



NOTICE TO THE PUBLIC

BOARD OF DIRECTORS' AND STANDING COMMITTEES' MEETING

9:00 A.M. JUNE 25, 2026

BOARD ROOM

WATER AUTHORITY HEADQUARTERS BUILDING

4677 OVERLAND AVENUE, SAN DIEGO, CALIFORNIA

All meetings are open to the public and accessible electronically at [SDCWA.org](https://www.sdcwa.org) under the link titled "LIVE STREAM" on the right hand side of the page, or via the link information under section 7 below.

1. **UNIFIED AGENDA:** This unified agenda provides a brief description of each item to be considered by the Board and its Administrative and Finance, Engineering and Operations, Imported Water, Legislation & Public Outreach, and Water Planning and Environmental Committees. For convenience, the agenda for each of the Committees and for the formal Board meeting are stated separately; however, all agendas shall be considered as a single agenda and any item listed on the agenda of any Committee may be acted upon by the Board. All items on the agenda of any Committee, including information items, may be deliberated and become subject to action by the Board.
2. **DOCUMENTS:** Staff reports, and any other public information provided to the Board or Committee before the meeting relating to items on the agenda are available for public review on the Water Authority website at <https://www.sdcwa.org/meetings-and-documents>. Additional documents may be distributed at the meeting electronically and will be made available. Copies of individual items are available through the Clerk of the Board at (858) 522-6614.
3. **MEETING TIMES:** The morning session of the Standing Committees will commence at 9:00 a.m., and any afternoon session of the Standing Committees may commence at the conclusion of the morning session and earlier than 12:00 p.m. Please see the meeting schedule. The meeting of the full Board may commence as early as 2:00 p.m. or as soon thereafter as the last Committee meeting is completed.
4. **ACTION AT COMMITTEE MEETINGS:** Committee meetings are also noticed as meetings of the Board because a quorum of the Board may be present. Members of the Board who are not members of the Committee may participate in the meeting, but only members of the Committee may make, second or vote on any motion or other action of the Committee unless the Board determines to convene for consideration of action on an item or items on the Committee agenda. Items receiving substantive review by a standing committee are generally included on the Consent Calendar for action at the meeting of full Board. Closed Sessions also occur at Committee meetings and may not be repeated at the formal Board meeting.
5. **CONSENT CALENDAR:** The agenda contains items listed on a consent calendar which is for matters considered routine or otherwise not requiring further deliberation. A Committee or the Board will take action as recommended by one motion. There will be no individual discussion on such items prior to the vote unless an item is removed for discussion.
6. **INFORMATION ITEMS:** Items are listed on the agenda as information based on staff's judgment. Circumstances or the committee's or Board's judgments may require deliberation or, if necessary, action on these items. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

7. **PUBLIC HEARINGS:** It is not necessary to notify the Chair if a member of the public wishes to speak on items listed on the agenda as public hearings. Public hearings will begin at the time stated in the notice, or as soon thereafter as the matter can be heard. When the Chair opens the hearing, upon calling for public speakers, raise your hand to provide public comment and begin by providing your name for the record. Each speaker has three minutes to address the Board.
8. **PUBLIC COMMENTS:** Public comments may be provided before the meeting by submitting written comment to: publiccomments@sdewa.org. Written correspondence will be read as time allows and will be dispersed to the Board of Directors via email.

Speaker request forms will be available to the public attending in person.

The meeting can be viewed and public comments can also be made by joining via zoom here: [ZOOM LINK](#).

or joining by phone at 1-669-444-9171. Enter the meeting id 838 8344 4061# when prompted. Use the raise hand feature in Zoom to be recognized by the Clerk to speak. If joining by phone dial *9 to raise your hand.

Members of the public are given an opportunity to address each Standing Committee on any item listed on their respective agenda or under the jurisdiction of the Committee, during the Public Comment period as stated on the agenda. If a member of the public has revised comments or questions on an agenda item following the presentation of the staff report, public comment is called upon again during Formal Board

Each speaker is allotted up to three minutes to provide public comment. The Presiding Officer shall, however, exercise discretion to determine if time should be reduced or extended based upon such factors as length and substance of agenda, the number of public comment speakers, the need for the Board to conclude business as expeditiously as is practicable, and whether the Board is at risk of losing a quorum, among other factors.

During the Formal Board of Directors Meeting, at the Public Comment period stated on the agenda, members of the public are given an opportunity to address the Board on items of interest within the subject matter of the Board, or on any item on the Formal Board Agenda that was not previously addressed by a Standing Committee. No public comment will be taken on items previously considered by the Standing Committee unless the Board Chair determines that an item has changed substantially.

9. **TRANSLATION SERVICES:** Translation services are available to any member of the public who needs help giving public comments. You may bring your own translator to assist you. If you need a translator provided for you, provide the request at least three working days before the meeting by emailing kwalker@sdewa.org or calling (858) 522-6614, and include the language required.

ZOOM Captioning and Language Selection: Members of the public observing on the zoom platform can utilize captioning from a selection of offered languages.

10. **DISRUPTIVE CONDUCT:** The Presiding Officer holds authority to remove or limit participation of any member of the public for disruptive behavior, extending to participants attending remotely.
11. **ASSISTANCE FOR THE DISABLED:** If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (858) 522-6614 for assistance at least three (3) working days prior to the meeting so the necessary arrangements can be made.
12. **RULES GOVERNING MEETINGS:** The Water Authority's Administrative Code Chapter 2.00 governs the conduct of meetings of the Board and the Committees. The Administrative Code is available online at www.sdcwa.org.

MEETING SCHEDULE *

JUNE 25, 2026

START TIME FOR COMMITTEES 9:00 AM

- **Administrative & Finance Committee**
- **Engineering & Operations Committee**
- **Water Planning & Environmental Committee**

LUNCH BREAK (Estimated 11:55 AM to 12:40 PM)

- **Legislation & Public Outreach Committee**
- **Imported Water Committee**

FORMAL BOARD MEETING 2:00 PM

*** The Committees are listed above in the order in which they will proceed. The Committee meetings will begin at 9:00 am. The regular Board meeting will begin no earlier than 2:00 pm and will follow the conclusion of the last committee meeting.**

ADMINISTRATIVE AND FINANCE COMMITTEE

**AGENDA FOR
June 25, 2026**

Ismahan Abdullahi, Chair	Ron Morrison
Gary Arant, Vice Chair	Princess Norman
Jennifer Kerschbaum, Vice Chair	Rocky Qualin
Teresa Acosta	Mark Robak
Jimmy Ayala	Esther Sanchez
Tim Douglass	Nick Serrano
Frank Hilliker	Burt Williams

1. Report on Remote Attendance.
2. Roll call – determination of quorum.
3. Additions to agenda (Government Code Section 54954.2(b)).
4. Public comment – opportunities for members of the public to address the Committee on items contained within this agenda.
5. Chair’s Report.
5-A Directors’ comments.

I. CONSENT CALENDAR

1.	<u>Monthly Treasurer’s Report on Investments and Cash Flow.</u> <u>Staff recommendation:</u> Note and file the monthly Treasurer’s Report. (Action)	Lisa Marie Harris
2.	<u>Resolution approving side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period July 1, 2023, through June 30, 2026.</u> <u>Staff recommendation:</u> Adopt Resolution No. 2026-07, approving the side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period from July 1, 2023, through June 30, 2026. (Action)	Cristina Lever-Santos

II. ACTION/DISCUSSION/PRESENTATION

1. Adopt the Water Authority's Rates and Charges for Calendar Year 2027. Lisa Marie Harris
Staff recommendations:
 - a) Conduct the Public Hearing; and
 - b) Approve staff's recommendation of a three percent effective rate increase for CY 2027; and
 - c) Adopt Ordinance No. 2026-01 an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services. (Attachment 1); and
 - d) Adopt Ordinance No. 2026-02 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the Permanent Special Agricultural Water Rate Program. (Attachment 2); and
 - e) Adopt Ordinance No. 2026-03 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act. (Attachment 3); and
 - f) Adopt Resolution No. 2026-06 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge. (Attachment 4); and
 - g) Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption. (Action)
2. Adopt the Fiscal Years 2026 and 2027 Mid-Term Budget. Liana Whyte
Staff Recommendation:
Adopt Resolution 2026-05 amending the biennial budget for Fiscal Years 2026 and 2027. (Action)
3. Purchase of Water Authority Business Insurance for Fiscal Year 2027. Tom Marcoux
Staff recommendation: Authorize the General Manager to purchase \$41 million in liability insurance for fiscal year 2027 from CalMutuals JPRIMA in the amount of \$741,821, property insurance for fiscal year 2026 from Swiss Reinsurance Company in the amount of \$271,099, and workers' compensation insurance from CalMutuals JPRIMA in the amount of \$492,393, for a total amount of \$1,505,313. (Action)

III. INFORMATION

1. Controller's Report on Monthly Financial Activity. Chris Woidzik
2. Board Calendar. Kelly Cole-Walker



IV CLOSED SESSION

V. ADJOURNMENT

Kelly Cole-Walker
Clerk of the Board

NOTE: This meeting is called as an Administrative and Finance Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.



June 17, 2026

Attention: Administrative and Finance Committee

Monthly Treasurer's Report on Investments and Cash Flow

Purpose

The Treasurer's Report provides monthly financial information to the Board of Directors.

Executive Summary

The Water Authority is well diversified with investment holdings in Agencies, Treasuries, Corporate notes, and other securities totaling approximately 48% of the Pooled portfolio, Money Market Mutual Funds totaling 12%, and liquidity vehicles such as LAIF and CAMP comprising about 40%. The overall portfolio of \$368.7 million maintained an average Market Yield of 3.66%*, leading the Intercontinental Exchange Bank of America (ICE BofA) benchmark.

Information as of 05/31/26	ICE BofA 1-3 Year US Treasury & Agency Index	SDCWA Consolidated Portfolio
Purchase Yield	n/a	3.71%*
Market Yield	3.98%	3.66%*
Book Value	n/a	\$368,721,037
Weighted Average Maturity	1.83	1.28*

**Estimated Values. Actual Values are available during 3rd week of the month.*

The Treasurer's Report is attached for review by the Administrative and Finance Committee and the Board of Directors. The report provides documentation that the Water Authority has sufficient funds to meet its financial obligations for the next six months. A brief description of each report follows:

Portfolio Master Summary: A summary of the Water Authority's cash and investments.

Portfolio Summary: A snapshot of the Water Authority's holdings including its characteristics, account summary, top issuers, sector allocation, maturity distribution and credit quality. *This report is available during the 3rd week of the month and has been excluded this month due to timing.*

Portfolio Details: The Water Authority's investments and cash details.

The Water Authority's portfolio is diversified among investment types with a concentration toward short-term maturities to meet anticipated cash flow needs. Market value information provided by ICE BofA and reflects values as of the report date.

Bond yields moved higher in May on continued flareups in the Middle East and due to the inflationary impact from elevated energy prices. Oil prices were volatile throughout the month, but West Texas Intermediate (WTI) crude settled at \$87 per barrel at the end of May on optimism for diplomacy between the US and Iran. The Consumer Price Index (CPI) rose 0.6% in April and 3.8% versus last year as fuel and airfare prices continued to rise.

The US labor market remained on solid footing in May with 172,000 jobs added in the month, and the unemployment rate stable at 4.3%. Leisure and hospitality, local government, and health care hiring led the gains. The April JOLTS report also jumped to 7.6 million job openings from 6.9 million in the prior month, mostly due to job postings in professional and business services.

Consumers continued to spend, with retail sales for April up 0.5% month over month and 4.9% from one year ago. Despite strong demand for goods and services, survey data indicates that consumers have a cautious outlook. The Consumer Confidence Index dropped to 93.1 and the University of Michigan Sentiment Index fell to 44.8 for May, below their long run averages.

Kevin Warsh was sworn in as the new Federal Reserve Chair on May 22, and his inaugural press conference will be closely watched for policy signals. The federal fund futures market is not expecting the Federal Open Market Committee (FOMC) to move rates from the current target range of 3.50 – 3.75% at the June 17 meeting.

