

RESOLUTION NO. 2016-

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY FIXING THE TIME AND PLACE FOR A PUBLIC HEARING TO CONSIDER: (1) CHANGES TO THE RATES AND CHARGES FOR DELIVERY AND SUPPLY OF WATER, AND (2) CONTINUING THE EXISTING STANDBY AVAILABILITY CHARGE (3) CHANGES TO THE SYSTEM AND TREATMENT CAPACITY CHARGES.

WHEREAS, pursuant to the County Water Authority Act, the Board of Directors has adopted resolutions and ordinances setting rates and charges for delivery and supply of water, use of facilities and provision of other services; and

WHEREAS, the Director of Finance has provided a report recommending increases of Water Authority rates and charges a copy of which has been filed with the Clerk of the Board; and

WHEREAS, the Board of Directors desires to set a public hearing to consider comments regarding continuing the existing rates and charges

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the San Diego County Water Authority as follows:

1. The foregoing recitations are true and correct.
2. A public hearing will be held by the Board of Directors of the San Diego County Water Authority Administrative and Finance Committee on June 23, 2016, at 9:00 a.m., or as soon thereafter as the matter may be heard, in the Board Room of the Water Authority at 4677 Overland Avenue, San Diego, California 92123, to consider changes to the rates and charges for delivery and supply of water, use of facilities, and provision of other services as determined necessary by the Director of Finance
3. The Clerk of the Board is directed to cause the following notice to be published pursuant to Government Code Section 6066 in the newspapers of general circulation stated in paragraph 5, below:

Legal Notice

Notice is hereby given that the San Diego County Water Authority Board of Directors Administrative and Finance Committee will hold a public hearing at June 23, 2016, at 9:00 a.m. or as soon thereafter as may practicably be heard, at its offices located at 4677 Overland Avenue, San Diego, CA 92123. The purpose of the hearing is to hear objections, protests or comments from the public about proposed and recommended water rates and charges as specified below. The Water Authority also intends to continue the water standby availability charge at it existing level, and to levy property taxes as authorized by law. For further details see the memorandum dated May 18, 2016 on file with the Clerk of the Board.

The following rates and charges will be effective July 1, 2016:

Standby Availability Charge. The County Water Authority Act limits the maximum annual Standby Availability Charge to \$10 per acre or parcel, whichever is greater. Beginning before November 6, 1996, the Water Authority has determined that the maximum annual standby availability charge should be levied on property within the Water Authority's service area. To provide necessary funding for the CIP, the General Manager recommends that the charge continue at the \$10 maximum for fiscal year 2016-2017. The Standby Availability Charge rate is effective July 1, 2016. The amount of this charge has not changed since the adoption of Proposition 218 in 1996. The justification for imposition of this charge is the same as for when the charge was initially levied and as it was imposed before November 6, 1996.

The following rates and charges are being proposed effective on January 1, 2017:

Melded Untreated Supply Rate. The Melded Untreated Supply Rate will be set to recover the costs of purchasing Tier 1 water from MWD, water purchases from IID, payments in connection with the All-American and Coachella Canal lining projects, payments to MWD under the 2003 Exchange Agreement for conveyance of IID and Canal Lining water, and may include other costs specifically associated with the acquisition of the IID supply source, cost recovery for supply costs previously incurred but not charged, costs for acquisition of desalinated water pursuant to a water purchase agreement, and other supply costs. For CY 2017, the Melded Supply Rate may increase from its current level of \$780/AF to \$855/AF.

Melded Treatment Rate. The Melded Treatment Rate will be set to recover the costs of treating water for the Water Authority and may include costs of purchasing treated water from MWD, and the Levy and Olivenhain treatment plants and may recover certain other costs associated with the delivery of treated water, including certain costs of desalinated water. For CY 2017, the Melded Treatment Rate may increase from its current level of \$280/AF to \$290/AF.

Transportation Rate. The Transportation Rate is a uniform rate set to recover capital, operating and maintenance costs of the Water Authority's aqueduct system including all facilities used to physically transport the water to member agency meters. The Transportation Rate is charged to each acre-foot of water delivered by the Water Authority as it occurs. For CY 2017, the Transportation Rate may increase from its current level of \$105/AF to \$110/AF.

