

San Diego County Water Authority
General Manager's Adopted Multi-Year Budget
Fiscal Years 2022 and 2023



San Diego County Water Authority

General Manager's Adopted Multi-Year Budget Fiscal Years 2022 and 2023

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San Diego County Water Authority Budget Awards







Board of Directors.

The world has changed significantly since the Board adopted the Water Authority's previous budget nearly two years ago - changed in ways that stretched us to find new solutions and contain costs while providing the level of service required to sustain our region's \$253 billion economy and quality of life.

One thing that has remained constant is the size of the Water Authority's Adopted Multi-Year Budget for Fiscal Years 2022 and 2023, which totals \$1.7 billion. That is a 0% change from the current budget, due to the Water Kearny Mesa Headquarters.



Authority's continued commitment to cost control, resilient operations, forward-thinking plans, and regional collaboration. Proposing a flat budget is a major accomplishment made possible by strategic guidance from the Board of Directors, input from our member agencies, and the dedication of staff from across the agency who are committed to resilient operations, forward-thinking plans, and regional collaboration.

It's worth highlighting the fact that decades of regionally coordinated, long-term investments mean we have reliable water supplies to support our member agencies while we continue to communicate the importance of making wise use of our most precious natural resource. These are collective investments for the collective good - and the fact that they are working as intended is something that this region should be proud of, just like our world-class beaches and tourist destinations.

In addition to that epic achievement, the past two-year budget cycle included numerous milestones and accomplishments, including:

- Successful remote and on-site operations through COVID-19
- Debt refinancing that will save ratepayers nearly \$130 million in net present value savings
- Completion of the draft 2020 Urban Water Management Plan and the 2019 Climate Action Plan
- Implementation of the Permanent Special Agricultural Water Rate
- Conclusion of major pipeline repairs in Moosa Canyon
- Rehabilitation of a long and complex section of the First Aqueduct
- Increased employee engagement
- Enhanced security improvements for the physical plant and cyber infrastructure
- Adoption of a user-friendly main website
- Favorable rulings in MWD rate cases and distribution of \$44.4 million to member agencies



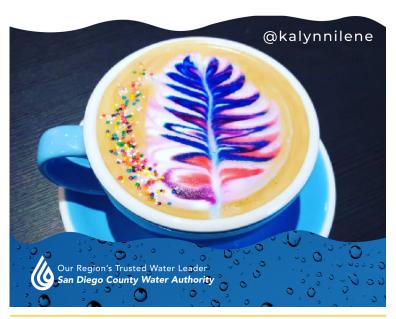
The rate case litigation warrants special attention because we continue to seek resolution even as the benefits continue to grow. Not only did the Water Authority secure tens of millions of dollars in refunds (and hundreds of millions in grant funds) for member agencies, we also have been named the prevailing party, which means we are on track to receive a sizable refund of legal expenses pending appeal. Also, in dry years like this, the value of our expanded preferential rights on the Colorado River come into sharp focus. Hopefully, we will not have to call on them, but it is valuable to know they are there.

The importance of our collective vision and strategy was underscored in April, when Governor Gavin Newsom declared drought conditions in a great number of Northern California counties. Our investments over the past 30 years mean that we have plentiful supplies, and the Newsom administration recognized that by using a targeted and flexible strategy instead of a one-size-fits-all approach like we saw during the previous drought. It was gratifying that the governor's team recognized our efforts - and even more gratifying that we have enough water to meet the region's needs even during multiple dry years through at least 2045.

Owning the Future



#valueofwater



Value of Water Campaign.

The daunting realities of Fiscal Years 2020 and 2021 proved the value of the Water Authority's commitment to flexible and agile decision-making that allows for real-time adjustments based on strategic plans. Looking at the upcoming twoyear budget cycle, we anticipate many more surprises as we continue preparing for contingencies and emergencies. The adopted budget for Fiscal Years 2022 and 2023 is based on several themes that will shape the agency's day-to-day activities, align with the Board's financial and operational goals, and allow us to provide maximum benefits to our member agencies.

Given the significant uncertainties and challenges facing all water providers, I offer thanks to the Financial Strategy Work Group, member agency managers, and member agency finance officers for

their input. Staff has met with those groups three times before the May Board presentation of the adopted budget to the Board - an unprecedented amount of effort to find collaborative solutions.

Starting in November 2020, the Finance Department worked with management analysts and department heads across the Water Authority to refine each budget component for maximum cost-effectiveness. We intensely reviewed and revised the budget documents more than we have at any time in my tenure, refining the major pieces six to eight times each. The process included a critical look at each department's plans, projects, and forecasts to make sure they align with the agency's overall goals and Board priorities. From that process, several forward-looking themes emerged, including:



- Controlling costs This budget includes the elimination of seven staff positions, along with a reduction in outside services and minimizing travel. In addition, equipment replacement was evaluated for deferrals, minimizing the budget impact of day-to-day operations. As always, the budget is partly the function of water sales and water rates, which are both trending upward.
- Developing long-term plans While the previous budget cycle focused on completing the 2020 Urban Water Management Plan, the next two years will prioritize the Long-Range Financing Plan and the Water Facilities Master Plan. Both of those documents are critical for projecting the Water Authority's financial future and providing the Board with flexibility as events unfold. A subset of this effort is to conclude Phase B of the

Regional Conveyance System Study, which will offer the Board another opportunity to decide if and how to proceed.

- Managing assets The Water Authority's Capital Improvement Program is the cornerstone of the agency's efforts to ensure that the regional water delivery and treatment systems continue to meet a variety of ever-changing demands. During the upcoming budget cycle, that will mean completing the highest-priority asset management projects, along with detailed seismic, hydraulic and cavitation analysis. In addition, we will continue to enhance security systems for both our physical and cyber assets - a responsibility that grows as potential threats continue to expand.
- Collaborating with member agencies -Welding on pipeline joint connection of steel liner. Water Authority staff in virtually every department work closely with member agencies to support local efforts, from outreach and advocacy to budget and rate development - and those efforts will continue to be a priority in the upcoming years. Opportunities for collaboration emerge both in joint projects and joint policy issues, such as advocating for local decision-making about drought investments and responses.
- Communicating with stakeholders Whether it be in the state Capitol or local chambers of commerce, the Water Authority will continue to share the region's water story through a full range of engagement tools and creative tactics such as social media, media interviews, public forums, and small-group meetings. While water stewardship is always a priority message, it is especially important during dry years like we currently face. Key topics range from the procurement of a Lake Mead storage account for our region to rate case settlement efforts. In addition, the Water Authority will continue to engage employees in the critical work of building the values and culture to sustain the agency in challenging times.





As usual, more than 90% of the adopted budget is for buying and treating water or building and financing infrastructure. This reflects the Water Authority's long-term strategy to invest in supply reliability to meet current and future needs of the San Diego region - a strategy that is paying significant dividends during the emerging drought. It is also indicative of the Water Authority's core mission to provide a safe and reliable source of water no matter the weather.

About 7% of the adopted budget funds the Water Authority's Operating Departments. We propose increasing spending for those departments by 2%, or \$1.9 million, compared to the prior two-year budget. The increase, minimized by cost-containment efforts, covers labor and benefits and a reduction in overall services. Although the overall budget is a 0% change from Fiscal Years 2020 and 2021, we expect to need strategic withdrawals from the Rate Stabilization Fund in Fiscal Years 2022 and 2023.

The budgeting process gets more complex and challenging every year, and it would not be possible without the efforts and expertise of the Finance Department's budget team led by Director of Finance/ Treasurer Lisa Marie Harris. Her team includes Liana Whyte, Budget and Treasury Manager; Rebecca Melillo, Senior Management Analyst; Monika Wojcik, Senior Management Analyst; and Toni-Marie Kahre, Assistant Management Analyst. In addition, colleagues from across the agency not only provide budget input but they perform the critical functions that ensure water deliveries continue day-in and day-out like they have for decades.

I also thank and recognize our partners at the member agencies who we collaborate with on key issues, including the development of potable reuse, responding to state regulations, advancing sound regional policies, and communicating clearly with stakeholders.

Finally, the Water Authority staff continues to depend on the vision and leadership of the Board of Directors, which has provided the resources necessary to maintain our strong credit ratings, our position as a trusted community partner, and a great place to work. I appreciate the Board's commitment to the Water Authority's mission to sustain our amazing region with visionary solutions, agile responses, and dedicated teamwork for the good of everyone who calls San Diego County home.

Respectfully,

Sandra L. Kerl

General Manager

Sancha Well



Fiscal Years 2020 and 2021 Accomplishments

During the past two years, the Water Authority has reached milestones on several crucial projects and programs. With Board guidance, staff has:

Controlling Costs

- Saved ratepayers across the region approximately \$130 million during the Fiscal Years 2020 and 2021 budget cycle through the execution of five complex tax-exempt and taxable refundings. Favorable market conditions, outstanding strategic planning and financial and technical factors resulted in significant debt service savings for ratepayers.
- Implemented the Permanent Special Agricultural Water Rate (PSAWR) structure that offers lower water rates to farmers in exchange for lower water supply reliability.
- Implemented midterm budget savings to save \$44.5 million in Fiscal Year 2021 by deferring capital projects, rescheduling equipment replacement, and maintaining vacant staff positions.
- Instituted the ramp-up of the Infrastructure Access Charge (IAC), bringing the 2021 IAC charge in-line with Board policy.
- Secured \$500,000 to support three projects in San Diego County through the Metropolitan Water District's Future Supply Action Funding Program, including \$175,000 for the Carlsbad Desalination Plant Intake Demonstration Project.
- Collected \$562,500 through the Department of Water Resources Prop 50 Water Desalination Grant Program for the Carlsbad Desalination Plant Intake Demonstration Project.
- Supported efforts to resolve the MWD rate case litigation, including securing almost \$500 million in local project subsidy benefits for the San Diego region and dismissing certain issues from the litigation. Distributed \$44.4 million from favorable rulings to member agencies.

COVID-19 Response

- Administered federal legislation related to the COVID-19 pandemic, including the Families First Coronavirus Response Act and related leave administration.
- Implemented, enforced and complied with Cal-OSHA regulations for reporting and administering additional safety measures during COVID-19.
- Implemented measures for remote work with enhanced cybersecurity measures to counter potential vulnerabilities from the increase in remote work.



2020 Coordinating key issues through virtual meetings.

◆ Led a statewide effort to secure and develop a structure for allocating COVID-19 relief funding to help offset water bill delinquencies.



 Deployed an enhanced outreach and education program to assure residents about the safety of the region's water supply, with a focus on communicating in Spanish to the region's large Spanish-speaking population.

Safeguarding Assets

- Performed a system-wide risk assessment and identified CIP projects for future repair and rehabilitation.
- Implemented several key cybersecurity enhancements and upgraded key information systems hardware.
- Performed more than 25 miles of comprehensive condition assessments of the treated portion of the First Aqueduct using the latest nondestructive technologies.
- Conducted routine visual inspections of Second Aqueduct pipelines totaling 15 miles.

Embracing the Future

- Completed the 2019 Climate Action Plan to comprehensively document the Water Authority's current practices, operations, and progress toward state emissions targets, and to identify feasible measures that could be implemented to reduce greenhouse gas emissions.
- Completed the 2020 Urban Water Management Plan, Addendum to the 2015 Urban Water Management Plan, and updated Water Shortage Contingency Plan.
- Commissioned the first employee survey in the agency's history as part of a larger effort to integrate different generations of employees, embrace the diversity of the agency's workforce and empower all employees to reach their full potential.
- Engaged employees across all levels and departments as part of the newly formed Values Discovery Team to identify our key values - who we are at our best - and leverage those values to create long-term culture change.

Enhancing Supply Security

6

- Completed Water Purchase Agreement Supplements for the Carlsbad Desalination Plant Intake Improvements Temporary Standalone Operations Period and Interim Operations Period.
- Assisted Poseidon in securing a low-interest bank loan agreement for the first phase of intake improvements at the Carlsbad Desalination Plant.
- Completed five Local Resource Program agreements with Metropolitan Water District and member agencies securing over \$450 million of funding for local water supply projects that will yield nearly 59,000 acre feet of new water supply each year.
- Completed Phase A of the Regional Conveyance System Study and Board directed staff to proceed with Phase B of the study.



- Completed installation and commissioning of the chlorine boosting facility at Mission Trails Flow Regulatory Structure to allow for enhanced water quality monitoring and conditioning.
- Engaged with the state administration to help shape the Governor's Water Resilience Portfolio recommendations.

Fiscal Years 2022 and 2023 Projects and Initiatives

The Adopted Budget for Fiscal Years 2022 and 2023 emphasizes advancing or completing the following major projects and initiatives.

System and Asset Management

The Water Authority is committed to providing a safe and reliable water supply to the region, and over the next two years the agency will be completing a Pipeline Seismic System and Vulnerability Study as well as

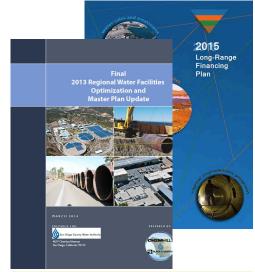


Probability of Failure and Consequence of Failure monitoring.

implementing major maintenance and replacement plans for all electrical and mechanical equipment within Water Authority critical facilities. The Water Authority will also update its 2013 Master Plan which will serve as a road map for the 2045 planning horizon. These efforts seek to optimize decades of infrastructure investments and create flexibility to adapt to future conditions. Staff will continue to perform condition assessments of the agency's infrastructure using expanded criteria and technical analysis to prioritize projects.

Long-Term Planning Initiatives

The Water Authority is continuing long-term planning efforts and initiatives. The agency is recognized for its financial planning and will be updating the Long-Range Financing Plan with input from key stakeholders. A collaborative process will help develop long-range goals regarding water supply reliability beyond 2035. In addition, staff will continue efforts to obtain a storage account in Lake Mead to provide additional drought-resilience for the San Diego region and benefit the entire Colorado River Basin by increasing the elevation of Lake Mead. The Water Authority will also advance a series of concepts, proposals, and initiatives within the context of the governor's water resiliency planning effort.



Planning documents



Security Improvements

The adopted budget continues the advancement and implementation of high-priority information security measures based on the Center for Internet Security's CIS-20 security framework. It also includes completion of physical and policy improvements to enhance the security of the Kearny Mesa headquarters and critical facilities for the safety of employees, Board members, and visitors. In addition, the adopted budget includes the evaluation and incorporation of new technology in collaboration with water quality equipment manufacturers to enhance online water quality monitoring capabilities within the aqueduct system.

Engaging Stakeholders

Collaboration with stakeholders across the region and state is fundamental for the Water Authority. The adopted budget will allow the agency to continue its long history of outreach, education and collaboration. These engagement efforts include coordination with the Financial Strategy Work Group to provide insight into critical planning and financial reports like the Long-Range Financing Plan, the Asset Management Plan, and Calendar Year 2023 rates and charges. Additional initiatives include support for the Water News Network and member agency educational tools.

Capital Improvements

As part of the draft Long-Range Financing Plan efforts the Water Authority has reprioritzed the Capital Improvement Program (CIP). The primary focus of the CIP for the next two years will be Asset Management projects, including Infrastructure Rehabilitation and the Pipeline Relining and Replacement Program. There are also several smaller projects that are in active construction or will be starting

construction in this two-year period. Staff will be completing construction on the Mission Trails Flow Regulatory Structure II and Lake Murray Control Valve to meet future untreated water demands for the central and south county service areas. New projects to repair and rehabilitate existing facilities for system optimization have been incorporated into the CIP this year to begin planning and design efforts for critical facilities and projects. Staff will be working with the City of San Diego to begin planning and design for the Lake Hodges Dam for the future rehabilitation or replacement of the existing dam to ensure safe operations.



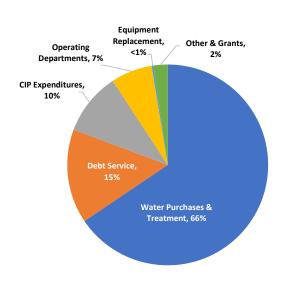
Carbon Fiber Reline Pipeline 5.



Fiscal Years 2022 and 2023 Adopted Budget Overview

The Adopted Budget for Fiscal Years 2022 and 2023 incorporates priority projects and supports our core values and vision. This budget also provides the resources necessary to advance or achieve our 2021-2025 Business Plan goals and objectives as we continue to navigate the shifting water supply, legal, regulatory, and political landscapes.

Figure 1: Fiscal Years 2022 & 2023 Adopted Budget (\$1.7 Billion)



The adopted budget for Fiscal Years 2022 and 2023 is \$1.7 billion, which has remained flat from the prior twoyear budget. As shown in Figure 1, more than 91% of the adopted budget is for purchasing or treating water, or building and financing infrastructure.

The biggest driver of the Water Authority's total budget is the purchase and treatment of water. The adopted budget for water purchases and treatment increased by \$35.0 million, or 3%. This increase reflects an increase in the cost to purchase water, pass-through increases in rates and charges set by the Metropolitan Water District of Southern California, and scheduled increases to the price of water from the Colorado River Quantification Settlement Agreement and the Claude "Bud" Lewis Carlsbad Desalination Plant.

In addition to increases in purchases and treatment of water there is an increase of \$8.2 million in the two-year appropriation for Capital Improvement Program (CIP) spending in the adopted budget. The increase to the CIP spending is largely driven by the Asset Management Program including Infrastructure Rehabilitation and the Pipeline Relining and Replacement Program including project prioritization in the CIP.

The adopted budget for Operating Departments is \$113.4 million, or approximately 7% of the total Water Authority budget. The increase to the Operating Departments is \$1.9 million, or 2%, from the prior twoyear budget. The minimal increase is largely due to the elimination of 7.00 full-time equivalent positions.

There have been significant decreases in non-personnel expenditures including Services and Supplies due to a reduced need for outside services. Increases to benefits include nondiscretionary required increases in employer contributions to the California Public Employees' Retirement System.

Figure 2: Historical Staffing



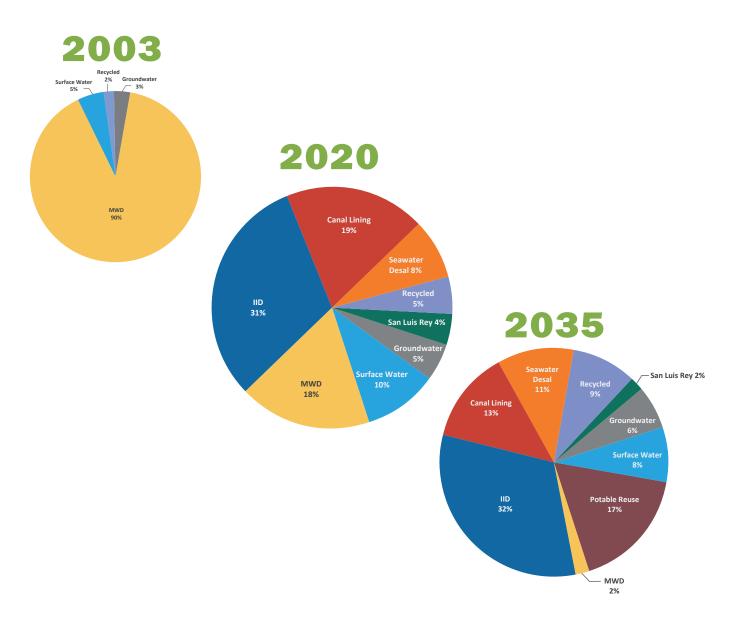


Into the Future

Looking beyond the next two fiscal years, the Water Authority will continue to navigate the changing water supply and regulatory landscapes with pioneering programs.

Through its master planning process, the agency not only will account for drought-related shifts in water use and changing water supplies, but also assess potential infrastructure upgrades that make the most of existing investments. In addition, the Water Authority's member agencies continue to develop new supplies, particularly through water reuse and recycling projects, that will be incorporated into the long-term supply portfolio as they move from concept to reality.

This process will require a collaborative effort throughout the Water Authority and its member agencies to maintain the region's legacy of leadership on water issues, promote the efficient use of water, advocate for legal rates and sound policy at the Water Authority's wholesaler, and expand the region's water supply portfolio so that it's even more resilient in the decades ahead.





Background

This section provides an overview of the San Diego County Water Authority (Water Authority), including its organizational structure, the budget process, and a community profile of the agency's service area and the region.

Key Water Authority Facts

- Mission: To provide a safe and reliable supply of water to 24 member agencies serving the San Diego region
- Who We Are: An independent public agency that serves as San Diego County's regional water wholesaler
- Formed: June 9, 1944
- First Imported Water Delivery to the Region: November 24, 1947
- Imported Water: More than 80% of the region's water is imported from the Colorado River and Northern California
- Service Area: 934,778 acres
- Serves: 97% of the county's population
- Pipelines: Five major pipelines totaling approximately 310 miles of large-diameter pipeline
- Board of Directors: 36 members representing 24 member agencies
- Member Agencies:
 - 6 cities
 - 5 water districts
 - ▶ 3 irrigation districts
 - 8 municipal water districts
 - ▶ 1 public utility district
 - ▶ 1 federal agency (military base)
- One acre-foot=325,900 gallons, or enough water to cover one acre to a depth of one foot. An acre-foot can supply the needs of two typical four-person families for one year.



Overview of the Water Authority

Mission Statement

The Water Authority's mission is to provide a safe and reliable supply of water to its member agencies serving the San Diego region.

History

The Water Authority was formed on June 9, 1944, by the California State Legislature under the County Water Authority Act (Act) for the primary purpose of importing Colorado River water into San Diego County.

Responsibility

The Act authorizes the Water Authority to acquire water and water rights; acquire, construct, operate and manage works and property, develop, store, and transport water; provide, sell, and deliver water for beneficial uses and purposes; and provide, sell, and deliver water of the authority not needed or required for beneficial purposes by any public agency. The Act also authorizes the Water Authority to acquire, store, treat, reclaim, repurify, reuse, distribute, and sell sewage water, wastewater, and seawater for beneficial purposes. The Water Authority is authorized to utilize any part of its water, and any parts of its works, facilities, improvements, and property used for the development, storage, or transportation of water, to provide, generate, and deliver hydroelectric power; and acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient for that utilization. In addition, the Water Authority has the ability to procure and distribute electric power for its own use and that of its member agencies.

Service Area

The Water Authority's service area encompasses the western third of San Diego County, an area of approximately 934,778 acres (1,461 square miles). The Water Authority's boundaries extend from the U.S. border with Mexico in the south, to Orange and Riverside Counties in the north, and from the Pacific Ocean to the foothills that terminate the coastal plain in the east.

Member Agencies

The Water Authority's 24 member agencies purchase water from the Water Authority for retail distribution in their service territories. The member agencies are comprised of six cities, five water districts, eight municipal water districts, three irrigation districts, a public utility district, and a federal military reservation that have diverse water needs.

In terms of land area, the City of San Diego is the largest member agency with 213,121 acres. The smallest is the City of Del Mar, with 1,442 acres. Some member agencies, such as the cities of National City and Del Mar, use water almost entirely for municipal and industrial purposes. Others, including Valley Center, Rainbow, and Yuima Municipal Water Districts, deliver water that is used mostly for agricultural production.

Member Agency Map, Figure 2, can be found on page 18.

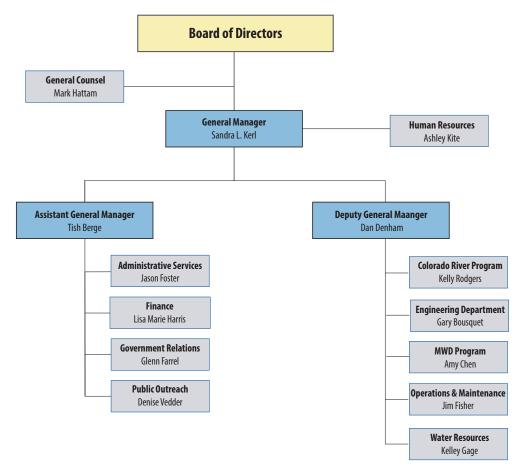


Board of Directors

The member agencies are represented on a 36-member Board of Directors. All 24 member agencies have at least one representative on the Board. Member agencies may also designate and appoint one additional representative for each full 5 percent of Water Authority assessed value within the member agency service area. In addition, a member of the San Diego County Board of Supervisors serves as a non-voting representative to the Water Authority Board.

Organizational Structure

The Board determines the policies for the Water Authority; these policies are carried out by the Water Authority staff. The General Manager and General Counsel report directly to the Board. The General Manager is responsible for the Water Authority's regular operations. The Water Authority has 12 separate departments, including the General Manager's Office, General Counsel, the Colorado River Program, the Government Relations Program, and the MWD Program, as depicted in the following organizational chart. The Human Resources department reports directly to the General Manager.



Budget Process

The Water Authority utilizes a two-year budget with a 24-month appropriation. The budget process usually spans several months, every other calendar year. The process includes consideration and discussion by the Board of Directors, review and proposals by the leadership team, and executive peer review with department directors and the General Manager's Office.



Fiscal years 2022 & 2023 Budget Calendar

- October 2020: Planning for upcoming budget development process was initiated by the General Manager's Office.
- October 2020 January 2021: Leadership team reviewed and evaluated existing services to determine if additional performance improvements could be made since the last budget cycle.
- January 2021: Board of Directors considered and discussed the anticipated drivers and policy priorities of the upcoming multi-year budget.
- February April 2021: The Executive Peer Review Team reviewed budget proposals and gave recommendations to the General Manager's Office. The General Manager reviewed the budget and final decisions were made.
- February June 2021: The Financial Strategy Work Group reviewed and discussed the budget proposals and gave recommendations to the General Manager.
- May 27, 2021: The General Manager's Recommended Budget Document was presented to the Board.
- ◆ June 8, 10, & 15, 2021: The Administrative and Finance Committee reviewed the Recommended Budget including Water Rates and Charges, Water Purchases, Debt Service, Capital, and Operating Budgets. The Administrative and Finance Committee made a recommendation to the full Board to adopt the recommended budget.
- June 24, 2021: The Board recommended additions to the recommended budget and formally adopted the Fiscal Years 2022 and 2023 budget with modifications.

Budget Document

The Adopted Multi-Year Budget for Fiscal Years 2022 and 2023 is organized and presented to satisfy the needs of Water Authority stakeholders, which include member agencies, creditors and investors, citizens, board directors, staff, and public officials. The budget is organized in compliance with the California state statutes and structured to meet external and internal managerial needs. This document serves as a comprehensive financial plan and communication tool for describing the Water Authority's programs, services, and resource requirements.

Budget Adjustments

The Water Authority Board of Directors adopted a two-year budget which is to be appropriated and expended as identified in Board Resolution No. 2021-17, which can be found in Appendix G of this document. By this resolution, the total appropriations adopted by the Board of Directors established the legal expenditure limit for the Water Authority as well as established budgetary controls. Overall, the adopted budget shall neither be increased nor decreased without prior Board authorization. In summary, the General Manager of the Water Authority may exercise discretion to modify the budget for changed circumstances provided that the modifications are under \$150,000. Section 4 of the resolution details the budgetary controls authorized by the Board.



Budget Versus Accounting Basis

The Water Authority's multi-year budget is developed on a cash basis. A cash basis budget recognizes revenues and expenditures when cash is received and cash is disbursed. Conversely, the Water Authority uses the accrual basis of accounting. The accrual basis of accounting records and recognizes both revenues and expenditures, in the period they occur.

Community Profile

The Water Authority's service area has undergone significant changes over the past several decades. Driven by an average population increase of 50,000 people per year, large swaths of rural land were shifted to urban uses to accommodate the population growth. This shift in land-use resulted in the region's predominantly urban and suburban character.

San Diego County also has a rich history of agriculture, beginning with large cattle ranches in the 18th century and continuing through the diverse range of crops and products grown today. Although the total number of agricultural acres under production has declined, the region maintains a significant number of high-value crops, such as cut-flowers, ornamental trees and shrubs, nursery plants, avocados, and citrus. Based on the 2020 Crop Statistics and Annual Report by the County of San Diego Department of Agriculture, Weights and Measures, the county has over 224,000 acres devoted to commercial agriculture. San Diego County agriculture is an approximately \$1.8 billion per year industry, with leading commodities in ornamental nursery plants, cacti and succulents, avocados, and lemons.

Climate

Climatic conditions within the county area are characteristically Mediterranean along the coast, with mild temperatures year-round. Inland weather patterns are more extreme, with summer temperatures often exceeding 90 degrees Fahrenheit (°F) and winter temperatures occasionally dipping below freezing. Average annual rainfall is approximately 10 inches per year on the coast and more than 33 inches per year in the inland mountains. More than 80% of the region's rainfall occurs between December and March.

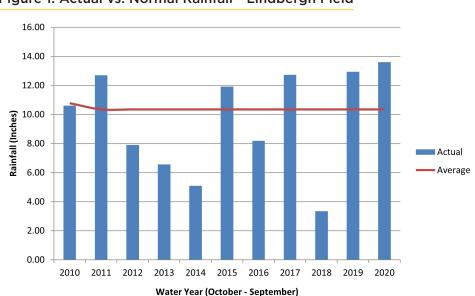


Figure 1: Actual vs. Normal Rainfall - Lindbergh Field



Regional Economy and Demographics

Two of the San Diego region's assets are its geography and climate. Its physical beauty, ecological diversity, and favorable weather make it an attractive place to live and conduct business. The quality of life attracts a well-educated talented workforce and retirees contributing to consumer spending in the region. The result is a sustainable and diversified regional economy. The semi-arid climate and low average annual rainfall contribute to the county's high reliance on imported water. For these reasons, the health of the regional economy is inextricably linked to the long-term success of the Water Authority.

The region's economic stability is based on federal spending, innovation and technology, tourism, and real estate. Government operations account for a large portion of the region's gross domestic product. San Diego is the principal home port of the U.S. Pacific Fleet for the U.S. Navy. Tourism, one of the region's three core traded economies, has steadily increased since 2010. The moderate growth in taxable sales and an increase in the real estate market have contributed to regional economy.

With the COVID-19 pandemic, unemployment in the region spiked in April 2020, since then the region has seen a decline in unemployment. The calendar year 2020 average unemployment rate for San Diego County was 9.3%, lower than the state's 10.2% rate and higher than the national average of 8.1%. As of June 2021, the unemployment rate for San Diego County was 7.0%.

Population

When the Water Authority was formed in 1944, the population within its service area was estimated at roughly 260,000 people. By 2020, Water Authority service area population reached 3.2 million, or an approximate 12-fold increase. The City of San Diego represents the largest population of any member agency, with approximately 1.4 million people.



Table 1: Water Source and Use - Fiscal Year Ended June 30, 2020

	Sourc	e of Water (Acre-F	Feet)	Type of Wate Supply (Ac	•		
		Water Authority					
	Local Supply ¹	Supply (Imported) ²	Total	Agricultural Use ³	M & I Use	Gross Area (Acres)	Estimated Population
Carlsbad Municipal Water District	5,983	11,719	17,702	-	11,719	20,682	88,422
Del Mar, City Of	108	954	1,062	-	954	1,442	4,451
Escondido, City Of	13,453	7,893	8,546	814	6,602	18,560	137,941
Fallbrook Public Utilities District	653	10,007	10,831	1,830	6,063	27,988	35,000
Helix Water District	7,582	21,035	28,618	-	21,035	31,350	277,294
Lakeside Water District	593	2,879	3,472	-	2,879	11,488	35,500
National City, City Of	4,329	527	4,856	-	527	4,812	62,099
Oceanside, City Of	2,399	19,844	22,242	321	19,523	26,983	178,021
Olivenhain Municipal Water District	2,387	17,189	19,577	86	17,104	30,942	87,144
Otay Water District	3,333	28,309	31,642	-	28,309	80,320	225,164
Padre Dam Municipal Water District	669	9,585	10,254	122	9,463	45,893	92,045
Camp Pendleton Marine Corps Base 4	7,795	166	7,961	-	166	134,625	62,350
Poway, City Of	608	8,837	9,445	24	8,813	25,047	49,972
Rainbow Municipal Water District	-	14,386	14,386	5,654	8,732	47,670	19,944
Ramona Municipal Water District	307	4,075	4,381	602	3,473	45,868	36,097
Rincon Del Diablo Municipal Water District	1,737	4,839	6,576	-	4,839	10,596	29,955
San Diego, City Of ⁵	25,309	140,505	165,814	129	140,376	213,121	1,373,607
San Dieguito Water District	3,190	3,127	6,317	-	3,127	5,660	39,125
Santa Fe Irrigation District	3,952	5,642	9,594	-	5,642	10,359	19,800
South Bay Irrigation District	9,774	1,929	11,703	-	1,929	13,837	127,620
Vallecitos Water District	3,208	10,877	14,085	536	10,341	28,363	105,741
Valley Center Municipal Water District	388	16,684	17,072	9,730	6,954	64,559	28,507
Vista Irrigation District	13,054	3,361	16,416	13	3,348	21,153	136,772
Yuima Municipal Water District	5,887	4,653	10,540	3,509	1,144	13,460	1,870
TOTALS	116,697	346,431	463,128	23,370	323,061	934,778	3,254,441

^{1.} Includes surface, recycled, groundwater, seawater desalination and San Luis Rey Water Transfer supplies; does not reflect conserved water.

^{2.} Water use in a given year may differ from Water Authority water sales due to utilization of storage.

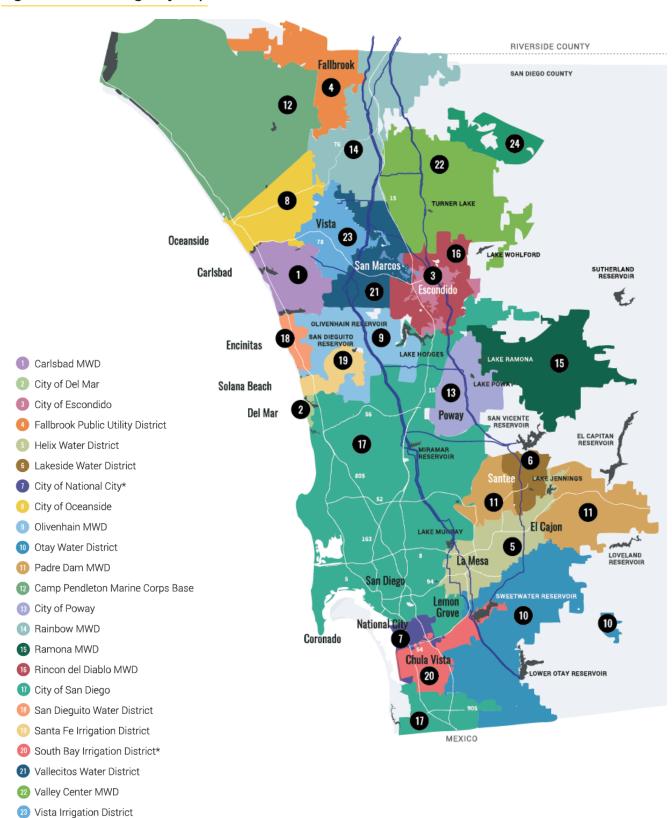
^{3.} Includes only amounts certified through the Special Agricultural Water Rate (SAWR) discounted agricultural water use program.

^{4.} Includes Water Authority deliveries via South Coast Water District system.

^{5.} Excludes City of San Diego local surface water use outside of Water Authority service area. Totals may not foot due to rounding.



Figure 2: Member Agency Map



^{*} The Sweetwater Authority is a service organization for the City of National City and the South Bay Irrigation District.

24 Yuima MWD



Water Authority Policies

Under the Water Authority's Administrative Code Section 2.04.050 the General Manager shall bi-annually prepare and submit to the Board a two-year budget. The Water Authority considers the budget to be balanced when the sources of funds equals the uses of funds.

In addition to the bi-annual budget, the Water Authority prepares a Long-Range Financing Plan (LRFP). As a financial planning document, the LRFP serves as the financial foundation supporting the long-term strategic objectives of the Water Authority. It provides long-term forecasts of revenues and expenditures for both operating and capital investment activities. When the Water Authority's Fiscal Years 2022 and 2023 Budget was adopted, the Water Authority was in the process of updating the LRFP to be considered for adoption by the Board of Directors in September 2021.

The plan ensures:

- Adherence to Board policies on fund balances
- Operating Fund maximum balance
- Rate Stabilization Fund (RSF) target and maximum balances
- Pay-As-You-Go (PAYGO) Funds restricted for capital improvements
- Smooth and predictable rate and charge increases
- Compliance with debt service coverage policies
- Maintenance of credit rating of at least AA or Aa2
- Identifies capital financing strategy to minimize the cost of borrowing
- Tools and strategies are in place to address the impact of unexpected revenue and expense volatility

The LRFP, and the financial policies it is supported by, provides a conservative, flexible financial structure that permits effective management of various risks, including weather variability, economic uncertainty, capital market volatility, and water demand uncertainty.

While the LRFP serves as a planning document, the Statement of Debt Management and Disclosure Policy (Debt and Disclosure Policy) sets forth comprehensive guidelines for the issuance and management of Water Authority debt. The policy ensures compliance with bond covenants and legal requirements and effectiveness of debt management. The Debt and Disclosure Policy contains detailed guidelines relating to the following topics:

- Governing legal documents
- Integration of capital planning and debt issuance
- Procurement of debt-related professional services
- Transaction-specific policies
- Communication and continuing disclosure



- Refunding policies and guidelines
- Reinvestment of bond proceeds
- Creation and maintenance of funds
- Post issuance compliance
- Debt service coverage

The Water Authority's Board is focused on long-term policy issues, including how to address revenue volatility, ensure equity among member agencies and balance local supply development with supply reliability provided by the Water Authority. The Fiscal Sustainability Task Force initiative resulted in the creation of a Supply Reliability Charge that ensures equitable portions of the Water Authority's investments in regional supply reliability are paid by all member agencies. It also decreases water sales revenue volatility by reducing the amount of revenue collected on volumetric rates. In addition, the Board approved the consistent allocation of non-commodity revenue to the Treatment Rate category and the extension of the Transitional Special Agricultural Water Rate through Calendar Year 2020.

Significant Financial Policies

Within the LRFP and Debt and Disclosure Policy, there are significant policies that play a role in managing the Water Authority's risks. These are highlighted below.

Reserves

With adequate reserves, the impact of volatility in net revenues to the Water Authority need not result in a rate shock to member agencies. Given the nature and degree of the financial risk facing the Water Authority, adequate financial reserves are essential to prudent financial management.

Below are the funds that serve as a reserve for specific financial activities. For example, the Operating Fund must maintain a \$5 million reserve for emergency purposes and the Rate Stabilization Fund provides reserves to ensure that the debt service coverage requirements are met during periods of financial distress.

Operating Fund

The Operating Fund holds the Water Authority's working capital and emergency operating reserve. In April 2003 the Water Authority amended its Operating Fund policy from a 60-day minimum balance of average annual operating expenditures to a maximum balance of 45 days of average annual operating expenditures. Common to both policies is a requirement that \$5 million of such calculated amount must be designated and held available for emergency repairs to the Water Authority's system due to unforeseen events. The Operating Fund provides working capital to ensure that even with mismatching cash receipts and disbursements, the Water Authority has ample liquidity/working capital.

Rate Stabilization Fund

In Fiscal Year 1990, the Water Authority established the RSF for the purpose of collecting amounts of water revenues greater than expenditures in years of strong water sales. Funds can then be used to mitigate "rate shock" in years of weak



water sales and/or to manage debt service coverage. The current policy governing RSF balances was first adopted in August 2006 and revised in June 2018. The RSF target balance is equal to the financial impact of 2.5 years of wet weather or mandatory drought regulations and the maximum fund balance is set equal to the financial impact of 3.5 years of wet weather or mandatory drought regulations. The effect of the current policy is to create a target for fund balances that is tied to the real financial impacts/risks that the fund is designed to protect against. The financial impact was revised down from a 25% reduction in water sales to 15% effective Calendar Year 2021. A two-year transition period (Calendar Year 2019 and Calendar Year 2020) assumes a 20% reduction.

As a general rule, the Water Authority may transfer portions of its net water revenues exceeding the Board's 1.5 times debt service coverage policy into the RSF. From time to time, as needed, the Water Authority will transfer amounts from its RSF into water revenues to meet its debt service ratio requirements, or to help provide adequate working capital to the Operating Fund. The funds are invested with maturities of one to five years and include restricted cash and investments.

Stored Water Fund

In 2006, the Board created the Dam-Fill Fund as a separate fund to support the purchase of water for the initial filling of San Vicente Dam Raise Project water storage capacity. As such, the Dam-Fill Fund was structured as a sinking fund designed only to provide funds for the initial dam-fill water purchases and then be eliminated. In 2010, the Dam-Fill Fund was renamed to the Stored Water Fund.

In 2016, the Stored Water Fund was made a permanent fund dedicated to maintaining the working capital necessary to utilize the Water Authority's storage facilities. With the completion of the San Vicente Dam Raise Project and the fill complete, it is clear that the water inventory cycle, that is the repeating pattern of purchasing water for storage and then selling the stored water to member agencies, would introduce very large fund balance fluctuations into the Operating Fund. In addition to eliminating the large fluctuations in the Operating Fund, a permanent Stored Water Fund ensures that funds are available to purchase water for storage, and that stored water funds can be easily tracked to ensure that they are used only for stored water purchases.

The Board Stored Water Fund Policy establishes a target storage level of 70,000 acre feet for the San Vicente Dam. The policy further ensures that funds are available to fill any shortfall below the target level. Therefore, if no water is in storage (i.e., storage level is 0 acre feet) there are funds held in the Stored Water Fund to purchase 70,000 acre feet and if the target level of storage is held (i.e., storage is at 70,000 acre feet) no funds are held in the Stored Water Fund.

Debt Service Reserve Fund

The Debt Service Reserve Fund was created to hold the required legal reserve for Water Authority debt issues. Such reserves are held for the purpose of making an issue's annual debt service payments in the event that the Water Authority's pledged revenues are insufficient to make such payments. The reserve requirement



is held in this fund until it is expended, generally to fund the last payment of the debt issuance. Interest earned on the Debt Service Reserve Fund is transferred into the Operating Fund and is not restricted. In Fiscal Year 2021, the Debt Service Reserve Fund totaled \$22.2 million comprised of reserves for the Series 1998A COP and Series 2019 debt issuances.

Equipment Replacement Fund

In 2003, the Board separated the Equipment Replacement Fund from the Operating Fund. The Equipment Replacement Fund is funded by annual draws from the Operating Fund. Annual draws are based upon specific organization needs for small capital and operating equipment such as vehicles, computers, the SCADA system, etc. Specific needs are identified in a 6 year forecast, which is monitored and evaluated every 6 months, with annual updates. The Equipment Replacement Fund is used to replace equipment that has reached the end of its effective useful life.

Limitations on Debt issuance

The Water Authority's short-term debt shall not exceed 25-30% of its total debt. The calculation of short-term debt shall include variable-rate demand obligations, the authorized amount of commercial paper, and any short-term notes. As of June 30, 2021, 18% of the Water Authority's debt obligations consisted of short-term debt.

The Water Authority's long-term debt, for which net revenues are pledged, shall be limited to that amount for which current and projected revenues generate senior lien debt service coverage of at least 120%. The calculation of debt service shall not include general obligation bonds or assessment bonds, to which revenue sources other than pledged revenues, as defined in General Resolution No. 89-21, adopted May 11, 1989, are pledged.

Debt Service Coverage

The Debt Service Coverage Ratio (DSCR) measures the availability of current financial resources to pay for debt service. It is the ratio of annual revenues - net of operating expenses - to total annual debt service. For example, a DSCR of 1.00 means that after paying all operating expenses, an issuer only has exactly enough funds to pay its debt service obligations.

The DSCR is one of the primary metrics used by credit rating agencies and investors to assess the credit worthiness of an issuer. In this way it is similar to the income to loan ratio used in qualifying for home mortgage. All other things being equal, a higher DSCR means less borrowing, better credit ratings, and a lower cost of debt. Conversely, a lower DSCR means more borrowing, lower credit ratings, and more expensive debt.

The Water Authority's General Resolution is the document governing outstanding debt issues. In this document, the Water Authority contractually commits to set rates so as to maintain a minimum DSCR of 1.20 times on senior lien debt. The Water Authority also covenants to maintain net revenues of at least 1.00 times on all outstanding obligations.



Enhanced Debt Service Coverage Ratio Target

Highly-rated issuers generally have DSCRs that exceed the covenanted levels. In August 2006, along with the RSF funding policies, the Board adopted a DSCR policy target of 1.50 times. This DSCR target provided levels more appropriate to preserve the long-term financial integrity of 'AA' rated agency in the midst of a large capital program. In addition to this 1.50 times policy target, the Board also adopted another policy target of 1.00 times on senior lien debt net of capacity charge revenues.

Revenue Collection Policy

The Water Authority's revenues consist largely of (a) rates and charges imposed on member agencies for delivery of water, provision of services, and use of facilities; (b) capacity charges levied on new users and collected for the Water Authority by member agencies; and (c) taxes and standby charges imposed on property and collected on the tax rolls.

The revenue collection policy clearly defines the revenue billing and collection cycle, thus ensuring the integrity of the revenue streams, which form the basis of the Water Authority's strong credit.

Except for capacity charges and where otherwise provided by contract, invoices for rates and charges are mailed within 10 business days after the end of a calendar month. Each invoice indicates the date of invoice, amount and basis for billing, total amount due and payable, and the payment due date. Delinquency charges begin to accrue starting after 2:00 pm on the date stated in the invoice. If the delinquency charge is greater than five days, the delinquency charge is two percent of the delinquent payment for each month or portion thereof that the payment remains delinquent. The Board adopted policy does not allow for waivers of delinquency charges. This policy has resulted in the Water Authority's very low delinquency rates.

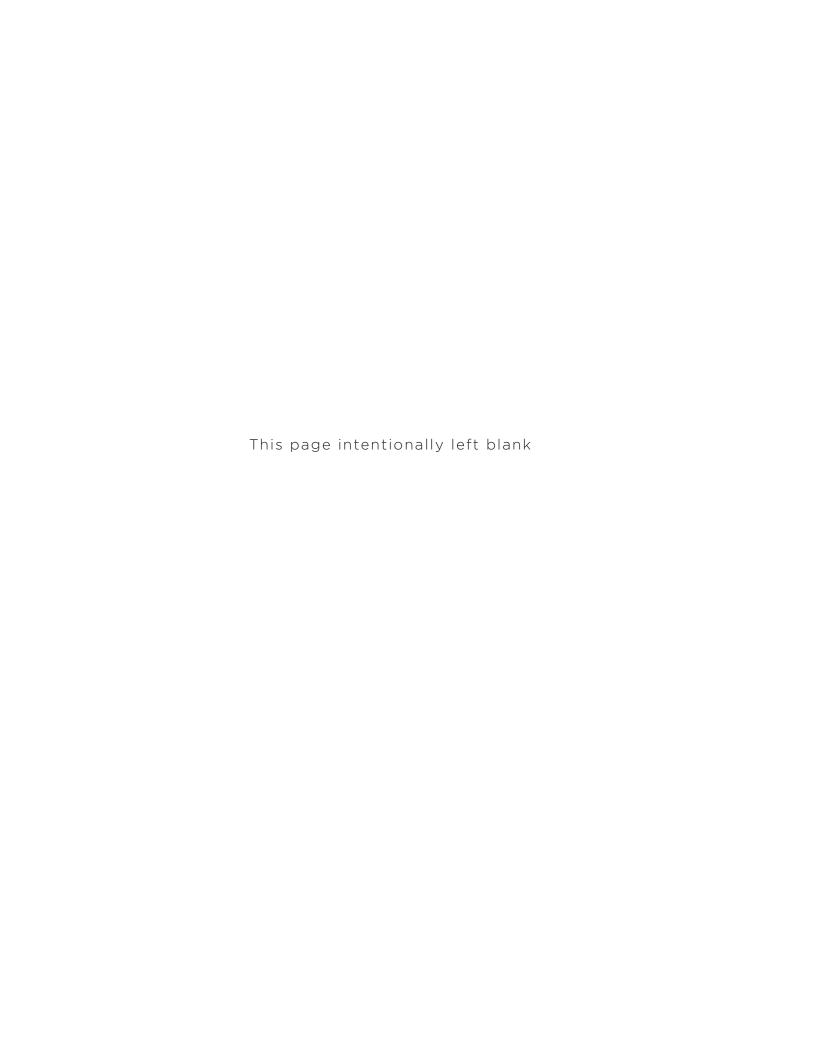
Investment Policy

The investment policy organizes and formalizes Water Authority investment-related activities to ensure the systematic and prudent administration of funds. The Board of Directors and, upon formal delegation, the Treasurer for the San Diego County Water Authority, duly authorized to invest Water Authority monies by California Government Code, are trustees of Water Authority funds and therefore fiduciaries subject to the prudent investor standard.

The investment policy applies to all Water Authority funds and investment activities except for the employee's retirement and deferred compensation funds. Based on the priorities of safety, liquidity, yield and public trust, the policy addresses issues such as delegation of authority, permitted investments, diversification, portfolio limitations, internal controls, safekeeping and custody, reporting, and ethics and conflicts of interest.

Debt Management and Disclosure Policy

The Statement of Debt Management and Disclosure Policy (Debt and Disclosure Policy) provides a set of comprehensive guidelines for the issuance and management of the Water Authority's debt portfolio. The Board of Directors most recently approved and adopted the Debt and Disclosure Policy in May 2021. The Debt and Disclosure policy provides the tools for the Water Authority to manage its debt portfolio to minimize its financing costs, evaluate the risks and benefits of various debt instruments, ensure it maintains robust and timely disclosures of its activities to the financial markets, and provide for appropriate participation in the municipal securities market by the Water Authority.



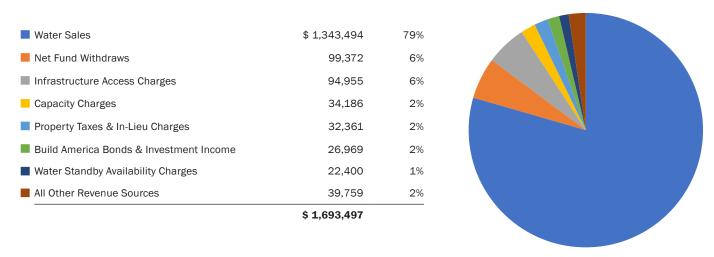


Overview

The Water Authority's Fiscal Years 2022 and 2023 Adopted Budget is \$1.7 billion. This Financial Summaries Section contains charts and tables that explain the major components of this budget. The subsequent Sources and Uses Section provides additional detail regarding budgeted revenues and expenditures.

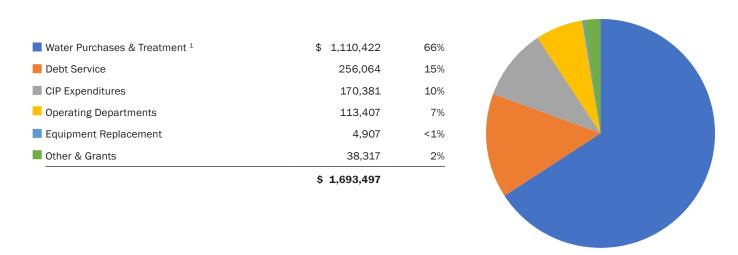
The adopted sources of funds (revenues) for Fiscal Years 2022 and 2023 are shown in Figure 1. Water Sales is the largest source of revenue at \$1.3 billion, reflecting 79% of total revenue to the Water Authority.

Figure 1: Sources of Funds (\$ Thousands)



The adopted uses of funds (expenditures) for Fiscal Years 2022 and 2023 are shown in Figure 2. Three expenditure categories, Water Purchases and Treatment, Debt Service, and the Capital Improvement Program (CIP) combined equate to 91% of the total budget.

Figure 2: Uses of Funds (\$ Thousands)



1. In this figure only, Water Purchases and Treatment includes the Quantification Settlement Agreement (QSA) mitigation. These categories are shown separately in tables throughout the rest of the document.



Table 1 provides the breakdown of adopted sources (revenue) and uses (expenditures) of funds for the two-year budget period and previous budget periods, for comparative purposes. The overall Water Authority budget of \$1.7 billion has remained flat from the prior two-year budget. The biggest drivers of the adopted budget are water demands and the cost to purchase water, the increase to the Capital Improvement Program, and Debt Service savings. Additional details on the individual revenue and expenditure line items are provided in the Sources and Uses Section of this document.

Table 1: Adopted Fiscal Years 2022 and 2023 Budgeted Sources and Uses of Funds (\$ Thousands)

	FYs 18&19	FYs 20&21	FYs 20&21	FYs 22&23	\	/ariance	V	/ariance
	Actual	Amended	Estimate	Adopted	Budget to	Budget	Budget to E	stimate
Revenues & Other Income								
Water Sales	\$ 1,171,415		\$ 1,172,839	\$ 1,343,494	\$ 36,575	3%	\$ 170,655	15%
Infrastructure Access Charges	65,685	81,656	80,864	94,955	13,299	16%	14,091	17%
Property Taxes & In-Lieu Charges	28,420	28,304	31,676	32,361	4,057	14%	685	2%
Investment Income	12,615	11,501	11,826	5,652	(5,849)	-51%	(6,175)	-52%
Hydroelectric Revenue	7,786	7,350	6,342	5,772	(1,578)	-21%	(570)	-9%
Grant Reimbursement	17,441	27,327	15,685	28,717	1,390	5%	13,032	83%
Build America Bond Subsidy (BABS)	21,133	21,104	21,276	21,317	213	1%	41	0%
Other Income	14,122	2,528	53,931	3,658	1,130	45%	(50,272)	-93%
Capital Contributions:								
Capacity Charges	47,963	33,220	35,659	34,186	967	3%	(1,472)	-4%
Water Standby Availability Charges	22,257	22,221	22,359	22,400	179	1%	41	0%
Contributions in Aid of CIP	16	1,855	2,726	1,612	(243)	-13%	(1,113)	-41%
Total Revenues & Other Income	\$ 1,408,852	\$ 1,543,985	\$ 1,455,182	\$ 1,594,125	\$ 50,140	3%	\$ 138,943	10%
Net Fund Withdraws	50,234	143,581	66,570	99,372	(44,208)	-31%	32,802	49%
TOTAL SOURCES OF FUNDS	\$ 1,459,087	\$ 1,687,566	\$ 1,521,752	\$ 1,693,497	\$ 5,931	0%	\$ 171,745	11%
Expenditures								
Water Purchases & Treatment	\$ 892,553	\$ 1,075,463	\$ 959.537	\$ 1,110,422	\$ 34.958	3%	\$ 150,884	16%
Stored Water Purchases	-	-	-	-	- ·	-	-	-
CIP Expenditures	131,713	162,222	113,480	170,381	8,159	5%	56,901	50%
Debt Service 1,2	292,624	297,432	264,189	256,064	(41,368)	-14%	(8,125)	-3%
QSA Mitigation ³	18,829	4,711	4,711	5,891	1,180	25%	1,180	25%
Operating Departments	96,277	111,503	106,408	113,407	1,903	2%	6,999	7%
Equipment Replacement	3,775	6,024	3,434	4,907	(1,117)	-19%	1,473	43%
Grant Expenditures	19,485	26,323	15,183	29,003	2,680	10%	13,819	91%
Other Expenditures	3,830	3,888	54,810	3,423	(465)	-12%	(51,387)	-94%
TOTAL USES OF FUNDS	\$ 1,459,087	\$ 1,687,566	\$ 1,521,752	\$ 1,693,497	\$ 5,931	0%	\$ 171,745	11%

^{1.} Debt Service for Fiscal Years 2018 and 2019 not inclusive of super-subordinate Series 2012 Desalination Pipeline Bonds.

^{2.} Debt Service for Fiscal Years 2020 and 2021 includes \$19,990,110 in defeased Water Revenue Refunding Bonds Series 2005A COP, Series 2011A and 2011B.

^{3.} QSA Mitigation includes QSA JPA contributions, environmental mitigation, Lower Colorado River Multi-species Conservation Program, and payments for Socioeconomic Mitigation Settlement. Totals may not foot due to rounding.



Tables 2 and 3 communicate the adopted rates and charges for Calendar Year 2022 by category, and compares these to the current and previous years' rates.

Overall, rates and charges are adopted to increase by 3.6% on Municipal and Industrial (M&I) treated water effective January 1, 2022. In addition, for budgetary purposes, the Water Authority develops water sales projections based on estimates for Calendar Year 2022 that incorporates current known factors and is consistent with the updated demand forecast and 2020 Urban Water Management Plan.

Table 2: Water Authority Water Rate on a Per Acre-Foot Basis

	CY 18	CY 19	CY 20	CY 21	CY 22		
	Rates	Rates	Rates	Rates	Adopted Rates	Variance \$	Variance %
Melded Supply Rate	\$ 894	\$ 909	\$ 925	\$ 940	\$ 1,009	\$ 69	7.3%
Melded Treatment Rate	300	276	280	295	310	15	5.1%
Transportation	115	120	132	150	173	23	15.3%
Storage ¹	162	171	181	189	167	(22)	-11.8%
Customer Service ¹	61	61	64	73	65	(8)	-11.0%
Supply Reliability ¹	71	80	104	122	109	(13)	-10.7%
TOTAL COST OF TREATED WATER	\$1,603	\$ 1,617	\$ 1,686	\$ 1,769	\$ 1,833	\$ 64	3.6%
TOTAL COST OF UNTREATED WATER	\$1,303	\$ 1,341	\$ 1,406	\$ 1,474	\$ 1,523	\$ 49	3.3%

^{1.} Fixed charges converted to per acre-foot basis.

Table 3: Water Authority Adopted Rates and Charges

	CY 18 Rates				CY 20 Rates		CY 21 Rates		CY 22	Adopted Rates
Variable Rates (\$/Acre-Foot)										
Melded M&I Supply Rate	\$	894	\$	909	\$	925	\$	940	\$	1,009
Melded M&I Treatment Rate		300		276		280		295		310
Transportation		115		120		132		150		173
Fixed Charges (\$ Millions)										
Storage Charge	\$	65.0	\$	65.0	\$	65.0	\$	60.0	\$	60.0
Customer Service Charge		26.4		25.6		25.6		25.6		25.6
Supply Reliability Charge		28.6		30.2		37.4		38.9		39.3
Other Rates & Charges										
Untreated Special Agricultural Rate	\$	695	\$	731	\$	755	\$	777	\$	799
Treated Special Agricultural Rate		995	1,007			1,035	1,072			1,109
Infrastructure Access Charge (IAC) ¹		01/ME	3.0	01/ME	3.6	66/ME	4.	24/ME	4	1.24/ME
Water Standby Availability Charge ²		10		10		10		10		10

^{1.} ME means meter equivalent as defined in the resolution establishing the IAC.

^{2.} Fiscal Year charge.



Table 4 depicts the various sources of revenue that generate water sales and the categories of expenses that comprise the cost to purchase or treat water. Water Sales revenues are generated through rates and charges from the Water Authority (both fixed and commodity based), pass-through of Metropolitan Water District's (MWD) rates and charges, and other adjustments.

The Water Authority's rate periods differ from the budget. Rates are set on a calendar year basis; whereas the budget is set on a fiscal year basis, commencing July 1.

Additional detail on the assumptions that developed Water Sales and Purchases and historical information can be found in the Sources and Uses of Funds Section of this document, on pages 39 and 45.

Table 4: Water Sales and Purchases

Water Sales	,	Volume (AF)			Dollars				
Water Authority	FY 22	FY 23	Total	FY 22		FY 23		Total	
Commodity									
Melded Supply	355,866	362,019	717,885	\$ 344,518,219	\$	380,163,099	\$	724,681,318	
Melded Treatment	153,346	157,789	311,135	46,185,171		50,218,488		96,403,660	
Transportation	391,066	398,979	790,045	62,377,921		69,518,029		131,895,951	
Permanent Special Agricultural Water Rate (PSAWR)	35,200	36,960	72,160	34,237,885		39,058,423		73,296,308	
Subtotal Commodity				\$ 487,319,196	\$	538,958,040	\$:	1,026,277,236	
Fixed									
Supply Reliability Charge	355,866	362,019	717,855	\$39,090,000	\$	37,775,000	\$	76,865,000	
Customer Service Charge	391,066	398,979	790,045	25,600,000		25,600,000		51,200,000	
Storage Charge	355,866	362,019	717,885	60,000,000		60,000,000		120,000,000	
Subtotal Fixed				\$ 124,690,000	\$	123,375,000	\$	248,065,000	
Subtotal Water Authority				\$ 612,009,196	\$	662,333,040	\$:	1,274,342,236	
Pass-Throughs									
MWD									
Readiness-to-Serve (RTS) Charge				\$ 10,553,664		10,544,166	\$	21,097,830	
Capacity Charge				9,795,550		10,432,403		20,227,953	
CWA									
Carlsbad and Vallecitos Water Districts Desalinated Water Purchases	6,000	6,000	12,000	17,373,268		17,438,010		34,811,278	
Subtotal Pass-Throughs				\$ 37,722,482	\$	38,414,579	\$	76,137,062	
Adjustments									
Reclamation Credits MWD	19,602	25,179	44,782	\$ (3,280,614)	\$	(4,154,538)	\$	(7,435,152)	
SDG&E Pumping Costs				225,000		225,000		450,000	
Subtotal Adjustments				\$ (3,055,614)	\$	(3,929,538)	\$	(6,985,152)	
TOTAL WATER SALES				\$ 646,676,065	\$	696,818,081	\$:	1,343,494,145	

Note: Totals may not foot due to rounding.



Water Purchases and Treatment (cost of sales) includes water purchases from MWD, Imperial Irrigation District, and the Claude "Bud" Lewis Carlsbad Desalination Plant; the cost to treat water, whether through the Water Authority's treatment facilities or one of the member agency's facilities, and other adjustments. There are no planned purchases for dry-year transfers or groundwater storage.

Table 4: Water Sales and Purchases, continued

Water Purchases and Treatment Volume (AF)				Dollars					
	FY 22	FY 23	Total		FY 22		FY 23		Total
Metropolitan Water District (MWD) Supplies	04.040	40.000	74.005		04 400 070		00 05 4 000	•	FF 007 000
Full Service Untreated Water	31,916	40,069	71,985	\$	24,433,270	\$		\$	55,087,669
Untreated PSAWR	35,200	36,960	72,160		27,717,030		31,365,881		59,082,911
RTS					10,553,664		10,544,166		21,097,830
Capacity Charge					9,795,550		10,432,403		20,227,953
Subtotal MWD	67,116	77,029	144,145	\$	72,499,514	\$	82,996,849	\$	155,496,363
Quantification Settlement Agreement (QSA)									
Imperial Irrigation District (IID)	203,750	201,250	405,000	\$	141,555,663	\$	144,115,048	\$	285,670,711
All-American and Coachella Canals	78,200	78,700	156,900		1,259,922	,	1,306,027	•	2,565,949
MWD Wheeling Costs for QSA Transfers	281,950	279,950	561,900		153,654,500		168,583,880		322,238,380
Subtotal QSA	281,950	•	561,900	Ś	296,470,085	Ś		Ś	610,475,039
Quality Quality	,	,	,	·		•		Ť	,,
Carlsbad Desalination									
Supply Costs	42,000	42,000	84,000	\$	98,626,855	\$	99,330,000	\$	197,956,855
Direct Purchase for Carlsbad and Vallecitos Water Districts	6,000	6,000	12,000		17,373,268		17,438,010		34,811,278
Subtotal Desalination Supply	48,000	48,000	96,000	\$	116,000,123	\$	116,768,010	\$	232,768,133
Treatment									
Metropolitan Water District (MWD)	47,093	52,029	99,121	\$	15,589,193	\$	18,051,614	\$	33,640,808
San Diego County Water Authority (SDCWA)	45,768	44,984	90,751		10,294,068		11,116,257		21,410,325
Helix	18,486	18,777	37,263		2,074,546		2,136,782		4,211,328
Carlsbad Desalination	42,000	42,000	84,000		12,705,000		13,419,000		26,124,000
Subtotal Treatment	153,346	157,789	311,135	\$	40,662,807	\$	44,723,653	\$	85,386,461
Adjustments									
PSAWR Supply Credit	35,200	36,960	72,160	\$	6.520.855	\$	7,692,542	\$	14,213,397
Groundwater Storage Facility Related	33,200	30,300	72,100	Ψ	0,020,000	Ψ	1,002,042	Ψ	1-,210,001
Supply Costs					505,361		520,522		1,025,883
Reclamation Credits SDCWA	19,602	25,179	44,782		3,971,239		5,126,491		9,097,729
Reclamation Credits MWD	19,602	25,179	44,782		(3,280,614)		(4,154,538)		(7,435,152)
Evaporation & Seepage	2,500	2,500	5,000		1,997,500		2,259,875		4,257,375
SDG&E Pumping Costs					225,000		225,000		450,000
Other					2,517,959		2,168,399		4,686,358
Subtotal Adjustments				\$	12,457,299	\$	13,838,291	\$	26,295,590
TOTAL PURCHASES AND TREATMENT				\$	538,089,829	\$	572,331,758	\$ 1	L,110,421,587
NET WATER SALES				\$	108,586,236	\$	124,486,323	\$	233,072,559

Note: Totals may not foot due to rounding.



The CIP Budget is viewed both in terms of a multiyear plan and in terms of a two-year appropriation. Table 5 summarizes, by project type, the CIP multiyear plan and the adopted two-year appropriation compared to the previous budget. Historically, the CIP has been presented with a Lifetime Budget for projects in addition to the two-year appropriation. The Water Authority has revised the CIP presentation for transparency and is now presenting the lifecycle costs of a project as a multiyear plan. When a new project is approved by the Board of Directors, it is assigned a multiyear, or lifetime, plan for projected costs. A project's multiyear plan is the estimated cost of the project from design to construction, including post-construction. Due to the length of time a project may be active, the entire multiyear planned costs are not immediately appropriated to manage cash flow. Funds for CIP expenditures are appropriated for the two-year period through the budget process.

The Amended Multiyear CIP Plan for Fiscal Years 2020 and 2021 was \$2.0 billion. The Adopted Multiyear CIP Plan for Fiscal Years 2022 and 2023 is \$1.5 billion and reflects a decrease of \$0.5 billion, which is associated with the completion of 4 projects, the removal of 3 long-range projects, and the removal of completed project segments. The two-year appropriation of \$170.4 million is 5% higher than the prior amended two-year appropriation. The significant changes to the two-year appropriation include projects to repair and rehabilitate existing facilities, scope changes, and a prioritization of Asset Management projects. Construction cost estimates for projects in Fiscal Years 2022 and 2023 were updated to incorporate current market conditions.

Table 5: Adopted CIP Budget by Project Type (\$ Thousands)

		Two-Year Appro	Appropriation			
	Proposed Multiyear Plan	FYs 20&21 Amended	FYs 22&23 Adopted			
Asset Management	\$ 1,235,238	\$ 66,409	\$ 97,925			
Emergency Storage Program	57,446	32,144	14,902			
Environmental Mitigation	56,847	-	14,266			
Master Planning & Studies	33,125	9,944	8,783			
New Facilities	112,789	49,693	31,040			
Other	6,790	4,032	3,466			
CIP BUDGET TOTAL	\$1,502,235	\$ 162,222	\$ 170,381			
Completed/Removed Projects	\$ 496,296					

Note: Totals may not foot due to rounding.

As depicted in Figure 3, the Water Authority's Fiscal Years 2020 and 2021 CIP expenditures decreased from previous fiscal years, and are projected to increase in Fiscal Years 2022 and 2023.

Figure 3: CIP Budget by Fiscal Year

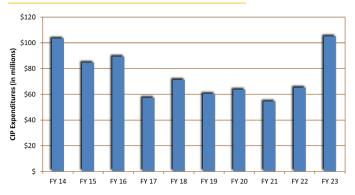




Figure 4 illustrates that 72% of the adopted two-year Figure 4: CIP Budget by Project Phase CIP expenditures will be spent on construction; this is a 6% decrease from Fiscal Years 2020 and 2021. Planning phase expenditures have increased approximately 4% over the previous two-year period, primarily due to the efforts associated with the new 2023 Facilities Master Plan Update.

Both the multiyear plan and two-year appropriation are summarized by individual project in the Capital Improvement Program Section of the budget document.

Table 6 identifies the Adopted Fiscal Years 2022 and 2023 Debt Service expense. The table includes the principal and interest payments for short-term and long-term debt, which

include savings from refundings. Also included are the fees associated with debt service.

Post Construction Planning 11% 8% Design 9% **Construction 72%**

Table 6: Water Authority Debt Service (\$ Thousands)

	F	Ys 20&21 Amended	F	Ys 22&23 Adopted		Variance o Budget
Long-term Debt Service	,					
Water Revenue Certificates of Participation						
Series 1998A	\$	1,110	\$	1,110	\$ -	-
Series 2005A		8,174		7,446	(728)	-9%
Series 2008A		9,266		-	(9,266)	-100%
Water Revenue Bonds						
Series 2010A&B		69,471		64,588	(4,883)	-7%
Series 2011A&B		53,273		-	(53,273)	-100%
Series 2013A		40,709		18,731	(21,978)	-54%
Series 2015A		39,940		54,100	14,160	35%
Series 2016A&B		29,634		1,787	(27,848)	-94%
Series 2020A		-		8,010	8,010	-
Series 2021A		-		26,135	26,135	-
Series 2021B		-		23,162	23,162	-
Subtotal	\$	251,577	\$	205,069	\$ (46,508)	-18%
Water Furnishing Revenue Bonds ¹						
Series 2019	\$	17,630	\$	20,146	\$ 2,516	14%
Subtotal	\$	17,630	\$	20,146	\$ 2,516	14%
Short-term Debt Service						
Commercial Paper (ECP Series 1, 9 and 10) $^{\rm 2}$	\$	17,465	\$	13,099	\$ (4,366)	-25%
Subordinate Lien Bond, Series 2016S-12		8,169		-	(8,169)	-100%
Subordinate Lien Bond, Series 2021S-1 ²		-		15,158	15,158	-
Fees on Debt		2,591		2,592	1	-
Subtotal	\$	28,225	\$	30,848	\$ 2,624	9%
TOTAL DEBT SERVICE	\$	297,431	\$	256,064	\$ (41,368)	-14%

^{1.} The Water Furnishing Revenue Desalination Pipeline Bonds Series 2019 are subordinate to the pledge of Net Water Revenues for payment of Water Revenue Bonds and Certificates of Participation, Contracts, Reimbursement Obligations and Subordinate Obligations. 2. Subordinate Lien Bond, Series 2016S-1 was rolled into Subordinate Lien Bond, Series 2021S-1 in 2021 with the ECP Series 1.

