance to the Board.

Recommendation

That the Board accept construction of the 1MG Newport Reservoir Rehabilitation, authorize the General Manager to file a Notice of Completion, and authorize payment of the retention 35 days after the date of recording the notice of completion.

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: RATE STUDY PRESENTATION
DATE: APRIL 27, 2023

Background

The District has spent the last year and a half developing new rates for the next five years. Through several iterations that study has been completed and a draft rate study has been prepared by Raftelis. A copy of the draft report is attached to this report.

This report explains the methodologies and rationale used to develop the financial plan and rates for water and sewer service within the District's service areas that align with the requirements of Proposition 218.

Overall, the report includes a 7% increase to the wholesale, a 7.5% increase to the retail zone, and a 12% increase to the sewer zone are needed for each of the next five years based on the financial plan.

Several changes have been made along with these new rates. In particular, we are proposing to collect the fixed capital charge fees on the property tax rolls. Capital charges are fixed and support long term capital projects. As shown in the report, this will decrease monthly bills for the water user while assessing fixed capital charges on the property owner. We propose to index this charge to the size of the connection rather than the previous flat rate for all accounts.

Another change is that the meter charge on the wholesale zone will also be indexed based on the size of the meter rather than a flat fee for all meters. We believe this more fairly distributes the costs to those connections with greater capacity.

If approved, these fee changes will go into effect June 30, 2023.

Three separate public hearings will be held:

- 1) Retail System Rates and Capital Charges and Collection on Property Tax
- 2) Sewer System Rates and Collection on Property Tax
- 3) Fats, Oils & Grease (FOG) Program Fee on Property Tax Roll

Recommendation

Receive and file

Attachment(s): 2023 Rate Study



EAST ORANGE COUNTY WATER DISTRICT

**Retail Zone, Wholesale Zone,
and Sewer Rate, and Capacity
Fee Study**

DRAFT REPORT / MARCH 3, 2023



March 3, 2023

Mr. David Youngblood
General Manager
East Orange County Water District
185 N McPherson Road
Orange, CA 92869-3720

Subject: Retail Zone, Wholesale Zone, and Sewer Rate and Capacity Fee Study - Draft

Dear Mr. Youngblood:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Retail Zone, Wholesale Zone, and Sewer Rate and Capacity Fee Study report for the East Orange County Water District (District or EOCWD). This report explains the methodologies and rationale used to develop the financial plan and rates for water and sewer service within the District's service areas that align with the requirements of Proposition 218.

The major study objectives include the following:

- Develop a financial plan for the Retail Zone, Wholesale Zone, and Sewer Enterprises to ensure financial sufficiency, meet operational and maintenance (O&M) costs, and maintain sufficient funding for capital refurbishment and replacement (R&R) needs;
- Conduct a cost-of-service analysis for water and sewer services;
- Develop fair, and equitable, water and sewer rates over a five-year period; and
- Conduct a customer impact analysis for the proposed water and sewer rates; and
- Update the connection fees to reflect the current state of the water and sewer systems.

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

Sincerely,

A handwritten signature in blue ink that reads 'Steve Gagnon'.

Steve Gagnon, PE (AZ)
Vice President

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Glossary

Terms	Descriptions
AF	Acre foot / Acre feet, 1 AF = 435.6 CCF
AWWA	American Water Works Association
BPP	Basin Pumping Percentage (percentage of water demand to be met by Groundwater)
CCF	Hundred cubic feet or 100 cubic feet, 1 CCF = 748 gallons
CPI	Consumer Price Index/Indices
ENR CCI	Engineering News Records Construction Cost Indices
FY	Fiscal Year (July 1 – June 30)
M1 Manual	"Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices M1" published by AWWA
MWD or MET	Metropolitan Water District of Southern California
MWDOC	Municipal Water District of Orange County
O&M	Operations and Maintenance
OCWD	Orange County Water District
PAYGO	Pay-As-You-Go
R&R	Refurbishment and Replacement
Raftelis	Raftelis Financial Consultants, Inc.
RCLD	Replacement Cost Less Depreciation

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1. Executive Summary

1.1. Background

In 2021, the East Orange County Water District (EOCWD or District) engaged Raftelis to conduct a Water and Wastewater Financial Plan and Capacity Fee study to update rates and charges for wholesale and retail water, sewer, and capacity fees for the period FY 2024 – FY 2028 that align with Proposition 218.

The major study objectives include the following:

- Develop a financial plan for the Retail Zone, Wholesale Zone, and Sewer Enterprises to ensure financial sufficiency, meet operational and maintenance (O&M) costs, and maintain sufficient funding for capital refurbishment and replacement (R&R) needs;
- Conduct a cost-of-service analysis for water and sewer services;
- Develop fair and equitable water and sewer rates over a five-year period;
- Conduct a customer impact analysis for the proposed water and sewer rates; and
- Update the capacity fees to reflect the current state of the water and sewer systems.

1.2. Process and Approach

The study is informed by the District's policy objectives, the current wholesale & retail water system rates and the current sewer system rates, as well as the legal requirements in California (namely, Proposition 218). The resulting cost-of-service analysis and rate design process considers all these factors and follows four key steps, outlined below, to derive proposed rates that fulfill the District's policy objectives, meet industry standards, and align with Proposition 218.

1.2.1. Step 1: Revenue Requirement Calculation

The rate-making process begins by determining the revenue requirement for the base year, also known as the test year or rate-setting year. The base year for this study is FY 2024 (July 1, 2023 to June 30, 2024). The revenue requirement should sufficiently fund the utility's operation and maintenance (O&M) costs, annual debt service, capital project expenses, and reserve funding as projected in the District's budgets.

1.2.2. Step 2: Cost-of-Service Analysis

The annual cost of providing the utility service, or the revenue requirement, is then distributed among customer classes commensurate with their use and burden on the system. A cost-of-service analysis involves the following steps:

- Functionalize costs – the O&M expense budget is categorized into functions such as supply, treatment, pumping, transmission and distribution (T&D), etc.
- Allocate to cost components – the functionalized costs are then allocated to system cost components such as supply, delivery, peaking, conservation, etc.
- Develop unit costs – unit costs for each cost component are determined using appropriate units-of-service for each.
- Distribute cost components – the cost components are allocated to each customer class using the unit costs in proportion to their demand and burden on the system.

A cost-of-service analysis considers both the average water demand and peak demand. Peaking costs¹ are incurred during maximum consumption periods, most often coinciding with summertime irrigation use. Additional capacity-related costs are associated with designing, constructing, operating, maintaining, replacing, and refurbishing facilities to meet peak demand. These peaking costs must be allocated to the customer classes whose water demand patterns generate additional costs for the utility, proportionate to their burden on the peaking-related facilities.

Since the District’s sewer enterprise is collection only, rates are derived from the financial plan’s revenue adjustments. Treatment is provided by the Orange County Sanitation District. Flow data is not available for sewer customers.

1.2.3. Step 3: Rate Design and Calculation

After allocating the revenue requirement for each system and to its corresponding customer classes, the rate design and calculation process can begin. Rates do more than simply recover costs; within the legal framework and industry standards, properly designed rates should support the District's policy objectives while adhering to cost-of-service principles. Rates are not only a financial instrument but act as a public information tool in communicating policy objectives to customers. The rate design process also includes a rate impact analysis for all customer classes and a sample customer bill impact analysis.

1.2.4. Step 4: Report Preparation and Rate Adoption

The final step in a cost-of-service and rate study is to develop the report in preparation for the rate adoption process. The report documents the rate study results and presents the methodologies, rationale, justifications, and calculations utilized to derive the proposed rates. A thorough and methodical report serves two important functions: fully deriving the rates and showing the nexus to costs and communicating the rate adoption process to customers and other important stakeholders.

1.3. Retail Water Summary

1.3.1. Financial Plan, Retail

Table 1-1 displays the proposed retail water revenue adjustments over the study period. The current financial plan shows that revenue adjustments are required to adequately fund all operating expenses, debt coverage requirements, and achieve reserve policy targets.

Table 1-1: Proposed Retail Water Revenue Adjustments²

Fiscal Year	Effective Month	Proposed Revenue Adjustment
2024	Jul	7.5%
2025	Jul	7.5%
2026	Jul	7.5%
2027	Jul	7.5%
2028	Jul	7.5%

¹ Collectively, maximum day and maximum hour costs are known as peaking costs.

² The adjustments beyond FY 2023 are for planning purposes only.

Figure 1-1 illustrates the retail water operating financial plan for FY 2023 – FY 2030. Revenues from proposed rates are sufficient to recover O&M costs (including water supply) and debt service while sufficiently funding reserves that will be drawn by the District to fund future capital improvement needs.

Figure 1-1: Retail Water Operating Financial Plan

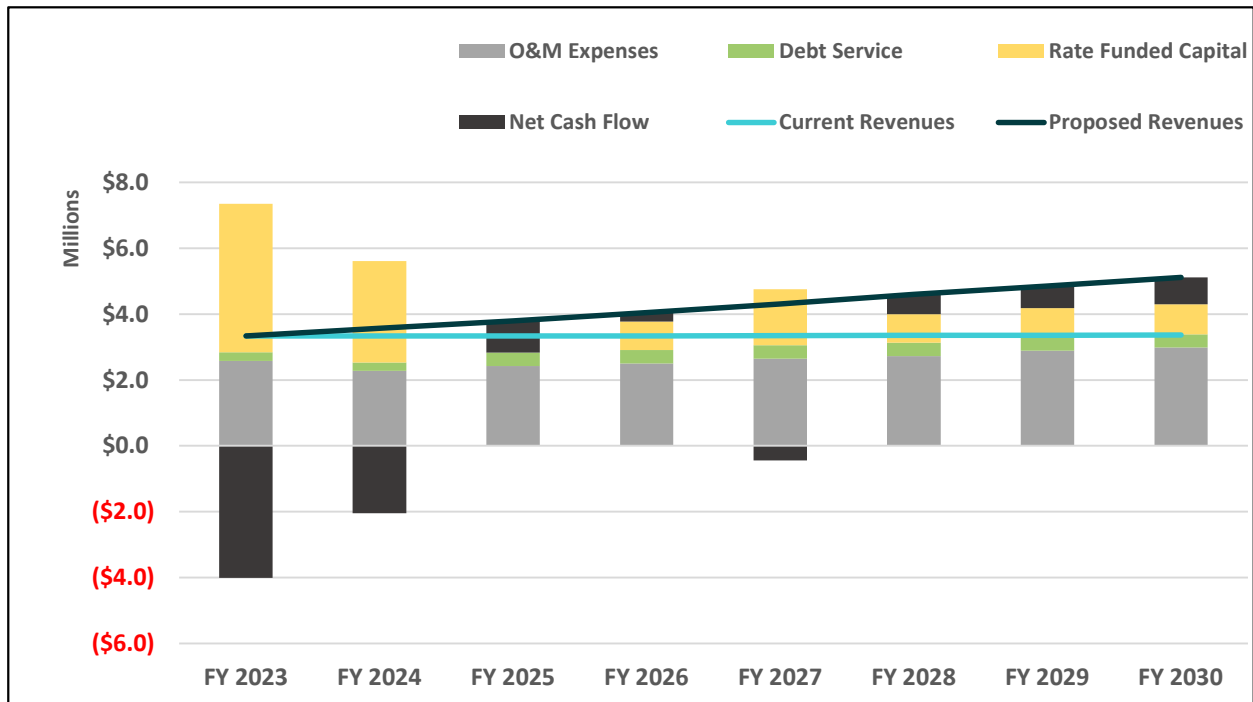


Figure 1-2 illustrates the ending reserve balances and targeted balances for FY 2023- - FY 2030. Ending reserve balances show a planned draw upon reserves to accomplish planned capital improvements with a gradual return to the target capital and operating reserve balance just outside the rate-setting period. The operating reserve shown in the graph reflects a potential change to 6 months of operating expenses from 10 months.

Figure 1-2: Estimated Retail Water Ending Fund Balances

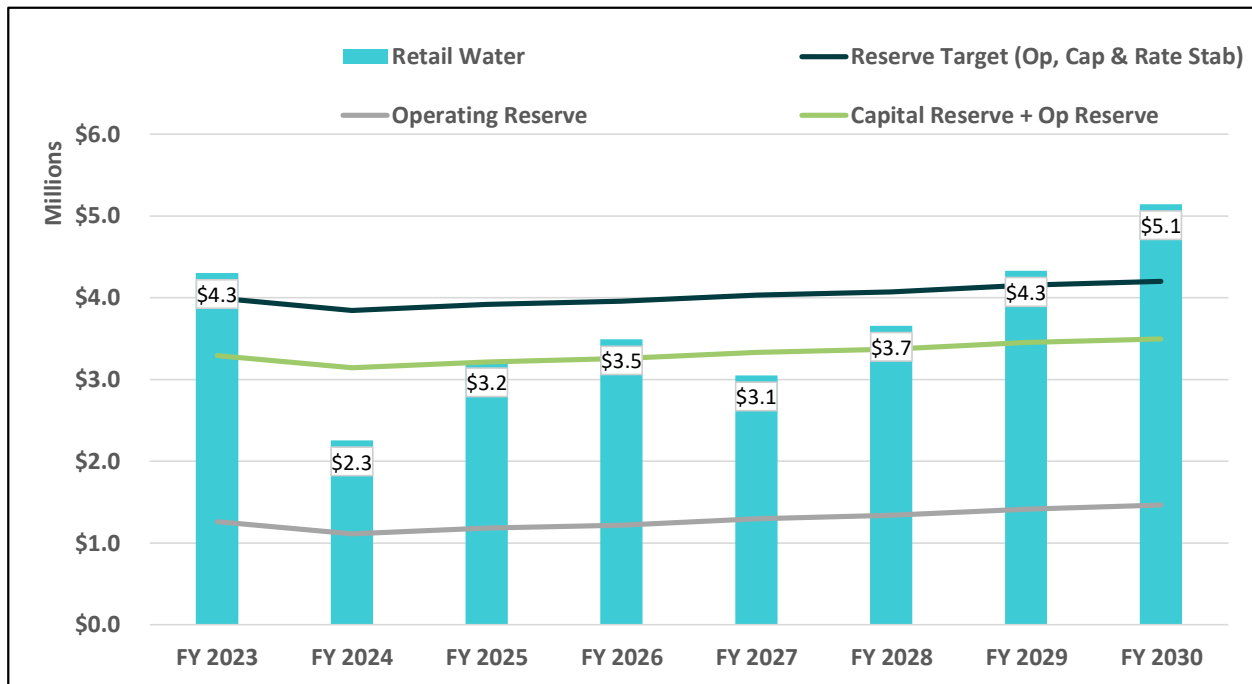
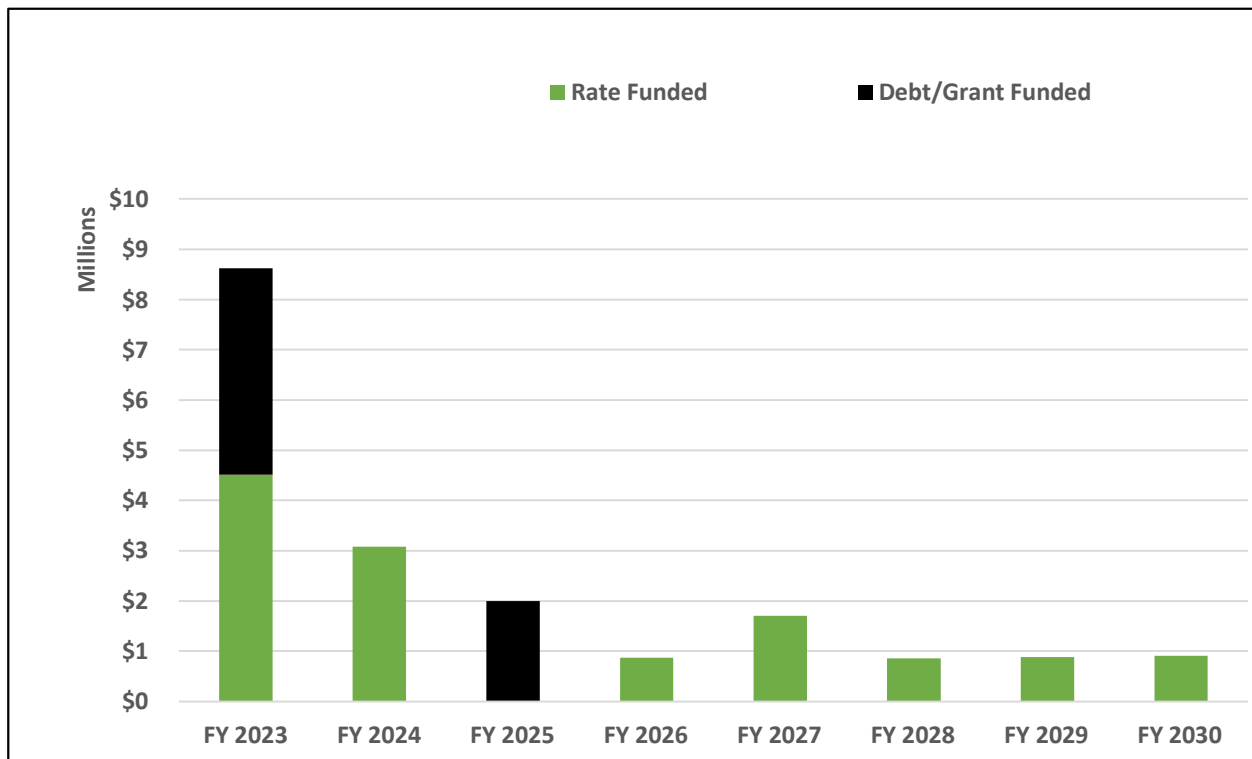


Figure 1-3 illustrates the Retail Water Enterprise’s scheduled capital improvement project expenses and funding sources. The District anticipates funding capital projects in the study period with a combination of remaining bond proceeds and rate-based revenues. A portion of FY 2023 capital projects is funded with existing debt proceeds.

Figure 1-3: Retail Water Capital Improvement Program Funding



1.3.2. Proposed Retail Water Rates

Table 1-2 shows the current and proposed monthly service charge, commodity rate, and monthly capital charge. The rates shown in FY 2024 are set using a cost-of-service analysis and overall, recover 7.5% more revenue than the prior year. Future years are escalated by the revenue adjustments shown.

Table 1-2: Current and Proposed Retail Water Rates and Charges

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment		COS	7.5%	7.5%	7.5%	7.5%
Meter Size Fixed Charge						
5/8"	\$22.50	\$32.78	\$35.24	\$37.88	\$40.72	\$43.77
3/4"	\$33.75	\$32.78	\$35.24	\$37.88	\$40.72	\$43.77
1"	\$56.24	\$48.68	\$52.33	\$56.26	\$60.48	\$65.01
1.5"	\$112.46	\$88.43	\$95.07	\$102.20	\$109.86	\$118.10
2"	\$179.92	\$136.14	\$146.35	\$157.33	\$169.13	\$181.81
3"	\$393.56	\$287.21	\$308.75	\$331.90	\$356.80	\$383.56
Commodity Rate (\$/ccf)	\$5.07	\$4.45	\$4.78	\$5.14	\$5.52	\$5.94
Capital Charge						
All Accounts	\$32.52					
5/8"		\$51.59	\$55.46	\$59.62	\$64.09	\$68.89
3/4"		\$51.59	\$55.46	\$59.62	\$64.09	\$68.89
1"		\$85.98	\$92.43	\$99.36	\$106.81	\$114.82
1.5"		\$171.96	\$184.86	\$198.72	\$213.63	\$229.65
2"		\$275.14	\$295.77	\$317.96	\$341.80	\$367.44
3"		\$601.86	\$647.00	\$695.53	\$747.69	\$803.77

1.4. Wholesale Water Summary

1.4.1. Financial Plan, Wholesale

Table 1-3 displays the proposed revenue adjustments for the wholesale water enterprise over the study period. The current financial plan shows that revenue adjustments are required to adequately fund all operating expenses, debt coverage requirements, and achieve reserve policy targets.

Table 1-3: Proposed Wholesale Water Revenue Adjustments³

Fiscal Year	Effective Month	Proposed Revenue Adjustment
2024	Jul	7.0%
2024	Jul	7.0%
2025	Jul	7.0%
2026	Jul	7.0%
2027	Jul	7.0%

Figure 1-4 illustrates the wholesale water operating financial plan. Revenues from proposed rates are sufficient to recover O&M costs (including water supply) and debt service while sufficiently funding reserves that will be drawn by the District to fund future capital improvement project needs as shown by the black bars below the x-axis.

Figure 1-4: Wholesale Water Operating Financial Plan

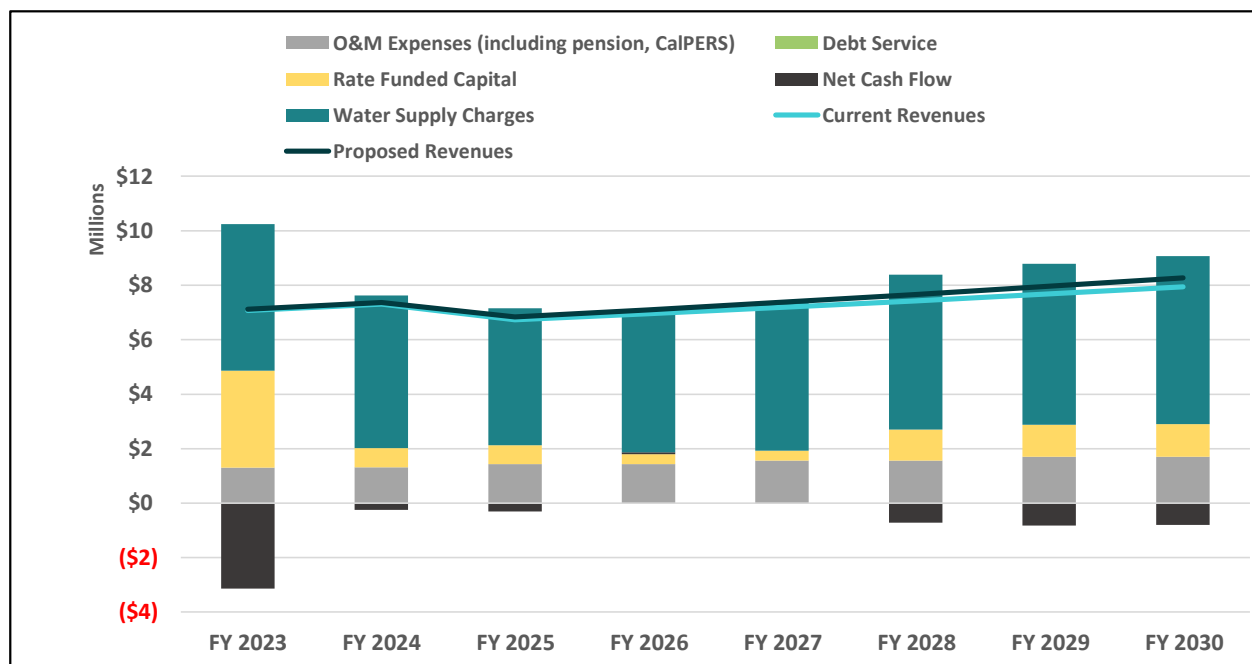


Figure 1-5 illustrates the ending reserve balances and targeted balances for FY 2023 – FY 2030. Reserve balances are used in conjunction with revenue adjustments to meet revenue requirements. The FY 2028 ending balance is projected to be above the total reserve target; however capital projects in years beyond the study are expecting to lower reserves.

³ The adjustments beyond FY 2023 are for planning purposes only.

Figure 1-5: Estimated Wholesale Water Ending Fund Balances

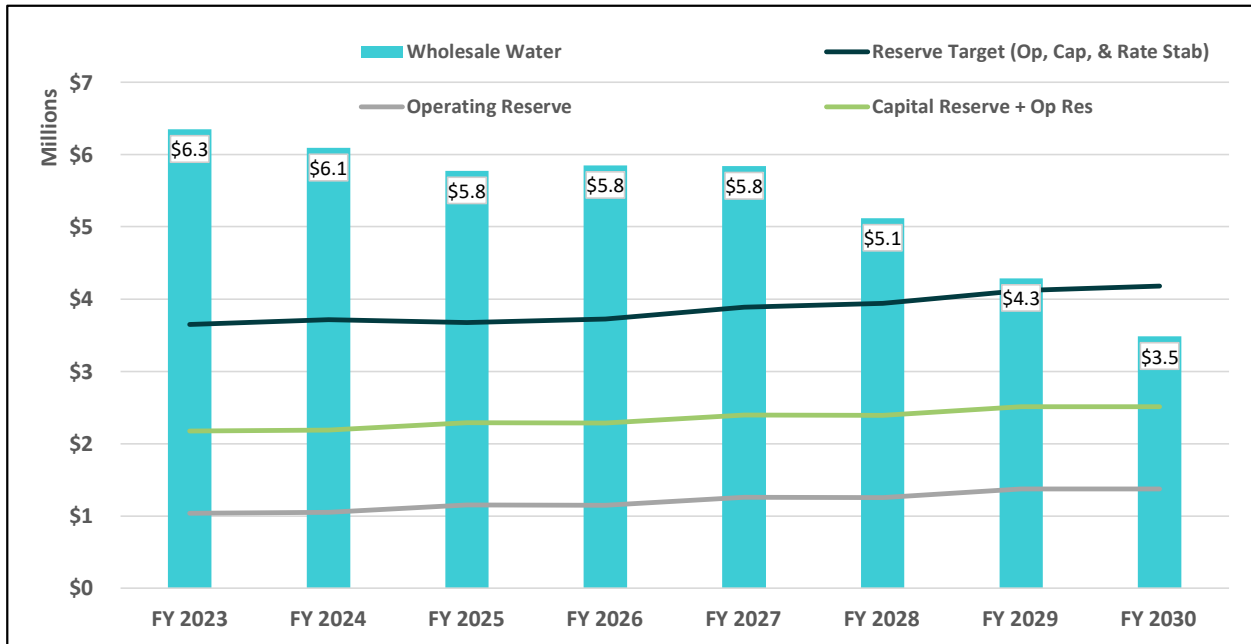
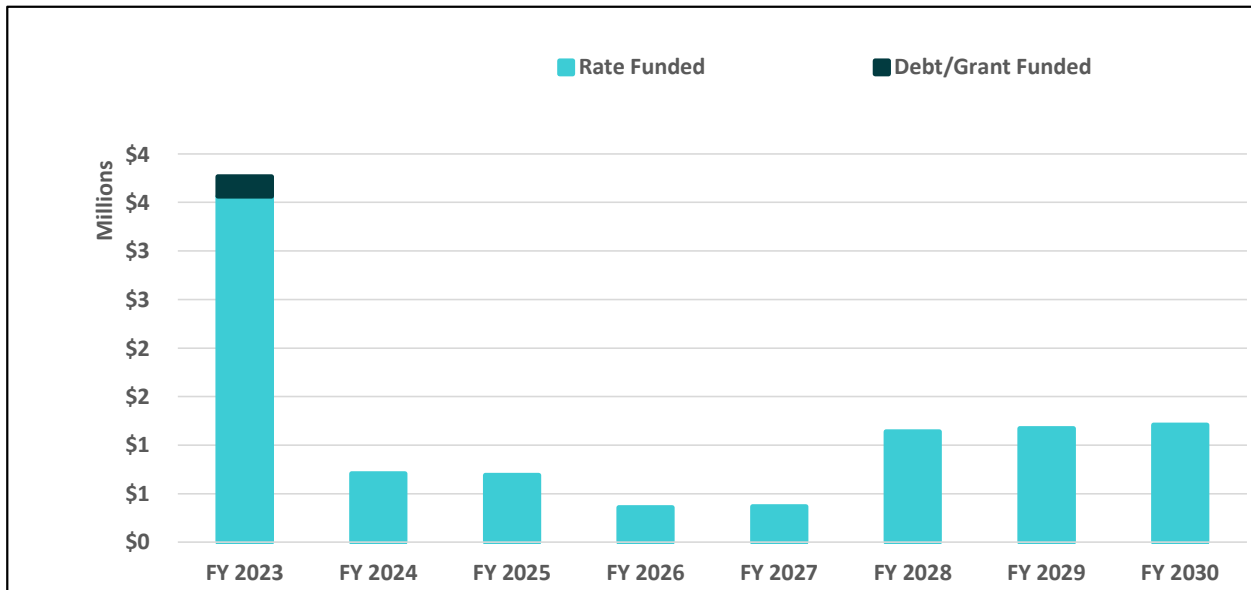


Figure 1-6 illustrates the Wholesale Water Enterprise’s scheduled capital improvement project expenses and funding sources. The District anticipates funding capital improvement projects in the study period with a combination of grants, reserves, and rate-based revenues.

Figure 1-6: Wholesale Water Capital Improvement Program Funding



1.4.2. Proposed Wholesale Water Rates

Table 1-4 shows the current and proposed monthly readiness-to-serve charge and replacement reserve fund charge. The rates shown in the FY 2024 column are derived using a cost-of-service analysis and recover 7% more revenue than the prior year. Future years are escalated by the revenue adjustments.

Table 1-4: Current and Proposed Wholesale Water Rates and Charges

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment						
Readiness to Serve Charge		COS	7.0%	7.0%	7.0%	7.0%
Replacement Reserve Fund Charge		COS	7.0%	7.0%	7.0%	7.0%
Readiness to Serve Charge						
Annual Charge, \$/meter	\$8.50	\$10.82	\$11.58	\$12.39	\$13.25	\$14.18
Replacement Reserve Fund Charge						
Meter Size						
5/8-Inch	\$16.00	\$9.69	\$10.37	\$11.09	\$11.87	\$12.70
3/4-Inch	\$16.00	\$9.69	\$10.37	\$11.09	\$11.87	\$12.70
1-Inch	\$16.00	\$16.15	\$17.28	\$18.49	\$19.78	\$21.17
1-1/2-Inch	\$16.00	\$32.29	\$34.55	\$36.97	\$39.56	\$42.33
2-Inch	\$16.00	\$51.67	\$55.29	\$59.16	\$63.30	\$67.73
3-Inch	\$16.00	\$113.03	\$120.94	\$129.41	\$138.47	\$148.16
4-Inch	\$16.00	\$203.45	\$217.69	\$232.93	\$249.24	\$266.68
6-Inch	\$16.00	\$516.70	\$552.87	\$591.57	\$632.98	\$677.29
8-Inch	\$16.00	\$904.23	\$967.53	\$1,035.26	\$1,107.72	\$1,185.26

1.5. Sewer Summary

1.5.1. Financial Plan, Sewer

Table 1-5 displays the proposed sewer enterprise revenue adjustments over the study period. The current financial plan shows that revenue adjustments are required to adequately fund all operating expenses, debt coverage requirements, and achieve reserve policy targets. Rates for the sewer enterprise have not been adjusted since 2016, when the rates were cut in half.

Table 1-5: Proposed Sewer Revenue Adjustments⁴

Fiscal Year	Effective Month	Proposed Revenue Adjustment
2024	Jul	12.0%
2024	Jul	12.0%
2025	Jul	12.0%
2026	Jul	12.0%
2027	Jul	12.0%

Figure 1-7 illustrates the sewer operating financial plan. Revenues from proposed rates are sufficient to recover O&M costs and debt service while sufficiently funding reserves that will be drawn upon by the District to fund future capital project needs as shown by the black bars below the x-axis.

⁴ The adjustments beyond FY 2023 are for planning purposes only.

Figure 1-7: Sewer Operating Financial Plan

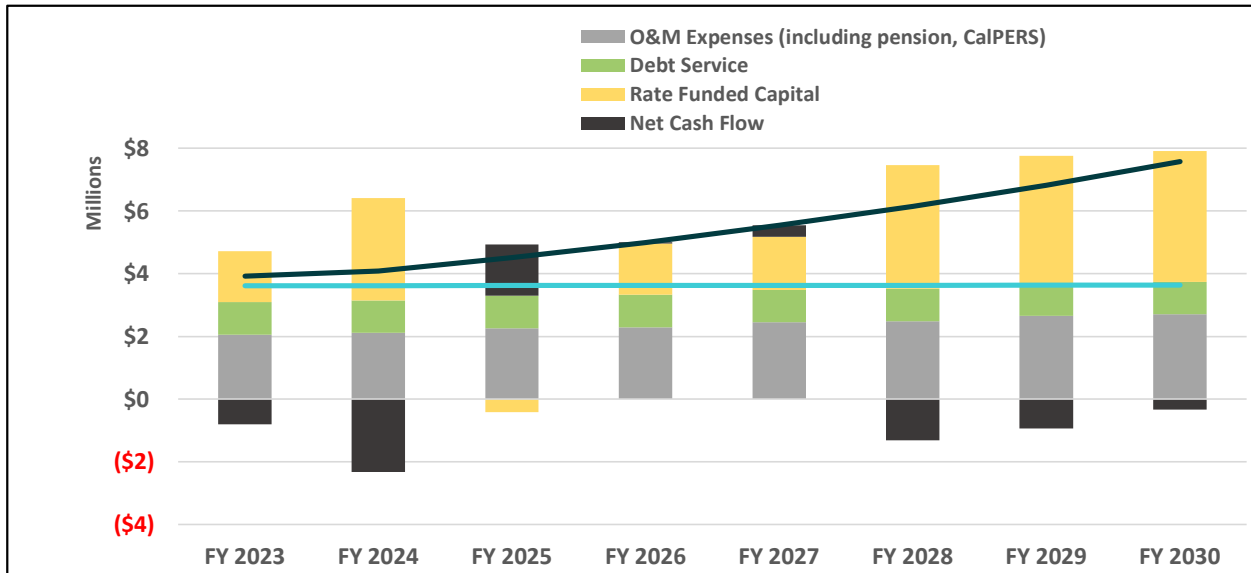


Figure 1-8 illustrates the ending reserve balances and targeted balances for FY 2023 – FY 2030. Reserve balances are used in conjunction with revenue adjustments to meet revenue requirements. The FY 2028 ending balance is projected to be above the total reserve target.

Figure 1-8: Estimated Sewer Ending Fund Balances

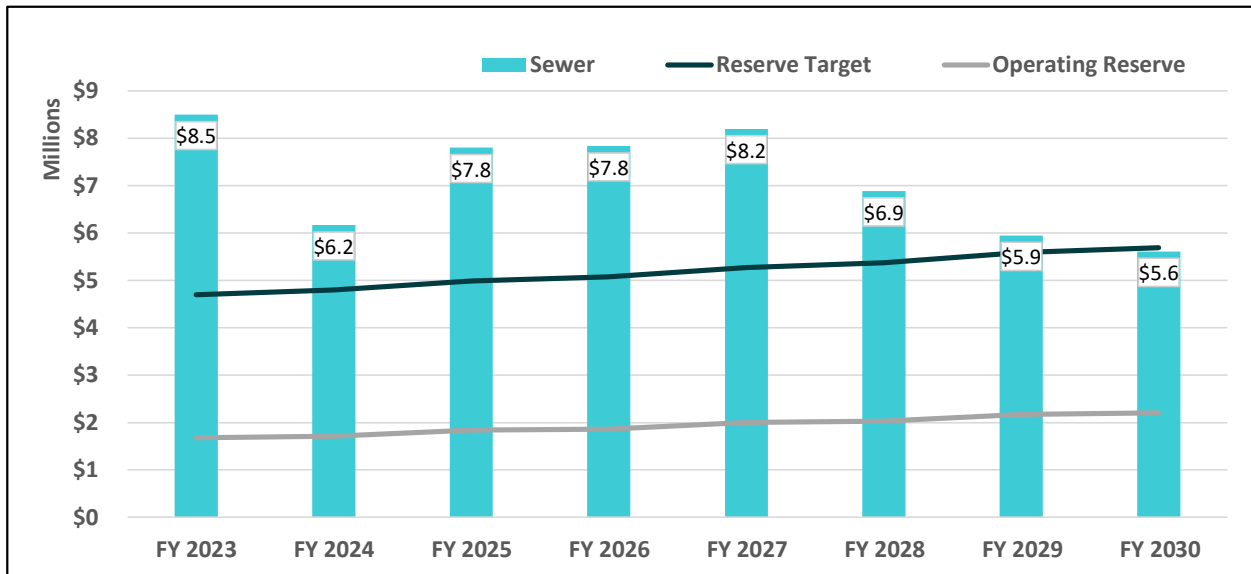
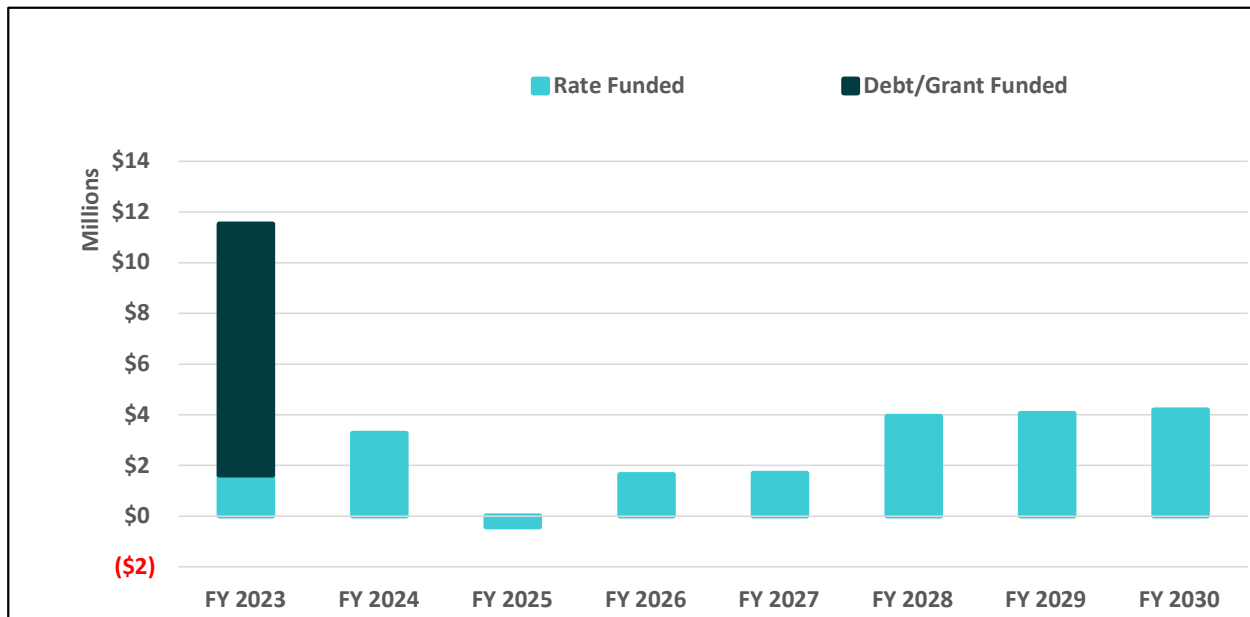


Figure 1-9 illustrates the Sewer Enterprise’s scheduled capital improvement project expenses and funding sources. A portion of FY 2023 capital projects is funded with existing debt proceeds.

Figure 1-9: Sewer Capital Improvement Program Funding



1.5.2. Proposed Sewer Rates

Table 1-6 shows the current and proposed annual charge for residential customers. Non-residential customers are charged based on the single-family rate times a property use classification factor (as shown in Appendix A) and the square footage or number of units.

Table 1-6: Current and Proposed Sewer Charges, Annual

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Adjustment (%)	0.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Single-Family	\$108.00	\$120.96	\$135.48	\$151.73	\$169.94	\$190.33
Multi-Family	\$75.60	\$84.67	\$94.83	\$106.21	\$118.96	\$133.23

1.6. Capacity Fees

Given the District has available retail, wholesale and sewer system capacity, Raftelis used the equity buy-in method to calculate updated capacity fees. The asset value as replacement cost new less depreciation was determined for each enterprise and divided by the existing equivalent meters (water) or equivalent dwelling units (sewer) to determine the updated fees. Table 1-7 through Table 1-9 present the projected capacity fees for retail, wholesale, and sewer, respectively.

Table 1-7: Proposed and Existing Retail Water Capacity Fees

Line No.	By Meter Size	EM Capacity Ratio	Proposed Fees	Existing Fees	Percent Difference
1	5/8"	1.0	\$8,011	\$6,103	31.3%
2	3/4"	1.0	\$8,011	\$6,103	31.3%
3	1"	1.7	\$13,352	\$10,171	31.3%
4	1 1/2"	3.3	\$26,703	\$20,342	31.3%
5	2"	5.3	\$42,725	\$32,547	31.3%
6	3"	11.7	\$93,462	\$71,196	31.3%

Table 1-8: Proposed and Existing Wholesale Water Capacity Fees

Line No.	By Meter Size	EM Capacity Ratio	Proposed Fees	Existing Fees	Percent Difference
1	5/8"	1.0	\$1,079	\$952	13.3%
2	3/4"	1.0	\$1,079	\$952	13.3%
3	1"	1.7	\$1,798	\$1,586	13.4%
4	1 1/2"	3.3	\$3,597	\$3,173	13.4%
5	2"	5.3	\$5,755	\$5,076	13.4%
6	3"	11.7	\$12,588	\$11,103	13.4%
7	4"	21.0	\$22,659	\$19,986	13.4%
8	6"	53.3	\$57,547	\$50,856	13.2%
9	8"	93.3	\$100,707	\$88,828	13.4%
10	10"	140.0	\$151,060	\$133,243	13.4%

Table 1-9: Proposed Sewer Capacity Fee

Line No.	Proposed and Existing Sewer Capacity Fee	
1	Proposed Sewer Capacity Fee (per EDU)	\$10,598
2	Old 2020 Sewer Capacity Fee (per EDU)	\$2,469
3	% Difference	329%

2. Legal Requirements and Rate Setting Methodology

2.1. Legal Requirements⁵

2.1.1. California Constitution – Article XIII D, Section 6 (Proposition 218)

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

1. A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
1. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
2. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
3. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
4. A written notice of the proposed charge shall be mailed to both the customer of record and owner of record of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

As stated in the American Water Works Association's (AWWA) *Principles of Water Rates, Fees, and Charges: Manual of Water Supply Practices - M1 Seventh Edition* (Manual M1), "water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers." Raftelis follows industry-standard rate-setting methodologies set forth by the AWWA Manual M1 to ensure this study meets Proposition 218 requirements and establishes rates that do not exceed the proportionate cost of providing water services on a parcel basis. The methodology in the Manual M1 is a nationally recognized industry rate-making standard that courts have recognized as consistent with Proposition 218.