All investments have been made in accordance with the Water Authority's Annual Statement of Investment Policy, which was last adopted by the Board on November 20, 2025. The reports are completed in accordance with California Government Code Section 53607.

Lisa Marie Harris, Director of Finance/Treasurer

PORTFOLIO MASTER SUMMARY as of May 31, 2026			
PORTFOLIO PERCENTAGES			
Investment Type	Permitted By Board Policy	Portfolio Percentage	Book Value
Local Agency Investment Fund (LAIF)	\$75 Million	21.16%	\$ 74,315,745
Banker's Acceptances	40%	0.00%	-
Treasury Securities*	100%	32.39%	113,736,641
Agency Securities*	100%	1.80%	6,312,146
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	20%	4.55%	15,973,114
Supranational Securities*	15%	0.55%	1,940,200
Repurchase Agreements	20%	0.00%	-
Reverse Repurchase Agreements	20%	0.00%	-
Certificates of Deposit (Placement, Negotiable & Time Deposits)	30%	0.00%	-
Commercial Paper	30%	0.00%	-
Medium Term Notes/Corporates*	30%	8.35%	29,337,228
Municipal Securities	30%	0.38%	1,342,125
JPA Pools (CAMP, CalFIT)	25%	19.07%	66,965,909
Mutual Funds and Money Market Mutual Funds*	20%	11.74%	41,232,417
		100.00%	\$ 351,155,524
Accrued Interest (unavailable for investing)			289,847
Checking/Petty Cash/Available Funds (unavailable for investing)			5,034,891
Subtotal for Pooled Funds:			\$ 356,480,262
<u>Debt Service Reserve (DSR) Funds Excluded from Portfolio Percentages:</u>			
Mass Mutual - Reserve (GIC) - Series 1998A COPs			12,240,775
Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures):			\$ 12,240,775
Total Cash and Investments			\$ 368,721,037
PORTFOLIO INFORMATION			
	Pooled Funds **	Debt Service Reserve	Total
Portfolio Yield to Maturity - 365 Days	3.63%	5.55%	3.71%
Average Term	825	1	794
Average Days to Maturity	485	1	467

* Some investments in these categories are managed by Chandler Asset Management.

** Pooled Funds include Operating, Pay Go, RSF, Equipment and Stored Water funds.

SDCWA - Fiscal Year 2026

Portfolio Management

Portfolio Summary

May 31, 2026

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
California Asset Management Program	26,337,337.28	26,337,337.28	26,337,337.28	8.04	1	1	3.708	3.760
Local Agency Investment Funds	74,315,745.08	74,315,745.08	74,315,745.08	22.69	1	1	3.758	3.810
Money Market	7,615,580.16	7,615,580.16	7,615,580.16	2.32	1	1	3.466	3.514
Held Money Market	12,240,775.00	12,240,775.00	12,240,775.00	3.74	1	1	5.474	5.550
California Fixed Income Trust	40,628,571.54	40,628,571.54	40,628,571.54	12.40	1	1	3.708	3.760
Medium Term Notes	29,700,000.00	29,291,412.10	29,394,213.60	8.97	1,630	1,048	3.970	4.025
Federal Agency - Coupon	6,200,000.00	6,224,924.00	6,312,146.00	1.93	1,387	622	3.785	3.838
Treasury Securities - Discount	5,000,000.00	4,991,400.00	4,914,204.17	1.50	177	17	3.600	3.650
Treasury Securities - Coupon	108,025,000.00	106,497,288.01	106,567,111.94	32.53	1,587	908	3.208	3.252
Supranationals	2,000,000.00	1,977,800.00	1,940,200.00	0.59	1,612	772	4.191	4.249
Municipal Bonds	1,500,000.00	1,419,630.00	1,342,125.00	0.41	2,312	853	3.576	3.626
Mortgage Backed Securities	16,835,000.00	15,966,755.69	15,976,826.57	4.88	1,695	1,163	3.949	4.004
	330,398,009.06	327,507,218.86	327,584,836.34	100.00%	794	467	3.654	3.705

Investments								
Cash, Pending Redemptions								
Passbook/Checking (not included in yield calculations)	38,651,728.14	38,651,728.14	38,651,728.14		1	1	3.525	3.574
Pending Redemptions	2,500,000.00	2,500,000.00	2,500,000.00					
Subtotal		41,151,728.14	41,151,728.14					
Total Cash, Pending Redemptions and Investments	371,549,737.20	368,658,947.00	368,736,564.48	A	794	467	3.654	3.705

Total Earnings	May 31 Month Ending	Fiscal Year To Date
Current Year	1,125,684.06	13,040,514.23
Average Daily Balance	358,215,183.73	382,638,362.70
Effective Rate of Return	3.70%	3.71%

A: Treasurer's report total is \$368,721,037.
\$15,527 variance due to Book and Market Values of pending redemption

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SDCWA - Fiscal Year 2026
Portfolio Management
Portfolio Details - Investments
May 31, 2026

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
California Asset Management Program												
CASH35	1103	CAMP - OPERATING/POOLED			26,337,337.28	26,337,337.28	26,337,337.28	3.760	AAA	3.760	1	
CASH41	9001	CAMP - 2022A BONDS			0.00	0.00	0.00	4.420	AAA	4.420	1	
Subtotal and Average			11,851,557.87		26,337,337.28	26,337,337.28	26,337,337.28			3.760	1	
Local Agency Investment Funds												
CASH42	9002	LAIF - 2022A BONDS			0.00	0.00	0.00	4.280	AAA	4.280	1	
CASH13	1102	LAIF - OPERATING			74,315,745.08	74,315,745.08	74,315,745.08	3.810		3.810	1	
Subtotal and Average			74,315,745.08		74,315,745.08	74,315,745.08	74,315,745.08			3.810	1	
Money Market												
CASH21	2000	Bank of New York Mellon Corp			2,586,528.23	2,586,528.23	2,586,528.23	3.520	A	3.520	1	
CASH40	9100	Bank of New York Mellon Corp			0.00	0.00	0.00	4.210	A	4.210	1	
CASH15	1104	BlackRock Mischler Financial			2,513,415.19	2,513,415.19	2,513,415.19	3.506	AA-	3.506	1	
CASH15	1105	BlackRock Mischler Financial			2,515,636.74	2,515,636.74	2,515,636.74	3.517	AA-	3.517	1	
CASH11	1100	GOLDMAN - OPERATING/POOLED			0.00	0.00	0.00	3.620	AAA	3.620	1	
Subtotal and Average			54,470,949.39		7,615,580.16	7,615,580.16	7,615,580.16			3.514	1	
Held Money Market												
CASH17	1101	TRINITY PLUS - 1998A			12,240,775.00	12,240,775.00	12,240,775.00	5.550		5.550	1	
Subtotal and Average			12,240,775.00		12,240,775.00	12,240,775.00	12,240,775.00			5.550	1	
California Fixed Income Trust												
CASH36	1106	California Fixed Income Trust		12/12/2025	40,628,571.54	40,628,571.54	40,628,571.54	3.760	AAA	3.760	1	
Subtotal and Average			40,503,503.17		40,628,571.54	40,628,571.54	40,628,571.54			3.760	1	
Medium Term Notes												
002824BS8	22634	Abbott Laboratories		04/23/2026	2,000,000.00	1,965,937.78	1,985,877.78	4.000	A+	4.272	1,748	03/15/2031
023135DC7	22631	Amazon.com Inc 4% 03/13/29		03/24/2026	2,000,000.00	1,986,584.44	1,990,864.44	4.000	AA	4.209	1,016	03/13/2029
09247XAR2	22635	BlackRock Inc		04/23/2026	2,000,000.00	1,794,192.22	1,805,012.22	1.900	AA-	4.289	1,702	01/28/2031
06406RBA4	21102	Bank of New York Mellon Corp		01/26/2022	1,000,000.00	987,950.00	1,003,220.00	2.050	A	1.981	239	01/26/2027
06051GHM4	22528	Bank of New York Mellon Corp		02/06/2025	1,500,000.00	1,490,700.00	1,471,095.00	4.271	A-	4.882	1,148	07/23/2029
14913R3A3	20003	CATERPILLAR FIN SERV CRP		08/22/2022	2,000,000.00	1,989,200.00	1,999,360.00	3.600	A-1	3.607	437	08/12/2027
17275RBQ4	22532	Cisco Systems Inc		03/19/2025	1,450,000.00	1,457,511.00	1,463,050.00	4.800	AA-	4.290	270	02/26/2027
02079KBK2	22625	Alphabet Inc		02/19/2026	1,500,000.00	1,468,865.00	1,505,540.00	4.100	AA+	4.032	1,720	02/15/2031
24422EYL7	22637	JOHN DEERE CAPITAL CORP		04/23/2026	2,000,000.00	1,982,573.33	2,004,893.33	4.200	A	4.258	1,743	03/10/2031
57636QAP9	22540	MASTERCARD INC		04/25/2025	1,500,000.00	1,446,690.00	1,429,125.00	3.350	A+	4.429	1,394	03/26/2030
30303MAB8	22615	Meta Platforms Inc		12/23/2025	500,000.00	493,300.00	501,325.00	4.200	AA-	4.138	1,628	11/15/2030
30303MAB8	22617	Meta Platforms Inc		01/02/2026	1,000,000.00	986,600.00	1,004,270.00	4.200	AA-	4.100	1,628	11/15/2030