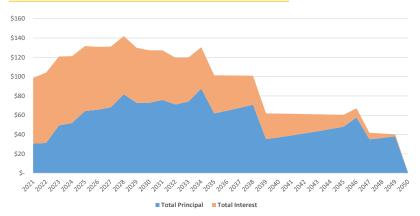


The Water Authority's debt service for Fiscal Years 2022 and 2023 is \$256.1 million. This budget includes debt service savings from refundings. The new Water Revenue Refunding Bonds, Series 2020A (Taxable, Green Bonds), Series 2021A (Tax-Exempt, Green Bonds), Series 2021B (Green Bonds), and the Subordinate Lien Water Revenue Refunding Bonds, Series 2021S-1 (Green Bonds), will save approximately \$130.0 million in net present value savings over the life of the bonds.

Current debt service expenditures include outstanding payments on COP issuances, Water Revenue Refunding Bonds issuances, Build America Bonds (BABs) issuance, Subordinate Lien Water Revenue Refunding Bonds issuance, and Subordinate Water Furnishing Revenue Desalination Pipeline Bonds. The Water Authority is evaluating the issuance of new monies in Fiscal Years 2022 and 2023.

Figure 5, shown below, depicts all existing short-term and long-term debt payments for the Water Authority.

Figure 5: Debt Service Payment Schedule

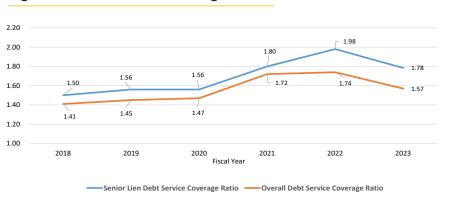


Note: Debt service payment schedule excludes Series 2021S-1 bonds.

An important financial performance metric is the debt service coverage ratio (DSCR). Exclusive of the tax revenue and debt service costs associated with voterapproved debt, net water revenues, as defined by the bond covenants, must equal or exceed 1.20 times (x) the annual senior lien debt service payments. The Board target for senior lien debt service coverage is 1.50x.

Figure 6: Debt Service Coverage Ratios

As shown in Figure 6, the Water Authority projects to achieve the Board target coverage ratio of at least 1.50x in Fiscal Years 2022 and 2023. In addition, the Water Authority will meet an overall debt service coverage ratio of 1.00x as required per bond covenants.



Underlying credit ratings are a valid measure of financial sustainability, as they evaluate both the current financial position as well as an assumed two year look forward which incorporates both financial and risk assessments. The Water Authority has underlying credit ratings from Standard & Poor's, Fitch Ratings, and Moody's Investor Service. The Water Authority Senior Lien Debt Ratings are AAA/AA+/Aa2, respectively. The ratings for the Water Authority's Subordinate Lien Debt and Commercial Paper Short-term Debt can be found on the Water Authority's website.



Operating Departments Budget

The Operating Departments Budget makes up \$113.4 million, or 7%, of the entire Water Authority expenditures budget. Through a series of facilitated executive staff budget development meetings, the Water Authority achieved a budget that addresses the organization's environment and provides funding for key programmatic activities. Table 7 communicates the breakdown of the budget by expenditure type for the adopted budget and compares it to the previous two-year budget period. Figure 7 depicts this information graphically. Non-personnel expenditures are outlined beginning on page 34. Labor and Benefits are summarized beginning on page 36.

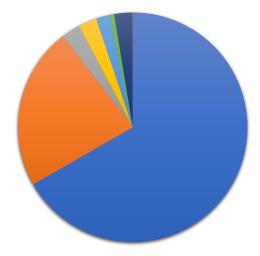
Table 7: Operating Departments Budget by Expenditure Type

	FYs 20&21	FYs 20&21	FYs 22&23		\	/ariance			Variance
	Amended	Estimated		Adopted	Budget to	Budget		Budget to	Estimate
Labor	\$ 62,017,630	\$ 63,065,127	\$	63,485,369	\$ 1,467,740	2%	\$	420,242	1%
Benefits	31,574,511	30,388,468		35,936,161	4,361,649	14%		5,547,693	18%
Labor & Benefits Total	\$ 93,592,141	\$ 93,453,594	\$	99,421,530	\$ 5,829,389	6%	\$	5,967,936	6%
Direct Charges to CIP/Grants	(16,524,123)	(18,673,851)		(18,231,960)	(1,707,837)	10%		441,891	-2%
Operating Labor & Benefits	\$ 77,068,018	\$ 74,779,744	\$	81,189,570	\$ 4,121,553	5%	\$	6,409,827	9%
Services	28,367,631	26,732,086		28,245,716	(121,915)	0%		1,513,630	6%
Supplies	4,176,300	4,052,622		3,216,056	(960,243)	-23%		(836,566)	-21%
Utilities	3,010,217	2,772,077		3,121,587	111,371	4%		349,511	13%
Insurance	2,082,961	1,969,920		2,348,016	265,055	13%		378,096	19%
Lease/Rents	796,012	716,371		752,651	(43,361)	-5%		36,280	5%
Other	3,746,305	2,812,589		3,086,252	(660,052)	-18%		273,663	10%
Fixed Assets	256,290	578,742		70,000	(186,290)	-73%		(508,742)	-88%
Non Personnel Total	\$ 42,435,715	\$ 39,634,407	\$	40,840,279	\$ (1,595,436)	-4%	\$	1,205,871	3%
Total	119,503,732	114,414,151		122,029,849	2,526,117	2%		7,615,689	7%
Capitalized Overhead	(8,000,449)	(8,006,618)		(8,623,145)	(622,696)	8%		(616,527)	8%
GRAND TOTAL	\$ 111,503,283	\$ 106,407,532	\$	113,406,704	\$ 1,903,421	2%	\$	6,999,171	7%

Note: Totals may not foot due to rounding.

Figure 7: Operating Departments Budget by Expenditure Type (excluding capitalized overhead) (\$ Thousands)

	\$ 122,030	100%
Fixed Asset	70	>0%
Other	3,086	3%
Leases & Rent	753	<1%
Insurance	2,348	2%
Utilities	3,122	3%
Supplies	3,216	3%
Services	28,246	23%
Operating Labor & Benefits	\$ 80,190	67%





Services

Services expenditures include professional, technical, legal, and financial services. The Services line item budget is \$28.2 million, or 23%, of the Operating Departments budget excluding capitalized overhead. In total, Services are \$0.1 million less than the prior two-year budget period. A primary reason for this decrease is due to the pre-payment of maintenance cost sharing for Lake Hodges and San Vicente Reservoir as well as a shift of some expenses to the Capital Improvment Program. In addition, state and federally mandated planning and assessment documents have been completed resulting in a reduced need for outside services.

Supplies

Supplies expenditures include necessary supplies and minor equipment for operating and maintaining our facilities. The Supplies category is \$3.2 million, or 3%, of the Operating Departments budget excluding capitalized overhead. This almost \$1.0 million decrease is due to savings in maintenance materials and electronic supplies in support of operations.

Utilities

Utilities expenditures include costs for gas, electricity, water, sewer, and telephone charges. The Utilities category is \$3.1 million or 3%, of the Operating Departments budget excluding capitalized overhead. It is anticipated that Utilities will increase slightly by \$111,371, or 4%, in the upcoming period.

Insurance

Insurance expenditures include premium costs associated with property and workers' compensation insurance, as well as costs incurred for unemployment claims. The Insurance category is \$2.3 million, or 2%, of the Operating Departments budget excluding capitalized overhead. In comparison with the previous two-year budget period, Insurance is projecting an increase of \$265,055, or 13%. This increase reflects predicted increases in premiums for the Water Authority's package of property, liability, and workers' compensation coverage due to extreme volatility currently being seen across California.

Leases and Rent

Leases and Rent expenditures include office, facility, and equipment rentals. The Leases and Rent category is \$752,651, or less than 1%, of the Operating Departments budget excluding capitalized overhead. Expenditures for Leases and Rent are expected to decrease by \$43,361, or 5%, primarily associated with reductions in equipment rentals.

Other

Other expenditures include costs for travel, training, memberships, sponsorships, permits, and licenses. This expenditure category is \$3.1 million, or 3%, of the Operating Departments budget excluding capitalized overhead. Overall, there is \$660,052, or 18%, decrease from the prior two-year budget which is primarily due to savings in travel, training, and membership expenses.

Fixed Asset

Fixed Asset expenditures include the purchase of assets, not associated with the CIP. These expenses are one-time and the Water Authority is projecting a decrease of \$186,290, or 73%, compared to the prior two-year period when several one-time purchases for major maintenance equipment were made.



Table 8 lists by department the adopted budget for Fiscal Years 2022 and 2023 and provides a comparison with the previous two-year budget period. Figure 8 graphically depicts that the single largest department in the Water Authority is the Operations and Maintenance Department, which represents one-third of Water Authority Operating Department expenditures.

The details of each department, including a discussion of significant budget changes, are provided in the Operating Departments Section of this document.

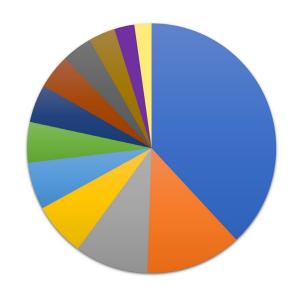
Table 8: Operating Departments Budget by Department

	FYs 20&21	FYs 20&21	FYs 22&23	Variance	V	ariance
	Amended	Estimated	Adopted	Budget to Budget	Budget to E	stimate
Administrative Services	\$ 13,611,163	\$ 13,001,660	\$ 14,110,437	\$ 499,275 4%	\$ 1,108,777	9%
Colorado River Program	3,458,721	3,075,794	4,465,664	1,006,943 29%	1,389,870	45%
Engineering	8,007,604	7,831,475	7,853,328	(154,275) -2%	21,853	-
Finance	5,480,702	5,199,594	5,954,983	474,281 9%	755,389	15%
General Counsel	6,689,550	7,754,931	6,946,350	256,800 4%	(808,581)	-10%
General Manager & Board of Directors	6,824,477	6,500,318	5,029,730	(1,794,747) -26%	(1,470,588)	-23%
Government Relations	1,343,856	973,218	2,519,583	1,175,727 87%	1,546,365	159%
Human Resources	1,551,617	1,353,836	2,954,164	1,402,547 90%	1,600,327	118%
MWD Program	4,045,097	3,728,353	3,952,273	(92,824) -2%	223,921	6%
Operations & Maintenance	43,061,715	41,009,986	43,210,341	148,625 -	2,200,355	5%
Public Affairs	6,919,725	6,422,180	5,595,258	(1,324,467) -19%	(826,922)	-13%
Water Resources	10,509,056	9,556,186	10,814,591	305,535 3%	1,258,405	13%
TOTAL OPERATING DEPARTMENTS	\$ 111,503,283	\$ 106,407,532	\$ 113,406,704	\$ 1,096,621 1%	\$ 6,999,171	7%

Note: Totals may not foot due to rounding.

Figure 8: Operating Budget by Department (\$ Thousands)

·	\$ 113,406	100%
Government Relations	2,520	2%
Human Resources	2,954	3%
MWD Program	3,952	3%
Colorado River Program	4,466	4%
■ General Manager & Board of Directors	5,030	4%
Public Affairs	5,595	5%
Finance	5,955	5%
General Counsel	6,946	6%
Engineering	7,853	7%
■ Water Resources	10,815	10%
Administrative Services	14,110	12%
Operations & Maintenance	\$ 43,210	38%





Water Authority Labor and Benefits

The adopted two-year budget for Labor and Benefits will increase by approximately 6% overall in comparison with the previous budget period. This includes the elimination of 7.00 full-time equivalent (FTE) positions beginning in Fiscal Year 2022.

In total, Labor and Benefits are projected to be \$99.4 million, an increase of \$5.8 million in comparison with the prior two-year budget. Labor and Benefits are calculated for the entire Water Authority and then allocated between the Operating Departments and other reimbursable funds, like CIP or grants, as depicted in Table 9. Of the total adopted budget for Labor and Benefits, \$81.2 million, or 82%, represents the Operating Department's expense and \$18.2 million, or 18%, will be directly charged to CIP or grants.

The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Full negotiated increases were absorbed through planned vacancies in Fiscal Years 2020 and 2021 in an effort to control costs. The cost impact of increases for Fiscal Years 2022 and 2023 salaries is included in the overall Water Authority Budget. Department budgets may be amended at mid-term based on actual CPI-U (less medical). The adopted budget for Benefits includes forecasted increases in retirement contribution rates as set by the California Public Employees' Retirement System (CalPERS). As a result, the Water Authority is forecasting an increase each year to Benefits.

Table 9: Distribution of Labor and Benefits by Fund

	FYs 20&21 Amended	FYs 20&21 Estimated	FYs 22&23 Adopted	Variance Budget to Budget			Variance Budget to Estimate		
Operating	\$ 77,068,018	\$ 74,779,744	\$ 81,189,570	\$	4,121,553	5%	\$ 6,409,827	9%	
Direct Charges to CIP/Grants	16,524,123	18,673,851	18,231,960		1,707,837	10%	(441,891)	-2%	
TOTAL	\$ 93,592,141	\$ 93,453,594	\$ 99,421,530	\$	5,829,389	6%	\$ 5,967,936	6%	

The primary factors influencing the adopted budget for Labor and Benefits are summarized below:

Elimination of 7.00 FTEs

- Overall, the Water Authority will decrease budgeted FTEs by 7.00 from Fiscal Year 2021. This is due to an effort to control costs across the Operating Departments. Eliminated positions are as follows: 1.00 FTE, Administrative Assistant, in Administrative Services; 1.00 FTE, Rightof-Way Technician II, in Engineering; 1.00 FTE, Accounting Assistant II, in Finance; 1.00 FTE, Legislative Analyst, in Government Relations, 1.00 FTE, Asset Management Specialist I, in Operations and Maintenance; 2.00 FTEs, Principal Public Affairs Representatives, in Public Affairs; and 1.00 FTE.
- This change reflects the continued efforts the Water Authority has taken to address the economic challenges and needs for the region. FTEs are based on the percentage of a fiscal year (represented by 2,080 working hours) the position will be funded.
- The changes to FTEs are reflected in the Operating Departments adopted budget for Fiscal Years 2022 and 2023 and are shown in each departments' Personnel Requirements table in the Operating Departments Section of this document.



Table 10: Budgeted Full-Time Equivalents

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Regular Employees	252.50	253.65	247.40	247.40	254.50	254.50	255.50	255.50	248.50	248.50
Limited Duration Employees (LDE)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	253.50	254.65	248.40	248.40	255.50	255.50	256.50	256.50	249.50	249.50
Difference from Prior Fiscal Year		1.15	-6.25	0.00	7.10	0.00	1.00	0.00	-7.00	0.00
Cumulative Change from FY 14		1.15	-5.10	-5.10	2.00	2.00	3.00	3.00	-4.00	-4.00

Increase in Benefits for Retirement and Health Care Costs

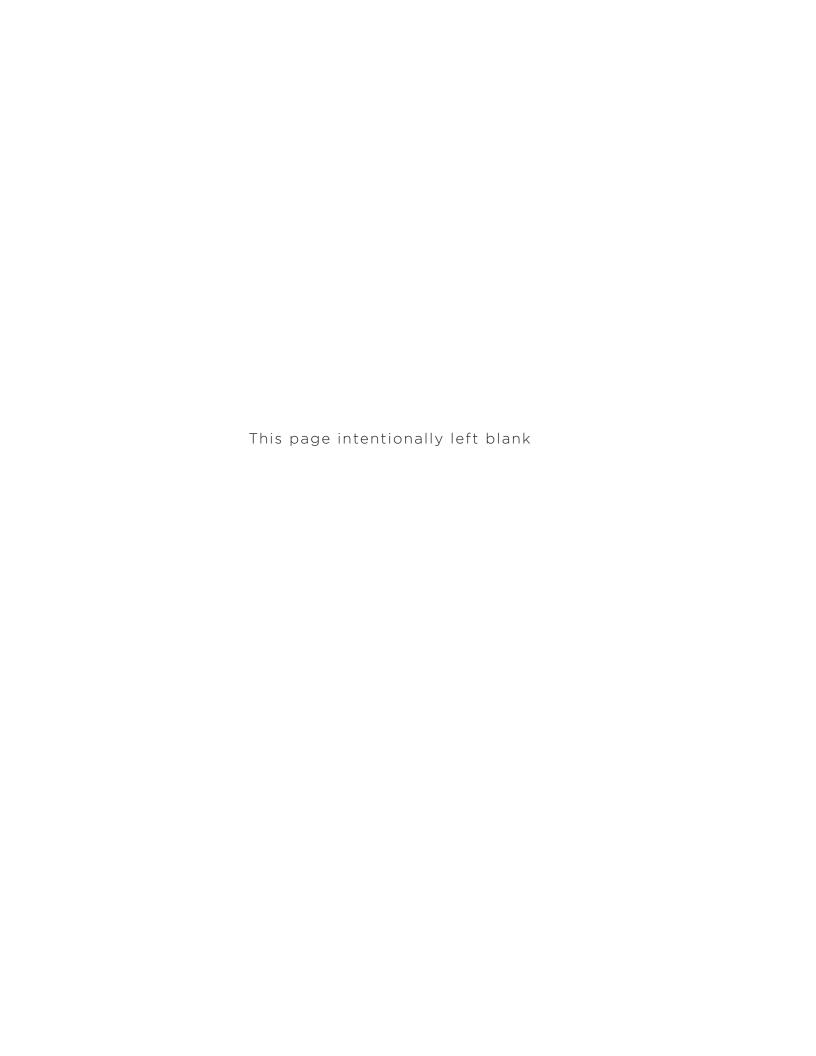
There is a small anticipated increase to health care costs for Fiscal Year 2022 and 2023, represented by an assumed increase in Calendar Year 2022 only. As depicted in Table 11, the Employer Contribution rate as set by CalPERS is expected to increase 0.8-1.8% over each of the next two fiscal years. In Fiscal Year 2019 the Water Authority Board of Directors established a pension funding policy framework to achieve a target pension funded ratio range, the number of years to reach the target range, and establish a funding source and funding vehicle to reach the target range. As a cost containment measure for Fiscal Years 2022 and 2023, the Water Authority is not budgeting for additional pension payments in this period.

Table 11: CalPERS Contribution Rates

	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23 ¹
EMPLOYER RATE	25.51%	24.09%	26.22%	28.97%	30.81%	31.60%

1. Estimated

The Water Authority continuously monitors the CalPERS Unfunded Accrued Liability (UAL) and Other Post-Employment Benefits (OPEB) liability. OPEB assets are held in the California Employers' Retiree Benefit Trust (CERBT). The Fiscal Year 2019 CalPERS UAL funded ratio was 75.65%. The Fiscal Year 2020 CalPERS UAL decreased to 74.28%. The Fiscal Year 2019 OPEB liability funded ratio was 124.90% and increased to 132.10% in Fiscal Year 2020. More information on the CalPERS UAL and the OPEB liability can be found in the Water Authority's Comprehensive Annual Financial Report.





Overview

This section provides a detailed description of the Water Authority Sources of Funds, Uses of Funds, Historical and Projected Operating Results, Five-Year Financial Forecast, and Sources and Uses by Fund Type - All Funds. Additional background and descriptions of sources and uses is provided in Appendix C.

Water Authority Sources of Funds

The Water Authority's primary sources of funds, or revenue, include Water Sales and Capital Contributions. In addition, fund balance withdrawals for proceeds from the issuance of short-term and long-term debt may be used.

Table 1 provides a comparison of the adopted two-year budgeted revenue sources to previous budget periods.

Table 1: Sources of Funds (\$ Thousands)

	FYs 18&19	FYs 20&21	FYs 20&21	FYs 22&23	V	ariance	V	ariance
	Actual	Amended	Estimate	Adopted	Budget to	Budget	Budget to E	stimate
Revenues & Other Income								
Water Sales	\$ 1,171,415	\$ 1,306,919	\$ 1,172,839	\$ 1,343,494	\$ 36,575	3%	\$ 170,655	15%
Infrastructure Access Charges	65,685	81,656	80,864	94,955	13,299	16%	14,091	17%
Property Taxes & In-lieu Charges	28,420	28,304	31,676	32,361	4,057	14%	685	2%
Investment Income	12,615	11,501	11,826	5,652	(5,849)	-51%	(6,175)	-52%
Hydroelectric Revenue	7,786	7,350	6,342	5,772	(1,578)	-21%	(570)	-9%
Grant Reimbursement	17,441	27,327	15,685	28,717	1,390	5%	13,032	83%
Build America Bond Subsidy (BABS)	21,133	21,104	21,276	21,317	213	1%	41	0%
Other Income	14,122	2,528	53,931	3,658	1,130	45%	(50,272)	-93%
Capital Contributions:								
Capacity Charges	47,963	33,220	35,659	34,186	967	3%	(1,472)	-4%
Water Standby Availability Charges	22,257	22,221	22,359	22,400	179	1%	41	0%
Contributions in Aid of CIP	16	1,855	2,726	1,612	(243)	-13%	(1,113)	-41%
Total Revenues & Other Income	\$ 1,408,852	\$1,543,985	\$ 1,455,182	\$ 1,594,125	\$ 50,140	3%	\$ 138,943	10%
Net Fund Withdraws	50,234	143,581	66,570	99,372	(44,208)	-31%	32,802	49%
TOTAL SOURCES OF FUNDS	\$ 1,459,087	\$1,687,566	\$ 1,521,752	\$ 1,693,497	\$ 5,931	0%	\$ 171,745	11%

Note: Totals may not foot due to rounding.

Total Revenues and Other Income are \$1.7 billion, or slightly higher than the previous amended budget. The Water Authority will be utilizing withdrawals from the Rate Stabilization Fund (RSF) balance to mitigate rate impacts due to increased water supply and water reliability costs. The decrease in Net Fund Withdraws is attributed to the relatively flat projected expenditures and projected withdraws on the RSF. As a result of these factors, there is an overall 0%, change in total sources of funding for the Water Authority.

The following pages provide more detail on each of the revenue categories.



Water Sales Revenue

Water Sales revenue is the largest source of revenue for the Water Authority, accounting for 79% of total revenues for the Fiscal Years 2022 and 2023 budget period. Water Sales include: the Customer Service Charge, Storage Charge, Metropolitan Water District (MWD) Readiness-To-Serve Charge, MWD Capacity Charge, the Supply Reliability Charge, and revenues generated by Melded Municipal and Industrial (M&I) Supply, Melded M&I Treatment, Transportation, Permanent Special Agricultural Water Rate (PSAWR), and water delivery rates.

The adopted budget for Water Sales is \$1.3 billion, reflecting a \$36.6 million, or 3%, increase from the prior two-year budget period. This increase is less than the adopted adjustment to rates and charges, and reflects a decreasing sales environment. Water Sales revenue is closely correlated to the costs to purchase and treat water, which is explained in more detail in the Uses of Funds section of this document.

The primary drivers of Water Sales are the volumes of water the Water Authority expects to sell (projected water demands) and the pass-through of MWD's rates and charges. The projected water demands for this multi-year budget period are based upon the updated demand forecast, available local supplies, current economic conditions, and planned operational changed-condition events. Figure 1, depicts the significant change in actual and projected volumes the Water Authority has experienced since Fiscal Year 2016.

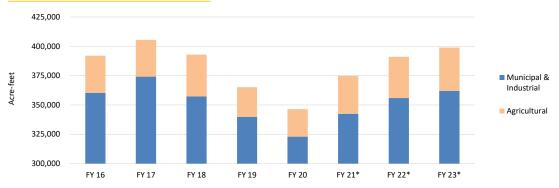
In Fiscal Year 2021, Water Sales are currently projected to be nearly 10% below the Fiscal Years 2020 and 2021 budget projections as a result of above average rainfall and fewer deliveries. The Fiscal Year 2021 budgeted Water Sales were 423,465 acre-feet, current Fiscal Year 2021 updated Water Sales projections are 374,809 acre-feet.

Overall, the Water Authority has adopted an increase in rates and charges of 3.6% for treated water and 3.3% for untreated water for Calendar Year 2022 when compared to Calendar Year 2021 "All-In" rate. The "All-In" rate is comprised of the Water Authority's fixed and variable rates and charges. An estimated increase for Calendar Year 2023 of 3% to 5% is anticipated to be necessary for a balanced budget. The Calendar Year 2023 estimate is based on current projected revenue requirements and will need to be approved by the Board before adoption. Tables 2a and 2b provide a historical perspective of the Water Authority's rates and charges. Calendar Year 2021 adopted rates were based on forecasted water sales volumes at the time rates were set.

Water Sales revenue includes increases to recover MWD's rate and charge effective January 1, 2022, - 3.5% increase to Full Service Treated, 2.8% increase to Full Service Untreated, and a collective 4.1% increase to QSA Exchange components (System Access and System Power).



Figure 1: Water Sales Volumes



^{*} Estimated Water Sales

Table 2a,b: Water Authority Rates and Charges on a Per Acre-Foot Basis

(a) Municipal and Industrial (M&I) Rates

	CY 18 Rates		CY 20 Rates	CY 21 Rates	CY 22 Adopted Rates
Untreated Melded M&I Supply Rate	\$ 894	\$ 909	\$ 925	\$ 940	\$ 1,009
Melded Treated Rate	300	276	280	295	310
Transportation Rate	115	120	132	150	173
Storage Charge ¹	162	171	181	189	167
Customer Service Charge ¹	61	61	64	73	65
Supply Reliability Charge ¹	71	80	104	122	109
TOTAL	\$ 1,603	\$ 1,617	\$ 1,686	\$ 1,769	\$ 1,833

(b) Permanent Special Agricultural Water Rate (PSAWR)

		18 ites	CY 19 Rates		CY 20 Rates				_		CY 22 Rates
MWD Supply Rate	\$ 6	395	\$	731	\$	755	\$	777		\$	799
Melded Treated Rate	3	300		276		280		295			310
Transportation Rate	ź	105		120		132		150			173
Customer Service Charge ¹		61		61		64		73			65
TOTAL	\$ 1,3	161	\$ 1	,188	\$	1,231	\$	1,295		\$ 1	L,347

^{1.} Fixed charges converted to acre-foot basis.

Infrastructure Access Charges (IAC)

The IAC is a fixed charge to help stabilize the Water Authority's revenues by mitigating water sales revenue volatility from sudden changes in water demand/availability and/or economic cycles. The IAC is allocated based on all retail water meters within the Water Authority's service area. The IAC shall be set at an amount which, when added to the Water Standby Availability, Property Tax and In-Lieu revenues, will provide funding for at least 25% of the Water Authority's estimated fixed annual costs. Fixed costs include, but are not limited to, annual debt service payments, Pay-As-You-GO (PAYGO) capital, and 80% of annual Operations and Maintenance (O&M) expenditures. The IAC's fixed revenues are not prone to volatility in water sales and provide baseline revenue. The IAC revenues have the added benefit of enabling greater flexibility in using reserves as potential revenue shortfalls are limited.



The adopted IAC revenue budget for Fiscal Years 2022 and 2023 is \$95.0 million, an increase of \$13.3 million, or 16%. This change in revenue reflects no change in the monthly per meter equivalent (ME) charge from \$4.24 for Calendar Year 2021 and \$4.24 in Calendar Year 2022, however includes a slight increase in the total number of MEs to which the charge is applied.

Property Taxes and In-Lieu Charges

The Water Authority is authorized under the County Water Authority Act (Act) to levy taxes on all taxable property within its boundaries for the purpose of carrying on its operations and paying its obligations, subject to certain limitations in the Act, the Revenue and Taxation Code, and the California Constitution.

Property Taxes are collected by the County of San Diego and then remitted to the Water Authority throughout the year. The tax rate is based upon the San Diego County Assessor's valuation of taxable property within the Water Authority's service area. In addition, the Water Authority collects an In-Lieu Charge from the City of San Diego.

Revenue from Property Tax and In-Lieu Charges is estimated to be \$32.4 million reflecting a 2% growth rate over estimated receipts in Fiscal Years 2020 and 2021.

Investment Income

The Water Authority receives revenue from investing its cash balances. Investment Income received on the cash balances in the Operating Fund, Rate Stabilization Fund, and Debt Service Reserve Fund is available for general Water Authority operating expenditures. Investment Income received in the PAYGO Fund is restricted to pay for capital expenditures or debt service. Similarly, investment income received for the Construction Fund is used for construction expenditures.

The Investment Income is estimated to be \$5.7 million, a decrease of \$5.8 million, or 50.9%, from the previous two-year budget. Primarily, the decrease is due to the lower interest rate environment on the short-end of the yield curve. The Federal Reserve made emergency cuts to interest rates in March of 2020 reducing the federal funds rate by 1.00 percent to a range of 0-0.25 to support the economy during the coronavirus pandemic.

Hydroelectric Revenue

The Water Authority owns and operates the 4.5 megawatt (MW) Rancho Peñasquitos Hydro-generation and Pressure Control Facility (Rancho Hydro), and the 40 MW Lake Hodges Pumped Storage Facility (Hodges Hydro). The Water Authority has an agreement to operate the Hodges Hydro in coordination with San Diego Gas and Electric (SDG&E) and receives revenue based on facility availability. The Hodges Hydro Agreement expires in 2037.

The Rancho Hydro facility is a source of clean energy for San Diego and offsets energy costs at the Claude "Bud" Lewis Desalination Plant through SDG&E's Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) Program tariff. The generation credit is shown on the Desalination Plant's SDG&E monthly bills. The RES-BCT credit projections for Fiscal Years 2022 and 2023 are expected to be \$400,000. As alternative revenue options become apparent, the Rancho Hydro revenue reporting structure may be revised in the future.



The Hodges Hydro facility performed well during Fiscal Years 2020 and 2021, expecting to produce approximately \$5.8 million in revenue, exceeding projections by \$200,000. The revenue projections for Fiscal Year 2022 and 2023 remain the same as in Fiscal Years 2020 and 2021. Table 3, illustrates the net value of this revenue source including the expenses associated with operating these facilities.

Operating expenses for Rancho Hydro averaged \$59,000 per year in Fiscal Years 2020 and 2021. For Fiscal Years 2022 and 2023, the estimated operating expenses associated with hydroelectric operations of Hodges Hydro and Rancho Hydro are identified in Table 3. Additional information on the Energy Program can be found in Appendix D.

Table 3: Hydroelectric Revenue and Expense

	FYs 20&21 Amended	FYs 20&21 Estimate	FYs 22&23 Adopted	Variance Budget to Budget		Variance Budget to Estimate	%
Revenue	7111011404	Lotiniato	Auoptou	to Budgot	, ,,,	to Lotimato	
Olivenhain-Hodges Pumped Storage Facility	\$5,600,000	\$ 5,800,336	\$ 5,600,000	\$ -	-	\$ (200,336)	-3%
Rancho Peñasquitos Hydroelectric Facility*	1,500,000	541,352	-	(1,500,000)	-100%	(541,352)	-100%
TOTAL REVENUE	\$7,100,000	\$ 6,341,688	\$ 5,600,000	\$ (1,500,000)	-21%	\$ (741,688)	-12%
Expenses							
Olivenhain-Hodges Pumped Storage Facility	\$4,269,425	\$ 4,265,600	\$ 3,484,651	\$ (784,774)	-18%	\$ (780,949)	-18%
Rancho Peñasquitos Hydroelectric Facility	206,000	117,031	214,925	8,925	4%	97,894	84%
TOTAL EXPENSES	\$ 4,475,425	\$ 4,382,631	\$ 3,699,576	\$ (775,849)	-17 %	\$ (683,055)	-16%
Net	\$2,624,575	\$ 1,959,057	\$ 1,900,424	\$ (724,151)	-28%	\$ (58,633)	-3%

^{*}CAISO sales of Rancho Reñasquitos HF power ended 3/5/2020. A bill credit, budgeted at \$400,000 for FYs 22&23, is now applied to Desal energy costs.

Grant Reimbursements

The Water Authority has actively pursued and been successful at obtaining grant funding to leverage ratepayer investments in its programs and services. Grant Reimbursements include funds from various sources including State grant programs, local project sponsors, and may contain pass-through funding for other government agencies and/or non-profit organizations. The Fiscal Years 2022 and 2023 Adopted Budget is \$28.7 million, an increase of \$1.4 million, or 5%, from the previous two-year budget. More reimbursements are expected this fiscal year as project implementation is forecasted to ramp-up in the next two years and several grant programs are expected to be completed. This budget also includes funding for the first implementation round of the Proposition 1 Grant Program that is anticipated to commence in Fiscal Year 2022.

Additional information on Grant Expenditures can be found on page 49.

Build America Bonds Subsidy

The Build America Bonds Subsidy represents the subsidy from the U.S. Treasury for the Build America Bonds, which is projected to be \$21.3 million for the upcoming two-year budget, equal to the estimated receipts in Fiscal Years 2020 and 2021. The sequestration by the Federal Government was reduced to 5.7% on October 1, 2020 and is scheduled to remain at this level through September 2030.

Other Income

The Fiscal Years 2022 and 2023 Adopted Budget is \$3.7 million for Other Income. Other Income includes reimbursements from member agencies for the Water Authority's administration of direct purchases of desalinated water from Poseidon Water. In addition, the Water Authority may receive income



from annexations, easements, gains/losses on the sale of assets, delinquency fees, and plan-check reimbursements. The Fiscal Years 2020 and 2021 projections for Other Income includes the Fiscal Year 2021 receipt of the \$44.4 million rebate from Metropolitan Water District. This rebate was distributed to member agencies in Fiscal Year 2021 which is shown in Other Expenditures.

Capital Contributions

Capital Contributions are independent of water use and intended to fund costs associated with new system capacity/reliability or maintain existing system capacity/reliability. The use of Capital Contributions revenue is restricted to paying for Capital Improvement Program (CIP) projects and is deposited into the PAYGO Fund. Capital Contributions are made up of Capacity Charges (System and Treatment), Water Standby Availability Charges, and Contributions in Aid of CIP (CIAC).

Capacity Charges

Capacity Charges include System Capacity Charges and Treatment Capacity Charges. In Fiscal Years 2022 and 2023, the System and Treatment Capacity Charges revenues budget is \$34.2 million, which reflects an increase of 3%, over the previous two-year budget. Between comprehensive reviews, last performed in 2018, the Water Authority Board approved a recommendation to adjust the System and Treatment Capacity Charges annually to reflect the Engineering News Record Construction Cost Index.

- System Capacity Charges recover a proportionate share of the capital costs associated with providing services to new connections in the Water Authority's service area and is applied to all new or larger retail water meters installed, if certain criteria are met.
- Treatment Capacity Charges recover a portion of the capital costs from future users of the Water Authority's regional water treatment facility. Because meter size dictates the maximum water demand of a new customer, the Capacity Charges are based upon meter size.

Water Standby Availability Charges

 The Water Standby Availability Charge is limited by statute and funds some of the capital costs associated with maintaining the system. This charge is \$10 per acre per year, or \$10 per year for a parcel less than one acre. The Water Standby Availability Charges revenue budget for Fiscal Years 2022 and 2023 is \$22.4 million. This revenue source remains steady due to the nature of the charge.

Contributions in Aid of CIP (CIAC)

 This revenue source consists of grants or contributions from member agencies for capital projects. In some instances, a member agency may reimburse the Water Authority for improvements to their system as part of a Water Authority project. Typically, these revenues are restricted to specific projects/uses and because they are tied to capital projects will fluctuate each year. In Fiscal Years 2022 and 2023, the CIAC revenues budget is \$1.6 million reflecting planned reimbursements for miscellaneous projects.

Net Fund Withdraws

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Net Fund Withdraws provides another source of funds for the Water Authority. The primary source of fund withdraws is bond proceeds to provide funding for CIP projects, other capital-



restricted monies from the PAYGO Fund, and purchases of water to be stored in the San Vicente Reservoir. For Fiscal Years 2022 and 2023, fund withdraws are projected to be \$99.4 million, a decrease of 31% primarily due to overall expenditures remaining flat which are also offset by debt service savings in Fiscal Years 2022 and 2023. Anticipated withdraws from the RSF during this two-year period are expected to be \$20.0 million to \$50.0 million over the two-year period.

Water Authority Uses of Funds

The Water Authority's primary uses of funds include Water Purchases and Treatment, CIP, Debt Service, and the Operating Departments Budget. The Water Authority's historical and budgeted uses of funds are shown below in Table 4. This table compares the uses of funds in this adopted budget with the prior budget period. The most significant expense or use of funds category is Water Purchases and Treatment. The following pages describe these categories and their significant changes.

Table 4: Uses of Funds Fiscal Years 2018-2023 (\$ Thousands)

	FYs 18&19	FYs 20&21	FYs 20&21	FYs 22&23	Variance		v	ariance
	Actual	Amended	Estimate	Adopted	Budget to	Budget	Budget to E	stimate
Expenditures								
Water Purchases & Treatment	\$ 892,553	\$ 1,075,463	\$ 959,537	\$ 1,110,422	\$ 34,958	3%	\$ 150,884	16%
Stored Water Purchases	-	-	-	-	-	-	-	-
CIP Expenditures	131,713	162,222	113,480	170,381	8,159	5%	56,901	50%
Debt Service 1,2	292,624	297,432	264,189	256,064	(41,368)	-14%	(8,125)	-3%
QSA Mitigation ³	18,829	4,711	4,711	5,891	1,180	25%	1,180	25%
Operating Departments	96,277	111,503	106,408	113,407	1,903	2%	6,999	7%
Equipment Replacement	3,775	6,024	3,434	4,907	(1,117)	-19%	1,473	43%
Grant Expenditures	19,485	26,323	15,183	29,003	2,680	10%	13,819	91%
Other Expenditures	3,830	3,888	54,810	3,423	(465)	-12%	(51,387)	-94%
TOTAL USES OF FUNDS	\$ 1,459,087	\$ 1,687,566	\$ 1,521,752	\$ 1,693,497	\$ 5,931	0%	\$ 171,745	11%

^{1.} Debt Service for Fiscal Years 2018 and 2019 not inclusive of super-subordinate Series 2012 Desalination Pipeline Bonds. 2.Debt Service for Fiscal Years 2020 and 2021 includes \$19,990,110 in defeased Water Revenue Refunding Bonds Series 2005A COP, Series 2011A and 2011B.

Totals may not foot due to rounding.

Water Purchases and Treatment

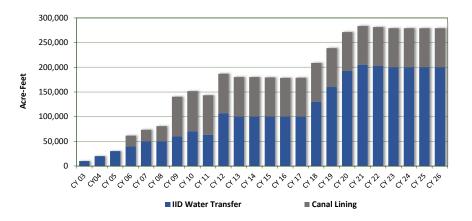
Water Purchases and Treatment include all expenditures made by the Water Authority for purchasing, transporting, and treating water from various sources. In addition, credits received via MWD's Local Water Supply Development, Local Resources Program, and Groundwater Resources Program are applied against the cost of water purchased. The primary components of the Water Purchases and Treatment budget are broken down as follows: MWD and Quatification Settlement Agreement (QSA) supplies, Carlsbad Desalination, and Treatment. For a detailed breakdown of expenses by category, see page 29.

The Water Authority purchases supplies from MWD and includes the variable costs for full-service untreated water and MWD's fixed costs for Readiness-to-Serve (RTS) and Capacity Charges. The Water Authority is budgeting significantly less for supplies from MWD as a result of water supplies from the Claude "Bud" Lewis Carlsbad Desalination Plant and increased water transfer deliveries from the Imperial Irrigation District (IID).

^{3.} Quantification Settlement Agreement (QSA) Mitigation includes QSA Joint Powers Authority (JPA) contributions, environmental mitigation, Lower Colorado River Multi-species Conservation Program, and payments for Socioeconomic Mitigation Settlement.

The 2003 QSA provides for the large-scale water transfer between IID and the Water Authority, and enabled the lining of portions of the All-American and Coachella Canals. Based on the terms of the take-or-pay water transfer contract, if water is conserved, the Water Authority is required to purchase 202,500 acre-feet from IID in Calendar Year 2022 and 200,000 AF in Calendar Year 2023. The Water Authority is also entitled to approximately 80,000

Figure 2: IID and Canal Lining Deliveries



acre-feet annually as a result of the canal lining projects. These volumes are an increase from the previous budget period; the annual transfer volume will remain at 200,000 acre-feet per year for the remainder of the agreement, as depicted in Figure 2.

The Claude "Bud" Lewis Carlsbad Desalination Plant began commercial operations in December 2015. Approved by the Board in November 2012, the Water Purchase Agreement (WPA) sets forth the price of water dependent on how much is purchased annually:

- The first 48,000 acre-feet of water purchased each year will pay the fixed costs of the project and the variable costs of water production.
- The Water Authority has the option to purchase an additional 8,000 acre-feet per year at a lower rate that reflects only the variable costs of incremental water production.

Carlsbad Municipal Water District and Vallecitos Water District have contracted with the Water Authority to purchase 6,000 acre-feet of the Water Authority's minimum annual demand commitment to Poseidon Water of 48,000 acre-feet at full cost recovery to the Water Authority. If the Water Authority purchases the additional 8,000 acre-feet, Carlsbad Municipal Water District and Vallecitos Water District will be eligible to purchase up to 1,000 acre-feet per year between the two agencies at the lower rate reflecting the variable costs of incremental water.

The Water Authority incurs costs to purchase treated water directly from MWD and costs for treating water at Twin Oaks Valley Water Treatment Plant (Water Authority owned facility) or the Levy Plant (Helix Water District owned facility). In addition, as approved by the Board, the incidental treatment benefit is assigned as a treatment cost at the existing Water Authority melded treatment rate. This results from the fact that the desalinated water produced at the Carlsbad Plant meets all state and federal drinking water regulations.

The Water Purchases and Treatment Budget is \$1.1 billion representing \$155.5 million for supplies from MWD, \$610.5 million for QSA water, \$232.8 million for Carlsbad Desalination Plant water, \$85.4 million for treatment, and \$26.3 million for other adjustments. The increase of \$34.9 million, or 3%, primarily reflects the increased cost to transport QSA water. No new funds are provided for local water supply development in the adopted budget.



Stored Water Purchases

The Water Authority budgets for the purchase of water for storage in inventory. There are no planned stored water purchases for Fiscal Years 2022 and 2023. The Water Authority provides for planned purchases through deposits to the Stored Water Fund.

Capital Improvement Program

The Water Authority initiated its CIP in 1989 as a long-range plan to ensure that the region's water supply would be reliable. In 2004, after careful consideration of water rate impacts, the Board approved the Regional Water Facilities Master Plan, updated in Fiscal Years 2014 and 2015, to implement water supply, transportation, and storage projects over the 30-year forecast horizon to ensure the Water Authority meets the projected needs of the region. The Water Facilities Master Plan is scheduled to be updated in 2021. CIP projects are designed to enhance, expand, and repair the regional pipeline system, which typically supplies 90% of the region's water. The CIP is funded from a combination of cash and short-term and long-term debt proceeds.

The total adopted CIP multiyear plan for active projects is \$1.5 billion. The adopted two-year appropriation for Fiscal Years 2022 and 2023 is \$170.4 million, an increase of 5% from the prior two-year budget period. This increase is due largely to the Asset Management Program including Infrastructure Rehabilitation and the Pipeline Relining and Replacement Program, and project prioritization in the CIP. The CIP is presented in more detail in the Capital Improvement Program Section of this document.

Debt Service

The Water Authority uses debt to fund improvements to existing facilities and new CIP projects, or to refund previous debt (long-term debt only). The adopted budget for debt service is \$256.0 million, a decrease of 14%, largely driven by the long-term savings generated by the Water Revenue Refunding Bonds Series 2020A, Series 2021A, Series 2021B, green bond refundings and the Subordinate Lien Water Revenue Refunding Bonds, Series 2021S-1, green bond refunding. The Water Authority's Fiscal Years 2022 and 2023 obligation for senior lien debt service is \$205.1 million. Total debt service is adjusted to include subordinate and super-subordinate obligation payments.

Future Debt

 The Water Authority regularly reviews refunding opportunities that can reduce the cost of debt service. New debt issuance not to exceed \$170 million is currently forecasted for Fiscal Year 2022.

Outstanding Debt

 As of May 1, 2021 the Water Authority has \$1.6 billion aggregate principal amount of longterm debt outstanding. Budgeted long-term debt service expenditures include outstanding payments on Water Revenue Certificates of Participation (COPs) issuance, Series 1998A, Water Revenue Refunding COPs issuance, Series 2005A, Water Revenue Refunding Bonds issuances, Series 2013A, Series 2015A, Series 2016B, Series 2020A, Series 2021A, Series 2021B, and Build America Bonds (BABs) issuance, Series 2010B. Table 5, on page 48, provides a breakdown of principal and interest payments on the long-term debt service payments by fiscal year.



Table 5: Debt Service on Existing Long-Term Debt 1

Fiscal Year	Total Principal	Total Interest	Total Debt Service
2021	30,005,000	58,886,746	88,891,746
2022	30,450,000	63,914,265	94,364,265
2023	48,315,000	62,389,916	110,704,916
2024	50,580,000	60,124,616	110,704,616
2025	62,525,000	58,445,571	120,970,571
2026	63,650,000	56,369,574	120,019,574
2027	65,755,000	54,136,376	119,891,376
2028 ²	78,730,000	51,753,824	130,483,824
2029	69,395,000	48,718,696	118,113,696
2030	69,155,000	46,104,899	115,259,899
2031	71,490,000	43,486,536	114,976,536
2032	66,325,000	40,716,455	107,041,455
2033	68,660,000	38,151,500	106,811,500
2034	81,575,000	35,743,765	117,318,765
2035	55,225,000	32,612,886	87,837,886
2036	57,425,000	29,934,488	87,359,488
2037	59,730,000	27,149,382	86,879,382
2038	62,105,000	24,252,514	86,357,514
2039	25,670,000	21,240,549	46,910,549
2040	26,695,000	19,664,924	46,359,924
2041	27,765,000	18,026,385	45,791,385
2042	28,870,000	16,322,170	45,192,170
2043	30,020,000	14,550,129	44,570,129
2044	31,220,000	12,707,501	43,927,501
2045	32,465,000	10,791,218	43,256,218
2046	33,760,000	8,798,516	42,558,516
2047	35,110,000	6,726,327	41,836,327
2048	36,510,000	4,571,276	41,081,276
2049	37,965,000	2,330,292	40,295,292
2050			-
TOTAL	\$ 1,437,145,000	\$ 968,621,297	\$ 2,405,766,297

^{1.} Excludes the Series 2019 Desalination Pipeline Bonds.

Quantification Settlement Agreement Mitigation

This category reflects scheduled payments to the QSA Joint Powers Agreement (JPA) for environmental mitigation pursuant to the QSA JPA Creation and Funding Agreement. The adopted budget for Fiscal Years 2022 and 2023 is \$5.9 million, which reflects a 25% increase from Fiscal Years 2020 and 2021 due to the annual payments required in these years and the addition of expenses for the Lower Colorado River Multi-Species Conservation Program.

^{2.} Assumes \$146,490,000 in principal related to the Series 2021S-1 in Fiscal Year 2028 will be refunded with short-term debt. 3. Debt Service for Fiscal Years 2021 excludes \$19,990,110 in defeased Water Revenue Refunding Bonds Series 2005A COP, Series 2011A and 2011B.

The Water Authority's short-term debt includes one Subordinate Lien Water Revenue Refunding Bond issuance, Series 2021S-1, two outstanding commercial paper series, Series 9, and Series 10, and one super-subordinate Water Furnishing Revenue Bonds issuance, Series 2019.



Operating Departments Budget

The Operating Departments Budget funds the day-to-day operations of the Water Authority and makes up 7% of the Water Authority's total expenditures. The Fiscal Years 2022 and 2023 adopted operating budget of \$113.4 million reflects an increase of \$1.9 million, or 2%. The adopted budget includes the elimination of 7.00 full-time equivalents and an increase to benefits for associated CalPERS costs. Nonpersonnel costs in the Operating Departments has decreased by \$1.6 million, or 4%, mostly offsetting the increase to the Labor and Benefits category. This reflects the continued efforts to control costs while providing service to the Water Authority's stakeholders. Additional details are provided in the Operating Departments Section of this document.

Equipment Replacement

In conjunction with the Water Authority's budget development process, departments evaluate and recommend equipment replacement purchases based on a thorough process in which equipment and vehicles are reviewed to evaluate the necessity to the overall operations; suitability with the function being performed; past repair history; anticipated costs to continue maintaining; and options to cost effectively replace (i.e. lease, rental, and/or used purchases). During Fiscal Year 2019 Water Authority staff performed an Equipment Replacement Fund (ERF) study, created a comprehensive ERF assets list and adopted a new ERF policy. The policy focuses on long-range planning for equipment replacement, will help moderate the fund balance, and smooths the impact of replacing expensive equipment such as vehicles or software. The Equipment Replacement adopted budget of \$4.9 million is a \$1.1 million decrease from the previous budget period and includes updates to the Supervisory Control and Data Acquisition (SCADA) system, computers and servers, and critical vehicle and equipment replacements.

Grant Expenditures

The majority of Grant Expenditures represent funds associated with the State of California Integrated Regional Water Management Program (IRWMP). Other funding is from USBR, MWD's Member Agency Administered Program, the County of San Diego, and the Hans and Margaret Doe Charitable Trust. During the upcoming budget period, the Water Authority has or will administer approximately 34 different projects supported by funds from Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (2006); and Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act (2014). Some of these projects are directly controlled by the Water Authority, but the vast majority are sponsored by, and directly benefit, member agencies, local non-profits, and tribes that are implementing them. The Adopted Budget for Grant Expenditures is \$29 million, an increase of \$2.7 million, or 10%, from the previous two-year budget. A significant amount of projected expenditures will support major construction projects that are scheduled to be completed within these fiscal years; however, the pandemic, if it continues, may impact the forecasted expenditures.

Other Expenditures

Other Expenditures include all miscellaneous expenditures that are not reflected in the above expenditure categories. The total adopted budget for Fiscal Years 2022 and 2023 Other Expenditures budget is \$3.4 million, or a 13% decrease from Fiscal Years 2020 and 2021. The adopted budget is significantly under the projected estimate for Fiscal Years 2020 and 2021 due to the rebate from Metropolitan Water District of \$44.4 million which was distributed to the member agencies in Fiscal Year 2021.



Historical and Projected Operating Results

Table 6 presents revenues and expenditures pursuant to the Water Authority's Board Resolution 97-52. The table calculates the Water Authority's debt service coverage ratios according to the resolution. Information presented in Table 6 is consistent with results presented during the rate setting process and may differ from budgetary figures due to the treatment of expenses and revenues for rates and budget.

Table 6: Historical and Projected Operating Results (\$ Thousands)

	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
OPERATING REVENUE						
Water Sales	\$ 591,809	\$ 579,606	\$ 565,784	\$ 607,055	\$ 646,676	\$ 696,818
Water Standby Availability Charges	11,103	11,154	11,164	11,195	11,200	11,200
Capacity Charges	28,154	19,809	17,983	17,676	16,930	17,256
Infrastructure Access Charges	32,482	33,203	36,942	43,922	47,155	47,800
TOTAL OPERATING REVENUE	\$ 663,548	\$ 643,772	\$ 631,873	\$ 679,847	\$ 721,961	\$ 773,075
Plus Withdrawals from or Minus Deposits						
to the Rate Stabilization Fund ¹	(18,399)	8,100	32,000	9,500 ¹	29,000 ¹	19,000¹
BABs Interest Rate Subsidy	10,546	10,587	10,625	10,651	10,659	10,659
Non-operating Revenue	15,691	14,323	9,062	9,187	5,839	5,585
TOTAL REVENUE	\$ 671,386	\$ 676,782	\$ 683,560	\$ 709,186	\$ 767,459	\$ 808,318
OPERATING EXPENSES						
MWD Water Purchases	442,369	450,184	449,752	509,785	538,090	572,332
Other Maintenance & Operations Costs	50,314	47,386	55,380	55,223	58,370	55,037
Other Expenses						
TOTAL OPERATING EXPENSES	\$ 492,683	\$ 497,571	\$ 505,132	\$ 565,009	\$ 596,460	\$ 627,369
Application of Net Tax Receipts	13,754	14,666	15,526	16,150	16,100	16,261
NET OPERATING EXPENSES	\$ 478,929	\$ 482,905	\$ 489,606	\$ 548,859	\$ 580,360	\$ 611,108
Net Water Revenue Available for Debt Service	192,457	193,877	193,954	160,327	187,099	197,210
REVENUE SUPPORTED DEBT SERVICE	. , .		,		,,,,,	,
1998 Certificates	555	555	555	555	555	555
2005 Certificates	16,057	725	725	371	7,446	
2008 Certificates	18.899	9.103	9.193	-	-,	_
2010A&B Bond	37,144	37,138	37,146	32,294	32,294	32,294
2011A Bond	13,234	13,219	13,218	1,639	02,204	02,204
2011B Bond	4,707	4,707	4,707	17,147		
2013A Bond	13.982	27.883	27,880	806	806	17.926
2015A Bond	8,910	15,802	16,193	23,683	23,682	30,418
2016A&B Bond	14.817	14,817	14,817	7,855	893	893
2020A Bond	14,017	14,017	14,017	3,104	4,005	4,005
2021A Bond	-	-	-	1,438	13,070	13,065
2021A Bond	-	-	-	1,436	11,613	11,549
TOTAL SENIOR LIEN DEBT SERVICE 2	\$ 128,304	\$ 123 ,949	\$ 124,434	\$ 88,892	\$ 94,364	\$ 110,705
SUBORDINATE OBLIGATION PAYMENTS	\$ 128,304	\$ 123,949	\$ 124,434	\$ 88,892	\$ 94,364	\$ 110,705
Commercial Paper	3.766	5.537	3.755	476	5.442	7.657
2016S-1 Bond	4,084	4,084	4,084	3,801	5,442	7,057
2021S-1 Bond 2021S-1 Bond	4,004	4,064	4,064	3,001	7 922	7,325
TOTAL SUBORDINATE OBLIGATION PAYMENTS	\$ 7,850	\$ 9,621	\$ 7,840	\$ 4,276	7,833 \$ 13,275	\$ 14,982
OVERALL DEBT SERVICE	\$ 136,154	\$ 9,621	\$ 1,840	\$ 4,276	\$ 13,275	\$ 14,982
The state of the s	V 100,104	Ų <u>1</u> 00,010	7 202,210	y 30,200	V 201,000	Ų 120,001
Commercial Paper Management Fees	1,178	1,165	996	947	1,152	1,440
Super-subordinate Obligation Payments ³	9,422	9,953	7,911	9,718	9,953	10,193
Senior Lien Debt Service Coverage Ratio ⁴	1.50X	1.56X	1.56X	1.80X	1.98X	1.78X
Overall Debt Service Coverage Ratio	1.41X	1.45X	1.47X	1.72X	1.74X	1.57X

^{1.} The Fiscal Years 2021, 2022, and 2023 withdrawal and deposits to the Rate Stabilization Fund are estimated.

^{2.} Debt Service for Fiscal Years 2021 excludes \$19,990,110 in defeased Water Revenue Refunding Bonds Series 2005A COP, Series 2011A and 2011B.

^{3.} The 2012 and 2019 Pipeline Bonds are super-subordinate and are not included in the debt service coverage calculation ratio. Investment Income earned on short-term and long-term debt proceeds is excluded.

^{4.} The Debt Service Coverage Ratios for Fiscal Years 2022 and 2023 uniquely increased due to the front-loaded debt service savings as part of the recent debt refundings, which resulted in reduced costs.



Five-Year Financial Forecast

The five-year financial forecast, as shown in Table 7, provides the projected sources and uses for Fiscal Year 2024 through Fiscal Year 2028. These projections reflect the expected trends while incorporating the current policies, goals and objectives of the Water Authority. The forecast presented contains the most recent financial modeling data on rates, revenue sources, future capital improvement projects, and debt management.

Table 7: Five-Year Forecast (\$ Thousands)

Table 7: Five-Year Forecast (\$ Inousands)	FY 24	FY 25	FY 26	FY 27	FY 28
Net Water Sales Revenue					
Water Sales	\$ 733,302	\$ 755,910	\$ 777,751	\$ 802,169	\$ 820,876
Water Purchases & Treatment	572,160	580,327	595,711	615,426	634,387
TOTAL NET WATER SALES REVENUE	\$ 161,141	\$ 175,583	\$ 182,040	\$ 186,743	\$ 186,488
Revenues & Other Income					
Infrastructure Access Charges	53,673	54,996	53,685	54,778	58,680
Property Taxes & In-Lieu Charges	14,720	15,014	15,314	15,621	15,933
Investment Income	5,455	7,114	8,342	8,571	9,176
BABs Interest Rate Subsidy	10,659	10,659	10,525	10,262	10,006
Hydroelectric Revenue	2,800	2,800	2,800	2,800	2,800
Grant Revenue	8,000	8,000	8,000	8,000	8,000
Other Income	325	325	325	325	325
Capital Contributions:					
Capacity Charges	17,292	17,525	17,762	18,001	18,244
Water Standby Availability Charges	11,113	11,114	11,115	11,117	11,118
Contributions in Aid of CIP	122	507	17	-	-
TOTAL REVENUES & OTHER INCOME	\$ 124,159	\$ 128,055	\$ 127,886	\$ 129,474	\$ 134,280
Expenditures					
Stored Water Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	128,468	147,509	146,820	146,956	157,643
QSA Mitigation ¹	1,370	1,284	1,197	524	-
Operating Departments	58,618	59,790	60,986	62,206	63,450
Equipment Replacement	2,758	1,678	1,589	1,445	2,000
Grant Expenditures	8,000	8,000	8,000	8,000	8,000
Other Expenditures	325	325	325	325	325
TOTAL EXPENDITURES	\$ 199,539	\$ 218,586	\$ 218,917	\$ 219,455	\$ 231,418
Net Revenue before Capital Improvement Program (CIP)	85,762	85,052	91,009	96,762	89,351
CIP Expenditures	(87,753)	(104,901)	(75,305)	(71,311)	(80,875)
Net Fund Withdraws	(1,991)	(19,849)	15,704	25,452	8,476

^{1.} QSA Mitigation includes QSA JPA Contributions, environmental mitigation, and payments for Lower CO River Multi Species Conservation Program.

Totals may not foot due to rounding.



Tables 8a and 8b show, by each adopted fiscal year, the Water Authority's sources and uses by fund, the net fund withdraws, net interfund transfers, proceeds from debt issues, and projected year-end fund balances.

Table 8a: Fiscal Year 2022 Budgeted Sources and Uses by Fund Type (\$ Thousands)

			RESERVE FUNDS						CAP	-			
	ALL FUNDS	Operating FUND	(Mainten	anal ance	Debt Service		quipment acement	Sta	Rate abilization	Stored Water	Construction	PAYGO	Special Use Funds
Beginning Cash Balance (estimated)	\$ 285,672	\$ 119,555	\$		\$ 22,194	\$	1,193	\$	112,877	\$ -		\$ 29,614	\$ -
Net Water Sales Revenue													
Water Sales	646,676	646,676		-	-		-		-	-	-	-	-
Water Purchases & Treatment	538,090	538,090		-	-		-		-	-	-	-	-
TOTAL NET WATER SALES REVENUE	\$ 108,586	\$ 108,586	\$	-	\$ -	\$	-	\$	-	\$ -	\$ -	\$ -	\$ -
Revenues and Other Income													
Infrastructure Access Charges	47,155	47,155											
Property Taxes & In-lieu Charges	16,100	16,100		-	-		-		-	-		-	_
Investment Income	2.953	1.094		2	543		11		1,033	_		271	_
Hydroelectric Revenue	2,886	2,886		-	-				-,000	_			_
Grant Reimbursements	16.658			_	_		_		_	_		_	16,658
Build America Bonds Subsidy	10.659	10,659		_	-		_		-	_		_	
Other Income	2,116	361		_	_		_		-	_		_	1,755
Capital Contributions:	, -			-									,
Capacity Charges	16,930			-	-		-		-	-		16,930	_
Water Standby Availability Charges	11,200	-		-	-		-		-	-	-	11,200	-
Contributions in Aid of CIP	802	-		-	-		-		-	-	-	802	-
TOTAL REVENUES AND OTHER INCOME	\$ 127,459	\$ 78,254	\$	2	\$ 543	\$	11	\$	1,033	\$ -	\$ -	\$ 29,203	\$ 18,413
Expenditures													
Stored Water Purchases	_	_		-	-		_		_	-		_	_
Debt Service	118,888	118,888		-	-		_		_	-		_	_
QSA Mitigation ¹	3,995	_		-	-		_		-	-		3,995	_
Operating Departments	58,370	58,370		-	-		-		-	-		-	-
Hodges Pumped Storage	-	-		-	-		-		-	-	-	-	-
Equipment Replacement	3,093	-		-	-		3,093		-	-	-	-	-
Grant Expenditures	16,897	100		-	-		-		-	-	-	-	16,797
Other Expenditures	2,011	266		-	-		-		-	-	-	-	1,745
TOTAL EXPENDITURES	\$ 203,254	\$ 177,623	\$	-	\$ -	\$	3,093	\$	-	\$ -	\$ -	\$ 3,995	\$ 18,542
Net Revenues Before CIP	\$ 32,791	\$ 9,217	\$	2	\$ 543	\$	(3,082)	\$	1,033	\$ -	\$ -	\$ 25,208	\$ (129)
CIP Expenditures	(65,227)			-	-		-		-	-	(51,529)	(13,698)	_
Net Fund Withdraws ²	(32,798)	9,217		2	543		(3,082)		1,033	-	(51,529)	11,510	(129)
Bond Proceeds from Debt Issuance ³	170,000	-		-	-		-		-	-	170,000	-	-
Net Interfund Transfers ²	-	26,323		(2)	(543)		3,093		(29,000)	-	-	-	129
Projected Year-End Balances	\$ 423,236	\$ 155,095	\$	238	\$ 22,194	\$	1,204	\$	84,910	\$ -	\$ 118,471	\$ 41,124	\$ -

^{1.} Quantification Settlement Agreement (QSA) Mitigation includes QSA Joint Powers Authority (JPA) contributions, environmental mitigation, Lower Colorado River Multi-species Conservation Program, and payments for Socioeconomic Mitigation Settlement.

^{2.} The Fiscal Years 2022 and 2023 Net Fund Withdraws and Net Interfund Transfers are estimated.

^{3.} The anticipated Bond Proceeds from Debt Issuance are estimated. Totals may not foot due to rounding.



Table 8b: Fiscal Year 2023 Budgeted Sources and Uses by Fund Type (\$ Thousands)

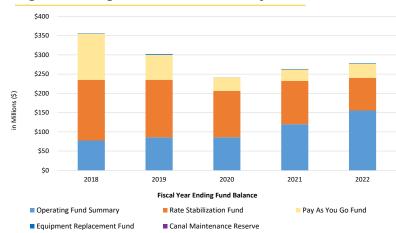
			RESERVE FUNDS									CAPI			
	ALL FUNDS	Operating FUND	Cana Maintenance		Debt Service		Equipment placement	Sta	Rate abilization	Stored Water	Con	struction	PAYGO		pecial Use Funds
Beginning Cash Balance (estimated)	\$ 423,236	\$ 155,095	\$ 238	3 \$	22,194	\$	1,204	\$	84,910 \$	-	\$	118,471	\$ 41,124	\$	-
Net Water Sales Revenue															
Water Sales	696,818	696,818		-	-		-		-	-		-	-		-
Water Purchases & Treatment	572,332	572,332		-	-		-		-	-	_	-	-		
TOTAL NET WATER SALES REVENUE	\$ 124,486	\$ 124,486	\$	- \$	-	\$	-	\$	- \$	-	\$	-	\$ -	\$	-
Revenues and Other Income															
Infrastructure Access Charges	47,800	47,800		-	-		-		-	-		-	-		-
Property Taxes & In-lieu Charges	16,261	16,261		-	-		-		-	-		-	-		-
Investment Income	2,699	842	3	1	460		7		459	-		731	199		-
Hydroelectric Revenue	2,886	2,886		-	-		-		-	-		-	-		-
Grant Reimbursements	12,059	-		-	-		-		-	-		-	-	1	2,059
Build America Bonds Subsidy	10,659	10,659		-	-		-		-	-		-	-		-
Other Income	1,542	361		-	-		-		-	-		-	-		1,182
Capital Contributions:				-											
Capacity Charges	17,256	-		-	-		-		-	-		-	17,256		-
Water Standby Availability Charges	11,200	-		-	-		-		-	-		-	11,200		-
Contributions in Aid of CIP	810	-		-	-		-		-	-		-	810		-
TOTAL REVENUES AND OTHER INCOME	\$ 123,172	\$ 78,808	\$ 1	L \$	460	\$	7	\$	459 \$	-	\$	731	\$ 29,465	\$ 1	3,241
Expenditures															
Stored Water Purchases	107.170	107 170		-	-		-		-	-		-	-		-
Debt Service QSA Mitigation ¹	137,176 1,895	137,176		-	-		-		-	-		-	1,895		-
Operating Departments	55,037	55,037		-	-		-		-	-		-	1,090		-
Hodges Pumped Storage	55,057	55,057		-	-		-		-	-		-	-		-
Equipment Replacement	1,814			_			1,814								
Grant Expenditures	12,106	100		_	_		1,014		_	_		_	_	1	2.006
Other Expenditures	1,412	241		_	_		_		_	_		_	_		1,172
TOTAL EXPENDITURES		\$ 192,554	\$	- \$	-	\$	1,814	\$	- \$	-	\$	-	\$ 1,895	_	3,177
Net Revenues Before CIP	\$ 38,218	\$ 10,741	\$ 1	L \$	460	\$	(1,808)	\$	459 \$	-	\$	731	\$ 27,570	\$	64
OID E	(405.45.5)											(00 1=1)	/40		
CIP Expenditures	(105,154)	40.74:		-	400		- (4.000)		450	-		(88,471)	(16,683)		-
Net Fund Withdraws ²	(66,936)	10,741		1	460		(1,808)		459	-		(87,740)	10,887		64
Bond Proceeds from Debt Issuance	-	-		-	-		-		-	-		-	-		-
Net Interfund Transfers	_	17,647	(1	.)	(460)		1,814		(19,000)	_		-	-		_
Projected Year-End Balances	\$ 356,300	\$ 183,483	\$ 238	3 \$	22,194	\$	1,211	\$	66,369 \$	-	\$	30,731	\$ 52,011	\$	64

^{1.} Quantification Settlement Agreement (QSA) Mitigation includes QSA Joint Powers Authority (JPA) contributions, environmental mitigation, Lower Colorado River Multi-species Conservation Program, and payments for Socioeconomic Mitigation Settlement. 2. The Fiscal Years 2022 and 2023 Net Fund Withdraws and Net Interfund Transfers are estimated. Totals may not foot due to rounding.

The management of the Water Authority's funds is an important component of the overall health of the Water Authority's finances. Each of the funds within the Water Authority is designed to serve a specific purpose/function as described in the upcoming pages.

Figure 3 depicts the historical and budgeted, cash and cash equivalents held at fiscal year-end for each fund.

Figure 3: Budgeted Cash Balances by Fund



Operating Fund

The Operating Fund contains Water Authority's working capital and emergency operating reserve. Given the short-term nature of this fund, liquidity of investments is critical and is ensured by investing the Operating Fund on a monthly basis to cover water purchases and on-going cash disbursements.

The Operating Fund, together with Water Sales Revenue and Other Revenue

Sources, provide ample liquidity for working capital. The Operating Fund's policy requires a maximum of 45 days of average annual operating expenditures be kept in reserves. In addition, \$5.0 million of this amount is designated and held available for emergency repairs to the Water Authority's system due to unforeseen events. The Operating Fund is projected to meet its 45-day reserve goals.

Reserve Funds

The Water Authority has five reserve funds, including Canal Maintenance, Debt Service, Equipment Replacement, Rate Stabilization, and Stored Water.

Canal Maintenance Reserve Fund

The Canal Maintenance Reserve fund was established in Calendar Year 2020. The fund is responsible for maintenance costs consisting of replacement of concrete panels, grading of major canal access roads and other non-routine work necessary to maintain operation of the All-American and Coachella Canals that can occur every five to eight years. The Canal Maintenance Reserve Fund is funded through the cost of sales and rates and charges.

Debt Service Reserve Fund

The Debt Service Reserve Fund contains the required legal reserve for Water Authority debt issues. Such reserves are held for the purpose of making an issue's annual debt service payments in the event that the Water Authority should be unable to make such payments. The reserve requirement is held in this fund until it is expended, generally to fund the last payment of the issue. Interest earned on the Debt Service Reserve Fund is transferred into the Operating Fund and is not restricted.



Equipment Replacement Fund

The Equipment Replacement Fund is funded by transfers from the Operating Fund for capital equipment purchase such as computers, vehicles, and the Supervisory Control and Data Acquisition (SCADA) system, and is used to replace equipment that has reached the end of its effective useful life.

Rate Stabilization Fund

The Rate Stabilization Fund (RSF) holds the water revenues greater than expenditures in years of strong water sales. Funds can then be used to mitigate "rate shock" in years of weak water sales and/or to manage debt service coverage.

The RSF target balance is equal to the financial impact of 2.5 years of wet weather or mandatory restrictions and the maximum fund balance is equal to the financial impact of 3.5 years of wet weather or mandatory restrictions. In 2019, the financial impact was revised down from a 25% reduction in water sales to 15% effective Calendar Year 2021. A two-year transition period (Calendar Year 2019 and Calendar Year 2020) assumed a 20% reduction.

As a general rule, the Water Authority may transfer portions of its net water revenues exceeding the Board's 1.50x debt service coverage policy into the RSF. As needed, the Water Authority will transfer amounts from its RSF into water revenues to meet its debt service ratio requirements, or to help provide adequate working capital to the Operating Fund.

The Water Authority expects to draw \$20.0 million to \$50.0 million from the RSF over the next two fiscal years to mitigate rate impacts due to increase water supply costs.

Stored Water Fund

The Stored Water Fund (previously the Dam-Fill Fund) provides the working capital necessary to purchase water inventory necessary to utilize the Water Authority's storage facilities. In Fiscal Year 2016, the Water Authority completed the fill of the San Vicente Dam and updated the policy guidelines for the Stored Water Fund. The new guidelines established a target of 70,000 acre-feet for Carryover Storage inventory. The Stored Water Fund will maintain the funds necessary to maintain the Carryover Storage levels at 70,000 acre-feet. A maximum for the Carryover Storage level was also set at 100,000 acre-feet, which is the storage capacity.

Capital Funds

The Water Authority has two types of Capital Funds, including the Construction and PAYGO Funds.

Construction Fund

- The Construction Fund contains the proceeds from short-term and long-term debt. Investment earnings from the fund remain in the fund and may only be used for construction expenditures.
- The Construction Fund balance fluctuates with CIP spending and debt issuances. The Water Authority anticpates a new debt issuance not to exceed \$170.0 million in Fiscal Year 2022. These funds will be deposited into the construction fund.