2.1.2. California Constitution Article X, Section 2

California Constitution Article X, Section 2 mandates that water resources be put to beneficial use and that the waste or unreasonable use of water be prevented through conservation. Section 106 of the Water Code declares that the highest priority use of water is for domestic purposes, with irrigation secondary. Thus, the management of water resources is part of the property-related service provided by public water suppliers to ensure the resource is available over time.

⁵ Raftelis does not practice law nor does it provide legal advice. The above discussion means to provide a general review of apparent state institutional constraints and is labeled "legal framework" for literary convenience only. The District should consult with its counsel for clarification and/or specific review of any of the above or other matters.

Two Constitutional provisions govern and impact water rates — Article X, Section 2 (“Article X”) and Article XIII D, Section 6 (“Article XIII D”). Article X was added to the California Constitution in 1928 as former Article XIV, Section 3, and amended in 1976. Article X provides that:

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

In November 1996, California voters approved Proposition 218, which amended the California Constitution by adding Article XIII C and Article XIII D. Article XIII D placed substantive limitations on the use of the revenue collected from property-related fees and on the amount of the fee that may be imposed on each parcel. Additionally, it established procedural requirements for imposing new, or increasing existing, property-related fees. Water service fees are property-related fees.

In accordance with these provisions, a property-related fee must meet all of the following requirements: (1) revenues derived from the fee must not exceed the funds required to provide the property-related service; (2) revenues from the fee must not be used for any purpose other than that for which the fee is imposed; (3) the amount of a fee imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel; (4) the fee may not be imposed for a service, unless the service is actually used by, or immediately available to, the owner of the property subject to the fee. A fee based on potential or future use of a service is not permitted, and stand-by charges must be classified as assessments subject to the ballot protest and proportionality requirements for assessments; (5) no fee may be imposed for general governmental services, such as police, fire, ambulance, or libraries, where the service is available to the public in substantially the same manner as it is to property owners. The five substantive requirements in Article XIII D are structured to place limitations on (1) the use of the revenue collected from property-related fees and (2) the allocation of costs recovered by such fees to ensure that they are proportionate to the cost of providing the service attributable to each parcel.

2.2. Rate Setting Methodology

This study was conducted using industry-standard principles outlined by the AWWA Manual M1. The process and approach Raftelis utilized in the study to determine water and sewer rates is informed by the District’s policy objectives, the current water and sewer system and rates, and the legal requirements in California (namely, Proposition 218). The resulting financial plan, cost-of-service analyses, and rate design processes follows five key steps, outlined below, to determine proposed rates that fulfill the District’s objectives, meet industry standards, and comply with relevant regulations.

1. **Financial Plan:** The first study step is to develop a multi-year financial plan that projects the City’s revenues, expenses, capital project financing, annual debt service, and reserve funding. The financial plan is used to determine the revenue adjustment, which allows the City to recover adequate revenues to fund expenses and reserves.
2. **Revenue Requirement Determination:** After completing the financial plan, the rate-making process begins by determining the revenue requirement for the test year, also known as the rate-setting year. The test year for this study is FY 2024. The revenue requirement should sufficiently fund the District’s operating costs,

annual debt service (including coverage requirements), capital expenditures, and reserve funding as projected based on the annual budget estimates.

3. **Cost-of-Service Analysis:** The annual cost of providing water service, or the revenue requirement, is then distributed to customer classes and tiers commensurate with their use of and burden on the water or sewer system. A cost-of-service analysis involves the following steps:
 - » Functionalize costs – the different components of the revenue requirement are categorized into functions such as supply, transmission, storage, customer service, etc.
 - » Allocate to cost causation components – the functionalized costs are then allocated to cost causation components such as supply, base delivery, peaking, etc.
 - » Develop unit costs – unit costs for each cost causation component are determined using units of service, such as total use, peaking units, equivalent meters, number of customers, etc., for each component.
 - » Distribute cost components – the cost components are allocated to each customer class and tier using the unit costs in proportion to their demand and burden on the system.

A water cost-of-service analysis considers both the average water demand and peak demand. Peaking costs are incurred during periods of peak consumption, most often coinciding with summer water use. Additional capacity-related costs are incurred associated with designing, constructing, operating, maintaining, and replacing facilities to meet peak demand. Patterns of use impose additional costs on a water utility and are used to determine the cost burden on peaking-related facilities.

4. **Rate Design:** After allocating the revenue requirement to each customer class, the project team designs and calculates rates. Rates do more than simply recover costs; within the legal framework and industry standards, properly designed rates should support and optimize the District’s policy objectives. Rates also act as a public information tool in communicating these policy objectives to customers. This process also includes a rate impact analysis and sample customer bill impacts.
5. **Administrative Record Preparation and Rate Adoption:** The final step in a rate study is to develop the administrative record in conjunction with the rate adoption process. This report serves as the administrative record for this study. The administrative record documents the study results and presents the methodologies, rationale, justifications, and calculations used to determine the proposed rates. A thorough and methodological administrative record serves two important functions: maintaining defensibility in a stringent legal environment and communicating the rationale for revenue adjustments and proposed rates to customers and key stakeholders.

2.3. Capacity Fees Economic and Legal Framework

The philosophy that utility services should be paid for by those that receive the service is often referred to as “growth-should-pay-for-growth.” The principal is summarized in the American Water Works Association (AWWA) Manual M26: Water Rates and Related Charges:

“The purpose of designing customer-contributed-capital system charges is to prevent or reduce the inequity to existing customers that results when these customers must pay the increase in water rates that are needed to pay for added plant costs for new customers. Contributed capital reduces the need for new outside sources of capital, which ordinarily has been serviced from the revenue stream. Under a system of contributed capital, many water utilities are able to finance required facilities by use of a ‘growth-pays-for-growth’ policy.”

This principle, in general, applies to water, wastewater, and storm drainage systems. In the excerpt above, customer-contributed-capital system charges are equivalent to capacity fees.

2.4. Capacity Fees Legal Framework and California Requirements

In establishing capacity fees, it is important to understand and comply with local laws and regulations governing the establishment, calculation, and implementation of capacity fees. The following sections summarize the regulations applicable to the development of capacity fees for the City.

Capacity fees must be established based on a reasonable relationship to the needs and benefits brought about by the development or expansion. Courts have long used a standard of reasonableness to evaluate the legality of development charges. The basic statutory standards governing capacity fees are embodied by California Government Code Sections 66013, 66016, 66022 and 66023. Government Code Section 66013 contains requirements specific to determining utility development charges:

“Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount the fee or charge in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.”

Section 66013 also includes the following general requirements:

- Local agencies must follow a process set forth in the law, making certain determinations regarding the purpose and use of the charge; they must establish a nexus or relationship between a development project and the public improvement being financed with the charge.
- The capacity charge revenue must be segregated from the General Fund in order to avoid commingling of capacity fees and the General Fund.

2.5. Capacity Fees Methodology

Capacity fees are also commonly known as developer fees, development impact fees, connection fees, tap fees, and system development charges, among others. All are one-time capital charges, assessed against a new development, to recover the proportional share of capacity investment, previously constructed by a utility (or will be constructed), to accommodate growth. Capacity fees are codified in the California Government Code Sections 66000-66025. Capacity fees must reflect the link between the fee imposed on, and the benefit received by, a new connection to the system. The fee charged may not exceed the reasonable share of costs associated with providing the service.

Three different methodologies to calculate capacity fees exist: **Buy-In, Incremental, and Hybrid**; with variations of each dictated by local community and system characteristics, as well as policy objectives. Utilities have broad latitude in the method and approach used to calculate fees provided the fees reflect the benefit of, and do not exceed the costs for, providing service to the connection. These fees are designed to be proportional to the burden placed on the system by new connections. The project team, which includes Raftelis and EOCWD staff, decided to use the buy-in approach given the system still has capacity to meet in-fill demand.

The “Buy-In Method” is based on the premise that new customers are entitled to service at the same price as existing customers. Under this approach, new customers pay only an amount equal to the current system value, either using the original cost, replacement cost, original cost less depreciation, or replacement cost less depreciation as the valuation basis. This net investment, or value of the system, is then divided by the current capacity of the system to determine the Buy-In cost per unit.

For example, if the existing system has 100 units of average use and the new connector uses an equivalent unit, then the new customer would pay 1/100 of the total value of the existing system. By contributing this capacity fee, the new connector has bought into the existing system. The user has effectively acquired a financial position on par with existing customers and will face future capital re-investment on equal financial footing with those customers. This approach is suitable when: (1) agencies have built most of their facilities and only a small portion of future facilities are needed for build-out, (2) agencies do not have a detailed adopted long-term capital improvement plan, or (3) the “build-out” date is so far out in the future that it is difficult to accurately project growth and required facilities with precision.

2.6. Capacity Fees Valuation Methodology

To estimate the asset value of existing facilities, Raftelis recommends the replacement cost less depreciation (RCLD) method. The current value of water facilities is materially affected by the effects of age. All assets have estimated useful lives, which vary by type. For example, pumps may have a 20-year life, buildings 50 years, and pipelines 80 years. Each year an asset is devalued by the fraction of its useful life to original cost. This is referred to as straight line or linear depreciation. At the end of an asset’s useful life, it is worth zero dollars on paper, though it may still be in service. Depreciation accounts for estimated devaluation in system assets caused by wear and tear, decay, inadequacy, and obsolescence. To provide appropriate recognition of the effects of depreciation on existing water and sewer systems, the original cost valuation can be inflated to today’s dollars rather than the value of the dollar when the asset was placed in service. Original cost and depreciation are inflated using historical indices to reflect today’s dollars. Replacement cost depreciation is then subtracted from the replacement cost of the asset to yield replacement cost less depreciation. RCLD allows for an accounting of system assets in present value while also accounting for proportional devaluation via depreciation.

3. Financial Plan Assumptions

3.1. Key Financial Information

During the course of the study, Raftelis and District staff completed a detailed review of projected revenues, operating expenses, and capital expenditures over the study period. The Financial Plan Model is a comprehensive spreadsheet model of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves for the study period (FY 2024 to FY 2028).

This study utilized the following financial documents:

- Operating Budget for Fiscal Year (FY) 2022 and FY 2023
- Reserve Policy provided by District Staff
- Capital Improvement Plan for the study period provided by the District
- Financial Information (e.g., outstanding debt, reserve levels, etc.) as of June 30, 2022 provided by the District

3.2. Inflation

The study period is from Fiscal Year (FY) 2024 to 2028. Various types of assumptions and inputs are incorporated into this study based on discussions and direction from District staff. These include the projected number of accounts and annual growth rates in water consumption for different customer classes, inflation factors, and other assumptions that are incorporated into the Financial Plan. The inflation factor assumptions used for cost escalation are presented in Table 3-1.

Table 3-1: Assumed Cost Escalation Factors

Key Factors	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
General	5.0%	5.0%	5.0%	5.0%	5.0%
Salary & Benefits	4.0%	4.0%	4.0%	4.0%	4.0%
Utilities	3.5%	3.5%	3.5%	3.5%	3.5%
Water Supply Costs					
MWD Volumetric Rate Inflation	4.0%	4.0%	4.0%	4.0%	4.0%
MWD Capacity Charge	3.7%	3.7%	3.7%	3.7%	3.7%
MWD RTS Charge	9.9%	9.9%	9.9%	9.9%	9.9%
MWD Volumetric Rate Inflation	4.0%	4.0%	4.0%	4.0%	4.0%
OCWD Groundwater Rate(1)	4.8%	6.9%	7.3%	5.7%	5.9%
Non-Escalation	0.0%	0.0%	0.0%	0.0%	0.0%
Capital	3.0%	3.0%	3.0%	3.0%	3.0%

(1) Based on \$/AF unit rates provided through FY 2027.

The salary and benefit inflation rate are based on District staff estimates and include increasing health insurance costs. The utilities inflation rate is based on historical average retail electricity price data from the Energy Information Administration for the State of California. The water supply cost inflators are for purchasing water from OCWD and MWDOC and are based on District staff estimates and historical changes. The groundwater rate inflator for OCWD is based on rates provided by OCWD. The Capital

inflation rate is based on the Engineering News Record Construction Cost Index 20-year average for Los Angeles. The escalation factors for **revenue** escalation are presented in Table 3-2.

Table 3-2: Assumed Revenue Escalation Factors

Key Factors	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Other Rev	1.5%	1.5%	1.5%	1.5%	1.5%
Non-Escalation	0.0%	0.0%	0.0%	0.0%	0.0%
Property Tax	1.0%	1.0%	1.0%	1.0%	1.0%
Interest Rates	0.5%	0.5%	0.5%	0.5%	0.5%

A conservative interest rate is used in the study to project interest earnings on reserve funds. The escalation rate for other revenues is applied to Penalty & Other Charges Revenue, Uncollectible Accounts, Rental Revenue, and Miscellaneous Income.

3.3. Projected Growth

The District assumes that there is little-to-no account or usage growth for the study period. Table 3-3 shows the number of Retail Zone connections used in the analysis. Table 3-4 shows the number of Wholesale Zone connections used in the analysis. Table 3-5 shows the number of estimated equivalent dwelling units in the sewer system.

Table 3-3: Number of Retail Zone Connections

Meter Size	Connections
5/8"	9
3/4"	869
1"	290
1.5"	29
2"	6
3"	3
Total	1,206

Table 3-4: Number of Wholesale Zone Connections

Number of Certified Meters	Connections
TUSTIN	14,108
IRWD	436
GSWC	2,622
ORANGE	2,451
EOCWD	1,208
Total	20,825

Table 3-5: Number of Sewer Equivalent Connections

Estimated Equivalent Dwelling Units
28,491

3.4. Reserve Policy

The District currently has an adopted reserve policy for its Wholesale Zone, Retail Zone, and Sewer enterprises (see Appendix B). The operating reserve is currently set to a minimum of 10 months of budgeted operating expenses and a maximum of 12 months of operating expenses. During the course of this study, the District and Raftelis discussed changing the retail operating reserve minimum to 6 months to tie in to the bi-monthly billing period. The model uses a 6-month operating reserve target for retail water financial planning purposes. The capital reserve minimum target is equal to one year's capital spending. The maximum level is 2 times the accumulated depreciation balance. The District also has a rate stabilization reserve equal to 25 percent of commodity or rate revenue for water and \$1,000,000 for sewer.

4. Retail Zone Financial Plan

4.1. Water Revenue Requirements

This section discusses projected revenues, O&M expenses, and revenue adjustments to ensure the fiscal sustainability and solvency of the Retail Zone Enterprise.

4.1.1. Revenues

The District’s current Retail Zone rates were last updated in August 2021. The rates consist of three distinct components: a monthly capital project fee, a monthly service charge that varies by meter size, and a uniform commodity rate applied to all usage⁶. Table 4-1 shows the District’s current water rates for Retail Zone customers.

Table 4-1: Current Retail Zone Water Rates

	Current (FY 2023)
Effective Date	8/16/2021
Monthly Capital Project Fee (\$/meter)	\$32.52
Effective Monthly Fixed Meter Charge	
5/8"	\$22.50
3/4"	\$33.75
1"	\$56.24
1.5"	\$112.46
2"	\$179.92
3"	\$393.56
Commodity Rate (\$/ccf)	\$5.07

The revenues recovered from the Capital Project Fee are calculated by multiplying the monthly Capital Project Fee by the total amount of connections (shown in Table 3-3) for each month of the bi-monthly billing period. The Monthly Service Charge revenue for each meter is calculated by multiplying the service charge for a meter size with the number of connections for that meter size for each month of the bi-monthly billing period. The commodity rate revenue is calculated by multiplying total use by the commodity rate. The projected and calculated revenues are shown in Table 4-2.

⁶ The commodity rate is shown on a \$/ccf basis. 1 ccf = 100 cubic feet = 748 gallons of water

Table 4-2: Projected Revenue from Current EOCWD Charges

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Number of Connections (meters)						
5/8"	9	9	9	9	9	9
3/4"	869	869	869	869	869	869
1"	290	290	290	290	290	290
1.5"	29	29	29	29	29	29
2"	6	6	6	6	6	6
3"	3	3	3	3	3	3
Total	1,206	1,206	1,206	1,206	1,206	1,206
Projected Normal Water Sales (ccf)	339,614	339,614	339,614	339,614	339,614	339,614
Calculated Annual Revenues from Current Retail Water Rates						
Fixed Charges (Capital Projects and Service Charges)	\$616,349	\$616,349	\$616,349	\$616,349	\$616,349	\$616,349
Volumetric Charges (Commodity Rates)	\$1,721,843	\$1,721,843	\$1,721,843	\$1,721,843	\$1,721,843	\$1,721,843
Total	\$2,338,192	\$2,338,192	\$2,338,192	\$2,338,192	\$2,338,192	\$2,338,192

In addition to revenues produced by water rates, the Retail Zone receives other revenues from different sources such as interest income, taxes, and rent income. Table 4-3 outlines the other miscellaneous revenues for the District's Retail Zone over the study period.

Table 4-3: Projected Other Revenue

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Other Operating Revenues						
Penalty & Other Charges	\$9,800	\$9,947	\$10,096	\$10,248	\$10,401	\$10,557
Uncollectible Accounts	(\$6,700)	(\$6,801)	(\$6,903)	(\$7,006)	(\$7,111)	(\$7,218)
Total Other Operating Revenues	\$3,100	\$3,147	\$3,194	\$3,242	\$3,290	\$3,340
Non-Operating Revenues						
Property Taxes	\$515,700	\$520,857	\$526,066	\$531,326	\$536,639	\$542,006
Interest Income	\$3,500	\$16,397	\$13,700	\$16,791	\$16,357	\$16,772
Miscellaneous Income	\$1,000	\$1,015	\$1,030	\$1,046	\$1,061	\$1,077
Total Non-Operating Revenues	\$520,200	\$538,269	\$540,796	\$549,163	\$554,058	\$559,855

4.1.2. O&M Expenses

4.1.2.1. Water Supply Costs

The District has two sources of water supply – (1) local groundwater and (2) treated import water. The groundwater supply is managed and sold by the Orange County Water District (OCWD). The imported supply is managed by the Municipal Water District of Orange County (MWDOC) via the distribution system operated by East Orange County Water District's Wholesale Zone (WZ) enterprise. As managers of the groundwater basin, OCWD sets the limits for the amount of water that can be pumped from the local groundwater basin. This is referred to as the Basin Pumping Percentage (BPP). As a member agency of OCWD, the District has access to this water supply at the limits set by OCWD.

The District is reliant on imported water from MWDOC (who purchases water from the Metropolitan Water District (MWD)) to meet the remaining demand beyond the BPP limit. The District incurs three separate base fees (readiness to serve, capacity charge, and retail charge) from MWDOC as well as the EOCWD Reserve Fund and Readiness-to-Serve Charges assessed by the EOCWD Wholesale Zone.

Based on projections from District staff, the per unit price of water, and expected purchase quantities, Table 4-4 shows the project water purchase costs. The water purchases from OCWD were provided by the District. The water purchases from MWDOC are the total remaining demand after groundwater pumping. Table 4-4 shows the volumetric OCWD and MWDOC water purchase costs.

Table 4-4: Water Supply Cost Projections

Water Sales	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Retail Water Usage (AF)	780	780	780	780	780	780
Water Loss	7%	7%	7%	7%	7%	7%
Total Water Needed (AF)	838	838	838	838	838	838
Water Supply						
OCWD Replenishment Rate Groundwater Production						
Groundwater Use (AF)	0	700	700	700	700	700
Cost \$/AF	\$540	\$566	\$605	\$649	\$686	\$726
PFAS Costs	\$127,000	\$131,445	\$136,046	\$140,807	\$145,735	\$150,836
Groundwater Costs (PFAS)	\$127,000	\$527,645	\$559,546	\$595,107	\$625,935	\$659,368
Purchased Water Costs						
MWD/MWDOC Wholesale Purchased Water						
Water Purchased (AF)	838	138	138	138	138	138
MWDOC Purchased Water (\$/AF)	\$1,162	\$1,208	\$1,256	\$1,307	\$1,359	\$1,413
Subtotal - Purchased Water Cost	\$973,744	\$167,101	\$173,785	\$180,736	\$187,966	\$195,484
MWDOC Retail Charge						
EOCWD Meters	1,206	1,206	1,206	1,206	1,206	1,206
MWDOC Retail Meter Charge per Meter	\$13.75	\$14.30	\$14.87	\$15.47	\$16.09	\$16.73
Total Retail Meter Charge	\$16,583	\$17,246	\$17,936	\$18,653	\$19,399	\$20,175
Total Water Purchased Costs	\$990,326	\$184,346	\$191,720	\$199,389	\$207,365	\$215,659

Table 4-5 adds the remaining fixed charges from MWDOC and MWD.

Table 4-5: Projected Water Supply Costs

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<i>Operating Expenses</i>	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Source of Supply						
Water Purchases	\$973,744	\$167,101	\$173,785	\$180,736	\$187,966	\$195,484
MWDOC Retail Service Connection	\$16,583	\$17,246	\$17,936	\$18,653	\$19,399	\$20,175
Fixed MET-MWDOC Capacity Fees	\$26,000	\$26,962	\$27,960	\$28,994	\$30,067	\$31,179
Fixed MET-MWDOC Readiness to Serve	\$12,000	\$13,188	\$14,494	\$15,928	\$17,505	\$19,238
Fixed EOCWD Reserve Fund Charge (Capital)	\$16,600	\$17,762	\$19,005	\$20,336	\$21,759	\$23,282
Fixed EOCWD Readiness to Serve	\$10,700	\$11,449	\$12,250	\$13,108	\$14,026	\$15,007
Groundwater (incl. PFAS Costs)	\$127,000	\$527,645	\$559,546	\$595,107	\$625,935	\$659,368
Replenishment Assessment	\$8,100	\$8,505	\$8,930	\$9,377	\$9,846	\$10,338
Pumping Electricity	\$26,000	\$84,623	\$87,584	\$90,650	\$93,823	\$97,106
Source of Supply Subtotal	\$1,216,726	\$874,480	\$921,489	\$972,889	\$1,020,325	\$1,071,179

4.1.2.2. Water O&M Expenses

The inflation factors from Table 3-1 were used to inflate the District’s FY 2023 budget to project future O&M costs for the Retail Zone. Raftelis worked closely with District staff to identify any non-recurring costs and other anticipated expenses for the study period. Table 4-6 summarizes the budgeted and projected O&M expenses for the District’s Retail Zone during the study period.

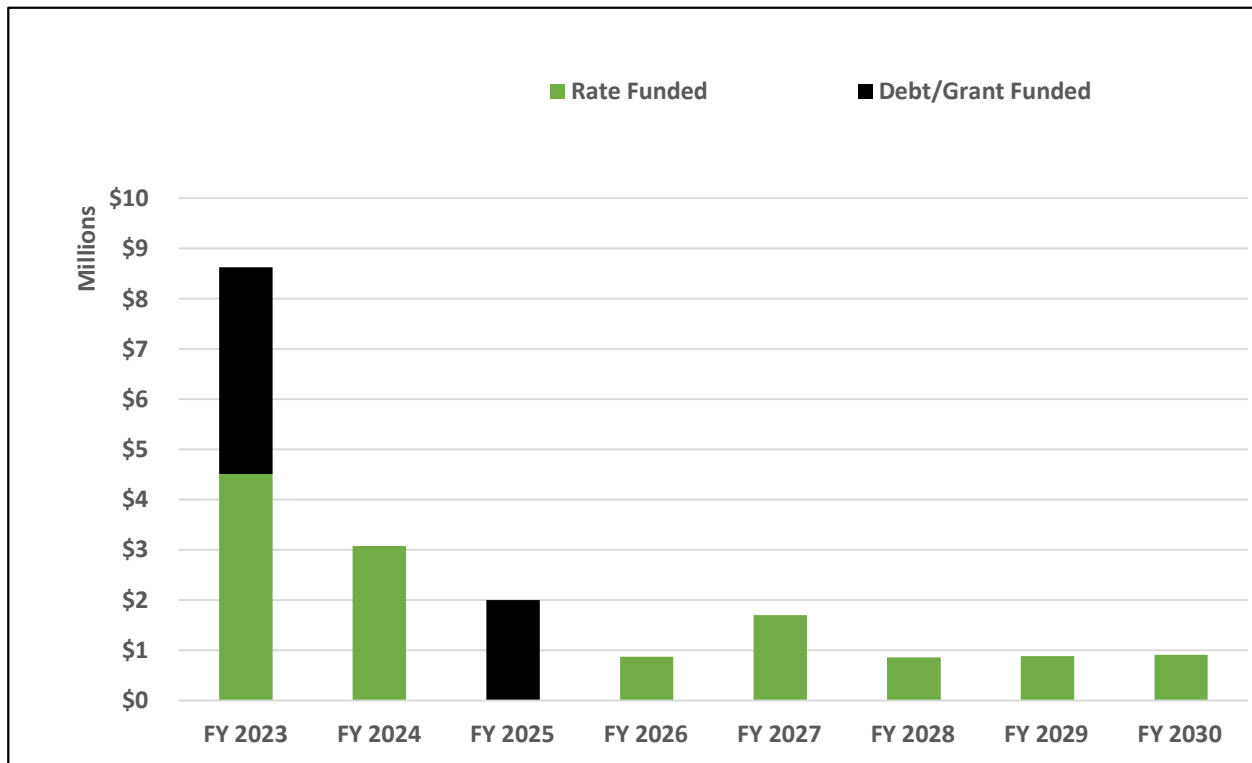
Table 4-6: Budgeted and Projected O&M Expenses

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Source of Supply Subtotal	\$1,216,726	\$874,480	\$921,489	\$972,889	\$1,020,325	\$1,071,179
Salaries and Benefits Subtotal	\$725,000	\$755,369	\$786,992	\$819,124	\$851,520	\$885,201
Operations & Maintenance Subtotal	\$234,300	\$245,738	\$257,737	\$270,327	\$283,535	\$297,394
General & Administrative Subtotal	\$345,800	\$345,666	\$399,488	\$380,883	\$436,797	\$419,695
Total Operating Expenses	\$2,521,826	\$2,221,253	\$2,365,706	\$2,443,223	\$2,592,178	\$2,673,469
<i>Other Non-Operating Expenses</i>						
Section 115 Pension Trust Contribution	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Non-Operating Expenses	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

4.1.3. Projected Capital Improvement Projects

Figure 4-1 shows the District’s retail zone capital projects. (A full list of projects and costs can be found in the Appendix C). The capital project costs for future years are determined by using the programmed/budgeted costs and inflating the value by the capital cost inflation factor shown in Table 3-1. A portion of FY 2023 capital improvement projects will be covered by the remaining proceeds from previously issued debt service. The District plans to fund 100 percent of the remaining planned capital projects by Pay-as-you-go (PAYGO) from rates and reserves.

Figure 4-1: Projected Retail Zone Capital Expenditures

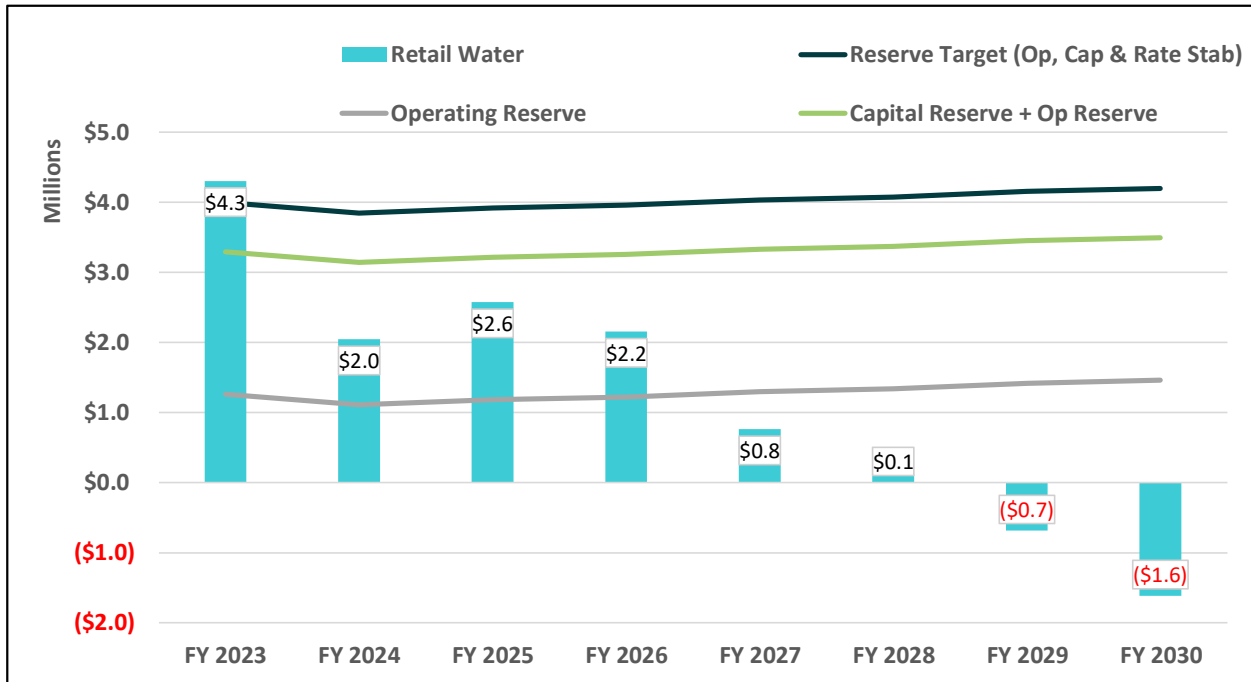


4.2. Retail Zone Financial Plan

4.2.1. Status Quo Financial Plan

Figure 4-2 displays the projected ending balances of the District’s Retail Zone under current rates over the study period. All projections are based upon the District’s current rate structure and do not include rate adjustments. The figure incorporates the data shown in Table 4-2 through Table 4-6 and Figure 4-1. Under the “status-quo” scenario, revenues generated from current rates and other miscellaneous revenues are inadequate to sufficiently recover operating and capital expenses of the utility, as shown by decreasing fund balances. Additionally, the ending balance drops below the total reserve target and the capital and operating reserve targets in FY 2024. By FY 2027, the ending balance is projected to be below the operating reserve target. In short, the District is unable to maintain fiscal sustainability under the current rates.

Figure 4-2: Status Quo Retail Zone Ending Balances (No Revenue Adjustments)



4.2.2. Proposed Financial Plan

Table 4-7 shows the proposed revenue adjustments to meet the target reserve requirement and maintain financial sufficiency.

Table 4-7: Proposed Retail Zone Revenue Adjustments

Fiscal Year	Effective Month	Proposed Revenue Adjustments
2024	Jul	7.5%
2025	Jul	7.5%
2026	Jul	7.5%
2027	Jul	7.5%
2028	Jul	7.5%

Table 4-8 shows the Retail Zone Financial Plan with the proposed revenue adjustments shown above. The District’s reserves are projected to remain above the operating reserve target and begin approaching meeting all targets by the end of the study period.

Table 4-8: Proposed Retail Zone Financial Plan

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues						
Operating Revenues	\$2,808,821	\$2,808,821	\$2,808,821	\$2,808,821	\$2,808,821	\$2,808,821
Revenue Adjustments	\$0	\$210,662	\$437,123	\$680,569	\$942,273	\$1,223,605
Penalties and Uncollectible Account Fees	\$3,100	\$3,147	\$3,194	\$3,242	\$3,290	\$3,340
Interest Income	\$3,500	\$16,397	\$13,700	\$16,791	\$16,357	\$16,772
Non-Operating Revenues (excluding interest)	\$516,700	\$521,872	\$527,096	\$532,372	\$537,701	\$543,083
Total Revenues	\$3,332,121	\$3,560,898	\$3,789,933	\$4,041,794	\$4,308,442	\$4,595,620
Expenses						
Source of Supply	\$1,216,726	\$874,480	\$921,489	\$972,889	\$1,020,325	\$1,071,179
Salaries & Benefits	\$725,000	\$755,369	\$786,992	\$819,124	\$851,520	\$885,201
Operations & Maintenance	\$234,300	\$245,738	\$257,737	\$270,327	\$283,535	\$297,394
General & Administrative	\$345,800	\$345,666	\$399,488	\$380,883	\$436,797	\$419,695
Total Expenses	\$2,521,826	\$2,221,253	\$2,365,706	\$2,443,223	\$2,592,178	\$2,673,469
Net Income before Debt, ADP, and CIP	\$810,295	\$1,339,646	\$1,424,227	\$1,598,571	\$1,716,264	\$1,922,152
Less: Debt Service	\$258,995	\$259,039	\$406,155	\$406,215	\$406,178	\$406,045
Less: Section 115 Pension Trust Contribution	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Less: PAYGO (Cash Funded Capital)	\$4,511,735	\$3,077,652	\$0	\$874,114	\$1,701,769	\$858,628
Net Increase / Decrease to Reserves	(\$4,010,435)	(\$2,047,046)	\$968,073	\$268,243	(\$441,683)	\$607,479
Reserves						
Beginning Balance	\$8,313,421	\$4,302,986	\$2,255,940	\$3,224,013	\$3,492,255	\$3,050,573
Ending Balance (with Interest)	\$4,302,986	\$2,255,940	\$3,224,013	\$3,492,255	\$3,050,573	\$3,658,051
Operating Reserve Target	\$1,260,913	\$1,110,626	\$1,182,853	\$1,221,611	\$1,296,089	\$1,336,734
Capital Reserve Target	\$2,033,054	\$2,033,054	\$2,033,054	\$2,033,054	\$2,033,054	\$2,033,054
Rate Stabilization Target	\$702,205	\$702,205	\$702,205	\$702,205	\$702,205	\$702,205
Total Reserve Target	\$3,996,172	\$3,845,886	\$3,918,112	\$3,956,871	\$4,031,348	\$4,071,994

Figure 4-3 and Figure 4-4 show the District’s financial plan and reserve balances in graphical format. The additional years beyond the study period are shown to demonstrate a plan to return to reserve levels that meet or exceed targets.

Figure 4-3: Retail Zone Operating Financial Plan

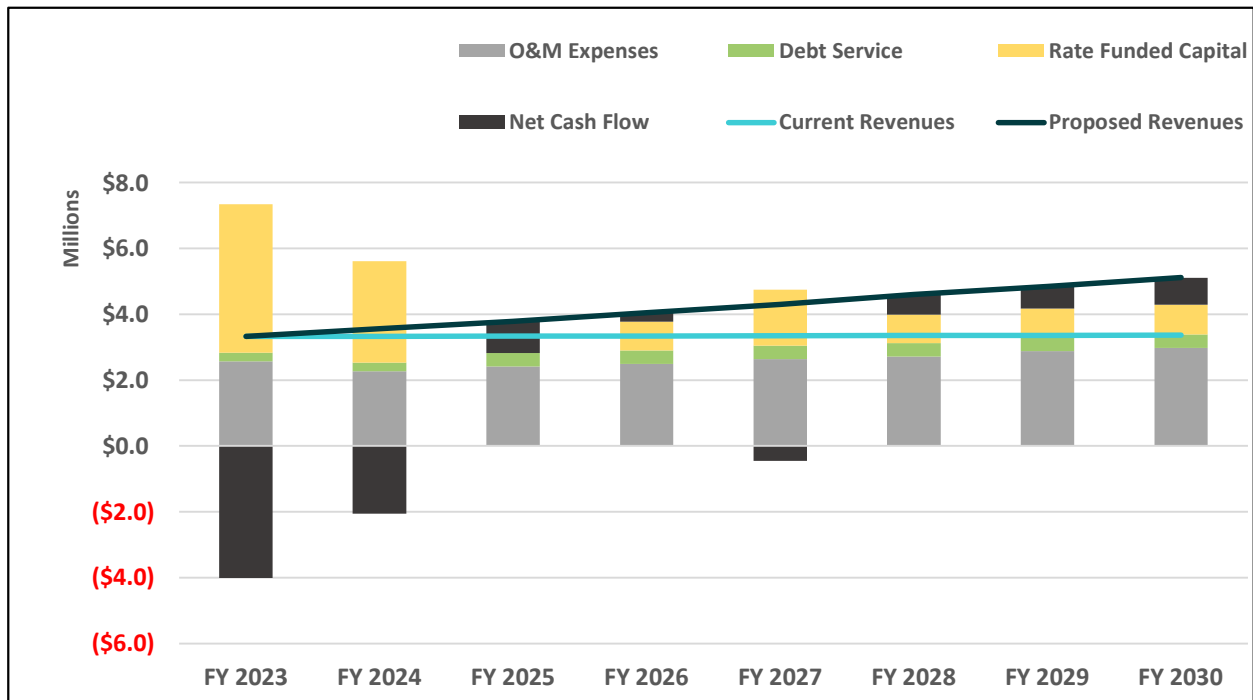
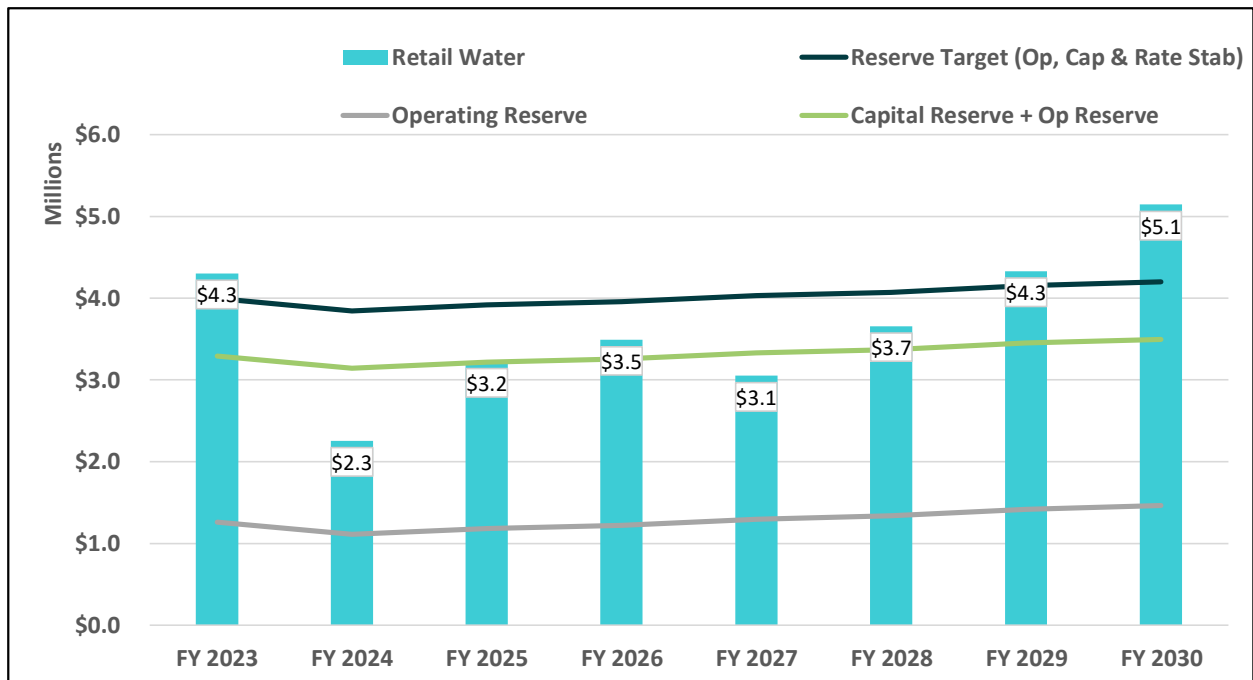


Figure 4-4: Projected Retail Zone Reserve Ending Balances



5. Retail Zone Cost-of-Service and Proposed Water Rates

5.1. Process and Approach

This section describes the methodology of allocating costs equitably to customers. This is intended to ensure that customers pay their fair share, proportional to the cost of serving them.

As stated in the American Water Works Association (AWWA) M1 Manual, “the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” To develop utility rates that comply with Proposition 218 and industry standards while meeting other emerging goals and objectives of the utility, we follow the cost-of-service methodology discussed below.

