



SCV
WATER



SCV WATER AGENCY TELECONFERENCE REGULAR BOARD MEETING

TUESDAY, APRIL 20, 2021
START TIME: 6:30 PM (PST)

Join the Board meeting from your computer,
tablet or smartphone:

<https://scvwa.zoomgov.com/j/1614037859>

-OR-

Listen in Toll Free by Phone

+1-(833)-568-8864

Webinar ID: 161 403 7859

To participate in public comment from your computer, tablet, or smartphone:

When the Board President announces the agenda item you wish to speak on, click the “**raise hand**” feature in Zoom*. You will be notified when it is your turn to speak.

To participate in public comment via phone:

When the Board President announces the agenda item you wish to speak on, **dial *9 to raise your hand**. Phone participants will be called on by the **LAST TWO digits** of their phone number. **When it is your turn to speak, dial *6 to unmute**. When you are finished with your public comment dial ***6 to mute**.

Can't attend? If you wish to still have your comments/concerns addressed by the Board of Directors, all written public comments can be submitted by 4:30 PM the day of the meeting by either e-mail or mail.** Please send all written comments to the Board Secretary. Refer to the Board Agenda for more information.

*For more information on how to use Zoom go to support.zoom.us or for “raise hand” feature instructions, visit <https://support.zoom.us/hc/en-us/articles/205566129-Raise-Hand-In-Webinar>

**All written comments received after 4:30 PM the day of the meeting will be posted to [yourscvwater.com](https://www.yourscvwater.com) the next day. Public comments can also be heard the night of the meeting.

Disclaimer: Pursuant to the Executive Order N-29-20 issued by Governor Newsom, public may not attend meetings in person. Public may use the above methods to attend and participate in the public board meetings.

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**SANTA CLARITA VALLEY WATER AGENCY
REGULAR BOARD MEETING AGENDA**

**SANTA CLARITA VALLEY WATER AGENCY
RIO VISTA WATER TREATMENT PLANT
27234 BOUQUET CANYON ROAD
SANTA CLARITA, CA 91350**

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TUESDAY, APRIL 20, 2021 AT 6:30 PM

TELECONFERENCING NOTICE

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Director may call into an Agency Board meeting using the Agency's **Call-In Number 1-(833)-568-8864, Webinar ID: 161 403 7859** **or Zoom Webinar by clicking on the link <https://scvwa.zoomgov.com/j/1614037859>** without otherwise complying with the Brown Act's teleconferencing requirements.

Pursuant to the above Executive Order, the public may not attend the meeting in person. Any member of the public may listen to the meeting or make comments to the Board using the call-in number or Zoom Webinar link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

We request that the public submit any comments in writing if practicable, which can be sent to ajacobs@scvwa.org or mailed to April Jacobs, Board Secretary, Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 4:30 PM the day of the meeting will be distributed to the Board members and posted on the Santa Clarita Valley Water Agency website prior to the start of the meeting. Anything received after 4:30 PM the day of the meeting will be posted on the SCV Water website the following day.

OPEN SESSION BEGINS AT 6:30 PM

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **PUBLIC COMMENTS** – Members of the public may comment as to items not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so now or at the time each item is considered. (Comments may, at the discretion of the Board's presiding officer, be limited to three minutes for each speaker.) Members of the public wishing to comment on items covered in Closed Session before they are considered by the Board must request to make comment at the commencement of the meeting at 6:30 PM.

4. APPROVAL OF THE AGENDA

5. CONSENT CALENDAR

PAGE

5.1 *	Approve Minutes of the April 6, 2021 Santa Clarita Valley Water Agency Regular Board of Directors Meeting	7
5.2 *	Approve Resolutions for the Negotiated Tax Exchange to the County of Los Angeles Lighting Maintenance District 1687 for Annexation of Project L 015-2020, Tax Rate Area 08975 for Newhall County Water District	13

6. ACTION ITEMS FOR APPROVAL

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6.1 *	Authorize the General Manager to Execute an Amendment Extending the Term of the Recycled Water Purchase Agreement with the Santa Clarita Valley Sanitation District	27
6.2 *	Approve Receiving and Filing of Cost of Service Analysis and Rate Design and the Ratepayer Advocate Report	51
6.3 *	Approve a Proposition 218 Notice for Retail Water Rates	105
6.4 *	Approve an Agency Policy to Comply with SB 95 – COVID-19 Supplemental Paid Sick Leave	115

7. GENERAL MANAGER’S REPORT ON ACTIVITIES, PROJECTS AND PROGRAMS

8. PRESIDENT’S REPORT

9. AB 1234 WRITTEN AND VERBAL REPORTS

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9.1	April 9, 2021 NWRA’s Federal Affairs Committee Meeting – Vice President Gladbach	127
9.2	AB 1234 Reports	

10. DIRECTOR REPORTS

11. CLOSED SESSION – SEPARATE DIAL-IN PHONE NUMBER WILL BE PROVIDED TO THE BOARD AND APPROPRIATE STAFF

- 11.1 Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9, Claim of Hiroshi Kawashima Against Santa Clarita Valley Water Agency, Claim for Loss of Business, Date of Claim March 30, 2021

OPEN SESSION CONTINUES WITH THE PHONE NUMBER LISTED ON THE FIRST PAGE OF THIS AGENDA

12. CLOSED SESSION ANNOUNCEMENTS

13. DIRECTOR REQUESTS FOR APPROVAL FOR EVENT ATTENDANCE

14. REQUESTS FOR FUTURE AGENDA ITEMS

15. ADJOURNMENT

- * Indicates Attachment
- ◆ Indicates Handout

Note: The Board reserves the right to discuss or take action or both on all of the above Agenda items.

NOTICES

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning April Jacobs, Secretary to the Board of Directors, at (661) 297-1600, or in writing to Santa Clarita Valley Water Agency at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Santa Clarita Valley Water Agency, located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at <http://www.yourscvwater.com>.

Posted on April 14, 2021.

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Minutes of the Regular Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – April 6, 2021

A regular meeting of the Board of Directors of the Santa Clarita Valley Water Agency was held via teleconference at 6:30 PM on Tuesday, April 6, 2021. A copy of the Agenda is inserted in the Minute Book of the Agency preceding these minutes.

DIRECTORS PRESENT: Kathye Armitage, Beth Braunstein, Ed Colley, William Cooper, Jeff Ford, Jerry Gladbach, R. J. Kelly, Gary Martin, Dan Mortensen, Piotr Orzechowski and Lynne Plambeck via teleconference.

DIRECTORS ABSENT: B. J. Atkins.

Also present via teleconference: General Manager Matthew Stone, General Counsels Tom Bunn and Joe Byrne, Board Secretary April Jacobs, Assistant General Manager Steve Cole, Chief Engineer Courtney Mael, Chief Financial and Administrative Officer Eric Campbell, Chief Operating Officer Keith Abercrombie, Director of Finance and Administration Rochelle Patterson, Director of Operations and Maintenance Mike Alvord, Director of Tech Services Cris Perez, Director of Water Resources Dirk Marks, Human Resources Manager Ari Mantis, Principal Engineers Jason Yim, Senior Engineer Shadi Bader and Jim Leserman, Associate Engineer Elizabeth Sobczak, Senior Management Analyst Kim Grass, Financial Analyst Darine Conner, Customer Services Manager Kathleen Willson, Executive Assistant’s Eunie Kang and Leticia Quintero, Senior Office Assistant Terri Bell, Accounting Tech II Kyle Arnold, and members of the public.

President Martin called the meeting to order at 6:30 PM. A quorum was present.

Upon motion of Vice President Mortensen, seconded by Director Cooper and carried, the Board approved the Agenda by the following roll call votes (Item 4):

Director Armitage	Yes	Director Atkins	Absent
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

Upon motion of Vice President Mortensen, seconded by Director Kelly and carried, the Board pulled Item 5.2 for further discussion and approved the remaining items on the Consent Calendar by the following roll call votes (Item 5):

Director Armitage	Yes	Director Atkins	Absent
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

Item 5.2 authorizing the General Manager to execute an amendment extending the term of the Recycled Water Purchase Agreement with the Santa Clarita Valley Sanitation District was

removed from the agenda and will be considered at the April 20, 2021 regular Board meeting because the Board wanted to review a copy of the proposed amendment before approval.

Upon motion of Vice President Gladbach, seconded by Director Braunstein and carried, the Board approved Resolution No. SCV-205 authorizing the restructuring of the VWD Acquisition Interfund Loan as presented at tonight's meeting by the following roll call votes (Item 6.1):

Director Armitage	Yes	Director Atkins	Absent
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-205

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
AUTHORIZING THE RESTRUCTURING OF THE VALENCIA
WATER DIVISION ACQUISITION INTERFUND LOAN**

<https://yourscvwater.com/wp-content/uploads/2021/04/SCV-Water-Approved-Resolution-040621-Resolution-SCV-205.pdf>

Chief Financial and Administrative Officer Eric Campbell presented and reviewed the revised Proposition 218 Notice for Retail Water Rates (Item 7).

After discussion, the Board voted to leave the proposed language on page 7 of the Proposition 218 Notice that pertains to the method in which written protests may be filed as proposed, by motion of Director Cooper, seconded by Vice President Mortensen and carried, by the following roll call votes (Item 7):

Director Armitage	No	Director Atkins	Absent
Director Braunstein	No	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	No

General Manager's Report on Activities, Projects and Programs (Item 8).

There was no General Manager's report given.

Committee Meeting Recap Reports for Informational Purposes Only (Item 9).

Director Armitage expressed her excitement about the plans for the Conservatory Garden and Education Experience that was shared in the March 10, 2021 Water Resources and Watershed Committee Report and presented at that meeting. She feels it will be a great upgrade and hopes to see plenty of California native plants on full display for when our ratepayers and customers come visit the newly refurbished garden.

There were no other comments on the recap reports.

Written Reports for Informational Purposes only (Item 10).

Director Armitage had a question regarding the Finance, Administration and Information Technology Section report. She wanted to know why the Agency is recruiting for a temporary Water Quality Scientist, whether this position is going to be filled as a staff position or a consulting position and why is it going to be temporary.

Director of Operations and Maintenance Mike Alvord stated that one of our lab scientist is going out on ELA, and the temporary person will be used for support in the lab until that employee returns. This is a temporary person.

There were no other comments on the written reports.

President's Report (Item 11).

The President updated the Board on upcoming meetings and events.

AB 1234 Written and Verbal Reports (Item 12).

Written reports were submitted by President Martin, Vice President's Gladbach and Mortensen and Directors Armitage, Colley, Ford and Plambeck which were included in the Board packet. An additional written report was submitted by Director Orzechowski which is posted on the SCV Water website and is part of the record.

President Martin reported that he and Directors Atkins and Cooper attended the SCV-GSA Board Meeting held virtually on April 5, 2021.

There were no other AB 1234 Reports.

Director Reports (Item 13).

Director Orzechowski stated that there will be a summit to discuss COVID-19 mitigation which will take place on April 15, 2021 at 7:00 AM. The official name is WTTC/Carnival Corporation 2021 Global Scientific Summit on COVID-19 and he would urge all the Directors to attend if they can. He mentioned there will be a lot of good information that will be presented.

Director Cooper reported that Governor Newsom announced today that if things stay as they are he will be reopening California on June 15, 2021. Further, he advised the Board that this may affect how we currently meet for Board and Committee meetings and he felt that we should start preparing for when and if this happens in the near future.

There were no other Director reports.

The Board went into Closed Session at 8:13 PM (Item 14).

The Board was instructed to disconnect from the current call and redial in on a separate teleconference line that was provided to them. President Martin instructed the public members and staff who wanted to stay on the call, to stay on the current teleconference line and once Closed Session has ended, the Board will reconvene for Closed Session announcements and the conclusion of the meeting.

President Martin reconvened the Open Session at 8:54 PM.

Tom Bunn, Esq., reported that pertaining to Item 14.2, Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9, (1) Amended Claim of Boucher LLP on Behalf of Multiple Claimants, dated March 22, 2021, (2) Individual and Representative Claim of Boucher LLP on Behalf of Multiple Individual Claimants and a Purported Class, Dated March 23, 2021 and (3) Any and All Claims that Arise from Incident Regarding FivePoint Magic Mountain Tank Sand Blasting, Located at 26975U Westridge Parkway, Against Santa Clarita Valley Water Agency, Claim for Personal Injury and Property Damage the Board voted to reject the claims and send them to the ACWA/JPIA by motion of Vice President Gladbach, seconded by Director Ford and carried, by the following roll call votes:

Director Armitage	Yes	Director Atkins	Absent
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

Joe Byrne, Esq., reported that there were no other actions taken in Closed Session that were reportable under the Ralph M. Brown Act (Item 15).

Director Requests for Approval for Event Attendance (Item 16).

Director Armitage asked for approval to attend the Virtual Southern California Water Coalition “Drought: Are We Ready?” event held on April 29, 2021. President Martin approved for Board attendance.

There were no other Director requests for event attendance.

Requests for Future Agenda Items (Item 17).

There were no requests for future Agenda items at this time however, Director Plambeck asked at the beginning of the meeting for staff to look into hiring more minority and women based consultants companies.

The meeting was adjourned at 8:57 PM (Item 18).

April Jacobs, Board Secretary


ATTEST:

President of the Board

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BOARD MEMORANDUM

DATE: April 8, 2021
TO: Board of Directors
FROM: April Jacobs
Board Secretary 
SUBJECT: Approve Resolutions for the Negotiated Tax Exchange to the County of Los Angeles Lighting Maintenance District 1687 for Annexation of Project L 015-2020, Tax Rate Area 08975 for Newhall County Water District

SUMMARY

The County of Los Angeles Department of Public Works is requesting approval and acceptance of negotiated tax exchange resolutions resulting from Annexation of Project L 015-2020, Tax Rate Area 08975 to the County Lighting Maintenance District 1687 for Newhall County Water District.

DISCUSSION

Under Section 99.01 of the California Revenue and Taxation Code, prior to the effective date of any jurisdictional change that will result in a special district providing new services to an area from a jurisdiction change are entitled to a share of the annual tax increment generated in the area being annexed.

RECOMMENDATION

That the Board of Directors approve the attached resolutions for the Negotiated Tax Exchange to the County of Los Angeles Lighting Maintenance District 1687 for Annexation of Project L 015-2020, Tax Rate Area 08975 for Newhall County Water District.

Attachment

AMJ

M65

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MARK PESTRELLA, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

February 9, 2021

IN REPLY PLEASE
REFER TO FILE: **T-5**

Mr. Matt Stone, General Manager
Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

Attention Ms. April Jacobs

Dear Mr. Stone:

**NEGOTIATED TAX EXCHANGE RESOLUTION
ANNEXATION OF PROJECT L 015-2020
TO COUNTY LIGHTING MAINTENANCE DISTRICT 1687**

We request that the Santa Clarita Valley Water Agency participate in the exchange of ad valorem property tax in conjunction with the annexation of the territory known as L 015-2020 to County Lighting Maintenance District (CLMD) 1687. This proposed exchange would provide revenue to CLMD 1687 to partially fund the operation and maintenance of new street lighting services to be provided within the annexed territory. This territory, whose boundary is shown on the enclosed proposed annexation map, is being processed for the Board of Supervisors' concurrent approval of the annexation and transfer of ad valorem property tax between the affected taxing agencies and CLMD 1687.

For new annexations to a CLMD, our procedures require us to process the exchange of property tax revenues with all nonexempt taxing agencies. Under Section 99.01 of the California Revenue and Taxation Code, special districts providing new services to an area as a result of a jurisdictional change are entitled to a share of the annual tax increment generated in the area being annexed. CLMD 1687 meets the definition of a special district under Section 95(m) of the California Revenue and Taxation Code. CLMD 1687's share of the annual tax increment is to be taken from all of the other local taxing agencies providing services within the annexed area with the exception of school entities, which are exempted by law. If a taxing agency involved in the negotiation does not adopt a resolution providing for the exchange of property tax revenue, the Board can determine the exchange of property tax revenues for that taxing agency.

Mr. Matt Stone
February 9, 2021
Page 2

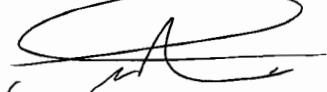
Enclosed are three Joint Resolutions between Los Angeles County and the Water Agency approving and accepting the negotiated exchange of property tax revenues resulting from the annexation of the subject territory to CLMD 1687. Attached to each Joint Resolution is a Property Tax Transfer Resolution Worksheet listing the share of the annual tax increment to be exchanged with the Water Agency, other affected taxing agencies, and CLMD 1687. The tax rate ratios listed on the worksheets were calculated using a formula approved by the County Auditor-Controller and County Counsel. As shown on the Property Tax Transfer Resolution Worksheet for L 015-2020, Tax Rate Area 08975, the current tax share ratio for the Water Agency is 0.051941153. Out of the Water Agency's tax share, the Water Agency would allocate 0.001085671 to CLMD 1687 with a net share of 0.050855482 to the Water Agency. Monetarily speaking, a \$10,000 increment in assessed valuation of a parcel means that the parcel will pay an additional \$100 in property taxes, of which the Water Agency would receive \$5.0855 and CLMD 1687 would receive \$0.1086.

Please have the resolution executed and returned to us in the enclosed self-addressed envelope by April 29, 2021.

If you have any questions, please contact Ms. Tigist Desta, Traffic Safety and Mobility Division, at (626) 300-4755 or tdesta@pw.lacounty.gov.

Very truly yours,

MARK PESTRELLA
Director of ~~Public Works~~

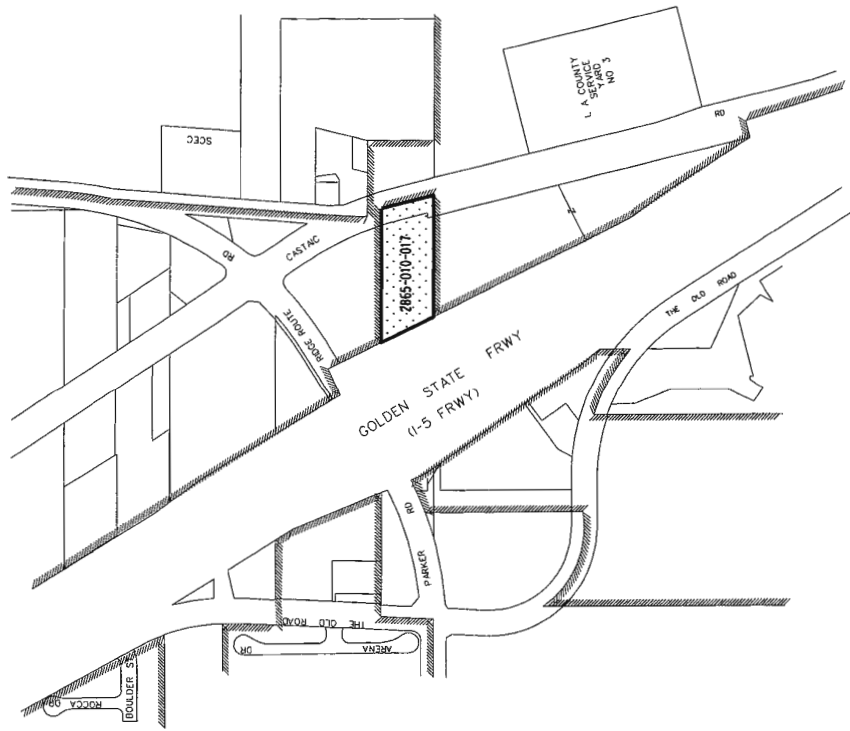


^{to} EMIKO THOMPSON
Assistant Deputy Director
Traffic Safety and Mobility Division

TD:la

Enc.

L 015-2020



LEGEND

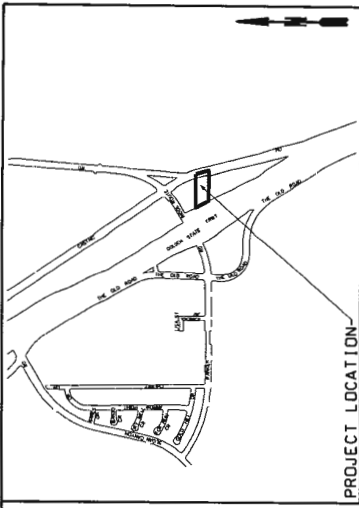


PROPOSED ANNEXATION AREA



EXISTING LIGHTING MAINTENANCE DISTRICT 1687

PROPOSED ANNEXATION TO COUNTY LIGHTING
MAINTENANCE DISTRICT 1687
AND COUNTY LIGHTING DISTRICT LLA-1
(UNINCORPORATED ZONE)



PROJECT LOCATION
VICINITY MAP
T. G. page 4369-H7



IRA
08975

NOT TO SCALE

LOS ANGELES COUNTY PUBLIC WORKS
TRAFFIC SAFETY AND MOBILITY DIVISION
STREET LIGHTING SECTION

Prepared By	TD	Sheet 1 of 1	SUP. DIST. 5
Recommended By	Date		
Approved By	Date		

CLMD 1687
 CASTAIC AREA
Legist Deste
Josquin Herrera
 8/13/2020

L 015-2020

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NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The negotiated exchange of property tax revenues with the CLMD 1687, Los Angeles County General Fund, Los Angeles County Public Library, Los Angeles County Road District 5, the Consolidated Fire Protection District of Los Angeles County, Los Angeles County Flood Control Drainage Improvement Maintenance District, Los Angeles County Flood Control District, the Greater Los Angeles County Vector Control District, and the Santa Clarita Valley Water Agency resulting from the annexation of L 015-2020 to CLMD 1687 is approved and accepted.

2. For fiscal years commencing on or after July 1, 2021, or the July 1 after the effective date of this jurisdictional change, whichever is later, the property tax revenue increment generated from the area within L 015-2020, Tax Rate Area 08975, shall be allocated to the affected agencies as indicated on the attached Property Tax Transfer Resolution Worksheet.

3. No transfer of property tax revenues other than those specified in Paragraph 2 shall be made as a result of the annexation of L 015-2020.

4. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect, thus, producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year.

PASSED, APPROVED, AND ADOPTED this _____ day of _____ 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

SANTA CLARITA VALLEY WATER AGENCY-
NCW

By _____
President, Board of Directors

ATTEST:

Secretary

Date

ANNEXATION TO: CO LIGHTING MAINT DIST NO 1687
 ACCOUNT NUMBER: 019.40
 TRA: 08975
 EFFECTIVE DATE: 07/01/2020
 ANNEXATION NUMBER: L 015-2020 PROJECT NAME: L 015-2020
 DISTRICT SHARE: 0.020901952

ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
001.05	LOS ANGELES COUNTY GENERAL	0.270514031	27.0524 %	0.020901952	0.005654281	-0.005786316	0.264727715
001.20	L.A. COUNTY ACCUM CAP OUTLAY	0.000103486	0.0103 %	0.020901952	0.000002163	0.000000000	0.000103486
003.01	L A COUNTY LIBRARY	0.020661558	2.0661 %	0.020901952	0.000431866	-0.000431866	0.020229692
005.25	ROAD DIST # 5	0.005705964	0.5705 %	0.020901952	0.000119265	-0.000119265	0.005586699
007.30	CONSOL. FIRE PRO.DIST.OF L.A.CO.	0.159099988	15.9099 %	0.020901952	0.003325500	-0.003325500	0.155774488
007.31	L A C FIRE-FFW	0.006213429	0.6213 %	0.020901952	0.000129872	0.000000000	0.006213429
030.10	L.A.CO.FL.CON.DR.IMP.DIST.MAINT.	0.001486434	0.1486 %	0.020901952	0.000031069	-0.000031069	0.001455365
030.70	LA CO FLOOD CONTROL MAINT	0.008412047	0.8412 %	0.020901952	0.000175828	-0.000175828	0.008236219
061.80	GREATER L A CO VECTOR CONTROL	0.000322714	0.0322 %	0.020901952	0.000006745	-0.000006745	0.000315969
068.05	ANTELOPE VY RESOURCE CONSER DIST	0.000000000	0.0000 %	0.020901952	0.000000000	0.000000000	0.000000000
302.01	SANTA CLARITA VALLEY WATER-CLWA	0.051941153	5.1941 %	0.020901952	0.001085671	-0.001085671	0.050855482
309.01	SANTA CLARITA VALLEY WATER-NCW	0.000925093	0.0925 %	0.020901952	0.000019336	-0.000019336	0.000905757
309.04	STA CLFTA VALLEY WTR-NCW01	0.035557020	3.5557 %	0.020901952	0.000743211	-0.000743211	0.034813809
400.00	EDUCATIONAL REV AUGMENTATION FD	0.092590395	9.2590 %	0.020901952	0.001935319	EXEMPT	0.092590395
400.01	EDUCATIONAL AUG FD IMPOUND	0.131877650	13.1877 %	0.020901952	0.002756500	EXEMPT	0.131877650
400.15	COUNTY SCHOOL SERVICES	0.001283294	0.1283 %	0.020901952	0.000026823	EXEMPT	0.001283294
400.21	CHILDREN'S INSTIL TUITION FUND	0.002546817	0.2546 %	0.020901952	0.000053233	EXEMPT	0.002546817
440.01	CASTAIC UNION SCHOOL DISTRICT	0.053638052	5.3638 %	0.020901952	0.001121139	EXEMPT	0.053638052
440.06	CO.SCH.SERV.FD.- CASTAIC UNION	0.010446888	1.0446 %	0.020901952	0.000218360	EXEMPT	0.010446888

ANNEXATION NUMBER:	L 015-2020	PROJECT NAME:	L 015-2020	TRA:	08975		
ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
440.07	DEV.CTR. HDCPD.MINOR-CASTAIC	0.000915670	0.0915 %	0.020901952	0.000019139	EXEMPT	0.000915670
757.02	HART WILLIAM S UNION HIGH	0.073260057	7.3260 %	0.020901952	0.001531278	EXEMPT	0.073260057
757.06	CO.SCH.SERV.FD.- HART,WILLIAM S.	0.000305374	0.0305 %	0.020901952	0.000006382	EXEMPT	0.000305374
757.07	HART,WILLIAM S.-ELEM SCHOOL FUND	0.038547174	3.8547 %	0.020901952	0.000805711	EXEMPT	0.038547174
814.04	SANTA CLARITA COMMUNITY COLLEGE	0.033645712	3.3645 %	0.020901952	0.000703261	EXEMPT	0.033645712
***019.40	CO LIGHTING MAINT DIST NO 1687	0.000000000	0.0000 %	0.020901952	0.000000000	0.000000000	0.011724807
TOTAL:		1.000000000	100.0000 %		0.020901952	-0.011724807	1.000000000

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The negotiated exchange of property tax revenues with the CLMD 1687, Los Angeles County General Fund, Los Angeles County Public Library, Los Angeles County Road District 5, the Consolidated Fire Protection District of Los Angeles County, Los Angeles County Flood Control Drainage Improvement Maintenance District, Los Angeles County Flood Control District, the Greater Los Angeles County Vector Control District, and the Santa Clarita Valley Water Agency resulting from the annexation of L 015-2020 to CLMD 1687 is approved and accepted.

