

LAGUNA BEACH COUNTY WATER DISTRICT



2024-25 ANNUAL BUDGET

1925 - 2025
A Century of Service



Laguna Beach County Water District

2024-25 ANNUAL BUDGET

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Adopted: June 20, 2024



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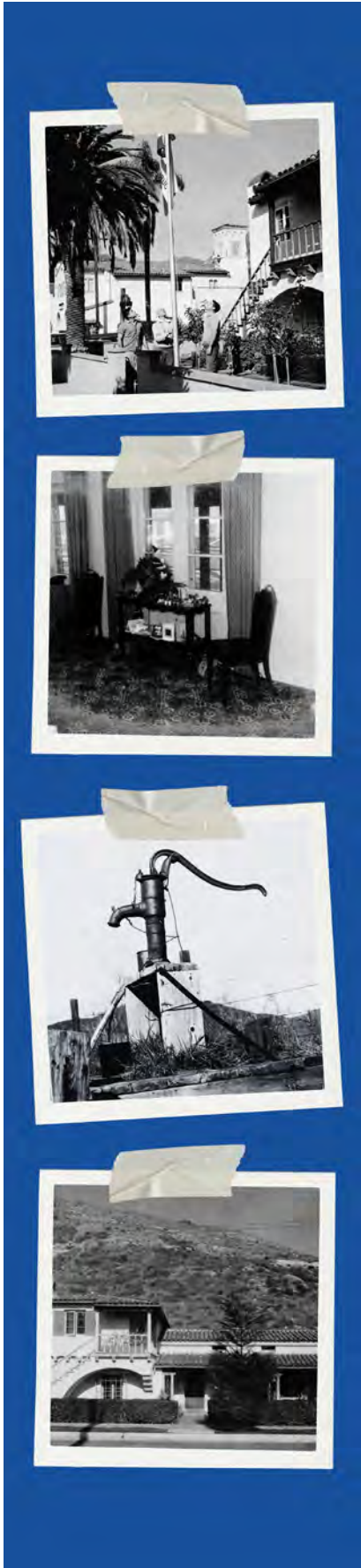


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FISCAL YEAR 2024/25 BUDGET MESSAGE

To our Ratepayers, Commission, and the Board of Directors of the Laguna Beach County Water District:

On behalf of the Laguna Beach County Water District (LBCWD), we are pleased to present for your consideration our 2024/25 Fiscal Year Operating and Capital Improvement Budget. The budget provides a forecast of the sources and uses of funds and serves as a managerial tool for guiding the District towards achieving its goals outlined in the Strategic Plan. Our Strategic Plan is used to set priorities, focus energy and resources, strengthen operations, ensure that employees are working toward common goals, and assess and adjust the District's direction in response to the changing environment. This plan defines the priorities and influences the development of the budgetary commitments needed in the upcoming fiscal year.

Drought and seismic forces are ever present threats to disrupt our water system and supplies, as is true of almost every water agency across this State. As such, the importance of having a resilient and reliable water system and supply of water, and the need to continue to look ahead to ensure we never have to worry about our water supply, are key drivers when evaluating what is needed in the Annual Capital and Operating budget.

The District's Water Supply Sources

Our water supply today comes from the State Water Project and Colorado River water imported to the District through the Metropolitan Water District of Orange County (MWDOC) and through our groundwater that is delivered to the District from the City of Newport Beach. While the MWDOC water continues to be reliable, our groundwater delivery from the City of Newport Beach has become increasingly unreliable. In the upcoming year, we are focused on increasing the reliability of our groundwater in partnership with the City of Newport Beach. Additionally, we will be moving on to the next steps in becoming partners in the Doheny Desalination Project as an additional water source to add to our supply portfolio to offset possible future reliability issues to our MWDOC water from ongoing droughts or seismic events. One of the key focus areas of our Strategic Plan calls for diversification of water supply sources.

Key Budget Items

The FY 2024/25 Budget includes many projects and operating items that support the continued health of the water system and the employees that run the system. Key projects include completion of Phase 1 of the Doheny Desalination Project, completion of a new well site property acquisition, completion of project cost sharing agreements with the City of Newport Beach for a new well, beginning the entitlement and well permit approval process for construction of a new well, completion of reservoir interior linings on up to 4 sites, completion of the Rimrock Reservoir and Temple Hills 600 Project, completion of the Headquarters remodel, and completion of a succession plan for the Engineering Department. Additionally, the Budget continues to fund our key



annual maintenance programs like the annual reservoir inspection and maintenance program, the annual transmission main maintenance programs, and our annual water quality programs.

The FY 2024/25 Budget accounts for continuing inflation and includes a 4 percent cost-of-living adjustment (based on the local Consumer Price Index), additional funding for cost increases from purchased water and power, additional costs for medical and other benefits, and additional costs for materials and contracted services. Of note, the cost of imported water has increased by 11% in the FY 2024/25 Budget as the Metropolitan Water District of Southern California (MWD) is passing along its cost increases from ongoing inflation. Additionally, due to overestimating demand this last Fiscal Year, MWD did not collect sufficient revenues to cover costs and needed to tap into its reserves. MWD is raising rates to its member agencies to replenish reserves used last year, to supplant potential lost revenues due to a projected continued reduction in demand in the upcoming year, and to cover increased fixed costs.

Our Financial Health

Today, the District is financially sound, with rates in place to support our ongoing capital and operating needs while sustaining adequate reserve balances for emergencies. In January 2021, the District completed a rate study and approved new rates for a 5-year period to meet the current and projected costs of providing water service to District customers and adjusting the bases and formulas underlying customer rates and charges. District staff developed a detailed, cost causative allocation and distribution methodology to set District water rates for the next five years. This approach provided a strong nexus between customer rates and the cost of supplying water service to each customer class. As a result, and after a Proposition 218 notice and majority protest process, the District's Board voted to approve rates.

In addition to the Rate Study, District staff updated the District's comprehensive fee study and resulting schedules for miscellaneous fees (user fees) and water capital fees (water capacity fees) and continues to do so on an annual basis. The findings of the current study indicate that user fees need revision to reflect the current cost of providing service to individual applicants. However, the study indicated that water capacity fees for new and upsized meter connections that help ensure available capacity for future demand do not need to be adjusted this upcoming fiscal year.

Furthermore, we are pleased to report that the District received an unmodified, clean audit for its FY 2022/23 financial statements. This marks the 5th consecutive year the District has received a clean audit report. Additionally, the District was honored this last year for financial stability efforts by being awarded the prestigious California Society of Municipal Finance Officers (CSMFO) Meritorious Award for Operating Budgeting for Fiscal Year 2023/24.

Future Outlook and Conclusion

While we have recently made it through a significant drought, we must continue to plan and be prepared for the next drought and other natural disasters. Water is crucial to the viability of our community, losing that resource can quickly and deeply impact our property values, our business enterprises, and all aspects of our livelihood, down to



the simple everyday activities at home. The FY 2024/25 budget is focused on securing and continuing to move forward on improving the resiliency and reliability of our water supply as well as the resiliency and reliability of the water system and employees that play critical roles in delivering the water to our homes, schools, and businesses.

Respectfully submitted,

Keith Van Der Maaten, General Manager

Brian Jewett Manager of Financial and Administrative Services



District Honored for Comprehensive, Transparent, Financial Reporting

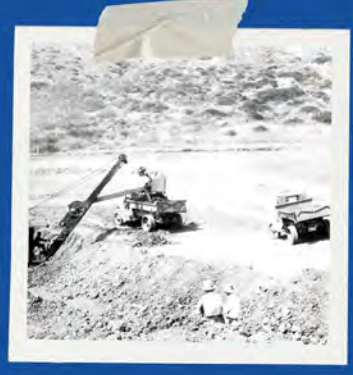
Laguna Beach County Water District (District) is proud to announce that it has been honored for financial stability efforts by being awarded the prestigious California Society of Municipal Finance Officers (CSMFO) Meritorious Award for Operating Budgeting for Fiscal Year 2024.

Founded in 1957, the CSMFO is a statewide organization serving all California municipal finance professionals. The CSMFO Budget Awards Program is designed to recognize those agencies whose budget documents meet certain state-wide standards and requirements considered to be of the highest quality. The award represents significant accomplishment by a government and its leadership in meeting high standards and setting an example by encouraging others in their efforts to achieve and maintain an appropriate standard of excellence.

The District's Annual Budget was judged by an impartial panel, which determined that it embodied the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the Budget document.



Keith Van Der Maaten, LBCWD General Manager; Brian Jewett, PhD., LBCWD Manager of Financial and Administrative Services; Sue Kempf, LBCWD Board President, Mayor.



DISTRICT OVERVIEW

Since 1925, the Laguna Beach County Water District (District) has proudly provided retail water service to our customers. The mission of the District is to furnish a high quality, reliable water supply in a financially responsible manner, while promoting water-use efficiency.

History of the District

Until the early 1920's, the residents of Laguna Beach relied on privately owned shallow wells and intermittent rainfall for their water supply. Then, in the mid-20s, poor water quality and well failure combined to make an alternate water source urgent. The Laguna Beach County Water District was created by public vote in 1925. A year later, District voters approved a \$600,000 bond issue to purchase a well site in Huntington Beach, construct a transmission line, and acquire an existing private water company to provide service. The original bond was paid off in 1955.

With its continuing growth, the District was unable to rely solely on its wells and looked to imported water supplies. In 1943, it started purchasing 100 percent of its supply from Colorado River water supplied by the Metropolitan Water District of Southern California. The District remained solely dependent on imported water supplies until 2016 when an historic agreement was reached with the Orange County Water District. The agreement reestablished the District's right to resume its groundwater pumping in the Santa Ana Basin, ensuring that more than half of the District's water supply would be provided locally.

The District Today

The District's water is provided from local groundwater supplies (Santa Ana River Basin) and imported water from the Colorado River and Northern California. In our continuing efforts to supply a reliable source of water for the community, the District continues to look into other water supply projects as future additional sources of water. The District provides water services to approximately 19,240 people within an 8.5 square mile area of southern Orange County, including portions of the city of Laguna Beach and Crystal Cove State Park.

On January 1, 2004, Emerald Bay Services District was de-annexed from the District's service area. This represents approximately 1,086 customers (551 services) or 6 percent of the District's services and accounts for approximately 247 acre feet of water provided by the District. The District continues to provide water service and administrative support through an agreement with Emerald Bay Services District.

The District's 8,730 service connections are mostly residential water users. This year the District will purchase about 3,045 acre-feet of water. This is equal to approximately 992 million gallons delivered on an annual basis. An acre-foot of water is enough to cover a football field one-foot deep or serve two average sized households for a year.

Operations

There are 21 water storage reservoirs with a total storage capacity of 33.5 million



gallons within the District, providing up to approximately ten days of water to the community in the event of an emergency. These reservoirs are located within five elevation zones to ensure reliable distribution to all customers. They are monitored by the District's state-of-the-art telemetry system, allowing District personnel to manage water distribution throughout the system from the District's headquarters. District staff operates and maintains 37 pumps in 14 pumping stations, a total approximate connected horsepower of 2,660. The system encompasses 135 miles of distribution pipelines, which range in diameter from 4 to 16 inches.

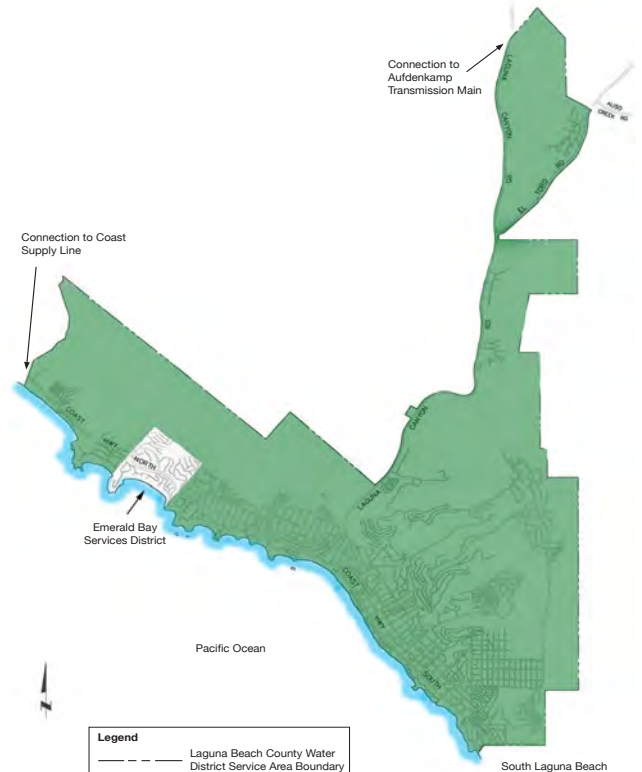
As lead agency in a joint powers relationship with the Irvine Ranch Water District, City of Newport Beach, and the Santa Margarita Water District, the District also operates and maintains the Aufdenkamp and the Coast Supply transmission lines. These pipelines range in size from 24 to 42 inches in diameter and provide the District's imported water supply.

How the District is Governed

The publicly-elected Laguna Beach City Council members serve as the Board of Directors of the District, providing local control over the policies and decisions affecting water service in the community. The Board meets quarterly, the public is always welcome at the meetings.

A District Commission is appointed by the Board to serve in an advisory capacity to the Board. The Commission meets the second Tuesday of each month at 4:30PM in the District's offices at 306 Third Street, Laguna Beach. Meeting dates can be obtained by contacting the District or viewing the calendar on the District's website. The public is always welcome at the meetings.

District Service Area Map



THE DISTRICT AT-A-GLANCE



Formation of the District

May 4, 1925



Mission Statement

To furnish a high quality, reliable water supply in a fiscally; responsible manner, while promoting water-use efficiency.



Water Supply

Local groundwater from the Santa Ana Basin and imported water from the State Water Project and Colorado River.



Number of Residents

19,240



Service Connections

8,730



Service Area

8.5 square miles, which includes portions of Laguna Beach and Crystal Cove State Park



Service Area Elevation

Sea level - 1050 ft. above sea level



2024-25 Water Purchase

3,045 Acre-feet



Water Delivered

952 million gallons sold
992 millions gallons purchased



Gallons-Per-Capita-Per-Day

District customers used an average of 89 gpcd in 2023/24.



Distribution System

135 Miles Pipeline, 21 Reservoirs, 37 pumps housed in 12 pump stations



Water Loss

4 Percent



Storage Capacity

33.5 million gallons



Number of Staff

41 Full Time with 809 total years of experience



Staff with Degrees

Degrees: Doctorate- 1, Masters- 2, Bachelors- 8, Professional Engineers (P.E.)- 2



Staff with State Water Board Water Distribution Certifications

D1- 1, D2- 3, D3- 11, D4- 8, D5- 2



Staff with State Water Board Water Treatment Certifications

T1 - 8, T2 - 10, T3 - 2



2024-25 Annual Budget

Total Budget: \$30.3 million
Operating Budget: \$16.8 million
Capital Budget: \$13.5 million
planned expenditures.



CSFMO Budget Award

Awarded the prestigious California Society of Municipal Finance Officers (CSFMO) Meritorious Award for Operating Budgeting for Fiscal Year 2024.

DEPARTMENTS AND PERSONNEL

General Manager's Office

The overall management of the District falls under the responsibility of the General Manager. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The General Manager provides leadership, initiates strategic planning, and implements the goals and the vision of the Board of Directors.

Accomplishments for FY 2023/24

- ◆ **Ocean Desalination:** Participate in the completion of Phase 1 of the Project as a member of the PTAC. Negotiate the Water Purchase Agreement for Phase 2.
- ◆ **Groundwater:** Negotiate Cost Sharing Agreement with the City of Newport Beach for a new well site; Implement the next steps in the City of Fountain Valley's entitlement and well permit approval process together with the City of Newport Beach (process may take more than a year to complete); Implement agreement with the City of Fountain Valley to continue to provide future well site options at the City of Fountain Valley's existing and future fire stations (to serve as a second well site or as a backup plan).
- ◆ **CMMS:** Oversee and implement ongoing optimization to the CMMS that builds on the completed Phase 1 implementation, especially regarding the inclusion of Key Performance Indicators and other AWWA performance standards. Oversee modifications to the Waterworth modeling tool for improved long-term asset and financial planning to include the ability to integrate better with our rate model and rate setting process.
- ◆ **Staffing:** Implement succession planning measures for the Engineering Department.
- ◆ **Capital Improvement Projects:** Provide oversight and ensure completion of Capital Improvement projects according to the FY 24/25 CIP budget, including the following top 5 expenditures: 1) 100% completion of Desalination Phase 1; 2) 100% completion of Well Site property Acquisition; 3) 75% completion of Reservoir interior lining (4 sites); 4) 100% completion of Rimrock Reservoir and Temple Hills 600 Project; and 5) 100% completion of the Headquarters remodel.
- ◆ **Administration:** Work with the new City of Laguna Beach City Manager to establish regular meetings to enable long-term collaboration efforts.

Goals for FY 2024/25

- ◆ **Ocean Desalination:** Completed the next steps in the implementation of the District's participation in the Doheny Desal Project including the evaluation of participation in Phase 1, negotiations over cost sharing agreement for phase 1, and completion of the preliminary operating plan. The completed Cost Sharing Agreement will be coming before the Board in June 2024.
- ◆ **Groundwater:** Completed the next steps in securing additional reliability in our groundwater supply including the completion of a report by Hazen that identified potential well sites, working with the City of Fountain Valley on those potential well sites, working with the City of Newport Beach on the acquisition of a well site and project cost sharing agreements for a new well, and in working with Fountain Valley on identifying the entitlement and approval process for a new well.





- ◆ **CMMS:** Provided oversight and successfully completed the implementation of Phase 1 of the Computerized Maintenance Management System. The Waterworth modeling tool for improved long-term asset and financial planning and reporting was installed and loaded with data.
- ◆ **Staffing:** Completed implementation of succession planning measures in Operations (mid-level staff), Accounting/Finance (all levels), and Human Resources (all levels) that now provide pathways for internal promotions based on well-defined and challenging, yet achievable, qualification standards.
- ◆ **Capital Improvement Projects:** Provided oversight and significant completion of Capital Improvement projects according to the FY 23/24 CIP budget including: 1) 50% completion of the headquarters remodel; 2) 90% completion of the Temple Hills 800 pump station (~June 2024 completion); 3) 70% completion of the Rim Rock project (~August 2024 completion); and 4) 90% completion of the El Morro Site Master Plan (~June 2024 completion).
- ◆ **Administration:** Completed the update to the EBSD services agreement that will be coming before the EBSD Board and the LBCWD Board in June 2024.

Administration

The District’s Administration Department is responsible for providing support in the District’s day-to-day operations including; preparing Board of Directors, Commission, and committee documents; implementing the District’s Strategic Initiatives; maintaining public records; executing adopted policies; serving as the liaison to other government agencies; monitoring state and federal legislation; emergency preparedness; and ensuring transparency compliance.

In addition, Public Affairs, Customer Service, Water Use Efficiency, Information Technology, and Risk and Resiliency all fall within the purview of the Administration Department.

Public Affairs: The department is responsible for communicating accurate and timely information about District services, projects, activities and programs, and for promoting the District’s water use efficiency initiatives. These efforts utilize multiple platforms, including the internet, print, video, personal contact, education programs, publications, tours, and social media. The District’s communication program serves the District and its customers by, creating and maintaining credibility and public trust, by increasing customer awareness of the services we provide, promoting the District’s value, activities and events of significance, conveying accurate, timely information to the public on a variety of District-related issues, and promoting transparency and easy-to-access information.)

Customer Service: Customer Service is responsible for timely and effective response to customer requests for service. This department provides frontline interface in the field and all direct office services to District customers. This includes producing bi-monthly water bills, collecting revenues from bi-monthly billings and user fees, and dispatching technicians to satisfy customer requests for service and resolve customer service concerns. Included in this area is data collection, responsibility for smart meter communication and system maintenance, and oversight of outside contractors responsible for customer billing services.



Water Use Efficiency: The District is committed to encouraging efficient water use. Careful water management that includes active water use efficiency measures not only in times of drought, but at all times, is essential to ensure a reliable minimum supply of water to meet current and future water supply needs. Programs, incentives, and informational assistance are offered to customers to help them implement water conserving measures at their homes and place of business. Our Water Use Efficiency goals focus on sustainability through education, leak detection, and innovative programs, all while providing high quality water to our customers and communities in a prudent and sustainable manner. In addition, the District's award winning waterwise and fire safe demonstration garden, established in 2003, is designed to show that landscaping can be fire-safe, water efficient, and beautiful all in one design. Visitors to our office can tour the Garden and obtain free educational materials to help them in their conservation efforts.

Information Technology: The purpose of the District's information technology program is to manage and improve communication internal and external to the District. This involves communication with our customers, other agencies, and internally among staff. The program tracks the cost of developing, maintaining, and delivering the information necessary to manage the District effectively. The program includes costs for developing and maintaining the computer network and its accessibility. This includes secure access to information databases such as web, email, billing, financial, AML, and Internet Services across the local and wide area networks of the District.

Risk and Resiliency: Bi-annual inspections of all District facilities to identify potential hazards that need to be corrected and recommendations for security improvements were performed throughout the year. Security improvements were added to the District headquarters building. Surveillance cameras, re-keyed all District facilities doors, digital keypad for exit gate at Main office building and custom-made louvers over hatches and vents at Jahraus reservoir as a secondary intrusion protection measure. Hands on fire extinguisher training, AED, CPR, First Aid training, and SEMS, NIMS, and ICS training for all District employees.

Accomplishments for FY 2023/24

- ◆ **Public Affairs:** Partnered with Boys and Girls Club of Laguna Beach to launch a Teen Waterwise Podcast. Designed and built an award-winning float for the Patriot's Day Parade. Sponsored water-related community programs and events with community partners including the Laguna Beach Sister City Association, Laguna Beach Garden Club, Laguna Beach High School FLOW program, and KelpFest. Partnered with LB Garden Club on "The Good of the Hive™" Bee Mural.
- ◆ **Customer Service:** Began the development of a new state-of-the-art customer web portal and mobile application. The development includes improved payment processing, advanced water use alerts, enhanced communication and reporting functionalities, and more. Developed meter testing program and began testing ¾-inch and 1-inch meters on a regular basis. The meters tested all passed the low, mid, and high flow accuracy tests. Purchased new fleet vehicle for Water Use Efficiency department and vehicle to replace the aging vehicle for Customer Service.
- ◆ **Water Use Efficiency:** Declared that the drought is over and moved focus from

water conservation to using water efficiently. Reduced the Residential gallons-per-capita-per-day (GPCD) from 91 GPCD to 89 GPCD. 13% decrease in customer demand from 2022 to 2023. Partnered with the Boys and Girls Club Teen Center to create the LBCWD Sound Studio and Port Podcast run by teen members of the Boys and Girls Club. The partnership resulted in the District winning the Agency Partner of the Year from the Boys and Girls Club. Successfully partnered with the LB Garden Club to create a new mural on the District headquarters and installed a new waterwise garden in front of the mural.

- ◆ **Risk and Resiliency:** Updated signage added to all facilities with name and address to better identify site in case of an emergency. Continued annual inspection of District facilities identifying hazards to be corrected and recommendations for improvements. Security measures for headquarters building installed including keypad entrance locks for doors, automatic gate at headquarters yard, and set up active shooter training for staff. Working with vendor to install extra security hatches at District facilities.

Goals for FY 2024/25

- ◆ Complete remodel of District Locker Room and Breakroom.
- ◆ Secure 9th Mayors Challenge win.
- ◆ Replace existing billing system with system capable of seamlessly integrating with payment portal, CMMS system, and latest industry technologies. Launch the new customer payment portal and mobile app. Launch campaign promoting the new customer portal and mobile app. Host workshops to highlight the portal/apps' key features, and to assist with customer registration.
- ◆ Install security cameras at the District's Zitnik, El Morro, and Top of the World Reservoir and install automatic gate at El Morro Reservoir entrance.
- ◆ Plan and execute yearlong community celebration of 100th Anniversary of District.
- ◆ Partner with Laguna Fire Safe Council and Fire Department on Community Outreach Program.
- ◆ Complete Garden refresh for 100th District Anniversary.

Financial and Administrative Services

The Financial and Administrative Services Department is responsible for ensuring the financial stability of the District as well as providing human resources services and various office administration activities. The department provides a wide range of accounting and financial services including payroll, accounts payable, accounts receivable, project accounting, financial analysis, financial reporting, procurement, rate and fee studies, and coordination and preparation of the District's annual operating and capital budgets. The department maintains the official accounting records of the District and provides financial management of the District's investments, leases, and a variety of benefit plans.

Within the purview of the department is the District's Human Resources activities and responsibilities. The department is responsible for ensuring that the District initiates and facilitates strategies for building a workforce which supports and enhances the organizational objectives and values. In addition to workforce development, the department is responsible for overseeing employee benefits, classification and





compensation, policies and procedures, employee relations, administrative support, and employee development. The department also oversees claims against and in support of the District, insurance issues, and antenna and property lease programs. The mission of the department is to safeguard assets and provide financial and accounting services in a timely, reliable, and cost-effective manner that meet the requirements of the District's internal and external customers.

Accomplishments for FY 2023/24

- ◆ Achieved the District's 5th consecutive unqualified opinion for the FY 2022/23 audited financial statements.
- ◆ Enhanced the District budget document to be more dynamic, communicative, and informative. As a result of this effort, the District's FY 2023-24 budget was awarded the CSMFO Meritorious Operating Budget Award.
- ◆ Purchased and implemented long-term financial planning software designed specifically for municipal utility managers. The model can include an asset replacement schedule, a cost-of-service analysis component, and a rate design workflow module to drive better financial planning decisions by the District and has the added benefit of more dynamic utility rate setting in the future.
- ◆ Purchased and implemented GASB 87 lease reporting software. Software also has the capability to develop reports for the upcoming GASB 96 related to subscription-based IT services.
- ◆ Completed a reorganization of the Department to integrate District human resources and office administration activities and responsibilities.

Goals for FY 2024/25

- ◆ Work toward a 6th consecutive year of an unqualified opinion for the FY 2023/24 audited financial statements.
- ◆ Submit the FY 2024/25 budget to CSMFO for its Budget Award program.
- ◆ Complete a \$12 million debt issuance to fund critical capital improvements of the District which will enhance water supply and water distribution reliability.
- ◆ Submit the District Investment policy to the Association of Public Treasurers of the U.S. and Canada for its Investment Policy Certificate of Excellence Award.
- ◆ Research District migration to a comprehensive Enterprise Resource Program (ERP).

Engineering

The Engineering Department oversees the management of the District's capital improvement projects, water resource management, water master plan, hydraulic model, and various other technical aspects of the water system. Engineering assists in the evaluation, planning, budgeting, and execution of many of the capital projects that help improve the efficiency of the water system or replace aging infrastructure. The department provides development oversight by checking plans for conformity with District standards, calculating fees and charges, and performs hydraulic modeling for fire flow requests. Engineering assists with inspection of development and District projects, performs construction outreach, and processes and tracks capital progress payments and change orders. The Department is responsible for records of completed projects, water system mapping and updates, and oversees several regulatory functions and reporting.





The Department also manages water quality programs to ensure the District meets and exceeds all state and federal water quality standards by implementing State-approved testing and monitoring compliance plans. This includes administering a Cross-Connection Control program to keep the public drinking water supply safe from potential contamination through annual testing of backflow prevention devices.

Engineering is responsible for the District's Geographic Information Systems; updating and maintaining GIS and AutoCAD databases of water facilities from construction drawings to As-built information; performs data capturing and conversion, data entry, and graphic editing activities; develops user friendly file management systems and completes geographic data analyses.

Accomplishments for FY 2023/24

- ◆ Completed various system improvements of Capital projects, including the Agate Flow Control Valve replacements, El Morro 24-inch reservoir outlet valve replacement, Temple Hills 800 Pump station replacement, annual Fire Hydrant and Valve replacements, and replacement of GIS server. Completed the well siting study and updated the Recycled Water Feasibility Study to include expanded discussion on Direct Potable Reuse projects.
- ◆ Successfully bid and executed construction contracts for the Locker Room Improvement and Glomstad pipeline replacement projects. Developed and sent out RFPs and selected consultants to begin studies on the El Morro Site Plan Study and the Solar/Battery Storage at Summit/Hastie Reservoir and Pump Stations site project.
- ◆ Collected over 2,000 water quality samples to ensure water quality compliance.
- ◆ Processed over 200 permitting requests, from Fire Flow requests to meter upgrades.

Goals for FY 2024/25

- ◆ Continue to execute Capital projects, including the abandonment of the existing underground Fuel Storage Tanks, Summit Pipeline Replacement, El Morro No. 2 roof repair, and annual valve and Fire Hydrant projects.
- ◆ Develop and send out RFP for Oak Street Reservoir and Pump Station evaluation for consideration of future supply options.
- ◆ Continue to develop Well site construction and pipeline transmission projects to achieve uninterrupted local groundwater water supply.
- ◆ Update the District's Cross Connection Control (CCC) Policy per the updated DDW CCC Policy Handbook.
- ◆ Perform technical review of Doheny desalination project on Phase 1b to better understand the availability of desal as a local and reliable water supply during emergency operations.

Operations

The mission of the District's Operations Department is to operate and maintain the District's potable water system in an efficient, cost effective and environmentally safe manner that provides a high level of customer satisfaction.

The Operations Department manages the District's assets to ensure optimal life



expectancy, reliability, efficiency, while providing the highest level of customer satisfaction. In the upcoming year, the District will focus on the implementation of the Lucity Enterprise Asset Management software. This software will extend the useful life of all critical assets through optimized maintenance, will improve water system reliability, and will integrate all existing software currently in use to improve interdepartmental communication and workflow efficiencies. In addition, Lucity Enterprise Asset Management implementation will help transform the business process for maintenance of District’s critical assets through systematic proactive process that should significantly reduce reactive maintenance activities.

The potable water distribution program delivers clean, reliable potable water to the District’s approximately 8,700 service connections in a safe and cost-effective manner. The system includes 135 miles of transmission and distribution pipelines, 21 storage tanks/reservoirs, 37 pumps within 12 pump stations, 3413 valves, and 812 fire hydrants. The Operations Department maintains and repairs the District’s electrical, mechanical, instrumentation, fleet and facility assets to ensure safe, reliable, and cost-effective operation.

The department also administers a safety program that supports the District’s efforts to provide a safe work environment for employees. These efforts involve training, maintaining, and updating safe work practices, supporting incident investigations by capturing pertinent data for analysis, coordinating emergency preparedness, submitting regulatory reports, and providing safety expertise and advice.

Accomplishments for FY 2023/24

- ◆ Assisted Engineering with the design and construction of FY 22/23 Capital Improvements Projects.
- ◆ Completed the Power Check Valve - Ridge Pump Station project.
- ◆ Completed the PC-1 Leak Repair/Rehabilitation project.
- ◆ Completed the Rimrock 16” Easement Watermain Leak Repair/Lining project.
- ◆ Completed the Pressure Reducing Station Replacement project at three sites.
- ◆ Completed the Reservoir Mixer Project at four sites.
- ◆ Completed the El Morro Bulk Chemical Storage project.
- ◆ Completed the Sycamore Pump Station Replacement project (Pump No. 2).
- ◆ Completed the Lead Inventory Program to achieve compliance with the new United States Environmental Protection Agency Federal drinking water regulation; the Lead and Copper Rule Improvements (LCRI).
- ◆ Completed the ATM/CSL Annual Cathodic Protection System Evaluation.
- ◆ Completed the Reservoir Cleaning and Inspection project at eight reservoir sites.
- ◆ Completed the HMI Panel View project at 10 sites.
- ◆ Completed Phase One/Implementation of Lucity Enterprise Asset Management Software.

Goals for FY 2024/25

- ◆ Optimize the Lucity Enterprise Asset Management Software.



- ◆ Assist Engineering with the design and construction of FY 24/25 Capital Improvements Projects.
- ◆ Complete the Sycamore Pump Station Replacement project (Pump No. 1).
- ◆ Complete the Reservoir Cleaning and Inspection project at five reservoir sites.
- ◆ Complete the Summit/Hastie Bulk Chemical Storage project.
- ◆ Complete the ATM/CSL Annual Cathodic Protection System Evaluation.
- ◆ Complete the Reservoir Mixer Project at four reservoir sites.