5.1.1. Calculate Revenue Requirement

The rate-making process starts by determining the revenue requirement. In this study the “test year” is FY 2024. The revenue requirement should sufficiently fund the utility’s O&M, debt service, capital expenses, and reserve requirements.

5.1.2. Cost-of-Service Analysis

After determining a utility’s revenue requirements, the next step in a cost-of-service analysis is to distribute the annual cost of providing water service among customer classes commensurate with their service requirements. A cost-of-service analysis involves the following:

- **Cost functionalization** – O&M expenses and capital expenses are categorized by their function in the system. Functions include supply, storage, distribution, customer service, etc.
- **Cost component allocation** – the functionalized costs are then allocated to cost causation components (water system cost components) based on their burden on the system. The cost components include supply, delivery, extra-capacity, meter, customer, etc. The revenue requirement is allocated accordingly to the cost components and results in the total revenue requirement for each cost component.
- **Unit cost development** – the revenue requirement for each cost component is divided by the appropriate units-of-service such as total water demand, peak water demands, equivalent meters, number of customers, etc. for each customer class.
- **Revenue requirement distribution** – the unit costs are utilized to distribute the revenue requirement for each cost component to customer classes and tiers based on their individual service units.

The cost components used in this analysis are:

- **Imported Supply** – the cost of importing water
- **Groundwater Pumping & Treatment** – the cost of pumping and treating water
- **Treatment** – the cost of treating imported water
- **Transmission & Distribution** – the cost associated with pipes, pumps, mains, etc.
- **Distribution storage** – represents the cost associated with storing treated water
- **Customer Service** – represents the costs associated with meter reading, billing and customer and meter service

- **Meter Maintenance** - represents the costs associated with meter maintenance
- **General & Administrative** – general and administrative costs incurred by the District
- **Public Fire** – costs associated with public fire hydrants

Capital costs are all captured within a separate capital cost category to develop the Monthly Fee for Existing Water System Capital Projects.

The functionalization of costs allows us to better allocate the functionalized costs to the cost causation components. The cost causation components include:

- **Imported Supply** – variable costs associated with importing water supply for all customers
- **Base Delivery** – fixed costs associated with providing service under average conditions
- **Peaking** (maximum day and maximum hour) – costs associated with meeting demand in excess of average use
- **Customer Service and Meter Reading** – costs incurred to provide meter reading, billing, and customer service
- **Meter Maintenance** – costs associated with maintenance of meters and capacity costs
- **General & Admin** – costs that cannot be allocated directly to any one cost causation component
- **Fire** – costs associated with providing fire protection capacity

Peaking costs are divided into maximum day and maximum hour demand. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour demand is the maximum use in an hour on the maximum use day. Different facilities, such as distribution and storage facilities (and the O&M costs associated with those facilities), are designed to meet the peaking demands of customers. Therefore, extra capacity⁷ costs include the O&M and capital costs associated with meeting peak customer demand. This method is consistent with the AWWA M1 Manual and is widely used in the water industry to perform cost-of-service analyses.

5.1.3. Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as conservation, affordability for essential needs and revenue stability among other objectives. Rates may also act as a public information tool in communicating these objectives to customers.

5.1.4. Rate Adoption

Rate adoption is the last step of the rate-making process. Raftelis documented the rate study results in this report to help educate the public about the proposed changes, the rationale and justifications behind the changes and their anticipated financial impacts in lay terms.

⁷ The terms extra capacity, peaking and capacity costs are used interchangeably.

5.2. Cost-of-Service Calculations

5.2.1. Revenue Requirement Determination

Table 5-1 shows the revenue required from rates for FY 2024 in line 19. The total revenue requirement shown in Line 8 is equal to the O&M expense, debt service and capital expenses and come from Table 4-6 and Table 4-8. The revenue offsets in lines 10 through 14 come from Table 4-3 and Table 4-8 and reduce the total revenue required from rates. The adjustment for cash is subtracted to account for the withdrawal from reserves to help cover revenue requirements. The revenue required from rates is equal to the revenue requirements (Line 8) less revenue offsets (Line 15) and adjustments (Line 18). The revenue requirement is divided into Operating and Capital components and is allocated to the cost components based on the functionalization of the O&M expenses and capital assets, respectively.

Table 5-1: Annualized Revenue Requirements for FY 2024, Retail Zone

No.	(A)	(B)	(C)	(D)
1	Revenue Requirement			
2	Source of Supply Subtotal	\$874,480	\$0	\$874,480
3	Salaries and Benefits Subtotal	\$755,369	\$0	\$755,369
4	Operations & Maintenance Subtotal	\$245,738	\$0	\$245,738
5	General & Administrative Subtotal	\$345,666	\$0	\$345,666
6	Debt Service (Existing and Proposed)	\$0	\$259,039	\$259,039
7	Rate Funded Capital	\$0	\$3,077,652	\$3,077,652
8	Total - Revenue Requirement	\$2,221,253	\$3,336,691	\$5,557,944
		\$0	\$1	\$1
9	Less: Other Operating Revenue / (Expenses)			
10	Property Taxes	\$191,675	\$329,182	\$520,857
11	Interest Income	\$0	\$16,397	\$16,397
12	Miscellaneous Income	\$1,015	\$0	\$1,015
13	Penalties and Uncollectible Accounts	\$3,147	\$0	\$3,147
14	Section 115 Pension Trust Contribution	(\$50,000)	\$0	(\$50,000)
15	Total - Revenue Offsets	\$145,837	\$345,579	\$491,416
16	Less: Adjustments			
17	Adjustment for Cash Balance	\$0	\$2,047,046	\$2,047,046
18	Total - Adjustments	\$0	\$2,047,046	\$2,047,046
19	Revenue Required from Rates	\$2,075,416	\$944,067	\$3,019,483

5.2.2. Peaking factors

Peaking factors are used to allocate peaking costs, also known as Max Day and Max Hour costs, to customer classes.

Table 5-2 shows the system-wide peaking factors used to derive the cost component allocation bases for Base, Max Day, and Max Hour costs. Base costs represent average daily demand during the year, which is normalized to a factor of 1.00 (Column B, Line 1). The District’s 2019 Water Master plan provided Max Day and Max Hour peaking factors. The system-wide Max Day peaking factor (Column B, Line 3), as provided to

Raftelis, is 2.0 times greater than the average daily demand. The Max Hour peaking factor (Column B, Line 4) is 3.4 times greater than the average demand. The allocation bases (Columns C through E) are calculated using the equations outlined in this section. Columns are represented in these equations as letters and rows are represented as numbers. For example, Column C, Line 2 is shown as C2.

Table 5-2: Water System Peaking Factors

Line No.	Cost Component Allocation Bases (A)	System Wide Peaking Factor (B)	Base (C)	Max Day (D)	Max Hour (E)	Total (F)
1	Base	1.00	100%			100%
2	System Wide Max Month	1.25				
3	Max Day	2.00	50%	50%		100%
4	Max Hour	3.40	29%	29%	41%	100%

The Max Day allocations are calculated as follows:

- Base Delivery: $B1 / B3 \times 100\% = C3$
- Max Day: $(B3 - B1) / B3 \times 100\% = D3$

The Max Hour allocations are calculated as follows:

- Base Delivery: $B1 / B4 \times 100\% = C4$
- Max Day: $(B3 - B1) / B4 \times 100\% = D4$
- Max Hour: $(B4 - B3) / B4 \times 100\% = E4$

The system wide max month peaking factor is used to translate bi-monthly-to-average month peaking factors for each customer class into a max day factor for each customer class, as shown in Table 5-3. The bi-monthly peaking factor (Column D) is multiplied by the ratio of the max day factor to the max month factor ($2.0/1.25 = 1.60$) from Table 5-2 to determine the Max Day Capacity Factor (Column E).

Table 5-3: Max Day Capacity Factor

Line No.	Customer Class (A)	Average Bi-Monthly Use (B)	Max Bi-Monthly Use (C)	Bi-monthly Peaking Factor (D)	Max Day Capacity Factor (E)
1	Single Family Residential	52,602	62,655	1.19	1.90
2	Commercial	159	204	1.29	2.05
3	Multifamily (duplex)	1,202	1,680	1.40	2.23
4	Institutional	435	703	1.62	2.58
5	Irrigation	152	193	1.27	2.03
6	Landscape	2,054	2,905	1.41	2.26

5.2.3. Operating and capital allocation

The next step in the cost-of-service analysis is to allocate the functionalized costs to the cost components.

Table 5-4 (on the following page) shows the system functions, the rationale for allocating each function to the various cost components, and the percentage allocation to each component. Most functions have a one-to-one relationship with a cost component.

Table 5-5 (on the following page) shows the detailed operating costs by cost component based on the corresponding functional allocations by cost component (Table 5-4). O&M expenses are used in the cost-of-service analysis to allocate the operating revenue requirement (Table 5-1, Column B) to the relative share of costs in each water system cost component.

Table 5-4: Allocation of Functions to Cost Components

Line No.	Functions	Allocation Basis	Imported Supply	Base	Max Day	Max Hour	Customer Billing, Service and Meter Reading	Meter Maintenance	Gen & Admin	Public Fire	Sub - Total
1	Imported Supply	Base	100.0%								100.0%
2	Groundwater Pumping & Treatment	Base		100.0%							100.0%
3	Treatment	Max Day		50.0%	50.0%	0.0%					100.0%
4	Trans & Distribution	Max Day		50.0%	50.0%	0.0%					100.0%
5	Distribution Storage	Max Hour		29.4%	29.4%	41.2%					100.0%
6	Customer Billing, Service and Meter Reading	Customer Billing					100.0%				100.0%
7	Meter Maintenance	Meter Service						100.0%			100.0%
8	Gen & Admin	General						100.0%			100.0%
9	Public Fire	Fire								100.0%	100.0%

Table 5-5: Allocation of Operating Expenses to Cost Components

Line No.	Functions	Test Year	Imported Supply	Base	Max Day	Max Hour	Customer Billing, Service and Meter Reading	Meter Maintenance	Gen & Admin	Public Fire	Sub - Total
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
1	Imported Supply	\$224,496	100.0%								100.0%
2	Groundwater Pumping & Treatment	\$701,560		100.0%							100.0%
3	Treatment	\$54,546		50.0%	50.0%	0.0%					100.0%
4	Trans & Distribution	\$467,355		50.0%	50.0%	0.0%					100.0%
5	Distribution Storage	\$85,302		29.4%	29.4%	41.2%					100.0%
6	Customer Billing, Service and Meter Reading	\$108,927					100.0%				100.0%
7	Meter Maintenance	\$81,741						100.0%			100.0%
8	Gen & Admin	\$471,076							100.0%		100.0%
9	Public Fire	\$26,250								100.0%	100.0%
10	Total	\$2,221,253	\$224,496	\$987,599	\$286,039	\$35,124	\$108,927	\$81,741	\$471,076	\$26,250	\$2,221,253
11	O&M Expense Allocation		10%	44%	13%	2%	5%	4%	21%	1%	100%

Table 5-6 summarizes the operating and capital cost allocation percentages for each component. The operating allocation percentages are later applied to the operating revenue requirement. Capital-related costs are all allocated to the capital component.

Table 5-6: Operating and Capital Cost Allocation

Line No.	Cost Component (A)	Operating Allocation (B)	Capital Allocation (C)
1	Imported Supply	10%	
2	Base	44%	
3	Max Day	13%	
4	Max Hour	2%	
5	Customer Billing, Service, and Meter Reading	5%	
6	Meter Maintenance	4%	
7	Gen & Admin	21%	
8	Public Fire	1%	
9	Capital		100.0%
10	Total	100%	100%

5.2.4. Equivalent Meters

Equivalent meter units (EMUs) are used to allocate meter-related costs. Larger meters can impose greater demands on the system and are more expensive to install, maintain, and replace than smaller meters. This study uses a hydraulic capacity (capacity) ratio to calculate equivalent meters. The capacity ratio is based on meter hydraulic capacity and is calculated to represent the potential demand on the water system compared to the base meter size. A ratio of hydraulic capacity is calculated by dividing the capacity of a meter at a given size by the base meter capacity using the maximum safe operating flow rates in gallons per minute (gpm). The base meter used in the study is the 3/4" meter, which is the most common meter size in the District's water system.

Table 5-7 shows the meter capacity and capacity ratio for each meter size. The capacity in gpm is based on the safe operating flow rates provided in the AWWA M1 Manual with confirmation by District staff. The capacity ratios (Column C) are calculated by dividing the capacity in gpm (Column B) for each meter size (Column A) by the capacity in gpm for the 3/4" meter (Column B, Line 2). Column E shows the estimated equivalent meters based on the capacity ratio. Meter counts (Column D) at each size are multiplied by the capacity ratio (Column C) to arrive at the total number of equivalent meters.

Table 5-7: Equivalent Meter Units, Retail Zone

Line No.	Meter Size - All Customer Classes (A)	Capacity (gpm) (B)	AWWA Ratio (C)	Number of Meters (D)	Equivalent Meters (E)
1	5/8"	20	1.0	9	9
2	3/4"	30	1.0	869	869
3	1"	50	1.7	290	483
4	1.5"	100	3.3	29	97
5	2"	160	5.3	6	32
6	3"	350	11.7	3	35
7	Total			1,206	1,525

5.2.5. Unit Costs of Service

The end goal of a cost-of-service analysis is to distribute the revenue requirement to each customer class. Raftelis calculated unit costs for each cost component by assessing the total water demand, meter count (number of accounts/bills), or equivalent service units. Table 5-8 shows the units of service for each customer class. Average Daily Use (Column C) is the Annual Use (Column B) divided by 365 days per year. The Max Day Capacity Factor (Column D) is the capacity factors derived in Table 5-3. The Max Day Total Capacity (Column E) is the Average Daily Use (Column C) multiplied by the Max Day Capacity Factor (Column D). The Max Hour Capacity Factor (Column G) is the Max Day Capacity Factor (Column D) multiplied by the ratio of the System Peak Hour to the System Max Day from Table 5-2. The Max Day Extra Capacity (Column H) is the difference between the Max Day Total Capacity (Column E) and the Average Daily Use (Column C). The Max Hour Extra Capacity (Column I) is the difference between the Max Hour Total Capacity (Column H) and the Max Day Total Capacity (Column E).

Table 5-8: Units-of-Service

Line No.	Customer Class (A)	Annual Use (hcf) (B)	Average Daily Use (hcf) (C)	Maximum Day Requirements			Maximum Hour Requirements			Number of Equivalent Meters (J)	Number of Accounts (K)	Percent of Total Usage (L)
				Capacity Factor (D)	Total Capacity (hcf/day) (E)	Extra Capacity (hcf/day) (F)	Capacity Factor (G)	Total Capacity (hcf/day) (H)	Extra Capacity (hcf/day) (I)			
1	Single Family Residential	315,610	865	1.90	1,646	781	3.24	2,798	1,152	1,411	1,163	93%
2	Commercial	952	3	2.05	5	3	3.49	9	4	4	2	0%
3	Multifamily (duplex)	7,213	20	2.23	44	24	3.80	75	31	44	27	2%
4	Institutional	2,608	7	2.58	18	11	4.39	31	13	12	1	1%
5	Irrigation	910	2	2.03	5	3	3.46	9	4	3	2	0%
6	Public Fire				2,005	2,005		16,364	14,358			
7	Landscape	12,321	34	2.26	76	43	3.84	130	53	51	11	4%
8	Total	339,614	930	1.93	3,801	2,870		19,416	15,615	1,525	1,206	7%

Table 5-9 shows the operating and capital revenue requirements allocated to the cost components and the unit cost derivation in line 10. The operating expenses are allocated based on the O&M expense allocation (Table 5-5) and is equal to the net operating revenue requirement (Table 5-1, Column B). Capital Expenses (Table 5-1, Column C) are allocated all to capital. Gen and Admin expenses are reallocated to the other cost components in Columns C-H and Column J based on the percentages shown in Line 4.

Line 6 shows the adjusted cost-of-service. Line 8 shows the units-of-service for each cost component, which are pulled from Table 5-8. Line 10 shows the Unit Rate, calculated by dividing the Adjusted Cost-of-Service (Line 7) by units-of-service (Line 8). Customer (Column G) and Meter (Column H) unit costs are also presented on a per bi-monthly and per monthly basis.

Table 5-9: Revenue Requirement Allocation and Unit Cost Derivation

Line No.	Cost-of-Service Allocation	Allocation Basis	Imported Supply	Base	Max Day	Max Hour	Customer Billing, Service and Meter Reading	Meter Maintenance	Gen & Admin	Public Fire	Capital Charge	Sub - Total
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
1	Operating Expenses	O&M	\$209,757	\$922,758	\$267,259	\$32,818	\$101,775	\$76,374	\$440,148	\$24,527		\$2,075,416
2	Capital Expenses	Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$944,067	\$944,067
3	Total Cost-of-Service		\$209,757	\$922,758	\$267,259	\$32,818	\$101,775	\$76,374	\$440,148	\$24,527	\$944,067	\$3,019,483
4	% excluding Gen and Admin.		12.8%	56.4%	16.3%	2.0%	6.2%	4.7%		1.5%		
5	Reallocation of Gen & Admin		\$56,458	\$248,369	\$71,935	\$8,833	\$27,394	\$20,557	(\$440,148)	\$6,602		\$0
6	Total Adjusted Cost-of-Service		\$266,215	\$1,171,126	\$339,194	\$41,652	\$129,169	\$96,931	\$0	\$31,128	\$944,067	\$3,019,483
7	Allocation of Revenue Requirements		8.8%	38.8%	11.2%	1.4%	4.3%	3.2%	0.0%	1.0%	31.3%	
8	Units-of-Service		339,614	339,614	2,870	15,615	1,206	1,525		1,525	1,525	
9			hcf	hcf	hcf/day	hcf/day	Bills/Yr	equivalent meters/yr		equivalent meters	equivalent meters	
10	Unit Cost-of-Service		\$0.78	\$3.45	\$118.17	\$2.67	\$107.11	\$63.56		\$20.41	\$619.06	
11							Per Bi-Month	per Bi-Month		per Bi-Month	per Bi-Month	
12							\$17.85	\$10.59		\$3.40	\$103.18	
13							Per Month	Per Month		Per Month	Per Month	
14							\$8.93	\$5.30		\$1.70	\$51.59	

5.3. Proposed Retail Zone Rates and Charges

From the calculations in Table 5-9, the proposed fixed charges are determined for each meter size. Table 5-10 shows the derivation of the monthly Service Charge. The Billing component (Column B) is equal to the unit rate in Column G, Line 14 of Table 5-9. As the cost of issuing a bill does not vary by meter size, it remains constant for all meter sizes. The Meter Capacity component (Column C) is the sum of the Meter Maintenance and Public Fire unit rates shown in Line 14 of Table 5-9. For meters larger than 3/4", this unit rate is multiplied by the meter ratio (Table 5-7, Column C) to derive the meter capacity cost associated with those larger meter sizes. The Monthly Capacity Charge (Column D) includes assignment of 81 percent of the Max Day and Max Hour costs (Table 5-9, Line 6, Columns E and F) to the fixed charge component then divides that amount by the number of equivalent meters (Table 5-8) and by 12 to put on a monthly basis. This unit rate is then multiplied by the meter capacity ratios (Table 5-7, Column C) to determine the monthly charge at each meter size. The Proposed Monthly Service Charge (Column E) is the sum of Columns B, C, and D. The Current Charge is shown in Column F for comparison.

Table 5-10: Monthly Service Charge Derivation

Line No.	Meter Size	Billing \$/bill	Meter Maint. \$/mtr	Monthly Capacity Charge \$/mtr	Proposed Monthly Service Charge \$/bill	Current Charge \$/bill
	(A)	(B)	(C)	(D)	(E)	(F)
1	5/8"	\$8.93	\$7.00	\$16.85	\$32.78	\$22.50
2	3/4"	\$8.93	\$7.00	\$16.85	\$32.78	\$33.75
3	1"	\$8.93	\$11.66	\$28.09	\$48.68	\$56.24
4	1.5"	\$8.93	\$23.33	\$56.18	\$88.43	\$112.46
5	2"	\$8.93	\$37.32	\$89.89	\$136.14	\$179.92
6	3"	\$8.93	\$81.64	\$196.64	\$287.21	\$393.56

The Capital Charge for an equivalent 3/4" meter on an annual basis is shown in Table 5-9, Line 14. This unit rate is then multiplied by the meter capacity ratios (Table 5-7, Column C) to determine the monthly capital charge at each meter size. Table 5-11 presents the proposed monthly Capital Charge.

Table 5-11: Proposed Retail Zone Capital Charge

Proposed	Current
\$51.59	\$32.52
\$51.59	\$32.52
\$85.98	\$32.52
\$171.96	\$32.52
\$275.14	\$32.52
\$601.86	\$32.52

The Uniform Commodity Rate incorporates a base component, an imported supply component and the balance of the peaking costs not captured in the monthly Service Charge, as shown in Table 5-12. The Base and Imported Supply costs match the costs shown in Line 6 of Table 5-9 (Columns D and C, respectively). The Peaking cost (Column C) is 19 percent of the allocated cost shown in Table 5-9, Line 6, Columns E + F. The units for each component are shown in Table 5-12. The sum of Columns E, F and G result in the

proposed total unit rate in Column H. The proposed rate is lower than the current commodity rate due to moving more cost recovery into the fixed charge. This unit rate includes all water purchase costs.

Table 5-12: Proposed Retail Zone Commodity Rate

Base (A)	Imported Supply (B)	Peaking (Max Day and Hour) (C)	Annual Usage (hcf) (D)	Base (\$/ccf) (E)	Peaking (\$/ccf) (F)	Imported Supply (\$/ccf) (G)	Proposed Total (\$/ccf) (H)	Current Commodity Rate (I)
\$1,171,126	\$266,215	\$72,400	339,614	\$3.45	\$0.21	\$0.78	\$4.45	\$5.07

The proposed five-year Retail Zone water rates are shown in Table 5-13. The rates for FY 2024 are derived from the cost-of-service analysis and the proposed revenue adjustments from Table 4-7 are used to determine the proposed Retail Zone water rates and charges for FY 2025 to FY 2028 by escalating the rates shown in FY 2024. The District plans to collect the capital charge via the property tax roll starting in FY 2024.

Table 5-13: Proposed 5-Year Retail Zone Water Rates and Charges

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment		COS	7.5%	7.5%	7.5%	7.5%
Meter Size Fixed Charge						
5/8"	\$22.50	\$32.78	\$35.24	\$37.88	\$40.72	\$43.77
3/4"	\$33.75	\$32.78	\$35.24	\$37.88	\$40.72	\$43.77
1"	\$56.24	\$48.68	\$52.33	\$56.26	\$60.48	\$65.01
1.5"	\$112.46	\$88.43	\$95.07	\$102.20	\$109.86	\$118.10
2"	\$179.92	\$136.14	\$146.35	\$157.33	\$169.13	\$181.81
3"	\$393.56	\$287.21	\$308.75	\$331.90	\$356.80	\$383.56
Commodity Rate (\$/ccf)	\$5.07	\$4.45	\$4.78	\$5.14	\$5.52	\$5.94
Capital Charge						
All Accounts	\$32.52					
5/8"		\$51.59	\$55.46	\$59.62	\$64.09	\$68.89
3/4"		\$51.59	\$55.46	\$59.62	\$64.09	\$68.89
1"		\$85.98	\$92.43	\$99.36	\$106.81	\$114.82
1.5"		\$171.96	\$184.86	\$198.72	\$213.63	\$229.65
2"		\$275.14	\$295.77	\$317.96	\$341.80	\$367.44
3"		\$601.86	\$647.00	\$695.53	\$747.69	\$803.77

6. Wholesale Zone Financial Plan

6.1. Water Revenue Requirement

Like the Retail Zone, the Wholesale Zone’s Financial Plan involves an analysis of annual operating revenues under the status quo, operation and maintenance (O&M) expenses, and reserve requirements. This report section discusses the financial plan required to ensure the fiscal sustainability of the Wholesale Zone enterprise.

6.1.1. Wholesale Zone Revenues

The District’s current Wholesale Zone rates were last updated in January 2021. The rates consist of two components: a yearly readiness to serve meter fee of \$8.50 per meter per year and a yearly capital improvement charge meter fee of \$16.00. The projected and calculated revenues under these existing rates are shown in Table 6-1.

Table 6-1: Projected Revenues from Current EOCWD Charges

Number of Certified Meters	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
TUSTIN	14,108	14,108	14,108	14,108	14,108	14,108
IRWD	436	436	436	436	436	436
GSWC	2,622	2,622	2,622	2,622	2,622	2,622
ORANGE	2,451	2,451	2,451	2,451	2,451	2,451
EOCWD	1,208	1,208	1,208	1,208	1,208	1,208
Total	20,825	20,825	20,825	20,825	20,825	20,825
Calculated Annual Revenues from Wholesale Zone Sales						
Readiness to Serve	\$177,013	\$177,013	\$177,013	\$177,013	\$177,013	\$177,013
Capital Improvement Charge	\$333,200	\$333,200	\$333,200	\$333,200	\$333,200	\$333,200
Total	\$510,213	\$510,213	\$510,213	\$510,213	\$510,213	\$510,213

In addition to revenues produced by water rates, the Wholesale Zone receives other revenues from different sources such as interest income, taxes, and rental income. Table 6-2 outlines the other non-operating revenues for the District’s Wholesale Zone over the study period.

Table 6-2: Projected Other Revenue, Wholesale Zone

Non-Operating Revenue Categories	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Property Taxes	\$1,004,100	\$1,014,141	\$1,024,282	\$1,034,525	\$1,044,870	\$1,055,319
Rental Revenue	\$156,000	\$158,340	\$160,715	\$163,126	\$165,573	\$168,056
Interest Income	\$47,100	\$31,096	\$29,667	\$29,063	\$29,218	\$27,396
Miscellaneous Income	\$10,000	\$10,150	\$10,302	\$10,457	\$10,614	\$10,773
Total Non-Operating Revenues	\$1,217,200	\$1,213,727	\$1,224,966	\$1,237,171	\$1,250,275	\$1,261,544

6.1.2. Wholesale Zone O&M Expenses

6.1.2.1. Water Supply Costs

The District purchases water from the Municipal Water District of Orange County (MWD OC). This water is distributed via the system operated by East Orange County Water District’s Wholesale Zone (WZ) enterprise.

The District incurs fixed charges (including a retail meter charge) and a volumetric charge that are passed onto its wholesale agency customers from MWDOC as shown in Table 6-3. This table also shows an estimated decrease in the amount of groundwater pumping starting in FY 2025.

Table 6-3: Passthrough MWDOC Water Supply Cost Projections

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water Sales						
OC-43	170	170	274	274	274	274
OC-48	433	433	514	514	514	514
OC-70	3,545	3,545	2,712	2,712	2,712	2,712
MWDOC Effective Rate, \$/AF	\$1,162	\$1,208	\$1,256	\$1,307	\$1,359	\$1,413
Passthrough Water Costs						
OC-43	\$197,576	\$205,479	\$344,714	\$358,502	\$372,842	\$387,756
OC-48	\$503,407	\$523,543	\$645,526	\$671,347	\$698,201	\$726,129
OC-70	\$4,118,084	\$4,282,807	\$3,406,843	\$3,543,117	\$3,684,841	\$3,832,235
Total Volumetric Charges	\$4,819,066	\$5,011,829	\$4,397,083	\$4,572,966	\$4,755,885	\$4,946,120
MWDOC Retail Meter Charge, \$/mtr/yr	\$13.75	\$14.30	\$14.87	\$15.47	\$16.09	\$16.73
Meters	20,825	20,825	20,825	20,825	20,825	20,825
MWDOC Retail Meter Charge	\$286,344	\$297,798	\$309,709	\$322,098	\$334,982	\$348,381
Fixed MWDOC Charges						
MET-MWDOC readiness to serve charges	\$125,300	\$137,705	\$151,337	\$166,320	\$182,786	\$200,881
MET-MWDOC capacity charges	\$153,900	\$159,594	\$165,499	\$171,623	\$177,973	\$184,558
MWDOC Choice	\$2,400	\$2,489	\$2,581	\$2,676	\$2,775	\$2,878
MWDOC retail meter charge	\$286,344	\$297,798	\$309,709	\$322,098	\$334,982	\$348,381
Total Fixed MWDOC Charges	\$567,944	\$597,585	\$629,127	\$662,717	\$698,515	\$736,698
Total MWDOC Charges	\$5,387,010	\$5,609,414	\$5,026,210	\$5,235,683	\$5,454,400	\$5,682,818

6.1.2.2. Wholesale Zone Water O&M Expenses

The inflation factors from Table 3-1 were assigned to each line item of the District’s FY 2023 budget to determine future O&M costs for the Wholesale Zone. Raftelis worked closely with District staff to identify any non-recurring costs and other anticipated expenses for the study period. The District will continue to pass through wholesale water purchase costs to its retail customers to recover the increases in water supply costs. Table 6-4 summarizes the budgeted and projected O&M expenses for the District’s Wholesale Zone during the study period.

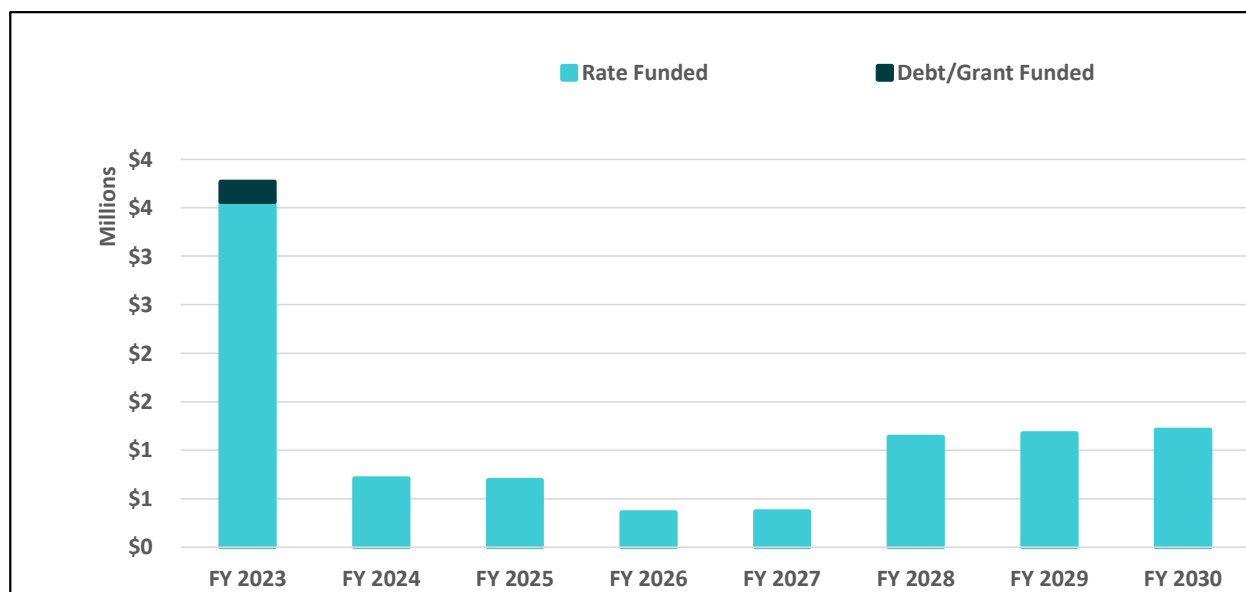
Table 6-4: Budgeted and Projected O&M Costs, Wholesale Zone

Line Items	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<i>Operating Expenses</i>	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Source of Supply						
Source of Supply (Passthrough) Subtotal	\$5,387,010	\$5,609,414	\$5,026,210	\$5,235,683	\$5,454,400	\$5,682,818
Salaries and Benefits Subtotal	\$519,600	\$541,753	\$564,831	\$588,076	\$611,231	\$635,301
Operations & Maintenance Subtotal	\$410,100	\$429,986	\$450,844	\$472,722	\$495,671	\$519,744
General & Administrative Subtotal	\$318,800	\$290,543	\$369,723	\$320,113	\$403,986	\$352,699
Total Operating Expenses	\$6,635,510	\$6,871,695	\$6,411,608	\$6,616,594	\$6,965,288	\$7,190,562
Non - Passthrough Expenses Subtotal	\$1,248,500	\$1,262,281	\$1,385,398	\$1,380,911	\$1,510,887	\$1,507,744
<i>Other Non-Operating Expenses</i>						
Section 115 Pension Trust Contribution	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Non-Operating Expenses	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Operating & Non-Operating Expenses	\$6,685,510	\$6,921,695	\$6,461,608	\$6,666,594	\$7,015,288	\$7,240,562

6.1.3. Projected Capital Improvement Projects

Figure 6-1 shows the annual capital expenditures for FY 2023 – FY 2030 that the District has either budgeted for or projected for the Wholesale Zone. (A full list of projects and costs can be found in the Appendix D). The capital costs for future years is determined by using the programmed/budgeted costs and inflating the value by the capital cost inflation factor shown in Table 3-1. The District plans to use a mix of debt and cash to fund its planned capital improvement program as shown in Figure 6-1.

Figure 6-1: Projected Wholesale Zone Capital Expenditures

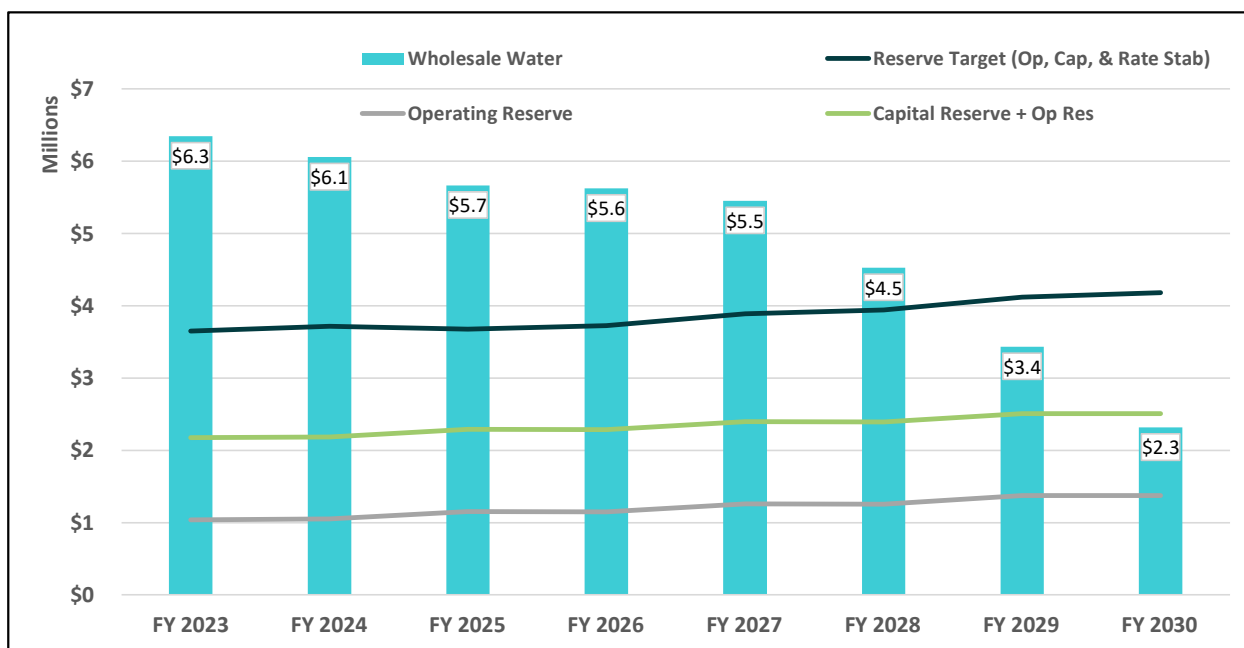


6.2. Wholesale Zone Financial Plan

6.2.1. Status Quo Wholesale Zone Financial Plan

Figure 6-2 displays the projected ending balances of the District’s Wholesale Zone under current rates over the study period. All projections shown in the figure are based upon the District’s current rate structure and do not include rate adjustments. The figure incorporates the data shown in Table 6-1 through Table 6-4 and Figure 6-1. Under the “status-quo” scenario, revenues generated from current rates and other miscellaneous revenues are inadequate to sufficiently recover operating and capital expenses of the utility beyond the current rate-setting period. If rates are not adjusted now, future rate adjustments may need to be in the double-digits to bring the ending balance back to targeted reserve levels.

Figure 6-2: Status Quo Wholesale Zone Ending Balances (No Revenue Adjustments)



6.2.2. Proposed Wholesale Zone Financial Plan

The District passes through wholesale water purchase costs from MWDOC and the MWD. The District imposes two charges; a Ready to Serve Charge and a Capital Charge. The revenue adjustments for the Wholesale Zone apply to these two charges and are shown in Table 6-5. The revenue adjustments are to meet the target reserve requirement and maintain financial sufficiency for its expenses and other funding obligations.

Table 6-5: Proposed Wholesale Zone Revenue Adjustments

Fiscal Year	Effective Month	Proposed Revenue Adjustments
2024	Jul	7.0%
2025	Jul	7.0%
2026	Jul	7.0%
2027	Jul	7.0%
2028	Jul	7.0%

Table 6-6 shows the Financial Plan for the Wholesale Zone with the proposed revenue adjustments shown above, as well as the pass-through water supply costs shown in the Source of Supply line. By implementing the proposed revenue adjustments, the District will draw less from its reserves and still be above its reserve target by the end of FY 2028.

Table 6-6: Wholesale Zone Proposed Financial Plan

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues						
Operating Revenues	\$510,213	\$510,213	\$510,213	\$510,213	\$510,213	\$510,213
Source of Supply (Passthrough Charges)	\$5,387,010	\$5,609,414	\$5,026,210	\$5,235,683	\$5,454,400	\$5,682,818
Revenue Adjustments	\$0	\$35,715	\$73,930	\$114,820	\$158,572	\$205,387
Interest Income	\$47,100	\$31,096	\$29,667	\$29,063	\$29,218	\$27,396
Non-Operating Revenues (excluding interest)	\$1,170,100	\$1,182,631	\$1,195,300	\$1,208,108	\$1,221,057	\$1,234,148
Total Revenues	\$7,114,422	\$7,369,068	\$6,835,319	\$7,097,886	\$7,373,459	\$7,659,962
Expenses						
Source of Supply	\$5,387,010	\$5,609,414	\$5,026,210	\$5,235,683	\$5,454,400	\$5,682,818
Salaries & Benefits	\$519,600	\$541,753	\$564,831	\$588,076	\$611,231	\$635,301
Operations & Maintenance	\$410,100	\$429,986	\$450,844	\$472,722	\$495,671	\$519,744
General & Administrative	\$318,800	\$290,543	\$369,723	\$320,113	\$403,986	\$352,699
Total Expenses	\$6,635,510	\$6,871,695	\$6,411,608	\$6,616,594	\$6,965,288	\$7,190,562
Net Income before Debt, ADP, and CIP	\$478,913	\$497,373	\$423,711	\$481,292	\$408,172	\$469,400
Less: Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Less: Section 115 Pension Trust Contribution	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Less: CalPERS Additional Discretionary Payments	\$0	\$0	\$0	\$0	\$0	\$0
Less: PAYGO (Cash Funded Capital)	\$3,565,173	\$704,698	\$688,065	\$358,414	\$369,167	\$1,137,104
Net Increase / Decrease to Reserves	(\$3,136,261)	(\$257,326)	(\$314,354)	\$72,877	(\$10,995)	(\$717,703)
Reserves						
Beginning Balance	\$9,484,100	\$6,347,839	\$6,090,514	\$5,776,160	\$5,849,037	\$5,838,042
Ending Balance (with Interest)	\$6,347,839	\$6,090,514	\$5,776,160	\$5,849,037	\$5,838,042	\$5,120,338
Operating Reserve Target	\$1,040,417	\$1,051,901	\$1,154,498	\$1,150,759	\$1,259,073	\$1,256,453
Capital Reserve Target	\$1,137,104	\$1,137,104	\$1,137,104	\$1,137,104	\$1,137,104	\$1,137,104
Rate Stabilization Target	\$1,474,306	\$1,529,907	\$1,384,106	\$1,436,474	\$1,491,153	\$1,548,258
Total Reserve Target	\$3,651,826	\$3,718,911	\$3,675,707	\$3,724,337	\$3,887,330	\$3,941,814

The operating financial plan, which incorporates both the District’s current and proposed revenues, is shown graphically in for Figure 6-3 FY 2023 to FY 2030.