Pay-As-You-Go Fund

• The PAYGO Fund collects Capacity Charges and Water Standby Availability Charges to be used to pay for the cash portion of the CIP. The funds are dedicated for construction outlays, as well as debt service. The fund also holds the CIAC from the Water Authority's member agencies in cases where the Water Authority constructs a project on the behalf of the member agency. In Fiscal Years 2022 and 2023 the CIP will be funded with a combination of bond proceeds and PAYGO funds.



Introduction

The Operating Departments preserve the Water Authority's legacy on water issues statewide, uphold the public trust as a partner with its member agencies and community stakeholders, and maintain operational excellence of the region's large-scale water infrastructure.

The 2021-2025 Business Plan (Plan) serves as the overarching planning document for the Water Authority in accomplishing its mission and vision. The Plan is organized into three key focus areas:



Similarly, the Operating Departments Section of this budget document is organized, alphabetically, under each key focus area.

The Water Supply Focus Area addresses the long-term viability, sustainability, and diversification of the Water Authority's water supplies. Programs and departments that support this focus area are:

- Colorado River Program
- MWD Program
- Water Resources

The Water Facilities Focus Area addresses facility growth, operations, maintenance, and security in a cost-effective manner to meet water demands in the San Diego region. Departments that support this focus area are:

- Engineering
- Operations and Maintenance

The Business Services Focus Area provides fundamental operational support for the Water Authority to accomplish its mission of providing a safe and reliable water supply. Departments that support this focus area are:

- Administrative Services
- Finance
- General Counsel
- General Manager and Board of Directors
- Government Relations
- Human Resources
- Public Affairs



Mission, Vision, Values

Our Mission

To provide a safe and reliable supply of water to its member agencies serving the San Diego

Our Vision

Over our history, and in partnership with our member agencies, we have had to overcome many obstacles to provide a reliable water supply to a thriving, semi-arid San Diego region.

We've secured new supply sources to power our economy and quality of life, and forged a reputation for bold thinking and big initiatives.

To sustain this success, secure our water future and triumph over tomorrow's challenges, we must be:

> Pioneering. Visionary. Agile. Driven.

That's who we are. That's what we do.



Our Values

We will consider our partner agencies' and stakeholders' interests in our decisions.

We will do our work in the most cost effective-ways.

We will have open communications with our partner agencies and the public.

We will have an open and inclusive policy development process.

We value diversity in the water supply.

We value long-range planning.



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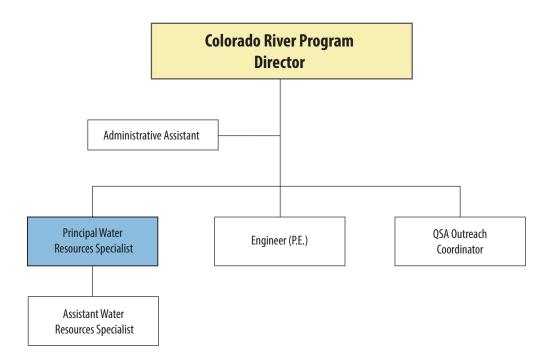


Colorado River Program

Overview

The Colorado River Program (CRP) advocates the Water Authority's position on developing state and federal issues associated with the Quantification Settlement Agreement (QSA) and Seven Basin States agreements, including environmental issues at the Salton Sea. A vital component of CRP's work is the completion of ongoing QSA milestones to ensure timely creation and delivery of the scheduled volumes of the Imperial Irrigation District (IID) conserved water transfer and canal lining project conserved water supplies. Additionally, the department continues to lead the Regional Conveyance System Study (RCSS), exploring alternative conveyance options to ensure the cost-effective delivery of the Water Authority's highly reliable, low-cost QSA supplies that help meet 50 percent of the region's demands. The RCSS includes exploring potential partnerships and multi use projects that could yield regional benefits. Another department key focus area is the Water Authority's participation in Colorado River Basin States activities, such as the development of the next set of operating guidelines for the Colorado River and pursuit of storage opportunities in Lake Mead. Its satellite office in the Imperial Valley drives the Water Authority's advocacy efforts on critical issues such as the QSA and Salton Sea, and maintains a local presence to engage with stakeholders.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- Managed the continued implementation of the IID water transfer and canal lining projects, which resulted in 530,000 acre-feet of water supply to the region.
- Experienced consecutive favorable IID transfer supply rate increases averaging less than 2% per year.
- Continued to provide support for QSA Joint Powers Authority (JPA) administration activities and matters related to Salton Sea environmental activities:
 - Administered activities of the QSA JPA, including adoption of an annual budget to ensure appropriate funding for environmental mitigation requirements.
 - Met all QSA environmental mitigation responsibilities and milestones.
 - Participated in various Salton Sea stakeholder work groups.
 - Met with state and federal elected officials to recount the benefits of the QSA to California. the status of successful mitigation efforts and explain the need for collaboration amongst state and federal parties.
- Continued implementation of environmental mitigation projects on time and on budget for All-American and Coachella Canal Lining Projects.
- Administered Water Authority's portion of operations, maintenance, and repair costs for both canal lining projects, which has resulted in cost increases at a rate less than general inflation.
- Completed Phase A of the Regional Conveyance System Study (RCSS) and the Board directed staff to proceed with Phase B of the study.
- Continued efforts to build community and regional support in the Imperial and Coachella Valleys:
 - Attended local meetings of the IID, Imperial County, farm groups, chambers, the Salton Sea Authority, and Coachella Valley Water District (CVWD), ensuring the Water Authority's stance on critical issues was understood, the latest information on the QSA status was clear, and information on the RCSS was shared.
 - Held one-on-one meetings and board-to-board discussions with local government and community leaders, farmers, and business representatives to discuss critical water issues, with a focus on building awareness of the RCSS.
 - Sponsored community events that provided opportunities to share the Water Authority's mission with the community.
 - Hosted a tour to bring Board members to the Imperial Valley to meet with local leaders to learn about on-farm conservation projects and projects at the Salton Sea.
 - Maintained a website and blog (ivsandiegocurrents.org) to build awareness on water issues, including the RCSS, while providing a platform to respond to questions, and enhance relationships in the Imperial Valley.



- Participated and supported the Water Authority's representative on the Colorado River Board of California (CRB), including attending monthly board meetings and participating in CRB sponsored events.
- Provided updates to the Water Authority Board on key issues related to:
 - Water Authority QSA supplies, Colorado River hydrology and operations, and Basin States activities.
 - QSA JPA mitigation and state restoration efforts at the Salton Sea.
 - Imperial Valley outreach activities.
 - RCSS progress.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Colorado River Program's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$4.5 million, a \$1,006,943, or an 29% increase compared to the previous two-year budget. The net change is primarily a result of an increase in benefits and in services related to Colorado River initiatives.

Initiatives

The Colorado River Program initiatives are part of the Water Supply Focus Area, Imported Water Program of the Business Plan. The department's management strategies and focus objectives this multi-year budget include:

- Develop flexibility in implementation of the Quantification Settlement Agreement and related agreements. (Business Objective Nos. 1, 2, 3, 7, 10 and 11 under Water Supply: Imported Water).
- Strengthen relationships with Quantification Settlement Agreement partners and Colorado River stakeholders, including Mexico. (Business Objective Nos. 1, 2, 3, 4, 7, 8 10, 11, 12, and 13 under Water Supply: Imported Water).
- Continue to ensure completion of Quantification Settlement Agreement environmental mitigation milestones and support State Salton Sea restoration activities. (Business Objective Nos. 4, 11, and 12 under Water Supply: Imported Water).
- Leverage opportunities to increase involvement in Colorado River Basin-wide programs, including storage opportunities in Lake Mead and participation in the negotiations of the new Interim Guidelines. (Business Objective Nos. 1 and 7 under Water Supply: Imported Water).
- Advance Water Authority Quantification Settlement Agreement policy through continuing dialogue with stakeholders such as governing bodies, elected officials, the farming community and the public on topics including the Salton Sea, Regional Conveyance System Study, and Basin States issues. (Business Objective Nos. 1, 3, 7, 12 and 13 under Water Supply: Imported Water).
- As authorized by the Board, continue to explore the viability of alternative conveyance of the QSA Supplies, including partnership and funding opportunities (Business Objective Nos. 2, 3 and 10 under Water Supply: Imported Water). This is an existing project included as the Regional Conveyance System Study in the adopted Capital Improvement Program budget.



Modifications

- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- Services have increased by \$887,830 from the previous two-year budget to support critical Colorado River initiatives such as Lake Mead Storage opportunities and outreach, new Interim Guidelines renegotiations participation, Water Transfer Agreement extension discussions, Salton Sea issues, and engagement in Basin States/Bi-national programs and issues.
- The Supplies, Utilities, Leases/Rents and the Other categories all decreased helping to partially offset the increase in Services.



Colorado River Program by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23	23 Variance		Va	ariance	
	Amended	Estimated	Adopted	Budget to	Budget	Budget to Es	timate	
Labor	\$ 1,580,286	\$ 1,448,877	\$ 1,627,039	\$ 46,753	3%	\$ 178,162	12%	
Benefits	782,551	715,760	935,286	152,734	20%	219,526	31%	
Labor & Benefits Total	\$ 2,362,837	\$ 2,164,636	\$ 2,562,325	\$ 199,488	8%	\$ 397,688	18%	
Direct Charges to CIP/Grants	(449,376)	(546,201)	(513,310)	(63,935)	14%	32,890	-6%	
Operating Labor & Benefits	\$ 1,913,461	\$ 1,618,435	\$ 2,049,014	\$ 135,553	7%	\$ 430,579	27%	
Services	936,850	940,486	1,824,680	887,830	95%	884,194	94%	
Supplies	11,550	2,645	2,850	(8,700)	-75%	205	8%	
Utilities	1,700	865	920	(780)	-46%	55	6%	
Insurance	-	-	-	-	-	-	-	
Lease/Rents	42,000	34,131	41,500	(500)	-1%	7,369	22%	
Other	553,160	479,231	546,700	(6,460)	-1%	67,469	14%	
Fixed Assets	-	-	-	-	-	-	-	
Non Personnel Total	\$ 1,545,260	\$ 1,457,359	\$ 2,416,650	\$ 871,390	56%	\$ 959,291	66%	
Total	\$ 3,458,721	\$ 3,075,794	\$ 4,465,664	\$ 1,006,943	29%	\$ 1,389,870	45%	
Capitalized Overhead	-	-	-	-	-	-	-	
GRAND TOTAL	\$ 3,458,721	\$ 3,075,794	\$ 4,465,664	\$ 1,006,943	29%	\$ 1,389,870	45%	

Colorado River Program by Division

	FYs 20&21	1 FYs 20&21		FYs 22&23		Va	ariance	Variance		
	Amended	Estimated		Adopted		Budget to	Budget	Budget to E	stimate	
Colorado River Program	\$ 2,915,593	\$ 2,557,117	\$	3,875,034	\$	959,441	33%	\$ 1,317,917	52%	
Imperial Valley Outreach Program	543,129	518,678		590,631		47,502	9%	71,953	14%	
TOTAL COLORADO RIVER PROGRAM	\$ 3,458,721	\$ 3,075,794	\$	4,465,664	\$	1,006,943	29%	\$ 1,389,870	45%	

Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
Assistant Water Resources Specialist	1.00	1.00	0.00	0.00	1.00	1.00
Director of the Colorado River Program	1.00	1.00	1.00	1.00	1.00	1.00
Engineer (P.E.)	1.00	1.00	1.00	1.00	1.00	1.00
Principal Water Resources Specialist	0.00	0.00	1.00	1.00	1.00	1.00
QSA Outreach Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Senior Water Resources Specialist	1.00	1.00	0.00	0.00	0.00	0.00
Water Resources Specialist	0.00	0.00	1.00	1.00	0.00	0.00
TOTAL	5.75	5.75	5.75	5.75	5.75	5.75



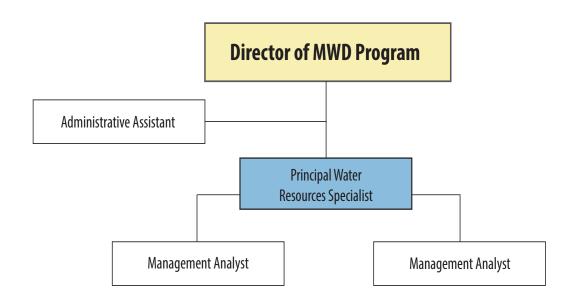


MWD Program

Overview

The Water Authority's Metropolitan Water District Program (MWD Program) is responsible for developing and implementing strategies to achieve the Water Authority's long-term supply reliability goals related to the Metropolitan Water District, including ensuring its financial sustainability and promoting equity among its member agencies. The MWD Program also serves as a liaison with water agencies throughout the MWD service area, state and federal officials, non-governmental organizations, and other stakeholders to promote and advance the Water Authority's positions on issues impacting MWD supply reliability, water quality, and costs. The MWD Program advises and supports the Water Authority's Board Officers and Delegates to MWD and coordinates and integrates internal departments' MWD-related activities to ensure alignment with the Water Authority's MWD-focused objectives.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- Supported the Water Authority Board leadership's efforts to resolve MWD's rate litigation, including securing almost \$500 million in local project subsidy benefits for the San Diego region and dismissing certain issues from the litigation.
- Provided reports to the Board of Directors on key MWD programs and policies related to water supply reliability and MWD's long-term fiscal sustainability, including:
 - Long-term resources planning (such as the 2020 Integrated Water Resources Plan Update);
 - Supply programs (such as the single-tunnel Bay-Delta project and MWD's potential Regional Recycled Water Program) and how MWD's allocation of project costs to its rates and charges may impact the Water Authority's ratepayers; and
 - Budget, rates, and charges (including opportunities for MWD to reduce its rate increases, its ongoing rate review process, and discussions surrounding demand management cost recovery).
- Prior to COVID-19 pandemic-related restrictions, executed and supported MWD Delegates on 5 MWD-sponsored, Water Authority-hosted inspection trips, providing business and community leaders with knowledge of imported water operations and supplies.
- Advised and supported the Water Authority Delegates at MWD, including in their respective leadership roles on the MWD Board.
- Engaged in education and outreach efforts to inform stakeholders on the Water Authority's positions relative to MWD programs and activities.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The MWD Program's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$4.0 million, a \$92,824, or 2% decrease compared to the previous two-year budget. The primary drivers of this change are service-related expenses and reduced travel expenses.

Initiatives

- Work collaboratively with MWD, MWD member agencies, and other stakeholders to advance key policy solutions that ensure MWD's long-term supply and facility reliability and financial sustainability (Business Plan Objective Nos. 5 and 14 under Water Supply: Imported Water).
- Obtain support for MWD to adopt a long-term finance plan (Business Plan Objective No. 5 under Water Supply: Imported Water).
- Support the Water Authority's continued effort to achieve long-term resolution on rate issues including resolving all pending rate cases with MWD (Business Plan Objective No. 6 under Water Supply: Imported Water).
- Advance policies, programs, and projects that are consistent with the Water Authority Board's Bay-Delta and Project Policy Principles, including the proper allocation of Bay Delta project costs on MWD's rates and charges (Business Plan Objective No. 9 under Water Supply: Imported Water).



 Work with the Water Authority's Board Officers and MWD Delegates to ensure collaboration, equity, and transparency through various MWD processes and programs (Business Plan Objective No. 15 under Water Supply: Imported Water).

Modifications

- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- Overall, the Services category increased by \$166,433 due to additional priorities and contract negotiations despite prioritizing and cost containment efforts.
- ◆ The Supplies category decreased by \$1,000 because of the complete migration of the Program's Los Angeles office.
- ◆ The Utilities category decreased by \$9,520 due to lower-than-expected actual costs compared to budget during the Fiscal Years 2020 and 2021 budget cycle. These savings are carried over to Fiscal Years 2022 and 2023.
- There is a decrease in Other planned expenditures of \$143,930 due to travel and catering cost reductions as a result of the COVID-19 transition. Additionally, one membership previously paid by the MWD Program has been moved under the Water Resources budget.

MWD Program by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23	,	Variance	•	Variance
	Amended	Estimated	Adopted	Budget to	Budget	Budget to I	Estimate
Labor	\$ 1,345,257	\$ 1,205,828	\$ 1,228,051	\$ (117,206)	-9%	\$ 22,223	2%
Benefits	643,460	551,9210	655,625	12,165	2%	103,705	19%
Labor & Benefits Total	\$ 1,988,717	\$ 1,757,748	\$ 1,883,676	\$ (105,041)	-5%	\$ 125,928	7%
Direct Charges to CIP/Grants	-	-	-	-	-	-	-
Operating Labor & Benefits	\$ 1,988,717	\$ 1,757,748	\$ 1,883,676	\$ (105,041)	-5%	\$ 125,928	7%
Services	1,676,579	1,669,715	1,843,012	166,433	10%	173,297	10%
Supplies	5,500	2,242	4,500	(1,000)	-18%	2,258	101%
Utilities	22,600	13,380	13,080	(9,520)	-42%	(300)	-2%
Insurance	-	-	-	-	-	-	-
Lease/Rents	54,016	49,436	54,251	235	-	4,814	10%
Other	297,685	235,831	153,755	(143,930)	-48%	(82,076)	-35%
Fixed Assets	-	-	-	-	-	-	-
Non Personnel Total	\$ 2,056,380	\$ 1,970,605	\$ 2,068,598	\$ 12,218	1%	\$ 97,993	5%
Total	\$ 4,045,097	\$ 3,728,353	\$ 3,952,273	\$ (92,824)	-2%	\$ 223,921	6%
Capitalized Overhead	-	-	-	-	-	-	-
GRAND TOTAL	\$ 4,045,097	\$ 3,728,353	\$ 3,952,273	\$ (92,824)	-2%	\$ 223,921	6%



Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Administrative Assistant	0.25	0.25	0.25	0.25	0.25	0.25
Assistant General Manager ¹	0.50	0.50	0.50	0.00	0.00	0.00
Assistant Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00
Director of MWD Program	1.00	1.00	1.00	1.00	1.00	1.00
Management Analyst	0.00	0.00	1.00	1.00	2.00	2.00
Principal Water Resources Specialist	0.00	0.00	0.00	0.00	1.00	1.00
Public Affairs Manager	0.20	0.20	0.00	0.00	0.00	0.00
Senior Water Resources Specialist	1.00	1.00	1.00	1.00	0.00	0.00
Water Resources Specialist	1.00	1.00	0.00	0.00	0.00	0.00
Total	4.95	4.95	4.75	4.25	4.25	4.25

^{1.} Assistant General Manager 0.50 FTE transferred to the Government Relations Department and downgraded to a Legislative Analyst in Fiscal Year 2021.

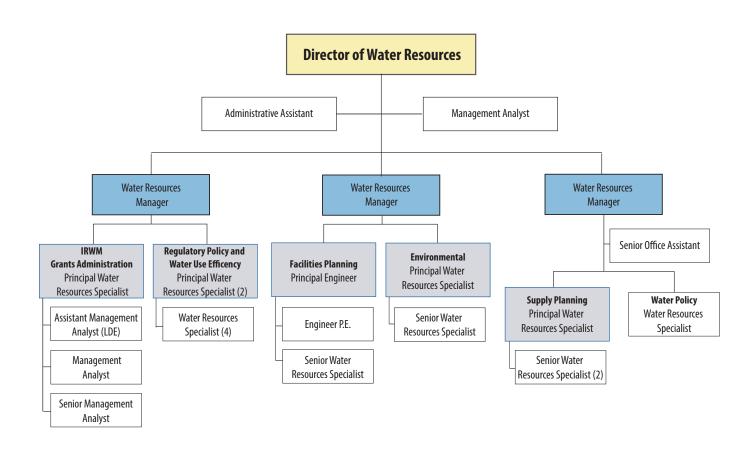


Water Resources Department

Overview

The Water Resources Department is responsible for long-range water resources and facilities planning. The department prepares the Water Authority's Urban Water Management Plan, Regional Water Facilities Optimization and Master Plan, Climate Action Plan, and Water Shortage Contingency Plan; administers the Claude "Bud" Lewis Carlsbad Desalination Plant Water Purchase Agreement; provides assistance to member agencies in local supply development; manages the Integrated Regional Water Management (IRWM) Program, including grants administration and IRWM Plan preparation; administers the Subregional Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP); and ensures environmental and regulatory compliance for Water Authority programs and projects. In addition, the department develops, reviews, and advocates for policies, regulations, and legislation related to water supply, water quality, water efficiency, recycled water and potable reuse, integrated planning, greenhouse gas emissions, and shortage contingency planning to ensure that they are fair and equitable to the Water Authority and its member agencies. Water Resources also administers regional Water Use Efficiency programs to assist member agencies in meeting long term water saving goals.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- Updated Water Conservation Tracking Tool and region's Long-Term Water Demand Forecast to assist with preparation of the 2020 Urban Water Management Plan.
- Completed 2020 Urban Water Management Plan, 2015 Plan addendum, and updated Water Shortage Contingency Plan.
- Implemented a new water billing system and water resources database to enhance functionality and ensure software compatibility.
- Implemented the Permanent Special Agricultural Water Rate (PSAWR) Program.
- Received an award from Department of Water Resources (DWR) of \$15.3 million in the Proposition 1, Round 1 IRWM grant program to support seven high-priority projects in the San Diego region and administration of the projects.
- Staged the quadrennial San Diego IRWM Program Summit, which drew approximately 85 people to celebrate the program's accomplishments and offer input about the future of IRWM in the region.
- Completed and submitted the 2019 and 2020 Environmental Annual Report to the regulatory agencies.
- Completed an environmental training video on the California Environmental Quality Act and current environmental permitting requirements to be used for new hires and as a refresher for existing staff.
- Obtained a Final Lake or Streambed Alteration Agreement from with California Department of Fish and Wildlife (CDFW) for programmatic authorization of routine operations and maintenance projects that result in minor impacts on jurisdictional waters features regulated by CDFW.
- Completed Water Purchase Agreement Supplements for the Carlsbad Desalination Plant Intake Improvements Temporary Standalone Operations Period and Interim Operations Period.
- Assisted Poseidon in securing low-interest Bank Loan Agreement for the first phase of intake improvements at the Carlsbad Desalination Plant.
- Secured \$500,000 to support three projects in San Diego County through Metropolitan's Future Supply Action Funding Program, including \$175,000 for the Carlsbad Desalination Plant Intake Demonstration project.
- Awarded \$562,500 through the Department of Water Resources Prop 50 Water Desalination Grant Program for the Carlsbad Desalination Plant Intake Demonstration project.
- Completed the 2019 and 2020 water audit analysis, verification, and submittal to the Department of Water Resources.



- Completed the 2019 Climate Action Plan to comprehensively document the Water Authority's current practices, operations, and progress toward state emissions targets, and to identify feasible measures that could be implemented to reduce greenhouse gas emissions.
- Continued participation in the Department of Water Resources conservation legislation workgroups, and advocated for the Water Authority and its member agencies as Water Use Efficiency targets are developed from the SB 606 and AB 1668 legislation.
- Aided in the development of recycled water action plans for both the State of California and the nation.
- Participated in development of three public outreach videos on recycled water through the Southern California Water Coalition.
- Served on the California Urban Water Agencies (CUWA) steering committee to develop a water reuse issues brief.
- Won a national 2019 EPA WaterSense Excellence Award for the Qualified Water Efficient Landscaper, or "QWEL", Program.
- Administered the Member Agency Administered Program (MAAP) in conjunction with our member agencies to bring \$1.2 million of conservation funding from MWD to the region.
- Successfully secured Prop 1 Round 1 grant funding of \$1.4 million to implement regional water use efficiency programs.
- Worked with member agencies to develop a two-year plan to implement conservation programs utilizing \$1.6 million from MWD's Member Agency Administered Program, including 21 member agency projects worth more than \$700,000 and 19 regional projects worth nearly \$900,000.
- Administered four Prop 84 conservation grants totaling \$8.6 million and secured an additional \$289,000 in reallocated funds from Prop 84 Round 3 for regional turf rebates.
- Coordinated with the member agencies, Metropolitan Water District of Southern California (MWD), and the Local Agency Formation Commission (LAFCO) to process member agency annexation requests.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Water Resources Department's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$10.8 million, a \$305,536, or 3% increase compared to the previous two-year budget. The primary driver of this increase is the increase in benefits costs. In Fiscal Year 2021, the Water Use Efficiency Program (formerly Conservation Program) was transferred from Public Affairs Department to Water Resources Department to better align with organizational goals and priorities.



Initiatives

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- Initiate a Master Plan Update that evaluates facility needs and other system strategies to address the updated 2020 long-range demand forecast (Business Objective No. 10 under Water Facilities - Infrastructure/CIP)
- Coordinate with member agencies and the Water Research Foundation to evaluate the benefits of the Carlsbad Desalination Plant supply and new local supplies (Business Objective No. 2 under Water Supply - Local Water).
- Complete Contract Administration Memoranda and any necessary Water Purchase Agreement contract amendments for the final phase of the new intake and discharge facilities at the Carlsbad Desalination Plant (Business Objective No. 3 under Water Supply - Local Water).
- Advocate for state and federal funding opportunities applicable for the Carlsbad Desalination Plant Intake Modifications Project and apply as such programs are made available (Business Objective No. 4 under Water Supply - Local Water)...
- Participate on a national Water Reuse Action Plan workgroup to evaluate National Pollutant Discharge Elimination System (NPDES) permitting to support reuse projects (Business Objective No. 5 under Water Supply - Local Water).
- Support Poseidon with development and implementation of the intake screen demonstration project to optimize the proposed intake technology (Business Objective No. 6 under Water Supply - Local Water).
- Complete all submittal reviews within the Water Purchase Agreement required timeframe during oversight of the design, construction, and commissioning of the Carlsbad Desalination Plant's permanent intake and discharge facilities in compliance with the Ocean Plan Amendment (Business Objective No. 8 under Water Supply - Local Water).
- Coordinate with member agencies to submit applications to MWD for LRP and other funding opportunities and advocate for criteria which is supportive of member agency projects (Business Objective No. 7 under Water Supply - Local Water).
- Secure \$2.5 million in external funding such as grant awards, utility funding, and inkind contributions to support water-use efficiency programs (Business Objective No. 4 under Water Supply - Resource Planning).
- Secure the San Diego Region's allocated share of approximately \$36 million in Integrated Regional Water Management grant funding, from the Department of Water Resource's Proposition 1 program (Business Objective No. 5 under Water Supply -Resource Planning).
- Advocate with member agencies the equitable and reasonable development of statewide water use efficiency targets by the Department of Water Resources and State Water Resource Control Board (Business Objective No. 6 under Water Supply -Resource Planning).



- Engage in the San Diego LAFCO on Fallbrook/Rainbow detachment to ensure all conditions outlined in Board Resolution 2020-06 are fully addressed (Business Objective No. 7 under Water Supply - Resource Planning).
- Prepare an annual water supply and demand assessment to comply with State requirements (Business Objective No. 9 under Water Supply - Resource Planning).
- Work with member agencies to maximize water use efficiency funding from MWD for Member Agency Administered Programs (Business Objective No. 8 under Water Supply - Resource Planning).
- Coordinate with member agencies, MWD, and LAFCO to process member agency annexation requests.
- Pursue partnerships on leading-edge climate science projects and evaluate opportunities to incorporate climate research into planning processes (Business Objective No. 6 under Water Facilities - Sustainability).

Modifications

- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result the Water Authority is forecasting an increase each year to Benefits.
- In Fiscal Year 2021 the Water Use Efficiency Program was transferred from Public Affairs to Water Resources. The transfer included one Principal Water Resources Specialist, three Water Resources Specialists and 0.40 FTE of Management Analyst reflecting an increase to the department's overall Labor and Benefits budget. In addition, one Water Resources Specialist was transferred to Finance and reclassified as a Senior Management Analyst and one Senior Water Resources Specialist was reclassified to a Water Resources Specialist.
- ◆ The Services category budget decreased by \$875,744, or 40%, from the previous two-year budget. Some of the professional services included in the last budget cycle included preparation of state-mandated planning documents, such as the 2020 Urban Water Management Plan and the Climate Action Plan, that have been completed; therefore resulting in reduced need for outside professional services support.
- There is a slight decrease in the Supplies category by approximately \$9,000, or 29%. In Fiscal Years 2020 and 2021, the department had one-time expenses that will not be recurring in the next two-year budget.
- The Utilities budget shows a decrease of \$1,200, or 67%, as a result of reduced needs for outside conference call services.



• The Other category is up by \$110,000, or 20%, due to transfer of one membership (California Urban Water Agencies) from MWD Program to Water Resources to properly align with department duties.

Water Resources by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23		Variance	\	/ariance
	Amended	Estimated	Adopted	Budg	et to Budget	Budget to E	stimate
Labor	\$ 6,474,109	\$ 6,486,529	\$ 7,037,105	\$ 562,9	96 9%	\$ 550,576	8%
Benefits	3,288,518	3,084,446	3,996,501	707,9	83 22%	912,055	30%
Labor & Benefits Total	\$ 9,762,627	\$ 9,570,975	\$ 11,033,606	\$ 1,270,9	79 13%	\$ 1,462,631	15%
Direct Charges to CIP/Grants	(2,004,008)	(2,076,718)	(2,193,903)	(189,89	94) 9%	(117,185)	6%
Operating Labor & Benefits	\$ 7,758,619	\$ 7,494,257	\$ 8,839,703	\$ 1,081,0	84 14%	\$ 1,345,446	18%
Services	2,163,364	1,705,694	1,287,620	(875,74	-40%	(418,074)	-25%
Supplies	31,002	23,980	22,100	(8,90)2) -29%	(1,880)	-8%
Utilities	1,800	258	600	(1,20	00) -67%	342	132%
Insurance	-	-	-			-	-
Lease/Rents	-	-	-			-	-
Other	554,271	331,998	664,568	110,2	97 20%	332,570	100%
Fixed Assets	-	-	-			-	-
Non Personnel Total	\$ 2,750,437	\$ 2,061,929	\$ 1,974,888	\$ (775,54	l9) - 28 %	\$ (87,041)	-4%
Total	\$ 10,509,056	\$ 9,556,186	\$ 10,814,591	\$ 305,5	36 3%	\$ 1,258,406	13%
Capitalized Overhead		-	-				
GRAND TOTAL	\$ 10,509,056	\$ 9,556,186	\$ 10,814,591	\$ 305,5	36 3%	\$ 1,258,406	13%

Water Resources by Division

	FYs 20&21	FYs 20&21 FYs 20&2		FYs 22&23	Variance			Variance		
	Amended		Estimated	Adopted		Budget to	Budget	Budget to I	Estimate	
IRWM Grants Administration	\$ 714,786	\$	657,817	\$ 766,633	\$	51,848	7%	\$ 108,817	17%	
Environmental and Facilities Planning	1,750,590		1,805,519	1,732,628		(17,963)	-1%	(72,891)	-4%	
Water Policy and Supply Planning	4,628,329		4,655,832	4,490,764		(137,565)	-3%	(165,068)	-4%	
Regulatory Policy and Water Use Efficiency	3,415,351		2,437,019	3,824,566		409,215	12%	1,387,547	57%	
TOTAL WATER RESOURCES	\$ 10,509,056	\$	9,556,186	\$ 10,814,591	\$	305,536	3%	\$ 1,258,406	13%	



Personnel Requirements

Assistant Management Analyst (Grants)

Management Analyst (Grants)

TOTAL

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Director of Water Resources	1.00	1.00	1.00	1.00	1.00	1.00
Engineer II	1.00	1.00	0.00	0.00	0.00	0.00
Engineer (P.E.)	0.00	0.00	1.00	1.00	1.00	1.00
Management Analyst ¹	2.00	2.00	2.00	2.40	2.40	2.40
Principal Engineer	1.00	1.00	1.00	1.00	1.00	1.00
Principal Water Resources Specialist ^{2,3}	5.00	5.00	5.00	5.00	5.00	5.00
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Senior Office Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Senior Water Resources Specialist ⁴	5.00	5.00	5.00	5.00	4.00	4.00
Water Resources Manager ³	2.00	2.00	2.00	3.00	3.00	3.00
Water Resources Specialist ^{4,5,6}	2.00	2.00	2.00	4.00	5.00	5.00
TOTAL	22.00	22.00	22.00	25.40	25.40	25.40
Limited Duration Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23

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^{1.} Management Analyst 0.40 FTE was transferred from Public Affairs in Fiscal Year 2021 due to the transfer of the Water Use Efficiency Program.

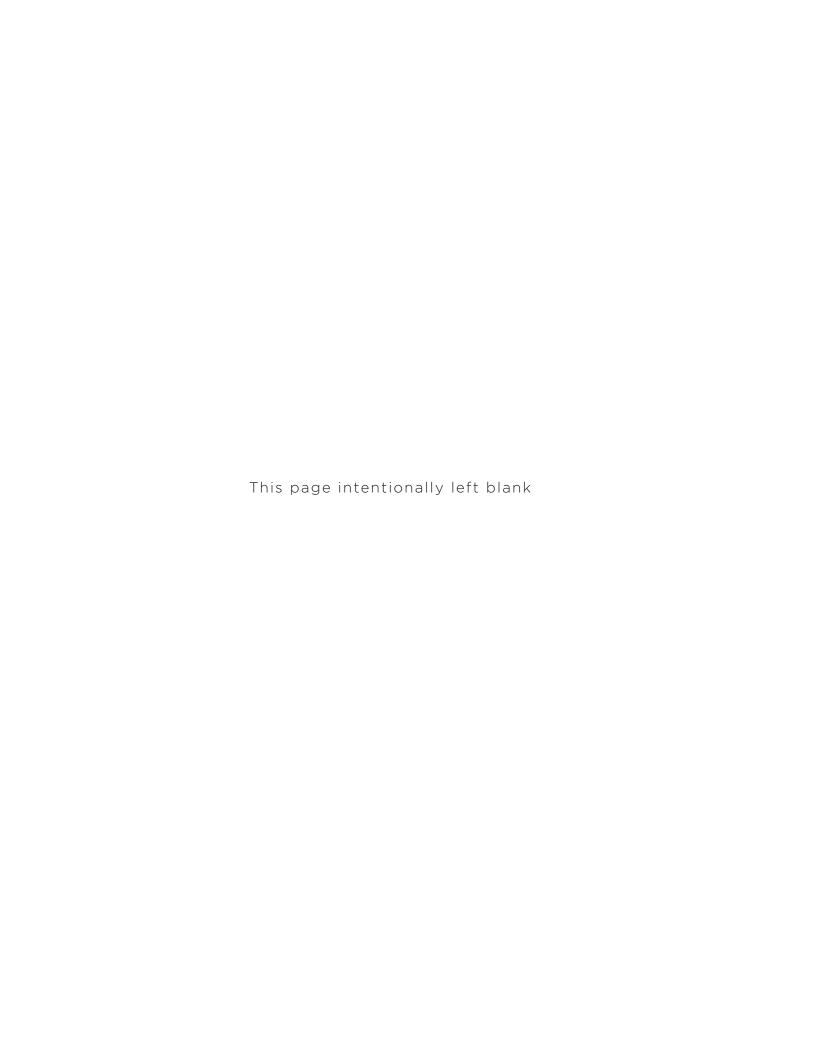
^{2.} One Principal Water Resources Specialist was transferred from Public Affairs in Fiscal Year 2021 due to the transfer of the Water Use Efficiency Program.

^{3.} One Principal Water Resources Specialist was reclassified to a Water Resources Manager in Fiscal Year 2021.

^{4.} One Senior Water Resources Specialist was reclassified to a Water Resources Specialist.

^{5.} One Water Resources Specialist was reclassified to a Senior Management Analyst and transferred to the Finance Department in Fiscal Year 2021.

^{6.} Three Water Resources Specialists were transferred from Public Affairs in Fiscal Year 2021 due to the transfer of the Water Use Efficiency Program.





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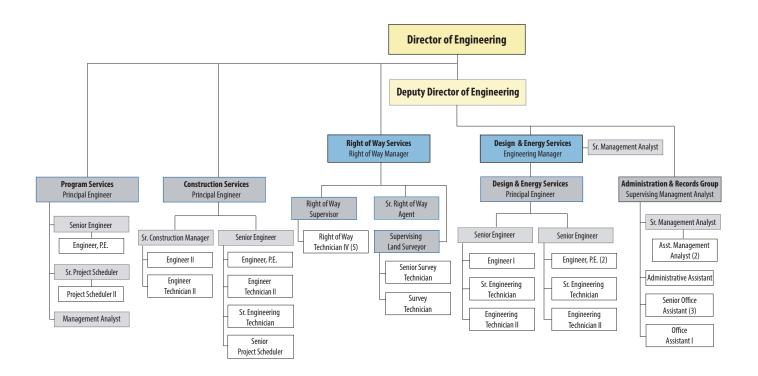


Engineering Department

Overview

The Engineering Department's primary focus areas include: managing and executing a cost effective and efficient Capital Improvement Program (CIP) which consists of projects identified and prioritized through the Water Authority's Master Planning Process and Asset Management Program; providing as-needed technical support to other departments; managing the Water Authority's Right of Way inclusive of survey, acquisition, disposal, and lease of real property, patrol and management of 168 miles of right of way; and overseeing agency-wide Energy Planning efforts inclusive of reviewing supply, transmission, regulatory, and operational energy-related issues with the goal to reduce costs of energy while meeting the agency's climate action plan objectives.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- Awarded the 2020 "Project Achievement Award for Public Works Greater than \$15 Million" from the Construction Management Association of America for the Pipeline 5 Relining - Delivery Point to Sage Road project.
- Selected for the 2020 "Honor Award" by the American Public Works Association San Diego & Imperial Counties Chapter for the Pipeline 5 Relining - Delivery Point to Sage Road project.
- Received the 2020 "Award of Merit" for the Pipeline 4 Emergency Repair Project from the American Society of Civil Engineers - San Diego Section.
- Completed construction on the following projects:
 - Pipeline 4 Moosa Canyon Urgent Repair
 - Rejection Tower Repair
 - San Diego 28 Flow Control Facility Project
 - Pipeline 5 Repair at Moosa Canyon
 - Vallecitos 11/Vista Irrigation District 12 Flow Control Facility
 - Northern First Aqueduct Structures and Lining Rehabilitation
- Resolved remaining six of the long-term encroachment cases, 50 new encroachments, and responded to an average of 377 Dig Alerts per month.
- Completed 100 right of way permits and agreements and performed technical reviews for both public agency and private development projects crossing our right of way.
- Completed 35 right of way permits and agreements and performed technical reviews for both public agency and private development projects crossing our right of way.
- Removed 157 trees from pipeline right of ways.
- Completed three-way land exchange to replace Water Authority lands taken for SR 76 improvements. The land exchange involved land transfers among Caltrans, the County of San Diego, and the Water Authority.
- Entered into a License Agreement with SDG&E for a temporary materials storage yard for their gas line safety project. SDG&E pays the Water Authority \$23,000/month to use the site.
- Completed Phase II of a drone pilot study by utilizing drones for CIP projects and monitoring aqueduct right of way.
- As a result of an energy audit, modified energy rate tariff at Valley Center Pump Station to save \$121,000/year in energy costs.
- Secured a bill crediting arrangement (RES-BCT) from the California Public Utilities Commission to credit energy generated at the Rancho Peñasquitos Hydroelectric Facility to the Carlsbad Desal Plant saving an estimated \$400,000/year.



- Completed energy audits at five facilities (Lake Hodges, Kearny Mesa, Escondido, Valley Center Pump Station, Twin Oaks Valley Water Treatment Plant) which identified future energy saving and cost reduction measures.
- Commissioned the 1 Megawatt/2 Megawatt-hour battery system at Twin Oaks Valley Water Treatment Plant to save an estimated \$97,000/year in energy demand costs from SDG&E.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Engineering Department's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$7.9 million, a \$154,275, or a 2% decrease compared to the previous two-year budget. The decrease is primarily due to completing the removal of encroachments, reducing the tree removal budget, and various other minor budget reductions in a variety of categories.

Initiatives

Utilize industry Best Management Practices such as use of innovative program management tools to efficiently and effectively manage and execute CIP projects in various stages of planning, design, and construction, some of which are listed below:

- Complete the Pipeline Seismic System Vulnerability Study (Business Plan Objective No. 3 under Water Facilities: Infrastructure/CIP).
- Complete construction of the following projects:
 - Mission Trails Flow Regulatory Structure II and Flow Control Facility (Business Plan Objective No. 5 under Water Facilities: Infrastructure/CIP)
 - San Luis Rey Habitat Management Area Restoration (Business Plan Objective No. 4 under Water Facilities: Sustainability)
 - **Dulin Hill Erosion Control**
 - Hauck Mesa Storage Reservoir (Business Plan Objective No. 7 under Water Facilities: Infrastructure/CIP)
 - Pipeline 5 Relining Twin Oaks Valley Road to Crossover Pipeline Turnout (Business Plan Objective No. 16 under Water Facilities: Infrastructure/CIP)
- Complete design and begin construction of the following projects:
 - First Aqueduct Treated Water Tunnels Rehabilitation
 - First Aqueduct Structures Rehabilitation Hubbard Hill South (Business Plan Objective No. 6 under Water Facilities: Infrastructure/CIP)
 - Continue collaborating with the City of San Diego for the planning of the rehabilitation / replacement of the Lake Hodges Dam
- Meet State of California, statutory legal requirements for agencies to respond to area wide construction Dig Alerts.
- Work with private and public entities to protect our easement rights and facilities as development occurs and as properties are sold to new owners.



- Conduct due diligence investigations to assure suitability of identified property for the replacement of the O&M Facility (Business Plan Objective No. 3 under Water Facilities: Water System Management).
- Expand Drone program to include inspections of facilities, such as roofs and vents.
- Advocate for legislative or regulatory action allowing for cost of service, large-scale pumped energy storage model (Business Plan Objective No. 1 under Water Facilities: Water System Management).
- Implement energy dashboard for tracking and centralizing energy generation and usage data (Business Plan Objective No. 2 under Water Facilities: Water System Management).
- Evaluate the feasibility of improving electric system resiliency at Water Authority facilities (Business Plan Objective No. 6 under Water Facilities: Water System Management).
- Identify innovative opportunities for energy procurement to reduce energy costs and identify schedules for economically viable alternatives. (Business Plan Objective No. 8 under Water Facilities: Water System Management).
- Participate in Federal and State regulatory proceedings to reduce energy costs and comply with California energy goals (Business Plan Objective No. 9 under Water Facilities: Water System Management).

Budget Modifications

- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- In an effort to maintain Operating Department costs in Fiscal Years 2022 and 2023 a Right-of-Way Technician II was eliminated, reducing the Engineering Department's fulltime equivalents by one.
- The Services budget is 9%, or \$115,589, less than the previous two-year budget due to completing the removal of encroachments and reducing the tree removal budget.
- The Supplies budget is 67%, or \$30,700, more than the previous two-year budget due to the implementation of the energy dashboard for tracking and centralizing energy generation and usage data.
- The Utilities budget is 6%, or \$500 less than the previous two-year budget due to the discontinuation of one broadband device.



- ◆ The Insurance budget is 7%, or \$642, less than the previous two-year budget due to reduced cost in warranties for the survey equipment.
- ◆ The Leases and Rents budget is 1%, or \$140, less than the previous two-year budget due to meter charges for the plotter being less than anticipated.
- The Other budget is 47%, or \$54,216, less than the previous two-year budget due to a reduction in the conference, travel, and training budgets.

Engineering by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23	Variance	Variance
	Amended	Estimated	Adopted	Budget to Budget	Budget to Estimate
Labor	\$ 11,649,542	\$ 11,931,292	\$ 12,286,122	\$ 636,580 5%	\$ 354,830 3%
Benefits	5,792,329	5,867,223	6,856,558	1,064,229 18%	989,335 17%
Labor & Benefits Total	\$ 17,441,871	\$ 17,798,515	\$ 19,142,680	\$ 1,700,809 10%	\$ 1,344,164 8%
Direct Charges to CIP/Grants	(10,877,561)	(11,102,997)	(12,592,258)	(1,714,697) 16%	(1,489,261) 13%
Operating Labor & Benefits	\$ 6,564,310	\$ 6,695,518	\$ 6,550,422	\$ (13,888)	\$ (145,096) -2%
Services	1,247,145	1,034,110	1,131,556	(115,589) -9%	97,446 9%
Supplies	46,100	27,448	76,800	30,700 67%	49,352 180%
Utilities	8,180	7,304	7,680	(500) -6%	376 5%
Insurance	8,824	8,120	8,182	(642) -7%	62 1%
Lease/Rents	16,464	16,387	16,324	(140) -1%	(63)
Other	116,580	42,588	62,364	(54,216) -47%	19,776 46%
Fixed Assets	-	-	-		
Non Personnel Total	\$ 1,443,293	\$ 1,135,957	\$ 1,302,906	\$ (140,387) -10%	\$ 166,949 15%
Total	\$ 8,007,604	\$ 7,831,475	\$ 7,853,328	\$ (154,275) -2%	\$ 21,853 -
Capitalized Overhead	-	-	-		
GRAND TOTAL	\$ 8,007,604	\$ 7,831,475	\$ 7,853,328	\$ (154,275) -2%	\$ 21,853 -

Engineering by Division

	FYs 20&21	FYs 20&21	FYs 22&23	3 Variance			Variand		
	Amended	Estimated	Adopted		Budget to	Budget		Budget to	Estimate
Administration Services	\$ 1,109,026	\$ 1,196,573	\$ 926,067	\$	(182,959)	-16%	\$	(270,505)	-23%
Engineering Services	1,413,122	1,514,089	1,451,031		37,909	3%		(63,057)	-4%
Energy Planning	1,145,630	945,587	1,129,610		(16,019)	-1%		184,023	19%
Right of Way Services	4,339,825	4,175,227	4,346,619		6,794	-		171,392	4%
TOTAL ENGINEERING	\$ 8,007,604	\$ 7,831,475	\$ 7,853,328	\$	(154,275)	-2%	\$	21,853	



Personnel Requirements

Administrative Assistant 1.00	Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Construction Manager 1.00 1.00 0.00 0.00 0.00 0.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00<	Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Deputy Director of Engineering 0.00 0.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.	Assistant Management Analyst	2.00	2.00	2.00	2.00	2.00	2.00
Director of Engineering 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.	Construction Manager	1.00	1.00	0.00	0.00	0.00	0.00
Engineer I 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.	Deputy Director of Engineering	0.00	0.00	1.00	1.00	1.00	1.00
Engineer II	Director of Engineering	1.00	1.00	1.00	1.00	1.00	1.00
Engineer (P.E.) 4.00 4.00 4.00 4.00 4.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Engineer I	1.00	1.00	1.00	1.00	1.00	1.00
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Engineering Technician I 1.00 1.00 1.00 1.00 1.00 1.00 1.00 3.00 3	Engineer (P.E.)	4.00	4.00	4.00	4.00	4.00	4.00
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Management Analyst	Engineering Technician I	1.00	1.00	1.00	1.00	1.00	1.00
Office Assistant I 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3	Engineering Technician II	1.00	1.00	3.00	3.00	3.00	3.00
Principal Engineer 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3	Management Analyst ¹	2.00	2.00	2.00	1.00	1.00	1.00
Project Scheduler II 2.00 2.00 2.00 2.00 1.00 1.00 Right of Way Manager 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Office Assistant I	1.00	1.00	1.00	1.00	1.00	1.00
Right of Way Manager 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 <th< td=""><td>Principal Engineer</td><td>3.00</td><td>3.00</td><td>3.00</td><td>3.00</td><td>3.00</td><td>3.00</td></th<>	Principal Engineer	3.00	3.00	3.00	3.00	3.00	3.00
Right of Way Supervisor 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Project Scheduler II	2.00	2.00	2.00	2.00	1.00	1.00
Right of Way Tech Level I, II, III, IV 6.00 6.00 6.00 6.00 5.00 5.00 Senior Construction Manager 0.00 0.00 1.00 1.00 1.00 1.00 Senior Engineer 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 4.00 1.00	Right of Way Manager	1.00	1.00	1.00	1.00	1.00	1.00
Senior Construction Manager 0.00 0.00 1.00 1.00 1.00 1.00 Senior Engineer 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 0.00 0.00 0.00 0.00 0.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.	Right of Way Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Senior Engineer 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 4.00 0.00 0.00 0.00 0.00 0.00 3.00 3.00 3.00 3.00 3.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00	Right of Way Tech Level I, II, III, IV	6.00	6.00	6.00	6.00	5.00	5.00
Senior Engineering Manager 1.00 1.00 0.00 0.00 0.00 0.00 Senior Engineering Technician 5.00 5.00 3.00 3.00 3.00 3.00 3.00 2.00 2.00 2.00 Senior Management Analyst¹ 0.00 0.00 1.00 2.00 2.00 2.00 Senior Office Assistant 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00	Senior Construction Manager	0.00	0.00	1.00	1.00	1.00	1.00
Senior Engineering Technician 5.00 5.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Senior Engineer	4.00	4.00	4.00	4.00	4.00	4.00
Senior Management Analyst¹ 0.00 0.00 1.00 2.00 2.00 2.00 Senior Office Assistant 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00	Senior Engineering Manager	1.00	1.00	0.00	0.00	0.00	0.00
Senior Office Assistant 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 3.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Senior Engineering Technician	5.00	5.00	3.00	3.00	3.00	3.00
Senior Project Scheduler 1.00 1.00 1.00 1.00 2.00 2.00 Senior Right of Way Agent 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Senior Management Analyst ¹	0.00	0.00	1.00	2.00	2.00	2.00
Senior Right of Way Agent 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Senior Office Assistant	3.00	3.00	3.00	3.00	3.00	3.00
Senior Survey Technician 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1	Senior Project Scheduler	1.00	1.00	1.00	1.00	2.00	2.00
Supervising Land Surveyor 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Senior Right of Way Agent	1.00	1.00	1.00	1.00	1.00	1.00
Supervising Management Analyst 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Senior Survey Technician	1.00	1.00	1.00	1.00	1.00	1.00
Survey Technician 1.00 1.00 1.00 1.00 1.00 1.00	Supervising Land Surveyor	1.00	1.00	1.00	1.00	1.00	1.00
	Supervising Management Analyst	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL 49.00 49.00 50.00 50.00 49.00 49.00	Survey Technician	1.00	1.00	1.00	1.00	1.00	1.00
	TOTAL	49.00	49.00	50.00	50.00	49.00	49.00

^{1.} One Management Analyst was reclassified to a Senior Management Analyst in Fiscal Year 2021.

^{2.} One Right-of-Way Tech Level I was eliminated in Fiscal Years 2022 and 2023.

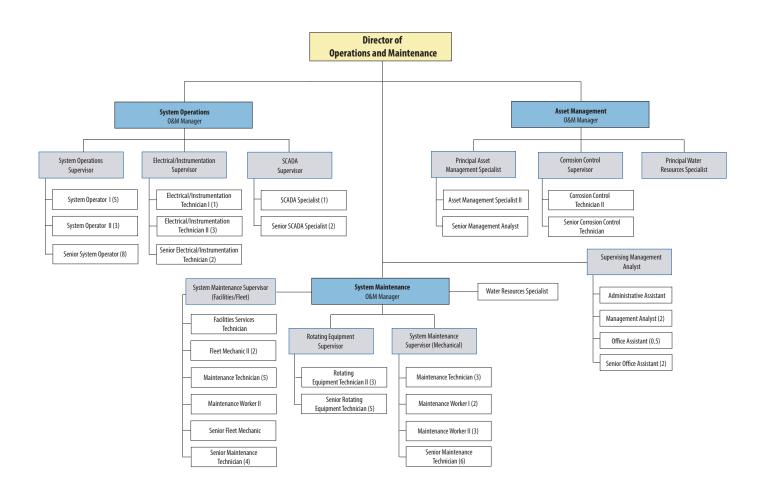


Operations and Maintenance Department

Overview

The Operations and Maintenance Department is responsible for the Water Authority's Operations and Maintenance, Asset Management, and Facilities Security and Emergency Preparedness Programs. This includes: controlling water deliveries to meet member agency demands; managing dam and reservoir operations; performing pump station and power generation operations and maintenance; overseeing water treatment plant operations; ensuring water quality and complying with all applicable environmental regulations; performing preventative and corrective maintenance on the Water Authority's aqueduct system, fleet, facilities, and right of way; managing computerized controls equipment; monitoring and maintaining infrastructure assets through the Asset Management Program; and supporting enhanced emergency preparedness and cybersecurity through local, state and federal projects and partnerships.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- Maintained 100% uptime for the Aqueduct Delivery System, with no unplanned shutdowns or outages.
- Managed Supervisory Control and Data Acquisition (SCADA) communication system performance to realize a two-year average uptime exceeding 99.9%.
- Despite an unplanned 3-month outage on one of the two generation units at the Hodges Pumped Storage Facility, met FY2020 hydro-power revenue goals and projected to exceed them by \$0.2M in FY2021.
- Completed 18 Capital Improvement Program (CIP) shutdowns and two operating shutdowns to integrate new system components and perform programmed maintenance and inspections.
- Safely and efficiently completed planned and corrective maintenance on aqueduct delivery systems and facilities, properties/rights-of-way, and fleet.
- Performed over 25 miles of comprehensive condition assessments of the treated portion of the First Aqueduct using the latest nondestructive technologies.
- Conducted routine visual inspections of Second Aqueduct pipelines totaling 15 miles.
- Identified an active leak on Pipeline 4 at Moosa Canyon and initiated an emergency repair project. Established the evaluation and repair of Pipeline 5 in the same area.
- Identified groundwater intrusion issues within the northern tunnels of the First Aqueduct. Performed pressure grouting repairs to mitigate risks. Performed a baseline 3D laser scan of the tunnels and initiated a comprehensive rehabilitation project.
- Performed a system-wide risk assessment and identified CIP projects for future planned repair and rehabilitation of pipeline and facilities.
- Developed major maintenance and replacement plans for electrical and mechanical equipment within all critical Water Authority facilities and utilized that information to develop a Capital Improvement Project to fund and schedule the plans.
- Supported development of the Long-Range Financing Plan and sought alignment through the Fiscal Sustainability Task Force. Developed the FY2022/2023 CIP Budget for asset management projects.
- Continued to utilize tools and innovative technologies in support of reducing pipeline failures, including the development of a LIDAR pipeline measurement tool.
- Initiated 'Innovating Asset Management A Regional Collaboration' initiative amongst member agencies.
- Completed installation and commissioning of the chlorine boosting facility at Mission Trails Flow Regulatory Structure to allow for enhanced water quality monitoring and conditioning.
- Hired a Real Estate Broker to identify and evaluate potential properties for a new O&M Department Yard/Facility to meet O&M's current and future space needs.



 Completed several physical security improvements on our aqueduct system and facilities.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Operations and Maintenance Department's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$43.2 million. This is a \$0.1 million, or 0.3%, increase over the previous two-year budget.

Initiatives

- Implement major maintenance and replacement plans for all electrical and mechanical equipment within Water Authority critical facilities (Business Plan Objective No. 10 under Water Facilities: Water System Management).
- Identify and pursue the purchase of a property for the new Operations and Maintenance Yard/Facility (Business Plan Objective No. 3 under Water Facilities: Water System Management).
- Implement physical security assessment recommendations for critical facilities. (Business Plan Objective No. 4 under Water Facilities: Water System Management).
- Support continued knowledge share and cost reduction within the region through the 'Innovating Asset Management - A Regional Collaboration' initiative (Business Plan Objective No. 12 under Water Facilities: Water System Management).
- Evaluate and incorporate new technology in collaboration with water quality equipment manufacturers to enhance the online water quality monitoring capabilities within the aqueduct system including both untreated and treated pipelines (Business Plan Objective No. 7 under Water Facilities: Water System Management).

Modifications

- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- In an effort to maintain Operating Department costs in Fiscal Years 2022 and 2023 an Asset Management Specialist I was eliminated, reducing the Operations and Maintenance Department's full-time equivalents by one.
- The Asset Management division will be separated into two cost centers representing Asset Management and Corrosion Control.



- The Services category budget decreased by \$1,292,622, or 14% from the previous twoyear budget. The reduction is attributed primarily to an overall decrease of maintenance cost sharing for Lake Hodges and San Vicente Reservoir, as well as a shift to the CIP of some of these costs. Additionally, federally mandated planning and assessment documents required by America's Water Infrastructure Act have been completed.
- The Supplies category budget decreased by \$920,545, or 26% from the previous two-year budget mainly due to completion of milestone maintenance activities and corrective maintenance repairs at several of our larger facilities, as well as a shift of some supplies to the Cost of Water and the CIP Facilities Improvement and Equipment Replacement project.
- The Utilities category budget increased by \$142,640, or 5% from the previous two-year budget due to estimated rate increases in energy and communication costs.
- The Lease/Rents category budget decreased by \$19,289 or 9% from the previous twoyear budget due to a reduction in rentals related to the COVID-19 pandemic and GASB lease definitions triggering a shift of expenses to other categories.
- The Other category budget decreased by \$185,749, or 26% from the previous twoyear budget. This is related to overall travel and training restrictions caused by the COVID-19 pandemic, lower than expected state permitting fees and the removal of one-time regulatory costs.
- The Fixed Assets category budget decreased by \$138,000, or 66% from the previous two-year budget, due mainly to the normal fluctuation of equipment needs and a realignment of equipment purchases to the equipment replacement fund and the CIP.

Operations and Maintenance by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23	Variance	. Variance
	Amended	Estimated	Adopted	Budget to Budget	Budget to Estimate
Labor	\$ 19,345,221	\$ 21,193,135	\$ 20,306,893	\$ 961,673 5%	\$ (886,242) -4%
Benefits	9,912,607	9,672,104	11,308,820	1,396,212 14%	1,636,716 17%
Labor & Benefits Total	\$ 29,257,828	\$ 30,865,239	\$ 31,615,713	\$ 2,357,885 8%	\$ 750,474 2%
Direct Charges to CIP/Grants	(2,950,310)	(4,823,174)	(2,746,004)	204,306 -7%	2,077,170 -43%
Operating Labor & Benefits	\$ 26,307,517	\$ 26,042,064	\$ 28,869,708	\$ 2,562,191 10%	\$ 2,827,644 11%
Services	9,395,565	7,684,446	8,102,943	(1,292,622) -14%	418,497 5%
Supplies	3,553,827	3,545,938	2,633,281	(920,545) -26%	(912,656) -26%
Utilities	2,640,276	2,417,138	2,782,915	142,640 5%	365,778 15%
Insurance	20,070	20,124	20,070		- (54) -
Lease/Rents	224,994	240,488	205,704	(19,289) -9%	(34,784) -14%
Other	711,467	559,336	525,718	(185,749) -26%	(33,618) -6%
Fixed Assets	208,000	500,452	70,000	(138,000) -66%	(430,452) -86%
Non Personnel Total	\$ 16,754,198	\$ 14,967,922	\$ 14,340,632	\$ (2,413,566) -14%	\$ (627,289) -4%
Total	43,061,715	41,009,986	43,210,341	148,625	2,200,355 5%
Capitalized Overhead	-	-	-	-	
GRAND TOTAL	\$ 43,061,715	\$ 41,009,986	\$ 43,210,341	\$ 148,625	\$ 2,200,355 5%



Operations and Maintenance by Division

	FYs 20&21	FYs 20&21	FYs 22&23	V	ariance		Va	ariance
	Amended	Estimated	Adopted	Budget to	Budget		Budget to Es	stimate
O&M Administration	\$ 3,193,869	\$ 2,905,285	\$ 3,118,984	\$ (74,884)	-2%	\$	213,700	7%
Energy Services	6,686,374	6,765,963	6,101,473	(584,902)	-9%		(664,490)	-10%
System Operations	6,891,244	6,925,860	7,043,259	152,015	2%		117,398	2%
Operations Technology	2,068,892	1,996,781	2,199,913	131,021	6%		203,133	9%
Technical Services	2,514,434	2,445,898	2,493,008	(21,426)	-1%		47,110	1%
Mechanical Maintenance	4,747,614	5,120,116	5,786,761	1,039,147	22%		666,645	13%
Facilities Maintenance	3,841,164	3,495,815	4,285,795	444,631	12%		789,979	23%
Rotating Equipment Maintenance	3,441,506	3,249,906	4,152,796	711,290	21%		902,890	28%
Fleet Services	2,070,070	2,087,132	2,121,158	51,088	2%		34,026	2%
Asset Management	7,606,548	6,017,229	4,791,264	(2,815,284)	-37%	(1,225,964)	-20%
Corrosion Control	-	-	1,115,929	1,115,929	-		1,115,929	-
TOTAL OPERATIONS & MAINTENANCE	\$ 43,061,715	\$ 41,009,986	\$ 43,210,341	\$ 148,625	-	\$	2,200,355	5%

Personnel Requirements

Administrative Assistant	Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Asset Management Specialist II 0.00 0.00 1.00 1.00 1.00 1.00 1.00 1	Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Corrosion Control Supervisor 0.00 0.00 1.00 1.00 1.00 1.00 Corrosion Control Technician II 0.00 0.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	Asset Management Specialist I ¹	0.00	0.00	1.00	1.00	0.00	0.00
Corrosion Control Technician II	Asset Management Specialist II	0.00	0.00	1.00	1.00	1.00	1.00
Director of Operations & Maintenance 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.0	Corrosion Control Supervisor	0.00	0.00	1.00	1.00	1.00	1.00
Electrical/Electronics Supervisor 2.00 2.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	Corrosion Control Technician II	0.00	0.00	1.00	1.00	1.00	1.00
Electrical/Electronics Tech 2.00 2.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	Director of Operations & Maintenance	1.00	1.00	1.00	1.00	1.00	1.00
Electrical/Electronics Tech II 3.00 3.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.	Electrical/Electronics Supervisor	2.00	2.00	0.00	0.00	0.00	0.00
Electrical/Instrumentation Supervisor 0.00 0.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.	Electrical/Electronics Tech I	2.00	2.00	0.00	0.00	0.00	0.00
Electrical/Instrumentation Technician I 0.00 0.00 2.00 2.00 1.00 1.00 Electrical/Instrumentation Technician II 0.00 0.00 0.00 0.00 3.00 3.00 Engineering Technician II 1.00 1.00 0.00 0.00 0.00 0.00 Facilities Services Technician 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00	Electrical/Electronics Tech II	3.00	3.00	0.00	0.00	0.00	0.00
Electrical/Instrumentation Technician II 0.00 0.00 0.00 0.00 3.00 3.00 Engineering Technician II 1.00 1.00 0.00 0.00 0.00 0.00 0.00 Facilities Services Technician 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 Fleet Mechanic II 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.	Electrical/Instrumentation Supervisor	0.00	0.00	1.00	1.00	1.00	1.00
Engineering Technician II 1.00 1.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	Electrical/Instrumentation Technician I	0.00	0.00	2.00	2.00	1.00	1.00
Facilities Services Technician 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 9.00 9.00 9.00	Electrical/Instrumentation Technician II	0.00	0.00	0.00	0.00	3.00	3.00
Fleet Mechanic II 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 8.00 9.00 9.00 9.00 9.00 9.00 9.00 9.00 9.00 <td>Engineering Technician II</td> <td>1.00</td> <td>1.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td>	Engineering Technician II	1.00	1.00	0.00	0.00	0.00	0.00
Maintenance Technician 4.00 4.00 5.00 5.00 8.00 8.00 Maintenance Worker I 7.00 7.00 4.00 4.00 2.00 2.00 Maintenance Worker II 5.00 5.00 5.00 5.00 5.00 4.00 4.00 Management Analyst 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.00 0.00 0.00 0.00	Facilities Services Technician	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker I 7.00 7.00 4.00 4.00 2.00 2.00 Maintenance Worker II 5.00 5.00 5.00 5.00 4.00 4.00 Management Analyst 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.00 0.00 0.00 0.00 0.00	Fleet Mechanic II	2.00	2.00	2.00	2.00	2.00	2.00
Maintenance Worker II 5.00 5.00 5.00 5.00 4.00 4.00 Management Analyst 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.00 0.00 0.00<	Maintenance Technician	4.00	4.00	5.00	5.00	8.00	8.00
Management Analyst 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 2.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1	Maintenance Worker I	7.00	7.00	4.00	4.00	2.00	2.00
Network Administrator 1.00 1.00 0.00 0.00 0.00 0.00 Office Assistant I 0.50 0.50 0.50 0.50 0.50 0.50 Operations & Maintenance Manager 4.00 4.00 3.00 3.00 3.00 3.00 Principal Asset Management Specialist 0.00 0.00 1.00 1.00 1.00	Maintenance Worker II	5.00	5.00	5.00	5.00	4.00	4.00
Office Assistant I 0.50 0.50 0.50 0.50 0.50 0.50 Operations & Maintenance Manager 4.00 4.00 3.00 3.00 3.00 3.00 Principal Asset Management Specialist 0.00 0.00 1.00 1.00 1.00 1.00	Management Analyst	2.00	2.00	2.00	2.00	2.00	2.00
Operations & Maintenance Manager 4.00 4.00 3.00 3.00 3.00 3.00 Principal Asset Management Specialist 0.00 0.00 1.00 1.00 1.00 1.00	Network Administrator	1.00	1.00	0.00	0.00	0.00	0.00
Principal Asset Management Specialist 0.00 0.00 1.00 1.00 1.00 1.00	Office Assistant I	0.50	0.50	0.50	0.50	0.50	0.50
	Operations & Maintenance Manager	4.00	4.00	3.00	3.00	3.00	3.00
Principal Water Resources Specialist 1.00 1.00 1.00 1.00 1.00 1.00	Principal Asset Management Specialist	0.00	0.00	1.00	1.00	1.00	1.00
	Principal Water Resources Specialist	1.00	1.00	1.00	1.00	1.00	1.00



Regular Status Employees cont.	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Rotating Equipment Supervisor	0.00	0.00	1.00	1.00	1.00	1.00
Rotating Equipment Technician I	0.00	0.00	1.00	1.00	0.00	0.00
Rotating Equipment Technician II	0.00	0.00	2.00	2.00	3.00	3.00
SCADA Specialist	0.00	0.00	2.00	2.00	1.00	1.00
SCADA Supervisor	0.00	0.00	1.00	1.00	1.00	1.00
Senior Corrosion Control Technician	0.00	0.00	1.00	1.00	1.00	1.00
Senior Electrical/Electronics Technician	8.00	8.00	0.00	0.00	0.00	0.00
Senior Electrical/Instrumentation Technician	0.00	0.00	4.00	4.00	2.00	2.00
Senior Engineering Technician	2.00	2.00	0.00	0.00	0.00	0.00
Senior Fleet Mechanic	0.00	0.00	1.00	1.00	1.00	1.00
Senior Maintenance Technician	12.00	12.00	10.00	10.00	10.00	10.00
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Senior Office Assistant	2.00	2.00	2.00	2.00	2.00	2.00
Senior Rotating Equipment Technician	0.00	0.00	5.00	5.00	5.00	5.00
Senior SCADA Specialist	0.00	0.00	1.00	1.00	2.00	2.00
Senior System Operator	8.00	8.00	10.00	10.00	8.00	8.00
Senior Water Resources Specialist	1.00	1.00	0.00	0.00	0.00	0.00
Supervising Management Analyst	1.00	1.00	1.00	1.00	1.00	1.00
System Maintenance Supervisor	2.00	2.00	2.00	2.00	2.00	2.00
System Operator I	4.00	4.00	4.00	4.00	5.00	5.00
System Operator II	4.00	4.00	2.00	2.00	3.00	3.00
Systems Operations Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Water Resources Specialist	2.00	2.00	1.00	1.00	1.00	1.00
TOTAL	85.50	85.50	86.50	86.50	85.50	85.50

^{1.} One Asset Management Specialist I was eliminated in Fiscal Years 2022 and 2023.



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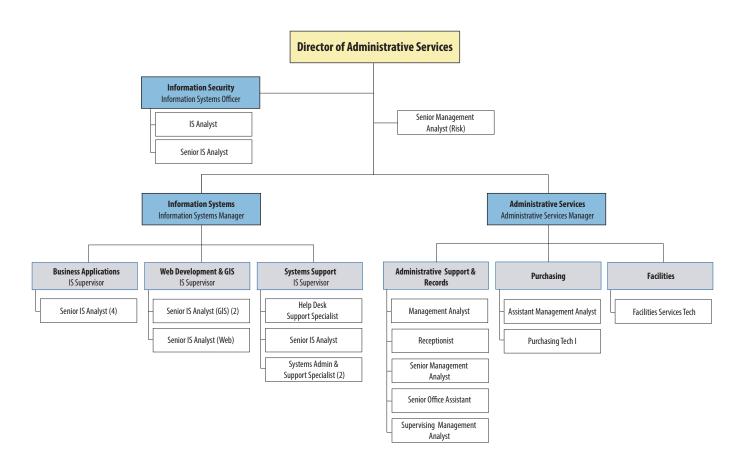


Administrative Services Department

Overview

The Administrative Services Department provides services that support the efficient operations of the Water Authority. Its budget is divided into four divisions: Administrative Support and Records, Information Systems, Kearny Mesa Facilities, and Purchasing and Risk. Responsibilities include administration of the records management program, management of the front desk reception, maintenance of critical computer and business software applications, maintenance and development of websites and online dashboards, acquisition and maintenance of computer hardware and cloud services, maintenance and development of Geographic Information Systems (GIS) datasets, audio and visual support for conference rooms and Board room, cybersecurity for the business network, facility management for the Kearny Mesa building and grounds, development of policies and procedures related to purchasing and regulatory compliance, procurement support for solicitation and contracts, and risk management, procurement, and administration of the Water Authority's business insurance (including claims management).

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

The Administrative Services Department continued to deliver vital services to customer departments and achieve important milestones to improve business operations. The department provided crucial support to help the agency successfully respond and adapt to the COVID-19 pandemic, including quickly outfitting staff with mobile computers and network licenses needed for remote work; enhancing cybersecurity measures to counter potential vulnerabilities from the increase in remote work; supplying protective supplies such as masks, hand sanitizer gels, sanitizing wipes, gloves, etc.; adjusting business systems to support modified operations including virtual Board meetings and employee check-in practices; procuring and overseeing disinfection services following COVID-19 exposures; and upgrading HVAC filters and other building components to reduce transmission risks. Beyond the pandemic, the department continued to provide vital maintenance and support of the Water Authority's business network and software; carried out important cybersecurity updates, assessments, and improvements; completed several building maintenance and improvement projects; and optimized day-to-day operations through innovative technologies and methods to maintain the agility and adaptability of the agency. Specifically, the Administrative Services Department:

- Implemented several key cybersecurity enhancements related to hardware, software, procedures, and training, including the installation of new, more powerful backup data storage appliances; upgrades to virtual private network (VPN) licenses; and various improvements to network access controls.
- Completed projects to improve the sustainability of the headquarters building and grounds, including repairs and adjustments to the HVAC system and installation of energy-saving interior and exterior LED lighting.
- Replaced or upgraded key information systems hardware, including key network servers and switches at the Escondido Operations Center and Kearny Mesa headquarters; the Kearny Mesa wireless network; and AV systems in several conference rooms.
- Continued to maintain cost-effective business insurance coverage.
- Ensured compliance on all Water Authority procurements and contracts (while earning an Achievement of Excellence in Procurement Award from the National Procurement Institute).
- Provided progressive technical Information Technology (IT) training.
- Planned and procured a more powerful, cost-effective replacement for the Water Authority's business network datacenter.
- Implemented measures to enhance working environment or security of the Kearny Mesa building and grounds, including improvements to the lobby door, upgrading the building alarm system, installation of a lunchroom ventilation system, and application of a new sealcoat to the employee and visitor parking lots.
- Completed multiple business application upgrades in-house at significant savings, including upgrades for Human Resources, Finance, Purchasing, Asset Management, Engineering, budget planning and water standby charge applications and Oracle databases.