Portfolio CWA2
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Portfolio Management
Portfolio Details - Investments
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Medium Term Notes												
63743HFM9	22412	National Rural Util Coop		02/12/2024	1,500,000.00	1,504,815.00	1,496,940.00	4.800	A-	4.874	249	02/05/2027
665859AW4	20006	NORTHERN TRUST CORP		08/22/2022	2,000,000.00	1,998,660.00	2,029,540.00	4.000	A+	3.650	343	05/10/2027
74456QBU9	22410	PUBLIC SERVICE ELECTRIC		02/02/2024	500,000.00	495,410.00	485,420.00	3.700	A	4.460	700	05/01/2028
74456QCX2	22636	PUBLIC SERVICE ELECTRIC		04/23/2026	2,000,000.00	1,991,553.33	2,013,293.33	4.200	A	4.335	1,675	01/01/2031
713448FL7	20021	PepsiCo Inc		03/20/2023	1,000,000.00	990,780.00	965,880.00	3.600	A+	4.379	627	02/18/2028
857449AE2	22517	STATE STREET BANK		12/31/2024	750,000.00	760,665.00	748,417.50	4.782	AA-	4.830	1,271	11/23/2029
87612EBM7	21103	TARGET CORP		01/26/2022	1,000,000.00	987,610.00	1,003,350.00	1.950	A	1.950	228	01/15/2027
89115A3C4	22527	TORONTO DOMINION BANK		02/06/2025	1,500,000.00	1,513,275.00	1,488,750.00	4.783	A-	4.957	1,295	12/17/2029
89236TJK2	21097	Toyota Auto Receivables		09/24/2021	1,000,000.00	998,540.00	998,990.00	1.125	A+	1.147	17	06/18/2026
Subtotal and Average			30,051,183.92		29,700,000.00	29,291,412.10	29,394,213.60			4.025	1,048	
Federal Agency - Coupon												
3130ATS57	20023	FEDERAL HOME LOAN BANK		04/14/2023	3,000,000.00	3,024,900.00	3,113,160.00	4.500	AA+	3.652	648	03/10/2028
3130B5K64	22533	FEDERAL HOME LOAN BANK		03/19/2025	1,000,000.00	1,001,520.00	998,590.00	4.000	AA+	4.075	282	03/10/2027
3130AWC24	22543	FEDERAL HOME LOAN BANK		05/19/2025	2,200,000.00	2,198,504.00	2,200,396.00	4.000	AA+	3.993	739	06/09/2028
Subtotal and Average			6,312,146.00		6,200,000.00	6,224,924.00	6,312,146.00			3.838	622	
Treasury Securities - Discount												
912797TD9	22614	UNITED STATES TREASURY		12/23/2025	5,000,000.00	4,991,400.00	4,914,204.17	3.490	A-1	3.650	17	06/18/2026
Subtotal and Average			6,747,120.52		5,000,000.00	4,991,400.00	4,914,204.17			3.650	17	
Treasury Securities - Coupon												
91282CBS9	20004	UNITED STATES TREASURY		08/19/2022	3,500,000.00	3,330,460.00	3,182,402.34	1.250	AA+	3.019	669	03/31/2028
91282CDL2	20005	UNITED STATES TREASURY		08/19/2022	3,500,000.00	3,289,440.00	3,201,542.97	1.500	AA+	2.999	913	11/30/2028
9128283F5	20007	UNITED STATES TREASURY		08/19/2022	3,500,000.00	3,414,705.00	3,371,621.09	2.250	AA+	3.012	532	11/15/2027
9128284N7	20008	UNITED STATES TREASURY		08/19/2022	3,500,000.00	3,424,960.00	3,474,843.75	2.875	AA+	3.012	714	05/15/2028
91282CEM9	20009	UNITED STATES TREASURY		08/31/2022	2,000,000.00	1,934,920.00	1,952,343.75	2.875	AA+	3.275	1,064	04/30/2029
91282CCP4	21093	UNITED STATES TREASURY		08/10/2021	3,000,000.00	2,984,910.00	2,974,921.88	0.625	AA+	0.796	60	07/31/2026
91282CCW9	21094	UNITED STATES TREASURY		08/31/2021	3,750,000.00	3,722,400.00	3,731,835.94	0.750	AA+	0.849	91	08/31/2026
91282CCZ2	21096	UNITED STATES TREASURY		11/02/2021	3,500,000.00	3,467,170.00	3,451,464.84	0.875	AA+	1.166	121	09/30/2026
91282CCJ8	21098	UNITED STATES TREASURY		09/24/2021	3,000,000.00	2,993,190.00	2,996,484.38	0.875	AA+	0.900	29	06/30/2026
91282CDG3	21101	UNITED STATES TREASURY		12/29/2021	2,500,000.00	2,472,600.00	2,484,179.69	1.125	AA+	1.260	152	10/31/2026
91282CDK4	21104	UNITED STATES TREASURY		01/25/2022	2,800,000.00	2,765,252.00	2,764,671.88	1.250	AA+	1.521	182	11/30/2026
9128284V9	21105	UNITED STATES TREASURY		05/18/2022	3,000,000.00	2,927,100.00	2,982,656.25	2.875	AA+	2.977	806	08/15/2028
9128283W8	21107	UNITED STATES TREASURY		08/08/2022	2,000,000.00	1,958,600.00	1,974,375.00	2.750	AA+	3.004	624	02/15/2028
91282CFM8	22409	UNITED STATES TREASURY		12/01/2023	2,500,000.00	2,505,275.00	2,475,292.97	4.125	AA+	4.407	486	09/30/2027
91282CFT3	22507	UNITED STATES TREASURY		11/21/2024	2,750,000.00	2,741,832.50	2,718,632.81	4.000	AA+	4.258	1,248	10/31/2029
91282CLC3	22508	UNITED STATES TREASURY		11/26/2024	2,000,000.00	1,995,160.00	1,984,921.88	4.000	AA+	4.178	1,156	07/31/2029

Portfolio CWA2

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SDCWA - Fiscal Year 2026
Portfolio Management
Portfolio Details - Investments
May 31, 2026

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Treasury Securities - Coupon												
91282CFJ5	22509	UNITED STATES TREASURY		11/26/2024	2,000,000.00	1,941,880.00	1,908,593.75	3.125	AA+	4.193	1,187	08/31/2029
91282CGJ4	22526	UNITED STATES TREASURY		02/06/2025	2,000,000.00	1,958,760.00	1,932,265.63	3.500	AA+	4.261	1,340	01/31/2030
91282CLQ2	22536	UNITED STATES TREASURY		04/25/2025	3,000,000.00	2,996,130.00	3,004,570.31	3.875	AA+	3.809	501	10/15/2027
91282CMT5	22537	UNITED STATES TREASURY		04/25/2025	1,000,000.00	995,200.00	999,648.44	4.125	AA+	4.130	2,130	03/31/2032
91282CLM1	22538	UNITED STATES TREASURY		04/25/2025	1,000,000.00	973,560.00	972,968.75	3.625	AA+	4.107	1,947	09/30/2031
91282CGQ8	22544	UNITED STATES TREASURY		05/29/2025	1,000,000.00	996,250.00	997,578.13	4.000	AA+	4.055	1,368	02/28/2030
91282CEN7	22602	UNITED STATES TREASURY		07/21/2025	725,000.00	717,735.50	710,811.52	2.750	AA+	3.899	333	04/30/2027
91282CLP4	22612	UNITED STATES TREASURY		12/23/2025	5,000,000.00	4,995,500.00	4,997,265.63	3.500	AA+	3.568	121	09/30/2026
912828U24	22613	UNITED STATES TREASURY		12/23/2025	5,000,000.00	4,960,100.00	4,932,421.88	2.000	AA+	3.546	167	11/15/2026
91282CPD7	22616	UNITED STATES TREASURY		12/23/2025	2,000,000.00	1,958,980.00	1,992,500.00	3.625	AA+	3.709	1,613	10/31/2030
91282CPA3	22618	UNITED STATES TREASURY		01/02/2026	1,000,000.00	980,040.00	997,773.44	3.625	AA+	3.676	1,582	09/30/2030
91282CGZ8	22622	UNITED STATES TREASURY		02/19/2026	2,500,000.00	2,444,325.00	2,490,625.00	3.500	AA+	3.596	1,429	04/30/2030
91282CPR6	22623	UNITED STATES TREASURY		02/19/2026	2,500,000.00	2,458,917.27	2,510,173.52	3.625	AA+	3.645	1,674	12/31/2030
91282CPA3	22624	UNITED STATES TREASURY		02/19/2026	1,500,000.00	1,470,060.00	1,500,000.00	3.625	AA+	3.624	1,582	09/30/2030
91282CPW5	22626	UNITED STATES TREASURY		03/03/2026	1,000,000.00	986,611.33	1,008,680.08	3.750	AA+	3.627	1,705	01/31/2031
91282CQD6	22627	UNITED STATES TREASURY		03/10/2026	3,000,000.00	2,920,713.26	2,971,329.82	3.500	AA+	3.733	1,733	02/28/2031
91282CGT2	22629	UNITED STATES TREASURY		03/24/2026	3,000,000.00	2,979,390.00	2,988,046.88	3.625	AA+	3.832	669	03/31/2028
91282CPC9	22630	UNITED STATES TREASURY		03/24/2026	2,000,000.00	1,975,240.00	1,983,515.63	3.500	AA+	3.840	867	10/15/2028
91282CNZ0	22632	UNITED STATES TREASURY		04/23/2026	3,000,000.00	2,944,485.33	2,978,828.77	3.875	AA+	4.044	2,313	09/30/2032
91282CES6	22633	UNITED STATES TREASURY		04/23/2026	1,000,000.00	973,929.12	980,332.25	2.750	AA+	3.802	1,095	05/31/2029
91282CPN5	22640	UNITED STATES TREASURY		05/29/2026	1,000,000.00	991,287.69	991,057.69	3.500	AA+	4.415	1,643	11/30/2030
91282CQK0	22641	UNITED STATES TREASURY		05/29/2026	1,000,000.00	990,943.67	990,748.98	3.875	AA+	4.153	1,794	04/30/2031
91282CHF1	22643	UNITED STATES TREASURY		05/29/2026	1,000,000.00	1,005,023.96	1,005,223.65	3.750	AA+	4.114	1,460	05/31/2030
91282CGB1	32601	UNITED STATES TREASURY		05/11/2026	2,500,000.00	2,515,906.98	2,526,365.57	3.875	AA+	3.977	1,309	12/31/2029
91282CHF1	32602	UNITED STATES TREASURY		05/11/2026	2,500,000.00	2,507,923.90	2,518,969.99	3.750	AA+	3.995	1,460	05/31/2030
91282CPN5	32603	UNITED STATES TREASURY		05/11/2026	2,500,000.00	2,473,892.31	2,485,329.03	3.500	AA+	4.020	1,643	11/30/2030
91282CQK0	32604	UNITED STATES TREASURY		05/11/2026	2,500,000.00	2,472,620.72	2,485,024.63	3.875	AA+	4.035	1,794	04/30/2031
91282CLN9	32606	UNITED STATES TREASURY		05/29/2026	1,000,000.00	987,362.08	987,282.71	3.500	AA+	4.093	1,217	09/30/2029
91282CQE4	32607	UNITED STATES TREASURY		05/29/2026	1,000,000.00	992,443.15	992,367.53	3.500	AA+	4.062	1,018	03/15/2029
91282CGB1	32609	UNITED STATES TREASURY		05/29/2026	1,000,000.00	1,008,289.59	1,008,566.78	3.875	AA+	4.097	1,309	12/31/2029
91282CQR5	32610	UNITED STATES TREASURY		05/29/2026	1,000,000.00	996,314.18	996,317.93	3.875	AA+	4.061	1,079	05/15/2029
91282CQJ3	32611	UNITED STATES TREASURY		05/29/2026	1,000,000.00	999,498.47	999,736.60	3.875	AA+	4.056	1,049	04/15/2029
Subtotal and Average			98,545,427.96		108,025,000.00	106,497,288.01	106,567,111.94			3.252	908	
Supranationals												
459058KT9	22411	Intl Bank Recon & Develop		02/12/2024	2,000,000.00	1,977,800.00	1,940,200.00	3.500	AAA	4.249	772	07/12/2028
Subtotal and Average			1,940,200.00		2,000,000.00	1,977,800.00	1,940,200.00			4.249	772	

Portfolio CWA2
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PM (PRF_PM2) 7.3.11

SDCWA - Fiscal Year 2026
Portfolio Management
Portfolio Details - Cash
May 31, 2026

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Passbook/Checking Accounts											
CASH01	1004	PETTY CASH		07/01/2025	2,500.00	2,500.00	2,500.00			0.000	1
CASH02	1000	WELLS FARGO - OPERATING/POOLED			4,997,500.00	4,997,500.00	4,997,500.00	4.030		4.030	1
CASH05	1003	WELLS FARGO - MED/FSA		07/01/2025	34,891.41	34,891.41	34,891.41			0.000	1
CASH03	1001	WELLS FARGO - PAYROLL ZBA		07/01/2025	0.00	0.00	0.00			0.000	1
CASH39	9000	WELLS FARGO - 2022A BOND		07/01/2025	0.00	0.00	0.00			0.000	1
Money Market											
CASH04	1002	WELLS FARGO - OPER/SWEEP			33,616,836.73	33,616,836.73	33,616,836.73	3.510		3.510	1
		Average Balance	0.00								1
Total Cash and Investments			358,215,183.73		369,049,737.20	366,158,947.00	366,236,564.48			3.705	467

June 17, 2026

Attention: Administration and Finance Committee

Resolution approving side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period July 1, 2023, through June 30, 2026.

Staff recommendation

Adopt Resolution No. 2026-07, a resolution approving the side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period from July 1, 2023, through June 30, 2026.

Alternative

Do not approve the recommended resolution.

Fiscal Impact:

There is no fiscal impact.

Executive Summary

- All items of special compensation reported to California Public Employees Retirement System (CalPERS) must be in compliance with California Code of Regulations Title 2, Section 571.
- As statutorily required, the Water Authority reports the value of uniforms provided to Classic employees to CalPERS as special compensation.
- The Water Authority was notified by CalPERS that it is not in compliance with 2 CCR 571 as the value of uniforms reported is missing the conditions of payment in the Memorandum of Understanding.
- Staff recommend adopting the side letter agreement to come into compliance with CalPERS regulation/law.

Background

In December 2025, the Water Authority was notified by the California Public Employees Retirement System (CalPERS) that Article 12.1 of the consolidated Memorandum of Understanding for the period from July 1, 2023 through June 30, 2026 with the Teamsters 986 union was not in compliance with California Code of Regulations 571(b)(1)(B) which stipulates that all items of special compensation reported to CalPERS must be contained in a written labor agreement that indicates the conditions for payment of the item of special compensation, including, but not limited to, eligibility for, and amount of, the special compensation.