Figure 6-3: Wholesale Zone Operating Financial Plan

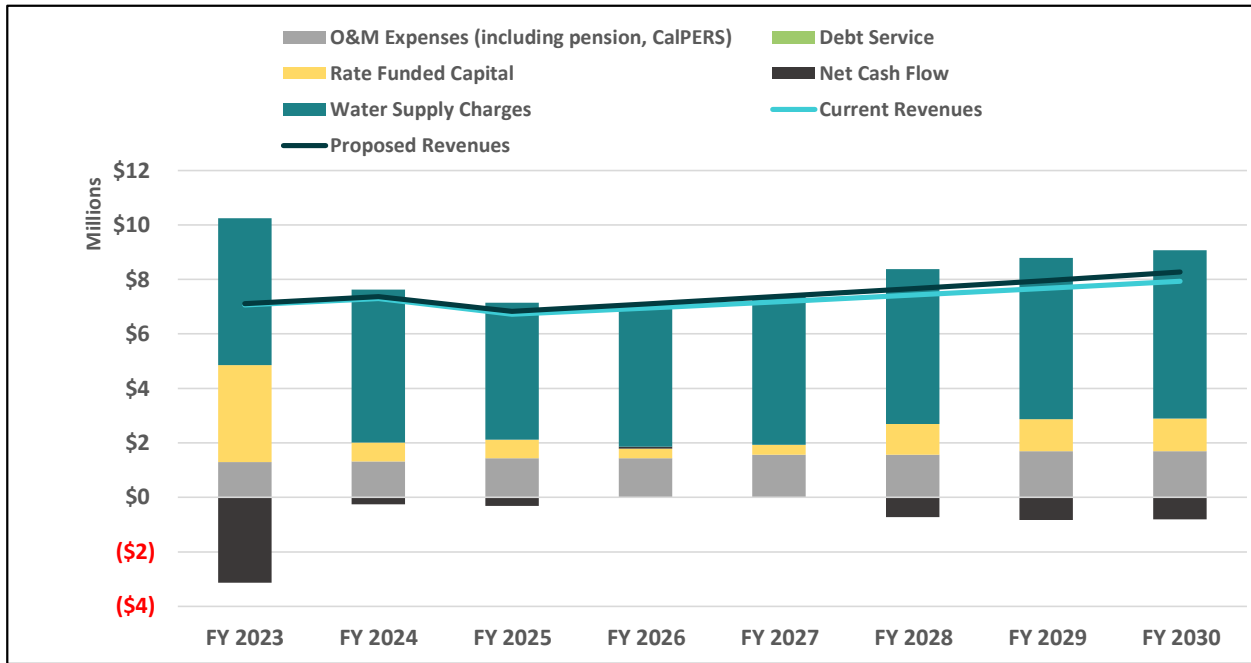
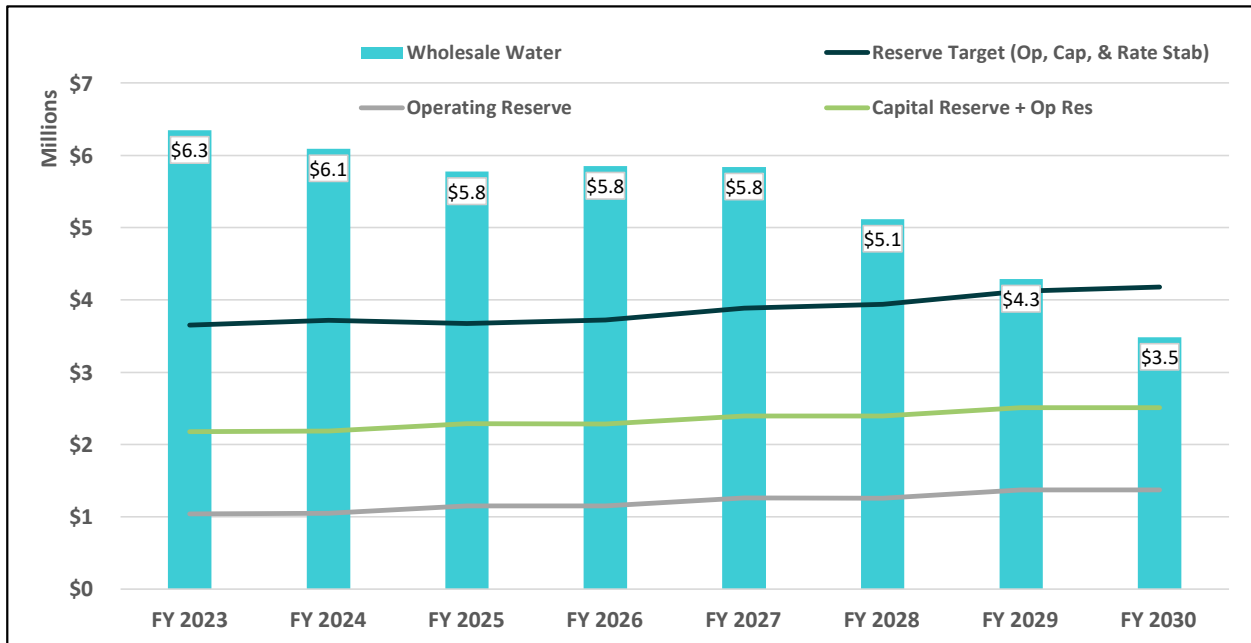


Figure 6-4 graphically depicts the District’s reserve ending balances with the proposed revenue adjustments as well as the pass-through water supply costs after funding projected operational and capital expenditures for FY 2023 to FY 2030.

Figure 6-4: Projected Wholesale Zone Reserve Ending Balances



7. Wholesale Zone Cost-of-Service and Proposed Rates

Similar to the Retail Zone, the Wholesale Zone's rate-making process starts by determining the revenue requirement with a "test year" of FY 2024. The revenue requirement should sufficiently fund the utility's O&M, debt service, capital expenses, and reserve requirements. The annual cost of providing water service is then distributed among EOCWD's five service areas based on a per meter and a per equivalent meter basis.

7.1. Cost-of-Service Calculations

7.1.1. Revenue Requirement Determination

Table 7-1 shows the annual revenue requirement from rates in line 20 for FY 2024. The revenue requirements shown in Line 7 are equal to the O&M expense, debt service and capital expenses and come from Table 6-4 and Table 6-6. The other operating revenue comes from Table 6-2 and Table 6-4⁸ and reduces the total revenue required from rates. The adjustment for cash is subtracted to account for the withdrawal from reserves to help cover revenue requirements. The revenue required from rates is equal to the revenue requirements (Line 7) less revenue offsets (Line 160) and adjustments (Line 19). The revenue requirement is divided between Operating, which is recovered through the Readiness to Serve charge and Capital, which is recovered through the Replacement Reserve charge.

⁸ The sum of Line 18 and Line 19 total the Source of Supply (Passthrough Charges) of Table 6-4.

Table 7-1: Annualized Revenue Requirements for FY 2024, Wholesale Zone

Line No.	Wholesale Zone Revenue Requirements (A)	Operating (B)	Capital (C)	Total (D)
1	Revenue Requirement			
2	Source of Supply	5,609,414	0	5,609,414
3	Source of Supply (Passthrough) Subtotal	541,753	0	541,753
4	Salaries and Benefits Subtotal	429,986	0	429,986
5	Operations & Maintenance Subtotal	290,543	0	290,543
6	Rate Funded Capital	0	704,698	704,698
7	Total - Revenue Requirement	6,871,695	704,698	7,576,394
		1	0	1
8	Less: Other Operating Revenue / (Expense)			
9	Property Taxes	887,373	126,768	1,014,141
10	Rental Revenue	158,340	0	158,340
11	Interest Income	31,096	0	31,096
12	Miscellaneous Income	10,150	0	10,150
13	Volumetric Passthrough Expense	5,011,829	0	5,011,829
14	Fixed Charge Passthrough Expense	597,585	0	597,585
15	Section 115 Pension Trust Contribution	(50,000)	0	(50,000)
16	Total - Revenue Offsets	6,646,373	126,768	6,773,141
17	Less: Adjustments			
18	Adjustment for Cash Balance	0	257,326	257,326
19	Total - Adjustments	0	257,326	257,326
20	Revenue Required from Rates	225,322	320,605	545,927

7.1.2. Equivalent Meters

As with the Retail Zone, equivalent meters are used to equitably allocate costs. Larger meters can impose greater demands on the system and are more expensive to install, maintain, and replace than smaller meters. This study uses a hydraulic capacity (capacity) ratio to calculate units-of-service. The capacity ratio is based on meter hydraulic capacity and is calculated to represent the potential demand on the water system compared to the base meter size. A ratio of hydraulic capacity is calculated by dividing the capacity of a meter at a given size by the base meter capacity based on the maximum safe operating flow rates in gallons per minute (gpm). The base meter used in the study is the 3/4" meter.

Table 7-2 shows the meter capacity (Column I) and capacity ratio (Column J) for each meter size. The Total Meters (Column H) are multiplied by the ratios to determine the Equivalent Meters (Column K) at each size. Line 10 shows the total number of meters and the total equivalent meters.

Table 7-2: Equivalent Meter Units, Wholesale Zone

Line No.	Meter Size (A)	TUSTIN (B)	IRWD (C)	GSWC (E)	ORANGE (F)	EOCWD (G)	Total Meters (H)	Capacity (gpm) (I)	AWWA Ratio (J)	Equivalent Meters (K)
1	5/8"	10,019	68	159	0	9	10,255	20	1.0	10,255
2	3/4"	0	6	44	1,418	867	2,335	30	1.0	2,335
3	1"	3,181	234	2,162	870	295	6,742	50	1.7	11,237
4	1.5"	372	122	94	60	29	677	100	3.3	2,257
5	2"	409	5	132	103	6	655	160	5.3	3,493
6	3"	41	0	30	0	2	73	350	11.7	852
7	4"	62	1	1	0	0	64	630	21.0	1,344
8	6"	23	0	0	0	0	23	1,600	53.3	1,227
9	8"	1	0	0	0	0	1	2,800	93.3	93
10	Total	14,108	436	2,622	2,451	1,208	20,825			33,092

7.1.3. Unit Cost Derivation

The units-of-service for the Wholesale Zone rates are the number of meters and equivalent meters shown in Table 7-2. These values are applied to the revenue requirements to determine the unit costs-of-service. Table 7-3 shows the derivation of the unit costs-of-service for the Readiness to Serve charge and the Replacement Reserve charge. The Readiness to Service charge shown in Line 11, Column B is the Operating Revenue Requirement in Line 8, Column B divided by the number of meters (Line 6, Column B). The Replacement Reserve charge shown in Line 11, Column C is the Capital Revenue Requirement in Line 8, Column C divided by the number of equivalent meters (Line 6, Column C). Raftelis has proposed that the Replacement Reserve charge be changed to an equivalent meter basis since capital costs and water system design is proportional to flow, and meter size is proportional to potential flow.

Table 7-3: Units-of-Service and Unit Costs-of-Service

Line No.	Service Area (A)	Meters (B)	Equivalent Meters (C)
1	TUSTIN	14,108	21,842
2	IRWD	436	918
3	GSWC	2,622	5,195
4	ORANGE	2,451	3,617
5	EOCWD	1,208	1,520
6	Total	20,825	33,092
7		Operating	Capital
8	Total Revenue Required	\$225,322	\$320,605
9		Ready to Serve Charge	Replacement Reserve
10		<i>\$/meter</i>	<i>\$/equivalent meter</i>
11	Line 8 / Line 6	\$10.82	\$9.69
12	Current Charge	\$8.50	\$16.00

7.2. Proposed Wholesale Zone Charges

From the calculations in Table 7-3, the proposed charges are determined for the study period and shown in Table 7-4. The rates for FY 2024 are set by the cost-of-service analysis. Subsequent year (FY 2025 to FY 2028) rates are calculated by increasing the FY 2024 rates by the proposed revenue adjustments from Table 6-5 as shown in Table 7-4.

Table 7-4: Proposed 5-Year Wholesale Zone Water Rates and Charges

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment						
Readiness to Serve Charge		COS	7.0%	7.0%	7.0%	7.0%
Replacement Reserve Fund Charge		COS	7.0%	7.0%	7.0%	7.0%
Readiness to Serve Charge						
Annual Charge, \$/meter	\$8.50	\$10.82	\$11.58	\$12.39	\$13.25	\$14.18
Replacement Reserve Fund Charge						
Meter Size						
5/8-Inch	\$16.00	\$9.69	\$10.37	\$11.09	\$11.87	\$12.70
3/4-Inch	\$16.00	\$9.69	\$10.37	\$11.09	\$11.87	\$12.70
1-Inch	\$16.00	\$16.15	\$17.28	\$18.49	\$19.78	\$21.17
1-1/2-Inch	\$16.00	\$32.29	\$34.55	\$36.97	\$39.56	\$42.33
2-Inch	\$16.00	\$51.67	\$55.29	\$59.16	\$63.30	\$67.73
3-Inch	\$16.00	\$113.03	\$120.94	\$129.41	\$138.47	\$148.16
4-Inch	\$16.00	\$203.45	\$217.69	\$232.93	\$249.24	\$266.68
6-Inch	\$16.00	\$516.70	\$552.87	\$591.57	\$632.98	\$677.29
8-Inch	\$16.00	\$904.23	\$967.53	\$1,035.26	\$1,107.72	\$1,185.26

8. Sewer Enterprise Financial Plan

8.1. Sewer Revenue Requirement

This section of the report provides a discussion of the financial plan required to ensure the fiscal sustainability and solvency of the Sewer enterprise.

8.1.1. Sewer Zone Revenues

The District’s current Sewer rates were last updated in August 1, 2016. The residential rates consist of a single flat, annual charge per residential customer. The single-family rate also represents the minimum charge any customer will be billed. Non-residential customers are charged based on a property use classification factor applied to the single-family charge, which determines a unit cost per 1,000 square feet (sq. ft.) or unit. This schedule is shown in Appendix A.

Table 8-1: Current Sewer Rates

Customer	Annual Charge
Single Family	\$108.00
Multi Family	\$75.60/Dwelling unit

The projected and calculated revenues under these existing rates are shown in Table 8-2, and as with the Retail and Wholesale Zones, no dwelling unit growth is presumed to occur during the study period. Also shown are other revenues from different sources such as interest income and taxes.

Table 8-2: Projected Revenues from Current EOCWD Sewer Charges and Other Revenues

Revenue Categories	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Revenue Under Existing Rates	\$3,181,900	\$3,181,900	\$3,181,900	\$3,181,900	\$3,181,900	\$3,181,900
Other Revenue						
Sewer Permits & FOG Renewals	\$47,600	\$48,314	\$49,039	\$49,774	\$50,521	\$51,279
Interest Income(1)	\$264,200	\$36,659	\$34,914	\$39,082	\$40,085	\$37,714
Property Taxes	\$405,700	\$409,757	\$413,855	\$417,993	\$422,173	\$426,395
Miscellaneous Income	\$21,000	\$21,315	\$21,635	\$21,959	\$22,289	\$22,623
Total Revenues	\$3,920,400	\$3,697,945	\$3,701,342	\$3,710,708	\$3,716,968	\$3,719,910

(1) Based on including revenue adjustments.

8.1.2. Sewer O&M Expenses

The inflation factors from Table 3-1 were assigned to each line item of the District’s FY 2023 budget to determine future O&M costs for the Sewer enterprise. Raftelis worked closely with District staff to identify any non-recurring costs and other anticipated expenses for the study period. Table 8-3 summarizes the budgeted and projected O&M expenses for the District’s Sewer enterprise during the study period.

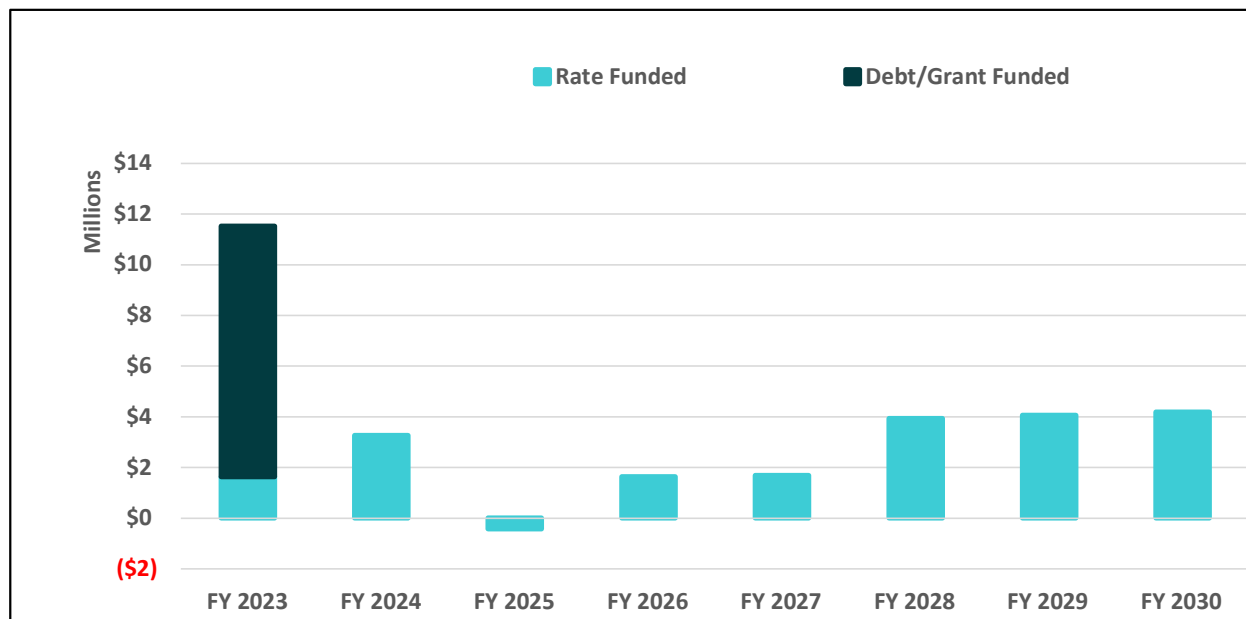
Table 8-3: Budgeted and Projected O&M Costs, Sewer

Line Items	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<i>Operating Expenses</i>	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Salaries and Benefits Subtotal	\$1,346,700	\$1,401,937	\$1,459,422	\$1,518,451	\$1,578,821	\$1,641,594
Operations & Maintenance Subtotal	\$307,200	\$322,301	\$338,147	\$354,776	\$372,227	\$390,541
General & Administrative Subtotal	\$357,200	\$330,938	\$412,216	\$364,810	\$451,001	\$402,151
Total Operating Expenses	\$2,011,100	\$2,055,175	\$2,209,785	\$2,238,038	\$2,402,049	\$2,434,286
<i>Other Non-Operating Expenses</i>						
Section 115 Pension Trust Contribution	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Non-Operating Expenses	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Operating & Non-Operating Expenses	\$2,061,100	\$2,105,175	\$2,259,785	\$2,288,038	\$2,452,049	\$2,484,286

8.1.3. Projected Capital Improvements, Sewer

Figure 8-1 shows the annual budgeted and projected capital expenditures for FY 2023 – FY 2030 for the Sewer enterprise. (A full list of projects and costs can be found in the Appendix E). The capital costs for future years are determined by using the programmed/budgeted costs and inflating by the capital cost inflation factor shown in Table 3-1. The District plans to use cash and reserves to fund its planned capital improvement program.

Figure 8-1: Projected Sewer Capital Expenditures

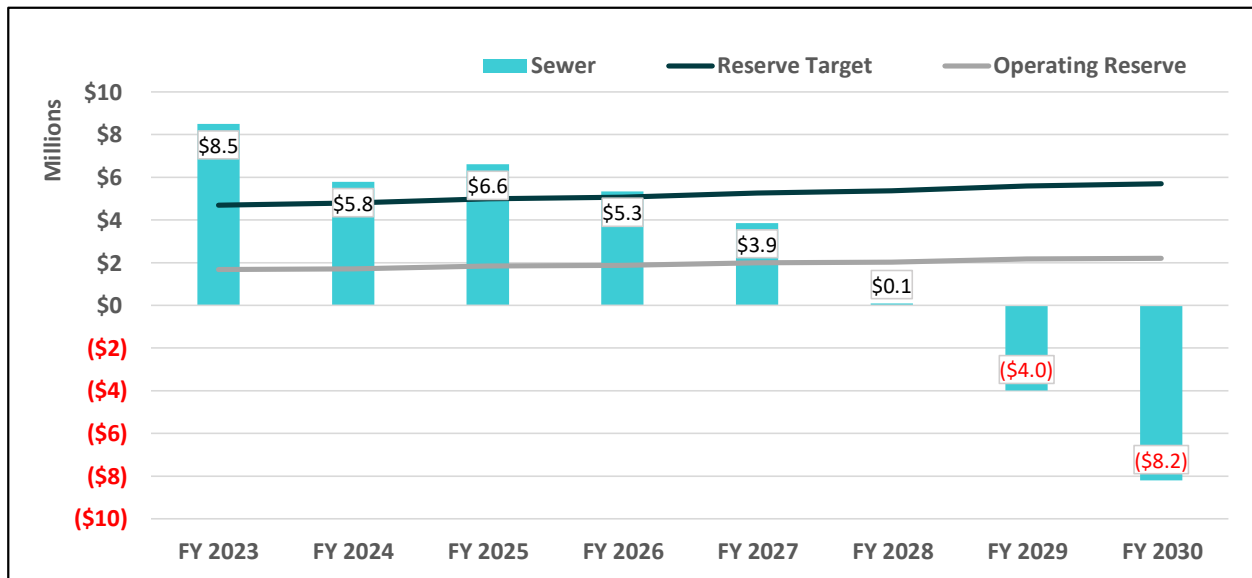


8.2. Sewer Financial Plans

8.2.1. Status Quo Sewer Financial Plan

Figure 8-2 displays the Sewer enterprise’s projected ending fund balances under current rates over the rate-setting period. All projections are based upon the District’s current rate structure and do not include any rate adjustments. The table incorporates the data shown in Table 8-1 through Table 8-3 and Figure 8-1.

Figure 8-2: Status Quo Wholesale Zone Ending Fund Balances (No Revenue Adjustments)



Under the “status-quo” scenario, revenues generated from current rates and other miscellaneous revenues are inadequate to sufficiently recover operating and capital expenses of the utility as shown by the erosion of the fund balance. Additionally, the fund is almost run to \$0 in FY 2028.

8.2.2. Proposed Sewer Financial Plan

The Sewer enterprise needs additional revenue adjustments, as shown in Table 8-4, to meet the target reserve requirements and maintain financial sufficiency for its expenses and other funding obligations. Sewer rates have not been adjusted since 2016, when they were reduced by half from then current levels.

Table 8-4: Proposed Sewer Revenue Adjustments

Fiscal Year	Effective Month	Proposed Revenue Adjustments
2024	Jul	12.0%
2025	Jul	12.0%
2026	Jul	12.0%
2027	Jul	12.0%
2028	Jul	12.0%

Table 8-5 shows the Financial Plan for the Sewer enterprise with the proposed revenue adjustments shown above. By implementing the proposed revenue adjustments, the District will still need to draw upon its reserves, but will be able to meet target reserve levels in all years.

Table 8-5: Wholesale Zone Proposed Financial Plan

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues						
Operating Revenues	\$3,181,900	\$3,181,900	\$3,181,900	\$3,181,900	\$3,181,900	\$3,181,900
Revenue Adjustments	\$0	\$381,828	\$809,475	\$1,288,440	\$1,824,881	\$2,425,695
Sewer Permits & FOG Renewals	\$47,600	\$48,314	\$49,039	\$49,774	\$50,521	\$51,279
Interest Income	\$264,200	\$36,659	\$34,914	\$39,082	\$40,085	\$37,714
Non-Operating Revenues (excluding interest)	\$426,700	\$431,072	\$435,489	\$439,952	\$444,462	\$449,018
Total Revenues	\$3,920,400	\$4,079,773	\$4,510,817	\$4,999,149	\$5,541,849	\$6,145,605
Expenses						
Salaries & Benefits	\$1,346,700	\$1,401,937	\$1,459,422	\$1,518,451	\$1,578,821	\$1,641,594
Operations & Maintenance	\$307,200	\$322,301	\$338,147	\$354,776	\$372,227	\$390,541
General & Administrative	\$357,200	\$330,938	\$412,216	\$364,810	\$451,001	\$402,151
Total Expenses	\$2,011,100	\$2,055,175	\$2,209,785	\$2,238,038	\$2,402,049	\$2,434,286
Net Income before Debt, ADP, and CIP	\$1,909,300	\$2,024,597	\$2,301,032	\$2,761,111	\$3,139,800	\$3,711,319
Less: Debt Service	\$1,035,981	\$1,036,157	\$1,035,965	\$1,036,205	\$1,036,058	\$1,035,526
Less: Section 115 Pension Trust Contribution	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Less: PAYGO (Cash Funded Capital)	\$1,627,508	\$3,267,999	(\$416,432)	\$1,639,091	\$1,688,263	\$3,939,847
Net Increase / Decrease to Reserves	(\$804,189)	(\$2,329,559)	\$1,631,499	\$35,816	\$365,478	(\$1,314,054)
Reserves						
Beginning Balance	\$9,300,700	\$8,496,511	\$6,166,952	\$7,798,451	\$7,834,267	\$8,199,745
Ending Balance (with Interest)	\$8,496,511	\$6,166,952	\$7,798,451	\$7,834,267	\$8,199,745	\$6,885,691
Operating Reserve Target	\$1,675,917	\$1,712,646	\$1,841,487	\$1,865,032	\$2,001,707	\$2,028,572
Capital Reserve Target	\$2,020,124	\$2,080,728	\$2,143,150	\$2,207,445	\$2,273,668	\$2,341,878
Rate Stabilization Target	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Total Reserve Target	\$4,696,041	\$4,793,374	\$4,984,638	\$5,072,476	\$5,275,375	\$5,370,450

The operating financial plan, which incorporates both the District’s current and proposed revenues, is shown graphically in Figure 8-3 for FY 2023 to FY 2030.

Figure 8-3: Sewer Operating Financial Plan

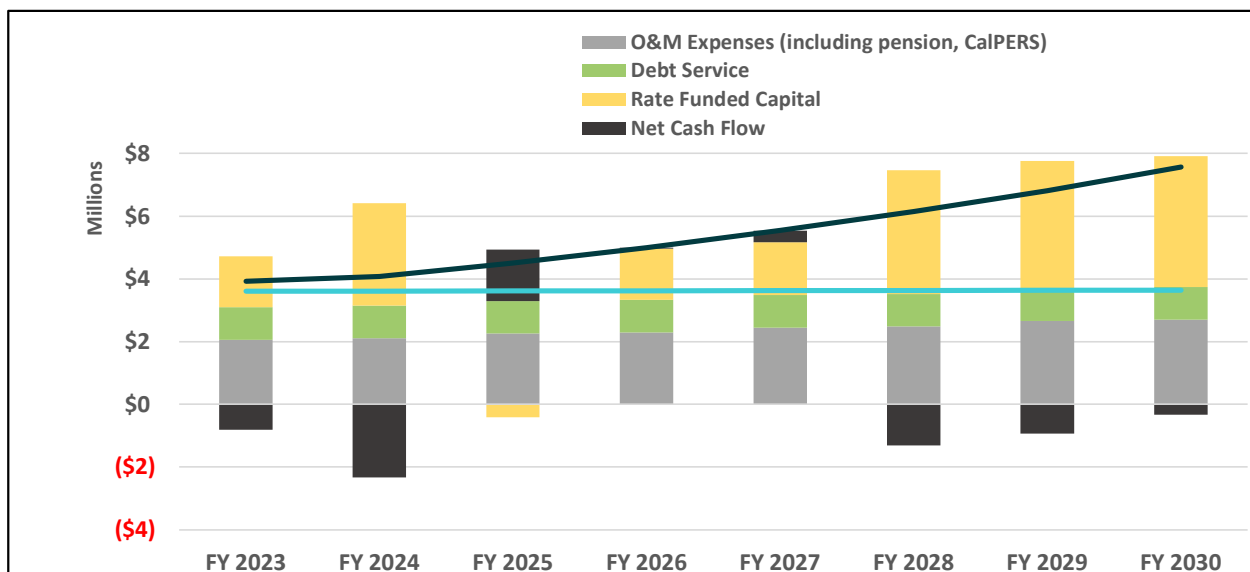
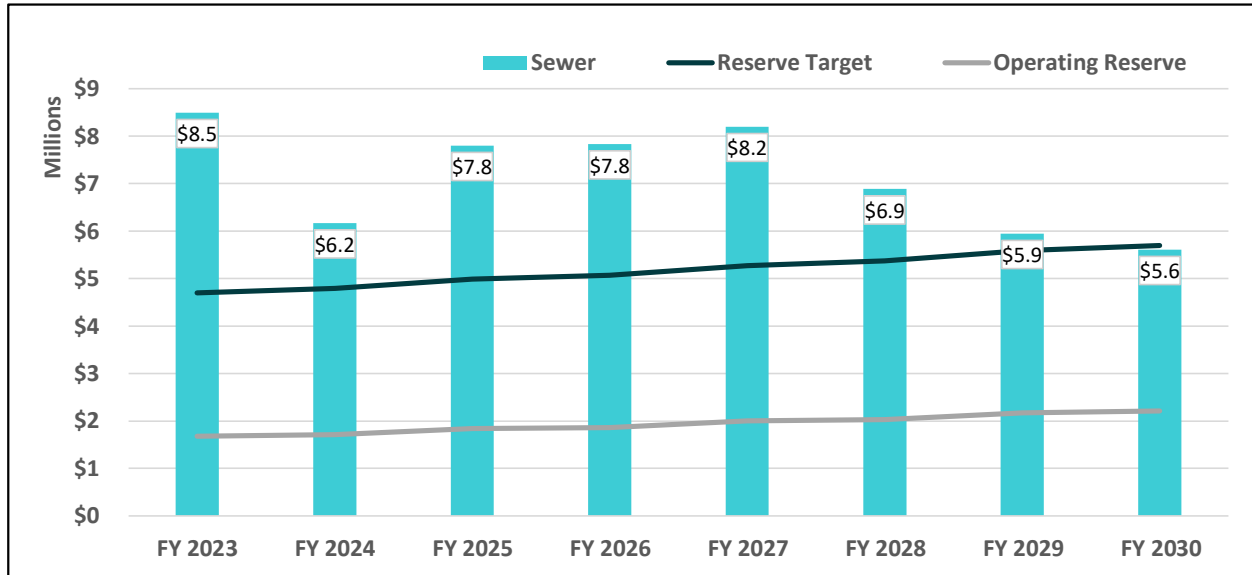


Figure 8-4 graphically depicts the District’s reserve ending balances with the proposed revenue adjustments after funding projected operational and capital expenditures for FY 2023 to FY 2030.

Figure 8-4: Projected Sewer Reserve Ending Balances



8.3. Proposed Sewer Rates

This study maintains the prior rate structure, which is based on the flow estimates from each customer class. Therefore, the charges shown in Table 8-6 for FY 2024 are the current rates multiplied by the annual revenue adjustment. The charges for FY 2025 through FY 2028 are the prior year’s charges multiplied by the annual revenue adjustment. The property use classification class multipliers would stay the same as shown in Appendix A.

Table 8-6: Current and Proposed Sewer Rates

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Adjustment (%)	0.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Single-Family	\$108.00	\$120.96	\$135.48	\$151.73	\$169.94	\$190.33
Multi-Family	\$75.60	\$84.67	\$94.83	\$106.21	\$118.96	\$133.23

9. Customer Impact Analysis

The proposed revenue adjustments are different from customer bill impacts.

9.1. Retail Water Bill Impacts

Table 9-1 depicts the monetary impact to a typical single-family residential retail water customer with a 3/4-inch meter and for a 1” meter and for a non-residential retail water customer with a 3/4" meter under the proposed rate structure shown in Table 5-13 (for FY 2024 rates). Since the District issues bi-monthly bills, the impact is shown on a bi-monthly basis.

Table 9-1: Sample Bi-Monthly Retail Water Bills Comparison, FY 2024

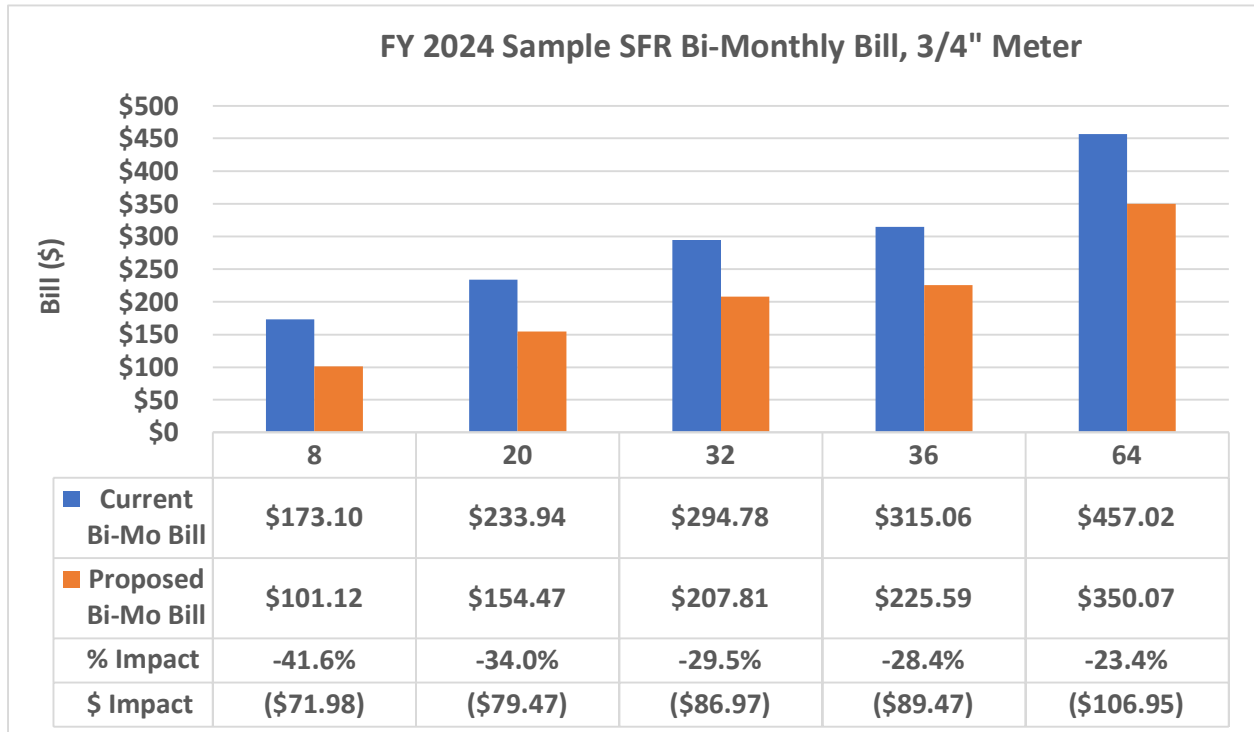
Line No.	Single Family Residential 3/4"	Usage (ccf)	Current Bi-Mo Bill	Proposed Bi-Mo Bill	Annual Impact	Bi-Monthly Bill Impact (%)	Bi-Monthly Bill Impact (\$)	% Bills At or Below
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	Low Volume	8	173.10	\$204.30	\$187.18	18.0%	\$31.20	13%
2		20	233.94	\$257.64	\$142.21	10.1%	\$23.70	31%
3	Median Bi-Mon	32	294.78	\$310.99	\$97.25	5.5%	\$16.21	49%
4		36	315.06	\$328.77	\$82.26	4.4%	\$13.71	55%
5	Double Median	64	457.02	\$453.24	-\$22.66	-0.8%	(\$3.78)	82%

Line No.	Single Family Residential 1"	Usage (ccf)	Current Bi-Mo Bill	Proposed Bi-Mo Bill	Annual Impact	Bi-Monthly Bill Impact (%)	Bi-Monthly Bill Impact (\$)	% Bills At or Below
	(A)	(B)	(C)	(D)	(H)	(E)	(F)	(G)
6	Low Volume	8	218.08	\$204.30	-\$82.70	-6.3%	(\$13.78)	10%
7		20	278.92	\$257.64	-\$127.67	-7.6%	(\$21.28)	23%
8	Median Bi-Mon	45	405.67	\$368.78	-\$221.35	-9.1%	(\$36.89)	58%
9		36	360.04	\$328.77	-\$187.62	-8.7%	(\$31.27)	46%
10	Double Median	64	502	\$453.24	-\$292.54	-9.7%	(\$48.76)	73%

Line No.	Non-SFR 3/4"	Usage (ccf)	Current Bi-Mo Bill	Proposed Bi-Mo Bill	Annual Impact	Bi-Monthly Bill Impact (%)	Bi-Monthly Bill Impact (\$)	% Bills At or Below
	(A)	(B)	(C)	(D)	(H)	(E)	(F)	(G)
11	Low Volume	12	193.38	\$222.08	\$172.19	14.8%	\$28.70	9%
12		24	254.22	\$275.42	\$127.23	8.3%	\$21.20	18%
13	Median Bi-Mon	36	315.06	\$328.77	\$82.26	4.4%	\$13.71	49%
14		60	436.74	\$435.46	-\$7.67	-0.3%	(\$1.28)	84%
15	Double Median	72	497.58	\$488.81	-\$52.64	-1.8%	(\$8.77)	91%

Figure 9-1 shows a graphical comparison of FY 2024 single family retail bills based on a 3/4” meter for different bi-monthly usage. The capital charge will be collected on the property tax rolls.

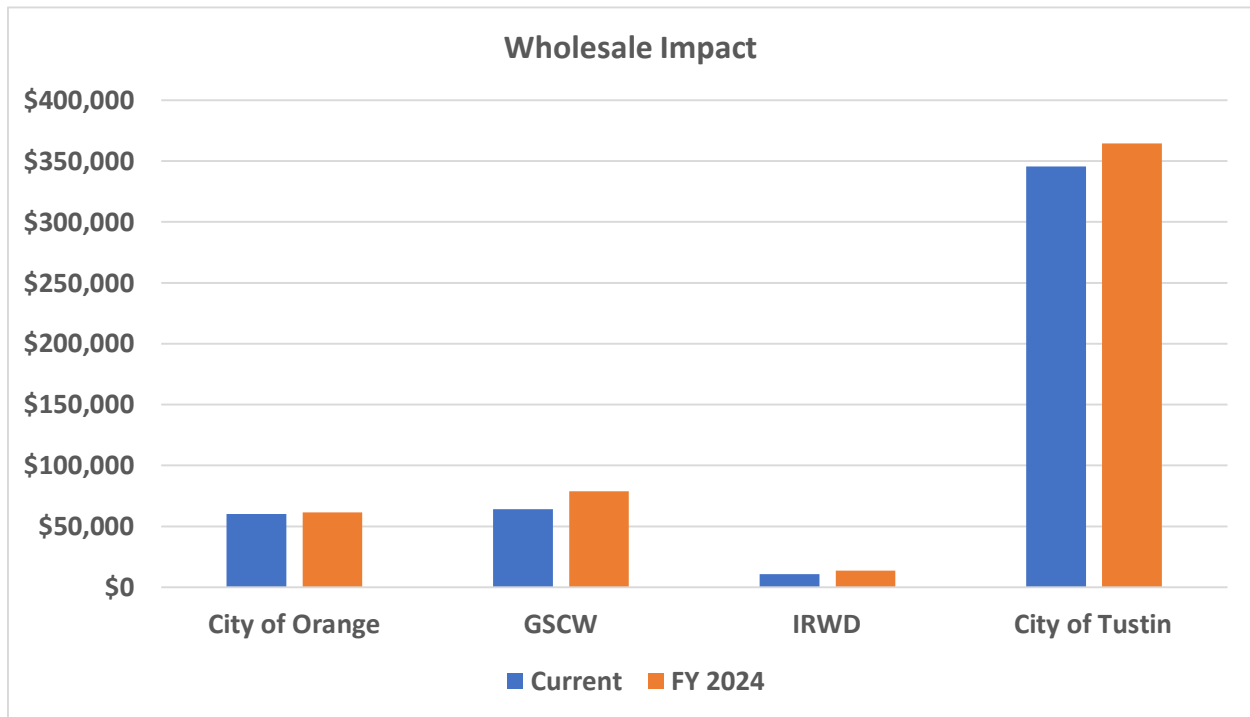
Figure 9-1: Sample Single Family Residential Bill Comparison, FY 2024



9.2. Wholesale Bill Impacts

The proposed wholesale water bills include a change from the annual capital improvement charge from being a flat per meter charge to a meter-size based charge. Figure 9-2 presents a comparison of FY 2024 total bills based on proposed rates compared to current rates.

Figure 9-2: Sample Wholesale Water Bill Impact by Wholesale Community, FY 2024



9.3. Sewer Customer Bill Impacts

Table 9-2 presents a comparison of sample annual sewer bills for residential customers between the current rates and proposed rates.

Table 9-2: Sample Residential Sewer Bills Comparison, FY 2023

Use Code	Land Use Type	Number of Units	Current	FY2024	Annual Impact	Annual Impact
2	One Residence	1	\$108.00	\$120.96	\$12.96	12%
12	4 units only	4	\$302.40	\$338.69	\$36.29	12%
15	26-40 units	32	\$2,419.20	\$2,709.50	\$290.30	12%

Table 9-3 shows bill impacts for a variety of common non-residential properties give an average square footage for the property type based on billing records.

Table 9-3: Sample Non-Residential Sewer Bills Comparison, FY 2024

Use Code	Land Use Type	Avg. Sqft.	Current	FY2024	Annual Impact	Annual Impact
50	Single Medical bldgs to 3 stories	4,120	\$525,053	\$588,059	\$63,006	12%
65	Single Office bldgs to 3 stories	9,882	\$426,902	\$478,131	\$51,228	12%
90	High Demand Center	18,009	\$2,898,008	\$3,245,769	\$347,761	12%
107	Light Industrial - Single Tenant	37,865	\$1,226,826	\$1,374,045	\$147,219	12%
110	Warehouse-Single Tenant	26,439	\$314,095	\$351,787	\$37,691	12%
111	Warehouse-Mult Tenant	7,043	\$83,671	\$93,711	\$10,041	12%
118	Govt use	257	\$21,927	\$24,559	\$2,631	12%

10. Capacity Fees

This section discusses the review and development of updated water and sewer capacity fees for the District.

