

ORDINANCE NO. 2018- 02

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY SETTING RATES AND CHARGES FOR THE DELIVERY AND SUPPLY OF WATER, USE OF FACILITIES, AND PROVISION OF SERVICES

WHEREAS, Subdivision (11) of Section 5 of the County Water Authority Act provides, in part that, the Authority's Board of Directors, "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs;" and

WHEREAS, Subdivision (13) of Section 5 of the County Water Authority Act provides that the Authority may: "Fix, revise, and collect rates or other charges for the delivery of water, use of any facilities or property, or provision of services. In fixing rates, the Board may establish reasonable classifications among different classes and conditions of service, but rates shall be the same for similar classes and conditions of service"; and

WHEREAS, Subdivision (j) of Section 7 of the County Water Authority Act provides in part, that the Authority's Board of Directors, "as far as practicable, shall fix such rate or rates for water as will result in revenues which will pay the operating expenses of the Authority, provide for required maintenance, and provide for the payment of the interest and principal of the bonded debt;" and

WHEREAS, the Long-Range Financing Plan adopted by the Board of Directors contemplates the establishment of sufficient rates and charges, when considered along with taxes and other revenues of the Authority, to provide revenues for accomplishment of the Authority's purposes and programs as determined by the Board of Directors; and

WHEREAS, pursuant to the County Water Authority Act, the Board of Directors has adopted ordinances and resolutions levying and fixing property taxes, water standby availability charges and other rates and charges for delivery and supply of water, use of facilities and provision of other services by the Authority, including, without limitation, a System Capacity Charge, water Treatment Capacity Charge, Annexation Application Fee, an Infrastructure Access Charge, a Readiness-to-Serve Charge and water rates and charges; and

WHEREAS, the Board of Directors, upon recommendation of the Rate Study Subcommittee and the Fiscal Policy Committee, enacted Ordinance 2002-03, "An Ordinance of the Board of Directors of the San Diego County Water Authority Setting Rates and Charges for the Delivery and Supply of Water, Use of Facilities and Provision of Services", which established a new structure for water rates and charges; and

WHEREAS, the rate structure is incorporated into the Water Authority's Administrative Code as section 5.00.050 of chapter 5.00; and

WHEREAS, the Board of Directors, on June 22, 2017, adopted Ordinance No. 2017-01 setting rates and charges currently in effect; and

WHEREAS, since 2002, the Water Authority board of directors has regularly reviewed its budget, fiscal policies, revenue requirements, cost allocations, rates, and charges, and has adopted

ordinances and resolutions establishing appropriate rates and charges for delivery and supply of water, use of facilities, and provision of services; and

WHEREAS, the adoption of this ordinance is exempt from CEQA as provided by statute under Public Resources Code §21080(b)(8) because it involves the establishment of water rates, tolls, fares, or other charges for the purpose of meeting operating expenses, including employee wages and benefits; purchasing or leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; or obtaining funds for capital projects within existing service areas. The General Manager is, therefore, authorized to file a Notice of Exemption pursuant to Public Resources Code §21152(b) and §15061(d) of the State CEQA Guidelines (Title 14, Chapter 3, California Code of Regulations).

WHEREAS, the Finance Department has presented reports dated May 16, 2018 and June 20, 2018 to the Administrative and Finance Committee (the "Reports") along with a Cost of Service Rate Study Report dated June 2018 by Carollo Engineers (the "Study") describing the proposed rates and charges to be collected from the member agencies; and

WHEREAS, on June 28, 2018 a duly noticed public hearing was held by the Administrative and Finance Committee which thereafter recommended the adjustments to the Water Authority's rates and charges as set forth in this ordinance; and

WHEREAS, the Board has considered the recommendations of the Administrative and Finance Committee and is fully informed; and

WHEREAS, the Board of Directors has considered its budget, fiscal policies, and prior rate setting actions, the information contained in the Report and the Study, the testimony and other evidence presented during the public hearing, and the recommendations of the Administrative and Finance Committee; and

WHEREAS, the Board of Directors hereby makes the following legislative findings and determinations:

1. The foregoing recitals are true and correct;
2. The rates and charges as proposed and recommended in the Reports are exempt from the requirements of the California Environmental Quality Act pursuant to Public Resources Code Section 21080(b)(8);
3. Any and all protests, if any, to the rates and charges as proposed and recommended in the Reports are overruled;
4. The Reports and Study are approved;
5. The rates and charges as proposed and recommended in the Report and Study are reasonably expected to generate revenues that meet, but do not exceed, the Authority's revenue requirements to fund its capital, operation, maintenance, and other costs, and the allocation of those costs to the member agencies and others through the rates and charges are reasonable, fair, and proper.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority does ordain as follows:

1. The Authority's revenues from taxes, water rates and charges consists of: ad valorem property taxes, including payments of member agencies in lieu of taxes; a standby availability charge levied pursuant to Section 5.2 of the County Water Authority Act, including payments of such charges pursuant to Section 5.3 of the County Water Authority Act; an infrastructure access charge levied pursuant to Section 5.00.050 (c) of the Administrative Code; a System Capacity Charge and a water Treatment Capacity Charge levied pursuant to Section 5.9 of the County Water Authority Act and Ordinance No. 2014-03; and water rates and charges having the following components as described in this ordinance: Customer Service, Storage, Transportation, Treatment and Supply.

2. Ad valorem taxes, the standby availability charge and the system and water treatment capacity charges are not affected by this ordinance. All other water rates and charges shall continue to be paid pursuant to existing authority until increased or adjusted as provided in this ordinance.

3. Commencing January 1, 2019, the amount of the Infrastructure Access Charge to be paid monthly by each member agency of the Authority, shall be \$3.01 per equivalent meter within the territory of the member agency and determined according to Table 1 below.

Table 1 - 2019 Infrastructure Access Charge Allocation				
Member Agency	IAC Equivalent Meters (ME) as of 12/31/17¹	Monthly Rate (\$/ME)	CY19 Annual Charge	Monthly Charge
Carlsbad M.W.D.	36,070	\$ 3.01	\$ 1,302,852	\$ 108,571
Del Mar, City of	2,497	3.01	90,192	7,516
Escondido, City of	35,091	3.01	1,267,488	105,624
Fallbrook P.U.D.	11,830	3.01	427,296	35,608
Helix W.D.	65,162	3.01	2,353,656	196,138
Lakeside W.D.	8,120	3.01	293,292	24,441
Oceanside, City of	57,564	3.01	2,079,216	173,268
Olivenhain M.W.D.	28,312	3.01	1,022,628	85,219
Otay W.D.	58,958	3.01	2,129,568	177,464
Padre Dam M.W.D.	26,529	3.01	958,224	79,852
Pendleton Military Reservation		3.01	-	-
Poway, City of	16,661	3.01	601,800	50,150
Rainbow M.W.D.	14,265	3.01	515,256	42,938
Ramona M.W.D.	10,220	3.01	369,144	30,762
Rincon Del Diablo M.W.D.	9,982	3.01	360,552	30,046
San Diego, City of	392,868	3.01	14,190,396	1,182,533
San Dieguito W.D.	15,195	3.01	548,844	45,737
Santa Fe I.D.	10,456	3.01	377,676	31,473
Sweetwater Authority	43,017	3.01	1,553,772	129,481
Vallecitos W.D.	26,866	3.01	970,404	80,867
Valley Center M.W.D.	14,721	3.01	531,720	44,310
Vista I.D.	35,746	3.01	1,291,140	107,595
Yuima M.W.D.	505	3.01	18,240	1,520
Totals	920,635		\$33,253,356	\$2,771,113

¹Equivalent meters rounded to nearest whole meter; annual and monthly charges rounded to nearest dollar.

4. Effective January 1, 2019, the Customer Service Charge is fixed at \$25,600,000. Commencing January 1, 2019, the amount of the monthly Customer Service Charge to be paid by each member agency shall be determined according to Table 2 below.