Transitional Special Agricultural Water Program Rates (TSAWR). The untreated TSAWR may increase from its current level of \$594/AF to \$666/AF in CY 2017. The treated TSAWR may increase from \$874/AF in CY 2015 to \$956/AF in CY 2017.

Infrastructure Access Charge. The infrastructure access charge is imposed on member agencies as a condition of maintaining connections to Water Authority facilities. It is apportioned based on retail water meters within each agency. For CY 2017, the infrastructure access charge may increase from its current level of

\$2.76/ME to \$2.87/ME. ME means meter equivalent as defined in the resolution establishing the Infrastructure Access Charge.

Customer Service Charge. The Customer Service Charge is set to recover costs that are necessary to support the functioning of the Water Authority, to develop policies and implement programs that benefit the region as a whole. The Customer Service Charge will be allocated among the member agencies on the basis of each agency's three-year rolling average of member agency purchases from the Water Authority (excludes member agency wheeled water). For CY 2017, the Customer Service Charge is recommended to remain at its current level of \$26.4M.

Storage Charge. The Storage Charge is set to recover costs associated with the Emergency Storage Program. The Storage Charge is based on all non-agricultural water deliveries and will be allocated among the member agencies using a pro rata share of each agency's three-year rolling average deliveries (including all users, member agencies and third-party wheeling throughput). For CY 2017, the Storage Charge may increase from its current level of \$63.2M to \$65.0M.

Supply Reliability Charge. The Supply Reliability Charge (SRC) is a fixed charge established in 2016 to recover a portion of the costs associated with the Water Authority's highly reliable water supplies, which includes desalinated water and IID transfer water. The charge is allocated to member agencies based upon their pro rata share of the Water Authority's 5-year rolling M&I deliveries (agricultural deliveries are not included). For CY 2017, the SRC may decrease from its current level of \$26.0M to \$24.8M.

System Capacity Charge. This charge recovers a portion of the capital costs for the conveyance and storage facilities necessary to operate the delivery system. The charge will be administratively adjusted to reflect inflation. The adjustment will be effective January 1, 2017.

Water Treatment Capacity Charge. This charge recovers a portion of the regional water treatment facility to be collected from all future users of the facility. In keeping with the Water Authority's policy of exempting agencies that cannot benefit from a service, the Water Treatment Capacity Charge excludes customers from the City of Escondido, City of Del Mar, and City of Poway. The charge will be administratively adjusted to reflect inflation. The adjustment will be effective January 1, 2017.

The following MWD rates and charges are passed on directly or allocated to the member agencies as follows;

MWD Capacity Charge. For CY 2017, the Capacity Charge is \$8,000 per cubic foot second (cfs) of maximum daily flow requested by a MWD member agency. The Capacity Charge is a fixed charge levied on an agency's maximum daily flows over the three previous fiscal years. It recovers the cost of providing peak capacity within the distribution system, and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. Daily flow measured between May 1 and

September 30 for purposes of billing the Capacity Charge will include deliveries (except long-term seasonal storage deliveries) made by MWD to a member agency or member agency customer including water transfers, exchanges and agricultural deliveries. As part of a separate surface storage operating agreement to manage seasonal peaking, the Water Authority is expected to reserve its full available capacity. The Capacity Charge will be set at \$9,105,600. The Water Authority's Board has directed that the Capacity Charge will be recovered proportionally based on a five-year rolling average of member agency flows during coincident peak weeks.

Readiness-to-Serve Charge. MWD's Readiness-to-Serve Charge differs from the other MWD charges in that it is set on a Fiscal Year basis. The total Readiness-to-Serve Charge will decrease from its current level of \$153 million to \$135 million. The Water Authority's share is set at \$31,277,430 for Fiscal Year 2016-2017. After credits from the MWD Standby Charge, and administrative costs, the net Water Authority share is \$18,623,577. MWD's Readiness-to-Serve Charge will recover costs associated with standby and peak conveyance capacity and system emergency storage capacity. The Readiness-to-Serve Charge will be allocated among MWD member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity). This allocation will be revised each year. Revenues equal to the amount of MWD Standby Charges will continue to be credited against the member agency's Readiness-to-Serve Charge obligation unless a change is requested by the member agency. The Board has directed that the Water Authority's Readiness-to-Serve Charge will be passed through proportionally to member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity).