2. For fiscal years commencing on or after July 1, 2021, or the July 1 after the effective date of this jurisdictional change, whichever is later, the property tax revenue increment generated from the area within L 015-2020, Tax Rate Area 08975, shall be allocated to the affected agencies as indicated on the attached Property Tax Transfer Resolution Worksheet.

3. No transfer of property tax revenues other than those specified in Paragraph 2 shall be made as a result of the annexation of L 015-2020.

4. If at any time after the effective date of this resolution, the calculations used herein to determine initial property tax transfers or the data used to perform those calculations are found to be incorrect, thus, producing an improper or inaccurate property tax transfer, the property tax transfer shall be recalculated and the corrected transfer shall be implemented for the next fiscal year.

PASSED, APPROVED, AND ADOPTED this _____ day of _____ 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

SANTA CLARITA VALLEY WATER AGENCY-
NCW01

By _____
President, Board of Directors

ATTEST:

Secretary

Date

ANNEXATION TO: CO LIGHTING MAINT DIST NO 1687
 ACCOUNT NUMBER: 019.40
 TRA: 08975
 EFFECTIVE DATE: 07/01/2020
 ANNEXATION NUMBER: L 015-2020 PROJECT NAME: L 015-2020
 DISTRICT SHARE: 0.020901952

ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
001.05	LOS ANGELES COUNTY GENERAL	0.270514031	27.0524 %	0.020901952	0.005654281	-0.005786316	0.264727715
001.20	L.A. COUNTY ACCUM CAP OUTLAY	0.000103486	0.0103 %	0.020901952	0.000002163	0.000000000	0.000103486
003.01	L A COUNTY LIBRARY	0.020661558	2.0661 %	0.020901952	0.000431866	-0.000431866	0.020229692
005.25	ROAD DIST # 5	0.005705964	0.5705 %	0.020901952	0.000119265	-0.000119265	0.005586699
007.30	CONSOL. FIRE PRO.DIST.OF L.A.CO.	0.159099988	15.9099 %	0.020901952	0.003325500	-0.003325500	0.155774488
007.31	L A C FIRE-FFW	0.006213429	0.6213 %	0.020901952	0.000129872	0.000000000	0.006213429
030.10	L.A.CO.FL.CON.DR.IMP.DIST.MAINT.	0.001486434	0.1486 %	0.020901952	0.000031069	-0.000031069	0.001455365
030.70	LA CO FLOOD CONTROL MAINT	0.008412047	0.8412 %	0.020901952	0.000175828	-0.000175828	0.008236219
061.80	GREATER L A CO VECTOR CONTROL	0.000322714	0.0322 %	0.020901952	0.000006745	-0.000006745	0.000315969
.068.05	ANTELOPE VY RESOURCE CONSER DIST	0.000000000	0.0000 %	0.020901952	0.000000000	0.000000000	0.000000000
302.01	SANTA CLARITA VALLEY WATER-CLWA	0.051941153	5.1941 %	0.020901952	0.001085671	-0.001085671	0.050855482
309.01	SANTA CLARITA VALLEY WATER-NCW	0.000925093	0.0925 %	0.020901952	0.000019336	-0.000019336	0.000905757
309.04	STA CLRITA VALLEY WTR-NCW01	0.035557020	3.5557 %	0.020901952	0.000743211	-0.000743211	0.034813809
400.00	EDUCATIONAL REV AUGMENTATION FD	0.092590395	9.2590 %	0.020901952	0.001935319	EXEMPT	0.092590395
400.01	EDUCATIONAL AUG FD IMPOUND	0.131877650	13.1877 %	0.020901952	0.002756500	EXEMPT	0.131877650
400.15	COUNTY SCHOOL SERVICES	0.001283294	0.1283 %	0.020901952	0.000026823	EXEMPT	0.001283294
400.21	CHILDREN'S INSTIL TUITION FUND	0.002546817	0.2546 %	0.020901952	0.000053233	EXEMPT	0.002546817
440.01	CASTAIC UNION SCHOOL DISTRICT	0.053638052	5.3638 %	0.020901952	0.001121139	EXEMPT	0.053638052
440.06	CO.SCH.SERV.FD.- CASTAIC UNION	0.010446888	1.0446 %	0.020901952	0.000218360	EXEMPT	0.010446888

ANNEXATION NUMBER: L 015-2020 PROJECT NAME: L 015-2020 TRA: 08975


ACCOUNT #	TAXING AGENCY	CURRENT TAX SHARE	PERCENT	PROPOSED DIST SHARE	ALLOCATED SHARE	ADJUSTMENTS	NET SHARE
440.07	DEV.CTR. HDCPD.MINOR-CASTAIC	0.000915670	0.0915 %	0.020901952	0.000019139	EXEMPT	0.000915670
757.02	HART WILLIAM S UNION HIGH	0.073260057	7.3260 %	0.020901952	0.001531278	EXEMPT	0.073260057
757.06	CO.SCH.SERV.FD.- HART,WILLIAM S.	0.000305374	0.0305 %	0.020901952	0.000006382	EXEMPT	0.000305374
757.07	HART,WILLIAM S.-ELEM SCHOOL FUND	0.038547174	3.8547 %	0.020901952	0.000805711	EXEMPT	0.038547174
814.04	SANTA CLARITA COMMUNITY COLLEGE	0.033645712	3.3645 %	0.020901952	0.000703261	EXEMPT	0.033645712
***019.40	CO LIGHTING MAINT DIST NO 1687	0.000000000	0.0000 %	0.020901952	0.000000000	0.000000000	0.011724807
TOTAL:		1.000000000	100.0000 %		0.020901952	-0.011724807	1.000000000



BOARD MEMORANDUM

DATE: April 7, 2021

TO: Board of Directors

FROM: Dirk Marks 
Director of Water Resources

SUBJECT: Authorize the General Manager to Execute an Amendment Extending the Term of the Recycled Water Purchase Agreement with the Santa Clarita Valley Sanitation District

SUMMARY

SCV Water staff has negotiated a five-year extension of its existing contract with the Santa Clarita Valley Sanitation District (SCVSD) for the purchase of recycled water. Under the extension, pricing will be subject to a Consumer Price Index adjustment.

DISCUSSION

The existing July 24, 1996 recycled water purchase agreement incorporated a term of 25 years (Attachment 1). It was entered into by one of SCVWA's predecessor agencies, Castaic Lake Water Agency as well as SCVSD predecessor agencies County Sanitation Districts Nos. 26 and 32. The proposed amendment would update the participants' information as well as extend the term by five years through July 24, 2026 (Attachment 2). The pricing for recycled water will be fixed at the current rate of \$167 per acre-foot, subject to Cost of Living Index adjustment that would be capped at a maximum of 5% per year. The amendment also identifies SCVWA as the exclusive purchaser of recycled water from SCVSD.

On March 10, 2021, the Water Resources and Watershed Committee considered staff's recommendation to authorize the General Manager to execute an amendment extending the term of the Recycled Water Purchase Agreement with the Santa Clarita Valley Sanitation District.

On April 6, 2021, the Board considered this item and requested additional information. Attachments 1 and 2 have been provided in response to the Board's inquiry.

FINANCIAL CONSIDERATIONS

The operating budget contains funds for anticipated recycled water purchases under this agreement.

CALIFORNIA ENVIRONMENTAL PROTECTION ACT (CEQA) COMPLIANCE

Execution of the contract amendment would be exempt from the requirements of the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations Section 15061(b)(3), the common-sense exemption, as well as, alternatively, Section 15301, as the

amendment does not alter the quantity of recycled water provided for under the contract and does not authorize any construction or expansion of new or existing facilities.

RECOMMENDATION

The Water Resources and Watershed Committee recommends that the Board of Directors authorize the General Manager to execute an amendment extending the term of the Recycled Water Purchase Agreement with the Santa Clarita Valley Sanitation District.

Attachments

M65

ATTACHMENT 1



July 24, 1996

TO: CLWA BOARD OF DIRECTORS

FROM: Robert C. Sagehorn
General Manager

SUBJECT: Reclaimed Water

I am pleased to send you a copy of the fully executed reclaimed water agreement with the Sanitation Districts of Los Angeles County. The agreement provides for a supply of up to 1,600 acre feet of reclaimed water each fiscal year.

Funding to advance a project to use the water is included in the capital budget of the Agency.

cc: Glenn Reiter
Lynn Takaichi
Robert H. Clark
Hunt Braly
Bob Rauch
Bob Walters
Jean Di Angelous

DIRECTORS

EG JERRY BLADE
WILLIAM J. MANNING
JAMES L. GATES
DONALD B. FROELICH
DEAN D. ESTABROOK
WILLIAM C. COOPER
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RICHARD W. BALGER
RANDALL D. PRIEST
MICHAEL A. KOTER

GENERAL MANAGER

ROBERT C. SAGEHORN

ATTORNEY

ROBERT H. CLARK

SECRETARY

LINDA J. FLEMING

DETERMINATION OF THE PRICE OF RECLAIMED WATER TO CASTAIC LAKE WATER AGENCY (CASTAIC)

FISCAL YEAR	1995	1996	1997	1998	1999	2000	2001	2002	2003
RECLAIMED WATER DELIVERED (AFY) (1)	50	1041	1574	1574	1574	1574	1574	1574	1574
CASTAIC COSTS:									
OPERATION AND MAINTENANCE (3)									
Variable O&M (Energy/Pumping)	\$4,244	\$88,357	\$137,604	\$141,732	\$145,984	\$150,364	\$154,875	\$159,521	\$164,306
Maintenance	\$10,000	\$7,755	\$12,312	\$12,928	\$13,574	\$14,253	\$14,965	\$15,714	\$16,499
Deficit from Previous Year	\$0	\$3,844	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASTAIC TOTAL COST (2)	\$14,244	\$99,956	\$149,916	\$154,660	\$159,558	\$164,616	\$169,840	\$175,234	\$180,806
Unit Cost (\$/AF)	\$285	\$96	\$95	\$98	\$101	\$105	\$108	\$111	\$115
WATER RATE:									
90% Castaic's Potable Water Unit Rate (\$/AF) (3)	\$213	\$210	\$251	\$252	\$253	\$261	\$270	\$279	\$289
90% Castaic's Potable Water Total Cost	\$10,650	\$218,610	\$395,074	\$396,648	\$398,222	\$410,814	\$424,980	\$439,146	\$454,886
Castaic's Rate for Reclaimed Water (3)	\$170	\$168	\$201	\$202	\$202	\$209	\$216	\$223	\$231
Castaic's Revenue from Sale of Reclaimed Water	\$8,500	\$174,888	\$316,374	\$317,948	\$317,948	\$328,966	\$339,984	\$351,002	\$363,594
Price Determined by (a)(4)	\$5	\$5	\$5	\$36	\$38	\$41	\$43	\$46	\$48
Price Determined by (b)	(\$36)	\$57	\$78	\$77	\$76	\$78	\$81	\$84	\$87
O&M Valley Reclamation Plants (c) (5)	\$373	\$396	\$419	\$444	\$471	\$499	\$529	\$561	\$595
ACTUAL PRICE - Greater of (a) or (b) but <= (c)	\$5	\$57	\$78	\$77	\$76	\$78	\$81	\$84	\$87
Total Reclaimed Water Cost	\$250	\$59,327	\$122,579	\$120,994	\$119,332	\$123,099	\$127,570	\$131,956	\$137,040
Deficit To Be Carried Over (6)	\$3,844	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

NOTES:

- (1) Assumed usage for purposes of example.
- (2) Total cost to Castaic excluding payment to the Sanitation Districts.
- (3) Based on projections by Castaic (except for 1995).
- (4) Based on Water Reclamation Plants O&M cost of \$143/AF in 1994 and Districts' projections.
- (5) Based on Valley Reclamation Plants O&M cost of \$352/AF in 1994 and Districts' projections.
- (6) Calculated negative deficit (i.e. surplus) is carried over as \$0 for subsequent year determination of cost.

AGREEMENT

This Agreement is made and entered into this 24th day of July, ¹⁹⁹⁶~~1995~~, by and between County Sanitation Districts Nos. 26 and 32 of Los Angeles County, hereinafter referred to as "Districts" and the Castaic Lake Water Agency, hereinafter referred to as "Castaic".

WITNESSETH

WHEREAS, Districts are a county sanitation district formed and operating pursuant to the county sanitation district act, Chapter 3, Part 3, Division 5 of the Health and Safety Code, Sections 4700 et seq., and

WHEREAS, Districts are parties to an Amended Joint Powers Agreement, effective May 8, 1984, which provides, among other things, for the ownership and operation of water reclamation plants in the Santa Clarita Valley. The plants currently include the Saugus Water Reclamation Plant and the Valencia Water Reclamation Plant, hereinafter collectively referred to as "Valley Reclamation Plants"; and

WHEREAS, a number of County Sanitation Districts of Los Angeles County are parties to an Amended Joint Outfall Agreement, effective July 1, 1980, which provides, among other things, for the ownership and operation of water reclamation plants. The plants currently include the Joint Water Pollution Control Plant, Long Beach Water Reclamation Plant, Los Coyotes Water Reclamation Plant, Whittier Narrows Water Reclamation Plant, San Jose Creek Water Reclamation Plant, and Pomona Water Reclamation Plant hereinafter collectively referred to as the "Basin Reclamation Plants". The Valley Reclamation Plants and Basin Reclamation Plants hereinafter collectively are referred to as the "Water Reclamation Plants"; and

WHEREAS, pursuant to said Amended Joint Powers Agreement, the Districts operate the Valencia Water Reclamation Plant, hereinafter referred to as "Valencia Plant"; and

WHEREAS, Districts are authorized to sell or otherwise put to beneficial use any water or wastewater effluent recovered from the operation of said Valencia Plant; and

WHEREAS, Castaic is a water agency formed and operating pursuant to the Castaic Water Agency Law Act 9099b of unmodified acts and is authorized to acquire water and water rights; and

WHEREAS, reclaimed water currently produced at said Valencia Plant is suitable for a number of uses including, but not limited to landscape irrigation; and

WHEREAS, Districts and Castaic desire to provide for the long term use of reclaimed water for landscape irrigation and other beneficial uses hereinafter described, thereby fulfilling their joint responsibilities for the conservation of natural resources; and

WHEREAS, Castaic wishes to purchase from Districts, and Districts wish to sell to Castaic a portion of the reclaimed water produced at said Valencia Plant; and

WHEREAS, Castaic has initiated a project to distribute reclaimed water from the Valencia Plant throughout its own service area in a project referred to as the "Castaic Water Reuse Project";

NOW, THEREFORE, it is hereby agreed by and between the parties hereto as follows:

1. Facilities for Delivery and Distribution of Reclaimed Water

1.1 Districts agree to designate a point of connection to Districts' facilities from which reclaimed water may be drawn by Castaic. The point of connection shall be designated by the Chief Engineer and General Manager of Districts ("Chief Engineer"). The plan of connection and facilities to be used by Castaic shall be first approved by the Chief Engineer subsequent to the date first written.

1.2 Castaic agrees to construct or cause to be constructed, at no cost to Districts, all facilities required to withdraw at the point of connection and distribute the reclaimed water purchased by Castaic, including but not limited to a pump station or stations, wet well, pumps, pipelines, meters, controls, and other facilities.

Castaic shall also be solely responsible for all costs incurred by the operation and maintenance of these distribution facilities. Castaic agrees to construct such facilities in a manner which will maximize the potential for others to construct at the point of connection facilities for the withdrawal of reclaimed water. Castaic agrees to cooperate in the shared use of its facilities with other entities wishing to convey reclaimed water. Castaic also agrees to sell capacity in its facilities at a cost not greater than that necessary to recover the pro rata share of its actual costs of construction, operation and maintenance represented by such shared use. Likewise the Districts agrees not to allow others to construct facilities to withdraw reclaimed water which will interfere with the construction, operation, or maintenance of Castaic owned and operated facilities on Districts property.

1.3 Upon prior written approval of the Chief Engineer, Castaic may locate some of its facilities on Districts-owned property as a matter of convenience to Castaic. Notwithstanding the grant of prior approval and consent by the Chief Engineer, upon request by the Chief Engineer, Castaic shall, within ninety (90) days of notice, relocate any such facilities either off the Districts-owned property or if the relocation is on Districts-owned property then in a manner and at a location which is acceptable to the Chief Engineer. Castaic shall bear the cost of such relocation.

2. Quantity of Water Available to Castaic

2.1 Subject to the provisions hereafter set forth, Districts agrees to make available each fiscal year (July 1 through June 30) commencing July 1, 1995, during the term hereof to Castaic, a total of one thousand, six hundred (1,600) acre-feet (as hereinafter determined) of reclaimed water produced at the Valencia Plant. The maximum daily rate of withdrawal shall be limited to one and four-tenths (1.4) million gallons per day. The actual instantaneous rate of withdrawal will be apportioned throughout the day by the ratio that the instantaneous amount of reclaimed water produced at the Valencia Plant bears to the capacity of the Valencia Plant. Districts and Castaic agree to use their best efforts to correlate continuously the rate of withdrawal to the amount of reclaimed water then being produced at the Valencia Plant. This quantity of reclaimed water will be adjusted every five (5) years, beginning after the tenth (10th) full fiscal year of this Agreement, and Districts' obligation will then be limited to furnishing Castaic one hundred percent (100%) of Castaic's highest annual usage in any

of the three (3) fiscal years preceding the date of adjustment, up to one thousand six hundred (1,600) acre-feet, with the daily and instantaneous rate of withdrawal limitation prorated accordingly.

2.2 In addition, the Chief Engineer may, from time to time and for such periods of time as he determines to be appropriate, authorize the sale of such additional quantities of reclaimed water produced at said Valencia Plant as the Chief Engineer determines will be beneficially utilized by Castaic. The sale of any such additional quantity shall be subject to the terms and conditions of this Agreement and shall be only for such period of time as the Chief Engineer determines to be appropriate. Such authorization shall not increase the permanent entitlements of Castaic provided for by this Agreement.

3. Limitations on Contractual Commitments

3.1 Castaic understands and acknowledges that Districts are charged with the responsibility to operate their sewerage systems in a manner which they determine to be most beneficial to the users thereof. The rights of Castaic to reclaimed water under this agreement pertain only to the reclaimed water which actually is produced at the Valencia Plant. Nothing contained herein shall be construed to qualify in any manner Districts' right to operate the Valencia Plant at such level as it determines, in its absolute discretion to be appropriate, or to discontinue the operation of the Valencia Plant. Any right of Castaic to reclaimed water pursuant to this Agreement shall be subordinate to the rights and responsibilities of Districts as herein set forth.

3.2 Nothing herein shall be construed to commit any portion of the effluent from said Valencia Plant beyond that which the Chief Engineer reasonably determines will be used beneficially by Castaic, including resale for reasonable beneficial uses. No such determination which reduces the quantity available to Castaic, under Section 2 hereof shall be made unless the Chief Engineer has given to Castaic at least sixty (60) days advance written notice of such proposed determination and has afforded to Castaic an opportunity to meet and confer on the issue. The determination shall operate to suspend the contractual rights of Castaic under Section 2 for such period of time and to such quantity of reclaimed water as the Chief Engineer reasonably determines to be

appropriate. Districts reserve the right to enter into contracts with others for the sale of any reclaimed water in excess of the amount to which Castaic is entitled under this Agreement.

3.3 The parties recognize the social benefit to be derived from maximizing the beneficial use of reclaimed water. Districts have in the past and intend in the future to contract for the sale of reclaimed water from the Valencia Plant in quantities which will not cumulatively exceed those which will be produced at the plant. However, any circumstances beyond the Districts' control which cause a reduction in flow from normal capacity through the Valencia Plant or require the Districts to limit the amount of water which can be reused may, at the discretion of the Chief Engineer, result in a temporary or permanent decrease in water available to Castaic under this Agreement in such amounts as the Chief Engineer determines are necessary in order to fairly allocate any such reduced flow production so that the Districts are assured of an adequate supply to meet its own needs at the Valencia Plant, and other Districts owned or operated facilities. The Chief Engineer shall allocate reduced flow production among all of the users of reclaimed water produced at the Valencia Plant except for that quantity that is used by Districts for its needs in proportion to the actual use in the previous fiscal year of reclaimed water produced at the Valencia Plant. The reduced availability will continue in effect until such time as the Valencia Plant has been restored to normal capacity.

4. Quality of Water to be Purchased by Castaic

4.1 Districts agree to use its best efforts to supply reclaimed water from said Valencia Plant to Castaic which will conform to the requirements established from time to time by the California Regional Water Quality Control Board - Los Angeles Region (CRWQCB), or such other regulatory agency as may have authority thereover, for either reuse or discharge to the Santa Clara River, whichever is less restrictive. Should the CRWQCB requirements for Castaic usage be more stringent than those for current discharge to the Santa Clara River, Castaic may, at its discretion and at its expense, undertake steps to meet the requirements and shall indicate to the Districts in writing such intent within ninety (90) days of the adoption by the CRWQCB of the requirements; provided, however, that Districts shall have no duty to modify any of its facilities, including said

Valencia Plant, unless it agrees to such modification. If Castaic is unwilling to meet said requirements, it may terminate this Agreement by written notice to the Districts prior to expiration of said ninety (90) day period.

4.2 Both parties recognize that factors beyond the control of Districts could cause operational difficulties at said Valencia Plant resulting in the temporary production of reclaimed water which does not meet the current legal requirements established by the CRWQCB or other regulatory agency for Castaic's intended uses. In such case, the Chief Engineer, in his sole discretion, may temporarily suspend Castaic's availability of water from Districts' facilities. Districts shall use its best efforts to re-establish the production of reclaimed water of a suitable quality as prescribed in Section 4.1 of this Agreement and shall re-establish Castaic's supply of such water accordingly. Castaic recognizes that a standby water supply will be necessary to prevent any damages which might result from an interruption in the supply of reclaimed water and hereby waives any right which it might have to recover from the Districts damages attributable to such interruption.

4.3 Castaic agrees to release and indemnify and hold harmless Districts, the County of Los Angeles, and each City in Los Angeles County whose wastewater is tributary to the Valencia Plant, their officers, directors, agents and employees from and against any and all liability, loss, costs, demands, damages, causes of action (whether legal, equitable or administrative), fees of attorneys and other expenses, which are attributable to the use of reclaimed water furnished by Districts to Castaic that meets the quality standards described in Section 4.1 hereof.

Castaic also agrees to waive any cause of action that may arise against any of the foregoing agencies or individuals which is attributable to such use.

5. Price of Reclaimed Water

5.1 For the three (3) years subsequent to the day and year deliveries first commence, the unit price to be paid by Castaic for reclaimed water provided by Districts to Castaic under the terms of this agreement shall be the greater of:

(a) \$5.00 per acre foot; or

(b) one-half of the result determined by subtracting the Castaic Water Reuse Project Costs, as defined below, during the fiscal year divided by the total amount of reclaimed water delivered during the fiscal year, from the Water Rate, as defined below provided that deficits, if any, determined by adding the price to the amount determined by the above calculation may be carried over and considered as part of the Castaic Water Reuse Project's cost in the next fiscal year.

Water Rate for the purposes of this Agreement shall be defined as the greater of:

- (i) the price that Castaic charges its customers for potable water multiplied by ninety percent (90%), or
- (ii) the price that Castaic charges its customers for reclaimed water.

For the purposes of this Agreement, Castaic's Water Reuse Project Costs shall be defined as all operation and maintenance costs incurred by Castaic, properly allowable under generally accepted accounting standards and attributed to the Castaic Water Reuse Project including but not limited to: reasonable administration and special program costs related to the use of reclaimed water for the Castaic Water Reuse Project, pump station, reservoir and pipeline maintenance costs, energy cost taking into account all economic benefits realized through low interest loans, rebates and other subsidies obtained by the Castaic from external sources to defray the cost of providing reclaimed water and/or constructing reclamation facilities. A

determination of the price of reclaimed water pursuant to this Section 5.1 and 5.2 is included in this Agreement as Appendix "A".

5.2 At the end of the first three (3) years, the unit price to be paid by Castaic for reclaimed water provided by Districts to Castaic under the terms of this Agreement shall be the greater of:

(a) one-fifth of the unit cost, as defined below, of operation and maintenance of the Water Reclamation Plants, during the fiscal year in which the reclaimed water was received, rounded to the nearest cent, or

(b) the value determined by the method prescribed in Section 5.1.(b).

For purposes of this Agreement, the unit cost of operation and maintenance shall be determined on the basis of Districts' accounting records and shall be arrived at by dividing the total operation and maintenance costs of the applicable reclamation plants by the number of acre-feet of treated wastewater therefrom.

5.3 In no event shall the unit price of reclaimed water under Sections 5.1 and 5.2 exceed 100% of the unit cost of operation and maintenance of the Valley Reclamation Plants as defined in Section 5.2.

5.4 Castaic's Water Reuse Project costs shall be determined in accordance with the usual accounting practices of Castaic. Districts shall have the right to audit the books, accounts and records of Castaic during normal business hours upon at least forty-eight (48) hours prior notice to Castaic. Districts' operation and maintenance costs shall be determined in accordance with the usual accounting practices of Districts. Castaic shall have the right to audit the books, accounts and records of Districts during normal business hours upon at least forty-eight (48) hours prior notice to Districts.

5.5 The operation and maintenance costs of such reclaimed water delivery and distribution facilities that may be operated or maintained by Districts on behalf of Castaic shall be paid by Castaic to Districts. Operation and maintenance costs shall be determined in accordance with usual accounting practices of the Districts. Castaic shall have the right to review the books, accounts, and records of Districts during normal business hours upon at least forty-eight (48) hours prior notice to Districts.

6. Payment for Reclaimed Water

6.1 Each year Castaic agrees to make quarterly estimated payments for the total amount of reclaimed water delivered in each of the first three fiscal quarters at the unit price for the previous fiscal year. For the fiscal year in which reclaimed water deliveries commence, Castaic agrees to make quarterly estimated payments for the total amount of reclaimed water delivered in each of the first three fiscal quarters at the unit price of \$5.00 per acre-foot. The payment shall be made prior to October 31, January 31 and April 30 of each year.

6.2 Castaic shall notify Districts of both the total amount of reclaimed water delivered and the itemized costs associated with operating the reclaimed water distribution facilities during each fiscal year as specified in Paragraph 5.1 hereof within thirty (30) days of the end of the fiscal year.