- Completed a system upgrade for the electronic records management application to enhance its functionality, modernize its appearance, and improve the end user experience. Staff also transitioned the application from Oracle to Microsoft servers that allow staff to manage the system more efficiently.
- Expanded the use of electronic signatures for additional types of key documents (including purchase orders and agency agreements) to achieve greater workflow efficiency and accommodate remote working.
- Assisted in developing and deploying a new billing application and water resources data management system (DAIS).
- Migrated key shared drives to cloud-based platforms to maximize resilience against loss of service.
- Built a canal-lining maintenance tracking database to help Colorado River Program manage asset management obligations under long-term water transfer agreements.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Administrative Services Department's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$14 million, an 4% increase over the previous two-year budget. The increase principally stems from several factors, including: higher labor costs from forecasted increases in retirement contribution rates set by CalPERS; increases in expected insurance premiums over the next two years; and increased costs related to supporting the Water Authority's business information systems and related security measures, including cloud backup solutions, web application firewalls and advanced website vulnerability scanning capabilities.

Initiatives

- Support information system, facility-related and other initiatives as needed to help the Water Authority transition to post-pandemic operations (Business Plan Objective No. 1, 2, and 9 under Business Services: Business Support).
- Implement and maintain high-priority information security measures based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework and the Center for Internet Security's critical controls (Business Plan Objective No. 6 under Business Services: Business Support).
- Complete development of mobile Maximo maintenance management system for Operations and Maintenance staff use in the field.
- Complete physical and policy improvements as needed to support the physical security of the Kearny Mesa headquarters and all staff, Board members and visitors present.
- Identify and implement cost-effective measures that help achieve Kearny Mesa energy reduction goals (Business Plan Objective No. 5 under Business Services: Business Support).



- Complete projects that help maintain Kearny Mesa buildings and grounds assets and promote a productive working environment, including replacement of key HVAC system components that have reached the end of their service life.
- Migrate information technology network services and data backup process to the cloud to gain operational efficiencies and enhance business continuity.
- Provide and adapt business insurance policies to cost-effectively meet the needs of the Water Authority (Business Plan Objective No. 7 under Business Services: Business Support).
- Ensure compliance on all Water Authority procurements and contracts.
- Provide progressive technical IT training.

Budget Modifications

- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- In an effort to maintain Operating Department costs in Fiscal Years 2022 and 2023, an Administrative Assistant was eliminated, reducing the Administrative Services Department's full-time equivalents by one.
- The Services budget shows an increase of approximately \$228,500, or 9%. This is the result of several factors, including implementation of new cybersecurity efforts (such as enhanced remote 24/7 monitoring and mobile device security, cloud backup improvements, and a new website vulnerability scanner), an increase in our cloud server and storage costs, higher usage in our cloud-hosted website services, and annual increases in the cost of key enterprise-wide applications including Office 365, Oracle, Maximo, and OnBase software and services. Additionally, remote working increased the need to expand electronic signature capacity to continue the flow of signature processes, as well as the need to increase our online cloud retention for Microsoft Teams and OneDrive.
- The Supplies budget decreased by approximately \$11,000, or 4%, largely due to adjustments and efficiencies in the Kearny Mesa headquarters' main office supply budget, and decreasing the amount of postage due to more documents being sent electronically.
- The Utilities budget decreased by \$16,000, or 5%, due to updating the rate model for Internet services.



- ◆ The Insurance budget shows an increase of \$257,600, or 13%. This reflects predicted increases in premiums for the Water Authority's package of property, liability, and workers' compensation coverage due to extreme volatility currently being seen across California. Insurance premium costs are based on market rates. Workers' compensation premiums are based on an experience modifier that includes past employee injuries and lost days of work.
- Leases and Rents decreased by approximately \$10,300, or 5%, which reflects the elimination of postage meter and coffee equipment leases, and a reduction in the number of leased copy machines agency-wide.
- Other costs decreased by approximately \$15,000, or 15%. This is due to the removal of various training and travel expenses.
- Fixed Asset costs will be removed for a total savings of approximately \$48,000, which reflects the completion of the lobby door retrofit.

Administrative Services by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23	Varianc	e \	Variance		
	Amended	Estimated	Adopted	Budget to Budge	et Budget to E	Budget to Estimate		
Labor	\$ 7,433,084	\$ 7,089,659	\$ 7,252,672	\$ (180,412) -29	% \$ 163,012	2%		
Benefits	3,715,904	3,488,806	4,192,481	476,577 139	% 703,675	20%		
Labor & Benefits Total	\$ 11,148,988	\$ 10,578,465	\$ 11,445,153	\$ 296,165	% \$ 866,688	8%		
Direct Charges to CIP/Grants	-	-	-	-				
Operating Labor & Benefits	\$ 11,148,988	\$ 10,578,465	\$ 11,445,153	\$ 296,165	% \$ 866,688	8%		
Services	2,641,615	2,782,687	2,870,110	228,494 99	% 87,423	3%		
Supplies	286,213	253,042	275,310	(10,903) -49	% 22,268	9%		
Utilities	306,404	308,391	290,392	(16,012) -59	% (17,999)	-6%		
Insurance	2,006,887	1,914,182	2,264,464	257,577 139	% 350,282	18%		
Lease/Rents	227,973	178,045	217,640	(10,333) -59	% 39,595	22%		
Other	99,621	70,721	84,636	(14,985) -159	% 13,915	20%		
Fixed Assets	48,290	78,290	-	(48,290) -1009	(78,290)	-100%		
Non Personnel Total	\$ 5,617,003	\$ 5,585,357	\$ 6,002,552	\$ 385,549 79	% \$ 417,194	7%		
Total	\$ 16,765,991	\$ 16,163,822	\$ 17,447,704	\$ 681,714 4	\$ 1,283,882	8%		
Capitalized Overhead	(3,154,828)	(3,162,162)	(3,337,267)	(182,439) 69	% (175,105)	6%		
GRAND TOTAL	\$ 13,611,163	\$ 13,001,660	\$ 14,110,437	\$ 499,275 4	\$ 1,108,777	9%		

Administrative Services by Division

	FYs 20&21	FYs 20&21	FYs 22&23	Variance	Variance	
	Amended	Estimated	Adopted	Budget to Budget	Budget to Estimate	
Administrative Support	\$ 3,168,054	\$ 2,724,179	\$ 2,804,921	\$ (363,132) -11%	\$ 80,742 3%	
Purchasing & Risk	2,704,321	2,718,306	2,971,363	267,042 10%	253,056 9%	
Information Technology	6,920,083	6,782,219	7,576,654	656,571 9%	794,436 12%	
Facilities Services	818,705	776,956	757,499	(61,205) -7%	(19,457) -3%	
TOTAL ADMINISTRATIVE SERVICES	\$ 13,611,163	\$ 13,001,660	\$ 14,110,437	\$ 499,275 4%	\$ 1,108,777 9%	



Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Administrative Assistant ¹	1.00	1.00	1.00	1.00	0.00	0.00
Administrative Services Manager	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Management Analyst	0.00	0.00	1.00	1.00	1.00	1.00
Director of Administrative Services	1.00	1.00	1.00	1.00	1.00	1.00
Facilities Services Technician	1.00	1.00	1.00	1.00	1.00	1.00
Help Desk Support Specialist	1.00	1.00	1.00	1.00	1.00	1.00
Information Security Officer	0.00	0.00	1.00	1.00	1.00	1.00
Information Systems Analyst	2.00	2.00	1.00	1.00	1.00	1.00
Information Systems Manager	1.00	1.00	1.00	1.00	1.00	1.00
Information Systems Supervisor	3.00	3.00	3.00	3.00	3.00	3.00
Management Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Network Administrator	2.00	2.00	0.00	0.00	0.00	0.00
Purchasing Technician I	1.00	1.00	1.00	1.00	1.00	1.00
Purchasing Technician II	1.00	1.00	0.00	0.00	0.00	0.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
Senior Information Systems Analyst	6.00	6.00	9.00	9.00	9.00	9.00
Senior Management Analyst	2.00	2.00	2.00	2.00	2.00	2.00
Senior Office Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Supervising Management Analyst	1.00	1.00	1.00	1.00	1.00	1.00
Systems Administration & Support Specialist	2.00	2.00	2.00	2.00	2.00	2.00
TOTAL	29.00	29.00	30.00	30.00	29.00	29.00

^{1.} One Administrative Assistant was eliminated in Fiscal Years 2022 and 2023.



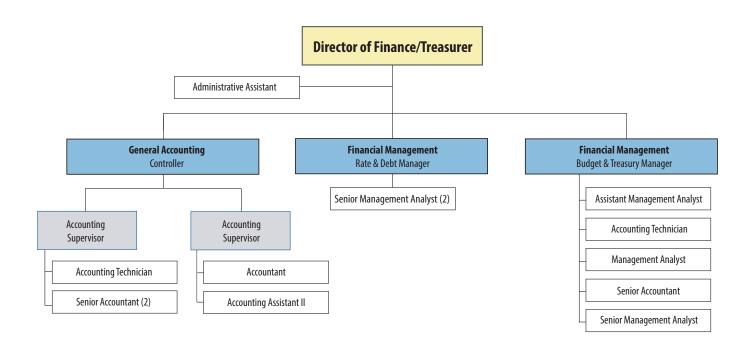
Finance Department

Overview

The Finance Department is responsible for supporting the mission of the Water Authority, the Board of Directors, management, employees, and other stakeholders by providing innovative, proactive, and strategic financial management. Central to achieving this mission is ensuring there are adequate internal financial controls in place and that financial reports are accurate, timely, and in accordance with accounting standards.

The General Accounting division is responsible for the functional management of the PeopleSoft financial system, accounts payable/receivable, capital project accounting, internal controls, monthly financials, the Board of Directors' Audit Committee, grant accounting and reporting, and the Comprehensive Annual Financial Report (CAFR). The Financial Management division is responsible for the Water Authority's multi-year budget, payroll, long-range financial planning, debt management, credit rating and investor relations, rates and charges, and the investment of funds. The department also provides support for specific programs, including Seawater Desalination, Metropolitan Water District (MWD), and Colorado River Program, as well as Water Authority executive management.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- The San Diego County Water Authority's strong financial leadership and strategic debt management saved ratepayers across the region, during this budget cycle, approximately \$130 million in net present value savings through the execution of five complex tax-exempt and taxable refundings. Favorable market conditions, outstanding strategic planning and financial and technical factors resulting in significant debt service savings for the region. The five transactions are highlighted below:
 - Refunded the California Pollution Control Financing Authority Water Furnishing Revenue Bonds, Series 2019 saving over \$18 million in support of the construction of the sea water intake and discharge facilities at the Carlsbad Desalination Plant.
 - Two transactions generated savings from the Water Authority's refinancing of Series 2020A Bonds (Green Bonds) and Series 2021A (Green Bonds) senior-lien water revenue refunding bonds for a total of \$67.4 million in present value savings.
 - Two transactions refunded all or a portion of Subordinate Lien Water Revenue Refunding Bonds, Series 2021S-1, Water Revenue Refunding Bonds for an annual savings of \$550,000, and from the Refunded Series 2021B Water Revenue Refunding Bonds Series for a total savings of \$44.5 million.
- All three major rating agencies Fitch, Moody's, and S&P have affirmed the San Diego County Water Authority's strong credit ratings, which will help the Water Authority optimize its debt portfolio and minimize the cost of financing important water reliability projects. S&P modified the outlook to negative due to heightened risks associated with various financial metrics including declines in rate stabilization reserve funds, debt service coverage, reduced water demand, member agency discord and detachment.
- The Fiscal Sustainability Task Force (FSTF) implemented the Permanent Special Agricultural Water Rate (PSAWR) structure that offers lower water rates to farmers in exchange for lower water supply reliability. The FSTF instituted the ramp-up o the Infrastructure Access Charge (IAC), bringing the 2021 IAC charge in-line with Board policy. The FSTF was reconstituted in January 2021 as the Financial Strategy Work Group to continue reviewing and ensuring the financial stability of the Water Authority.
- Implemented a debt management strategy as a part of the mid-term Fiscal Year 2021 budget cycle that included the execution of several refundings and structuring of savings to generate significant up-front savings in Fiscal Years 2022 & 2023 in an effort to mitigate rate increases imposed largely from Metropolitan Water District. In addition, a thorough review and evaluation leading to an update of the Statement of Debt and Disclosure Policy.
- Implemented midterm budget savings to save \$44.5 million in Fiscal Year 2021 by deferring capital projects, equipment replacement, and maintaining vacant staff positions.
- Awarded the Certification of Achievement for Distinguished Budget Presentation for the Multi-Year Budget for the 24th consecutive year from the Governmental Finance Officers Association (GFOA).



- Awarded the Operating Budget Excellence Award from the California Society of Municipal Finance Officers for the Fiscal Years 2020 and 2021 Budget, an award received consistently since 2000.
- For the 20th consecutive year, the Government Finance Officers Association awarded the Finance Department a Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR). This most recent award was for the Water Authority's June 30, 2019 CAFR.
- Representation and participation on committees of the California Society of Municipal Finance Officers (CSMFO), Women in Public Finance, Government Finance Officers Association (GFOA), and the California Municipal Treasurers Association (CMTA).
- Participated in implementation of the Water Billing and Information Management System (WBIS) project (subsequently renamed the Data Archival and Invoicing System - DAIS) to replace the existing PRIMA and WBIS system (Business Objective No.6 under Business Services: Financial Management).
- Established Diversity and Inclusion Committee within Finance Department to strive to highlight and celebrate its employee's differences to create a more cohesive team.
- Board adopted the Other Post-Employment Benefits funding policy covering the Water Authority's retiree medical benefit offered to employees and completed the annual review of adopted Pension Plan funding strategy to ensure compliance with adopted framework.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Finance Department's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$5.9 million, a \$474,000, or 9% increase over the previous two-year budget. This change is primarily a result of increases in labor and benefit costs, the transition of one full-time equivalent from Water Resources, and increased services costs for maintenance and enhancement of the Data Archival and Invoicing System (DAIS) for water billing.

Initiatives

- Complete updated Long-Range Financing Plan to support the long-term fiscal sustainability of the Water Authority (Business Objective No. 1 under Business Services: Financial Management).
- Complete a cost-of-service study for Calendar Years 2022 and 2023.
- Coordinate with the Financial Strategy Work Group to review and provide input to planning and financial reports, including the Long-Range Financing Plan, the Asset Management Plan, and Calendar Years 2022 and 2023 rates and charges (Business Objective No. 2 under Business Services: Financial Management).

- As part of the debt management strategy issue tax exempt debt to take advantage of an attractive low interest rate market conditions and to fund the Capital Improvement Program not to exceed \$200 million and complete the Carlsbad Desalination Plant bonds refunding, which currently have a 2023 call date. (Business Objective No. 8 under Business Services: Financial Management).
- Develop a repository of the Water Authority's financial policies along with evaluating and republishing them as necessary to ensure they are current, understandable, and reflect best practices (Business Objective No. 5 under Business Services: Financial Management).
- Implement Governmental Accounting Standards Board (GASB) Statement 87 Leases requiring the recording of related lease assets and liabilities in the Water Authority's financial records, as well as evaluating the applicability of other GASB statements impacting the Water Authority.
- Implement GASB 75 Leases accounting pronouncement whereby leases in which the Water Authority is the lessor or lessee are evaluated and recorded into the financial records as assets or liabilities.
- Advocate Water Authority position through participation in two industry conferences per year via speaking engagements and achieve membership in industry committees and boards, such as California Society of Municipal Finance Officers, Government Finance Officers Association, Bond Buyer, and the California Municipal Treasurer's Association (Business Objective No. 3 under Business Services: Financial Management).
- Review and consider approving initiatives that provide technical support for the new DAIS water billing system.

Modifications

- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- In Fiscal Year 2021 one Water Resources Specialist was transferred from Water Resources to Finance and reclassified to a Senior Management Analyst.
- In an effort to maintain Operating Department costs in Fiscal Years 2022 and 2023 an Accounting Assistant II was eliminated, reducing the Finance Department's full-time equivalents by one.



- Non-personnel expenses for Fiscal Years 2022 and 2023 have increased 5%, or about \$52,000 from the previous two-year budget. The increase is due to the costs associated with new DAIS water billing system which was implemented during Fiscal Year 2020. Additional expenses include audit, system maintenance, and enhancements for the DAIS water billing system.
- The increase in Services has been partially offset by savings in Other Expenses.

Finance by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23	\	/ariance		V	/ariance
	Amended	Estimated	Adopted	Budget to	Budget		Budget to E	stimate
Labor	\$ 4,341,253	\$ 4,358,880	\$ 4,658,697	\$ 317,443	7%	\$	299,816	7%
Benefits	2,277,337	2,179,700	2,656,665	379,328	17%		476,965	22%
Labor & Benefits Total	\$ 6,618,590	\$ 6,538,580	\$ 7,315,361	\$ 696,771	11%	\$	776,782	12%
Direct Charges to CIP/Grants	-	-	-	-	-		-	-
Operating Labor & Benefits	\$ 6,618,590	\$ 6,538,580	\$ 7,315,361	\$ 696,771	11%	\$	776,782	12%
Services	910,382	741,587	979,410	69,028	8%		237,823	32%
Supplies	23,729	17,948	23,000	(729)	-3%		5,052	28%
Utilities	200	103	200	-	-		97	95%
Insurance	-	-	-	-	-		-	-
Lease/Rents	-	-	-	-	-		-	-
Other	76,850	40,058	60,190	(16,660)	-22%		20,132	50%
Fixed Assets	-	-	-	-	-		-	-
Non Personnel Total	\$ 1,011,161	\$ 799,695	\$ 1,062,800	\$ 51,639	5%	\$	263,105	33%
Total	\$ 7,629,751	\$ 7,338,275	\$ 8,378,161	\$ 748,410	10%	\$ 1	L,039,886	14%
Capitalized Overhead	(2,149,049)	(2,138,681)	(2,423,178)	(274,129)	13%		(284,497)	13%
GRAND TOTAL	\$ 5,480,702	\$ 5,199,594	\$ 5,954,983	\$ 474,281	9%	\$	755,389	15%

Finance by Division

	FYs 20&21	20&21 FYs 20&21			FYs 22&23	V	/ariance	Variance		
	Amended		Estimated		Adopted		Budget to	Budget	Budget to	Estimate
General Accounting	\$ 2,465,182	\$	2,394,615	\$	2,424,960	\$	(40,222)	-2%	\$ 30,345	1%
Financial Management	3,015,520		2,804,979		3,530,023		514,503	17%	725,044	26%
TOTAL FINANCE	\$ 5,480,702	\$	5,199,594	\$	5,954,983	\$	474,281	9%	\$ 755,389	15%



Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Accountant	1.00	1.00	1.00	1.00	1.00	1.00
Accounting Assistant II ¹	2.00	2.00	2.00	2.00	1.00	1.00
Accounting Supervisor	2.00	2.00	2.00	2.00	2.00	2.00
Accounting Technician	2.00	2.00	2.00	2.00	2.00	2.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Management Analyst	0.00	0.00	1.00	1.00	1.00	1.00
Budget & Analysis Manager	1.00	1.00	0.00	0.00	0.00	0.00
Budget & Treasury Manager	0.00	0.00	1.00	1.00	1.00	1.00
Controller	1.00	1.00	1.00	1.00	1.00	1.00
Director of Finance/Treasurer	1.00	1.00	1.00	1.00	1.00	1.00
Financial Planning Manager	1.00	1.00	0.00	0.00	0.00	0.00
Investment Analyst	1.00	1.00	0.00	0.00	0.00	0.00
Management Analyst	3.00	3.00	1.00	1.00	1.00	1.00
Rate & Debt Manager	0.00	0.00	1.00	1.00	1.00	1.00
Senior Accountant	2.00	2.00	3.00	3.00	3.00	3.00
Senior Management Analyst ²	1.00	1.00	2.00	3.00	3.00	3.00
TOTAL	19.00	19.00	19.00	20.00	19.00	19.00

^{1.} One Accounting Assistant II was eliminated in Fiscal Years 2022 and 2023.

^{2.} One Water Resources Specialist was reclassified to a Senior Management Analyst and transferred from the Water Resources Department to the Finance Department in Fiscal Year 2021.

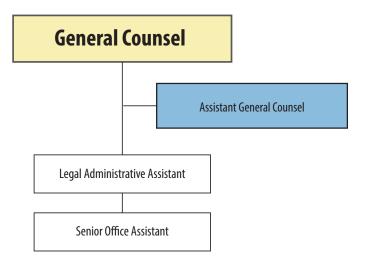


General Counsel

Overview

The General Counsel is the chief legal officer of the Water Authority. In accordance with Chapter 2.08 of the Administrative Code, the General Counsel manages the legal affairs of the Water Authority, supervises special counsel, and provides a full range of legal services to the Board and Water Authority staff in the performance of official duties. The General Counsel's office ensures that Water Authority business is conducted according to all applicable state, federal, and local laws; provides legal support to assist the accomplishment of the Water Authority's policy goals and objectives; and may represent the Water Authority, its officers and employees in litigation and administrative proceedings.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- Achieved favorable judgment and writ of mandate in MWD rate cases.
- Achieved prevailing party attorney's fee ruling in MWD rate cases.
- Achieved favorable rulings on challenges by MWD to rate case offsetting benefits claims.
- Achieved appellate court success in Food & Water Watch lawsuit in support of MWD.
- Developed major detachment filings for Water Authority at San Diego LAFCO.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

Initiatives

- Support the Water Authority's settlement efforts with the Metropolitan Water District over its improperly allocated rates in accordance with Board direction.
- Efficiently and effectively manage litigation serviced by outside counsel, including MWD rate cases.
- Protect Water Authority rights in detachment proceeding at LAFCO.
- Expeditiously process claims filed against the Water Authority.
- Provide in-house counsel services to the Board and Water Authority departments in accordance with chapter 2.08 of the Administrative Code.

Modifications

The General Counsel's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$6.9 million, a 4% increase compared to the previous two-year budget. A summary of changes is provided below:

- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- The Services budget increased by \$179,460, a 3% increase. This is due to numerous ongoing matters not included in the previous budget, such as the detachment proceeding at LAFCO. It should be noted that the MWD rate case budget (the majority of the Services category) for outside litigation counsel was significantly reduced from the prior budget. However, should the cases be more active in this budget cycle, which absent settlement may be the case, then this portion of the budget would likely need to increase.



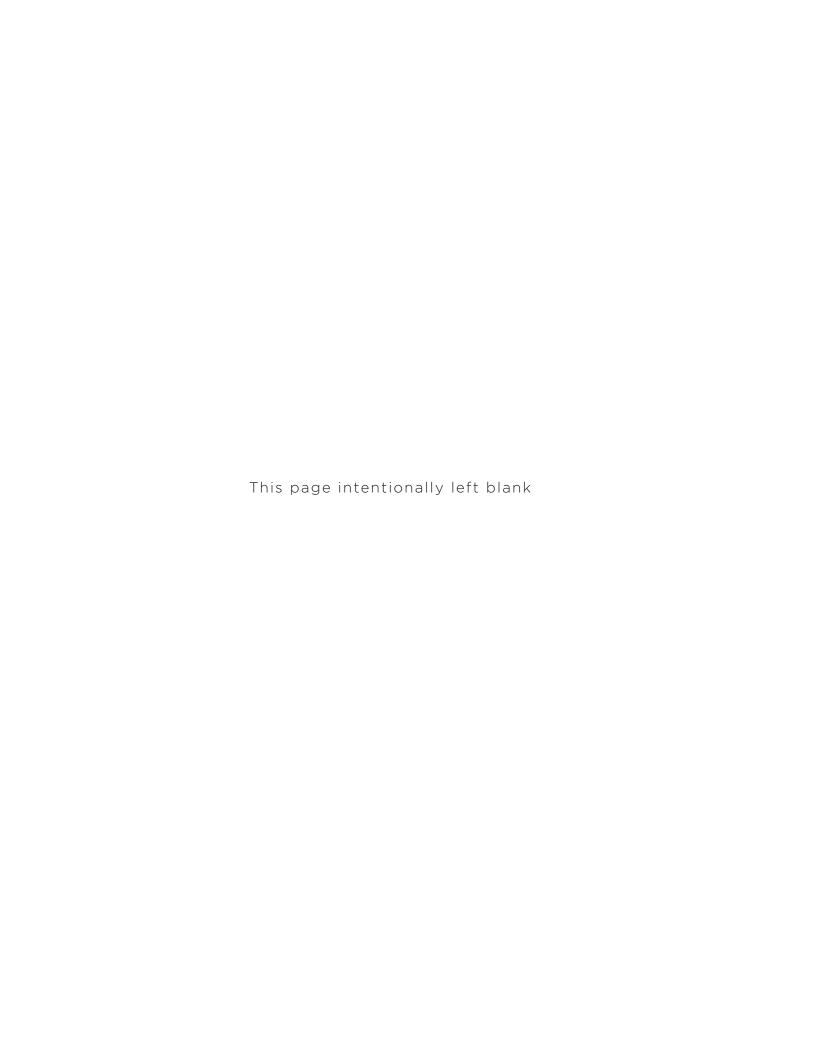
General Counsel by Expense Category

	FYs 20&21	21 FYs 22&23 Varia					Variance		
	Amended	Estimated	Adopted		Budget	to Budget		Budget to	Estimate
Labor	\$ 1,264,377	\$ 1,334,897	\$ 1,225,357	\$	(39,019)	-3%	\$	(109,540)	-8%
Benefits	645,855	609,898	697,143		51,288	8%		87,245	14%
Labor & Benefits Total	\$ 1,910,231	\$ 1,944,795	\$ 1,922,500	\$	12,269	1%	\$	(22,295)	-1%
Direct Charges to CIP/Grants	-	-	-		-	-		-	-
Operating Labor & Benefits	\$ 1,910,231	\$ 1,944,795	\$ 1,922,500	\$	12,269	1%	\$	(22,295)	-1%
Services	5,521,240	6,599,059	5,700,700		179,460	3%		(898,359)	-14%
Supplies	39,380	37,436	39,580		200	1%		2,144	6%
Utilities	700	-	-		(700)	-100%		-	-
Insurance	380	268	300		-80	-21%		32	12%
Lease/Rents	-	-	-		-	-		-	-
Other	37,585	13,461	27,355		(10,230)	-27%		13,894	103%
Fixed Assets	-	-	-		-	-		-	-
Non Personnel Total	\$ 5,599,285	\$ 6,650,224	\$ 5,767,935	\$	168,650	3%	\$	(882,289)	-13%
Total	\$ 7,509,516	\$ 8,595,019	\$ 7,690,435	\$	180,919	2%	\$	(904,584)	-11%
Capitalized Overhead	(819,966)	(840,088)	(744,085)		75,881	-9%		96,003	-11%
GRAND TOTAL	\$ 6,689,550	\$ 7,754,931	\$ 6,946,350	\$	256,800	4%	\$	(808,581)	-10%

Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Assistant General Counsel	1.00	1.00	1.00	1.00	1.00	1.00
General Counsel	1.00	1.00	1.00	1.00	1.00	1.00
Legal Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Office Assistant II ¹	1.00	1.00	1.00	0.00	0.00	0.00
Senior Office Assistant ¹	0.00	0.00	0.00	1.00	1.00	1.00
TOTAL	4.00	4.00	4.00	4.00	4.00	4.00

^{1.} Office Assistant II was reclassified to Senior Office Assistant in Fiscal Year 2021.





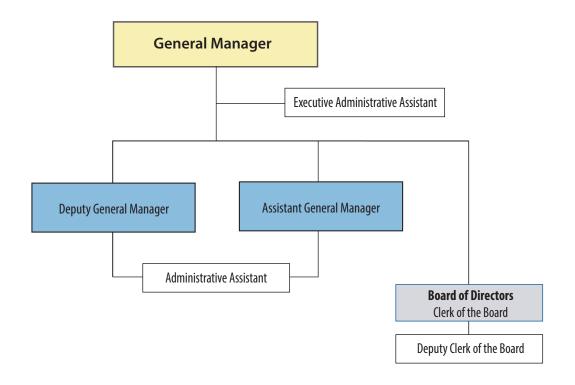
General Manager and Board of Directors

Overview

The General Manager's Office manages and directs the activities of the Water Authority and provides the overall vision of the organization to its 249 employees. In particular, the office implements the Board's Strategic Plan and policies through programs in the Business Plan; oversees the Water Authority's extensive infrastructure system; communicates and advocates adopted policy positions and programs of the Water Authority to local, state and federal officials and agencies; and provides assistance to the Board of Directors.

This department also contains the direct expenses of the Board of Directors and the Clerk of the Board. The Clerk of the Board maintains the legislative history of the Board of Directors' action, preserves the permanent records, and facilitates the publishing and posting of agenda in accordance with the California Government Code "Brown Act."

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- Facilitated San Diego Water Works, a regional consortium of our member agencies working together with local educational institutions to ensure that the San Diego region will have the workforce to fill mission critical positions in the water industry.
- Facilitated the distribution of a rebate of \$44.4 million to our member agencies after successfully obtaining a check for that amount from the Los Angeles-based Metropolitan Water District of Southern California to pay legal damages and interest.
- Updated Innovation Program Manual to reflect accomplishments and early program revisions.
- Conducted three new technology pilot tests per fiscal year and provided recommendations for potential implementation.
- Made significant progress in Energy Storage projects, including installation of battery storage system at the Twin Oaks Valley Water Treatment Plant, which is projected to save approximately \$100,000 per year in energy costs; issuance of a new 4-year preliminary permit for the potential San Vicente Energy Storage Facility project by the Federal Energy Regulatory Commission; and the negotiation and execution by the San Vicente Energy Storage Facility team of a term sheet with a private developer, which will be used as the basis for a future Project Development Agreement.
- Continued active engagement with member agencies to facilitate their priorities in the region and with the Water Authority.
- Led the transition to remote work during the COVID-19 pandemic for approximately three-quarters of the Water Authority's 250 employees. Lead the transition to virtual Board meetings during the COVID-19 pandemic beginning in March 2020. Enhanced communication with staff during the COVID-19 pandemic and remote work by providing weekly General Manager updates.
- Commissioned the first employee survey in the agency's history as part of a larger effort to integrate different generations of employees, embrace the diversity of the agency's workforce and empower all employees to reach their full potential.
- Engaged with the State Administration to help shape the Governor's Water Resilience Portfolio recommendations.
- Defeated broad-based water tax legislation.
- Participated as the first California public agency in the SkillBridge program, a Department of Defense program that tap into the expertise of transitioning Service members through internships.
- Co-sponsored legislation making it possible for veterans to receive credit for their military education and experience when applying for civilian water and wastewater system operator certifications in California.



- Supported Board's leadership to join regional efforts to fight the economic impacts of the pandemic by setting up a virtual food drive in partnership with the San Diego Food Bank.
- Paperless processing of Board Memos, Agenda Packets and Board member per diem claims.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The General Manager and Board of Director's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$5.0 million, a \$1.8 million, or 26%, decrease over the prior two-year budget. This change is primarily as result of a transfer of two divisions: Human Resources and Government Relations to establish individual departments in Fiscal Year 2021.

Initiatives

- Strengthen relationships with the San Diego local, state, and federal legislative delegations, other key legislators, legislative staff, and the state and federal administrations.
- Engage and influence relevant legislation, regulatory matters, and funding requests in the Legislature, Congress, and state and federal administrations.
- Sponsor, co-sponsor, and promote legislation that positively impacts the region and conveys San Diego's role as a statewide water community leader.
- Facilitate active staff engagement by executive and senior management in the community to promote an understanding of the Water Authority and water issues in region and State.
- Continue efforts to obtain a storage account in Lake Mead, which would provide additional drought-resilience for the San Diego region and benefit the entire Colorado River Basin by increasing the elevation of Lake Mead.
- Working with staff, the Board of Directors will engage in a collaborative process to develop long-range goals regarding water supply reliability beyond 2035.
- Continue to address employee engagement with additional engagement surveys, discussions, and focus groups.

Modifications

• In Fiscal Year 2021, the Human Resources and Government Relations functions were transferred out of the General Manager's Office to establish the Human Resources Department and the Government Relations Department. This transfer included the creation of the Director of Human Resources and Director of Government Relations classifications.



• The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.

General Manager and Board of Directors by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23		Variance		Variance
	Amended	Estimated	Adopted	Budget t	o Budget	Budget to	Estimate
Labor	\$ 3,993,256	\$ 3,821,579	\$ 3,087,354	\$ (905,903)	-23%	\$ (734,225)	-19%
Benefits	1,902,039	1,839,200	1,416,413	(485,626)	-26%	(422,786)	-23%
Labor & Benefits Total	\$ 5,895,296	\$ 5,660,778	\$ 4,503,767	\$ (1,391,529)	-24%	\$ (1,157,011)	-20%
Direct Charges to CIP/Grants	-	(27,170)	-	-	-	27,170	-100%
Operating Labor & Benefits	\$ 5,895,296	\$ 5,633,609	\$ 4,503,767	\$ (1,391,529)	-24%	\$ (1,129,842)	-20%
Services	1,331,734	1,523,909	1,134,800	(196,934)	-15%	(389,109)	-26%
Supplies	58,186	56,146	5,270	(52,916)	-91%	(50,876)	-91%
Utilities	13,819	11,120	3,000	(10,819)	-78%	(8,120)	-73%
Insurance	3,827	3,827	-	(3,827)	-100%	(3,827)	-100%
Lease/Rents	88,698	86,389	-	(88,698)	-100%	(86,389)	-100%
Other	774,678	555,053	533,379	(241,299)	-31%	(21,674)	-4%
Fixed Assets	-	-	-	-	-	-	-
Non Personnel Total	\$ 2,270,942	\$ 2,236,444	\$ 1,676,449	\$ (594,493)	-26%	\$ (559,995)	-25%
Total	\$ 8,166,238	\$ 7,870,053	\$ 6,180,216	\$ (1,986,022)	-24%	\$ (1,689,837)	-21%
Capitalized Overhead	(1,341,761)	(1,369,735)	(1,150,486)	191,275	-14%	219,249	-16%
Grand Total	\$ 6,824,477	\$ 6,500,318	\$ 5,029,730	\$ (1,794,747)	-26%	\$ (1,470,588)	-23%

General Manager and Board of Directors by Division

	FYs 20&21	FYs 20&21			FYs 22&23		Variance		Variance		
	Amended		Estimated		Adopted		Budget t	o Budget	Budget to	Estimate	
GM Administration	\$ 3,101,178	\$	2,996,868	\$	3,517,940	\$	416,762	13%	\$ 521,072	17%	
Board of Directors	1,558,366		1,338,516		1,511,790		(46,577)	-3%	173,273	13%	
Governmental Relations	1,049,412		1,049,414		-	(2	L,049,412)	-100%	(1,049,414)	-100%	
Human Resources	1,115,520		1,115,519		-	(2	L,115,520)	-100%	(1,115,519)	-100%	
Total General Manager & BOD	\$ 6,824,477	\$	6,500,318	\$	5,029,730	\$ (2	L,794,747)	-26%	\$ (1,470,588)	-23%	



Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Assistant General Manager ¹	1.50	1.50	1.50	1.00	1.00	1.00
Clerk of the Board	1.00	1.00	1.00	1.00	1.00	1.00
Deputy Clerk of the Board	1.00	1.00	1.00	1.00	1.00	1.00
Deputy General Manager	1.00	1.00	1.00	1.00	1.00	1.00
Energy Manager	1.00	1.00	0.00	0.00	0.00	0.00
Executive Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
General Manager	1.00	1.00	1.00	1.00	1.00	1.00
Government Relations Manager ²	1.00	1.00	1.00	0.00	0.00	0.00
Human Resources Analyst ³	1.00	1.00	1.00	0.00	0.00	0.00
Human Resources Assistant ⁴	1.00	1.00	1.00	0.00	0.00	0.00
Human Resources Manager⁵	1.00	1.00	1.00	0.00	0.00	0.00
Legislative Analyst ⁶	1.00	1.00	1.00	0.00	0.00	0.00
Safety Officer ⁷	1.00	1.00	1.00	0.00	0.00	0.00
Senior Human Resources Analyst ⁸	1.00	1.00	1.00	0.00	0.00	0.00
Senior Management Analyst	1.00	1.00	0.00	0.00	0.00	0.00
Total	16.50	16.50	14.50	7.00	7.00	7.00

^{1.} Assistant General Manager 0.50 FTE was transferred to the Government Relations Department and downgraded to a Legislative Analyst in Fiscal Year 2021.

^{2.} Government Relations Manager was reclassified to Director of Government Relations and transferred to the Government Relations Department in Fiscal Year 2021.

^{3.} Human Resources Analyst was transferred to the Human Resources Department in Fiscal Year 2021.

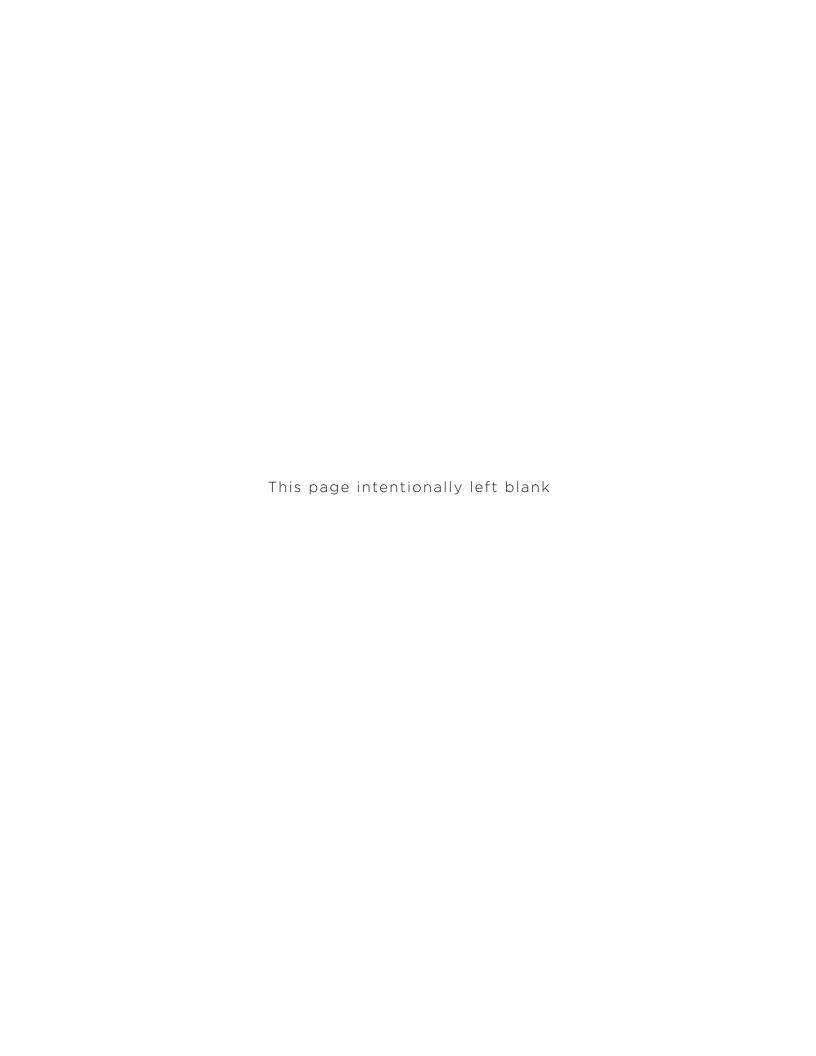
^{4.} Human Resources Assistant was transferred to the Human Resources Department in Fiscal Year 2021.

^{5.} Human Resources Manager was transferred to the Human Resources Department in Fiscal Year 2021.

^{6.} Legislative Analyst was transferred to the Government Relations Department in Fiscal Year 2021.

^{7.} Safety Officer was transferred to the Human Resources Department in Fiscal Year 2021.

^{8.} Senior Human Resources Analyst was reclassified to Director of Human Resources and transferred to the Human Resources Department in Fiscal Year 2021.





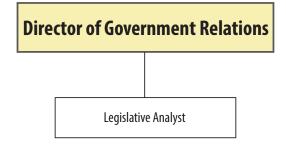
Government Relations

Overview

The Government Relations Department manages and implements the Water Authority's state and federal legislative and governmental relations programs. The Department executes Board strategies and policy direction relating to legislative, regulatory, and Administration issues at the state and federal levels, advocates Board positions on legislation, develops advocacy coalitions throughout the state, and coordinates the organization's legislative affairs with external audiences in San Diego, Sacramento, and Washington, D.C.

Government Relations implements Board policy direction within the state and federal legislative environments to secure favorable legislation, funding, or other outcomes that will help ensure continued safe and reliable water supplies for the region, and coordinates with other agency departments to manage the Water Authority's Bay-Delta program and involvement.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

The Water Authority advocated successfully for passage and enactment of SB 1386 (Moorlach), a measure co-sponsored with the Irvine Ranch Water District, which statutorily reinforces the authority of public water agencies under the law to use property-related service charges for funding water services related to fire protection. This important legislation will protect fire services funding and ensure that public water suppliers are able to operate sufficiently sized and pressurized water systems to supply water to their customers and to fight fires.

- The Water Authority co-sponsored legislation with the City of San Diego to provide a statutory path forward for procurement of bulk energy storage services from the San Vicente Energy Storage Facility, and is continuing to make forward progress on this policy objective.
- COVID Financial Relief.
 - The Water Authority helped to coordinate a statewide effort to develop a mechanism and structure for the allocation of federal COVID-19 relief funding to help offset water bill delinquencies for ratepayers and to pursue additional resources to address water bill debt.
 - The state effort was complementary to, and integrated with, coalition efforts within Congress to provide even greater COVID-19 financial relief for San Diegans, and with local efforts to partner with San Diego County and the cities throughout the county to provide water bill debt relief for residents of the community.
- The Water Authority selected a new Sacramento advocacy team to assist the Water Authority and its member agencies to advance the region's interests. The request for proposals resulted in a competitive response and combination of staff and Board leadership interview six firms. The new advocacy team is comprised of Sacramentobased California Strategies and Lang, Hansen, Giroux & Kidane with support from Hurst Brooks Espinosa and Majority Advisiors.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Government Relations Department was previously a division of the General Manager's Office. In Fiscal Year 2021, the division was transferred to establish the Government Relations Department. The Government Relations Department's Adopted Operating Budget for Fiscal Years 2022 and 2023 \$2.5 million. The Amended Budget and estimate for Fiscal Years 2020 and 2021, reflects funds for one fiscal year, which caused significant variances in comparison to the Fiscal Years 2022 and 2023 Adopted Budget.

Initiatives

 The Water Authority is continuing to pursue opportunities to advance the San Diego region's interests in providing a statutory path forward for the development of largescale energy storage to improve electric grid reliability and integrate renewable sources of power into the state's energy system to help achieve renewable portfolio standards and zero-carbon emission objectives.



- Continue engagement with the Newsom Administration to fulfill the Portfolio approach to Water Management.
 - In the coming months, the Water Authority will be actively pursuing opportunities to engage with the Governor and his designated cabinet secretaries regarding the Water Authority's interest and willingness to be a partner with the Administration in the development of a long-term water resiliency plan for California that includes a portfolio approach to water supply development and management.
 - The Water Authority will be advancing a series of concepts, proposals, and initiatives within the context of the Governor's water resiliency planning effort that will involve water, conveyance, storage, treatment, and energy opportunities with strategic partners in Imperial Valley, Mexico, and across the Southwest, with the objective of improving California's water conditions for the benefit of multiple urban, suburban, and agricultural communities and regions.
- Facilitate active staff engagement by executive and senior management in the community to promote an understanding of the Water Authority and water issues in region and State.
- Actively engage with newly-appointed officials within the Biden Administration to facilitate and promote education and interest in the San Diego region's resources needs and priorities.

Modifications

- In Fiscal Year 2021, the Government Relations function was removed from the General Manager's Office to create the Government Relations Department.
- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- In an effort to maintain Operating Department costs in Fiscal Years 2022 and 2023 a Legislative Analyst was eliminated, reducing the Government Relations Department's full-time equivalents by one.



Government Relations by Expense Category

	FYs 20&21	FYs 20&21		FYs 22&23			Variance			Variance	
	Amended		Estimated	Adopted		Budget	to Budget		Budget to	Estimate	
Labor	\$ 412,994	\$	311,972	\$ 654,314	\$	241,320	58%	\$	342,342	110%	
Benefits	191,252		146,248	333,663		142,411	74%		187,415	128%	
Labor & Benefits Total	\$ 604,246	\$	458,220	\$ 987,977	\$	383,731	64%	\$	529,757	116%	
Direct Charges to CIP/Grants	-		-	-		-	-		-	-	
Operating Labor & Benefits	\$ 604,246	\$	458,220	\$ 987,977	\$	383,731	64%	\$	529,757	116%	
Services	651,709		464,471	1,368,284		716,575	110%		903,813	195%	
Supplies	11,476		5,075	16,800		5,324	46%		11,725	231%	
Utilities	8,880		8,211	16,800		7,920	89%		8,589	105%	
Insurance	-		-	-		-	-		-	-	
Lease/Rents	29,847		30,923	65,622		35,775	120%		34,699	112%	
Other	37,699		6,319	64,100		26,401	70%		57,781	914%	
Fixed Assets	-		-	-		-	-		-		
Non Personnel Total	\$ 739,611	\$	514,998	\$ 1,531,606	\$	791,995	107%	\$	1,016,608	197%	
Total	\$ 1,343,856	\$	973,218	\$ 2,519,583	\$:	1,175,727	87%	\$	1,546,365	159%	
Capitalized Overhead	-		-	-		-	-		-		
GRAND TOTAL	\$ 1,343,856		\$ 973,218	\$ 2,519,583	\$	1,175,727	87%	\$	1,546,365	159%	

Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Director of Government Relations ¹	0.00	0.00	0.00	1.00	1.00	1.00
Government Relations Manager	0.00	0.00	0.00	0.00	0.00	0.00
Legislative Analyst ^{2,3,4}	0.00	0.00	0.00	2.00	1.00	1.00
TOTAL	0.00	0.00	0.00	3.00	2.00	2.00

^{1.} Government Relations Manager was reclassified to Director of Government Relations in Fiscal Year 2021 and transferred to the Government Relations Department.

^{2.} Assistant General Manager 0.50 FTE was transferred from the General Manager and Board of Directors, and 0.50 FTE from the MWD Program, to the Government Relations Department and downgraded to a Legislative Analyst in Fiscal Year 2021.

^{3.} One existing Legislative Analyst was transferred from the General Manager and Board of Directors in Fiscal Year 2021 and transferred to the Government Relations Department.

^{4.} One Legislative Analyst was eliminated in Fiscal Years 2022 and 2023.



Human Resources

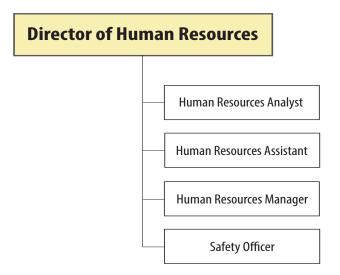
Overview

The Human Resources Department is committed to continually moving the organization to a higher level of performance and fostering a truly connected and engaged workplace. Significant program areas of the Human Resources department include training and development, recruitment and selection, performance management, compensation and benefits, employee and labor relations, employee wellness, and safety.

The department's primary objectives include compliance with federal and state mandates, increasing efficiency and effectiveness through process improvement, and delivering exceptional service.

The department's objectives serve to support a high-performance work culture that executes the organizational vision as defined by the General Manager's Office.

Organizational Chart





Fiscal Years 2020 and 2021 Accomplishments

- Facilitated the recruitment and onboarding of 22 full-time new hires and 19 internal promotions.
- Implemented a new employee onboarding program to ensure managers and new hires are provided with available resources in a modern, streamlined, trackable manner.
- Administered state and federal legislation related to the COVID-19 pandemic, including the Families First Coronavirus Response Act (FFCRA), the 2021 Coronavirus Supplemental Paid Sick Leave Law, and related leave administration.
- Implemented, enforced, and complied with Cal-OSHA regulations for reporting and administering additional safety measures during COVID-19.
- Implemented remote options for employee wellness including an online fitness tracking challenge, mental health challenge, mental health webinars, and additional promotions of resources available to employees.
- Applied for and received grant funds to provide financial wellness education and activities to employees of the Water Authority and employees of member agencies.
- Conducted the agency's first virtual health fair during open enrollment with attendance comparable to previous years' in-person events.
- Maintained 100% compliance with required safety training through virtual web-based training platforms during COVID-19.
- Continued active engagement with member agencies to help achieve their regional workforce development priorities.
- Became the first public agency in California to participate in the SkillBridge Program, an internship program that helps military servicemembers transition into the civilian workforce.
- Continued to promote regional workforce development initiatives, San Diego Water Works and SkillBridge, to member agencies and potential candidate pools.
- Completed a compensation survey of benchmark classifications in Fiscal Year 2021.
- Completed negotiations with Teamsters Local 911 and the three represented bargaining units (Managerial/Supervisory, Professional/Administrative, and Technical/Support Groups) to obtain a successor Memorandum of Understanding for the period July 1, 2021 through June 30, 2023.
- Maintained an employee turnover rate of 3% or less (excluding retirements) each fiscal year.



Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Human Resources Department was previously a division of the General Manager's Office. In Fiscal Year 2021, the division was transferred to establish the Human Resources Department. The Human Resources Department's Adopted Operating Budget for Fiscal Years 2022 and 2023 is \$3.0 million. The Amended Budget and estimate for Fiscal Years 2020 and 2021, reflects funds for one fiscal year, which caused significant variances in comparison to the Fiscal Years 2022 and 2023 Adopted Budget.

Initiatives

- Continue to support employee engagement initiatives with additional surveys, discussions, and focus groups.
- Continue to work collaboratively with member agencies to facilitate regional marketing and outreach efforts to recruit and educate the public on water industry careers.
- Continue agency-wide testing for COVID-19 as necessary to comply with Cal/OSHA regulations and protect employee health and safety.
- Coordinate training for Water Authority employees, including but not limited to harassment and discrimination prevention, COVID-19 Prevention Plan training, first aid/CPR/AED training, leadership development, crane certification and low/medium voltage electrical safety training.
- Continue to provide financial wellness education programs and activities to Water Authority and member agency employees utilizing the grant funds awarded to the agency.

Modifications

- In Fiscal Year 2021, the Human Resources function was removed from the General Manager's Office to create the Human Resources Department.
- The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.
- Savings in Professional Services due to the reduction of Centre of Organizational Effectiveness academy participation in Fiscal Year 2022.
- Increase in safety supplies (\$10,080) due to an increased need for replacement parts, including air monitors for operations staff.
- Increase in the hazardous waste disposal fee (\$21,334) due to overall cost increases and the addition of Lake Hodges as a collection site.



• Additional savings are provided from the non-personnel category due to the removal of travel and training for Human Resources staff in Fiscal Year 2022.

Human Resources by Expense Category

	FYs 20&21		FYs 20&21		FYs 22&23		Variance		V	ariance
		Amended		Estimated		Adopted	Budget to	Budget	Budget to E	stimate
Labor	\$	642,441	\$	624,482	\$	1,308,870	\$ 666,429	104%	\$ 684,389	110%
Benefits		531,920		542,161		1,214,326	682,405	128%	672,165	124%
Labor & Benefits Total	\$	1,174,361	\$	1,166,642	\$	2,523,196	\$ 1,348,835	115%	\$ 1,356,554	116%
Direct Charges to CIP/Grants		-		-		-	-	-	-	-
Operating Labor & Benefits	\$	1,174,361	\$	1,166,642	\$	2,523,196	\$ 1,348,835	115%	\$ 1,356,554	116 %
Services		454,417		274,949		686,601	232,184	51%	411,652	150%
Supplies		48,547		41,240		65,565	17,018	35%	24,325	59%
Utilities		-		-		-	-	-	-	-
Insurance		42,973		23,400		55,000	12,027	28%	31,601	135%
Lease/Rents		59,120		52,466		98,960	39,840	67%	46,494	89%
Other		70,539		49,853		129,912	59,373	84%	80,059	161%
Fixed Assets		-		-		-	-	-	-	-
Non Personnel Total	\$	675,596	\$	441,907	\$	1,036,038	\$ 360,441	53%	\$ 594,130	134%
Total	\$	1,849,958	\$	1,608,550	\$	3,559,234	\$ 1,709,276	92%	\$ 1,950,684	121%
Capitalized Overhead		(298,341)		(254,713)		(605,070)	(306,729)	103%	(350,357)	138%
GRAND TOTAL	\$	1,551,617	\$	1,353,836	\$	2,954,164	\$ 1,402,547	90%	\$ 1,600,327	118%

Human Resources by Division

	FYs 20&21	20&21 FYs 20&21			FYs 22&23	V	ariance	Variance		
	Amended		Estimated		Adopted	Budget to	Budget	Budget to E	stimate	
Human Resources	\$ 1,232,209	\$	1,065,605	\$	2,381,331	\$ 1,149,122	93%	\$ 1,315,726	123%	
Safety	319,407		288,231		572,833	253,425	79%	284,602	99%	
TOTAL HUMAN RESOURCES	\$ 1,551,617	\$	1,353,836	\$	2,954,164	\$ 1,402,547	90%	\$ 1,600,327	118%	



Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Director of Human Resources ¹	0.00	0.00	0.00	0.00	1.00	1.00
Human Resources Analyst ²	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources Assistant ³	1.00	1.00	1.00	1.00	1.00	1.00
Human Resources Manager⁴	1.00	1.00	1.00	1.00	1.00	1.00
Safety Officer⁵	1.00	1.00	1.00	1.00	1.00	1.00
Senior Human Resources Analyst ¹	1.00	1.00	1.00	1.00	0.00	0.00
TOTAL	5.00	5.00	5.00	5.00	5.00	5.00

^{1.} Senior Human Resources Analyst was reclassified to Director of Human Resources in Fiscal Year 2021 and transferred from the General Manager and Board of Directors.

^{2.} Human Resources Analyst was transferred from the General Manager and Board of Directors in Fiscal Year 2021.

^{3.} Human Resources Assistant was transferred from the General Manager and Board of Directors in Fiscal Year 2021.

^{4.} Human Resources Manager was transferred from the General Manager and Board of Directors in Fiscal Year 2021.

^{5.} Safety Officer was transferred from the General Manager and Board of Directors in Fiscal Year 2021.





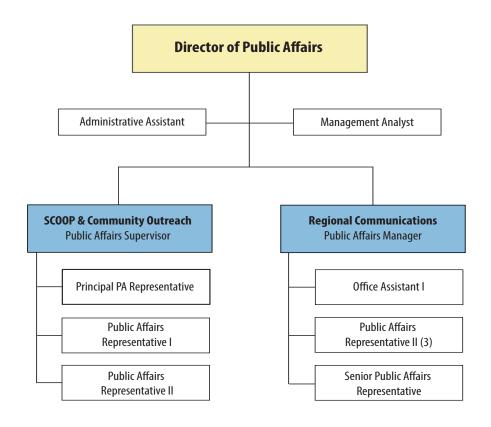
Public Affairs Department

Overview

The Public Affairs Department oversees an array of strategies and programs related to increasing public awareness of regional policies and programs to provide a safe, reliable water supply. During water supply shortage conditions, the department also pursues strategies and tactics designed to support regional and organizational objectives.

The department engages key audiences including news media, business organizations, civic leaders, teachers, school-age children, and members of the public to assist in understanding and appreciating water issues, including the Water Authority and its member agencies' strategies, projects, and programs. The department also runs programs to encourage and enroll more small businesses to bid on Water Authority contracts; and it helps to lessen the impact of Water Authority construction projects on affected neighborhoods and audiences through staff and consultant outreach efforts.

Organizational Chart





Fiscal Year 2020 and 2021 Accomplishments

The Public Affairs Department supported a wide range of initiatives and programs to increase knowledge and understanding of the region's complex water issues, invite engagement, and support programs that help specific audiences use water more efficiently. The Public Affairs department also supported the Water Authority's innovation and energy programs with communication and outreach; led small business participation efforts; and initiated community outreach in support of Water Authority initiatives and capital projects. Specific highlights include:

- Strategic development and implementation of the San Diego regional communications program, which involved development of two major initiatives:
 - Value of Water Communications: Using state grant funding, a program was developed in partnership with local social media influencer Jon Foreman to engage interest among new and broader audiences in water infrastructure investments and reliability. This outreach program, launched in the summer of 2019, showcased the value of investments made by the Water Authority and its member agencies in support of the region's \$231 billion economy and quality of life for its 3.3 million residents by highlighting regional facilities. Video tours were created featuring Water Authority and member agency staff providing a "behind the scenes" look at how water is "made," stored and transported. Additional videos were added in Fiscal Year 2021 to address water quality and safety issues raised as a result of the coronavirus pandemic. The video content has been very popular on the Water Authority's social media channels, helping to significantly boost views and engagement on water issues.

In July 2019, an enhanced effort was launched to support member agency outreach. Staff increased their involvement in community events, invited participation from member agencies and began regular attendance of member agency meetings. As the program was gaining momentum, the COVID-19 pandemic forced the cancellation of all in-person meetings and events for Fiscal Year 2021. Working with the member agencies, staff quickly developed new collateral and digital outreach to address growing concerns over water quality and safety as a result of the unknown origins and transmission of the virus. The "Trust the Tap" program used MWD MAAP grant funding and operational support to quickly increase regional outreach. The Water Authority also collaborated with member agencies on an expanded "Faces of the Water Industry" program. The program also included increased digital and social content showing Water Authority and member agency employees working to keep water flowing 24/7 during an unprecedented global emergency. A highlight of the program was a video that was produced featuring Water Authority and member agency employees reassuring the public about tap water safety.

Also in response to the COVID-19 pandemic, staff was able to access MAAP grant funding to provide a pilot outreach program exclusively in Spanish. An important component of this outreach was partnerships with community organizations to distribute information to their clients.



- The Water News Network (WNN), a website developed in 2018 to enhance communication of Water Authority, member agency and water-related news, continued to play a pivotal and enhanced role in the department's outreach activities. Adapting to the changing media landscape, the agency created the WNN website as a core element for communicating complex issues to civic leaders, elected officials, the business stakeholders and ratepayers. Each week, Water Authority and member agency staff generate several original stories, photos and videos for the site and share them on social media. In addition, the Water Authority curates water-related stories by local, state and national news media and trade media outlets every business day. Staff also distributes daily email summaries of top stories to stakeholders across the region to promote understanding of water issues.
- The Education program provided key services to member agencies by funding classroom assembly programs and Splash Lab visits. When all schools across the region moved to on-line platforms, the Water Authority worked with its vendor to provide on-line video "assemblies." The Water Authority also received a Hans Doe grant to fund an online workbook for fourth grade classrooms.
- The Public Affairs department also supported an active civic engagement program that resulted in strong and productive stakeholder advocacy on several issues, including supporting legislation for veterans to receive credit for their military education and experience when applying for civilian water and wastewater system operator certifications. Staff also provided outreach support for the Energy Storage Project. A major milestone was achieved with the graduation of more than 700 civic and community leaders from the Citizens Water Academy since its inception in 2014. While the CWA program has been put on hold until in-person events resume, the alumni network continues to be an important part of outreach and communication efforts. A new database engagement system was launched at the end of Fiscal Year 2021 to help track and increase alumni participation in Water Authority issues and events.
- The Public Affairs department also supported ongoing organizational needs, such as small-business participation in agency procurements, marketing of programs that support long-term transformation toward more efficient outdoor water use, and community outreach to support capital projects.

Fiscal Years 2022 and 2023 Initiatives and Budget Modifications

The Public Affairs Department's Adopted Operating Budget for Fiscal Years 2022 and 2023 is approximately \$5.6 million, a \$1,324,00, or 19% decrease from the previous two-year budget. The Water Use Efficiency Program was transferred from the Public Affairs department (formerly the Public Outreach and Conservation department) to the Water Resources department in Fiscal Year 2021.



Initiatives

- Support member agencies and Water Authority efforts with regional communications and outreach services and sustain a board-approved enhanced effort to build wider levels of community awareness and appreciation for safe, reliable water supplies. (Business Plan Objectives No. 4, 7, and 8 under Business Services: Communication and Messaging).
- Support board-approved and Water Authority programs and initiatives with outreach and education. (Business Plan Objectives No. 1, 4, 7, and 8 under Business Services: Communication and Messaging).
- Support the Water News Network as an important regional platform for water issues and education with original member agency content, social media and video production. Business Plan Objectives No. 5 and 6 under Business Services: Communication and Messaging).
- Host two classes of the Citizens Water Academy and supplemental alumni activities annually. (Business Plan Objective No. 9 under Business Services: Communication and Messaging).
- Support expanded efforts to increase the Water Authority's profile to key audiences, including underserved and disadvantaged communities. (Business Plan Objectives No. 1, 5, 6, and 8 under Business Services: Communication and Messaging).
- Support member agencies with educational tools that help to instill a water efficiency ethic in the next generation.
- Ensure the Water Authority has a robust website and social media program in order to ensure a growing number of audiences are receiving news and information on water issues. (Business Plan Objectives No. 1, 5, and 6 under Business Services: Communication and Messaging).
- Achieve board-set small business participation targets with effective Small Contractor Outreach and Opportunity Program training and other activities.
- Provide proactive and effective community outreach for all Capital Improvement Program (CIP) and asset management projects scheduled in Fiscal Years 2022 and 2023.

Modifications

 The Fiscal Years 2022 and 2023 adopted budget for Labor reflects the full CPI-U (less medical) increases for Fiscal Years 2020 and 2021. Negotiated increases for Fiscal Years 2022 and 2023 are included in the overall Water Authority adopted budget. The department budget may be amended at mid-term to reflect actual CPI-U (less medical) based on negotiated increases. The adopted budget for Benefits includes forecasted increases to retirement contribution rates as set by the California Public Employees Retirement System (CalPERS) and medical costs for Calendar Year 2022. As a result, the Water Authority is forecasting an increase each year to Benefits.



- In Fiscal Year 2021, the Water Use Efficiency Program transferred from the Public Affairs department to the Water Resources department to align with organizational goals and priorities. This transfer resulted in decreases to the Public Affairs department budget as follows:
 - Labor and Benefits decreased by \$940,971, or 17%, from the prior two-year budget due to the Water Use Efficiency Program transferring to Water Resources.
 - ▶ The Services category decreased by \$121,031, or 8%, from the prior two-year budget.
 - ▶ The Supplies category decreased by \$9,790, or 16%, from the prior two-year budget.
 - ▶ The Other category decreased by \$182,594, or 44%, from the prior two-year budget due to the Water Use Effficiency Program transferring to Water Resources and other reductions in travel and training.
- In an effort to maintain Operating Department costs in Fiscal Years 2022 and 2023 two Principal Public Affairs Representatives were eliminated, reducing the Public Affairs Department's full-time equivalents by two.

Public Affairs by Expense Category

	FYs 20&21	FYs 20&21	FYs 22&23	Variance				Variance	
	Amended	Estimated	Adopted Budget to Budge			to Budget	Budget to Estimat		
Labor	\$ 3,535,811	\$ 3,246,827	\$ 2,812,896	\$	(722,915)	-20%	\$	(433,931)	-13%
Benefits	1,890,738	1,687,854	1,672,681		(218,057)	-12%		(15,175)	-1%
Labor & Benefits Total	\$ 5,426,549	\$ 4,934,680	\$ 4,485,577	\$	(940,971)	-17%	\$	(449,103)	-9%
Direct Charges to CIP/Grants	(242,868)	(83,270)	(186,485)		56,384	-23%		(103,214)	124%
Operating Labor & Benefits	\$ 5,183,680	\$ 4,851,410	\$ 4,299,092	\$	(884,588)	-17%	\$	(552,318)	-11%
Services	1,437,031	1,310,973	1,316,000		(121,031)	-8%		5,027	-
Supplies	60,790	39,483	51,000		(9,790)	-16%		11,517	29%
Utilities	5,658	5,307	6,000		342	6%		693	13%
Insurance	-	-	-		-	-		-	-
Lease/Rents	52,900	28,107	52,650		(250)	-		24,543	87%
Other	416,169	428,139	233,575		(182,594)	-44%		(194,564)	-45%
Fixed Assets	-	-	-		-	-		-	-
Non Personnel Total	\$ 1,972,549	\$ 1,812,009	\$ 1,659,225	\$	(313,324)	-16%	\$	(152,784)	-8%
Total	\$ 7,156,229	\$ 6,663,419	\$ 5,958,317	\$ (1,197,912)	-17%	\$	(705,102)	-11%
Capitalized Overhead	(236,504)	(241,239)	(363,059)		(126,555)	54%		(121,820)	50%
GRAND TOTAL	\$ 6,919,725	\$ 6,422,180	\$ 5,595,258	\$ (1,324,467)	-19%	\$	(826,922)	-13%

Public Affairs by Division

	FYs 20&21	FYs 20&21	FYs 22&23	Variance			Variance			
	Amended	Estimated	Adopted	Budget to Budget				Budget to Estimate		
Community Outreach	\$ 1,620,323	\$ 1,427,613	\$ 1,489,284	\$	(131,039)	-8%	\$	61,671	4%	
Regional Communications	4,221,709	3,916,876	4,105,975		(115,735)	-3%		189,099	5%	
Water Conservation	1,077,693	1,077,692	-		(1,077,693)	-100%	(1	,077,692)	-100%	
TOTAL PUBLIC AFFAIRS	\$ 6,919,725	\$ 6,422,180	\$ 5,595,258	\$ ((1,324,467)	-19%	\$	(826,922)	-13%	



Personnel Requirements

Regular Status Employees	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Director of Public Affairs ¹	0.00	0.00	0.00	1.00	1.00	1.00
Director of Public Outreach and Conservation ¹	1.00	1.00	1.00	0.00	0.00	0.00
Management Analyst ²	1.00	1.00	1.00	0.60	0.60	0.60
Office Assistant I	1.00	1.00	1.00	1.00	1.00	1.00
Principal Public Affairs Representative ^{3,4}	1.00	1.00	2.00	3.00	1.00	1.00
Principal Water Resources Specialist⁵	1.00	1.00	1.00	0.00	0.00	0.00
Public Affairs Manager ⁶	0.80	0.80	1.00	1.00	1.00	1.00
Public Affairs Representative I	3.00	3.00	3.00	3.00	1.00	1.00
Public Affairs Representative II	2.00	2.00	2.00	2.00	4.00	4.00
Public Affairs Supervisor ³	1.00	1.00	2.00	1.00	1.00	1.00
Senior Public Affairs Representative	1.00	1.00	1.00	1.00	1.00	1.00
Senior Water Resources Specialist ⁶	1.00	1.00	0.00	0.00	0.00	0.00
Water Resources Specialist ⁷	4.00	4.00	3.00	0.00	0.00	0.00
TOTAL	18.80	18.80	19.00	14.60	12.60	12.60

^{1.} Director of Public Outreach and Conservation was retitled to Director of Public Affairs in Fiscal Year 2021 due to the transfer of the Water Use Efficiency Program to the Water Resources Department.

^{2.} Management Analyst 0.40 FTE was transferred to the Water Resources Department in Fiscal Year 2021 due to the transfer of the Water Use Efficiency Program.

^{3.} One Public Affairs Supervisor was downgraded to Principal Public Affairs Representative in Fiscal Year 2021.

^{4.} Two Principal Public Affairs Representatives were eliminated in Fiscal Years 2022 and 2023.

^{5.} Principal Water Resources Specialist was transferred to the Water Resources Department in Fiscal Year 2021 due to the transfer of the Water Use Efficiency Program.

^{6.} Senior Water Resources Specialist was reclassified to Public Affairs Manager in Fiscal Year 2020.

^{7.} Three Water Resources Specialists were transferred to the Water Resources Department in Fiscal Year 2021 due to the transfer of the Water Use Efficiency Program.



Capital Improvement Program

Overview

Initiated in 1989, the Capital Improvement Program (CIP) was created to provide the necessary water infrastructure to treat, store, and deliver water, thereby ensuring a safe and reliable water supply to the region. The Water Authority's CIP began as a pipeline design and construction program and has grown in diversity and size over the last three decades as the Water Authority moved to ensure reliability through expansion of its water resources portfolio. Facilities in the CIP have included pipelines, flow control facilities, pumping stations, hydroelectric facilities, a water treatment plant, and dams. The original 2003 Regional Water Facilities Master Plan, approved by the Board of Directors, served as a basis of the CIP. The Master Plan identifies the water infrastructure projects required to meet the region's supply and conveyance needs over a 20-year planning horizon. The 2003 Master Plan was updated in 2013 and, with the completion of the 2020 Urban Water Management Plan, staff will prepare another update in 2023 focused on infrastructure improvements to optimize system performance. The CIP program helps to advance member agency investments in treatment plant capacity, source supply diversification, and system reliability.

The CIP has accommodated supply diversification as well as the Emergency and Carryover Storage Project (ECSP) to address the threat of losing external sources of water for a temporary amount of time. To successfully manage the CIP, the Water Authority incorporated many measures including constantly monitoring applicable construction material prices, working closely with other agencies with large CIPs, and augmenting a core level of staff with numerous specialized consultants and Limited Duration Employees (LDEs). The LDE positions were limited to a five-year duration, the last CIP LDE position left the Water Authority in 2011. The combination of regular staff, LDE staff, and consultants allowed the Water Authority to complete the majority of ECSP and supply diversification projects without adding to the Water Authority's core staff. Since 2011, the Water Authority has maintained a core level of staff dedicated to the Capital Improvement Program.