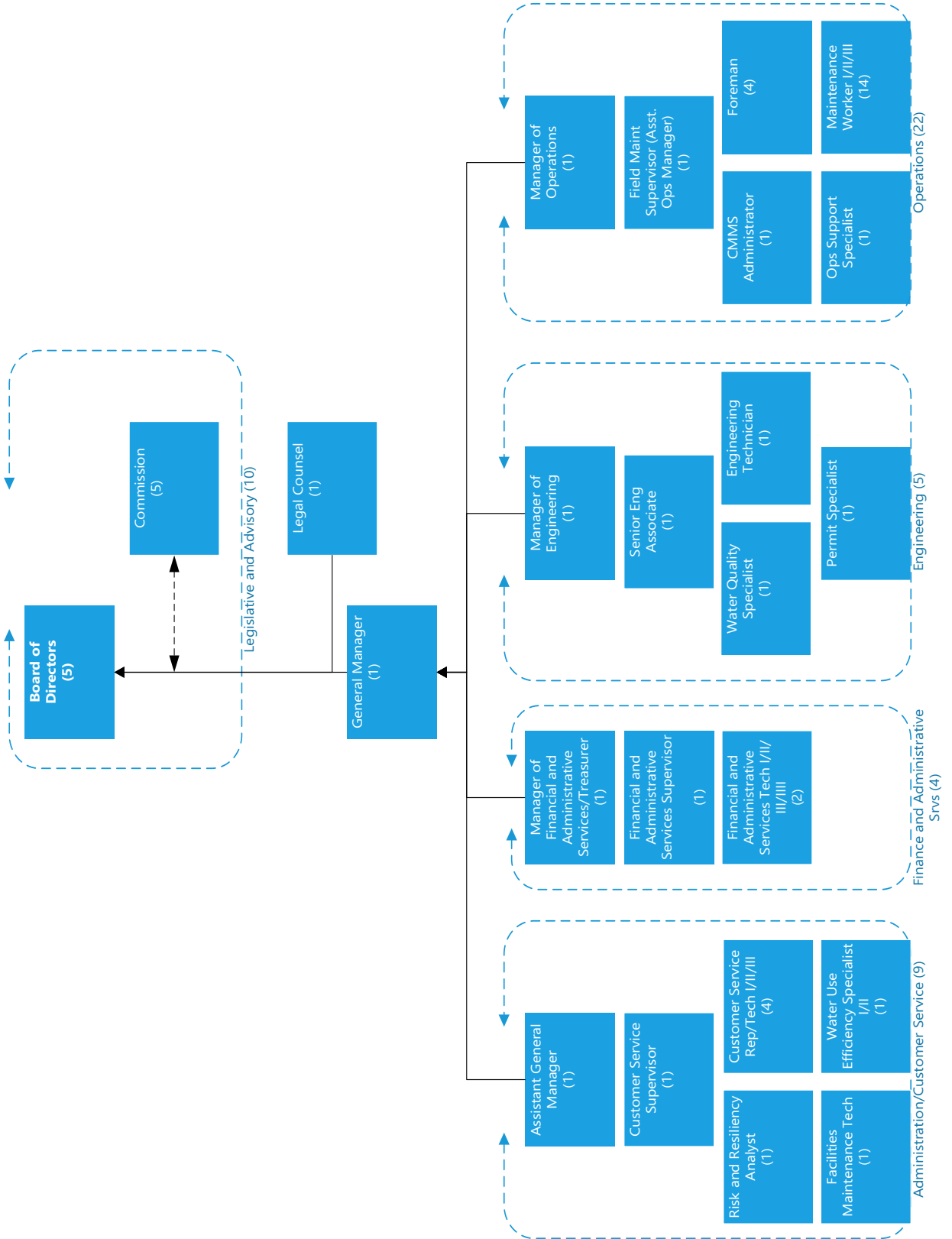
2022/23, 2023/24 & 2024/24 STAFFING COMPARISON

DEPARTMENT AND POSITION TITLE	ADOPTED 2022/23	ADOPTED 2023/24	ADOPTED 2024/25
GENERAL MANAGERS OFFICE			
GENERAL MANAGER	1	1	1
HUMAN RESOURCES/OFFICE ADMINISTRATOR	1	1	-
	2	2	1
ADMINISTRATION/CUSTOMER SERVICE			
ASSISTANT GENERAL MANAGER	1	1	1
CUSTOMER SERVICE SUPERVISOR	1	1	1
CUSTOMER SERVICE LEAD	-	-	-
PUBLIC AFFAIRS OFFICER	-	-	-
RISK AND RESILIENCY ANALYST	1	1	1
WATER USE EFFICIENCY SPECIALIST I, II	1	1	1
CUSTOMER SERVICE REP/TECH I, II, III	4	4	4
FACILITIES MAINTENANCE TECHNICIAN	1	1	1
	9	9	9
OPERATIONS			
MANAGER OF OPERATIONS	1	1	1
FIELD MAINTENANCE SUPERVISOR (ASST. OPS MANAGER)	1	1	1
CMMS ADMINISTRATOR	-	1	1
FOREMAN	3	4	4
MAINTENANCE WORKER I, II, III	15	14	14
OPERATIONS SUPPORT SPECIALIST	-	1	1
	20	22	22
ENGINEERING			
MANAGER OF ENGINEERING	1	1	1
SENIOR ENGINEERING ASSOCIATE	1	1	1
WATER QUALITY SPECIALIST	1	1	1
ENGINEERING TECHNICIAN	1	1	1
CONSTRUCTION INSPECTOR	-	-	-
PERMIT SPECIALIST	-	1	1
OFFICE ASSISTANT	1	1	-
	5	5	5
FINANCIAL AND ADMINISTRATIVE SERVICES			
MANAGER OF FINANCIAL AND ADMINISTRATIVE SERVICES/TREASURER	1	1	1
ASSISTANT MANAGER OF FINANCE	-	-	-
FINANCIAL AND ADMINISTRATIVE SERVICES SUPERVISOR	-	-	1
FINANCIAL AND ADMINISTRATIVE SERVICES TECH I,II,III, IV	2	2	2
	3	3	4
TOTAL LBCWD STAFF POSITIONS	39	41	41
<hr/>			
LEGISLATIVE AND ADVISORY			
BOARD OF DIRECTORS	5	5	5
COMMISSION	5	5	5
TOTAL LEGISLATIVE AND ADVISORY	10	10	10

STAFFING COMPARISON

For FY 24/25, the number of full-time employees, 41, remains unchanged from FY 23/24. In FY 23/24, the Human Resources/Office Administrator position was reclassified from the General Manager’s Office into the newly-restructured Financial and Administrative Services Department, and retitled Financial and Administrative Services Supervisor. Also in FY 23/24, the Office Assistant position in Engineering was eliminated and the position of Permit Specialist was created, which entails more specific engineering related job duties. In FY 23/24, the positions of CMMS Administrator and Operations Support Specialist were added to implement and maintain the District’s new Computerized Maintenance Management System (CMMS).

DISTRICT ORGANIZATION CHART



DISTRICT FINANCIAL POLICIES

Adopted policies are located in **Section 12: Appendices** of this document.

Reserve Policy

The current version of the District's Reserve Policy was adopted by Resolution of the Board on June 18, 2015. The Reserve Policy is intended to ensure adequate reserves for ongoing operating and capital needs. The reserve levels established in the policy also help provide rate stabilization and ensure adequate fund levels to meet aging infrastructure replacements and unanticipated emergencies. The Board receives reports of the reserve levels monthly and again during a quarterly financial summary process to ensure continued conformance with long-term Board strategy.

Investment Policy

The District's Investment Policy, the most recent version of which was adopted by Resolution of the Board on June 22, 2023, is intended to provide guidelines and restrictions for prudent investment of the District's cash reserves. The District's portfolio is carefully monitored by the General Manager and the Manager of Financial and Administrative Services/Treasurer. The Commission and the Board receive monthly reports on the type of investments, the current yield, maturity dates, and market value, as appropriate. The criteria for selecting investment options are, in order of priority, safety, liquidity, and yield. In 2020, the District was awarded an Investment Policy Certification by the California Municipal Treasurers Association.

Debt Management Policy

The District's Debt Management Policy was adopted by Minute Motion of the Board on December 17, 2020. This Policy is intended to provide guidelines for the use of debt for financing District water infrastructure and project needs. The District's overriding goal in issuing debt is to respond to and provide for its infrastructure, capital projects, and other financing needs while ensuring that debt is used and managed prudently in order to maintain a sound fiscal position and protect credit quality. This Policy provides the following: 1) establishes criteria for the issuance of debt obligations so that acceptable levels of indebtedness are maintained; 2) transmits the message to investors and rating agencies that the District is committed to sound financial management; and 3) provides consistency and continuity to public policy development when the Board of Directors work from guidelines that govern the planning and execution of transactions and projects.

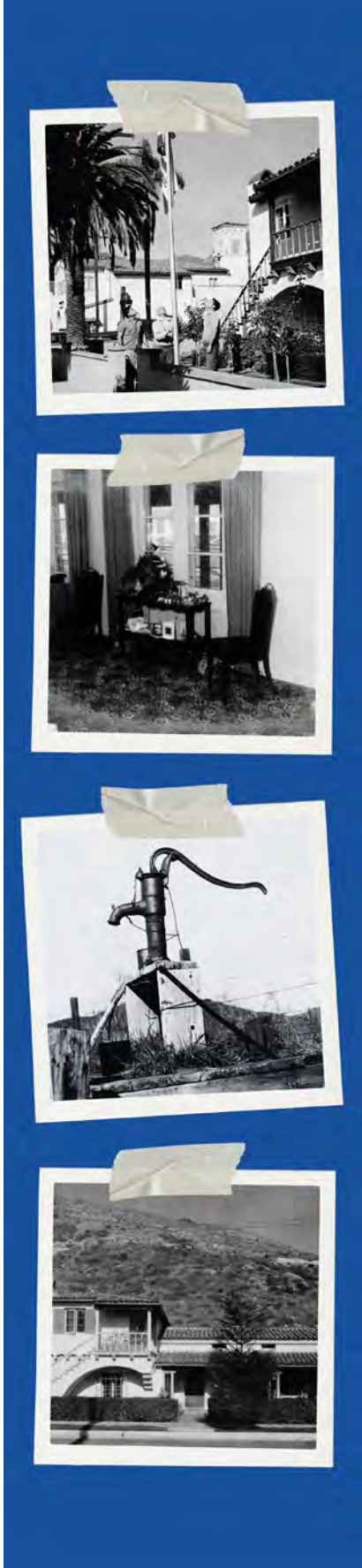
Capital Asset Policy

The current version of the District's Capital Assets Policy was adopted by Minute Motion of the Board on May 20, 2021. The District has a significant investment in a variety of capital assets which are used to provide water services to its customers. The purpose of this policy is to ensure that the District's capital assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, generally accepted accounting principles, internal controls, and audit requirements.



Purchasing Policy

The District's Purchasing Policy, the most recent version of which was adopted by Minute Motion of the Board on June 22, 2023, contains policies and procedures governing the District's acquisition of materials, supplies, equipment, and services. Specifically, this purchasing policy 1) defines the practices governing the procurement of supplies, materials, equipment, and services, including construction and capital improvements, for the District, 2) ensures District compliance with Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (specifically, Subpart D of Uniform Guidance, Sections 200.317 through 200.327, 3) defines decision making with prudent review and internal control procedures, 4) ensures District staff maintain the highest level of integrity in procurement activities and decision making, 5) ensures District staff seek the best value for the goods and services purchased and reduce purchasing costs where feasible, and 6) maintains departmental responsibility and flexibility in evaluating, selecting, and purchasing supplies, equipment, and services. This policy is to be adhered to by all District employees when procuring supplies, services, and equipment in the course of District business.



BASIS OF ACCOUNTING AND THE BUDGET PROCESS

The basis of accounting refers to the timing of revenue and expenditure recognition for purposes of financial reporting. The District maintains its accounts on an accrual basis; that is, revenues are recognized when earned and expenses are recognized when incurred.

The District is operated and reported as a single enterprise fund, which is an accounting entity that funds and accounts for the acquisition, operation, and maintenance of governmental facilities and services that are predominantly self-supporting through customer rates and charges.

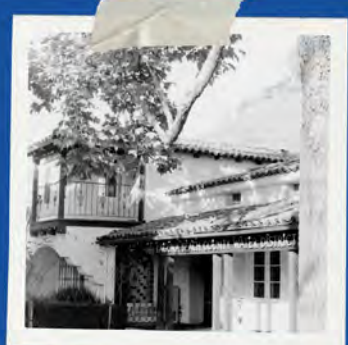
Budgetary Control

The District fiscal year budget is an essential tool for proper financial management. During the process of planning and preparing the budget, the District reassesses its plans and goals for the upcoming fiscal year as well as for future years. The budget is developed with input from management staff and is adopted prior to the start of the fiscal year (July 1). Depending on appropriation amount, the Board of Directors and Commission must approve all supplementary appropriations to the budget. The level of budgetary control, that is, the level at which expenditures cannot exceed the appropriated amount, is at the account level. The Board and the Commission monitor the budget through the annual audit, quarterly financial summary reports, and monthly financial and investment reports.

Budgeted/Unbudgeted	Amount	Approval Level
Budgeted and Unbudgeted	Up to \$10,000	Managers
Unbudgeted	Up to \$25,000	General Manager
Unbudgeted	\$25,001 to \$50,000	Commission
Unbudgeted	Over \$50,000	Board of Directors
Budgeted	Up to \$50,000	General Manager
Budgeted	\$50,000 to \$100,000	Commission
Budgeted	Over \$100,000	Board of Directors

The District’s Budget Process

District management staff meet in the beginning of each calendar year to plan the upcoming budget preparation timeline and develop budgetary and program goals and objectives for the following fiscal year. Staff develop operating budget worksheets for their respective departmental accounts and submit those worksheets to the Finance Department in March. Capital budget requests are developed based on capital facility assessments and needs and in conjunction with the District’s 10-year capital improvement plan (CIP). Initial review of the preliminary budget by the Board of Directors and the Commission occurs during each body’s respective dedicated budget workshop meeting in May. If the Board requests any modifications to the budget, District staff amends the budget reflecting the Board’s direction. The final draft of

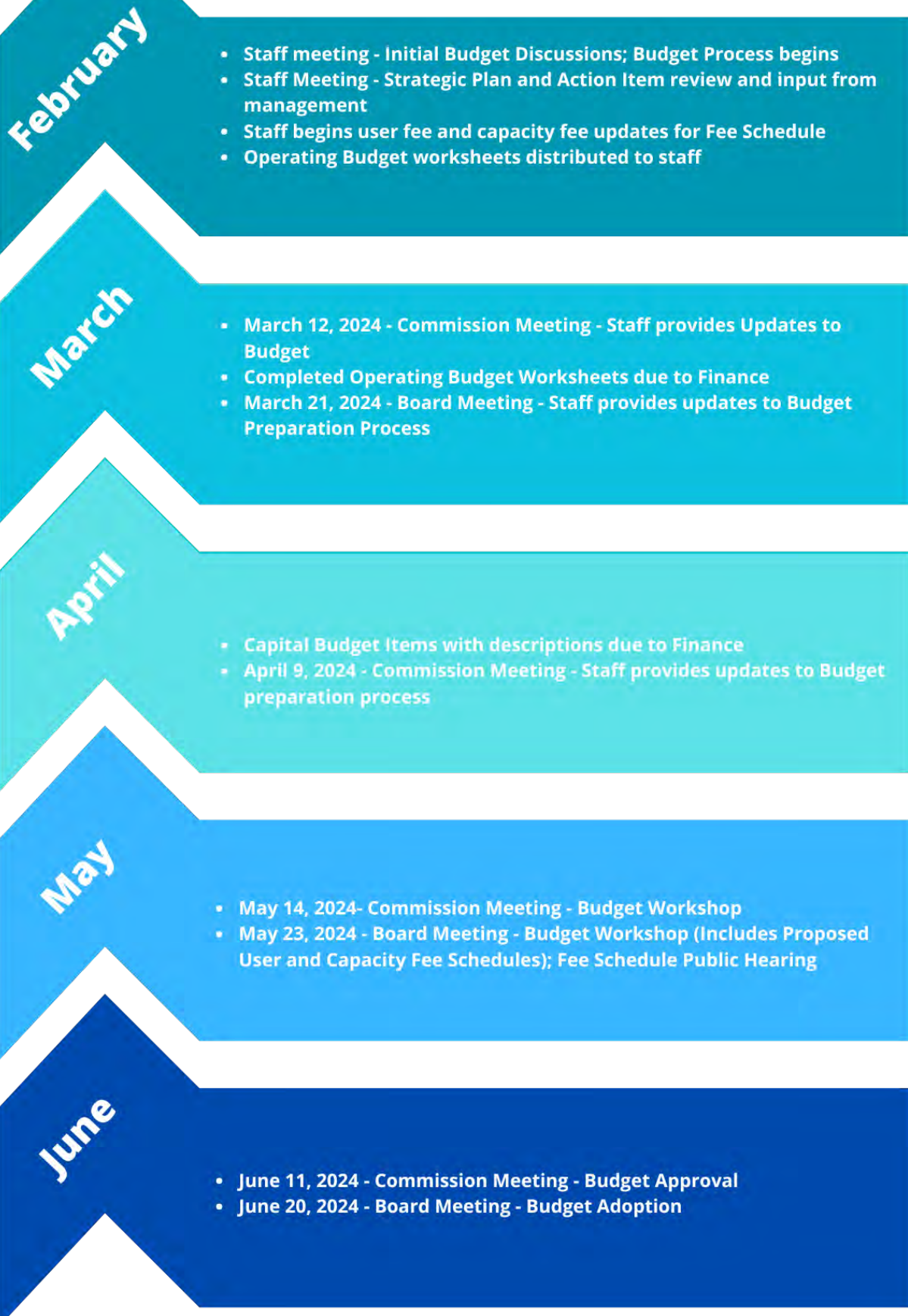


the budget is then resubmitted to the Commission at its June meeting for approval. The final draft of the budget is then resubmitted to the Board of Directors at its June meeting for formal adoption by a motion and majority vote process. After this action, the budget is then considered final for the upcoming fiscal year. The budget may be amended during the year by Board action. This process involves requests by staff to the Board for additional funding and the Board approves or rejects the requests by motion and majority vote.

The budget timeline on the following page provides a graphical overview of the major milestones that occur for the budget preparation and the corresponding revenue and expenditure cycles.



Budget Timeline



BUDGET ASSUMPTIONS

The proposed fiscal year (FY) 2024/25 Operating Budget is \$1.67 million higher than the FY 2023/24 Operating Budget due to actual and projected cost increases to District operations. The following lists the breakdown of the projected cost increases and decreases:

Purchased Water and Power:	\$ 479,720 (Cost increase)
Equipment/Materials/Outside Services:	\$ 622,735 (Cost increase)
COLA, Merit, Benefits, CalPERS UAL Adjustments:	\$ 563,850 (Cost increase)
Total:	\$ 1,666,305 (Cost Increase)

Labor

The 2024/25 labor budget is based on the following factors:

1. 41 Full-time staff positions (41 in 2023/24)
2. 0 Part-time positions (0 in 2023/24)
3. Cost of Living Adjustment (COLA) 2024/25 - 4.0 percent. (COLA 2023/24 - 5.0 percent). The COLA is based on the U.S. Bureau of Labor Statistics annual change in the March Consumer Price Index, Urban Wage Earners and Clerical Workers, for the Los Angeles region, over the past year.
4. Merit range remains at 0 to 2.5 percent based on performance.

Benefits

The 2024/25 benefits budget is based on the following factors:

1. PERS
 - A. Employer Contribution (Classic) 2024/25 – 12.52 percent (2023/24 – 12.47 percent)
 - B. Employee Contribution (Classic) 2024/25 – 7.00 percent (2023/24 - 7.00 percent)
 - C. Employer Unfunded Liability Payment (Classic) 2024/25 - \$693,639 (2023/24 – \$569,100)
 - D. Employer Contribution (PEPRA) 2024/25 – 7.87 percent (2023/24 - 7.68 percent)
 - E. Employee Contribution (PEPRA) 2024/25 – 7.75 percent (2023/24 - 7.75 percent)
 - F. Employer Unfunded Liability Payment (PEPRA) 2024/25 - \$5,170 (2023/23 - \$0)
2. Insurance
 - A. Workers Comp Insurance E-Mod Rate 2024/25 - Budgeted 1.50 (Budgeted FY 2023/24 - 2.30)
 - B. All other Workers Comp Insurance factors estimated to remain the same for 2024/25.
 - C. Medical insurance premiums projected to increase January 2025 by an estimated 3.0 percent. Employee portion of medical insurance premium for dependents for 2024/25 is 25 percent over single rate.
 - D. No Dental Insurance premium increase.
 - E. All other insurance coverages remain at same levels as 2023/24.

Water Purchases

The 2024/25 projected cost for water purchases increases compared to the 2023/24 budget. This increase is due to the District not anticipating any groundwater delivery in FY 2024/25 (the District budgeted 500 AF of groundwater in FY 24, which did not occur).



BUDGET ASSUMPTIONS (continued)

1. Water Purchase
 - A. Projected volume of water purchases is 3,045 acre feet (AF) of imported supply.
2. MWD Water Rates
 - A. Water Rate - \$1,256/AF - July through December 2024 and \$1,395/AF - January through June 2025 (\$1,209/AF July through December 2023 and \$1,256/AF January through June 2024).
 - B. Readiness to Serve Charges RTS - 2024/25 - \$286,146/yr (2023/24 - \$212,513/yr)
 - C. MWD Capacity Charges - 2024/25 - \$70,334 (2023/24 - \$64,378/yr)
3. MWDOC Charges
 - A. 2024/25 - \$14.75 per meter (\$14.25 in 2023/24)
4. Groundwater Charge

The District is not anticipating any groundwater delivery or related costs through June 30, 2025.

Water Sales

Water sales are estimated at 2,923 AF. The District is estimating a 4.0 percent unaccounted for water loss, which is the difference between the amount of water received and the amount billed to customers. In February 2022, the District’s Board of Directors adopted Resolution 873, setting a 5-year rate setting strategy. The first increase took effect March 1, 2022. All following increases become effective on and after March 1 of each year with the last adopted rate becoming effective March 1, 2026.

Commodity Rate: The FY 2024/25 water sales revenue projection is based on the following commodity rates:

2024 Tier 1 Rate:	\$7.61	2025 Tier 1 Rate:	\$8.02
2024 Tier 2 Rate:	\$10.62	2025 Tier 2 Rate:	\$11.19

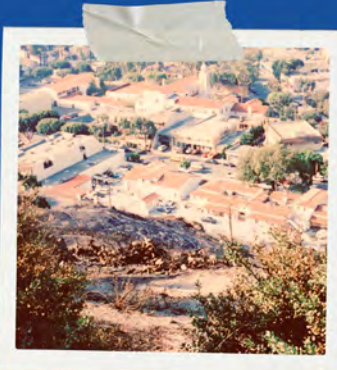
Water sales revenue from Tier 2, which is used to fund the District’s Water Use Efficiency Programs and groundwater reliability/alternate sources of supply, is estimated to be \$452,750. Funds not expended can be deposited into the District’s other reserves such as Rate Stabilization Reserve Fund and/or Water Supply Reliability Reserve Fund.

Bi-monthly Service Charge: The bi-monthly service charge, which is based on the size of the customer meter, is as follows:

Meter Size	2024	2025
3/4-inch meter (Typical single-family residence)	\$43.57	\$48.27
1-inch meter	\$53.27	\$58.38
1.5-inch meter	\$64.61	\$70.45
2-inch meter	\$77.94	\$84.53
3-inch meter	\$740.10	\$787.11
6-inch meter	\$771.49	\$820.41

Proposed Debt Financing and Annual Debt Service

The District anticipates issuing bonds to finance the costs of acquiring a property for a groundwater well site, and other improvements related to its Water System, including well design and construction, proposed Doheny Ocean Desalination Plant design and





construction, pipeline replacement programs, and reservoir rehabilitation. The District expects to raise approximately \$12,000,000 in bond proceeds in FY 25. The District anticipates a 20-year amortization with the bonds maturing in 2044. The projected annual debt service payments (principal and interest) will be approximately \$850,000. This FY 25 budget includes this annual debt service payment in the District’s anticipated expenditures as well as the \$12 million in bond proceeds listed as a major revenue source for FY 25.

The bonds will have a pledge of the District’s Water System Net Revenues. Because the District may close on the groundwater well site acquisition prior to the closing of the bonds, it is anticipated that reimbursement resolution will be authorized in May 2024 related to the site acquisition and any other capital expenditures incurred prior to the anticipated closing.

Revenues, Expenses, Reserves, and Capital Balances

The following section presents an overview of the projected FY 2024/25 sources and uses of funds as well as the projected reserves and capital fund balances. The table on the following page presents the projected sources and uses of funds including, planned expenses, and transfers for the upcoming fiscal year.



BUDGET ASSUMPTIONS (continued)

DESCRIPTION	BUDGET 2024/25
REVENUE	
WATER SALES (41100)	\$ 12,904,790
FIRE SERVICE (42100)	47,280
ADMINISTRATIVE FEES AND PENALTIES (49500 & 49545)	33,000
ENGINEERING/PLANNING FEES (49505)	9,000
OVERHEAD CHARGE (49530)	4,000
EQUIPMENT CHARGE (49520)	8,000
MISCELLANEOUS REVENUE (49550)	30,000
SERVICE INSTALLATION FEES (49560)	130,000
PROPERTY LEASE REVENUES (49410)	-
ANTENNAE LEASE REVENUES (49420)	505,820
INTEREST REVENUE (49250)	300,000
PROPERTY TAX REVENUES (49310 - 49390)	4,138,560
BOND PROCEEDS	12,000,000
TOTAL REVENUE	\$ 30,110,450
OPERATING EXPENSES	
SOURCE OF SUPPLY - CSL (51200)	\$ 124,010
SOURCE OF SUPPLY - ATM (51300)	261,100
PURCHASED WATER (51500)	4,513,380
TOTAL SOURCE OF SUPPLY	\$ 4,898,490
PUMPING EXPENSE (52100)	937,340
PUMPING POWER (52200)	402,000
TOTAL PUMPING	\$ 1,339,340
RESERVOIR EXPENSE (54100)	\$ 1,411,440
MAINLINE EXPENSE (54300)	2,455,950
METER EXPENSE (54300)	414,130
VALVE, VAULT, FIRE HYDRANT EXPENSE (54400)	599,070
PAVING EXPENSE (54500)	150,000
GENERAL PLANT - BUILDING (54700)	231,180
SCADA EXPENSE (54800)	80,400
TOTAL TRANSMISSION AND DISTRIBUTION	\$ 5,342,170
GENERAL MANAGERS EXPENSE (55100)	\$ 483,530
COMMISSION/BOARD (55400)	111,350
LEGAL (55500)	76,800
AUDIT (55600)	25,545
TOTAL GENERAL MANAGER EXPENSE	\$ 697,225



BUDGET ASSUMPTIONS (continued)

DESCRIPTION	BUDGET 2024/25
ADMINISTRATIVE EXPENSE (56100)	\$ 236,000
DATA MANAGEMENT (56200)	217,200
RECORDS RETENTION (56300)	1,200
PUBLIC INFORMATION (56400)	84,060
RISK AND RESILIENCY (56500)	237,240
DISTRICT RECOGNITION (56800)	20,280
CUSTOMER SERVICE (57200)	777,470
TOTAL ADMINISTRATION & CUSTOMER SERVICE	\$ 1,573,450
WUE OFFICE EXPENSE (57510)	\$ 284,510
PROGRAMS/REBATES (57520)	69,600
OUTREACH/EVENTS/SPONSORSHIP (57530)	72,000
DEVICES/MATERIALS (57540)	15,000
SMARTSCAPE EXPO (57550)	-
WATERWISE GARDEN (57560)	11,640
TOTAL WATER USE EFFICIENCY	\$ 452,750
FINANCIAL & ADMINISTRATIVE SERVICES EXPENSE (58100)	\$ 952,090
GENERAL OFFICE EXPENSE (58200)	115,920
INSURANCE (58300)	319,200
TOTAL SOURCE OF SUPPLY	\$ 1,387,210
ENGINEERING EXPENSE (59100)	\$ 815,030
WATER QUALITY EXPENSE (59200)	295,710
TOTAL ENGINEERING	\$ 1,110,740
TOTAL OPERATING EXPENSES	\$ 16,801,375
TOTAL INCOME	\$ 13,309,075
INCOME TRANSFERS	
INCOME TRANSFER TO PAYGO RESERVES	\$ 12,973,546
INCOME TRANSFER TO OTHER RESERVES	335,529
WATER CAPACITY FEE INCOME TO PAYGO RESERVES	140,000
TOTAL TRANSFERS	\$ 13,449,075
PAYGO RESERVES BEGINNING BALANCE	\$ 7,903,478
INCOME TRANSFERS TO PAYGO RESERVES	12,973,546
CIP EXPENDITURES/DEBT SERVICE	(13,576,420)
WATER CAPACITY FEE INCOME	140,000
PAYGO RESERVE ENDING BALANCE	\$ 7,440,604
<i>PAYGO RESERVE TARGET</i>	<i>4,880,000</i>
OTHER RESERVES BEGINNING BALANCE	\$ 6,013,958
INCOME TRANSFER TO OTHER RESERVES	335,529
OTHER RESERVES ENDING BALANCE	\$ 6,349,487
<i>OTHER RESERVES TARGET</i>	<i>6,349,487</i>



BUDGET ASSUMPTIONS (continued)

TOTAL RESERVES BEGINNING BALANCE	\$ 13,917,436
INCOME TRANSFER TO RESERVES	13,449,075
PLANNED CIP EXPENDITURES	(13,576,420)
TOTAL RESERVES ENDING BALANCE	\$ 13,790,091
<i>TOTAL RESERVES TARGET</i>	<i>\$ 11,229,487</i>

The following table presents the estimated FY 23/24 balances in the PAYGO Capital Fund and Other Reserves, and the projected FY 24/25 balances.

TOTAL RESERVES BALANCES	Estimated FY 23/24	Projected FY 24/25
OPERATING FUND	\$ 2,691,700	\$ 2,975,721
SELF INSURANCE/EMERGENCY FUND	1,343,220	1,343,220
RATE STABILIZATION FUND	1,229,500	1,224,623
EMPLOYEE LIABILITIES FUND	749,538	805,923
TOTAL RESERVES	\$ 6,013,958	\$ 6,349,487
PAYGO CAPITAL FUND BALANCE		
PAYGO CAPITAL FUND	\$ 7,903,478	\$ 7,440,604
TOTAL CAPITAL AND RESERVES BALANCE	\$13,917,436	\$13,790,091

In 2015, the Board adopted Resolution 805 which established minimum target balances for Pay-As-You-Go (PAYGO) Capital and reserves. The purpose of establishing minimum reserve and PAYGO Capital balance levels is to ensure long-term financial stability and to preserve and protect the ratepayers’ investment in the District’s water system infrastructure and water supply reliability. The District’s minimum target levels include reserves related to operating, emergency/major asset failure, rate stabilization, and employee liabilities.

The policy target balances fluctuate from year to year based on projected capital needs, water purchase costs, and level of operating expenses. Based on the revenue expenditure and transfer assumptions and projections contained in this FY 2024/25 budget, a net decrease in the PAYGO Capital Fund is projected. Both reserves balances are projected to be within the Board adopted policy ranges. The District plans to cash fund its capital project requirements this year.



MAJOR REVENUE SOURCES

Approximately 98 percent of the District's revenues are typically derived from 4 major revenue categories: Water Sales, Property Taxes, Antenna Leases, and Interest Income. Like most single-purpose water agencies, Water Sales represent the main revenue source of the District. Unlike past years, the District anticipates a debt financing in FY 25 which will net approximately \$12 million in bond proceeds. This will be the District's fifth major revenue category for FY 25. This section of the budget reviews these five major revenue sources, their historical trends, and the basis and assumptions used for their FY 2024/25 budget forecasts. These revenue categories, excluding bond proceeds, are considered by the District as unrestricted and can be used to fund both operating and non-operating expenditures. Bond proceeds will be used to fund identified capital projects as detailed below.

Water Sales

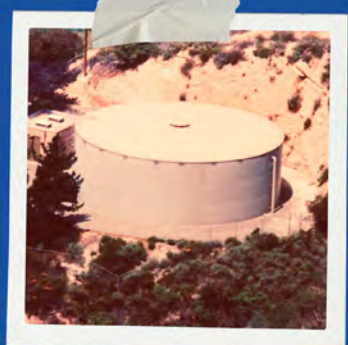
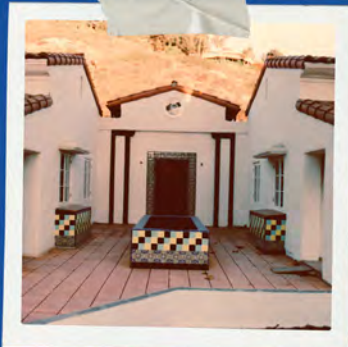
Water sales revenues are the major source of ongoing revenues for the District. The District goal is to conduct a rate study at least every 5 years, if not sooner, depending on near-term operating and capital obligations of the District. The District completed a 5-year cost of service and rate study with the new rate schedule effective March 1, 2022, and March 1 of each of the subsequent 4 years (2023-2026). The rate analysis included a comprehensive forecasting analysis of revenues and expenditures for the next five years based on current available cost data, historical and projected water demand, historical and projected operating and capital asset price inflation, historical and current interest rate levels, and a multi-year capital needs assessment. During each year's upcoming budget process, District management staff review prior year and current year water sales actuals and estimated actuals and compare them to the rate model projections. If there are any substantial deviations from projections, staff addresses these with the District advisory Commission and Board of Directors to determine an appropriate course of action.

Assumptions and Bases for Estimating Future Revenues

Rate revenue estimates are based on prior years' water consumption patterns, primarily from residential accounts, forecasted weather patterns for the upcoming fiscal year (wet weather vs. dry weather), upcoming rate increases and the relationship to projected consumption (elasticity of demand), and staff-monitored conservation activity from District customer input.

For this budget, two deviations for the upcoming fiscal year are the projected cost of imported water (from MWDOC) in the District's rate model, compared to the budgeted cost of imported water and the amount of groundwater projected to be available to the District. These elements may affect the customer rate pricing for March 1, 2025. The rate model estimated that the cost per acre foot of imported water from January 2025 through June 2025 would be \$1,297. After the 5-year rate schedule was adopted by the District Board of Directors in February, 2022, MWDOC adopted a \$1,395 rate per acre foot for the January 2025 through June 2025 period, representing a \$98 per acre foot cost difference (an 11% increase over MWDOC's prior year rate of \$1,256 per acre foot). Per the current District rate resolution, the District is allowed to pass on this cost





difference to customers without triggering a new Proposition 218 notice requirement. This cost difference can be applied to the commodity rates. Should the District begin incurring the higher-than-projected import water cost in January 2025, District staff may present a plan to address the cost differential to the Commission and Board of Directors for review and consideration. Second, due to unforeseen interruptions in the supply of groundwater delivered through the City of Newport Beach, the upcoming budget assumes no groundwater delivery to the District compared to the 1,934 acre feet of groundwater anticipated in the rate model for FY 25.

Property Taxes

The County of Orange levies an ad valorem tax of 1 percent on the assessed valuation of property within the County. The District receives a portion of this 1 percent levy for property co-located both within the District’s service area and the limits of the City of Laguna Beach (the City and other governmental agencies receive the remaining portion of the levy).

Assumptions and Bases for Estimating Future Revenues

The rate of increase in annual property taxes received by the District has historically been in the range of 2.2 percent to over 3 percent, depending on current development conditions (and subsequent assessed value reassessments) in the service area. District staff monitor prior year property tax receipt increases, and City of Laguna Beach building permit and remodel application activity each year to better gauge the forecast value to use for the upcoming fiscal year budget.