Table 2 - Customer Service Charge Allocation			
Member Agency	3-Year Average Deliveries (AF)¹	CY19 Annual Charge	Monthly Charge
Carlsbad M.W.D.	14,021.00	\$ 820,930	\$ 68,411
Del Mar, City of	933	\$ 54,627	4,552
Escondido, City of	17,969	\$ 1,052,085	87,674
Fallbrook P.U.D.	10,065	\$ 589,306	49,109
Helix W.D.	27,152	\$ 1,589,750	132,479
Lakeside W.D.	2,611	\$ 152,874	12,740
Oceanside, City of	21,337	\$ 1,249,282	104,107
Olivenhain M.W.D.	17,678	\$ 1,035,047	86,254
Otay W.D.	27,601	\$ 1,616,039	134,670
Padre Dam M.W.D.	9,469	\$ 554,410	46,201
Pendleton Military Reservation	55	\$ 3,220	268
Poway, City of	9,113	\$ 533,566	44,464
Rainbow M.W.D.	18,121	\$ 1,060,985	88,415
Ramona M.W.D.	5,209	\$ 304,987	25,416
Rincon Del Diablo M.W.D.	5,151	\$ 301,591	25,133
San Diego, City of	169,980	\$ 9,952,332	829,362
San Dieguito W.D.	4,524	\$ 264,880	22,073
Santa Fe I.D.	7,802	\$ 456,807	38,067
Sweetwater Authority	13,639	\$ 798,564	66,547
Vallecitos W.D.	13,063	\$ 764,839	63,737
Valley Center M.W.D.	21,825	\$ 1,277,854	106,488
Vista I.D.	15,592	\$ 912,912	76,076
Yuima M.W.D.	4,196	\$ 245,676	20,473
<u>Contract Water</u>	<u>127</u>	<u>\$ 7,436</u>	<u>620</u>
Totals	437,233	\$ 25,600,000	\$ 2,133,336

¹Three-year rolling average of M&I, SAWR and agricultural MWD deliveries (excludes wheeled water) based on FY15-FY17 period. Rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

5. Effective January 1, 2019, the Storage Charge is fixed at \$65,000,000. Commencing January 1, 2019 the amount of the monthly Storage Charge to be paid by each member agency shall be determined according to Table 3 below.

Table 3 - 2019 Storage Charge Allocation			
Member Agency	3-Year Average Deliveries (AF)¹	CY19 Annual Charge	Monthly Charge
Carlsbad M.W.D.	14,021	\$ 2,267,049	\$ 188,921
Del Mar, City of	933	150,856	12,571
Escondido, City of	15,648	2,530,118	210,843
Fallbrook P.U.D.	6,856	1,108,543	92,379
Helix W.D.	27,152	4,390,194	365,850
Lakeside W.D.	2,611	422,171	35,181
Oceanside, City of	20,963	3,389,498	282,458
Olivenhain M.W.D.	17,588	2,843,795	236,983
Otay W.D.	27,601	4,462,793	371,899
Padre Dam M.W.D.	9,238	1,493,688	124,474
Pendleton Military Reservation	55	8,893	741
Poway, City of	9,080	1,468,141	122,345
Rainbow M.W.D.	9,631	1,557,232	129,769
Ramona M.W.D.	4,030	651,609	54,301
Rincon Del Diablo M.W.D.	5,123	828,335	69,028
San Diego, City of	169,807	27,456,015	2,288,000
San Dieguito W.D.	4,524	731,483	60,957
Santa Fe I.D.	7,802	1,261,502	105,125
Sweetwater Authority	13,639	2,205,284	183,774
Vallecitos W.D.	12,166	1,967,115	163,926
Valley Center M.W.D.	7,271	1,175,645	97,970
Vista I.D.	15,533	2,511,523	209,294
Yuima M.W.D.	733	118,518	9,877
Totals	402,005	\$ 65,000,000	\$ 5,416,666

¹Three-year rolling average of firm, non-agricultural MWD deliveries based on FY15-FY17 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

6. Effective January 1, 2019, the Supply Reliability Charge is fixed at \$30,200,000. Commencing January 1, 2019 the amount of the monthly Supply Reliability Charge to be paid by each member agency shall be determined according to Table 4 below.