Article 12.1 of the consolidated Memorandum of Understanding for the period from July 1, 2023 through June 30, 2026 with the Teamsters 986 union pertains to uniforms and pant allowances provided to eligible represented employees. In addition to the \$200 pant allowance and up to \$150 field clothing allowance provided to eligible employees, the value of uniforms provided to eligible employees is also statutorily reportable to CalPERS. The value of uniforms is missing from Article 12.1, and therefore not in compliance with CalPERS.

A side letter agreement is an agreement between an employer and the union that typically modifies, clarifies or interprets an existing provision in the MOU or addresses issues of interest to the parties that are not otherwise covered in the MOU.

Discussion

Human Resources recommend adopting the side letter agreement to come into compliance with CalPERS for reporting uniform allowance for Classic employees. Specifically, the side letter agreement clearly outlines that the value of the uniforms will be reported to CalPERS on the last pay period of the fiscal year, not to exceed \$800 per fiscal year.

Prepared by: Cristina Lever-Santos, Principal Human Resources Analyst

Reviewed by: Catherine Love, Director of Human Resources

Approved by: Jaymie Bradford, Assistant General Manager

Attachments:

Resolution 2026-07- A resolution approving the side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period from July 1, 2023, through June 30, 2026.

Attachment 1 – Side Letter Agreement between the San Diego County Water Authority and Teamsters 986 Regarding Uniform Allowance.

RESOLUTION NO. 2026-07

A RESOLUTION APPROVING THE SIDE LETTER AGREEMENT BETWEEN THE WATER AUTHORITY AND TEAMSTERS 986 AMENDING LANGUAGE IN ARTICLE 12.1 OF THE CONSOLIDATED MEMORANDUM OF UNDERSTANDING WITH REPRESENTED EMPLOYEES FOR THE PERIOD JULY 1, 2023, THROUGH JUNE 30, 2026.

WHEREAS, the Board of Directors previously adopted Resolution 2023-22 to approve amendments to and extension of the consolidated Memorandum of Understanding with Teamsters 911 for the period from July 1, 2023 through June 30, 2026; and

WHEREAS, the merger between Teamsters 911 and 986 was effective June 1, 2025, and 986 is the successor entity and all rights and obligations under the contract remain the same; and

WHEREAS, the Water Authority was notified by the California Public Employees Retirement System of non-compliance with CCR title 2 section 571 for reporting the value of uniforms for represented employees ; and

WHEREAS, adopting the side letter agreement in accordance with CCR Title 2 Section 571 would bring this item into compliance.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following: Adopts the side letter agreement amending language in Article 12.1 of the consolidated memorandum of understanding for the period July 1, 2023 through June 30, 2026.

PASSED, APPROVED, and ADOPTED this 25th day of June 2026 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Cole-Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026- 07 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Cole-Walker, Clerk of the Board

**SIDE LETTER AGREEMENT BETWEEN THE SAN DIEGO COUNTY WATER AUTHORITY AND TEAMSTERS
LOCAL 986 REGARDING UNIFORM ALLOWANCE**

The San Diego County Water Authority (“Authority”) and Teamsters Local 986 (“Union”), jointly referred to as “parties”, enter into this Side Letter Agreement. It is agreed that parties intend for this Side Letter Agreement to be incorporated into the body of a successor Memorandum of Understanding (MOU) when agreement is reached on such successor MOU. This Side Letter Agreement amends and replaces Article 12.1, Uniforms and/or Uniform Pant Allowance, of the current MOU covering the period July 1, 2023 through June 30, 2026.

12.1 Uniforms and/or Uniform Pant Allowance

Uniform allowance as defined by CalPERS is a form of special compensation for classic CalPERS members for CalPERS purposes only. As such, any uniform allowance or the value of uniforms provided by the Authority will be reported to CalPERS. Pursuant to subdivision (c)(7) of Cal. Gov. Code section 7522.34, all employer-provided allowances, reimbursements, or payments made for uniforms are not reportable for new members under the California Public Employees’ Pension Reform Act (PEPRA).

All field staff in the Operations and Maintenance Department and Right of Way Group assigned to receive a Uniform Allowance (classifications listed in Appendix B) shall be required to take a uniform allowance or wear uniforms provided by the Water Authority. In either instance (allowance or use of uniforms provided by the Water Authority), the wearing of uniforms is required. The Water Authority will provide and maintain work uniforms for eligible employees who opt to be provided uniforms. However, no later than March 31st of each year, eligible employees must notify their supervisor whether or not they will exercise their option to be provided the uniform. Only those employees opting to be provided the uniform will be eligible to receive the uniform and/or pant allowance described below. Those employees opting to be provided the uniform must be in uniform while on duty.

Uniforms as provided by the Water Authority consist of shirts, t-shirts, pants (that extend from the waist to the ankles), and overalls. Employees have the option of choosing blue, tan, or orange as t-shirt uniform option. For fiscal year 2024, the union has agreed to distribution of t-shirts in navy only, in lieu of offering the colors defined above (MOU Article 12.1), due to supply chain and quality issues to meet OSHA requirements. The initial fiscal year 2024 distribution of t-shirts will be Carhartt brand, if available. Both parties understand that the current remaining fiscal year 2024 inventory may include additional colors, and that this stock will be used for replacement shirts until it has been depleted. Except for the t-shirts, uniforms provided by the Water Authority shall be laundered by the Water Authority.

Classifications listed in Appendix B in the Right of Way Group shall be required to wear Water Authority collared shirts (polo shirts) as part of their uniform standards.

For eligible employees who elect to be provided uniforms, the value of the uniforms will be reported to CalPERS as special compensation on the last pay period of the fiscal year, not to exceed \$800 per fiscal year.

12.1.1 Pant Allowance: The Water Authority offers the option annually on/or before July 1 of each year for employees listed in Appendix B to wear pants as provided by the uniform company or to purchase and wear their own pants.

For eligible employees who elect to wear their own pants, the Water Authority will provide an annual pant allowance of \$200.00 effective July 1 of each year. The allowance is taxable income and will be reported on each employee's W-2. Employees hired after July 1 of any year, who elect to receive the pant allowance, will be eligible to receive a prorated amount of \$50 per quarter based upon the quarters remaining in the fiscal year. For example, an employee hired in February, would be eligible for allowance of \$50 for the third quarter (January through March) and the fourth quarter (April through June) of the remaining fiscal year for a total reimbursement of \$100. Any employee on the payroll effective July 1 or hired within the first quarter (July through September), will be eligible for the pant allowance of up to \$200.00.

It is understood by all parties to this Agreement, that if the pant allowance is selected, the employee is responsible to ensure the pants are in good condition and presentable as part of a Water Authority uniform.

Employees in the job classifications listed in Appendix "B" are eligible for uniforms and/or pants allowance.

Requests to include other classifications or new classifications must be made in writing, approved by the respective Department Head and forwarded to the Human Resources Department for review and processing.

12.1.2 Field Clothing Allowance: For those bargaining unit members not subject to the uniform and/or uniform pant allowance, and whose partial job requirements require the employee to periodically work in conditions that warrant protection to personal clothing, the employees shall be provided a field clothing allowance on a pro-rated basis not to exceed one hundred fifty dollars (\$150.00) per year.

FOR THE UNION

FOR THE WATER AUTHORITY

June 17, 2026

Attention: Administrative and Finance Committee

Adopt the Water Authority's Rates and Charges for Calendar Year (CY) 2027. (Action)

Purpose

To establish rates and charges sufficient to meet the Water Authority's revenue requirements in conformance with state law and board policies.

Staff Recommendations:

- a. Conduct the Public Hearing; and
- b. Approve Staff's Recommendation of a three percent effective rate increase for CY 2027; and
- c. Adopt Ordinance No. 2026-01 an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services (Attachment 1); and
- d. Adopt Ordinance No. 2026-02 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the Permanent Special Agricultural Water Rate Program (Attachment 2); and
- e. Adopt Ordinance No. 2026-03 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act (Attachment 3); and
- f. Adopt Resolution No. 2026-06 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge (Attachment 4); and
- g. Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption.

Fiscal Impact

The proposed water rates and charges, in combination with use of reserves, existing taxes, the System Capacity Charge, the Water Treatment Capacity Charge, the Infrastructure Access Charge (IAC), investment income, the Standby Availability Charge, and the Supply Reliability Charge (SRC), are expected to raise revenues sufficient to meet the Water Authority's revenue requirements, bond covenants, and other key fiscal policy goals.

Executive Summary

- Based on an annual rate setting process, a CY 2027 3% rate adjustment is necessary.
- The CY 2027 rates and charges include the final phase-in for the Transportation Fixed Charges and updated PSAWR methodology to include non-rate revenue.
- Carollo Engineers performed an update to the Water Authority's System Capacity and Treatment Capacity Charges that align with current costs. (Attachment 6)

Background

Over the past six months, staff have provided the Board with monthly updates on the Water Authority's financials and water sales performance, including the progress on the development of the CY 2027 rates and charges. During this time, staff have refined assumptions, verified every number and included Board direction. While the Water Authority's financials have improved since last year at this time, the Water Authority still faces increases with inflationary and MWD costs.

Discussion

Staff developed recommended water rates and charges for calendar year 2027 for the Board of Directors' consideration. Water rates and charges include both variable and fixed rate components. Variable rates include Melded M&I Supply, Agriculture Supply, Melded Treatment, and Transportation, while the fixed charges include Customer Service, Storage, Supply Reliability, and Transportation. Pass through rates from Metropolitan Water District of Southern California (MWD) and one-time development-based capacity fees have been analyzed and updated.

Capital Improvement Program (CIP)

At its July 17, 2024, meeting, the Board opted for a shift from a low-risk CIP to a moderate-risk CIP. This action reduced the number of projects planned for the near term and lowered the associated capital funding requirements. The transition to a moderate-risk CIP has since allowed the Water Authority to refine its rates and charges, as well as its future debt issuance strategy to align with the revised CIP scope approved by the Board.

During the May 28, 2026 meeting, members of the Board indicated an interest in reviewing forecasted rates and charges for CY 2027 based on a return to low-risk CIP. In response, staff performed a quick, initial evaluation of the impacts and timing associated with transitioning back to a low-risk program. Based on this preliminary review, staff determined that such a transition would not result in changes to the recommended CY 2027 rates and charges, nor an increase to appropriations to the FY 2026 and 2027 budget; however, additional analysis will be required to provide the Board with a comprehensive understanding of the associated needs and implications.

At this time, the Water Authority does not have "shovel-ready" projects that could be incorporated into a low-risk CIP, nor does it currently have the staffing capacity to implement a program at that level. Given these conditions, staff will provide options to the Board during the next appropriate policy discussion, which may include the 2026 Long-Range Financing Plan Addendum and the Five-Year Financial Forecast. Any required appropriations would then be included in the Fiscal Years 2028 and 2029 Budget.

Debt Management Strategy

Given the Water Authority's nearly \$2 billion in outstanding debt, members of the Board have regularly expressed their concerns about the Authority's leverage (debt outstanding) and the need to deleverage in light of pending member agency local supply projects. While many comments have been expressed during the A&F Committee, the Board has also provided policy direction on more proactive actions.

- In December 2023, the Member Agency Rate Workgroup provided the Water Authority with seven items for consideration to implement phase 2 and 3 of the transportation fixed charge including, pay off existing debt (Attachment 7). On February 27, 2025, the Board formally incorporated these additional considerations as part of the CY 2026 Interim Rate Redesign Recommendation.
- During the June 26, 2025, Board of Director's meeting, staff were directed to deleverage and pay down the Commercial Paper Program with FY 2025 year-end savings. A total of \$17 million was utilized to reduce the total amount of the Commercial Paper Program from \$245 million to \$228 million.
- On January 22, 2026, the Board adopted a comprehensive Debt Management Strategy for the Water Authority's debt portfolio as part of the 2026 Long-Range Financing Plan.