Antenna Leases (Licensed Communications Facilities)

The District has an active antenna lease program whereby private telecommunications carriers or antenna tower companies and the District enter into license agreements allowing the companies to site their wireless telecommunications equipment at District reservoir sites in exchange for monthly compensation to the District. All current license agreements contain a 3 percent annual escalator which is applied to the license fees paid to the District and factored into the revenue projections each budget year. In addition to the monthly license fees, the District charges an application fee to each site installation and modification request submitted by these companies. As of FY 24, these fees are \$3,500 per request and help cover the cost of staff time and materials involved in processing these requests; the District typically receives 4 to 6 requests each year.

Assumptions and Bases for Estimating Future Revenues

Forecasting antenna lease revenues each budget year is a routine process based on the agreed upon flat rate escalator with each company and the steady application activity experienced by the District. For FY 25, the proposed application fee is \$5,030 for new facility site requests and \$3,860 for license agreement renewals, amendments, and facility equipment modification requests.

Investment Interest Income

All interest earnings from non-restricted funds are transferred from the District’s investment account to its demand account with Bank of America to be used for funding operating and non-operating expenditures. Over the past year, the District’s book and current yields decreased as District investments matured and were not reinvested due

to the need for additional PAYGO funding of the District’s active capital improvement program during the year and the District’s increased water supply costs due to reliance on 100% imported water during the year. Planned CIP execution for FY 25 is more aggressive than prior fiscal years, thus the District anticipates a reduced amount of investment income for the fiscal year as District holdings mature and are used for PAYGO funding rather than reinvested in fixed income equities.

Bond Proceeds

The District anticipates issuing bonds to finance the costs of acquiring a property for a groundwater well site, and other improvements related to its Water System, including well design and construction, proposed Doheny Ocean Desalination Plant design and construction, pipeline replacement programs, and reservoir rehabilitation. The District expects to raise approximately \$12,000,000 in bond proceeds in FY 25. The District anticipates a 20-year amortization with the bonds maturing in 2044. The bonds will have a pledge of the District’s Water System Net Revenues. Because the District may close on the groundwater well site acquisition prior to the closing of the bonds, it is anticipated that reimbursement resolution will be authorized in May 2024 related to the site acquisition and any other capital expenditures incurred prior to the anticipated closing.



Analysis of Sources and Uses of Funds - Actual and Budgeted

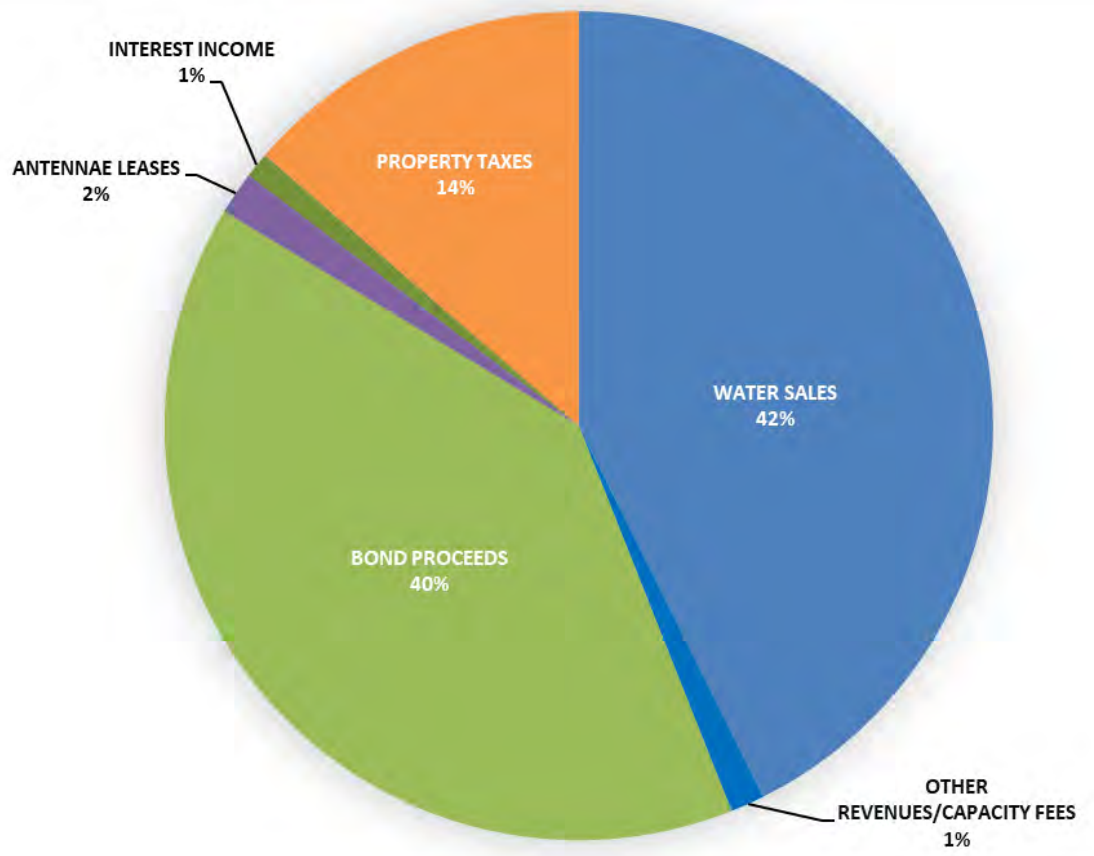
DESCRIPTION	ACTUALS 2020/21	ACTUALS 2021/22	ACTUALS 2022/23	BUDGET 2023/24	PROJ. 2023/24	BUDGET 2024/25
REVENUE						
WATER SALES (41100) *	\$ 11,397,809	\$ 11,105,127	\$ 10,595,881	\$ 12,596,170	\$ 12,000,000	\$ 12,904,790
FIRE SERVICE (42100)	11,841	14,532	26,180	36,490	36,000	47,280
ADMIN FEES & PENALTIES (49500 & 49545)	22,351	22,844	35,417	32,000	34,000	33,000
ENGINEERING/PLANNING FEES (49505)	5,902	4,692	16,107	8,000	18,000	9,000
OVERHEAD CHARGE (49530)	6,826	3,993	12,578	4,000	10,000	4,000
EQUIPMENT CHARGE (49520)	9,528	14,880	470	8,000	4,000	8,000
MISCELLANEOUS REVENUE (49550)	13,952	175,940	27,190	30,000	18,000	30,000
SERVICE INSTALLATION FEES (49560)	72,540	118,344	124,839	130,000	70,000	130,000
PROPERTY LEASE REVENUES (49410)	60,146	48,291	41,182	-	-	-
ANTENNAE LEASE REVENUES (49420)	479,962	447,404	505,747	493,560	496,000	505,820
INTEREST REVENUES (49250)	450,513	307,087	412,355	340,000	350,000	300,000
PROPERTY TAX REVENUES (49310 - 49390)	3,469,561	3,600,366	3,964,326	3,739,660	4,050,000	4,138,560
BOND PROCEEDS	-	-	-	-	-	12,000,000
TOTAL REVENUE	\$ 16,000,931	\$ 15,863,500	\$15,762,272	\$ 17,417,880	\$ 17,086,000	\$ 30,110,450
OPERATING EXPENSES						
SOURCE OF SUPPLY - CSL (51200)	\$ 68,644	\$ 81,014	\$ 94,652	\$ 113,430	\$ 92,000	\$ 124,010
SOURCE OF SUPPLY - ATM (51300)	84,825	161,470	139,651	227,300	326,000	261,100
PURCHASED WATER (51500)	3,956,858	4,028,389	3,638,460	4,065,660	4,500,000	4,513,380
TOTAL SOURCE OF SUPPLY	\$ 4,110,326	\$ 4,270,873	\$ 3,872,763	\$ 4,406,390	\$ 4,918,000	\$ 4,898,490
PUMPING EXPENSE (52100)	\$ 516,240	\$ 648,895	\$ 729,105	\$ 871,660	\$ 675,000	\$ 937,340
PUMPING POWER (52200)	257,229	361,728	349,444	370,000	370,000	402,000
TOTAL PUMPING	\$ 773,469	\$ 1,010,623	\$ 1,078,549	\$ 1,241,660	\$ 1,045,000	\$ 1,339,340
RESERVOIR EXPENSE (54100)	\$ 1,183,937	\$ 1,170,011	\$ 1,341,758	\$ 1,247,450	\$ 1,247,000	\$ 1,411,440
MAINLINE EXPENSE (54200)	1,542,688	1,502,236	2,318,894	2,093,150	2,510,000	2,455,950
METER EXPENSE (54300)	277,602	353,493	391,356	314,860	423,000	414,130
VALVE/VAULT/FIRE HYDRANT EXPENSE (54400)	571,419	582,877	534,165	497,710	525,000	599,070
PAVING EXPENSE (54500)	55,827	154,025	154,024	240,000	69,000	150,000
GENERAL PLANT - BUILDING (54700)	233,384	218,848	289,467	261,740	330,000	231,180
SCADA EXPENSE (54800)	47,982	57,727	76,750	72,000	72,000	80,400
TOTAL TRANSMISSION AND DISTRIBUTION	\$ 3,912,840	\$ 4,039,216	\$ 5,106,415	\$ 4,726,910	\$ 5,176,000	\$ 5,342,170
GENERAL MANAGER EXPENSE (55100)	\$ 620,133	\$ 653,109	\$ 672,811	\$ 686,080	\$ 684,000	\$ 483,530
COMMISSION/BOARD (55400)	74,027	80,371	75,233	92,940	92,000	111,350
LEGAL (55500)	163,817	56,146	51,394	96,000	60,000	76,800
AUDIT (55600)	19,330	19,720	20,110	24,800	24,800	25,545
TOTAL GENERAL MANAGERS OFFICE	\$ 877,307	\$ 809,346	\$ 819,548	\$ 899,820	\$ 860,800	\$ 697,225
* Water Sales includes revenue from Water Commodity Charge and bi-monthly Service Charge.	3,410 AF	3,210 AF	2,779 AF	3,072 AF	2,717 AF**	2,925 AF

** 20 percent decrease from 2020/21 - estimated 2023/24

DESCRIPTION	ACTUALS 2020/21	ACTUALS 2021/22	ACTUALS 2022/23	BUDGET 2023/24	PROJ. 2023/24	BUDGET 2024/25
ADMINISTRATIVE EXPENSE (56100)	\$ 116,083	\$ 266,180	\$ 365,226	\$ 411,440	\$ 360,000	\$ 236,000
DATA MANAGEMENT (56200)	115,591	124,367	171,317	175,200	175,000	217,200
RECORDS RETENTION (56300)	1,122	-	1,893	1,020	1,000	1,200
PUBLIC INFORMATION (56400)	37,736	33,753	25,759	33,480	22,000	84,060
RISK AND RESILIENCY (56500)	-	-	-	-	-	237,240
DISTRICT RECOGNITION (56800)	2,287	6,940	19,806	27,300	30,000	20,280
CUSTOMER SERVICE (57200)	694,468	645,407	658,326	688,960	682,000	777,470
TOTAL ADMIN & CUSTOMER SERVICE	\$ 967,286	\$ 1,076,647	\$ 1,242,329	\$ 1,337,400	\$ 1,270,000	\$ 1,573,450
WATER USE EFFICIENCY EXPENSE (57510)	\$ 155,650	\$ 334,603	\$ 227,597	\$ 272,420	\$ 210,000	\$ 284,510
PROGRAMS/REBATES (57520)	31,665	23,657	33,725	39,600	18,000	69,600
OUTREACH/EVENTS/SPONSORSHIPS (57530)	20,923	63,743	136,129	72,000	50,000	72,000
DEVICES/MATERIALS (57540)	6,575	9,718	5,784	11,040	4,000	15,000
SMARTSCAPE EXPO (57550)	4,328	17,322	2,360	44,600	-	-
WATERWISE GARDEN (57560)	-	1,710	4,802	11,640	12,000	11,640
TOTAL WATER USE EFFICIENCY	\$ 219,140	\$ 450,753	\$ 410,397	\$ 451,300	\$ 294,000	\$ 452,750
FINANCIAL & ADMIN SERVICES EXPENSE (58100)	\$ 609,630	\$ 597,836	\$ 690,350	\$ 663,730	\$ 661,000	\$ 952,090
GENERAL OFFICE EXPENSE (58200)	72,660	86,402	106,247	96,240	101,000	115,920
INSURANCE (58300)	178,320	212,621	210,713	229,200	260,000	319,200
TOTAL FINANCIAL AND ADMIN. SERVICES	\$ 860,610	\$ 896,859	\$1,007,310	\$ 989,170	\$ 1,022,000	\$1,387,210
ENGINEERING EXPENSE (59100)	\$ 421,650	\$ 633,857	\$ 811,007	\$ 804,320	\$ 867,000	\$ 815,030
WATER QUALITY EXPENSE (59200)	280,690	259,528	240,937	278,090	232,000	295,710
TOTAL ENGINEERING EXPENSE	\$ 702,340	\$ 893,385	\$1,051,944	\$1,082,410	\$1,099,000	\$1,110,740
TOTAL OPERATING EXPENSES	\$12,423,320	\$13,447,701	\$14,589,254	\$15,135,060	\$15,684,800	\$ 16,801,375
TOTAL INCOME	\$ 3,577,612	\$ 2,415,798	\$ 1,173,018	\$ 2,282,820	\$ 1,401,200	\$ 13,309,075
CIP EXPENSES	\$ 3,749,611	\$ 3,431,721	\$ 2,998,084	\$10,185,985	\$ 5,000,000	\$13,576,420
WATER CAPACITY FEES (RESTRICTED TO CIP)	143,630	132,003	293,570	140,000	100,000	140,000
TRANSFERS IN FROM (OUT TO) PAYGO RESERVES	28,369	883,920	1,531,496	7,763,165	3,498,800	127,345
TOTAL NET INCOME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FY 2024/25 Projected Revenues

The following graph presents the allocation of the District’s projected revenues by major revenue category for FY 2024/25. Below the graph is a tabular representation of these major revenue categories. Please note that the percentages shown are rounded to the nearest integer.

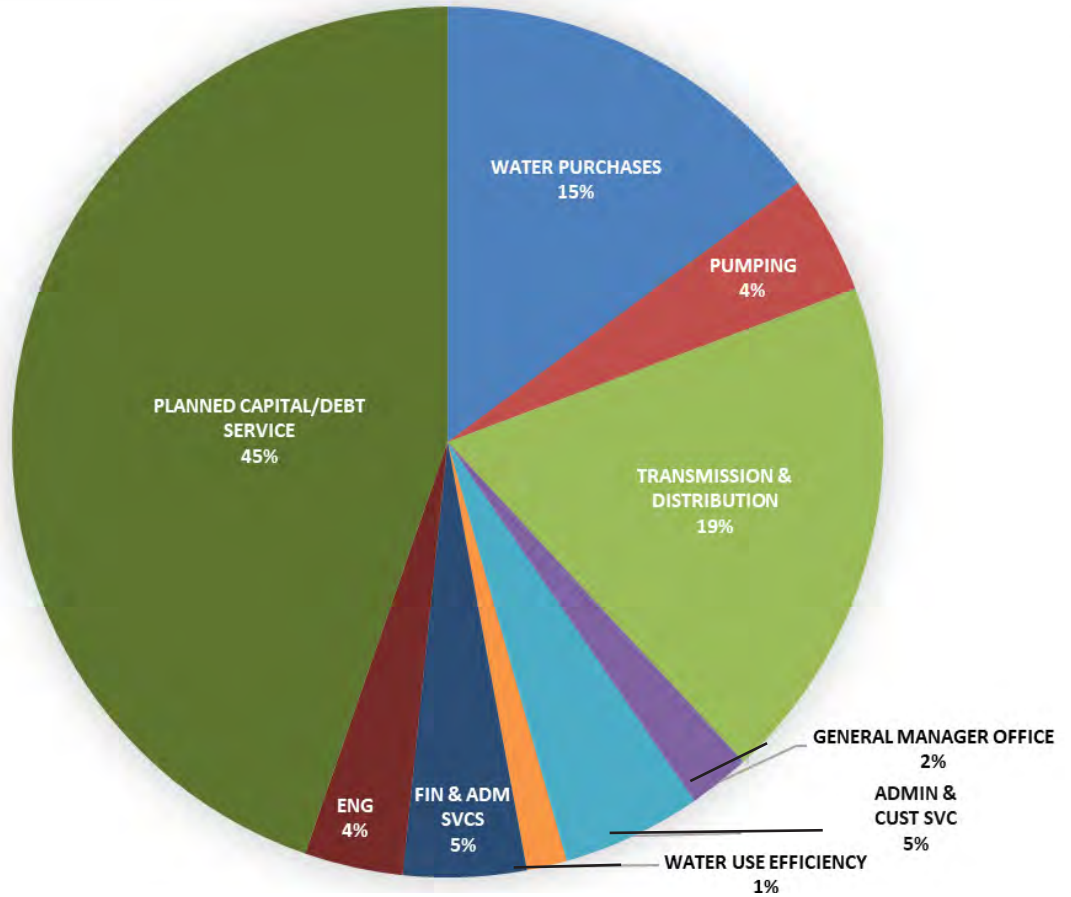


MAJOR REVENUE CATEGORIES	AMOUNT	% OF TOTAL
WATER SALES	\$ 12,904,790	42.7%
BOND PROCEEDS	12,000,000	39.7%
PROPERTY TAXES	4,138,560	13.7%
ANTENNAE LEASES	505,820	1.7%
INTEREST INCOME	300,000	1.0%
OTHER REVENUES/CAPACITY FEES	401,280	1.3%
TOTAL REVENUES	\$ 30,250,450	100%



FY 2024/25 Projected Expenses

The following graph presents the allocation of the District’s projected expenses by major expense category for FY 2024/25. Below the graph is a tabular representation of these major expense categories. Please note that the percentages shown are rounded to the nearest integer.



MAJOR EXPENSE CATEGORIES	AMOUNT	% OF TOTAL
PLANNED CAPITAL/DEBT SERVICE	\$ 13,576,420	45%
TRANSMISSION AND DISTRIBUTION	5,727,280	19%
WATER PURCHASES	4,513,380	15%
ADMIN AND CUSTOMER SERVICE	1,573,450	5%
PUMPING	1,339,340	4%
ENGINEERING	1,110,740	4%
FINANCIAL & ADMIN. SERVICES	1,387,210	5%
GENERAL MANAGERS OFFICE	697,225	2%
WATER USE EFFICIENCY	452,750	1%
TOTAL EXPENSES	\$ 30,377,795	100%

Five-Year Sources and Uses of Funds Forecast

The following table presents a five-year forecast of the District’s Sources and Uses of Funds, beginning with the FY 2024/25 budget year. The ‘Transfers In’ line item includes anticipated transfers from the PAYGO Capital Fund. The ‘Transfers Out’ line item includes additional funds not required for expenses that would be deposited in the PAYGO Capital Fund. The bottom of the table includes the projected balances in Other Reserves and the PAYGO Capital Fund for each year of the forecast period.

The projected revenues and expenses are based on several sources including the District’s adopted water rates through FY 2027, projected economic and financial conditions in the City of Laguna Beach and the Southern California region, projected long-term capital needs of the water system, groundwater and imported water rates as forecasted by OCWD and MWDOC, and other revenue and cost estimates related to District operations. Each year, District staff update the long-term financial plan to reflect actual revenues and costs, refine future year projections based on currently available data and information, and finally, assess the potential impacts on District reserve balances. Current District water rates and other revenue sources are sufficient to meet projected operational and capital expenses through FY 2027 as shown in the table below. Furthermore, this year’s proposed debt financing for capital improvement needs will be an integral part of an overall District approach to smooth revenue needs and rate adjustments after FY 2027, which would otherwise require significant rate increases or reductions in expenditures. Finally, the long-term outlook for District reserve balances is projected to be within the policy ranges as set forth in the District’s Reserves Policy.

DESCRIPTION	BUDGET FY2024/25	FORECAST FY 2025/26	FORECAST FY 2026/27	FORECAST FY 2027/28	FORECAST FY 2028/29
<u>SOURCES OF REVENUE</u>					
TOTAL REVENUES	\$ 30,110,450	\$ 19,198,000	\$ 20,350,000	\$ 21,571,000	\$ 22,866,000
TOTAL WATER CAPACITY FEES	140,000	145,000	150,000	155,000	160,000
TOTAL TRANSFERS IN	127,345	2,577,000	265,000	510,000	1,108,000
TOTAL SOURCES OR REVENUE	\$ 30,377,795	\$ 21,920,000	\$ 20,765,000	\$ 22,236,000	\$ 24,143,000
<u>USES OF REVENUES</u>					
TOTAL OPERATING EXPENSE	\$ 16,801,375	\$ 16,120,000	\$ 16,765,000	\$ 17,436,000	\$ 18,134,000
TOTAL CAPITAL EXPENSES	13,576,420	5,800,000	4,000,000	4,800,000	6,000,000
TOTAL TRANSFERS OUT	-	-	-	-	-
TOTAL USES OF REVENUES	\$ 30,377,795	\$ 21,920,000	\$ 20,765,000	\$ 22,236,000	\$ 24,134,000
TOTAL INCOME (SOURCES LESS USES)	\$ -	\$ -	\$ -	\$ -	\$ -
<u>RESERVES BALANCES</u>					
PAYGO CAPITAL BALANCE	\$ 7,440,604	\$ 4,609,091	\$ 4,079,091	\$ 3,294,091	\$ 1,900,091
OTHER RESERVES BALANCE	6,349,487	6,604,000	6,869,000	7,144,000	7,430,000
TOTAL ENDING BALANCES	\$ 13,790,091	\$ 11,213,091	\$ 10,948,091	\$ 10,438,091	\$ 9,330,091

BUDGET OVERVIEW

2024/25 Operating Budget

The operating budget includes the day-to-day operations of the District, which includes operations, water purchases, customer service, engineering, water use efficiency, finance, and administration.

Water Purchases

In 2016, the District secured its groundwater right of 2,025 acre-feet of water from the Santa Ana Groundwater Basin reducing its 100 percent dependence on imported water supplies. However, due to anticipated groundwater delivery interruptions by the City of Newport Beach (by agreement, the City transmits groundwater to the District), the District projects that groundwater deliveries will not be available in FY 25. This situation requires that the District purchase its entire water supply through the Municipal Water District of Orange County (MWDOC) which is more expensive than groundwater on a per acre foot basis. The District anticipates introducing groundwater into its supply portfolio in FY 26 as plans are underway to purchase a well site property over the Orange County groundwater basin as well as to construct a well facility on this property during FY 25.

Import water purchases from MWDOC are estimated at 3,045 acre-feet for FY 25. The District's wholesale rates charged by MWDOC, which incorporate supply costs from Metropolitan Water District (MWD), will increase from \$1,256 to \$1,395 per acre-foot in January 2025, or 11.1 percent. The total overall rate increases are driven by:

- 1. Lower projected water transactions:** The FY 2024/25 and FY 2025/26 budget and rates proposed in February were based on 1.44 MAF of water transactions, which is 100,000 acre-feet lower than the FY 2023/24 budget. However, during the workshops, the Board recommended to lower the water transactions assumptions to a more conservative 1.34 MAF (see Water Transactions section). While the lower water transactions assumption will increase Metropolitan's volumetric rates, it also moderates the downside financial risk from lower-than-expected water transactions, demonstrates a commitment to financial stability, and reduces the likelihood of an emergency rate increase.
- 2. External pressures add to increased costs:** Like many of its Member Agencies, Metropolitan's costs have significantly increased, in part, due to inflation, cost-of-living adjustments, and other expense categories largely outside of Metropolitan's direct control. General inflation, as measured by the Consumer Price Index (CPI), was about 9 percent for FY 2021/22 (measured June to June, Los Angeles Regional CPI-U, All Items), but was higher for certain goods and services such as energy, chemicals, and equipment. These impacts are captured in the proposed budget. Metropolitan's variable treatment costs are up 39 percent from FY 2023/24 to FY 2025/26 despite lower treatment volume. From 2016 through 2020, Metropolitan's rate increases generally tracked inflation, including both the Los Angeles Regional CPI-U and CPI-W, as well as the California Construction Cost Index. In recent years, however, Metropolitan's rate increases have not kept pace with inflation – particularly for goods and services in the building and construction industry.



3. Carry forward impact of Fiscal Year 2023/24 rates not fully recovering costs:

Water transactions in the current fiscal year (FY 2023/24) are projected to be at about 1.2 MAF, significantly lower than the 1.54 MAF budget assumption. As a result of the projected decline in water transactions, staff forecasts approximately \$247 million of unrestricted reserves will be used to support operations, which will result in unrestricted reserve levels close to the minimum amount required by 4/9/2024 Board Meeting 8-7 Page 3 Board policy. As such, Metropolitan's biennial budget can no longer support the ongoing use of reserves. Importantly, the FY 2023/24 adopted rates did not fully recover costs. The FY 2023/24 budget included a \$37 million draw from unrestricted reserves. Over the next biennium, staff proposes that Metropolitan adopt rates that recover costs and maintain at least the minimum reserve level.

In addition, MWDOC increased its meter connection charge from \$14.25 to \$14.75. With these cost increases, the budgeted total water purchase costs for FY 25 are projected to increase by \$447,720 (or 11%) compared to last year's budgeted amount. This increase is due to the annual increase in imported water costs and that the prior year's budgeted amount included some groundwater costs as the District anticipated 500 acre feet of groundwater would be delivered to the District in FY 2023/24, which did not materialize.

Labor and Benefits

Labor and benefit costs are projected to increase by approximately \$563,850 over the prior year budgeted amount. These costs are due to employee cost-of-living and merit adjustments (\$404,360), an increase in the unfunded liability premium (UAL) owed by the District to CalPERS compared to the prior year (\$129,709), and increases in other employee-related benefits (\$29,781).

The UAL premium cost to the District increased significantly due to a combination of higher-than-expected inflation rates and a lower funded ratio compared to last year. Higher inflation rates influenced cost of living increases for plan retirees, beneficiaries, and active member pay increases. These factors put upward pressure on public agency contribution requirements and downward pressure on the funded status in the current valuation year. The current funded status, as measured by a Funded Ratio, is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the CalPERS Board of Administration. The District's Funded Ratio is lower compared to last year (2022 – 72% vs. 2021 – 83%) due to 1) increases in the expected cost of member projected benefits, in present value terms, 2) increases in the value of projected benefits not allocated to future service (accrued liability), and 3) a decrease in the market value of assets compared to last year (2022 - \$24 million vs. 2021 - \$26 million).

Excluding the UAL premium obligation, the cost increase in other District employee benefits such as medical, dental, vision insurance, and life and disability insurance, is largely offset by a projected decrease in the District's workers' compensation premiums. Workers' compensation insurance costs are anticipated to decrease by approximately \$90,000 in large part due to increased District staff safety training and education efforts over the past two years which has lowered the District's projected experience modification factor, a main component in determining the annual premium.



Field and Maintenance

The field operations department includes the operation of the District's facilities (including supply lines, reservoirs, pump stations, distribution pipelines and appurtenances, vehicle maintenance, and buildings). This component of the budget is projected to increase by \$757,320 over the FY 2023/24 operations budget. The increase is due to labor and benefits increases, as well as cost increases in power, SCADA, materials and equipment, and employee training and certification.

General Manager's Office

Expenses relating to the Board, Commission, General Manager, Legal, Audit, and professional memberships, such as the Association of California Water Agencies (ACWA) and the American Water Works Association (AWWA), are under the General Manager's Office section. A projected decrease of approximately \$203,000 from FY 24 to FY 25 is due to the restructuring of the Financial and Administrative Services Department whereby Human Resources and Office Administration responsibilities and tasks moved from the General Manager's Office to the Financial and Administrative Services Department during FY 24.

Administration and Customer Service

Expenses included in the Administration and Customer Service area include customer service, meter reading, records retention and destruction, data management, risk and resiliency, and customer billing. Expenses in the Administration and Customer Service budget are projected to increase by about \$236,000 compared to the FY 24 budget primarily due to increases in labor and benefits costs, an increase in risk and resiliency responsibilities and tasks, and increases in public information-related costs as the District prepares for its upcoming 100th anniversary celebration activities in the latter half of FY 25.

Water Use Efficiency

The District's water use efficiency efforts focus on establishing a long-term water conservation framework, community education, and program participation, all while improving the District's drought resiliency. It is important to note the District's water use efficiency programs are funded through the District's Tier 2 Commodity Rate generated by those customers using more than their water budget. The FY 25 water use efficiency program budget is projected to increase by about \$1,500 compared to the FY 24 budget.

Financial and Administrative Services

The financial and administrative services section of the budget is projected to increase by \$398,040. Labor and benefits costs, restructuring of the department to include human resources and office administration, costs of general office supplies, and projected insurance premiums for FY 25 account for the increased costs.

Engineering

The engineering department provides technical engineering and water quality expertise to support operations and capital project management of the District. This section of the budget is projected to increase by \$28,330 due to increases in labor and benefits, outside services, and software needs.



2024/25 Capital Budget

This year, the District proposes to appropriate \$11.6 million in new FY 24/25 projects and continued appropriations of \$8.3 million in prior year carryover projects for a total appropriation of \$19.9 million. Of this amount, the District anticipates expending approximately 64 percent, or roughly \$12.7 million, in FY 25.