6.3 Districts shall invoice Castaic for the price of the reclaimed water purchased by Castaic as specified in Paragraph 5.1 and the operation and maintenance costs incurred by the Districts on behalf of Castaic as specified in Paragraph 5.5 hereof, less the aforementioned monthly estimated payments, within thirty (30) days after receiving the itemized notification of costs from Castaic. Said invoices shall be paid within thirty (30) days after presentation thereof by Districts.

6.4 In the event of non-payment for sixty (60) days after mailing of invoice, Districts may disconnect Castaic's facilities at the point of connection and order all Castaic's facilities removed from Districts property. This remedy is in addition to all other remedies provided by law.

7. Aesthetic Maintenance

7.1 Castaic agrees to eliminate or control to the reasonable satisfaction of the Chief Engineer any unacceptable aesthetic conditions in Castaic's service area, caused by the use of reclaimed water, including but not limited to standing water, eutrophication of impoundments and overspray onto adjoining properties, and pedestrian and vehicle right-of-ways.

8. Metering and Measurement of Flows

8.1 Castaic agrees to install meters of a size and type approved by the Chief Engineer at no expense to the Districts for the purpose of measuring the quantity of reclaimed water provided pursuant to the terms of this Agreement from said Valencia Plant to Castaic. Castaic agrees to inform the Districts in writing of the total quantity of reclaimed water provided each quarter to each individual site where the reclaimed water is applied, and the purposes for which said quantity of reclaimed water were used. Such written notice shall be provided by the thirtieth (30th) day of the succeeding month.

8.2 Castaic agrees to calibrate, at its expense, the required meters which measure reclaimed water flow and have such meters adjusted or replaced as necessary. These flow meter calibrations shall be in accordance with a schedule deemed reasonable by the Chief Engineer.

8.3 Castaic agrees to permit Districts access to meters and records which measure and register reclaimed water flow for purposes of verifying the quantity of reclaimed water delivered.

9. Limitation of Use

9.1 Castaic understands and agrees that reclaimed water delivered from said Valencia Plant pursuant to terms hereof has limited uses, and Castaic agrees to use said reclaimed water for only those uses or purposes which are legally permissible under the laws of the state and the directives of the appropriate regulatory agencies.

10. Term

10.1 The term of this Agreement shall be twenty five (25) years from the day and year first written, provided that this Agreement may be terminated at any time by mutual agreement of the parties hereto.

11. Notices

All notices pursuant to this Agreement shall be addressed to Districts or Castaic as set forth below or as Districts or as Castaic may hereafter designate in writing and shall be sent through the United States Mail, State of California, duly registered or certified, return receipt requested with postage prepaid thereon. If any notice is sent by registered or certified mail as aforesaid, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof as above-provided.

TO DISTRICTS:

Chief Engineer, General Manager
County Sanitation Districts of Los Angeles County
Post Office Box 4998
Whittier, CA 90607-4998

TO CASTAIC:

General Manager
Castaic Lake Water Agency
27234 Bouquet Canyon Road
Saugus, CA 91350

12. Litigation

Should litigation or arbitration be necessary to enforce or interpret any term or provision of this Agreement or to collect any portion of any amount payable under this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses in addition to any other relief granted to which the prevailing party would otherwise be entitled.

13. Integrated Agreement

There are no understandings or agreements except as herein expressly stated.

14. Indemnification Against Service Duplication Claims

Castaic and Districts acknowledge that they have reviewed the Service Duplication Laws of the State of California embodied in Chapter 8.5 of Part 1, Division 1 of the Public Utilities Code (Section 1501, et seq.), and believe that the rights and responsibilities conferred by those statutes do not pertain to this Agreement. Castaic recognizes, however, that the Districts would be reluctant to enter into the Proposed Agreement without this Indemnity.

Castaic agrees to indemnify and hold harmless the Districts, their officers, agents and employees, from and against any and all liability, loss, costs, damages, causes of action (whether legal, equitable or administrative), fees of attorneys, and other expenses which the Districts may sustain or incur by reason of or in consequence of the assertion by others, whether successful or not, of rights expressed in the Service Duplication Laws referred to above or similar laws, with regard to the sale of reclaimed water to Castaic under this Agreement; provided that Castaic is promptly notified by the Districts in writing of any such assertion of rights and is granted the right to direct or otherwise participate in any defense of such claim. The foregoing indemnity shall extend to the Service Duplication Law and any similar law which may hereafter be enacted, to any amendments thereto hereafter enacted, and to any recodification thereof, irrespective of form, which may subject the Districts to liability to any privately owned public utility or any other person, association or corporation because of the sale of reclaimed water to Castaic.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year above set forth.

CASTAIC LAKE WATER AGENCY

COUNTY SANITATION DISTRICT NO. 26 OF
LOS ANGELES COUNTY

By: [Signature]
GENERAL MANAGER

By: [Signature]
Chairperson, Board of Directors

ATTEST:

ATTEST:

By: [Signature]

By: [Signature]
Secretary
DEC 13 1995

COUNTY SANITATION DISTRICT NO. 32 OF
LOS ANGELES COUNTY

By: [Signature]
Chairperson, Board of Directors

ATTEST:

By: [Signature]
Secretary
DEC 13 1995

APPROVED AS TO FORM:

APPROVED AS TO FORM:

KNAPP, MARSH, DORAN & JONES

By: [Signature]

By: [Signature]

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APPENDIX A

DETERMINATION OF THE PRICE OF RECLAIMED WATER TO CASTAIC LAKE WATER AGENCY (CASTAIC)

As discussed in Paragraph 5.1, the actual price of reclaimed water to Castaic for the first 3 years of deliveries is the greater of (a) or (b) but not exceeding (c) where:

- (a) \$5/AF
- (b) $1/2(\text{Unit Water Rate} - \text{Unit Castaic Cost})$
- (c) 100% of O&M Valley Reclamation Plants Unit Cost

EXAMPLE: 1995 (see Table below)

- (a) \$5/AF
 - (b) $1/2(\$213/\text{AF} - \$285/\text{AF}) = -\$36/\text{AF}$
 - (c) \$373/AF
- thus, 1995 actual price is (b) \$5/AF.

As discussed in Paragraph 5.2, the actual price of reclaimed water to Castaic for the remainder of the Agreement is the greater of (a) or (b) but not exceeding (c) where:

- (a) $1/5(\text{O\&M Water Reclamation Plants Unit Cost})$
- (b) $1/2(\text{Unit Water Rate} - \text{Unit Castaic Cost})$
- (c) 100% of O&M Valley Reclamation Plants Unit Cost

EXAMPLE: 1998 (see Table below)

- (a) $1/5(\$181/\text{AF}) = \$36/\text{AF}$
 - (b) $1/2(\$252/\text{AF} - \$98/\text{AF}) = \$77/\text{AF}$
 - (c) \$444/AF
- thus, 1998 actual price is (a) \$77/AF.

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ATTACHMENT 2

**FIRST AMENDMENT TO
RECYCLED WATER SALES AGREEMENT BY AND BETWEEN COUNTY
SANITATION DISTRICTS NOS. 26 AND 32 OF LOS ANGELES COUNTY AND THE
CASTAIC LAKE WATER AGENCY**

This First Amendment to the Recycled Water Sales Agreement by and between County Sanitation Districts Nos. 26 and 32 of Los Angeles County and the Castaic Lake Water Agency (“First Amendment”) is hereby made by and between the Santa Clarita Valley Water Agency (“SCV Water”), as the successor in interest to Castaic Lake Water Agency, and the Santa Clarita Valley Sanitation District (“SCVSD”), as the successor in interest to County Sanitation Districts Nos. 26 and 32 of Los Angeles County, with an effective date of _____, subject to the following terms and conditions:

Recitals

- A. On July 24, 1996, the Castaic Lake Water Agency and the County Sanitation Districts Nos. 26 and 32 of Los Angeles County entered into an agreement setting forth the terms and conditions under which the Districts would sell reclaimed water to Castaic Lake Water Agency (the “Agreement”). Pursuant to Section 10.1 of the Agreement, the initial Term of 25 years is due to expire on July 24, 2021.
- B. On July 1, 2005, County Sanitation District Nos. 26 and 32 of Los Angeles County merged to form SCVSD. SCVSD is the wastewater collection and treatment service provider for the service area of the former Sanitation Districts Nos. 26 and 32, and is the successor in interest to the Sanitation Districts’ rights, interests and obligations under the Agreement.
- C. On January 1, 2018, pursuant to the Santa Clarita Valley Water Agency Law (the “Act”), Castaic Lake Water Agency merged with the Newhall County Water District and became SCV Water. Also consistent with the Act, later in January 2018 the Valencia Water Company was dissolved and all of its assets, contracts, property, liabilities, and indebtedness were transferred into SCV Water.
- D. SCV Water is now the retail and wholesale water supply entity for Castaic Lake Water Agency’s service area, and is the successor in interest to Castaic Lake Water Agency’s rights, interests and obligations under the Agreement.
- E. As the water supply agency in its service area, SCV Water is the exclusive distributor of recycled water in its service area.
- F. The purpose of this First Amendment is to update and clarify the Parties respective names and roles under the Agreement, update the pricing information and extend its term as stated herein.

G. This Amendment is exempt from the requirements of the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations Section 15061(b)(3), the common-sense exemption, as well as, alternatively, Section 15301, as the matters contemplated herein do not amend the quantity of recycled water provided for under the Agreement and do not authorize any construction or expansion of new or existing facilities.

Amendment

Based on the above Recitals, which the Parties incorporate into the Agreement by reference, the Parties agree as follows:

1. SCV Water shall hereby replace Castaic Lake Water Agency in the Agreement. For the purposes of the Agreement, any rights or obligations of Castaic Lake Water Agency, Castaic, or CLWA (as used therein), shall be rights and obligations of SCV Water.
2. SCVSD shall hereby replace County Sanitation Districts Nos. 26 and 32 of Los Angeles County in the Agreement. For the purposes of the Agreement, any rights or obligations of County Sanitation Districts Nos. 26 and 32 of Los Angeles County, or the Districts (as used therein) shall be rights and obligations of SCVSD.

3. Paragraph 3.2 of the Agreement is hereby amended to state, in its entirety:

“3.2 SCVSD shall not enter into any agreement to sell reclaimed water from the Valley Reclamation Plants to any person or entity other than SCV Water.”

4. Paragraph 6.5 is hereby added to the Agreement and shall state:

“6.5 Notwithstanding any other provision in this Agreement, including but not limited to the requirements of paragraphs 5 and 6 of this Agreement, the requirements of Appendix A to this Agreement, and irrespective of SCVSD’s obligation to deliver water to SCV Water hereunder or how much water is delivered to SCV Water under this Agreement, SCV Water shall pay for water delivered under this agreement based on the following fee schedule for each full fiscal year after the Effective Date of this Agreement:

Effective Date of Agreement through Year 1	\$167.00 per acre foot
Year 2	Year 1 Price + CPI Adjustment
Year 3	Year 2 Price + CPI Adjustment
Year 4	Year 3 Price + CPI Adjustment
Year 5	Year 4 Price + CPI Adjustment

The annual per acre foot baseline payment rate will be increased on July 1 by an amount equal to the change in the CPI (as defined below) during the immediately preceding 12-month period ending March 31 (“CPI Adjustment”), with a minimum 2% increase and

maximum 5% increase. For purposes of this Agreement, “CPI” means the Consumer Price Index – All Items for All Urban Customers, Los Angeles-Long Beach-Anaheim area published by the United States Department of Labor, Bureau of Labor Statistics (or a reasonably equivalent index if such index is discontinued). For purposes of this Agreement, the term “Year 1” refers to the fiscal year ending in 2022.

5. Paragraph 10.1 to the Agreement is amended to state, in its entirety:

“The term of this Agreement shall be five (5) years from the effective date of this First Amendment.

6. Counterparts: This Amendment to the Agreement may be executed in counterparts with the same force and effect as if executed in one complete document by all Parties.
7. Remainder of Agreement: Except only as modified by this First Amendment, the 1996 Agreement remains in full force and effect. If there is any conflict or inconsistency between the First Amendment and the 1996 Agreement, this First Amendment prevails.

[Signatures on Following Page]

The Parties are signing this Amendment to be effective as of the Amendment Date stated above.

**SANTA CLARITA VALLEY WATER
AGENCY**

**SANTA CLARITA VALLEY SANITATION
DISTRICT OF LOS ANGELES COUNTY**

By: _____
Chair, Board of Directors

By: Laurene Weste
Chair, Board of Directors

Dated: _____

Dated: March 15, 2021

ATTEST:

ATTEST:

By: _____
Secretary to the Board

By: Kimberly A. Christensen
Secretary to the Board

**APPROVED AS TO FORM:
BEST BEST AND KRIEGER LLP**

**APPROVED AS TO FORM:
LEWIS BRISBOIS BISGAARD & SMITH LLP**

By: _____
Agency Counsel

By: Wes Beverlin
District Counsel



BOARD MEMORANDUM

DATE: April 12, 2021
TO: Board of Directors *EC*
FROM: Eric Campbell
Chief Financial and Administrative Officer
SUBJECT: Approve Receiving and Filing of Cost of Service Analysis and Rate Design and the Ratepayer Advocate Report

SUMMARY

Staff has prepared a report on the water rate cost of service analysis and proposed rate design. The attached version marked "Draft" with a watermark and with the word "Draft" in red ink in the footer is in the final stages of review with the Agency's legal team. No material changes are anticipated. This report documents the work performed in analyzing Agency costs and how the results were used to develop a proposed five-year rate plan. Also attached is the Ratepayer Advocate's report on their work in reviewing the cost analysis and rate design proposal, and their opinion on the fairness and equitability of the proposed rates. The Ratepayer Advocate's report also includes recommendations for staff to consider in future rate plan development.

DISCUSSION

The staff report documents the detailed steps in their analysis that can be summarized into six steps:

1. Determination of operating and maintenance costs for the rate plan period
2. Cost functionalization-assigning the costs to functions of the Agency operations
3. Allocating functionalized costs to cost causation factors
4. Allocating non-legacy debt and pay-go capital requirements to cost causation factors
5. Determination of costs as either fixed or variable
6. Rate Design

The Ratepayer Advocate's report provides their independent assessment of the cost analysis and proposed rate design.

FINANCIAL CONSIDERATIONS

There are no costs associated with this information item.

RECOMMENDATION

That the Board of Directors receive and file the Cost of Service Analysis & Rate Design and the Ratepayer Advocate Report.

EC

Attachment

M65

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SCV
WATER

DRAFT

**RETAIL WATER RATE COST
ANALYSIS AND RATE DESIGN
STUDY**

Report

[Abstract](#)

Documentation of the analysis of costs and cost allocations and the development of a unified retail water rate plan for the Santa Clarita Valley Water Agency service area.

Eric Campbell
Chief Financial and Administrative Officer

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Note: This draft report is in the final stages of review by the Agency's legal counsel. The final version will be posted to the website prior to the Board meeting on April 20, 2021. No material changes are anticipated.

DRAFT

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EXECUTIVE SUMMARY

This document is the cost of service analysis and rate plan design for the Santa Clarita Valley Water Agency (“Agency”) retail rates. The Agency was formed on January 1, 2018, by the merger of Castaic Lake Water Agency and Newhall County Water District pursuant to the Santa Clarita Valley Water Agency Act, Stats. 2017 ch. 833 (“SB 634”). SB 634 also provided for the dissolution of Valencia Water Company and inclusion in the Agency shortly after the inception date. Following the merger, the three existing retail water purveyors became divisions of the Agency and have continued to charge their existing water rates.

This study provides a detailed description of the steps taken to derive the proposed rates. The main objectives of this study were to unify retail water rates in the Santa Clarita Valley where the three previously separate retail water purveyors had different rates; build into retail water rates the new and substantial cost of PFAS extraction from the water supply; provide reasonable levels of funding for pay-as-you-go (“Pay-go”) capital projects and planned financing costs of future debt funded capital projects during the rate plan period; while creating equitable and affordable rates for all customers in the service area that proportionately allocate costs of providing water to each parcel based on the parcel’s cost of service. The proposed rate plan covers the period FY2021-22 through FY2025-26. In the first year of the rate plan all customers will move to a single set of rates for the variable charge and fixed service charge. A fixed legacy debt charge (“Legacy Debt”) will be included on the bills of the Santa Clarita Water Division (SCWD) and Valencia Water Division (VWD) to comply with terms of Senate Bill 634 and ensures that debt service for infrastructure necessary to provide water to the retail purveyors prior to merger will only be paid by customers in the respective service areas. The Newhall Water Division (NWD) did not have any debt so there is no legacy debt charge for these customers. The first year of the rate plan (FY 21/22) has no increase on overall revenue for the Agency. In years 2 through 5 of the rate plan period rates are proposed to be raised to collect an additional 6.5% of revenue each year. Customer impact will vary depending on water use, as 71% of Agency revenue will come from the variable charge. The more water a customer uses, the higher their bill will be.

The proposed uniform retail variable water charges are shown in Table 1. The proposed uniform retail fixed service charges are shown in Table 2. The Legacy Debt fixed charges are shown in Table 3. The projected financial performance of the proposed rate plan is shown in Table 4. This technical report steps through a series of tables and calculations that document assumptions, projections, dates and calculations that ultimately lead to the proposed allocation of costs of service and development of the proposed rates.

Table 1 Proposed Uniform Variable Charges

Variable Charge: Potable & Recycled Water					
Rate per CCF	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Potable Water Variable Charge	2.09	2.22	2.37	2.52	2.68
Recycled Water Variable Charge	1.67	1.78	1.9	2.02	2.14

The potable and recycled water variable charges are designed to recover the cost of purchasing or pumping, and treating water for its intended use. The charges shown are for each unit sold. Each unit of water is equal to 100 cubic feet (“ccf”), or 748 gallons.

The fixed service charges are set to recover many of the fixed costs of the Agency. The fixed service charge is based on meter connection size. The base meter size is ¾” as this is the most common size in the Agency service area. The use of standard hydraulic capacity ratios for each meter connection size, published by the American Water Works Association were used to ensure fairness and equitability in the fixed charges for each meter size. The Agency relies on the hydraulic capacity ratios published by the AWWA as these are derived from standard engineering calculations of the amount of water that can flow through a pipe of a certain size. The Agency uses these factors in its planning and designing of the supply system.

Table 2: Proposed Uniform Fixed Service Charges

Meter Size	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
5/8-in	\$13.64	\$14.52	\$15.47	\$16.47	\$17.54
3/4-in	\$18.38	\$19.58	\$20.85	\$22.21	\$23.65
1-in	\$27.87	\$29.69	\$31.62	\$33.67	\$35.86
1 1/2-in	\$51.60	\$54.96	\$58.53	\$62.33	\$66.39
2-in	\$80.08	\$85.28	\$90.83	\$96.73	\$103.02
2 1/2-in	\$94.32	\$100.45	\$106.97	\$113.93	\$121.33
3-in	\$146.52	\$156.04	\$166.18	\$176.99	\$188.49
4-in	\$241.43	\$257.13	\$273.84	\$291.64	\$310.60
6-in	\$478.72	\$509.84	\$542.98	\$578.27	\$615.86
8-in	\$763.47	\$813.09	\$865.94	\$922.23	\$982.17
10-in	\$1,095.67	\$1,166.89	\$1,242.74	\$1,323.51	\$1,409.54
12-in	\$2,044.82	\$2,177.74	\$2,319.29	\$2,470.04	\$2,630.59

The legacy debt charges were developed to ensure that infrastructure costs incurred for the benefit of each of the pre-merger service areas is actually paid by those service areas as described in SB 634. Each of the former retail water purveyors’ service areas must be charged for the cost of debt service on debt that was owed by the purveyors at the time of the merger. As part of the effort to keep retail rates as low as possible, prior to this rate design effort, the Agency refinanced all eligible debt. The former NWD customers will not have a Legacy Debt charge as NWD has no debt. Table 3 lists the legacy debt charges for SCWD and VWD for the five-year rate plan period. The calculations of the legacy debt charges for SCWD and VWD are contained later in this report.

Table 3: Proposed Legacy Debt Charges

Meter Connection Size	SCWD	VWD
5/8-in	\$6.80	\$4.34
3/4-in	\$10.20	\$6.50
1-in	\$17.01	\$10.84
1 1/2-in	\$34.02	\$21.68
2-in	\$54.42	\$34.69
2 1/2-in	\$64.63	\$41.20
3-in	\$102.05	\$65.05
4-in	\$170.08	\$108.41
6-in	\$340.15	\$216.83
8-in	\$544.24	\$346.92
10-in	\$782.35	\$498.70
12-in	\$1,462.65	\$932.36

The expected financial performance of the rate plan is shown in Table 4. It is anticipated that Pay-go capital will average approximately \$19,300,000 per year of the plan. Later in this report the existing pay-go plan is compared to this level of projected funding and although there are alternative funding mechanisms, it is likely that some of the existing plan will be deferred. The amount of Pay-go funds available for the Capital Improvement Plan is the difference between revenues and expenses.

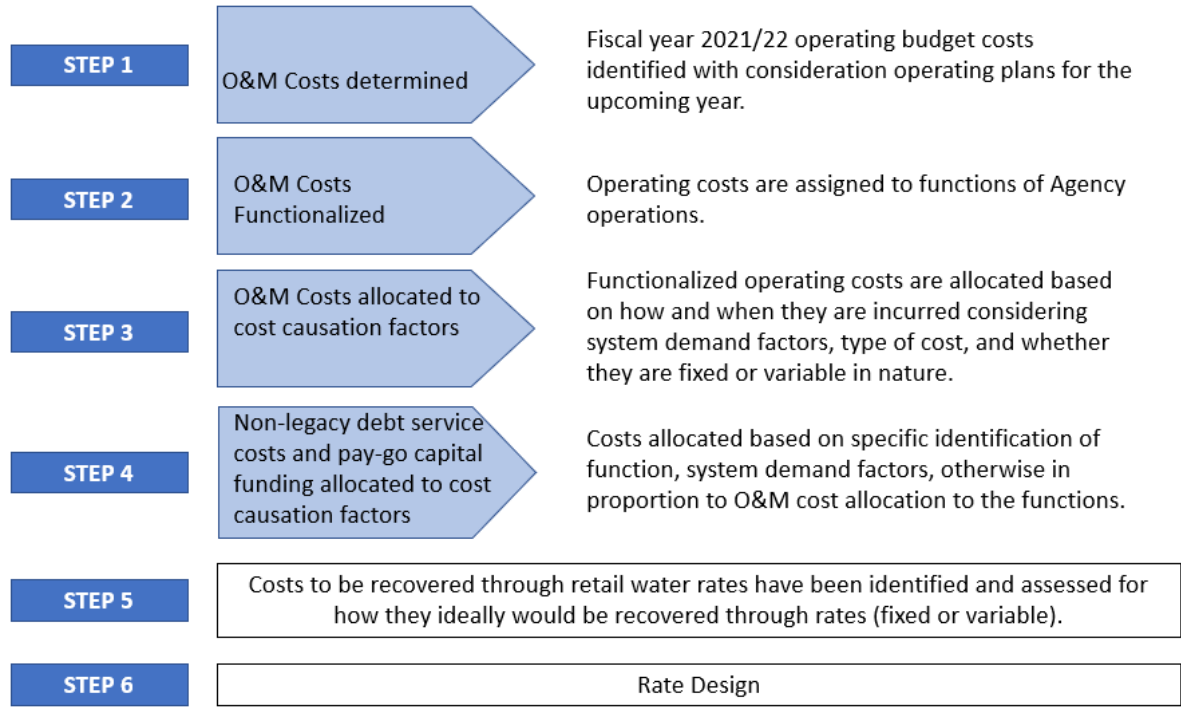
An important metric for the Agency is its Debt Service Coverage Ratio. Existing bond covenant requirements mandate a 1.2 ratio, and this plan projects that the Agency will meet or exceed this ratio.

Table 4: Proposed Revenue Growth and Corresponding Financial Results

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Proposed Revenue Growth	0%	6.50%	6.50%	6.50%	6.50%
Rate Revenues from Variable Charge, Service Charge and Legacy Debt Charge	\$84,759,918	\$90,245,712	\$96,118,830	\$103,060,210	\$110,541,232
Private Fire Revenues	\$620,283	\$669,527	\$722,743	\$780,220	\$842,333
Other Operating Revenues	\$3,999,700	\$4,049,697	\$4,100,394	\$4,151,802	\$4,203,932
Non-Operating Revenues	\$28,559,231	\$24,912,679	\$21,318,227	\$22,198,199	\$22,979,598
Revenues	\$117,939,132	\$119,877,616	\$122,260,194	\$130,190,431	\$138,567,095
O&M Expenses	(\$77,422,023)	(\$81,695,597)	(\$84,919,394)	(\$88,956,379)	(\$94,950,263)
Debt Service (non-Legacy Debt)	(\$8,829,414)	(\$8,385,580)	(\$11,896,595)	(\$13,189,431)	(\$15,446,774)
Legacy Debt	(\$8,693,412)	(\$8,814,719)	(\$9,579,497)	(\$9,710,643)	(\$9,840,625)
Capital PAY-GO Funding	\$22,994,283	\$20,981,719	\$15,864,708	\$18,333,977	\$18,329,433
DSCR	1.66	1.60	1.36	1.40	1.38

The work of cost analysis for rate design is complex and for those reading this report a diagram of the workflow should be helpful. Figure 1 is a summary level guide to the work that was performed starting with identifying the operating costs for the fiscal year beginning on 07/01/2021.

Figure 1: The flow of data analysis in this report



INTRODUCTION

Guiding Rate Setting Principles

The American Water Works Association’s (AWWA) M1 Manual is a water industry standard for rate making guidelines. California courts have upheld reliance on the AWWA M1 Manual, provided that the rates also comply with the requirements of Proposition 218.