To remain aligned with the Board's direction, several key debt management actions are planned for Fall 2026. These actions include issuing up to \$285 million in Water Revenue Bonds, restructuring up to \$98 million of the Commercial Paper Program, and refunding the Series 2015A and Series 2016B Water Revenue Refunding Bonds.

During the development of the CY 2027 rates and charges, staff developed a path to achieve meaningful debt reduction over the next few years while continuing to forecast smooth and predictable rates in line with inflation (roughly 3% per year). Staff, along with our financial advisors, are weighing options on which bonds are most advantageous to pay down in the near term based on multiple factors, such as maturity dates and market conditions, for the greatest overall savings over the near- and long-term. If the Board prefers to defer those savings for lower immediate rates (and subsequently higher future rates), staff could reduce the CY 2027 revenue requirement and reduce the rates for the single year, based on Board direction. By reducing the revenues, but not costs, the Water Authority 1) would be unable to reduce the current debt, including any pay downs, and 2) would require larger rate increases in subsequent years, offsetting any near-term savings.

Staff developed the current recommendation to serve the Board, member agencies, and ultimately the ratepayers by avoiding future rate spikes and provide the best opportunity to effectively pay down outstanding debt with the greatest ratepayer savings.

Setting Water Rates and Charges

The Water Authority annually undertakes the following cost of service analysis to determine water rates and charges.

- Step 1. Establish the revenue requirement—determine the total amount of revenue needed to recover the Water Authority's annual operating (operations and maintenance of facilities, cost of water, treatment costs, etc.) and capital expenditures (cash and short and long-term debt).

- Step 2. Allocate the revenue requirement and offsetting non-commodity revenues (i.e. investment income, property tax, IAC, etc.) to rate categories (Melded M&I Supply, Agriculture Supply, Melded Treatment, Transportation, Storage, Customer Service Transportation Fixed and SRC) to determine the net revenue requirement for each rate category.
- Step 3. Determine rates and charges based upon the net revenue requirements, water sales projections and other key financial management metrics (i.e. senior lien debt service coverage, fund deposits and withdrawals).
- Step 4. Allocate fixed charges (Storage, Customer Service, Transportation and SRC) to member agencies based on specified allocation methodologies.

The rates are set and designed to fully recover the Authority's costs. The Water Authority has no shareholders or private interests and must set rates at the "cost of service."

As directed by the Board, the Water Authority's CY 2027 rate setting process was evaluated by an independent 3rd party consultant. As in years past, Carollo Engineers provided the independent review and validation of the Water Authority's rates and charges. The 3rd party review ensures that rates are developed consistently, within the Board's defined policies, industry standards, and applicable legal standards. A copy of the Carollo CY 2027 Cost of Service Study is provided as Attachment 5.

Description of Recommended Rates and Charges

The primary factors influencing the CY 2027 rates affect each rate component differently. The M&I supply rate is projected to remain unchanged from the prior year, largely due to the financial benefits associated with the third-party water agreements. In contrast, the Melded Treatment Rate is expected to increase by 15.1 percent, reflecting higher treatment-related operating costs along with MWDs increase to its treatment costs. Transportation's revenue requirement increases due to continued pipeline repair and replacement. Consistent with the Board-approved phase-in, 60 percent of the Transportation revenue requirement will be recovered through the fixed charge, with the remaining 40 percent allocated to the volumetric rate. Transportation's total revenue requirement increase is 9.6 percent. The untreated PSAWR volumetric rate will remain unchanged as costs are offset by the allocation of \$3.45 million in non-rate revenues to support the program. PSAWR participants purchasing treated water will incur the same Melded Treatment Rate as detailed above.

Customer service increases by 4.6 percent given higher revenue requirements associated with the annual debt service associated with the CIP. Storage increases by 3.5 percent with the continued and forecasted debt activities. Supply reliability increases modestly by 2.8 percent, consistent with the Board adopted rate differential formula. Finally, the IAC increases by 7 percent based on projected increases in debt service obligations, especially related to proactive, discretionary pay down of short-term liabilities.

The Water Authority passes through charges from MWD. The MWD charges are the Readiness-to-Serve (RTS), Capacity Reservation Charge, and the three new Treatment Capacity Charges (Peaking, Used Standby, and Remaining Standby) to be implemented in CY 2027. Despite a 27.1 percent increase to the MWD RTS rate, the Water Authority's allocation of this rate increases by only 5 percent based on our decreasing reliance on MWD (RTS is apportioned on a 10-year rolling usage basis). Additionally, despite a 20.7 percent increase in capacity charges, the Water Authority's allocation decreases by 17 percent.

Description of the Rates and Charges Recommendation:

A summary of recommended rates and charges are below.

<i>Summary of Recommended CY 2027 Water Authority Rates and Charges</i>			
Water Authority Rates and Charges	CY26 Adopted	CY27 Recommendation	% Δ
Melded Supply Rate, Untreated (\$/AF)	\$1,490	\$1,490	0.0%
Agricultural Supply Rate (PSAWR), Untreated (\$/AF)	\$984	\$984	0.0%
Melded Treatment Rate (\$/AF)	\$530	\$610	15.1%
Transportation Rate (\$/AF)	\$128	\$113	-11.7%
Transportation Fixed Charge	\$41,500,000	\$54,600,000	31.6%
Infrastructure Access Charge ²	\$4.55/ME	\$4.87/ME	7.0%
Storage Charge ³	\$72,000,000	\$74,500,000	3.5%
Customer Service Charge	\$32,500,000	\$34,000,000	4.6%
Supply Reliability Charge	\$49,900,000	\$51,320,000	2.8%
Standby Availability Charge per parcel or acre, whichever is greater ¹	\$10	\$10	0.0%
Annexation Application Fee (Per Application)	\$11,805	\$11,910	0.9%
¹ Fiscal Year Charge ² ME (meter equivalent) as defined in the resolution establishing the IAC ³ PSAWR use apportioned partial Storage Charge based on Operational Capacity			

<i>Summary of Water Authority Pass Through Rates and Charges</i>		
MWD Rates and Charges	CY 2026	CY 2027
MWD Capacity Charge	\$12,201,750	\$10,097,500
Readiness-to-Serve Charge ¹	\$10,486,452	\$11,022,654
¹ Fiscal Year Charge. Net of Stand-by-Charge and Administrative Fee		

<i>Summary of Recommended Water Authority Capacity Charges</i>			
Water Authority Capacity Charges	CY26 Adopted	CY27 Recommendation	\$ Δ
System Capacity Charge ¹	\$6,501/ME	\$5,373/ME	-\$1,128
Treatment Capacity Charge ¹	\$182/ME	\$244/ME	\$62
¹ ME (meter equivalent) as defined in the resolution establishing the IAC			

Water Authority recommended rates and charges effective July 1, 2026:

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 continues at the \$10 maximum for fiscal year 2026-2027. The recommended Standby Availability Charge rate would be effective July 1, 2026.

Water Authority rates and charges effective on January 1, 2027:

Melded Untreated Supply Rate. The Melded Untreated Supply Rate (Melded Supply Rate) will be set to recover the costs of purchasing water from MWD, water purchases from IID, payments in connection with the All-American and Coachella Canal lining projects, payments to MWD under the 2003 Exchange Agreement for conveyance of IID and Canal Lining water, desalinated water and the portion of the Water Authority's revenue requirement allocated to the supply rate. The revenue requirement may include other costs specifically associated with the acquisition of the IID supply source, cost recovery for supply costs previously incurred but not charged, reserve withdrawals/deposits and coverage requirements. The following table shows the calculation of the Melded Supply Rate reflected in the CY 2027 Cost of Service Report.

Untreated M&I Melded Supply Rate Calculation

	<u>CY 2027</u>
Acre-Foot Sales (000's)	
MWD Deliveries for M&I (Including PSAWR)	7.42
Carlsbad Desalination Water Production	42.00
IID Deliveries	200.00
Canal Water Deliveries	77.70
Operational Storage	13.43
3 rd Party Water Sales	(17.20)
Total Supplies (M&I + PSAWR) A/F Sales	323.35
 Water Purchase Cost (in Millions)	
MWD Supply Rate Purchases M&I (Excludes PSAWR)	\$7.65
Carlsbad Desalination Water Supply Costs	\$146.71
IID Water Purchases	\$307.80
Canal Water Purchases	\$ 54.17
Less PSAWR Expenditures	(\$10.82)
Less 3 rd Party Water Sales	(\$23.41)
Subtotal Water Purchases	\$482.09
 Additional Costs (in Millions)	
Supply Revenue Requirement	\$22.68
Subtotal Additional Costs	\$22.68

Offsetting Revenues (in Millions)

Supply Reliability Credit	(\$51.32)
Cash and Reserves	\$11.96
Total Net Supply Costs	\$465.40
<i>M&I Forecasted AF</i>	312,350
A/F RATE (Total Net Supply Cost /Total AF Sales)	\$1,490/AF

Agricultural Supply Rate. For PSAWR participants, the untreated Agricultural Supply Rate will be set by a weighted melded rate of MWD and Quantification Settlement Agreement (QSA) water supplies. Additionally, supplemental funding through a direct allocation of existing property tax revenues will be utilized in the amount of \$3.45 million. The untreated Agricultural Supply Rate will remain at its current level of \$984 per acre-foot in CY 2027. If applicable, the Melded Treatment Rate will apply to PSAWR participants purchasing treated water.

Melded Treatment Rate. The Melded Treatment Rate will be set to recover the costs of treating water for the Water Authority and may include costs of purchasing treated water from MWD, the Levy treatment plant, the Water Authority's Twin Oaks Valley Water Treatment Plant, desalinated water costs allocated to this rate and may recover certain other costs associated with the delivery of treated water. The Melded Treatment Rate will also incorporate MWD's three new fixed treated-water charges (Treatment Peaking Capacity Charge, Treatment Used Standby Capacity Charge, and Treatment Remaining Standby Capacity Charge) For CY 2027, the Melded Treatment Rate will increase from its current level of \$530 per acre-foot to \$610 per acre-foot. The table below shows the calculation of the Melded Treatment Rate as reflected in the Cost-of-Service Report.

Melded Treatment Rate Calculation

	<u>CY 2027</u>
Treatment Demands (AF 000's)*	
MWD	53.51
Carlsbad Desalination Production	42.00
CWA (Twin Oaks)	21.32
Helix	17.46
TOTAL DEMANDS	134.29
Treatment Costs (\$ Millions)	
MWD Volumetric	\$20.87
MWD Fixed Treatment Charges	\$10.46
Desalination Water	\$25.62
Treatment Revenue Requirement	\$13.85
CWA Contract Treatment Cost	\$12.36
Helix	\$ 7.46
TREATMENT COSTS	\$90.63
Cash and Reserves	(\$8.71)
TOTAL REVENUE REQUIREMENT	\$81.92
<i>Treated Forecast (AF)</i>	134,290
AF RATE (Total Treatment Costs/Total A/F Sales)	\$610/AF
* Includes treated water deliveries intended for agriculture	

Transportation Rate. The Transportation rate is set to recover capital, operating, and maintenance costs of Water Authority-owned water delivery facilities, including facilities used to physically transport the water to member agency meters. In February 2024, the Board adopted a change to the Transportation rate by allocating a portion of the revenue requirements to be recovered through a volumetric charge and a fixed charge. For CY 2027, the fixed charge is set to recover 60-percent of the Transportation revenue requirements with the remaining 40-percent to be recovered using an uninformed volumetric rate per acre-foot. The total revenue requirement for Transportation is \$91.00M, with a recommended volumetric rate of \$113 per acre-foot. The fixed component of \$54.60M will be recovered from the member agencies based on their proportionate share of a seven-year rolling average in demands.