OPERATING BUDGET COMPARISON - ACTUAL AND BUDGETED

SECTION/ PAGE	DESCRIPTION	ACTUALS 2020/21	ACTUALS 2021/22	ACTUALS 2022/23	BUDGET 2023/24	PROJ. 2023/24	BUDGET 2024/25
9-45	OPERATIONS - SOURCE OF SUPPLY (51000)						
	SOURCE OF SUPPLY-CSL (51200)	\$ 68,644	\$ 81,014	\$ 94,652	\$ 113,430	\$92,000	\$ 124,010
	SOURCE OF SUPPLY-ATM (51300)	84,825	161,470	139,651	227,300	326,000	261,100
	PURCHASED WATER (51500)	3,956,858	4,028,389	3,638,460	4,065,660	4,500,000	4,513,380
	TOTAL SOURCE OF SUPPLY	4,110,326	4,270,873	3,872,763	4,406,390	4,918,000	4,898,490
9-46	OPERATIONS - PUMPING (52000)						
	PUMPING EXPENSE (52100)	516,240	648,895	729,105	871,660	675,000	937,340
	PUMPING POWER (52200)	257,229	361,728	349,444	370,000	370,000	402,000
	TOTAL PUMPING	773,469	1,010,623	1,078,549	1,241,660	1,045,000	1,339,340
9-47	OPERATIONS - TRANS. & DISTR. (54000)						
	RESERVOIR EXPENSE (54100)	1,183,937	1,170,011	1,341,758	1,247,450	1,247,000	1,411,440
	MAINLINE EXPENSE (54200)	1,542,688	1,502,236	2,318,894	2,093,150	2,510,000	2,455,950
	METER EXPENSE (54300)	277,602	353,493	391,356	314,860	423,000	414,130
	VALVE, VAULT, FIRE HYDRANT EXP. (54400)	571,419	582,877	534,165	497,710	525,000	599,070
	PAVING EXPENSE (54500)	55,827	154,025	154,024	240,000	69,000	150,000
	GENERAL PLANT - BUILDING (54700)	233,384	218,848	289,467	261,740	330,000	231,180
	SCADA EXPENSE (54800)	47,982	57,727	76,750	72,000	72,000	80,400
	TOTAL TRANSMISSION & DISTRIBUTION	3,912,840	4,039,216	5,106,415	4,726,910	5,176,000	5,342,170
9-48	GENERAL MANAGERS OFFICE (55000)						
	GENERAL MANAGERS EXPENSE (55100)	620,133	653,109	672,811	686,080	684,000	483,530
	COMMISSION/BOARD (55400)	74,027	80,371	75,233	92,940	92,000	111,350
	LEGAL (55500)	163,817	56,146	51,394	96,000	60,000	76,800
	AUDIT (55600)	19,330	19,720	20,110	24,800	24,800	25,545
	TOTAL GENERAL MANAGERS OFFICE	877,307	809,346	819,548	899,820	860,800	697,225
9-49	ADMIN AND CUSTOMER SERVICE (56000 & 57000)						
	ADMINISTRATIVE EXPENSE (56100)	116,083	266,180	365,226	411,440	360,000	236,000
	DATA MANAGEMENT (56200)	115,591	124,367	171,317	175,200	175,000	217,200
	RECORDS RETENTION (56300)	1,122	-	1,893	1,020	1,000	1,200
	PUBLIC INFORMATION (56400)	37,736	33,753	25,759	33,480	22,000	84,060
	RISK AND RESILIENCY (56500)	-	-	-	-	-	237,240
	DISTRICT RECOGNITION (56800)	2,287	6,940	19,806	27,300	30,000	20,280
	CUSTOMER SERVICE (57200)	694,468	645,407	658,326	688,960	682,000	777,470
	TOTAL ADMIN AND CUSTOMER SERVICE	967,286	1,076,647	1,242,329	1,337,400	1,270,000	1,573,450
9-50	WATER USE EFFICIENCY (57500)						
	OFFICE EXPENSE (57510)	155,650	334,603	227,597	272,420	210,000	284,510
	PROGRAMS/REBATES (57520)	31,665	23,657	33,725	39,600	18,000	69,600
	OUTREACH/EVENTS/SPONSORSHIPS (57530)	20,923	63,743	136,129	72,000	50,000	72,000
	DEVICES/MATERIALS (57540)	6,575	9,718	5,784	11,040	4,000	15,000
	SMARTSCAPE INFO/EXPO (57550)	4,328	17,322	2,360	44,600	-	-
	WATERWISE GARDEN (57560)	-	1,710	4,802	11,640	12,000	11,640
	TOTAL WATER USE EFFICIENCY	219,140	450,753	410,397	451,300	294,000	452,750
9-51	FINANCIAL & ADMINISTRATIVE SERVICES (58000)						
	ADMINISTRATIVE SERVICES EXP. (58100)	609,630	597,836	690,350	663,730	661,000	952,090
	GENERAL OFFICE EXP. (58200)	72,660	86,402	106,247	96,240	101,000	115,920
	INSURANCE AND CLAIMS (58300/58400)	178,320	212,621	210,713	229,200	260,000	319,200
	TOTAL FINANCIAL & ADMIN SERVICES	860,610	896,859	1,007,310	989,170	1,022,000	1,387,210
9-52	ENGINEERING (59000)						
	ENGINEERING EXPENSE (59100)	421,650	633,857	811,007	804,320	867,000	815,030
	WATER QUALITY EXPENSE (59200)	280,690	259,528	240,937	278,090	232,000	295,710
	TOTAL ENGINEERING	702,340	893,385	1,051,944	1,082,410	1,099,000	1,110,740
	TOTAL OPERATING BUDGET	\$12,423,320	\$13,447,701	\$14,589,254	\$15,135,060	\$15,684,800	\$16,801,375

2024/25 OPERATING BUDGET SUMMARY BY EXPENSE

SECTION/PAGE	DESCRIPTION	BUDGET 2022/23	BUDGET 2023/24	BUDGET 2024/25
9-45	OPERATIONS - SOURCE OF SUPPLY (51000)			
	LABOR	\$ 166,480	\$ 183,780	\$ 216,900
	BENEFITS	114,240	138,030	154,970
	MATERIALS	4,034,480	3,560,060	4,015,060
	EQUIPMENT	1,350	1,530	640
	OUTSIDE SERVICES	333,500	523,000	510,920
	TOTAL SOURCE OF SUPPLY	4,650,050	4,406,400	4,898,490
9-46	OPERATIONS - PUMPING (52000)			
	LABOR	378,750	430,890	449,380
	BENEFITS	249,610	301,560	289,500
	MATERIALS	44,420	33,410	62,070
	EQUIPMENT	51,390	41,580	40,670
	OUTSIDE SERVICES	410,520	434,220	497,720
	TOTAL PUMPING	1,134,690	1,241,660	1,339,340
9-47	OPERATIONS - TRANSMISSION & DISTRIBUTION (54000)			
	LABOR	1,570,080	1,857,500	2,090,490
	BENEFITS	1,041,780	1,246,260	1,316,580
	MATERIALS	393,840	466,550	706,050
	EQUIPMENT	221,020	214,500	251,370
	OUTSIDE SERVICES	998,800	942,100	977,680
	TOTAL TRANSMISSION & DISTRIBUTION	4,225,520	4,726,910	5,342,170
9-48	GENERAL MANAGERS OFFICE (55000)			
	LABOR	372,830	404,470	279,150
	BENEFITS	273,050	294,870	234,250
	MATERIALS	4,580	3,540	2,580
	EQUIPMENT	1,020	1,020	600
	OUTSIDE SERVICES	192,550	195,920	180,645
	TOTAL GENERAL MANAGERS OFFICE	844,030	899,820	697,225
9-49	ADMINISTRATION AND CUSTOMER SERVICE (56000 & 57000)			
	LABOR	595,130	574,390	639,540
	BENEFITS	396,310	356,690	392,710
	MATERIALS	23,880	49,200	87,840
	EQUIPMENT	-	5,400	-
	OUTSIDE SERVICES	342,540	351,720	453,360
	TOTAL ADMINISTRATION AND CUSTOMER SERVICE	1,357,860	1,337,400	1,573,450
9-50	WATER USE EFFICIENCY (57500)			
	LABOR	174,170	187,160	177,580
	BENEFITS	105,840	108,800	100,870
	MATERIALS	49,200	36,240	34,200
	EQUIPMENT	2,040	2,040	2,040
	OUTSIDE SERVICES	114,420	117,060	138,060
	TOTAL WATER USE EFFICIENCY	445,670	451,300	452,750
9-51	FINANCIAL & ADMINISTRATIVE SERVICES (58000)			
	LABOR	352,680	385,450	544,090
	BENEFITS	187,300	187,320	293,780
	MATERIALS	27,960	38,820	42,600
	EQUIPMENT	-	-	-
	OUTSIDE SERVICES	372,360	377,580	506,740
	TOTAL FINANCE	940,300	989,170	1,387,210
9-52	ENGINEERING (59000)			
	LABOR	491,310	528,780	559,650
	BENEFITS	279,670	309,430	319,790
	MATERIALS	19,500	22,600	26,580
	EQUIPMENT	10,620	9,900	9,480
	OUTSIDE SERVICES	185,040	211,700	195,240
	TOTAL ENGINEERING	986,140	1,082,410	1,110,740
	TOTAL OPERATING BUDGET	\$ 14,584,260	\$ 15,135,070	\$ 16,801,375

2024/25 CAPITAL BUDGET SUMMARY

PAGE	DESCRIPTION	FY 24/25 NEW APPROP.	PRIOR YEAR CARRY OVER APPROP.	TOTAL CAPITAL BUDGET FY 24/25
10-55	JOINT POWERS PROJECTS			
	ATM/CSL ANNUAL CP EVALUATION (LBCWD COSTS)	\$ 75,000	\$ -	\$ 75,000
	TOTAL JOINT POWERS PROJECTS	75,000	-	75,000
10-56	RESERVOIR AND PUMP STATION PROJECTS			
	RIMROCK RES REPLACE/TEMPLE HILLS 600 RELOCATE - CONSTRUCTION	-	1,300,000	1,300,000
	SOLAR AND ENERGY STORAGE PROJECT (STUDY) - SUMMIT/HASTIE	-	150,000	150,000
	EMERGENCY GENERATOR REPLACEMENT	-	450,000	450,000
	HASTIE RESERVOIR REPAIR	-	121,800	121,800
	BLUEBIRD RESERVOIR VALVE REPLACEMENTS	-	150,000	150,000
	HMI SCREEN REPLACEMENTS	-	116,593	116,593
	RIDGE PUMP STATION IMPROVMENTS	-	160,569	160,569
	TIA JUANA RESERVOIR NO. 1 REHABILITATION	-	320,621	320,621
	OAK RESERVOIR OVERFLOW & VALVING REHABILITATION	-	350,000	350,000
	RESERVOIR MIXER PROGRAM	60,000	120,707	180,707
	FY 25 ON-CALL ELECTRICAL/SCADA CONTRACTS	200,000	-	200,000
	FY 25 RESERVOIR INSPECTIONS AND REPAIRS	250,000	-	250,000
	EL MORRO RES NO. 2 ROOF INSPECTION AND REPAIRS	1,000,000	-	1,000,000
	RESERVOIR INTERIOR LININGS (4 SITES)	2,000,000	-	2,000,000
	WATER QUALITY IMPROVEMENTS - PILOT PROGRAM	100,000	-	100,000
	SYCAMORE PUMP NO. 1 REHABILITATION	60,000	-	60,000
	PLATZ AND RIDGE RESERVOIR LADDER/STAIRWAY PROJECT	250,000	-	250,000
	TOTAL RESERVOIR AND PUMP STATION PROJECTS	3,920,000	3,240,290	7,160,290
10-57	TRANSMISSION AND DISTRIBUTION PROJECTS			
	PIPE LINING AND VALVE IMPROVMENT @ SWEENEY/SCADA	-	1,750,000	1,750,000
	FY 25 ON-CALL CONSTRUCTION CONTRACTS	200,000	-	200,000
	SHADY LANE PIPELINE REPLACEMENT	400,000	-	400,000
	SUMMIT DRIVE PIPELINE REPLACEMENT	500,000	-	500,000
	PARK AVENUE PRESSURE ZONE CONVERSION	750,000	-	750,000
	VALVE REPLACEMENT FY 24/25	400,000	-	400,000
	HYDRANT REPLACEMENT FY 24/25	400,000	-	400,000
	TOTAL TRANSMISSION AND DISTRIBUTION PROJECTS	2,650,000	1,750,000	4,400,000
10-58	OFFICE EQUIPMENT/TECHNOLOGY			
	COMPUTERS AND PERIPHERALS	35,000	-	35,000
	OFFICE FURNITURE	15,000	-	15,000
	CUSTOMER SERVICE BILLING SOFTWARE	80,000	-	80,000
	NETWORK INFRASTRUCTURE	35,000	-	35,000
	TOTAL OFFICE EQUIPMENT/TECHNOLOGY	165,000	-	165,000
10-59	EQUIPMENT AND VEHICLES			
	REPLACEMENT OF TRUCK #69 - CRANE/TOOL	110,000	-	110,000
	REPLACEMENT OF TRUCK #81 - WQ	45,000	-	45,000
	REPLACEMENT OF TRUCK #80 - DUMP TRUCK	150,000	-	150,000
	TOTAL EQUIPMENT AND VEHICLES	305,000	-	305,000
10-60	FACILITY PROJECTS			
	HEADQUARTERS REMODEL	-	419,256	419,256
	RELOCATION OF FUEL STORAGE TANKS	-	484,393	484,393
	EL MORRO SITE PLANNING STUDY	-	266,635	266,635
	RISK AND RESILIENCY (SITE SECURITY IMPROVEMENTS)	100,000	82,974	182,974
	SOLAR AND ENERGY STORAGE PROJECT CONSTRUCTION	500,000	-	500,000
	GARDEN REFRESH AND CITY NATIVE PLANT GARDEN	75,000	-	75,000
	TOTAL FACILITIES UPGRADES	675,000	1,253,258	1,928,258
10-61	WATER SUPPLY PROJECTS			
	DESALINATION CONTRIBUTION	1,603,000	997,335	2,600,335
	WELL SITE PROPERTY CONSIDERATION	2,000,000	750,000	2,750,000
	GROUNDWATER RELIABILITY	250,000	290,100	540,100
	TOTAL WATER SUPPLY PROJECTS	3,853,000	2,037,435	5,890,435
	TOTAL CAPITAL BUDGET	\$ 11,643,000	\$ 8,280,983	\$19,923,983

2024/25 OPERATING BUDGET DETAIL

The operating budget includes the day-to-day operations of the District, which includes operations and maintenance, customer service, engineering, water use efficiency, finance, and administration.



Source of Supply	Labor	Benefits	Materials	Equipment	Outside Services	Totals
SOURCE OF SUPPLY (51000)						
SYSTEM OPERATIONS (51100)						
SYSTEM OPERATION - EXPENSE (51110)	\$ 321,140	\$ 200,940	\$ 240	\$ 2,040	\$ 10,020	\$ 534,380
SYSTEM OPERATION - REALLOCATION (51120)	(321,140)	(200,940)	(240)	(2,040)	(10,020)	(534,380)
SOURCE OF SUPPLY - COAST SUPPLY LINE (51200)						
REACH 1 (51210)	21,190	16,130	10	60	2,080	39,470
REACH 2 (51220)	21,190	16,130	10	60	1,080	38,470
REACH 3 (51230)	24,100	20,060	10	100	1,800	46,070
LBCWD METER (51250)						
SOURCE OF SUPPLY - AUFDENKAMP TRANS. LINE (51300)						
REACH 1 (51310)	62,750	44,060	30	240	4,320	111,400
IRWD METER (51320)						
SMWD METER (51330)						
REACH 2 (51340)	45,290	30,280	10	100	1,800	77,480
REACH 3 (51350)	42,380	28,310	10	80	1,440	72,220
LBCWD METER - AGATE (51360)						
PURCHASED WATER (51500)						
WATER CHARGE (51510)			4,014,980			4,014,980
METROPOLITAN WATER DISTRICT CHARGES (51520)					356,480	356,480
MUNICIPAL WD OF ORANGE COUNTY CHARGES (51530)					141,920	141,920
GROUNDWATER CHARGES (51540)						0
TOTAL SOURCE OF SUPPLY (51000)	\$ 216,900	\$ 154,970	\$ 4,015,060	\$ 640	\$510,920	\$ 4,898,490

Pumping

PUMPING (52000)

PUMPING EXPENSE(52100)

	Labor	Benefits	Materials	Equipment	Outside Services	Totals
GENERAL EXPENSE (52110)	\$ 449,380	\$ 289,500	\$ 62,070	\$ 40,670	\$ 95,720	\$ 937,340

POWER (52200)

	402,000	402,000
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TOTAL PUMPING (52000)

	\$ 449,380	\$ 289,500	\$ 62,070	\$ 40,670	\$ 497,720	\$ 1,339,340
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Transmission and Distribution

	Labor	Benefits	Materials	Equipment	Outside Services	Totals
TRANSMISSION AND DISTRIBUTION (54000)						
RESERVOIR EXPENSE (54100)						
RESERVOIR EXPENSE (54110)	\$ 429,320	\$ 266,620	\$ 94,390	\$ 50,610	\$ 100,920	\$ 941,860
LANDSCAPING (54120)					200,400	200,400
TREE TRIMMING (54130)					25,200	25,200
CHLORINATION/INSPECTION (54140)						
EL MORRO #1 (54160)	14,550	9,840	2,510	360	720	27,980
WATER TREATMENT (54170)	37,950	23,240	131,170	12,000	11,640	216,000
MAINLINE EXPENSE (54200)						
MAINLINE EXPENSE (54210)	1,151,990	728,200	228,000	102,000	138,000	2,348,190
UNIFORMS EXPENSE (54220)			11,400		24,000	35,400
PROFESSIONAL DEVELOPMENT (54230)			360		24,000	24,360
COMMUNICATIONS (54240)					12,000	12,000
TRUCKING/COUNTY FEES (54260)					36,000	36,000
METER EXPENSE (54300)						
METER EXPENSE (54310)	157,000	99,240	97,190	20,400	40,300	414,130
VALVE, VAULT, FIRE HYDRANT EXPENSE (54400)						
VALVE, VAULT, FIRE HYDRANT EXPENSE (54410)	250,310	158,230	108,630	66,000	15,900	599,070
PAVING EXPENSE (54500)						
					150,000	150,000
EQUIPMENT EXPENSE (54600)						
EQUIPMENT EXPENSE (54610)	49,370	31,210	22,500		100,800	203,880
FUEL (54620)			100,800		12,000	112,800
REALLOCATION (54650)	(49,370)	(31,210)	(123,300)		(112,800)	(316,680)
BUILDING/WAREHOUSE EXPENSE (54700)						
BUILDING EXPENSE (54710)	49,370	31,210	30,000		40,800	151,380
LANDSCAPING (54720)					9,000	9,000
UTILITIES (54730)					33,600	33,600
JANITORIAL (54740)			2,400		34,800	37,200
SCADA (54800)						
SCADA EXPENSE (54810)					80,400	80,400
TOTAL TRANSMISSION AND DISTRIBUTION (54000)	\$ 2,090,490	\$ 1,316,580	\$ 706,050	\$ 251,370	\$ 977,680	\$5,342,170

General Manager's Office

	Labor	Benefits	Materials	Equipment	Outside Services	Totals
GENERAL MANAGER (55000)						
GENERAL MANAGER EXPENSE (55100)						
OFFICE EXPENSE (55110)	\$ 255,630	\$ 169,580	\$ 600	\$ 600	\$ 8,400	\$ 434,810
PUBLICATIONS/MEMBERSHIPS (55120)			720		43,200	43,920
PROFESSIONAL DEVELOPMENT (55130)			300		4,500	4,800
COMMISSION/BOARD (55400)						
OFFICE EXPENSE (55410)	23,520	64,670	720		1,800	90,710
PROFESSIONAL DEVELOPMENT (55420)			240		20,400	20,640
LEGAL (55500)						
					76,800	76,800
AUDIT (55600)						
					25,545	25,545
TOTAL GENERAL MANAGER'S OFFICE (55000)						
	\$ 279,150	\$ 234,250	\$ 2,580	\$ 600	\$ 180,645	\$ 697,225

Admin & Customer Service

	Labor	Benefits	Material	Equipment	Outside Services	Totals
ADMINISTRATION/CUSTOMER SERVICE (56000 & 57000)						
ADMINISTRATIVE EXPENSE (56100)						
OFFICE EXPENSE (56110)	\$ 144,950	\$ 84,690	\$ 2,040		\$ 600	\$ 232,280
PUBLICATIONS/MEMBERSHIPS (56120)			60		540	600
PROFESSIONAL DEVELOPMENT (56130)			120		3,000	3,120
DATA MANAGEMENT (56200)						
CONSULTING SERVICES (56210)			36,000		63,000	99,000
SOFTWARE LICENSE RENEWALS (56220)					118,200	118,200
RECORDS RETENTION (56300)						
RECORDS MANAGEMENT (56320)					1,200	1,200
PUBLIC INFORMATION (56400)						
PUBLIC INFORMATION OUTREACH (56410)			12,000		18,000	30,000
COMMUNITY PARTICIPATION (56420)			24,000		24,000	48,000
SCHOOL EDUCATION (56430)			1,020		5,040	6,060
RISK AND RESILIENCY (56500)						
OFFICE EXPENSE (56510)	134,700	93,300	2,400		3,600	234,000
PUBLICATIONS/MEMBERSHIPS (56520)			720			720
PROFESSIONAL DEVELOPMENT (56530)			120		2,400	2,520
DISTRICT RECOGNITION (56800)						
MISCELLANEOUS DISTRICT ACTIVITIES (56810)			2,040		6,000	8,040
EMPLOYEE RECOGNITION PROGRAMS (56820)			1,200		11,040	12,240
CUSTOMER SERVICE OFFICE (57200)						
OFFICE EXPENSE (57210)	359,890	214,720	5,400		13,500	593,510
PROFESSIONAL DEVELOPMENT (57230)			720		1,200	1,920
BILL OUTSOURCING (57240)					42,840	42,840
LICENSE & MAINTENANCE SERVICES FEES (57250)					127,200	127,200
UNCOLLECTIBLES (57260)					12,000	12,000
TOTAL ADMIN AND CUSTOMER SERVICE (56000 & 57000)	\$ 639,540	\$ 392,710	\$ 87,840	\$ 0	\$ 453,360	\$ 1,573,450

Water Use Efficiency

	Labor	Benefits	Materials	Equipment	Outside Services	Totals
WATER USE EFFICIENCY (57500)						
WATER USE EFFICIENCY (57500)						
OFFICE EXPENSE (57510)	\$ 177,580	\$ 100,870		\$ 2,040	\$ 4,020	\$ 284,510
PROGRAMS/REBATES (57520)			\$ 3,600		66,000	69,600
OUTREACH/EVENTS/SPONSORSHIPS (57530)			12,000		60,000	72,000
DEVICES/MATERIALS (57540)			15,000			15,000
SMARTSCAPE INFO/EXPO (57550)						
WATERWISE GARDEN (57560)			3,600		8,040	11,640
TOTAL WATER USE EFFICIENCY (57500)	\$ 177,580	\$ 100,870	\$ 34,200	\$ 2,040	\$ 138,060	\$ 452,750

Financial & Admin. Services

	Labor	Benefits	Materials	Equipment	Outside Services	Totals
FINANCIAL & ADMINISTRATIVE SERVICES (58000)						
FINANCIAL & ADMIN. SERVICES EXPENSE (58100)						
OFFICE EXPENSE (58110)	\$ 544,090	\$ 293,780	\$ 4,800		\$ 12,000	\$ 854,670
PUBLICATIONS/MEMBERSHIPS (58120)			360		1,440	1,800
PROFESSIONAL DEVELOPMENT (58130)			240		9,000	9,240
PAYROLL SERVICES (58140)					13,020	13,020
BANKING SERVICES (58150)					12,000	12,000
SAFEKEEPING - INVESTMENTS (58160)					2,400	2,400
CONSULTING SERVICES (58170)					54,000	54,000
HEALTH AND WELLNESS PROGRAM (58175)			480		480	960
EMPLOYEE EDUCATION (58180)					1,600	1,600
EMPLOYEE RECRUITMENT (58185)					2,400	2,400
GENERAL OFFICE EXPENSE (58200)						
OFFICE EXPENSE (58210)			36,000		1,200	37,200
POSTAGE (58220)			720		4,200	4,920
UTILITIES (58230)					72,000	72,000
MAINTENANCE - OFFICE EQUIPMENT (58240)					1,800	1,800
INSURANCE (58300)						
GENERAL LIABILITY (58310)					259,200	259,200
PROPERTY (58320)					52,800	52,800
STORAGE TANKS (58330)					6,000	6,000
MISCELLANEOUS (58340)					1,200	1,200
INSURANCE CLAIMS (58400)						
GENERAL LIABILITY (58410)						0
PROPERTY (58420)						0
TOTAL FINANCIAL & ADMINISTRATIVE SERVICES (58000)	\$ 544,090	\$ 293,780	\$ 42,600	\$ 0	\$ 506,740	\$1,387,210

Engineering

	Labor	Benefits	Materials	Equipment	Outside Services	Totals
ENGINEERING (59000)						
ENGINEERING EXPENSE (59100)						
OFFICE EXPENSE (59110)	\$ 446,610	\$ 255,200	\$ 600	\$ 300	\$ 60,000	\$ 762,710
PUBLICATIONS/MEMBERSHIPS (59120)					540	540
PROFESSIONAL DEVELOPMENT (59130)					1,980	1,980
GEOGRAPHICAL INFORMATION SYSTEM - GIS (59150)					49,800	49,800
WATER QUALITY EXPENSE (59200)						
ROUTINE SAMPLING (59210)	27,980	15,990	24,000	4,020	18,000	89,990
RESERVOIR SAMPLING (59220)	41,970	23,980		3,180	1,020	70,150
BACKFLOW (59230)	43,090	24,620	1,980	1,980	3,000	74,670
DHS FEES (59240)					49,980	49,980
ANNUAL WATER QUALITY REPORT (59250)					10,920	10,920
TOTAL ENGINEERING (59000)	\$ 559,650	\$ 319,790	\$ 26,580	\$ 9,480	\$ 195,240	\$1,110,740

2024/25 CAPITAL BUDGET DETAIL

Since its incorporation, the District has provided a reliable source of high quality potable water and excellent service to the community at a reasonable cost. The Capital portion of the budget has always been an integral part of the District's overall program of system upgrades and replacements. The Capital Budget is typically funded by property taxes, lease revenue, capacity fees, interest income, and available PAYGO Capital funds. Categories within the Capital Budget include:

Joint Powers Projects

The District manages two jointly owned water transmission lines that convey potable water into the District. These pipelines are the District's only source of supply.

Reservoir and Pump Station Projects

This category funds reservoir and pump station projects.

Transmission and Distribution Projects

This category funds pipeline, valve, fire hydrant, and meter replacement projects.

Office Equipment/Technology

This category funds office improvements.

Equipment and Vehicles

The items listed in this category cover replacement of District equipment and vehicles.

Facility Projects

This category funds remodels and improvements to District headquarter facilities.

Water Supply Projects

As the reliability of the region's and state's water supply becomes more fragile, finding new sources that can augment that supply is a priority. Projects in this category improve the District's source of supply, as well as its flexibility in the event of a major catastrophe.

FY 24/25 PLANNED CAPITAL EXPENDITURES

When budgeting for a capital improvement project that spans two or more fiscal years, the full project and its associated budget should be approved in the fiscal year budget representing the project's first year of planned expenditures. Past District practice has been to split multi-year project budgets between fiscal years. This practice occurred because past budgets were based on managing projected cash flows. For the FY 25 budget, District staff are presenting both the upcoming fiscal year (FY 25) new capital projects and the prior year open projects that are being carried over to FY 25. This format allows the Board, Commission, and staff to see the full picture of both present and past project approvals that are still in progress. As shown on the following table, the proposed capital budget includes \$11.6 million in new project appropriations and \$8.3 million in prior year carryover projects, for a total appropriation of \$19.9 million in capital projects. This fiscal year, the District projects to expend approximately 64 percent of these total appropriated funds, or roughly \$12.7 million of the \$19.9 million [this includes expenditures on both carryover and new (FY 25) appropriations].

2024/25 CAPITAL BUDGET DETAIL

WO	PROJECT	CATEGORY	CARRYOVER PRIOR YEAR APPROPRIATIONS	NEW FY 24/25 APPROPRIATIONS	TOTAL FY 25 APPROPRIATIONS (\$ AND %)	TOTAL PLANNED EXPENDITURES (\$ AND %)
TBD	REPLACEMENT OF TRUCK #69 - CRANE/TOOL	EQUIP/VEHICLES	\$ -	\$ 110,000	\$ 110,000 0.6%	\$ 110,000 100%
TBD	REPLACEMENT OF TRUCK #81 - WQ	EQUIP/VEHICLES	-	45,000	45,000 0.2%	45,000 100%
TBD	REPLACEMENT OF TRUCK #80 - DUMP TRUCK	EQUIP/VEHICLES	-	\$ 150,000	150,000 0.8%	150,000 100%
8821	HEADQUARTERS REMODEL	FACILITY	419,256	-	419,256 2.1%	419,256 100%
2395	RELOCATION OF FUEL STORAGE TANKS	FACILITY	484,393	-	484,393 2.4%	242,197 50%
2446	EL MORO SITE PLANNING STUDY	FACILITY	266,635	-	266,635 1.3%	133,318 50%
2421	RISK AND RESILIENCY SITE SECURITY IMPROVEMENTS	FACILITY	82,974	100,000	182,974 0.9%	91,487 50%
TBD	SOLAR AND ENERGY STORAGE PROJECT CONSTRUCTION	FACILITY	-	500,000	500,000 2.5%	50,000 10%
TBD	GARDEN REFRESH AND CITY NATIVE PLANT GARDEN	FACILITY	-	75,000	75,000 0.4%	7,500 10%
TBD	ATM/CSL ANNUAL CP EVALUATION (LBCWD COSTS)	JOINT POWERS	-	75,000	75,000 0.4%	75,000 100%
TBD	COMPUTERS & PERIPHERALS	OFF EQUIP/TECH	-	35,000	35,000 0.2%	35,000 100%
TBD	OFFICE FURNITURE	OFF EQUIP/TECH	-	15,000	15,000 0.1%	15,000 100%
TBD	CUSTOMER SERVICE BILLING SOFTWARE	OFF EQUIP/TECH	-	80,000	80,000 0.4%	80,000 100%
TBD	NETWORK INFRASTRUCTURE	OFF EQUIP/TECH	-	35,000	35,000 0.2%	17,500 50%
2210	RIMROCK RESERVOIR REPLACE & TH 600 RELOCATE CONSTRUCTION	RES/PUMPS	1,300,000	-	1,300,000 6.5%	1,300,000 100%
2455	SOLAR & ENERGY STORAGE PROJECT (STUDY) SUMMIT/HASTIE	RES/PUMPS	150,000	-	150,000 0.8%	150,000 100%
2412	EMERGENCY GENERATOR REPLACEMENT	RES/PUMPS	450,000	-	450,000 2.3%	45,000 10%
2407	HASTIE RESERVOIR REPAIR	RES/PUMPS	121,800	-	121,800 0.6%	12,180 10%
2431	BLUEBIRD RESERVOIR VALVE REPLACEMENTS	RES/PUMPS	150,000	-	150,000 0.8%	15,000 10%
2433	HMI SCREEN REPLACEMENTS	RES/PUMPS	116,593	-	116,593 0.6%	58,296 50%
2434	RIDGE PUMP STATION IMPROVEMENTS	RES/PUMPS	160,569	-	160,569 0.8%	80,285 50%
2382	TIA JUANA RESERVOIR NO. 1 REHABILITATION	RES/PUMPS	320,621	-	320,621 1.6%	32,062 10%
2437	OAK RESERVOIR OVERFLOW & VALVING REHABILITATION	RES/PUMPS	350,000	-	350,000 1.8%	175,000 50%
2436	RESERVOIR MIXER PROGRAM	RES/PUMPS	120,707	60,000	180,707 0.9%	45,177 25%
TBD	FY 25 ON-CALL ELECTRICAL/SCADA CONTRACTS	RES/PUMPS	-	200,000	200,000 1.0%	200,000 100%
TBD	FY 25 RESERVOIR INSPECTIONS AND REPAIRS	RES/PUMPS	-	250,000	250,000 1.3%	125,000 50%
TBD	EL MORRO RESERVOIR NO. 2 ROOF INSPECTION AND REPAIR	RES/PUMPS	-	1,000,000	1,000,000 5.0%	500,000 50%
TBD	RESERVOIR INTERIOR LININGS (4 SITES)	RES/PUMPS	-	2,000,000	2,000,000 10.0%	1,500,000 75%
TBD	WATER QUALITY IMPROVEMENTS - PILOT PROGRAM	RES/PUMPS	-	100,000	100,000 0.5%	10,000 10%
TBD	SYCAMORE PUMP NO. 1 REHABILITATION	RES/PUMPS	-	60,000	60,000 0.3%	60,000 100%
TBD	PLATZ AND RIDGE RESERVOIR LADDER/STAIRWAY PROJECT	RES/PUMPS	-	250,000	250,000 1.3%	25,000 10%
2439	PIPE LINING & VALVE IMPROVEMENT @ SWEENEY/SCADA	TRANS/DISTR	1,750,000	-	1,750,000 8.8%	175,000 10%
TBD	FY 25 ON-CALL CONSTRUCTION CONTRACTS	TRANS/DISTR	-	200,000	200,000 1.0%	200,000 100%
TBD	SHADY LANE PIPELINE REPLACEMENT	TRANS/DISTR	-	400,000	400,000 2.0%	200,000 50%
TBD	SUMMIT DRIVE PIPELINE REPLACEMENT	TRANS/DISTR	-	500,000	500,000 2.5%	250,000 50%
TBD	PARK AVENUE PRESSURE ZONE CONVERSION	TRANS/DISTR	-	750,000	750,000 3.8%	75,000 10%
TBD	VALVE REPLACEMENTS FY 24/25	TRANS/DISTR	-	400,000	400,000 2.0%	200,000 50%
TBD	HYDRANT REPLACEMENT FY 24/25	TRANS/DISTR	-	400,000	400,000 2.0%	200,000 50%
2447	DESALINATION CONTRIBUTION	WATER SUPPLY	997,335	1,603,000	2,600,335 13.1%	2,600,335 100%
2448	WELL SITE PROPERTY CONSIDERATION	WATER SUPPLY	750,000	2,000,000	2,750,000 13.8%	2,750,000 100%
2396	GROUNDWATER RELIABILITY	WATER SUPPLY	290,100	250,000	540,100 2.7%	270,000 50%
TOTAL CAPITAL BUDGET			\$ 8,280,983	\$11,643,000	\$19,923,983 100%	\$12,724,642 64%

TOTAL BY CATEGORY

EQUIP/VEHICLES	\$ -	\$ 305,000	\$ 305,000	1.5%
FACILITY	1,253,258	675,000	1,928,258	9.7%
JOINT POWERS	-	75,000	75,000	0.4%
OFF EQUIP/TECH	-	165,000	165,000	0.8%
RES/PUMPS	3,240,290	3,920,000	7,160,290	35.9%
TRANS/DISTR	1,750,000	2,650,000	4,400,000	22.1%
WATER SUPPLY	2,037,435	3,853,000	5,890,435	29.6%
TOTAL	\$ 8,280,983	\$ 11,643,000	\$19,923,983	100%

Joint Powers Projects

The District operates two jointly owned water delivery systems, the Coast Supply Line (CSL) and the Aufdenkamp Transmission Main (ATM). Both systems were constructed to deliver imported water from the Metropolitan Water District of Southern California (MWD) to the District and its partners.

The Coast Supply Line (CSL) ranges in diameter from 24 to 27-inches and takes imported water from MWD at a connection point in Newport Beach along the coast down to San Joaquin Street in Laguna Beach. The partners in this system include City of Newport Beach, Irvine Ranch Water District (IRWD), and the District. The El Morro Reservoir No. 1 serves as flow equalization for the pipeline and is also jointly owned.

The Aufdenkamp Transmission Main (ATM) ranges in diameter from 30 to 42-inches and takes imported water from MWD at a connection point in Irvine through Laguna Canyon and along the coast to Agate Street in Laguna Beach. IRWD, SMWD, SCWD and the District are partners in this jointly owned facility.

1.1	Aufdenkamp and Coast Supply Pipelines Corrosion Protection Investigations – This project covers annual testing of the cathodic protection systems along both transmission mains and involves investigating issues in bonding continuity.	<u>\$ 75,000</u>
	TOTAL	<u><u>\$75,000</u></u>

Reservoir and Pump Station Projects

The District currently has 21 reservoirs and 14 pump stations that serve areas within the District from sea level to over 1,000 feet in elevation. All of these reservoirs and pump stations must be maintained. Constant preventive maintenance is performed throughout the year that is part of the Operations and Maintenance Budget. Larger projects occur on a regular basis and are included in this Capital Budget.

2.1	FY24/25 On-Call Electrical / SCADA Contracts - The budgeted amount is intended to cover efforts related to electrical and SCADA work efforts that may be needed throughout the year, as systems are inspected and problems may arise.	\$ 200,000
2.2	Reservoir Inspections and Repairs (5 sites) – The budgeted amount covers consultant led inspections of various reservoirs throughout the service area, which may result in further repair or rehabilitation efforts and includes checking for compliance with Cal/ OSHA regulations.	250,000
2.3	El Morro Reservoir No. 2 Roof Inspection and Repair – During the regular reservoir inspection, structural members supporting the reservoir roof were identified that need further testing and repair. This budgeted amount includes estimated funds for repair.	1,000,000
2.4	Reservoir Interior Linings (4 sites) – During regular inspection, several reservoirs were identified as having no linings or deficient linings. This project will cover internal coatings at four reservoir sites.	2,000,000
2.5	Water Quality Improvements (Pilot Program) - Staff has been working with experts in water quality fields to pilot a new program at a select reservoir sites that may replace reservoir mixing systems and improve water quality results.	100,000
2.6	Reservoir Mixing Program (3 sites) – New mixing equipment will replace existing internal reservoir mixing while reducing power consumption. The equipment can be installed with relative ease through existing roof hatches.	60,000
2.7	Sycamore Pump Replacement - The budget amount covers the replacement of a pump at the Sycamore pump station.	60,000
2.8	Platz and Ridge Reservoir Stairway Improvements - Staff is pursuing improved access to the above grade steel reservoir roof areas by means of replacing existing external ladders with staircases.	250,000
	TOTAL	<u><u>\$ 3,920,000</u></u>

Transmission and Distribution Projects

From the Aufdenkamp Transmission Main and Coast Supply Line, the District's water is fed into smaller transmission and distribution lines. Most of the work required within this category includes pipeline, valves, fire hydrants and meter replacement. The programs of pipeline, meter, fire hydrant, and valve replacement were developed to address those facilities identified as potential problems during the District's yearly inspection program. The goal is preventive replacement before these items fail. Capital funds are designated annually for ongoing replacement programs and miscellaneous projects that are large enough to be considered capital in nature.