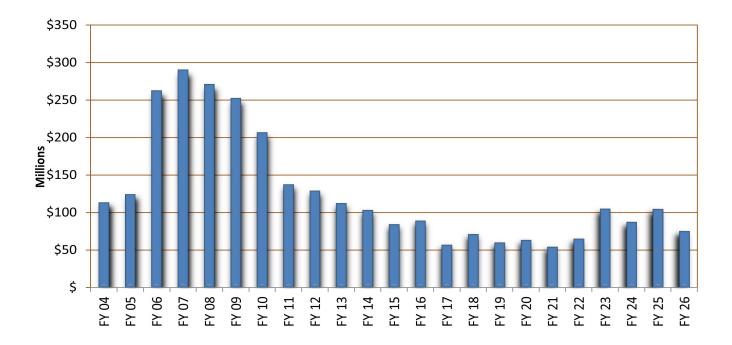


First Aqueduct Pipe Removal (2020)

Recent investments in increased storage, pumping facilities, pipelines, treatment facilities, and a droughtproof local treated water supply from the Carlsbad Desalination Project bolstered supply reliability. With the addition of these facilities and continued reliance on existing facilities, it is critical to maintain and protect the Water Authority's assets. The Water Authority's emphasis has transitioned from a large scale capital intensive program to a focus on effective asset management. An effective Asset Management Program will ensure a high degree of reliability, lower overall costs, and minimize the increase of water rates over time.



Figure 1: CIP Expenditures and Forecast



The CIP peaked in the construction of new water infrastructure between 2006 and 2010. With the completion of the San Vicente Dam Raise Project in 2014, the focus of the CIP shifted to asset management and optimizing the existing aqueduct system. Figure 1 shows the history of the CIP and planned expenditures over the next five years.

To optimize capital project management, staff has developed and broadly employed CIP Best Management Practices (BMPs) for over a decade. BMPs are measures for maximizing resources to achieve success. The goal of the CIP BMPs is to attain sustained, high levels of program and project success. Success is defined as consistently meeting project schedules, budgets, and cash flow projections, while maintaining scope and meeting stakeholder expectations. Some examples of Best Management Practices include the use of the following:

Project Risk Management

Project Risk Management is a proactive process used to mitigate risks through the life of a project to ensure the project scope, schedule, and budget are met. Project Risk Management proactively identifies project risks and establishes measures to minimize or eliminate the risk. It also determines the potential cost of a project based on the risks that could come to fruition. This process begins in the planning phase of a project and contributes towards a realistic project scope, budget, and schedule.

Gate Process

The Gate Process is a staff procedure that ensures all critical project components are completed as the project moves through the planning, design, and construction phases. This process ensures that a phase of a project (i.e. a gate) does not begin until an internal multi-departmental staff committee agrees that all the requirements for the previous gate are satisfied.



Highly Developed CIP Policy and Process Documents

CIP policy and process documents such as Design Manuals, Construction Management Manuals, and Standard Drawings and Construction Contract Documents, are used to ensure that projects meet Water Authority needs and that consistent business practices are used agency-wide. They also ensure that professional service and construction contractors know how to do business with the Water Authority.

Construction Cost Estimating

The Water Authority uses a bottom-up construction cost estimating process which is similar to how a construction contractor assembles their costs on bid day. This process considers current market and economic conditions leading to increased accuracy in the prediction of construction costs, realistic CIP project budgets, and adequate funding needs.

Project Controls Reporting

Project Controls Reporting is used to monitor CIP projects. This rigorous monitoring process entails tracking and managing project schedule and expenditures regularly to promote timely completion of the project within the budget. Project Managers are required to use and analyze cost and schedule performance data to proactively identify and avert budget and schedule overruns. Sophisticated cash flow and forecasting tools are also used to plan CIP funding and appropriations which help to facilitate debt and associated water rate management.

Program Accomplishments

During the past two-year period the Water Authority received several project awards from professional organizations, including:

- Awarded the 2020 "Project Achievement Award for Public Works" Greater than \$15 Million" from the Construction Management Association of America for the Pipeline 5 Relining - Delivery Point to Sage Road project.
- ◆ Selected for the 2020 "Honor Award" by the American Public Works Association - San Diego & Imperial Counties Chapter for the Pipeline 5 Relining - Delivery Point to Sage Road project.
- Received the 2020 "Award of Merit" for the Pipeline 4 Emergency Repair Project from the American Society of Civil Engineers - San Diego Section.
- Received the 2021 Honor Award from the American Public Works Association - San Diego & Imperial Counties Chapter - San Diego 28 Flow Control Facility.



2020 ASCE Award of Merit for Pipeline 4 Emergency Repair Project.

 Received the 2021 Project of the Year in the Utility category from the American Public Works Association - San Diego & Imperial Counties Chapter - Northern First Aqueduct Structures and Lining Rehabilitation project.



- Received the 2021 Honor Award from the American Public Works Association San Diego & Imperial Counties Chapter - Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project.
- Selected for the 2021 Award of Excellence Water Project by the American Society of Civil Engineers - San Diego Section for the Pipeline 5 Emergency Repair in Moosa Canyon.

Asset Management

The Water Authority performed 25 miles of pipeline inspections using the latest technologies for pipeline condition assessment, and a further 15 miles of routine visual inspections. In August 2019, the Water Authority formally filed the Notice of Completion for the Pipeline 5 Relining - Delivery Point to Sage Road project. This 2.3 mile relining project in the northern portion of our service area will provide approximately 75 years of additional life and reduce the risk of failure in this critical area. Two urgent repairs were also performed on Pipelines 4 and 5 at Moosa Canyon in the north county. Temporary repairs were performed on both sections of pipelines using carbon fiber technology to provide up to ten years of protection. Over the next two year budget cycle, staff will finalize a planning study and begin design on a permanent repair at these locations.

Construction of the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility and the San Diego 28 Flow Control Facility projects were completed in February 2021 and March 2021, respectively. These member agency connections were aging and beyond their useful service life. The new facilities were brought up to current seismic code and Water Authority standards and installed new features to enhance security at the sites.

The Northern First Aqueduct Structures and Lining Rehabilitation project was completed in March 2021. The First Aqueduct consists of Pipelines 1 and 2 that were brought online in 1947 and 1954, respectively. This project rehabilitated approximately 14,500 feet of pipeline liner, 62 pipeline valve and access structures, and constructed six new aqueduct pipeline connections to existing flow control facilities.

System Optimization Projects

Staff completed the design and started construction on two large system optimization projects:

 The Mission Trails Flow Regulatory Structure II/Lake Murray Control Valve is a \$45.7 million project located within the City of San Diego's Mission Trails Regional Park. The project includes constructing a 4.9 million gallon flow regulatory structure, removing eight aqueduct vent structures, constructing a 135 cubic feet per second flow control facility, constructing connections to the Second Aqueduct, and abandoning two miles of prestressed concrete cylinder



Mission Trails Tank (2021)



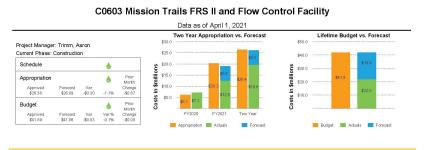
pipe. Completion of the project also satisfies the Water Authority's commitment to remove eight aqueduct vent structures within the Mission Trails Regional Park.

 The Hauck Mesa Storage Reservoir project is a \$25.9 million project that includes construction of a flow regulatory structure on the Valley Center Pipeline to improve system reliability. The 2.1 million gallon reservoir will mitigate pump station outages and provide operational flexibility by balancing treated water flows between the First and Second Aqueducts.

These two projects were identified in the 2013 Regional Water Facilities Master Plan Update to improve the hydraulic and operational controls of the aqueduct system and to provide additional protection against risks of failure.

Other

The Water Authority continues to look for innovative and pioneering ways to manage the CIP. To that end, an Integrated Project Controls Management Dashboard was developed using in-house staff. Now in its third year of use, this dashboard continues to provide real-time project management data to project managers



Integrated Project Controls Management Dashboard

and supervisors and helps ensure a high level of project and program success. The automation of data collection and reporting from the systems of record (e.g., Primavera, PeopleSoft, Access, and Excel) alleviates the previous requirement of manual data collection for reporting purposes. The automated tool quickly identifies deviations from preapproved metric thresholds and proactively notifies project stakeholders so that an action plan to correct and mitigate any issues can be developed. This tool has been shown to several member agencies and is made available for their use and customization. It has also been shared with other water agencies across the country and made available to assist them with their project management duties.

Adopted CIP Budget

The adopted CIP Budget is built upon the Water Authority's updated 2021-2025 Business Plan and upcoming 2021-2031 Long-Range Financing Plan, placing primary emphasis of the CIP on repair, replacement, or rehabilitation of the existing system through the Asset Management Program and modification of the Water Authority's infrastructure to optimize system operation. As part of updating the Long-Range Financing Plan development efforts, staff performed a risk analysis of both pipelines and facilities, placing particular emphasis on seismic risk to older structures. Following this assessment, the CIP was prioritized, and facilities were identified for rehabilitation or replacement over the next ten-year period. This ten-year plan will be the framework for the 2021-2031 Long-Range Financing Plan. The ten-year plan will be revisited periodically to incorporate additional needs as they are identified. Opportunities to further optimize the system will be evaluated in the next Master Plan Update that is scheduled to be completed in 2023, incorporating the information from the completed 2020 Urban Water Management Plan.



Historically the CIP budget has been presented in two parts: the capital improvement program level and the individual project level. In prior years, the first part was considered a Lifetime CIP Budget, which included completed projects and projects that span a decade or more into the future. This part was inclusive of the lifetime budget for projects and the entire CIP program. In the same respect the individual project level was considered the two-year appropriation for CIP projects, focusing on the forecasted spending plan for the two-year period.

For transparency of the CIP and associated project costs, the Water Authority is now presenting the CIP as a multiyear forward-looking plan rather than a Lifetime CIP Budget. The multiyear plan for the CIP focuses on the lifecycle costs of active projects that span a decade or more into the future. Prior year expenditures for active projects are included in the multiyear plan until a project is through the post construction period. The focus of the two-year appropriation remains on individual CIP projects in Fiscal Years 2022 and 2023. A discussion of the Multiyear Plan and the Two-Year Adopted Appropriation is below.

CIP Multiyear Plan

The CIP Multiyear Plan is the sum of all Board-adopted projects including adopted new projects. In the previous two-year budget, there were 34 adopted projects with a value of nearly \$2 billion. Over the course of the last two fiscal years, 4 projects totaling \$31.4 million were completed. These projects were completed under budget; Table 1 depicts the estimated savings of these completed projects. These savings will be utilized in remaining projects.

Table 1: Completed CIP Projects (\$ Thousands)

	FY's 20&21 Amended Multiyear Plan	Estimated Costs	Savings
Communication System at San Vicente Pump Station	\$ 30	8 \$ 209	\$ 99
East County Regional Treated Water Improvements Program	29,09	5 29,081	14
Kearny Mesa Headquarters Roof	88	8 734	154
Water Billing and Information Management System	1,35	8 1,351	7
TOTAL COMPLETED PROJECTS	\$ 31,64	9 \$ 31,375	\$ 274

In addition to removing these completed projects and recognizing the savings, the Water Authority recommends the removal of long term forecast projects including Pipeline 6, Second Crossover Pipeline, and System Storage. The long term forecast projects represented a significant portion of the lifetime CIP costs in the Fiscal Years 2020 and 2021 budget with \$853.9 million forecasted in future years. These projects will be evaluated and reassessed in the Master Plan Update. To keep the CIP Multiyear Plan forward-looking, the Water Authority also recommends removing costs for all closed and completed projects, which represents an additional removal of \$458.9 million.

Upon removing the completed projects and the long term forecasted projects, analyzing the Asset Management Program, and aligning the Project Summary Table with the projects in the upcoming 2021-2031 Long-Range Financing Plan, the adopted CIP Multiyear Plan and projects going forward is \$1.5 billion, a reduction of \$0.5 billion from the previous two-year budget. The majority of future expenditures

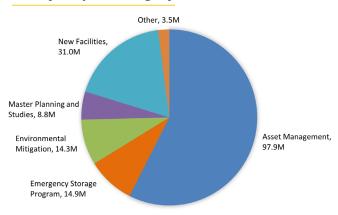


in the Multiyear Plan will be Asset Management projects, including Infrastructure Rehabilitation, the Relining and Pipe Replacement Program, and various system optimization projects.

Two-Year Adopted Appropriation for CIP

The adopted appropriation for Fiscal Years 2022 and 2023 is \$170.4 million and represents the forecasted spending during the upcoming budget period based upon the current status of CIP projects. Figure 2 illustrates the breakdown of the adopted appropriation by project type. Project types, or categories, have been modified this year to better represent the projects within each category. New for this year is the Environmental Mitigation category, projects in this category previously fell into the Other or New Facilities categories. Projects in the New Facilities category, although categorized as new, are projects that are either modifications

Figure 2: Two-Year Adopted Appropriation for **CIP by Project Category**



due to changes and upgrades made to the aqueduct system or continuing efforts required as a result of Board approved Member Agency requested projects. Highlights of the Water Authority's focus for the upcoming two-year budget period include the following:

Asset Management

Nationally there is a growing emphasis on aging infrastructure and the need for infrastructure repair. Each year the American Water Works Association (AWWA) releases a state of the Water Industry report based on responses to an annual survey of industry professionals. The survey provides an industry-wide self-assessment and gathers information to support the water community's major challenges. The 2020 report identified renewal and replacement of aging water infrastructure as the continuing number one issue facing the industry. The Water Authority has a long history of being proactive in infrastructure inspection and repair starting over three decades ago by pioneering the first pipeline relining project. Later the Water Authority Board of Directors established a visionary program for inspection and pipeline management. Since then, the Water Authority has become a national leader in asset management by utilizing the latest technology for pipeline inspections and methods for risk assessment. In 2017 the program was recognized by the AWWA for leading business practices in asset management, and by Government Technology and the AT&T Special Districts Program for pipeline risk visualization. The Water Authority constantly scrutinizes its methodology through industry-specific peer review at an international level, and by self-monitoring its progress through its 5-year Scorecard evaluation. This ensures key areas of asset management are resourced, managed, and continually evaluated at an appropriate level. Over the past three decades, the program has completed over 45-miles of pipeline rehabilitation, the scanning and evaluation of over 120-miles of pipelines, and visually inspected all 310-miles of pipelines in the system.



Aging infrastructure can result in several negative impacts to the Water Authority's mission, including:

- ◆ Loss of service to our Member Agency customers and direct, localized failure of a pipeline or facility resulting in possible environmental and physical damage.
- Continued aging without a plan for extension of useful life, going beyond the limit of sustainability such that rehabilitation cannot be performed at a rate sufficient to keep up with reduction of useful life.
- To mitigate these risks, the Asset Management Program is driven by the following best management practices:
 - Implementation of a five-year rolling Condition Assessment Plan, ensuring the Water Authority focuses on obtaining comprehensive condition data on a routine basis to assist in the continued evaluation of useful life.
 - ▶ Thorough risk assessment, assessing the probability of failure together with potential consequences of failure to identify high-risk areas.
 - Prioritization by identifying projects that will repair, replace, or rehabilitate aging assets at the right time, prior to each two-year budget period.

Asset Management is comprised of several projects, the largest of which are Infrastructure Rehabilitation and the Relining and Pipe Replacement Program. Not only is risk considered, but asset repair, replacement, and rehabilitation projects are also defined and prioritized considering available resources, economic factors, customer rate and delivery impacts, timing, and other issues.

Over the next two years, staff will focus on completing the highest priority asset management projects. These projects are rehabilitations or replacements of existing aging infrastructure (pipelines and facilities) that are near the end of their service life or require work on them due to changes in the operation of our system or are at risk of failure due to seismic or some other issue. As part of the Asset Management Program, staff will be performing detailed seismic and hydraulic/cavitation analyses of several flow control facilities in addition to performing comprehensive condition assessments of our existing aqueduct pipelines, ensuring we are working on the most critical facilities in support of the Water Authority's mission to provide a safe and reliable water supply for the region.

Mitigation Program

The Mitigation Program was established by the Board in September 1992 to provide coordinated permitting and mitigation for environmental impacts resulting from the construction, operation, and maintenance of CIP projects. The Mitigation Program provides comprehensive mitigation for Water Authority programs, projects, and actions by preventing both short and long-term construction and operational delays resulting from compliance with state and federal endangered species and wetland regulations. The Mitigation Program has obtained and manages comprehensive long-term endangered species and wetland permits, as well as mitigation for impacts to endangered species, wetland resources, and other sensitive habitats. This is accomplished by negotiating and implementing long-term multispecies Endangered Species Act take permits with state and federal wildlife agencies; programmatic wetlands permits with state and federal regulatory agencies implementing the Clean Water Act and Porter- Cologne Water Quality Control Act; acquiring mitigation properties or credits for CIP projects and operation and maintenance activities; constructing wetland mitigation projects; and developing agreements with permitting agencies governing use of mitigation credits on Water Authority properties.



Approved Master Plan/System Optimization Projects

As part of the 2013 Regional Water Facilities Optimization and Master Plan Update (2013 Master Plan Update), the Water Authority conducted a comprehensive evaluation of future infrastructure needs based on a plausible range of projected supplies and demands through 2035. With a focus on maximizing previous infrastructure investments, the 2013 Master Plan Update included projects for near-term implementation that would enhance or optimize the aqueduct system. Over the next two years, staff will continue working to complete projects identified in the 2013 Master Plan update as well as updating the 2013 Master Plan Update to refine project implementation recommendations, identify new system optimization opportunities, review seismic resilience, and account for changing conditions such as climate change, lower aqueduct flows, and water quality challenges. The scope of work is based on the revised demand forecast evaluated in the 2020 Urban Water Management Plan and is anticipated to be completed in 2023. Over the next two years, staff will also complete a seismic vulnerability study to identify the highest seismic risks to our pipelines. This review and update to a similar study that was performed in 1993 will provide repair time estimates to our system following a major seismic event.

CIP Project Multiyear Plan Changes

Six new projects have been added to the CIP that include commitments made to member agencies and provide for potential future savings in operations. Several other projects require increases, primarily due to changes in the scope of work. These new projects and multiyear plan increases align with the projects identified as needed over the next ten years and will be included in the 2021-2031 Long-Range Financing Plan. Work on these projects will ensure the Water Authority continues to provide a safe and reliable water supply for our region.

New Projects

- Lake Rehabilitation/ Hodges Dam Replacement
 - Lake Hodges is one of the three reservoirs in the Emergency Storage Project (ESP). The Hodges Dam, constructed in 1917-1919, is a 131-foottall dam with 23 reinforced concrete arches. The reservoir has a total storage capacity of 30,600 acre-feet, of which 20,000 acre-feet belongs to the Water Authority for the regional use during an ESP event. The remaining capacity belongs to the City of San Diego. The



Lake Hodges Aerial.

City also owns and operates the dam and pursuant to an agreement with the City of San Diego, the Water Authority is responsible for 50% of the on-going operating and maintenance costs (including any future upgrades to the dam). The California Department of Water Resources - Division of Safety of Dams (DSOD) has restricted the reservoir operating level 20 feet below the spillway and requested the City to immediately repair the existing structural defects and restore safety monitoring functions (i.e., near-term repairs). Also, DSOD has requested the City to begin



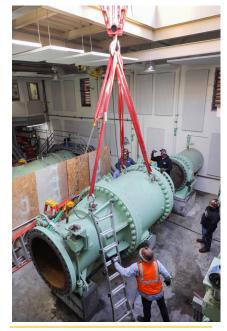
planning and design for an ultimate rehabilitation or replacement of the existing dam (i.e., long-term improvement) to ensure safe operations of the dam during a strong earthquake or probable maximum rain event. The project will consist of multiple construction packages, for example, the near-term repairs, spillway repairs, and long-term rehabilitation including test quarry, foundation preparatory work, dam rehabilitation/replacement, and post construction site improvements. The City has completed design for the near-term repairs and is preparing to bid late 2021. While the City is still studying options for the long-term improvement, the project is expected to last 10 to 15 years. The Water Authority's share of the costs is preliminarily estimated at \$138,220,000.

Poway 5 Flow Control Facility

In September 2020, the Board authorized a new treated water connection for the City of Poway and in March 2021 the Board approved the location of the new Poway 5 Flow Control Facility (FCF). The Poway 5 FCF will be owned and operated by the Water Authority and will provide the City of Poway with a new treated water capacity of 24 cubic feet per second and connection off the Water Authority's Ramona Pipeline. The City of Poway anticipates to design and construct the facility to Water Authority specifications themselves and reimburse the Water Authority for all its costs associated with design coordination/plan review, construction oversight/ inspection, and related aqueduct shutdowns required to make the connection to the Water Authority's system. The Water Authority's direct costs anticipated for this work is \$820,000 and is 100% reimbursable by the City of Poway. Before any design work begins on this project, the Board will need to approve a design agreement with the City of Poway.

Energy Resiliency and Reliability Study

As part of the America's Water Infrastructure Act (AWIA) of 2018, the Water Authority analyzed its water system for resiliency and reliability. The analysis showed that energy resiliency and reliability of Water Authority critical facilities should be assessed to operate during a blackout or Public Safety Power Shutoff (PSPS) event, which are becoming more frequent in California's changing energy landscape. The Energy Resiliency and Reliability Study will evaluate critical facilities to determine how to provide uninterrupted water services during power supply blackouts and PSPS events and potentially generate additional energy revenue to help stabilize water rates. The request of \$700,000 for this study will evaluate the following facilities: Lake Hodges Pumped Storage, Valley Center Pump Station, Olivenhain Pump Station, San Vicente Pump Station, Escondido Operations Center, Twin Oaks Valley Water Treatment Plant, Rancho Peñasquitos Inline Hydroelectric Facility, and selected flow control facilities.



Pressure Control & Hydroelectric Facility (2021).



- Facilities Improvement and Equipment Replacement
 - This project provides resources and funding to ensure the long-term safe and reliable operation and maintenance of the Water Authority's equipment, facilities, and aqueduct system. This project will fund and execute the replacement of mechanical and electrical equipment at critical Water Authority facilities and aqueduct system, such as pumps, valves, motors, actuators, generators, meters, and breakers. This project will also fund and implement facility improvements, such as roof and air conditioning systems. The multiyear plan request for this project is \$16.1 million.
- Lake Hodges Hydroelectric Facility Downstream Piping
 - This project will provide OSHA required double isolation valving between the Lake Hodges Hydroelectric Facility and Lake Hodges Reservoir for both planned and unplanned shutdowns. This is a regulatory requirement to ensure the safety of staff during shutdowns of the Facility and is required prior to the planned major re-build of the Facility's major mechanical and electrical systems, currently scheduled for Fiscal Year 2024. The multiyear plan request for this project is \$2.0 million.
- Board Room Modifications
 - This project provides resources and funding to expand and modernize the existing Water Authority Board Room. This project will fund and execute the renovation of the Board Room to increase its footprint to improve the room's functionality and accommodate all Board members even when social distancing or other pandemicrelated protocols are in place. This project will also fund and implement audio/visual technology upgrades such as a new voting system, microphones, television monitors,



Board Meeting February 2020.

streaming, and Microsoft Teams compatibility. The request for this project is \$1.7 million. The final estimated cost of this project will be verified and adjusted as needed following a professional architectural and engineering review and design process early in Fiscal Year 2022. Any significant adjustment to the project's cost will be brought back to the Board for prior review and approval.

Increases and Decreases to Existing Projects

- Line Road Improvements
 - This project will provide for on-going line road improvements to culverts, gates, and line road sections. Such improvements are required to ensure access is maintained for performance of aqueduct maintenance functions and right-of-way patrol activities. The multiyear plan increase for this project is \$500,000 and is required to address identified planned improvements.



Infrastructure Rehabilitation

In 2009, the Asset Management Program consolidated several capital projects into one program. Within this program is Infrastructure Rehabilitation. The focus of this project is to prioritize rehabilitation, repair or replacement of assets based on risk (consequence of failure and probability of failure). The program has identified aging assets including flow control facilities, valves, meters, and pipeline structures requiring rehabilitation, repair, replacement, or demolition. In order to fund near-term and long-term projects and align the project multiyear plan with the needs identified in the upcoming 2021-2031 Long-Range Financing Plan, an increase of \$320 million is required.

Relining and Pipe Replacement Program

► There are 82 miles of prestressed concrete cylinder pipe (PCCP) within the Water Authority's Second Aqueduct constructed between 1958 and 1982. Due to the risks associated with failure of this type of pipe, the Board in 1993 approved the Replacement/Relining of Existing PCCP Program to facilitate the rehabilitation of Water Authority pipelines. To date, 57% of existing PCCP pipeline has been rehabilitated. This project is part of the overall Asset Management Program; however, due to the significant cost of PCCP



Pipeline 5 Reline Bulkhead.

relining projects, these are separately tracked under this project. To fund nearterm and long-term projects and align the project multiyear plan with the needs identified in the upcoming 2021-2031 Long-Range Financing Plan, an increase of \$310 million is required.

- Mission Trails Flow Regulatory Structure (FRS) II/Lake Murray Control Valve
 - ▶ This project will place the existing Mission Trails Pipeline Tunnels in service to meet future untreated water demands for the central and south county service areas, and to relieve existing operational risks. During construction differing site conditions were encountered and weather-related events have impacted the project schedule. These issues have caused additional costs, delayed the scheduled Aqueduct shutdown required to make system connections, and extended the project completion date by an additional 5 months. A budget increase of \$3.8 million is required to complete the project.

Carlsbad Desalination Project

 Commercial operations began December 2015 and most of the segments funded in this project are complete. There are two remaining tasks. One remaining task includes funds to support the Water Authority's role in financing, design and construction of the intake and discharge modifications due to closure of



the existing Encina Power Station and compliance with desalination intake and discharge regulations adopted by the State Water Resources Control Board in 2015. These regulations delayed acquisition of necessary permits and required the intake and discharge facility modifications project to be implemented in two improvement phases. The first phase, which included installation of fish-friendly dilution pumps was completed in May 2020. The final phase of infrastructure improvements to fully comply with the new regulations are anticipated to be completed in 2023. An increase of \$922,172 is needed to support the legal, financial, engineering and contract administration services required for the final phase of the project.

- The other task includes a new project to perform a feasibility study to evaluate a direct energy supply connection to the Carlsbad Desalination Plant. A basis of design report will be prepared that analyzes a direction connection from the San Diego Gas and Electric transmission system to the Carlsbad Desalination Plant. The cost of this effort is \$650,000 for a total project roll-up cost increase of \$1,572,172.
- Operations and Maintenance Department Facility
 - The current and future space needs of the Operations and Maintenance Department (O&M) and the existing O&M Facility in Escondido have been studied to evaluate O&M's space need requirements, deficiencies or gaps with the existing facility and options to help ensure the long-term sustainability of O&M's work functions. An increase of \$25.0 million is required to provide funding to purchase a new property site, develop the site, and relocate the O&M functions to the new site.
- ESP- North County Pump Station
 - This project represents the final phase of the ESP serving portions of Fallbrook, Rainbow, Valley Center, and Yuima in its entirety. Due to the potential detachment of the Fallbrook Public Utility District and Rainbow Municipal Water District from the Water Authority, the Board directed that all work stop on the project segments serving those member agencies until that issue is resolved. The work associated with serving Valley Center and Yuima is on-going. There are two increase needs for this project, one at \$700,000 due to escalation from project delays; and a

second at \$6,150,000 due to increased design consultant costs, updated construction estimates, and additional pumps and piping identified after a detailed hydraulic analysis of the system was completed during preliminary design. These items result in a total increase of \$6,850,000 in accordance with the terms set forth in the design agreement with both the Valley Center and Yuima Municipal Water Districts.



Red Mountain Tunnel - 3D Point Scan



Second Aqueduct Diversion Complex Improvements

▶ This project was originally budgeted as a study for the Second Aqueduct Diversion Complex and has been further developed based on the 2018 System Seismic Vulnerability Assessment and a subsequent 2021 planning study. The vulnerability assessment identified seismic deficiencies and high relative risk for the Twin Oaks Diversion Weir Structure and adopted near-term rehabilitation. The 2021 study further developed high-level planning for improvements in the Second Aqueduct Diversion Complex area including replacement of the diversions structure. The project multiyear plan increase of \$12,150,000 is for design and construction of a full replacement for the Twin Oaks Diversion Weir Structure.

Master Plan Update

This project was placed in the Fiscal Years 2020 and 2021 budget to develop a Request for Proposal for the 2023 Master Plan Update. The multiyear plan increase of \$6,340,000 is for completion of the 2023 Master Plan document and environmental review over the next three years. The project will serve as a road map for the 2045 planning horizon and represents an important update to the 2013 Regional Water Facilities Optimization and Master Plan Update. The 2023 Master Plan will seek to optimize decades of infrastructure investments and create the flexibility to adapt to future conditions. Key considerations for the 2023 Master Plan could include climate change, lower aqueduct flows, water quality challenges, opportunities to increase reliability, operational enhancements, seismic resilience, and continued energy optimization. The 2023 Master Plan will also include appropriate CEQA review which would potentially include a Supplemental Programmatic EIR, major amendments to the Natural Community Conservation Program/Habitat Conservation Plan, and an update to the Climate Action Plan.

Mitigation Program

The Mitigation Program provides comprehensive mitigation for current Water Authority programs, and future projects, and actions resulting from compliance with state and federal endangered species and wetland regulations. An increase of \$500,000 is needed to fund work on the Water Authority's Programmatic Master Plan Permit as well as a major amendment to the Natural Communities Conservation Plan/Habitat Conservation Plan (NCCP/HCP), and potential development of an Herbicide Use Plan.

Post-Construction Mitigation Management

This project consolidates the post-construction mitigation maintenance, monitoring, and reporting phase of existing non-ESP construction projects. Post construction projects are established during the development of the two-year budget so that the respective construction projects can be closed and capitalized when construction is complete; but ongoing mitigation requirements remain, such as habitat restoration. A multiyear plan increase of \$1,180,000 is required to fund the mitigation maintenance, monitoring, and reporting phase for the Mission Trails Flow Regulatory Structure (FRSII)/Lake Murray Control Valve and fund an endowment for the Mission Trails FRS I and FRS II Vernal Pool Mitigation Site.



Table 2: Adopted Budget Changes by Project

Adopted New Projects	Change to Multiyear Plan (\$ Thousands)
Board Room Modifications	\$ 1,654
Energy Resiliency and Reliability Study	700
Facilities Improvement and Equipment Replacement	16,100
Lake Hodges Dam Rehabilitation/Replacement	138,220
Lake Hodges Hydroelectric Facility Downstream Piping	2,000
Poway 5 Flow Control Facility	820
Subtotal	\$ 159,494
Adopted Changes to Existing Projects	
Carlsbad Desalination Project	\$ 1,572
ESP - North County Pump Station	6,850
Infrastructure Rehabilitation	320,000
Line Road Improvements	500
Master Plan Update	6,340
Mission Trails Flow Regulatory Structure (FRS) II/Lake Murray Control Valve	3,812
Mitigation Program	500
Operations and Maintenance Department Facility	25,000
Post-Construction Mitigation Management	1,180
Relining and Pipe Replacement Program	310,000
Second Aqueduct Diversion Complex Improvements	12,150
Subtotal	\$ 687,904
TOTAL CHANGES TO NEW/EXISTING PROJECTS	\$ 847,398

Table 3: Adopted Completed and Removed Projects

Adopted Completed and Removed Projects	Total Multiyear Expenditures (\$ T	'housands)
Communication System at San Vicente Pump Station	\$	209
East County Regional Treated Water Improvements Program		29,081
Kearny Mesa Headquarters Roof		734
Pipeline 6		5,839
Second Crossover Pipeline		1
System Storage		103
Water Billing and Information Management System		1,351
Subtota	\$	37,317
Adopted Completed Projects with Active Rollups		
Carlsbad Desalination Project	\$	74,673
Colorado River Canal Linings - Post Construction Mitigation Monitoring		<1
ESP - North County Pump Station		1,285
ESP - Post Construction Activities		36,860
Infrastructure Rehabilitation		47,243
Mission Trails Flow Regulatory Structure (FRS) II/Lake Murray Control Valve		6,423
Mitigation Program		13,361
Relining and Pipe Replacement Program		278,697
System Vulnerability Assessment		438
Subtota	\$	458,979
TOTAL ADOPTED CLOSED AND REMOVED PROJECTS	\$	496.296



Table 4: CIP Project Summary Table (\$ Thousands)

The project summary table of the mulityear plan provides a programmatic and project level summary of the CIP.

Rate Category	Project Name		Amended FYs 20&21 tiyear Plan		Adopted FYs 22&23 tiyear Plan		Plan Variance		oursable ear Cost	
Asset Ma	nagement									
Т	Abandonment of the LMSE to Sweetwater	\$	4,180	\$	4,180	\$	-	\$	-	
CS	Additional Aqueduct Right of Way Width		5,787		5,787		-		-	
CS	Alvarado Hydroelectric Facility Rehabilitation		8,425		8,425		-		-	
CS/T	Facilities Improvement and Equipment Replacement		-		16,100		16,100		-	
CS/T	Infrastructure Rehabilitation		202,744		522,744		320,000		-	
S	Lake Hodges Dam Rehabilitation/Replacement		-		138,220		138,220			
CS	Lake Hodges Hydroelectric Facility Downstream Piping System		-		2,000		2,000			
CS	Line Road Improvements		388		888		500		-	
Т	Relining and Pipe Replacement Program		214,110		524,110		310,000			
CS/T	Second Aqueduct Diversion Complex Improvements		633		12,783		12,150		-	
Subtotal /	Asset Management	\$	436,268	\$:	1,235,238	\$	798,970	\$	-	
Emordone	Ny Staraga Bragram									
S	cy Storage Program ESP - North County Pump Stations		38,614		45,464		6,850		-	
S	ESP - Post Construction Activities		11,906		11,906		0,000		_	
S	ESP Owner Controlled Insurance Program Closeout		76		76				-	
	Emergency Storage Program	\$	50,596	\$	57,446	\$	6,850	\$		
		•	00,000	*	01,110	•	0,000	~		
	ental Mitigation		22.12=							
Sup	Colorado River Canal Linings - Post Construction Mitigation Monitoring		28,125		28,125				-	
T	Mitigation Program		21,683		22,183		500		-	
T	Post-Construction Mitigation Management		5,359		6,539		1,180			
Subtotal I	Environmental Mitigation	\$	55,167	\$	56,847	\$	1,680	\$	-	
Master Pl	anning and Studies									
CS	Energy Resiliency Study		-		700		700		-	
S	ESP - San Vicente 3rd Pump Drive & Power		8,044		8,044		-		-	
CS	Inline Hydroelectric Energy Generation Facilities		521		521		-		-	
CS	Master Plan Update		52		6,392		6,340		-	
Т	Pipeline 3/Pipeline 4 Conversion		1,014		1,014		-		-	
CS	Regional Conveyance System Study		3,900		3,900		-		-	
CS	San Vicente Pumped Storage Study		10,693		10,693		-		900	
Т	System Isolation Valves		522		522		-		-	
CS	System Vulnerability Assessment		1,339		1,339		-		-	
Subtotal I	Master Planning and Studies	\$	26,085	\$	33,125	\$	7,040	\$	900	
New Facil	ities									
CS	Aqueduct Communication System		4,337		4,337		-		-	
Т	Carlsbad 5 FCF and Pressure Reducing Valve		1,014		1,014		-		1,014	
T	Hauck Mesa Storage Reservoir		25,916		25,916		_		_,	
T	Mission Trails Flow Regulatory Structure (FRS) II/Lake Murray Control Valve		41,890		45,702		3,812-		_	
CS	Operations and Maintenance Department Facility		10,000		35,000		25,000		_	
CS	Poway 5 Flow Control Facility		-		820		820		820	
		_		_	· · · · · · · · · · · · · · · · · · ·	_				
	New Facilities	\$	83,157	\$	108,977	\$	25,820	\$	1,834	
Other	Poord Doom Modifications				1 651		1 65 1			
CS /T	Board Room Modifications Carlohad Description Project		2 562		1,654		1,654		62F	
CS/T Subtotal (Carlsbad Desalination Project	\$	3,563	\$	5,135	ć	1,572	ć	635	
			3,563		6,790	\$	3,226	\$	563	
Grand Tot	al Active Projects	\$	654,836	\$:	1,502,235	\$	843,586	\$	3,297	
Total Com	pleted and Removed Projects¹		879,656							
Total Com	pleted Projects with Active Rollups¹		459,132							
	tiyear Plan	S	1,993,625	S	1,502,235	s	(495,202)			
1 / 1 1		7	_,500,020	V	_,00_,200	Ÿ	(,=0=)			

^{1.} Line item detail for completed and removed projects appears in Table 5 on pages 150 & 151.

Note: Rate Category Codes are as follows: (1) CS: Customer Service (2) S: Storage (3) SUP: Supply (4) T: Transportation (5) WTP: Treatment Totals may not foot due to rounding.



	Water		year Plan		-	FYs 2	22 & 23 A	pprop			FY 24		FY 25		FY 26		Beyond FY 27	(Dlaw	Total
	Authority Cost	through 6/	enditures 30/2020	Е	FY 21 stimated	Pr	ojection	Pr	FY 23 ojection	Pr	rojection	Pr	ojection	Pro	jection	F	Projection	•	To Date & rojections)
\$	4,180	\$	133	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4,047	\$	4,180
	5,787		4,988		163		-		-		-		-		-		636		5,787
	8,425		4,269		615		-		-		-		386		2,675		480		8,425
	16,100		-		-		3,236		825		1,036		1,244		2,321		7,438		16,100
	522,744		77,708		19,301		16,464		44,593		69,724		38,587		9,620		246,747		522,744
	138,220		-		-		445		1,041		1,373		1,161		1,918		132,283		138,220
	2,000		-		-		250		250		1,500								2,000
	888		-		241		130		130		130		130		-		126		888
	524,110		67,801		2,502		3,890		26,671		4,671		57,230	;	35,391		325,954		524,110
	12,783		70		503		-		-		-		-		450		11,760		12,783
\$ 1	L,235,238	\$	154,968	\$	23,326	\$	24,415	\$	73,509	\$	78,433	\$	98,738	\$:	52,375	\$	729,472	\$	1,235,238
	45,464		2,587		103		286		12,556		129		2,175	:	22,254		5,376		45,464
	11,906		2,920		986		437		1,613		445		-		1		5,504		11,906
	76		-		9		5		5		5		5		-		47		76
\$	57,446	\$	5,507	\$	1,098	\$	728	\$	14,174	\$	579	\$	2,180	\$:	22,255	\$	10,927	\$	57,446
	28,125		15,850		1,061		1,783		3,340		5,176		375		-		539		28,125
	22,183		7,736		1,010		3,877		3,639		574		1,920		281		3,145		22,183
	6,539		2,763		133		1,308		319		505		303		303		907		6,539
\$	56,847	\$	26,349	\$	2,205	\$	6,968	\$	7,297	\$	6,256	\$	2,598	\$	583	\$	4,591	\$	56,847
	700		-		-		387		230		-		-		-		82		700
	8,044		258		-		-		-		-		-		-		7,786		8,044
	521		201		9		-		15		-		28		-		267		521
	6,392		-		43		1,213		2,540		1,864		-		-		732		6,392
	1,014		-		-		-		-		-		-		-		1,014		1,014
	3,900		1,313		1,587		1,000		-		-		-		-		-		3,900
	9,793		7,013		237		737		2,332		-		-		-		374		10,693
	522		142		2		-		-		-		-		-		378		522
	1,339		170		657		328		-		-		-		-		183		1,339
\$	32,225	\$	9,098	\$	2,535	\$	3,666	\$	5,117	\$	1,864	\$	28	\$	-	\$	10,817	\$	33,125
	4,337		97		21		-		-		45		191		75		3,909		4,337
	-		340		56		3		3		-		-		-		613		1,014
	25,916		2,741		3,424		11,246		3,141		-		659		-		4,705		25,916
	45,702		9,142		21,313		9,322		-		383		-		-		5,542		45,702
	35,000		29		57		7,037		144		-		-		-		27,732		35,000
	-		-		-		62		82		122		507		17		30		820
\$	107,143	\$	12,350	\$	24,871	\$	27,670	\$	3,370	\$	550	\$	1,356	\$	92	\$	38,718	\$	108,977
	4.05:						756		000										4.054
	1,654		- 2710		400		758		896		- 74		-		-		100		1,654
 ć	4,500	^	2,718	Ċ	432	^	1,022	^	790	^	71	^	-	_		ć	102	ć	5,135
\$	6,227	\$	2,718	\$	432	\$	1,779	\$	1,687	\$		\$	-	\$	-	\$	102	\$	6,790
\$ 1	L,495,126	\$	210,989	\$	54,467	\$	65,227	\$ 1	105,154	\$	87,753	\$ 2	104,901	\$	75,305	\$	794,627	\$	1,498,423

Adopted



Table 5: CIP Closed and Removed Projects (\$ Thousands).

The closed and removed projects table includes projects that have been completed and projects that have been removed from the multiyear plan.

Rate Category	Project Name	FYs 20&21 Multiyear Plan	FYs 22&23 Multiyear Plan	Plan Variance	Reimbursable Multiyear Cost	
Complete	d/Removed Projects as of FY 21					
CS	Communication System at San Vicente Pump Station	308	209	(99)	-	
CS/T/WTP	East County Regional Treated Water Improvements Program	29,095	29,081	(14)	4,597	
CS	Kearny Mesa Headquarters Roof	888	734	(154)	-	
T	Pipeline 6	437,348	5,839	(431,509)	-	
T	Second Crossover Pipeline	371,041	1	(371,040)	-	
T	System Storage	39,619	103	(39,516)	-	
CS	Water Billing and Information Management System	1,358	1351	(7)	-	
Total Com	pleted/Removed Projects	\$ 879,656	\$ 37,317	\$ (842,339)	\$ 4,597	
	d Projects with Active Rollups as of FY 21	74 775	74.072	(400)	0.054	
CS/T	Carlsbad Desalination Project	74,775	74,673	(102)	8,054	
SUP	Colorado River Canal Linings - Post Construction Mitigation Monitoring	<1	<1	-	-	
S	ESP - North County Pump Station	1,285	1,285	-	-	
S	ESP - Post Construction Activities	36,860	36,860	-	-	
CS/T	Infrastructure Rehabilitation	47,121	47,243	122	-	
T	Mission Trails Flow Regulatory Structure (FRS) II/Lake Murray Control Valve	6,423	6,423	-	-	
Т	Mitigation Program	13,361	13,361	-	-	
T	Relining and Pipe Replacement Program	278,875	278,697	(179)	-	
CS	System Vulnerability Assessment	431	438	6	-	
Total Com	pleted Projects with Active Rollups	\$ 459,132	\$ 458,979	\$ (153)	\$ 8,054	

Amended

Note: Rate Category Codes are as follows: (1) CS: Customer Service (2) S: Storage (3) SUP: Supply (4) T: Transportation (5) WTP: Treatment

Totals may not foot due to rounding.



Water Authority Cost	Multiyear Plan Expenditures through 6/30/2020	FY 21 Estimated	FY 22 Projection	FY 23 Projection	FY 24 Projection	FY 25 Projection	FY 26 Projection	Beyond FY 27 Projection	Total (Plan To Date & Projections)
209	180	29	-	-	-	-	-	-	209
24,484	29,037	44	-	-	-	-	-	-	29,081
734	621	114	-	-	-	-	-	-	734
5,839	5,839	-	-	-	-	-	-	-	5,839
1	1	-	-	-	-	-	-	-	1
103	103	-	-	-	-	-	-	-	103
1,351	1,141	210	-	-	-	-	-	-	1351
\$ 32,721	\$ 36,920	\$ 397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,317
66,619	74,673	-	-	-	-	-	-	-	74,673
<1	<1	-	-	-	-	-	-	-	<1
1,285	1,285	-	-	-	-	-	-	-	1,285
36,860	36,860	-	-	-	-	-	-	-	36,860
47,243	47,243	-	-	-	-	-	-	-	47,243
6,423	6,423	-	-	-	-	-	-	-	6,423
13,361	13,361	-	-	-	-	-	-	-	13,361
278,697	278,602	95	-	-	-	-	-	-	278,697
438	438	-	-	-	-	-	-	-	438
\$ 450,926	\$ 458,884	\$ 95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458,979



Figure 3: CIP Location Map



W:\GRAPHICS \ GRAPHICS SAMPLES \ MAPS - AGENCY, CIP, COUNTY, PIPELINE / CIP Location Map 3-2021.pdf



Individual Project Sheets follow in alphabetical order by project name. They summarize the project scope, status, and planned work for Fiscal Years 2022 and 2023. The total expenditure column in the table on each project sheet reflects the lifetime estimated total of all expenditures for that project, including project segments that are completed.

Active Projects	Page No.
Abandonment of the LMSE Pipeline (B0400)	154
Additional Aqueduct Right of Way Width (N0340)	155
Alvarado Hydroelectric Rehabilitation (J0350)	156
Aqueduct Communication System (P0750)	157
Board Room Modifications (New)	158
Carlsbad 5 Flow Control Facility and Pressure Reducing Valve (K0330)	159
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Operations and Maintenance Facility (N0530)	177
Pipeline 3/Pipeline 4 Conversion (M4550)	178
Post-Construction Mitigation Management (H0500)	179
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Relining and Pipe Replacement Program (R0200)	182
San Vicente Energy Storage Facility Study (J0200)	183
Second Aqueduct Diversion Complex Improvements (H0140)	184
System Isolation Valves (M4650)	185
System Vulnerability Assessment (H0130)	186



Abandonment of the LMSE to Sweetwater - B0400

Project Category: Asset Management Rate Category: Transportation

PROJECT DESCRIPTION

The existing La Mesa Sweetwater Extension Pipeline (LMSE) begins at the end of the First Aqueduct in Lakeside and extends 16.4 miles south to the Sweetwater Reservoir. The northern 4.4 miles of the pipeline is currently in operation to feed the Helix 1 Flow Control Facility, just south of the San Diego River, on the north side of State Route 67. The remaining 12 miles of LMSE is not needed and is no longer in service.



The abandonment of the existing LMSE involves filling the pipeline with cellular grout or concrete slurry. The existing above ground structures such as manways, blow-offs, combination air/vacuum valves, will be removed and surrounding surface areas restored. Existing pipe connections will be removed.

FUNDING

There is no Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023.

OPERATING IMPACTS

There are no operating impacts associated with this project. The Asset Management Program considers the southerly portion of LMSE a stranded asset with an unknown condition. Abandoning the pipeline will eliminate any potential risk associated with owning or maintaining the pipeline. The Right-of-Way Section also recommends abandoning the pipeline, thereby eliminating the costs for patrolling the pipeline right of way.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

July 2019

July 2020

July 2021

Project schedule has been adjusted due to prioritization of the CIP.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	52	-	-	-	-	-	-	52
Design	81	-	-	-	-	-	1,555	1,636
Construction	-	-	-	-	-	-	2,493	2,493
Post Construction	-	-	-	-	-	-	-	-
Totals	133	-	-	-	-	-	4,047	4,180
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	133	-	-	-	-	-	4,047	4,180
Planning Design Construction Post Construction								1

July 2022

July 2024

July 2025

July 2023

July 2026

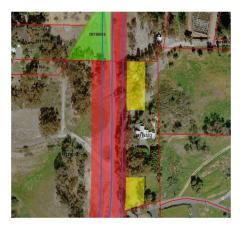


Additional Aqueduct Right of Way Width - N0340

Project Category: Asset Management Rate Category: Customer Service

PROJECT DESCRIPTION

Along extended reaches of the Second Aqueduct, the Water Authority's rightof-way is too narrow. The purpose of this project is to widen the right-of-way to provide adequate width to maintain Water Authority Pipelines. This project is focused on areas of active development, areas that may have future development or where owners have listed their properties for sale. Currently the edge of the right of way may not be wide enough to support pipe replacement or major maintenance.



FUNDING

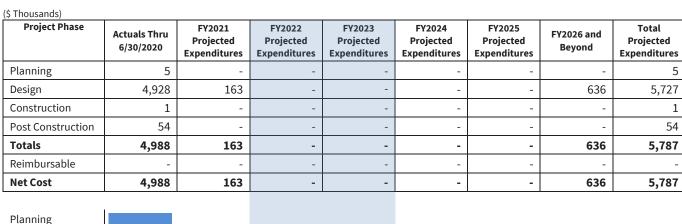
There is no Capital Improvement Program appropriation for Fiscal Years 2022 and 2023.

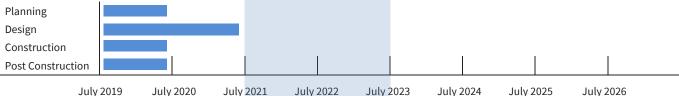
OPERATING IMPACTS

There are no additional operating costs associated with this project because these areas would be patrolled during regular patrols.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

There are no acquisition activities planned for Fiscal Years 2022 and 2023. However, if property becomes available during this period, staff will pursue acquisition accordingly.







Alvarado Hydroelectric Facility Rehabilitation – J0350

Project Category: Asset Management Rate Category: Customer Service

PROJECT DESCRIPTION

The Alvarado Hydroelectric Facility was built in 1984 adjacent to the San Diego 12 Flow Control Facility. The hydroelectric facility monetizes the potential energy in the water normally dissipated by valves at the flow control facility. Electrical generation was suspended in 2007 due to flood damage. The 2013 Regional Water Facilities Optimization and Master Plan Update and the Water Authority's Energy Program determined



rehabilitating the facility has the potential to generate revenue for the Water Authority. The Water Authority's Energy Program is researching current and planned energy market programs to identify revenue opportunities and the associated payback period.

FUNDING

There is no Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023.

OPERATING IMPACTS

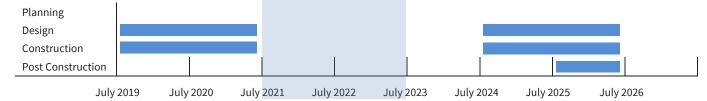
This project renews the service life of the existing facility, resulting in reduced long-term maintenance and operating costs. It also provides revenue to the Water Authority.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Activities for this project is on hold until the Water Authority's Energy Program determines it is economically viable.



Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	-	-	-	-	-	-
Design	1,459	142	-	-	-	124	13	1,738
Construction	2,810	473	-	-	-	262	3,006	6,550
Post Construction	-	-	-	-	-	-	136	136
Totals	4,269	615	-	-	-	386	3,155	8,425
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	4,269	615	-	-	-	386	3,155	8,425





Aqueduct Communication System - P0750

Project Category: New Facilities Rate Category: Customer Service

PROJECT DESCRIPTION

This project will develop a communications master plan, which will provide a framework for expansion, and includes implementation of recommended improvements to the Water Authority's Aqueduct Control System (SCADA). The goal is to provide the Water Authority with ownership, and improved control,



reliability and security of our communication network while lower operating costs associated with current alternative communication system links.

FUNDING

There is no Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023.

OPERATING IMPACTS

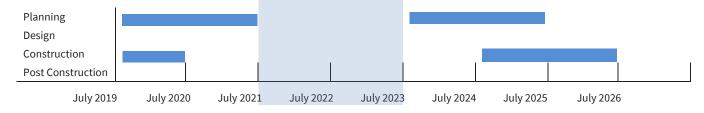
This project will improve control, reliability, and security of the SCADA communication system.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Work on this project is expected to begin in Fiscal Year 2024.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	72	21	-	-	45	70	-	208
Design	-	-	-	-	-	-	-	-
Construction	25	-	-	-	-	120	3,984	4,129
Post Construction	-	-	-	-	-	-	-	-
Totals	97	21	-	-	45	191	3,984	4,337
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	97	21	-	-	45	191	3,984	4,337





Board Room Modifications - NEW

Project Category: Other

Rate Category: Customer Service

PROJECT DESCRIPTION

This project provides resources and funding to expand and modernize the existing Water Authority Board Room. This project will fund and execute the renovation of the Board Room to increase its footprint to improve the room's functionality and accommodate all Board members even when social distancing or other pandemicrelated protocols are in place. This project will also fund and implement audio/visual



technology upgrades such as a new voting system, microphones, television monitors, streaming, and Microsoft Teams compatibility. The budget request for this project is \$1.7 million. The final estimated cost of this project will be verified and adjusted as needed following a professional architectural and engineering review and design process early in Fiscal Year 2022. Any significant adjustment to the project's cost will be brought back to the Board for prior review and approval.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$1,654,173.

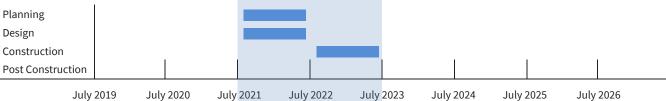
OPERATING IMPACTS

No additional operating impacts are expected as a result of these modifications.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

This project is expected to be completed during the Fiscal Years 2022 and 2023 budget period.

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	121	-	-	-	-	121
Design	-	-	637	-	-	-	-	637
Construction	-	-	-	896	-	-	-	896
Post Construction	-	-	-	-	-	-	-	-
Totals	-	-	758	896	-	-	-	1,654
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	-	-	758	896	-	-	-	1,654



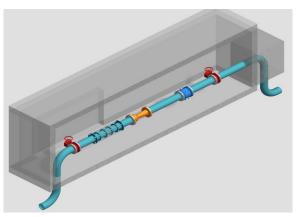


Carlsbad 5 Flow Control Facility and Pressure Reducing Valve - K0330

Project Category: New Facilities Rate Category: Transportation

PROJECT DESCRIPTION

The Carlsbad 5 Flow Control Facility is a new facility that will provide Carlsbad Municipal Water District (CMWD) direct access to treated water from the Carlsbad Seawater Desalination Plant. CMWD has agreed to purchase 2,500 acre-feet per year of product water from the Carlsbad Desalination Conveyance Pipeline. A



Pressure Reducing Vault (PRV) and facility will be designed downstream of the new Carlsbad 5 Flow Control Facility to ensure that the CMWD distribution system receives flows at a pressure that meets their needs. The PRV will be located in a below grade vault, approximately 100 feet downstream of the new Carlsbad 5 Flow Control Facility and will be owned and operated by CMWD.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$5,144. This project is fully reimbursable by the Carlsbad Municipal Water District. The current appropriation covers project management only until Carlsbad restarts the project.

OPERATING IMPACTS

The operating impacts will include coordination of desalination plant operations and maintenance of new facilities required for the delivery of product water to the aqueduct system.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

No work planned.

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	234	-	-	-	-	-	-	234
Design	106	56	3	3	-	-	613	780
Construction	_	-	-	-	-	-	-	-
Post Construction	_	-	-	-	-	-	-	-
Totals	340	56	3	3	-	-	613	1,014
Reimbursable	340	56	3	3	-	-	613	1,014
Net Cost	_	-	-	-	-	-	-	-
		•					•	•
Planning								
Design								





Carlsbad Desalination Project - K0300

Project Category: Other

Rate Category: Customer Service/Transportation

PROJECT DESCRIPTION

This project includes all Water Authority obligations as provided for in the Water Purchase Agreement (WPA) with Poseidon Resources for implementation of the Carlsbad Desalination Project. The Water Authority's obligations include: (1) administration of the WPA and oversight of design, construction, startup and commissioning of the seawater desalination plant and intake modifications; (2) design review,



construction oversight, startup and commissioning of the desalination conveyance pipeline; (3) design and construction of the relining of a five mile segment of the existing Pipeline 3 between San Marcos and the Twin Oaks Valley Water Treatment Plant; (4) design and construction of modifications to the existing Pipelines 3 and 4 vent structures in San Marcos; (5) oversight of the design and construction of modifications to the Twin Oaks Valley Water Treatment Plant and clearwells for delivery and distribution of desalination product water. In addition, this project includes oversight of the design and construction of improvements to the Vallecitos 9 FCF to facilitate direct delivery of desalinated water as part of that agency's purchase contract and projects related to alternative power supply to the plant.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$1,811,885. This project has been partially reimbursed in the sum of \$8,054,445 over its lifetime. Staff has also been awarded an additional \$562,500 in reimbursement from the Department of Water Resources' Water Desalination Grant Program; this award is pending agreement execution by the California Department of Water Resources.

OPERATING IMPACTS

The operating impacts include coordination of desalination plant operations/billing and maintenance of new facilities required for the delivery of product water to the aqueduct system.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Perform design reviews and construction oversight of the desalination plant intake modifications for the final operational phase required by the closure of the Encina Power Station, establish the Water Authority's cost obligations and desal water unit price impacts based on these modifications, and completion of a feasibility study to evaluate the potential for a new electrical substation to provide a direct energy supply connection to the desalination plant.

Project Phase	Actuals Thru 6/30/2020*	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	3,475	432	1,022	790	71	-	10	5,800
Design	6,197	-	-	-	-	-	-	6,197
Construction	66,674	-	-	-	-	-	92	66,767
Post Construction	1,045	-	-	-	-	-	-	1,045
Totals	77,391	432	1,022	790	71	-	102	79,809
Reimbursable	8,054	-	635	-	-	-	-	8,689
Net Cost	69,337	432	387	790	71	-	102	71,119
Planning						1		1

Design Construction **Post Construction** July 2023 July 2019 July 2020 July 2021 July 2022 July 2024 July 2025 July 2026



Colorado River Canal Linings and Post Constrution Mitigation Monitoring - 10400

Project Category: Environmental Mitigation

Rate Category: Supply

PROJECT DESCRIPTION

The Colorado River supplies include the conserved water transfer with the Imperial Irrigation District (IID) and conserved water received from the canal lining projects as a result of the 2003 Quantification Settlement Agreement. The Water Authority receives 200,000 acre-feet and approximately 80,000 acrefeet per year from the IID conserved water transfer and canal linings, respectively.



The agreement for the canal lining projects and water transfer require that all environmental impacts are further defined and mitigated, including but not limited to, construction and long-term performance measurement of a 17acre created marsh, maintenance and monitoring of 105 acres of Core Marsh, and restoration of 352 acres of Desert Riparian habitat. In most cases, mitigation measures are implemented by IID for the All-American Canal Lining Project and the Coachella Valley Water District for the Coachella Canal Lining Project.

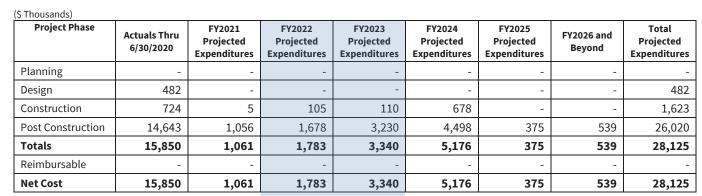
The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$5,123,252.

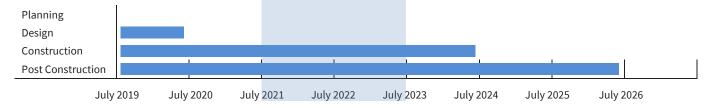
OPERATING IMPACTS

There are no additional operating impacts as a result of this project.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Water Authority staff will continue to support implementation of the required maintenance and monitoring of mitigation obligations for the canal linings projects and support mitigation associated with the water transfer. Focus for FY 2022 and 2023 will be to implement additional Desert Riparian Habitat to meet the required acreage.







Energy Resiliency Study - NEW

Project Category: Master Planning and Studies

Rate Category: Customer Service

PROJECT DESCRIPTION

As part of the America's Water Infrastructure Act (AWIA) of 2018, the Water Authority analyzed its water system for resiliency and reliability. This analysis showed that energy resiliency and reliability of Water Authority critical facilities should be assessed to operate during a blackout or Public Safety Power Shutoff (PSPS) event, which are becoming more frequent. This study



will evaluate at least 13 critical facilities to determine how to mitigate blackouts and PSPS events in order to provide uninterrupted water services and potentially generate additional energy revenue to help stabilize water rates. The facilities to be evaluated include: Lake Hodges Pumped Storage, Valley Center Pump Station, Olivenhain Pump Station, San Vicente Pump Station, Escondido Operations Center, Twin Oaks Valley Water Treatment Plant, Rancho Peñasquitos Inline Hydroelectric Facility and selected flow control facilities.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$617,687.

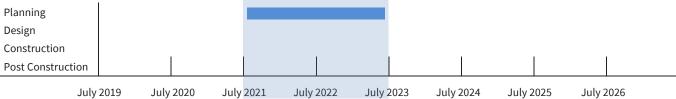
OPERATING IMPACTS

The study will identify mitigation measures to improve the Water Authority's ability to provide critical uninterrupted water services during blackouts and PSPS events and potentially generate additional energy revenue to help stabilize water rates.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Complete the study of at least 13 critical facilities to determine how to mitigate blackouts and PSPS events to provide uninterrupted water services and potentially generate additional energy revenue to help stabilize water rates.

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	387	230	-	-	82	700
Design	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Post Construction	-	-	-	-	-	-	-	-
Totals	-	-	387	230	-	-	82	700
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	-	-	387	230	-	-	82	700





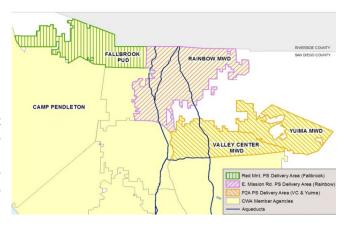
ESP - North County Pump Station - G1800

Project Category: Emergency Storage Program

Rate Category: Storage

PROJECT DESCRIPTION

The ESP North County Pump Stations project is the final phase of the Emergency Storage Project. The project includes a new Metropolitan Water District owned Pipeline 4 turnout, two new member agency owned pump stations, and other member agency system improvements. These facilities will enable treated water deliveries to the northernmost service area during an ESP condition.



FUNDING

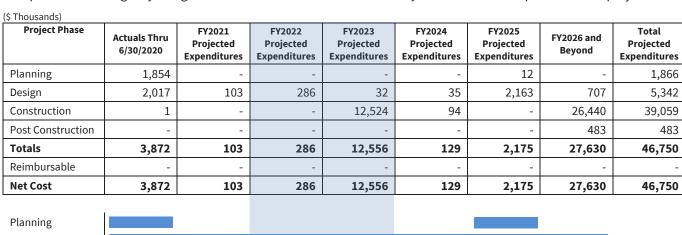
The Capital Improvement Program appropriation for Fiscal Years 2022 and 2023 is \$12,841,517.

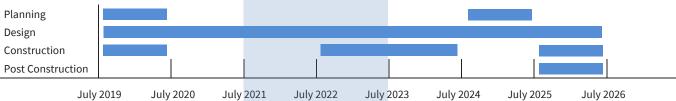
OPERATING IMPACTS

Most of the facilities constructed for this project will be owned and operated by member agencies. The Water Authority will own and operate one metering facility which will result in increased operating costs for operation and maintenance activities.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Complete member agency design and initiate construction for the Valley Center and Yuima portion of the project.







ESP - Owner Controlled Insurance Program Closeout - G0220

Project Category: Emergency Storage Program

Rate Category: Storage

PROJECT DESCRIPTION

This project provides support services for the Owner Controlled Insurance Program (OCIP) of the Emergency and Carryover Storage Projects which commenced in April 1999 and ended in March 2015 with the completion of the San Vicente Marina Facilities project. The OCIP was originally purchased for the period of 1999 until 2009 (OCIP I). Due to extended construction work on the ESP beyond 2009, the OCIP end



date was moved to 2015 and OCIP II (2009-2015) was created. Both OCIP insurance policy periods included a ten-year tail coverage for Products/Completed Operations for general liability/bodily injury claims.

During fiscal years 2016 and 2017, staff negotiated a buy-out transferring OCIP I to the insurance carrier. The OCIP II expires in December 2024.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Year 2022 and 2023 is \$10,000.

OPERATING IMPACTS

There are no operating impacts resulting from this project.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

The focus over the next two fiscal years is to monitor claims and determine insurance carrier interest in accepting OCIP II liability.

10	Thousands)	
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Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	-	-	-	-	-	-
Design	-	-	-	-	-	-	-	-
Construction	-	9	5	5	5	5	47	76
Post Construction	-	-	-	-	-	-	-	-
Totals	-	9	5	5	5	5	47	76
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	-	9	5	5	5	5	47	76





ESP – Post Construction Activities – G2000

Project Category: Emergency Storage Program

Rate Category: Storage

PROJECT DESCRIPTION

This project consolidates the post-construction phase of ESP projects, including the Carryover Storage Project (CSP) components. It was established so that the respective construction projects can be closed and capitalized when construction is complete; but ongoing mitigation and other requirements remain, such as habitat restoration or long-term warranty repairs. Mitigation maintenance and monitoring during fiscal years 2020 and 2021 included the San Vicente Dam Raise, San Vicente Marina, and the San Vicente Bypass Pipeline projects, i.e., the San Vicente Dam Raise suite of projects. Additional on-going elements of this project include documentation and reporting; maintenance of restored habitat areas; finalizing permit compliance; and environmental records management.



FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$2,050,230.

OPERATING IMPACTS

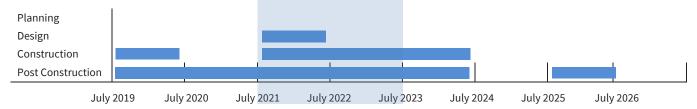
There are no operating impacts.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

The focus for Fiscal Years 2022 and 2023 is primarily the continuation of post-construction mitigation maintenance and monitoring at the San Vicente Dam Raise suite of projects. An additional focus is closing out long-term warranty items as well as obtaining U.S. Fish and Wildlife Service's written concurrence that ESP Capital Improvement Program projects' permit conditions are satisfied, and environmental records are transitioned into the Water Authority's electronic document management system.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	-	-	-	-	-	-
Design	-	-	90	-	-	-	-	90
Construction	6	-	119	1,527	432	-	257	2,340
Post Construction	39,774	986	228	86	13	-	5,248	46,335
Totals	39,780	986	437	1,613	445	-	5,505	48,765
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	39,780	986	437	1,613	445	-	5,505	48,765





ESP - San Vicente 3rd Pump Drive and Power - G0610

Project Category: Master Planning and Studies

Rate Category: Storage

PROJECT DESCRIPTION

This project will provide station upgrades and an additional power source to allow the San Vicente Pump Station to be operated at full design capacity. The project is needed to fully utilize an expanded San Vicente Reservoir for future ESP needs, to meet projected peak seasonal demands for untreated water, and to access available carryover storage during supply shortages.

FUNDING

There is no Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023.

OPERATING IMPACTS

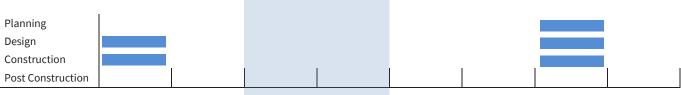
The future operating impacts of this project will be determined as part of the planning process.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

No work on this project is currently planned. This project will be included in the 2023 Master Plan Update to evaluate the needs and timing of the project within the 2045 planning horizon.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	-	-	-	-	156	157
Design	256	-	-	-	-	-	1,152	1,408
Construction	1	-	-	-	-	-	6,478	6,479
Post Construction	-	-	-	-	-	-	-	-
Totals	258	-	-	-	-	-	7,786	8,044
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	258	-	-	-	-	-	7,786	8,044



July 2023 July 2019 July 2020 **July 2021** July 2022 July 2024 July 2025 July 2026



Facilities Improvement and Equipment Replacement - NEW

Project Category: Asset Management

Rate Category: Customer Service/Transportation

PROJECT DESCRIPTION

Project is to fund and execute the replacement of mechanical and electrical equipment at critical Water Authority facilities and aqueduct system, such as pumps, valves, motors, actuators, generators, meters, and breakers. This project will also fund and implement facility improvements, such as roof and air conditioning systems.



FUNDING

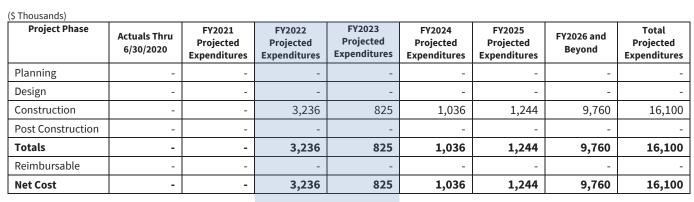
The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$4,060,725.

OPERATING IMPACTS

This project provides resources and funding to ensure safe and reliable operation and maintenance of the Water Authority's equipment, facilities, and aqueduct system.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Implement required improvements and replacement of equipment at various Water Authority facilities, such as the Hodges Hydroelectric Facility, San Vicente Pump Station and other critical facilities.







Hauck Mesa Storage Reservoir - N0510

Project Category: New Facilities Rate Category: Transportation

PROJECT DESCRIPTION

This project will construct a 2.1 million-gallon treated water storage reservoir connected to the Water Authority's Valley Center Pipeline in Valley Center. The reservoir will support pipeline operations in conjunction with the Water Authority's Valley Center Pump Station by providing pump station surge relief and regulating flows to the First Aqueduct. The project will also offer additional aqueduct reliability and transient protection due to power losses or other flow interruptions at the pump station.



FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$14,387,245.

OPERATING IMPACTS

This project will enhance the Water Authority's operational flexibility and improve system reliability for delivery of treated water to the First Aqueduct.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

The Fiscal Years 2022 and 2023 budget includes funds to construct the project.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	182	-	-	-	-	-	-	182
Design	2,086	271	-	-	-	-	7	2,365
Construction	473	3,153	11,246	3,141	-	-	2,339	20,352
Post Construction	-	-	-	-	-	659	2,358	3,017
Totals	2,741	3,424	11,246	3,141	-	659	4,705	25,916
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	2,741	3,424	11,246	3,141	-	659	4,705	25,916





Infrastructure Rehabilitation - Q0100

Project Category: Asset Management

Rate Category: Customer Service/Transportation

PROJECT DESCRIPTION

Asset management practices involve many facets of the Water Authority's core business of providing a safe and reliable source of water. The Asset Management Program, first initiated in 2009, is a strategic effort to assess and monitor our operational assets and to prioritize the repair, rehabilitation, or replacement of assets based on risk in order to maximize their value over time. Through an analysis of the



consequence of failure and the probability of failure, the program continues to identify improvements to ageing assets including pipelines, pipeline structures, flow control facilities, valves, meters, and other water conveyance equipment. Fiscal Years 2022 and 2023 will see work commence, or continue, on 18 Infrastructure Rehabilitation projects including 1 pipeline condition assessment project, 6 pipeline rehabilitation projects, and 11 facility rehabilitation or replacement projects. Due to the significant cost of PCCP relining projects, these are separately tracked (see R0200 Relining and Pipe Replacement Program).

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$61,057,000.