The AWWA M1 Manual states that rates designed should:

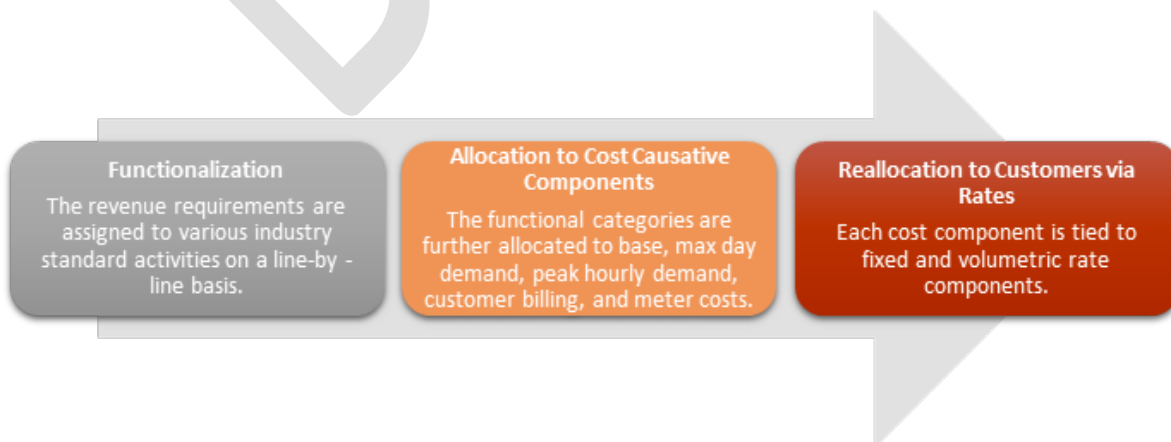
- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the Agency
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class
- Be responsive to Agency and stakeholder objectives
- Be easy to understand by customers
- Be easy to administer by the Agency
- Encourage efficient use and conservation of water

This cost of service analysis/rate plan proposal was completed by Agency staff and is part of the ongoing post-merger integration of the Agency. It is an integral part of the Agency’s realizing its goals as reflected in its Mission Statement, Strategic Plan, Financial Plan/Budget, and implementation of SB 634. The results of the study are addressed in detail below.

COST OF SERVICE STUDY

Cost of Service Study Approach

The “base-extra capacity” cost-of-service method published in the American Water Works Association’s (“AWWA”) M1 manual was used to perform the Cost of Service (“COS”) analysis for the Santa Clarita Valley Water Agency (“Agency”). Under this method operational costs are first allocated to system functions, which are categorized into typical industry standard activities. Next the costs of each function are distributed to appropriate cost causative components. The results of the COS analysis form a reasonable, equitable, basis for designing rates and allocating costs based on each parcel’s proportional cost of service. The following flow chart displays a typical COS analysis.



Cost Analysis

The costs included in the analysis below have been forecasted for future years based on expectations of change in sales volumes, growth in customer accounts and reasonable assumptions about inflation. Rather than relying only on historic observations of past cost increases alone, staff identified several published indices for specific types of costs. For the purposes of cost forecasting, using published indices in addition to historic information was selected as there is no guarantee that past price observations are indicative of future price changes. The published indices are derived by a level of research and analysis that exceeds what the Agency can accomplish. Table 5 has a list of the sources, factors, and annual amounts of cost escalation for the rate plan period. These are some of the key assumptions of the cost analysis.

Table 5: Cost Inflation Factors (*Key Assumptions- C31 to I39*)

Expense Inflation Source	Expense Escalation Factors	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
CA Department of Finance/BLS	Overall Inflation Rate	2.5%	2.5%	2.5%	2.4%	2.4%
CA Department of Finance/BLS	Utility/Chemical Inflation Rate	4.4%	4.4%	4.4%	4.4%	4.4%
SCV CAFR	Treatment Inflation Rate	3.3%	3.3%	3.3%	3.3%	3.3%
SCV Water	Pumping and Wells Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%
SCV Water	Employee Expenses Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%
Construction Equip. & Machinery PPI	Equipment Inflation Rate	1.0%	1.0%	1.0%	1.0%	1.0%
SCV Water	Fuels and Automobile Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%
Los Angeles ENR Index	Construction Inflation Rate	2.9%	2.9%	2.9%	2.9%	2.9%

In addition to anticipated cost increases, the largest increase to operating costs during the rate period is PFAS. Table 6 shows that PFAS O&M costs will grow substantially during the rate period as more treatment facilities become operational. PFAS O&M is a new cost to the Agency and in FY2021-22 it will represent over 2.7% of all O&M; this cost will continue to grow during the rate plan period to an expected nearly 9% of all O&M costs in FY2025-26. The PFAS maintenance cost forecast was developed by the consulting firm Kennedy Jenks and is based on the timing of planned PFAS treatment facilities going live that the Agency and Kennedy Jenks have developed. As a result of this growth in costs, the funding for Pay-go capital will be lower than it would be otherwise.

Table 6: The Impact of PFAS on Operating Costs

Description	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Total O&M Expenses	\$77,422,023	\$81,695,597	\$84,919,394	\$88,956,379	\$94,950,263
PFAS	\$2,039,596	\$2,863,956	\$4,104,420	\$4,688,760	\$8,477,865
O&M excluding PFAS	\$75,382,427	\$78,831,641	\$80,814,973	\$84,267,620	\$86,472,399
PFAS % of O&M Expenses	2.63%	3.51%	4.83%	5.27%	8.93%

STEP 1

O&M Costs determined

Fiscal year 2021/22 operating budget costs identified with consideration given to operating plans for the upcoming year.

The following analysis begins with a high level summary of costs and non-rate revenues that serve to reduce the amount of revenue that must be generated from retail rates, Table 7 shows that Operating and Maintenance Expenses (“O&M”) for FY21/22 is \$77,422,023. These costs will then be broken down by function (Table 8) and assessed for cost causation (Table 11). In addition to the O&M costs, Table 7 shows the debt service and Pay-go capital funding that is necessary. However, these two cost elements are outside the scope of cost causative analysis and are built into the rates separately. These “Other obligations” in Table 7 total \$31,349,791 (refer to Tables 15-19 for debt service details and Table 55 for Pay-go capital) bringing the total revenue requirements to \$108,771,814 for FY2021/22.

Table 7: Expense and Revenue Summary FY 2021/22

Cost Allocation Summary	Cost of Service
O&M Expenses	\$77,422,023
Other Obligations (Debt Service + Pay-Go)	\$31,349,791
Total Revenue Requirements	\$108,771,814
Other Operating Revenues	(\$3,999,700)
Non-operating Revenues	(\$28,559,231)
Total Revenue Requirements From Private Fire	(\$620,283)
Public Fire Protection (paid by 1% Prop Tax)	(\$160,462)
Revenue Requirements from Retail Rates	\$75,432,138

The “total revenue requirements” are \$108,771,814 but this total amount does not need to be collected from retail rates. Table 7 shows that by utilizing \$3,999,700 of “Other operating revenues” (refer to Table 52) such as service expansion fees and \$28,559,231 of “non-operating revenues” (refer to Table 53) such as 1% property tax, investment revenues, communication, rentals to offset some of the operating costs, the Agency can effectively keep rates lower than they otherwise would be. Table 7 also shows that \$620,283 in revenues generated from private fire protection (Table 50)) and the use of \$160,462 of 1% ad valorem property tax revenues to pay for public fire protection prevents the costs associated with those revenues from being included in retail rates. The result from these offsets in costs is the actual amount of retail rate revenue requirements for FY2021/22 of \$75,432,138.

STEP 2O&M Costs
Functionalized

Operating costs are assigned to functions of Agency operations.

Functionalization

Functionalization is the process of allocating costs to specific provisions of service. The functions of the Agency for tracking costs are:

1. Source of Supply – costs associated with sources of water supply
2. Pumping & Wells– costs associated with general water pumping and energy use
3. Water Quality & Treatment – costs associated with the treatment of water
4. Transmission, Distribution & Maintenance – costs associated with transmitting and distributing water to customers
5. Customer Service – costs associated with billing and customer services
6. Administrative and General – costs associated with administrative and general functions
7. Engineering
8. Water Resources

These functions are the Agency’s cost centers. Table 8 provides the O&M expense forecasts for each of the eight Departments for FY2021/22. The amounts at this level are summary level but will be broken down into additional detail later in this report. The source of these figures is the draft budget for the year beginning July 1, 2021. These figures are based on prior year expenditures, expected cost increases, and updated operating, maintenance, and capital project expenditure plans that have been communicated to staff from senior managers throughout the Agency. The sum of the O&M expenses in Table 8 can also be seen in Table 7. “Other Obligations” (debt service and Pay-go) are not functionalized in Table 8 and will be allocated to the Fixed Service and variable charges in proportion to the results of the cost causation analysis that will be discussed in the next section.

Table 8: Functionalization of Operating & Maintenance Costs FY2021/22

Department	O&M Expenses
Source of Supply	\$7,501,112
Pumping & Wells	\$15,785,709
Water Quality & Treatment	\$6,964,324
Transmission, Distribution & Maintenance	\$12,345,787
Engineering	\$3,320,355
Customer Accounts	\$2,793,157
Administrative and General	\$20,941,865
Water Resources	\$7,769,713
Total O&M Expenses	\$77,422,023

STEP 3

O&M Costs allocated to cost causation factors

Functionalized operating costs are allocated based on how and when they are incurred considering system demand factors, type of cost, and whether they are fixed or variable in nature.

Allocation of Functionalized costs to Cost Causation factors

For the water system to always provide adequate service to its customers, it must be capable of meeting not only annual water volume requirements, but also the peak demand – the maximum rate at which water is consumed during the year. Following cost allocation into the functional categories listed above (Table 4), each functional cost was then distributed amongst cost causative components based on the designed capacity of each facility. Seven cost causation factors commonly used in water cost of service analysis were used:

1. Water Supply – water purchase costs, chemicals, pumping costs
2. Base – delivering water to customers under average demand conditions
3. Maximum Day Demand (MDD) – the costs of delivering water to customers on the day with the highest demand
4. Peaking Hourly Demand (PHD) – the costs of delivering water to customers in the hour with the highest demand on the highest day
5. Meters - the costs of servicing meters
6. Customer Service – billing and other customer service-related costs
7. Fire Protection – the costs of providing water service for public and private fire protection services

The term “facility” is used in the analysis to group assets of similar purpose. The list of facilities used in the analysis are: Source of Supply; Pumping and Wells; Water Quality & Treatment; Transmission, Distribution, and Mains; Engineering; Customer Accounts; Administration & General; and Water Resources. Each water service facility designed solely to meet average daily demand (“Base”, “Base Demand”) should have 100% of its cost assigned to the base cost component. Facilities designed to meet the extra demand requirements should be assigned to Maximum Day Demand (“MDD”) and Peaking Hourly Demand (“PHD”) in proportion to the portion of that facility designed to serve MDD and PHD.

Daily production data was not produced by the previously separate three retail purveyors. When daily production data is not available, the methodology approved by the AWWA for calculating the MDD is to divide the maximum month usage by the number of days in that month. PHD is calculated by multiplying MDD by a peaking factor of 1.5 (the lowest factor recommended by the California State Water Resources Control Board’s Division of Drinking Water). This methodology allows for using the best data available to SCV Water to form reasonable assumptions and projections for rates.

The California State Water Resources Control Board’s Division of Drinking Water regulates public water systems; oversees water recycling projects; permits water treatment devices; and supports and promotes water system security.

Table 9 lists the month-billed production data and the results of the calculations. The actual calculations are provided below Table 9.

Table 9: Month-Billed Production Data, Base Demand, MDD, and PHD

Billed Month	Total Billed Usage in ccf
July	2,586,941
August	3,030,653
September	3,076,110
October	2,693,247
November	2,477,943
December	1,778,815
January	1,016,897
February	1,355,301
March	1,632,982
April	1,138,554
May	1,767,607
June	2,389,381
Average Month	2,078,703
Max Month	3,076,110
Avg-Day Demand	68,341
Max-Day Demand (MDD)	99,229
Peaking Hourly Demand (PHD)	148,844

The source of the “Billed Month” data is the Agency’s Customer Billing Systems.

Table 10: Monthly Demand

Month	Average Month Demand
July	2,586,941
August	3,030,653
September	3,076,110
October	2,693,247
November	2,477,943
December	1,778,815
January	1,016,897
February	1,355,301
March	1,632,982
April	1,138,554
May	1,767,607
June	2,389,381
Total	24,944,431

Average Month = Sum of the monthly demands in the fiscal year divided by 12.

Base Demand = Average Day Demand: The average day demand is calculated by dividing the total annual water usage by 365 days.

Total Annual Water Usage (in ccf) = 24,944,431

Base Demand = 24,944,431 ÷ 365 = 68,341

Maximum Day Demand = Maximum Month Demand ÷ 31: The maximum day demand is calculated by dividing the total water usage during the maximum month by the number of days in that month

Maximum total water usage of the month of August (billed in September) is 3,076,110 ccf ÷ 31 days of August = 99,229 (ccf)

Peak Hourly Demand = Maximum Day Demand X 1.5: The peak hourly demand is calculated by multiplying the maximum day demand by a peaking factor of 1.5.

Peak Hourly Demand = 99,229 X 1.5 = 148,844

The formulas used for allocating costs between Base and Maximum Day are:

$$\text{Base Demand Fraction} = \frac{\text{Average Day Demand (ccf/Day)}}{\text{Maximum Day Demand (ccf/Day)}}$$

Base Demand Fraction = 68,341 ÷ 99,229 = 68.9%

$$\text{Maximum Day Demand Fraction} = \frac{\text{Maximum Day Demand} - \text{Average Demand (ccf/Day)}}{\text{Maximum Day Demand (ccf/Day)}}$$

Maximum Day Demand Fraction = (99,229 – 66,834) ÷ 99,229 = 31.1%

The formulas used for allocations of costs between Base, Maximum Day and Peak Hourly Demand are:

$$\text{Base Demand Percentage} = \frac{\text{Average Day Demand (ccf/Day)}}{\text{Maximum Hour Demand (ccf/Day)}}$$

Base Demand Percentage = (66,374 ÷ 148,844) = 45.9%

$$\text{Maximum Day Demand Percentage} = \frac{\text{Maximum Day Demand} - \text{Average Demand (ccf/Day)}}{\text{Maximum Hour Demand (ccf/Day)}}$$

Maximum Day Demand Percentage = $(99,229 - 66,8341) \div 148,844 = 20.8\%$

$$\text{Peak Hourly Percentage} = \frac{\text{Maximum Hour Demand} - \text{Maximum Day Demand (ccf/Day)}}{\text{Maximum Hour Demand (ccf/Day)}}$$

Peak Hourly Demand = $(148,844 - 99,229) \div 148,844 = 33.3\%$

Using the functionalized operation and maintenance cost data in Table 8 and allocating those costs using the calculations from Table 9, functionalized costs were allocated to the Agency's facilities based on cost causation. The result of this work is summarized in Table 11. Table 11 includes the facilities (cost causation factors) that are either fixed or variable. For each of the facilities, the main cost components of the function are identified. For example, in the function "Pumping & Wells", purchased power is a major expense (\$8,848,299) and is shown as a standalone item of the function. Purchased power is identified as a variable cost of the facility "Source of Supply". The remaining costs of a facility are listed in Table 11 as "other" and also allocated between fixed cost and variable cost. Detailed cost components of the eight functional categories in Table 11 are included in Tables 11A through 11Q.

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Table 11: Functionalized Costs Allocated to Facilities

FY 2021-2022								
O&M Cost Allocation	Total by Function	Source of Supply	Base	MDD	PHD	Meters	Customer Service	Public Fire Protection Service
Source of Supply	\$7,501,112	\$7,501,112	\$0	\$0	\$0	\$0	\$0	\$0
Fixed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variable	\$7,501,112	\$7,501,112	\$0	\$0	\$0	\$0	\$0	\$0
Pumping & Wells	\$15,785,709	\$8,848,299	\$3,185,273	\$1,439,667	\$2,312,470	\$0	\$0	\$0
P-Purchased Power	\$8,848,299	\$8,848,299	\$0	\$0	\$0	\$0	\$0	\$0
Fixed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variable	\$8,848,299	\$8,848,299	\$0	\$0	\$0	\$0	\$0	\$0
P-Other	\$6,937,410	\$0	\$3,185,273	\$1,439,667	\$2,312,470	\$0	\$0	\$0
Fixed	\$6,937,410	\$0	\$3,185,273	\$1,439,667	\$2,312,470	\$0	\$0	\$0
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Quality & Treatment	\$6,964,324	\$1,374,520	\$2,566,527	\$1,160,009	\$1,863,268	\$0	\$0	\$0
WT-Chemicals	\$1,374,520	\$1,374,520	\$0	\$0	\$0	\$0	\$0	\$0
Fixed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variable	\$1,374,520	\$1,374,520	\$0	\$0	\$0	\$0	\$0	\$0
WT-Other	\$5,589,804	\$0	\$2,566,527	\$1,160,009	\$1,863,268	\$0	\$0	\$0
Fixed	\$5,589,804	\$0	\$2,566,527	\$1,160,009	\$1,863,268	\$0	\$0	\$0
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transmission, Distribution & Main	\$12,345,787	\$0	\$8,208,370	\$3,709,986	\$367,731	\$0	\$0	\$59,699
T&D-Storage	\$154,395	\$0	\$106,334	\$48,061	\$0	\$0	\$0	\$0
Fixed	\$154,395	\$0	\$106,334	\$48,061	\$0	\$0	\$0	\$0
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
T&D-Transmission Mains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
T&D-Distribution Mains	\$1,103,193	\$0	\$506,525	\$228,937	\$367,731	\$0	\$0	\$0
Fixed	\$1,103,193	\$0	\$506,525	\$228,937	\$367,731	\$0	\$0	\$0
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
T&D-Hydrants	\$59,699	\$0	\$0	\$0	\$0	\$0	\$0	\$59,699
Fixed	\$59,699	\$0	\$0	\$0	\$0	\$0	\$0	\$59,699
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
T&D-Other	\$11,028,499	\$0	\$7,595,511	\$3,432,988	\$0	\$0	\$0	\$0
Fixed	\$10,813,802	\$0	\$7,447,645	\$3,366,157	\$0	\$0	\$0	\$0
Variable	\$214,697	\$0	\$147,865	\$66,832	\$0	\$0	\$0	\$0
Engineering	\$3,320,355	\$0	\$1,524,523	\$689,048	\$1,106,785	\$0	\$0	\$0
Fixed	\$3,320,355	\$0	\$1,524,523	\$689,048	\$1,106,785	\$0	\$0	\$0
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Accounts	\$2,793,157	\$0	\$0	\$0	\$0	\$367,769	\$2,425,388	\$0
C-Meters and Services	\$367,769	\$0	\$0	\$0	\$0	\$367,769	\$0	\$0
Fixed	\$367,769	\$0	\$0	\$0	\$0	\$367,769	\$0	\$0
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C-Billing	\$2,425,388	\$0	\$0	\$0	\$0	\$0	\$2,425,388	\$0
Fixed	\$2,425,388	\$0	\$0	\$0	\$0	\$0	\$2,425,388	\$0
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General	\$20,941,865	\$7,448,115	\$6,808,862	\$3,077,442	\$2,216,008	\$179,374	\$1,182,946	\$29,117
A&G-Salaries	\$5,717,907	\$2,033,612	\$1,859,072	\$840,256	\$605,053	\$48,976	\$322,988	\$7,950
Fixed	\$5,717,907	\$2,033,612	\$1,859,072	\$840,256	\$605,053	\$48,976	\$322,988	\$7,950
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A&G-Employee Benefits	\$3,391,755	\$1,206,300	\$1,102,767	\$498,424	\$358,906	\$29,051	\$191,591	\$4,716
Fixed	\$3,391,755	\$1,206,300	\$1,102,767	\$498,424	\$358,906	\$29,051	\$191,591	\$4,716
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A&G-Insurance	\$1,430,712	\$508,842	\$465,170	\$210,246	\$151,394	\$12,255	\$80,817	\$1,989
Fixed	\$1,430,712	\$508,842	\$465,170	\$210,246	\$151,394	\$12,255	\$80,817	\$1,989
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A&G-Other	\$10,401,491	\$3,699,360	\$3,381,853	\$1,528,517	\$1,100,656	\$89,092	\$587,551	\$14,462
Fixed	\$10,401,491	\$3,699,360	\$3,381,853	\$1,528,517	\$1,100,656	\$89,092	\$587,551	\$14,462
Variable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Resources	\$7,769,713	\$7,769,713	\$0	\$0	\$0	\$0	\$0	\$0
Fixed	\$4,311,877	\$4,311,877	\$0	\$0	\$0	\$0	\$0	\$0
Variable	\$3,457,837	\$3,457,837	\$0	\$0	\$0	\$0	\$0	\$0
O&M Total	\$77,422,023	\$32,941,760	\$22,293,556	\$10,076,152	\$7,866,263	\$547,143	\$3,608,334	\$88,817

Source of Supply costs contain the costs associated with the Buena Vista-Rosedale Rio Bravo Supply of water as well as the supply contracts that are used to “firm” up the supply of water needed to provide to the Agency customers (Table 11A). Both are variable in nature as the amount spent is dependent upon the quantity of water purchased or secured for supply.

Table 11A: Source of Supply

Source of Supply	Fixed Cost	Variable Cost
BVRRB Supply	\$0	\$4,417,409
Firming Programs	\$0	\$3,083,703
	\$0	\$7,501,112

The Pumping & Wells function has been broken down in to two categories Pumping & Wells and Other costs. Table 11B shows that the Agency is expecting to spend over \$8.8 million in purchased power for FY2021-22. This cost was broken down by use such as general (general facility lighting, pumping, sewer, treatment plant, and wells).

Table 11B: Pumping & Wells Purchased Power

Pumping & Wells - Purchased Power	Fixed Cost	Variable Cost
Power Purchased	\$0	\$69,729
Power Purchased - Pumping	\$0	\$8,160,827
Power Purchased - Sewer	\$0	\$10,330
Power Purchased - Treatment Plant	\$0	\$433,867
Power Purchased - Wells	\$0	\$173,547
	\$0	\$8,848,299

The Other costs associated with Pumping & Wells include Labor, labor benefits, maintenance and repair for pumping equipment and wells, operating controls, professional services, and the largest item, PFAS treatment costs of the N Wells. These costs are listed in Table 11C.

Table 11C: Pumping & Wells Other Costs

Pumping & Wells - Other	Fixed Cost	Variable Cost
Pumping and Wells - Benefits	\$784,432	\$0
Pumping and Wells - Labor	\$1,447,002	\$0
Maintenance & Repair - Pumping Equipment	\$580,615	\$0
Maintenance & Repair - Wells	\$905,499	\$0
Operation Controls	\$205,902	\$0
Operation Miscellaneous	\$56,370	\$0
Professional Services - Outside Services & Consulting	\$917,995	\$0
PFAS Treatment Costs - N Wells	\$2,039,596	\$0
	\$6,937,410	\$0

Table 11D lists Chemicals and an expense of \$1,374,520 for the fiscal year beginning July 1, 2021. Chemicals are a key component of water treatment and includes a variety of items including caustic soda, ammonia, chlorine, and polyelectrolytes. The amount expended on these types of costs is dependent on matters including the volume of water our customers use and water quality testing results.

Table 11D: Water Quality & Treatment-Chemicals

Water Quality & Treatment - Chemicals	Fixed Cost	Variable Cost
Chemicals	\$0	\$1,374,520
	\$0	\$1,374,520

The other costs associated with Water Quality & Treatment are for personnel, consulting, regulatory fees, and various costs of running a water quality and treatment laboratory. These costs are listed in Table 11E.

Table 11E: Water Quality & Treatment-Other

Water Quality & Treatment - Other	Fixed Cost	Variable Cost
Water Quality and Treatment - Benefits	\$1,532,438	\$0
Water Quality and Treatment - Labor	\$2,810,856	\$0
Backflow Prevention	\$1,025	\$0
Laboratory Expense	\$761,105	\$0
Maintenance & Repair - Treatment Equipment	\$51,650	\$0
Miscellaneous Expense (testing samples, gases)	\$159,082	\$0
Professional Services - Outside Services & Consulting	\$81,992	\$0
Regulatory Fees	\$191,656	\$0
	\$5,589,804	\$0

Transmission, Distribution & Mains is the function of moving and storing water at the Agency. Table 11F shows that \$154,395 has been identified as the expected expenditure on Tanks for ongoing maintenance work in the fiscal year beginning July 1, 2021.

Table 11F: Transmission, Distribution & Mains- T&D Storage

Transmission, Distribution & Maintenance - Storage	Fixed Cost	Variable Cost
Maintenance & Repairs - Tanks	\$154,395	\$0
	\$154,395	\$0

Maintenance and repairs in the Transmission, Distribution & Mains function is estimated at \$1,103,193, as listed in Table 11G, based on planned maintenance including costs associated with asphalt and concrete patch work to repair leaks and welding.

Table 11G: Transmission, Distribution & Mains- Maintenance & Repairs

Transmission, Distribution & Maintenance - Distribution Maintenance	Fixed Cost	Variable Cost
Maintenance & Repairs - Mains	\$1,103,193	\$0
	\$1,103,193	\$0

Table 11H lists the recurring level of expenditure for maintenance and repairs on hydrants. This work is comprised of testing the valves.

Table 11H: Transmission, Distribution & Mains-Hydrants

Transmission, Distribution & Maintenance - Hydrant	Fixed Cost	Variable Cost
Maintenance & Repairs - Hydrants	\$59,699	\$0
	\$59,699	\$0

Other expenses of the Transmission, Distribution & Mains function (Table 11I), include personnel costs, outside services including consulting, sewer maintenance, costs of maintaining the workshops and yards, waste disposal, small parts and materials, and small tools and tool rentals. The only item that has been designated as a variable cost, tools, and supplies, represents planned tool rentals and small tool replacements and additions.

Table 11I: Transmission, Distribution & Mains-Other

Transmission, Distribution & Maintenance - Other	Fixed Cost	Variable Cost
Transmission, Distribution & Maintenance - Benefits	\$3,144,516	\$0
Transmission, Distribution & Maintenance - Labor	\$5,556,059	\$0
Maintenance & Repairs - Services	\$596,994	\$0
Maintenance & Repairs - Sewer	\$30,879	\$0
Maintenance & Repairs - Shop and Yard	\$61,758	\$0
Miscellaneous - Other (Waste Disposal, rentals)	\$46,121	\$0
Parts & Materials	\$302,930	\$0
Professional Services - Outside Services & Consulting	\$1,074,546	\$0
Tools and Supplies	\$0	\$214,697
	\$10,813,802	\$214,697

Table 11J lists the costs of the Engineering function of the Agency. Due to the large volume of capital projects, both under construction and in the planning and design stages, the Agency utilizes professional consulting services and temporary personnel to keep the projects on track. Total Engineering expenses planned for the fiscal year beginning July 1, 2021 are \$3,320,355.

Table 11J: Engineering

Engineering	Fixed Cost	Variable Cost
Engineering - Benefits	\$761,623	\$0
Engineering - Labor	\$1,523,776	\$0
Professional Services - Outside Services & Consulting	\$908,266	\$0
Temporary Personnel	\$126,690	\$0
	\$3,320,355	\$0

Table 11K lists the customer accounts-meters and services costs which are comprised of non-warranty meter and register replacements. The amount is listed as fixed as it is a close approximation of the recurring annual expenditure of this nature.