3.1	FY24/25 On-Call Construction Contracts - The budgeted amount is intended to cover efforts related to miscellaneous distribution component replacement/relocation/upgrades that may be needed throughout the year, as appurtenances are inspected and problems may arise.	\$ 200,000
3.2	Shady Lane Pipeline Replacement - The budgeted amount is anticipated to cover design and construction of a replacement pipeline.	400,000
3.3	Summit Drive Pipeline Replacement - The pipeline in Summit Drive between Katella and La Mirada Streets experienced a main break and upon excavation showed major signs of deterioration including several areas of pitted corrosion. The budgeted amount is anticipated to cover design and construction of the replacement pipeline and appurtenances.	500,000
3.4	Park Avenue Pressure Zone Conversion - There is a localized area of high pressure service to customers near the Park Avenue and Hillview Drive intersection. Staff is looking to be proactive by protecting this area with a pressure reducing station.	750,000
3.5	FY24/25 Valve Replacement - The budget is for the replacement of 6 valve clusters or 18 total valves.	400,000
3.6	FY24/25 Hydrant Replacement - FY24/25 FH Replacements: The budget amount is for upsizing about 400-ft of mainline pipe and replacement of two existing fire hydrants to increase available fire flow along Griffith Way.	<u>400,000</u>
	TOTAL	<u><u>\$ 2,650,000</u></u>

Office Equipment And Technology

The items listed under this category cover necessary office system upgrades as well as larger office needs.

4.1	Computers and Peripherals - Annual program of computer, peripheral, and network infrastructure replacement as needed.	\$ 35,000
4.2	Office Furniture - The budget amount is for replacement of office furniture as needed.	15,000
4.3	Customer Service Billing Software - The budget amount is for replacement of the existing customer service billing software and will provide a more streamlined bill pay along with other enhanced customer interface features.	80,000
4.4	Network Infrastructure - The budget amount is for additional network components and cabling that will replace aging and outdated network equipment.	<u>35,000</u>
	TOTAL	<u><u>\$165,000</u></u>

Equipment and Vehicles

The District assesses its fleet of vehicles yearly and budgets for vehicle replacement based upon wear and tear, cost of maintenance, and mileage. The current fleet consists of 33 light-medium duty vehicles (pick-up trucks and administration vehicles) and 6 heavy duty vehicles (dump trucks and flat-beds). This does not include equipment such as backhoes, bobcats, tractors, portable generators, or portable pumps.

5.1	Replacement of Truck #69 - This is for the purchase of a replacement crane truck.	\$ 110,000
5.2	Replacement of Truck #81 - This is for the purchase of a replacement water quality truck.	45,000
5.3	Replacement of Truck #80 - This is for the purchase of a replacement dump truck.	<u>150,000</u>
	TOTAL	<u><u>\$ 305,000</u></u>

Facility Projects

This category covers improvements to the District's facilities that are not covered under reservoir, pump station, or pipeline facilities.

6.1	Risk and Resiliency Site Security Improvements - The budget amount is for security measures at District facilities including automatic security gates, lighting, cameras, locks, signage, etc.	\$ 100,000
6.2	Solar and Energy Storage Project - Construction - The District hired a consultant to prepare a study to evaluate an energy efficiency project of solar arrays and energy storage at the Summit-Hastie Reservoir site. This budget item covers the construction component of the project.	500,000
6.3	Garden Refresh and City Native Plant Garden - The budget amount covers a garden refresh at the District's headquarters and a Native Plant Garden in collaboration with the City of Laguna Beach.	<u>75,000</u>
	TOTAL	<u><u>\$ 675,000</u></u>

Water Supply Projects

As the reliability of the region’s and state’s water supplies become more fragile, finding new sources that can augment that supply is a priority. Projects in this category improve the District’s source of supply, as well as its flexibility in the event of a major catastrophe.

7.1	Desalination Contribution - The Budget amount would cover the capital contribution to South Coast Water District’s Desalination efforts as a partnership opportunity for future reliability.	\$ 1,603,000
7.2	Groundwater - Well Site Property Purchase - The Budget amount covers the costs associated with purchasing property for a new well site.	2,000,000
7.3	Groundwater Reliability - The FY25 Budget amount is for design work related to enhancing the District’s groundwater supply reliability.	<u>250,000</u>
	TOTAL	<u><u>\$ 3,853,000</u></u>

CAPITAL PROJECT DETAIL



Map Overview of Capital Improvement Projects



1. El Morro Reservoir No. 2 Roof Inspection and Repair
2. Solar and Energy Battery Storage Project at Summit / Hastie
3. Concrete Reservoir Linings (multiple sites)
4. Summit Pipeline Replacement
5. Fire Hydrant Replacements along Griffith Way

Not Shown for Clarity:

- Well Considerations
- Desal Considerations
- Annual Valve Replacement Program
- Equipment / Vehicle Replacements



No. 1 - El Morro Reservoir Number 2 Roof Inspection and Repair

During inspection of the reservoir, the consultant and staff identified a few areas of concern of structural members supporting the reservoir roof. The reservoir is currently out of service and repairs are needed prior to putting the 5 million gallon (MG) reservoir back into service. Staff has been working with a structural consultant to identify further testing and evaluation to fully understand the extent of repairs needed.



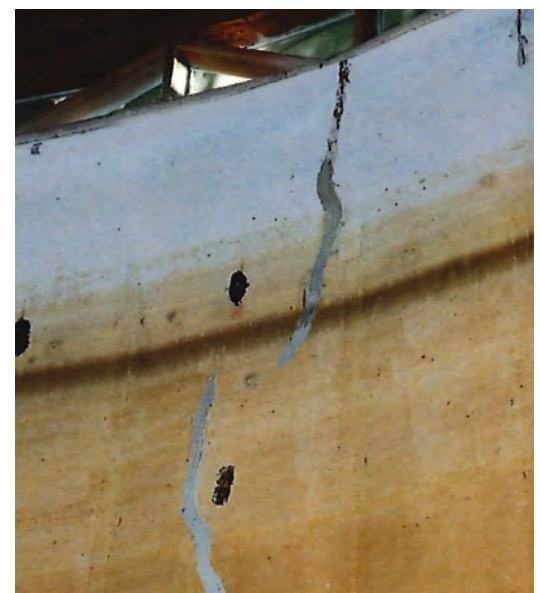
No. 2 - Solar and Energy Battery Storage Project

The District has been considering energy alternative projects that would increase the District's use of renewable energy, reduce energy costs, and alleviate dependence on fossil fuels during a power outage. Staff continues to look at ways to improve the reliability of emergency back-up power systems by lessening the District's dependence on a single fuel source (diesel) through the use of battery energy storage systems in conjunction with existing diesel generators. The Summit-Hastie site has an existing stand-by diesel generator that has been identified for replacement. A study is underway to determine the feasibility and suitability for potentially changing power sources during normal and emergency operations. This budget item would cover construction efforts identified as a result of the study.



No. 3 - Concrete Reservoir Linings (multiple sites)

During inspection of several reservoirs, the consultant and staff identified areas of concern of internal concrete surfaces. Previous internal coatings, if any, appeared to be deficient and not fully protecting the concrete walls and floors. This project would include design and construction covering multiple concrete reservoirs that need internal spot repairs along with a full internal coating. The coatings will increase the useful life of each reservoir.



No. 4 - Summit Drive Pipeline Replacement

There has been a history of main breaks along Summit Drive. This project will improve the pipeline reliability in the area, in which the existing pipe serves as the primary pipeline from the Summit-Hastie Pump Station to the Tia Juana Reservoir and Pump Station (serving Moulton Meadows Park and surrounding area).



RESOLUTIONS



RESOLUTION NO. 892

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAGUNA BEACH COUNTY WATER DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING THE LAGUNA BEACH COUNTY WATER DISTRICT FEE SCHEDULES AND REPEALING ALL RESOLUTIONS AND MOTIONS INCONSISTENT HERewith TO THE EXTENT OF SUCH INCONSISTENCY

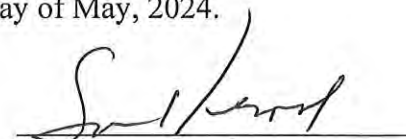
WHEREAS, the Laguna Beach County Water District (“District”) is a County Water District formed and existing pursuant to the County Water District Law, commencing at Section 30000 of the Water Code of the State of California, and is a subsidiary district of the City of Laguna Beach; and

WHEREAS, the Board of Directors of the District is charged by the District’s principal act, specifically Water Code Section 31007, to set rates and charges sufficient to pay the operating expenses of the District;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the District, that:

1. The Laguna Beach County Water District of Orange County, California is the sole provider of water within District boundaries.
2. That with respect to the Fee Schedules of the District: (a) the revenues from the fees and charges will not exceed the revenue required to provide the service, (b) the revenues from the fee or charge will only be used for the purpose the fee or charge was imposed, (c) the amount of fee or charge imposed on a customer will not exceed the proportional cost of the service, and (d) service charges are only imposed for services that are used by the property owner or customer or which are immediately available to the property owner or customer, and (e) no fee or charge may be imposed for general governmental services, where the service is available to the public in substantially the same manner as it is to the property owners.
3. That the Fee Schedule of this District as submitted by the General Manager be and hereby is approved, and all resolutions and motions inconsistent therewith the extent of such inconsistency are repealed.
4. That such Fee Schedule will be reviewed at least annually and any changes thereto shall be approved by subsequent resolution.

ADOPTED, SIGNED, AND APPROVED this 23rd day of May, 2024.



 President

ATTEST:



 Secretary

FY 2024-2025 LAGUNA BEACH COUNTY WATER DISTRICT**FEE SCHEDULES – EFFECTIVE JULY 23, 2024**

Adopted May 23, 2024 by Resolution 892

SCHEDULE NO.	SECTION	PAGE
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INTRODUCTION

SERVICE AREA

The Laguna Beach County Water District provides water service to approximately 20,000 people within an 8.5 square mile area of Southern Orange County, including portions of the City of Laguna Beach, Emerald Bay Services District, Crystal Cove State Park, and adjacent unincorporated areas of Orange County.

APPLICABILITY

The rates, charges, and fees contained in these fee schedules apply to all customers within the Laguna Beach County Water District service area and Emerald Bay Services District service area.

FEE SCHEDULE UPDATES

The Laguna Beach County Water District reviews this Fee Schedule annually.

Fee Schedule No. 01

ESTABLISHMENT OF WATER SERVICE

NEW ACCOUNT ESTABLISHMENT FEE

New Service Address

Laguna Beach County Water District assesses a one-time non-refundable New Account Establishment Fee of **\$51.00** for each new account opened at a new service address. The fee is assessed on the customer's first bill.

New Account Name at Current Service Address

Laguna Beach County Water District assesses a one-time non-refundable New Account Establishment Fee of **\$21.00** for each new account opened under a new account name at a current service address. The fee is assessed on the customer's first bill.

CUSTOMER INFORMATION

When establishing service, each new customer will be required to provide the following information:

1. Residential Customers
 - a. Customer Name
 - b. Service Address and Phone Number
 - c. Billing Address if different than Service Address
 - d. Social Security Number of Primary Customer
 - e. Landlord's Name, Address, and Phone Number if customer is a tenant.
2. Non-Residential Customers
 - a. Business or Organization Name
 - b. Service Address and Phone Number
 - c. Billing Address if different than Service Address
 - d. Federal Identification Number
 - e. Name of Contact Person.

ESTABLISHMENT OF ACCOUNTS

Credit Worthiness - All customers will be assumed credit worthy when they initially establish service from the District. A customer will be deemed not credit worthy if the customer:

1. Fails or refuses to accurately provide all information required by the District to establish service.
2. Is a former customer with an unpaid balance or has been sent to collections by the District.
3. Has two unpaid checks returned by the bank during the course of any twelve (12) consecutive month period.
4. Has two Final Notices of Disconnection posted on the account during the course of any twelve (12) consecutive month period.

Any **Residential** customer who is deemed not credit worthy (as defined above) will be required to place on deposit with the District an amount of \$250.00 before service is established or continued. After eighteen (18) consecutive months of good payment history, the customer's deposit will be applied to the account balance or refunded without interest. Any **Non-Residential** customer who is deemed not credit worthy (as defined above) will be required to place on deposit with the District an amount of \$500.00 before service is established or continued. After eighteen (18) consecutive months of good payment history, the customer's deposit will be applied to the account balance or refunded without interest.

REESTABLISHMENT OF ACCOUNT FOR BANKRUPTCY CASES

To protect the interests of its customers and the financial integrity of the Laguna Beach County Water District, the following procedures are required for any customer who files bankruptcy:

1. As of the date the bankruptcy petition is filed, the existing account is closed and a closing bill generated. The closing bill and/or claim will be mailed directly to the Trustee/Administrator of the bankruptcy case for payment, and a copy mailed to the customer for reference.
 - a. Any deposits paid on the account prior to the filing of the bankruptcy petition will be applied toward payment of the closing bill.
 - b. A copy of the bankruptcy petition and/or the case number must be given to the District before a new account can be processed and/or before service is restored.
2. A new account will be established as of the date the bankruptcy petition is filed.
3. Assurance Deposit - The law requires customers who have filed for Bankruptcy to provide "Assurance" that bills will be paid after filing for bankruptcy. A new account will be established after payment of a deposit in the following amount:
 - a. **Residential:** \$250.00 per account.
 - b. **Non-Residential:** \$500.00 per account.

The entire amount of the deposit must be paid before service can be reestablished. Payment installments are at the discretion of the District. Failure to adhere to the payment schedule shall cause the nonpayment procedures set forth under "Nonpayment Charges" to be implemented. Deposits will not be used for payment of services, except for the closing bill.

NOTE: For purpose of this schedule, the type of bankruptcy filed (i.e., Chapter 7, 11, or 13, etc.) does not affect the manner in which the account is handled. The same procedure applies to all bankruptcy cases and accounts. In some cases, the Bankruptcy Judge may determine the amount of deposit allowable.

Fee Schedule No. 02**GENERAL METERED WATER SERVICE RATES****APPLICABILITY**

Applicable to all measured water service furnished for general domestic use. Rates are effective March 1 of each year, beginning March 1, 2022.

BI-MONTHLY SERVICE CHARGE (ALL CUSTOMER CLASSES)

Bi-monthly Service Charge – This is a service charge, which is added to the bill during the billing period. It covers operation and maintenance expenses for the entire water system regardless of water consumed.

METER SIZE	BI-MONTHLY SERVICE CHARGE				
	2022	2023	2024	2025	2026
¾" Meter	\$ 35.18	\$ 38.12	\$ 43.57	\$ 48.27	\$ 51.23
1" Meter	44.02	47.44	53.27	58.38	61.76
1 ½" Meter	53.92	58.09	64.61	70.45	74.61
2" Meter	65.73	70.72	77.94	84.53	89.49
3" Meter	647.84	695.39	740.10	787.11	834.96
6" Meter	675.45	725.01	771.49	820.41	870.28

WATER AND DELIVERY CHARGE

Water and Delivery Charge – Charge for actual water used during a two-month billing period, based on the total number of units registered by the meter. (One unit equals 748 gallons or 100 cubic feet)

ALL LBCWD CUSTOMER CLASSES

Tiers	2022	2023	2024	2025	2026
Tier 1 – Usage within Water Budget	\$ 6.74	\$ 7.23	\$ 7.61	\$ 8.02	\$ 8.45
Tier 2 – Usage in excess of Water Budget	\$ 9.33	\$ 10.07	\$ 10.62	\$ 11.19	\$ 11.79

Fee Schedule No. 03

PRIVATE FIRE PROTECTION SERVICE LINE CHARGES

APPLICABILITY

Applicable to all private fire protection service lines.

BI-MONTHLY PRIVATE FIRE LINE CHARGE (ALL CUSTOMER CLASSES WITH A PRIVATE FIRE LINE CONNECTION)

The Bi-monthly Service Charge is a service charge which is added to the bill during the billing period. It covers portions of fire-flow-related operations, maintenance, and capital expenses of the water system.

FIRE LINE SIZE	BI-MONTHLY PRIVATE FIRE LINE CHARGE				
	2022	2023	2024	2025	2026
2-inch	\$ 8.19	\$ 8.39	\$ 8.58	\$ 8.77	\$ 8.97
4-inch	23.90	31.80	39.70	47.60	55.50
6-inch	51.44	78.89	106.33	133.78	161.22
8-inch	94.31	156.63	218.94	281.25	343.57
10-inch	155.57	271.14	386.71	502.28	617.85

CONDITIONS

1. The fire protection service connection will be installed at the expense of the applicant.
2. The maximum diameter will be not more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal services does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed at the expense of the applicant.
4. The customer's private fire protection service, as well as the customer's domestic water service, must have approved backflow prevention devices.
5. There shall be no cross connection between the fire protection systems supplied with water from the District to any other source of supply. Any such unauthorized cross connection may be grounds for immediate disconnection of the fire protection service without liability to the District.
6. As part of the private fire protection service installation, there shall be a detector check or other similar device acceptable to the District, which will indicate the use of water. Any unauthorized usage will be charged as indicated in Fee Schedule 02, General Metered Water Service Rates, and/or may be grounds for the District to discontinue the private fire protection service without liability to the District.
7. Any rates for private fire protection service sizes not shown on this schedule will be

Fee Schedule No. 04

CONSTRUCTION WATER METER SERVICE

APPLICABILITY

Applicable to all measured water service furnished from a fire hydrant connection.

FEES	AMOUNT
DEPOSIT PER METER (for return of meter & for any unpaid meter service and water use charges)	\$2,500.00
SERVICE RENTAL CHARGE (charges not pro-rated)	Based on Meter Size – See Schedule No. 02
WATER USE CHARGE (\$/hcf)	Tier I Rate – See Schedule No. 02
METER RELOCATION (each additional time after 3 rd relocation)	\$63.00
BACKFLOW TEST (construction meters only)	\$130.00

CONDITIONS

1. The District reserves the right to discontinue the service without notice if water is not used for a period of sixty (60) consecutive days.
2. The customer shall notify the District to have service discontinued. The regular rates, including the minimum charge, shall continue until such notice has been received, unless the service is discontinued under #1 above.
3. The District will relocate a meter within the project three times at no additional cost. Additional relocations will be at a charge as noticed above for each move after the 3rd move. A request for meter relocation must be made 24 hours in advance of the time needed.
4. If any damage to the District facilities is caused as a result of this connection, the applicant is liable for such damage and will be billed.
5. The billing cycle begins the day that the meter is set.
6. The Deposit will be used for payment of services on the closing bill. Any money left is refundable after the meter is returned to the District in good working condition.

Fee Schedule No. 05

MISCELLANEOUS CHARGES

FEES	AMOUNT
1. Past Due Notice - Past Due Notices are mailed 22 days after the original bill is mailed. The notice allows 15 additional days to pay before a Final Notice of Disconnection tag is issued.	\$3.00
2. Past Due/Final Notice of Disconnection – Site visit to post Final Notice of Disconnection.	\$18.00
3. Return Payment Charge/NSF – First returned payment.	\$25.00
4. Return Payment Charge/NSF – Each subsequent returned payment after first by same person.	\$35.00
5. Reconnection/Turn-On Service – During regular District hours.	\$77.00 (\$50.00 if SB 998 exempt)
6. Reconnection/Turn-On Service – After regular District hours.	\$121.00
7. Cut Lock Replacement - First time – replace lock	\$107.00
8. Cut Lock Replacement - Second time – pull meter	Time & Materials
9. Landscape Trim/Obstacle Removal - To access meter if customer does not trim/remove obstacle after notice.	\$102.00
10. Meter Test Fee	\$254.00
11. Copy of Public Records - In cases where it is necessary to send a document or documents to a printer or commercial copying service, the requestor shall pay the total direct cost of such outside services.	\$0.10 per page
12. Antenna/Cell Tower Site Fee - New site application	\$5,030.00
13. Antenna/Cell Tower Site and/or Equipment Application Review Fee (license renewal, license amendment, equipment modification request, consent letter, application for decommissioning licensed communications facility/equipment)	\$3,860.00
14. Antenna/Cell Tower Application for Assignment, Change of Ownership or Entity	\$570.00

15. Antenna/Cell Tower Monthly License Charge	By individual license agreement, and/or subsequent amendments, between LBCWD and carrier or tower company
16. Antenna/Cell Tower Additions to Monthly License Charge - New equipment additions to existing site or replace existing equipment with larger equipment which add height, depth, and/or bulk to existing site	Additional Monthly Fee to be based on additional space occupied by new and/or larger equipment (based on square feet)
17. After Hours Administration Labor Rate - Non-exempt staff only.	1.5X staff labor rates up to 4 hours. After 4 hours, 2.0X staff labor rates
18. Miscellaneous/Special Requests for Service - Outside of District fee schedule categories.	Staff labor rate plus materials costs, if applicable
19. Unauthorized Water Use Fee - Based on average water use during a 2-month billing period for the meter size and customer class associated with the unauthorized use.	Tier 2 Rate – See Schedule No. 02
20. Unauthorized Water Use Penalty – Ordinance No. 101 permits the District to collect administrative penalties due to unauthorized water use in addition to the Unauthorized Water Use Fee.	\$1,000 for the first violation. \$2,500 for a second violation within a two-year period. \$5,000 for each violation thereafter within a two-year period.

Fee Schedule No. 06**SERVICE INSTALLATION FEES****APPLICABILITY**

Applicable to all measured water service furnished for general domestic use.

FEES	AMOUNT
Angle Meter Stop Located in Dirt: ¾-inch & 1-inch Stops	\$810.00
Angle Meter Stop Located in Dirt: 1 1/2-inch and greater Stops	\$1,052.00
Angle Meter Stop Located in Concrete: ¾-inch & 1-inch Stops	\$1,748.00
Angle Meter Stop Located in Concrete: 1 1/2-inch and greater Stops	\$2,220.00
Meter Drop-In/Replacement/Upgrade: ¾-inch Meter (at established service and no new lateral required)	\$724.00
Meter Drop-In/Replacement/Upgrade: 1-inch Meter (at established service and no new lateral required)	\$977.00
Meter Drop-In/Replacement/Upgrade: 1 1/2-inch Meter (at established service and no new lateral required)	\$2,073.00
Meter Drop-In/Replacement/Upgrade: 2-inch Meter (at established service and no new lateral required)	\$2,667.00
Meter Drop-In/Replacement/Upgrade: 3-inch Meter or Larger (at established service and no new lateral required)	District Estimate (collect deposit)
Meter Size Upgrade (at customer request and if new service/new lateral is required)	Charge new construction amount less cost of any materials not required of new service/construction
MXU 520-M SP Radio Replacement Fee	\$335.00
New Service to Main – Meter/Meter Box Installation for New Construction – ¾-inch meter	\$8,804.00
New Service to Main – Meter/Meter Box Installation for New Construction – 1-inch meter	\$9,157.00
New Service to Main – Meter/Meter Box Installation for New Construction – 1 1/2-inch meter	\$11,558.00

New Service to Main – Meter/Meter Box Installation for New Construction – 2-inch meter	\$12,173.00
New Service to Main – Meter/Meter Box Installation for New Construction – 3-inch and greater meter	District Estimate (collect deposit)

CONDITIONS

1. Angle Meter Stop fee applies in situations where customer damages meter stop.
2. Customer is responsible for full meter replacement fee per Fee Schedule No. 06 if meter/service connection is damaged due to customer negligence.

Note: Meter Drop-In/Replacement/Upgrade customer requests apply to established service connections where no new lateral is required.

Fee Schedule No. 07**WATER CAPACITY FEES****APPLICABILITY**

Applicable to all measured water service furnished for general domestic use.

NON-ACCESSORY DWELLING UNIT FEES

<u>Meter Size</u>	<u>Amount</u>
3/4"	\$5,151.00
1"	\$7,929.00
1 1/2"	\$21,121.00
2"	\$28,064.00
3"	\$55,838.00
4"	\$111,384.00
6"	\$222,478.00

ACCESSORY DWELLING UNIT FEES

<u>Meter Size</u>	<u>Amount</u>
3/4"	\$1,154.00
1"	\$1,776.00
1 1/2"	\$4,731.00

**PRIVATE FIRE LINE CONNECTION
CAPACITY FEES**

<u>Meter Size</u>	<u>Amount</u>
2"	\$326.00
4"	\$7,362.00
6"	\$21,123.00
8"	\$44,857.00
10"	\$80,558.00

CONDITIONS

1. The above fees are water capacity fees for single-metered lots or private fire line connections.
2. Water Capacity Fees for meters and Private Fire Line Connection Capacity Fees for private fire line connections that are upsized will be credited the fee for the current size of the existing meter or the current size of the existing private fire line connection. There

will be no refunds or credits issued for downsizing meters and private fire line connections.

Note: See District Comprehensive Fee Study Report for description and basis of fees.

Fee Schedule No. 08**ENGINEERING & OPERATIONS FEES AND CHARGES****APPLICABILITY**

Applicable to fees and charges required for work done in the Engineering and Operations Department.

FEES	AMOUNT
1. Availability Letter/Will Serve	\$101.00
2. Daily Inspection Rate (District-approved contractor forces performing the water system improvement work)	\$1,428.00
3. Encroachment Clearance Letter	\$138.00
4. Fire Flow Modeling - (pressure check & hydrant check)	\$229.00
5. Main Extension	Time & Materials Estimate (collect deposit)
6. Plan Check	\$253.00
7. Service Abandonment	\$2,281.00
8. After Hours Engineering & Operations Labor Rate - (non-exempt staff only)	1.5X staff labor rates up to 4 hours. After 4 hours, 2.0X staff labor rates
9. Miscellaneous/Special Requests for Service - (outside of District fee schedule categories)	Staff labor rate plus materials costs, if applicable

Fee Schedule No. 08

ENGINEERING & OPERATIONS FEES AND CHARGES

APPLICABILITY

Applicable to fees and charges required for work done in the Engineering and Operations Department.

FEES	AMOUNT
1. Availability Letter/Will Serve	\$101.00
2. Daily Inspection Rate (District-approved contractor forces performing the water system improvement work)	\$1,428.00
3. Encroachment Clearance Letter	\$138.00
4. Fire Flow Modeling - (pressure check & hydrant check)	\$229.00
5. Main Extension	Time & Materials Estimate (collect deposit)
6. Plan Check	\$253.00
7. Service Abandonment	\$2,281.00
8. After Hours Engineering & Operations Labor Rate - (non-exempt staff only)	1.5X staff labor rates up to 4 hours. After 4 hours, 2.0X staff labor rates
9. Miscellaneous/Special Requests for Service - (outside of District fee schedule categories)	Staff labor rate plus materials costs, if applicable

Fee Schedule No. 09

EQUIPMENT & VEHICLE RATES

APPLICABILITY

These rates apply to all District owned equipment and do not include operator.

EQUIPMENT RATES

VEH #	DESCRIPTION		RATES	
			HOURLY	DAILY
82	CATERPILLAR BACKHOLE/LOADER	EQUIPMENT	\$75.00	\$450.00
85	CATERPILLAR SKIDSTEER	EQUIPMENT	\$75.00	\$450.00
B-2	KUBOTA MINI EXCAVATOR	EQUIPMENT	\$75.00	\$450.00
EDG-1	EMERGENCY GENERATOR	EQUIPMENT	\$75.00	\$450.00
EDG-2	EMERGENCY GENERATOR	EQUIPMENT	\$75.00	\$450.00
EDG-3	EMERGENCY GENERATOR	EQUIPMENT	\$75.00	\$450.00
EDG-4	EMERGENCY GENERATOR	EQUIPMENT	\$75.00	\$450.00
EDP-1	EMERGENCY PORTABLE PUMPER	EQUIPMENT	\$75.00	\$450.00
EDP-2	EMERGENCY PORT. FIRE PUMPER	EQUIPMENT	\$75.00	\$450.00
EDP-3	EMERGENCY PORTABLE PUMPER	EQUIPMENT	\$75.00	\$450.00
E-15	TOYOTA FORKLIFT	EQUIPMENT	\$75.00	\$450.00
	MOBILE PUMP & TRAILER	EQUIPMENT	\$75.00	\$450.00
	CATERPILLAR GENERATOR	EQUIPMENT	\$75.00	\$450.00

VEHICLE RATES

VEH #	DESCRIPTION	CLASS (Ton)	RATES	
			HOURLY	DAILY
5	2003 FORD F-250	3/4	\$12.00	\$70.00
7	2015 FORD F-250	1/2	\$12.00	\$70.00
18	1960 CHEVROLET SEDAN		N/A	N/A
41	2016 FREIGHTLINER		\$50.00	\$300.00
42	1996 FORD F-250 HD4X4	3/4	\$12.00	\$70.00
43	1996 FORD 250HD STAKE	3/4	\$25.00	\$150.00
48	2016 HONDA CRV		\$12.00	\$70.00
53	2003 FORD RANGER	1/4	\$12.00	\$70.00
54	2017 CHEVROLET 1500 4X4	1/2	\$12.00	\$70.00
55	2017 FORD F-250 4X4	1/2	\$12.00	\$70.00
56	2006 FORD ESCAPE		\$12.00	\$70.00
57	2006 FORD F-150 4X4	1/2	\$12.00	\$70.00
58	2006 TOYOTA HIGHLANDER		\$12.00	\$70.00
59	2019 FORD F-250	3/4	\$12.00	\$70.00
61	2017 CHEVROLET 1500 4X4		\$12.00	\$70.00
62	2018 FORD F-150 SUPERCAB	1/2	\$12.00	\$70.00
63	2016 TOYOTA TACOMA	1/4	\$12.00	\$70.00

Adopted May 23, 2024, by Resolution 892

LAGUNA BEACH COUNTY WATER DISTRICT

FEE SCHEDULES

64	2008 FORD F-650 DUMP TRUCK		\$42.00	\$250.00
65	2009 FORD F-150	1/2	\$12.00	\$70.00
66	2009 FORD F-250 UTILITY	3/4	\$12.00	\$70.00
67	2010 FORD F-250	3/4	\$25.00	\$150.00
68	2011 FORD F-250	3/4	\$19.00	\$114.00
69	2011 FORD F-350	1	\$25.00	\$150.00
70	2011 FORD F-250 4X2 XL	3/4	\$25.00	\$150.00
71	2012 FORD F-250	3/4	\$25.00	\$70.00
72	2012 FORD F-250	3/4	\$25.00	\$70.00
73	2012 FORD F-150	1/2	\$12.00	\$70.00
74	2013 FORD F-350	1	\$25.00	\$150.00
75	2013 HONDA PILOT		\$12.00	\$70.00
76	2013 MAZDA CX5		\$12.00	\$70.00
77	WATER TRAILER		CAL WARN	CAL WARN
78	2013 FORD F-150	1/2	\$12.00	\$70.00
79	2013 FORD F-150	1/2	\$12.00	\$70.00
80	2015 FORD F-DUMP		\$42.00	\$250.00
81	2016 GMC CANYON	1/2	\$12.00	\$70.00
82	2016 PETERBUILT (VAC-HYDRO)		\$75.00	\$450.00

RESOLUTION NO. 895

A RESOLUTION OF THE LAGUNA BEACH COUNTY WATER DISTRICT, OF ORANGE COUNTY, CALIFORNIA, ESTABLISHING A JOB CLASSIFICATION PLAN AND SALARY RANGES; AND REPEALING RESOLUTION NO. 888 AND ALL OTHER RESOLUTIONS AND MOTIONS INCONSISTENT HERewith TO THE EXTENT OF SUCH INCONSISTENCY.

NOW, THEREFORE BE IT RESOLVED, The Board of Directors of the Laguna Beach County Water District, does hereby resolve and order as follows:

1. That pursuant to the authorization contained in Ordinance No. 91, adopted June 2, 1987, authorizing the Salary Schedule of Section 11 entitled "Basic Pay Plan" of Ordinance No. 65, adopted February 6, 1973, as amended, to be established from time to time by resolution of this District, the Board of Directors does hereby resolve and order as follows:
2. That effective the first pay date in July 2024, the "Salary Schedule" of the "Job Classification Plan" is hereby fixed and established as follows:

MONTHLY SALARY SCHEDULE

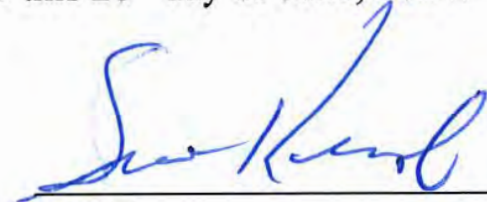
Salary Grade	Monthly Minimum	Monthly Control Point	Monthly Maximum
31	21,149	26,437	30,402
30	16,400	20,496	23,572
29	13,385	16,730	19,240
28	11,641	14,551	16,734
27	10,121	12,652	14,549
26	8,802	11,002	12,652
25	8,185	10,232	11,767
24	7,795	9,744	11,205
23	7,425	9,281	10,673
22	7,070	8,837	10,164
21	6,733	8,417	9,678
20	6,414	8,015	9,218
19	6,109	7,634	8,780
18	5,816	7,270	8,360
17	5,539	6,925	7,964
16	5,276	6,596	7,584
15	5,024	6,281	7,224

3. That effective the first pay date in July 2024, the following pay grade numbers shall replace those as set forth in Section 11 of Ordinance No. 65 of this District and are hereby allocated and assigned to the following employment positions of the Laguna Beach County Water District, as follows:

<u>POSITION TITLE</u>	<u>SALARY GRADE</u>
GENERAL MANAGER'S OFFICE:	
General Manager	31
ADMINISTRATION / CUSTOMER SERVICE	
Assistant General Manager	30
Customer Service Supervisor	27
Customer Service Lead	24
Risk and Resiliency Analyst	24
Public Affairs Officer	23
Customer Service Rep/Tech III	22
Water Use Efficiency Specialist II	22
Water Use Efficiency Specialist I	19
Customer Service Rep/Tech II	19
Customer Service Rep/Tech I	15
Facilities Maintenance Technician	15
ENGINEERING:	
Manager of Engineering	29
Senior Engineering Associate	26
Water Quality Specialist	24
Engineering Technician	24
Construction Inspector	20
Permit Specialist	19
FINANCE:	
Manager of Financial and Administrative Services	29
Assistant Manager of Financial and Administrative Services	28
Financial and Administrative Services Supervisor	27
Financial and Administrative Services Technician IV	26
Financial and Administrative Services Technician III	25
Financial and Administrative Services Technician II	23
Financial and Administrative Services Technician I	21
OPERATIONS:	
Manager of Operations	29
Field Maintenance Supervisor/Assistant Manager of Operations	27
CMMS Administrator	26
Foreman	26
Maintenance Worker III	24
Maintenance Worker II	20
Operations Support Specialist	19
Maintenance Worker I	16

4. That Resolution No. 888 and all other resolutions and motions inconsistent herewith be and the same are hereby repealed to the extent of such inconsistency.