Table 4 - Supply Reliability Charge			
Member Agency	5-Year Average Deliveries (AF)¹	CY19 Annual Charge	Monthly Charge
Carlsbad M.W.D.	15,422	\$ 1,099,758	\$ 91,647
Del Mar, City of	1,006	71,739	5,978
Escondido, City of	17,244	1,229,687	102,474
Fallbrook P.U.D.	7,319	521,925	43,494
Helix W.D.	28,912	2,061,744	171,812
Lakeside W.D.	3,052	217,641	18,137
Oceanside, City of	22,152	1,579,682	131,640
Olivenhain M.W.D.	19,091	1,361,399	113,450
Otay W.D.	29,619	2,112,161	176,013
Padre Dam M.W.D.	10,131	722,452	60,204
Pendleton Military Reservation	52	3,708	309
Poway, City of	10,482	747,482	62,290
Rainbow M.W.D.	10,375	739,852	61,654
Ramona M.W.D.	4,608	328,601	27,383
Rincon Del Diablo M.W.D.	5,718	407,756	33,980
San Diego, City of	175,508	12,515,653	1,042,969
San Dieguito W.D.	4,313	307,564	25,630
Santa Fe I.D.	8,034	572,913	47,743
Sweetwater Authority	11,259	802,891	66,908
Vallecitos W.D.	13,853	987,871	82,323
Valley Center M.W.D.	8,059	574,695	47,891
Vista I.D.	16,451	1,173,137	97,761
Yuima M.W.D.	621	44,284	3,690
Contract Water - South Coast	216	15,403	1,284
Totals	423,497	\$ 30,200,000	\$ 2,516,664

¹Five-year rolling average of firm, non-agricultural MWD deliveries based on FY13-FY17 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

7. Effective January 1, 2019, the Transportation Rate is fixed at \$120 per acre-foot of water delivered by the Authority through Authority facilities. Member agencies shall pay the Transportation Rate for deliveries of Water Authority supplies in accordance with the procedures and processes of the Administrative Code relating to billing and payment of the Municipal and Industrial Water Rate. Payment of the Transportation Rate in connection with the wheeling of third-party water (non-Water Authority supplies) will be determined by an agreement approved by the Board of Directors. Wheeling of third-party water is also subject to a separate administration fee as stated in the agreement.

8. Effective January 1, 2019, the Melded Treatment Rate is fixed at \$276 per acre-foot.

9. (a) Each member agency shall reimburse the Authority on a per-acre foot of water delivered basis, except as otherwise provided in subdivisions (b) and (c), for rates, fees and charges of the Metropolitan Water District of Southern California, the Imperial Irrigation District, or other sources of supply that may become available to the Authority (collectively the Supply Charges). It is the intent of the Authority to charge the melded rate for supply representing the cost of water to the Authority for the appropriate class of service. Effective January 1, 2019, the Melded Untreated Supply Rate (Melded Supply Rate) is \$909 per acre-foot to reflect the cost of the supply of untreated municipal and industrial water to the Water Authority.

(b) Effective January 1, 2019 as part of the Supply Charges, each member agency shall pay to the Authority a MWD Capacity Charge determined according to the method set forth in Table 5 below.