Table 11K: Customer Accounts-Meters & Services

Customer Accounts - Meter and Services	Fixed Cost	Variable Cost
Maintenance & Repairs - Meters	\$367,769	\$0
	\$367,769	\$0

Table 11L lists the customer accounts-billing costs. The amounts include expected labor and benefits costs, billing and collecting costs including system maintenance, integration, and postage, and an amount for uncollectable accounts.

Table 11L: Customer Accounts-Billing

Customer Accounts - Billing	Fixed Cost	Variable Cost
Customer Accounts - Benefits	\$552,378	\$0
Customer Accounts - Labor	\$1,086,674	\$0
Billing & Collecting	\$723,920	\$0
Uncollectable Accounts	\$62,416	\$0
	\$2,425,388	\$0

Table 11M contains the personnel costs for the Administrative & General function of the Agency. This function includes the General Manager and support staff ("Management" line item of the Table), and the labor for the Finance, Administration, and Information Technology divisions.

Table 11M: Administrative & General-Salaries

Administrative & General- Salaries	Fixed Cost	Variable Cost
General & Administrative - Labor	\$4,995,980	\$0
Payroll Taxes (UEI)	\$8,199	\$0
Management - Labor	\$713,728	\$0
	\$5,717,907	\$0

Table 11N lists the Administrative & General function’s employee benefits costs. These include the payment of all Agency retiree benefits as well as active employee benefits for the General Manager and staff, and the Finance, Administration, and Information Technology division. The total fixed expenditure for the year beginning July 1, 2021 is forecast at \$3,391,755.

Table 11N: Administrative & General-Employee Benefits

Administrative & General- Employee Benefits	Fixed Cost	Variable Cost
General & Administrative - Benefits	\$2,516,632	\$0
Retiree Benefits	\$538,840	\$0
Management - Benefits	\$336,283	\$0
	\$3,391,755	\$0

Table 11O lists the premiums for both liability and earthquake/flood insurance for the Agency. This forecast for the year beginning July 1, 2021 is based on historical costs.

Table 11O: Administrative & General-Insurance

Administrative & General- Insurance	Fixed Cost	Variable Cost
Earthquake/Flood Insurance	\$61,494	\$0
Liability/Property Insurance	\$1,369,218	\$0
	\$1,430,712	\$0

Table 11P are the remaining expenses of the Administrative & General function for the Agency. This category has many of the operating expenses such as utilities and refuse disposal, office supplies, rent, financial auditing services, licenses and fees, environmental compliance tracking technology, Microsoft 365 licenses. These common costs are recurring, so they are considered fixed costs.

Table 11P: Administrative & General-Other

Administrative & General- Other	Fixed Cost	Variable Cost
Parts & Material	\$121,172	\$0
Professional Services - Outside Services & Consulting	\$620,098	\$0
Security/Alarm Services	\$143,486	\$0
Capital Equipment to CIP	(\$90,879)	\$0
Dues and Memberships	\$231,474	\$0
Employee Expense	\$127,926	\$0
Employee Travel	\$127,585	\$0
Internal Relations	\$58,127	\$0
Maintenance & Repair - Office Equipment	\$60,206	\$0
Miscellaneous Expenses (bank fees, special projects)	\$240,973	\$0
Office Supplies	\$188,955	\$0
Overhead Allocation	(\$622,738)	\$0
Professional Development - Education/Training	\$373,490	\$0
Professional License/Fees	\$102,490	\$0
Professional Services - Accounting	\$84,032	\$0
Professional Services - Outside Services & Consulting	\$619,354	\$0
Publications	\$19,492	\$0
Recruitment	\$30,747	\$0
Rent/HOA Dues	\$57,599	\$0
Safety Training and Equipment	\$175,623	\$0
Supplies and Services	\$311,311	\$0
Temporary Personnel	\$257,500	\$0
Uniforms	\$121,963	\$0
Utilities	\$405,974	\$0
Vehicle Expense (Repairs)	\$1,535,813	\$0
Vehicle Operating (Includes Fuel)	\$206,000	\$0
Director - Benefits	\$350,135	\$0
Director - Compensation	\$231,379	\$0
Director - Expenses	\$139,050	\$0
Professional Services - Legal	\$1,147,273	\$0
Professional Services - Legislative Advocate Services	\$333,093	\$0
Professional Services - Outside Services & Consulting	\$179,358	\$0
Computer Support	\$2,513,431	\$0
	\$10,401,491	\$0

Table 11Q lists the expenses of the Water Resources function. Of the \$4,311,877 of fixed costs, \$2,529,107 represents personnel costs (Labor \$1,822,953 + Benefits \$706,154), professional services will account for \$640,563, and funding the Groundwater Sustainability Agency is expected to cost \$250,000. The line item “DD Variable DWR Charges” are classified as fixed charges to the Agency as they are paid each year at this level (they are variable to the DWR). Variable costs of the Water Resources function are planned at \$3,457,837. Of these variable costs, Water Efficiency and Conservation programs will cost \$2,462,203 and Public Outreach & Activities are planned at \$808,555 to provide customers awareness

and information regarding many key planning activities that are currently ongoing including the water rate plan, Urban Water Management Plan, and Water Shortage Contingency Plan.

Table 11Q: Water Resources

Water Resources	Fixed Cost	Variable Cost
DD Landowner Expenditure	\$204,980	\$0
DD Variable DWR Charges	\$102,490	\$0
Groundwater Sustainability Agency	\$250,000	\$0
Agency Publications	\$0	\$27,753
Community Relations	\$0	\$159,325
Professional Services - Outside Services & Consulting	\$640,563	\$0
Public Outreach & Activities	\$0	\$808,555
Water Efficiency and Conservation	\$0	\$2,462,203
Water Resources - Benefits	\$706,154	\$0
Water Resources - Labor	\$1,822,953	\$0
Water Shortage Contengy Plan	\$20,000	\$0
Water Acquisition costs- Ventura	\$20,498	\$0
Water Acquisition costs- Semi Tropic	\$84,240	\$0
Water Acquisition costs- BV/RRB	\$60,000	\$0
Salt and Nutrient Management Plant	\$100,000	\$0
Annexation Support	\$50,000	\$0
Grant Administration	\$200,000	\$0
Integrated Regional Water Management Plan	\$50,000	\$0
	\$4,311,877	\$3,457,837

STEP 4

Non-legacy debt service costs and pay-go capital funding allocated to cost causation factors

Costs allocated based on specific identification of function and system demand factors, otherwise in proportion to O&M cost allocation to the functions.

After the O&M expenses are allocated by cost causation factors and the nature of the costs had been identified (fixed or variable), all other costs (non-legacy debt service and Pay-go capital requirements) to be collected from retail rate revenues were added to this analysis and the results are shown Table 12. Table 11 has only the O&M expenses; Table 12 has the O&M expenses plus the Other Obligations identified in Table 3 (debt service and Pay-go capital). Table 12 shows that 80% of costs are fixed and the remaining 20% are variable. This is important for rate design as the fixed service charge can be set to collect 80% of the Agency’s retail revenue based on this outcome.

Table 12: Summary of Total Revenue Requirements

Cost Allocation Summary	Fixed	Variable	Total
Source of Supply	\$11,759,992	\$21,181,768	\$32,941,760
Base	\$35,168,670	\$147,865	\$35,316,536
Max Daily Demand (MDD)	\$13,880,658	\$66,832	\$13,947,490
Peak Hourly Demand (PHD)	\$13,996,206	\$0	\$13,996,206
Meters	\$4,724,906	\$0	\$4,724,906
Customer Service	\$7,722,306	\$0	\$7,722,306
Fire Protection Service	\$122,612	\$0	\$122,612
Total Revenue Requirements	\$87,375,349	\$21,396,465	\$108,771,814
	80%	20%	100%

Table 13 breaks the summary level data in Table 12 by function and facility. The total revenue requirements of \$108,771,814 is reduced by other operating revenues, non-operating revenues, private fire protection revenues and public fire protection costs are removed to arrive at the amount to be collected from retail rates, \$75,432,138.

Table 13: Amounts to be Collected from Retail Rates

	Source of Supply	Base	MDD	PHD	Meters	Customer Service	Public Fire Protection	Total
Source of Supply	\$ 7,501,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,501,112
Pumping & Wells	8,848,299	3,185,273	1,439,667	2,312,470	-	-	-	15,785,709
Water Quality & Treatment	1,374,520	2,566,527	1,160,009	1,863,268	-	-	-	6,964,324
Transmission, Distribution & Mains	-	8,208,370	3,709,986	367,731	-	-	59,699	12,345,786
Engineering	-	1,524,523	689,048	1,106,785	-	-	-	3,320,356
Customer Accounts	-	-	-	-	367,769	2,425,388	-	2,793,157
Administrative & General	7,448,115	6,808,862	3,077,442	2,216,008	179,374	1,182,946	29,117	20,941,864
Water Resources	7,769,713	-	-	-	-	-	-	7,769,713
Total O&M costs	\$ 32,941,759	\$ 22,293,555	\$ 10,076,152	\$ 7,866,262	\$ 547,143	\$ 3,608,334	\$ 88,816	\$ 77,422,021
Other Obligations (Non-Legacy Debt Service and Pay-go Capital)	-	13,022,980	3,871,338	6,129,944	4,177,763	4,113,972	33,796	31,349,794
Total Revenue Requirements	32,941,759	35,316,535	13,947,490	13,996,206	4,724,906	7,722,306	122,612	108,771,815
Less:								
Other Operating Revenues	(1,701,805)	(1,151,708)	(520,544)	(406,379)	(28,266)	(186,410)	(4,588)	(3,999,700)
Non-Operating Revenues	-	(11,863,757)	(3,526,736)	(5,584,295)	(3,805,885)	(3,747,772)	(30,787)	(28,559,232)
Private Fire Protection Revenues	-	-	-	-	-	-	-	(620,283)
Public Fire Protection Costs	-	-	-	-	-	-	-	(160,462)
To be collected from retail rates	\$ 31,239,954	\$ 22,301,070	\$ 9,900,210	\$ 8,005,532	\$ 890,755	\$ 3,788,124	\$ 87,237	\$ 75,432,138

The other obligations shown in Table 13 total \$31,349,794. This amount is broken down into the two components, non-legacy debt service and Pay-go capital funding in Table 14. The \$8,829,414 shown as debt service in Table 14 is a portion of the \$35,179,187 debt service to be paid in the fiscal year beginning 7/1/2021. Table 15 shows this amount and the revenue sources that will be used for payment of this obligation. For a list of each debt issue and its annual debt service, refer to Table 19. For additional information on the rate plan's Pay-go capital funding, refer to Tables 55-56.

Table 14: Breakdown of Total Other Obligations

Other Obligations		Total Other Obligations
Debt Service	CIP Pay-Go	
\$8,829,414	\$22,520,377	\$31,349,791

The Agency uses Regional Facility Capacity Fees ("FCF") and 1% property tax revenues to assist in paying debt service. FCF are fees paid by developers based on meter connection additions to the service area to recover the cost of infrastructure required to serve the new development. A list of the specific debt obligations and amounts to be paid using FCF and 1% property tax is shown in Table 17. FCF revenues are dependent on construction starts and are paid by developers when building permits are issued. The timing of FCF revenues is not known with certainty. Delays due to weather, pandemic, economic slowdown among other events can impact FCF revenues. The amount of debt service that is planned to be paid using FCF is fixed. To offset the potential mismatch in FCF revenues and debt service obligations, 1% property taxes are used to pay the obligations. The amount of 1% property tax will vary annually. Legacy debt service is the annual repayment of debt obligations of the premerger retail purveyors. For additional information on Legacy debt refer to Table 18 and Tables 35-41.

Table 15: How Annual Debt Service will be Funded

Debt Service Category	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Total Debt Service	\$35,179,187	\$35,431,665	\$41,040,113	\$42,487,175	\$45,016,571
Debt Service paid with FCF and 1% Prop Tax Revenues	\$17,656,361	\$18,231,366	\$19,564,020	\$19,587,101	\$19,729,172
Legacy Debt	\$8,693,412	\$8,814,719	\$9,579,497	\$9,710,643	\$9,840,625
Remaining Debt Service to be collected in retail rates	\$8,829,414	\$8,385,580	\$11,896,595	\$13,189,431	\$15,446,774

The amount of non-legacy debt service included in retail rates for the fiscal year beginning 07/01/2021 is \$8,829,414. The annual amounts for the rate plan period are shown at the bottom of Table 15. Table 16 shows the individual debt obligations and their annual cost for the rate plan period.

During the rate plan period, the Agency expects to issue additional debt to pay for major infrastructure projects. Table 16 shows the specific debt issues and corresponding annual debt service. The additional debt to be issued during the rate period is shown in Table 16 beginning with the PFAS bank note that is projected to be entered into towards the middle of the fiscal year beginning 07/01/2021.

Table 16: Debt Service Allocated to Rates

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
1999A CAB Series	\$2,355,347	\$2,355,348	\$2,355,348	\$2,355,348	\$2,355,348
Tax-Exempt Refunding Series 2010 A	\$177,520	\$465,340	\$408,606	\$415,786	\$136,530
Taxable Refunding Series 2015 A	\$4,304,206	\$3,425,440	\$3,591,631	\$3,574,905	\$4,410,167
Taxable Refunding Series 2016 A	\$414,465	\$414,465	\$414,465	\$414,465	\$414,465
Tax-Exempt Series 2020 A	\$1,528,838	\$1,528,838	\$1,528,838	\$1,528,838	\$1,528,838
PFAS Bank Note	\$49,038	\$196,150	\$196,150	\$0	\$0
SRF Loan	\$0	\$0	\$0	\$1,498,532	\$1,498,532
Bond 2023	\$0	\$0	\$3,401,558	\$3,401,558	\$3,401,558
Bond 2025	\$0	\$0	\$0	\$0	\$1,701,337
Debt Service (Non-Legacy Debt)	\$8,829,414	\$8,385,580	\$11,896,595	\$13,189,431	\$15,446,774

Table 17 breaks down by debt issue, the annual debt service (Table 15) that will be paid from FCF & 1% property tax revenues.

Table 17: Listing of Non-Legacy Debt Service Paid with FCF & 1% Tax Revenues

Debt Issue	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
1999A CAB Series	\$8,089,653	\$8,089,654	\$8,089,653	\$8,089,653	\$8,089,653
Tax-Exempt Refunding Series 2010 A	\$1,265,730	\$3,317,910	\$2,913,394	\$2,964,589	\$973,470
Taxable Refunding Series 2015 A	\$7,235,221	\$5,758,045	\$6,037,405	\$6,009,292	\$7,413,337
Taxable Refunding Series 2016 A	\$583,645	\$583,645	\$583,645	\$583,645	\$583,645
Tax-Exempt Series 2020 A	\$482,112	\$482,112	\$482,112	\$482,112	\$482,112
PFAS Bank Note	\$0	\$0	\$0	\$0	\$0
SRF Loan	\$0	\$0	\$0	\$0	\$0
Bond 2023	\$0	\$0	\$1,457,811	\$1,457,810	\$1,457,810
Bond 2025	\$0	\$0	\$0	\$0	\$729,145
Total Debt Service	\$17,656,361	\$18,231,366	\$19,564,020	\$19,587,101	\$19,729,172

The annual amounts of legacy debt service shown in Table 15 is broken down into specific debt issues in Table 18.

Table 18: Legacy Debt Service

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
SCWD - Taxable Refunding Series 2017	\$5,498,842	\$5,620,149	\$5,743,865	\$5,878,507	\$6,008,323
VWD - 2018 Interfund Loan	\$976,975	\$976,975	\$1,618,038	\$1,614,541	\$1,614,706
VWD - Acquisition Interfund Loan	\$2,217,595	\$2,217,595	\$2,217,595	\$2,217,595	\$2,217,595
Total Legacy Debt	\$8,693,412	\$8,814,719	\$9,579,497	\$9,710,643	\$9,840,625

Total annual debt service shown in Table 15 is broken down by debt issue in Table 19.

Table 19: Listing of Annual Debt Service by Obligation

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
1999A CAB Series	\$10,445,000	\$10,445,000	\$10,445,000	\$10,445,000	\$10,445,000
Tax-Exempt Refunding Series 2010 A	\$1,443,250	\$3,783,250	\$3,322,000	\$3,380,375	\$1,110,000
Taxable Refunding Series 2015 A	\$11,539,427	\$9,183,485	\$9,629,036	\$9,584,197	\$11,823,504
Taxable Refunding Series 2016 A	\$998,111	\$998,111	\$998,111	\$998,111	\$998,111
SCWD Taxable Refunding Series 2017	\$5,498,842	\$5,620,149	\$5,743,865	\$5,878,507	\$6,008,323
VWD 2018 Interfund Loan	\$976,975	\$976,975	\$1,618,038	\$1,614,541	\$1,614,706
VWD Acquisition Interfund Loan	\$2,217,595	\$2,217,595	\$2,217,595	\$2,217,595	\$2,217,595
Tax-Exempt Series 2020 A	\$2,010,950	\$2,010,950	\$2,010,950	\$2,010,950	\$2,010,950
PFAS Bank Note	\$49,038	\$196,150	\$196,150	\$0	\$0
SRF Loan	\$0	\$0	\$0	\$1,498,532	\$1,498,532
Bond 2023	\$0	\$0	\$4,859,368	\$4,859,368	\$4,859,368
Bond 2025	\$0	\$0	\$0	\$0	\$2,430,482
Total Debt Service	\$35,179,187	\$35,431,665	\$41,040,113	\$42,487,175	\$45,016,571

At this point, the cost analysis is complete, and the process flow has reached step 5.

STEP 5

Costs to be recovered through retail water rates have been identified and assessed for how they ideally would be recovered through rates (fixed or variable).

Recall from Table 12 that the Agency’s cost of service is comprised of 80% fixed costs and 20% variable costs. In this section the focus is on recovering these costs through retail rates. Table 20 shows that the rate plan recommendation will result in approximately 29% of its retail rate revenues coming from the fixed service charge, and the remainder, approximately 71% from variable revenue. While it would be ideal for the Agency to be able to recover all of its fixed costs with fixed revenue, this is not practical as the impact on customers would be too large and it would discourage conservation. Refer to the Rate Design section of this report for additional information on customer bill impact.

The Agency’s retail rate structure is currently very straightforward. Prior to the merger, each of the retail water divisions restructured their rates to eliminate water tier structures. In addition, none of the existing rate structures contain fixed service charges based on customer type. By having a fixed service charge based solely on meter connection size (and not considering customer classification), the Agency has taken a stance that the demands placed on the system based on meter connection size is fairly recovered using the AWWA equivalent meter factors. The only exception to this is the customer care costs that are allocated to all customers equally.

By using the AWWA equivalent meter factors to allocate costs, proportionality of cost distribution is achieved. The main limiting factor for setting the amount of revenue to generate through fixed charges in this rate plan is customer impact and is covered in the Rate Design section of this report. Table 14 shows how the seven cost causation factors were ultimately allocated between fixed and variable charge .

Table 20: Documentation of Amounts to be Collected from Rates as Fixed and Variable Revenues

Cost Allocation Summary	Fixed	Variable	Total
Source of Supply	\$0	\$31,239,955	\$31,239,955
Base	\$8,764,321	\$13,536,750	\$22,301,071
Max Daily Demand (MDD)	\$4,883,395	\$4,883,395	\$9,766,791
Peak Hourly Demand (PHD)	\$3,762,290	\$3,762,290	\$7,524,581
Meters	\$879,538	\$0	\$879,538
Customer Service	\$3,720,203	\$0	\$3,720,203
Public Fire Protection Service	\$0	\$0	\$0
Revenue Requirements from Rates	\$22,009,747	\$53,422,391	\$75,432,138
	29.2%	70.8%	100.0%

Table 21 lists the cost causation component amounts allocated to be collected from the fixed service charge and how the costs were allocated.

Table 21: Fixed Cost Causative Components Allocated to the Fixed Service Charge

Fixed Cost Causative Components	Allocated Fixed Cost	Allocation Method
Base	\$8,764,321	EMUs
MDD	\$4,883,395	EMUs
PHD	\$3,762,290	EMUs
Meters	\$879,538	EMUs
Customer Service	\$3,720,203	# of bills
Total Fixed Charge Revenue Requirement	\$22,009,747	

Table 22: Variable Charge Revenue Requirements

Variable Cost Causative Components	Allocated Variable Cost
Source of Supply	\$31,239,955
Delivery	\$13,536,750
Max Daily Demand (MDD)	\$4,883,395
Peak Hourly Demand (PHD)	\$3,762,290
Total Variable Charge Revenue Requirement	\$53,422,391

Table 23: Private Fire Protection by Cost Causative Components

Private Fire Protection	Fixed
Cost Allocation Summary	Cost of Service
Max Daily Demand (MDD)	\$117,517
Peak Hourly Demand (PHD)	\$423,629
Customer Service	\$67,921
Meters	\$11,217
Total Revenues Requirement From Private Fire	\$620,283

Table 24: Public Fire Protection by Cost Causative Components

Public Fire Protection	Fixed
Cost Allocation Summary	Cost of Service
Max Daily Demand (MDD)	\$15,902
Peak Hourly Demand (PHD)	\$57,323
Fire Protection Direct	\$87,237
Public Fire Protection	\$160,462

The next and final step in the workflow is rate design.

Rate Design

To calculate retail water rates, it is necessary to develop a forecast of the number of units of water that will be sold, and a forecast of the number of meters of each size. Water sales are in units of 100 cubic feet (CCF), which is equivalent to 748 gallons. In many of the Agency planning documents the water supply and demand is stated in terms of acre feet (AF). An acre foot of water contains 435.6 CCF. Table 18 contains the CCF forecast that was based on a variety of factors including population growth expectations as forecasted by the Santa Clarita Economic Development Corporation([Data \(scvedc.org\)](https://www.scvedc.org)), expected growth in the number of meters served by the Agency, while taking into consideration the known regulatory mandates for reduced consumption. The result is the forecast of slow growth in sales units. Note that the regulatory mandate for conservation must be met in 2025 which accounts for the growth in sales by approximately 1% in FY2024-25 compared with FY2023-24.

Table 25: Water Sales Forecast FY2022-26

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Sales Forecast Acre Feet	58,810	58,940	59,073	59,804	60,546
Sales Forecast CCF	25,617,472	25,674,264	25,732,051	26,050,670	26,373,688
Growth (ccf)	75,539	56,792	57,787	318,619	323,018
Growth %	0.30%	0.22%	0.23%	1.24%	1.24%

The forecast of meter growth was developed with consideration of known development projects that will be served by the Agency, historic growth rates in meter counts, and in consideration of the Agency's economic development forecast. Table 26 provides a forecast for the number of meters by meter connection size by year for the rate plan. Once the forecast was complete it was necessary to convert the meter count to "equivalent meters" to fairly allocate fixed costs equitably. The concept of equivalent meters is to convert the hydraulic capacity of the individual meter sizes into equivalent units. The Agency used the standard AWWA equivalent meter ratios with a ¾" meter as the base meter size. The result of this work can be seen in Tables 26 and 27. Note how the EMU Factor of the base meter size is 1 and the larger meters have been converted to Equivalent Meter Units.

Table 26: Forecast of Meter Growth by Meter Connection Size FY2021-22 Through FY2025-26

Meter Size	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
5/8-in	6,091	6,220	6,352	6,486	6,623
3/4-in	55,005	55,715	56,438	57,173	57,921
1-in	7,914	8,054	8,197	8,343	8,492
1 1/2-in	1,387	1,407	1,428	1,449	1,471
2-in	3,894	3,938	3,983	4,029	4,076
2 1/2-in	25	25	25	25	25
3-in	185	187	189	191	193
4-in	180	182	184	186	188
6-in	57	57	57	57	57
8-in	31	31	31	31	31
10-in	11	11	11	11	11
12-in	-	-	-	-	-
Total	74,780	75,827	76,895	77,981	79,088
Growth Rate	1.36%	1.37%	1.38%	1.38%	1.39%

Each meter size has a certain amount of hydraulic capacity, which determines how much water can be provided at any one time to a customer. The American Water Works Association publishes the table of EMU conversion factors that is used by engineers to determine the optimal pipe size a business needs and also by rate developers to ensure

each individual meter in the service area is contributing equitably to the recovery of costs.

Table 27: Forecast of Equivalent Meter Units FY2021-22 through FY2025-26

Meter Size	EMU Factor	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
5/8-in	0.67	4,061	4,147	4,235	4,324	4,415
3/4-in	1.00	55,005	55,715	56,438	57,173	57,921
1-in	1.67	13,190	13,423	13,662	13,905	14,153
1 1/2-in	3.33	4,623	4,690	4,760	4,830	4,903
2-in	5.33	20,768	21,003	21,243	21,488	21,739
2 1/2-in	6.33	158	158	158	158	158
3-in	10.00	1,850	1,870	1,890	1,910	1,930
4-in	16.67	3,000	3,033	3,067	3,100	3,133
6-in	33.33	1,900	1,900	1,900	1,900	1,900
8-in	53.33	1,653	1,653	1,653	1,653	1,653
10-in	76.67	843	843	843	843	843
12-in	143.33	-	-	-	-	-
Total		107,052	108,436	109,849	111,285	112,750

In the cost analysis section of this report, Table 12 showed that fixed costs account for 80% of the Agency’s O&M, debt service, and Pay-go capital costs and 20% of these costs were variable costs. Table 21 shows how the retail rates have been designed to collect these costs. The Agency has discretion to allocate fixed and variable costs as it sees fit, provided that the allocation of such costs allows for rates that proportionally allocate the cost of providing service. Table 21 allocates rate revenue to cover O&M, debt service, and capital costs in a manner that recovers 29% of the overall revenue requirement from

the fixed charge, and 71% of the revenue requirement from the variable charge. Allocating costs this way allows for the Agency to proportionally recover its costs of service from customers based on the demand they place on the system, while ensuring rates are affordable for customers that do not use very much water, and thus, do not place a significant demand on the water system. *These revenues do not include Legacy Debt which is a fixed charge. Legacy Debt is covered later in this section.*

Source of (Water) Supply – water purchase costs, chemicals, pumping costs. 100% of these costs are to be recovered from the variable charge. Use of water is variable so it is common to include all of these costs in a variable charge.

Base demand – costs of delivering water to customers under average demand conditions. 99.4% of these costs were identified in Table 6 as fixed. Due to the need to consider customer impact and affordability, only 39.3% of these costs are recovered through the fixed charge.

Maximum Day Demand - costs of delivering water to customers on the day with the highest demand. 99.5% of these costs were identified as fixed but only 50% will be recovered through the fixed charge.