ADOPTED, SIGNED AND APPROVED this 20th day of June, 2024.



President

ATTEST:



Secretary

RESOLUTION NO. 896

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAGUNA
BEACH COUNTY WATER DISTRICT OF ORANGE COUNTY,
CALIFORNIA, ADOPTING THE LAGUNA BEACH COUNTY WATER
DISTRICT FISCAL YEAR 2024-25 BUDGET**

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of Laguna Beach County Water District, does hereby resolve and order as follows:

1. That the 2024-25 Annual Budget as presented in Item 4.2 of the June 20, 2024, meeting of the Board of Directors is hereby approved.

ADOPTED, SIGNED, AND APPROVED this 20th day of June, 2024.



President

ATTEST:



Secretary

APPENDICES



Glossary and Acronyms

The FY 2024/25 budget contains terminology that is unique to water agencies and to public finance and budgeting. The following Budget Glossary and List of Acronyms provides assistance in understanding these terms.

GLOSSARY

Accrual Basis of Accounting: The basis of accounting under which transactions are recognized when they occur, regardless of the timing of cash receipts and disbursements.

Acre-Foot: The volume of water that will cover one acre to a depth of one foot. One acre-foot equals 435.6 units or 325,850 gallons.

Appropriation: The annual budget adopted by the District's Board for monitoring and control purposes, serving as a financial plan.

Balanced Budget: A balanced financial plan for a specified period of time that matches all planned revenues and expenditures with various services. The District uses a fiscal year beginning July 1 and ending June 30 for budgetary and financial reporting purposes.

Capital Budget: The portion of the annual budget that appropriates funds for the purchase of capital equipment items and capital improvements. These expenditures are separate from regular operating items, such as salaries, utilities, and office supplies.

Capital Improvement Program: A long-range plan for the construction, rehabilitation and modernization of District owned and operated infrastructure.

Class of Service: All customers are classified based on the primary use of water on their parcel; broad classifications include (but are not limited to) residential, commercial, hotel, etc. The water rate per unit is determined by this classification.

Commodity Rate: Charges to recover expenses that vary with water use.

Depreciation: An expense recorded to allocate a tangible asset's cost over its useful life.

Enterprise Fund: Fund that provides goods or services to the public for a fee that makes the entity self-supporting.

Expenditure: These terms refer to the outflow of funds paid or to be paid for assets, goods or services obtained regardless of when actually paid. *Note: An encumbrance is not an expenditure; an encumbrance reserves funds to be expended in a future period.





Fiscal Year: Twelve-month term designating the beginning and ending period for recording financial transactions. The District has specified July 1 to June 30 as its fiscal year.

Fund Balances: The current funds on hand resulting from the historical collection and use of monies. The District maintains fund balances in Other Reserves and PAYGO Capital Reserves.

Interest Income: Earning from the investment portfolio. **Late Charges/Penalties:** Charges and penalties are imposed on customer accounts for late payments, returned payments, and other infringement of the District’s Rules and Regulations.

Meter Service Charge: Each water service customer pays a monthly meter service charge for water system replacement, maintenance and operation expenses. The charge is based on the size of the meter and class of service.

Metropolitan Water District (MWD): MWD is one of 30 agencies that have contracted for imported water service from the State Water Project, owned by the State and operated by the California Department of Water Resources.

Municipal Water District of Orange County (MWDOC): The District has access to Metropolitan Water District (MWD) imported water through MWDOC’s entitlement as a member agency of MWD.

Orange County Water District (OCWD): The District has access to groundwater in the Orange County groundwater basin that is managed by the Orange County Water District.

Set-up Fees for Accounts: A charge is added for each new account, and whenever an existing account is transferred to another customer. This fee contributes to the administrative costs associated with establishing new accounts.

Service Charge: A fixed amount to recover costs related to serving customers that do not vary with water use. The charge is based on the size of the meter and class of service.

Service Installation: A new customer connection to the District’s water system.

State Water Project: The State Water Project (SWP) transports water from the Sacramento-San Joaquin Delta via the California Aqueduct to four delivery points near the northern and eastern boundaries of the MWD service area. The SWP is owned by the State and operated by the California Department of Water Resources.

Unfunded Accrued Liability (UAL): The amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date.

Unit: 748 gallons of water equals a single Hundred Cubic Feet (HCF) Unit. The District bills its customers in HCF Units.

Water Budget: Volumetric allotments of water to customers based on customer specific characteristics and conservative resource standards as a means of improving water-use efficiency.

Water Capacity Fees: One-time payments imposed on new development for capital improvements, resulting in available capacity for future demand.

ACRONYMS

AF: Acre-foot of water

ACWA: Association of California Water Agencies

AWWA: American Water Works Association

CalPERS: California Public Employees' Retirement System

CEQA: California Environmental Quality Act

CIP: Capital Improvement Plan

COLA: Cost-of-living Adjustment

CSMFO: California Society of Municipal Finance Officers

FY: Fiscal Year

DWR: California Department of Water Resources

EBS: Emerald Bay Services District

ET (ETo): Evapotranspiration

GIS: Geographic Information System

GPD: Gallons per Day

HCF: Hundred Cubic Feet

JPIA: Joint Powers Insurance Authority

LBCWD: Laguna Beach County Water District

MWD: Metropolitan Water District

MWDOC: Municipal Water District of Orange County

OCWD: Orange County Water District

OPEB: Other Post-employment Benefits

PAYGO: Pay-as-You-Go (or cash funding, rather than debt financing, of large expense items such as CIP)

SRF: State Revolving Fund

SWP: State Water Project

SWRCB: State Water Resources Control Board

UAL: Unfunded Accrued Liability (employee pension-related)



Description of District Funds

The District establishes funding levels and formulas to set aside cash balances in reserve funds to provide long-term financial stability for extraordinary fiscal circumstances that may arise during any future fiscal years. The District Board of Directors (Board) will designate specific fund accounts and maintain minimum fund balances consistent with statutory obligations that it has determined to be in the best interest of the District. The following funds have been established; their descriptions are as follows:

Operating Reserve Fund

The Operating Reserve is recommended to be funded at a minimum of three (3) months to a maximum of six (6) months average operating budgeted expenses, excluding the cost of purchased water and depreciation. The District's level is at three (3) months. All operating expense categories, including General and Administrative, are included in the calculation of the Operating Reserve. This reserve is considered a working cash requirement. This reserve accommodates unexpected operational changes, unanticipated repairs to District facilities, and legislative impacts or economic events that may affect the District's operations, which could not be reasonably anticipated at the time the annual budget was prepared. This reserve is replenished from non-operating sources and is used only for operating emergencies or non-budgeted items.

Self Insurance/Emergency Reserve Fund

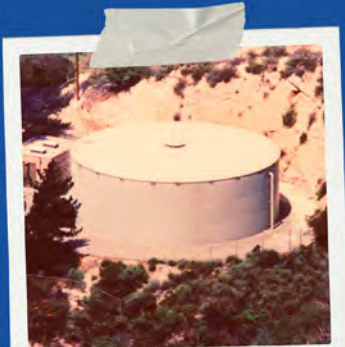
The Self Insurance/Emergency Reserve is recommended to be funded at a minimum of one (1) percent to a maximum of two (2) percent of the replacement cost of the existing utility plant as outlined in current guidelines from the Federal Emergency Management Agency (FEMA). This reserve would assist in coverage against catastrophic loss and costs for those facilities the District does not insure. The District strives to maintain reserves to fund the replacement and reconstruction of major facilities damaged by natural disasters, such as flooding, or earthquakes that are not covered by insurance or reimbursable from the state and federal government. This reserve is replenished from non-operating sources and only used for occurrences described above as designated by the Commission and Board of Directors.

Rate Stabilization Reserve Fund

The Rate Stabilization Reserve is recommended to be at a minimum of twenty-five (25) percent of the District's annual water purchases. This reserve is set aside to mitigate the impact of any future drought conservation requirements to reduce water usage, and unanticipated increases in water costs or loss of revenue as designated by the Commission and Board of Directors. Gradual and small increases in rates allow customers to budget for future years and not be overwhelmed by increases from unexpected environmental and economic reasons. The reserve is replenished from non-operating sources.

Capital Replacement Reserve Fund

The Capital Replacement Reserve is recommended to be funded the average of five (5) years expected capital spending as outlined in the District's Capital Improvement Plan. This reserve accommodates replacement cost of the facilities, or major repairs that



extend the useful life of facilities, that exceed the projected non-operating revenue for the current or future years. This fund is replenished or added to from non-operating sources.

Employee Liabilities Reserve Fund

The Employee Liabilities Reserve is recommended to be funded at a minimum of ten (10) percent of current payroll. The fund is set up as a means of reducing the financial impact on both current and future ratepayers of amortized unfunded liability costs in PERS (Public Employee Retirement System), in OPEB (Other Post-Employment Benefits) in accordance with GASB 45, and vacation and other compensatory accrued time. This reserve may be used in the event that operating funds are not adequate to meet obligations paid out within the current year.



Laguna Beach County Water District

Section 6. Financial Policy

Policy Number: 6040
 Adoption Method: Resolution 805
 Effective Date: May 6, 2003
 Revised Date: June 18, 2015
 Page: 1 of 2

SUBJECT: **Reserve Policy**

Purpose

To establish and maintain the Laguna Beach County Water District (District) reserves at fiscally responsible levels to ensure long-term financial stability to preserve and protect the rate payers investment in the District's water system infrastructure and water supply reliability. Reserves (Funds) will be accumulated and maintained to allow the District to fund operating expenses and capital expenditures in a manner consistent with its Annual Budget. The responsible management of these reserves ensures that the current levels of service reliability and quality will continue in the future, and avoid significant customer rate fluctuations due to changes in cash flow requirements.

Policy

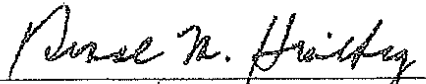
The Reserve Policy establishes funding levels and formulas to set aside cash balances in reserve funds to provide long-term financial stability for extraordinary fiscal circumstances that may arise during any future fiscal years. The Board of Directors (Board) will designate specific fund accounts and maintain minimum fund balances consistent with statutory obligations that it has determined to be in best interest of the District. The Board will review the level of funds at the time and approval of its Annual Budget. Seven funds have been established:

- A. **Operating Reserve Fund** – The Operating Reserve is recommended to be funded at a minimum of three (3) months to a maximum of six (6) months average operating budgeted expenses, excluding the cost of purchased water and depreciation. The District's level is at three (3) months. All operating expense categories, including General and Administrative, are included in the calculation of the Operating Reserve. This reserve is considered a working cash requirement. This reserve accommodates unexpected operational changes, unanticipated repairs to District facilities, and legislative impacts or economic events that may affect the District's operations, which could not be reasonably anticipated at the time the annual budget was prepared. This reserve is replenished from non-operating sources and is used only for operating emergencies or non-budgeted items.
- B. **Self Insurance/Emergency Reserve Fund** – The Self Insurance/Emergency Reserve is recommended to be funded at a minimum of one (1) percent to a maximum of two (2) percent of the replacement cost of the existing utility plant as outlined in current guidelines from the Federal Emergency Management Agency (FEMA). This reserve would assist in coverage

against catastrophic loss and costs for those facilities the District does not insure. The District strives to maintain reserves to fund the replacement and reconstruction of major facilities damaged by natural disasters, such as flooding, or earthquakes that are not covered by insurance or reimbursable from the state and federal government. This reserve is replenished from non-operating sources and only used for occurrences described above as designated by the Commission and Board of Directors.

- C. **Rate Stabilization Reserve Fund** – The Rate Stabilization Reserve is recommended to be at a minimum of twenty-five (25) percent of the District’s annual water purchases. This reserve is set aside to mitigate the impact of any future drought conservation requirements to reduce water usage, and unanticipated increases in water costs or loss of revenue as designated by the Commission and Board of Directors. Gradual and small increases in rates allow customers to budget for future years and not be overwhelmed by increases from unexpected environmental and economic reasons. The reserve is replenished from non-operating sources.
- D. **Capital Replacement Reserve Fund** – The Capital Replacement Reserve is recommended to be funded the average of five (5) years expected capital spending as outlined in the District’s Capital Improvement Plan. This reserve accommodates replacement cost of the facilities, or major repairs that extend the useful life of facilities, that exceed the projected non-operating revenue for the current or future years. This fund is replenished or added to from non-operating sources.
- E. **Employee Liabilities Reserve Fund**– The Employee Liabilities Reserve is recommended to be funded at a minimum of ten (10) percent of current payroll. The fund is set up as a means of reducing the financial impact on both current and future ratepayers of amortized unfunded liability costs in PERS (Public Employee Retirement System), in OPEB (Other Post Employment Benefits) in accordance with GASB 45, and vacation and other compensatory accrued time. This reserve may be used in the event that operating funds are not adequate to meet obligations paid out within the current year.
- F. **Water Supply Reliability Reserve Fund** – The Water Supply Reliability Reserve provides for the funding of projects such as wells, regional storage, ocean desalination, and other related conservation projects that improve water reliability for our customers. Funding for this reserve is accomplished through non-operating sources, a portion of Tier Two revenue charges designated for supplemental supply, and/or bond indebtedness as designated by the Commission and Board of Directors.
- G. **Bond Reserve Fund** – The bond reserve requirement is established at the time of the bond issue. At this time the District has no bonds issued.

Approval:



 Renae M. Hinchey, General Manager

6/18/15

 Date

Laguna Beach County Water District

Section 6. Financial Policy

Policy Number: 6000
 Adoption Method: Resolution 890
 Effective Date: June 22, 2023
 Revised Date: June 22, 2023
 Page: 1 of 13

SUBJECT: Investment Policy

1.0 POLICY STATEMENT

The purpose of this investment policy (“Policy”) is to provide guidance for the prudent investment of the Laguna Beach County Water District’s (“District”) funds in compliance with state and local laws and regulations governing the investment of public funds. The objectives of this Policy are to manage District funds to provide for daily cash flow requirements (liquidity), provide maximum security of funds invested, and achieve a market rate of return on funds invested within the parameters of prudent risk management.

2.0 SCOPE

This Policy applies to all operating and non-operating funds of the District, which are under the control of the General Manager and/or Manager of Finance/Treasurer. These funds are accounted for in the District’s annual budget and audited annual financial statements.

If applicable, bond proceeds shall be invested in securities permitted by the relevant bond documents. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this Policy. Notwithstanding the other provisions of this Policy, the percentage or dollar portfolio limitations listed elsewhere in this Policy do not apply to bond proceeds.

3.0 PRUDENCE

The District shall adhere to the guidance provided by the “prudent investor rule,” as presented in California Government Code Section 53600.3, which obligates a fiduciary to ensure that “when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

4.0 INVESTMENT OBJECTIVES

As specified in Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the primary objectives of the District's investment activities and of this Policy shall be, in priority order:

1. **Safety:** Safety of principal is the District's foremost objective of the investment program. The investment of District funds shall be undertaken to seek to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities, as allowable by law, offering independent returns.
2. **Liquidity:** The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that are reasonably anticipated.
3. **Yield:** The District's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio. The benchmark rate of return is defined in Section 15.0.

5.0 DELEGATION OF INVESTMENT AUTHORITY

The authority to manage the District's investment program is derived from Government Code Sections 53607 and 53608. The Board of Directors has delegated the management responsibility for the investment program to the Manager of Finance/Treasurer. The Manager of Finance/Treasurer shall be responsible for investment management decisions and all transactions undertaken. In the absence of the Manager of Finance/Treasurer, the Board of Directors delegates management responsibility for the investment program to the District General Manager. The Manager of Finance/Treasurer shall establish a system of controls to regulate the management and activities of the investment program and such controls shall be followed by the Manager of Finance/Treasurer and the General Manager. The system of controls shall be reviewed by the District's independent auditor on an annual basis.

6.0 ETHICS AND CONFLICTS OF INTEREST

District officials and employees involved in the District investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the District's General Manager any material financial interest in the financial institutions that conduct business with the District, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the District.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Manager of Finance/Treasurer shall maintain a list of broker/dealers and financial institutions authorized to provide investment services to the Laguna Beach County Water District in the State of California. These may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).

2. Negotiable Certificates of Deposit.
 - A. Negotiable Certificates of Deposit are defined as securities with a CUSIP and trade on a secondary market. Negotiable Certificates of Deposits for safekeeping may be made in a nationally or state-chartered bank or a state or federal savings and loan association or may be invested as provided by California Government Code Section 53630. Negotiable Certificates of Deposits are to be fully insured to the amount consistent with the existing law or regulation.
 - B. There is a 30 percent limitation of the portfolio that can be invested in Negotiable Certificates of Deposit with a five-year maturity limitation.

3. Banker's Acceptances.

4. Commercial Paper.

5. Medium-Term Notes.
 - A. Medium-term notes are defined as corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating in the United States. There is a 30 percent limitation of the portfolio that can be invested in this category with a five-year maturity limitation and debt with an "A" rating category, or its equivalent or better, as published by a NRSRO.

6. Investment Pool - State of California - Local Agency Investment Fund (LAIF).
 - A. Deposits are permitted by a local agency to be made with the State Treasurer for the purpose of investment, as authorized in California Government Code Section 16429.1, up to the maximum permitted by California State Law, currently at \$75,000,000 per account.

7. Money Market Mutual Funds.
 - A. Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations authorized by California Government Code Section 53601 are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.) and shall have met either of the following criteria:
 - i. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized rating services.
 - ii. Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience investing in the securities and obligations authorized by California Government Code Section 53601 subdivisions (a) to (j) and (m) to (n) and with assets under management in excess of \$500 million.

8. Municipal Investments.
 - A. Registered state warrants of the State of California.
 - B. Bonds, notes, warrants or other evidence of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-

producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

- C. No more than 20 percent of the District's investable funds may be invested in municipal securities.
- D. No more than \$500,000 may be invested in one issuer of municipal securities.
- E. Municipal securities must be maturing within five years of the date of purchase and debt with an "A" rating category, or its equivalent or better, as published by a NRSRO.

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with California Government Code Sections 53601, 53601.1, 53601.6, and 53636, as such may be amended from time to time. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction. Furthermore, if a credit rating standard is adhered to at the time of purchase, a later downgrade in credit rating will not constitute a violation of that standard. Securities, which are downgraded below the minimum acceptable rating levels, must be reported to the Commission and the Board. The course of action to be followed will be then decided on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery, or further rate drops and the market price of the security.

The District operates its investment program with many federal, state and self-imposed constraints. Unless authorized by the Board of Directors, the District shall not buy stocks, nor deal in futures, derivatives, repurchase agreements, reverse repurchase agreements or options contracts, which are otherwise allowed pursuant to California Government Code Section 53601.1. The Manager of Finance/Treasurer will attempt to match investments with anticipated cash flow requirements.

9.0 REVIEW OF INVESTMENT PORTFOLIO

The investments held by the District must comply with Section 8.0 "Authorized and Suitable Investments" at the time of purchase. The Manager of Finance/Treasurer will establish and maintain monthly records of investments and file a monthly report with the Board and Commission at their regularly scheduled public meetings. The monthly report shall show the status of District investments and all related investment transactions which occurred during the month. Required elements to be included in this report are:

1. Type of Investment.
2. Issuing Institution.
3. Settlement Date.
4. Maturity Date.
5. Face Value.
6. Book Value.

7. Market Value.
8. Yield to Maturity.
9. Coupon Rate.
10. Average Weighted Term and Average Weighted Maturity.
11. Investment CUSIP Identification.

The report will also include a certification that all investment actions executed since the last report have been made in full compliance with this Policy and that the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53607 and 53646. If, at a later date, an investment is no longer in compliance with Section 8.0 of this Policy, the Manager of Finance/Treasurer shall report the non-compliant investment to the General Manager, Commission, and Board of Directors and shall include a disclosure in the monthly Investment Report if the investment is held at the date the report is prepared.

10.0 COLLATERALIZATION

All demand deposits and certificates of deposits that are not insured by the Federal Deposit Insurance Corporation ("FDIC") must be fully collateralized under the Government Code. Under provisions of the Government Code, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities with a value of 110% of principal and accrued interest. State law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits.

11.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. All securities owned by the District shall be delivered to the District by book entry, physical delivery, or a third-party custodial agreement. Any third-party custodian shall be designated by the Manager of Finance/Treasurer, and all securities held by such custodian, shall be held in a manner that clearly establishes the District's right of ownership. The third-party custodian shall be required to issue a safekeeping receipt to the District that lists the specific instrument, rate, maturity, and other pertinent information. Third-party safekeeping arrangements will be approved by the Manager of Finance/Treasurer and will be corroborated by a written custodial agreement. The District's custodial agent shall meet the requirements of California Government Code Section 53608. The District's deposits with LAIF shall be evidenced by the standard reporting requirements of LAIF.

12.0 DIVERSIFICATION

Consistent with the Section 8.0 of this Policy, the District shall diversify its investment portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. No more than 5% of the total District portfolio may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentalities. Diversification strategies shall be established and periodically reviewed by the District.

13.0 MAXIMUM MATURITIES

To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. The maximum maturity of individual investments shall not exceed the limits set forth in Section 8.0 of this Policy.

14.0 INTERNAL CONTROLS

The Manager of Finance/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, fraud, or misuse. Accordingly, the Manager of Finance/Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with District policies and procedures.

15.0 PERFORMANCE STANDARDS

The District's investment portfolio shall be designed with the objective of obtaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment objectives of Safety, Liquidity, and Yield.

The District's investment strategy is active. The Manager of Finance/Treasurer shall determine whether market yields are being achieved by comparing the average District portfolio yield to the 3-year U.S. Treasury Note (Yield Curve Rate) or the treasury security that most closely matches the duration of the portfolio, whichever is shorter. Benchmark rates may change over time based on changes in market conditions or cash flow requirements.

16.0 REPORTING

Consistent with Section 9.0 of this Policy, the Manager of Finance/Treasurer shall provide monthly investment reports that provide a clear, accurate, and complete depiction of the District's investment portfolio. The monthly report shall be provided to the Board and Commission at their public meetings and shall be included in the public meeting agenda packet for District and public review. In addition to the report items listed in Section 9.0 of this Policy, the report shall include the benchmark 3-year U.S. Treasury note as of the date the monthly investment report is prepared and signed by the Manager of Finance/Treasurer.

17.0 INVESTMENT POLICY ADOPTION

The District Investment Policy shall be adopted by resolution of the District's Board of Directors as required by California Government Code Section 53646. The Policy shall be reviewed annually by the Commission and the Board of Directors. Any modifications made to the Policy must be reviewed by the Commission Finance Committee and the District Commission and must be approved by the Board of Directors through a subsequent resolution.

18.0 DEFINITION OF TERMS

AGENCY SECURITIES: Securities issued by a U.S. government-sponsored entity and federally-related institutions. Examples include Federal Home Loan Banks (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA).

investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER/DEALER: An individual or firm that brings buyers and sellers together in a securities transaction.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CORPORATE MEDIUM-TERM NOTE: Corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

CUSIP: Committee on Uniform Securities Identification Procedures. Per the U.S. Securities and Exchange Commission, a CUSIP number is an identification mechanism for most financial instruments. The CUSIP system facilitates the clearance and settlement process of securities.

DEALER: A dealer acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money.

DERIVATIVES: Financial products dependent for their value on (or derived from) an underlying financial instrument, a commodity, or an index.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is at a discount.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits up to \$250,000 per depositor.

FEDERAL FUNDS RATE: The interest rate charged by one institution lending federal funds to another.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages, second loans and fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market to influence the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and comprising a seven-member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT CODE: The Government Code of the State of California.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB): The independent organization that establishes and improves standards of accounting and financial reporting for the United States, state, and local governments.

LIQUIDITY: A liquid asset can be converted easily and rapidly into cash without a substantial loss.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions placed in the custody of the California State Treasurer for investment and reinvestment.

MARKET RATE OF RETURN: A rate of return commensurate with the market for similar securities (maturity, credit rating, duration, and liquidity) would be considered a market rate of return.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due.

MONEY MARKET MUTUAL FUNDS: Open-ended mutual fund that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities and pays money market rates of interest.

MUNICIPAL ADVISOR RULE: A regulation of non-dealer "municipal advisors" such as financial advisors. In addition, the rule pertains to banks and broker dealers acting as municipal advisors. Municipal advisors have a fiduciary responsibility to the government agency receiving their services and they must register with the SEC. Municipal finance professionals that do not have a fiduciary duty to issuers cannot provide advice to governments unless certain exemptions are met. The SEC has published a list of frequently asked questions: <http://www.sec.gov/info/municipal/mun-advisors-faqs.pdf>.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): Firms that review the creditworthiness of the issuers of debt securities and express their opinions in the form of letter rating categories (e.g. AAA, AA, A, BBB, etc.). Examples include Standard & Poor's Corporation, Moody's Investor Services, Inc., and Fitch, Inc.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that serve as trading counterparties of the New York Federal Bank in implementing monetary policy. This role includes the obligations to (i) participate consistently in open market operations to carry out U.S. monetary policy under the direction of the Federal Open Market Committee (FOMC) and (ii) provide the New York Federal Bank's trading desk with market information and analysis helpful in the formation and implementation of monetary policy. Primary dealers are also required to participate in all auctions of U.S. government debt and to make reasonable markets for the New York Federal Bank when it transacts for its foreign official account-holders.

PRUDENT INVESTOR STANDARD OR RULE: An investment standard to be followed by those authorized to make investment decisions on behalf of a local agency. Those authorized shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency.

SAFEKEEPING: A service provided by banks and trust companies when the bank or trust company stores the securities, receives interest payments, and redeems issues at maturity.

SECONDARY MARKET: A market made for the purchase and sale of outstanding following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by the U.S. Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

SETTLEMENT DATE: The date that District cash has been exchanged for an investment. This will be considered the date that the investment is owned by the District.

TREASURY BILLS: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of over 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of 2 to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. The District shall select the 'Yield to Maturity' method which is defined as the current income yield of a security minus any premium above face (par) value or plus any discount from face (par) value in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the security.

Approval:



Keith Van Der Maaten, General Manager



Date

APPENDIX**Current Listing of Institutions and Individuals Authorized to Conduct Business with the
Laguna Beach County Water District**

The following is a current listing of institutions and individuals authorized to conduct investment-related business with the Laguna Beach County Water District:

Authorized Broker/Dealers

Stifel, Nicolaus & Company, Incorporated, St. Louis, MO
Representative: Mark Davidoff

King Capital Advisors/Cambridge Investment Research, Inc., Houston, TX
Representative: Mark Edelman

Authorized Financial Institution

Bank of New York/Pershing
Representative: Maria Mauceri

Laguna Beach County Water District

Section 6. Financial Policy

Policy Number: 6030
 Adoption Method: Minute Motion
 Effective Date: December 17, 2020
 Page: 1 of 7

SUBJECT: Debt Management Policy

1.0 POLICY STATEMENT

This policy documents the goals of the Laguna Beach County Water District (“District”) for the use of debt instruments and provides guidelines for the use of debt for financing District water infrastructure and project needs. The District’s overriding goal in issuing debt is to respond to and provide for its infrastructure, capital project and other financing needs while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality. The District issues debt instruments, administers District held debt proceeds and makes debt service payments, acting with prudence, diligence and attention to prevailing economic conditions.

The District will pay for all infrastructure, projects, and other financing needs from a combination of current revenues, available reserves, if any, and prudently issued debt, if deemed necessary. When needed, the District believes that debt can provide an equitable means of financing projects for its customers and provide access to new capital needed for infrastructure and project needs. Debt will be used to meet financing needs (i) if it meets the goals of equitable treatment of all customers, both current and future; (ii) if it is the most cost-effective means available; (iii) if it is fiscally prudent, responsible, and diligent under the prevailing economic conditions; and (iv) if there are other important policy reasons for financing. The District will not issue debt without the approval of the Commission and Board of Directors (“Board”).

2.0 PURPOSE OF POLICY

The purpose of this debt management policy is to:

- A. Establish parameters for issuing debt.
- B. Provide guidance to decision makers:
 - a. With respect to all options available to finance infrastructure, capital projects, and other financing needs.
 - b. So that the most prudent, equitable and cost-effective method of financing can be chosen.

- c. Document the objectives to be achieved both prior to issuance and subsequent to issuance.
- d. Promote objectivity in the decision-making process.
- e. Facilitate the financing process by establishing important policy decisions in advance.

The District will adhere to the following legal requirements for the issuance of public debt:

- A. The state law which authorizes the issuance of the debt.
- B. The federal and state laws which govern the eligibility of the debt for tax-exempt status.
- C. The federal and state laws which govern the issuance of taxable debt.
- D. The federal and state laws which govern disclosure, sale, and trading of the debt both before, and subsequent to, issuance.

3.0 PURPOSE AND USE OF DEBT

The District may utilize debt financing as an acceptable and appropriate approach to fund long-term improvements and thus ensure that existing and future users pay their fair share. Long-term improvements include the acquisition of land, facilities, infrastructure, and supplies of water, as well as enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. These improvements are typically included in the District's Capital Improvement Budget and Water Master Plan. Bond proceeds can be issued to fund the planning, design, land acquisition, construction, attached fixtures or equipment and moveable pieces of equipment, or other costs as permitted by law.

4.0 TYPES OF DEBT

Revenue Bonds, Notes, Certificates of Participation, special tax or special assessment bonds, capital leases, commercial paper, bank loans or government-sponsored loans, direct placements and lease-purchase financings will be treated as debt and subject to these same policies. There may be special circumstances where other forms of financing are appropriately utilized by the District. The District will evaluate such proposed transactions on a case-by-case basis. Such other forms include, but are not limited to, grant anticipation notes and judgment or settlement obligations bonds.

5.0 GENERAL PROVISIONS

The District will provide for a periodic review of its financial performance and review its performance relative to the financial policies outlined herein. These financial policies will be considered during the capital planning, budgeting, and rate setting processes. Necessary appropriations for annual debt service requirements will be routinely included in the District's annual budget. The District will maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible interest rates.

The District's Debt Management Policy, Reserve Policy, and Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, the following principles outline the District's approach to debt management:

- A. The District will issue debt only in the case where there is an identified source of repayment. Debt will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.
- B. The District will not issue debt to cover operating needs, unless specifically approved by the Commission and Board.
- C. Debt issuance for a capital project will not be considered unless such project has been incorporated into the District's adopted Capital Improvement Budget or as otherwise approved by the Commission and Board.
- D. Each proposal to issue debt will be accompanied by an analysis that demonstrates conformity to this Policy. This analysis will address the purpose for which the debt is issued and the proposed debt structure.

6.0 CONDITIONS FOR DEBT ISSUANCE

The following guidelines formally establish parameters for evaluating, issuing, and managing the District's debt. The guidelines outlined below are not intended to serve as a list of rules to be applied to the District's debt issuance process, but rather to serve as a set of practices to promote prudent financial management.

In issuing debt, the District's objectives will be to:

- A. Achieve the lowest cost of capital.
- B. Ensure ratepayer equity.
- C. Maintain the adopted credit rating strategy, or a more effective credit rating strategy, and access to credit enhancement.
- D. Preserve financial flexibility.

7.0 STANDARDS FOR USE OF DEBT FINANCING

When appropriate, the District will use long-term debt financing to achieve an equitable allocation of capital costs/charges between current and future system users, to provide more manageable rates in the near and medium term and to minimize rate volatility. The District shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life. Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

8.0 DEBT CAPACITY

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the District. The District's future borrowing capability is limited by the debt coverage ratio and additional debt limitations required by the existing bond covenants.

9.0 FINANCING CRITERIA

Each debt issuance should be evaluated on an individual basis within the context of the District's overall financing objectives and current market conditions. The District will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

- A. Credit Enhancement. The District will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.
- B. Cash-Funded Reserve vs. Surety. If the issuance of debt requires a cash-funded debt service reserve fund, the District may purchase a surety policy or replace an existing cash-funded debt service reserve fund when deemed prudent and advantageous. The District may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any of its debt when it is approved by the Board.
- C. Call Provisions. In general, the District's securities should include optional call provisions. The District will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option.
- D. Additional Bonds Test/Rate Covenants. The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and this policy.
- E. Short-Term Debt. The District may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing or future bonding capacity.
- F. Variable Rate Debt. Variable rate debt products are rolling series of short-term investments that are resold periodically and are therefore priced at the short-end of the yield curve at low interest rates. If an issuer accepts the risks inherent in variable interest rates, the issuer can take advantage of some of the lowest rates available on the market. Variable rate debt may be appropriate for the District's portfolio, especially in an environment where increased interest earnings on invested funds offset the increased cost of variable rate debt. Variable rate debt products include variable rate demand obligations, commercial paper, and auction rate securities. The District may consider the use of variable rate debt products to achieve a lower cost of borrowing or for short-term borrowing. In determining whether or not to use variable rate debt, the District will analyze the risks associated with the variable rate debt products and the impact on the District's overall portfolio. Before issuing variable rate debt, the District will analyze its cash position; the District will not issue variable rate debt in an amount that exceeds 115 percent of its unrestricted cash position at the time of issuance of any variable rate debt.
- G. Investment of Bond Proceeds. Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction. The District will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position and evaluating alternative debt structures and refunding savings on a "net" debt service basis, where appropriate.