Transportation Variable and Fixed Calculation

	<u>CY 2027</u>
Capital Expenditures (LTD and STD)	\$114.08
Equipment Purchase	\$ 1.04
O&M + Share of Agency Operating Expenditures	\$28.20
Additional Expenses	\$ 3.12
GROSS REVENUE REQUIREMENT	\$146.44
Offsetting Capital Revenues	(\$11.45)
Offsetting Operating Revenues	(\$38.24)
REVENUE REQUIREMENT BEFORE COVERAGE	\$96.75
Coverage + Reserves	(\$5.75)
TOTAL REVENUE REQUIREMENT	\$91.00
FIXED COMPONENT (60%)	\$54.60
VARIABLE COMPONENT (40%)	\$36.40
<i>AF Deliveries Subject to Transportation Rate (AF)</i>	323,350
Recommended Transportation Variable Rate	\$113.00/AF

Infrastructure Access Charge. The infrastructure access charge (IAC) is imposed on member agencies as a condition of maintaining connections to Water Authority facilities. It is apportioned based on water meters within each member agency. For CY 2027, the Infrastructure Access Charge revenue requirement will increase from \$4.55/ME to \$4.87/ME. A full table detailing the IAC calculation can be found on page 18 of the CY 2027 Cost-of-Service Report.

Customer Service Charge. The Customer Service Charge is set to recover costs that are necessary to support the functioning of the Water Authority. The Customer Service Charge will be allocated among the member agencies based on each agency's seven-year rolling average of member agency supply purchases from the Water Authority. For CY 2027, the Customer Service Charge will increase from \$32.5M to \$34.0M. A full table detailing the Customer Service calculation can be found on page 29 in the CY 2027 Cost-of-Service Report.

Storage Charge. The Storage Charge is set to recover costs associated with the Authority's various storage limits – Operational, Carryover, and Emergency Storage. Internally, the Storage Charge is split into two categories: (1) Operational and (2) Carryover and Emergency. As PSAWR participants receive the benefit of operational storage, both M&I and PSAWR deliveries will serve as the basis for the Operational category (or 59 percent of the Storage Charge). As PSAWR participants do not receive benefits from the carryover or emergency storage capacities, only M&I deliveries will be apportioned costs related to the second category (or remaining 41 percent of the Storage revenue requirement).

PSAWR data from Fiscal Years 2024 and 2025 have been incorporated into the operational storage allocation basis. The implementation of PSAWR participants to pay their proportional costs with operational storage began with the CY 2026 rates and charges, which included the forward gradual transition with year one of PSAWR demand from FY 2024, increasing by one additional year annually thereafter. For CY 2027, the total Storage Charge will increase \$72.0M to \$74.5M. A full table detailing the Storage Charge calculation can be found on page 30 of the Cost-of-Service Report.

Supply Reliability Charge. The Supply Reliability Charge (SRC) is a fixed charge established in 2016 to recover a portion of the costs associated with the Water Authority's highly reliable water supplies, which includes desalinated and IID transfer waters. The charge is allocated to member agencies based upon their pro rata share of the Water Authority's seven-year rolling M&I deliveries. The CY 2027 SRC will increase from its current level of \$49.90M to \$51.32M. A full table detailing the SRC calculation can be found on page 31 of the CY 2027 Cost of Service Report.

Water Authority Capacity Charges. Capacity charges are one-time fees charged to new system connections. The fee is set to recover the proportionate cost necessary to serve that connection. Based on the completion of the 2024 Facilities Master Plan in April 2025, and the Board-directed adjustment of the CIP from a low-risk to a moderate-risk plan, the Water Authority engaged its rate consultant to perform a comprehensive evaluation of capacity charges. The consultant's analysis considered several factors, including the Water Authority's substantial debt reduction, system assets depreciation, and a long-term decline in future CIP needs as priorities shift from new infrastructure to maintaining existing assets. With these considerations and several others, the consultant recommended an adjustment to the fees. The CY 2027 Capacity Charge Study is included as Attachment 6.

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 CY 2027 System Capacity Charge will decrease from its current charge of \$6,501 for each new meter equivalent (ME) to \$5,373/ME beginning January 1, 2027.

Water Treatment Capacity Charge. This charge recovers a portion of the regional water treatment facility to be collected from all future users of the facility. In keeping with the Water Authority's policy of exempting agencies that cannot benefit from a service, the Water Treatment Capacity Charge excludes customers from the City of Del

Mar, City of Escondido, and City of Poway. The CY 2027 Treatment Capacity Charge will increase from its current charge of \$182/ME to \$244/ME beginning January 1, 2027.

The table below presents a summary of the CY 2027 Capacity Charge schedule that will be effective January 1, 2027.

CY 2027 Water Authority Capacity Charges			
Meter Size (Inches)	Factor	System Capacity Charge	Water Treatment Capacity Charge
Under 1"	1	\$5,373	\$244
1"	1.6	\$8,597	\$390
1.5"	3	\$16,119	\$732
2"	5.2	\$27,940	\$1,269
3"	9.6	\$51,581	\$2,342
4"	16.4	\$88,117	\$4,002
6"	30	\$161,190	\$7,320
8"	52	\$279,396	\$12,688
10"	78	\$419,094	\$19,032
12"	132	\$709,236	\$32,208

The following MWD rates and charges are effective January 1, 2027, and are passed on directly and allocated to the Water Authority's member agencies in a similar and proportional manner as MWD applies to the Water Authority.

MWD Capacity Charge. For CY 2027, the Capacity Charge is \$17,500 per cubic foot second (cfs) of maximum daily flow requested by a MWD member agency. This represents an increase of \$3,000 cfs from the 2026 rate of \$14,500 per cfs. The Capacity Charge is a fixed charge levied on an agency's maximum daily flows over the three previous fiscal years. It recovers the cost of providing peak capacity within the distribution system and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. Daily flow measured between May 1 and September 30 for purposes of billing the Capacity Charge will include deliveries (except long-term seasonal storage deliveries) made by MWD to a member agency or member agency customer including water transfers, exchanges, and agricultural deliveries. As part of a separate surface storage operating agreement to manage seasonal peaking, the Authority is expected to reserve its full available capacity. The Capacity Charge will be set at \$10,097,500. The Authority's Board has directed that the Capacity Charge will be recovered proportionally based on a five-year rolling average of member agency flows during coincident peak weeks.

The following MWD rates and charges are effective July 1, 2026, and are passed on directly and allocated to the Water Authority's member agencies in a similar and proportional manner as MWD applies to the Water Authority:

Readiness-to-Serve Charge. MWD's Readiness-to-Serve Charge differs from the other MWD charges in that it is set on a Fiscal Year basis. The total Readiness-to-Serve Charge will increase

from its current level of \$188 million to \$239 million in Calendar Year 2027. The Authority's share is set at \$22,956,107 for Fiscal Year 2026-2027. After credits from the MWD Standby Charge, uncollectible charges, and administrative costs, the net Water Authority share is \$11,022,654. MWD's Readiness-to-Serve Charge will recover costs associated with standby and peak conveyance capacity and system emergency storage capacity. The Readiness-to-Serve Charge will be allocated among MWD member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity). This allocation will be revised each year. Revenues equal to the amount of MWD Standby Charges will continue to be credited against the member agency's Readiness-to-Serve Charge obligation unless a change is requested by the member agency. The Board has directed that the Authority's Readiness-to-Serve Charge will be passed through proportionally to member agencies based on each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity).

Prepared by: Jessica Parks, Financial Resources Analyst
Reviewed by: Pierce Rossum, Financial Planning Manager
Lisa Marie Harris, Director of Finance/Treasurer
Approved by: Tish Berge, Deputy General Manager/Chief Operating Officer

Attachments:

Attachment 1 - Ordinance No. 2026-01 an Ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services;

Attachment 2 – Ordinance No. 2026-02 an Ordinance of the Board of Directors amending and restating the Permanent Special Agricultural Water Rate program

Attachment 3 – Ordinance No. 2026-03 an Ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the system capacity and water treatment capacity charges imposed by the Water Authority pursuant to section 5.9 of the County Water Authority Act

Attachment 4 – Resolution No. 2026-06 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge.

Attachment 5 – Carollo's Cost of Service Study for Calendar Year 2027 Rates and Charges

Attachment 6 - Carollo's 2027 Capacity Charge Study

Attachment 7 – MAWR Workgroup Agency's Alternative Proposal and Items for Consideration

ORDINANCE NO. 2026-01

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

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

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

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

WHEREAS, the 2026 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 the 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 26, 2025, adopted Ordinance No. 2025-01 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 a report dated June 17, 2026, to the Administrative and Finance Committee (the “Report”); and

WHEREAS, on June 25, 2026, 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 Calendar Year 2027 Cost of Service Study performed by Carollo, 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 Report 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. 2026-02; 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, 2027, the amount of the Infrastructure Access Charge to be paid monthly by each member agency of the Authority shall be \$4.87 per equivalent meter within the territory of the member agency and determined according to Table 1 below.

Table 1 - 2027 Infrastructure Access Charge Allocation				
Member Agency	IAC Equivalent Meters (ME) as of 12/31/25¹	Monthly Rate (\$/ME)	CY 27 Annual Charge	Monthly Charge
Carlsbad M.W.D.	35,971	\$ 4.87	\$2,102,148	\$175,179
Del Mar, City of	2,508	4.87	\$146,568	\$12,214
Escondido, City of	36,065	4.87	\$2,107,644	\$175,637
Helix W.D.	65,258	4.87	\$3,813,660	\$317,805
Lakeside W.D.	8,371	4.87	\$489,204	\$40,767
Oceanside, City of	59,413	4.87	\$3,472,104	\$289,342
Olivenhain M.W.D.	28,428	4.87	\$1,661,340	\$138,445
Otay W.D.	60,769	4.87	\$3,551,352	\$295,946
Padre Dam M.W.D.	27,865	4.87	\$1,628,436	\$135,703
Pendleton Military Reservation	-	4.87	\$0	\$0
Poway, City of	17,575	4.87	\$1,027,092	\$85,591
Ramona M.W.D.	10,132	4.87	\$592,116	\$49,343
Rincon Del Diablo M.W.D.	10,895	4.87	\$636,708	\$53,059
San Diego, City of	402,124	4.87	\$23,500,140	\$1,958,345
San Dieguito W.D.	15,445	4.87	\$902,616	\$75,218
Santa Fe I.D.	10,341	4.87	\$604,332	\$50,361
Sweetwater Authority	42,621	4.87	\$2,490,780	\$207,565
Vallecitos W.D.	28,522	4.87	\$1,666,836	\$138,903
Valley Center M.W.D.	15,487	4.87	\$905,064	\$75,422
Vista I.D.	35,910	4.87	\$2,098,584	\$174,882
<u>Yuima M.W.D.</u>	575	4.87	\$33,612	\$2,801
Totals	914,270		\$53,430,336	\$4,452,528
¹ Equivalent meters rounded to nearest whole meter; annual and monthly charges rounded to nearest dollar.				

4. Effective January 1, 2027, the Customer Service Charge is fixed at \$34,000,000. Commencing January 1, 2027, 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	7-Year Average Deliveries (AF)¹	CY27 Annual Charge	Monthly Charge
Carlsbad M.W.D.	11,993	\$1,166,997	\$97,250
Del Mar, City of	965	\$93,952	\$7,830
Escondido, City of	15,408	\$1,499,346	\$124,946
Helix W.D.	22,369	\$2,176,741	\$181,396
Lakeside W.D.	3,042	\$296,036	\$24,670
Oceanside, City of	20,159	\$1,961,658	\$163,472
Olivenhain M.W.D.	17,325	\$1,685,919	\$140,494
Otay W.D.	28,439	\$2,767,396	\$230,617
Padre Dam M.W.D.	9,596	\$933,823	\$77,819
Pendleton Military Reservation	43	\$4,158	\$347
Poway, City of	9,052	\$880,834	\$73,403
Ramona M.W.D.	4,330	\$421,365	\$35,114
Rincon Del Diablo M.W.D.	4,840	\$470,942	\$39,246
San Diego, City of	144,198	\$14,031,909	\$1,169,326
San Dieguito W.D.	3,842	\$373,888	\$31,158
Santa Fe I.D.	6,921	\$673,439	\$56,120
Sweetwater Authority	3,041	\$295,947	\$24,663
Vallecitos W.D.	10,966	\$1,067,072	\$88,923
Valley Center M.W.D.	15,745	\$1,532,118	\$127,677
Vista I.D.	12,468	\$1,213,311	\$101,110
Yuima M.W.D.	4,532	\$440,970	\$36,748
<u>Contract Water</u>	<u>125</u>	<u>\$12,180</u>	<u>\$1,016</u>
Totals	349,398	\$34,000,000	\$2,833,345
¹ Seven-year rolling average of M&I and PSAWR deliveries (excludes wheeled water) based on FY19-FY25 period. Rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.			