PHD Peaking Hourly Demand - the costs of delivering water to customers in the hour with the highest demand on the highest day. 100% of these costs were identified as fixed but only 50% will be recovered through the fixed charge.

Meters – the cost of servicing meters. 100% of these costs were identified as fixed and 100% will be recovered through the fixed charge.

Customer Service – the cost of billing and other customer service-related costs. 100% of these costs were identified as fixed and 100% will be recovered through the fixed charge.

Public Fire protection – the costs of providing public fire protection services were identified as 100% fixed. Public fire protection services are recovered through retail water rates.

Table 28 is a summary of the amounts of revenues expected to be derived from the fixed service charge and variable charge. Table 20 showed these amounts broken down by how the costs were incurred (cost causation).

Table 28: How Revenue will be Earned.

Total Revenue Requirements From Rates	Cost of Service	%
Revenue Requirements From Variable Charge	\$53,422,391	70.8%
Revenue Requirements From Fixed Service Charge	\$22,009,747	29.2%
Total Revenue Requirements From Rates	\$75,432,138	

Variable Charge

The variable charge, beginning in the fiscal year starting on 07/01/2021, will be the same for all retail customers in the service area. Table 29 provides the individual components and dollar amounts that were first listed in Table 20 in the variable cost section of the Table. The amount of revenue to be

collected by the variable charge total \$53,422,391 and will be recovered from the sale of 25,617,472 units of water. To accomplish this the unified rate must equal \$2.09 per CCF.

Table 29: Calculation of the Variable Charge effective 07/01/2021

Variable Cost Causative Components	Allocated Variable Cost
Source of Supply	\$31,239,955
Delivery	\$13,536,750
Max Daily Demand (MDD)	\$4,883,395
Peak Hourly Demand (PHD)	\$3,762,290
Total Variable Charge Revenue Requirement	\$53,422,391
Sales Volume in ccf	25,617,472
Variable Rate	\$2.09

The formula used to calculate the variable rate is shown below.

$$\text{Variable Rate} = \frac{\text{Source of Supply} + \text{Delivery} + \text{MDD} + \text{PHD}}{\text{Sales Volume}}$$

Fixed Service Charge

Using the AWWA hydraulic capacity factors we previously showed (Table 27) how each meter size and the number of corresponding meters was converted to a number of equivalent meter units (“EMU”). Table 30 shows how the hydraulic capacity factor for each meter size was used to allocate the costs to be collected as a fixed service charge. To illustrate how this works, the base meter size is ¾” and has an EMU factor of 1.0. The 1” meter connections have an EMU factor of 1.67 as a 1” meter has the capacity of 1.67 times that a ¾” meter has. By multiplying any of the costs allocated to the ¾” meter by 1.67, the 1” meter connection size cost allocation can be calculated. Some calculations will have a small difference from the listed cost allocation due to rounding costs to the nearest penny. It is reasonable to rely on the AWWA standards as the AWWA, since 1881, has developed and maintained water and wastewater consensus standards and manuals according to procedures outlined in the AWWA Governing Documents. AWWA Standards are documents that serve as a basis for the manufacture and contract specifications for the purchase and use of water works products and services. There are over 165 AWWA standards to date, all ANSI (American National Standards Institute) approved.

$$\text{Fixed Service Charge} = \text{Base Rate} + \text{MDD Rate} + \text{PHD Rate} + \text{Meter Rate} + \text{Customer Service Rate}$$

Each element of the fixed service charge is derived with a formula. For example, the base rate component is calculated by dividing the Base costs shown in Table 20 (\$8,764,321) and dividing it by the total equivalent meter units that were calculated in Table 27 (107,052 units) and then dividing that result by 12 to reach the monthly base rate element of the fixed service charge. Note that the Customer Service rate element is derived by using the total meter count instead of the total equivalent meter count. This was done because the costs included in this rate element do not vary by meter size (bill preparation, customer service). Table 20 contains the results of these calculations; they are located in the ¾" meter size row and then adjusted where appropriate by EMU (hydraulic capacity) factor. Below are the formulas used to determine the rate elements.

$$\text{Base rate element} = \frac{\text{Base Allocated Cost}}{\text{Total EMUs}} \div 12$$

$$\text{MDD rate element} = \frac{\text{MDD Allocated Cost}}{\text{Total EMUs}} \div 12$$

$$\text{PHD rate element} = \frac{\text{PHD Allocated Cost}}{\text{Total EMUs}} \div 12$$

$$\text{Meter rate element} = \frac{\text{Meters Allocated Cost}}{\text{Total EMUs}} \div 12$$

$$\text{Customer Service rate element} = \frac{\text{Customer Service Allocated Cost}}{\text{Total Meter Counts}} \div 12$$

Table 30: Calculation of the Fixed Service Charge

Meter Size	EMU's Factor	Base	MDD	PHD	Meters	Customer Service	Fixed Service Charge
5/8-in	0.67	\$4.55	\$2.53	\$1.95	\$0.46	\$4.15	\$13.64
3/4-in	1.00	\$6.82	\$3.80	\$2.93	\$0.68	\$4.15	\$18.38
1-in	1.67	\$11.37	\$6.34	\$4.88	\$1.14	\$4.15	\$27.87
1 1/2-in	3.33	\$22.74	\$12.67	\$9.76	\$2.28	\$4.15	\$51.60
2-in	5.33	\$36.39	\$20.27	\$15.62	\$3.65	\$4.15	\$80.08
2 1/2-in	6.33	\$43.21	\$24.08	\$18.55	\$4.34	\$4.15	\$94.32
3-in	10.00	\$68.22	\$38.01	\$29.29	\$6.85	\$4.15	\$146.52
4-in	16.67	\$113.71	\$63.36	\$48.81	\$11.41	\$4.15	\$241.43
6-in	33.33	\$227.42	\$126.71	\$97.62	\$22.82	\$4.15	\$478.72
8-in	53.33	\$363.87	\$202.74	\$156.20	\$36.52	\$4.15	\$763.47
10-in	76.67	\$523.06	\$291.44	\$224.53	\$52.49	\$4.15	\$1,095.67
12-in	143.33	\$977.89	\$544.87	\$419.78	\$98.14	\$4.15	\$2,044.82

These calculations were verified in Table 31. By multiplying the fixed charge derived in Table 30 by the number of actual meters for each meter size, the total collected during the year equals the costs identified for recovery by this charge. Refer back to Table 28 for the Fixed Service Charge revenue requirement of \$22,009,747.

Table 31: Verification of the Fixed Service Charge Amounts for FY2021-22

Meter Size	Fixed Charge	Total # Accounts	Revenue from Fixed Charge
5/8-in	\$13.64	6,091	\$996,773
3/4-in	\$18.38	55,005	\$12,133,879
1-in	\$27.87	7,914	\$2,647,186
1 1/2-in	\$51.60	1,387	\$858,885
2-in	\$80.08	3,894	\$3,741,878
2 1/2-in	\$94.32	25	\$28,295
3-in	\$146.52	185	\$325,271
4-in	\$241.43	180	\$521,497
6-in	\$478.72	57	\$327,446
8-in	\$763.47	31	\$284,010
10-in	\$1,095.67	11	\$144,628
12-in	\$2,044.82	-	\$0
		74,780	\$22,009,747

Public fire protection costs are the costs associated with fire hydrants that serve the general public.

The Agency's water system is designed to water at sufficient quantities and pressures to property. The Agency's system costs for maintaining this capacity includes fire hydrants and other system costs. The Agency has chosen to recover the cost for this portion of the water system through non-rate revenue

Table 32 shows the total amount of public fire protection costs that were identified.

Table 32 Public Fire Protection costs

Fire Protection	Fixed
Cost Allocation Summary	Cost of Service
Fire Protection Direct (paid by 1% Prop Tax)	\$160,462

Private Fire Protection services are recovered through a fixed charge to specific customers based on the meter connection size of the service. Table 33 shows the total amount of costs that needs to be recovered by this charge (620,283), the number of private fire services by meter connection size, the charge for each meter connection size and the revenues by meter connection size.

Table 33: Private Fire Service charge revenues by meter size FY 2021/22

Meter Connection Size	Number of Accounts	EMU Factor	Equivalent Meters	MDD	PHD	Customer Service	Meters	Private Fire Rates	Anticipated Private Fire Revenues
3/4-in	-	1.0	-	0.19	0.69	4.15	0.68	5.71	\$ -
1-in	3	1.7	5	0.32	1.15	4.15	0.68	6.29	\$ 230
1 1/2-in	-	3.3	-	0.64	2.29	4.15	0.68	7.76	\$ -
2-in	141	5.3	752	1.02	3.67	4.15	0.68	9.51	\$ 16,086
2 1/2-in	-	6.3	-	1.21	4.35	4.15	0.68	10.39	\$ -
3-in	-	10.0	-	1.91	6.88	4.15	0.68	13.61	\$ -
4-in	289	16.7	4,817	3.18	11.46	4.15	0.68	19.47	\$ 67,486
6-in	389	33.3	12,967	6.36	22.92	4.15	0.68	34.10	\$ 159,295
8-in	462	53.3	24,640	10.17	36.67	4.15	0.68	51.67	\$ 286,586
10-in	63	76.7	4,830	14.62	52.71	4.15	0.68	72.16	\$ 54,419
12-in	13	143.3	1,863	27.34	98.54	4.15	0.68	130.71	\$ 20,562
14-in	1	213.3	213	40.69	146.67	4.15	0.68	192.19	\$ 2,338
16-in	4	305.3	1,221	58.23	209.92	4.15	0.68	272.98	\$ 13,282
	1,365		51,308						\$ 620,283

Table 34 contains the private fire meter count forecast for the rate plan period.

Table 34: Private Fire Meter Count Forecast

Meter Size	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
5/8-in	-	-	-	-	-
3/4-in	-	-	-	-	-
1-in	3	3	3	3	3
1 1/2-in	-	-	-	-	-
2-in	141	143	145	147	149
2 1/2-in	-	-	-	-	-
3-in	-	-	-	-	-
4-in	289	293	297	301	305
6-in	389	395	400	406	411
8-in	462	469	475	482	488
10-in	63	64	65	65	66
12-in	13	13	13	13	14
14-in	1	1	1	1	1
16-in	4	4	4	4	4
18-in	-	-	-	-	-
20-in	-	-	-	-	-
Total	1,365	1,384	1,403	1,422	1,442

Legacy Debt

A fixed legacy debt charge will be included in the unified retail rates of the Agency. This fixed charge is designed to recover the debt service costs of legacy debt owed by the formerly separate three retail purveyors of the Agency to ensure that debt service for infrastructure necessary to provide to the retail purveyors prior to the merger will only be paid for by customers in those service areas. The former Newhall Water Department (NWD) did not have any debt so there is no legacy debt charge for these customers. The former Santa Clarita Water Department (SCWD) and Valencia Water Department (VWD) will have this charge and the calculation of these charges follows. Table 35 shows the total legacy debt service for each of the five years included in the rate plan.

Table 35: Listing of Legacy Debt Service for SCWD and VWD

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
SCWD - Taxable Refunding Series 2017	\$5,498,842	\$5,620,149	\$5,743,865	\$5,878,507	\$6,008,323
VWD - 2018 Interfund Loan	\$976,975	\$976,975	\$1,618,038	\$1,614,541	\$1,614,706
VWD - Acquisition Interfund Loan	\$2,217,595	\$2,217,595	\$2,217,595	\$2,217,595	\$2,217,595
Total Legacy Debt	\$8,693,412	\$8,814,719	\$9,579,497	\$9,710,643	\$9,840,625

Table 36: SCWD Annual Legacy Debt Service and Related Fixed Charge per EMU

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
SCWD Taxable Refunding Series 2017	\$5,498,842	\$5,620,149	\$5,743,865	\$5,878,507	\$6,008,323
SCWD Legacy Debt Charge per EMU	\$10.20	\$10.20	\$10.20	\$10.20	\$10.20

Table 37: SCWD Equivalent Meter Calculation

Meter Size	Account #	EMU Factor	EMUs
SCWD 5/8-in	5,580	0.67	3,720
SCWD 3/4-in	20,482	1.00	20,482
SCWD 1-in	5,637	1.67	9,395
SCWD 1 1/2-in	800	3.33	2,667
SCWD 2-in	1,306	5.33	6,965
SCWD 2 1/2-in	-	6.33	-
SCWD 3-in	53	10.00	530
SCWD 4-in	109	16.67	1,817
SCWD 6-in	27	33.33	900
SCWD 8-in	9	53.33	480
SCWD 10-in	-	76.67	-
SCWD 12-in	-	143.33	-
SCWD Total	34,003		46,956

Calculation of Legacy Debt Charge:

$$\text{Legacy Charge per EMU} = \frac{\text{Average of 5 Years Legacy Debt}}{\text{EMUs}} \div \text{Bill per Year}$$

SCWD Average of 5 Years Legacy Debt = \$5,749,937

Total SCWD EMUs = 46,956

SCWD Legacy Debt Charge = (\$ 5,749,937 / 46,956) ÷ 12 = \$10.20 per EMU

Table 38: Santa Clarita Water Division Legacy Debt Charge

Santa Clarita Division Legacy Debt					
	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
5/8-in	\$6.80	\$6.80	\$6.80	\$6.80	\$6.80
3/4-in	\$10.20	\$10.20	\$10.20	\$10.20	\$10.20
1-in	\$17.01	\$17.01	\$17.01	\$17.01	\$17.01
1 1/2-in	\$34.02	\$34.02	\$34.02	\$34.02	\$34.02
2-in	\$54.42	\$54.42	\$54.42	\$54.42	\$54.42
2 1/2-in	\$64.63	\$64.63	\$64.63	\$64.63	\$64.63
3-in	\$102.05	\$102.05	\$102.05	\$102.05	\$102.05
4-in	\$170.08	\$170.08	\$170.08	\$170.08	\$170.08
6-in	\$340.15	\$340.15	\$340.15	\$340.15	\$340.15
8-in	\$544.24	\$544.24	\$544.24	\$544.24	\$544.24
10-in	\$782.35	\$782.35	\$782.35	\$782.35	\$782.35
12-in	\$1,462.65	\$1,462.65	\$1,462.65	\$1,462.65	\$1,462.65

Table 39: VWD Annual Legacy Debt & Fixed Charge per EMU

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
VWD - 2018 Interfund Loan	\$976,975	\$976,975	\$1,618,038	\$1,614,541	\$1,614,706
VWD - Acquisition Interfund Loan	\$2,217,595	\$2,217,595	\$2,217,595	\$2,217,595	\$2,217,595
Total Legacy Debt	\$3,194,570	\$3,194,570	\$3,835,633	\$3,832,136	\$3,832,301
VWD Legacy Debt Charge per EMU	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50

Table 40: VWD Equivalent Meters Calculation

Meter Size	Account #	EMU Factor	EMUs
VWD 5/8-in	511	0.67	341
VWD 3/4-in	26,224	1.00	26,224
VWD 1-in	1,407	1.67	2,345
VWD 1 1/2-in	439	3.33	1,463
VWD 2-in	2,138	5.33	11,403
VWD 2 1/2-in	-	6.33	-
VWD 3-in	131	10.00	1,310
VWD 4-in	53	16.67	883
VWD 6-in	20	33.33	667
VWD 8-in	11	53.33	587
VWD 10-in	8	76.67	613
VWD 12-in	-	143.33	-
VWD Total	30,942		45,836

Calculation of Legacy Debt Charge:

$$\text{Legacy Charge per EMU} = \frac{\text{Average of 5 Years Legacy Debt}}{\text{EMUs}} \div \text{Bill per Year}$$

VWD Average of 5 Years Legacy Debt = \$3,577,842

Total VWD EMUs = 45,836

VWD Legacy Debt Charge = (\$ 3,577,842 / 45,836) ÷ 12 = \$6.50 per EMU

Table 41: Valencia Water Division Legacy Debt Charge

Valencia Water Division Legacy Debt					
	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
5/8-in	\$4.34	\$4.34	\$4.34	\$4.34	\$4.34
3/4-in	\$6.50	\$6.50	\$6.50	\$6.50	\$6.50
1-in	\$10.84	\$10.84	\$10.84	\$10.84	\$10.84
1 1/2-in	\$21.68	\$21.68	\$21.68	\$21.68	\$21.68
2-in	\$34.69	\$34.69	\$34.69	\$34.69	\$34.69
2 1/2-in	\$41.20	\$41.20	\$41.20	\$41.20	\$41.20
3-in	\$65.05	\$65.05	\$65.05	\$65.05	\$65.05
4-in	\$108.41	\$108.41	\$108.41	\$108.41	\$108.41
6-in	\$216.83	\$216.83	\$216.83	\$216.83	\$216.83
8-in	\$346.92	\$346.92	\$346.92	\$346.92	\$346.92
10-in	\$498.70	\$498.70	\$498.70	\$498.70	\$498.70
12-in	\$932.36	\$932.36	\$932.36	\$932.36	\$932.36

Recycled Water Variable Charge

The recycled water variable charge will be charged to customers that receive recycled water. Currently recycled water is not offered to single family residential customers as the system is still being built out. The cost analysis for recycled water is relatively simple compared to the potable water since there is only one source at this time, the Sanitation District, few pipelines to operate and maintain. In addition to these supply and operation and maintenance costs, Pay-go revenue is being collected to apply towards the continuing buildout of the system. Table 42 shows the expected sales volume, and related costs built into the variable charge for recycled water.

Table 42: Recycled Water Sales Forecast, Cost of Service, and Variable Charge

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Sales Forecast AF	586	631	676	721	767
Sales Forecast CCF	255,278	275,007	294,736	314,465	334,194
Variable Charge Revenue Requirement					
O&M	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927
Purchased Water	\$100,790	\$108,580	\$116,369	\$124,159	\$131,948
Pay-Go- RW Distribution	\$223,030	\$273,742	\$333,176	\$397,250	\$468,635
Total Cost of Service	\$426,820	\$488,412	\$558,818	\$633,960	\$716,511
Recycled Water COS Rate	\$1.67	\$1.78	\$1.90	\$2.02	\$2.14

Financial Performance

Up to this point in the report, the focus has been on cost analysis and setting rates to recover those costs. In this section, the financial forecast is presented and discussed so it becomes evident that the proposed rates align with the financial requirements of the Agency as currently planned.

Table 43: Proposed Revenue Growth and Corresponding Financial Results

	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Proposed Revenue Growth	0%	6.50%	6.50%	6.50%	6.50%
Retail Revenues from Variable charge, Fixed Service charge, and Legacy Debt charges	\$ 84,759,918	\$ 90,245,712	\$ 96,118,830	\$ 103,060,210	\$ 110,541,232
Private Fire Revenues	\$ 620,283	\$ 669,527	\$ 722,743	\$ 780,220	\$ 842,333
Other Operating Revenues	\$ 3,999,700	\$ 4,049,697	\$ 4,100,394	\$ 4,151,802	\$ 4,203,932
Non-Operating Revenues	\$ 28,559,231	\$ 24,912,679	\$ 21,318,227	\$ 22,198,199	\$ 22,979,598
Total Revenues	\$ 117,939,132	\$ 119,877,615	\$ 122,260,194	\$ 130,190,431	\$ 138,567,095
Operation & Maintenance Expense	\$ 77,422,023	\$ 81,695,597	\$ 84,919,394	\$ 88,956,379	\$ 94,950,263
Debt Service (Non-Legacy Debt)	\$ 8,829,414	\$ 8,385,580	\$ 11,896,596	\$ 13,189,432	\$ 15,446,775
Legacy Debt	\$ 8,693,412	\$ 8,814,719	\$ 9,579,497	\$ 9,710,643	\$ 9,840,625
Capital Pay-Go funding	\$ 22,994,283	\$ 20,981,719	\$ 15,864,707	\$ 18,333,977	\$ 18,329,432
Debt Service Coverage Ratio	1.66	1.60	1.36	1.40	1.38

The revenues in this table include the forecasted amounts to be collected from retail rates and other sources of revenues. Retail revenues includes legacy debt revenues; these were calculated outside of the cost allocation work as they were specific to each retail division. In addition, some of the revenues shown are not generated from retail rates. A reconciliation between the expected financial performance of the Agency and the earlier work of allocating costs to cost causation factors (Table 12) is shown below.

Table 44: Reconciliation Between Expected Financial Performance and Cost Allocation Analysis

	FY2021-22	
Total Revenues	\$ 117,939,132	
Less:		
Legacy Debt Revenue	\$ (9,327,779)	Collected from legacy debt charge
Add:		
Public Fire Protection	\$ 160,462	Covered by non-rate revenues
	\$ 108,771,814	Table 7 Revenue requirements

Table 45 shows how the proposed revenue growth would happen. In the Table, “Water Sales” refers to water rate revenues from the variable charges (potable and non-potable), fixed service charge revenue, and private fire protection revenue. For the fiscal year beginning July 1, 2021 no revenue growth is proposed. In years two through five of the rate plan, water sales revenues would be increased by 6.5% annually. By not proposing a revenue increase in the first year, the following years required greater changes to keep pace with Agency requirements. Table 45 shows in the row labeled “Water Sales” the retail rate revenues (excluding legacy debt revenues) if there were not revenue increases. The annual slight change in sales revenues is due to volumetric sales growth and growth in meter counts. The following rows labeled “Year...”, show that year’s revenue growth and how that revenue grows in the following years due to volumetric sales increases and growth in meter count. For example, in year 2 of the rate plan period a 6.5% revenue increase in retail sales would amount to \$4,970,405. The following year that revenue increase stays in the rates but due to volumetric sales growth and meter count growth it generates \$5,004,577. Table 45 is reconciled back to the row in Table 43 labeled “Rate Revenues from variable charge, fixed service charge, and legacy debt charge”.

Table 45: Proposed Revenue Growth During the Rate Plan Period

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Proposed Revenue Increase	0%	6.5%	6.5%	6.5%	6.5%
Water Sales	\$76,052,422	\$76,467,776	\$76,877,106	\$77,842,297	\$78,822,591
Year 1 - 0 %	\$0	\$0	\$0	\$0	\$0
Year 2 - 6.5 %		\$4,970,405	\$5,004,577	\$5,067,408	\$5,131,221
Year 3 - 6.5 %			\$5,330,368	\$5,397,288	\$5,465,255
Year 4 - 6.5 %				\$5,748,642	\$5,821,034
Year 5 - 6.5 %					\$6,199,974
Water Sales	\$76,052,422	\$81,438,181	\$87,212,051	\$94,055,635	\$101,440,075
Legacy Debt	\$9,327,779	\$9,477,058	\$9,629,522	\$9,784,795	\$9,943,490
Private Fire	(\$620,283)	(\$669,527)	(\$722,743)	(\$780,220)	(\$842,333)
Rate Revenues from Variable Charge, Fixed Service Charge and Legacy Debt Charge	\$84,759,918	\$90,245,712	\$96,118,831	\$103,060,210	\$110,541,232

Table 46: Breakdown of Retail Rate Revenues

Rate Revenues	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Revenues from Variable Charge	\$53,422,391	\$57,020,978	\$60,864,025	\$65,622,803	\$70,754,871
Revenue from Service Charge	\$22,009,747	\$23,747,675	\$25,625,283	\$27,652,612	\$29,842,871
Legacy Debt Revenue	\$9,327,779	\$9,477,058	\$9,629,522	\$9,784,795	\$9,943,490
Subtotal	\$84,759,918	\$90,245,712	\$96,118,830	\$103,060,210	\$110,541,232
Revenue from Private Fire Protection Rates	\$ 620,283	\$ 669,527	\$ 722,743	\$ 780,220	\$ 842,333
Total Rate Revenues	\$85,380,201	\$90,915,239	\$96,841,573	\$103,840,430	\$111,383,565

Table 47: Variable Charge Revenues

Variable Rate Revenues	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Usage in ccf	25,617,472	25,674,264	25,732,051	26,050,670	26,373,688
Variable Rate	\$2.09	\$2.22	\$2.37	\$2.52	\$2.68
Total Variable Revenues	\$53,422,391	\$57,020,978	\$60,864,025	\$65,622,803	\$70,754,871

Table 48: Fixed Service Charge Revenues

Fixed Rate Revenues	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
5/8-in	\$996,773	\$1,084,046	\$1,179,009	\$1,282,134	\$1,394,315
3/4-in	\$12,133,879	\$13,089,385	\$14,121,093	\$15,234,819	\$16,437,357
1-in	\$2,647,186	\$2,869,127	\$3,109,873	\$3,371,006	\$3,654,239
1 1/2-in	\$858,885	\$927,903	\$1,002,966	\$1,083,867	\$1,171,844
2-in	\$3,741,878	\$4,030,129	\$4,341,134	\$4,676,702	\$5,038,790
2 1/2-in	\$28,295	\$30,134	\$32,092	\$34,178	\$36,400
3-in	\$325,271	\$350,159	\$376,907	\$405,654	\$436,545
4-in	\$521,497	\$561,565	\$604,639	\$650,940	\$700,705
6-in	\$327,446	\$348,729	\$371,397	\$395,538	\$421,248
8-in	\$284,010	\$302,470	\$322,131	\$343,069	\$365,369
10-in	\$144,628	\$154,029	\$164,041	\$174,704	\$186,060
12-in	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Fixed Charge	\$22,009,747	\$23,747,675	\$25,625,283	\$27,652,612	\$29,842,871

Table 49 compares the forecasted legacy debt revenues with the legacy debt costs by fiscal year. This table shows a possible over collection in each year. This is due to the uncertainty of the number of active meters (for each size) during a year. The uncertainty exists due to customers leaving the service area, services being cut off for non-payment, and new accounts being added to the system. Separate general ledger accounts have been established to track the legacy debt revenues for comparison with related debt service. Any positive balance in these accounts at the end of the rate plan period will be applied in the calculation of the legacy debt charge in the next rate case. When reviewing this Table, it is important to take into consideration that the legacy debt charges are based on forecasted meter growth. During a year, actual meter counts vary as some existing accounts will close and new accounts will open.

Table 49: Legacy Debt Forecasted Revenue

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	Five Year Total
Legacy Debt	\$8,693,412	\$8,814,719	\$9,579,497	\$9,710,643	\$9,840,625	\$46,638,896
Legacy Debt Collected from Rates	\$9,327,779	\$9,477,058	\$9,629,522	\$9,784,795	\$9,943,490	\$48,162,645
<i>Over/Under Collection</i>	\$634,367	\$662,339	\$50,025	\$74,153	\$102,866	\$1,523,749

Table 50 shows the allocation of costs to each meter connection size based on the use of the equivalent meter factors in the column labeled “EMU Factor”. The table is also showing the meter count by meter connection size and the revenues expected to be received. As an example of how the EMU Factor impacts the charge by meter connection size, for a 2” meter connection size the EMU factor is 5.33. Multiplying that factor by the MDD cost assigned to the base meter connection size, 3/4”, the result is $5.33 * 0.19 = \$1.0127$, rounded up to \$1.02. This is the MDD cost allocation proportionately allocated to the 2” meters. Note that the Customer Service, and Meters charges are the same for all meter connection sizes. This is due to the fact that these costs do not vary based on meter connection size, so they were allocated evenly to all meters. This was noted previously in Table 21.