OPERATING IMPACTS

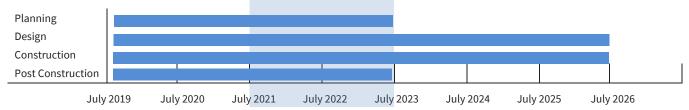
These projects will extend or renew the service life of water conveyance assets, reduce the probability of unplanned failures, and optimize long-term maintenance and operating activities.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

- Design and commencement of construction of Untreated Pipelines 1 and 2 appurtenance structures
- Design seismic retrofits of priority First Aqueduct bifurcation structures
- Design and construct First Aqueduct treated water tunnel improvements
- 15-miles of pipe condition assessment of the untreated portion of the First Aqueduct
- Perform detailed analysis of cavitation and structural risks to priority flow control facilities

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	2,505	603	162	142	-	-	118	3,530
Design	39,600	2,656	7,013	3,104	1,586	816	13,541	68,317
Construction	82,493	15,889	9,138	36,452	68,138	37,770	237,283	487,164
Post Construction	352	153	150	4,895	-	-	5,426	10,976
Totals	124,951	19,301	16,464	44,593	69,724	38,587	256,367	569,986
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	124,951	19,301	16,464	44,593	69,724	38,587	256,367	569,986





Inline Hydroelectric Energy Generation Facilities - J0300

Project Category: Master Planning and Studies

Rate Category: Customer Service

PROJECT DESCRIPTION

This project provides technical studies for inline hydroelectric facility generation within the Water Authority's aqueduct system, which includes those candidate sites identified in the 2013 Regional Water Facilities Optimization and Master Plan Update, March 2014. These studies will confirm the technical and economic feasibility of candidate sites for



potential development. Studies performed in FY21 determined none of the candidate sites as feasible. Feasibility and planning studies will be reassessed every 2 years.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$15,000.

OPERATING IMPACTS

Operating impacts of this project are yet to be determined.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

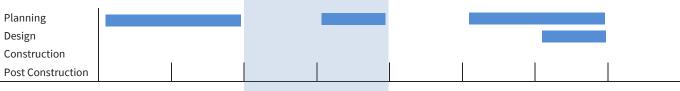
July 2019

July 2020

July 2021

Feasibility and planning studies for candidate sites will be revaluated in FY24.

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	201	9	-	15	-	28	33	286
Design	-	-	-	-	-	-	234	234
Construction	-	-	-	-	-	-	-	-
Post Construction	-	-	-	-	-	-	-	-
Totals	201	9	-	15	-	28	267	521
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	201	9	-	15	-	28	267	521



July 2023

July 2024

July 2025

July 2022

July 2026



Lake Hodges Dam Rehabilitation/Replacement - NEW

Project Category: Asset Management

Rate Category: Storage

PROJECT DESCRIPTION

Lake Hodges is one of the three reservoirs in the Emergency Storage Project (ESP). The Hodges Dam, constructed in 1917-1919, is a 131-foot-tall dam with 23 reinforced concrete arches. The reservoir has a storage of 30,600 acre-feet, of which 20,000 belongs to the Water Authority for the regional use during an



ESP event. The remaining capacity belongs to the City of San Diego. The City also owns and operates the dam and pursuant to an agreement with the City, the Water Authority is responsible for 50% of the on-going operating and maintenance costs (including any future upgrades to the dam). The California Department of Water Resources, Division of Safety of Dams (DSOD) has restricted the reservoir operating level 20 feet below the spillway and requested the City to immediately repair the existing structural defects and restore safety monitoring functions (i.e. near-term repairs). Also, DSOD has requested the City to begin planning and design for an ultimate rehabilitation or replacement of the existing dam (i.e. long-term improvement) to ensure safe operations of the dam during a strong earthquake or probable maximum rain event. The project will consist of multiple construction packages, for example, the near-term repairs, spillway repairs, and long-term rehabilitation including test quarry, foundation preparatory work, dam rehabilitation/replacement, and post construction site improvements. The City has completed design for the near-term repairs and is preparing to bid late 2021. While the City is still studying options for the long-term improvement, the project is expected to last 10 to 15 years.

FUNDING

Per the ESP agreement with the City of San Diego, all project costs will be shared evenly between the City of San Diego and the Water Authority. The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$1,485,771.

OPERATING IMPACTS

This project provides local emergency storage. Capital improvement and Operation and Maintenance costs will be shared evenly between the City of San Diego per terms of the ESP agreement.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Complete the near-term repairs and commence planning and design for the long-term improvement.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	35	34	38	-	10	118
Design	-	-	20	20	20	-	10	70
Construction	-	-	390	987	1,314	1,161	134,180	138,032
Post Construction	-	-	-	-	-	-	-	-
Totals	-	-	445	1,041	1,372	1,161	134,200	138,220
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	-	-	445	1,041	1,372	1,161	134,200	138,220
Planning Design Construction								
Post Construction								
July	/ 2019 July	2020 July	2021 July	2022 July :	2023 July 2	2024 July 2	.025 July 2	2026

Lake Hodges Pumped Storage Project Cut-Away



Lake Hodges Hydroelectric Facility Downstream Piping System - NEW

Project Category: Asset Management Rate Category: Customer Service

PROJECT DESCRIPTION

Project will provide required double isolation between the Lake Hodges Hydroelectric Facility and Lake Hodges Reservoir during planned and unplanned shutdowns. This is a regulatory requirement to ensure the safety of staff during

shutdowns of the Facility and is required prior to the planned major re-build of the Facility's major mechanical and electrical systems, currently scheduled for FY 2024/2025.

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$500,000.

OPERATING IMPACTS

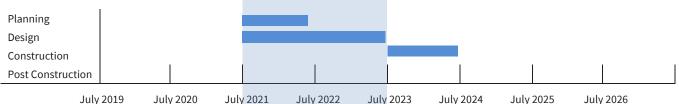
This project may impact the Facility's revenues during the construction period. However, once competed this project will allow for the safe maintenance of the Facilities' critical systems.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Commence planning and design for the required safety and double isolation improvements to the Lake Hodges Hydroelectric Facility.



Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	125	-	-	-	-	125
Design	-	-	125	250	-	-	-	125
Construction	-	-	-	-	1,500	-	-	1,500
Post Construction	-	-	-	-	-	-	-	-
Totals	-	-	250	250	1,500	-	-	2,000
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	-	-	250	250	1,500	-	-	2,000





Line Road Improvements - P0350

Project Category: Asset Management Rate Category: Customer Service

PROJECT DESCRIPTION

This project will provide line road improvements to culverts, gates, and line road sections. Such improvements are required to ensure access is maintained for performance of aqueduct maintenance functions and rightof-way patrol activities.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$260,606.

OPERATING IMPACTS

Improving access to the aqueduct system will facilitate patrolling and maintenance activities, reduce response times, and control encroachments, resulting in reduced operational costs.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Staff will pursue placement of road material, i.e. rock and base material, for improved access for the Miramar Vents area road and the Miramar Vents to Camp Elliot road section. Staff will also implement improvements to the Peñasquitos Creek crossing's culvert. Projects for other minor line road culverts and gates at various locations will continue.



Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	-	-	-	-	-	-
Design	-	-	-	-	-	-	-	-
Construction	-	241	130	130	130	130	126	888
Post Construction	-	-	-	-	-	-	-	-
Totals	-	241	130	130	130	130	126	888
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	-	241	130	130	130	130	126	888





Master Plan Update - H0150

Project Category: Master Planning and Studies

Rate Category: Customer Service

PROJECT DESCRIPTION

The project will serve as and road map for the 2045 planning horizon and represents an important update to the 2013 Regional Water Facilities Optimization and Master Plan Update. The 2023 Master Plan will seek to optimize decades of infrastructure investments and create the flexibility to adapt to future conditions. Key considerations for the 2023 Master Plan could include climate change, lower aqueduct flows, water quality opportunities to increase reliability, challenges, operational enhancements, seismic resilience, and continued energy optimization. The 2023 Master Plan will also include appropriate CEQA review which would potentially include a Supplemental Programmatic EIR, major



amendments to the Natural Community Conservation Program/Habitat Conservation Plan, and an update to the Climate Action Plan.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$3,752,962.

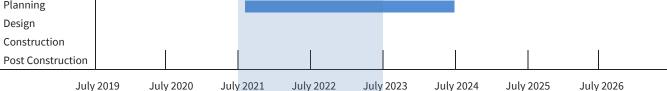
OPERATING IMPACTS

The future operating impacts of this project will be determined as part of the planning process.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

The 2023 Master Plan efforts will include using the 2020 Urban Water Management Plan supply and demands as a baseline to evaluate potential future uncertainties such as climate change, changes in policies/regulations, or changes in supply reliability. These uncertainty scenarios will be used to evaluate how the Water Authority's aqueduct system performs under future conditions with a system model. Based on the results, the team plans to identify alternatives to optimize the system. These alternatives will be evaluated and analyzed, and any potential recommended projects will be reviewed by stakeholders and recommended to the Board for approval.

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	43	1,213	2,540	1,864	-	732	6,392
Design	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Post Construction	-	-	-	-	-	-	-	-
Totals	-	43	1,213	2,540	1,864	-	732	6,392
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	-	43	1,213	2,540	1,864	-	732	6,392
	•	•				•		•
Planning								





Mission Trails Flow Regulatory Structure (FRS) II/Lake Murray Control Valve - C0600

Project Category: New Facilities Rate Category: Transportation

PROJECT DESCRIPTION

The Mission Trails Flow Regulatory Structure (FRSII)/Lake Murray Control Valve project is the consolidation of two existing CIP projects as a result of continued evaluation performed in the 2013 Regional Water Facilities Optimization and Master Plan Update. The combined project will place the existing Mission Trails Pipeline Tunnels in service to meet future untreated water demands for the central and



south county service areas, and to relieve existing operational risks. The budgeted project consists of a buried reinforced concrete storage reservoir and appurtenant pipeline facilities, a new Flow Control Facility, and removal of existing vents in Mission Trails Regional Park.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$9,321,823.

OPERATING IMPACTS

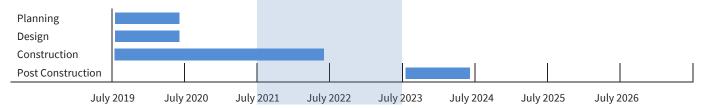
This project will enhance the Water Authority's operational flexibility as well as ensure reliable and efficient deliveries of Second Aqueduct untreated water to the central and southern portions of the county.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

The Fiscal Years 2022 and 2023 budget includes funds to construct the Mission Trails Flow Regulatory Structure (FRSII) and Flow Control Facility, demolish eight vent stacks.



Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	2,509	ı	1	1	-	-	ı	2,509
Design	7,002	-	-	-	-	-	-	7,002
Construction	6,054	21,313	9,322	-	-	-	5,436	42,124
Post Construction	-	-	-	-	383	-	106	489
Totals	15,565	21,313	9,322	-	383	-	5,542	52,125
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	15,565	21,313	9,322	-	383	-	5,542	52,125





Mitigation Program - H0200 Project Category: Other Projects Rate Category: Transportation

PROJECT DESCRIPTION

The Mitigation Program provides comprehensive mitigation for Water Authority programs, projects, and actions resulting from compliance with state and federal endangered species and wetland regulations. Short-term efforts focus on coordinated permitting and immediate project needs. Long-term efforts include implementing certain multi-species/wetland mitigation projects associated with the Water Authority's long-term (50-year) multi-species and wetland permits, and developing agreements with regulatory agencies to ensure right-sizing of the Water Authority's existing and future mitigation credit inventory.



The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$7,515,556.

OPERATING IMPACTS

There are no operating impacts.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Finalize and acquire permits, commence construction of the proposed San Luis Rey River Habitat Restoration Project, complete the 120-plant establishment period, and start a 5-year maintenance and monitoring effort. Negotiate and establish a banking agreement for this project which will provide a minimum of 3-acres of wetlands credits and other sensitive habitat as mitigation for use on future CIP projects and operations and maintenance actions. Continue management of the Water Authority's existing Natural Community Conservation Plan/Habitat Conservation Plan and 50-year programmatic wetland permit.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	6,621	42	38	83	145	1,503	-	8,432
Design	9,420	476	337	-	-	-	83	10,316
Construction	4,635	-	3,407	3,556	-	-	348	11,947
Post Construction	420	492	95	-	429	417	2,995	4,849
Totals	21,097	1,010	3,877	3,639	574	1,920	3,426	35,543
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	21,097	1,010	3,877	3,639	574	1,920	3,426	35,543





Operations and Maintenance Department Facility -N0530

Project Category: New Facilities Rate Category: Customer Service

PROJECT DESCRIPTION

The existing Operations and Maintenance Facility in Escondido does not meet the existing and future needs of the Operations and Maintenance Department. Project funds will be used to purchase a new property site, develop the site, and relocate the O&M functions to the new site.



FUNDING

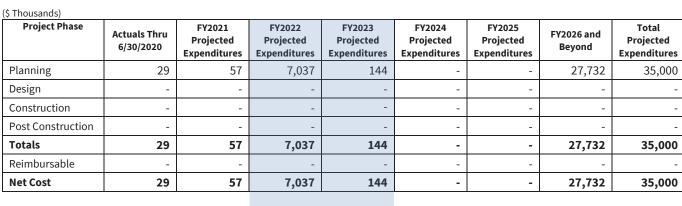
The Capital Improvement Program Appropriation for the Fiscal Years 2022 and 2023 is \$7,181,688.

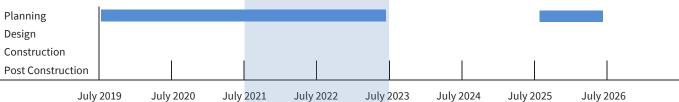
OPERATING IMPACTS

Maintaining an adequate O&M Facility which meets the needs of the Department is critical to the efficient operation and maintenance of the Water Authority's aqueduct system and to the reliable delivery of water to its member

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Perform due diligence on potential property sites, as required, and purchase a new property site which will meet current and future operational and maintenance requirements and ensure the long-term sustainability of the Operations and Maintenance Department.





July 2023

July 2024

July 2025

July 2026

July 2022

July 2019

July 2021



Pipeline 3/Pipeline 4 Conversion – M4550

Project Category: Master Planning and Studies

Rate Category: Transportation

PROJECT DESCRIPTION

Pipeline 3/Pipeline 4 Conversion is a new project recommended in the 2013 Regional Water Facilities Optimization and Master Plan Update. The project is intended to increase untreated water conveyance capacity in the Second Aqueduct north of Twin Oaks Valley by converting all or a portion of the existing Pipeline 4 (capacity 470 cfs) to untreated water service and a similar portion of Pipeline 3 (capacity 280 cfs) to treated water service.



This project also considers additional storage to the Water Authority's conveyance system. Additional storage will increase the efficiency of system operations and allow for the integration of new supplies into the aqueduct system

FUNDING

There is no Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023.

OPERATING IMPACTS

The future operating impacts of this project will be determined as part of the planning process.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

No work on this project is currently planned. This project will be included in the 2023 Master Plan Update to evaluate the needs and timing of the project within the 2045 planning horizon.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	-	-	-	-	1,014	1,014
Design	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Post Construction	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	1,014	1,014
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	-	-	-	-	-	-	1,014	1,014

Planning									
Design									
Construction									
Post Construction									
July	2019	July 2020	July 2021	July 2022	July 2023	July 2024	July 2025	July 2026	



Post-Construction Mitigation Management - H0500

Project Category: Environmental Mitigation

Rate Category: Transportation

PROJECT DESCRIPTION

This mitigation maintenance, monitoring and reporting program consolidates the post-construction phase of existing non-ESP construction projects. Post construction projects are established during the development of the two-year budget so that the respective construction projects can be closed and capitalized when construction is complete; but ongoing mitigation requirements remain, such as habitat restoration.



FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$1,626,865.

OPERATING IMPACTS

There are no operating impacts.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Staff will continue to implement habitat remediation and erosion prevention activities, including monitoring and documenting habitat restoration as required by projects' environmental commitments, mitigation monitoring and reporting programs and natural resources regulatory permits. Work continues on Pipeline 3 Relining Lake Murray to Sweetwater Reservoir; Pipeline 4 Relining Lake Murray Interconnect to Alvarado; , Nob Hill Pipeline Improvement, San Diego 28 Flow Control Faciality, Maler Road Urgent Repair, Moosa Creek Crossing Erosion Control, Pipeline 5 Reline Delivery Point to Sage Road, Pipeline 4 Moosa Canyon Emergency Repair, and Northern First Aqueduct Rehab North projects. Staff will also commence required post-construction mitigation for non-ESP projects that will file notices of completion within the budget period, such as Mission Trails Flow Regulatory Structure II, Hauck Mesa Reservoir, and Southern First Aqueduct Rehab South.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	1	-	-	-	-	-	-	1
Design	-	-	-	-	-	-	-	-
Construction	1	-	-	-	-	-	-	1
Post Construction	2,759	133	1,308	319	505	303	1,209	6,536
Totals	2,763	133	1,308	319	505	303	1,209	6,539
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	2,763	133	1,308	319	505	303	1,209	6,539





Poway 5 Flow Control Facility - NEW

Project Category: New Facilities Rate Category: Customer Service

PROJECT DESCRIPTION

The Poway 5 Flow Control Facility (FCF) will be owned and operated by the Water Authority and will provide the City of Poway (Poway) with 24 cubic feet per second treated water and a new connection off the Water Authority's Ramona Pipeline. The City of Poway plans to design and construct the facility to Water Authority specifications themselves and



reimburse the Water Authority for all its costs associated with design coordination/plan review, construction oversight/inspection, and related aqueduct shutdowns required to make the connection to the Water Authority's system. Before any design work begins on this project, the Board will need to approve a design agreement with the City of Poway.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$144,367. This project is 100% reimbursable by the City of Poway.

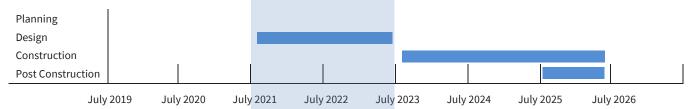
OPERATING IMPACTS

The operating impacts will include coordination with the member agencies who currently use Ramona Pipeline or Pipeline 1 for operations and maintenance of the new facility to deliver required treated water to Poway.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Perform review of design by the City of Poway, develop agency design, construction, and operation agreements, and conduct quality assurance inspection in the early phase of construction.

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	-	-	-	-	-	-	-	-
Design	-	-	62	82	-	-	12	156
Construction	-	-	-	-	122	507	23	652
Post Construction	-	-	-	-	-	-	12	12
Totals	-	-	62	82	122	507	47	820
Reimbursable	-	-	62	82	122	507	47	820
Net Cost	-	-	-	-	-	-	-	-





Regional Conveyance System Study -10430

Project Category: Master Planning and Studies Rate Category: Customer Service

PROJECT DESCRIPTION

Through the 2003 Quantification Settlement Agreement (QSA), the Water Authority receives approximately 280,000 acre-feet of cost-effective, highly reliable conserved Colorado River supplies each year. Because the Water Authority does not have a direct connection to the Colorado River, it pays the Metropolitan Water District of Southern California to deliver it via a separate agreement. The



Water Authority evaluated alternative conveyance of its QSA supplies directly from the Imperial Valley to the San Diego region via a new pipeline, as part of past studies and in conjunction with Regional Water Facilities Optimization and Master Plan efforts. This current two-phase study is building upon previous work to further evaluate the technical and economic feasibility of a regional conveyance system and evaluate potential partnership opportunities that could yield multiple benefits to the Southwest. Phase A, completed in August 2020, focused on engineering and costs, and showed that the proposed project is technically viable and economically competitive with other options and identified several partnership opportunities. In November 2020, the Board authorized proceeding with Phase B which is focusing on economics, partnerships, and stakeholder outreach.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$999,630.

OPERATING IMPACTS

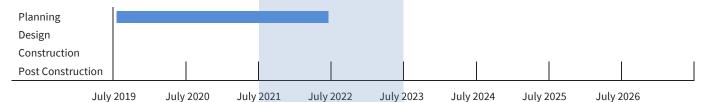
There are no anticipated operating impacts associated with these planning-level efforts.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

During Phase B, staff will be providing updates and seeking input from a variety of stakeholder groups. Phase B is expected to be complete by June 2022 at which point the Board would consider any potential next steps.

\$ Thousands)
Project Pl

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	1,313	1,587	1,000	-	-	-	-	3,900
Design	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Post Construction	-	-	-	-	-	-	-	-
Totals	1,313	1,587	1,000	-	-	-	-	3,900
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	1,313	1,587	1,000	-	-	-	-	3,900





Relining and Pipe Replacement Program - R0200

Project Category: Asset Management Rate Category: Transportation

PROJECT DESCRIPTION

There are 82 miles of pre-stressed concrete cylinder pipe (PCCP) within the Water Authority's Second Agueduct constructed between 1958 and 1982. Due to the risks associated with failure of this type of pipe, the Board in 1993 approved the Replacement/Relining of Existing PCCP Program to facilitate the rehabilitation of Water Authority pipelines. The length of existing PCCP pipelines rehabilitated to date totals approximately 47 miles.



This project is part of the overall Asset Management Program, however due to the significant cost of PCCP relining projects, these are separately tracked under this project.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$30,560,422.

OPERATING IMPACTS

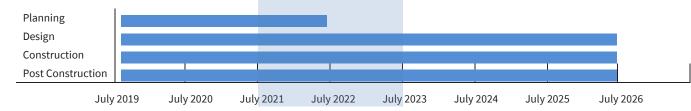
These projects will extend or renew the service life of water conveyance assets, reduce the probability of unplanned failures, and optimize long-term maintenance and operating activities.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

- Pipeline Planning Study at Moosa Canyon
- Design of the Crossover Pipeline I-15 Bypass project
- Design and construction of Pipeline 5 relining from Twin Oaks Valley Rd to Crossover Pipeline Turnout

Ş	Т	housands)	

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	3,443	492	453	-	-	-	354	4,741
Design	14,249	267	3,009	2,043	4,267	8,095	77,420	109,350
Construction	327,289	299	255	24,513	300	48,618	280,657	681,932
Post Construction	1,422	1,539	173	115	104	516	2,915	6,784
Totals	346,403	2,597	3,890	26,671	4,671	57,230	361,345	802,807
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	346,403	2,597	3,890	26,671	4,671	57,230	361,345	802,807





Second Aqueduct Diversion Complex Improvements

- H0140

Project Category: Asset Management

Rate Category: Customer Service/Transportation

PROJECT DESCRIPTION

This project was originally budgeted as a study for the Second Aqueduct Diversion Complex. This project has been further developed based on the 2018 System Seismic Vulnerability Assessment completed by Kleinfelder consulting engineers and a subsequent 2021 planning study conducted by Hazen Sawyer consulting engineers. The vulnerability



assessment identified seismic deficiencies and high relative risk for the Twin Oaks Diversion Weir Structure and recommended near-term rehabilitation. The 2021 study further developed high-level planning for improvements in the Second Aqueduct Diversion complex area including replacement of the Twin Oaks Diversion Weir Structure. The scope of this project currently includes the design and construction of a replacement for the Twin Oaks Diversion Weir Structure.

FUNDING

(\$ Thousands) **Project Phase**

There is no Capital Improvement Program appropriation for Fiscal Years 2022 and 2023. Future budget in Fiscal Years 2026 and beyond includes design and construction of a full replacement for the Twin Oaks Diversion Weir Structure.

OPERATING IMPACTS

Rehabilitation of the Twin Oaks Diversion Weir Structure could potentially reduce future maintenance costs for the facility in the future.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

No work on this project is currently planned, however staff plans to further develop project details and integration of other system improvements as part of the 2023 Master Plan Update.

FY2023

Projected

FY2024

Projected

FY2025

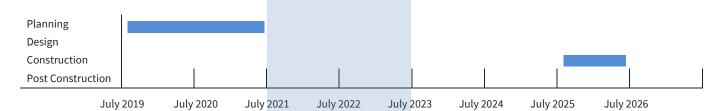
Projected

FY2022

Projected

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditure
Planning	70	50
Design		

Beyond **Expenditures Expenditures Expenditures Expenditures Expenditures** ditures 504 573 Design Construction 12,210 12,210 **Post Construction** _ _ _ _ _ _ **Totals** 70 504 12,210 12,783 Reimbursable 12,783 **Net Cost** 70 504 12,210



Total

Projected

FY2026 and



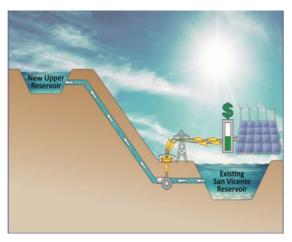
San Vicente Pumped Storage Study – J0200

Project Category: Master Planning and Studies

Rate Category: Customer Service

PROJECT DESCRIPTION

The Water Authority and City of San Diego are partners on the San Vicente Energy Storage Facility Study, which is in the planning phase. The potential project would provide up to 500 megawatts of "on call" hydroelectric power for the region. The facility would provide up to 4,000 Megawatt-hours per day of energy. The facility would improve electric grid reliability by storing excess renewable energy for later use when renewable energy is not available, such as early morning or evening. The infrastructure for the facility includes the San Vicente



Reservoir (lower reservoir), a proposed upper reservoir, conveyance tunnels/shafts, powerhouse and pump station, and electric transmission lines. In October 2018, the Federal Energy Regulatory Commission (FERC) approved a new four-year preliminary permit with the option to extend the permit for an additional four years.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$3,069,229 for pursuing strategic legislative action and participation in regulatory planning. Pending the outcome of legislative action, additional budget associated with development and implementation of a Project Development Agreement would be requested at that time.

OPERATING IMPACTS

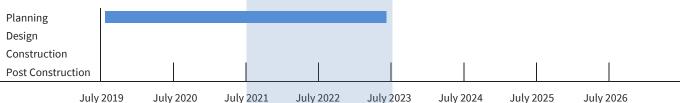
There are no anticipated operating impacts as a result of this project.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Current activities include pursuit of legislative action and regulatory proceeding participation.

(\$ Thousands)

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	7,013	237	737	2,332	-	-	374	10,693
Design	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Post Construction	-	-	-	-	-	-	-	-
Totals	7,013	237	737	2,332	-	-	374	10,693
Reimbursable	1,507	-	175	725	-	-	-	2,407
Net Cost	5,506	237	562	1,607	-	-	374	8,286





System Isolation Valves – M4650

Project Category: Master Planning and Studies

Rate Category: Transportation

PROJECT DESCRIPTION

System Isolation Valves is a project recommended in the 2013 Regional Water Facilities Optimization and Master Plan Update. The project includes installing large diameter in-line valves in key locations to 1) isolate the aqueduct system from high-risk areas that have the potential to incapacitate significant segments of the system for extended periods, and 2) allow for more efficient isolation of segments of the aqueduct system to perform required inspection and maintenance.



FUNDING

There is no Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023.

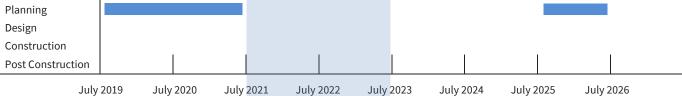
OPERATING IMPACTS

The future operating impacts of this project will be determined as part of the design process.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Preliminary design is currently planned in Fiscal Year 2026.

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	142	2	-	-	-	-	378	522
Design	_	-	-	-	-	-	-	-
Construction	_	-	-	-	-	-	-	-
Post Construction	_	-	-	-	-	-	-	-
Totals	142	2	-	-	-	-	378	522
Reimbursable	_	-	-	-	-	-	-	-
Net Cost	142	2	-	-	-	-	378	522





System Vulnerability Assessment - H0130

Project Category: Master Planning and Studies

Rate Category: Customer Service

PROJECT DESCRIPTION

This project supports a key facility planning concern that was recommended for further evaluation in the 2013 Regional Water Facilities Optimization and Master Plan Update. This issue involves the vulnerability of key Water Authority transmission pipelines and support structures to natural and man-made catastrophic events. In 2018, the support structures vulnerability assessment was completed. The remaining work focused on the transmission pipelines, which commenced in 2019. Fiscal Years 2022 and 2023 will continue to finish the study.

FUNDING

The Capital Improvement Program appropriation for the Fiscal Years 2022 and 2023 is \$328,351.

SAN DIEGO COUNTY WATER AUTHORITY RAGENCY MAP WITH DISTRICT BOUN AND CURRENT AQUEDUCT SYSTEM

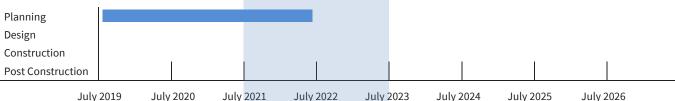
OPERATING IMPACTS

The future operating impacts of this project will be determined as part of the planning process.

FISCAL YEARS 2022 AND 2023 HIGHLIGHTS

Complete the study with an updated seismic vulnerability evaluation of transmission pipelines and repair time estimates that were originally completed in 1993 for the planning of the Emergency Storage Project.

Project Phase	Actuals Thru 6/30/2020	FY2021 Projected Expenditures	FY2022 Projected Expenditures	FY2023 Projected Expenditures	FY2024 Projected Expenditures	FY2025 Projected Expenditures	FY2026 and Beyond	Total Projected Expenditures
Planning	608	657	328	-	-	-	183	1,777
Design	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Post Construction	-	-	-	-	-	-	-	-
Totals	608	657	328	-	-	-	183	1,777
Reimbursable	-	-	-	-	-	-	-	-
Net Cost	608	657	328	-	-	-	183	1,777





Appendices

For ease of use, not all of the information that went into developing the adopted budget has been included in the front section. The following appendices provide certain supplemental information on key components of the budget and summary data on an agency-wide basis.

Appendix A - Water Authority Workforce. Provides additional information on budgeted positions by department, including the distribution of positions between the Operating and Capital Improvement Program (CIP) funds.

Appendix B - Capitalized Overhead. Provides additional information on the Water Authority's Capitalized Overhead allocation and discusses any significant changes from the previous multi-year budget.

Appendix C - Sources and Uses Definitions. Provides additional definitions and historical information beyond that already discussed in the Sources and Uses section.

Appendix D - Energy. Summarizes energy related budget items that span multiple departments.

Appendix E - Glossary. Includes glossary of common terms and acronyms.

Appendix F - Classification and Salary Schedule. Provides the Water Authority's classification and salary schedule as required by Section 2.16.060(d) of the Administrative Code.

Appendix G - Memorandums, Resolutions, and Ordinances. Provides the adopted budget and rates and charges memorandums, resolutions, and ordinances

Appendix H - Performance Information. Provides updated performance information on the 2021-2025 Business Plan.

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Water Authority Workforce

Labor Distribution

The cost for positions that work directly on reimbursable projects, such as CIP or grants, are allocated to these non-operating funds. It is projected that approximately 19% of the Water Authority's positions will be funded through the CIP or grants.

The table below identifies by position, the number of Full-time Employees (FTEs) that are allocated to the Operating or CIP/Grant Funds. Throughout the year, depending on workload, this number may fluctuate.

FTEs by Fund by Department

	Oper	ating	С	IP	Total	
Administrative Services	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Administrative Services Manager	1.00	1.00	0.00	0.00	1.00	1.00
Assistant Management Analyst	1.00	1.00	0.00	0.00	1.00	1.00
Director of Administrative Services	1.00	1.00	0.00	0.00	1.00	1.00
Facilities Services Technician	1.00	1.00	0.00	0.00	1.00	1.00
Help Desk Support Specialist	1.00	1.00	0.00	0.00	1.00	1.00
Information Security Officer	1.00	1.00	0.00	0.00	1.00	1.00
Information Systems Analyst	1.00	1.00	0.00	0.00	1.00	1.00
Information Systems Manager	1.00	1.00	0.00	0.00	1.00	1.00
Information Systems Supervisor	3.00	3.00	0.00	0.00	3.00	3.00
Management Analyst	1.00	1.00	0.00	0.00	1.00	1.00
Purchasing Technician I	1.00	1.00	0.00	0.00	1.00	1.00
Receptionist	1.00	1.00	0.00	0.00	1.00	1.00
Senior Information Systems Analyst	9.00	9.00	0.00	0.00	9.00	9.00
Senior Management Analyst	2.00	2.00	0.00	0.00	2.00	2.00
Senior Office Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Supervising Management Analyst	1.00	1.00	0.00	0.00	1.00	1.00
Systems Administration & Support Specialist	2.00	2.00	0.00	0.00	2.00	2.00
TOTAL ADMINISTRATIVE SERVICES	29.00	29.00	0.00	0.00	29.00	29.00



		ating	CIP		Total	
Colorado River Program	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Administrative Assistant	0.67	0.67	0.08	0.08	0.75	0.75
Assistant Water Resources Specialist	1.00	1.00	0.00	0.00	1.00	1.00
Director of the Colorado River Program	0.78	0.78	0.22	0.22	1.00	1.00
Engineer (P.E.)	0.25	0.25	0.75	0.75	1.00	1.00
Principal Water Resources Specialist	1.00	1.00	0.00	0.00	1.00	1.00
QSA Outreach Coordinator	1.00	1.00	0.00	0.00	1.00	1.00
TOTAL COLORADO RIVER	4.70	4.70	1.05	1.05	5.75	5.75

	Oper	ating	CIP		Total	
Engineering	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Administrative Assistant	0.30	0.30	0.70	0.70	1.00	1.00
Assistant Management Analyst	0.30	0.30	1.70	1.70	2.00	2.00
Deputy Director of Engineering	0.45	0.45	0.55	0.55	1.00	1.00
Director of Engineering	0.30	0.30	0.70	0.70	1.00	1.00
Engineer I	0.05	0.05	0.95	0.95	1.00	1.00
Engineer II	0.05	0.05	0.95	0.95	1.00	1.00
Engineer (P.E.)	0.27	0.27	3.73	3.73	4.00	4.00
Engineering Manager	0.40	0.40	0.60	0.60	1.00	1.00
Engineering Technician I	0.05	0.05	0.95	0.95	1.00	1.00
Engineering Technician II	0.15	0.15	2.85	2.85	3.00	3.00
Management Analyst	0.97	0.97	0.03	0.03	1.00	1.00
Office Assistant I	0.35	0.35	0.65	0.65	1.00	1.00
Principal Engineer	0.65	0.65	2.35	2.35	3.00	3.00
Project Scheduler II	0.02	0.02	0.98	0.98	1.00	1.00
Right of Way Manager	0.85	0.85	0.15	0.15	1.00	1.00
Right of Way Supervisor	1.00	1.00	0.00	0.00	1.00	1.00
Right of Way Technician	5.00	5.00	0.00	0.00	5.00	5.00
Senior Construction Manager	0.10	0.10	0.90	0.90	1.00	1.00
Senior Engineer	0.55	0.55	3.45	3.45	4.00	4.00
Senior Engineering Technician	0.18	0.18	2.82	2.82	3.00	3.00
Senior Management Analyst	1.10	1.10	0.90	0.90	2.00	2.00
Senior Office Assistant	0.75	0.75	2.25	2.25	3.00	3.00
Senior Project Scheduler	0.08	0.08	1.92	1.92	2.00	2.00
Senior Right of Way Agent	0.35	0.35	0.65	0.65	1.00	1.00
Senior Survey Technician	0.75	0.75	0.25	0.25	1.00	1.00
Supervising Land Surveyor	0.65	0.65	0.35	0.35	1.00	1.00
Supervising Management Analyst	0.40	0.40	0.60	0.60	1.00	1.00
Survey Technician	0.75	0.75	0.25	0.25	1.00	1.00
TOTAL ENGINEERING	16.82	16.82	32.18	32.18	49.00	49.00



	Oper	Operating		CIP		tal
Finance	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Accountant	1.00	1.00	0.00	0.00	1.00	1.00
Accounting Assistant II	1.00	1.00	0.00	0.00	1.00	1.00
Accounting Supervisor	2.00	2.00	0.00	0.00	2.00	2.00
Accounting Technician	2.00	2.00	0.00	0.00	2.00	2.00
Administrative Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Assistant Management Analyst	1.00	1.00	0.00	0.00	1.00	1.00
Budget and Treasury Manager	1.00	1.00	0.00	0.00	1.00	1.00
Controller	1.00	1.00	0.00	0.00	1.00	1.00
Director of Finance/Treasurer	1.00	1.00	0.00	0.00	1.00	1.00
Management Analyst	1.00	1.00	0.00	0.00	1.00	1.00
Rate and Debt Manager	1.00	1.00	0.00	0.00	1.00	1.00
Senior Accountant	3.00	3.00	0.00	0.00	3.00	3.00
Senior Management Analyst	3.00	3.00	0.00	0.00	3.00	3.00
TOTAL FINANCE	19.00	19.00	0.00	0.00	19.00	19.00

	Opera	Operating		CIP		tal
General Counsel	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Assistant/Deputy General Counsel	1.00	1.00	0.00	0.00	1.00	1.00
General Counsel	1.00	1.00	0.00	0.00	1.00	1.00
Legal Administrative Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Senior Office Assistant	1.00	1.00	0.00	0.00	1.00	1.00
TOTAL GENERAL COUNSEL	4.00	4.00	0.00	0.00	4.00	4.00

	Operating		CIP		Total	
General Manager	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Administrative Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Assistant General Manager	1.00	1.00	0.00	0.00	1.00	1.00
Clerk of the Board	1.00	1.00	0.00	0.00	1.00	1.00
Deputy Clerk of the Board	1.00	1.00	0.00	0.00	1.00	1.00
Deputy General Manager	1.00	1.00	0.00	0.00	1.00	1.00
Executive Administrative Assistant	1.00	1.00	0.00	0.00	1.00	1.00
General Manager	1.00	1.00	0.00	0.00	1.00	1.00
TOTAL GENERAL MANAGER	7.00	7.00	0.00	0.00	7.00	7.00

	Opera	Operating			Total	
Government Relations	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Director of Government Relations	1.00	1.00	0.00	0.00	1.00	1.00
Legislative Analyst	1.00	1.00	0.00	0.00	1.00	1.00
TOTAL GOVERNMENT RELATIONS	2.00	2.00	0.00	0.00	2.00	2.00



	Operating		CIP		Total	
Human Resources	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Director of Human Resources	1.00	1.00	0.00	0.00	1.00	1.00
Human Resources Analyst	1.00	1.00	0.00	0.00	1.00	1.00
Human Resources Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Human Resources Manager	1.00	1.00	0.00	0.00	1.00	1.00
Safety Officer	1.00	1.00	0.00	0.00	1.00	1.00
TOTAL HUMAN RESOURCES	5.00	5.00	0.00	0.00	5.00	5.00

	Oper	Operating		IP	Total	
MWD Program	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Administrative Assistant	0.25	0.25	0.00	0.00	0.25	0.25
Director of the MWD Program	1.00	1.00	0.00	0.00	1.00	1.00
Management Analyst	2.00	2.00	0.00	0.00	2.00	2.00
Principal Water Resources Specialist	1.00	1.00	0.00	0.00	1.00	1.00
TOTAL MWD PROGRAM	4.25	4.25	0.00	0.00	4.25	4.25

	Operating		ng CIP		Total	
Operations and Maintenance	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Administrative Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Asset Management Specialist II	0.66	0.60	0.34	0.40	1.00	1.00
Corrosion Control Supervisor	0.90	0.90	0.10	0.10	1.00	1.00
Corrosion Control Tech II	0.88	0.87	0.12	0.13	1.00	1.00
Director of Operations. & Maintenance	1.00	1.00	0.00	0.00	1.00	1.00
Electrical/Instrumentation Supervisor	0.98	0.97	0.02	0.03	1.00	1.00
Electrical/Instrumentation Tech I	1.00	1.00	0.00	0.00	1.00	1.00
Electrical/Instrumentation Tech II	2.91	2.84	0.09	0.16	3.00	3.00
Facilities Services Technician	0.95	0.91	0.05	0.09	1.00	1.00
Fleet Mechanic II	1.92	1.91	0.08	0.09	2.00	2.00
Maintenance Technician	7.41	7.10	0.59	0.90	8.00	8.00
Maintenance Worker I	1.92	1.85	0.08	0.15	2.00	2.00
Maintenance Worker II	3.63	3.51	0.37	0.49	4.00	4.00
Management Analyst	1.98	1.98	0.02	0.02	2.00	2.00
Office Assistant I	0.50	0.50	0.00	0.00	0.50	0.50
Operations & Maintenance Manager	2.90	2.95	0.10	0.05	3.00	3.00
Principal Asset Management Specialist	0.66	0.70	0.34	0.30	1.00	1.00
Principal Water Resources Specialist	0.61	0.79	0.39	0.21	1.00	1.00
Rotating Equipment Supervisor	0.95	0.98	0.05	0.02	1.00	1.00
Rotating Equipment Tech II	2.87	3.00	0.13	0.00	3.00	3.00
SCADA Specialist	0.50	0.50	0.50	0.50	1.00	1.00
SCADA Supervisor	0.77	0.80	0.23	0.20	1.00	1.00
Senior Corrosion Control Technician	0.76	0.73	0.24	0.27	1.00	1.00
Senior Electrical/Instrumentation Technician	1.91	1.92	0.09	0.08	2.00	2.00
Senior Fleet Mechanic	0.89	0.91	0.11	0.09	1.00	1.00
Senior Maintenance Technician	8.79	8.79	1.21	1.21	10.00	10.00
Senior Management Analyst	1.00	1.00	0.00	0.00	1.00	1.00
Senior Office Assistant	1.98	1.98	0.02	0.02	2.00	2.00



	Opera	Operating		g CIP		al
Operations and Maintenance cont.	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Senior Rotating Equipment Technician	4.72	4.92	0.28	0.08	5.00	5.00
Senior SCADA Specialist	1.72	1.80	0.28	0.20	2.00	2.00
Senior System Operator	6.74	6.87	1.26	1.13	8.00	8.00
Supervising Management Analyst	1.00	1.00	0.00	0.00	1.00	1.00
System Maintenance Supervisor	1.75	1.79	0.25	0.21	2.00	2.00
System Operator I	4.82	4.72	0.18	0.28	5.00	5.00
System Operator II	2.69	2.63	0.31	0.37	3.00	3.00
Systems Operations Supervisor	0.84	0.88	0.16	0.12	1.00	1.00
Water Resources Specialist	1.00	1.00	0.00	0.00	1.00	1.00
TOTAL OPERATIONS AND MAINTENANCE	77.51	77.60	7.99	7.90	85.50	85.50

		ating	CIP		Total	
Public Affairs	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Administrative Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Director of Public Affairs	1.00	1.00	0.00	0.00	1.00	1.00
Management Analyst	0.60	0.60	0.00	0.00	0.60	0.60
Office Assistant I	1.00	1.00	0.00	0.00	1.00	1.00
Principal Public Affairs Representative	1.00	1.00	0.00	0.00	1.00	1.00
Public Affairs Manager	1.00	1.00	0.00	0.00	1.00	1.00
Public Affairs Representative I	0.80	0.80	0.20	0.20	1.00	1.00
Public Affairs Representative II	3.65	3.65	0.35	0.35	4.00	4.00
Public Affairs Supervisor	1.00	1.00	0.00	0.00	1.00	1.00
Senior Public Affairs Representative	1.00	1.00	0.00	0.00	1.00	1.00
TOTAL PUBLIC AFFAIRS	12.05	12.05	0.55	0.55	12.60	12.60

	Oper	ating	С	IP	To	tal
Water Resources	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Administrative Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Assistant Management Analyst (LDE)	0.05	0.05	0.95	0.95	1.00	1.00
Director of Water Resources	0.95	0.95	0.05	0.05	1.00	1.00
Engineer (P.E.)	0.30	0.30	0.70	0.70	1.00	1.00
Management Analyst	1.40	1.40	1.00	1.00	2.40	2.40
Principal Engineer	0.60	0.50	0.40	0.50	1.00	1.00
Principal Water Resources Specialist	4.40	4.40	0.60	0.60	5.00	5.00
Senior Management Analyst	0.10	0.10	0.90	0.90	1.00	1.00
Senior Office Assistant	1.00	1.00	0.00	0.00	1.00	1.00
Senior Water Resources Specialist	2.90	2.80	1.10	1.20	4.00	4.00
Water Resources Manager	3.00	3.00	0.00	0.00	3.00	3.00
Water Resources Specialist	5.00	5.00	0.00	0.00	5.00	5.00
TOTAL WATER RESOURCES	20.70	20.50	5.70	5.90	26.40	26.40
GRAND TOTAL	202.03	201.92	47.47	47.58	249.50	249.50

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Capitalized Overhead

Capitalized Overhead are those costs that are not directly attributable to specific Capital Improvement Program (CIP) projects but rather are in the nature of generalized, indirect support of the CIP. For example, employees in support departments, such as Administrative Services and Finance spend time supporting activities that benefit both the operating budget programs as well as the CIP. By using a capitalized overhead allocation, some of these labor costs are appropriately charged to the CIP. Costs for other items such as insurance premiums, utilities, computer systems, services, and building maintenance are also expensed to the CIP via the Capitalized Overhead Allocation.

Capitalized Overhead costs can be categorized as either fixed or variable. Certain labor costs tend to be variable in that they rise or fall somewhat proportionately with CIP activity. Costs for other items such as electricity, telephone, computer systems, and building maintenance are fixed in that there is little, if any, correlation between the amount of these costs and the size of the CIP. In budget periods where the CIP is large, it is appropriate that more of these fixed costs are allocated to it; conversely, a smaller CIP will carry less of these fixed costs, resulting in a greater allocation to the Operating Departments' budget. Over the past several years, there has been a transition from an agency with a large CIP that designs and constructs facilities to one that operates and maintains them.

Each budget cycle, support departments review upcoming activities and time in support of the CIP and identify percentages for allocation. Allocated percentages are applied to the departments overall budget to determine the allocated dollar amount. Over time certain indirect costs associated with the CIP can be reduced or eliminated. Through this review and analysis the capitalized overhead for the two-year period is adjusted. Over the past several years, there has been a transition from an agency with a large CIP that designs and constructs facilities to one that operates and maintains them. Although there has been a transition in the types of CIP projects at the agency, the support time and percentage allocated to the CIP has remained steady.

Table 1: Capitalized Overhead

	FYs 18&19	FYs 20&21	FYs 22&23		0/ 1/
	Budget	Budget	Adopted	Variance	% Variance
Administrative Services	\$ 2,927,126	\$ 3,154,828	\$ 3,337,267	\$ 182,439	6%
Finance	2,149,782	2,149,049	2,423,178	274,129	13%
General Counsel	755,375	819,966	744,085	(75,881)	-9%
General Manager & Board of Directors	1,068,809	1,341,761	1,150,486	(191,275)	-14%
Human Resources	-	298,341	605,070	306,729	103%
Public Affairs	236,501	236,504	363,059	126,555	54%
TOTAL CAPITALIZED OVERHEAD	\$ 7,137,593	\$ 8,000,449	\$ 8,623,145	\$ 622,696	8%

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Sources and Uses Definitions

This section provides background on the Sources and Uses of Funds that are shown in the Financial Summaries Section and the Sources and Uses Section of this document. Funds are listed first, followed by the sources and then uses of funds.

Funds - Each of the funds within the Water Authority is designed to serve a specific purpose/function and are discussed below.

Canal Maintenance Fund

The Canal Maintenance Fund is responsible for maintenance costs consisting of replacement of concrete panels, grading of major canal access roads and other non-routine work necessary to maintain operation of the All-American and Coachella Canals that can occur every five to eight years.

Construction Fund

The Construction Fund holds the proceeds from long-term and short-term debt. Investment earnings from the fund remain in the fund and may only be used for construction expenditures.

Debt Service Reserve Fund

The Debt Service Reserve Fund was created to hold the required legal reserve for Water Authority debt issues. Such reserves are held for the purpose of making an issue's annual debt service payments in the event that the Water Authority should be unable to make such payments. The reserve requirement is held in this fund until it is expended, generally to fund the last payment of the issue. Interest earned on the Debt Service Reserve Fund is transferred into the Operating Fund and is not restricted.

Equipment Replacement Fund

In 2003, the Board separated the Equipment Replacement Fund from the Operating Fund. The Equipment Replacement Fund is funded, as needed, by annual draws from the Operating Fund per depreciation schedules for small capital equipment, such as computers, vehicles and the Supervisory Control and Data Acquisition (SCADA) system, to replace equipment that has reached the end of its useful life.

Operating Fund

The Operating Fund holds the Water Authority's working capital and emergency operating reserve. The Water Authority's water rate structure, Adopted in January 2003, significantly increased the predictability of cash flows. In April 2003, the Water Authority amended its Operating Fund policy from a 60-day minimum balance of average annual operating expenditures to a maximum balance of 45 days of average annual operating expenditures. Common to both policies is a requirement that \$5.0 million of such calculated amount must be designated and held available for emergency repairs to the Water Authority's system due to unforeseen events.

As a part of the amended policy, the Equipment Replacement Fund was removed from the Operating Fund, and established as a separate fund.



Working capital ensures that even with a mismatch of cash receipts and disbursements, the Water Authority will have at least 45 days of operating funds on hand at all times. Given the short-term nature of this fund, liquidity of investments is critical and is ensured by investing the Operating Fund on a monthly basis to cover water purchases and ongoing cash disbursements.

Pay-As-You-Go (PAYGO) Fund

In Fiscal Year 1990, the Water Authority established a Pay-As-You-Go (PAYGO) fund to serve as a mechanism to collect Capacity Charges and Water Standby Availability Charges to be used to pay for the cash portion of the Capital Improvement Program (CIP). The funds are dedicated for construction outlays, as well as debt service. The PAYGO Fund's average maturity is correlated to the CIP cash requirements that are not funded through other sources. The funds are generally invested for an average of one to three years. The fund also receives Contributions in Aid of CIP (CIAC) from the Water Authority's member agencies in cases where the Water Authority constructs a project on the behalf of the member agency.

Rate Stabilization Fund (RSF)

In Fiscal Year 1990, the Water Authority established the Rate Stabilization Fund (RSF) for the purpose of collecting amounts of water revenues greater than expenditures in years of strong water sales. These funds can then be used to mitigate "rate shock" in years of weak water sales and/or to manage debt service coverage.

In August 2006, the Board adopted new policies that govern the RSF balances. The new policy replaces the old policy of setting a minimum and maximum balance with a target and a maximum balance. The new RSF target balance is equal to the financial impact of 2.5 years of wet weather and the maximum fund balance is set equal to the financial impact of 3.5 years of wet weather. The effect of this policy is to create a target for fund balances that is tied to the real financial impacts that the fund is designed to protect against; and provides financial protection against drought-induced reductions in water sales. In 2019, the financial impact was revised down from a 25% reduction in water sales to 15% effective Calendar Year 2021.

As a general rule, the Water Authority may transfer portions of its net water revenues exceeding its debt service coverage ratio requirement into the RSF. As needed, the Water Authority will transfer amounts from its RSF into water revenues to meet its debt service coverage ratio requirements, or to help provide adequate working capital to the Operating Fund. The funds are invested with maturities of one to five years and include restricted cash and investments.

Stored Water Fund

In 2006, the Board created the Dam-Fill Fund, currently called the Stored Water Fund, as a separate fund to support the purchase of water to fill the various Water Authority reservoirs and fund the Imperial Irrigation District (IID) water prepayment. Planning for this cost requires a significant accumulation of funds, which if included in the RSF or Operating Fund would violate fund balance goals and objectives. The Stored Water Fund is structured as a sinking fund with the sole purpose of providing funds for dam-fill water purchases and the IID water prepayment.

Sources of Funds - Sources of funds includes operating revenues and capital contributions. In addition to water sales, operating revenues include investment income, infrastructure access charges, property taxes and in-lieu, and hydroelectric revenue.



Operating Revenue

Operating revenue is made up of Water Sales, Investment Income, Infrastructure Access Charges, Property Taxes and In-Lieu, Hydroelectric Revenue, and other income.

Water Sales

Water sales revenue, as shown, is net of evaporation and seepage water losses, the Water Authority's Local Water Supply Development (LWSD) credits and Metropolitan Water District's (MWD's) Local Resource Program (LRP), Surface Storage Operating Agreement (SSOA), and Groundwater Resources Program (GRP) credits.

Water sales projections are derived from municipal and industrial (M&I) demand forecasts prepared using the CWA-MAIN Water Demand Forecasting model, a forecast of agricultural demand, and projected development and use of local supplies. Water Authority long-term forecasts utilize San Diego Association of Governments (SANDAG) demographic projections and assume long-term average weather.

Effective January 1, 2003, the Water Authority's Board implemented a new rate structure designed to more effectively allocate the cost of service to its member agencies and to increase the proportion of revenues collected by fixed charges. The new rate categories include:

- Fixed Storage and Customer Service Charges fixed charges that enable the Water Authority to increase its coverage of fixed expenditures by fixed revenues, which is desirable from a credit rating agency perspective.
- Variable Transportation, Melded M&I Treatment and Melded M&I Supply Rates.
- A Special Agriculture Water Rate (SAWR) was formalized by the Board in June 2020. In exchange for a reduced level of service during periods of supply restrictions, SAWR demands are not included in a member agencies allocation for Storage or Supply Reliability. Agricultural customers pay the Transportation Rate and the Customer Service Charge. Agricultural water users have elected to receive a reduced level of service during periods of supply restrictions and in and in return for excluding the cost of the Emergency Storage Project (ESP) from their water rate.

In March 2015, the Water Authority's Board approved the creation of a new fixed Supply Reliability Charge to be paid by M&I demands. This charge is described in more detail in the Rate Categories section of this appendix.

Investment Income

The Water Authority receives a significant amount of revenue from investing its fund balances. Investment income on the cash balances in the Operating Fund, Rate Stabilization Fund, and Debt Service Reserve Fund is available to fund general Water Authority operating expenditures. The PAYGO Fund investment income is restricted to pay for capital expenditures or debt service. The Construction Fund investment income is used to fund construction expenditures and is included as part of the available funds, thus reducing the issuance sizing accordingly.



Infrastructure Access Charges (IAC)

In June 1998, the Infrastructure Access Charges (IAC) was Adopted by the Board to provide an additional source of fixed revenue to help stabilize the Water Authority's revenues. By increasing fixed revenues, the IAC helps to mitigate water sales revenue volatility that can result from sudden changes in water demand/availability and/or economic cycles.

The IAC is a fixed charge that is levied on all retail water meters within the Water Authority's service area. The IAC maintains a minimum ratio of projected fixed revenues to projected fixed expenditures of 25% in any future fiscal year, excluding fixed water rate revenues. Fixed costs include, but are not limited to, annual debt service payments, PAYGO capital, and 80% of annual O&M expenditures. The estimate of the minimum level of required fixed revenues will be increased by 10% to provide increased assurance that actual fixed revenues will be at least 25% of actual fixed expenditures.

Property Taxes

The Water Authority is authorized under its State County Water Authority Act (Act) to levy taxes on all taxable property within its boundaries for the purpose of carrying on its operations and paying its obligations, subject to certain limitations in the Act, the Revenue and Taxation Code, and the California Constitution.

Property taxes levied are billed and collected by the County of San Diego and are remitted to the Water Authority throughout the year. The tax rate set by the Water Authority's Board of Directors is based upon the assessed valuation of taxable property within the Water Authority's service area and debt service payments for interest and principal. The San Diego County Assessor determines property valuation.

In-Lieu Charges

Annually, the Water Authority receives an allocation of property taxes from the State of California collected and remitted through the County. This allocation (1% State Allocation) was put into place to assist special districts, which were adversely impacted from the implementation of Proposition 13.

The basis of the allocation was the amount of secured taxes the Water Authority was collecting in 1978-1979, at which time the City of San Diego was paying certain secured taxes directly to the Water Authority, in-lieu of them being collected via the tax roll. As a result, the initial basis for the allocation of taxes to the Water Authority was understated.

Each year, the Water Authority calculates the amount of the In-Lieu Charge due from the City of San Diego in accordance with Resolution 87-21, which established an annual charge for member agencies that made "In-Lieu" payments for taxes levied for "General Purposes" in fiscal years preceding 1978-1979.

Other Income

Other income includes Build America Bonds subsidy, encroachment permits, easements, gain/loss on sale of assets, delinquency fees, plan-check reimbursements, and operating grants.



Rate Categories - The water rate categories are discussed in detail below.

Customer Service Charge

The Customer Service Charge is set to recover costs that are necessary to support the functioning of the Water Authority and to develop policies and implement programs that benefit the region as a whole. The Customer Service Charge is a fixed charge, which is allocated among the member agencies on the basis of each agency's three-year rolling average of all deliveries (including all users, member agencies, and third-party wheeling throughput).

Melded Municipal and Industrial (M&I) Supply

The per-acre-foot Melded Untreated M&I Supply Rate recovers the cost of water to the Water Authority. The melded supply rate includes the costs of water purchased from MWD, IID and Poseidon, the costs of water supplies from the canal lining projects, the MWD wheeling costs for non-MWD supplies, and system losses. In addition, the rate recovers certain fixed costs associated with the Quantification Settlement Agreement (QSA), and may recover costs of certain operating budget expenditures associated with the procurement of water and wheeling.

A large component of the Melded Untreated M&I Supply Rate is MWD's water supply rates. In 2003, MWD created a new water rate structure designed to better allocate the cost of services to the fees and charges designed to recover these costs. The structure applies to full cost "firm" supplies provided by MWD and replaced the previous "postage stamp" rate for this class of service. The new structure unbundles or itemizes the cost elements of water supply into transportation, power, and treatment (included in the Melded M&I Treatment Rate), and establishes a two-tiered pricing (inclining block) structure for water supplies.

MWD member agencies were asked to make ten-year financial commitments — termed "purchase orders" — to purchase at least 60% of each agency's maximum historic annual firm (base) demand for MWD water. In exchange, the agency may purchase up to 90% of its base demand at the preferable Tier 1 rate. The Water Authority's exposure to Tier 2 rates has decreased as annual deliveries from Poseidon, its water transfer with IID and the canal lining projects increase. The structure maintains a "postage stamp" approach for discount water supplies, such as agricultural, or groundwater replenishment deliveries.

Melded Municipal and Industrial (M&I) Treatment

Effective January 1, 2006, the Water Authority implemented a melded treatment rate. The Melded Municipal and Industrial Treatment Rate is set to recover the costs of treating water for the Water Authority and may include costs of purchasing treated water from MWD, Poseidon and the Levy treatment plants and may recover certain other costs associated with the provision of treated water.

MWD Capacity Charge

The Capacity Charge formerly known as the Capacity Reservation Charge is a fixed charge levied on an agency's maximum daily flows over the three previous fiscal years. It recovers the cost of providing peak capacity within the distribution system, and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. Daily flow measured between May 1 and September 30 for purposes of billing the Capacity Charge will include deliveries (except long-term seasonal storage deliveries) made by



MWD to a member agency or member agency customer including water transfers, exchanges and agricultural deliveries.

As part of a separate surface reservoir operating agreement to manage seasonal peaking, the Water Authority is expected to reserve its full available capacity. The Water Authority's Board has directed that the Capacity Charge be recovered proportionally based on a five-year rolling average of member agency flows during coincident peak weeks.

MWD Readiness-to-Serve Charge (RTS)

The Readiness-to-Serve (RTS) Charge recovers a portion of costs associated with standby and peak conveyance capacity, and system emergency storage capacity. MWD passes these costs to its member agencies based upon the member agency's share of the ten-year rolling average firm water deliveries. This ensures that all member agencies pay a share of the fixed costs necessary to meet existing demand for MWD's water.

The MWD Standby Charge revenues, which MWD collects from ratepayers in the San Diego County Water Authority service area, offset the RTS charge paid by the Water Authority.

Permanent Special Agricultural Water Rate Program

In October 2008, the Water Authority Board approved the Transitional Special Agricultural Water Rate (TSAWR) with the phase out of MWD's Interim Agricultural Water Program. Over the years, the TSAWR Program was extended several times, with the last extension running through December 31, 2020. However, before the end of the TSAWR Program, in July 2019, the Fiscal Sustainability Task Force (FSTF) was reconstituted to assess a variety of issues to ensure the Water Authority's long-term financial health. The FSTF was charged with reviewing the Water Authority's existing rate structure, including TSAWR, to identify opportunities to reduce rate volatility and increase revenue stability. The FSTF evaluated the merits and benefits of an agricultural program and several agricultural water rate structure options and developed a recommendation to establish a Permanent Special Agricultural Water Rate (PSAWR) category as part of the Calendar Year 2021 cost-of-service process.

In November 2019, based on a recommendation from the FSTF, the Board directed staff to develop policies and procedures for a new program to succeed the TSAWR Program. In September 2020, the Board adopted Ordinance No. 2020-04 to establish the PSAWR Program effective January 1, 2021. Member agency participation in the PSAWR Program is voluntary and customers are subject to higher cutbacks compared to municipal and industrial customers in the event of a supply allocation from MWD or other water shortage. In return, PSAWR Program customers are exempt from the Storage Charge and Supply Reliability Charge.

Storage Charge

The Storage Charge is a fixed charge set to recover costs associated with the Emergency and Carryover Storage Programs. Allocation of the Storage Charge is based on all non-agricultural water deliveries and is allocated among the member agencies using a pro rata share of each agency's three-year rolling average of non-agricultural deliveries (including all users, member agencies, and third-party wheeling throughput).



Supply Reliability Charge

The Supply Reliability Charge is a fixed charge set to recover a portion of the fixed costs associated with the Carlsbad Desalination Plant and IID water transfer costs. The revenue collected through this charge will reduce/offset portions of the cost of desalinated water and IID transfer water that are collected through the Melded M&I Supply Rate. The Supply Reliability Charge is set equal to the difference between the supply cost of desalination and IID transfer water purchases and a like amount of water purchased at the MWD Tier 1 rate multiplied by 25%. Allocation of this charge is based upon member agencies share of the rolling five-year average M&I deliveries.

Transportation

The Transportation Rate is a uniform rate set to recover capital, operating, and maintenance costs of the Water Authority's aqueduct system including all facilities used to physically transport the water to member agency meters. The Transportation Rate is charged to each acre-foot of water as delivered by the Water Authority through Water Authority facilities. All users, member agencies, and third-party wheelers will pay the Transportation Rate.

Capital Contribution Definitions

Capital contributions are independent of water use and are fixed to recover costs associated with new system capacity/reliability or maintaining existing system capacity/reliability. The use of capital contributions revenue is restricted to paying for the CIP projects and is deposited in the PAYGO Fund.

Capital contributions are made up of Capacity Charges (System and Treatment Capacity Charges), CIAC, and Water Standby Availability Charges. These revenue sources are discussed next.

Capacity Charges

System Capacity Charge - In May 1990, the Water Authority's Board of Directors recommended a System Capacity Charge on all new or larger retail water meters installed. The charge is designed to recover a proportionate share of the capital costs associated with providing services to new connections in the Water Authority's service area. This follows existing Government Code (Section 54991), which states that System Capacity Charges "shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed..." In May 2005, the Board approved a change in the System Capacity Charge calculation methodology, which balances the extra capacity present in the system financed by existing customers with the benefits of use by future customers. Because meter size dictates the maximum water demand of a new customer, the System Capacity Charge is based upon meter size. In 2017 and comprehensive review of the Capacity Charge was performed and the charge is updated annually to reflect annual based on the prior year's Engineering News Record Construction Cost Index.

Treatment Capacity Charge - In May 2005, the Board also approved the creation of a Treatment Capacity Charge to help fund the Water Authority's regional water treatment facility. The charge recovers a portion of the capital costs from the future users of the facility. Like the System Capacity Charge, the fee is based upon the size of the meter installed. In 2017 and comprehensive review of the Capacity Charge was performed and the charge is updated annually to reflect annual based on the prior year's Engineering News Record Construction Cost Index.



Contributions In Aid of CIP (CIAC)

Grants or contributions from member agencies for capital projects make up CIAC. Typically these revenues are restricted to specific projects/uses. In some instances, a member agency may reimburse the Water Authority for improvements to their system as part of a Water Authority project.

Water Standby Availability Charges

On April 12, 1990, the Board of Directors recommended Resolution 90-17 for Standby Charges, under Section 45-5.2 of the County Water Authority Act and Article 23 of the Water Authority's Administrative Code. The charge is \$10 per acre per year, or \$10 for a parcel less than one acre per year. The charge for each parcel that includes more than one acre shall be determined by multiplying the total number of acres in said parcel by \$10. The charge is added to the Secured Tax Roll collected via the San Diego County property tax collection process and remitted by the County to the Water Authority. The Water Standby Availability Charge is intended to recover some of the capital costs associated with maintaining the system.

Uses of Funds Definitions

Capital Budget

The Water Authority initiated its CIP in 1989 as a long-range plan to ensure that the county's water supply would be reliable. CIP projects are designed to enhance, expand and repair the regional pipeline system, which typically supplies 90% of the county's water.

Debt Service

The Water Authority uses debt to fund improvements to existing facilities, to fund CIP projects or to refund a previous debt issue (long-term debt only).

Quantification Settlement Agreement (QSA) Mitigation

The QSA was executed on October 10, 2003 and is related to water transfers and other agreements. As a part of the QSA, the Water Authority participates in a Joint Powers Authority (JPA) with IID and the Coachella Valley Water District to provide for the environmental mitigation of water transfer impacts.

The Water Authority will fund the JPA annually through Fiscal Year 2026 according to a set schedule of payments. Payments are from withdrawals from the QSA Commitment Fund, a fund established by the Board in Fiscal Year 2004 to hold the IID socioeconomic payment. With the final payment completed in December 2006, the fund will sunset and a minor amount of residual interest earnings will be transferred to the Operating Fund. JPA expenditures are funded through the PAYGO fund, and are repaid with interest through the Melded M&I Supply Rate.

In May 2007, the Water Authority entered into a settlement with IID regarding third-party socioeconomic impacts of the QSA water transfers. The settlement includes a series of annual payments to the IID.



Water Authority Energy Program

Energy is a significant cost in treating, conveying, and delivering water to our member agencies. In the next two years, it is estimated that the Water Authority will spend almost \$5.3 million on the energy required to keep the agency's water infrastructure operating to meet member agency water supply needs. Recognizing the nexus between water and energy, in June 2019, the Board adopted an updated Energy Management Policy that supports the Water Authority's mission by minimizing energy costs and using existing and new infrastructure to generate revenues to offset water rates. This Energy Management Policy, in conjunction with the Water Authority's Climate Action Plan, provides environmental benefits to the region by reducing greenhouse gas emissions associated with energy.

Budget for energy-related efforts span multiple departments of the Water Authority and are summarized in the tables below. Table 1 shows how our facility energy expenses are divided up between retail, solar, and battery use. Table 2 outlines expenses for energy efforts and projects in the planning stage. Table 3 displays sources of operating revenue and expenses for energy contracts and facilities in operation. It is critical to recognize that the upfront investment in strategic Energy Management initiatives that leverage the agency's existing infrastructure will produce energy revenue and reduce energy costs well into the future.

Table 1: Water Authority Facility Energy Costs

	FY 22 Adopted	FY 23 Adopted	FYs 22&23 Adopted
Expenses			
Retail Energy	\$2,211,585	\$1,999,194	\$ 4,210,779
Solar	456,185	464,118	920,303
Battery	70,000	70,000	140,000
TOTAL EXPENSES	\$2,737,770	\$2,533,312	\$ 5,271,082
Avoided Energy Costs ¹	\$ 775,000	\$ 375,000	\$ 1,150,000

^{1.} Avoided Energy Costs are a result of cost savings generated by solar/battery use and Rancho Peñasquitos hydroelectric power generation offsetting the purchase of energy from SDG&E.

Table 2: Energy Planning

	FY 22 Adopted	FY 23 Adopted	FYs 22&23 Adopted
Expenses			
Energy Grants and Incentives	\$ 4,671	\$ 4,660	\$ 9,331
Energy Supply and Transmission Planning	175,000	175,000	350,000
Interdepartmental Support	15,000	15,000	30,000
New Energy Initiatives	300,000	300,000	600,000
Regulatory and Legislative Activities	35,000	35,000	70,000
Solar and Battery Systems	60,000	10,000	70,000
TOTAL EXPENSES	\$ 589,671	\$ 539,660	\$ 1,129,331



Table 3: Operating

			FYs 22&23
	FY 22 Adopted	FY 23 Adopted	Adopted
Revenue			
Boulder Power	\$ 86,000	\$ 86,000	\$ 172,000
Hodges Hydroelectric Power	2,800,000	2,800,000	5,600,000
TOTAL REVENUE	\$ 2,886,000	\$ 2,886,000	\$ 5,772,000
Expenses			
Boulder Power	\$ 127,785	\$ 129,395	\$ 257,180
Hodges Pumped Storage Facility (Hydroelectric Only) ¹	1,717,177	1,767,474	3,484,651
Rancho Peñasquitos Pressure Control & Hydroelectric Facility (Hydroelectric Only)	109,745	105,180	214,925
TOTAL EXPENSES	\$ 1,954,707	\$ 2,002,049	\$ 3,956,756
NET	\$ 931,293	\$ 883,951	\$ 1,815,244

^{1.} Includes labor and benefits, supplies, contract services and utility costs.



Glossary

AB - Assembly Bill

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 (AF) - A unit of measure equivalent to 325,900 gallons of water, which meets the need of two average families in and around the home for one year.

ADA - Americans with Disabilities Act

AFO - Acoustic Fiber Optic

APP - Aqueduct Protection Program

Appropriation - An amount of money in the budget authorized by the Board of Directors for expenditure or obligation within organizational units for specific purposes.

Assessed Valuation - an official government value placed upon real estate or other property as a basis for levying taxes.

Assets - Resources owned or held which have monetary and economic value.

BAB - Build America Bond

Bay/Delta - Refers to an environmentally sensitive area of Sacramento/San Joaquin Rivers Delta through which State Water Project water must flow to reach Southern California and other areas.

Bond - A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

Budget - A balanced financial plan for a given period of time, which includes expenditures and revenues funded through various funds. The budget serves as a financial plan as well as a policy guide, an operations guide, and a communications medium.

Bypass - San Vicente Reservoir Bypass Pipeline

CalPERS - California Public Employee Retirement System

Capital Equipment - Fixed assets such as vehicles, computers, furniture and technical instruments which have a life expectancy of more than three years and a value over five thousand dollars.

Capital Improvement Program (CIP) - A long-range plan for the construction, rehabilitation and modernization of the Water Authority-owned and operated infrastructure.

Capital Outlay - Expenditures which result in the acquisition of, or addition to, fixed assets including land, buildings, improvements, machinery and equipment. Most equipment or machinery is included in the Annual Operating Budget. Capital improvements such as acquisition of land, construction and engineering expenses are included in the Capital Budget.



Capitalized Overhead - Indirect administrative costs in the Operating Budget that benefit the Capital Improvement Program (CIP) that are transferred as capitalized overhead from the Operating to CIP.

Cash Management - A conscious effort to manage cash so that interest and penalties paid are minimized and interest earned is maximized. Funds received are deposited on the day of receipt and invested as soon as the funds are available. The Water Authority maximizes the return on all funds available for investment without sacrifice of safety.

CEQA - California Environmental Quality Act

CFS - Cubic Feet per Second

COPs - Certificates of Participation

CWA-MAIN - County Water Authority-Municipal and Industrial water demand forecasting model

Debt Service - The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the Water Authority.

Disbursements - Payments made on obligations.

DSCR - Debt Service Coverage Ratio

DWR - California Department of Water Resources

Each Parcel of Land - Shall mean each parcel of land assigned a parcel number by the San Diego County Assessor.

Earned Value - A technique for measuring project performance and progress in an objective manner. Combines measurements of scope, schedule, and cost to provide accurate forecasts and performance problems.