The Water Authority also intends to continue the Water Standby Availability Charge at the existing level, and to levy property taxes as authorized by law.

By Order of the Board of Directors
of the San Diego County Water Authority

Melinda Cogle,
Clerk of the Board

5. The newspapers in which said notice is to be published are:

San Diego Union-Tribune
350 Camino de la Reina
San Diego, CA 92108

North County Times
1722 S. Coast Hwy
Oceanside, CA 92054

PASSED, APPROVED AND ADOPTED, this 26th day of May 2016.

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Mark Weston, Chair

ATTEST:

Jim Madaffer, Secretary

I, Melinda Cogle, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2016-__ was duly adopted at the meeting of the Board of Directors on the date stated above.

Melinda Cogle
Clerk of the Board

ORDINANCE NO. 2016-_____

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, an Infrastructure Access Charge, a Readiness-to-Serve Charge and water rates and charges; and

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

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

WHEREAS, the Board of Directors, on June 25, 2015, adopted Ordinance No. 2015-03 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, on May 21, 2002, the Authority filed a Notice of Exemption pursuant to the California Environmental Quality Act (CEQA) for the project described as "Establishment of water supply and delivery rates and charges including: Customer Service Charge, Emergency Storage Program Charge, Transportation Rate, Supply Service Charge, Capacity Reservation Charge and Readiness-to-Serve Charge, and maintaining the Infrastructure Access Charge and Standby Availability Charge" stating the project is exempt from the requirements of CEQA pursuant to the statutory exemption of Public Resources Code Section 21080(b)(8) and stating as the reason therefore: "Project involves establishment of water rates, tolls, fares, or other charges for the purpose of meeting operating expenses, including employee wages and benefits; purchasing and leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; or obtaining funds for capital projects within existing service areas."; and

WHEREAS, the adoption of this ordinance is exempt from CEQA for the same reason; and

WHEREAS, the Finance Department has presented reports dated May 18, 2016 and June 15, 2016 to the Administrative and Finance Committee (the "Reports"); and

WHEREAS, on June 23, 2016 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. 2013-03; 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, 2017, the amount of the Infrastructure Access Charge to be paid monthly by each member agency of the Authority, shall be \$2.87 per equivalent meter within the territory of the member agency and determined according to Table 1 below.

Table 1 - Infrastructure Access Charge Allocation

| Member Agency | IAC Equivalent Meters (ME) as of 12/31/15¹ | Monthly Rate (\$/ME) | CY17 Annual Charge | Monthly Charge |
|--------------------------------|--|-----------------------------|---------------------------|-----------------------|
| Carlsbad M.W.D. | 35,782 | 2.87 | \$ 1,232,328 | \$ 102,694 |
| Del Mar, City of | 2,490 | 2.87 | 85,752 | 7,146 |
| Escondido, City of | 34,941 | 2.87 | 1,203,372 | 100,281 |
| Fallbrook P.U.D. | 11,772 | 2.87 | 405,432 | 33,786 |
| Helix W.D. | 64,928 | 2.87 | 2,236,116 | 186,343 |
| Lakeside W.D. | 8,051 | 2.87 | 277,272 | 23,106 |
| Oceanside, City of | 56,408 | 2.87 | 1,942,692 | 161,891 |
| Olivenhain M.W.D. | 27,955 | 2.87 | 962,772 | 80,231 |
| Otay W.D. | 58,621 | 2.87 | 2,018,904 | 168,242 |
| Padre Dam M.W.D. | 26,350 | 2.87 | 907,500 | 75,625 |
| Pendleton Military Reservation | - | 2.87 | - | - |
| Poway, City of | 16,930 | 2.87 | 583,068 | 48,589 |
| Rainbow M.W.D. | 14,505 | 2.87 | 499,548 | 41,629 |
| Ramona M.W.D. | 10,193 | 2.87 | 351,048 | 29,254 |
| Rincon Del Diablo M.W.D. | 9,610 | 2.87 | 330,972 | 27,581 |
| San Diego, City of | 399,666 | 2.87 | 13,764,492 | 1,147,041 |
| San Dieguito W.D. | 15,044 | 2.87 | 518,112 | 43,176 |
| Santa Fe I.D. | 10,433 | 2.87 | 359,316 | 29,943 |
| Sweetwater Authority | 42,898 | 2.87 | 1,477,404 | 123,117 |
| Vallecitos W.D. | 26,502 | 2.87 | 912,732 | 76,061 |
| Valley Center M.W.D. | 14,800 | 2.87 | 509,712 | 42,476 |
| Vista I.D. | 35,320 | 2.87 | 1,216,416 | 101,368 |
| Yuima M.W.D. | 511 | 2.87 | 17,604 | 1,467 |
| Totals | 923,710 | | \$ 31,812,564 | \$ 2,651,047 |