Table 50: Calculation of Private Fire Service Rates

Meter Connection Size	Number of Meters	EMU Factor	MDD	PHD	Customer Service	Private Meters	Private Fire Rates	Anticipated Private Fire Revenues
3/4-in	-	1.00	0.19	0.69	4.15	0.68	5.71	\$ -
1-in	3	1.67	0.32	1.15	4.15	0.68	6.29	\$ 230
1 1/2-in	-	3.33	0.64	2.29	4.15	0.68	7.76	\$ -
2-in	141	5.33	1.02	3.67	4.15	0.68	9.51	\$ 16,086
2 1/2-in	-	6.33	1.21	4.35	4.15	0.68	10.39	\$ -
3-in	-	10.00	1.91	6.88	4.15	0.68	13.61	\$ -
4-in	289	16.67	3.18	11.46	4.15	0.68	19.47	\$ 67,486
6-in	389	33.33	6.36	22.92	4.15	0.68	34.10	\$ 159,295
8-in	462	53.33	10.17	36.67	4.15	0.68	51.67	\$ 286,586
10-in	63	76.67	14.62	52.71	4.15	0.68	72.16	\$ 54,419
12-in	13	143.33	27.34	98.54	4.15	0.68	130.71	\$ 20,562
14-in	1	213.33	40.69	146.67	4.15	0.68	192.19	\$ 2,338
16-in	4	305.33	58.23	209.92	4.15	0.68	272.98	\$ 13,282
18-in	-	488.33	93.13	335.74	4.15	0.68	433.70	\$ -
20-in	-	616.67	117.61	423.97	4.15	0.68	546.41	\$ -
	1,365							\$ 620,283

Table 51 summarizes the annual revenues collected by each fiscal year of the rate plan

Table 51: Private Fire Revenues

Private Fire Revenues	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
3/4-in	\$0	\$0	\$0	\$0	\$0
1-in	\$230	\$248	\$268	\$289	\$312
1 1/2-in	\$0	\$0	\$0	\$0	\$0
2-in	\$16,086	\$17,366	\$18,749	\$20,244	\$21,859
2 1/2-in	\$0	\$0	\$0	\$0	\$0
3-in	\$0	\$0	\$0	\$0	\$0
4-in	\$67,486	\$72,856	\$78,660	\$84,930	\$91,706
6-in	\$159,295	\$171,971	\$185,671	\$200,471	\$216,466
8-in	\$286,586	\$309,391	\$334,038	\$360,664	\$389,441
10-in	\$54,419	\$58,750	\$63,430	\$68,486	\$73,950
12-in	\$20,562	\$22,084	\$23,720	\$25,480	\$27,373
14-in	\$2,338	\$2,524	\$2,725	\$2,942	\$3,177
16-in	\$13,282	\$14,339	\$15,481	\$16,715	\$18,048
18-in	\$0	\$0	\$0	\$0	\$0
20-in	\$0	\$0	\$0	\$0	\$0
Total Private Fire	\$620,283	\$669,527	\$722,743	\$780,220	\$842,333

Other Operating Revenues

Table 52: Other Operating Revenues

Other Operating Revenues	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Misc. Fees (Customer Related fees and charges such as late fees, disconnect charges, etc.)	\$1,000,000	\$1,020,000	\$1,040,400	\$1,061,208	\$1,082,432
Service Connection/Expansion Fees	\$2,999,700	\$3,029,697	\$3,059,994	\$3,090,594	\$3,121,500
Total Other Operating Revenues	\$3,999,700	\$4,049,697	\$4,100,394	\$4,151,802	\$4,203,932

Table 53: Non-Operating Revenues

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
1% Property Tax Revenues	\$ 16,417,976	\$ 16,647,957	\$ 17,597,295	\$ 18,411,491	\$ 19,125,930
Communication/ Rental Income	\$ 509,682	\$ 519,876	\$ 530,273	\$ 540,879	\$ 551,696
Investment Revenues	\$ 1,678,043	\$ 1,703,213	\$ 1,728,761	\$ 1,754,693	\$ 1,781,013
Settlement Agreement (CIP)	\$ 3,940,000	\$ -	\$ -	\$ -	\$ -
Settlement Agreement (O&M)	\$ 1,405,131	\$ 1,433,233	\$ 1,461,898	\$ 1,491,136	\$ 1,520,959
Grants and Reimbursements	\$ 1,608,400	\$ 1,608,400	\$ -	\$ -	\$ -
Reimbursement from Annexing Parties	\$ -	\$ -	\$ -	\$ -	\$ -
One-time Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Capacity Fees (Retail)	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -
Non-Operating Revenues	\$ 28,559,231	\$ 24,912,679	\$ 21,318,227	\$ 22,198,199	\$ 22,979,598

Non-Operating Revenues

1% Property Tax Revenues

The Agency receives a portion of the 1% LA County and Ventura County tax levies on properties within Agency boundaries. The Agency distribution changes each year based on increases or decreases in assessed property values.

Communication/Rental Income

The main source of revenue for the Communication/Rental Income is primarily cell tower lease agreements and rental of the old SCWD building.

Investment Revenues

The Agency places funds not needed for current expenditures in short-term investments in accordance with the Agency's investment policy.

Settlement Agreement (CIP)

Perchlorate Litigation Settlement Agreement (Settlement Agreement) was executed by CLWA, SCWD, NCWD, and VWD, and Whittaker-Bermite, which involves estimated potential payment of up to \$100,000,000. Funds have been deposited in escrow which will be disbursed to the Agency and the foregoing retail purveyors to pay for the costs of restoration of wells and contamination removal.

Settlement Agreement (O&M)

The Settlement Agreement also provides funds to assist in the payment of operation and maintenance costs for the system for up to 30 years, which the agencies estimate to cost as much as \$50,000,000. Approximately \$1,000,000 is reimbursed to the Agency annually for operations and maintenance costs related to activities related to restoration of wells and contamination removal. Amounts reimbursed to the Agency for such operations and maintenance costs are treated as Revenues of the Water System.

Grants and Reimbursements

The Agency takes every opportunity to apply state grants (and is actively seeking federal grants) to fund some Capital Improvement Projects in part or in whole. We have received Proposition 84 grants in the amount of approximately \$2.9 relating to the Agency's recycled water program

Reimbursement from Annexing Parties

The acquisition of 11,000 AFY supply was originally intended, among other reasons, to supplement the SWP supplies, which are committed to users in SCV Water's existing service area, by providing water for parties seeking to annex to the service area. In order to be eligible for annexation to SCV Water's service area, a potential annexing party would be required to enter into Deposit and Funding Agreement with SCV Water and pay for a proportionate share of the 11,000 AFY supply.

One-time Water Sales

In times of above average rainfall and snowpack, the Agency may be able to sell some of its banked State Water.

Use of Capacity Fees (Retail)

Capacity Fees (CF) are collected from customers requesting new water service. The charges are designed to recover costs of facilities necessary to serve new customers. These costs include distribution and treatment facilities or facilities that serve the system as a whole. The purpose of the CF is to assure that existing customers do not bear the cost of customer growth and that new customers pay for their appropriate share of the existing water system facilities. Funds collected from the CF are held either in a separate fund or accounted for as a capital contribution from developers. It is expected that the CF funds are to be invested in the water system annually.

Operating Cost Forecast

The analysis of operating costs was covered earlier in this report for the base year, FY2021-22. In this section we provide the forecast of operating costs for the entire rate period. Key cost escalation factors are provided in Table 1 of this report. Each of those factors was applied to specific costs to derive the forecast. The average escalation rate by fiscal year can be seen at the bottom of Table 54. This represents the weighted average impact of the various cost escalation factors.

Table 54: Operating Cost Forecast

Department	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Source of Supply	\$ 7,501,112	\$ 7,710,628	\$ 8,626,229	\$ 8,938,773	\$ 9,262,754
Pumping and Wells	\$ 15,785,709	\$ 17,181,005	\$ 18,860,421	\$ 19,993,793	\$ 24,353,573
Water Quality and Treatment	\$ 6,964,324	\$ 7,197,978	\$ 7,439,835	\$ 7,705,639	\$ 7,981,842
Transmission, Distribution & Maintenance	\$ 12,345,787	\$ 12,849,208	\$ 13,217,447	\$ 13,597,604	\$ 13,988,855
Engineering	\$ 3,320,355	\$ 3,415,334	\$ 3,513,046	\$ 3,612,713	\$ 3,715,233
General and Administrative	\$ 23,735,022	\$ 24,970,117	\$ 25,068,390	\$ 26,360,939	\$ 26,460,130
Water Resources and Public Outreach	\$ 7,769,713	\$ 8,371,328	\$ 8,194,026	\$ 8,746,919	\$ 9,187,875
Total O&M Expenses	\$ 77,422,023	\$ 81,695,597	\$ 84,919,394	\$ 88,956,379	\$ 94,950,263
Average Escalation Rate	2.3%	5.5%	3.9%	4.8%	6.7%

Cash Reserves

This rate plan has taken into consideration the Agency’s cash reserve policy. The Agency holds cash reserves for variations in operating costs, water supply reliability, emergencies and disasters, capital work, and rate stabilization. The Agency will be able to maintain capital reserves at the levels stated in the Policy during the rate plan period. The capital reserve, which is used to fund Pay-go (rate funded) capital will be funded as shown in Table 46. There currently is a surplus in this reserve account that is expected to be utilized as planned rate funding has been set to optimize the use of the reserves to keep rates down. This is discussed in the next section.

Pay-go Capital Funding and Current Planned Expenditure

As the two largest impacts to customers in this rate case are the unification of rates and providing funding for PFAS operations and maintenance costs, the Pay-go funding provided by rates will fall short of the current expenditure plan. Table 46 lists the annual amount of Pay-go that is expected to be generated by retail rates. The drop of just over \$5,000,000 in funding in FY2023-24 is primarily the result

of a new bond issue; it is expected that the annual debt service for the Bond Issue of 2023 will be about \$4.8 million per year.

Table 55: Pay-go Funding Forecast

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Capital PAY-GO Funding	\$22,994,283	\$20,981,719	\$15,864,708	\$18,333,977	\$18,329,433

The current Pay-go capital plan is listed in Table 56. At the time of this report there is still work to be done with this plan as Pay-go revenues will be less. Given the sudden development of PFAS it is expected that the current Pay-go plan will be evaluated for prioritization, deferment, use of surplus reserves, or other sources of funding.

Table 56: Current Pay-go Plan

Pay-Go Projects	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Pipelines & Pipeline Replacements	\$8,546,000	\$9,085,000	\$12,425,000	\$8,225,000	\$1,750,000
Capital Planning & Studies	6,635,034	6,979,689	6,982,931	8,566,443	9,091,118
Wells & Well Facility Improvements	6,093,000	1,057,000	370,000	370,000	370,000
Tanks & Tank Facility Improvements	3,555,000	3,480,000	3,080,000	8,470,000	7,880,000
Technology Improvements & Replacements	3,140,000	2,954,000	3,389,400	3,348,340	3,133,174
Wellhead Treatment Improvements	2,790,000	5,065,000	8,185,000	-	-
Admin & Tech	2,325,000	475,000	475,000	475,000	475,000
Booster Station/Turnout Improvements	2,239,000	1,311,000	1,519,000	1,560,000	760,000
R&R Budget	1,993,450	1,968,450	2,918,450	1,918,450	1,918,450
Meter Replacements	1,875,000	1,875,000	875,000	875,000	875,000
Minor Capital	1,860,000	600,000	600,000	500,000	500,000
General Facility Replacements	832,500	1,292,500	575,000	620,000	560,000
Technology-SCADA	550,000	550,000	550,000	550,000	550,000
Disinfection Projects	490,000	490,000	490,000	490,000	490,000
Appurtenance Improvements	475,000	475,000	475,000	475,000	475,000
Water Resources & Supply	469,797	-	-	-	-
Laboratory Improvements	-	-	-	-	-
Major Capital	-	-	150,000	311,000	573,000
PFAS	22,416,000	18,283,000	6,939,000	-	-
Current Planned Pay- Go	\$66,284,781	\$55,940,639	\$49,998,781	\$36,754,233	\$29,400,742

SCV Water Proposed Charges for FY 2022-FY2026 Rate Tables

Variable Charge: Potable & Recycled Water

Rate per CCF	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Potable Water Variable Charge	2.09	2.22	2.37	2.52	2.68
Recycled Water Variable Charge	1.67	1.78	1.9	2.02	2.14



Fixed Service Charge

Meter Size	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
5/8-in	\$13.64	\$14.52	\$15.47	\$16.47	\$17.54
3/4-in	\$18.38	\$19.58	\$20.85	\$22.21	\$23.65
1-in	\$27.87	\$29.69	\$31.62	\$33.67	\$35.86
1 1/2-in	\$51.60	\$54.96	\$58.53	\$62.33	\$66.39
2-in	\$80.08	\$85.28	\$90.83	\$96.73	\$103.02
2 1/2-in	\$94.32	\$100.45	\$106.97	\$113.93	\$121.33
3-in	\$146.52	\$156.04	\$166.18	\$176.99	\$188.49
4-in	\$241.43	\$257.13	\$273.84	\$291.64	\$310.60
6-in	\$478.72	\$509.84	\$542.98	\$578.27	\$615.86
8-in	\$763.47	\$813.09	\$865.94	\$922.23	\$982.17
10-in	\$1,095.67	\$1,166.89	\$1,242.74	\$1,323.51	\$1,409.54
12-in	\$2,044.82	\$2,177.74	\$2,319.29	\$2,470.04	\$2,630.59

Legacy Debt Charges

Meter Connection Size	SCWD	VWD
5/8-in	\$6.80	\$4.34
3/4-in	\$10.20	\$6.50
1-in	\$17.01	\$10.84
1 1/2-in	\$34.02	\$21.68
2-in	\$54.42	\$34.69
2 1/2-in	\$64.63	\$41.20
3-in	\$102.05	\$65.05
4-in	\$170.08	\$108.41
6-in	\$340.15	\$216.83
8-in	\$544.24	\$346.92
10-in	\$782.35	\$498.70
12-in	\$1,462.65	\$932.36

Proposed Private Fire Charge


Private Fire

Meter Size	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
3/4-in	\$5.71	\$6.08	\$6.47	\$6.90	\$7.34
1-in	\$6.29	\$6.70	\$7.14	\$7.60	\$8.10
1 1/2-in	\$7.76	\$8.26	\$8.80	\$9.37	\$9.98
2-in	\$9.51	\$10.13	\$10.79	\$11.49	\$12.24
2 1/2-in	\$10.39	\$11.07	\$11.79	\$12.55	\$13.37
3-in	\$13.61	\$14.50	\$15.44	\$16.44	\$17.51
4-in	\$19.47	\$20.73	\$22.08	\$23.52	\$25.04
6-in	\$34.10	\$36.32	\$38.68	\$41.20	\$43.87
8-in	\$51.67	\$55.03	\$58.60	\$62.41	\$66.47
10-in	\$72.16	\$76.85	\$81.85	\$87.17	\$92.83
12-in	\$130.71	\$139.21	\$148.25	\$157.89	\$168.15
14-in	\$192.19	\$204.68	\$217.98	\$232.15	\$247.24
16-in	\$272.98	\$290.73	\$309.63	\$329.75	\$351.18
18-in	\$433.70	\$461.89	\$491.91	\$523.89	\$557.94
20-in	\$546.41	\$581.92	\$619.75	\$660.03	\$702.93

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BOARD MEMORANDUM

DATE: April 13, 2021
TO: Board of Directors 
FROM: Eric Campbell
Chief Financial and Administrative Officer
SUBJECT: Approve a Proposition 218 Notice for Retail Water Rates

SUMMARY

For the Board of Directors to approve the proposed Proposition 218 Notice.

DISCUSSION

Several rate-plan options have been presented to the Finance and Administration Committee, most recently on January 11, 2021 and then to the Board of Directors on March 1, 2021. On March 1, 2021 the Board selected a rate plan for inclusion in the Notice of Public Hearing document as required by Proposition 218. The next step in the rate setting process under Proposition 218, is for the Agency to mail a written notice to all customers and/or recorded owners of properties which will be affected by the proposed rate changes, explaining the changes and stating the date, time and location of the public hearing at which time the Board of Directors will consider the proposed rates.

General counsel has reviewed the Notice of Public Hearing to ensure that the notice contains the requirements imposed by Proposition 218.

Please note that the action to set the Public Hearing is Upon approval of the Notice of Public Hearing, the notice will be translated into Spanish and included in the mailing.

On March 15, 2021, the Finance and Administration Committee considered staff's recommendation to approve a Proposition 218 Notice for new retail water rates. Suggestions made by the Committee have been considered and incorporated by the team. and April 6, 2021 the Board was presented the draft notice for review and discussion.

FINANCIAL CONSIDERATIONS

Printing and mailing costs are currently estimated at approximately \$94,000 for 100,000 notices.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors approve the proposed Proposition 218 Notice in preparation to mail the Notice of Public Hearing as required by Proposition 218.

EC

Attachment

M65

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IMPORTANT INFORMATION ABOUT YOUR WATER BILL

NOTICE OF PROPOSED RATE CHANGES

Date: Tuesday, June 15, 2021

Time: 6:30 p.m.

Due to the evolving situation with COVID-19 and the State of California stay-at-home order, Executive Order N-33-20, this meeting shall only be available to the public via teleconference.

WHAT'S INSIDE?

1. SCV Water is considering rate changes
2. System enhancements maintain a safe, reliable water supply
 - PFAS Treatment
 - Uniting the Region
3. Understanding the proposed water rate structure
 - Proposed rates
 - How will this impact my bill?
4. How can I participate?
5. Conservation: A California way of life

To join this meeting via phone, please dial: XXXXX

MEETING ID: XXX | **PASSWORD:** XXX

This notice is being provided to you by SCV Water (the Agency) pursuant to California Constitution Article XIID (also known as "Proposition 218"). Under the terms of Proposition 218, SCV Water is required to notify the property owners of record of proposed changes to property-related fees, such as water service. This serves as notice that the SCV Water Board of Directors will conduct a public hearing, at the time, date and location specified above, to consider a five-year schedule of adjustments to water rates and charges. If approved, the proposed adjustments would be implemented on July 1 of 2021, 2022, 2023, 2024 and 2025. Each element of the proposed action is explained in this document. All members of the public are invited to attend the public hearing. Additionally, under California state law, all property owners and customers of record may submit a written protest to the proposed rate changes. Only one protest per parcel is permitted.



Please refer to the "How Can I Participate?" section of this document for instructions on submitting a formal written protest against the proposed action. All written protests will be verified. You may also appear at the public hearing at the date and time specified above. More information is available online at yourscvwater.com/rateplanning



WWW.YOURSCVWATER.COM



SCV Water is considering rate changes



SCV Water has a simple and straightforward mission: To provide responsible water stewardship that ensures the Santa Clarita Valley has reliable supplies of high-quality water at a reasonable cost.

As part of that mission, the Agency regularly evaluates the cost of providing service, to confirm that expenses are balanced with revenue so that we can adequately address system operations, maintenance and updates, meet government regulations and maintain financial stability.

SCV Water is considering a five-year schedule of changes to water rates and charges that could affect your monthly bill. The Agency is proposing changes to:

Water Usage Charge **Service charges**

Customers who may be impacted by these changes are receiving this notice and are invited to provide feedback that the Board of Directors will consider prior to voting on the proposal.



SYSTEM ENHANCEMENTS



A recent cost of service analysis determined that expenses associated with operating and maintaining the water system will rise steadily through 2025-2026 and anticipated revenue will not keep pace with that increase.

A rate adjustment over the next five years has been recommended due to a number of factors, the largest being the need to address PFAS – per- and polyfluoroalkyl substances – which has closed down 17 wells in compliance with state regulations.

DID YOU KNOW?

As a public agency, SCV Water cannot earn a profit from the services it provides and must charge no more than the actual costs associated with providing services to its customers.





PFAS TREATMENT

PFAS substances are a group of manmade chemicals that are prevalent in the environment and were commonly used in industrial and consumer products to repel grease, moisture, oil, water and stains. Water agencies do not put these chemicals into the water, but over time very small amounts enter the water supplies through manufacturing, wastewater discharge and product use.



To address the impact of the closed wells on our water supply, SCV Water has led the state in building PFAS treatment facilities. The first one opened last year and three more are scheduled to come online by 2022. This is a significant new cost that prior rates did not fund or anticipate.

SCV Water is pursuing legal action against the manufacturers of PFAS chemicals to recover treatment expenses, but in the meantime, we must construct these facilities now to continue providing a reliable water supply.



UNITING THE REGION

The second major factor in the proposed changes is the need to transition SCV Water's three retail divisions into a single rate plan for all customers. Current division rates were set prior to the creation of SCV Water as a new agency and do not reflect the current cost of providing service.



This is the first time SCV Water has addressed rates since it began operating in January 2018. To ensure that all customers are considered, an Independent Ratepayer Advocate has reviewed the information related to the proposed adjustments and made recommendations to the board on behalf of those served by SCV Water. This advocate will also be available to answer your questions about the proposal.



Understanding the Proposed

WATER RATE STRUCTURE

RATE TRANSITION

Currently, each of the three retail divisions – Newhall Water Division, Santa Clarita Water Division and Valencia Water Division – have their own unique rate tables, which were developed prior to the formation of SCV Water. SCV Water is transitioning the divisions into a single rate table for all customers. The single rate table will adequately fund the needs of the Agency.

FIXED VS. VARIABLE CHARGES

The proposed rate structure includes a monthly fixed charge, imposed upon all customers based on the size of the meter serving the property, and a water use charge determined by the amount of water delivered to each parcel, measured in one-hundred cubic-feet (CCF). One CCF equals 748 gallons.



The Fixed Charge covers non-fluctuating costs such as capital projects, transmission, distribution, meters and service. Under the proposal, fixed charges would become a larger percentage of customers' monthly bill to reduce the risk of revenue instability. Under the proposed changes, the debt for each division would no longer be included in the Fixed Charge; it would be broken out separately under a Legacy Debt category.



The Water Use Charge covers expenses such as purchased water, treatment, pumping and other costs attributable directly to the amount of water used.

UNDERSTANDING LEGACY DEBT

Legacy debt is billed monthly and added as a separate line item. It covers any debt held by the previous retail divisions.

The debt that was held by the Santa Clarita Division when it became part of SCV Water is broken out from the Fixed Charge under the proposed changes.

The debt that was held by the Valencia Division when it became part of SCV Water is broken out from the Fixed Charge under the proposed changes. We understand the impacts of these proposed changes, which is why SCV Water pursued restructuring of the loan terms on Valencia Division's debt. The restructuring cut the interest rate and extended the repayment period, which dramatically reduced the monthly payment.

LEGACY DEBT		
Meter Size	Santa Clarita	Valencia
5/8-in	\$6.80	\$4.34
3/4-in	\$10.20	\$6.50
1-in	\$17.01	\$10.84
1 1/2-in	\$34.02	\$21.68
2-in	\$54.42	\$34.69
2 1/2-in	\$64.63	\$41.20
3-in	\$102.05	\$65.05
4-in	\$170.08	\$108.41
6-in	\$340.15	\$216.83
8-in	\$544.24	\$346.92
10-in	\$782.35	\$498.70
12-in	\$1,462.65	\$932.36

PROPOSED RATES

WATER USE CHARGE Note: Water Use Charge is per unit of water used (ccf) (1 ccf=748 gallons)

Class	Proposed charge effective 7/1/2021	Proposed charge effective 7/1/2022	Proposed charge effective 7/1/2023	Proposed charge effective 7/1/2024	Proposed charge effective 7/1/2025
Potable	\$2.09	\$2.22	\$2.37	\$2.52	\$2.68
Recycled	\$1.67	\$1.78	\$1.90	\$2.02	\$2.14

FIXED CHARGES

Meter Size	Proposed charge effective 7/1/2021	Proposed charge effective 7/1/2022	Proposed charge effective 7/1/2023	Proposed charge effective 7/1/2024	Proposed charge effective 7/1/2025
5/8-in	\$13.64	\$14.52	\$15.47	\$16.47	\$17.54
3/4-in	\$18.38	\$19.58	\$20.85	\$22.21	\$23.65
1-in	\$27.87	\$29.69	\$31.62	\$33.67	\$35.86
1 1/2-in	\$51.60	\$54.96	\$58.53	\$62.33	\$66.39
2-in	\$80.08	\$85.28	\$90.83	\$96.73	\$103.02
2 1/2-in	\$94.32	\$100.45	\$106.97	\$113.93	\$121.33
3-in	\$146.52	\$156.04	\$166.18	\$176.99	\$188.49
4-in	\$241.43	\$257.13	\$273.84	\$291.64	\$310.60
6-in	\$478.72	\$509.84	\$542.98	\$578.27	\$615.86
8-in	\$763.47	\$813.09	\$865.94	\$922.23	\$982.17
10-in	\$1,095.67	\$1,166.89	\$1,242.74	\$1,323.51	\$1,409.54
12-in	\$2,044.82	\$2,177.74	\$2,319.29	\$2,470.04	\$2,630.59



The table below reflects the change in monthly water bills from the previous year for customers with average use for 3/4-inch, 1-inch, and 2-inch meters in each division. A cumulative change over the five years is also shown.

POTENTIAL BILL IMPACTS

CURIOUS ABOUT HOW THE RATES WILL IMPACT YOUR BILL?