10.1. Methodology

In California, the basic statutory standards governing water and sewer connection, or capacity, fees are embodied in Government Code Sections 66013 et seq. (The Mitigation Fee Act). An important requirement in designing connection fees is enumerated in Government Code 66013, which requires that connection fees must be based on an estimate of the reasonable cost of providing capacity. Thus, the primary objectives of establishing full cost recovery connection fees are to achieve equity in distributing costs and to provide a mechanism by which new users can pay for the cost of the facilities required to serve them, without burdening existing users. In short, the goal of full cost recovery connection fees is to ensure that growth pays its own way.

Several methods exist to calculate development impact fees. Three main computational approaches are discussed below.

10.1.1. Equity Buy-in Method

The buy-in concept is based on the premise that new users buy into the system and achieve a financial position that is on par with other existing users of the system. In publicly owned systems, most of the assets used to provide service are paid for by users through a system of rates, charges and taxes. In service areas that experience growth in customers and in quantity of service provided, it is generally true that facilities used by previous customers now serve existing customers. Thus, it is the existing customers who have made the “up-front” investment in the existing system capacity including the unused or “surplus” capacity that is available to serve newly connecting customers.

To foster equity between existing and new users, the new users pay for the cost or value associated with equity of the existing user. If the existing system has 100 units of use and the new user requires one unit of use, then the new user would pay for 1/100 of the value of the existing system. This approach is termed the “equity buy-in” method because by paying for the required capacity, the new user buys into the existing system and thereby achieves financial parity with other existing users. Together, the new and existing users will face future capital challenges on equal footing since equivalent investments have been made. This method is applicable in situations where the existing system has adequate surplus capacity and does not require major upgrades or improvements.

10.1.2. Incremental Cost Method

The incremental method is based on the premise that new development (new users) should pay for the additional capacity and expansions necessary to serve the new development. This method is typically used where there is little or no capacity available to accommodate growth and expansion is needed to service the new development. Under the incremental method, growth-related capital improvements are allocated to new development based on their estimated usage or capacity requirements, irrespective of the value of past investments made by existing customers.

For instance, if it costs X dollars (\$X) to provide 100 additional EDUs of capacity for average usage and a new connector uses one of those equivalent units, then the new user would pay $\$X/100$ to connect to the system. In other words, new customers pay the incremental cost of capacity. As with the equity buy-in approach, new connectors will effectively acquire a financial position that is on par with existing customers. Use of this method is generally considered to be most appropriate when a significant portion of the capacity required to serve new customers must be provided by the construction of new facilities.

10.1.3. Hybrid

The hybrid approach is typically used where some capacity is available to serve new growth but additional expansion is still necessary to accommodate new development. Under the hybrid approach the capacity fee is based on the summation of the existing capacity and any necessary expansions. In utilizing this methodology, it is important that system capacity costs are not double counted when combining costs of the existing system with future costs from the capital improvement program. Capital costs associated with repair and replacement of the existing system should not be included in the calculation, unless specific existing facilities that will be replaced through the capital improvement program can be isolated and removed from the existing asset inventory and cost basis. In this case, the rehabilitative costs of the capital projects essentially replace the cost of the relevant existing assets in the existing cost basis. Capital improvements that expand system capacity to serve future customers may be included proportionally to the percentage of the cost specifically required for expansion of the system.

10.1.4. Proposed Approach

The approach used in determining capacity fees needs to reflect the system characteristics in addition to meeting regulatory requirements and policy considerations. In determining the District's capacity fees, we recommend the equity buy-in method for the retail water, wholesale water, and sewer systems.

For the equity buy-in approach, we used the replacement cost less depreciation (RCLD) method to determine the value of the system. This method considers the cost to build new facilities but recognizes that capacity available in existing facilities is not new and is adjusted for depreciation.

10.2. Water

10.2.1. Retail Capacity Fee

To determine the retail water system capacity cost (fee), Raftelis calculated the replacement cost (RC) of the backbone system as of December 2021 by inflating historical costs using the annual average ENR 20-City Construction Cost Index (CCI) for Los Angeles. To recognize that the system is not new, Raftelis subtracted the accumulated depreciation of those assets from the replacement cost to determine the value of the system, the RCLD. The RCLD of the system for the mid-point of FY 2022 is shown in Line 2 of Table 10-1.

When new users join the system, they will benefit from the District's cash reserves and be responsible for debt payments. We therefore add cash reserves (Line 4) and subtract the principal (Line 3) still owed on the District's outstanding bonds and loans.

Once the value of the system is determined (Line 5), we divide by the number of existing equivalent retail meters (Line 6) to determine the capacity fee. The resultant fee for an equivalent 3/4-inch meter is shown in Table 10-1, Line 7. For comparison, the current rate is shown in Line 8.

Table 10-2 presents the existing and proposed capacity fees for new retail water customers. The same equivalent meter capacity ratios used in Table 5-7 are used for this calculation.

Table 10-1: Retail Water Capacity Fee Calculation

Line No.	Line Item	Equity Buy-In
1		<u>RCLD-Total</u>
2	Total Backbone System Value	\$7,938,878
3	Less Outstanding Debt Principal	\$4,035,600
4	Cash on Hand	\$8,313,421
5	FY 2022 System Value	\$12,216,699
6	Number of Equivalent Meters (EM)	1,525
7	Capacity Fee for 5/8" Meter (1 EM)	\$8,011
8	Current Fee	\$6,103

Table 10-2: Proposed and Existing Retail Water Capacity Fees

Line No.	By Meter Size	EM Capacity Ratio	Proposed Fees	Existing Fees	Percent Difference
1	5/8"	1.0	\$8,011	\$6,103	31.3%
2	3/4"	1.0	\$8,011	\$6,103	31.3%
3	1"	1.7	\$13,352	\$10,171	31.3%
4	1 1/2"	3.3	\$26,703	\$20,342	31.3%
5	2"	5.3	\$42,725	\$32,547	31.3%
6	3"	11.7	\$93,462	\$71,196	31.3%

10.2.2. Wholesale Capacity Fee

The wholesale backbone system capacity cost was calculated in the same manner as the retail water backbone cost. The wholesale backbone system RCLD for the mid-point of FY 2022 is shown in Line 2 of Table 10-3.

When new users join the system, they will benefit from the District’s cash reserves and be responsible for debt payments. We therefore add cash reserves (Line 4) and subtract the principal (Line 3) still owed on the District’s outstanding bonds and loans.

Once the value of the system is determined (Line 5), we divide by the number of existing equivalent retail meters (Line 6) to determine the capacity fee. The resulting fee for an equivalent 3/4-inch meter is shown in Table 10-3, Line 7. For comparison, the current rate is shown in Line 8.

Table 10-4 presents the existing and proposed capacity fees for new wholesale water customers. The same equivalent meter capacity ratios used in Table 5-7 are used for this calculation.

Table 10-3: Wholesale Water Capacity Fee Calculation

Line No.	Line Item	Equity Buy-in
1		<u>RCLD-Total</u>
2	Total Backbone System Value	\$26,222,202
3	Less Outstanding Debt Principal	\$0
4	Add Cash on Hand	\$9,484,100
5	FY 2022 System Value	\$35,706,302
6	Number of Equivalent Meters (EM)	33,092
7	5/8" Meter Capacity Fee (line 5 / line 6)	\$1,079
8	Current Fee	\$952

Table 10-4: Proposed and Existing Wholesale Water Capacity Fees

Line No.	By Meter Size	EM Capacity Ratio	Proposed Fees	Existing Fees	Percent Difference
1	5/8"	1.0	\$1,079	\$952	13.3%
2	3/4"	1.0	\$1,079	\$952	13.3%
3	1"	1.7	\$1,798	\$1,586	13.4%
4	1 1/2"	3.3	\$3,597	\$3,173	13.4%
5	2"	5.3	\$5,755	\$5,076	13.4%
6	3"	11.7	\$12,588	\$11,103	13.4%
7	4"	21.0	\$22,659	\$19,986	13.4%
8	6"	53.3	\$57,547	\$50,856	13.2%
9	8"	93.3	\$100,707	\$88,828	13.4%
10	10"	140.0	\$151,060	\$133,243	13.4%

10.3. Sewer

The sewer backbone system capacity cost was calculated in the same manner as the retail water backbone cost. The sewer backbone system RCLD for the mid-point of FY 2022 is shown in Line 2 of Table 10-5.

When new users join the system, they will benefit from the District’s cash reserves and be responsible for debt payments. We therefore add cash reserves (Line 4) and subtract the principal (Line 3) still owed on the District’s outstanding bonds and loans.

Once the value of the system is determined (Line 5), we divide by the number of existing equivalent dwelling units (Line 6), as provided by the District, to determine the capacity fee. The result fee for an equivalent dwelling unit is shown in Table 10-5, Line 7.

Table 10-6 presents the existing and proposed capacity fees for new sewer customers. The District has added or upgrade a significant amount of assets since the last capacity fee study was conducted.

Table 10-5: Sewer Capacity Fee Calculation

Line No.	Line Items	Equity Buy-In
1		<u>RCLD-Total</u>
2	Total Backbone System Value	\$308,790,469
3	Less Outstanding Debt Principal	\$16,142,400
4	Cash on Hand	\$9,300,700
5	FY 2022 System Value	\$301,948,769
6	Total Estimated Equivalent EDUs	28,491
7	Buy-in Unit Charge per EDU	\$10,598

Table 10-6: Proposed and Existing Sewer Capacity Fees

Line No.	Proposed and Existing Sewer Capacity Fee	
1	Proposed Sewer Capacity Fee (per EDU)	\$10,598
2	Old 2020 Sewer Capacity Fee (per EDU)	\$2,469
3	% Difference	329%

APPENDIX A:

Non-Residential Sewer Rates



Table A-1: Non-Residential Property Type Multiplier and Unit Rates

Accessor Use Code	Customer Type	Multiplier	per 1,000 sqft or Unit
1	Vacant Land Parcel	0%	\$0.00
2	One Residence	100%	\$108.00
3	Two or More SFR	70%	\$75.60
4	Misc. Improvement	71%	\$76.68
5	Common Area Parcel	0%	\$0.00
6	"Hold" parcel	0%	\$0.00
7	Mobile Home	50%	\$54.00
8	Equiv to Vacant	0%	\$0.00
10	Duplex Only	70%	\$75.60
11	Triplex Only	70%	\$75.60
12	4 units only	70%	\$75.60
13	5 to 6 units	70%	\$75.60
14	17 to 25 units	70%	\$75.60
15	26-40 units	70%	\$75.60
16	41-99 units	70%	\$75.60
17	100+ units	70%	\$75.60
18	A Mix of Forms	70%	\$75.60
19	SFR with 1 or 2 Rentals	71%	\$76.68
20	Amusement Parks	138%	\$149.04
21	Auto Dealership	39%	\$42.12
22	Auto Repair Shop	39%	\$42.12
23	Auto Service	39%	\$42.12
24	Used Car Lot	39%	\$42.12
26	Airport and Related	56%	\$60.48
28	Bowling Alleys	71%	\$76.68
29	Conventional Car Wash	1425%	\$1,539.00
30	Coin Operated Car Wash	252%	\$272.16
32	Cemetery & Related	56%	\$60.48
33	Church Buildings	20%	\$21.60
34	Dormitory	99%	\$106.92
35	Entertainment Center	138%	\$149.04
36	Financial Buildings	39%	\$42.12
37	Fraternal bldgs	49%	\$52.92
38	Funeral Home	56%	\$60.48
39	Golf Course	39%	\$42.12
40	Health Club	33%	\$35.64
42	Hospital	100%	\$108.00
43	Hoteumotel	109%	\$117.72
44	Lumber/Const. Material Yard	18%	\$19.44

Accessor Use Code	Customer Type	Multiplier	per 1,000 sqft or Unit
45	Marinas	56%	\$60.48
47	Supermarket	84%	\$90.72
48	Convenience Market	44%	\$47.52
50	Single Medical bldgs to 3 stories	118%	\$127.44
51	Small Medical Center	118%	\$127.44
52	Medical Center Complex	118%	\$127.44
53	High Rise Medical	118%	\$127.44
54	Converted Residence to Medical	118%	\$127.44
55	Mobile Home Park	52%	\$56.16
56	Hoteumotel	109%	\$117.72
57	Motorcycle/Small Vehile bldg	39%	\$42.12
58	Nurseries (plants)	9%	\$9.72
60	Nursing Home	103%	\$111.24
61	Convalescent Hospital	99%	\$106.92
62	Converted Res. used as Nursing	103%	\$111.24
63	Low Rise Retirement bldg	108%	\$116.64
64	High Rise Retirement bld	108%	\$116.64
65	Single Office bldgs to 3 stories	40%	\$43.20
66	Small Office Center	40%	\$43.20
67	Office Complex	40%	\$43.20
68	High Rise Office	39%	\$42.12
69	Converted Res. to Office	40%	\$43.20
71	Parking Garage	18%	\$19.44
72	Paved Parking Lot	18%	\$19.44
73	Recreation	138%	\$149.04
74	Recreation Vehicle Park	23%	\$24.84
76	Restaurant - Low Demand	212%	\$228.96
77	Restaurant - Coffee Shop	424%	\$457.92
78	Restaurant - Dinner House	424%	\$457.92
79	Restaurant - Conversion from SFR	424%	\$457.92
81	Pre-schools, Nursery, or Care	80%	\$86.40
82	Private Schools	80%	\$86.40
83	Auto Service Station	39%	\$42.12
84	Marine Service Station	39%	\$42.12
85	Combined: Serv stn/Restaurant	42%	\$45.36
86	Comb: Servie st/Convenience mkt	39%	\$42.12
88	Low Demand Center	36%	\$38.88
89	Avg Demand Center	92%	\$99.36
90	High Demand Center	149%	\$160.92
92	Skating Rinks	71%	\$76.68
94	Department Store	22%	\$23.76
95	Discount Store	22%	\$23.76
96	Unattached Single Store	22%	\$23.76
97	Strip Store	22%	\$23.76

Accessor Use Code	Customer Type	Multiplier	per 1,000 sqft or Unit
98	Store with Offices or Living Qrts.	80%	\$86.40
99	Store w/Office Upstairs	80%	\$86.40
100	Drive-in Theater	9%	\$9.72
101	Unattached Theatre	49%	\$52.92
103	Chemical Tank and Bulk Storage	100%	\$108.00
104	Food Processing Plant	100%	\$108.00
105	Cold Storage Plant	100%	\$108.00
106	Factory	100%	\$108.00
107	Light Industrial - Single Tenant	30%	\$32.40
108	Light Industrial - Multi Tenant	30%	\$32.40
109	Research and Dev.	30%	\$32.40
110	Warehouse-Single Tenant	11%	\$11.88
111	Warehouse-Mult Tenant	11%	\$11.88
112	Steel Building	5%	\$5.40
113	Mini-Warehouse	5%	\$5.40
114	Industrial Park	30%	\$32.40
115	Recreation Vehical Storage	11%	\$11.88
116	Truck Terminal	11%	\$11.88
118	Govt use	79%	\$85.32
119	Public Utility	100%	\$108.00
120	Water Mutual or Company	100%	\$108.00
121	Parcel of Minimal or No Value	0%	\$0.00
122	Subsurface Parcels	0%	\$0.00
124	OIU Mineral Rights	0%	\$0.00
125	Mineral Rights eq.	0%	\$0.00
126	Vacant Common Area-Imp Alloc	0%	\$0.00
201	Home Owners Exmption Addition	0%	\$0.00
223	Laundromat	1563%	\$1,688.04
224	Nightclub	146%	\$157.68
225	USPO	28%	\$30.24
666	Unassigned Vacant	0%	\$0.00
777	Septic Tank Property	0%	\$0.00
888	Conversion-Composite Prop	100%	\$108.00

APPENDIX B:

Current Adopted Reserve Policy



RESOLUTION NO. 732

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EAST ORANGE COUNTY WATER DISTRICT
APPROVING RESERVE FUNDS POLICY**

WHEREAS, key elements of prudent financial planning and fiscal responsibility are to ensure that sufficient funding is available for current operating, capital and debt service cost needs and to anticipate and prepare for future funding requirements as well as for unforeseen disasters and other unforeseen events; and

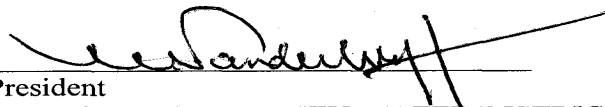
WHEREAS, the East Orange County Water District desires to set forth a policy for maintaining reserve funds within each of the District's separate enterprise funds (including the Wholesale System and Retail Zone operating funds and replacements and capital improvements funds and the wholesale emergency/contingency/reserve fund maintained within such enterprise funds) and within such other enterprise funds as the District may establish and maintain from time to time;

NOW, THEREFORE, the Board of Directors of the East Orange County Water District DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. The Reserve Funds Policy of the East Orange County Water District is hereby approved in the form presented to the Board of Directors by the Treasurer. This policy shall remain in effect until it is amended or superseded by a subsequently adopted policy.

Section 2. The District's Accountant and other staff of the District are hereby authorized and directed to take steps to implement the directives as set forth in the Policy and make reports to the Board of Directors as described therein.

ADOPTED, SIGNED AND APPROVED this 27th day of February, 2014.



President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof



Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

East Orange County Water District Reserve Funds Policy

PURPOSE

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital and debt service cost needs. An additional critical element of fiscal responsibility is to anticipate and prepare for future funding requirements as well as for unforeseen disasters and other unforeseen events. The East Orange County Water District (District) will at all times strive to have sufficient funding available to meet its operating, capital, and debt service cost obligations. Reserve funds will be accumulated and maintained in a manner, which allows the District to fund costs consistent with long range financial and capital planning, avoiding significant rate fluctuations due to changes in cash flow requirements. Reserve funds will also include an emergency reserve position that may be utilized to fund unexpected disasters or unanticipated major failures. The Board of Directors will annually review the level of reserve funds maintained, including as provided in Resolution No. 595 (restating policy concerning maintenance and use of emergency/contingency/reserve ("ECR") fund and establishing replacements and capital improvements ("RCI") fund – wholesale system) and Resolution No. 596 (designating capital projects fund as replacements and capital improvements ("RCI") fund – retail zone, and restating policy concerning maintenance and use thereof) (the "Reserve Fund Resolutions").

The District shall maintain reserve funds within each of the separate enterprise funds (including the Wholesale System and Retail Zone operating funds and RCI funds and the Wholesale ECR Fund maintained within such enterprise funds) and within such other enterprise funds as the District may establish and maintain from time to time (ref. Resolution No. 669). This policy establishes the level of reserves necessary for maintaining the District's credit worthiness and for adequately providing for:

- Funding infrastructure replacement.
- Economic uncertainties and other financial hardships.
- Loss of significant revenue sources such as property tax receipts or connection fees.
- Local disasters or catastrophic events.
- Future debt or capital obligations.
- Cash flow requirements.
- Unfunded mandates including costly regulatory requirements.
- Projects or programs, including litigation, that the Board has determined to be of significant benefit to the majority of the customers of the District.

DEFINITIONS:

Restricted Reserves: Restrictions on their use are imposed by an outside source such as creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Reserves: Have no externally imposed use restriction. The use of Unrestricted Reserve funds is at the discretion of the Board of Directors. There are two categories of Unrestricted Reserves - Designated and Undesignated. At the District, all Unrestricted Reserves are Designated Reserves.

Designated Reserves: Set-aside for a specific purpose, which is, determined by the Board of Directors. The Board of Directors also has the authority to redirect the use of these reserve funds as needs of the District change. These reserves have various names (e.g., Operating Reserve, Capital Reserve, etc.) to indicate the subgroup use for the specific reserve fund.

Capital Reserve Fund Charge (Wholesale): a fee or charge, which may from time to time be levied by the Board of Directors relative to wholesale water sales, connections, or otherwise in the wholesale system pursuant to Resolution No. 595, to provide funds necessary to contribute such amounts to the wholesale RCI, ECR or reserves within the wholesale enterprise funds as the Board may deem reasonable and proper.

Capital Projects Fee (Retail): The monthly fee, referred to in the schedule of rates as the "Monthly Fee for Existing Water System Capital Projects" or similar term, levied for the cost of repairing, rehabilitating, replacing and/or improving capital facilities in the Retail Zone water system.

POLICY

Operating Reserves

Operating reserves are used to fund ongoing cash flow needs of the agency. Due to the large variability in the month-to-month cash flow needs due to the seasonal demand for water, the minimum amount of operating reserves will equal ten (10) months of budgeted operating expenses. The maximum amount of operating reserves will equal twelve (12) months of operating expenses.

Capital Reserves

Capital reserves will be accumulated to fund infrastructure projects and will be an integral part of the District's capital plan documented in its Five-Year Capital Improvement Program, Ten-Year Forecast and Reserve Fund Resolutions. A key objective for accumulating capital reserves is to minimize external borrowing and interest expense. The minimum amount of capital reserves will equal one year's capital spending. The maximum amount of capital reserves will equal two times the accumulated depreciation balance.

It is the practice of the District, in regards to capital expenditures, to follow a "pay as you go (PAYGO)" philosophy. That is, capital expenditures are funded out of the current year collections of the Capital Reserve Fund Charge and/or Capital Projects Fee for all funds. To the extent that the current year's Capital Replacement/Reserve Fees plus capital reserves in a fund are insufficient to cover the District's Five-Year Capital Improvement Program, then the District will investigate alternative funding or rate adjustments.

The appropriate Capital Reserve Fund balances will be determined as follows:

1. Funds available from Capital Replacement Fees will be projected for five- and ten-year periods.
2. Capital expenditures will be projected for five- and ten-year periods.
3. The Capital Reserve will be the difference between the funds available (Item 1) and the funds required (Item 2), but no less than two times the accumulated depreciation balance.

Advances from any enterprise funds Capital Reserves may be made to meet expenses in another enterprise funds upon the determination of the Board of Directors of the need for the advance and satisfactory assurance of repayment, and upon such terms for repayment as the Board shall establish.

Self-Insurance and Litigation Reserves

The District is self-insured up to \$25,000 for each claim and maintains pooled property and liability insurance through the Association of California Water Agencies for claims up to \$2,000,000. Additionally, periodically the District may have extraordinary litigation expenses that exceed annual operating budget expenses. The minimum self-insurance and litigation reserve will equal \$500,000; the maximum self-insurance and litigation reserve will total \$5,000,000.

PROCEDURE FOR USING RESERVE FUNDS

Operating and Self-Insurance and Litigation Reserves

Operating and self-insurance reserves can be used at any time to meet cash flow requirements of District operations. Authority to use the funds will be consistent with the District's Purchasing Policy.

Capital Reserves

The Board of Directors will authorize use of capital reserves during the budget process. Capital reserves are also available for unplanned (unbudgeted) capital replacement. Authorization for the use of capital reserves for unplanned capital replacement will be consistent with the District's Purchasing Policy.

PROCEDURE FOR MONITORING RESERVE LEVELS

The Accountant shall perform a reserve analysis to be submitted to the Board of Directors upon the occurrence of the following events:

- Board of Directors' deliberation of the annual budget;
- Board of Directors' deliberation of a service charge rate increase;
- Upon renewal of the self-insurance excess insurance coverage; or,
- When a major change in conditions threatens the reserve levels established within this policy.

If the analysis indicates projected or actual reserve levels falling 10% below or above the levels outlined in this policy, at least one of the following actions shall be included with the analysis:

- An explanation of why the reserve levels are not at the targeted level, and/ or
- An identified course of action to bring reserve levels within the minimum and maximum levels prescribed.

APPENDIX C:

**Detailed Retail Zone Capital
Improvement Projects**



Proj. No.	Project	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
21-01	VP Reservoir Replacement	\$200,000	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0
21-02	RZ Valve Replacements	\$100,000	\$80,000	\$80,000	\$80,000	\$80,000	\$0	\$0	\$0
21-03	System Relocations / Pipeline Replacement	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$0	\$0	\$0
21-04	Barrett Reservoir Booster Pump Station Replacement	\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-05	PFAS Treatment Facility	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-06	VanderWerff Well	\$3,860,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-08	Via Aventura 4" Replacement			\$100,000	\$0	\$0	\$0	\$0	\$0
21-09	Springwood Drive Pipeline Improvement	\$0	\$100,000	\$400,000	\$0	\$0	\$0	\$0	\$0
21-11	Brae Glen Pipeline Rehabilitation and Valve Replacement	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-12	Crawford Canyon Rd. 8" and 6" pipe replacement	\$0	\$0		\$200,000	\$550,000	\$0	\$0	\$0
21-28	Sedaru Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-29	AWIA Project	\$33,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-30	UWMP Update	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-31	Retail Water Loss Control Program						\$0	\$0	\$0
21-45	SCADA System Improvements	\$264,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-49	Trailer Mounted Transfer Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-01	Financial Software and Implementation	\$37,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-18	Orange Knoll PRV Station	\$130,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-20	Truck mounted vacuum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-22	Abandon Pipe from El Roy Dr to Willis Lane	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0
22-23	Skid Steer Tractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-25	RZ Master Plan Update	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-27	Connection to Los Timbres	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-28	East Well Pump and Motor	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-29	East Well Electrical	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-30	View Ridge New Valve	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-31	Barrett and Hinton Service Relocations	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-33	District Headquarters	\$326,012	\$326,012	\$170,768	\$0	\$0	\$0	\$0	\$0
22-35	Transfer Water Services to 12" Main, Abandon 4" Main - Fowler / Hewes	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0
22-36	Replace 4" Pipe on Hewes Ave.	\$0	\$0	\$0	\$750,000	\$0	\$0	\$0	\$0
22-39	Barrett Lane CMLMC Steel Pipe Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-40	Circula Panorama Pipeline Replacement / Conversion	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0
22-41	Deleted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-42	Replace 600' of 4" pipe on Kiersey Place	\$0	\$0	\$100,000	\$250,000		\$0	\$0	\$0
22-43	Replace 500' of 4" CMLMC pipe and install PRV Station to Zone III	\$50,000	\$250,000	\$0			\$0	\$0	\$0
22-44	Replace 500' of 4" CMLMC Steel Pipe along Smiley Dr.	\$0	\$0	\$0	\$200,000	\$550,000	\$0	\$0	\$0
22-45	Hydrant Replacements	\$60,000	\$32,000	\$32,000	\$32,000	\$32,000	\$0	\$0	\$0
22-48	Service Lateral Replacement	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$0	\$0	\$0
22-50	Emergency Connection Modifications	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
23-01	Dump truck for field ops	\$33,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-01	RZ Update Water Specifications	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-02	RZ Abandon West Well	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-06	WZ RZ SCADA Phase 3	\$0	\$0	\$66,000	\$0	\$0	\$0	\$0	\$0
23-08	Skid Steer Trailer	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-09	RZ Update Water Atlas	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-10	RZ Barrett Reservoir Exterior Coating	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	RZ Daniger Pump Station upgrades	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
	Future Projects	\$0	\$0	\$0	\$0	\$0	\$740,660	\$740,660	\$740,660
	Total Retail - Uninflated	\$8,619,012	\$2,988,012	\$1,048,768	\$1,612,000	\$1,512,000	\$740,660		
	Total Retail - Inflated	\$8,619,012	\$3,077,652	\$1,112,638	\$1,761,476	\$1,701,769	\$858,628	\$884,387	\$910,918

APPENDIX D:

**Detailed Wholesale Zone
Capital Improvement Projects**



Proj. No.	Project	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
21-02	WZ Valve Replacements	\$75,000	\$50,000	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0
21-03	System Relocations / Pipeline Replacement	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0
21-28	Sedaru Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-29	AWIA Project	\$33,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-30	UWMP Update	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-38	Newport Reservoir Roof Repair and Recoating	\$700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-43	Walnut Vault Replacement	\$700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-45	SCADA System Improvements	\$536,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-46	Hazard Mitigation Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-50	SAC Pipeline Repairs	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-51	6MG Reservoir Geotechnical Evaluation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-01	Financial Software and Implementation	\$37,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-02	Fire Hydrant(s) on Handy Creek Road	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-12	Asphalt Repair at 6 MG Reservoir site	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-13	Asphalt Repair and seal at Andres Reservoir	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-14	Asphalt repair and seal at Newport Reservoir	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-15	Wharf head replacement - Rocking Horse Ridge	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-16	Pedestal Replacement at Chandler Ranch Turnout	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-17	Hydrant relocation at Jamboree	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-20	Truck mounted vacuum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-21	OC70 Spare Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-23	Skid Steer Tractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-24	WZ Master Plan Update	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-33	District Headquarters	\$356,173	\$356,173	\$186,567	\$0	\$0	\$0	\$0	\$0
22-34	6MG Reservoir Replacement	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$0	\$0	\$0
22-45	Hydrant Replacements	\$15,000	\$8,000	\$8,000	\$8,000	\$8,000	\$0	\$0	\$0
22-46	Easement Clearing Newport Reservoir	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0	\$0	\$0
22-48	Service Lateral Replacement	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0	\$0	\$0
22-49	Newport Reservoir Pumpstation Hydraulic Modeling	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-51	Wholesale Reservoir Backup Generators	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-01	Dump truck for field ops	\$33,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-03	WZ Cathodic Protection Improvements	\$190,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-05	WZ Demo Treatment Plant and new storage at 6M site	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-06	WZ RZ SCADA Phase 3	\$0	\$0	\$134,000	\$0	\$0	\$0	\$0	\$0
23-07	WZ 6M Reservoir - Pipeline and Vault Improvements	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-08	Skid Steer Trailer	\$9,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Future Projects	\$0	\$0	\$0	\$0	\$0	\$980,876	\$980,876	\$980,876
	Total - Uninflated	\$3,765,173	\$684,173	\$648,567	\$328,000	\$328,000	\$980,876	\$980,876	\$980,876
	Total - Inflated	\$3,765,173	\$704,698	\$688,065	\$358,414	\$369,167	\$1,137,104	\$1,171,217	\$1,206,353

APPENDIX E:

**Detailed Sewer Capital
Improvement Projects**



Proj. No.	Project	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
21-03	System Relocations / Pipeline Replacement	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$0	\$0	\$0
21-13	CIPP	\$300,000	\$200,000	\$200,000	\$200,000	\$200,000	\$0	\$0	\$0
21-14	Sewer Replacement	\$150,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0
21-17	Manhole Rehabilitation/Replacement	\$125,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0
21-18	Manhole Additions, Raising, Frames & Covers	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$0	\$0	\$0
21-19	Septic System Conversions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-20	Browning Rehabilitation	\$9,000,000	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0
21-21	Backwater Valve Program	\$20,000	\$15,000	\$10,000	\$10,000	\$10,000	\$0	\$0	\$0
21-24	Forklift	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-25	Arrow Board	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-26	Smart Covers	\$12,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-28	Sedaru Upgrades	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-29	AWIA Project	\$33,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-30	UWMP Update	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-34	Truck for Field Ops	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-45	SCADA System Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-01	Financial Software and Implementation	\$37,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-05	CCTV Truck	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-07	Confined Space Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-08	Bypass Pump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-20	Truck mounted vacuum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-23	Skid Steer Tractor	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-26	Update Sewer Standards	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-33	District Headquarters	\$1,417,815	\$1,417,815	\$742,665	\$0	\$0	\$0	\$0	\$0
22-38	Sewer Push Camera	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-45	Hydrant Replacements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-48	Service Lateral Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22-52	Rate Study	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-01	Dump truck for field ops	\$33,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-06	WZ RZ SCADA Phase 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23-08	Skid Steer Trailer	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sewer CIP Placeholder	\$0	\$0	\$0	\$750,000	\$750,000	\$0	\$0	\$0
	Future Projects	\$0	\$0	\$0	\$0	\$0	\$3,398,547	\$3,398,547	\$3,398,547
	Total - Uninflated	\$11,520,315	\$3,172,815	\$1,492,665	\$1,500,000	\$1,500,000	\$3,398,547	\$3,398,547	\$3,398,547
	Total - Inflated	\$11,520,315	\$3,267,999	\$1,583,568	\$1,639,091	\$1,688,263	\$3,939,847	\$4,058,043	\$4,179,784

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: PUBLIC HEARING ON RETAIL RATES AND CAPITAL CHARGES
DATE: APRIL 27, 2023

Background

The 2023 draft Rate Study was presented to the Board of Directors over numerous public meetings with the last meeting being February 23, 2023. The Board directed staff to initiate the Prop 218 process. Public notices pursuant to Prop 218 were mailed to all 1,314 customers on March 9, 2023. The notices were mailed in excess of the 45 days prior to the public hearing required by law. Since issuing the notice a total of two protest letters have been received. The proposed rates are shown below:

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment			7.5%	7.5%	7.5%	7.5%
Meter Size Fixed Charge						
5/8"	\$22.50	\$32.78	\$35.24	\$37.88	\$40.72	\$43.77
3/4"	\$33.75	\$32.78	\$35.24	\$37.88	\$40.72	\$43.77
1"	\$56.24	\$48.68	\$52.33	\$56.26	\$60.48	\$65.01
1.5"	\$112.46	\$88.43	\$95.07	\$102.20	\$109.86	\$118.10
2"	\$179.92	\$136.14	\$146.35	\$157.33	\$169.13	\$181.81
3"	\$393.56	\$287.21	\$308.75	\$331.90	\$356.80	\$383.56
Commodity Rate (\$/ccf)	\$5.07	\$4.45	\$4.78	\$5.14	\$5.52	\$5.94
Capital Charge						
All Accounts	\$32.52					
5/8"		\$51.59	\$55.46	\$59.62	\$64.09	\$68.89
3/4"		\$51.59	\$55.46	\$59.62	\$64.09	\$68.89
1"		\$85.98	\$92.43	\$99.36	\$106.81	\$114.82
1.5"		\$171.96	\$184.86	\$198.72	\$213.63	\$229.65
2"		\$275.14	\$295.77	\$317.96	\$341.80	\$367.44
3"		\$601.86	\$647.00	\$695.53	\$747.69	\$803.77

Rates have not been increased the past two fiscal years even with historic inflationary costs. Collection of the capital charges on the property tax rolls decreases the bimonthly billing and places that charge on the property owner who will see the benefits of the long term investments. Indexing the capital charge by size of service more fairly distributes the costs of capital improvements.

Recommendation

- 1) Conduct a public hearing on retail system rates and capital charges.
- 2) Consider for Approval Resolution No. 931 Adoption of Rate Increase
- 3) Consider for Approval Resolution No. 932 Property Tax Authorization

Attachment(s): Resolution No. 931 Adoption of Rate Increase
 Resolution No. 932 Property Tax Authorization

RESOLUTION NO. 931

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST
ORANGE COUNTY WATER DISTRICT ESTABLISHING NEW
SCHEDULES OF WATER RATES AND CHARGES EFFECTIVE
JULY 1, 2023

(PUBLIC HEARING – APRIL 27, 2023)

WHEREAS, East Orange County Water District (“EOCWD”) is a county water district organized and operating pursuant to California Water Code section 30000 *et seq.*; and

WHEREAS, EOCWD has authority to set and collect rates, fees, and charges for water and water service it provides pursuant to the provisions of California Water Code (“Water Code”) sections 31000, 31001, 31007, 31024, and 31025; and

WHEREAS, the provisions of Section 6 of Article XIID of the California Constitution (“Proposition 218”) are currently applicable to water rates and charges of public agencies and entities, including, but not limited to, water and water service rates of public water districts operating within the State under current State law; and

WHEREAS, the EOCWD Board of Directors (“Board”) adopted on February 23, 2023, Resolution No. 928, entitled, “Resolution of the Board of Directors of the East Orange County Water District Approving Guidelines for the Submission and Tabulation of Protests in Connection with Rate Hearings Conducted Pursuant to Article XIID, Section 6 of the California Constitution” (hereinafter, “Resolution No. 928”), setting forth the guidelines and procedures for the conduct of a Proposition 218 rate hearing; and

WHEREAS, the Board has previously undertaken proceedings and provided direction for proposed changes in certain EOCWD water rates and charges, including the proposed meter size fixed charges and volumetric commodity rates and monthly capital fees (hereinafter, “Water Rates and Charges”) and directed that notice of such proposed changes in such Water Rates and Charges be provided and that a public hearing be held thereon as required by State law, as described in Resolution No. 928 and as further described herein; and

WHEREAS, the Water Rates and Charges, as currently proposed, are set forth in Exhibit A, which is attached hereto and incorporated herein by this reference; and

WHEREAS, written notice of the referenced public hearing, the proposed Water Rates and Charges and implementation schedule, and written protest procedures (“Proposition 218 Notice”) has been provided to EOCWD’s customers as required under applicable State law and as further described herein; and

WHEREAS, there has been prepared by EOCWD documentation and financial data concerning EOCWD’s finances, fiscal projections, current and anticipated financial requirements, the costs and financing requirements for EOCWD to meet its future facilities and

water service requirements, and EOCWD's adopted budget for Fiscal Year 2022/23, as well as future budgetary projections, and the East Orange County Water District Retail Zone, Wholesale Zone, and Sewer Rate, and Capacity Fee Study ("Report") (which Report is incorporated herein by this reference), documenting the need for the proposed Water Rates and Charges as described herein, which data, information and Report are on file with EOCWD's District Secretary and has been made available to members of the public who may request such information and which information has been made available to, and in certain cases presented to, the Board as part of its consideration of this matter; and

WHEREAS, on April 27, 2023, the Board conducted and completed a noticed public hearing held at the Clifton C. Miller Community Center located at 300 Centennial Way in the City of Tustin, California 92780, which was held both in-person and via video- and audio-conference for the public, with the opportunity for members of the public to attend either in-person or virtually, in order to provide public input, comments, and written protests with regard to the proposed revised Water Rates and Charges in accordance with the procedures outlined in Resolution No. 928; and

WHEREAS, the Board of Directors has carefully reviewed and considered the proposed rate increases and has carefully considered all public comment and written protests submitted; and

WHEREAS, information to support the findings made by the Board within this Resolution has been prepared by EOCWD staff and consultants, made available to any member of the public who requested such information, and has been presented to the Board as part of its consideration of this matter; and

WHEREAS, the Board desires to make certain findings and determinations in connection with proposed Water Rates and Charges as set forth herein; and

WHEREAS, the Board desires to authorize the proposed Water Rates and Charges on the basis set forth herein, to comply with the schedule attached hereto, and to be effective as set forth within the text of this Resolution.

NOW, THEREFORE, the Board of Directors of the East Orange County Water District hereby resolves, determines, and orders as follows:

1. Recitals. The above recitals are true and correct, and are incorporated herein as findings of the Board by this reference.

2. Notice. Pursuant to the provisions of Section 6(a)(1) of Article XIID of the California Constitution, California Government Code Sections 53755 and 53756, and Resolution No. 928, EOCWD provided written notice by mailing of the proposed Water Rates and Charges to EOCWD's customers of record and property owners of record. The form of such notice is on file with EOCWD's Secretary and has been presented to the Board as part of its proceedings. Such notice included the proposed maximum amount of the water rates and charges to be effective for EOCWD's customers, an identification of the reasons for the imposition of such proposed Water Rates and Charges, a method of calculation for EOCWD's customers to

determine the impact of such revised Water Rates and Charges upon existing EOCWD customer accounts, and the proposed implementation schedule of such Water Rates and Charges. Such notice also included a statement of the date, time and location of the public hearing to be conducted on such proposed Water Rates and Charges by the Board and the opportunity to present protests concerning such water rate and charge changes to the Board. Mailing of such written notice was completed more than forty-five (45) days prior to the date set for conducting the public hearing. The applicable customer list to which such written notice was mailed is held by EOCWD's District Secretary. EOCWD also provided notice of such proposed Water Rates and Charges and the public hearing as follows:

- a. Notice of the proposed Water Rates and Charges, the proposed implementation schedule, public hearing, availability of documentation therefor and the opportunity to present protests concerning such proposed revised water rates and charges was posted on EOCWD's website located at www.EOCWD.com for a period of more than forty-five (45) days before the date the public hearing was conducted; and
- b. Notice of the proposed Water Rates and Charges, the date, time and place of such public hearing and the opportunity to present protests concerning such proposed revision of the water rates and charges was posted at the following locations on the following dates:
 - i. 185 North McPherson Road, Orange, CA 92869-3720, more than 45 days before the hearing;
- c. Notice was published in the *Orange County Register* on April 12, 2023, and April 19, 2023;
- d. Notice was published in the *Foothill Sentry*;
- e. Notice was provided on EOCWD's social media accounts, including both Facebook and Twitter.

The Proposition 218 Notice posted at the afore-mentioned locations included a statement referencing a 120-day statute of limitations for challenging the new/increased water rates and charges as provided for pursuant to provisions of Government Code Section 53759(d).