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

4. Effective January 1, 2017, the Customer Service Charge is fixed at \$26,400,000. Commencing January 1, 2017 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 | CY17 Annual Charge | Monthly Charge |
|--------------------------------|---|---------------------------|-----------------------|
| Carlsbad M.W.D. | 17,139 | \$ 904,747 | \$ 75,396 |
| Del Mar, City of | 1,064 | 56,167 | 4,681 |
| Escondido, City of | 22,390 | 1,181,941 | 98,495 |
| Fallbrook P.U.D. | 12,704 | 670,629 | 55,886 |
| Helix W.D. | 31,499 | 1,662,795 | 138,565 |
| Lakeside W.D. | 3,430 | 181,066 | 15,089 |
| Oceanside, City of | 23,995 | 1,266,667 | 105,556 |
| Olivenhain M.W.D. | 20,841 | 1,100,172 | 91,681 |
| Otay W.D. | 31,864 | 1,682,063 | 140,171 |
| Padre Dam M.W.D. | 11,440 | 603,904 | 50,325 |
| Pendleton Military Reservation | 49 | 2,587 | 216 |
| Poway, City of | 12,017 | 634,363 | 52,864 |
| Rainbow M.W.D. | 21,794 | 1,150,479 | 95,873 |
| Ramona M.W.D. | 6,664 | 351,785 | 29,315 |
| Rincon Del Diablo M.W.D. | 6,517 | 344,025 | 28,669 |
| San Diego, City of | 186,919 | 9,867,229 | 822,268 |
| San Dieguito W.D. | 4,580 | 241,773 | 20,148 |
| Santa Fe I.D. | 8,885 | 469,029 | 39,086 |
| Sweetwater Authority | 9,915 | 523,401 | 43,617 |
| Vallecitos W.D. | 16,877 | 890,917 | 74,243 |
| Valley Center M.W.D. | 28,147 | 1,485,847 | 123,821 |
| Vista I.D. | 17,351 | 915,939 | 76,328 |
| Yuima M.W.D. | 3,735 | 197,166 | 16,431 |
| <u>Contract Water</u> | <u>290</u> | <u>15,309</u> | <u>1,276</u> |
| Totals | 500,106 | \$ 26,400,000 | \$ 2,200,000 |

¹Three-year rolling average of M&I, SAWR and agricultural MWD deliveries (excludes wheeled water) based on FY12-FY14 period. Rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

5. Effective January 1, 2017, the Storage Charge is fixed at \$65,000,000. Commencing January 1, 2017 the amount of the monthly Storage Charge to be paid by each member agency shall be determined according to Table 3 below.