5. Effective January 1, 2027, the Storage Charge is fixed at \$74,500,000. Commencing January 1, 2027, the amount of the monthly Storage Charge to be paid by each member agency shall be determined according to Table 3 below.

Table 3 - 2027 Storage Charge Allocation						
Member Agency	ESP & CO 7-Year Avg Deliveries¹	Operational 7-Year Avg Deliveries²	ESP & CO Charge Component	Operational Charge Component	CY27 Annual Charge	Monthly Charge
Carlsbad M.W.D.	11,993	11,993	\$1,098,824	\$1,563,934	2,662,757	\$221,897
Del Mar, City of	965	965	\$88,463	\$125,908	\$214,371	\$17,865
Escondido, City of	14,053	14,303	\$1,287,655	\$1,865,179	\$3,152,834	\$262,737
Helix W.D.	22,369	22,369	\$2,049,582	\$2,917,128	\$4,966,710	\$413,893
Lakeside W.D.	3,042	3,042	\$278,742	\$396,728	\$675,471	\$56,290
Oceanside, City of	19,887	19,945	\$1,822,163	\$2,601,023	\$4,423,185	\$368,599
Olivenhain M.W.D.	17,209	17,245	\$1,576,819	\$2,248,955	\$3,825,775	\$318,815
Otay W.D.	28,439	28,439	\$2,605,731	\$3,708,685	\$6,314,416	\$526,202
Padre Dam M.W.D.	9,514	9,528	\$871,724	\$1,242,496	\$2,114,220	\$176,186
Pendleton Military	43	43	\$3,915	\$5,572	\$9,487	\$791
Poway, City of	9,027	9,033	\$827,109	\$1,177,938	\$2,005,047	\$167,088
Ramona M.W.D.	3,743	3,858	\$342,942	\$503,142	\$846,084	\$70,508
Rincon Del Diablo M.W.D.	4,840	4,840	\$443,430	\$631,126	\$1,074,556	\$89,547
San Diego, City of	144,150	144,150	\$13,207,865	\$18,798,490	\$32,006,355	\$2,667,197
San Dieguito W.D.	3,842	3,842	\$352,047	\$501,061	\$853,108	\$71,093
Santa Fe I.D.	6,899	6,914	\$632,088	\$901,685	\$1,533,773	\$127,815
Sweetwater Authority	3,041	3,041	\$278,659	\$396,609	\$675,268	\$56,273
Vallecitos W.D.	10,539	10,607	\$965,629	\$1,383,224	\$2,348,853	\$195,738
Valley Center M.W.D.	6,814	8,822	\$624,313	\$1,150,491	\$1,774,803	\$147,901
Vista I.D.	12,443	12,446	\$1,140,115	\$1,623,111	\$2,763,227	\$230,269
<u>Yuima M.W.D.</u>	<u>515</u>	<u>1,630</u>	<u>\$47,186</u>	<u>\$212,515</u>	<u>\$259,700</u>	<u>\$21,642</u>
Totals	333,367	337,055	\$30,545,000	\$43,955,000	\$74,500,000	\$6,208,346
¹ Seven-year rolling average of deliveries based on FY19-FY25 period with the exception to PSAWR customers.						
² Storage Charge will be allocated to PSAWR customers to cover a portion of the Operational Storage charge (59% of \$74.5M) based on a seven-year rolling average with FY 2024 being the first year PSAWR demand data is incorporated.						

6. Effective January 1, 2027, the Supply Reliability Charge is fixed at \$51,320,000. Commencing January 1, 2027, 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	7-Year Average Deliveries (AF)¹	CY27 Annual Charge	Monthly Charge
Carlsbad M.W.D.	11,993	\$1,845,489	\$153,791
Del Mar, City of	965	\$148,575	\$12,382
Escondido, City of	14,053	\$2,162,634	\$180,220
Helix W.D.	22,369	\$3,442,300	\$286,859
Lakeside W.D.	3,042	\$468,152	\$39,013
Oceanside, City of	19,887	\$3,060,347	\$255,029
Olivenhain M.W.D.	17,209	\$2,648,289	\$220,691
Otay W.D.	28,439	\$4,376,360	\$364,697
Padre Dam M.W.D.	9,514	\$1,464,072	\$122,007
Pendleton Military Reservation	43	\$6,575	\$548
Poway, City of	9,027	\$1,389,141	\$115,762
Ramona M.W.D.	3,743	\$575,975	\$47,998
Rincon Del Diablo M.W.D.	4,840	\$744,747	\$62,063
San Diego, City of	144,150	\$22,182,786	\$1,848,566
San Dieguito W.D.	3,842	\$591,267	\$49,273
Santa Fe I.D.	6,899	\$1,061,600	\$88,467
Sweetwater Authority	3,041	\$468,011	\$39,001
Vallecitos W.D.	10,539	\$1,621,786	\$135,149
Valley Center M.W.D.	6,814	\$1,048,541	\$87,379
Vista I.D.	12,443	\$1,914,839	\$159,570
Yuima M.W.D.	515	\$79,249	\$6,605
Contract Water - South Coast	125	\$19,262	\$1,606
Totals	333,492	\$51,320,000	\$4,276,676
¹ Seven-year rolling average of firm, non-agricultural MWD deliveries based on FY19-FY25 period. Rincon Indian Band transfers are excluded. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.			

7. Effective January 1, 2027, the Transportation Variable Rate is fixed at \$113 per acre-foot of water delivered by the Authority through Authority facilities. The Transportation Variable Rate is based on 40-percent of the total Transportation Revenue Requirement for Calendar Year 2027. 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. 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, 2027, the Transportation Fixed Charge is fixed at \$54,600,000 based on 60-percent of the total Transportation Revenue Requirement for Calendar Year 2027. Commencing January 1, 2027, the amount of the monthly Transportation Fixed Charge to be paid by each member agency shall be determined according to Table 5 below.

Table 5 - 2027 Transportation Fixed Allocation			
Member Agency	7-Year Average Deliveries (AF)¹	CY27 Annual Charge	Monthly Charge
Carlsbad M.W.D.	14,463	\$2,328,618	\$194,052
Del Mar, City of	965	\$155,449	\$12,955
Escondido, City of	9,049	\$1,456,880	\$121,407
Helix W.D.	22,369	\$3,601,558	\$300,130
Lakeside W.D.	3,042	\$489,811	\$40,818
Oceanside, City of	20,159	\$3,245,689	\$270,475
Olivenhain M.W.D.	17,325	\$2,789,462	\$232,456
Otay W.D.	28,439	\$4,578,833	\$381,570
Padre Dam M.W.D.	9,596	\$1,545,070	\$128,756
Pendleton Military Reservation	43	\$6,880	\$574
Poway, City of	9,052	\$1,457,396	\$121,450
Ramona M.W.D.	4,330	\$697,175	\$58,098
Rincon Del Diablo M.W.D.	4,840	\$779,203	\$64,934
San Diego, City of	144,198	\$23,216,692	\$1,934,725
San Dieguito W.D.	3,842	\$618,622	\$51,552
Santa Fe I.D.	6,921	\$1,114,248	\$92,854
Sweetwater Authority	3,041	\$489,663	\$40,806
Vallecitos W.D.	10,966	\$1,765,538	\$147,129
Valley Center M.W.D.	15,745	\$2,534,987	\$211,249
Vista I.D.	6,202	\$998,613	\$83,218
Yuima M.W.D.	<u>4,532</u>	<u>\$729,613</u>	<u>\$60,802</u>
Totals	339,117	\$54,600,000	\$4,550,010
¹ Seven-year rolling average of M&I and PSAWR (excludes SLR and wheeled water) based on FY19-FY25 period. Rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.			

9. Each member agency shall reimburse the Authority on a per-acre foot of water delivered basis. Effective January 1, 2027, the Melded Treatment Rate for municipal & industrial and PSAWR customers is fixed at \$610 per acre-foot.

10. Each member agency shall reimburse the Authority on a per-acre foot of water delivered basis. Effective January 1, 2027, the Melded Untreated Supply Rate (Melded Supply Rate) is \$1,490 per acre-foot to reflect the cost of the supply of untreated water to the Authority.

11. For rates, fees and charges from the Metropolitan Water District of Southern California (MWD):

(a) Effective January 1, 2027, each member agency shall pay to the Authority the MWD Capacity Charge as determined according to the method set forth in Table 6 below.

Table 6 - Calendar Year 2027 MWD Capacity Charge Allocation (Capacity Charge)

	Coincident Peak Week Deliveries (AF) ¹					5-year average share ²	CY2027 - Monthly	CY2027 - Annual
	08/09/21	09/05/22	07/31/23	07/29/24	07/15/25			
Carlsbad M.W.D.	227.5	285.2	336.7	376.4	289.8	2.98%	\$25,095	\$301,137
Del Mar, City of	30.0	26.2	23.5	30.7	37.6	0.29%	\$2,451	\$29,407
Escondido, City of	499.3	569.1	443.0	339.0	393.9	4.42%	\$37,160	\$445,918
Helix W.D.	589.3	736.8	184.3	696.5	651.1	5.62%	\$47,323	\$567,866
Lakeside	144.9	155.2	175.8	153.1	150.5	1.53%	\$12,908	\$154,889
Oceanside, City of	503.4	481.3	500.0	489.1	615.7	5.10%	\$42,876	\$514,504
Olivenhain	479.6	470.2	410.0	442.7	440.1	4.41%	\$37,133	\$445,586
Otay W.D.	898.9	1,034.9	965.3	963.7	831.9	9.24%	\$77,733	\$932,786
Padre Dam	380.7	394.6	441.0	400.8	395.7	3.96%	\$33,328	\$399,930
Pendleton Military Reserve	1.0	0.9	0.6	-	-	0.00%	\$42	\$497
Poway, City of	251.1	354.4	229.1	252.9	271.5	2.67%	\$22,503	\$270,029
Ramona M.W.D.	161.2	164.3	108.8	169.3	95.9	1.38%	\$11,582	\$138,974
Rincon Del Diablo	126.8	125.0	122.6	120.1	124.6	1.22%	\$10,251	\$123,009
San Diego, City of	4,222.1	5,002.4	3,674.2	4,091.8	3,578.2	40.47%	\$340,567	\$4,086,801
San Dieguito W.D.	131.3	139.1	92.7	97.9	120.0	1.14%	\$9,620	\$115,431
Santa Fe I.D.	255.7	262.5	181.1	197.9	234.9	2.23%	\$18,745	\$224,937
Sweetwater Authority	123.6	182.3	70.9	30.2	81.2	0.96%	\$8,083	\$96,996
Vallecitos W.D.	316.8	312.2	317.0	310.3	280.1	3.02%	\$25,439	\$305,268
Valley Center M.W.D.	487.2	583.7	450.3	432.3	371.5	4.57%	\$38,497	\$461,960
Vista I.D.	407.3	351.4	390.6	212.9	269.5	3.21%	\$27,017	\$324,202
Yuima M.W.D.	169.3	190.0	136.2	173.2	123.4	1.56%	\$13,116	\$157,384
Total MWD Capacity Charge	10,407.0	11,821.7	9,253.7	9,980.8	9,357.2	100%	\$841.469	\$10,097,511

¹Five-year rolling average of firm, non-agricultural MWD peak deliveries based on FY22-FY26 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Percentages shown are rounded. Totals may not foot.

(b) Effective July 1, 2026, each member agency shall pay to the Authority the MWD Readiness-to-Serve Charge as determined according to the method set forth in Table 7 below.