**Table 5 - Calendar Year 2019 MWD Capacity Charge Allocation
(Capacity Charge)**

Member Agency	Coincident Peak Week Deliveries (AF) ¹					5-year average share ²	CY2019 Charge
	9/3/2013	5/19/2014	6/23/2015	7/25/2016	7/17/2017		
Carlsbad M.W.D.	361.0	569.2	337.8	316.1	361.5	3.3478%	\$ 276,598
Del Mar, City of	13.4	17.2	20.4	27.7	25.3	0.1789%	14,782
Escondido, City of	557.2	641.8	400.6	381.2	334.4	3.9838%	329,143
Fallbrook P.U.D.	338.6	585.0	278.3	299.7	366.0	3.2136%	265,509
Helix W.D.	893.4	946.4	665.7	540.5	435.8	5.9911%	494,985
Lakeside W.D.	95.1	178.7	96.1	114.7	137.9	1.0712%	88,502
Oceanside, City of	621.6	642.5	521.2	544.7	538.4	4.9357%	407,785
Olivenhain M.W.D.	565.6	600.4	378.6	463.7	437.4	4.2082%	347,685
Otay W.D.	1,078.1	987.8	705.6	796.8	834.9	7.5765%	625,971
Padre Dam M.W.D.	482.0	382.3	277.3	281.7	314.2	2.9897%	247,012
Pendleton M.R.	1.1	1.7	1.3	2.2	1.8	0.0139%	1,152
Poway, City of	353.1	331.0	204.6	243.7	182.5	2.2625%	186,928
Rainbow M.W.D.	613.1	735.3	445.7	640.9	410.8	4.8967%	404,567
Ramona M.W.D.	147.1	194.7	95.4	162.0	101.9	1.2064%	99,671
Rincon Del Diablo M.W.D.	172.9	178.5	115.3	136.6	133.4	1.2676%	104,728
San Diego, City of	4,056.7	3,836.5	3,503.4	4,365.8	3,647.2	33.3980%	2,759,346
San Dieguito W.D.	146.8	178.3	125.9	128.6	54.3	1.0907%	90,113
Santa Fe I.D.	314.5	352.2	196.6	270.6	153.8	2.2157%	183,064
Sweetwater Authority	-	378.4	276.4	313.6	118.3	1.8698%	154,483
Vallecitos W.D.	461.7	472.8	309.3	298.8	338.2	3.2363%	267,383
Valley Center M.W.D.	914.1	871.3	540.6	697.3	600.4	6.2352%	515,153
Vista I.D.	450.7	537.8	271.1	336.8	412.4	3.4566%	285,586
Yuima M.W.D.	144.1	149.6	135.2	186.8	171.2	1.3541%	111,873
Totals ¹	12,781.9	13,769.4	9,902.4	11,550.5	10,112.0	100.000%	\$ 8,262,020

¹ Charge is allocated based on five-year rolling average of member agency deliveries during regional peak weeks. Annual charges and totals may not foot due to rounding.

² Percentages shown are rounded. Totals may not foot.

(c) Effective July 1, 2018 as part of the Supply Charges, each member agency shall pay a MWD Readiness-to-Serve Charge determined according to Table 6 below.

Table 6 - Readiness-to-Serve Charge Allocation

Member Agency	10-Year Average Deliveries (AF) ¹	FY19 RTS Charge ²	Net Stand-By Charge Credits ³	FY19 RTS Net Charge	Monthly Charge
Carlsbad M.W.D.	16,596	\$ 992,381	\$ (394,020)	\$ 598,361	\$ 49,863
Del Mar, City of	1,074	64,221	(24,793)	39,428	3,286
Escondido, City of	18,560	1,109,821	(225,297)	884,524	73,710
Fallbrook P.U.D.	10,470	626,068	(285,678)	340,390	28,366
Helix W.D.	29,255	1,749,343	(780,147)	969,196	80,766
Lakeside W.D. ⁴	3,341	199,780	(164,076)	35,704	2,975
Oceanside, City of	24,145	1,443,783	(666,575)	777,208	64,767
Olivenhain M.W.D.	19,971	1,194,193	(395,897)	798,296	66,525
Olay W.D.	31,254	1,868,876	(943,682)	925,194	77,100
Padre Dam M.W.D. ⁴	11,427	683,293	(528,171)	155,122	12,927
Pendleton Military Reservation	59	3,528	(35)	3,493	291
Poway, City of	11,291	675,161	(283,151)	392,010	32,668
Rainbow M.W.D.	16,842	1,007,091	(526,733)	480,358	40,030
Ramona M.W.D.	5,761	344,487	(401,140)	(56,653)	(4,721)
Rincon Del Diablo M.W.D.	6,097	364,578	(311,369)	53,209	4,434
San Diego, City of	180,336	10,783,439	(4,399,225)	6,384,213	532,018
San Dieguito W.D.	3,626	216,822	(166,318)	50,504	4,209
Santa Fe I.D.	7,244	433,165	(151,831)	281,334	23,445
Sweetwater Authority	10,649	636,772	(427,265)	209,507	17,459
Vallecitos W.D.	15,641	935,275	(434,980)	500,295	41,691
Valley Center M.W.D.	19,183	1,147,074	(662,081)	484,993	40,416
Vista I.D.	15,674	937,248	(413,517)	523,731	43,644
Yuima M.W.D.	1,762	105,361	(95,003)	10,358	863
Contract Water	500	29,898	56	29,954	2,496
Totals	460,758	\$ 27,551,658	\$ (12,680,928)	\$ 14,870,729	\$ 1,239,228