EIR/EIS - Environmental Impact Report/Environmental Impact Statement

ESP - Emergency Storage Project

Expenditure - An amount of money disbursed or obligated. Expenditures include current operating disbursements requiring the present or future use of net current assets, debt service and capital improvements.

FCF - Flow Control Facility

Fiscal Year (FY) - The time frame in which the budget applies. This is the period from July 1 through June 30.

Fixed Assets - Long-term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment, and improvements other than buildings and land.

FRS - Flow Regulatory Structure

FSTF - Fiscal Sustainability Task Force



FSWG - Financial Strategy Work Group

FTE - Full Time Equivalent

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative statement on the application of GAAP to state and local governments is Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements. GAAP provides a standard by which to measure financial presentations.

GIS - Geographic Information System. An organized collection of computer hardware, software, and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

GPS - Global Positioning System

GRP - Groundwater Resources Program

HCP - Habitat Conservation Plan

Hodges Hydro - Lake Hodges Pumped Storage Facility

IAC - Infrastructure Access Charge

IAWP - Interim Agricultural Water Program

IID - Imperial Irrigation District

IRP - Integrated Resources Plan. An open and participatory planning process which takes a broad view of all water resource options available to the region and searches for the right combinations of investments to achieve water supply objectives in a cost conscious and environmentally responsible manner.

IRWM - Integrated Regional Water Management program

JPA - Joint Powers Authority

LAFCO - Local Agency Formation Commissions

LDE - Limited Duration Employee

Leases and Rentals - This includes costs to rent equipment, copy machines, temporary easements and other items.

LISA - Local Investigations and Study Assistance program

LMSE - La Mesa Sweetwater Extension Pipeline

LRP - MWD's Local Resource Program



LWSD - Water Authority's Local Water Supply Development

Master Plan - Regional Water Facilities Master Plan

ME - Meter Equivalent

MWD - Metropolitan Water District of Southern California (MWD) - is a consortium of 26 cities and water districts that provides drinking water to nearly 19 million people in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties.

MG - Million Gallon

MGD - Million Gallons per Day

MOU - Memorandum of Understanding

MW - Megawatt

NCCP - Natural Communities Conservation Plan

OMWD - Olivenhain Municipal Water District

OPEB - Other Post-Employment Benefits

Operating Departments Budget - The normal, ongoing operating costs incurred to operate the Water Authority.

Other Expenses - This includes employee mileage reimbursement, travel, training, tuition refunds, suggestion awards, professional association dues, memberships, and other miscellaneous items.

PCCP - Pre-stressed Concrete Cylinder Pipeline

Poseidon - Poseidon Resources (Channelside) LP developer and owner of the Carlsbad Desalination Plant

PSAWR - Permanent Special Agricultural Water Rate

QSA - Quantification Settlement Agreement

QSA JPA- Quantification Settlement Agreement Joint Powers Authority

Rancho Hydro - Rancho Peñasquitos Pressure Control and Hydroelectric facility

RCC - Roller Compacted Concrete

Reliability - Consistently providing a water supply that adequately supports the regional economy.

Revenue - Income generated by taxes, notes, bonds, investment income, land rental, and user charges.

Revenue Bonds - a bond issued by an agency commissioned to finance the building or improving of a public property, such as a bridge or toll road, the revenue from which will pay for the bond.

ROW - Right of Way



RSF - Rate Stabilization Fund

RTS - Readiness to Service charge

SANDAG - San Diego Association of Governments

SCADA - Supervisory Control and Data Acquisition

SCOOP - Small Contractor Outreach Opportunity Program

SD - San Diego

SDCWA - San Diego County Water Authority

Services - The normal, ongoing operating costs incurred to operate the Water Authority that are procured from companies outside of the Water Authority. Examples include repair, maintenance, auditing, appraisals, custodial, security, engineering, drafting and design.

SR - State Route

SSOA - Surface Storage Operating Agreement

Total Capital Budget - The total budget requests for construction projects and associated expenses.

Total Water Authority Budget - The sum of the total Operating Budget, Debt Service, Water Purchases, Capital Budget and Equipment Replacement.

Treated Water - Water delivered to member agencies which has been treated by coagulation, sedimentation, filtration and chlorination.

TSAWR - Transitional Special Agricultural Water Rate

UAL - Unfunded Accrued Liability

UWMP - Urban Water Management Plan

Utilities - This includes gas, electricity, water, sewer, and telephone.

VFD - Variable Frequency Drive systems

Value Engineering - Used to analyze design and construction projects to help achieve balance between require functions, performance, quality, safety, and scope with the cost and other resources necessary to accomplish those requirements. The proper balance results in the maximum value for the project.

Water Authority - San Diego County Water Authority

Water Purchases - The cost of purchasing water from other agencies.

WD - Water District

WPA - Carlsbad Seawater Desalination Project Water Purchase Agreement between The San Diego County Water Authority and Poseidon Resources (Channelside) LP dated December 20, 2012

WTP - Water Treatment Plant

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Classification and Salary Schedule

Section 2.16.060(d) of the Administrative Code requires that "...The Personnel Officer may make additions or modifications to the classification and salary schedule, to add, delete or modify positions and establish corresponding salary bands or ranges, subject to ratification by the Board not later than the time of approval of the next bi-annual budget, provided that the addition or modification does not increase the bi-annual budget for the department or office affected by the addition or modification..."

The Classification and Salary Schedule which follows reflects the changes made during Fiscal Year 2021.



SAN DIEGO COUNTY WATER AUTHORITY CLASSIFICATION AND SALARY SCHEDULE FY2021-2022

BOARD APPOINTED	RANGE	REPRESENTED EMPLOYEES, CONTINUED	RANGE
General Counsel	Υ	Accounting Supervisor	37
General Manager	X	Accounting Technician	17
		Administrative Assistant	20
EXECUTIVE MANAGEMENT	RANGE	Asset Management Specialist I	24
Assistant General Manager	В	Asset Management Specialist II	31
Deputy General Manager	Α	Assistant Legislative Analyst	24
Director of Administrative Services	D	Assistant Management Analyst	24
Director of Engineering	С	Assistant Water Resources Specialist	24
Director of Finance/Treasurer	С	Assistant Water Resources Specialist (E)	24
Director of Government Relations	D	Corrosion Control Supervisor	36
Director of Human Resources	D	Corrosion Control Technician I	18
Director of MWD Program	С	Corrosion Control Technician II	22
Director of Operations and Maintenance	С	Electrical/Instrumentation Supervisor	36
Director of Public Affairs	D	Electrical/Instrumentation Technician I	20
Director of the Colorado River Program	D	Electrical/Instrumentation Technician II	28
Director of Water Resources	С	Engineer (P.E.)	39
		Engineer I	25
SENIOR MANAGEMENT	RANGE	Engineer II	31
Administrative Services Manager	Н	Engineering Technician I	18
Assistant General Counsel	E	Engineering Technician II	22
Budget and Treasury Manager	G	Facilities Services Technician	25
Controller	F	Fleet Mechanic I	18
Deputy Director of Engineering	D	Fleet Mechanic II	22
Engineering Manager	F	Help Desk Support Specialist	24
Government Relations Manager	G	Information Systems Analyst	31
Human Resources Manager	G	Information Systems Supervisor	39
Information Security Officer	G	Investment Analyst	35
Information Systems Manager	G	Legislative Analyst	28
Operations and Maintenance Manager	F	Maintenance Technician	23
Public Affairs Manager	Н	Maintenance Worker I	11
Right of Way Manager	G	Maintenance Worker II	17
Water Resources Manager	F	Management Analyst	28
		Office Assistant I	05
CONFIDENTIAL	RANGE	Office Assistant II	09
Administrative Assistant	20	Principal Asset Management Specialist	42
Assistant Human Resources Analyst	24	Principal Construction Manager	46
Clerk of the Board	36	Principal Engineer	46
Deputy Clerk of the Board	20	Principal Public Affairs Representative	33
Executive Administrative Assistant	27	Principal Water Resources Specialist	42
Human Resources Analyst	25	Principal Water Resources Specialist (E)	42
Human Resources Assistant	20	Project Scheduler I	31
Legal Administrative Assistant	27	Project Scheduler II	37
Office Assistant II	09	Public Affairs Representative I	23
Senior Human Resources Analyst	33	Public Affairs Representative II	27
		Public Affairs Supervisor	35
REPRESENTED EMPLOYEES	RANGE	Purchasing Technician I	20
Accountant	26	Purchasing Technician II	24
Accounting Assistant I	06	QSA Outreach Coordinator	39
Accounting Assistant II	12	Rate and Debt Manager	46
		Receptionist	09

Revised: 6/30/2021





SAN DIEGO COUNTY WATER AUTHORITY CLASSIFICATION AND SALARY SCHEDULE FY2021-2022

REPRESENTED EMPLOYEES, CONTINUED	RANGE
Right of Way Agent	31
Right of Way Supervisor	37
Right of Way Technician Level I	18 (Steps 1-7)
Right of Way Technician Level II	19 (Steps 5-11)
Right of Way Technician Level III	22 (Steps 7-13)
Right of Way Technician Level IV	28 (Steps 6-13)
Rotating Equipment Supervisor	38
Rotating Equipment Technician I	22
Rotating Equipment Technician II	30
Safety Officer	33
SCADA Specialist	31
SCADA Supervisor	39
Senior Accountant	33
Senior Asset Management Specialist	39
Senior Construction Manager	43
Senior Corrosion Control Technician	29
Senior Electrical/Instrumentation Technician	32
Senior Engineer	43
Senior Engineering Technician	29
Senior Fleet Mechanic	27
Senior Information Systems Analyst	35
Senior Legislative Analyst	33
Senior Maintenance Technician	27
Senior Management Analyst	33
Senior Office Assistant	14
Senior Project Scheduler	39
Senior Public Affairs Representative	31
Senior Right of Way Agent	35
Senior Rotating Equipment Technician	34
Senior SCADA Specialist	35
Senior Survey Technician	29
Senior Systems Administration & Support Specialist	30
Senior System Operator	28
Senior Water Resources Specialist	39
Senior Water Resources Specialist Senior Water Resources Specialist (E)	39
Supervising Land Surveyor	37
Supervising Management Analyst	37
Survey Technician	24
System Maintenance Supervisor	33
System Operations Supervisor	37
System Operations Supervisor	18
System Operator II	24
Systems Administration & Support Specialist	26
Water Resources Aide	20
	31
Water Resources Specialist Water Resources Specialist (E)	31
OTHER	RANGE
Student Intern (Determined at Hire)	N/A
Student Worker (Fixed at CA Min. Wage)	N/A

Revised: 6/30/2021

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Memorandums, Resolutions, and Ordinances

The following documents include the memorandums to the Board and the Board approved resolutions and ordinances as they relate to the Fiscal Years 2022 and 2023 Budget and the Calendar Year 2022 Rates and Charges. The Cost of Service Study dated June 2021 can be found online in the June 24, 2021, Board Packet (starting at page 83), at: www.sdcwa.org.





June 16, 2021

Attention: Administrative and Finance Committee

General Manager's Recommended Budget for Fiscal Years 2022 and 2023. (Action)

Staff recommendations

Staff recommends that the Board formally adopt the General Manager's Recommended Budget for Fiscal Years 2022 and 2023.

Approve adoption of Resolution No. 2021-____, a Resolution of the Board of Directors of the San Diego County Water Authority approving the General Manager's Recommended Budget for Fiscal Years 2022 and 2023, for operations and capital improvements and appropriating \$1,692,690,100 consistent with the approved budget.

Alternative

The Committee and the Board may modify the Recommended Budget prior to adoption of the Budget Resolution.

Fiscal Impact

Distributed to the Board on May 26, 2021, the General Manager's Recommended Budget for Fiscal Years 2022 and 2023 included an appropriation of \$1,692,690,100. This is allocated amongst the following categories: Water Purchases and Treatment, \$1.11 billion; Capital Improvement Program (CIP), \$170.38 million; Debt Service, \$256.06 million; Quantification Settlement Agreement (QSA) Mitigation, \$5.89 million; Operating Departments, \$112.60 million; Equipment Replacement, \$4.91 million, Grant Expenditures, \$29.00 million; and Other Expenditures, \$3.42 million.

With the proposed increase in rates and charges being considered at the Public Hearing on June 24, adequate revenues and funding sources are anticipated to be available to meet the budgetary needs for Fiscal Years 2022 and 2023.

Background

The General Manager delivered to the Board the Recommended Budget on May 26, 2021 and introduced the Recommended Budget to the Administrative and Finance Committee on May 27, 2021. The presentation provided highlights on the accomplishments for the past two-year budget period, the factors impacting the development of the budget, an overview of the budget, and the format for the upcoming budget workshops.

The General Manager's Recommended Budget for Fiscal Years 2022 and 2023 is a reflection of the Water Authority's commitment to continued leadership on water issues statewide, upholding the public trust with our member agencies and community stakeholders, and maintaining operational excellence of the region's large-scale water infrastructure. The recommended budget expands our resources to achieve goals in the 2021-2025 Business Plan and align with Board-adopted fiscal sustainability policies.

Discussion

On June 8, 10, and 15, 2021, the Administrative and Finance Committee considered and discussed the Fiscal Years 2022 and 2023 Recommended Budget. On the first day of budget hearings, presentations on key assumptions utilized to develop the budget were provided on the Water Authority's water sales, rates and charges, the capital improvement program, and debt service. In





Administrative and Finance Committee June 16, 2021 Page 2 of 2

addition, an overview of assumptions for operating departments was provided. Directors asked a variety of clarifying questions on water sales, rates and charges, capital improvement program, and debt service, which staff responded to.

On the second day of budget workshops, a recap of day one was provided with follow-up on Water Sales Forecast, Rates and Charges, and the Capital Improvement Program. Presentations were provided on operating departments, which were Finance, Administrative Services, General Counsel, General Manager and Board of Directors, Government Relations, Human Resources, the Colorado River Program, and the MWD Program. Additionally, staff provided responses to questions received after the first budget hearing on Tuesday. On the second day, the Administrative and Finance Committee voted to continue the workshops the following week on June 15, 2021.

On the third day of budget workshops, a recap of the prior week's presentations was provided along with presentations on the remaining Operating Departments, Engineering, Operations and Maintenance, Water Resources, and Public Affairs, and the Equipment Replacement Fund and Grants. A presentation on the Water Authority's Cost of Service Study was also provided. Directors asked a variety of questions, which staff responded to.

Directors requested additional information and the evaluation of adding funds to the budget for the Colorado River Program for professional services to support outreach for Lake Mead Storage activities. The total cost of adding funds for this item would add \$480,000 to the Colorado River Program budget for the two-year period. More information on Lake Mead Storage activities will be provided at the Board meeting on June 24, 2021.

Directors also asked for an evaluation of adding the eliminated Water Resources Specialist position back to the Water Resources department. The total cost of adding the position back to the Water Resources department budget would be \$326,800 for the two-year period and increase the total full-time equivalent positions by 1.00.

The addition of both requests to the two-year budget for Fiscal Years 2022 and 2023 would create a budget total of \$1,693,496,900. If approved by the Board the resolution would be amended to reflect the additional funds.

Following approval of the Budget at the June Board meeting, staff will distribute the final document to the Board by the end of September 2021.

Liana M. Whyte, Budget and Treasury Manager Prepared by: Reviewed by: Lisa Marie Harris, Director of Finance/Treasurer

Tish Berge, Assistant General Manager

Approved by: Sandra L. Kerl, General Manager

Attachments:

Attachment 1 – Resolution No. 2021-Resolution of the Board of Directors of the San Diego

County Water Authority Approving the General Manager's Recommended Budget for Fiscal Years 2022 and 2023 for Operations and Capital Improvements and

Appropriating \$1,692,690,100 consistent with the Approved Budget

Attachment 2 – Fiscal Year 2022 Classification and Salary Schedule



RESOLUTION NO. 2021-17

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY APPROVING THE GENERAL MANAGER'S RECOMMENDED BUDGET FOR FISCAL YEARS 2022 AND 2023 FOR OPERATIONS AND CAPITAL IMPROVEMENTS AND APPROPRIATING \$1,692,690,100 CONSISTENT WITH THE APPROVED BUDGET

WHEREAS, in accordance with section 2.04.050 of the Administrative Code, the General Manager has prepared, presented, and submitted the General Manager's Recommended Multi-Year Budget for Fiscal Years 2022 and 2023, a copy of which is on file in the Office of the Clerk of the Board ("Recommended Budget");

WHEREAS, the Administrative and Finance Committee reviewed and considered the Recommended Budget during publicly noticed meetings on May 27, June 8, 10, 15, and 24, 2021; and

WHEREAS, based on its review of the recommended budget and the presentations and discussions at its meetings the Administrative and Finance Committee has recommended approval of the Recommended Budget, including recommended operational program additions and modifications, new and revised project budgets within the Capital Improvement Program, and implementation of previously approved compensation plans and employment agreements; and

WHEREAS, the Administrative and Finance Committee also recommended appropriating \$1,693,496,900 consistent with the approved budget; and

WHEREAS, on June 24, 2021 the Board of Directors considered the General Manager's Recommended Budget for Fiscal Years 2022 and 2023 and the report and recommendation of the Administrative and Finance Committee;

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves as follows:

- 1. The Recommended Budget is approved as the bi-annual budget for Fiscal Years 2022 and 2023.
- The total amount of \$1,693,496,900 is hereby appropriated for the purposes and 2. in the amounts specified in Exhibit A. Expenditures of appropriated funds shall be consistent with the Recommended Budget. Except as provided in this Resolution, no increases or decreases to the budget shall occur except upon prior approval by the Board of Directors.
- The General Manager has the authority within the Operating Fund balance to make adjustments to employee salaries and benefits. Such adjustments must be consistent with

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this resolution, the salary schedules, compensation plans and employment agreements in effect on the date of this resolution, and salary schedules, compensation plans, and employment agreements effective after the date of this resolution as approved by the board for represented or unrepresented employees. The General Manager may make and implement further amendments to the Classification and Salary Schedule in accordance with the Administrative Code and other rules and regulations governing the personnel system, provided such adjustments are consistent with the budget controls contained in paragraph 4.

- The following controls are hereby placed on the use and transfers of the appropriated and budgeted funds:
- a. The General Manager is responsible for keeping expenditures within the approved appropriations and budgeted allocations for positions, salaries and benefits, and operational expenditures and may adopt budget policies as necessary to carry out that responsibility. No expenditure of funds shall be authorized unless sufficient funds have been appropriated by the Board or General Manager as described herein.
- Subject to paragraph d, the General Manager may exercise discretion in administration of the Operating Budget to respond to changed circumstances, provided that any modification in excess of \$150,000 requires approval by the Board.
- Subject to paragraph d, the General Manager may exercise discretion in administration of the Capital Budget to respond to changed circumstances, provided that total expenditures for all CIP projects, in the two fiscal years do not exceed the total appropriations for the Capital Improvement Program in the budget approved in paragraph 1. Addition or deletion of a project or increase in excess of \$150,000 to a project budget within the Capital Improvement Program requires approval by the Board. Inclusion of a project in the Capital Improvement Program Budget for planning and environmental review purposes shall not be construed as an irrevocable commitment to the project or implementation. A project shall be subject to revision or deletion from the Capital Improvement Program as necessary to comply with the California Environmental Quality Act. No appropriation under this resolution for a capital project that provides new or expanded service shall be spent for activities other than exempt planning, feasibility, environmental review and other similar purposes until the Board certifies or approves the environmental review document for the project.
- Increases in the appropriation amount of \$1,693,496,900 shall not be effective unless approved by the Board. Addition of personnel positions above the level identified in the budget as approved in paragraph 1 shall not be effective unless approved by the Board. The General Manager may authorize the hiring of temporary or part-time staff as necessary, within the limits imposed by the available expenditure amounts designated in the budget as approved in paragraph 1. This paragraph shall not be construed as a limitation on reclassification or reassignment of positions or other administration of the personnel system consistent with paragraph
- The General Manager is authorized, subject only to the total appropriation, to exceed the expenditure amount designated for water purchases in the budget as approved in paragraph 1 in order to meet the water demands of the Water Authority.



PASSED, APPROVED AND ADOPTED, this 24th day of June 2021.

Unless noted below, all Directors voted aye. AYES:

NOES: Bebee, Kennedy, and Scalzitti.

ABSTAIN: None.

ABSENT: Katz, Simpson, and Thorner (P).

ATTEST:

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2021-17 was duly adopted at the meeting of the Board of Directors on the date stated above.

Clerk of the Board





June 16, 2021

Administrative and Finance Committee Attention:

Adopt the Water Authority's Rates and Charges for Calendar Year 2022. (Action)

Purpose

To establish rates and charges sufficient to meet the Water Authority's revenue requirements in conformance with state law and board policies.

Staff recommendations

- a. Conduct the Public Hearing;
- b. Adopt Ordinance No. 2021- an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services;
- c. Adopt Resolution No. 2021- a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge;
- d. Adopt Ordinance No. 2021- an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act;
- e. Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption.

Alternative

Direct staff to set a different time or date for the public hearing.

Fiscal Impact

The proposed water rates and charges, in combination with reserves, property tax revenues, the System Capacity Charge, the Water Treatment Capacity Charge, the Infrastructure Access Charge (IAC), investment income, the Standby Availability Charge, and the Supply Reliability Charge (SRC), are expected to raise revenues sufficient to meet the Water Authority's revenue requirement, bond covenants and other key fiscal policy goals. The recommended M&I All-In cost of water increase for CY 2022 is \$49/AF or 3.3% for untreated water and \$64/AF or 3.6% for treated water. These increases continue to be mitigated by a projected draw from the Rate Stabilization Fund (RSF) within the Board policy.



Administrative and Finance Committee June 16, 2021 Page 2 of 3

Executive Summary

- Treated Water Cost increasing from the CY 2021 All-In rate of \$1,769 to \$1,833 in CY 2022 rates, a \$64 or 3.6% increase.
- Untreated Water Cost increasing from the CY 2021 All-In rate of \$1,474 to \$1,523 in CY 2022, rates a \$49 or 3.3% increase.
- Rate Stabilization Fund: Continued use of reserves, within policy, to mitigate rates.
- Supply Reliability Charge: For CY 2022, the SRC will increase from its current level of \$38.8M to \$39.3M.

Background

At the May 27, 2021 Board meeting, staff provided a report on the proposed CY 2022 rates and charges, as well as a draft of Carollo's independent cost of service study. The report not only provided the proposed CY 2022 rates and charges but also discussed the primary drivers behind the proposed increases. The key rate and charge drivers identified in the board report are MWD's rate increases, historical rate smoothing, and the continued low water sales. The Board memo associated with the report is provided as Attachment A.

Previous Board Actions

On May 27, 2021, the Board received the detailed staff report and Carollo's draft cost of service study recommending the proposed CY 2022 rates and charges, and adopted Resolution 2021-14 setting the time and place for the public hearing on June 24, 2021, to receive comments on the proposed rates and charges.

Discussion

The June 24, 2021 Administrative and Finance Committee meeting has been scheduled as the time, date, and place to receive public comments regarding proposed rates and charges, including the information presented in connection with the May 27, 2021 meeting and the additional information provided in this memorandum, and any other matters pertinent to the Board's setting of rates and charges. In addition, upon the Board's May action, the Cost of Service Report from Carollo Engineers was finalized and is provided as Attachment B.

The proposed actions are exempt from CEQA as provided by statute under Public Resources Code §21080(b)(8). This Statutory Exemption is stipulated for actions involving the establishment of water rates, tolls, fares, or other charges for the purpose of meeting operating expenses, including employee wages and benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; or obtaining funds for capital projects within existing service areas. The General Manager is therefore authorized to file a Notice of Exemption pursuant to Public Resources Code §21152(b) and §15061(d) of the State CEQA Guidelines (Title 14, Chapter 3, California Code of Regulations).

The Water Authority has complied with the procedural requirements for continuing the Standby Availability Charge and increasing its rates and charges for water and other services. After consideration of public comments at the Public Hearing on June 24, 2021, the staff recommends that the Board adopt the ordinance setting the water rates and charges for CY 2022.



Administrative and Finance Committee June 16, 2021 Page 3 of 3

Prepared by: David Gore, Senior Management Analyst Reviewed by: Pierce Rossum, Rate and Debt Manager

Lisa Marie Harris, Director of Finance/Treasurer

Approved by: Tish Berge, Assistant General Manager

Attachments:

Attachment A - May 19, 2021 Board Memo on setting the public hearing for proposed CY 2022 rates and charges

Attachment B - Carollo Engineers' Cost of Service Study dated June 2021

Attachment C - Ordinance No. 2021- an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services

Attachment D - Resolution No. 2021- a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge

Attachment E - Ordinance No. 2021- an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act





May 19, 2021

Attention: Administrative and Finance Committee

Resolution setting a Public Hearing date and Preliminary Assessment for Rates and Charges. (Action)

Purpose

The purpose of this report is to review the recommended rates and charges for calendar year 2022 and adopt a resolution setting a time and place for a public hearing for the consideration and adoption of the recommended rate and charge increases for water, services, and facilities.

Staff recommendation

- A. Adopt Resolution Number 2021-__ setting the time and place for a public hearing on June 24, 2021, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding recommended rates and charges to be effective January 1, 2022. (Action)
- B. Preliminary Assessment of Calendar Year 2022 Rates and Charges. (Presentation)

Direct staff to set a different time or date for the public hearing.

Fiscal Impact

The recommended water rates and charges, in combination with reserves, existing taxes, the System Capacity Charge, the Water Treatment Capacity Charge, the Infrastructure Access Charge (IAC), investment income, the Standby Availability Charge, and the Supply Reliability Charge (SRC), are expected to raise revenues sufficient to meet the Water Authority's revenue requirement, bond covenants and other key fiscal policy goals. The recommended CY 2022 water increase for M&I is equivalent to \$49/AF or 3.3% for untreated water and \$64/AF or 3.6% for treated water. In order to mitigate upward rate pressures, continued use of the Rate Stabilization Fund (RSF) is forecast for FY 2022.

Executive Summary

- Treated Water Cost increasing from the CY 2021 rate of \$1,769 to \$1,833 in CY 2022 rates, a \$64 or 3.6% increase.
- Untreated Water Cost increasing from the CY 2021 cost of \$1,474 to \$1,523 in CY 2022 rates, a \$49 or 3.3% increase.
- Rate Stabilization Fund: Continued use of reserves, within policy, to mitigate rates.
- Supply Reliability Charge: For CY 2022, the SRC will increase from its current level of \$38.8M to \$39.3M.



Administrative and Finance Committee May 19, 2021 Page 2 of 11

Background

Metropolitan Water Rate Increases

On April 14, 2020, MWD's Board of Directors adopted rate and charge increases for calendar years 2021 and 2022. For CY 2022 this resulted in increases of 3.5% and 2.8% to volume-sensitive treated and untreated Full Service MWD supplies, respectively. MWD's non-volume sensitive Readiness-to-Serve (RTS) and Capacity Charges, which are passed straight through to the Water Authority's Member Agencies, increased by 7.7% and 14.0%, respectively. While the cost of MWD supplies experienced a modest increase, the rate components of transporting water through the MWD system, including member agency purchases of MWD supplies and sending Quantification Settlement Agreement (QSA) water to the San Diego region, will increase by a larger 4.1% in CY 2022 due to the increases in the System Access Charge and the System Power Charge.

Prudent Financial Management and Long-Range Planning

The Water Authority has a long history of prudent financial planning. The San Diego County Water Authority is presently preparing the 2021 Long-Range Financial Plan (LRFP), an update to the existing 2015 LRFP. Dovetailing with the prior Fiscal Sustainability Task Force and current Financial Strategy Work Group, staff has presented information and sought feedback from member agency general managers and the work group on a variety of fiscal topics. This input is being incorporated into the 2021 LRFP and with the focus of long-term financial stability and resilience of the Water Authority.

Similar processes have resulted in successful adoption and implementation of key policies to strengthen the financial health of the Water Authority. In 2006, the Board strengthened the Water Authority's key financial ratios by setting a Senior Lien Debt Service Coverage Ratio (DSCR) target of 1.50x and establishing a target funding level for the RSF that better protects the Water Authority against the financial impact of demand volatility. In 2014, following an 18-month collaborative process evaluated potential enhancements that would further strengthen the Water Authority's future fiscal health. One of the key actions taken as part of the fiscal sustainability review was the creation of the Supply Reliability Charge (SRC).

These early and continued actions helped the Water Authority navigate the recession and continue to support the maintenance of the Water Authority's AAA/Aa2/AA+ credit ratings and access to lower interest rates.

Comprehensive Cost of Service Reviews

The Water Authority engaged Carollo Engineers (Carollo) to perform a Cost of Service Study to review, calculate, and validate the Recommended Calendar Year (CY) 2022 water rates and charges. This regular review ensures continued compliance with California legal requirements, American Water Works Association cost of service standards, industry best practices, and Water Authority Board Policies.

Special Agricultural Water Rate Program (PSAWR)

On November 21, 2019, the Board directed staff to develop a permanent special agricultural rate program base on the successful Temporary Special Agricultural Water Rate program. Similar to



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the pre-existing transitional program, the Permanent Special Agriculture Water Rate (PSAWR) program provides agricultural customers with a lower cost of water at the expense of reduced supply reliability. While the proposed rate is defined through the cost-of-service process, the specific program details and eligibility requirements are defined through a separate process prepared by Water Resources.

Discussion

There are three primary drivers behind the recommended CY 2022 rate and charge increases. The drivers are:

- **MWD Rate and Charge Increases** The cost of purchasing Full Service Untreated and Treated water increased 2.8% (\$22/AF) and 3.5% (\$39/AF) respectively. The cost to transport QSA water to the service area increased 4.1% or \$22/AF.
 - MWD Readiness-to-Serve charge increased 7.7%; however, the Water Authority cost share will decrease by \$1.2M due to the SDCWA's decreased reliance on MWD's water supplies. The Capacity Charge increased by 14%, from \$9.2M to \$10.4M. As directed by the Board, these charges are passed straight through to Member Agencies and are not part of the Water Authority's net revenue requirement, or reflected in rates and charges.
- Water Sales Environment While demands have experienced a recent uptick, following multiple wet years, demands regionally are still below historical levels. Water sales forecasts are developed annually as part of the rate setting process to provide greater rate smoothing flexibility and adaptability.
- **Historical Rate Smoothing** With the aim of smooth and predictable rates, over the past few years, the Water Authority has utilized its rate stabilization fund to mitigate the impacts of these rate drivers. Rather than raising rates significantly in a single year, these rate drivers are spread over multiple years. The planned and strategic use of the RSF smooths the net impact of increases. CY 2022 rates and charges continue to utilize the RSF, within levels adopted by the Board.

As part of the 2015 LRFP, staff developed a high/low rate and charge forecast to support member agency financial planning efforts. The high/low rate and charge forecasts were based upon scenarios varying the level of water sales, MWD rate and charge increases, and CIP expenditures. The CY 2022 recommended rates and charges are within that guidance. It should be noted that the actual cost of water will vary by member agency based upon each agency's fixed charge allocations.

Setting Water Rates and Charges

On an annual basis, the Water Authority staff develops recommended water rates and charges, which it presents to the Board of Directors for adoption. Water rates and charges include the Melded Supply, Melded Treatment, Transportation rates and the Customer Service, Storage and Supply Reliability charges. Each year the Water Authority undertakes the following cost of service analysis to determine water rates and charges.



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- Step 1. Establish the revenue requirement—determine the total amount of revenue needed to recover the Water Authority's annual operating (operations and maintenance of facilities, cost of water, treatment costs, etc.) and capital expenditures (cash and short and long-term debt)
- Step 2. Allocate the revenue requirement and offsetting non-commodity revenues (i.e. investment income, property tax, IAC, etc.) to rate categories (Melded Supply, Melded Treatment, Transportation, Storage, Customer Service and SRC) to determine the net revenue requirement for each rate category
- Step 3. Determine rates and charges based upon the net revenue requirements, water sales projections and other key financial management metrics (i.e. senior lien debt service coverage, fund deposits and withdrawals)
- Step 4. Allocate fixed charges (Storage, Customer Service and SRC) to member agencies based on specified allocation methodologies

Consistent with best management practices, the Water Authority retained Carollo to perform an independent Cost of Service Study to review the recommended CY 2022 rates and charges and ensure that they are set in compliance with California legal requirements, cost of service standards, and Water Authority Board policies. The draft Carollo report is provided as Attachment 2.

Description of Recommended Rates and Charges

Table 2 summarizes the Water Authority's recommended CY 2022 rates and charges. A description of the Water Authority's rates and charges is provided in subsequent sections. In addition to the Water Authority's rates and charges shown in Table 2, MWD's RTS and Capacity Charges are passed through to Water Authority member agencies.



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Table 2 – Summary of Water Authority Rates and Charges						
Water Authority Rates and Charges	CY 2020 Adopted	CY 2021 Adopted	CY 2022 Recommended			
Melded Supply Rate (\$/AF)	\$925	\$940	\$1,009			
Melded Treatment Rate (\$/AF)	\$280	\$295	\$310			
Transportation Rate (\$/AF)	\$132	\$150	\$173			
Untreated Transitional & Permanent Special	\$755	\$777	\$799			
Agricultural Water Rate (\$/AF) ¹						
Treated Transitional & Permanent Special	\$1,035	\$1,072	\$1,109			
Agricultural Water Rate (\$/AF) ¹						
Infrastructure Access Charge	\$3.66/ME ⁴	\$4.24/ME ⁴	\$4.24/ME ⁴			
Customer Service Charge	\$25,600,000	\$25,600,000	\$25,600,000			
Storage Charge	\$65,000,000	\$60,000,000	\$60,000,000			
Supply Reliability Charge	\$37,430,000	\$38,840,000	\$39,340,000			
Standby Availability Charge per parcel or	\$10	\$10	\$10			
acre, whichever is greater ²						
System Capacity Charge	\$5,301/ME	\$5,312/ME	\$5,328/ME			
Treatment Capacity Charge	\$147/ME ³	\$148/ME ³	\$149/ME ³			
Annexation Application Fee (Per Application)	\$10,749	\$10,771	\$10,801			

¹ TSAWR ended on December 31, 2020 and was immediately replaced by PSAWR

Table 3 summarizes MWD's rates and charges that the Water Authority passes through to its member agencies.

Table 3 – Summary of Water Authority Pass Through Rates and Charges						
MWD Rates and Charges CY 2020 CY 2021 CY 2022 Adopted Adopted Recommende						
Adopted	Adopted	Recommended				
\$842	\$819	\$841				
NA	NA	NA				
NA	NA	NA				
\$8,019,440	\$9,153,850	\$10,437,100				
\$12,909,485	\$11,739,042	\$10,553,506				
	CY 2020 Adopted \$842 NA NA \$8,019,440	CY 2020 CY 2021 Adopted Adopted \$842 \$819 NA NA NA NA \$8,019,440 \$9,153,850				

¹ Agencies exceeding their Tier 1 allocation are subject to the MWD Tier 2 Supply Rate.

² Fiscal Year Charge.

³ ME (meter equivalent) as defined in the resolution establishing the IAC.

² Discussions on the future of the replenishment program are continuing.

³ Fiscal Year Charge. Net of Stand-by-Charge and Admin Fee.

⁴ Readiness-to-Serve gross charge has changed from \$136M in '20, \$130M in '21, to \$140M in '22. SDCWA's share of that charge has decreased from 20% to 18% to 16%, and will continue to decrease following the development of QSA and desalination supplies.



Administrative and Finance Committee May 19, 2021 Page 6 of 11

The following rates and charges will be effective July 1, 2021:

Standby Availability Charge. The County Water Authority Act limits the maximum annual Standby Availability Charge to \$10 per acre or parcel, whichever is greater. Beginning before November 6, 1996, the Water Authority has determined that the maximum annual Standby Availability Charge should be levied on property within the Water Authority's service area. To provide necessary funding for the CIP, the General Manager recommends that the charge continue at the \$10 maximum for fiscal year 2021-2022. The recommended Standby Availability Charge rate would be effective July 1, 2021.

Annexation Application Fee. The Annexation Application Fee recovers the full administrative cost of service associated with an application for annexation and recovers the costs incurred throughout the annexation process. The updated Annexation Processing Fee of \$10,801 per application would be effective July 1, 2021.

The following rates and charges are being recommended effective on January 1, 2022:

Melded Untreated Supply Rate (exclusive of PSAWR deliveries). The Melded Untreated Supply Rate (Melded Supply Rate) will be set to recover the costs of purchasing Tier 1 water from MWD, water purchases from IID, payments in connection with the All-American and Coachella Canal lining projects, payments to MWD under the 2003 Exchange Agreement for conveyance of IID and Canal Lining water, desalinated water and the portion of the Water Authority's revenue requirement allocated to the supply rate. The revenue requirement may include other costs specifically associated with the acquisition of the IID supply source, cost recovery for supply costs previously incurred but not charged, reserve withdrawals/deposits and coverage requirements. Table 4 on the following page shows the calculation of the Melded Supply Rate.



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Table 4 – Untreated Melded Supply Rate Calculation

	CY 2022
Acre-Foot Sales (000's)	
MWD Tier I Deliveries	75.3
IID Deliveries	202.5
Canal Water Deliveries	78.7
Carlsbad Desalination Production	42.0
Less SAWR Sales	36.1
Total A/F Sales	359.7
Water Purchase Cost (in Millions)	
MWD Tier 1 Water Purchases*	\$60.2
IID Water Purchases	254.9
Canal Water Purchases	45.0
Desalinated Water Supply Costs	97.8
Less SAWR Expenditures	(28.9)
Subtotal Water Purchases	\$429.0
Additional Costs (in Millions)	
Supply Revenue Requirement	\$14.2
Additional Discretionary Pension Payment	0.0
Subtotal Other Costs	\$12.4
Offsetting Revenues (in Millions)	
Supply Reliability Charge Revenues	(\$39.3)
Use of Reserves	(\$40.9)
Total Net Supply Costs	\$363.0
A/F RATE (Total Net Supply Cost /Total AF Sales)	\$1,009/AF

^{*}Includes system losses due to meter inaccuracies of +/-0.5 percent.

Based upon these forecasted costs, the Melded Supply Rate would increase from its current level of

Permanent Special Agricultural Water Program Rates.

\$940/AF to \$1,009/AF in CY 2022.

The untreated PSAWR will be set to MWD's Tier 1 rate and increase from its current level of \$777/AF to \$799/AF in CY 2022. In addition, the treated PSAWR will increase from \$1,072/AF in CY 2021 to \$1,109/AF in CY 2022. The PSAWR program rates correspond to a lower level of water supply reliability for its participants.

Melded Treatment Rate. The Melded Treatment Rate will be set to recover the costs of treating water for the Water Authority and may include costs of purchasing treated water from MWD, the Levy and Olivenhain treatment plants, the Water Authority's Twin Oaks Valley Water Treatment Plant, desalinated water costs allocated to this rate and may recover certain other costs associated with the delivery of treated water. For CY 2022, the Melded Treatment Rate will increase from its current level of \$295/AF to \$310/AF. The Water Authority's proposed melded treatment rate



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represents a discount to MWDs' treatment surcharge of \$344/AF. Table 5 shows the calculation of the Melded Treatment Rate.

Table 5 – Melded Treatment Rate Calculation

	CY 2022
Acre-Foot Sales (A/F) (000's)*	
MWD	50.9
Water Authority	43.4
Helix	18.7
Carlsbad Desalination Production	42.0
TOTAL A/F SALES	155.0
Cost (in Millions)	
MWD	\$17.5
Water Authority	8.7
Helix	2.1
Treatment Revenue Requirement	6.7
Desalinated Water**	13.0
TOTAL TREATMENT COSTS	\$48.0
A/F RATE (Total Treatment Costs/Total A/F Sales)	\$310/AF
* Includes treated water deliveries intended for agriculture	

Includes treated water deliveries intended for agriculture **Based on recommended cost of treated water (42,000AF*\$310 = \$13.0M)

Transportation Rate. The Transportation rate is set to recover capital, operating, and maintenance costs of Water Authority-owned water delivery facilities, including facilities used to physically transport the water to member agency meters. The Transportation Rate is charged to each acre-foot of water delivered by the Authority as it occurs. For CY 2022, the Transportation Rate will increase from its current level of \$150/AF to \$173/AF. While the costs associated with transportation are largely fixed, higher rates are largely driven by a decrease in sales.

Infrastructure Access Charge. The infrastructure access charge is imposed on member agencies as a condition of maintaining connections to Water Authority facilities. It is apportioned based on water meters within each member agency. The infrastructure access charge just completed a two-year ramp up to meet existing Board policy, and will remain at \$4.24/ME.

Customer Service Charge. The Customer Service Charge is set to recover costs that are necessary to support the functioning of the Water Authority. The Customer Service Charge will be allocated among the member agencies on the basis of each agency's three-year rolling average of member agency supply purchases from the Water Authority. For CY 2022, the Customer Service Charge will remain at \$25.6M.

Storage Charge. The Storage Charge is set to recover costs associated with the Emergency Storage Program and the Carryover Storage Program. Because agricultural users that participate in the SAWR program agree to reduced or interrupted service during times of water emergencies, they will not receive benefit from the storage program; therefore, the Storage Charge is based on all non-SAWR water deliveries and will be allocated among the member agencies using a pro rata share of



Administrative and Finance Committee May 19, 2021 Page 9 of 11

each agency's three-year rolling average deliveries. For CY 2022, the Storage Charge remains at \$60.0M.

Supply Reliability Charge. The Supply Reliability Charge (SRC) is a fixed charge established in 2016 to recover a portion of the costs associated with the Water Authority's highly reliable water supplies, which includes desalinated and IID transfer waters. The charge is allocated to member agencies based upon their pro rata share of the Water Authority's 5-year rolling M&I deliveries. As a result of greater increases to MWD's exchange rate, the CY 2022 SRC will increase from its current level of \$38.8M to \$39.3M.

Water Authority Capacity Charges. Capacity charges are one-time fees charged to new system connections. The fee is set to recover the proportionate cost of the system necessary to serve that connection. The change reflects an increase of 0.28% in the Engineering News Record - Los Angeles Consumer Cost Index.

System Capacity Charge. This charge recovers a portion of the capital costs for the conveyance and storage facilities necessary to operate the delivery system. The current charge of \$5,312/ME for each new meter equivalent will be administratively adjusted to \$5,328/ME effective January 1, 2022.

Water Treatment Capacity Charge. This charge recovers a portion of the regional water treatment facility to be collected from all future users of the facility. In keeping with the Water Authority's policy of exempting agencies that cannot benefit from a service, the Water Treatment Capacity Charge excludes customers from the City of Del Mar, City of Escondido, and City of Poway. The current charge of \$148/ME for each new meter equivalent will be administratively adjusted to \$149/ME effective January 1, 2022.

Table 6 presents a summary of the CY 2022 Capacity Charge schedule that will be go in effect January 1, 2022.

Table 6 CY 2022 Water Authority Capacity Charges					
Meter Size (Inches) Factor		System Capacity Charge	Water Treatment Capacity Charge		
Under 1"	1	\$5,328	\$149		
1"	1.6	8,525	238		
1.5"	3	15,984	447		
2"	5.2	27,706	775		
3"	9.6	51,149	1,430		
4"	16.4	87,379	2,443		
6"	30	159,840	4,470		
8"	52	277,056	7,748		
10"	78	415,584	11,622		
12"	132	703,296	19,668		



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The following MWD rates and charges are passed on directly or allocated to the Water Authority's member agencies in the same manner as MWD applies them to the Water Authority. 1

MWD Capacity Charge. For CY 2022, the Capacity Charge is \$12,200 per cubic foot second (cfs) of maximum daily flow requested by a MWD member agency. The Capacity Charge is a fixed charge levied on an agency's maximum daily flows over the three previous fiscal years. It recovers the cost of providing peak capacity within the distribution system, and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. Daily flow measured between May 1 and September 30 for purposes of billing the Capacity Charge will include deliveries (except long-term seasonal storage deliveries) made by MWD to a member agency or member agency customer including water transfers, exchanges and agricultural deliveries. As part of a separate surface storage operating agreement to manage seasonal peaking, the Authority is expected to reserve its full available capacity. The Capacity Charge will be set at \$10,437,100. The Authority's Board has directed that the Capacity Charge will be recovered proportionally based on a five-year rolling average of member agency flows during coincident peak weeks.

Readiness-to-Serve Charge. MWD's Readiness-to-Serve Charge differs from the other MWD charges in that it is set on a Fiscal Year basis. The total Readiness-to-Serve Charge will increase from its current level of \$130 million to \$140 million. The Authority's share is set at \$22,818,107 for Fiscal Year 2021-2022. After credits from the MWD Standby Charge, and administrative costs, the net Water Authority share is \$10,553,506. MWD's Readiness-to-Serve Charge will recover costs associated with standby and peak conveyance capacity and system emergency storage capacity. The Readiness-to-Serve Charge will be allocated among MWD member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity). This allocation will be revised each year. Revenues equal to the amount of MWD Standby Charges will continue to be credited against the member agency's Readiness-to-Serve Charge obligation unless a change is requested by the member agency. The Board has directed that the Authority's Readiness-to-Serve Charge will be passed through proportionally to member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity).

Summary

Staff is seeking Board direction for which rate and charge increases should be considered at the Public Hearing on June 24, 2021.

David Gore, Senior Management Analyst Prepared by: Reviewed by: Pierce Rossum, Rate and Debt Manager

Lisa Marie Harris, Director of Finance/Treasurer

Approved by: Tish Berge, Assistant General Manager

¹ The Water Authority has challenged MWD's cost of service methodology associated with these charges.



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Attachments:

Attachment 1 - Resolution of the Board of Directors of the San Diego County Water Authority fixing the time and place for a public hearing to consider: (1) Changes to the rates and charges for delivery and supply of water; (2) Continuing the existing Standby Availability Charge; (3) and Changes to the system and treatment capacity charges

Attachment 2 - Carollo's draft Cost of Service Study for Calendar Year 2022 Rates and Charges



ORDINANCE NO. 2021-01

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY SETTING RATES AND CHARGES FOR THE DELIVERY AND SUPPLY OF WATER, USE OF FACILITIES, AND PROVISION OF SERVICES

WHEREAS, Subdivision (11) of Section 5 of the County Water Authority Act provides, in part that, the Authority's Board of Directors, "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs;" and

WHEREAS, Subdivision (13) of Section 5 of the County Water Authority Act provides that the Authority may: "Fix, revise, and collect rates or other charges for the delivery of water, use of any facilities or property, or provision of services. In fixing rates, the Board may establish reasonable classifications among different classes and conditions of service, but rates shall be the same for similar classes and conditions of service"; and

WHEREAS, Subdivision (j) of Section 7 of the County Water Authority Act provides in part, that the Authority's Board of Directors, "as far as practicable, shall fix such rate or rates for water as will result in revenues which will pay the operating expenses of the Authority, provide for required maintenance, and provide for the payment of the interest and principal of the bonded debt;" and

WHEREAS, the Long-Range Financing Plan adopted by the Board of Directors contemplates the establishment of sufficient rates and charges, when considered along with taxes and other revenues of the Authority, to provide revenues for accomplishment of the Authority's purposes and programs as determined by the Board of Directors; and

WHEREAS, pursuant to the County Water Authority Act, the Board of Directors has adopted ordinances and resolutions levying and fixing property taxes, water standby availability charges and other rates and charges for delivery and supply of water, use of facilities and provision of other services by the Authority, including, without limitation, a System Capacity Charge, water Treatment Capacity Charge, Annexation Application Fee, an Infrastructure Access Charge, a Readiness-to-Serve Charge and water rates and charges; and

WHEREAS, the Board of Directors, upon recommendation of the Rate Study Subcommittee and the Fiscal Policy Committee, enacted Ordinance 2002-03, "An Ordinance of the Board of Directors of the San Diego County Water Authority Setting Rates and Charges for the Delivery and Supply of Water, Use of Facilities and Provision of Services", which established a new structure for water rates and charges; and

WHEREAS, the rate structure is incorporated into the Water Authority's Administrative Code as section 5.00.050 of chapter 5.00; and

WHEREAS, the Board of Directors, on June 25, 2020, adopted Ordinance No. 2020-01 setting rates and charges currently in effect; and

WHEREAS, since 2002, the Water Authority board of directors has regularly reviewed its budget, fiscal policies, revenue requirements, cost allocations, rates, and charges, and has adopted



ordinances and resolutions establishing appropriate rates and charges for delivery and supply of water, use of facilities, and provision of services; and

WHEREAS, the adoption of this ordinance is exempt from CEQA as provided by statute under Public Resources Code §21080(b)(8) because it involves the establishment of water rates, tolls, fares, or other charges for the purpose of meeting operating expenses, including employee wages and benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; or obtaining funds for capital projects within existing service areas. The General Manager is, therefore, authorized to file a Notice of Exemption pursuant to Public Resources Code §21152(b) and §15061(d) of the State CEQA Guidelines (Title 14, Chapter 3, California Code of Regulations).

WHEREAS, the Finance Department has presented reports dated May 27, 2021 and June 24, 2021 to the Administrative and Finance Committee (the "Reports") along with a Cost of Service Rate Study Report dated June 2021 by Carollo Engineers (the "Study") describing the proposed rates and charges to be collected from the member agencies; and

WHEREAS, on June 24, 2021 a duly noticed public hearing was held by the Administrative and Finance Committee which thereafter recommended the adjustments to the Water Authority's rates and charges as set forth in this ordinance; and

WHEREAS, the Board has considered the recommendations of the Administrative and Finance Committee and is fully informed; and

WHEREAS, the Board of Directors has considered its budget, fiscal policies, and prior rate setting actions, the information contained in the Report and the Study, the testimony and other evidence presented during the public hearing, and the recommendations of the Administrative and Finance Committee; and

WHEREAS, the Board of Directors hereby makes the following legislative findings and determinations:

- 1. The foregoing recitals are true and correct;
- 2. The rates and charges as proposed and recommended in the Reports are exempt from the requirements of the California Environmental Quality Act pursuant to Public Resources Code Section 21080(b)(8);
- 3. Any and all protests, if any, to the rates and charges as proposed and recommended in the Reports are overruled;
- 4. The Reports and Study are approved;
- 5. The rates and charges as proposed and recommended in the Report and Study are reasonably expected to generate revenues that meet, but do not exceed, the Authority's revenue requirements to fund its capital, operation, maintenance, and other costs, and the allocation of those costs to the member agencies and others through the rates and charges are reasonable, fair, and proper.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority does ordain as follows:



- 1. The Authority's revenues from taxes, water rates and charges consists of: ad valorem property taxes, including payments of member agencies in lieu of taxes; a standby availability charge levied pursuant to Section 5.2 of the County Water Authority Act, including payments of such charges pursuant to Section 5.3 of the County Water Authority Act; an infrastructure access charge levied pursuant to Section 5.00.050 (c) of the Administrative Code; a System Capacity Charge and a water Treatment Capacity Charge levied pursuant to Section 5.9 of the County Water Authority Act and Ordinance No. 2021- ; and water rates and charges having the following components as described in this ordinance: Customer Service, Storage, Transportation, Treatment and Supply.
- 2. Ad valorem taxes, the standby availability charge and the system and water treatment capacity charges are not affected by this ordinance. All other water rates and charges shall continue to be paid pursuant to existing authority until increased or adjusted as provided in this ordinance.



3. Commencing January 1, 2022, the amount of the Infrastructure Access Charge to be paid monthly by each member agency of the Authority, shall be \$4.24 per equivalent meter within the territory of the member agency and determined according to Table 1 below.

Table 1 - 2022 Infrastructure Access Charge Allocation						
Member Agency	IAC Equivalent Meters (ME) as of 12/31/20 ¹	Meters (ME) as of Pate (\$/ME)		Monthly Charge		
Carlsbad M.W.D.	36,577	\$ 4.24	\$1,861,044	\$155,087		
Del Mar, City of	2,506	4.24	\$127,512	\$10,626		
Escondido, City of	35,618	4.24	\$1,812,252	\$151,021		
Fallbrook P.U.D.	11,887	4.24	\$604,812	\$50,401		
Helix W.D.	65,537	4.24	\$3,334,524	\$277,877		
Lakeside W.D.	8,199	4.24	\$417,168	\$34,764		
Oceanside, City of	58,289	4.24	\$2,965,752	\$247,146		
Olivenhain M.W.D.	28,376	4.24	\$1,443,780	\$120,315		
Otay W.D.	60,715	4.24	\$3,089,184	\$257,432		
Padre Dam M.W.D.	27,048	4.24	\$1,376,208	\$114,684		
Pendleton Military Reservation	-	4.24	\$-	\$-		
Poway, City of	17,076	4.24	\$868,836	\$72,403		
Rainbow M.W.D.	14,864	4.24	\$756,288	\$63,024		
Ramona M.W.D.	10,328	4.24	\$525,492	\$43,791		
Rincon Del Diablo M.W.D.	10,418	4.24	\$530,076	\$44,173		
San Diego, City of	395,266	4.24	\$20,111,136	\$1,675,928		
San Dieguito W.D.	15,371	4.24	\$782,088	\$65,174		
Santa Fe I.D.	10,560	4.24	\$537,300	\$44,775		
Sweetwater Authority	43,303	4.24	\$2,203,260	\$183,605		
Vallecitos W.D.	27,461	4.24	\$1,397,220	\$116,435		
Valley Center M.W.D.	14,690	4.24	\$747,432	\$62,286		
Vista I.D.	36,047	4.24	\$1,834,080	\$152,840		
Yuima M.W.D.	596	4.24	\$30,336	\$2,528		
Totals	930,732		\$47,355,780	\$3,946,315		
¹ Equivalent meters rounded to neare	st whole meter; annual a	and monthly charg	es rounded to nea	rest dollar.		



4. Effective January 1, 2022, the Customer Service Charge is fixed at \$25,600,000. Commencing January 1, 2022, the amount of the monthly Customer Service Charge to be paid by each member agency shall be determined according to Table 2 below.

Table 2 - Customer Service Charge Allocation						
Member Agency	3-Year Average Deliveries (AF) ¹	CY22 Annual Charge	Monthly Charge			
Carlsbad M.W.D.	12,517	\$821,247	\$68,438			
Del Mar, City of	998	\$65,456	\$5,455			
Escondido, City of	16,466	\$1,080,318	\$90,027			
Fallbrook P.U.D.	8,562	\$561,773	\$46,815			
Helix W.D.	23,747	\$1,558,021	\$129,836			
Lakeside W.D.	2,786	\$182,780	\$15,232			
Oceanside, City of	20,752	\$1,361,494	\$113,458			
Olivenhain M.W.D.	17,813	\$1,168,693	\$97,392			
Otay W.D.	28,444	\$1,866,169	\$155,515			
Padre Dam M.W.D.	9,740	\$638,999	\$53,250			
Pendleton Military Reservation	72	\$4,711	\$393			
Poway, City of	9,290	\$609,483	\$50,791			
Rainbow M.W.D.	16,120	\$1,057,623	\$88,136			
Ramona M.W.D.	4,739	\$310,943	\$25,912			
Rincon Del Diablo M.W.D.	5,015	\$329,040	\$27,421			
San Diego, City of	153,325	\$10,059,481	\$838,291			
San Dieguito W.D.	3,065	\$201,078	\$16,757			
Santa Fe I.D.	5,960	\$391,016	\$32,585			
Sweetwater Authority	2,433	\$159,646	\$13,304			
Vallecitos W.D.	11,420	\$749,248	\$62,438			
Valley Center M.W.D.	18,792	\$1,232,931	\$102,745			
Vista I.D.	12,860	\$843,729	\$70,311			
Yuima M.W.D.	5,162	\$338,687	\$28,224			
Contract Water	<u>113</u>	<u>\$7,433</u>	<u>\$620</u>			
Totals	390,190	\$25,600,000	\$2,133,348			

¹Three-year rolling average of M&I, SAWR and agricultural MWD deliveries (excludes wheeled water) based on FY18-FY20 period. Rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.



Effective January 1, 2022, the Storage Charge is fixed at \$60,000,000. Commencing January 1, 2022 the amount of the monthly Storage Charge to be paid by each member agency shall be determined according to Table 3 below.

Table 3 - 2022 Storage Charge Allocation						
Member Agency	3-Year Average CY: Deliveries (AF) ¹		Monthly Charge			
Carlsbad M.W.D.	12,517	\$2,073,271	\$172,773			
Del Mar, City of	998	\$165,246	\$13,771			
Escondido, City of	15,225	\$2,521,798	\$210,150			
Fallbrook P.U.D.	6,355	\$1,052,561	\$87,714			
Helix W.D.	23,747	\$3,933,284	\$327,774			
Lakeside W.D.	2,786	\$461,435	\$38,453			
Oceanside, City of	20,506	\$3,396,453	\$283,038			
Olivenhain M.W.D.	17,723	\$2,935,570	\$244,631			
Otay W.D.	28,444	\$4,711,216	\$392,602			
Padre Dam M.W.D.	9,622	\$1,593,787	\$132,816			
Pendleton Military Reservation	72	\$11,892	\$992			
Poway, City of	9,256	\$1,533,121	\$127,761			
Rainbow M.W.D.	9,423	\$1,560,771	\$130,065			
Ramona M.W.D.	3,965	\$656,810	\$54,735			
Rincon Del Diablo M.W.D.	5,008	\$829,542	\$69,129			
San Diego, City of	153,202	\$25,375,181	\$2,114,599			
San Dieguito W.D.	3,065	\$507,630	\$42,303			
Santa Fe I.D.	5,960	\$987,136	\$82,262			
Sweetwater Authority	2,433	\$403,033	\$33,587			
Vallecitos W.D.	10,739	\$1,778,721	\$148,227			
Valley Center M.W.D.	7,068	\$1,170,684	\$97,558			
Vista I.D.	12,825	\$2,124,313	\$177,027			
Yuima M.W.D.	1,307	\$216,542	\$18,046			
Totals	362,248	\$60,000,000	\$ 5,000,013			

¹Three-year rolling average of firm, non-agricultural MWD deliveries based on FY16-FY18 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.



6. Effective January 1, 2022, the Supply Reliability Charge is fixed at \$39,340,000. Commencing January 1, 2022 the amount of the monthly Supply Reliability Charge to be paid by each member agency shall be determined according to Table 4 below.

Table 4 - Supply Reliability Charge					
Member Agency	5-Year Average Deliveries (AF) ¹	CY22 Annual Charge	Monthly Charge		
Carlsbad M.W.D.	12,649	\$1,352,453	\$112,705		
Del Mar, City of	966	\$103,300	\$8,609		
Escondido, City of	14,832	\$1,585,836	\$132,154		
Fallbrook P.U.D.	6,184	\$661,244	\$55,104		
Helix W.D.	24,261	\$2,594,004	\$216,168		
Lakeside W.D.	2,666	\$285,056	\$23,755		
Oceanside, City of	20,357	\$2,176,618	\$181,385		
Olivenhain M.W.D.	17,298	\$1,849,508	\$154,126		
Otay W.D.	27,567	\$2,947,453	\$245,622		
Padre Dam M.W.D.	9,291	\$993,415	\$82,785		
Pendleton Military Reservation	66	\$7,010	\$585		
Poway, City of	8,854	\$946,640	\$78,887		
Rainbow M.W.D.	9,358	\$1,000,506	\$83,376		
Ramona M.W.D.	3,882	\$415,088	\$34,591		
Rincon Del Diablo M.W.D.	4,938	\$527,970	\$43,998		
San Diego, City of	155,352	\$16,610,240	\$1,384,187		
San Dieguito W.D.	3,403	\$363,892	\$30,325		
Santa Fe I.D.	6,284	\$671,914	\$55,993		
Sweetwater Authority	6,770	\$723,882	\$60,324		
Vallecitos W.D.	10,912	\$1,166,698	\$97,225		
Valley Center M.W.D.	7,073	\$756,198	\$63,017		
Vista I.D.	13,786	\$1,474,004	\$122,834		
Yuima M.W.D.	1,078	\$115,256	\$9,605		
Contract Water - South Coast	111	\$11,817	\$985		
Totals	367,938	\$39,340,000	\$3,278,345		

1 Five-year rolling average of firm, non-agricultural MWD deliveries based on FY16-FY20 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

- Effective January 1, 2022, the Transportation Rate is fixed at \$173 per acre-foot of water delivered by the Authority through Authority facilities. Member agencies shall pay the Transportation Rate for deliveries of Water Authority supplies in accordance with the procedures and processes of the Administrative Code relating to billing and payment of the Municipal and Industrial Water Rate. Payment of the Transportation Rate in connection with the wheeling of third-party water (non-Water Authority supplies) will be determined by an agreement approved by the Board of Directors. Wheeling of third-party water is also subject to a separate administration fee as stated in the agreement.
- 8. Effective January 1, 2022, the Melded Treatment Rate is fixed at \$310 per acrefoot.



(a) Each member agency shall reimburse the Authority on a per-acre foot of water delivered basis, except as otherwise provided in subdivisions (b) and (c), for rates, fees and charges of the Metropolitan Water District of Southern California, the Imperial Irrigation District, or other sources of supply that may become available to the Authority (collectively the Supply Charges). It is the intent of the Authority to charge the melded rate for supply representing the cost of water to the Authority for the appropriate class of service. Effective January 1, 2022, the Melded Untreated Supply Rate (Melded Supply Rate) is \$1,009 per acrefoot to reflect the cost of the supply of untreated municipal and industrial water to the Water Authority.



(b) Effective January 1, 2022 as part of the Supply Charges, each member agency shall pay to the Authority a MWD Capacity Charge determined according to the method set forth in Table 5 below.

Table 5 - Calendar Year 2022 MWD Capacity Charge Allocation (Capacity Charge)

Tubic 5	carcinaai	rear zozi		apacity Ci	idige Allo	cation (C	capacity C	ilai ge j
	C	oincident Pe	eak Week Do	eliveries (AF)1	5-year		
						average	CY2022 -	CY2022 -
	7/25/16	7/17/17	8/25/18	9/09/19	8/24/20	share ²	Monthly	Annual
Carlsbad M.W.D.	316.1	361.5	348.2	337.9	227.7	2.82%	\$24,488	\$293,849
Del Mar, City of	27.7	25.3	29.4	26.1	29.5	0.24%	\$2,123	\$25,467
Escondido, City of	381.2	334.4	530.2	317.6	546.0	3.73%	\$32,458	\$389,488
Fallbrook P.U.D.	299.7	366.0	236.8	302.2	267.0	2.60%	\$22,647	\$271,754
Helix W.D.	540.5	435.8	1,015.2	622.1	554.8	5.61%	\$48,752	\$585,020
Lakeside	114.7	137.9	151.9	140.3	195.7	1.31%	\$11,395	\$136,740
Oceanside, City of	544.7	538.4	547.9	680.4	554.1	5.07%	\$44,091	\$529,091
Olivenhain	463.7	437.4	513.9	471.9	504.0	4.23%	\$36,788	\$441,451
Otay W.D.	796.8	834.9	912.1	900.9	1,122.3	8.08%	\$70,272	\$843,261
Padre Dam	281.7	314.2	349.7	341.7	495.1	3.15%	\$27,427	\$329,122
Pendleton Military								
Reserve	2.2	1.8	0.7	1.0	0.8	0.01%	\$101	\$1,200
Poway, City of	243.7	182.5	208.2	388.9	341.0	2.41%	\$20,992	\$251,897
Rainbow M.W.D.	640.9	410.8	627.1	559.8	355.5	4.59%	\$39,916	\$478,981
Ramona M.W.D.	162.0	101.9	183.3	96.1	105.9	1.15%	\$9,989	\$119,859
Rincon Del Diablo	136.6	133.4	146.5	130.6	131.4	1.20%	\$10,440	\$125,270
San Diego, City of	4,365.8	3,647.2	4,467.5	4,200.2	3,603.5	35.89%	\$312,114	\$3,745,357
San Dieguito W.D.	128.6	54.3	117.7	70.6	101.1	0.84%	\$7,268	\$87,211
Santa Fe I.D.	270.6	153.8	250.2	160.0	196.5	1.82%	\$15,867	\$190,395
Sweetwater								
Authority	313.6	118.3	282.5	85.6	201.6	1.77%	\$15,413	\$184,946
Vallecitos W.D.	298.8	338.2	340.8	317.2	311.3	2.84%	\$24,718	\$296,605
Valley Center							4.0.00	4=====
M.W.D.	697.3	600.4	696.7	603.1	579.5	5.62%	\$48,885	\$586,611
Vista I.D.	336.8	412.4	422.1	252.2	470.3	3.35%	\$29,141	\$349,692
Yuima M.W.D.	186.8	171.2	216.6	178.9	187.9	1.67%	\$14,487	\$173,833
Total MWD	11 550 5	10 112 0	12 505 2	11 105 3	11 002 7	1000/	¢000 773	ć10 427 100
Capacity Charge	11,550.5	10,112.0	12,595.2	11,185.2	11,082.7	100%	\$869,772	\$10,437,100

¹Five-year rolling average of firm, non-agricultural MWD peak deliveries based on FY16-FY20 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Percentages shown are rounded. Totals may not foot.



(c) Effective July 1, 2021 as part of the Supply Charges, each member agency shall pay a MWD Readiness-to-Serve Charge determined according to Table 6 below.

Table 6 - Readiness-to-Serve Charge Allocation

	10-yr avg deliveries (AF)¹	10-yr avg deliveries¹	FY22 RTS Charge	Net Stand-By Charge Credits ²	FY '22 RTS Net Charge	FY '22 - Monthly
Carlsbad M.W.D.	14,655	3.42%	781,341	\$(383,513)	\$397,828	\$33,153
Del Mar, City of	1,020	0.24%	54,358	\$(23,887)	\$30,470	\$2,540
Escondido, City of	17,620	4.12%	939,410	\$(222,117)	\$717,293	\$59,775
Fallbrook P.U.D.	10,022	2.34%	534,349	\$(273,360)	\$260,989	\$21,750
Helix W.D.	25,744	6.02%	1,372,540	\$(751,564)	\$620,975	\$51,748
Lakeside W.D. ³	3,025	0.71%	161,257	\$(156,148)	\$5,108	\$426
Oceanside, City of	22,050	5.15%	1,175,540	\$(650,627)	\$524,993	\$43,750
Olivenhain M.W.D.	18,687	4.37%	996,291	\$(380,926)	\$615,366	\$51,281
Otay W.D.	29,383	6.87%	1,566,567	\$(913,200)	\$653,367	\$54,448
Padre			_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	+ (0 = 0, = 0 0)	700,00	70.,
Dam M.W.D. ³	10,291	2.40%	548,691	\$(506,384)	\$42,306	\$3,526
Pendleton Military						
Reserve	58	0.01%	3,094	\$(37)	\$3,057	\$255
Poway, City of	10,225	2.39%	545,130	\$(269,868)	\$275,262	\$22,939
Rainbow M.W.D.	17,903	4.18%	954,523	\$(514,669)	\$439,855	\$36,655
Ramona M.W.D.	5,124	1.20%	273,192	\$(381,139)	\$(107,947)	\$(8,995)
Rincon Del						
Diablo M.W.D.	5,536	1.29%	295,141	\$(300,141)	\$(5,001)	\$(416)
San Diego, City of	165,576	38.69%	8,827,762	\$(4,265,908)	\$4,561,854	\$380,155
San Dieguito W.D.	3,532	0.83%	188,324	\$(161,055)	\$27,269	\$2,273
Santa Fe I.D.	6,775	1.58%	361,186	\$(145,887)	\$215,299	\$17,942
Sweetwater						
Authority	7,618	1.78%	406,163	\$(411,976)	\$(5,814)	\$(484)
Vallecitos W.D.	13,919	3.25%	742,084	\$(420,079)	\$322,004	\$26,834
Valley	24.460	4.040/	4 420 476	¢(525,700)	Ć504 466	644.700
Center M.W.D.	21,160	4.94%	1,128,176	\$(626,709)	\$501,466	\$41,789
Vista I.D.	14,427	3.37%	769,160	\$(402,323)	\$366,837	\$30,570
Yuima M.W.D.	3,339	0.78%	177,996	\$(103,101)	\$74,895	\$6,242
Contract Water	295	0.07%	15,771	\$-	\$15,771	\$1,315
Total MWD RTS	427.003	4000/	22.040.46=	A442 254 5551	640 550 500	4070 474
Charge	427,983	100%	22,818,107	\$(12,264,601)	\$10,553,506	\$879,471

¹10-year rolling average of firm MWD deliveries based on FY11-FY20 period and rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Net of \$12,803,655 in stand-by charge credits, \$511,915 in uncollectable stand-by charge credits, and \$27,139 in administration fees

³ W.D.'s deliveries are metered separately from Padre Dam M.W.D's deliveries. Lakeside W.D. is allocated 23.87% of Padre Dam's M.W.D.'s stand-by charge credits based upon parcel count.



- (d) This section shall be administered in accordance with the Report approved by this ordinance.
- 10. The Permanent Special Agricultural Water Rate Program replaced the TSAWR program on January 1, 2021. The untreated PSAWR will be set to MWD's Tier 1 rate and increase to \$799/AF on January 1, 2022. The treated PSAWR will increase to \$1,109/AF on January 1, 2022.
- 11. Effective July 1, 2021, the Annexation Application Fee will be set at \$10,801 per application.
- 12. For the purposes of this ordinance, including the tables, the City of National City and the South Bay Irrigation District are collectively referred to as Sweetwater Authority. Any reference in this ordinance to Sweetwater Authority as a member agency shall be construed as a reference to the City of National City and the South Bay Irrigation District.
- This ordinance shall be effective upon adoption. In lieu of publication of the text of this ordinance, the Clerk of the Board may publish a summary prepared by the General Counsel.
- The provisions of this ordinance shall prevail over any provisions of the Administrative Code relating to rates and charges to the extent of any conflict. All existing rates and charges shall continue in effect until adjusted as provided in this ordinance.
- To the greatest extent possible the provisions of this ordinance shall be construed to be compatible with the provisions of Section 8.2 (e) of the Agreement Between the San Diego County Water Authority and the City of San Diego for the Emergency Storage Project (Joint Use of Lake Hodges Dam and Reservoir) and of Section 8.2 (e) of the Agreement Between the San Diego County Water Authority and the City of San Diego for the Emergency Storage Project (Expansion of San Vicente Reservoir; however, the contract provisions shall control in the event of a conflict).
- 16. For the purposes of Section 7 of this ordinance, water delivered by the Authority through the following turnouts is deemed not to be "water delivered by the Authority through Authority facilities" - DeLuz 1, Fallbrook 3, Fallbrook 6, Rainbow 1, Rainbow 8, Rainbow 9 and Rainbow 10.



PASSED, APPROVED AND ADOPTED, this 24th day of June, 2021 by the following

vote:

AYES: Unless noted below all Directors voted aye.

NOES: Bebee, Cate, Kennedy, and Scalzitti.

ABSTAIN: None.

ABSENT: Katz, Simpson, and Thorner (P).