Table 3 - Storage Charge Allocation

| Member Agency | 3-Year Average Deliveries (AF)¹ | CY17 Annual Charge | Monthly Charge |
|--------------------------------|---|---------------------------|-----------------------|
| Carlsbad M.W.D. | 17,139 | \$ 2,450,195 | \$ 204,183 |
| Del Mar, City of | 1,064 | 152,110 | 12,676 |
| Escondido, City of | 19,246 | 2,751,412 | 229,284 |
| Fallbrook P.U.D. | 8,246 | 1,178,850 | 98,238 |
| Helix W.D. | 31,499 | 4,503,103 | 375,259 |
| Lakeside W.D. | 3,430 | 490,353 | 40,863 |
| Oceanside, City of | 23,496 | 3,358,993 | 279,916 |
| Olivenhain M.W.D. | 20,712 | 2,960,992 | 246,749 |
| Otay W.D. | 31,864 | 4,555,284 | 379,607 |
| Padre Dam M.W.D. | 11,022 | 1,575,707 | 131,309 |
| Pendleton Military Reservation | 49 | 7,005 | 584 |
| Poway, City of | 11,970 | 1,711,234 | 142,603 |
| Rainbow M.W.D. | 11,120 | 1,589,717 | 132,476 |
| Ramona M.W.D. | 5,174 | 739,676 | 61,640 |
| Rincon Del Diablo M.W.D. | 6,309 | 901,936 | 75,161 |
| San Diego, City of | 186,795 | 26,704,250 | 2,225,353 |
| San Dieguito W.D. | 4,580 | 654,758 | 54,563 |
| Santa Fe I.D. | 8,877 | 1,269,058 | 105,755 |
| Sweetwater Authority | 9,915 | 1,417,450 | 118,121 |
| Vallecitos W.D. | 15,640 | 2,235,898 | 186,325 |
| Valley Center M.W.D. | 8,712 | 1,245,469 | 103,789 |
| Vista I.D. | 17,267 | 2,468,494 | 205,708 |
| Yuima M.W.D. | 546 | 78,056 | 6,505 |
| Totals | 454,672 | \$ 65,000,000 | \$ 5,416,667 |

¹Three-year rolling average of firm, non-agricultural MWD deliveries based on FY13-FY15 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

6. A Supply Reliability Charge is established as described in the Report and the Study, effective January 1, 2017, the Supply Reliability Charge is fixed at \$24,800,000. Commencing January 1, 2017 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 | CY17 Annual Charge | Monthly Charge |
| Carlsbad M.W.D. | 16,661 | \$ 958,082 | \$ 79,840 |
| Del Mar, City of | 1,073 | 61,702 | 5,142 |
| Escondido, City of | 16,514 | 949,628 | 79,136 |
| Fallbrook P.U.D. | 8,152 | 468,776 | 39,065 |
| Helix W.D. | 27,495 | 1,581,085 | 131,757 |
| Lakeside W.D. | 3,383 | 194,538 | 16,212 |
| Oceanside, City of | 23,012 | 1,323,292 | 110,274 |
| Olivenhain M.W.D. | 19,931 | 1,146,121 | 95,510 |
| Otay W.D. | 31,197 | 1,793,966 | 149,497 |
| Padre Dam M.W.D. | 10,981 | 631,456 | 52,621 |
| Pendleton Military Reservation | 51 | 2,933 | 244 |
| Poway, City of | 11,544 | 663,831 | 55,319 |
| Rainbow M.W.D. | 11,550 | 664,176 | 55,348 |
| Ramona M.W.D. | 4,870 | 280,047 | 23,337 |
| Rincon Del Diablo M.W.D. | 6,041 | 347,384 | 28,949 |
| San Diego, City of | 179,339 | 10,312,791 | 859,400 |
| San Dieguito W.D. | 3,661 | 210,524 | 17,544 |
| Santa Fe I.D. | 7,265 | 417,770 | 34,814 |
| Sweetwater Authority | 8,466 | 486,833 | 40,569 |
| Vallecitos W.D. | 15,366 | 883,613 | 73,634 |
| Valley Center M.W.D. | 8,915 | 512,652 | 42,721 |
| Vista I.D. | 14,979 | 861,359 | 71,780 |
| Yuima M.W.D. | 345 | 19,839 | 1,653 |
| <u>Contract Water - South Coast</u> | <u>480</u> | <u>27,602</u> | <u>2,300</u> |
| Totals | 431,271 | \$ 24,800,000 | \$ 2,066,666 |

¹Five-year rolling average of firm, non-agricultural MWD deliveries based on FY11-FY15 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

7. Effective January 1, 2017, the Transportation Rate is fixed at \$110 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, 2017, the Melded Treatment Rate is fixed at \$290 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, 2017, the Melded Untreated Supply Rate (Melded Supply Rate) is \$855 per acre-foot to reflect the cost of the supply of untreated municipal and industrial water to the Water Authority.