3. Data and Information Relating to Determination to Adopt and Implement Proposed Water Rates and Charges. The Board has been provided with, and/or had available to it, various reports, including, but not limited to, the Report, data and information supporting the findings made herein and the determination of the Board to revise EOCWD's Water Rates and Charges as described herein. Reference is also made to those meetings held by the Board, and supporting documentation made available to the Board and members of the public, as part of the consideration of the potential EOCWD imposition of the proposed Water Rates and Charges on on-going and future EOCWD financial considerations. Such data and information has been available, and made available, as applicable, to members of the public desiring to review such, and is on file with EOCWD's District Secretary and available for review upon public request. Such data and information includes, but is not limited to, the following:

- a. EOCWD's adopted Fiscal Year 2022/23 Budget;
- b. Financial projections relating to EOCWD's financial and operating requirements, including, but not limited to, the costs and financing requirements for EOCWD to meet its future facilities requirements, future imported water purchase costs, future anticipated utilities costs and charges;
- c. The Report, which was made available to the Board and public at least 10 days prior to the hearing; and
- d. Financial considerations relating to the prudent and financially responsible level of EOCWD's financial dedicated funds and accounts (fiscal reserves), including policies relating thereto as previously established by this Board.

4. Public Hearing. Pursuant to the provisions of Section 6(a)(2) of Article XIID of the California Constitution, EOCWD's Board conducted a public hearing on the proposed Water Rates and Charges, and proposed implementation schedule thereof, not less than forty-five (45) days after the date of mailing of the within-referenced written notice to EOCWD customers of record and owners of property served by EOCWD, as set forth in Section 2 herein. Such public hearing was conducted at the Clifton C. Miller Community Center located at 300 Centennial Way, Tustin, CA 92780, commencing at 5:00 p.m. on April 27, 2023. At the time of the public hearing, EOCWD's Board considered all protests against the proposed Water Rates and Charges as set forth in Section 5 hereof. Such public hearing was conducted in conformance with the requirements of Resolution 928. During such public hearing, the Board was presented with the results of all qualified protests to the proposed Water Rates and Charges and heard and considered all public comments submitted to the Board during such public hearing and a full and fair hearing was held.

5. No Majority Protest. Pursuant to the provisions of Section 6(a)(2) of Article XIID of the California Constitution and the Policy, EOCWD's General Manager and/or District Secretary has reviewed those protests received by EOCWD with regard to the proposed imposition of the Water Rates and Charges. Any and all protests submitted to EOCWD concerning such proposed Water Rates and Charges were handled and considered as set forth in Resolution No. 928. EOCWD's General Manager and/or District Secretary has, to the extent necessary, compared such protests with EOCWD's customer list and parcel list on file with EOCWD. The General Manager and/or District Secretary has provided the Board with a statement of all such protests. Based thereon, the Board hereby determines that the proposed Water Rates and Charges described herein have not been protested by a majority of owners of parcels/customer accounts within EOCWD's service area, and, as such, a protest has not been received sufficient to preclude the adoption of the proposed increases to the Water Rates and Charges.

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

- a. EOCWD's current and projected finances, financial condition, and revenue requirements, based on information available to EOCWD and the costs and financing requirements for EOCWD to meet its future facilities and water service requirements have been considered and the Board has adopted a balanced budget for Fiscal Year 2022/23. Correspondingly, the Board hereby finds and determines that the revenues derived from the Water Rates and Charges set forth herein do not exceed the funds required by EOCWD to provide the water and water services EOCWD provides to its customers.
- b. The Board hereby determines and directs that revenues derived from the Water Rates and Charges set forth herein shall be used for the purposes for which EOCWD was formed and operates, including, but not limited to, the provision of water and water service to its customers, as applicable, and shall not be used for other purposes.
- c. EOCWD's proposed Commodity Rate Charges are based on the amount of water actually used by individual EOCWD customers within specific billing periods. Correspondingly, the amount of the proposed Commodity Rate Charges applicable to EOCWD's customers does not exceed the proportional cost of EOCWD's provision of water and water service to such customers.
- d. EOCWD's monthly Meter Size Fixed Fees and Capital Charges are based on the availability of water service (including, but not limited to, emergency water availability) to each customer within each corresponding billing period. Correspondingly, the amount of EOCWD's monthly Meter Size Fixed Fees and Capital Charges during the corresponding billing periods for customers do not exceed the cost of EOCWD's provision of water availability (including, but not limited to, emergency water availability) and water service to such customers.
- e. Section 6(b)(4) of Article XIII D of the California Constitution provides that no fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. In the case of EOCWD's Water Rates and Charges referenced herein, EOCWD's services for water availability and delivery are imposed on customers where such service is actually used by, or is immediately available to (including, but not limited to, the availability of emergency water service), EOCWD customers whom are, and will be, subject to the Water Rates and Charges. EOCWD's revised rates and charges, as set forth herein, do not constitute any form of standby charge(s) as set forth in such section of the California Constitution.
- f. EOCWD's water rates and charges are imposed only on its customers for the particular and specific water functions and services referenced herein. EOCWD's water rates and charges are, and will be, imposed pursuant to EOCWD's Rules and Regulations as applicable to its customers. EOCWD does not, and will not, impose such water rates and charges for purposes of the provision of general

governmental services such as police, fire, ambulance or library services which are available to the public at large.

- g. EOCWD's water rates and charges, as set forth herein, are part of an integrated finance and revenue system including water rates and charges, revenue sources, projected expenditures, dedicated funds and other financial considerations. EOCWD's water rates and charges are structured and implemented by EOCWD in order to meet its financial obligations and responsibilities to operate, maintain, replace, restore and improve its water systems and facilities, address anticipated emergency service needs, to meet its legal and operational obligations and requirements and to conduct its business, administrative and governmental operations.
- h. With respect to the water rate and charge schedule described herein, the within-referenced notices and proceedings complied with Government Code sections 53756 and 53759(d). The Board determines and directs that provisions of Government Code section 53759 shall apply to the actions set forth in this Resolution.
- i. The reasons and basis for the adoption and implementation of the proposed Water Rates and Charges, and the method of calculation thereof, have been identified in the notices provided as set forth in Section 2 hereof and in the documentation and information referenced in Section 3 hereof.
- j. The Water Rates and Charges adopted and implemented hereby are not taxes under Section 1(e)(2) and (7) of the provisions of Article XIII C of the California Constitution inasmuch as the referenced water rates and charges are: (i) services/products provided directly to the EOCWD customer of record and do not exceed the reasonable costs to EOCWD for the water and water service so provided; and (ii) under current California law such water rates and charges are considered to be property-related fees for which EOCWD has complied with the applicable requirements of Article XIII D of the California Constitution

7. Adoption and Implementation of Revised Water Rates and Charges. The Board hereby adopts the proposed Water Rates and Charges as the rates takes the following actions based on the findings set forth herein:

- a. EOCWD's Meter Size Fixed Charges are hereby revised to conform to the schedule attached hereto as Exhibit A, including the dates of implementation set out therein, which Exhibit is incorporated herein by this reference, unless reduced by the Board through separate action.
- b. EOCWD's Commodity Rates are hereby revised to conform to the schedule attached hereto as Exhibit A, including the dates of implementation set out therein, unless reduced by the Board through separate action.

- c. EOCWD's Capital Charges are hereby revised to conform to the schedule attached hereto as Exhibit A, including the dates of implementation set out therein, unless reduced by the Board through separate action.
- d. The revised Water Rates and Charges adopted hereby shall be effective for EOCWD's provision of water and water service as set forth in the schedule attached hereto as Exhibit A, including the dates of implementation set out therein, unless reduced by the Board through separation action.
- e. EOCWD's other existing rates, fees and charges, which were not subject to the proceedings for revision undertaken as described herein, are not amended or revised by way of this Resolution, except the extent tied to such Water Rates and Charges.
- f. In the event that the Board shall determine to impose the within-referenced Water Rates and Charges at lower levels and/or at later dates than set forth in the attached schedule, the Board shall take such action(s) and thereafter provide notice of such change(s) and/or revision(s) to EOCWD's customers as required by applicable law.

8. Alternate Rate Authority. The Board of Directors may elect through separate action to implement rates at a lower rate lower than those set forth in the Water Rates and Charge, but shall not implement rates higher than such Water Rates and Charges absent a subsequent noticed hearing pursuant to Proposition 218.

9. California Environmental Quality Act ("CEQA"). The action taken herein is exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to the provisions of Public Resource Code section 21080(b)(8) and CEQA Guidelines section 15273(a).

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

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

12. Authority. This Resolution is adopted pursuant to the provisions of applicable law, including, but not limited to, Water Code Sections 31000, 31001, 31024, 31025 and 30523 and the requirements of Government Code Sections 53755 and 53756.

13. Superseding Prior Resolutions. This Resolution upon adoption, and subject to Section 12, hereby supersedes any prior Retail Zone water rate resolutions, to the extent such resolutions are in conflict with the findings and directives of this Resolution. The water rate and charge schedules adopted by such prior resolutions shall be superseded and replaced by the Water Rate and Charge schedule set forth herein as of the dates set forth herein.

14. Effective Date. This Resolution shall be effective immediately upon adoption by the Board.

ADOPTED, SIGNED, AND APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

EXHIBIT A

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment		COS	7.5%	7.5%	7.5%	7.5%
Meter Size Fixed Charge						
5/8"	\$22.50	\$32.78	\$35.24	\$37.88	\$40.72	\$43.77
3/4"	\$33.75	\$32.78	\$35.24	\$37.88	\$40.72	\$43.77
1"	\$56.24	\$48.68	\$52.33	\$56.26	\$60.48	\$65.01
1.5"	\$112.46	\$88.43	\$95.07	\$102.20	\$109.86	\$118.10
2"	\$179.92	\$136.14	\$146.35	\$157.33	\$169.13	\$181.81
3"	\$393.56	\$287.21	\$308.75	\$331.90	\$356.80	\$383.56
Commodity Rate (\$/ccf)	\$5.07	\$4.45	\$4.78	\$5.14	\$5.52	\$5.94
Capital Charge						
All Accounts	\$32.52					
5/8"		\$51.59	\$55.46	\$59.62	\$64.09	\$68.89
3/4"		\$51.59	\$55.46	\$59.62	\$64.09	\$68.89
1"		\$85.98	\$92.43	\$99.36	\$106.81	\$114.82
1.5"		\$171.96	\$184.86	\$198.72	\$213.63	\$229.65
2"		\$275.14	\$295.77	\$317.96	\$341.80	\$367.44
3"		\$601.86	\$647.00	\$695.53	\$747.69	\$803.77

RESOLUTION NO. 932

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT DETERMINING COMPLIANCE WITH PROCEDURAL REQUIREMENTS, MAKING FINDINGS, AUTHORIZING COLLECTION OF THE CAPITAL CHARGE BY WAY OF THE OFFICE OF THE ORANGE COUNTY TREASURER-TAX COLLECTOR AND COUNTY TAX ROLL PROCESS AND TAKING RELATED ACTIONS

WHEREAS, East Orange County Water District (“EOCWD”) is a county water district organized and operating pursuant to California Water Code section 30000 *et seq.*; and

WHEREAS, EOCWD has authority to set and collect rates, fees, and charges for water and water service it provides pursuant to the provisions of California Water Code (“Water Code”) sections 31000, 31001, 31007, 31024, and 31025; and

WHEREAS, pursuant to Section 5470 *et seq.* of the California Health & Safety Code (Health & Safety Code), EOCWD is authorized to establish and collect certain water rates and charges on the County of Orange (County) property tax roll by way of the Office of the Orange County Treasurer-Tax Collector; and

WHEREAS, the EOCWD Board of Directors (“Board”) adopted on February 23, 2023, Resolution No. 928, entitled, “Resolution of the Board of Directors of the East Orange County Water District Approving Guidelines for the Submission and Tabulation of Protests in Connection with Rate Hearings Conducted Pursuant to Article XIID, Section 6 of the California Constitution” (hereinafter, “Resolution No. 928”), setting forth the guidelines and procedures for the conduct of a Proposition 218 rate hearing; and

WHEREAS, the Board has previously undertaken proceedings and provided direction for the proposed establishment of certain rates and charges including the capital charge to be collected on the County property tax roll by way of the Office of the Orange County Treasurer-Tax Collector and that a noticed public hearing be held thereon as required by State law and as further described herein; and

WHEREAS, written notice of the referenced public hearing, the proposed establishment of the capital charge and the proposal to collect such capital charge on the County property tax roll by way of the Office of the Orange County Treasurer-Tax Collector has been provided to customers as required under applicable State law, including, but not limited to, Health & Safety Code Section 5473.1, the Policy and as further described herein; and

WHEREAS, a report concerning information on the proposed capital charge and identifying the properties subject to the capital charge has been prepared (hereinafter the

Secretary's Report) pursuant to Health & Safety Code Section 5473.1, which Secretary's Report has been made available for public review, made available for review by the Board and is on file with EOCWD's (District Secretary); and

WHEREAS, the Board has adopted Resolution No. 931 determining compliance with the procedural requirements, making findings, adopting certain water and water service rates and charges, including monthly capital charges, and taking related actions (hereinafter, "Water Rate Resolution"), which Water Rate Resolution was adopted on April 27, 2023, and which Resolution is incorporated herein by this reference; and

WHEREAS, on April 27, 2023, the Board conducted and completed a noticed public hearing held at the Clifton C. Miller Community Center located at 300 Centennial Way, Tustin, CA 92780, commencing at 5:00 p.m. on April 27, 2023, to receive public comments and protests regarding the proposed capital charge and the proposal to collect the capital charge on the County property tax roll by the Office of the Orange County Treasurer-Tax Collector; and

WHEREAS, the Board desires to make certain findings and determinations in connection with the adoption and approval of the capital charge and the proposal to collect the capital charge on the County property tax roll by way of the Office of the Orange County Treasurer-Tax Collector; and

WHEREAS, the Board desires to authorize the capital charge and to authorize the collection of the capital charge on the County property tax roll by way of the Office of the Orange County Treasurer-Tax Collector.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

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

Section 2. Provision of Notice. Pursuant to the requirements of Health & Safety Code Section 5470, and specifically Health & Safety Code Section 5473.1, notice of the proposed capital charge and the proposal to collect the capital charge through the County property tax roll by way of the Office of the Orange County Treasurer-Tax Collector was provided in the same manner, and using the same methods, as set forth in Section 2 of the Water Rate Resolution, which Section and Resolution are incorporated herein by this reference.

Section 3. Public Hearing. Pursuant to the provisions of Health & Safety Code Section 5473.2, the Board conducted a public hearing on the capital charge and the proposal to collect such capital charge through the County property tax roll process, not less than fourteen (14) days after the date of mailing of the within-referenced written notice to customers within EOCWD's boundaries, and to those customers located outside its service area, as set forth in Section 2 herein. Such public hearing was conducted at the Clifton C. Miller Community Center located at 300 Centennial Way, Tustin, CA 92780, commencing at 5:00 p.m. on April 27, 2023. At the time of the public hearing, the Board considered all protests against the capital charge and

the proposal to collect such capital charge through the County property tax roll process as set forth in Section 6 hereof. During such public hearing, the Board was presented with the results of all qualified protests to the proposed capital charge and the proposal to collect such capital charge through the County property tax roll process and heard and considered all public comments submitted to the Board during such public hearing and the Board finds and determines that a full and fair hearing was held.

Section 4. No Majority Protest. Pursuant to the provisions of Health & Safety Code Section 5473.2, the District Secretary has reviewed those protests received by EOCWD with regard to the proposed capital charge and the proposal to collect such capital charge through the County property tax roll process. Any and all protests submitted to EOCWD concerning such proposed capital charge proposal to collect such capital charge through the County property tax roll process were handled and considered. The District Secretary has compared such protests with the customer/property owner list on file with the District. The District Secretary has provided the Board with a statement of all such protests. Based thereon, the Board hereby finds and determines that the proposed capital charge and the proposal to collect such capital charge through the County property tax roll process described herein have not been protested by a majority of owners of parcels/customer accounts within EOCWD's service area.

Section 5. Findings and Determinations. The Board hereby finds and determines as follows:

- a. The findings and determinations set forth in Section 6 of the Water Rate Resolution are hereby restated and incorporated herein by this reference;
- b. The Board finds and determines that the procedural and notice requirements of Health & Safety Code Sections 5473, 5473a, 5473.1, 5473.2 and 5473.3 have been complied with;
- c. The capital charge revenues shall be utilized only for the purposes set out in Health & Safety Code Section 5471;
- d. The collection of the capital charge through the County property tax roll process will facilitate EOCWD's cash flow process and assist in stabilizing EOCWD's revenues and revenue collections; and
- e. The Secretary's Report has been presented to the Board and is on file with EOCWD. The Secretary's Report shall form the basis for the collection of the capital charge beginning in Fiscal Year 2023/24.

Section 6. Capital Charges and Collection. The Board hereby finds, determines, and directs as follows:

- a. The directives of Section 7 of the Water Rate Resolution are hereby restated and incorporated herein by this reference;
- b. For purposes of this Resolution, the capital charge shall also be considered to be adopted pursuant to Health & Safety Code Section 5473.3.

- c. Pursuant to Health & Safety Code Section 5470 *et seq.*, the Board authorizes and directs the collection of the capital charge through the County property tax roll process commencing with Fiscal Year 2023/24 and in each of the following fiscal years for the period of time covered by the water rates Report referenced in the Water Rate Resolution;
- d. The Board authorizes and directs that all filings required by Health & Safety Code Section 5470, *et seq.*, including, but not limited to, Sections 5473.1 and 5473.4, for the imposition and collection of the capital charges shall be made;
- e. The provisions of Health & Safety Code Sections 5473.5, 5473.7 and 5473.8 shall apply to the capital charges and their collection as authorized and directed herein; and
- f. The provisions of Health & Safety Code Section 5473.10 shall apply to the capital charges and their collection as authorized and directed herein. The General Manager is authorized to provide for the collection of penalties applicable thereon with the Office of the Orange County Treasurer-Tax Collector.

Section 7. Other Actions. EOCWD's General Manager, other officers, staff and consultants are hereby authorized and directed to take all necessary and appropriate actions as may be required or desirable to carry out the findings and directives of this Resolution.

Section 8. Partial Invalidity; Severability. If any one or more of the findings or directives set forth in this Resolution should be contrary to law, then such findings or directives, or such portions thereof, shall be null and void and shall be deemed separable from the remaining findings and directives or portions thereof and shall in no way affect the validity of this Resolution or the other directives set out herein. The Board hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized and approved the findings or directives set forth herein irrespective of the fact that any one or more sections, paragraphs, subdivisions sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9. Authority. This Resolution is adopted pursuant to the provisions of Water Code Sections 31000, 31001, 31007, 31024, 31025 and 30523, the provisions of Government Code Sections 53755, 53756 and 53759 and the provisions of Health & Safety Code Section 5470 *et seq.*

Section 10. Effective Date. This Resolution shall be effective immediately upon adoption by the Board.

ADOPTED, SIGNED, AND APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 932 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: PUBLIC HEARING ON SEWER RATES AND PROPERTY TAXES
DATE: APRIL 27, 2023

Background

The 2023 draft Rate Study was presented to the Board of Directors over numerous public meetings with the last meeting being February 23, 2023. The Board directed staff to initiate the Prop 218 process. Public notices pursuant to Prop 218 were mailed to all 17,513 customers on March 9, 2023. The notices were mailed in excess of the 45 days prior to the public hearing required by law. Since issuing the notice a total of eleven protest letters have been received.

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Adjustment (%)	0.0%	12.0%	12.0%	12.0%	12.0%	12.0%
SFR (annual charge)	\$108.00	\$120.96	\$135.48	\$151.73	\$169.94	\$190.33
MFR (annual charge)	\$75.60	\$84.67	\$94.83	\$106.21	\$118.96	\$133.23

The District took over the sewer system in 2016 and reduced these rates by 50%. The rates have been unchanged since 2016. By fiscal year 2028, rates will still be less than they were in 2015.

Recommendation

- 1) Conduct a public hearing on sewer system rates and capital charges.
- 2) Consider for Approval Resolution No. 933 Adoption of Rate Increase
- 3) Consider for Approval Resolution No. 934 Property Tax Authorization

Attachment(s): Resolution No. 933 Adoption of Rate Increase
 Resolution No. 934 Property Tax Authorization

RESOLUTION NO. 933

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST
ORANGE COUNTY WATER DISTRICT ESTABLISHING NEW
SCHEDULES OF SEWER RATES AND CHARGES EFFECTIVE
JULY 1, 2023

(PUBLIC HEARING – APRIL 27, 2023)

WHEREAS, East Orange County Water District (“EOCWD”) is a county water district organized and operating pursuant to California Water Code section 30000 *et seq.*; and

WHEREAS, EOCWD has authority to set and collect rates, fees, and charges for sewer and sewer service it provides pursuant to the provisions of California Water Code (“Water Code”) sections 31000, 31001, 31007, 31101, 31101.5 and 31102; and

WHEREAS, the provisions of Section 6 of Article XIID of the California Constitution (“Proposition 218”) are currently applicable to sewer rates and charges of public agencies and entities, including, but not limited to, sewer and sewer service rates of public water districts operating within the State under current State law; and

WHEREAS, the EOCWD Board of Directors (“Board”) adopted on February 23, 2023, Resolution No. 928, entitled, “Resolution of the Board of Directors of the East Orange County Water District Approving Guidelines for the Submission and Tabulation of Protests in Connection with Rate Hearings Conducted Pursuant to Article XIID, Section 6 of the California Constitution” (hereinafter, “Resolution No. 928”), setting forth the guidelines and procedures for the conduct of a Proposition 218 rate hearing; and

WHEREAS, the Board has previously undertaken proceedings and provided direction for proposed changes in certain EOCWD sewer rates and charges, including the proposed residential and nonresidential annual charges (hereinafter, “Sewer Rates and Charges”) and directed that notice of such proposed changes in such Sewer Rates and Charges be provided and that a public hearing be held thereon as required by State law, as described in Resolution No. 928 and as further described herein; and

WHEREAS, the Sewer Rates and Charges, as currently proposed, are set forth in Exhibit A, which is attached hereto and incorporated herein by this reference; and

WHEREAS, written notice of the referenced public hearing, the proposed Sewer Rates and Charges and implementation schedule, and written protest procedures (“Proposition 218 Notice”) has been provided to EOCWD’s customers as required under applicable State law and as further described herein; and

WHEREAS, there has been prepared by EOCWD documentation and financial data concerning EOCWD’s finances, fiscal projections, current and anticipated financial requirements, the costs and financing requirements for EOCWD to meet its future facilities and

sewer service requirements, and EOCWD's adopted budget for Fiscal Year 2022/23, as well as future budgetary projections, and the East Orange County Water District Retail Zone, Wholesale Zone, and Sewer Rate, and Capacity Fee Study ("Report") (which Report is incorporated herein by this reference), documenting the need for the proposed Sewer Rates and Charges as described herein, which data, information and Report are on file with EOCWD's District Secretary and has been made available to members of the public who may request such information and which information has been made available to, and in certain cases presented to, the Board as part of its consideration of this matter; and

WHEREAS, on April 27, 2023, the Board conducted and completed a noticed public hearing held at the Clifton C. Miller Community Center located at 300 Centennial Way in the City of Tustin, California 92780, which was held both in-person and via video- and audio-conference for the public, with the opportunity for members of the public to attend either in-person or virtually, in order to provide public input, comments, and written protests with regard to the proposed revised Sewer Rates and Charges in accordance with the procedures outlined in Resolution No. 928; and

WHEREAS, the Board of Directors has carefully reviewed and considered the proposed rate increases and has carefully considered all public comment and written protests submitted; and

WHEREAS, information to support the findings made by the Board within this Resolution has been prepared by EOCWD staff and consultants, made available to any member of the public who requested such information, and has been presented to the Board as part of its consideration of this matter; and

WHEREAS, the Board desires to make certain findings and determinations in connection with proposed Sewer Rates and Charges as set forth herein; and

WHEREAS, the Board desires to authorize the proposed Sewer Rates and Charges on the basis set forth herein, to comply with the schedule attached hereto, and to be effective as set forth within the text of this Resolution.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. The above recitals are true and correct, and are incorporated herein as findings of the Board by this reference.

Section 2. Notice. Pursuant to the provisions of Section 6(a)(1) of Article XIID of the California Constitution, California Government Code Sections 53755 and 53756, and Resolution No. 928, EOCWD provided written notice by mailing of the proposed Sewer Rates and Charges to EOCWD's customers of record and property owners of record. The form of such notice is on file with EOCWD's Secretary and has been presented to the Board as part of its proceedings. Such notice included the proposed maximum amount of the Sewer Rates and

Charges to be effective for EOCWD's customers, an identification of the reasons for the imposition of such proposed Sewer Rates and Charges, a method of calculation for EOCWD's customers to determine the impact of such revised Sewer Rates and Charges upon existing EOCWD customer accounts, and the proposed implementation schedule of such Sewer Rates and Charges. Such notice also included a statement of the date, time and location of the public hearing to be conducted on such proposed Sewer Rates and Charges by the Board and the opportunity to present protests concerning such water rate and charge changes to the Board. Mailing of such written notice was completed more than forty-five (45) days prior to the date set for conducting the public hearing. The applicable customer list to which such written notice was mailed is held by EOCWD's District Secretary. EOCWD also provided notice of such proposed Sewer Rates and Charges and the public hearing as follows:

- a. Notice of the proposed Sewer Rates and Charges, the proposed implementation schedule, public hearing, availability of documentation therefor and the opportunity to present protests concerning such proposed revised Sewer Rates and Charges was posted on EOCWD's website located at www.eocwd.com for a period of more than forty-five (45) days before the date the public hearing was conducted; and
- b. Notice of the proposed Sewer Rates and Charges, the date, time and place of such public hearing and the opportunity to present protests concerning such proposed revision of the Sewer Rates and Charges was posted at the following locations:
 - i. 185 North McPherson Road, Orange, CA 92869-3720, more than 45 days before the hearing;
- c. Notice was published in the *Orange County Register* on April 12, 2023, and April 19, 2023;
- d. Notice was published in the *Foothill Sentry*;
- e. Notice was provided on EOCWD's social media accounts, including both Facebook and Twitter.

The Proposition 218 Notice posted at the afore-mentioned locations included a statement referencing a 120-day statute of limitations for challenging the new/increased Sewer Rates and Charges as provided for pursuant to provisions of Government Code Section 53759(d).

Section 3. Data and Information Relating to Determination to Adopt and Implement Proposed Sewer Rates and Charges. The Board has been provided with, and/or had available to it, various reports, including, but not limited to, the Report, data and information supporting the findings made herein and the determination of the Board to revise EOCWD's Sewer Rates and Charges as described herein. Reference is also made to those meetings held by the Board, and supporting documentation made available to the Board and members of the public, as part of the consideration of the potential EOCWD imposition of the proposed Sewer Rates and Charges on on-going and future EOCWD financial considerations. Such data and information has been available, and made available, as applicable, to members of the public desiring to review such,

and is on file with EOCWD's District Secretary and available for review upon public request. Such data and information includes, but is not limited to, the following:

- a. EOCWD's adopted Fiscal Year 2022/23 Budget;
- b. Financial projections relating to EOCWD's financial and operating requirements, including, but not limited to, the costs and financing requirements for EOCWD to meet its future facilities requirements, future imported water purchase costs, future anticipated utilities costs and charges;
- c. The Report, which was made available to the Board and public at least 10 days prior to the hearing; and
- d. Financial considerations relating to the prudent and financially responsible level of EOCWD's financial dedicated funds and accounts (fiscal reserves), including policies relating thereto as previously established by this Board.

Section 4. Public Hearing. Pursuant to the provisions of Section 6(a)(2) of Article XIID of the California Constitution, EOCWD's Board conducted a public hearing on the proposed Sewer Rates and Charges, and proposed implementation schedule thereof, not less than forty-five (45) days after the date of mailing of the within-referenced written notice to EOCWD customers of record and owners of property served by EOCWD, as set forth in Section 2 herein. Such public hearing was conducted at the Clifton C. Miller Community Center located at 300 Centennial Way, Tustin, CA 92780, commencing at 5:00 p.m. on April 27, 2023. At the time of the public hearing, EOCWD's Board considered all protests against the proposed Sewer Rates and Charges as set forth in Section 5 hereof. Such public hearing was conducted in conformance with the requirements of Resolution 928. During such public hearing, the Board was presented with the results of all qualified protests to the proposed Sewer Rates and Charges and heard and considered all public comments submitted to the Board during such public hearing and a full and fair hearing was held.

Section 5. No Majority Protest. Pursuant to the provisions of Section 6(a)(2) of Article XIID of the California Constitution and the Policy, EOCWD's General Manager and/or District Secretary has reviewed those protests received by EOCWD with regard to the proposed imposition of the Sewer Rates and Charges. Any and all protests submitted to EOCWD concerning such proposed Sewer Rates and Charges were handled and considered as set forth in Resolution No. 928. EOCWD's General Manager and/or District Secretary has, to the extent necessary, compared such protests with EOCWD's customer list and parcel list on file with EOCWD. The General Manager and/or District Secretary has provided the Board with a statement of all such protests. Based thereon, the Board hereby determines that the proposed Sewer Rates and Charges described herein have not been protested by a majority of owners of parcels/customer accounts within EOCWD's service area, and, as such, a protest has not been received sufficient to preclude the adoption of the proposed increases to the Sewer Rates and Charges.

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

- a. EOCWD's current and projected finances, financial condition, and revenue requirements, based on information available to EOCWD and the costs and financing requirements for EOCWD to meet its future facilities and water service requirements have been considered and the Board has adopted a balanced budget for Fiscal Year 2022/23. Correspondingly, the Board hereby finds and determines that the revenues derived from the Sewer Rates and Charges set forth herein do not exceed the funds required by EOCWD to provide the sewer and sewer services EOCWD provides to its customers.
- b. The Board hereby determines and directs that revenues derived from the Sewer Rates and Charges set forth herein shall be used for the purposes for which EOCWD was formed and operates, including, but not limited to, the provision of water and water service to its customers, as applicable, and shall not be used for other purposes.
- c. EOCWD's annual residential and non-residential Sewer Rates are based on the availability of sewer service to each customer within each corresponding billing period. Correspondingly, the amount of EOCWD's Sewer Rates during the corresponding billing periods for customers do not exceed the cost of EOCWD's provision of sewer and sewer service to such customers.
- d. Section 6(b)(4) of Article XIID of the California Constitution provides that no fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. In the case of EOCWD's Sewer Rates and Charges referenced herein, EOCWD's services for sewer and sewer service are imposed on customers where such service is actually used by, or is immediately available to EOCWD customers whom are, and will be, subject to the Sewer Rates and Charges. EOCWD's revised rates and charges, as set forth herein, do not constitute any form of standby charge(s) as set forth in such section of the California Constitution.
- e. EOCWD's Sewer Rates and Charges are imposed only on its customers for the particular and specific sewer functions and services referenced herein. EOCWD's Sewer Rates and Charges are, and will be, imposed pursuant to EOCWD's Rules and Regulations as applicable to its customers. EOCWD does not, and will not, impose such Sewer Rates and Charges for purposes of the provision of general governmental services such as police, fire, ambulance or library services which are available to the public at large.
- f. EOCWD's Sewer Rates and Charges, as set forth herein, are part of an integrated finance and revenue system including Sewer Rates and Charges, revenue sources, projected expenditures, dedicated funds and other financial considerations. EOCWD's Sewer Rates and Charges are structured and implemented by EOCWD in order to meet its financial obligations and responsibilities to operate, maintain, replace, restore and improve its water systems and facilities, address anticipated

emergency service needs, to meet its legal and operational obligations and requirements and to conduct its business, administrative and governmental operations.

- g. With respect to the sewer rate and charge schedule described herein, the within-referenced notices and proceedings complied with Government Code sections 53756 and 53759(d). The Board determines and directs that provisions of Government Code section 53759 shall apply to the actions set forth in this Resolution.
- h. The reasons and basis for the adoption and implementation of the proposed Sewer Rates and Charges, and the method of calculation thereof, have been identified in the notices provided as set forth in Section 2 hereof and in the documentation and information referenced in Section 3 hereof.
- i. The Sewer Rates and Charges adopted and implemented hereby are not taxes under Section 1(e)(2) and (7) of the provisions of Article XIIC of the California Constitution inasmuch as the referenced Sewer Rates and Charges are: (i) services/products provided directly to the EOCWD customer of record and do not exceed the reasonable costs to EOCWD for the water and water service so provided; and (ii) under current California law such Sewer Rates and Charges are considered to be property-related fees for which EOCWD has complied with the applicable requirements of Article XIID of the California Constitution

Section 7. Adoption and Implementation of Revised Sewer Rates and Charges. The Board hereby adopts the proposed Sewer Rates and Charges, and revises such rates to conform to the schedule, set forth in Exhibit A, including the dates of implementation set out therein, which Exhibit is incorporated herein by this reference, unless reduced by the Board through separate action. EOCWD's other existing rates, fees and charges, which were not subject to the proceedings for revision undertaken as described herein, are not amended or revised by way of this Resolution, except the extent tied to such Sewer Rates and Charges. In the event that the Board shall determine to impose the within-referenced Sewer Rates and Charges at lower levels and/or at later dates than set forth in the attached schedule, the Board shall take such action(s) and thereafter provide notice of such change(s) and/or revision(s) to EOCWD's customers as required by applicable law.

Section 8. Alternate Rate Authority. The Board of Directors may elect through separate action to implement rates at a lower rate lower than those set forth in the Water Rates and Charge, but shall not implement rates higher than such Sewer Rates and Charges absent a subsequent noticed hearing pursuant to Proposition 218.

Section 9. California Environmental Quality Act ("CEQA"). The action taken herein is exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to the provisions of Public Resource Code section 21080(b)(8) and CEQA Guidelines section 15273(a).

Section 10. Other Actions. EOCWD's General Manager and other EOCWD officers and staff, as well as EOCWD's consultants, are hereby authorized and directed to take all necessary and appropriate actions as may be required or desirable to carry out the findings and directives of this Resolution.

Section 11. Partial Invalidity; Severability. If any one or more of the findings or directives set forth in this Resolution should be contrary to law, then such findings or directives, or such portions thereof, shall be null and void and shall be deemed separable from the remaining findings and directives or portions thereof and shall in no way affect the validity of this Resolution or the other directives set out herein. The Board hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized and approved the findings or directives set forth herein irrespective of the fact that any one or more sections, paragraphs, subdivisions sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 12. Authority. This Resolution is adopted pursuant to the provisions of applicable law, including, but not limited to, Water Code Sections 31000, 31001, 31101, 31101.5, 31102, and 30523 and the requirements of Government Code Sections 53755 and 53756.

Section 13. Superseding Prior Resolutions. This Resolution upon adoption, and subject to Section 12, hereby supersedes any prior Improvement District 1 (Sewer) Zone sewer rate resolutions, to the extent such resolutions are in conflict with the findings and directives of this Resolution. The sewer rate and charge schedules adopted by such prior resolutions shall be superseded and replaced by the Sewer Rate and Charges schedule set forth herein as of the dates set forth herein.

Section 14. Effective Date. This Resolution shall be effective immediately upon adoption by the Board.

ADOPTED, SIGNED, AND APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

EXHIBIT A

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Adjustment (%)	0.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Single-Family	\$108.00	\$120.96	\$135.48	\$151.73	\$169.94	\$190.33
Multi-Family	\$75.60	\$84.67	\$94.83	\$106.21	\$118.96	\$133.23

Continued on Next Page

Assessor User Code	Customer Type	Multiplier	Rate Per 1,000 sq.ft. or Unit (e.g., Proposed 2023 Rate)
1	VACANT LAND PARCEL	0%	\$0.00
2	ONE RESIDENCE	100%	\$120.96
3	TWO OR MORE SFR	70%	\$84.67
4	MISC IMPROVEMENT	71%	\$85.88
5	COMMON AREA PARCEL	0%	\$0.00
6	"HOLD" PARCEL	0%	\$0.00
7	MOBILEHOME	50%	\$60.48
8	EQUIV TO VACANT	0%	\$0.00
10	DUPLEX ONLY	70%	\$84.67
11	TRIPLEX ONLY	70%	\$84.67
12	04-UNITS ONLY	70%	\$84.67
13	5 TO 16 UNITS	70%	\$84.67
14	17 TO 25 UNITS	70%	\$84.67
15	26-40 UNITS ONLY	70%	\$84.67
16	41-99 UNITS ONLY	70%	\$84.67
17	100 OR MORE UNITS	70%	\$84.67
18	A MIX OF FORMS	70%	\$84.67
19	SFR WITH 1 OR 2 RENTALS	71%	\$85.88
20	AMUSEMENT PARKS	138%	\$166.92
21	AUTOMOBILE DEALERSHIP	39%	\$47.17
22	AUTO REPAIR SHOP	39%	\$47.17
23	AUTOMOTIVE SERVICE	39%	\$47.17
24	USED CAR LOT	39%	\$47.17
26	AIRPORT AND RELATED	56%	\$67.74
28	BOWLING ALLEYS	71%	\$85.88

29	CONVENTIONAL CAR WASH	1425%	\$1,723.68
30	COIN OPERATED CAR WASH	252%	\$304.82
32	CEMETERY & RELATED	56%	\$67.74
33	CHURCH BUILDINGS	20%	\$24.19
34	DORMITORY	99%	\$119.75
35	ENTERTAINMENT CENTER	138%	\$166.92
36	FINANCIAL BUILDINGS	39%	\$47.17
37	FRATERNAL BUILDINGS	49%	\$59.27
38	FUNERAL HOME	56%	\$67.74
39	GOLF COURSE	39%	\$47.17
40	HEALTH CLUB	33%	\$39.92
42	HOSPITAL	100%	\$120.96
43	HOTEL/MOTEL	109%	\$131.85
44	LUMBER/CONSTR MATL YARD	18%	\$21.77
45	MARINAS	56%	\$67.74
47	SUPERMARKET	84%	\$101.61
48	CONVENIENCE MARKET	44%	\$53.22
50	SINGLE MEDICAL BLDGS TO 3 STORIES	118%	\$142.73
51	SMALL MEDICAL CENTER	118%	\$142.73
52	MEDICAL CENTER COMPLEX	118%	\$142.73
53	HIGH RISE MEDICAL	118%	\$142.73
54	CONVERTED RESIDENCE TO MEDICAL	118%	\$142.73
55	MOBILE HOME PARK	52%	\$62.90
56	HOTEL/MOTEL	109%	\$131.85
57	MOTORCYCLE/SMALL VEHICLE BLDG	39%	\$47.17
58	NURSERIES (PLANTS)	9%	\$10.89

60	NURSING HOME	103%	\$124.59
62	CONVERTED RES. USED AS NURSING	103%	\$124.59
63	LOW RISE APARTMENT BLDG	108%	\$130.64
61	CONVALESCENT HOSPITALS	99%	\$119.75
64	HIGH RISE RETIREMENT BUILDING	108%	\$130.64
65	SINGLE OFFICE BLDGS TO 3 STORIES	40%	\$48.38
66	SMALL OFFICE CENTER	40%	\$48.38
67	OFFICE COMPLEX	40%	\$48.38
68	HIGH RISE OFFICE	39%	\$47.17
69	CONVERTED RESIDENCE TO OFFICE	40%	\$48.38
71	PARKING GARAGE	18%	\$21.77
72	PAVED PARKING LOT	18%	\$21.77
73	RECREATION	138%	\$166.92
74	RECREATION VEHICLE PARK	23%	\$27.82
76	RESTAURANT - LOW DEMAND	212%	\$256.44
77	RESTAURANT - COFFEE SHOP	424%	\$512.87
78	RESTAURANT - DINNER HOUSE	424%	\$512.87
79	RESTAURANT - CONVERSION FROM SFR	424%	\$512.87
81	PRE-SCHOOLS, NURSERY OR CARE	80%	\$96.77
82	PRIVATE SCHOOLS	80%	\$96.77
83	AUTOMOTIVE SERVICE STATION	39%	\$47.17
84	MARINE SERVICE STATION	39%	\$47.17
85	COMBIN: SERV STN/RESTAURANT	42%	\$50.80

86	COMBIN:SERVICE STN/CONVIENCE MKT	39%	\$47.17
88	LOW DEMAND CENTER	36%	\$43.55
89	AVERAGE DEMAND CENTER	92%	\$111.28
90	HIGH DEMAND CENTER	149%	\$180.23
92	SKATING RINKS	71%	\$85.88
94	DEPARTMENT STORE	22%	\$26.61
95	DISCOUNT STORE	22%	\$26.61
96	UNATTACHED SINGLE STORE	22%	\$26.61
97	STRIP STORE	22%	\$26.61
98	STORE WITH OFFICES OR LIV QTR	80%	\$96.77
99	STORE W/ OFFICE UPSTAIRS	80%	\$96.77
100	DRIVE-IN THEATER	9%	\$10.89
101	UNATTACHED THEATER	49%	\$59.27
103	CHEMICAL TANK AND BULK STORAGE	100%	\$120.96
104	FOOD PROCESSING PLANT	100%	\$120.96
105	COLD STORAGE PLANT	100%	\$120.96
106	FACTORY	100%	\$120.96
107	LIGHT INDUSTRIAL - SINGLE TENANT	30%	\$36.29
108	LIGHT INDUSTRIAL - MULTI TENANT	30%	\$36.29
109	RESEARCH AND DEVELOPMENT	30%	\$36.29
110	WAREHOUSE - SINGLE TENANT	11%	\$13.31
111	WAREHOUSE - MULTI TENANT	11%	\$13.31
112	STEEL BUILDING	5%	\$6.05
113	MINI-WAREHOUSE	5%	\$6.05

114	INDUSTRIAL PARK	30%	\$36.29
115	RECREATIONAL VEHICLE STORAGE	11%	\$13.31
116	TRUCK TERMINAL	11%	\$13.31
118	GOVERNMENTAL USE	79%	\$95.56
119	PUBLIC UTILITY	100%	\$120.96
120	WATER MUTUAL OR COMPANY	100%	\$120.96
121	PARCEL OF MINIMAL OR NO VALUE	0%	\$0.00
122	SUBSURFACE PARCELS	0%	\$0.00
124	OIU MINERAL RIGHTS	0%	\$0.00
125	MINERAL RIGHTS EQUIPMENT	0%	\$0.00
126	VACANT COMMON AREA-IMP ALLOC	0%	\$0.00
201	HOME OWNERS EXEMPTION ADD'N	0%	\$0.00
223	LAUNDROMAT	1563%	\$1,890.60
224	NIGHTCLUB	146%	\$176.60
225	UNITED STATES POST OFFICE	28%	\$33.87
666	UNASSIGNED VACANT	0%	\$0.00
777	SEPTIC TANK PROPERTY	0%	\$0.00
888	CONVERSION-COMPOSITE PROP	100%	\$120.96

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 933 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

RESOLUTION NO. 934

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT AUTHORIZING CERTAIN SANITARY SEWER CHARGES AND DIRECTING THE COUNTY TAX COLLECTOR TO INCLUDE SANITARY SEWER SERVICE CHARGES ON THE FISCAL YEAR 2023/2024 PROPERTY TAX BILLS

WHEREAS, the Orange County Sanitation District (“OCSD”) adopted OCSD Ordinance Nos. OCSD-43 (“OCSD-43”), OCSD-46 (“OCSD-46”), and OCSD Resolution No. 16-09 (collectively, “OCSD Actions”), whereby the OCSD Board of Directors (“OCSD Board”) adopted, imposed, and collected rates and charges for sanitary sewer services and facilities provided by OCSD and established procedures related thereto, applicable to OCSD Service Area No. 7 (hereafter, “OCSD Service Area 7,” or “OCSD-7”); and

WHEREAS, on or about May 11, 2016, the Orange County Local Agency Formation Commission (“LAFCO”) approved the transfer of OCSD-7 to the East Orange County Water District (“EOCWD”), and, among other things, created EOCWD Improvement District 1 (“Improvement District 1,” or “ID1”); and

WHEREAS, on or about July 21, 2016, the EOCWD Board of Directors (“Board”) declared its intention to retain in full force and effect in Improvement District No. 1 of the EOCWD all OCSD ordinances, including the OCSD Actions, establishing local sanitary sewer service charges and Table B Property Use Classifications, as amended from time to time; and

WHEREAS, on or about July 21, 2016, the Board adopted Resolution No. 16-2, establishing Local Sanitary Sewer Services Charges and Table B Property Use Classifications. Resolution No. 16-2 is attached hereto as Exhibit A, and incorporated herein by this reference; and

WHEREAS, the Board, on April 27, 2023, following a noticed public hearing and the preparation and adopting of a rate study pursuant to Section 6, Article XIID of the California Constitution (“Proposition 218”), adopted Resolution No. 933 increasing sanitary sewer charges for Improvement District No. 1, effective July 1, 2023, with such rates reflecting and not exceeding the project actual costs of service; and

WHEREAS, the Board has previously undertaken proceedings and provided direction for the annual sewer rates to be collected on the County property tax roll by way of the Office of the Orange County Treasurer-Tax Collector and that a noticed public hearing be held thereon as required by State law and as further described herein; and

WHEREAS, written notice of the referenced public hearing, the proposed establishment of the capital charge and the proposal to collect such capital charge on the County property tax roll by way of the Office of the Orange County Treasurer-Tax Collector has been provided to

customers as required under applicable State law, including, but not limited to, Health & Safety Code Section 5473.1, the Policy and as further described herein; and

WHEREAS, a report concerning information on the proposed capital charge and identifying the properties subject to the capital charge has been prepared (hereinafter the Secretary's Report) pursuant to Health & Safety Code Section 5473.1, which Secretary's Report has been made available for public review, made available for review by the Board and is on file with EOCWD's (District Secretary); and

WHEREAS, pursuant to California Health and Safety Code Sections 4766 and 5473, the Board, by a two-thirds vote of its members, is authorized to elect to have the proposed local sanitary sewer service charges collected on the tax roll in the same manner, by the same persons, and at the same time as, together with, and not separate from, general taxes; and

WHEREAS, the Board, in Resolution No. 16-2, authorized and ordered the County Tax Collector to make said collections in accordance with the terms and conditions of agreements between the County and EOCWD; and

WHEREAS, pursuant to Proposition 218, sanitary sewer service charges may be deemed to be charges for property-related services. The sanitary sewer service charges set by EOCWD comply with the provisions of Proposition 218, in that they do not exceed the cost to EOCWD to provide the service and facilities. The charges are imposed exclusively to finance the capital costs, maintenance, and operating expenses of EOCWD's sewer facilities.