¹10-year rolling average of firm MWD deliveries based on FY08-FY17 period and rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Effective date is July 1, 2018.

³Net of \$12,715,329 in stand-by charge credits and \$50,462 in MWD administrative fees.

⁴Lakeside W.D. is allocated 23.83% of Padre Dam M.W.D.'s deliveries prior to January 2008. Lakeside W.D.'s deliveries after January 2008 are being metered separately from Padre Dam M.W.D.'s deliveries. Lakeside W.D. is allocated 23.87% of Padre Dam's M.W.D.'s stand-by charge credits based upon parcel count.

(d) This section shall be administered in accordance with the Report approved by this ordinance.

10. The Transitional Special Agricultural Water Rate Program was extended until December 31, 2020. The untreated TSAWR will be set to MWD's Tier 1 rate and increase to \$731/AF on January 1, 2019. The treated TSAWR will increase to \$1,007/AF on January 1, 2019.

11. Effective July 1, 2018, the Annexation Application Fee will be set at \$10,681 per application.

12. For the purposes of this ordinance, including the tables, the City of National City and the South Bay Irrigation District are collectively referred to as Sweetwater Authority. Any reference in this ordinance to Sweetwater Authority as a member agency shall be construed as a reference to the City of National City and the South Bay Irrigation District.

13. This ordinance shall be effective upon adoption. In lieu of publication of the text of this ordinance, the Clerk of the Board may publish a summary prepared by the General Counsel.

14. The provisions of this ordinance shall prevail over any provisions of the Administrative Code relating to rates and charges to the extent of any conflict. All existing rates and charges shall continue in effect until adjusted as provided in this ordinance.

15. To the greatest extent possible the provisions of this ordinance shall be construed to be compatible with the provisions of Section 8.2 (e) of the Agreement Between the San Diego County Water Authority and the City of San Diego for the Emergency Storage Project (Joint Use of Lake Hodges Dam and Reservoir and of Section 8.2 (e) of the Agreement Between the San Diego County Water Authority and the City of San Diego for the Emergency Storage Project (Expansion of San Vicente Reservoir; however, the contract provisions shall control in the event of a conflict).

16. For the purposes of Section 6 of this ordinance, water delivered by the Authority through the following turnouts is deemed not to be "water delivered by the Authority through Authority facilities" – DeLuz 1, Fallbrook 3, Fallbrook 6, Rainbow 1, Rainbow 8, Rainbow 9 and Rainbow 10.

PASSED, APPROVED AND ADOPTED, this 28th day of June, 2018 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES: None

ABSTAIN: None

ABSENT: Barnum, Bienes, Cherashore, Hilliker, Katz, Lewinger, Simpson, Watkins, Weston, and Wilson.



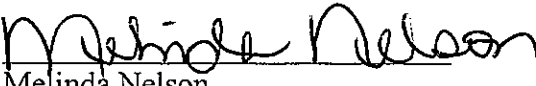
Mark Muir, Chair

ATTEST:



Gary Croucher, Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance 2018- 02 was duly adopted at the meeting of the Board of Directors on the date stated above.



Melinda Nelson
Clerk of the Board