To calculate your new bill under the proposed changes, we invite you to use our online estimator tool at yoursvwater.com/rateplanning

Division	Meter Size	Average Monthly Usage (CCF)	Proposed change effective 7/1/2021	Proposed change effective 7/1/2022	Proposed change effective 7/1/2023	Proposed change effective 7/1/2024	Proposed change effective 7/1/2025	5-year total
NWD	3/4-in	18	-\$11.24	\$3.57	\$3.81	\$4.05	\$4.32	\$4.50
	1-in	31	-\$22.79	\$5.99	\$6.38	\$6.79	\$7.24	\$3.61
	2-in	168	-\$134.81	\$27.92	\$29.74	\$31.67	\$33.73	-\$11.75
SCWD	3/4-in	18	-\$0.02	\$3.57	\$3.81	\$4.05	\$4.32	\$15.73
	1-in	31	\$1.66	\$5.99	\$6.38	\$6.79	\$7.24	\$28.07
	2-in	168	\$16.93	\$27.92	\$29.74	\$31.67	\$33.73	\$139.99
VWD	3/4-in	18	\$3.99	\$3.57	\$3.81	\$4.05	\$4.32	\$19.73
	1-in	31	\$4.28	\$5.99	\$6.38	\$6.79	\$7.24	\$30.68
	2-in	168	\$21.56	\$27.92	\$29.74	\$31.67	\$33.73	\$144.62

DEDICATED FIRE SERVICE CHARGE

Special Fire Service Charges apply solely to the private fire protection function and are considered a standby or readiness charge. These costs are recovered through a monthly service charge, charged only to private fire service customers based on the size of the fire service.

VARIABLE CHARGES Note: Variable Charge is per unit of water used (ccf)					
Proposed charge effective 7/1/2021	Proposed charge effective 7/1/2022	Proposed charge effective 7/1/2023	Proposed charge effective 7/1/2024	Proposed charge effective 7/1/2025	
\$2.09	\$2.22	\$2.37	\$2.52	\$2.68	
FIXED CHARGES					
Meter Size	Proposed charge effective 7/1/2021	Proposed charge effective 7/1/2022	Proposed charge effective 7/1/2023	Proposed charge effective 7/1/2024	Proposed charge effective 7/1/2025
3/4-in	\$5.71	\$6.08	\$6.47	\$6.90	\$7.34
1-in	\$6.29	\$6.70	\$7.14	\$7.60	\$8.10
1 1/2-in	\$7.76	\$8.26	\$8.80	\$9.37	\$9.98
2-in	\$9.51	\$10.13	\$10.79	\$11.49	\$12.24
2 1/2-in	\$10.39	\$11.07	\$11.79	\$12.55	\$13.37
3-in	\$13.61	\$14.50	\$15.44	\$16.44	\$17.51
4-in	\$19.47	\$20.73	\$22.08	\$23.52	\$25.04
6-in	\$34.10	\$36.32	\$38.68	\$41.20	\$43.87
8-in	\$51.67	\$55.03	\$58.60	\$62.41	\$66.47
10-in	\$72.16	\$76.85	\$81.85	\$87.17	\$92.83
12-in	\$130.71	\$139.21	\$148.25	\$157.89	\$168.15
14-in	\$192.19	\$204.68	\$217.98	\$232.15	\$247.24
16-in	\$272.98	\$290.73	\$309.63	\$329.75	\$351.18
18-in	\$433.70	\$461.89	\$491.91	\$523.89	\$557.94
20-in	\$546.41	\$581.92	\$619.75	\$660.03	\$702.93



RECYCLED WATER USE CHARGE

Recycled water is billed based on amount of recycled water used and only charged to customers that have a recycled water meter.

Proposed charge effective 7/1/2021	Proposed charge effective 7/1/2022	Proposed charge effective 7/1/2023	Proposed charge effective 7/1/2024	Proposed charge effective 7/1/2025
\$1.67	\$1.78	\$1.90	\$2.02	\$2.14



How Can I

PARTICIPATE?

Any customers or property owners may appear at the hearing to make comments regarding the proposed change. To file an opposition, property owners and tenants of real property who are directly liable to pay water bills may submit a written protest.

Written protests may be mailed to SCV Water, **Attention: Board Secretary, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350**. Protests must include: your name, parcel number and/or service address, and your signature. Protests submitted by email or other electronic means do not count as formal written protests. All written protests must be received prior to the conclusion of the public hearing, June 15, 2021. More information, the cost of services analysis and the Rate Payer Advocate report about the proposed changes is available in this document and online at: yourscvwater.com/rateplanning

JOIN US AT A COMMUNITY MEETING!

Please attend one of our scheduled public meetings to hear more about the proposed rate changes and have your questions answered.



PUBLIC HEARING PROCESS

At the time of the public hearing, the Board of Directors will hear and consider all written protests and public comments. After the public hearing, if a majority of the property owners or customers of record of the impacted parcels submit written protests in opposition to the proposed rates, they will not be imposed.

If a majority written protest is not received, the Board may adopt the proposed changes, though it is not obligated to. If adopted, the new rates would take effect on July 1 of 2021, 2022, 2023, 2024 and 2025.



Newhall Water Division
24631 Avenue Rockefeller
Valencia, CA 91355

Santa Clarita Water Division
24631 Avenue Rockefeller
Valencia, CA 91355

Valencia Water Division
24631 Avenue Rockefeller
Valencia, CA 91355

Water Resources & Outreach
26501 Summit Circle
Santa Clarita, CA 91350

CUSTOMER NAME
OR CURRENT RESIDENT
MAILING ADDRESS
MAILING CITY, STATE ZIP



Conservation

SCV WATER WANTS TO HELP CUSTOMERS SAVE WATER – AND MONEY!

We offer customized home water conservation training with the online **Water SMART Workshop**. You will learn about current water issues, how to read and analyze your water bill and how to become more water efficient inside and outside your home.

The workshop can be accessed 24 hours a day, 7 days a week. **You can get a \$20 credit on your bill just for completing the course.**

SCV Water also offers numerous rebates for outdoor improvements and turf conversion, home water audits and free residential water efficiency kits.




For more information and details about our conservation programs, visits us online at www.yourscvwater.com.



BOARD MEMORANDUM

DATE: April 12, 2021

TO: Board of Directors 

FROM: Rochelle Patterson
Director of Finance and Administration

SUBJECT: Approve an Agency Policy to Comply with SB 95 – COVID-19 Supplemental Paid Sick Leave

SUMMARY

The purpose of this temporary policy is to comply with the COVID-19 Supplemental Paid Sick Leave (SB 95) and to assist employees affected by the COVID-19 outbreak with supplemental paid sick leave. This policy will be in effect from January 1, 2021 until at least September 30, 2021, and as may be extended. The rights and entitlements provided in this policy will sunset as of September 30, 2021, or follow the guidelines as set forth by the State of California.

COVID-19 Supplemental Paid Sick Leave is an entitlement above and beyond an employee's normal sick leave entitlement. It shall be available first for the reasons set forth in the policy. This policy will be available for use beginning April 1, 2021 and will be retroactive to January 1, 2021.

DISCUSSION

The Board is well aware of the COVID-19 pandemic and its effect on operations. On March 4, 2020, California Governor Newsom issued a Declaration of Emergency in California. In response to the emergency and in an attempt to plan ahead of the need, this Board first approved the Emergency Administrative Leave ("EAL") pursuant to the Agency's *Emergency Administrative Leave Policy – COVID-19* ("EAL Policy"), approved on March 16, 2020 and revised on January 19, 2021. Pursuant to the EAL Policy, the General Manager is given wide discretion to provide up to ten (10) days of EAL where needed to protect public health and safety. (EAL Policy, attached as Exhibit B for reference).

On March 19, 2020, the issue was further escalated by Governor Newsom's State-wide "Shelter at Home" Order. (N-33-20). Shortly thereafter, the United States Congress fast-tracked a new law intended to provide additional leave entitlements to address the need. That law, known as the *Families First Coronavirus Response Act* became effective as of April 1, 2020 and sunset on December 31, 2020.

The SB 95, COVID-19 Supplemental Paid Sick Leave, closely follows the federal policy. All eligible full-time employees will have up to 80 hours of paid sick leave available to use for the qualifying reasons below:

1. The covered employee is subject to a quarantine or isolation period related to COVID-19 as defined by an order or guidelines of the State Department of Public Health, the federal

Centers for Disease Control and Prevention, or a local health officer who has jurisdiction over the workplace. If the covered employee is subject to more than one of the foregoing, the covered employee shall be permitted to use COVID-19 supplemental paid sick leave for the minimum quarantine or isolation period under the order or guidelines that provides for the longest such minimum period.

2. The covered employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
3. The covered employee is attending an appointment to receive a vaccine for protection against contracting COVID-19.
4. The covered employee is experiencing symptoms related to a COVID-19 vaccine that prevent the employee from being able to work or telework.
5. The covered employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
6. The covered employee is caring for a family member (minor or adult child, parent, spouse, domestic partner, grandparent, grandchild or sibling) who is subject to an order or guidelines described in Section 1.1.1 or who has been advised to self-quarantine, as described in Section 1.1.2.
7. The covered employee is caring for a child (regardless of age) whose school or place of care is closed or otherwise unavailable for reasons related to COVID-19 on the premises.

There are, of course, limitations on the paid leaves that are available. Under this new law, the COVID-19 Supplemental Paid Sick Leave is capped at \$511 per day and \$5,110 in total. (See COVID-19 Supplemental Paid Sick Leave Policy, attached as Exhibit A).

Because the Agency previously enacted an EAL Policy that provides access to some paid leave for COVID-19 related purposes, it is important not only to approve the new COVID-19 Supplemental Paid Sick Leave Policy but to indicate clearly that these leaves are to be provided *in addition* to each other and not concurrently.

FINANCIAL CONSIDERATIONS

The financial impact is impossible to predict without first knowing how many employees will need to utilize the leave.

RECOMMENDATION

The Board of Directors approve the COVID-19 Supplemental Paid Sick Leave Policy.

RP

Attachments

M65

EXHIBIT A



POLICIES, RULES AND REGULATIONS	
Title: COVID-19 SUPPLEMENTAL PAID SICK LEAVE	
Approval Date: April 20, 2021	Effective Date: January 1, 2021
Approved By: Board of Directors	DMS #

COVID-19 Supplemental Paid Sick Leave

PURPOSE

The purpose of this temporary policy is to comply with the COVID-19 Supplemental Paid Sick Leave (SB 95) and to assist employees affected by the COVID-19 outbreak with supplemental paid sick leave. This policy will be in effect from January 1, 2021 until at least September 30, 2021, and as may be extended. The rights and entitlements provided in this policy will sunset as of September 30, 2021, or follow the guidelines as set forth by the State of California.

The COVID-19 Supplemental Paid Sick Leave closely follows the Medical Leave Expansion Act federal policy that expired on December 31, 2020, providing a new paid leave entitlement. This policy may be updated based on additional guidance from the legislature.

1.0 COVID-19 Supplemental Paid Sick Leave

COVID-19 Supplemental Paid Sick Leave is an entitlement above and beyond an employee's normal sick leave entitlement. It shall be available first for the reasons set forth herein. As described below will be available for use beginning April 1, 2021 and will be retroactive to January 1, 2021 for any claims that could have arisen under the guidelines set forth below. For any employee claims that arose between the dates of January 1, 2021 to April 1, 2021, employees should contact Human Resources.

1.1 Eligibility

All full-time and part-time employees unable to work (or telework) due to one of the following reasons for leave:

- 1.1.1 The covered employee is subject to a quarantine or isolation period related to COVID-19 as defined by an order or guidelines of the State Department of Public Health, the federal Centers for Disease Control and Prevention, or a local health officer who has jurisdiction over the workplace. If the covered employee is subject to more than one of the foregoing, the covered employee shall be permitted to use COVID-19 supplemental paid sick leave for the minimum quarantine or isolation period under the order or guidelines that provides for the longest such minimum period.
- 1.1.2 The covered employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.



POLICIES, RULES AND REGULATIONS	
Title: COVID-19 SUPPLEMENTAL PAID SICK LEAVE	
Approval Date: April 20, 2021	Effective Date: January 1, 2021
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- 1.1.3 The covered employee is attending an appointment to receive a vaccine for protection against contracting COVID-19.
- 1.1.4 The covered employee is experiencing symptoms related to a COVID-19 vaccine that prevent the employee from being able to work or telework.
- 1.1.5 The covered employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
- 1.1.6 The covered employee is caring for a family member (minor or adult child, parent, spouse, domestic partner, grandparent, grandchild or sibling) who is subject to an order or guidelines described in Section 1.1.1 or who has been advised to self-quarantine, as described in Section 1.1.2.
- 1.1.7 The covered employee is caring for a child (regardless of age) whose school or place of care is closed or otherwise unavailable for reasons related to COVID-19 on the premises.

“Child” means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis (“as if” the employee was the parent).

1.2 Amount of Paid Sick Leave

All eligible full-time employees will have up to 80 hours of paid sick leave available to use for the qualifying reasons above. Eligible part-time employees will have the number of hours worked, on average, over a two-week period, of paid sick leave available to use for the qualifying reasons above.

For part-time employees with varying hours, to such an extent that the hours worked cannot be determined with certainty, one of two methods for computing the number of hours paid will be used:

- The average number of hours that the employee was scheduled per day over the 6-month period ending on the date on which the employee takes leave, including hours for which the employee took leave of any type; or,
- If the employee has worked less than 6 months, the expected number of hours to be scheduled per day at the time of hire.



POLICIES, RULES AND REGULATIONS	
Title: COVID-19 SUPPLEMENTAL PAID SICK LEAVE	
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1.3 Rate of Pay

COVID-19 Supplemental Paid Sick Leave will be paid at the employee's regular rate of pay, for leave taken for reasons 1.1.1 – 1.1.7 above.

Pay will not exceed:

- \$511 per day and \$5,110 in total for leave taken

1.4 Interaction with Other Paid Leave

The employee may use COVID-19 Supplemental Paid Sick Leave under this policy before using any other accrued paid time off for the qualifying reasons stated above.

1.5 Procedure for Requesting Emergency Paid Sick Leave

Employees must notify their department manager or HR of the need and specific reason for leave under this policy. A form will be provided to all employees for certifying the leave request. Verbal notification will be accepted until practicable to provide written notice.

Once COVID-19 Supplemental Paid Sick Leave has begun, the employee and his or her manager must determine reasonable procedures for the employee to report periodically on the employee's status and intent to continue to receive paid sick time.

Employees may be requested to provide medical certification or a medical note supporting the need for leave under appropriate circumstances but will not be required when not practicable to obtain.

1.6 Carryover

COVID-19 Supplemental Paid Sick Leave under this policy will not be provided beyond September 30, 2021 unless extended by the legislature. Any unused emergency paid sick leave will not carry over to the next year or be paid out to employees.



POLICIES, RULES AND REGULATIONS	
Title: COVID-19 SUPPLEMENTAL PAID SICK LEAVE	
Approval Date: April 20, 2021	Effective Date: January 1, 2021
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1.7 Job Protections

No employee who appropriately utilizes COVID-19 Supplemental Paid Sick Leave under this policy will be discharged, disciplined or discriminated against for use of leave under the policy or any request to use leave under this policy.

Please contact the HR department with any questions.

DRAFT

EXHIBIT B



POLICIES, RULES AND REGULATIONS	
Title: EMERGENCY ADMINISTRATIVE LEAVE POLICY – COVID-19	
Approval Date: January 5, 2021	Effective Date: January 5, 2021
Approved By: Board of Directors	DMS #

EMERGENCY ADMINISTRATIVE LEAVE POLICY – COVID-19

On or about March 4, 2020, Governor Newsom Declared a State of Emergency in California and on March 12, 2020, signed Executive Order N-25-20 to formalize state actions to limit the spread and manage certain impacts of a Novel Coronavirus disease also known as COVID-19.

As events have unfolded, additional measures to contain and slow the spread of the virus have been ordered by federal, state or county health officials. The Santa Clarita Valley Water Agency (“Agency”) is continuing to monitor reports from federal, state, and county health organizations to receive the most current information and requirements and relay it to staff in a timely manner.

This State of Emergency has highlighted the Agency’s need for an Emergency Administrative Leave (“EAL”) policy to provide flexibility in scheduling and addressing absences necessitated by a Major Public Disaster, in this case the COVID-19 pandemic. This policy is intended to provide EAL as a benefit to employees and set out terms of its usage.

Government Code 3100 mandates that “all public employees are declared to be disaster service workers subject to such disaster service activities as may be assigned to them by their superiors or by law.”

1.0 PURPOSE

During a Major Public Disaster, such as the COVID-19 event, the Agency may experience situations where employees are impacted by unavailability, voluntary self-quarantine protocols due to exposure, experiencing symptoms, school closures which prompt childcare needs, or a positive test result for the illness itself.

It is possible that State and County health officials may also enact a mandatory quarantine or shelter in place orders for an area, which could result in temporary modifications to how the Agency staffs its various functions.

This policy is intended to be protective of our staff and the general public welfare. By implementing these measures, the Agency can facilitate sufficient employee leave to comply with recommended public health related voluntary or mandatory isolation measures when appropriate, as well as mandatory quarantine or shelter in place directives that may impact the ability of an employee to come to work.

This policy will also authorize pay provisions for essential employees in order to maintain essential operations.



POLICIES, RULES AND REGULATIONS	
Title: EMERGENCY ADMINISTRATIVE LEAVE POLICY – COVID-19	
Approval Date: January 5, 2021	Effective Date: January 5, 2021
Approved By: Board of Directors	DMS #

2.0 GUIDELINES

Employees are required to adhere to current public health guidance, including self-quarantine (such as if experiencing symptoms of COVID-19 or protective isolation of an identified at-risk category), having been exposed to a person with the illness, or presumptively or confirmed infection related to the Major Public Disaster.

In addition, consistent with infection control guidance, the Agency reserves the right to send employees home if they appear symptomatic or not fit for duty.

3.0 PROCEDURE

The Agency strives to be prepared for catastrophic events, such as the current COVID-19 pandemic, that may force shutdown, or partial shutdown, of operations. This policy grants discretionary access to up to ten (10) days (two work weeks) EAL to cover employee absences due to work unavailability because of a Major Public Disaster, including the COVID-19 pandemic. Understanding that the provision of some basic services may require some level of skeletal or flex staffing, the General Manager is authorized to provide EAL on an intermittent or staggered basis.

“Major Public Disaster”: A “Major Public Disaster” is an incident that is of the severity and magnitude that effective response is beyond the capability of the state or affected local governments. In order to qualify as a “Major Public Disaster” under this policy, the event must have caused a governmental authority, such as the Governor of California or the President of the United States, to declare a formal state of emergency. This definition shall be interpreted consistently with 44 CFR § 206.2(a)(17), which includes events such as a pandemic.

4.0 QUALIFYING CIRCUMSTANCE

Access to up to two work weeks of EAL shall be provided per affected employee at the discretion of the General Manager for COVID-19 related absences only.

5.0 PROCESS

- 5.1 Agency will provide up to two work weeks of EAL for illness-related absences associated with the Major Public Disaster. Related absences may include:
 - a. If an employee is unable to work due to protective isolation of an identified at-risk category or is showing signs of being ill, an employee shall voluntarily self-quarantine and stay home to avoid possible spread of the illness.
 - b. If an employee has been exposed to the illness or is in an identified at-risk category, the Agency would expect that the employee would follow



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quarantine guidelines as applied by public health authorities, regardless of whether they are symptomatic.

- c. Employees who are well but who have a family or household member at home with presumptive or confirmed illness, should also follow the same quarantine guidelines.
- d. If there are school or daycare closures and employees need to provide childcare for young children, or employees who need to care for elderly family members who are isolated in conformance with public health guidance during the COVID-19 pandemic.
- e. If an employee has tested positive for the illness.

5.2 It is anticipated that a mandatory quarantine or shelter in place order could temporarily limit the ability to travel outside the home, with certain exemptions including the provision of essential public services. While the Agency’s function would be deemed essential, not all positions would be considered essential for a short-term situation, and staff required to report for duty would be temporarily adjusted. In the event of limited operations, or mandated reduction in non-essential staff causing the Agency to temporarily send employees home, the Agency will pay the employees regular salary in the form of Administrative Leave.

- a. Employees who are sent home need to make themselves available to return to work when requested.
- b. The Agency may establish a rotation of staff that are either on duty or on temporary administrative leave to assure continuity of service.

5.3 Agency will address employee needs for COVID-19 absences beyond the EAL on a case-by-case basis.

5.4 The Agency will work with the State of California Disability Insurance Program through the EDD to coordinate disability benefits for those employees who qualify. There may also be other COVID-19 pandemic related relief from the state or federal government in the future. The Agency will coordinate to extent feasible with other illness-related relief provided by state or federal emergency orders or legislative actions. EAL leave under this Policy shall be provided in addition to the leave provided pursuant to the FMLA Leave Expansion and Emergency Paid Sick Leave Policy (Coronavirus) Policy.



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6.0 AGENCY BENEFITS

In addition to health benefits coverage provided for full-time employees, the Agency participates in the Family/Medical Leave Act (FMLA) and had adopted a policy for Catastrophic Leave.

6.1 FMLA is designed to help employees balance their work and family responsibilities by allowing them to take reasonable unpaid leave for certain family and medical reasons. Employees can take up to 12 weeks of unpaid, job-protected leave per year. It also requires that their group health benefits be maintained during the leave. For more detailed information, see the Agency’s Employee Manual, Section 22.

6.2 Catastrophic Leave Policy allows other employees to make grants of time so that an employee can remain in a paid status for a longer period of time, thus partially lessening the financial impact of the illness, injury or condition. The employee must have personally suffered or is providing primary care to an immediate family member who has suffered a serious, long-term catastrophic illness or injury resulting in the employee’s absence for at least fifteen (15) consecutive days. For more detailed information, see the Agency’s Employee Manual, Section 19.

7.0 PAY FOR ESSENTIAL SERVICES PERFORMED DURING LIMITED OPERATIONS

If employees are unable to work because of a Major Public Disaster, a number of employees must continue to provide services during the event. This means that some employees may be required to work during limited operations, when other non-essential employees have been temporarily released from duty and placed on paid administrative leave. In addition, employees may be directed to work an extraordinary number of hours above and beyond their regular schedules on responsibilities associated with the event.

Public employees will be asked to perform essential services in order to promote and maintain public health and safety. Employees may be required to come to work, if able to do so, at any time of day to perform essential, emergency or disaster related duties. These duties may not be part of an employee’s regular duties and may not be at the regular work location. Employee’s responsibilities may continue into the recovery phase of event and may be organized into daily or hourly shifts that are different from employees’ regular hours.

Essential employees will continue to be paid as they normally would (including overtime or compensatory time, premiums or other special pays, etc.). If essential employees are required to perform duties outside the scope of their classifications, they may be eligible for additional pay, such as out of class assignment pay, if the duties are associated with those of a higher paying classification and the conditions are met. Additional information can be found in the Agency’s Employee Manual, Section 7.9.



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Originally adopted March 16, 2020

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From: [Jerry Gladbach](#)
To: [April Jacobs](#)
Subject: AB 1234 REPORT
Date: Sunday, April 11, 2021 4:39:02 PM

CAUTION - EXTERNAL SENDER

AB 1234 REPORT

Director Name: Jerry Gladbach
Meeting Attended: NWRA's Federal Affairs Committee
Date of Meeting: April 9, 2021
Date of Meeting to be Presented at: April 20, 2021
Points of Interest:

The Biden Administration has requested:
 \$6.8b for the Corps of Engineers
 \$ 11b for EPA

And has tasked the Bureau of Reclamation with plans to accommodate climate change and drought.
The Administration's detailed budget will be presented in early May.

The deadline for earmarks is dependent on each legislator, I emailed Steve Cole and he is in touch with Geoff of VSP in Washington D.C. and they have been in contact with Congressman Garcia and Senator Feinstein.

The Administration will soon be presenting nominations for sub-cabinet positions, but it should be noted that the Bureau of Reclamation has been operating without missing a beat.

There is a lot of activity by every Congressional committee that has anything remotely connected with infrastructure.

Water in the west is different in that the projects in the west are multi-purpose projects.

\$111b is set aside for water and wastewater infrastructure, \$50b for wildfires and drought.

There is a coalition of western water interests to work with Congress on infrastructure, it consists of The Farm Bureau, Family Farm Alliance, Western Growers, ACWA, and they hope to get others to join.

It is the desire that the funds be available to non-governmental entities, such as private water agencies, of which there are several in California and Nebraska and probably other states. I find it interesting that in Nebraska there are privately owned water agencies but not publicly owned electrical utilities such as So Cal Edison.

NWRA will elevate the focus on wildfire issues. They have been meeting with John Watts of Senator Feinstein's office, The Nature Conservancy is supportive of NWRA's efforts. Many water agencies have been heavily impacted by wildfires.

Some COVID-19 funds will be going to water agencies.

The Administration plans for the United States to be carbon free by 2035, which will be accomplished by the use of solar, wind, and hydro.

EPA will have a public comment period on its lead and copper rule.

There is more concern on what Congress will do regarding the Endangered Species Act than what EPA will do with ESA.

The Corps of Engineers is holding listening sessions with partners in the water industry.

NWRA's Federal Water Issues Conference will again be held virtually instead of in-person in Washington, D.C. Senator Bennett of Colorado will be a speaker and was asked to speak for 20 minutes with 10 minutes for Q/A, he responded that he would talk for 5 minutes and have 25 minutes for Q/A. Other speakers will be from Homeland Security and Cybersecurity, the Bureau of Reclamation and the Corps of Engineers.

It is hoped the the Annual Meeting, in the fall, will be in-person in Phoenix.

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From: NWRA nwra@nwra.org
Subject: NWRA Alert: Agenda April 9th Federal Affairs Committee Meeting
Date: Apr 9, 2021 at 8:45:10 AM
To: ejglad@aol.com



April 9, 2021

To: NWRA Federal Affairs Committee

From: NWRA Fed Affairs Team

Re: April 9th Federal Affairs Agenda
12:30 Eastern, 11:30 Central, 10:30 Mountain, 9:30 Pacific

Federal Affairs Committee members,

We look forward to connecting with you today during our April Federal Affairs Committee call. We continue to see a good deal of activity both in Congress and at the Administration level. Please find information to access the call as well as an agenda below.

NWRA March 2021 Federal Affairs Committee Call
Friday, April 9, 2021
12:30 Eastern, 11:30 Central, 10:30 Mountain, 9:30 Pacific

Join online:

[https://us02web.zoom.us/j/82108151952?
pwd=WU9JcVhDTVZOUkEvSm4zcEdFK0dRUT09](https://us02web.zoom.us/j/82108151952?pwd=WU9JcVhDTVZOUkEvSm4zcEdFK0dRUT09)

Join by phone:

Call in number: [301-715-8592](tel:301-715-8592)
Meeting ID: [821 0815 1952](tel:821-0815-1952)
Passcode: 455135

I. Welcome

II. Administration Updates
a. **Budget Request**

III. Congress

a. Infrastructure
(i) Coalition Efforts

IV. Task Force Updates

- a. Water Supply
- b. Forest Health
- c. Water Quality
- d. Environment
- e. Litigation Review
- f. Water Power
- g. Army Corps
- h. Groundwater

V. NWRA Events

- a. Federal Water Issues Conference

VI. Other Business

Please let us know if we can provide any additional information.

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