NOW, THEREFORE, THE BOARD OF DIRECTIONS OF EOCWD DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The rates and charges set forth in EOCWD Resolution No. 933 are affirmed herein by the Board of Directors, as consistent with the findings hereinabove stated, for Fiscal Years 2023/2024, in those amounts set forth in Table A in Exhibit B. The Annual Local Sewer Service Charges are set forth in Table B in Exhibit C. Both Exhibits B and C are incorporated herein by this reference.

Section 2. Pursuant to California Health and Safety Code Sections 4766 and 5473, the County Tax Assessor is hereby ordered and directed to include sanitary sewer service charges, as adopted by EOCWD Resolution No. 933, in the same manner, by the same persons, and at the same time as, together with, and not separately from, the general taxes; and that such sanitary sewer service charges be included in the annual property taxes for Fiscal Year 2023/2024.

Section 3. Pursuant to California Health and Safety Code Section 5473, this Resolution shall remain in full force and effect until amended or repealed, or until such time as the rates of the sanitary sewer charges, as established by EOCWD Resolution No. 933, are changed by increasing the annual rate.

Section 4. The General Manager of EOCWD, or her designee, shall be, and is hereby, authorized and directed to execute any necessary documents or agreements to implement the order set forth in Section 2 of this Resolution.

ADOPTED, SIGNED and APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

EXHIBIT A

RESOLUTION NO. 16-2

EXHIBIT B

TABLE A

ANNUAL LOCAL SEWER SERVICE CHARGES RESIDENTIAL USERS

Sewer Rates	Fiscal Year 2023/2024
Effective Date	7/1/2023
Single-Family	\$120.96
Multi-Family	\$84.67

SFR = SINGLE FAMILY RESIDENTIAL
MFR = MULTI-FAMILY RESIDENTIAL

* The SFR Fee is the minimum local sewer service charge any user must pay.

** The MFR Fee is charged per residential unit.

EXHIBIT C

TABLE B

Assessor User Code	Customer Type	Multiplier	Rate Per 1,000 sq.ft. or Unit
1	VACANT LAND PARCEL	0%	\$0.00
2	ONE RESIDENCE	100%	\$120.96
3	TWO OR MORE SFR	70%	\$84.67
4	MISC IMPROVEMENT	71%	\$85.88
5	COMMON AREA PARCEL	0%	\$0.00
6	"HOLD" PARCEL	0%	\$0.00
7	MOBILEHOME	50%	\$60.48
8	EQUIV TO VACANT	0%	\$0.00
10	DUPLEX ONLY	70%	\$84.67
11	TRIPLEX ONLY	70%	\$84.67
12	04-UNITS ONLY	70%	\$84.67
13	5 TO 16 UNITS	70%	\$84.67
14	17 TO 25 UNITS	70%	\$84.67
15	26-40 UNITS ONLY	70%	\$84.67
16	41-99 UNITS ONLY	70%	\$84.67
17	100 OR MORE UNITS	70%	\$84.67
18	A MIX OF FORMS	70%	\$84.67
19	SFR WITH 1 OR 2 RENTALS	71%	\$85.88
20	AMUSEMENT PARKS	138%	\$166.92
21	AUTOMOBILE DEALERSHIP	39%	\$47.17
22	AUTO REPAIR SHOP	39%	\$47.17
23	AUTOMOTIVE SERVICE	39%	\$47.17
24	USED CAR LOT	39%	\$47.17
26	AIRPORT AND RELATED	56%	\$67.74
28	BOWLING ALLEYS	71%	\$85.88
29	CONVENTIONAL CAR WASH	1425%	\$1,723.68
30	COIN OPERATED CAR WASH	252%	\$304.82
32	CEMETERY & RELATED	56%	\$67.74
33	CHURCH BUILDINGS	20%	\$24.19
34	DORMITORY	99%	\$119.75
35	ENTERTAINMENT CENTER	138%	\$166.92
36	FINANCIAL BUILDINGS	39%	\$47.17
37	FRATERNAL BUILDINGS	49%	\$59.27
38	FUNERAL HOME	56%	\$67.74

Assessor User Code	Customer Type	Multiplier	Rate Per 1,000 sq.ft. or Unit
39	GOLF COURSE	39%	\$47.17
40	HEALTH CLUB	33%	\$39.92
42	HOSPITAL	100%	\$120.96
43	HOTEL/MOTEL	109%	\$131.85
44	LUMBER/CONSTR MATL YARD	18%	\$21.77
45	MARINAS	56%	\$67.74
47	SUPERMARKET	84%	\$101.61
48	CONVENIENCE MARKET	44%	\$53.22
50	SINGLE MEDICAL BLDGS TO 3 STORIES	118%	\$142.73
51	SMALL MEDICAL CENTER	118%	\$142.73
52	MEDICAL CENTER COMPLEX	118%	\$142.73
53	HIGH RISE MEDICAL	118%	\$142.73
54	CONVERTED RESIDENCE TO MEDICAL	118%	\$142.73
55	MOBILE HOME PARK	52%	\$62.90
56	HOTEL/MOTEL	109%	\$131.85
57	MOTORCYCLE/SMALL VEHICLE BLDG	39%	\$47.17
58	NURSERIES (PLANTS)	9%	\$10.89
60	NURSING HOME	103%	\$124.59
62	CONVERTED RES. USED AS NURSING	103%	\$124.59
63	LOW RISE APARTMENT BLDG	108%	\$130.64
61	CONVALESCENT HOSPITALS	99%	\$119.75
64	HIGH RISE RETIREMENT BUILDING	108%	\$130.64
65	SINGLE OFFICE BLDGS TO 3 STORIES	40%	\$48.38
66	SMALL OFFICE CENTER	40%	\$48.38
67	OFFICE COMPLEX	40%	\$48.38
68	HIGH RISE OFFICE	39%	\$47.17
69	CONVERTED RESIDENCE TO OFFICE	40%	\$48.38
71	PARKING GARAGE	18%	\$21.77
72	PAVED PARKING LOT	18%	\$21.77
73	RECREATION	138%	\$166.92
74	RECREATION VEHICLE PARK	23%	\$27.82
76	RESTAURANT - LOW DEMAND	212%	\$256.44
77	RESTAURANT - COFFEE SHOP	424%	\$512.87
78	RESTAURANT - DINNER HOUSE	424%	\$512.87
79	RESTAURANT - CONVERSION FROM SFR	424%	\$512.87
81	PRE-SCHOOLS, NURSERY OR CARE	80%	\$96.77
82	PRIVATE SCHOOLS	80%	\$96.77
83	AUTOMOTIVE SERVICE STATION	39%	\$47.17
84	MARINE SERVICE STATION	39%	\$47.17
85	COMBIN: SERV STN/RESTAURANT	42%	\$50.80
86	COMBIN:SERVICE STN/CONVIENCE MKT	39%	\$47.17
88	LOW DEMAND CENTER	36%	\$43.55

Assessor User Code	Customer Type	Multiplier	Rate Per 1,000 sq.ft. or Unit
89	AVERAGE DEMAND CENTER	92%	\$111.28
90	HIGH DEMAND CENTER	149%	\$180.23
92	SKATING RINKS	71%	\$85.88
94	DEPARTMENT STORE	22%	\$26.61
95	DISCOUNT STORE	22%	\$26.61
96	UNATTACHED SINGLE STORE	22%	\$26.61
97	STRIP STORE	22%	\$26.61
98	STORE WITH OFFICES OR LIV QTR	80%	\$96.77
99	STORE W/ OFFICE UPSTAIRS	80%	\$96.77
100	DRIVE-IN THEATER	9%	\$10.89
101	UNATTACHED THEATER	49%	\$59.27
103	CHEMICAL TANK AND BULK STORAGE	100%	\$120.96
104	FOOD PROCESSING PLANT	100%	\$120.96
105	COLD STORAGE PLANT	100%	\$120.96
106	FACTORY	100%	\$120.96
107	LIGHT INDUSTRIAL - SINGLE TENANT	30%	\$36.29
108	LIGHT INDUSTRIAL - MULTI TENANT	30%	\$36.29
109	RESEARCH AND DEVELOPMENT	30%	\$36.29
110	WAREHOUSE - SINGLE TENANT	11%	\$13.31
111	WAREHOUSE - MULTI TENANT	11%	\$13.31
112	STEEL BUILDING	5%	\$6.05
113	MINI-WAREHOUSE	5%	\$6.05
114	INDUSTRIAL PARK	30%	\$36.29
115	RECREATIONAL VEHICLE STORAGE	11%	\$13.31
116	TRUCK TERMINAL	11%	\$13.31
118	GOVERNMENTAL USE	79%	\$95.56
119	PUBLIC UTILITY	100%	\$120.96
120	WATER MUTUAL OR COMPANY	100%	\$120.96
121	PARCEL OF MINIMAL OR NO VALUE	0%	\$0.00
122	SUBSURFACE PARCELS	0%	\$0.00
124	OIU MINERAL RIGHTS	0%	\$0.00
125	MINERAL RIGHTS EQUIPMENT	0%	\$0.00
126	VACANT COMMON AREA-IMP ALLOC	0%	\$0.00
201	HOME OWNERS EXEMPTION ADD'N	0%	\$0.00
223	LAUNDROMAT	1563%	\$1,890.60
224	NIGHTCLUB	146%	\$176.60
225	UNITED STATES POST OFFICE	28%	\$33.87

Assessor User Code	Customer Type	Multiplier	Rate Per 1,000 sq.ft. or Unit
666	UNASSIGNED VACANT	0%	\$0.00
777	SEPTIC TANK PROPERTY	0%	\$0.00
888	CONVERSION-COMPOSITE PROP	100%	\$120.96

NOTE: Multiply the Table A Single Family Residential Rate by the percentage figure above in order to determine the rate per 1,000 square feet for the commercial or industrial user.

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: PUBLIC HEARING ON FOG FEE COLLECTION
DATE: APRIL 27, 2023

Background

The District manages a Fats, Oils and Grease (FOG) Program in order to protect the public's collection system infrastructure. The program is required by the State Water Resources Control Board and is intended to prevent sewer overflows and blockages.

This program requires inspection, permitting and monitoring of approximately 290 food service establishments (FSEs). In the past, it has been difficult to collect fees from some establishments requiring the District to expend a great deal of resources pursuing fee collection. The District intends to collect these fees through annual property taxes to eliminate the challenges in fee collection.

Notice was provided in the form of a letter to the property owners where the FSE's are present. A total of 170 property owners were mailed a notice on April 10, 2023.

Recommendation

- 1) Conduct a public hearing on FOG Fee Collection
- 2) Consider for Approval Resolution No. 935 FOG Property Tax Authorization

Attachment(s): Resolution No. 935 FOG Property Tax Authorization

RESOLUTION NO. 935

RESOLUTION OF THE EAST ORANGE COUNTY WATER DISTRICT BOARD OF DIRECTORS ELECTING THAT PREVIOUSLY-ADOPTED FATS, OILS, AND GREASE PERMIT FEES BE COLLECTED BY THE COUNTY OF ORANGE VIA COUNTY OF ORANGE TAX ROLLS

WHEREAS, the East Orange County Water District (“EOCWD” or “District”) is a county water district formed and operating pursuant to Water Code Section 30000, *et seq.* with the authority to adopt and amend capacity charges and the authority to amend its Rules and Regulations; and

WHEREAS, on June 15, 2017, the Board of Directors (“Board”) for District adopted Resolution No. 799, which amended the applicable fee to be paid by certain applicants for the fats, oils, and grease (“FOG”) permits required by FOG control regulations to food service establishments; and

WHEREAS, pursuant to Health & Safety Code section 5470 *et seq.*, the District is authorized to collect certain charges for services and facilities furnished by it in connection with its water, sanitation, storm drainage, or sewerage system via the County of Orange (“County”) property tax roll through County agencies; and

WHEREAS, the foregoing election to have certain fees or charges collected by the County via the County’s property tax roll must be adopted by a two-thirds vote of the members of the Board; and

WHEREAS, District staff desire that the Board authorizes the collection of FOG fees via the County’s property tax role; and

WHEREAS, per Health & Safety Code section 5473, the District must cause a written report (“Report”) to be prepared each year and filed with the Clerk of the Board, which must contain a description of each parcel of real property subject to FOG permit fees and the amount of the charge for each parcel for the year, computed in conformity with the charges prescribed by Resolution No. 799; and

WHEREAS, per Health & Safety Code section 5473.1, and before the District may have FOG permit fees collected on the tax roll for the first time, the Clerk of the Board must cause a notice in writing of the filing of the above-referenced Report for the forthcoming fiscal year and of the time and place of a hearing thereon; and

WHEREAS, the notice for the initial Report must be mailed to each person to whom any parcel or parcels of real property described in the Report is assessed in the last equalized assessment roll available on the date said report is prepared, at the address shown on said assessment roll or as known to the Clerk; and

WHEREAS, the District's initial Report of each parcel of real property subject to FOG permit fees is attached hereto as Exhibit A; and

WHEREAS, District staff duly mailed to each person to whom any parcel or parcels of real property described in the Report is assessed notice of the filing of the initial Report and of the time and place of a hearing thereon per Health & Safety Code section 5473.1; and

WHEREAS, on April 27, 2023, the Board duly held a public hearing on the initial Report attached hereto per Health & Safety Code sections 5473.2 and 5473.3.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. All of the above-listed recitals are incorporated herein.
2. The Board hereby adopts the Report.
3. The Board hereby elects to have FOG permit fees collected by the County.
4. Pursuant to Health & Safety Code section 5473.4, the Clerk of this Board shall file the initial Report, along with any Report in subsequent years, with the County Auditor (or other responsible County agency) on or before August 10 of each year.
5. The Notice of the filing of any Report in subsequent fiscal years is not required to be mailed to each property owner. Instead, the notice of the filing of any subsequent Report, along with the time and place of the public hearing, shall be published pursuant to Government Code section 6066, which generally requires publication in a newspaper once a week for at least two successive weeks.
6. The General Manager, and/or the General Manger's designee(s), is/are hereby authorized to take any further action necessary to accomplish the purposes of this Resolution. The General Manager, and/or the General Manger's designee(s), is/are each hereby authorized and directed to proceed with any steps necessary or arising from these findings and orders of this Resolution.

(Remainder of page left blank.)

7. This Resolution shall take effect immediately upon approval by the Board.

APPROVED, ADOPTED, AND SIGNED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

006313.00006
40175733.2

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 935 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: WHOLESALE RATE INCREASE
DATE: APRIL 27, 2023

Background

The wholesale system rates are not subject to Proposition 218. The Board can adopt or change these rates at a properly noticed public meeting. Based on the financial analysis in the Rate Study, a revenue increase of 7% per year is necessary. The table below reflects the proposed rates:

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment						
Readiness to Serve Charge		7.0%	7.0%	7.0%	7.0%	7.0%
Replacement Reserve Fund Charge		7.0%	7.0%	7.0%	7.0%	7.0%
Readiness to Serve Charge						
Annual Charge, \$/meter	\$8.50	\$10.82	\$11.58	\$12.39	\$13.25	\$14.18
Replacement Reserve Fund Charge						
Meter Size						
5/8-Inch	\$16.00	\$9.69	\$10.37	\$11.09	\$11.87	\$12.70
3/4-Inch	\$16.00	\$9.69	\$10.37	\$11.09	\$11.87	\$12.70
1-Inch	\$16.00	\$16.15	\$17.28	\$18.49	\$19.78	\$21.17
1-1/2-Inch	\$16.00	\$32.29	\$34.55	\$36.97	\$39.56	\$42.33
2-Inch	\$16.00	\$51.67	\$55.29	\$59.16	\$63.30	\$67.73
3-Inch	\$16.00	\$113.03	\$120.94	\$129.41	\$138.47	\$148.16
4-Inch	\$16.00	\$203.45	\$217.69	\$232.93	\$249.24	\$266.68
6-Inch	\$16.00	\$516.70	\$552.87	\$591.57	\$632.98	\$677.29
8-Inch	\$16.00	\$904.23	\$967.53	\$1,035.26	\$1,107.72	\$1,185.26

The last increase to the wholesale rates occurred in July 2018. Since then, inflation has increased costs by approximately 18%. In addition to the increase in rates, the replacement reserve fund is proposed to be charged based on meter size. This results in a more equitable cost distribution based on the impacts to the system.

Recommendation

Consider for Approval Resolution No.936 Adoption of Rate Changes to Wholesale System

Attachment(s): Resolution No.936 Adoption of Rate Changes to Wholesale System

RESOLUTION NO. 936

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
EAST ORANGE COUNTY WATER DISTRICT ESTABLISHING
RATES AND CHARGES FOR THE SALE OF WATER ON A
WHOLESALE BASIS WITHIN THE DISTRICT

WHEREAS, East Orange County Water District (“EOCWD”) is a county water district organized and operating pursuant to California Water Code section 30000 *et seq.*; and

WHEREAS, EOCWD has authority to set and collect rates, fees, and charges for water and water service it provides pursuant to the provisions of California Water Code (“Water Code”) sections 31000, 31001, 31007, 31024, and 31025; and

WHEREAS, EOCWD is committed to establishing a fair and equitable rate structure that reflects the cost of providing water service; and

WHEREAS, Proposition 26, approved by California voters on November 2, 2010, requires that fees for a specific government service or product must not exceed the reasonable cost of providing the service or product; and

WHEREAS, Government Code section 66016 establishes the procedures for the adoption of fees for water service and related requirements for public hearings and notices; and

WHEREAS, the EOCWD has conducted a comprehensive cost of service study (“Study”) to determine the reasonable cost of providing wholesale water service to its customers, which was made available for public review on or before March 13, 2023; and

WHEREAS, the EOCWD has followed the required procedures under Government Code Section 66016, including mailing notice and time and place of the meeting to any party who filed a written request relative to new or increased fees at least 14 days before the meeting on new or increased fees; and making available to the public at least days before its meeting data indicating the cost, or estimated cost, required to provide the service for which the fee or charge is levied, and the revenue sources anticipated to provide the service; and

WHEREAS, the Board of Directors of the Metropolitan Water District of Southern California (MWD or MWDSC) has established its rates for water sold for all potable classes of service; and

WHEREAS, the Board of Directors of Municipal Water District of Orange County (MWDOC) has established its rates and charges for water sold for all classes of service, including per connection charges and per acre foot surcharges for water delivered through the Allen-McColloch Pipeline System; and

WHEREAS, the Board of Directors of East Orange County Water District (EOCWD) has duly considered the cost to EOCWD of providing water on a wholesale basis to water distributing agencies within EOCWD, including anticipated repairs to facilities necessary in the future and financial reserve needs; and

WHEREAS, the Study has proposed wholesale rates for water that are cost-based and proportional to the services provided; and

WHEREAS, Paragraph (b) of Section 21080 of the Public Resources Code provides that the establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies are exempt from the requirement of the California Environmental Quality Act of 1970 (CEQA), provided that findings are made specifying the basis for the claim of exemption;

NOW, THEREFORE, the Board of Directors of EOCWD DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. It is hereby found and determined that the water rates and charges proposed for adoption herein are based upon the actual cost of purchasing and supplying water, including the maintenance and operation of the water system, and that such rates are imposed upon the request for or use of service and not on property or ownership of property.

Section 2. The rates for the sale of treated water on a wholesale basis by EOCWD shall be established at the amounts set forth in Exhibit A to this resolution.

Section 3. An EOCWD replacement reserve charge in the amount per month retail water connection set forth in Exhibit A, separate from and in addition to the herein-established rate per acre foot, is established and shall be calculated and billed as follows: This charge shall be billed to each retail water purveyor, including the EOCWD Retail Zone, as an aggregated amount equal to the charge multiplied by the number of the purveyor's retail water service meters and meter size as reported to MWDOC.

Section 4. An EOCWD readiness-to-serve charge in the amount per month per retail water connection set forth in Exhibit A, separate from and in addition to the above-established rate per acre foot, is established and shall be calculated and billed as follows: This charge shall be billed to each retail water purveyor, including the EOCWD Retail Zone, as an aggregated amount equal to the charge multiplied by the number of the purveyor's retail water service meters as reported to MWDOC.

Section 5. The per retail water connection charges established by MWDOC are not included in the above-established rate and shall be passed through to the retail water purveyors within EOCWD, as follows: This charge shall be billed to each retail water purveyor as an aggregated amount equal to the charge multiplied by the number of the purveyor's retail water service meters.

Section 6. The MWDOC capacity charge shall be allocated by EOCWD and billed to each retail water purveyor as a fixed charge in monthly installments as invoiced to EOCWD by MWDOC. EOCWD shall apportion the charge among the retail water purveyors based upon the largest amount of water each purveyor purchased from EOCWD, excluding in-lieu deliveries, during the period May through September in the last three calendar years preceding the current year.

Section 7. Each retail water purveyor receiving an allocation of EOCWD's or MWDOC's per retail connection charges, or MWDOC's readiness-to-serve, new demand or capacity charges and corresponding base amounts derived from EOCWD purchases shall establish the manner of recovering such amounts, including any transactions with respect to its base amounts, in its own discretion.

Section 8. Pursuant to Resolution No. 595, included in the per acre foot rates established hereby is the amount per meter shown in Exhibit A, which shall be deposited into the reserve for facilities replacement purposes within the Replacements and Capital Improvements Fund - Wholesale System.

Section 9. The rates and charges established herein shall be effective on the applicable dates set forth in Exhibit A.

Section 10. The rates and charges for the wholesale system shall be billed monthly by the 16th of the month, and shall be due on the first of the following month. Late fees shall apply as set forth in the retailer service agreements.

Section 11. It is hereby found and determined that the water rates and charges adopted hereby are within the purposes set forth in Section 21080(b)(8) of the Public Resources Code, including, but not by way of limitation, the purposes of meeting operating expenses, purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements, and obtaining funds for capital facilities necessary to maintain service within existing service areas and therefore are exempt from CEQA pursuant to said Section 21080(b)(8).

ADOPTED, SIGNED AND APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 936 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

006313.00010
40662011.3

EAST ORANGE COUNTY WATER DISTRICT
RATES AND CHARGES FOR
WHOLESALE WATER SERVICE

Proposed Rates	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Effective Date	Current Rate	Jul 2023	Jul 2024	Jul 2025	Jul 2026	Jul 2027
Revenue Adjustment						
Readiness to Serve Charge		COS	7.0%	7.0%	7.0%	7.0%
Replacement Reserve Fund Charge		COS	7.0%	7.0%	7.0%	7.0%
Readiness to Serve Charge						
Annual Charge, \$/meter	\$8.50	\$10.82	\$11.58	\$12.39	\$13.25	\$14.18
Replacement Reserve Fund Charge						
Meter Size						
5/8-Inch	\$16.00	\$9.69	\$10.37	\$11.09	\$11.87	\$12.70
3/4-Inch	\$16.00	\$9.69	\$10.37	\$11.09	\$11.87	\$12.70
1-Inch	\$16.00	\$16.15	\$17.28	\$18.49	\$19.78	\$21.17
1-1/2-Inch	\$16.00	\$32.29	\$34.55	\$36.97	\$39.56	\$42.33
2-Inch	\$16.00	\$51.67	\$55.29	\$59.16	\$63.30	\$67.73
3-Inch	\$16.00	\$113.03	\$120.94	\$129.41	\$138.47	\$148.16
4-Inch	\$16.00	\$203.45	\$217.69	\$232.93	\$249.24	\$266.68
6-Inch	\$16.00	\$516.70	\$552.87	\$591.57	\$632.98	\$677.29
8-Inch	\$16.00	\$904.23	\$967.53	\$1,035.26	\$1,107.72	\$1,185.26

Service or Charge	Rate	Effective
MWDOC Wholesale Full Service Treated, per acre foot	\$ 1,256/AF	January 1, 2024
MWDOC Administrative Fee, pass-through per connection	\$ 14.25/meter	July 1, 2023

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: WHOLESALE, RETAIL & SEWER CONNECTION FEES & CAPACITY CHARGES
DATE: APRIL 27, 2023

Background

As part of the rate study, an analysis of connection fees and capacity charges for the retail zone, wholesale zone and the sewer zone. These are one-time chargers for a new connection to the system. An equity buy-in approach was developed utilizing the financials including cash on hand to determine the present value of each system. That system value is divided by the current connections yields a proposed fee going forward for new connections.

Wholesale System

The present value of the wholesale system is \$35,706,302. Details of this value are shown in the rate study. With a total of 33,092 equivalent meters, a per meter cost of \$1,079 was calculated, a slight increase from the previous \$952. New connections would be charged \$1,079 per equivalent meter.

Retail System

The present value of the retail system was determined to be \$12,216,699. Details of this calculation are included in the rate study. There are 1,525 equivalent meters in the system which yields \$8,011 as the per equivalent meter cost. Prior fee was \$6,103. New connections to the retail system would be charged \$8,011 per equivalent meter.

Sewer System

The sewer system value was determined to be \$301,948,769. The rate study includes the details of this calculation. The sewer system has a total of 28,491 equivalent dwelling units (EDUs). This yields a cost of \$10,598 per EDU. Prior fees were \$2,469 per EDU. New connections to the sewer system would be charged \$10,598.

Recommendation

- A) Consider for Approval Resolution No. 937 Retail Capacity Charges
- B) Consider for Approval Resolution No. 938 Wholesale Connection and Capacity Charges
- C) Consider for Approval Resolution No. 939 Sewer (ID1) Connection and Capacity Charges

Attachment(s): Resolution No. 937 Retail Capacity Charges
Resolution No. 938 Wholesale Connection and Capacity Charges
Resolution No. 939 Sewer (ID1) Connection and Capacity Charges

RESOLUTION NO. 937

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT ADOPTING CONNECTION FEES TO NON-WATER DELIVERY CONNECTION FEES AND CAPACITY CHARGES FOR RETAIL SERVICE

WHEREAS, the Board of Directors of East Orange County Water District (EOCWD) has duly considered the cost to EOCWD of providing non-water delivery services within the Retail Zone of EOCWD, including establishment of water services and other processing fees and charges, and previously adopted water service connection fees (also commonly referred to as capacity charges) to assure that the connection fees reflect the linkage between the charges and benefits received by new customers and do not exceed the proportionate share of costs associated with providing service; and

WHEREAS, Paragraph (b) of Section 21080 of the Public Resources Code provides that the establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies is exempt from the requirements of the California Environmental Quality Act of 1970 (CEQA), provided that findings are made specifying the basis for the claim of exemption; and

WHEREAS, charges relating to establishment of service and other processing fees and charges are not property-related fees or charges governed by Article XIID of the Constitution of the State of California; and

WHEREAS, Government Code Section 65852.2 provides for a modified application of water connection fees for accessory dwelling units; and

WHEREAS, for purposes of this resolution, an accessory dwelling unit (“ADU”) shall mean a secondary house, apartment, or similar living space that shares the building lot of a larger, primary single-family dwelling unit (“SFDU”), and

WHEREAS, for purposes of this resolution, a junior accessory dwelling unit (“Junior ADU”) shall mean an ADU that is no more than 500 square feet in size and is entirely contained within a SFDU (a Junior ADU may include separate sanitation facilities or may share sanitation facilities within the existing structure); and

WHEREAS, to the extent provided by Government Code Section 65852.2(f)(1), the District shall not consider an ADU to be a new residential use for purposes of calculating connection fees for water service, unless the ADU is constructed along with the SFDU, but instead shall calculate such connection fees as provided herein for Enclosed ADUs or Expanded ADUs as defined below; and

WHEREAS, for purposes of this Resolution, an “Enclosed ADU” shall include any ADU or Junior ADU that:

- (a) is located on an existing or proposed lot with a SFDU and does not, when including the proposed ADU or Junior ADU, have more than one ADU and one Junior ADU;
- (b) is within the proposed or existing physical dimensions and space of an SFDU, except that up to 150 square feet may protrude outside the existing space of the SFDU if only for ingress and egress purposes;
- (c) has its own exterior access separate from the access for the SFDU;
- (d) has sufficient side and rear setbacks for fire and safety, and
- (e) for Junior ADUs, otherwise comply with the requirements of Government Code Section 65852.22, including that:
 - (i). owner-occupancy in either the SFDU or Junior ADU, unless the owner is a government agency, land trust, or housing organization;
 - (ii). recorded deed restriction, which will run with the land, filed with the permitting agency, that includes both: (1) prohibited sale of Junior ADU separate from the SFDU; and (2) restrictions on size and attributes of Junior ADU to ensure it is maintained as a Junior ADU;
 - (iii). Unit includes an efficiency kitchen, including (1) cooking facility with appliances; and (2) food preparation counter and storage cabinets of reasonable relation to the size of the Junior ADU; and

WHEREAS, for purposes of this Resolution, an “Expanded ADU” shall constitute any ADU not otherwise constituting an Enclosed ADU; and

WHEREAS, charges relating to establishment of service and other processing fees and charges are not property-related fees or charges governed by Article XIII D of the Constitution of the State of California; and

WHEREAS, the Board of Directors has considered the new and increased charges relating to establishment of service and other processing fees and charges.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. It is hereby found and determined that the water rates, fees and charges as amended hereby are within the purposes set forth in Section 21080(b)(8) of the Public Resources Code, including, but not by way of limitation, the purposes of meeting operating expenses, purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements, and obtaining funds for capital facilities necessary to maintain service within existing service areas and therefore are exempt from CEQA pursuant to said Section 21080(b)(8).

Section 2. Enclosed ADUs. For an Enclosed ADU, EOCWD will neither:

- (i) require the applicant to install a new or separate connection directly between the ADU and the water system; nor
- (ii) impose a connection fee, unless the ADU is constructed along with a new SFDU; and

Section 3. Expanded ADUs. For an Expanded ADU, the EOCWD:

- (i) may require a new or separate utility connection directly between the Expanded ADU and the water system; and
- (ii) shall impose a connection fee that shall be proportionate to the burden of the proposed ADU on the water system, based on the proportionate square footage of the ADU versus the SFDU.

Section 4. It is hereby found and determined that the establishment of water service and other processing fees and charges as amended hereby are non-delivery charges that recover the actual cost of the services for which the fees and charges are imposed.

Section 5. It is hereby found and determined that the rates and charges amended hereby are imposed on the basis of demand as determined by measurements including water metering and meter size, dwelling units or other demand-generation characteristics of properties requesting connection, and the cost of service restoration, inspection and other services provided for all fees, and that such rates, charges and fees are imposed upon the request for or use of a non-delivery service.

Section 6. It is hereby found and determined that relative to the requirements of Sections 66013 and 66016 of the Government Code of the State of California, the data indicating the estimated cost and revenue sources to provide the service for which the charges are imposed has been made publicly available at least 10 days prior to the meeting at which this resolution is adopted, and that the connection and capacity charges established or increased hereby do not exceed the estimated reasonable cost of providing the service for which they are imposed.

Section 7. The following amended rate(s), fee(s) or charge(s) are hereby adopted, and the corresponding rate(s), fee(s) or charge(s), if any, currently in effect are hereby superseded: as set forth in Exhibit "A" attached to this resolution and by this reference incorporated herein. Staff is directed to incorporate the rate(s), fee(s) or charge(s) amended hereby into the schedule of rates, fees and charges for the provision of domestic water service on a retail basis by EOCWD.

Section 8. This Resolution shall be effective upon its adoption.

ADOPTED, SIGNED AND APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors
thereof

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 937 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

Exhibit A

EAST ORANGE COUNTY WATER DISTRICT
RETAIL ZONE
REVISIONS TO NON-DELIVERY CHARGES

New Connection Fee/Capacity Charge, Per Residential Unit

(Includes retail water system capacity charge; does not include cost of meter setting, service lateral, main extension or reimbursement for main extension).....(see below schedule)

Retail Water Capacity Fees		
By Meter Size	EM Capacity Ratio	Capacity Fees/Connection
5/8"	1.0	\$8,011
3/4"	1.0	\$8,011
1"	1.7	\$13,352
1 1/2"	3.3	\$26,703
2"	5.3	\$42,725
3"	11.7	\$93,462

Enclosed ADUs..... No Connection Fees or Capacity Charges

Expanded ADUs $\frac{\text{ADU Square Footage}}{\text{Existing SFDU Square Footage}} \times \text{Connection Fee by Meter Size}$

RESOLUTION NO. 938

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
EAST ORANGE COUNTY WATER DISTRICT ESTABLISHING
CONNECTION AND CAPACITY CHARGES FOR THE
WHOLESALE SERVICE ZONE WITHIN THE DISTRICT

WHEREAS, the Rules and Regulations of East Orange County Water District for Wholesale Service Zone Water Connection Charges (the “Rules and Regulations”), as amended by Resolution No. 772, provide in Section D thereof that the amounts of the connection charges shall be as established from time to time by the Board of Directors; and

WHEREAS, EOCWD has prepared a study of the wholesale connection charges (also commonly referred to as capacity charges) through its consultant, Raftelis, to assure that the connection and capacity charges reflect the linkage between the charges and the benefits received by new customers and do not exceed the proportional share of costs associated with providing service; and

WHEREAS, based on its consideration of the study, the Board of Directors deems that it would be in the interest of the District to revise the connection and capacity charges; and

WHEREAS, Paragraph (b) of Section 21080 of the Public Resources Code provides that the establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies are exempt from the requirement of the California Environmental Quality Act of 1970 (CEQA), provided that findings are made specifying the basis for the claim of exemption; and

WHEREAS, the proposed revisions to the connection fees, as set forth in Exhibit A to this resolution, do not modify or establish any property-related fees or charges subject to the notice and hearing procedures of Article XIID of the Constitution of the State of California.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. It is hereby found and determined that the water rates and charges adopted hereby are within the purposes set forth in Section 21080(b)(8) of the Public Resources Code, including, but not by way of limitation, the purposes of meeting operating expenses, purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements, and obtaining funds for capital facilities necessary to maintain service within existing service areas and therefore are exempt from CEQA pursuant to said Section 21080(b)(8).

Section 2. It is hereby found and determined that relative to the requirements of Sections 66013 and 66016 of the Government Code of the State of California, the data indicating the estimated cost and revenue sources to provide the service for which the charges are imposed has been made publicly available at least 10 days prior to the meeting at which this resolution is

adopted, and that the connection and capacity charges established or increased hereby do not exceed the estimated reasonable cost of providing the service for which they are imposed.

Section 3. The connection charges for the wholesale service zone of EOCWD shall be established at the amounts set forth in Exhibit A to this resolution, effective on the applicable dates set forth in Exhibit A.