10.0 REFINANCING OUTSTANDING DEBT

The General Manager and Manager of Finance, or their designees, shall have the responsibility to evaluate potential refunding opportunities. The District will consider the following issues when analyzing potential refunding opportunities:

- A. Debt Service Savings. The District shall establish a target savings level greater or equal to 3 percent of the par of debt refunded on a net present value (NPV) basis (after payment of all costs associated with the issuance) for a current refunding and 5 percent for advanced refunding transactions. This figure will serve only as a guideline and the District may determine that a different savings target is appropriate. The District shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:
 - a. Remaining time to maturity.
 - b. Size of the issue.
 - c. Current interest rate environment.
 - d. Annual cash flow savings.
 - e. The value of the call option.
 - f. Revision of restrictive or onerous covenants.
- B. Restructuring. The District may seek to refinance a bond issue on a non-economic basis, in order to restructure debt, to mitigate irregular debt service payments, accommodate revenue shortfalls, to achieve a proper matching of debt service with revenues, release reserve funds, or comply with and/or eliminate rate/bond covenants.
- C. Term/Final Maturity. The District may consider the extension of the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the debt should not extend beyond the reasonably expected useful life of the asset being financed. The District may also consider shortening the final maturity of the bonds. The remaining useful life of the assets and the concept of inter-generational equity will guide these decisions.
- D. Defeasance. Defeasance is when a debt financing is refinanced or paid off through an escrow where certain authorized investments and cash are deposited to pay the redemption price, principal and interest until such time the debt is fully redeemed. On the date when proceeds are deposited into the escrow, the debt will no longer be deemed outstanding and is defeased. There are two types of defeasances: legal and economic. A legal defeasance ends all of the rights and interest of the debt holders provided under the governing documents, including the pledge of revenues or other security interest. An economic defeasance does not end the rights and interest of the debt holders until such debt is fully redeemed. When evaluating an economic versus legal defeasance, the District shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The District shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

11.0 OUTSTANDING DEBT LIMITATIONS

Prior to issuance of new debt, the District shall consider and review the latest credit rating reports and guidelines to ensure the District's credit ratings and financial flexibility remain at levels consistent with the most highly rated comparable public agencies.

SECTION 12: METHOD OF ISSUANCE

The District will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation, through the following mechanisms:

- A. Competitive Sale. In a competitive sale, the District's debt shall be awarded to the bidder providing the lowest true interest cost, as long as the bid adheres to the requirements set forth in the official notice of sale.
- B. Negotiated Sale. The District recognizes that some bond issues are best sold through negotiation with a selected underwriter or team of underwriters. The District has identified the following circumstances below in which this would likely be the case:
 - a. Issuance of variable rate or taxable bonds.
 - b. Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders, unique/proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process.
 - c. Market volatility, such that the District would be better served by flexibility in the timing of its sale, such as in the case of a refunding issue wherein the savings target is sensitive to interest rate fluctuations, or in a changing interest rate environment.
 - d. When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit the District.
 - e. As a result of an underwriter's familiarity with the project/financing, that enables the District to take advantage of efficiency and timing considerations
- C. Private Placement. From time to time the District may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

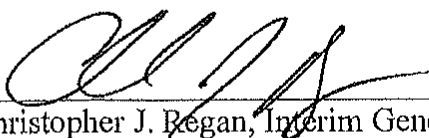
SECTION 13: MARKET COMMUNICATION, DEBT ADMINISTRATION AND REPORTING REQUIREMENTS

- A. Responsibilities. For purposes of this policy the General Manager delegates responsibility to the Manager of Finance or his/her successor in position and in title.
- B. Initial Disclosure. The Manager of Finance shall coordinate and oversee the District's review of information to be contained in Official Statement to ensure compliance with all applicable federal statutes.
- C. Rating Agencies. The Manager of Finance shall be responsible for maintaining the District's relationships with S&P Global Ratings, Fitch Ratings Inc., and Moody's Investors Service, as

appropriate. The District shall, from time to time, deal with one, two or all of these agencies as circumstances dictate. In addition to general communication, the Manager of Finance shall (1) strive to meet, (either in person or via phone) with credit analysts at least annually, as appropriate, and (2) prior to each competitive or negotiated sale, offer conference calls or meeting(s) with rating analysts in connection with the planned sale.

- D. Observance of Debt Covenants. The Manager of Finance will periodically ensure that the District complies with all legal covenants for each debt issue.
- E. Continuing Disclosure. The Manager of Finance will comply for all debt issued with Rule 15c2-12(b)(5) by required filing as covenanted in each debt issue’s Continuing Disclosure Agreement. The Manager of Finance will maintain a calendar with the reporting deadlines and procedures for dissemination of annual reports and notices.
- F. Record Keeping. A copy of all debt-related records shall be retained at the District’s offices or in an approved storage facility. At minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). To the extent possible, the District shall retain an electronic copy of each document.
- G. Arbitrage Rebate. The District will comply with the administratively adopted policies and procedures regarding tax-exempt financings and tax-exempt financed property, as well as the tax and arbitrage certifications associated with each issue.
- H. Internal Controls for Use of Proceeds. To ensure that the proceeds of debt issuances are used in accordance with the intended uses, staff will perform annual procedures as outlined in a Post-Issuance Compliance Manual.
- I. California Debt and Investment Advisory Commission (CDIAC) Filings. The District will comply with required CDIAC rules and regulations and applicable filings including, but not limited to, the Annual Debt Transparency Report and the Marks-Roos Yearly Fiscal Status Report. The District shall also comply with Government Code Section 5852.1 by disclosing specified good faith estimates in a public meeting prior to the authorization of the issuance of debt.
- J. Policy Review. This policy shall be reviewed on a biennial basis by the District’s Finance Committee, approved by the Commission, and adopted by the Board.

Approval:



 Christopher J. Regan, Interim General Manager

12-17-2020
 Date

Laguna Beach County Water District

Section 6. Financial Policy

Policy Number: 6020
 Adoption Method: Minute Motion
 Effective Date: May 20, 2021
 Page: 1 of 7

SUBJECT: **Capital Assets Policy**

1.0 POLICY STATEMENT

The Laguna Beach County Water District (District) has a significant investment in a variety of capital assets which are used to provide water services to its customers. The purpose of this policy is to ensure that the District's capital assets are acquired, safeguarded, controlled, disposed of, and accounted for in accordance with state and federal regulations, generally accepted accounting principles, internal controls, and audit requirements.

2.0 DEFINITIONS

Term definitions as utilized by the District:

CAPITAL ASSET: Non-financial assets that are used in operations and have an initial useful life greater than one year.

CAPITALIZATION THRESHOLD: The minimum cost that an individual asset must exceed to be capitalized.

CAPITAL IMPROVEMENT PROJECT (CIP): Any expenditure relating to the purchase of a capital asset.

COMPONENT UNIT: Individual identifiable pieces of a capital asset (or group of capital assets).

DEPRECIATION: The process of allocating the cost of an asset over a certain time period. The calculation of depreciation is based the actual or estimated exchange value in dollars at the time the asset was acquired (see 'Valuation of Capital Assets' section to determine the exchange value).

DEPRECIATION METHOD: Depreciable capitalized assets are depreciated using the straight-line method over the useful life of the asset class. The depreciation of capitalized assets, once placed into service or use, occurs on June 30 of each year. The annual depreciation expense is charged to the appropriate operating unit in the District's general ledger.

INTANGIBLE ASSETS: An asset that is not physical in nature, such as water rights and easements.

REPLACEMENT: The substitution of a new facility or component of an existing facility.

TANGIBLE ASSETS: An asset that has a physical form.

USEFUL LIFE: The estimated amount of time that an asset is expected to provide benefit and/or use to the District.

3.0 SCOPE

The District employs a CIP Plan that has a 10-year timeline to prioritize projects from year to year and establish plans for funding sources. In addition to the CIP Plan, the District employs a capital plan of current appropriated CIP projects including a carryover of in-progress prior year projects.

4.0 CAPITALIZATION REQUIREMENTS

To be considered for capitalization, and thus subject to depreciation, an asset must fulfill the following three characteristics:

1. The asset must be acquired (purchased, constructed, or donated) for use in operations and not for investment or sale.
2. The asset must have a useful life of more than one year.
3. The asset must meet the capitalization threshold of \$10,000 for infrastructure-related assets and \$5,000 for non-infrastructure-related assets (see definitions of both asset classes below).

Asset Classification

District capital assets are used to support two major criteria of the operations of the District:

1. Infrastructure
2. Non-Infrastructure

Infrastructure

Activities related to infrastructure include new construction, replacement due to expansion or new technology, replacement due to the end of normal life cycle, major repairs or refurbishment and acceptance of assets by contribution from other entities. Capital assets that are in this group can include but are not limited to land, land improvements, buildings, building improvements, facilities, facility improvements and renovations, reservoirs, transmission and distribution pipelines, pump stations, meters, hydrants, pressure modulating facilities, heavy duty machinery and equipment, fleet equipment, and other major components that are used in, or support, the water system. The capitalization threshold for Infrastructure assets is \$10,000.

Non-Infrastructure

Non-Infrastructure assets are used by District employees to conduct daily operations. Capital assets that support operations can include but are not limited to office furniture and equipment, fixtures, information and computer systems, and intangible assets such as easements and water rights. The capitalization threshold for Non-Infrastructure assets is \$5,000.

Application of Capitalization Thresholds

Individual Units of Capital Assets

The capitalization threshold is applied to individual units of capital assets. For example, ten (10) desks purchased through a single purchase order, each costing \$1,000, will not qualify for capitalization even though the total (\$10,000) exceeds the non-infrastructure threshold of \$5,000.

Components of Capital Assets

For purposes of capitalization, the threshold will generally not be applied to components of capital assets assuming the components function as a unit or system. For example, a keyboard, monitor and central processing unit, purchased as components of a computer system, will not be evaluated individually against the capitalization threshold. The entire computer system will be treated as a single capital asset provided the entire system meets the non-infrastructure threshold of \$5,000. If a single purchase of many computer systems exceeds the \$5,000 threshold, this would be capitalized as computer systems work together on the same network. However, if a single purchase of one computer system (e.g., a CPU, monitor, and keyboard) does not exceed \$5,000, then this purchase would be considered an expense.

Repairs to Existing Capital Assets

Repairs to existing capital assets will generally not be subject to capitalization. They are generally recognized as those expenditures necessary to keep an asset in its intended operational condition and do not materially increase the value of the asset. If the repair extends the useful life of the asset it represents an improvement and is subject to the requirements described below.

Improvements to Existing Capital Assets

Improvements to existing capital assets will be presumed (by definition) to extend the useful life of the related capital asset and, therefore, will be subject to capitalization only if the cost of the improvement meets the appropriate capitalization threshold. For example, an improvement to a capital asset that had an original cost of less than \$5,000, but now exceeds the threshold as a result of the improvement, should be combined as a single asset (with the total cost equaling the original cost plus the cost of the improvement) and capitalized.

Construction-in-Process

Capital projects will be recorded as Construction-In-Process until completed. Once completed, costs to be capitalized include direct costs, labor and materials, ancillary costs, and construction period interest costs, if any.

Valuation of Capital Assets

The value assigned to capital assets is determined as follows:

Purchased Capital Assets

The capitalized value of purchased capital assets is determined using the original cost of the asset. If the original cost of an asset is not available or cannot be reasonably determined, an estimated current cost may be utilized.

District-Constructed Capital Assets

District-constructed water system infrastructure assets intended to be used in District operations are eligible for capitalization. The capitalized value of such assets shall be determined using direct costs and material costs associated with the construction up until the time the asset is complete and ready for use.

Donated Capital Assets

The capitalized value of donated assets shall be determined using the fair market value at the time of donation. If the fair market value of the asset is not available or cannot be reasonably determined, an estimated cost may be determined using the best available information. The value of donated intangible assets shall be accounted for separate from donated tangible capital assets.

Capitalizable Costs

Costs eligible for capitalization under this policy are:

For land:

- Purchase price or appraised value, whichever is more readily determinable.
- Closing costs, such as title fees, attorney fees, environmental assessments, appraisals, taxes and recording fees.
- Costs necessary to get the land ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures.
- Assumptions of liens or encumbrances.

For purchased assets other than land:

- Purchase price, including all taxes.
- Freight, handling, and in-transit insurance charges.
- Assembling and installation charges.

- Professional fees of engineers, inspectors, attorneys, consultants, etc.
- Applicable purchase discounts or rebates.

For District-constructed assets:

- Direct labor costs (to include wages and benefits).
- Direct materials cost.
- Professional fees of engineers, inspectors, attorneys, consultants, etc.
- Insurance premiums and related costs incurred during construction.
- Costs necessary to get the site ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures.
- Costs for intangible assets as determined in accordance with Governmental Accounting Standards Board, Statement No. 51 “Accounting and Financial Reporting for Intangible Assets”.

For donated capital assets:

- Fair market or appraised value at date of donation.
- Installation costs.
- Professional fees of engineers, inspectors, attorneys, consultants, etc.
- Other normal or necessary costs required to place the asset in its intended location and condition for use.

Capitalization of Costs Subsequent to Acquisition

Additional costs incurred after a capital asset is placed in use shall be accounted for as follows:

Additions

An “Addition” is defined as an expenditure that either significantly extends the useful life or productivity of the existing capital asset or creates a new capital asset. All “Additions” to existing capital assets should be capitalized if the asset meets the criteria of this policy.

Improvements and Replacements

“Improvements and Replacements” are defined as expenditures that involve substituting a similar capital asset, or portion thereof, for an existing one. All “Improvements and Replacements” to existing capital assets should be capitalized if the asset meets the criteria of this policy. If the existing asset’s book value is determinable, then the existing asset should be removed from the books at the time the replacement is recorded. If the existing asset is not separately identifiable, then the replacement should still be capitalized as the existing asset’s book value is assumed to be negligible.

Rearrangement or Reinstallation

“Rearrangement or Reinstallation” costs are defined as expenditures that involve moving an existing asset to a new location or reinstalling a similar asset in place of an existing asset. All “Rearrangement or Reinstallation” costs should be expensed in the period incurred.

Repairs and Maintenance

“Repairs and Maintenance” costs are defined as expenditures that involve maintaining the asset in good or ordinary repair. All “Repairs and Maintenance” costs should be expensed in the period incurred.

Depreciation

Depreciation is integral to the District’s financial reporting processes, fixed asset record maintenance, and rate and capacity fee development. The District uses the straight-line method of depreciation for all depreciable capital assets (land, intangible assets with indefinite useful lives, and construction-in-progress are not depreciated). The depreciation of capitalized assets, once placed into service or use, occurs on June 30 of each year and in accordance with the following schedule:

Asset Types	Asset Categories	Asset Life (in years)	Examples
Land	Land	Infinite (capitalize all)	Real estate
	Land Improvements	15	Sidewalks, fences, landscaping
Improvements	Reservoirs	50-75	Tanks, foundations
	Pipelines	50-100	Main lines, service lines
	Pumping Plant	20	Pump stations, motors
	Hydrants	30-50	Hydrants
	Valves	30	Valves
	PRV Stations	30	PRV stations
Buildings	Buildings	40	Offices, workshops, storage
	Building Improvements	10-15	Flooring
Equipment	Meters	20	Sensus, TCM
	Heavy Equipment	10-15	Dump trucks, vactors
	Telemetry	10	Control panels, electrical
Fleet Equipment	Vehicles	10-15	Passenger cars
	Vehicles	10-12	Light trucks
	Vehicles	12-15	One-ton trucks
	Vehicles	12-15	Two-ton trucks
	Light Equipment	7-10	Backhoes
Office	Software	3	For PCs, phones, security
	Computer Equipment	5	PCs, printers, servers
	Furniture	7-10	Desks, cubicles
Intangible Assets	Intangible Assets	Indefinite, unless limited by contractual or legal provisions	Easements, water rights

Disposal of Assets

Capital assets are disposed of in accordance with District Policy No. 4080 – Disposal of Surplus Property.

5.0 POLICY ADOPTION AND REVIEW

This policy shall be adopted by resolution of the District Board of Directors. This policy shall be reviewed every five (5) years, or more frequently if warranted; any modifications must be approved by the District Board of Directors.

Approval:



Keith Van Der Maaten, General Manager



Date

Laguna Beach County Water District

Section 6. Financial Policy

Policy Number: 6010
 Adoption Method: Minute Motion
 Effective Date: June 22, 2023
 Revised Date: June 22, 2023
 Page: 1 of 18

SUBJECT: Purchasing Policy and Procedures

Section 1: Purpose

California Government Code Section 54201 et seq. require all local agencies, including special districts, to formally adopt policies and procedures governing the acquisition of materials, supplies, equipment, and services. This purchasing policy for the Laguna Beach County Water District (District) serves the following purposes:

- A. Defines the practices governing the procurement of supplies, materials, equipment, and services, including construction and capital improvements, for the District.
- B. Ensures District compliance with Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (specifically, Subpart D of Uniform Guidance, Sections 200.317 through 200.327).
- C. Defines decision making with prudent review and internal control procedures.
- D. Ensures District staff maintain the highest level of integrity in procurement activities and decision making.
- E. Ensures District staff seek the best value for the goods and services purchased and reduce purchasing costs where feasible.
- F. Maintains departmental responsibility and flexibility in evaluating, selecting, and purchasing supplies, equipment, and services.

This policy is to be adhered to by all District employees when procuring supplies, services, and equipment. This policy may be revised from time to time by the District Board of Directors.

Section 2: Conflict of Interest

No member, officer, or employee of the District, or their designees or agents, and no public official who exercises authority over, or responsibility with respect to, purchasing during his or her tenure, or for one year thereafter, will have any interest, direct or indirect, in any purchase, agreement or sub-agreement, or the proceeds thereof, for any purchase or purchase agreement. The full Conflict of Interest Code of the Laguna Beach County Water District is incorporated herein by reference.

Section 3: Unauthorized Purchases

Except for purchases utilizing contracts and agreements as stated in this policy, emergency purchases, or other authorized exemptions stated in this policy, no purchase of supplies, services, or equipment will be made without an authorized purchase order. Otherwise:

- A. Such purchases are void and not considered an obligation of the District.
- B. Invoices without an authorized purchase order may be returned to the vendor unpaid.
- C. The person ordering the unauthorized purchase may be subject to disciplinary actions as defined by District policy.

Section 4: Review Audits

Compliance with this policy is subject to review at any time by internal or external auditors. It is the responsibility of the District staff member (and their manager or supervisor) initiating the purchase to maintain records of bids, bid procedures followed, contracts, sole source documentation, change orders, and authorization signatures.

Section 5: Authority and Responsibility

Decentralized Procurement Overview

The District utilizes a decentralized procurement process in which the responsibility to determine specifications of goods or services, to solicit proper bids, and to obtain proper approvals has been delegated to Managers and Supervisors.

Responsibilities of Purchasing Agents

The District Purchasing Agents are the General Manager and Manager of Finance. Purchasing Agent authorities and responsibilities include:

- A. Administer the District Purchasing Policy.
- B. Create purchase orders and contracts.
- C. Review of bid documents and bidding procedures.
- D. Review of contracts.
- E. Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing.
- F. Conduct internal audits.
- G. Provide training for District staff on this policy.

Responsibilities of Departments

The General Manager has delegated procurement authority and responsibility to the Assistant General Manager, Managers, and Supervisors. These authorities and responsibilities include:

- A. Obtain full and open competition in accordance with prescribed policies and procedures in a manner that presents the best overall value to the District.
- B. Anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices.
- C. Identify, evaluate, and utilize purchasing methods which best meet the needs of the District (e.g., cooperative purchases, contractual agreements, etc.).
- D. Provide for the fair and equitable treatment of vendors, suppliers, and contractors.
- E. Coordinate vendor relations, locate sources of supply, and evaluate vendor performance.
- F. Supervise the receipt and inspection of all materials, supplies, equipment, and services purchased to ensure conformance with specifications.
- G. Recommend the disposition of surplus or unused supplies, materials, equipment, and scrap through sale or other means. Ensure funds from sale of District assets are returned to the District.
- H. To not “split” orders for the purpose of avoiding procurement requirements (see Section 12 Definition of Terms).
- I. Obtain approvals according to the Authorization Table located below.

Authorization Table (amounts excluding sales tax and shipping/handling charges)

Budgeted/Unbudgeted	Amount	Approval Level
Budgeted & Unbudgeted	Up to \$10,000	Managers
Unbudgeted	Up to \$25,000	General Manager
Unbudgeted	\$25,001 to \$50,000	Commission
Unbudgeted	Over \$50,000	Board of Directors
Budgeted	Up to \$50,000	General Manager
Budgeted	\$50,001 to \$100,000	Commission
Budgeted	Over \$100,000	Board of Directors

Contract Signature Authority

The President of the Board of Directors (or his/her designee) and the General Manager have the sole authority to sign and enter into contracts and agreements on behalf of the District. The District General Counsel also signs and agrees to form on contracts and agreements on behalf of the District.

Section 6: Bid Requirements and Process

General

All procurements for materials, supplies, equipment, services, and construction shall employ competitive bidding unless specifically exempt from these requirements by this policy. All amounts in this section are considered before (excluding) sales tax and shipping/handling charges. All procurements of \$100,000 and over will adhere to a sealed bidding process. The General Manager may grant exceptions to the competitive process for emergency conditions, supply limitation, or other circumstances with justification for such waiver being documented with the acquisition.

Bids shall be awarded to the responsive, responsible, and qualified bidder. Cost is an important criterion in selecting a bid, however, it is not the only criterion considered. In determining the "qualified" bidder, the following elements shall be considered in addition to cost:

- A. That the products offered provide the quality, fitness, and capacity for the required usage.
- B. That the bidder has the ability, capacity, and skill to perform the contract satisfactorily and within the time required.
- C. That the bidder's experience(s) regarding past purchases by the District or other public agencies demonstrates the reliability of the bidder to perform the contract.

When a bid is recommended to be awarded to other than the low bidder, written justification is required from the principal District staff member representing the District in the bid process. The written statement shall be attached to the purchase requisition or contract documentation.

When bids are required, every effort should be made to request bids from as many vendors as possible to promote competition in the best interest of the District. When the requestor is unable to meet the minimum number of documented bids as outlined in the table below, the requestor must document the requests that were sent and why the vendor(s) declined to submit a bid. This documentation should be more comprehensive depending on the amount of the request.

It is the District's policy to utilize cooperative purchasing agreements and/or bundling the procurement of goods and services with other agencies if it can be demonstrated that there is the opportunity to obtain better pricing, as determined by the General Manager (e.g., buying larger bulk purchases of water treatment chemicals used by several agencies that reduces per unit costs and trucking costs as compared with each agency purchasing chemicals on an individual basis).

Additionally, it is the District's policy to obtain the maximum warranty extension available that is included with the original procurement of goods and services and to purchase any available warranty extensions if it can be shown, as determined by the General Manager, that the cost of the warranty extension is reasonably expected to significantly drive down the overall cost of ownership.

Bid Requirements Table (amounts excluding sales tax and shipping/handling charges)

Purchase Amount	Bid Requirements (see exemptions Section 7)	PO Required	Contract Required
\$0 - \$4,999	No Quotes Required	No	No
\$5,000 - \$24,999	Informal Quotes (at least 2)	Yes	No
\$25,000 - \$49,999	Informal Bids (at least 3)	Yes for Goods	Yes for Services
\$50,000 - \$99,999	RFP/Formal Bids (at least 3)	No	Yes
\$100,000 +	RFP/Sealed Bids (at least 3)	No	Yes

Informal Quotes

For purchases from \$5,000 but less than \$25,000, quotes may be obtained through an informal process (e.g., web browsing, phone calls to vendors, emails to vendors). Written justification and description of the form of the quotes must be included in the Microix Workflow item. Although formal bid documents are not required, a requisition and purchase order must be issued to document the purchase.

Informal Bids

For purchases of \$25,000 but less than \$50,000, a minimum of three (3) bids are required. The bids must be included with a Purchase Order request in Microix Workflow. The request for bids must be made in a consistent manner for all vendors meaning that all vendors must receive the same information regarding specifications and requirements of the product or service. The request must also be transmitted to the vendors in a consistent manner via email or verbal. If the purchase or service qualifies as a sole source item, please refer to Section 7.C.

Formal Bids

For purchases of \$50,000 but less than \$100,000, bids/proposals must be solicited from a minimum of three (3) vendors. District staff may use a pre-qualified bidders' list to solicit vendors. District staff may send a pre-qualification bid package to interested parties.

A Request for Proposal (RFP) or Invitation for Bids (IFB) must be used to document the specifications and requirements of the product or service. The bids must be received from the vendors in written form and retained on file by the Manager of the requesting department, or, in the absence of a department manager, a staff member designated by the General Manager. If the purchase or service qualifies as a sole source item, please refer to Section 7.C.

Sealed Bids

For purchases of \$100,000 or more, a formal RFP/sealed bid process is required, and contracts shall be awarded in a manner most beneficial to the District. District staff may use a pre-qualified

bidders' list to solicit vendors. District staff may send a pre-qualification bid package to interested parties. The District shall strive to obtain the best value in awarding contracts, service agreements, and purchase agreements. The following subsections specify certain procedures based on the following four (4) categories:

- Capital Improvement Projects
- Maintenance and Services Agreements
- Professional Services Agreements
- Equipment, Materials and Supplies Purchases

A. Capital Improvement Projects

Contracts, valued at \$100,000 or more, for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement, hereinafter referred to as "Capital Improvement Projects, (CIP)", shall be subject to the formal competitive bidding procedures set forth herein unless an exception exists, or the Board of Directors determines it is not in the best interest of the District. Project-specific contracts covered by this procedure shall be issued to expire upon completion of the work unless otherwise specified in the written agreement. As required by law, registration with the Department of Industrial Relations for prevailing wage regulations is required for all CIP bidders. When the CIP is funded through a Federal Grant, the District must follow Federal procurement standards listed in the Code of Federal Regulations Sections 200.317 through 200.326 or as required by the grant document.

i. Call for Bids

The General Manager, or his/her designee, is authorized to create a prequalified bidders list. The bidders may be prequalified on an annual basis or on a project specific basis. Notice inviting sealed bids shall be distributed to prequalified bidders or other interested parties as may be deemed beneficial by the General Manager, or his/her designee. If there are no prequalified bidders or if the prequalified bidders list is inadequate, a notice inviting bids may be published once in a newspaper that serves the District, or published with an alternate approved electronic bidding service.

ii. Form of Call for Bids

The invitation for bids shall contain:

- a. A statement as to where the plans and specifications may be obtained.
- b. A general description of the CIP.
- c. A statement that the District will receive sealed bids.
- d. A statement that the contract or contracts for the CIP will be awarded to the most responsive, responsible bidder or bidders, with cost as an important criterion, but that any or all bids may be rejected.
- e. A statement of the time and place for opening the bids.
- f. Any such other information as may be required by the District or by law.

iii. Submission of Bids

Bids shall be submitted on forms supplied by the District and under sealed cover. Each bid shall be accompanied by cash, a certified or cashier's check, or bond secured from a surety company satisfactory to the District in the amount indicated within the bid documents, made payable to Laguna Beach County Water District, as bid security.

If the bid is accepted, the Bidder shall execute the contract within the time provided in the contract documents and shall furnish the necessary certificates of insurance and bonds required by the contract documents.

iv. Opening of Bids

Bids shall be publicly opened at the time and place specified in the invitation for bids. A minimum of two members of District staff, one of whom must be a Manager, must be present at all sealed bid openings, including bids that are submitted electronically.

v. Bid Evaluation and Acceptance

Acceptance of any bid shall be by action of the Board. The Board reserves the right to waive any irregularity, to reject any or all bids, to re-advertise, or to proceed with the CIP or any part of it using District staff.

vi. Bid Award

Contracts shall be awarded to the most responsive, responsible bidder or bidders, which will be deemed the best value to the District.

vii. Relief of Bidders

A bidder shall not be relieved of its bid unless by consent of the District upon a showing by the bidder to the satisfaction of the District that:

- a. A mistake was made.
- b. The bidder gave the District written notice within five business days after the opening of bids of the mistake, specifying in the notice in detail how the mistake occurred.
- c. The mistake made the bid materially different than the bidder intended it to be.
- d. The mistake was made in filling out the bid and not due to error in judgment or carelessness in inspecting the site of the work or in reading the plans or specifications.

A bidder who claims a mistake or forfeits its bid security shall be prohibited from participating in further bidding on the project on which the mistake was claimed or security forfeited.

viii. Performance and Payment Bonds

Any bidder to whom a contract for CIP is awarded under the District's formal competitive bidding procedures shall supply on forms satisfactory to the District, a Faithful Performance Bond in an amount equal to the total contract price.

For any contract for CIP greater than \$25,000, the bidder must also supply a Labor and Material Payment Bond in an amount equal to the total contract price.

Each bond shall be secured from a California admitted surety company that meets all State of California bonding requirements, as defined in California Code of Civil Procedure Section 995.120 and is authorized by the State of California. Each bond shall be accompanied, upon request of the District, with all documents required by California Code of Civil Procedure Section 995.660, to the extent required by law.

ix. Insurance

The District requires that vendors providing any services to the District follow insurance and indemnification requirements as set out in each type of contract the District utilizes for these services. Insurance requirements vary per contract and will be clarified in any request for proposals (RFP) or the Invitation for Bids (IFB) sent out by the District. Evidence of insurance as required by the contract or service agreement must be obtained, reviewed, and accepted by the General Manager or his/her designee before work commences or services are rendered. A copy of the certificate of insurance will be kept on file at District offices.

B. Maintenance and Services Contracts

This procedure applies to non-professional services agreements that do not involve real property. Examples include landscape maintenance, janitorial services, uniform cleaning, and material hauling.

- i. Contracts for maintenance or services shall be approved by the Board if the total cost for the initial term of the agreement exceeds \$100,000.
- ii. Project-specific contracts for maintenance and services totaling \$25,000 or more annually shall be valid for no more than 36 months. The General Manager may authorize a maximum of one extension of up to 24 months for maintenance and services. Extensions to contracts or agreements valued at more than \$100,000 shall be approved by the Board of Directors. If an extension to a contract or maintenance agreement causes the total cost of all years to exceed \$100,000, even though the original total cost of the agreement was less than \$100,000, the extension shall require the approval of the Board of Directors.
- iii. Before work commences or services are rendered, evidence of insurance as required by the contract or service agreement must be obtained, reviewed, and accepted by the General Manager or his/her designee. A copy of the certificate of insurance will be provided to the District Human Resources/Office Administrator.

C. Professional Services Contracts

A professional services contract is an agreement between the District and a professional service provider. Professional service providers are those entities that provide advice, opinions, or technical expertise. Examples of professional service providers include accountants, actuaries, architects, attorneys, engineers, educational trainers, financial advisors, surveyors, etc. Depending upon the professional service, these individuals may or may not hold professional licenses.

Professional services shall be selected based on demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required.

Project-specific contracts for professional services totaling \$25,000 or more annually shall be valid for no more than 36 months. The General Manager may authorize a maximum of one extension of up to 24 months for professional services. Extensions to contracts valued at more than \$100,000, shall be approved by the Board of Directors. If an extension to a contract for professional services causes the total cost of all years to exceed \$100,000 (even though the original total cost of the agreement was less than \$100,000), the extension shall require the approval of the Board.

D. Equipment, Materials, and Supplies Purchases

This procedure applies to purchases of heavy equipment, vehicles, materials, supplies, and other tangible goods that are not associated with services or permanent attachment to real property.

- i. Detailed specifications of the items must be provided to the bidders in writing.
- ii. Brand standardization (sole source) is allowable if deemed to be in the best interest of the District and documented by a Manager of the requesting department.
- iii. In purchasing equipment or supplies that need to be compatible with existing equipment, or to perform complex or unique functions, the requestor may limit bidding to a specific product type or a brand name product.

Section 7: Exemptions to Bid Requirements

A. Exempt Purchases

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where the competitive bid process is not applicable, however, contracts or purchase orders are still required and must be requisitioned through the District’s Microix Workflow documentation system in accordance with this policy. Authorization for these transactions will be in accordance with the approval limits and dollar thresholds set forth in this policy document. These allowable exceptions are identified in the following table.

Advertisements	Insurance Premiums and Claims
Agency Contribution	Inventory Re-Stock
Application Fees	Leases or Purchases of Real Property
Association Fees	Medical Services
Bank Charges and Fees	Memberships
Board/Commission Expenses	Notices
CalPERS, ACWA JPIA Payments	Payroll
Claims	Petty Cash
Conferences	Postage
Court Reporting	Public Notices
Debt Service/Bond Transactions	Replenishing Warehouse Inventory within Established Inventory Re-order Levels
Easements	Specialized Legal Services
Education/Professional Development	Subscriptions
Environmental Fees & Permits	Travel Expenses, Lodging, Meals

Fees and Permits (City, County, State, Agency)	Utility Bills
Governmental Units	Water Purchases & Deliveries

B. Cooperative Procurement

The District may participate in purchases and contracts established by other political jurisdictions, provided the cooperative agreement is established following a competitive bid process. The cooperative purchase may be authorized according to the authorization table in this policy. Evidence of the competitive bidding process conducted by the other political jurisdiction must be obtained and kept on file to support the requisition and purchase order or contract. Contracts or purchase orders are still required and must be requisitioned through the Microix Workflow documentation system in accordance with this policy.

C. Sole Source

Commodities, services, and equipment which can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may include proprietary items sold directly from the manufacturer, equipment which has been standardized by or for the District, items that have only one distributor authorized to sell in this area, agreements for maintenance of computer software the District owns, software license renewals, or a certain product that has been proven to be the only product acceptable.

All sole source purchases shall be supported by written documentation signed by the appropriate Supervisor, Superintendent, Manager, and/or General Manager as determined by the authorization table and forwarded to the Manager of Finance. District staff should ensure that all sole source purchases are from responsible vendors and that purchases represent the highest quality goods and services available to the District.