(b) Effective January 1, 2017 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 2017 MWD Capacity Charge Allocation (Capacity Charge) | | | | | | | |
|--|---|-----------------|-----------------|------------------|------------------|---|----------------------|
| Member Agency | Coincident Peak Week Deliveries (AF)¹ | | | | | 5-year average share² | CY2017 Charge |
| | 9/12/2011 | 7/2/2012 | 9/3/2013 | 5/19/2014 | 6/23/2015 | | |
| Carlsbad M.W.D. | 410.4 | 451.6 | 361.0 | 569.2 | 337.8 | 3.4675% | \$ 315,739 |
| Del Mar, City of | 25.2 | 32.2 | 13.4 | 17.2 | 20.4 | 0.1765% | 16,069 |
| Escondido, City of | 424.3 | 532.3 | 557.2 | 641.8 | 400.6 | 4.1614% | 378,916 |
| Fallbrook P.U.D. | 415.6 | 226.9 | 338.6 | 585.0 | 278.3 | 3.0026% | 273,403 |
| Helix W.D. | 425.3 | 851.4 | 893.4 | 946.4 | 665.7 | 6.1572% | 560,651 |
| Lakeside W.D. | 83.9 | 88.4 | 95.1 | 178.7 | 96.1 | 0.8827% | 80,372 |
| Oceanside, City of | 739.0 | 608.5 | 621.6 | 642.5 | 521.2 | 5.1000% | 464,387 |
| Olivenhain M.W.D. | 518.4 | 604.2 | 565.6 | 600.4 | 378.6 | 4.3421% | 395,370 |
| Otay W.D. | 944.1 | 1,088.4 | 1,078.1 | 987.8 | 705.6 | 7.8206% | 712,116 |
| Padre Dam M.W.D. | 454.7 | 454.8 | 482.0 | 382.3 | 277.3 | 3.3391% | 304,042 |
| Pendleton M.R. | 2.1 | 0.7 | 1.1 | 1.7 | 1.3 | 0.0112% | 1,023 |
| Poway, City of | 238.6 | 287.0 | 353.1 | 331.0 | 204.6 | 2.3024% | 209,647 |
| Rainbow M.W.D. | 657.2 | 708.1 | 613.1 | 735.3 | 445.7 | 5.1433% | 468,330 |
| Ramona M.W.D. | 170.1 | 204.7 | 147.1 | 194.7 | 95.4 | 1.3219% | 120,366 |
| Rincon Del Diablo M.W.D. | 156.6 | 170.0 | 172.9 | 178.5 | 115.3 | 1.2915% | 117,594 |
| San Diego, City of | 4,556.2 | 4,673.9 | 4,056.7 | 3,836.5 | 3,503.4 | 33.5791% | 3,057,580 |
| San Dieguito W.D. | 109.4 | 32.1 | 146.8 | 178.3 | 125.9 | 0.9646% | 87,829 |
| Santa Fe I.D. | 249.0 | 136.1 | 314.5 | 352.2 | 196.6 | 2.0323% | 185,055 |
| Sweetwater Authority | 29.1 | - | - | 378.4 | 276.4 | 1.1134% | 101,377 |
| Vallecitos W.D. | 466.9 | 419.5 | 461.7 | 472.8 | 309.3 | 3.4678% | 315,768 |
| Valley Center M.W.D. | 851.8 | 791.4 | 914.1 | 871.3 | 540.6 | 6.4616% | 588,370 |
| Vista I.D. | 206.8 | 348.8 | 450.7 | 537.8 | 271.1 | 2.9550% | 269,074 |
| Yuima M.W.D. | 80.3 | 47.5 | 144.1 | 149.6 | 135.2 | 0.9063% | 82,522 |
| Totals¹ | 12,215.0 | 12,758.5 | 12,781.9 | 13,769.6 | 9,902.6 | 100.000% | \$ 9,105,600 |