ATTEST:

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance 2021- 01 was duly adopted at the meeting of the Board of Directors on the date stated above.

> Melinda Nelson Clerk of the Board



RESOLUTION NO. 2021-18

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY CONTINUING THE WATER STANDBY AVAILABILITY CHARGE

The Board of Directors of the San Diego County Water Authority resolves as follows:

Pursuant to Government Code Section 54984.7 the Water Standby Availability Charge shall continue to be levied, imposed and administered as provided in Ordinance No. 2008-04 and Ordinance No. 2013-04 in Fiscal Year 2021-2022 and each successive year thereafter.

PASSED, APPROVED AND ADOPTED, this 24th day of June 2021 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES: Bebee, Cate, Kennedy, and Scalzitti.

ABSTAIN: None.

Katz, Simpson, and Thorner (P) ABSENT:

ATTEST:

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2021- 18 was duly adopted at the meeting of the Board of Directors on the date stated above.

Clerk of the Board



ORDINANCE NO. 2021-02

AN ORDINANCE OF SAN DIEGO COUNTY WATER AUTHORITY AMENDING AND RESTATING THE SYSTEM CAPACITY AND WATER TREATMENT CAPACITY CHARGES IMPOSED BY THE WATER AUTHORITY PURSUANT TO SECTION 5.9 OF THE **COUNTY WATER AUTHORITY ACT**

WHEREAS, pursuant to Section 5.9 of the County Water Authority Act, the San Diego County Water Authority ("Water Authority") may fix and impose Capacity Charges upon the ultimate users of water delivered by the Water Authority to its member agencies and to require its member agencies to collect the charges on behalf of the Water Authority; and

WHEREAS, the Water Authority initially adopted a capacity charge in 1990 and thereafter has continuously imposed a capacity charge through the adoption and amendment of various ordinances; and

WHEREAS, the Water Authority's capacity charges are nondiscriminatory and imposed in accordance with applicable law as demonstrated by the various studies, reports, budgets, and apportionment methodologies upon which they are and have been based; and

WHEREAS, the Water Authority Board of Directors has previously adopted Ordinances No. 97-1, 99-2, 2000-1, 2000-3, 2001-03, 2002-05, 2005-03, 2008-01, 2013-03, 2014-03, 2017-02, 2018-04, 2019-03 and 2020-02 the operative requirements of which, subject to adjustments in the amount of the capacity charges imposed, are amended and restated in this ordinance; and

WHEREAS, at least fifteen (15) days prior to the meeting at which the System and Water Treatment Capacity Charges were levied, the Water Authority made available to the public data indicating the amount of cost, or estimated cost, required to provide the services for which the charges are to be levied and the revenue sources anticipated to provide such services, including general fund revenues; and

WHEREAS, the Water Authority has determined that imposition of the revised System and Water Treatment Capacity Charges recommended by the Fixed Revenue Study is exempt from CEQA under Section 15378(b)(4) of the State CEQA Guidelines regarding the creation of government funding mechanisms that do not involve any commitment to any specific project that may have potentially significant physical impacts on the environment. Any project funded by this charge either has or will have appropriate CEQA documentation completed prior to any activities that could result in physical impacts on the environment.

WHEREAS, pursuant to Resolution No. 2021-14 a duly noticed public hearing was held by the Administrative and Finance Committee which thereafter recommended the

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adjustments to the System Capacity Charge and Water Treatment Capacity Charge as set forth in this ordinance; and

WHEREAS, the Board has considered the recommendations of the Administrative and Finance Committee and is fully informed: and

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority does ordain as follows:

Section 1. Capacity charges imposed on ultimate users of water.

- A System Capacity Charge in the amount specified in section 2 is imposed (a) on each person, corporation, partnership, public agency, entity, or other ultimate user of water within the territory of the Water Authority for the establishment of a new metered connection or the increase in capacity of an existing metered connection, except as provided in subdivision (d).
- A Water Treatment Capacity Charge in the amount specified in section 3 is imposed on each person, corporation, partnership, public agency, entity, or other ultimate user of water within the territory of the Water Authority for the establishment of a new metered connection or the increase in capacity of an existing metered connection within a member agency having an existing or planned connection to the Water Authority's treated water system, except as provided in subdivision (d).
- "Establishment of a new metered connection" includes any act that results in, or is intended to result in the delivery of water to property through a water meter, including, without limitation receipt of a meter from a member agency or the installation of one or more water meters.
- (d) The following are exempt from the capacity charges imposed by this section:
- Sub-meters receiving service through a water meter for which a capacity charge is or has been imposed;
- Water meters permanently connected to a reclaimed water system and measuring reclaimed water only;
- Water meters used to measure water provided solely through a separately metered fire suppression system;
- (4) Water meters obtained for temporary service in connection with construction, preliminary land development, landscape installation and interim maintenance in connection with land development or habitat restoration, or similar temporary activities, and the member agency does not impose a capacity or connection



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charge for the temporary service meter in accordance with its standard practices and procedures;

- Reinstallation or unlocking of a water meter for which a capacity charge was previously paid or that was installed before October 1, 1990, where the reinstallation or unlocking is required to restore service following a temporary disconnection or disruption of service;
- Replacement of a meter with one of the same or smaller size, provided, however, that no refund or credit for any capacity charge previously paid will be made for the installation of a smaller meter.

Section 2. **Amount of System Capacity Charge.**

(a) Effective January 1, 2022 amount of the System Capacity Charge will be determined according to the following schedule:

Meter Size (Inches)	Factor	System Capacity Charge (\$)
Under 1"	1	5,328
1"	1.6	8,525
1.5"	3	15,984
2"	5.2	27,706
3"	9.6	51,149
4"	16.4	87,379
6"	30	159,840
8"	52	277,056
10"	78	415,584
12"	132	703,296

The Director of Finance may adjust the schedule established by this section as of January 1, 2022, and as of each January 1 thereafter, based on the annual percentage change in the Engineering News-Record Construction Cost Index for Los Angeles, California (ENR-CCI LA) for the calendar year immediately preceding the adjustment.



Section 3. **Amount of Water Treatment Capacity Charge.**

Effective January 1, 2022 the amount of the Water Treatment Capacity (a) Charge will be determined according to the following schedule:

Meter Size (Inches)	Factor	Water Treatment Capacity Charge (\$)
Under 1"	1	149
1"	1.6	238
1.5"	3	447
2"	5.2	775
3"	9.6	1,430
4"	16.4	2,443
6"	30	4,470
8"	52	7,748
10"	78	11,622
12"	132	19,668

The Director of Finance may adjust the schedule established by this section as of January 1, 2022, and as of each January 1 thereafter, based on the annual percentage change in the Engineering News-Record Construction Cost Index for Los Angeles, California (ENR-CCI LA) for the calendar year immediately preceding the adjustment.

Section 4. **Collection of Charges.**

- Each Water Authority member agency is required to collect on behalf of the Water Authority the capacity charges imposed by Section 1, in the amounts determined according to Sections 2 and 3, and to pay to Water Authority, at least quarterly, on or before the 30th day of the months of January, April, July, and October of each year, the total amount of the capacity charges collected during the prior three calendar months. At the time of each payment, the member agency must report to the Water Authority the number and size of all meters supplied to water users within the territory of the member agency during the prior three calendar months, including meters for which a capacity charge is imposed and meters exempt from a capacity charge. A member agency is liable to the Water Authority for the full amount of any capacity charge for which the member agency provides a water meter to an ultimate user without having collected a required capacity charge.
- Water will be provided to an ultimate user of water within the territory of the Water Authority only through a metered connection. A Water Authority member agency shall not provide a water meter to an ultimate user of water within the territory of the Water Authority unless the user has paid the capacity charges imposed by the Water Authority.
- The size of the meter necessary or appropriate to serve an ultimate user of (c) water will be determined by the member agency.

- (d) When a water meter for a single-family residential property is required to provide standby capacity for a fire sprinkler system, the capacity charge may be determined according to the size of the meter necessary to meet the water use requirements for the property, as determined according to the rules of the member agency providing the meter, without consideration of additional size necessary to provide the standby capacity. Standby capacity for a fire sprinkler system is required when (1) the fire sprinkler system is required by law, including any requirement imposed by statute, ordinance, or as a condition of development, permit, or occupancy, and (2) the fire chief, fire marshal, or building official of the city, county, or special district responsible for fire protection service to the property has provided a written statement verifying the requirement for additional meter size. The determination under this subdivision will be made at the time of installation of the meter, including installation to replace a meter with one of greater size because of the later installation of a fire protection system. This subdivision does not apply to any meters greater than one inch in size.
- (e) If a single meter is exchanged for more than one smaller meter to serve property that has been subdivided or otherwise developed, the capacity charges shall be determined based on the difference between the cumulative capacity charges for all the smaller meters according to the schedules set forth in sections 2 and 3 and the capacity charges for the exchanged single meter according to sections 2 and 3, regardless of the capacity charge, if any, in effect when the exchanged meter was first obtained; provided, however, that no credit or refund will be made if the cumulative capacity charges for the small meters is less than the capacity charges for the exchanged meter.
- No capacity charge will be collected for installation of a new water meter on a previous service connection for a parcel within the territory of the Water Authority if the member agency determines all of the following to exist: the parcel is receiving water from the member agency through a lawful connection; the new meter will not result in a material change in land use; the new meter will not result in a material increase in water use; and the member agency will not impose for its own account a capacity or connection charge for the new meter.
- Any interest earned by a member agency on capacity charges collected and (g) held before payment to the Water Authority pursuant to subdivision (a) may be retained by the member agency as reimbursement for any costs incurred in collecting and remitting capacity charges for the Water Authority.
- In lieu of retaining interest, a member agency may apply for reimbursement of costs it reasonably incurs in collecting the Water Authority's capacity charges. If a member agency intends to apply for reimbursement, it must remit the interest earned on capacity charges collected and held on behalf of the Water Authority at the time it makes its quarterly payments. The application for reimbursement shall be filed annually on or before September 1. The application may be in the form established by the Finance Director and must itemize the costs incurred and shall include supporting documentation and explanation to reasonably verify the amounts sought. The Finance Director may request supplemental information. After review and approval of the application and any supplemental



information, the Finance Director is authorized to reimburse a member agency in the amount of the reasonable costs incurred as determined by the Finance Director.

- Any member agency that wholesales or otherwise supplies water obtained from the Water Authority to another public agency, private water company, or mutual water company (each referred to as a "sub-agency") shall, as a condition of service, require the sub-agency to collect from each ultimate water user within the sub-agency a capacity charge pursuant to this ordinance. The sub-agency, at its option, may remit the charges at least quarterly, on or before the 10th day of the months of January, April, July, and October of each year, or it may remit the charges to its supplying member agency, which shall then remit the charges to the Water Authority as provided in subdivision (a). At the time of each payment to either the Water Authority or the supplying member agency, the sub-agency must report the number and size of all meters supplied to water users within the territory of the member agency during the period for which the payment is made, including meters for which a capacity charge is imposed and meters exempt from a capacity charge. Any interest earned by a sub-agency on capacity charges collected and held before payment to the Water Authority pursuant may be retained by the sub-agency as reimbursement for any costs incurred in collecting and remitting capacity charges for the Water Authority. In lieu of retaining interest, a sub-agency may apply for reimbursement of costs it reasonably incurs in collecting the Water Authority's capacity charges. If a sub-agency intends to apply for reimbursement, it must remit the interest earned on capacity charges collected and held on behalf of the Water Authority at the time it makes its quarterly payments. The application for reimbursement shall be filed annually on or before September 1. The application may be in the form established by the Finance Director and must itemize the costs incurred and shall include supporting documentation and explanation to reasonably verify the amounts sought. The Finance Director may request supplemental information. After review and approval of the application and any supplemental information, the Finance Director is authorized to reimburse a sub-agency in the amount of the reasonable costs incurred as determined by the Finance Director. If a sub-agency remits capacity charges through its supplying member agency, the sub-agency shall pay any administrative costs imposed by the member agency without reimbursement by the Water Authority. A member agency is liable to the Water Authority for an amount equal to any capacity charges for which its sub-agency fails to collect or pay under this subdivision.
- Notwithstanding anything in this section to the contrary, the Water Authority may, pursuant to a written agreement with a member agency or a member agency's subagency, collect capacity charges directly from each ultimate user of water for the installation of a water meter. The written agreement must provide that the member agency or subagency will not provide or authorize the installation of a water meter within the territory of the Water Authority until the Water Authority provides written documentation of compliance with the requirements of this ordinance.

Section 5. **Application of Government Code Section 54999.3.**

The imposition of the Water Authority capacity charges on any school district, county office of education, community college district, the California State University, the

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University of California, or state agency is subject to the provisions of Government Code section 54999.3. Payment by any of these entities of a Water Authority capacity charge for the installation of a meter shall be deemed to be an agreement with the Water Authority regarding that charge. No water meter will be provided or approved for installation to any of these agencies without an agreement regarding that charge. If any of these entities refuses to pay a Water Authority capacity charge, the Water Authority will enter into negotiations for an agreement regarding the charge.

Section 6. Protests.

Any person, corporation, partnership, public agency, entity, or other ultimate user of water within the territory of the Water Authority may protest the application of this ordinance to the installation of a meter by filing of a written protest with the member agency and the Water Authority Director of Finance before payment of the charge, in which case the member agency will not provide or authorize the installation of a meter, or by payment of the charge and filing a written protest with the member agency and the Water Authority Finance Director not later than 10 days after payment of the charge. The protest will be reviewed by the Finance Director who will provide a written response within twenty days from the date of the protest. If the protester is not satisfied with the response by the Finance Director, a written appeal to the Water Authority General Manager may be filed within fifteen days of the date of the Finance Director's response. The appeal shall provide a detailed explanation of the grounds for disagreement with the Finance Director's response. The General Manager may determine the matter based on the written appeal and the Finance Director's response. The final determination of the appeal will be provided by the General Manager in writing within thirty days of the date the appeal is filed. If the General Manager fails to provide a written determination within thirty days, the appeal is deemed denied on the grounds stated in the Finance Director's response.

Section 7. **Refunds for Conversion to Reclaimed Water Systems.**

If a water user converts a water meter to permanently measure reclaimed water only, the capacity charges previously collected for the meter will be refunded, without interest, upon written request by the water user and written verification by the member agency of compliance with this subdivision. The request must be filed within 180 days of the connection of the meter to the reclaimed water system.

Section 8. Credit for Annexation Charge Paid

This section applies to property annexed to the territory of the Water Authority after November 17, 2005. Any person, corporation, partnership, public agency, entity, or other ultimate user of water that paid an annexation charge with respect to a parcel, or that is a successor-in-interest to the parcel for which an annexation charge was paid, may apply for a credit toward the System Capacity Charge imposed for that parcel or a subdivided portion of that parcel. The amount of the credit will be determined by the Water Authority before the capacity charge is paid and the meter provided. No credit will be provided for the charge



imposed to reimburse the Water Authority for the cost of processing the application for annexation. No refund will be made for any charge previously paid.

Section 9. **Use of Funds**

All funds received from the System Capacity Charge, and interest attributable to those funds, will be separately accounted and expended only for capital expenses of existing or new Water Authority system facilities as authorized by law. All funds from the Water Treatment Capacity Charge, and interest attributable to those funds, will be separately accounted and expended only for capital expenses of existing or new Water Authority treatment facilities as authorized by law.

Section 10. Indemnification

The Water Authority will defend and indemnify member agencies, and their officers, employees, and agents against and from all claims, expenses, and costs, including costs of defense and reasonable attorneys' fees, arising from implementation or application of this ordinance, except a claim, expense, or cost caused solely by the failure of a member agency, or its officers, employees, and agents to comply with the requirements of this ordinance.

PASSED, APPROVED AND ADOPTED, this 24th day of June, 2021

AYES: Unless noted below all Directors voted aye.

NOES: Bebee, Cate, Kennedy, and Scalzitti.

ABSTAIN: None.

ABSENT: Katz, Simpson, and Thorner (P)

ATTEST:

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance No. 2021-02 was duly adopted at the meeting of the Board of Directors on the date stated above.

Melinda Nelson, Clerk of the Board

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Performance Information

The 2021-2025 Business Plan highlights three key focus areas: Water Supply, Water Facilities, and Business Services. The 2021-2025 Business Plan contains broadened programs and updated management strategies that reflect the Water Authority's continued emphasis on water system management, system reliability, regulatory compliance, and financial stability. Objectives reflect emphasis on cybersecurity, resource planning, asset management, and workforce development. Near-term and long-term objectives are identified and tracked for performance for each Business Plan program.

r Region's Trusted Water Leader n Diego County Water Authority

Appendix H

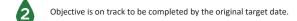
2021-2025 Business Plan - Performance Report Final FY 2021 Report - January 1, 2021 through June 30, 2021

sdcwa.org/mission-vision-values-strategies



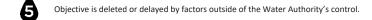
STATUS GUIDE













WA	WATER SUPPLY - Imported Water									
No	Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*				
1	Develop new and flexible water storage opportunities for the Water Authority's Colorado River supplies, including Lake Mead storage.	Dec-2021		2	The Water Authority is continuing dialogue at the federal, state, and local level, to obtain storage in Lake Mead to provide both regional and basin wide benefits, including providing operational flexibility in delivery of QSA supplies and supporting the Drought Contingency Plan. This includes working with the new General Manager at MWD to look for mutual beneficially opportunities. As part of the June budget process, the Board allocated additional resources, \$480,000 to fund professional services for focused outreach to increase stakeholder awareness and support for the Water Authority securing storage in Lake Mead. Furthermore, the Water Authority looks forward to working with MWD's new General Manager, Adel Hagekhalil, on the opportunity to secure storage via a subaccount with MWD.	C, D, F, G				
2	As authorized by the Board, continue to explore the viability of alternative conveyance of QSA supplies, including partnership and funding opportunities, through completion of Regional Conveyance System Study Phase B to help inform the region's impending decision on future supply resource mix.	Dec-2021	Jun-2022	4	In November 2020, the Board authorized staff to proceed with the original scope and budget of Phase B work which includes refinement of technical and economic analysis, stakeholder outreach, and dialogue with potential partners. Phase B work is scheduled to be completed in June 2022 at which time the Board will have another offramp to consider any potential next steps. An extension of the timeline for Board decision to move to Phase B resulted in revision to the target completion date.	C, D				
3	Build awareness of and support for the Regional Conveyance System Study and solicit input through various stakeholder engagement opportunities.	Dec-2021		2	The Water Authority continues to meet with stakeholders and has held a number of virtual meetings in San Diego and Imperial Counties including with local, state and federal government leaders, community and business representatives, farming groups, tribal governments and potential public-private partners. The Water Authority has also met with member agencies along the alignments under study to discuss opportunities to provide operational flexibility. Additional meetings with key stakeholders are in development. Further, staff continue to update stakeholders via RCSS newsletters to build awareness about the study.	C, D, G				
4	Complete Canal Lining Post Construction Mitigation Projects.	Dec-2023		2	Staff continued to collaborate with the Coachella Valley Water District, Bureau of Reclamation, and regulatory agencies to implement the remaining post construction mitigation requirements. Staff led the development of an action plan for completion of the requirements in coordination with this group and continues to use it as a tool to facilitate work and track progress.	D, E				
5	In tandem with the Water Authority's MWD Delegates, advocate key policy solutions at MWD and to key stakeholders to ensure MWD's long-term financial sustainability and viability, and ultimately obtain support for MWD to adopt a long-term finance plan.	Dec-2023		2	Staff supported the Delegates' effort to advocate MWD update the 2020 Integrated Water Resources Plan (IRP) in tandem with its rate review so that its resource planning is aligned with the financial and rate setting. Staff and Delegates, via their respective processes, urged MWD to review its rates beyond just demand management cost allocation and recovery to ensure MWD's long-term financial stability, including alternatives to suspending the tax rate limitation, recovery of Regional Recycled Water Program and Bay-Delta fix costs, and the cost of providing "insurance" to member agencies, considering member agencies' MWD demands trend is flattening if not reducing.	H, I, J				



WA	TER SUPPLY - Imported Water					
No.	Objective Description	Target Date	Revised Date	Status	Comments	Managemen Strategies*
6	Work in concert with the General Counsel's office to achieve resolution of all pending rate cases, including obtaining a final judgment for the 2010 and 2012 cases by Fall 2020, and attain court decisions on the offsetting benefits and returning of Water Stewardship Charge overcharge on the Exchange Agreement by 2025	Jun-2025		ð	Staff continued to provide strategic and technical support to the litigation team with an aim to achieve the resolution of remaining rate cases. On January 13, 2021, Judge Massulo ruled the Water Authority as the prevailing party for the 2010 and 2012 cases, entitling the Water Authority to recover attorneys' fees and costs. In subsequent rulings, the Water Authority was awarded \$326,918 in litigation costs and \$13,397,576 in attorney's fees, plus 7% post-judgment annual interest. MWD is appealing. The 2014, 2016, and 2018 cases had a case management conference on May 17, 2021 and a trial is set for May 16, 2022.	H, I, J
7	Participate in Basin States and intrastate policy discussions on renegotiation of the 2007 Interim Guidelines.	Jun-2025		2	In December 2020, Reclamation released its review of the Colorado River Interim Guidelines report which evaluated the effectiveness of the guidelines and documents Reclamation's operational experience under the guidelines. Formal discussions for the renegotiation of the next set of operating guidelines have not yet been initiated. Staff continues to remain engaged through forums such as the Colorado River Board, the MWD Board, binational workgroups, and discussions at the state and federal level.	C, D, F, G
8	Increase involvement and strengthen relationships on binational water and related issues between the U.S. and Mexico through participation in workgroups and other forums, and collaboration on potential partnerships.	Jun-2025		2	The Water Authority participated in the Binational Desalination Workgroup created under Minute 323. Staff is analyzing options for continued and additional binational opportunities and partnerships.	D, F
9	Advance policies, programs, and projects that are consistent with the Water Authority Board's Bay-Delta and Project Policy Principles, including the conditional support of a single-tunnel Bay-Delta project, contingent on the proper allocation of project costs on MWD's rates and charges.	Jun-2025		2	On numerous occasions over the past several months, Water Authority staff have communicated with the Newsom Administration, the San Diego legislative delegation, and a variety of external parties regarding the Water Authority Board's conditional support for the Bay-Delta fix alternative, along with a comprehensive explanation of the rates/charges conditions that would need to be satisfied to address the Water Authority's interests. In December, the General Manager spoke with representatives from the Newsom Administration about the proper allocation of tunnel costs on supply.	А, В
10	As authorized by the Board, continue to explore the viability of alternative conveyance of QSA supplies, including partnership and funding opportunities, through completion of subsequent phases of the Regional Conveyance System Study, to help inform the region's impending decision on its future supply resource mix.	Jun-2025		2	In November 2020, the Board authorized staff to proceed with the original scope and budget for Phase B of the study work. Phase B is anticipated to take 18 months to complete, at which time the Board will have another of	C, D
11	Work with QSA JPA parties and Lower Colorado River Multi-Species Conservation Program stakeholders to ensure all required environmental mitigation is implemented.	Jun-2025		2	At its QSA JPA quarterly meetings in March and June, the status report on mitigation measures indicated all activities are on track and in compliance with requirements. Environmental coverage for the LCR MSCP program is based on permitted volume changes to the amount of annual water flows in various stretches of the river from approved programs. The program recently initiated a process to better track annual flow reductions to ensure compliance.	C, D, E
12	Engage with the state Salton Sea Management Program, state policymakers, and opinion leaders to ensure the state meets its obligations for restoration at the Salton Sea.	Jun-2025		2	Water Authority staff have continued their role on the State's Salton Sea Management Program Community Engagement Committee, participating virtually in a meeting in April. Staff is also engaging regularly with state officials involved withe the Salton Sea Management Program and the Salton Sea Authority to build awareness of the efforts of the QSA JPA and how the mitigation effort can work hand in hand with restoration efforts.	D, E, G



WA	TER SUPPLY - Imported Water					
No	Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*
13	Lead stakeholder briefings, annual tours, and manage the Imperial Valley Currents blog to enhance relationships and exchange perspectives on efficiency-based water conservation, Salton Sea issues, and water diversification in the San Diego region.	Jun-2025		2	Water Authority staff have maintained regular contact with government leaders, farmers, the business sector and environmental groups on critical issues related to water and the community. Specifically, staff is working on strengthening relationships through working on issues of common interest and continuing to use Imperial-San Diego Currents blog to keep the community updated on critical water issues.	D, E, F, G
14	Work in concert with the Water Authority's Board Officers and MWD Delegates to collaborate with MWD staff, Directors, member agencies, and stakeholders to ensure long-term supply and facility reliability and fiscal sustainability, through the 2020 Integrated Water Resources Plan update, evaluation of the Regional Recycled Water Program, and other efforts.	Jun-2025		2	In coordination with the Delegates, staff actively engaged in the 2020 update of MWD's IRP through MWD Member Agency Managers Meetings, MWD's "technical" workgroup, expert panel discussions, and discussions with individual agencies. Staff provided technical feedback to MWD staff in January. Staff is also engaged in a member agency workgroup for MWD's rate refinement process. The Delegates are advocating that MWD coordinate its IRP update and rate review processes to ensure its planning processes are aligned and incorporate member agency feedback.	
15	Work in concert with the Water Authority's Board Officers and MWD Delegates to ensure collaboration, equity, and transparency through various MWD processes, including but not limited to the Rate Refinement and General Manager Selection processes.	Jun-2025		2	Staff supported the Delegates in engaging in discussions about the general manager recruitment process and how MWD handles issues related to harassment and retaliation and the outside counsel investigation of Equal Employment Opportunity-related allegations. Delegates worked with their counterparts and successfully selected Adel Hagekhalil as MWD's next new General Manager. Hagekhalil's employment contract was approved on June 22, 2021. Hagekhalil is known as an uniter and inclusive leader with decades experience in managing water and environmental issues. Separately, staff is engaged in a member agency workgroup for MWD's rate refinement process and is supporting the Delegates in advocating for MWD to equitably recover current and future costs. Lastly, the Delegates initiated a board-level discussion on establishing procedures for MWD's board and committee meetings (as opposed to MWD's current practice of Chair's Rules).	H, I, J



WA	TER SUPPLY - Local Water					
No.	Objective Description	Target Date	Revised Date	Status	Comments	Managemen Strategies*
1	Serve on the Consultation Committee for the San Dieguito Water Quality Improvement Plan to protect water quality at Hodges Reservoir.	Jan-2021		Ó	Staff served on the consultation committee at the request of the City of San Diego for its update to the San Dieguito Water Quality Improvement Plan. Staff submitted comments on the draft plan to the City of San Diego in October 2020 participated.	В
2	Coordinate with member agencies and Water Research Foundation to evaluate the benefits of the Lewis Carlsbad Desalination Plant supply and new local supplies.	Jun-2022		2	Water Research Foundation's phase two of the Carlsbad Desalination Plant Integration Study began in October 2020. The team has gathered water quality and operational data at various points in the Water Authority's system and is currently analyzing the blending data. The next steps include modeling local salinity reduction and evaluating the associated economic benefits.	Е
3	Complete Contract Administration Memoranda and any necessary Water Purchase Agreement contract amendments for the final phase of the new intake and discharge facilities at the Lewis Carlsbad Desalination Plant.	Sep-2022		2	This effort will begin in Fall 2021.	G, H
4	Advocate for state and federal funding opportunities applicable for the Lewis Carlsbad Desalination Plant Intake Modifications Project and apply as such programs are made available.			2	Staff successfully secured \$562,500 in state funding through the Department of Water Resources' Water Desalination Grant Program in support of the Carlsbad Desal Plant Wedge-Wire Screen Demonstration Project. In combination with the \$175,000 previously awarded through Metropolitan's Future Supply Action Funding Program, the project has received a total of \$737,500 in grant funding.	C, H
5	Participate on a national Water Reuse Action Plan workgroup to evaluate NPDES permitting to support reuse projects.	Jan-2023		•	Staff participated on a national NPDES water reuse workgroup in collaboration with EPA and the WateReuse Association and provided input into development of a draft white paper on permitting reuse projects.	A, D, F
6	Support Poseidon with development and implementation of the intake screen demonstration project to optimize the proposed intake technology.	Mar-2023		2	The Intake Screen Demonstration Project began operation in December 2020. Poseidon is currently gathering performance data in real time from the intake screen demonstration skid. The next steps include data review and assembling a comprehensive report that will be used to optimize the full-scale intake screen system.	G, H
7	Coordinate with member agencies to submit applications to MWD for LRP and other funding opportunities and advocate for criteria which is supportive of member agency projects.	Jun-2023		2	All of the LRP agreement have been executed and staff is assisting with the monitoring of projects with compliance.	С
8	Complete all submittal reviews within the Water Purchase Agreement required timeframe during oversight of the design, construction, and commissioning of the Lewis Carlsbad Desalination Plant's permanent intake and discharge facilities in compliance with the Ocean Plan Amendment.	Dec-2023		2	This effort will begin in Fall 2022.	G, H
9	Coordinate with the member agencies to provide comments to the State Water Resources Control Board on development of monitoring requirements and standards for constituents of emerging concern in potable and recycled water.	Jun-2025		2	Water Authority staff continued to track regulatory developments related to constituents of emerging concern (PFAS and microplastics) and provided updates to the member agencies. Staff collaborated with ACWA to chair a microplastics workgroup to provide input into development of microplastic monitoring requirements.	А, В

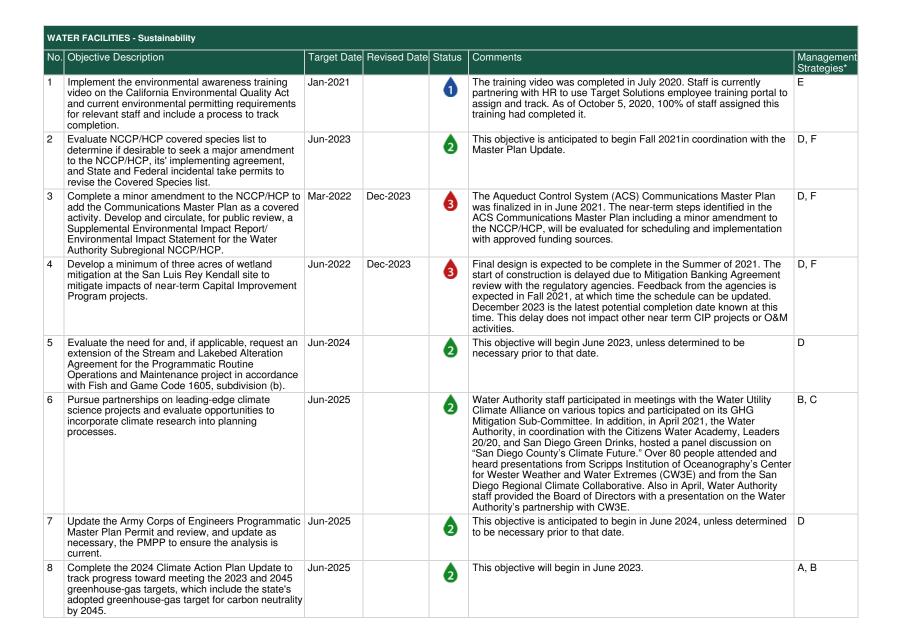
WA	WATER SUPPLY - Resource Planning								
No	Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*			
1	Complete the 2020 Urban Water Management Plan update to identify supplies necessary to meet future demands and comply with the Urban Water Management Planning Act.	Jul-2021		Ó	Board adopted Resolution No. 2021-15, on May 27, 2021, to approve the 2020 Urban Water Management Plan.	C, D			
2	Update the 2008 Model Drought Response Conservation Ordinance for inclusion in and consistency with the Water Shortage Contingency Plan.	Jul-2021		ð	Board adopted Resolution No. 2021-15, on May 27, 2021, to approve the Model Drought Ordinance as part of the Water Shortage Contingency Plan.	F, G			
3	Update the Water Shortage Contingency Plan to comply with state requirements and include the plan as part of the 2020 Urban Water Management Plan.	Jul-2021		0	Board adopted Resolution No. 2021-15, on May 27, 2021, to approve the Water Shortage Contingency Plan.	F, G			
5	Secure the San Diego Region's allocated share of approximately \$36 million in Integrated Regional Water Management grant funding, from the Department of Water Resource's Proposition 1 program.	Jun-2022		2	No activity occurred during reporting period. To date, the region has been awarded \$20.8 million in Prop 1 grant funds. The last round of Prop 1 grant program funds is projected to begin in early2022; the region expects to receive approximately \$16 million in funding from this program in autumn 2022. T	A, B, D			
4	Secure \$2.5 million in external funding such as grant awards, utility funding, and in-kind contributions to support water-use efficiency programs.	Jun-2022		2	The Water Authority has secured \$1.8 million from a Prop 1 Round 1 grant award, additional Prop 84 Round 3 funds that were reallocated from another project to the conservation project, and funding from the County of San Diego. The Water Authority is also working with USBR on a grant agreement for \$288,000 in funding from the WaterSmart Program.	J, K, L			
6	Advocate with member agencies the equitable and reasonable development of statewide water use efficiency targets by the Department of Water Resources and State Water Resource Control Board.	Jul-2022		2	Staff is actively participating in the active DWR workgroups and with associations and stakeholder on standard recommendations and updated the Board in June.	J, K, M			
7	Engage in the San Diego LAFCO process on Fallbrook/Rainbow detachment to ensure all conditions outlined in Board Resolution 2020-06 are fully addressed.	Dec-2022		2	On May 10, 2021, Dr. Michael Hanemann, LAFCO's consultant, presented on the findings of his Reliability Study Technical Memorandum at a meeting of the LAFCO Ad-Hoc Committee. The Water Authority provided comments on the TM. The Water Authority's Detachment Work Group of the Board has met three times April 9, 29, and June 3 to receive briefings on the LAFCO process, as well as discuss formal communications and meetings with Fallbrook and Rainbow on a potential settlement. The next LAFCO Ad-Hoc Committee meeting is June 14, and next Detachment Work Group meeting is July 15. The matter is on track.	E			
8	Work with member agencies to maximize water use efficiency funding from MWD for Member Agency Administered Programs (MAAP).	Jul-2025		2	Staff is working with member agencies to develop the two-year budget for MAAP funding. Final budget proposals were submitted by member agencies in October 2020. The Budget to use all \$1.6 million will be completed in December. A mid-year review of progress will be completed in July and funding reallocated as needed.	I, J, K, L			
9	Prepare an annual water supply and demand assessment beginning in 2022, in coordination with the member agencies, that complies with state requirements.	Jul-2025		2	DWR has not finalized the process or steps required to prepare the annual assessment. The Water Authority will start to prepare its initial annual assessment in 2022.	Н			

WA.	TER FACILITIES - Infrastructure/CIP					
No.	Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*
1	Complete the San Diego 5A/5B/5C Flow Control Facility Planning Study and identify a preferred rehabilitation approach with sufficient engineering analysis to initiate detailed design.	Mar-2021		Ó	The planning study is complete, and the project has been transitioned to Engineering Design. The preferred rehabilitation approach includes a new Flow Control Facility at the site of the former hydroelectric facility and a new turnout upstream of the existing turnout.	A, C, D, G, H
2	Complete the Northern First Aqueduct Structures and Lining Rehabilitation project to improve operations and the reliability of First Aqueduct treated water deliveries.	Jun-2021		•	Construction is complete. In March 2021, the Board authorized the General Manager to accept the project and file Notice of Completion.	A, C, E, F, G, H)
3	Complete a detailed study for the repair time estimates of the Water Authority's aqueduct and pipeline system-based changes in seismic hazard evaluation and pipeline response to earthquakes.	Dec-2021		2	The geotechnical consultant has completed all field exploratory work and is beginning to perform a risk analysis to identify seismic hazards to our system.	A, C
4	Complete the Moosa Canyon Planning Study and related preliminary engineering analysis to develop long-term pipeline protection and repair alternatives for the Second Aqueduct pipelines crossing the canyon.	Dec-2021		2	The team has completed the initial screening of 11 alternatives including an erosion/scour analysis for the creek. Three alternatives moved forward for further evaluation including relining with protection/reinforcement, a deep tunnel, and a deep pipeline replacement. After the fine screening is complete, staff will recommend a single alternative for conceptual engineering details for transition to final design.	A, C, D, G, H
5	Complete the Mission Trails Flow Regulatory Storage II and Flow Control Facility project to mitigate existing operational risks and meet future untreated water demands for the central and south county service areas.	Apr-2022	Sep-2022	3	Construction contract awarded in January 2020 to OHL USA, inc. in the amount of \$28,382,746. The project is delayed due to inclement weather and design changes.	C, D, E, G, H)
6	Complete the design for the Southern First Aqueduct Structures Rehabilitation project to improve operations and the reliability of First Aqueduct untreated water deliveries.	Jun-2022		2	Midpoint design for this project is anticipated to be complete by the Summer of 2021. Construction is planned to begin in the Summer of 2022.	A, C, E, F, G, H
7	Complete the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project to provide operational flexibility on the First Aqueduct and long-term surge protection for the Valley Center Pipeline	Dec-2022		2	Construction contract awarded in January 2021 to Pacific Hydrotech, Inc. in the amount of \$11,370,360. Work is progressing as scheduled and is about 04% complete.	C, D, E, F, G, H
8	Complete the Valley Center ESP Improvements project to provide treated water deliveries to VCMWD and YMWD during an emergency event	Jun-2023		2	Preliminary design for this project is complete. Midpoint design is anticipated to be complete in Summer 2021. Design is scheduled to be complete by the Winter of 2021.	C, D, E, G, H
9	Complete the Alvarado Hydroelectric Rehabilitation project to provide an estimated \$600k of annual revenue.	Jun-2023	Dec-2025	6	Final design for this project is anticipated to be completed by the Summer of 2021. This project is no longer economically viable as a result of construction cost increases. Staff is evaluating grant opportunities that may influence the economic viability. After completing final design, the project will be held until sufficient revenue opportunities or market conditions change.	
10	Complete a Master Plan Update that evaluates facility needs based on projections from the 2020 Urban Water Management Plan and other system strategies that address anticipated lower flows and associated water quality challenges.	Jun-2024		2	Staff developed objectives and potential planning scenarios including climate change, demand changes, local supply changes, and hydrology changes. Based on this input the team prepared the scope of work to be included in a Request for Proposals which is planned to be advertised in September 2021. Staff plans to brief Member Agency Managers and the Board on the upcoming planning in the Fall of 2021.	C, D, G



WA ⁻	WATER FACILITIES - Infrastructure/CIP								
No.	Objective Description	Target Date	Revised Date Status	Comments	Management Strategies*				
11	Complete the design for the Carlsbad 5 Flow Control Facility project to allow desalination water delivery directly from the Lewis Carlsbad Desalination Plant to the Carlsbad Municipal Water District	Jun-2025	2	Carlsbad MWD is currently evaluating its need for this project and is anticipated to provide feedback in the Fall of 2021.	E, F, G, H				
12	Explore opportunities to strengthen the regional collaboration on asset management and implement strategies in support of our member agencies.	Jun-2025	2	Established Basecamp collaboration program for use as a communication and information sharing tool. Basecamp is one of the leading collaboration tools available on the market and is currently used by many water agencies.	A,B,G				
13	Using the latest proven and innovative pipeline assessment technologies, perform comprehensive condition assessment of the untreated water portion of the First Aqueduct.	Jun-2025	a	Project is approved for inclusion in the FY 2022 / 2023 Budget and is contingent upon the execution of the Southern First Aqueduct Structures Rehabilitation project.	A, B				
14	Formulate industry partnerships to determine cost effective solutions for re-evaluation (supplemental to initial baseline assessments) of large-diameter welded steel pipelines.	Jun-2025	2	Initial discussions with a pipeline inspection vendor suggest that a localized MFL tool could be designed using MFL components obtained by the WA in 2019. New technology is also being developed for large diameter steel pipelines using ultrasonic technology - an opportunity to test this technology will be evaluated in the future.	A, B, E				
15	Complete the rehabilitation and/or replacement of three priority flow control facility, extending the facilities' service life.	Dec-2025	2	One priority flow control facility is currently in design and anticipated for construction in the Summer of 2022. Additional priority flow control facilities will begin design in the Summer of 2021 and the Summer of 2022.	A, C, D, F, G, H				
16	Complete an additional 4 miles of priority pipeline relining, extending the service life of the identified segments of the aqueduct system.	Dec-2025	2	Preliminary design on 1.4-miles of priority relining is complete. Midpoint design is anticipated to be complete by the Summer of 2021. Construction is expected to begin in the Summer of 2022.	A, E, G, H				

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Adopted Budget •

WA	VATER FACILITIES - Water System Management									
No	Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*				
1	Advocate for legislative or regulatory action allowing for cost of service, large-scale pumped energy storage model.	Dec-2021		2	The 2021 state budget includes \$18 million to continue the development of the San Vicente Energy Storage Facility. Staff is preparing a developer request for proposal for issuance in September with Board approval in January 2022. Project Development Agreement negotiations will begin thereafter in February 2022.	А, В				
2	Implement energy dashboard for tracking and centralizing energy generation and usage data.	Dec-2022		2	SDG&E changed its data platform in April. Staff is working with SDG&E and the software vendor to test and evaluate software development needed to transmit data from SDG&E.	В				
3	Identify potential properties for the new Operations and Maintenance Department Facility for Board consideration.	Jun-2023		•	Staff has evaluated numerous potential properties and has prepared a short list of properties for due diligence consideration, such as evaluating specific properties for planning/zoning requirements, CEQA requirements, appraisals, title reports, utilities verifications and review of building(s) for suitability/etc. Once due diligence has been completed and a property selected, Board approval will be pursued to purchase the property.	G				
4	Implement identified physical security assessment recommendations for critical facilities.	Jun-2023		2	Physical security improvements at specific Water Authority facilities continue to be implemented. Budget for FY22/23 physical security improvements are approved and funded projects will be implemented.	E, F				
5	Implement phased recommendations from the Aqueduct Communication System Master Plan to enhance security and control of the Water Authority's Aqueduct Control System.	Jun-2023	Dec-2023	3	The Aqueduct Control System (ACS) Communications Master Plan was finalized in June 2021. The near-term steps identified in the ACS Communications Master Plan will be evaluated for scheduling and implementation with approved funding sources.	G, H				
6	Evaluate the feasibility of improving electric system resiliency at Water Authority facilities.	Dec-2024		2	Staff is preparing a contract with the US Department of Energy for an energy resiliency study of critical Water Authority sites.	G				
7	Evaluate and incorporate new technology in collaboration with water quality equipment manufacturers to enhance the online water quality monitoring capabilities within the aqueduct system including both untreated and treated pipelines.	Jun-2025		2	Discussions with manufacturers on new and innovative technologies are on-going. Currently, staff is working on coordinating the installation of three additional online water quality analyzers by the end of calendar year 2021.	G, H				
8	Identify innovative opportunities for energy procurement to reduce energy costs and identify schedules for economically viable alternatives.	Jun-2025		2	On May 27, 2021, the Board approved joining the San Diego Community Power CCA for 30 non-exempt meters in its service area at the 50% renewable energy rate schedule. In FY 2022, staff will conduct a feasibility study to evaluate a direct connection to the Carlsbad Desalination Plant.	A, C, D				
9	Participate in Federal and State regulatory proceedings to reduce energy costs and comply with California energy goals.	Jun-2025		2	Staff monitors and provides comment when appropriate on proceedings such as the CPUC's Integrated Resource Plan (IRP) Procurement track and Energy Storage Procurement Study; CAISO's Energy Storage Enhancements; California Energy Commission Senate Bill 100 Joint Agency Report; Federal Energy Regulatory Commission (FERC) hydropower environmental permit applications; and FERC policy statement on State-Determined Carbon Pricing in Wholesale Markets.	D				
10	Develop major maintenance and replacement plans for Escondido, Valley Center, Twin Oaks Area 10, Miramar, San Vicente and Olivenhain Pump Stations, and the Rancho Peñasquitos Pressure Control and Hydroelectric Facility.	Dec-2025		ð	Major maintenance and replacement plans for Escondido, Valley Center, Twin Oaks Area 10, Miramar, San Vicente and Olivenhain Pump Stations, and the Rancho Peñasquitos Pressure Control and Hydroelectric Facility have been completed. The plans will continue as working documents and will serve as a critical tool in budgeting for equipment replacement and major maintenance functions.	G, H				



ви	BUSINESS SERVICES - Business Support									
No	Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*				
1	Complete transition of all departments from the L drive to Sharepoint for primary reliance for file creation and maintenance.	Dec-2021	Jun-2025	6	Currently working with Administrative Services department for first pilot migration. Due to the COVID-19 pandemic and an unexpected vacancy, project was reprioritized and will continue into next calendar year.	A, B				
2	Implement new mobile computing strategy that increases organizational flexibility, resiliency and mobility.	Jun-2022		•	Staff received approval in December 2020 to proceed with our updated computer replacement policy, practice and funding recommendations. The new policy reflects the need to telework sparked by the COVID-19 pandemic, and the need for increased operational resiliency. Computer replacements are now under way with a goal to eliminate a backlog of computers currently in use beyond their planned service by 2023.	A, B, C, D, E, F, K				
3	Replace Kearny Mesa headquarters interior paint and carpeting.	Jun-2023	Jun-2025	3	Painting and carpeting were deferred from the recommended FYs 2022-23 budget as a cost containment measure. Staff will recommend including these projects in the FYs 2024-25 budget.	G				
4	Conduct independent re-assessment of Water Authority's physical security measures at Kearny Mesa headquarters.	Jun-2023		2	Additional security improvements are under way based on recommendations identified in reviews conducted with the San Diego Police Department in October 2020 and to address emergent needs. Additional measures include installation of concrete planters around the front of the building to act as bollards, a new lobby door, an upgraded building security alarm, and a building-wide mass paging system.	G				
5	Reduce energy use of the Kearny Mesa Headquarters from fiscal year 2018 baseline by 7 percent by the end of fiscal year 2023.	Jun-2023		2	Through May 2021, energy use is down about 23.8% year-over-year from FY 2020. Energy use is down in large part due to the shift to working from home because the COVID-19 pandemic, but the agency already was on track to meet the overall use reduction goal prior to the pandemic, and expects it will still be able to meet this target if building use increases.	H, K				
6	Implement at least 30 additional measures based on best practices from the Center for Internet Security (CIS), National Institute of Standards and Technology (NIST), Department of Homeland Security (DHS) or other nationally recognized cybersecurity authorities.	Jun-2025		2	Work steadily continues on enhancing our security posture in alignment with business plan goals. Migration to new VPN infrastructure occurred in November 2020. The Water Authority also acquired new data restoration capabilities to allow the ability to quickly recover from system outages and to better protect against permanent data loss.	A, B, C				
7	Adapt business insurance policies to cost- effectively meet the evolving needs of the Water Authority.	Sep-2025		2	The Water Authority renewed all lines of coverage for FY 2022 on time in June 2021. An extensive marketing effort was undertaken to help keep overall renewal premium increases below 10 percent, and the renewal, as approved by the Board, included an overall increase of only 7.58 percent.	1				
8	Migrate electronic document management system to the cloud to improve systems resilience.	Sep-2025		2	The Water Authority is working with a consultant to set up a taxonomy structure in SharePoint by the end of Calendar Year 2021. This is an important preliminary step in planning for a smooth and effective transition.	A, B, D, E, J, K				
9	Upgrade existing phone technology to complete the "unified communication" system (combined messaging, presence, phone, video conferencing, voicemail, and email) to expand organization-wide communication capabilities.	Dec-2025		2	The first phase of piloting in Administrative Services is complete. Unified organization continues on Microsoft Teams for messaging and Skype service has been discontinued. Funding for testing of unified communications was approved in the FYs 2022-23 budget, and full implementation will depend on funding in the FY 2024-25 budget cycle.	D, E, F				

BUSINESS SERVICES - Communication and Messaging							
No	Objective Description	Target Date Revised Date		Status	Comments	Management Strategies*	
1	Redesign sdcwa.org and microsites on an integrated, up-to-date operating system.	Jun-2021		Ó	This objective has been completed.	E, F	
2	Participate on a Southern California Water Coalition task force to provide input into development of a regional outreach video on recycled water.	Jun-2021		•	Staff from Water Resources and the MWD Program served jointly on the SCWC Recycled Water Task Force and Video Subcommittee. Staff participated in several meetings and provided input into the development of a three-video series about recycled water in Southern California. These videos, available in English and Spanish, were publicly released on November 15 and convey the simple message: Water: Too Precious to Use Just Once.		
3	Execute effective advocacy strategies to defeat all legislation that the Water Authority Board opposes each year.	Jun-2021		•	At the completion of the target date, there was no legislation on which the Board of Directors adopted an OPPOSE position that was approved by the Legislature and enacted into law.	В	
4	Conduct communications and outreach activities that result in at least 80 percent of poll respondents agreeing that a reliable water supply are essential for a healthy economy and quality of life.	Jun-2023		2	These metrics (reliable water supply being essential to quality of life and a healthy economy) have been measured since 2014. The next survey is anticipated to be conducted in 2021 and will measure these metrics as well. In prior surveys, respondents were asked about a reliable water supply being essential for a healthy economy and quality of life as separate items, with 94% and 93% agreement in 2019, respectively. Given how closely these two items have tracked over the years, staff will consider combining these and measuring them as one metric in the next survey. The 2021 survey instrument, including implementation schedule and potential questions, are being reviewed by staff and the survey consultant. The survey is to be completed by December 31, 2021.	D, E, F	
5	Grow total social media audience by 10 percent annually through Fiscal Year 2023.	Jun-2023		2	The baseline for social media followers is 22,745. For FY21 so far, the Water Authority gained 2,392 followers, or an increase of 10.5%, for a total of 25,137 followers across its core social media platforms (Facebook, Twitter, Instagram, LinkedIn and YouTube).	F	
6	Grow Water News Network page views by 10 percent annually trhough Fiscal Year 2023.	Jun-2023		2	For fiscal year ending June 30, 2020, WNN page views were 110,273. There were 105,014 page views as 5/24/21, 87% towards the goal of 121,000 for FY21.	D, E, F, G	
7	Provide member agencies with at least two outreach toolkits for current issues or campaigns annually through Fiscal Year 2023.	Jun-2023		2	Staff developed a toolkit for member agencies around the Faces of the Water Industry program, which included graphics, social posts and videos, and a WNN story. A second toolkit was provided on the Value of Water and the benefits of investments in reliable water supplies, and included social posts, video, and a WNN story template.		
8	Partner with five organizations serving disadvantaged communities to promote tap water as safe, convenient and affordable.	Jun-2023		Ó	For the current period, the Water Authority partnered with Catholic Charities, Chicano Federation of San Diego County, and the Latino Health Coalition. Last quarter partners were the San Diego Food Bank and South Bay Community Services. While the goal has been achieved, going forward, the Water Authority will continue to pursue partnerships to communicate the safety of the public water system.	G, F	
9	Engage in outreach efforts that result in at least 50 percent of Citizens Water Academy alumni engaging in at least one alumni activity through Fiscal Year 2023.	Jun-2023		2	Alumni engagement is currently at 43%. To increase engagement, staff has continued to provide weekly updates on the alumni LinkedIn group page. These include current issues, Water News Network articles, and updates from the Board Chair and General Manager. In April 2021, staff hosted a virtual lunch and learn event for the alumni in partnership with Leaders 20/20 and San Diego Green Drinks, with speakers from the Scripps Institution of Oceanography and San Diego Regional Climate Collaborative.	E, F	



BUS	BUSINESS SERVICES - Communication and Messaging							
No.	Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*		
10	Convene the Potable Reuse Coordinating Committee to advocate for direct potable reuse criteria that supports potable reuse in the San Diego region.	Jun-2023		Ó	Staff worked with the member agency workgroup and WateReuse CA to develop comments on the state's draft regulations for direct potable reuse. Comments were submitted on June 24, 2021.	H, I, J, K		
11	Identify opportunities to partner with at least one or more Water Authority member agencies annually to co-sponsor legislation, collaborate on an administrative or regulatory request, or pursue a funding initiative.	Jun-2025		2	The Water Authority is partnering closely on the co-sponsorship of initiatives during 2021 with member agencies in the policy areas of pumped hydropower storage, and are partnering with another member agency on pursuit of a legislative fix to a grant award issue.	A, B, C		
12	Provide at least one briefing annually to each member of the San Diego state legislative delegation to enhance support for advancing and protecting the Water Authority's legislative interests.	Jun-2025		2	Extensive briefings with the entire legislative delegation involving Water Authority Board members and management staff have occurred throughout the Business Plan reporting cycle. Several briefings with members of the San Diego legislative delegation occurred during December 2020 and throughout early 2021.	A, B		
13	Increase awareness and understanding of the Water Authority's interests by providing at least one briefing annually to each member of the San Diego congressional delegation in Washington, D.C. and the San Diego district office.	Jun-2025		2	Ongoing briefings with the congressional delegation have occurred and continue to occur periodically relative to southwestern portfolio strategy efforts, Colorado River issues, Lake Mead storage, and COVID-19 response and financial assistance needs within the region.	A, B		
14	Strengthen relationships with state and federal legislators by conducting at least two legislative roundtable events at the Water Authority headquarters during each calendar year.	Jun-2025		2	While the COVID pandemic created challenges, the Water Authority successfully hosted a Legislative Roundtable event with Senator Brian Jones in December 2020.	A, B		





BU	BUSINESS SERVICES - Financial Management							
No	. Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*		
1	Complete updated Long-Range Financing Plan to support the long-term fiscal sustainability of the Water Authority.	Feb-2021	Sep-2021	3	Finance has met with departments for Long-Range Financing Plan data on the Capital Improvement Program and demand forecast. A meeting was held with the Financial Strategy Work Group on June 29 to discuss the Long-Range Financing Plan development and schedule. The Work Group considered and approved the updated development schedule. There will be Long-Range Financing Plan meetings throughout July, August, and September with the Work Group, Member Agency Managers, Member Agency Finance Officers, Member Agency staff, and the Water Authority Board. The target date has been revised to September 2021; the objective is on track to meet the new date.	B, D, E, F, K		
2	Coordinate with the Fiscal Sustainability Taskforce to review and provide input to planning and financial reports, including the Long-Range Financing Plan, the Asset Management Plan, and the Urban Water Management Plan.	Feb-2022		2	In November and December 2020, the Fiscal Sustainability Task Force discussed CIP budget and expenditures as it relates to CY2022 Rates, FYs 22&23 Budget, and the Long-Range Financing Plan. In January 2021, the group was reconstituted as the Financial Strategy Work Group. The Work Group has five times since January to review and discuss CY2022 Rates and Charges, FYs 2022 & 2023 Budget, Water Sales Forecasts, and the 2020 Urban Water Management Plan.	A, H, I, J, K		
3	Advocate Water Authority position through participation in two industry conferences per year via speaking engagements and achieve membership in industry committees and boards, such as California Society of Municipal Finance Officers, Government Finance Officers Association, Bond Buyer, and the California Municipal Treasurer's Association.	Jun-2023		2	Participation in events (In-person and online) will occur as opportunities become available.	E, K		
4	Evaluate and implement new budget and financial planning software.	Jun-2023	Jun-2025	2	Staff is starting the process of evaluating different budgeting software. As part of the FYs 2022 and 2023 budget development, an initiative was recommended for the purchase and implementation of new software. The initiative was not approved for this budget cycle and will be revisited for the FYs 2024 and 2025 budget. Target date has been revised to June 2025.	A, B		
5	Develop a repository of the Water Authority's financial policies along with evaluating and republishing them as necessary to ensure they are current, understandable and reflect best practices.	Jun-2023		2	On track. Meeting to discuss financial policies was held and roles and format were discussed to develop the standardized template for the financial policies.	A, C, K		
6	Leverage PeopleSoft reporting to develop the Budget Status Report of the Controller's Report within the software thereby reducing dependence on manual steps.	Jun-2024		2	On track. Preliminary work has started and coordination with Administrative Services for IT assistance is being put in place. An accounting memo discussing the procedures was completed this quarter and next steps are to document the accounting workpapers for each process.	A, B, C		
7	Identify and implement electronic record keeping solutions for financial documents.	Jun-2024		2	This objective has not been started. Staff will begin identification later this fall and early winter, after the FY2021 Audit is complete.	A, C		
8	Implement Debt Management Strategy to achieve net present value savings on outstanding short-term and long-term debt, including refunding of medium term for new 5-year note, bond issuance for the Capital Improvement Program, the Desalination Plant Refunding, and evaluation of future refunding on a current or advance basis.	Jun-2025		ð	An RFP process and new contracts with Financial Advisors were completed. The Water Authority executed four refundings between July 2020 and April 2021, resulting in \$130M NPV savings. In Fall of 2021 staff will evaluate bond issuance for CIP.	D, E, F, G		

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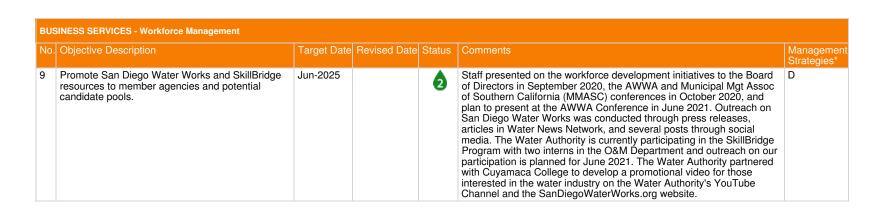


Adopted Budget



BUSINESS SERVICES - Workforce Management							
No	Objective Description	Target Date	Revised Date	Status	Comments	Management Strategies*	
1	Gain agreement to future Memorandum(s) of Understanding with bargaining groups in accordance with Board direction.	Jun-2021		ð	On April 22, 2021, the Board of Directors approved a two-year successor agreement with the three employee bargaining units effective July 1, 2021 through June 30, 2023.	A, C	
2	Identify remote options for employee wellness initiatives.	Jun-2021		Ó	Human Resources Department has initiated several remote options for wellness including a fitness tracking challenge (Well Traveled), mental health challenge (Work of Art), healthy eating challenge (Colorful Choices), several healthy cooking demonstrations, a series of mental health webinars through Kaiser, and additional promotions of resources available to employees (e.g. meditation apps available through Kaiser, EAP resources, etc.). HR also facilitated its first virtual health fair during open enrollment with attendance comparable to previous years' inperson events. Additional remote options will be evaluated beyond the target date until the majority of staff return to the office in-person.		
3	Survey employees regarding wellness initiatives to continue supporting the health and wellness of employees.	Dec-2021		2	Staff were surveyed for interest in varying financial wellness topics and activities; that information has been incorporated into future programs. A future survey related to other wellness topics is under development.	С	
4	Develop training resources to provide support, guidance, and training to managers to assist in building and maintaining effective working relationships with labor groups.	Jun-2022		2	Training resources related to employee relations, including the recent updates to the MOU and how the MOU relates to other contract and administrative procedures, was presented to executive and senior management staff at the May 2021 Management Staff Meeting. Additional resources and materials are currently under development.	A, C	
5	Survey member agencies regarding the Regional Water/Wastewater Internship program to ensure it continues to meet the needs of stakeholders, including local community colleges and member agencies.	Jun-2022		2	Agencies were surveyed regarding their participation in the FY 2021-2022 Internship Program and other feedback on the program. Future surveys will be distributed at quarterly intervals to assess agencies' feedback and satisfaction with the program.	D	
6	Conduct a follow-up employment engagement survey to continue General Manager's culture change efforts.	Jun-2022		2	A follow-up employee engagement survey is scheduled for mid-August 2021.	С	
7	Ensure 100% compliance with required safety training.	Jun-2025		ð	Repirator fit tests that were delayed due to COVID-19 were rescheduled and completed in April 2021, with make-up tests completed as of June 30, 2021. CPR/AED Refresher training was rescheduled to online trainings and has been completed. All required safety training is at 100% compliance as of June 30, 2021. All other training has been assigned through the web-based platform, Target Solutions, and training that requires class time has been completed virtually. Other in-person required safety training was extended by OSHA due to COVID 19.	В	
8	Evaluate and recommend technology to streamline standardized human resources practices.	Jun-2025		2	Evaluation of new technologies are addressed on an individualized basis to ensure cost effectiveness and improved efficiencies.	E	

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Appendix

Program Focus Areas and Management Strategies

(Business Plan Document Excerpt)

The following Appendix provides detail for the letter references found in the Management Strategies column of the report.

Business Plan Structure



Appendix Table of Contents by Program

A-1	Imported Water	
A-2	Local Water	
A-3	Resource Planning	
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A-6	Water System Management	
A-7	Business Support	
A-8	Communication and Messaging	
A-9	Financial Management	
A-10	Workforce Management	

Water Supply Imported Water | Management Strategies

BAY-DELTA

- A Advocate Board policies regarding Bay-Delta issues, funding initiatives, and the single-tunnel Bay-Delta project to federal, state, local, and other stakeholders.
- **B** Protect ratepayers from paying an inequitable share of Bay-Delta fix costs by ensuring project costs are properly assigned in MWD's rates and charges and are consistent with DWR's historic practice of assigning similar projects as "conservation" or supply charges.

COLORADO RIVER

- **C** Develop flexibility in implementation of the QSA and related agreements.
- **D** Strengthen relationships with QSA partners and Colorado River stakeholders.
- E Continue to ensure completion of QSA environmental mitigation milestones and support State Salton Sea restoration activities.
- **F** Leverage opportunities to increase involvement in Colorado River Basin-wide programs.
- **G** Advance Water Authority QSA policy through continuing dialogue with governing bodies, elected officials, the farming community and the public.

METROPOLITAN WATER DISTRICT

- H Support MWD Delegates in identifying, maintaining, and advancing Water Authority strategic goals at MWD.
- I Influence policy decisions at MWD to ensure its long-term sustainability as a supplemental imported water supplier.
- J Advocate for equity, transparency, and collaboration in MWD's decision making processes.



A-1



Water Supply Local Water | Management Strategies

MEMBER AGENCY SUPPLY

- A Improve regulatory flexibility and streamlining for local supplies.
- **B** Protect and improve source water quality for water supply in the San Diego region.
- **C** Support funding from outside the region for local water supply projects.

POTABLE REUSE

- **D** Engage in regulatory and legislative processes to ensure regulatory pathways are available for approval of local potable reuse projects.
- **E** Assess and recognize the benefits of water quality improvements associated with new local supplies.
- Encourage public support, implement public outreach, and offer technical assistance to support reuse and recycled water projects.

SEAWATER DESALINATION

- **G** Ensure compliance with the Carlsbad Desalination Plant Water Purchase Agreement.
- **H** Ensure continued operation of the Carlsbad Desalination Plant for stand-alone operation and compliance with Ocean Plan Amendment.



Adopted Budget

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Water Supply Resource Planning | Management Strategies

WATER MANAGEMENT PLANNING

- A Implement an Integrated Regional Water Management Plan that reflects stakeholder consensus and complies with evolving state requirements.
- B Pursue funding for implementation of projects that achieve San Diego Integrated Regional Water Management Program goals.
- C Develop a regional Urban Water Management Plan that complies with state requirements and ensures a reliable water supply for the San Diego region.
- **D** Update water management plans to maintain eligibility for state funding.
- **E** Engage in the San Diego Local Area Formation Commission (LAFCO) process on Fallbrook/Rainbow detachment.

WATER SHORTAGE AND DROUGHT RESPONSE MANAGEMENT

- **F** Ensure planning documents are consistent and relevant to properly manage and respond to supply shortages.
- **G** Ensure that proposed drought response actions are appropriate, progressive, and may be reasonably implemented by the Water Authority and its member agencies.
- H Ensure the public, along with state agencies, are kept informed of regional supply conditions and likelihood of shortages through preparation of annual water supply and demand assessments.

WATER USE EFFICIENCY

- I Implement best-practices to manage and deliver water-use efficiency programs and services in a timely, convenient, and courteous manner.
- J Plan, develop, implement, or administer water efficiency programs and tools that meet the needs of member agencies and water users.
- K Support policies and actions that advance long-term water-use efficiency best practices, behaviors, and market transformations.
- L Leverage ratepayer investments by securing grants or other external funding sources and advocating for equitable benefits from MWD water-use efficiency programs.
- M Advocate for long term water use efficiency policies that benefit the San Diego region.

A-3



Water Facilities Infrastructure/CIP | Management Strategies

ASSET MANAGEMENT

- A Ensure prioritization, optimal maintenance, and rehabilitation of assets.
- **B** Pioneer and utilize new and innovative technology to reduce risk and increase productivity and efficiency.

INFRASTRUCTURE PLANNING

- **C** Coordinate and align project scope and schedules within the Master Plan Update and the Asset Management Program to achieve the optimal balance between regional water reliability, safety, and cost.
- D Optimize use of existing treatment, storage, and conveyance facilities to meet projected member agency water demands.

NEW **FACILITIES**

- **E** Employ pioneering technology, innovation, and best management practices for all Capital Improvement Program projects.
- F Develop innovative business policies, practices, and procedures that are aligned with smaller contracts.
- **G** Collaborate with member agencies and other external stakeholders on the Capital Improvement Program.
- **H** Coordinate with internal functional groups and stakeholders to promote the most efficient and cost-effective delivery of projects.



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Water Facilities Sustainability | Management Strategies

CLIMATE CHANGE

- A Implement cost-effective opportunities that mitigate greenhouse-gas emissions in compliance with emission targets contained in the Climate Action Plan.
- **B** Support climate science research and evaluate opportunities to mainstream adaptation strategies into business practices.
- **C** Ensure resiliency of infrastructure and supplies to adapt to climate change impacts.

ENVIRONMENTAL PLANNING

- D Incorporate advanced planning to ensure Water Authority compliance with environmental regulations.
- **E** Strengthen inter-departmental coordination of environmental compliance.
- **F** Ensure sustainable mitigation is obtained in advance of project needs.

Appendix



Water Facilities Water System Management | Management Strategies

ENERGY INITIATIVES

- A Leverage power market opportunities that maximize the value of new and existing energy facilities.
- **B** Pursue new energy initiatives that reduce energy costs.
- **C** Coordinate with local, regional, state and federal agencies to best position Water Authority energy exchanges.
- **D** Influence energy rule-making by engaging in legislative and regulatory processes.

FACILITIES SECURITY AND EMERGENCY RESPONSE

- **E** Provide necessary facilities, staffing, and funding to support security and emergency response requirements.
- Comply with applicable state and federal regulations regarding security.

OPERATIONS AND MAINTENANCE

- **G** Maintain water system reliability and efficient operations through staff development and facility improvements.
- **H** Enhance proactive maintenance practices.





Business Services Business Support | Management Strategies

	(AREDZECIIDII A		IT SERVICES AND OPERATIONS	EACHILLES			ADMINISTRATIVE SUPPORT	
A	Provide back-up and recovery capability to protect data and critical information systems for business continuity.	D	Maintain and upgrade critical software and business applications and hardware to meet business needs.		Implement measures that maintain or enhance a safe, secure and productive working environment.	I	Obtain cost-effective business insurance policies that appropriately manage risk and support evolving business	
В	Implement cybersecurity measures to provide a safe and secure computing environment.	E	Continually improve business processes by increasing automation, flexibility, ease of use, and mobility. Upgrade, enhance, and support		Improve the efficiency of water and energy use at the Kearny Mesa headquarters to reduce	J	needs. Maintain and upgrade records management practices	
С	Educate employees to be technically skilled, well				long-term costs and conserve resources.		and electronic document management systems.	
	informed, alert, and vigilant.		critical software applications to leverage new functionality, maintain compliance and compatibility, improve productivity and promote timely and informed decision making.				Support and improve tools and processes that enhance business efficiency and productivity.	



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Business Services Communication and Messaging | Management Strategies

GOVERNMENT RELATIONS OUTREACH

- A Strengthen relationships with the San Diego local, state, and federal legislative delegations, other key legislators, legislative staff, and the state and federal administrations.
- **B** Engage and influence relevant legislation, regulatory matters, and funding requests in the Legislature, Congress, and state and federal administrations.
- C Sponsor, co-sponsor, and promote legislation that positively impacts the region and conveys San Diego's role as a statewide water community leader.

PUBLIC OUTREACH

- **D** Enhance public understanding and support for Water Authority and member agency strategies, policies, and programs.
- **E** Implement innovative and effective public outreach programs and tools that deliver Water Authority messages to key stakeholders.
- Promote greater public awareness of local water issues and wise water use by building relationships and partnerships with compatible organizations and institutions.
- **G** Support member agencies with shared outreach development, training and resources.

REGULATORY POLICY SUPPORT

- **H** Maximize flexibility and sustainability in water supply development and management, water use efficiency, and water quality protection.
- Foster collaborative relationships with regulatory agencies.
- J Engage in regulatory requirements and standards development under local, state and federal water, energy, and environmental laws.
- K Inform and obtain feedback from Water Authority departments and member agencies on regulatory and permitting





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Business Services Financial Management | Management Strategies

ACCOUNTING

- A Provide relevant, accessible, and useable financial data and other key information.
- **B** Analyze revenue and expense trends proactively to anticipate early budget variances and formulate actions to ensure fiscal sustainability.
- C Assess and recommend as appropriate industry best practices and new accounting standards for applicability to Water Authority financial operations for enhanced financial reporting.

DEBT AND INVESTMENT MANAGEMENT

- D Ensure Water Authority credit ratings through sound financial management.
- **E** Ensure strong financial industry presence for the Water Authority.
- **F** Strategically optimize the resources of the debt and investment portfolio to execute future bond and investment transactions successfully.
- **G** Optimize the capital financing mix to achieve the lowest cost of funds and minimize interest rate risk.

FINANCIAL PLANNING

- **H** Develop detailed cost projections for Capital Improvement Program projects and operations to develop long-term rate projections.
- I Analyze and recommend an updated rates and charges model resulting in the goals of cost efficiency, predictable rates, and intergenerational equity.
- J Provide high level of service to member agencies while ensuring equitable rates and charges.
- K Ensure financial policies are aligned with the long-term fiscal sustainability of the Water Authority.

A-9



Business Services Workforce Management | Management Strategies

LEADERSHIP

SAFETY

CULTURE

- A Provide targeted leadership development, skill-based training, and a flexible approach to employee development to ensure the workforce can demonstrate the competencies and leadership skills necessary for the immediate and long-term success of the agency.
- **B** Continue to advance our primary workplace safety goal — to protect our most valuable assets - our employees through a variety of methods, including policies, procedures, and specific hazard control techniques.
- **C** Foster a healthy organizational culture to facilitate improved professional development, career agility, and knowledge transfer through a commitment to open dialogue and consideration of innovative solutions and diverse points of view.

TALENT MANAGEMENT

TECHNOLOGY

- D Continue to adopt and promote innovative practices for attracting and retaining employees who possess the desired skillset and aptitude necessary fulfill evolving needs of the agency and its workforce.
- **E** Evaluate and facilitate tools that will streamline processes and provide more relevant and effective information.