Contracts or purchase orders are still required for sole source purchases and must be requisitioned through the Microix Workflow documentation system in accordance with this policy.

D. Designated Professional Services

Certain professional services may be designated as critical or sensitive in nature due to specific knowledge of the District’s facilities or operations. These professional services may be exempted from bid procedures but will continue to be subject to the requirements of the authorization table. Sufficient documentation must be provided to fully explain why it is in the best interest of the District to use the specific professional services vendor. Examples of these sensitive professional services may include security systems, SCADA systems, consulting, and engineering. Contracts or purchase orders are still required and must be requisitioned through the Microix Workflow documentation system in accordance with this policy.

E. Emergency Purchases

Emergency purchases may be made without competitive bidding when time is of the essence, and shall be made only for the following reasons:

- i. To preserve or protect life, health, or property.

- ii. Upon natural disaster.
- iii. To forestall a shutdown of essential services.
- iv. To maintain regulatory compliance to avoid violations.

Since emergency purchases do not normally provide the District an opportunity to obtain competitive quotes, sound judgment shall be used in keeping such orders to an absolute minimum. In addition, the following requirements shall apply:

- i. The Manager of Finance shall be contacted as soon as possible for an advance purchase order number, which may be given verbally, to cover the emergency transaction. If unable to contact the Manager of Finance, place the order and contact the Manager of Finance the next workday.
- ii. A completed purchase requisition shall be submitted within two working days, or as soon as the information is available. All purchase requisitions for emergency purchases shall be approved electronically by the appropriate Supervisor, Superintendent, and/or Manager.
- iii. Documentation explaining the circumstances and nature of the purchase shall be submitted by the Supervisor, Superintendent, and/or Manager as follows:
 - a. Purchases less than \$10,000: Use standard purchasing procedures.
 - b. Purchases in the amount of \$10,000 - \$100,000: Require the approval of the General Manager. The General Manager may delegate the authority to approve emergency purchases less than \$100,000 to the Assistant General Manager.
- iv. If the emergency purchase causes any budget line item to exceed the approved budget, it shall be the responsibility of the department requesting the purchase to obtain subsequent Board of Directors approval for reserve funding or to make a budget transfer to cover the purchase. Approvals for a budget transfer must be given by the appropriate Supervisor, Superintendent, and/or Manager as determined by the authorization table in this policy.
- v. If the emergency purchase involves Force Account Work in association with a declared disaster (e.g., FEMA), detailed records of the work must be documented including scope of work, daily staff time and equipment used. Depending on the scope of the disaster, Force Account Work may involve CIP.

Section 8: Workflow Process and Documentation

Each purchasing transaction, regardless of amount, must be submitted through the District's Microix Workflow Documentation process for purchase order and/or check requisitions to be processed and approved.

Purchase Orders

A purchase order is issued to authorize the purchaser to proceed with a transaction. District Purchase Orders must include a Terms and Conditions sheet. The Finance Department will deliver the purchase order to the staff who requisitioned it and/or to the vendor. Purchase order values are

encumbered at the time of creation. Balances left on the purchase orders at the end of the fiscal year do not automatically carry over and must be considered in the future year budget process. Purchase orders for multiple year contracts will remain open until projects are completed and the Finance Department is notified to close the purchase order. Procurement costs are expensed from the fiscal year budget in which the goods or services were received, not from the fiscal year in which the purchase order was issued.

When purchase orders are required, they must be submitted to the Finance Department prior to obtaining any goods, services, materials, or equipment. District staff may not authorize or direct a vendor to proceed with any service, or procure a material, good, supply, or equipment, until the purchase order request has been approved by the General Manager (where applicable), the appropriate department manager, and the Finance Department. Exemptions to this requirement are listed in this policy document.

Once initiated, the requisition is then forwarded to the appropriate flow of management for approval and ultimately goes to the Microix Workflow module queue for completion. The flow for approval in the Microix Workflow Module is as follows: the requester > Supervisor > Department Manager > Manager of Finance > General Manager (if needed) > Senior Accounting Technician (for final processing).

All purchase requisitions will be processed through Microix Workflow and include:

- A. Complete name and address of vendor.
- B. Requestor name and department.
- C. Information on whether a Purchase Order or Check Request is being requested.
- D. Delivery instructions.
- E. Clear and specific descriptions of item or services attached to request made through the Microix Workflow module including make, model, manufacturer's part number, color, and size.
- F. Quantity needed of each item as well as unit price.
- G. Inventory number for each item if applicable.
- H. Tax and /or freight charges if applicable.
- I. Valid account number and appropriate work order number (if applicable), or appropriate inventory number (if applicable).
- J. Brief description of purpose for the purchase.
- K. All price quotes and other data that support the requested purchase must be attached.

Upon receipt of a properly completed and approved purchase requisition, a purchase order or check is issued.

Open Purchase Orders

An open purchase order (OPO) is a method of filling anticipated repetitive needs for materials, supplies, or services by establishing “charge accounts” with qualified vendors. OPOs do not exempt staff from the responsibility of obtaining the appropriate authorizations, following bid requirements, and, in general, following the District’s purchasing policy and procedures as noted in this document. The use of OPOs allows the District to avoid writing numerous individual purchase orders for similar types of frequent purchases from the same vendor throughout the fiscal year. OPOs may be established with more than one supplier for supplies or services of the same type to provide maximum practicable competition or with a single vendor from which numerous individual purchases will likely be made in a given fiscal year. The requisition process as described in this policy document must be utilized for the creation of open purchase orders.

Section 9. Change Orders

General

Purchase orders and contracts represent a contractual agreement between the District and the vendor. Any substantial change to a purchase order or contract shall be documented as a change order. Change orders shall be approved by District staff based on the authorization table in this policy with the determining amount being the sum of the original purchase order or contract and the change order combined. Approved change orders shall be submitted to the Finance Department who will make the required changes to the purchase order or contract. A purchase order or contract may not be increased by more than ten percent (10%) without a change order and must go through the appropriate approval process. The ten percent requirement excludes taxes and shipping and handling.

Change Orders for CIP

Contract or contract amendment change orders in an amount greater than \$10,000 requires prior approval of the General Manager. In addition to General Manager approval, contract or contract amendment change orders valued at 10 percent or more of the original contract or contract amendment amount, up to \$100,000, requires Commission approval. In addition to General Manager approval, any change order valued at \$100,000 or more requires Board of Directors approval. However, prior to Commission or Board approval, the General Manager is authorized to approve a change order if any of the following circumstances exist:

- A. A delay in change order authorization could result in a negative financial impact to the District.
- B. A delay in change order authorization could result in damage to or impairment of the operations of a District facility.
- C. An emergency exists which requires immediate work/services.

A report of change orders must be made to the Commission and Board of Directors at their next available meetings.

Section 10: Use of District Credit Cards

The District credit card account with Bank of America was developed to allow designated full-time regular employees the capability to purchase, within predefined spending limits, certain types of items directly from the merchant thus reducing the cost associated with low-value purchasing activity. District credit cards are assigned to the following District staff: General Manager, Assistant General Manager, and Manager of Finance/Treasurer. The purpose of this policy is to identify the conditions in which employees will be issued a District credit card and the rules for its use.

A. Objectives

- i. Reduce procurement and payment processing costs for low dollar expenditures.
- ii. Enhance internal control and accountability by better identifying specific employees making minor supply purchases on behalf of the District and improving the accuracy of account distributions between accounts and projects.
- iii. Have better visibility of items that are being purchased on a regular basis that may be advantageous to the District to keep in inventory.

B. General

- i. Authorization to use District credit cards is subject to Board of Director and General Manager approval and may not be used for personal purchases. Employees will not use District credit cards for personal expenses even if the intent is to reimburse the District later.
- ii. District credit cards must not be used for purchases when the purchaser has a personal interest in the merchant or knowledge that a purchase would create a conflict of interest.
- iii. District credit cards are a supplement to the District procurement process. As with other procurement methods, the following conditions must be met when using District credit cards:
 - a. District credit cards should be used whenever possible in lieu of petty cash and low dollar supplies from point-of-sale vendors not otherwise covered under other procurement processes.
 - b. Purchases must not be split to circumvent transaction limits or the District purchasing policy.
 - c. Each single purchase may be comprised of multiple items, but the total including tax and freight cannot exceed the single purchase dollar limit on the credit card.
 - d. Every purchase using a District credit card must adhere to all provisions of this policy.
- iv. District staff that use the District credit cards must provide receipts for all transactions and coding of the transactions to the Finance Department. Lost receipts must be documented in writing and submitted to the Finance Department explaining that the receipt was lost, what was purchased, and the reason for the purchase.

C. Audits

Finance Department staff will review all credit card transactions to verify the following:

- i. Receipts are present for each transaction.
- ii. Users of the credit cards or their supervisors have signed the receipts related to the transaction or have provided the required information on the District credit card log sheet for each transaction.
- iii. No personal purchases were made.
- iv. Account coding is correct for each transaction.

Section 11: Use of Vendor Credit Accounts and Open Purchase Orders

Designated District staff may use vendor credit accounts (c.g., Home Depot, Amazon) and must follow the requirements of this policy when using District vendor credit accounts. All receipts of vendor credit account transactions must be signed by a manager or supervisor of the department utilizing the credit account. District staff may not use vendor credit accounts or open purchase orders to make personal purchases. Any District employee who violates this policy is subject to disciplinary action, which may include termination. All receipts for returns must be submitted as backup to the statement on which the return transaction appears.

Section 12: Fuel Procurement Cards

Purpose of Fuel Cards

Only authorized employees shall have access to and use of a District fuel card. Requests for fuel cards must be presented to the employee's department manager for approval. Fuel cards are restricted to purchase fuel for the District vehicle to which they are assigned. A fuel card is not to be used for personal vehicles, other District vehicles for which the card is not assigned, or rental vehicles. If an employee finds it necessary to purchase fuel for a District vehicle with personal funds as opposed to the fuel card, the employee shall submit a reimbursement request, along with proper supporting documentation (i.e., original receipts).

Procedures

When using the card at a self-serve pump, the employee shall insert the vehicle's fuel card, enter the employee's District employee number, and enter the odometer reading of the District vehicle being fueled. Employees should never accept any offer (e.g., discounted car washes, etc.), and the card is never to be used for personal, non-District related purchases and/or securing of any other goods or services except for fuel for the intended District vehicle. The District, at its discretion, may terminate privileges at any time due to misuse, abuse, etc. Employee cardholders who violate this fuel card policy are subject to disciplinary action up to and including termination.

Card Security

Fuel cards shall be kept in the designated vehicle. It is the assigned employee's responsibility to safeguard the fuel card. If the fuel card is lost or stolen, the employee and/or employee's department manager shall notify Finance Department staff immediately. The Finance Department will then notify the fuel card company to cancel the lost or stolen fuel card. A new card will be promptly issued. If the lost or stolen fuel card is subsequently found, the fuel card shall be returned to the Finance Department, where it will be destroyed or returned to the fuel card company.

Mileage Entry

Accurate mileage is crucial to good fuel management, and it is necessary for the District to effectively monitor vehicle utilization, track vehicle preventive maintenance compliance, understand vehicle fuel miles-per-gallon, calculate optimal vehicle lifecycles, and other mileage-related activities. Drivers of District vehicles are required to enter the correct odometer reading at the time of fuel purchase when prompted. In the event the vehicle operator makes an error in the odometer reading entry, the driver should note the correct information and send that information to the District's card administrator in the Finance Department.

Disputed Charges

When the card statement is received, the Finance Department shall reconcile the charges. If the statement does not reconcile, then the Finance Department shall notify the appropriate department manager for resolution. If the statement cannot be reconciled internally, then the Finance Department shall notify the fuel card company and dispute any amounts that are determined to be in error.

Cancelling a Fuel Card

The Finance Department shall be immediately notified by a department when a vehicle is sold, wrecked, or removed from service and when an authorized card user's employment with the District is terminated. The notification shall include a request to cancel the card, the reasons for canceling the card, and identify the fuel card number and authorized user. Upon notification, the Finance Department shall request from the fuel card company that the card be deactivated. The card shall be returned to the Finance Department for destruction/discarding.

Separation from the District

Prior to separation from the District, the employee shall surrender any keys and assigned fuel card to the Finance Department's card administrator. Upon receipt, the department's card administrator will contact the fuel card company and deactivate the fuel card, whereupon it will be destroyed or reassigned.

Internal Audit

Ongoing reviews of all fuel bills will be performed for policy adherence and possible misuse of District fuel cards. District disciplinary policies will be followed for employees found to have misused District fuel cards, up to and including termination.

Section 13: Definition of Terms

The following definitions will apply as they relate to this policy:

“Capital Improvement Project” or “Capital Project” or “CIP” means a project that has a value and lifespan in accordance with the District’s Capital Asset Policy and results in the creation or revitalization of a fixed asset.

“Change Order” means any modification to an existing procurement or respective contractual document after award.

“Contract” means the legal document authorizing procurement of services.

“Cooperative Procurement” means a procurement (combing of requirements) conducted on behalf of two or more public procurement units to obtain the benefit of volume purchasing and/or reduction in administrative expenses.

“Emergency” means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or operation of the District’s facilities.

“Formal Solicitation” means the issuance of a written request for sealed bids, proposals, or quotations.

“Informal Solicitation” means the verbal or written request for a verbal or written bid, proposal, or quotation.

“Invitation for Bids” means a formal process for soliciting sealed bids from qualified prospective suppliers. Typically, involves advertising the solicitation, a formal bid opening, and the awarding of a contract to a responsive and responsible supplier based on price and other specified factors.

“Open Purchase Order” means an agreement to purchase an unspecified quantity of services, materials, supplies, or repairs up to a certain dollar limit within a fiscal year. Bid requirements and authorizations as designated in this policy must be followed when requesting an open purchase order.

“Procurement” means the purchase or otherwise compensatory securing of materials, supplies, services, leases, equipment, real property, or vehicles.

“Professional Services” means any specially trained and experienced person, firm or corporation providing services and advice in engineering, financial, economic, accounting, information services, legal, technical, architectural, or other administrative or professional matters.

“Purchase Order” means the legal document authorizing the procurements of goods or services.

“Request for Proposal” means a formal solicitation for bids that involves more than just price. Prospective suppliers submit requested information; this information is evaluated, and contracts awarded based on the District’s pre-established criteria.

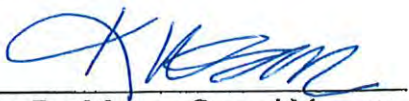
“Responsible” means a bidder or proposer who has proper resources, technical capabilities, and financial capacity to deliver materials or perform the work.

“Responsive” means a bidder or proposer whose bid/proposal complies in all material aspects with the Invitation for Bids or Request for Proposal by the bid opening or proposal closing date.

“Sole Source” means procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

“Split” or “Splitting” means separating or dividing purchase requisitions, purchase orders, or contracts into smaller components for the purpose of bringing the cost of one or more purchase requests, purchase orders, or contracts below any specified sum to avoid a requirement in any section of this policy is strictly prohibited.

Approval:



Keith Van Der Maaten, General Manager

6/28/23

Date

**LAGUNA BEACH COUNTY WATER DISTRICT
WATER RATE HISTORY
1975 TO PRESENT**

RESOLUTION OR ORDINANCE #	EFFECTIVE DATE	SERVICE CHARGE BI-MONTHLY		WATER CHARGE (PER CCF)	%WATER CHARGE INCREASE	MWD WATER RATE (AF)	%MWD WATER RATE INCREASE
ORD. #69	07/01/75	3/4" - 5.00 1 1/2" - 11.25 3" - 25.00	1" - 7.50 2" - 15.00 4" - 40.00	0.28			
	07/01/77					75	
RES. # 301	07/01/78	3/4" - 7.50 1 1/2" - 16.88 3" - 37.50	1" - 11.25 2" - 22.50 4" - 60.00	0.52	86%	84	12%
	07/01/81		SAME	SAME		121	44%
RES. # 367	07/01/82		SAME	0.62	19%	192	59%
RES. # 377	07/01/83		SAME	0.71	15%	SAME	
RES. # 384 (AMENDS SEC 2-377)	07/01/83		SAME	0.83	17%	SAME	
RES. # 395	07/01/84		SAME	0.87	5%	SAME	
RES. # 406 (AMENDS SEC 2-395)	07/01/85		SAME	0.91	5%	224	17%
RES. # 424 (AMENDS SEC 2-406)	07/01/86		SAME	0.96	5%	230	3%
RES. # 499 (REPEALS 377,384,395)	07/01/91		SAME	1.11	16%	261	13%
RES. # 503 (REPEALS ORD.67,69, RES.301,367,395,424,499)	07/01/92	3/4" - 10.00 1 1/2" - 22.50 3" - 50.00	1" - 15.00 2" - 30.00 4" - 80.00	1.37	23%	322	23%
BOARD MOTION	01/06/93		SAME	1.65	20%*	SAME	
RES. # 523 (REPEALS RES. #503)	07/01/93		SAME	1.98	20%	385	20%
	07/01/94		SAME	1.98		412	7%
BOARD MOTION	02/01/95		SAME	2.12	7%	SAME	
	07/01/95		SAME	2.12		426	3%
BOARD MOTION	09/01/95	3/4" - 11.50 1 1/2" - 45.00 3" - 100.00	1" - 23.00 2" - 60.00 4" - 160.00	2.20	4%	SAME	
	01/01/97		SAME	2.20		431	1%
BOARD MOTION	03/01/99		SAME	2.31	5%	SAME	
BOARD MOTION	04/01/00		SAME	2.43	5%	SAME	
BOARD MOTION	07/01/01		SAME	2.50	3%	SAME	
BOARD MOTION	07/01/02	3/4" - 15.00 1 1/2" - 60.00 3" - 130.00	1" - 30.00 2" - 75.00 4" - 205.00	2.50			
BOARD MOTION	07/01/03		SAME	2.64	6%	435	1%
	01/01/04		SAME	2.64		451	3%
BOARD MOTION	07/01/04		SAME	2.74	4%	451	
	01/01/04		SAME	2.74		476	6%
RESOLUTION # 680	07/01/05		SAME	2.82	3%	473	-1%
	01/01/06		SAME	2.82		482	2%
RESOLUTION # 700	07/01/06	3/4" - 18.00 1 1/2" - 72.00 3" - 156.00	1" - 36.00 2" - 90.00 4" - 246.00	2.85	1%	479	-1%
	01/01/07		SAME	2.85		490	2%
RESOLUTION #710	07/01/07	3/4" - 20.00 1 1/2" - 80.00 3" - 173.00	1" - 40.00 2" - 100.00 4" - 273.00	2.94	3%	490	

continued next page

RESOLUTION OR ORDINANCE #	EFFECTIVE DATE	SERVICE CHARGE MONTHLY	BI	WATER CHARGE (PER CCF)	%WATER CHARGE INCREASE	PURCHASED WATER RATE (AF)	% WATER RATE INCREASE
RESOLUTION # 729	12/01/08	3/4" - 21.60 1 1/2"-107.98 3" - 345.52	1" - 53.99 2" - 172.76 4" - 539.88	30 - 3.02 over - 3.29 (single fam) 3.17 (all others)	3%	604	14%
RESOLUTION # 736	07/01/09	3/4" - 22.69 1 1/2"-113.46 3" - 363.06	1" - 56.73 2" - 181.53 4" - 567.28	30 - 3.23 over - 3.58 (single fam) 3.42 (all others)	7%	586 701	-3% 16%
RESOLUTION # 765	01/01/11	3/4" - 24.04 1 1/2"-120.18 3" - 360.55	1" - 60.09 2" - 192.29 4" - 600.92	Tier 1 - 3.56 (Budgeted) Tier 2 - 5.96 (Inefficient)	10% 66%	744	6%
RESOLUTION # 765	01/01/12	3/4" - 24.77 1 1/2"-123.84 3" - 371.53	1" - 61.92 2" - 198.15 4" - 619.21	Tier 1 - 3.66 (Budgeted) Tier 2 - 6.10 (Inefficient)	3% 2%	794	7%
RESOLUTION # 765	01/01/13	3/4" - 25.52 1 1/2"-127.59 3" - 382.78	1" - 63.80 2" - 204.15 4" - 637.97	Tier 1 - 3.77 (Budgeted) Tier 2 - 6.26 (Inefficient)	3% 3%	847	7%
RESOLUTION # 765	01/01/14	3/4" - 26.28 1 1/2"-131.42 3" - 394.27	1" - 65.71 2" - 210.28 4" - 657.11	Tier 1 - 3.89 (Budgeted) Tier 2 - 6.45 (Inefficient)	3% 3%	890	5%
RESOLUTION # 799	11/01/14	3/4" - 27.57 1 1/2"-137.85 3" - 413.55	1" - 68.92 2" - 220.56 4" - 689.25 6" - 1,378.49	Tier 1 - 4.25 (Budgeted) Tier 2 - 7.21 (Inefficient)	9.3% 11.8%	923	3.7%
RESOLUTION # 799	11/01/15	3/4" - 29.87 1 1/2"-149.33 3" - 448.00	1" - 74.67 2" - 238.93 4" - 746.66 6" - 1,493.32	Tier 1 - 4.61 (Budgeted) Tier 2 - 7.65 (Inefficient)	8.5% 6.1%	942	2.1%
RESOLUTION # 799	11/01/16	3/4" - 32.36 1 1/2"-161.82 3" - 485.45	1" - 80.91 2" - 258.91 4" - 809.09 6" - 1,618.18	Tier 1 - 4.86 (Budgeted) Tier 2 - 8.13 (Inefficient)	5.4% 6.3%	979	3.9%
RESOLUTION # 799	11/01/17	3/4" - 34.91 1 1/2"- 174.56 3" - 523.68	1" - 87.28 2" - 279.30 4" - 872.80 6" - 1,745.60	Tier 1 - 5.25 (Budgeted) Tier 2 - 8.61 (Inefficient)	8.0% 5.9%	1015	3.7%
RESOLUTION # 799	11/01/18	3/4" - 37.36 1 1/2"- 186.79 3" - 560.36	1" - 93.39 2" - 298.86 4" - 933.93 6" - 1,867.87	Tier 1 - 5.25 (Budgeted) Tier 2 - 8.61 (Inefficient)	0.0% 0.0%	1050	3.4%
RESOLUTION # 799	11/01/19	3/4" - 37.36 1 1/2"- 186.79 3" - 560.36	1" - 93.39 2" - 298.86 4" - 933.93 6" - 1,867.87	Tier 1 - 5.25 (Budgeted) Tier 2 - 9.09 (Inefficient)	0.0% 5.6%	1078	2.7%
RESOLUTION # 799	11/01/19	3/4" - 37.36 1 1/2"- 186.79 3" - 560.36	1" - 93.39 2" - 298.86 4" - 933.93 6" - 1,867.87	Tier 1 - 5.25 (Budgeted) Tier 2 - 9.09 (Inefficient)	0.0% 0.0%	1104	2.4%
RESOLUTION # 799	11/01/19	3/4" - 37.36 1 1/2"- 186.79 3" - 560.36	1" - 93.39 2" - 298.86 4" - 933.93 6" - 1,867.87	Tier 1 - 5.25 (Budgeted) Tier 2 - 9.09 (Inefficient)	0.0% 0.0%	1143 (Import) 507 (GW)	3.5% 4.1%
RESOLUTION # 873	03/01/22	3/4" - 35.18 1 1/2"- 53.92 3" - 647.84	1" - 44.02 2" - 65.73 6" - 675.45	Tier 1 - 6.74 (Budgeted) Tier 2 - 9.33 (Inefficient)	28.4% 2.6%	1209 (Import) 558 (GW)	5.8% 10.1%
RESOLUTION # 873	03/01/23	3/4" - 38.12 1 1/2"- 58.09 3" - 695.39	1" - 47.44 2" - 70.72 6" - 725.01	Tier 1 - 7.23 (Budgeted) Tier 2 - 10.07 (Inefficient)	7.3% 7.9%	1256 (Import) 624 (GW)	3.9% 11.8%
RESOLUTION # 873	03/01/24	3/4" - 43.57 1 1/2"- 64.61 3" - 740.10	1" - 53.27 2" - 77.94 6" - 771.49	Tier 1 - 7.61 (Budgeted) Tier 2 - 10.62 (Inefficient)	5.3% 5.5%	1395 (Import) 688 (GW)	11.1% 10.3%

* Offsets Property Tax Revenue Loss

Revised 06/20/2024

LAGUNA BEACH COUNTY WATER DISTRICT COLA HISTORY		
MARCH OF:	CPI	LBCWD COLA
1987/88		4.00%
1988/89		3.00%
1989/90		4.70%
1990/91		5.50%
1991/92		3.10%
1992/93		3.86%
1993/94		1.50%
1994/95		1.80%
1995/96		1.40%
1996/97	1.70%	1.70%
1997/98	1.50%	1.60%
1998/99	0.60%	3.00%
1999/00	2.10%	3.00%
2000/01	3.50%	3.40%
2001/02	3.20%	3.20%
2002/03	2.80%	2.80%
2003/04	4.50%	2.80%
2004/05	1.80%	1.80%
2005/06	3.90%	3.00%
2006/07	4.50%	4.36%
2007/08	4.00%	3.86%
2008/09	3.60%	3.45%
2009/10	-1.60%	0.00%
2010/11	2.40%	2.40%
2011/12	3.50%	3.50%
2012/13 *	2.00%	2.00%
2013/14	1.30%	2.00%
2014/15 *	1.00%	1.00%
2015/16	0.20%	2.00%
2016/17 *	1.30%	3.50%
2017/18 *	2.50%	3.00%
2018/19	3.90%	3.00%
2019/20	3.70%	3.80%
2020/21	2.20%	0
2021/22	2.70%	2.70%
2022/23	8.67%	4.0%
2023/24	2.80%	5.0%
2024/25	3.90%	4.0%

* CalPERS Employee Contribution (Classic): 2012/13 = 2%, 2014/15 = 3%, 2016/17 = 1%, 2017/18 = 1%. Total = 7%

FY23/24 RECOMMENDED STRATEGIC PLAN ACTIONS

Strategic Element	Strategic Plan Goal	FY 23/24 Recommended Action	Status Description	FY 24/25 Recommended Action	Lead Dept.
1.0 Water Source and Reliability	Pursue Ocean Desalination Opportunities	Take next steps in the implementation of the District's participation in the Doheny Desal Project including the evaluation of participation in Phase 1, negotiations over cost-sharing agreement for phase 1, and other phase 1 duties if agreement approved. If moving ahead on Phase 1, also begin Phase 2 discussion of Water Purchase Agreement terms and governance.	Continue and refine action for FY 24/25	Complete negotiations over the cost sharing agreement for phase 1. Once moving ahead on Phase 1, begin Phase 2 discussion of Water Purchase Agreement terms and governance.	GM
		Perform technical review of desalination as a local and reliable water supply.	Continue and refine action for FY 24/25	Continue to engage with SCWD on feasibility and potential operational plan.	ENG
		Take next steps in securing additional reliability in our groundwater supply including the evaluation of potential well sites and possibly leasing or buying sites that would work for a future well; continuing to work with the City of Newport Beach to maximize groundwater deliveries to Laguna Beach; and, evaluate water exchanges, wheeling options, and emergency water agreements as interim or possibly long-term solutions.	Continue and refine action for FY 24/25	Continue to work with the City of Newport Beach and the City of Fountain Valley to partner on the planning, design, construction, and operation of up to 2 new wells sites.	GM
2.0 Water Infrastructure	Plan for improvements and expansion of infrastructure	Update the District's Emergency Operations Plan and provide training to all staff	Complete		AGM
		Perform visual risk assessment and AWIA Risk assessment follow-up for each District Site and provide budget	Complete		AGM
		Evaluate reservoir access issues at Jahraus and Zitnik, work with the CA Dept of Drinking Water (DDW) to assess risk, implement fixes	Continue and refine action for FY 24/25	DDW evaluation complete. Install hatch and security camera work at Jahraus and Zitnik	ENG
		Meet the target execution level for our FY 24 budgeted projects especially those associated with headquarters remodel, Doheny desal, groundwater, the Temple Hills 800 pump station, Rim Rock, and others as more detailed in the FY 24 goals listed under the engineering department.	Continue and refine action for FY 24/25	Continue to implement projects to meet expected execution levels for FY 25 Budget.	ENG
		Develop RFP for El Morro Site Planning Study to further develop future capital projects. Study will include assessment of emergency operations, storage of vehicles, equipment, and materials and further evaluate sustainable energy efforts at the site.	Continue and refine action for FY 24/25	El Morro Site Planning Study underway to guide development of future capital projects.	ENG

		Evaluate jointly owned transmission mains and determine recommended actions to ensure water supply reliability from imported sources	Continue and refine action for FY 24/25	Evaluate jointly owned transmission mains and determine recommended actions to ensure water supply reliability from imported sources	ENG
		Start construction of the Locker Room project (Complete work in FY 2023/24)	Continue and refine action for FY 24/25	Complete construction of the Locker Room Project.	ENG
		Complete demolition of existing underground fuel storage tanks	C Continue and refine action for FY 24/25	Finalize County approval process to abandon in place to meet compliance deadline.	ENG
		Complete replacement of El Morro inlet valve	Complete		ENG
		Complete Ridge Pump Station Improvement Project	Continue and refine action for FY 24/25	Implement phased approach.	OPS
		Complete Sycamore Pump Station Replacement Project	Continue and refine action for FY 24/25	Replace second pump.	OPS
		Complete Pressure Reducing Valve Replacement Project	Complete		OPS
		Complete El Morro Reservoir Air Blower Project	Complete		OPS
		Complete SCADA HMI Screen Replacement Project	Complete		OPS
	Operate and Maintain Facilities	Evaluate energy sustainability efforts at district sites (Photovoltaic and battery backup systems) and make recommendations for future budgets.	Continue and refine action for FY 24/25	Study underway at Summit/Hastie site, evaluate duplicating efforts at other sites.	GM
		Evaluate fleet for possible replacement from gas to electric and make recommendations for future budgets	Continue and refine action for FY 24/25	Complete El Morro Site Study and Hastie/Summit project and then begin next steps to address fleet electrification based on those two efforts.	OPS
	Computerized Maintenance Management System	Provide oversight and ensure successful implementation of Phase 1 of the Computerized Maintenance Management System and the Waterworth modeling tool for improved long-term asset and financial planning and reporting.	Continue and refine action for FY 24/25	Provide oversight and ensure successful implementation of the Waterworth modeling tool for improved long-term asset and financial planning and reporting.	GM
		Implement the Lucy Enterprise Asset Management Software.	Continue and refine action for FY 24/25	Ongoing optimization.	OPS
	Helicopter Water Refilling Stations	Fire Road Helicopter Water Refilling Station	Complete		OPS
	Regulatory Compliance		New	Comply with new Cross Connection Control Policy Handbook, Lead and Copper Rule Improvements, and any other regulatory revisions	ENG/OPS
	Initiate Lead Inventory Program	Initiated the Lead Inventory Program to achieve compliance with the new United States Environmental Protection Agency Federal drinking water regulation; the Lead and Copper Rule Improvements (LCRI).	Continue and refine action for FY 24/25	Submit inventory to achieve compliance.	OPS
	Reservoir Inspections	Complete Reservoir cleaning and inspection project at five reservoir sites.	Continue and refine action for FY 24/25	Complete Reservoir cleaning and inspection project at five reservoir sites and implement reservoir coating projects.	OPS

3.0 Workforce	Succession Planning	Implement succession planning measures in Operations (mid-level staff), Accounting/Finance (all levels), and Human Resources (all levels) that build pathways for internal promotions based on well-defined and challenging, yet achievable, qualification standards.	Complete	HR
4.0 Administration	Sustain Effective Governance Structure	Work with the Board to establish a non-temporary District General Counsel	Complete	GM
5.0 Financial and Administrative Services	Financial Planning Software	Finish update to the services agreement with EBSD by obtaining approvals from EBSD and our Board on the updated Agreement.	Continue	GM
	Financial Planning Software	Purchase and implement long-term financial planning software designed specifically for municipal utility managers. The model can include an asset replacement schedule, a cost-of-service analysis component, and a rate design workflow module to drive better financial planning decisions by the District and has the added benefit of more dynamic utility rate setting in the future.	Continue and refine action for FY 24/25	FIN
	Secure Financing for Water Supply and other large Capital Projects	Secure necessary financing for the water supply projects (wells and desal) and for major capital work on reservoirs and pipelines to allow implementation of projects and maintain reserves.	New	
	Budget Software	Purchase and implement a budget software platform to improve efficiency in the annual budget development process and to generate more dynamic and comprehensive budget documents.	Complete (analyzed and determined to not be needed)	FIN
	Audit	Work toward a 5th consecutive year of an unqualified opinion for the FY 2022/23 audited financial statements.	Continue and refine action for FY 24/25	FIN
	2023/24 Budget	Submit the FY 2023/24 budget to CSMFO for its Meritorious Budget Award Program.	Continue and refine action for FY 24/25	FIN
6.0 Community Relations	Seek out and Develop Community partnerships	Improve Wildfire Coordination with the Greater Laguna Fire Safe Council	Refine action for FY 24/25	GM
	Continue to maintain Waterwise/Fire Safe Demo Garden	Re-plant section of District Garden to showcase California native plants.	Continue and refine action for FY 24/25	AGM
	Wyland Mayor's Challenge	Secure 9th "Most Waterwise City" Title	Continue	AGM
	100 th Anniversary		New	AGM
	Water Shortage Contingency Plan	Update the District's Water Shortage Contingency Plan to better prepare the District's response during future droughts.	Continue	AGM

7.0 Customer Service	Customer Mobile App	Begin work on developing a customer mobile phone App that will provide customers a one-stop shop to pay bills online, review their personal usage data, request to stop or stop service, apply for District rebate programs, report water waste, etc.	Continue and refine action for FY 24/25	Continue developing new App and add replacing existing customer service billing software to provide a more streamlined bill pay along with other enhanced customer interface features.	AGM
	Meter Testing Program	Establish Meter Testing Program and test at least 100 meters per year.	Continue		AGM