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, 2016 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 | FY17 RTS Charge ² | Net Stand-By Charge Credits ³ | FY17 RTS Net Charge | Monthly Charge |
|--------------------------------|--|------------------------------|--|----------------------|---------------------|
| Carlsbad M.W.D. | 18,195 | \$ 1,169,531 | \$ (392,084) | \$ 777,447 | \$ 64,787 |
| Del Mar, City of | 1,168 | 75,076 | (24,776) | 50,300 | 4,192 |
| Escondido, City of | 19,592 | 1,259,327 | (227,008) | 1,032,319 | 86,027 |
| Fallbrook P.U.D. | 10,628 | 683,143 | (284,911) | 398,232 | 33,186 |
| Helix W.D. | 31,557 | 2,028,409 | (774,866) | 1,253,543 | 104,462 |
| Lakeside W.D. ⁴ | 3,766 | 242,070 | (164,885) | 77,185 | 6,432 |
| Oceanside, City of | 26,127 | 1,679,382 | (667,009) | 1,012,373 | 84,364 |
| Olivenhain M.W.D. | 21,266 | 1,366,928 | (398,982) | 967,946 | 80,662 |
| Otay W.D. | 34,322 | 2,206,137 | (937,977) | 1,268,160 | 105,680 |
| Padre Dam M.W.D. ⁴ | 12,601 | 809,962 | (529,070) | 280,892 | 23,408 |
| Pendleton Military Reservation | 61 | 3,921 | (35) | 3,886 | 324 |
| Poway, City of | 12,606 | 810,284 | (283,019) | 527,265 | 43,939 |
| Rainbow M.W.D. | 16,053 | 1,031,849 | (522,895) | 508,954 | 42,413 |
| Ramona M.W.D. | 6,450 | 414,591 | (402,873) | 11,718 | 977 |
| Rincon Del Diablo M.W.D. | 6,681 | 429,439 | (311,697) | 117,742 | 9,812 |
| San Diego, City of | 191,175 | 12,288,276 | (4,377,856) | 7,910,419 | 659,202 |
| San Dieguito W.D. | 4,078 | 262,124 | (166,119) | 96,005 | 8,000 |
| Santa Fe I.D. | 8,137 | 523,027 | (151,714) | 371,313 | 30,943 |
| Sweetwater Authority | 9,967 | 640,655 | (427,882) | 212,773 | 17,731 |
| Vallecitos W.D. | 16,904 | 1,086,549 | (434,196) | 652,353 | 54,363 |
| Valley Center M.W.D. | 17,889 | 1,149,863 | (664,191) | 485,672 | 40,473 |
| Vista I.D. | 15,767 | 1,013,465 | (415,187) | 598,278 | 49,857 |
| Yuima M.W.D. | 985 | 63,313 | (94,693) | (31,380) | (2,615) |
| Contract Water | 624 | 40,109 | 73 | 40,182 | 3,349 |
| Totals | 486,599 | \$ 31,277,430 | \$ (12,653,852) | \$ 18,623,577 | \$ 1,551,968 |

¹10-year rolling average of firm MWD deliveries based on FY06-FY15 period and rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Effective date is July 1, 2016.

³Net of \$12,710,566 in stand-by charge credits and \$56,712 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 \$666/AF on January 1, 2017. The treated TSAWR will increase to \$956/AF on January 1, 2017.

11. 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.

12. 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.

13. 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.

14. 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).

15. 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 23rd day of June, 2016 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Mark Weston, Chair

ATTEST:

Jim Madaffer, Secretary

I, Melinda Cogle, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance 2016- _____ was duly adopted at the meeting of the Board of Directors on the date stated above.

Melinda Cogle
Clerk of the Board