ADOPTED, SIGNED AND APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

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40822710.1

Exhibit A

WHOLESALE ZONE CAPACITY FEE SCHEDULE

Wholesale Water Capacity Fees		
Meter Size	EM Capacity Ratio	Capacity Fee/Connection
5/8"	1.0	\$1,079
3/4"	1.0	\$1,079
1"	1.7	\$1,798
1 1/2"	3.3	\$3,597
2"	5.3	\$5,755
3"	11.7	\$12,588
4"	21.0	\$22,659
6"	53.3	\$57,547
8"	93.3	\$100,707
10"	140.0	\$151,060

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 938 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

RESOLUTION NO. 939

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
EAST ORANGE COUNTY WATER DISTRICT ESTABLISHING
CONNECTION FEES AND CAPACITY CHARGES FOR THE
SEWER IMPROVEMENT DISTRICT NO. 1 WITHIN THE
DISTRICT

WHEREAS, the East Orange County Water District (“EOCWD”) has had prepared a revised study (“Study”) reviewing its connection fees (also commonly referred to as capacity charges) for the Sewer Improvement District No.1 (“ID1”), with such Rate Study completed by its consultant Raftelis;

WHEREAS, the Capacity Study was prepared to assure that the connection fees reflect the linkage between the charges and the benefits received by new customers and do not exceed the proportional share of costs associated with providing service; and

WHEREAS, based on its consideration of the Study, the Board of Directors deems that it would be in the interest of the District to revise the connection and capacity charges; and

WHEREAS, Government Code Section 65852.2 provides for a modified application of sewer connection fees for accessory dwelling units;

WHEREAS, for purposes of this resolution, an accessory dwelling unit (“ADU”) shall mean a secondary house, apartment, or similar living space that shares the building lot of a larger, primary single-family dwelling unit (“SFDU”), and

WHEREAS, for purposes of this resolution, a junior accessory dwelling unit (“Junior ADU”) shall mean an ADU that is no more than 500 square feet in size and is entirely contained within a SFDU (a Junior ADU may include separate sanitation facilities or may share sanitation facilities within the existing structure); and

WHEREAS, to the extent provided by Government Code Section 65852.2(f)(1), the District shall not consider an ADU to be a new residential use for purposes of calculating connection fees for sewer service, unless the ADU is constructed along with the SFDU, but instead shall calculate such connection fees as provided herein for Enclosed ADUs or Expanded ADUs as defined below; and

WHEREAS, for purposes of this Resolution, an “Enclosed ADU” shall include any ADU or Junior ADU that:

- (a) is located on an existing or proposed lot with a SFDU and does not, when including the proposed ADU or Junior ADU, have more than one ADU and one Junior ADU;
- (b) is within the proposed or existing physical dimensions and space of an SFDU, except that up to 150 square feet may protrude outside the existing space of the SFDU if only for ingress and egress purposes;
- (c) has its own exterior access separate from the access for the SFDU;
- (d) has sufficient side and rear setbacks for fire and safety, and
- (e) for Junior ADUs, otherwise comply with the requirements of Government Code Section 65852.22, including that:
 - (i). owner-occupancy in either the SFDU or Junior ADU, unless the owner is a government agency, land trust, or housing organization;
 - (ii). recorded deed restriction, which will run with the land, filed with the permitting agency, that includes both: (1) prohibited sale of Junior ADU separate from the SFDU; and (2) restrictions on size and attributes of Junior ADU to ensure it is maintained as a Junior ADU;
 - (iii). Unit includes an efficiency kitchen, including (1) cooking facility with appliances; and (2) food preparation counter and storage cabinets of reasonable relation to the size of the Junior ADU; and

WHEREAS, for purposes of this Resolution, an “Expanded ADU” shall constitute any ADU not otherwise constituting an Enclosed ADU; and

WHEREAS, Paragraph (b) of Section 21080 of the Public Resources Code provides that the establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies are exempt from the requirement of the California Environmental Quality Act of 1970 (CEQA), provided that findings are made specifying the basis for the claim of exemption; and

WHEREAS, the proposed revisions to the connection fees, as set forth in Exhibit A to this resolution, do not modify or establish any property-related fees or charges subject to the notice and hearing procedures of Article XIID of the Constitution of the State of California.

NOW, THEREFORE, the Board of Directors of the East Orange County Water District DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. It is hereby found and determined that the sewer connection fees adopted hereby are within the purposes set forth in Section 21080(b)(8) of the Public Resources Code, including, but not by way of limitation, the purposes of meeting operating expenses, purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements, and obtaining funds for capital facilities necessary to maintain service within existing service areas and therefore are exempt from CEQA pursuant to said Section 21080(b)(8).

Section 2. Enclosed ADUs. For an Enclosed ADU, EOCWD will neither:

- (i) require the applicant to install a new or separate connection directly between the ADU and the sewer; nor
- (ii) impose a connection fee, unless the ADU is constructed along with a new SFDU; and

Section 3. Expanded ADUs. For an Expanded ADU, EOCWD:

- (i) may require a new or separate utility connection directly between the Expanded ADU and the sewer system; and
- (ii) shall impose a connection fee that shall be proportionate to the burden of the proposed ADU on the sewer system, based on the proportionate square footage of the ADU versus the SFDU.

Section 4. It is hereby found and determined that relative to the requirements of Sections 66013 and 66016 of the Government Code of the State of California, the data indicating the estimated cost and revenue sources to provide the service for which the charges are imposed has been made publicly available at least 10 days prior to the meeting at which this resolution is adopted, and that the connection and capacity charges established or increased hereby do not exceed the estimated reasonable cost of providing the service for which they are imposed.

Section 5. The connection fees for the Sewer ID1 service zone of EOCWD shall be established in the amounts set forth in Exhibit A, which is attached hereto and incorporated herein by this reference.

Section 6. This Resolution shall hereby supersede any prior resolutions adopted for purposes of establishing connection and capacity charges for the Sewer ID1 service zone of EOCWD.

ADOPTED, SIGNED AND APPROVED this 27th day of April, 2023.

Douglass S. Davert, President
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, JEFFREY A. HOSKINSON, Secretary of the Board of Directors of the EAST ORANGE COUNTY WATER DISTRICT, do hereby certify that the foregoing Resolution No. 939 was duly adopted by the Board of Directors of said District at a Regular Meeting of said District held on April 27, 2023, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeffrey A. Hoskinson, Secretary
EAST ORANGE COUNTY WATER DISTRICT
and of the Board of Directors thereof

006313.00006
40822162.1

EXHIBIT A

SEWER CONNECTION FEES/CAPACITY CHARGES

New Connections\$10,598 per connection
Enclosed ADUs.....No Connection Fees
Expanded ADUs ADU Square Footage x \$10,598/connection
Existing SFDU Square Footage



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: DIRECTOR'S REPORTS
DATE: APRIL 27, 2023

Background

Board members represented the District at the following meetings in March 2023:

President Davert

3/8 OC LAFCO Commission Meeting
 3/23 EOCWD Regular Board Meeting

Vice President Murdoch

3/1 ACWA Region 10 State Legislative Committee Prep Meeting
 3/22 ACWA Region 10 State Legislative Committee Prep Meeting
 3/23 EOCWD Regular Board Meeting

Director Sears

3/3 Water Advisory Committee of Orange County (WACO) Meeting
 3/6 Foothill Communities Association Annual Meeting
 3/23 EOCWD Regular Board Meeting
 3/30 ISDOC Virtual Quarterly Luncheon

Director Thoms

3/3 Water Advisory Committee of Orange County (WACO) Meeting
 3/6 Foothill Communities Association Annual Meeting
 3/23 EOCWD Regular Board Meeting

Director Nielsen

3/23 EOCWD Regular Board Meeting

Recommendation

Informational.

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: LEGISLATIVE AND OUTREACH REPORT
DATE: APRIL 27, 2023

Background

Attached is most recent monthly report from Lewis & Consulting Group and Townsend & Associates regarding local, regional and state issues and legislation of interest to the District. Additionally, copies of our monthly print and social media outreach are also attached.

Recommendation

Receive and File.

Attachment(s): Townsend Legislative Report
Lewis Consulting – County of Orange Report
Foothills Sentry Outreach Ad
Communications Lab Social Media Report

MEMORANDUM

To: East Orange County Water District
From: Townsend Public Affairs
Date: April 11, 2023
Subject: State and Federal Legislative Monthly Report

State Legislative Update

The month of March highlighted the State Legislature's quick pace of considering and amending legislation to ensure bills progressed through their first house. In addition to the growing momentum of legislative activity within the Legislature, March featured numerous developments related to addressing priority issues such as homelessness, mental health reform, and high gas prices. Below is an overview of pertinent State actions from the month of March.

State Legislature

Each week throughout the month of March featured numerous policy committees and robust agendas for bill considerations. This pace will continue through April and May, before bills must cross over to their second house. The Legislature will shift its focus once again to the budget process in May, which marks the time the Governor debuts his "May Revision" of the January budget proposal, followed by the constitutional deadline of July 1 wherein the Governor must sign a budget bill into law.

In addition to numerous policy committee events, March saw a number of bill amendments. Since the bill introduction of February 17, the Legislature produced 1,751 Assembly Bills and 881 Senate Bills, for a total of 2,632 bills. Of those bills introduced, there were 495 spot bills and 551 intent bills between the two houses, for a total of 1,046 placeholder measures. That means 40 percent of the introduced bills were placeholder measures in need of substantive language amendments.

Governor Newsom Announces the Easement of Drought Restrictions

On March 24, Governor Newsom announced the State's plan to ease previous Emergency Drought Restrictions. The following restrictions have been eased, while some have been maintained in line with the State's water preservation measures:

- Ends the voluntary 15% water conservation goal, continues to encourage using water wisely;
- Ends requirement that local water agencies implement level 2 drought contingency plans;
- Maintains ban on wasteful water uses, like watering ornamental grass on commercial grounds;
- Preserves current emergency orders focused on groundwater supply;
- Maintains orders on specific watersheds that have not benefited as much from recent rains;
- Retains state of emergency for all 58 counties so response and recovery efforts can continue.

These actions come as the State announced increased water deliveries to 29 public water agencies that serve 27 million Californians, now expecting to deliver 75 percent of requested water supplies – up from 35 percent announced in February, and the highest since 2017.

While the winter storms have mitigated some issues related to the drought, the Governor iterated that regions and communities across the State continue to experience water supply shortages, especially communities that rely on groundwater supplies that have been severely depleted in recent years.

California Snowpack and Water Supply Conditions

California continues to reel from a series of extreme weather events and storms throughout the Winter and Spring. The storms brought much needed snow and rain, as well as destructive flooding to many parts of the State that have not seen wet conditions in several years. While first responders and emergency response personnel still work in the aftermath of the storms, California's water supply conditions are rebounding.

California officials are anticipating that the snowpack received as a result of a wet start of the year is maybe the deepest and densest in over 70 years. Specifically, analysis shows that snowpack contains as much as 30 million acre feet of water, enough to supply the entire State for more than a year. The statewide snowpack last week was 237% of normal for the date, the deepest on record since the State's network of snow sensors was established in the mid-1980s.

California Department of Water Resources staff as well as other relevant State agencies have switched gears to prepare for the inevitable flooding as a result from snowpack melting too quickly. The sudden rush of water is expected to overflow several of the State's smaller reservoirs, causing potential flooding downstream.

Governor Newsom Tours State to Discuss Priority Issues: Homelessness, Prison Reform, Public Safety, and Mental Health Care

In lieu of a State of the State this year, Governor Newsom opted to hold a statewide tour and meet directly with residents and make major announcements related to reducing homelessness, improving public safety, reducing health care costs, and initiating mental health care reforms. The tour took place during the week of March 16.

The first announcement regarding reducing homelessness was made in Sacramento. During this first announcement, the Governor discussed state funding programs aimed at reducing homelessness, including the \$1 billion poised to be distributed to cities, counties, and continuums of care as part of the fourth cycle of the Homeless, Housing Assistance, and Prevention (HHAP) grant program. Additionally, the Governor discussed investments in encampment resolution, including a \$30 million investment to build 1,200 tiny homes across the state this year. The homes, some as small as 120 square feet, can be assembled in 90 minutes and cost a fraction of what it takes to build permanent housing. The Governor said the homes can create space to help clear homeless encampments that have sprung up across the State's major cities.

Following his announcement on homelessness efforts, the Governor made his second announcement regarding public safety and prison reforms from San Quentin Prison. He

announced that the prison will be renamed to the “San Quentin Rehabilitation Center.” The prison will move from a maximum-security prison to a prison focused on education, training, and rehabilitation. Maximum-security inmates will begin to be moved to other prisons to allow for the change. The Governor has asked the Legislature for \$20 million for this initiative in the upcoming budget cycle. The new San Quentin Rehabilitation Center takes practices found in places such as Norway.

In his third announcement, the Governor discussed the State’s progress toward public safety and health reforms, including addressing the fentanyl crisis. The Governor announced that the State would begin to manufacture and distribute its own opioid antagonist medicine through its contract with CalRx. CalRx was authorized in 2020 as part of the State’s efforts to partner with drugmakers that could produce cheaper generic alternatives to existing drugs that are no longer protected by patents, including naloxone and insulin. Governor Newsom has approved \$100 million in the State budget for the project. These budget efforts are likely to complement legislative proposals seeking to expand access and education relating to opioid antagonist drugs

Finally, on Sunday March 19, the Governor concluded his tour by discussing reforms that would go on the 2024 ballot to improve how California treats mental health and substance use disorders.

The Governor’s proposal breaks down to three main components:

- A general obligation bond to finance the construction of thousands of new community mental health facilities throughout the state.
- Reforms to the MHSA, directing \$1 billion annually to pay for housing and other community-based residential solutions, expanding treatment eligibility to include those with substance use disorders, and creating greater flexibility in the use of remaining funds.
- Alignment of behavioral health benefits across all health plans in California and new accountability and oversight measures for county behavioral health plans. (more to come)

Federal Legislative Updates

The month of March saw numerous Federal actions related to the proposed authorization of emergency management funds, housing production assistance, and congressional support for ending the COVID-19 federal state of emergency. Below is an overview of pertinent federal actions from the month of March.

Congress Agrees to End Federal COVID-19 State of Emergency

During the last week of March, the Senate voted 68-23 on a resolution (H.J. Res. 7) that would end the COVID-19 national emergency. The measure, which the House approved earlier this year, will now be presented to President Biden for his signature. Despite the White House’s strong opposition to the resolution, along with the Administration’s plan to wind down both the national emergency and the public health emergency on May 11, President Biden has indicated that he will sign the measure into law. At the same time, the Administration has signaled that it will continue working with agencies to phase out the emergency declaration with as much notice as possible to Americans who could potentially be impacted.

US Department of the Interior Releases Proposed Plan for Colorado River Operations

On April 11, the US Department of the Interior released a proposal to address the ongoing water shortages along the Colorado River. The draft Supplemental Environmental Impact Statement (SEIS) analyzes two alternatives that would either force dramatic cuts to California's allocation, or focus cuts on Nevada and Arizona. A major focus of the proposals is to maintain hydropower capabilities on Glenn Canyon and Hoover Dams.

The draft SEIS will be available for public comment for 45 calendar days and the final SEIS is anticipated to be available with a Record of Decision in Summer 2023. This document will inform the August 2023 decisions that will affect 2024 operations for Glen Canyon and Hoover Dams.

From the DOI's announcement:

The draft SEIS analyzes three alternatives, which reflect input from the Basin states, cooperating agencies, Tribes and other interested parties, including comments submitted during the SEIS public scoping period, including two written proposals from the Basin states that informed the following alternatives considered in this draft SEIS:

- **No Action Alternative:** The No Action Alternative describes the consequences of continued implementation of existing agreements that control operations of Glen Canyon Dam and Hoover Dam, including under further deteriorating hydrologic conditions and reservoir elevations.
- **Action Alternative 1:** Action Alternative 1 models potential operational changes to both Glen Canyon Dam and Hoover Dam. Action Alternative 1 includes modeling for reduced releases from Glen Canyon Dam, as well as an analysis of the effects of additional Lower Colorado River Basin shortages based predominately on the **priority of water rights**. Action Alternative 1 models progressively larger additional shortages as Lake Mead's elevation declines, and larger additional shortages in 2025 and 2026, as compared with 2024. The total shortage contributions in 2024, including those under existing agreements, are limited to 2.083 million-acre-feet because this is the maximum volume analyzed in the 2007 Interim Guidelines final environmental impact statement.
- **Action Alternative 2:** Action Alternative 2 is similar to Action Alternative 1 in how it models potential operational changes to both Glen Canyon Dam and Hoover Dam. Action Alternative 2 includes modeling for reduced releases from Glen Canyon Dam, as well as an analysis of the effects of additional Lower Colorado River Basin reductions that are distributed in the **same percentage** across all Lower Basin water users under shortage conditions. While both the 2007 Interim Guidelines and the 2019 Drought Contingency Plan encompass shortages and contributions that reflect the priority system, the incremental, additional shortages identified in Action Alternative 2 for the remainder of the interim period would be distributed in the same percentage across all Lower Basin water users. Action Alternative 2 models progressively larger additional shortages as Lake Mead's elevation declines and models larger Lower Basin shortages in 2025 and 2026 as compared with 2024. The total shortage contributions in 2024, including those under existing agreements, are limited to 2.083 million-acre-feet because this is the maximum volume analyzed in the 2007 Interim Guidelines FEIS.

Members of the public interested in providing input on the SEIS can do so through May 30, 2023, per instructions in the *Federal Register* that will be published on April 14, 2023. Additional information about virtual public meetings can be found at [Reclamation's website](#).

Congress Passes, but President Biden Vetoes Resolution of Disapproval of Biden WOTUS Rule

The U.S. House of Representatives and U.S. Senate both approved a resolution of disapproval of President Biden's revamped Waters of the United States (WOTUS) rule in March. The resolution would have vacated the rule however President Biden vetoed it. Without further congressional action the revised WOTUS rule went into effect on March 20.

The final WOTUS rule, published on January 18, 2023, puts in place WOTUS regulations in place prior to 2015's Clean Water Rule promulgated by the Obama Administration, and incorporates several changes mandated by subsequent Supreme Court rulings. The definition of WOTUS impacts local infrastructure operators in that if a water is now defined as a Water of the United States, a public agency may need to apply for a federal permit to maintain or build new infrastructure that touches on the water in question.

The new WOTUS rule is subject to ongoing litigation and an upcoming Supreme Court decision in the case *Sackett v. EPA*. Depending on the outcome of the case, the final rule may need to be rewritten.

Increased Federal Water Allocations

The U.S. Bureau of Reclamation and California Department of Water Resources have both increased water allocations on the Central Valley Project and State Water Project respectively following the record setting storms of the 2022-2023 Winter.

The increased allocations reflect the record setting hydrology of this water year.

An overview of the federal water allocation can be read [here](#).

An overview of the state water allocation can be read [here](#).

The County of Orange Report

Prepared for the East Orange County Water District

April 21, 2023

by Lewis Consulting Group



LAFCO Proceeds with Consolidation Study

The April 12, 2023 meeting of LAFCO was heavily anticipated and well attended. The request by OCWD to add a study of possible consolidation between MWDOC and OCWD is what led to the interest.

OCWD was scheduled to have its overdue MSR [COVID-19 delayed] this year, but they also requested the consolidation study and have offered \$300,000 to pay for it.

The main order of business was to vote on two consulting contracts to carry out the study. The major contract was awarded to Albert Webb and Associates, a highly regarded engineering firm based in Riverside County. The second contract was awarded to attorney John Schatz, former General Manager of the Santa Margarita Water District. The vote to award the two contracts was nearly unanimous, with only County Supervisor Andrew Do choosing to abstain.

In public comments, two MWDOC Board members, Karl Seckel and Al Nederhood, were strongly critical of the Orange County Grand Jury Report, which inspired the latest consolidation effort. Director Nederhood referred to potential consolidation as both a “hostile takeover and a shotgun wedding”. Both Directors argued that the vote to select consolidation be postponed until future meetings between the two Boards could be conducted.

In Commissioners comments, both Orange County Supervisor Don Wagner and Andrew Do expressed a lack of confidence in the Orange County Grand Jury work product. Another wrinkle inserted into the process was when Santa Margarita Director Sandra Jacobs suggested the process should be used as an opportunity to study the possibility of adjudicating water basin rights for South County water agencies.

Prior to the vote, Chairman Davert reminded the Commission that they were merely voting on a study, not the application for the merger. He urged the Commissioners to “move forward a proper application” which is what they ultimately did.



COUNTY TIDBITS

- ◆ *Supervisor Andrew Do* will term-out-of-office in 2024. Already, Orange County Water District Director *Van Tran* has declared his candidacy. *Tran* is a former California Assemblyman and current chief-of-Staff to Supervisor Do. Waiting in the wings as a likely candidate is current State Senator and former County Supervisor *Janet Nguyen*. Both are pillars in Orange County’s Vietnamese community. This will be a marquee match-up.
- ◆ If *Janet Nguyen* emerges victorious, rumors have it that current Huntington Beach Mayor *Tony Strickland* will seek the vacated State Senate seat. *Strickland*, a former resident of Ventura County represented both Ventura and Santa Barbara counties as a member of the State Assembly and later as State Senator.
- ◆ While former GOP Chairman and past Assembly Republican leader *Scott Baugh* is the presumptive Republican nominee for the 47th Congressional District, Democrats will have at least two formidable progressive candidates to choose from. Current State Senator *Dave Min* and community activist *Joanna Weiss* are squaring off in the primary. *Weiss* is founder and President of Women for American Values and Ethics. An even more intriguing primary was sidelined by the withdrawal of former Congressman *Harley Rouda* from the race due to health concerns.

November 2024 - A Peek Ahead

The crystal ball forecasting the future Presidential victor is extremely cloudy. Serious questions are unknown. Will Donald Trump’s legal perils derail his election? Will Joe Biden’s health be an impediment to running? Will another Republican wrestle the nomination away from the former President? Will Biden attract a significant primary opponent from the left? At least initially, Trump seems to have received a sympathy bounce from Republican voters. At this time, the most likely scenario is a Biden-Trump rematch.

General Election: Trump vs. Biden

[Trump vs. Biden](#) | [DeSantis vs. Biden](#) | [Trump vs. Harris](#) | [DeSantis vs. Harris](#)

Polling Data						
Poll	Date	Sample	MoE	Trump (R)	Biden (D) *	Spread
RCP Average	2/24 - 4/11	--	--	44.1	42.4	Trump +1.7
YouGov	4/8 - 4/11	1322 RV	2.9	44	43	Trump +1
Rasmussen	3/30 - 4/3	971 LV	3.0	47	40	Trump +7
Yahoo News	3/30 - 3/31	729 RV	4.0	43	45	Biden +2
Quinnipiac	3/23 - 3/27	1600 RV	2.5	46	48	Biden +2
Harris	3/22 - 3/23	2905 RV	--	45	41	Trump +4
Marquette	3/12 - 3/22	863 RV	4.0	38	38	Tie
Emerson	2/24 - 2/25	1060 RV	2.9	46	42	Trump +4

All General Election: Trump vs. Biden Polling Data

Colorado River Allocation Update

This year's snowpack in the Colorado River basin has bought some time for the Department of interior to decide who should shoulder proposed water cuts. The Department's goal is to construct a plan to lessen usage by two million acre feet a year on top of cuts already absorbed by water users.

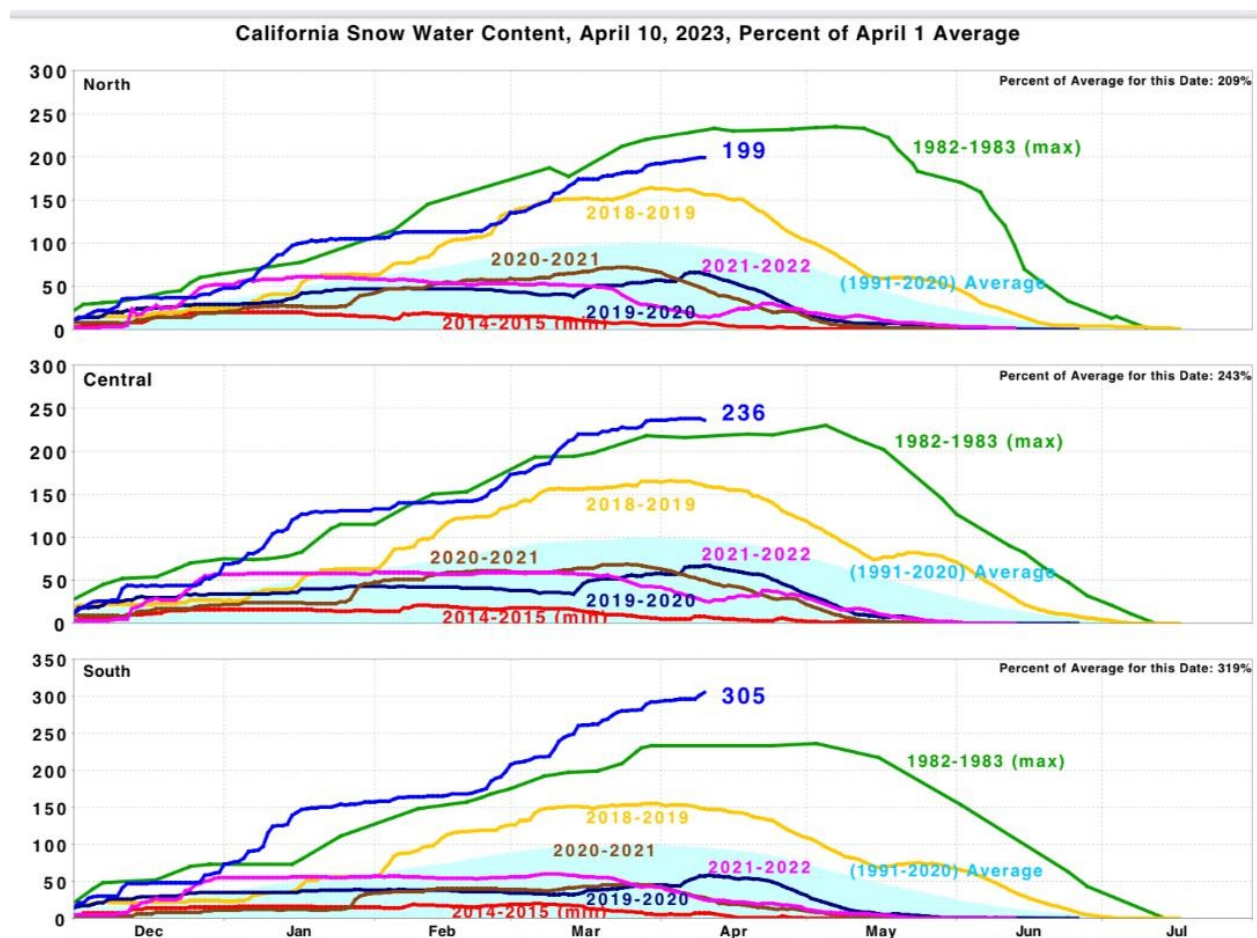


The Department of Interior in releasing two alternative plans have already delivered California a victory by rejecting the novel ideas of six states (NOT including California) to penalize states that lose the most water due to evaporation. California with its lengthy canals would have been the loser.

The Department's two alternative plans focus on cuts to Arizona, Nevada and California, the lower basin states. One proposal would require proportional cuts among the three states if lake Mead levels fall to low. The other proposal would be more protective of senior water rights, which would be beneficial to California.

The Threat of Rapid Snowmelt

The parade of atmospheric rivers that pummeled California mountains with record snow is now a threat to low lands if it melts too quickly. The snowpack which recently surpassed the 1952 record levels is now only exceeded by the great California flood of 1862.



The water content in the Sierra's now exceeds 30 million acre feet. If a warm rain or just hot temperature develops too quickly, parts of Central California farmland could be deluged.

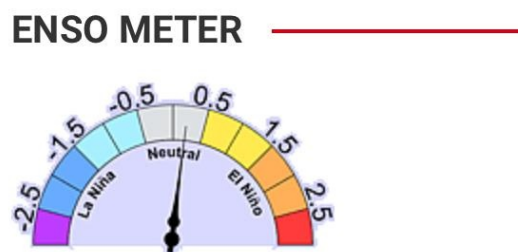
2023 California spring flood outlook



NOAA

Already dormant Tulare Lake has re-appeared and in the process flooded part of the town of Corcoran. A massive snow melt could lead to the lake's expansion and flooding in Fresno, Kern, Kings and Tulare counties.

Farewell to La Niña



After a prolonged period of La Niña conditions, the Pacific has firmly tilted into neutral conditions with a slight El Niño bias. According to the Climate Prediction Center, the most likely scenario is for neutral conditions to last through early summer with a possibility of full fledged El Niño returning after that.

Colorado River Resurgence

When the first atmospheric rivers hit the California mountains, they avoided the Colorado River basin. Perhaps that is why the late arrival of beneficial snow snuck up on us. Both Lake Powell and the reservoirs above it have begun to refill. As of April 21, 2023, the Colorado River basin snowpack stands at 149% of normal and the melting has begun.

DATE MEASURED	ELEVATION	CHANGE	CONTENT	INFLOW (cfs)	OUTFLOW (cfs)
Thu, Apr 20, 2023	3523.47	0.58	5,457,279	30564	12412
Wed, Apr 19, 2023	3522.89	0.67	5,424,268	33277	12415
Tue, Apr 18, 2023	3522.22	0.63	5,386,279	31842	12294
Mon, Apr 17, 2023	3521.59	0.59	5,350,701	30828	12580
Sun, Apr 16, 2023	3521.00	0.61	5,317,507	27954	9163
Sat, Apr 15, 2023	3520.39	0.31	5,283,316	21162	11556
Fri, Apr 14, 2023	3520.08	0.16	5,265,990	18000	12966
Thu, Apr 13, 2023	3519.92	-0.05	5,257,060	11646	12993
Wed, Apr 12, 2023	3519.97	-0.14	5,259,850	8871	12954
Tue, Apr 11, 2023	3520.11	-0.07	5,267,665	8811	10768
Mon, Apr 10, 2023	3520.18	-0.23	5,271,575	8331	15161
Sun, Apr 09, 2023	3520.41	-0.14	5,284,435	8957	13052
Sat, Apr 08, 2023	3520.55	-0.16	5,292,272	9288	13996
Fri, Apr 07, 2023	3520.71	-0.29	5,301,236	7965	16652
Averages of List	3520.96	0.18	5,315,674	18393	12783



EOCWD
EAST ORANGE COUNTY
WATER DISTRICT

NOTICE OF PUBLIC HEARING AND PROTEST PROCEEDINGS

IMPORTANT INFORMATION ABOUT YOUR WATER AND SEWER RATES



DATE April 27, 2023



TIME 5:00 p.m.



LOCATION

Clifton C. Miller
Community Center
300 Centennial Way
Tustin, CA 92780

Learn more at www.eocwd.com/ratechange



SOCIAL MEDIA REPORT

To: David Youngblood, General Manager, EOCWD

From: Kailey Gaffikin, Account Executive, *Communications LAB*

Date: April 7, 2023

Re: Social Media Report // March 2023

SUMMARY REPORT

FACEBOOK

CURRENT PAGE FOLLOWERS

2,267

NEW PAGE LIKES

0 -100%

PAGE VISITS

7 -68.3%

PAGE REACH

53 -38.4%

INSTAGRAM

NEW FOLLOWERS

2 0%

TOTAL FOLLOWERS

522

PAGE REACH

85 +2.4%

PROFILE VISITS

11 +57.1%

TWITTER

TWEETS

9

IMPRESSIONS

100

RETWEETS

0

FOLLOWERS

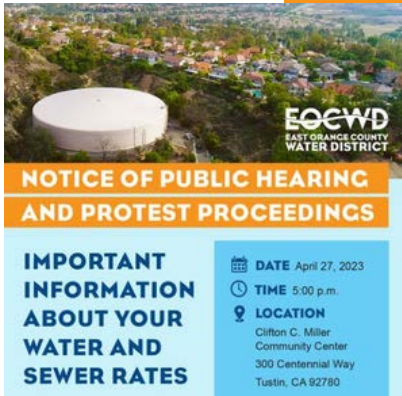
305

LIKES

0

TOP SOCIAL MEDIA POSTS

TOP FACEBOOK POST



Public Hearing Notice

Engagements: 1

Link Clicks: 0

Reach: 11

TOP INSTAGRAM POST

Payment Questions

Reach: 22

Engagement: 3



TOP TWEET

Daylight Savings Time

Impressions: 24

Retweets: 0

Engagement: 0

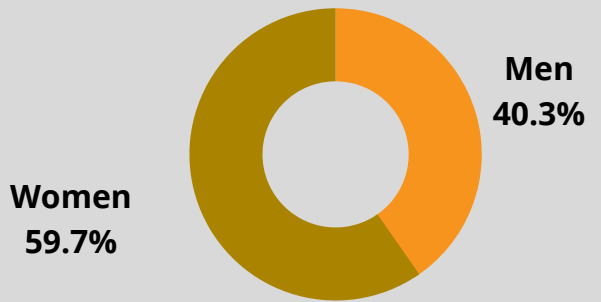


DEMOGRAPHIC | TARGET MARKET

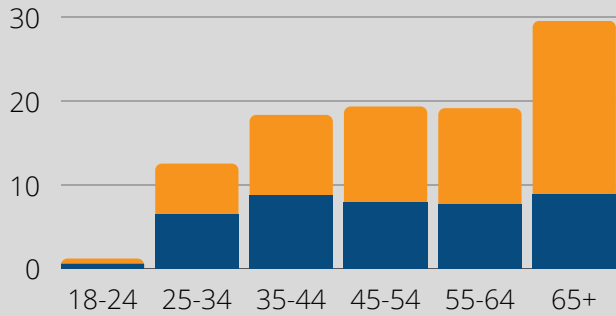
PAGE LIKES & FOLLOWERS (AGE & GENDER)

FACEBOOK PAGE FOLLOWERS

2,267



■ Men ■ Women



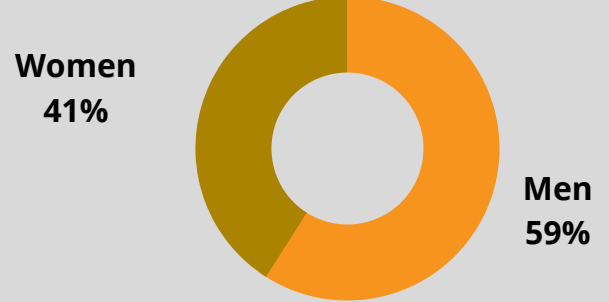
TOP DEMOGRAPHIC:

AGES 65+

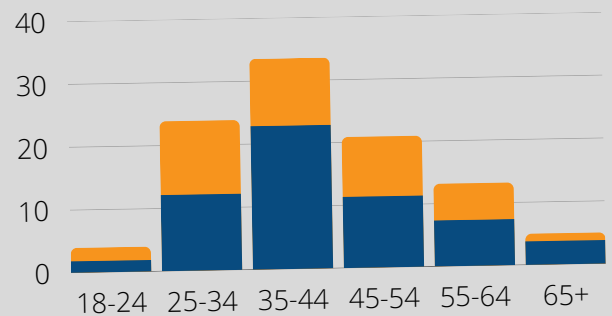
WOMEN (20.6%) MEN (9.0%)

INSTAGRAM PAGE FOLLOWERS

522



■ Men ■ Women



TOP DEMOGRAPHIC:

AGES 35-44

WOMEN (10.7%) MEN (22.8%)

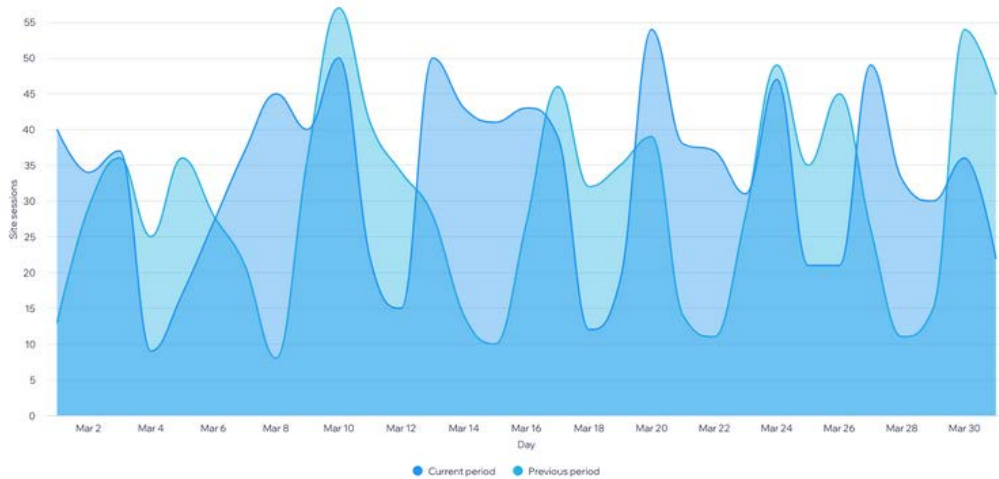
TOP CITIES (FACEBOOK)

- Los Angeles, CA 12%
- Santa Ana, CA 6.4%
- Orange, CA 5.5%
- Anaheim, CA 5.2%
- Long Beach, CA 3%

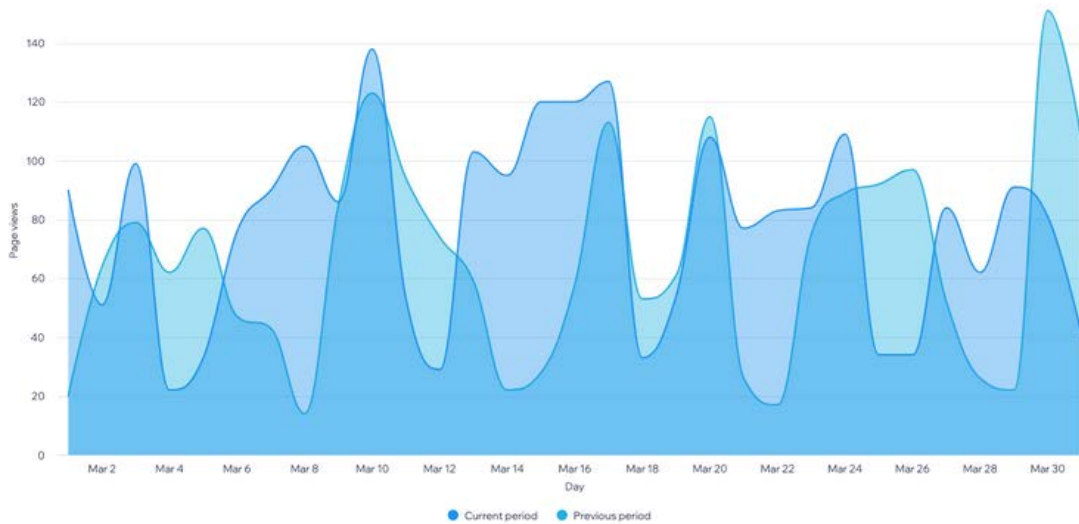
TOP CITIES (INSTAGRAM)

- San Diego, CA 3.4%
- Los Angeles, CA 2.7%
- Anaheim, CA 1.7%
- Long Beach, CA 1.7%

TRAFFIC OVERTIME *3/1/23-3/31/23 v. 2/1/23-2/28/23*



PAGE VIEWS *3/1/23-3/31/23 v. 2/1/23-2/28/23*

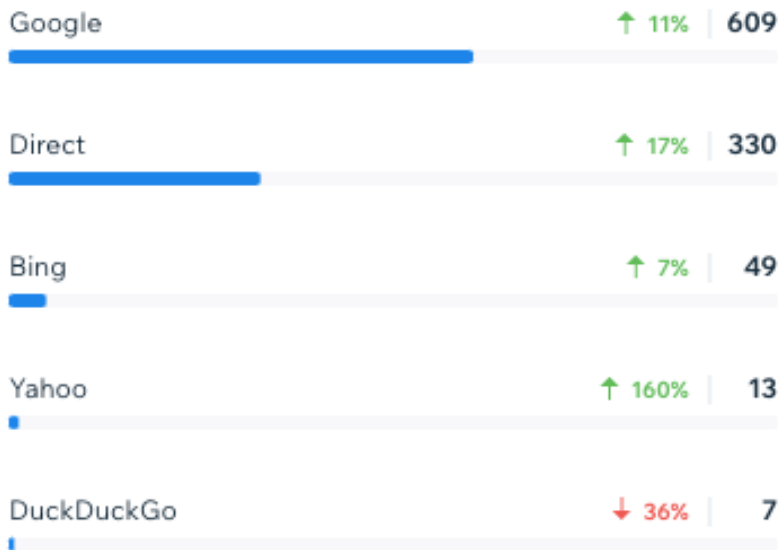


TRAFFIC BY TIME OF DAY

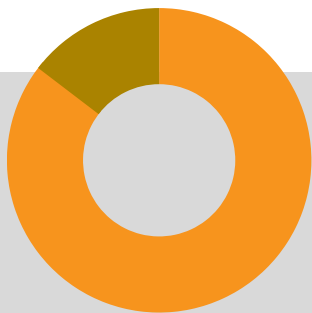
Best time of day to schedule: Monday (12:30pm-4pm)

Day >	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Hour ^							
00 am	1	1	1	1	1	2	1
01 am	1	0	1	0	1	4	1
02 am	0	1	2	0	1	1	1
03 am	1	0	1	1	0	1	1
04 am	1	0	1	1	2	1	1
05 am	0	1	1	1	1	2	1
06 am	1	1	2	1	1	1	1
07 am	2	1	1	1	1	3	1
08 am	2	3	2	2	3	2	1
09 am	1	4	3	3	3	3	1
10 am	1	4	4	4	2	2	1
11 am	1	3	2	3	3	4	1
12 pm	1	2	3	3	2	2	1
01 pm	1	4	3	2	3	2	3
02 pm	2	4	3	4	4	4	1
03 pm	2	4	2	3	2	3	1
04 pm	1	3	2	3	3	3	1
05 pm	2	3	1	3	2	2	2
06 pm	1	2	2	1	1	1	2
07 pm	1	2	2	1	1	1	1
08 pm	0	1	2	1	1	1	2
09 pm	1	1	2	1	1	1	1
10 pm	1	2	1	1	1	1	1
11 pm	0	2	1	2	0	1	1

TOP TRAFFIC SOURCES BY SESSIONS



Returning
116



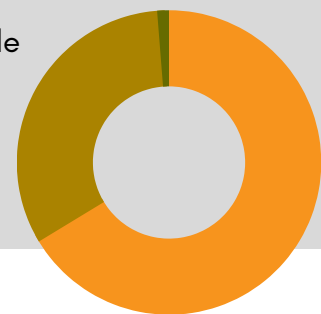
New
677

NEW VS. RETURNING VISITORS

793 UNIQUE VISITORS

1,309 SITE SESSIONS

Mobile
337



Tablet
13

Desktop
689

SESSIONS BY DEVICE

OVERVIEW

SITE SESSIONS

1,039 +12%

UNIQUE VISITORS

793 +7%

AVG. SESSION DURATION

3M 29 S +28%