Table 7 - Fiscal Year 2027 MWD Readiness-to-Serve (RTS) Charges

	<i>10-yr avg deliveries (AF)¹</i>	<i>10-yr avg deliveries¹</i>	FY '27 RTS Net Charge	FY '27 - Monthly
Carlsbad M.W.D.	12,817	3.55%	\$410,667	\$34,223
Del Mar, City of	967	0.27%	\$36,860	\$3,072
Escondido, City of	16,109	4.46%	\$789,362	\$65,781
Helix W.D.	23,256	6.44%	\$694,788	\$57,899
Lakeside W.D. ²	2,910	0.81%	\$26,896	\$2,242
Oceanside, City of	20,455	5.66%	\$615,815	\$51,318
Olivenhain M.W.D.	17,419	4.82%	\$720,292	\$60,025
Otay W.D.	28,121	7.79%	\$843,175	\$70,265
Padre Dam M.W.D. ²	9,547	2.64%	\$84,155	\$7,013
Pendleton Military Reserve	50	0.01%	\$3,108	\$259
Poway, City of	9,025	2.50%	\$294,252	\$24,521
Ramona M.W.D.	4,530	1.25%	(\$89,260)	(\$7,438)
Rincon Del Diablo M.W.D.	4,905	1.36%	(\$4,610)	(\$384)
San Diego, City of	148,282	41.06%	\$4,982,341	\$415,196
San Dieguito W.D.	3,738	1.04%	\$67,647	\$5,638
Santa Fe I.D.	6,780	1.88%	\$279,700	\$23,309
Sweetwater Authority	4,958	1.37%	(\$111,143)	(\$9,261)
Vallecitos W.D.	12,032	3.33%	\$306,026	\$25,503
Valley Center M.W.D.	17,262	4.78%	\$456,269	\$38,023
Vista I.D.	13,251	3.67%	\$422,894	\$35,242
Yuima M.W.D.	4,593	1.27%	\$185,824	\$15,486
Contract Water	119	0.03%	\$7,596	\$633
Total MWD RTS Charge	361,116	100%	\$11,022,654	\$918,565

¹10-year rolling average of firm MWD deliveries based on FY16-FY25 period and rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

² Lakeside W.D.'s deliveries are metered separately from Padre Dam M.W.D.'s deliveries. Lakeside W.D. is allocated 23.19% of Padre Dam's M.W.D.'s stand-by charge credits based upon parcel count.

12. Each member agency shall reimburse the Authority on a per-acre foot of water delivered basis. Effective January 1, 2027, the Permanent Special Agricultural Water Supply Rate (PSAWR Supply Rate) is \$984 per acre-foot to reflect the cost of the melded MWD supply rate and QSA supply rate, along with offsets provided by non-rate revenues.

13. Effective July 1, 2026, the Annexation Application Fee will be set at \$11,910 per application.

14. For the purposes of this ordinance, including the tables, the City of National City and the South Bay Water 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 Water.

15. 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.

16. 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.

17. 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).

PASSED, APPROVED, and ADOPTED this 25th day of June 2026 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance No. 2026-01 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Walker, Clerk of the Board

ORDINANCE NO. 2026-02

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AMENDING AND RESTATING THE PERMANENT SPECIAL AGRICULTURAL WATER RATE PROGRAM AND SETTING THE AGRICULTURAL SUPPLY RATE

WHEREAS, on July 25, 2019, the Board Chair reconstituted the Fiscal Sustainability Task Force (FSTF) and charged it with reviewing the Water Authority's existing rate structure, among other issues, including the Transitional Special Agricultural Water Rate (TSAWR), to identify opportunities to reduce rate volatility and increase revenue stability; and

WHEREAS, in November 2019, the Board unanimously approved the FSTF recommendation to approve a Permanent Special Agricultural Water Rate (PSAWR) and directed staff to develop PSAWR program policies and procedures to succeed TSAWR, with the caveat to reevaluate the PSAWR program in five years to review the then-current and forecasted demands as well as supplies; and

WHEREAS, the Board of Directors, on June 25, 2020, adopted Ordinance No. 2020-01 setting the Water Authority's rates and charges for calendar year 2021, including a rate category for the PSAWR Program; and

WHEREAS, the Board of Directors, on September 24, 2020, adopted Ordinance No. 2020-04 establishing the PSAWR program with eligibility criteria, eligibility verification, defining a lower level of service for a lower water rate, and other administrative procedures; and

WHEREAS, during the development of the calendar year 2026 rates and charges, the PSAWR Agricultural Supply Rate methodology was reviewed per Ordinance No. 2020-04 at the fifth year of the PSAWR program, based on current and forecasted MWD purchases and cost of service review by staff and a third-party consultant; and

WHEREAS, to maintain the PSAWR program that offers a lower rate for a lower level of service, the program needed adjustments to reflect current and forecasted system realities and continue to demarcate a clear level of service difference; and

WHEREAS, the Board of Directors, on November 20, 2025, approved the PSAWR rate methodology to include a weighted melded rate of Metropolitan Water District of Southern California (MWD) supplies, and the Quantification Settlement Agreement (QSA) supplies, along with supplemental funding from non-rate revenues in order to maintain a lower rate for PSAWR customers; and

WHEREAS, PSAWR customers are deemed to have benefits from some aspects of the storage system; and

WHEREAS, the agricultural rate for PSAWR customers includes an operational storage component, while still excluding the PSAWR customers from the carryover or emergency storage reliability and their associated costs; and

WHEREAS, Based on current (2027) defined storage capacity allocations level, operational storage currently comprises fifty-nine percent of total storage capacity, and the emergency and carryover storage makes up the remaining forty-one percent of the total storage capacity, PSAWR Program customers will be allocated their proportionate percentage of the operational storage charge (i.e. fifty-nine percent of the calendar year 2027 Storage Charge) based on a seven-year rolling average methodology, where fiscal year 2024 marks the first year PSAWR demand data is incorporated into the seven-year rolling average calculation; and

WHEREAS, a third-party rate consultant has reviewed the calendar year 2027 PSAWR water rate methodology and determined it to be in compliance with cost-of-service parameters and principles; and

WHEREAS, the Board of Directors approved the updated rate methodology to commence January 1, 2027.

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

1. In exchange for the cost benefits associated with the supply rate differential and exemptions from the carryover and emergency supplies, PSAWR Program customers are subject to higher cutbacks compared to municipal and industrial customers in the event of a supply allocation from the Metropolitan Water District of Southern California, supply allocations imposed by the State of California, or any other water supply shortages. The General Manager is authorized to impose and collect penalties with respect to any member agency participating in the PSAWR Program that fails to comply with supply reduction requirements.
2. The PSAWR Program establishes service limitations on customers receiving the agricultural supply rate that corresponds to the separate class of service.
3. The PSAWR Program requires participating member agencies to provide monthly certifications attesting to the total volume of PSAWR water delivered to agricultural customers receiving the Water Authority's permanent special agricultural water supply rate.
4. The PSAWR Program requires that eligibility verification be provided annually by member agencies. Eligibility will be confirmed through inclusion on one of the

following four lists maintained by the County of San Diego or the San Diego Regional Water Quality Control Board:

- a. County of San Diego
 - i. Grower's List
 - ii. Active Certified Producers List
 - iii. Organic Producers List
 - b. San Diego Regional Water Quality Control Board
 - i. Agricultural Orders Enrollment List
5. The PSAWR Program requires member agencies to reasonably pass through the PSAWR cost benefit to customers receiving the Water Authority's permanent special agricultural water supply rate. Member agencies will provide a written statement signed by the member agency's general manager or water utility department head confirming that the cost benefit is reasonably passed through to PSAWR Program customers and a means to impose service limitation. The written statement shall include:
 - a. A description of the member agency's method for allocating the costs benefits and associated service limitations to PSAWR Program customers;
 - b. A copy of the member agency's applicable ordinance, resolution, or schedule of rates, charges, or fees; and
 - c. A sample billing statement or statements that demonstrates the differential in rate fee or charges for participating PSAWR Program customers.

The member agency may include additional information demonstrating compliance with this ordinance

6. If a member agency fails to submit a written statement or, upon recommendation of the general manager, if the Board of Directors after a public meeting demonstrates that the written statement is false or fails to demonstrate compliance with this ordinance, the member agency will be removed from the PSAWR program and deemed to have received full service deliveries and will pay the difference between the Water Authority's full water rate and the amount paid under the PSAWR Program for the time period that the Board of Directors determines the agency failed to comply with the requirements of this ordinance. In addition, the member agency will pay to the Water Authority the reasonable costs of enforcement of this ordinance in an amount determined by the Board of Directors. If a member agency is deemed to have received full-service deliveries under this section, the member agency will be eligible to participate in the PSAWR Program commencing January 1 of the next calendar year subject to compliance with this order.
7. The Clerk of the Board shall publish this ordinance, or a summary prepared by the General Counsel pursuant to Section 1.00.040 of the Administrative Code.

PASSED, APPROVED AND ADOPTED, this 25th day of June, 2026

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance No. 2026-02 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Walker, Clerk of the Board

ORDINANCE NO. 2026-03

AN ORDINANCE OF SAN DIEGO COUNTY WATER AUTHORITY
AMENDING AND RESTATING THE SYSTEM CAPACITY AND
WATER TREATMENT CAPACITY CHARGES IMPOSED BY THE
WATER AUTHORITY PURSUANT TO SECTION 5.9 OF THE COUNTY
WATER AUTHORITY ACT

WHEREAS, pursuant to Section 5.9 of the County Water Authority Act, the San Diego County Water Authority (“Water Authority”) may fix and impose Capacity Charges upon the ultimate users of water delivered by the Water Authority to its member agencies and to require its member agencies to collect the charges on behalf of the Water Authority; and

WHEREAS, the Water Authority initially adopted a capacity charge in 1990 and thereafter has continuously imposed a capacity charge through the adoption and amendment of various ordinances; and

WHEREAS, the Water Authority’s capacity charges are nondiscriminatory and imposed in accordance with applicable law as demonstrated by the various studies, reports, budgets, and apportionment methodologies upon which they are and have been based; and

WHEREAS, the Water Authority Board of Directors has previously adopted Ordinances No. 1997-1, 1999-2, 2000-1, 2000-3, 2001-03, 2002-05, 2005-03, 2008-01, 2013-03, 2014-03, 2017-02, 2018-04, 2019-03, 2020-02, 2021-02, 2022-04, 2024-04, and 2025-02 the operative requirements of which, subject to adjustments in the amount of the capacity charges imposed, are amended and restated in this ordinance; and

WHEREAS, at least fifteen (15) days prior to the meeting at which the System and Water Treatment Capacity Charges were levied, the Water Authority made available to the public data indicating the amount of cost, or estimated cost, required to provide the services for which the charges are to be levied and the revenue sources anticipated to provide such services, including general fund revenues; and

WHEREAS, the Water Authority has determined that imposition of the revised System and Water Treatment Capacity Charges recommended by the CY 2027 Capacity Charge Study is exempt from CEQA under Section 15378(b)(4) of the State CEQA Guidelines regarding the creation of government funding mechanisms that do not involve any commitment to any specific project that may have potentially significant physical impacts on the environment. Any project funded by this charge either has or will have appropriate CEQA documentation completed prior to any activities that could result in physical impacts on the environment.

WHEREAS, pursuant to Resolution No. 2026-03 a duly noticed public hearing was held by the Administrative and Finance Committee which thereafter recommended the adjustments to the System Capacity Charge and Water Treatment Capacity Charge as set forth in this ordinance; and

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

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

Section 1. Capacity charges imposed on ultimate users of water.

(a) A System Capacity Charge in the amount specified in section 2 is imposed on each person, corporation, partnership, public agency, entity, or other ultimate user of water within the territory of the Water Authority for the establishment of a new metered connection or the increase in capacity of an existing metered connection, except as provided in subdivision (d).

(b) A Water Treatment Capacity Charge in the amount specified in section 3 is imposed on each person, corporation, partnership, public agency, entity, or other ultimate user of water within the territory of the Water Authority for the establishment of a new metered connection or the increase in capacity of an existing metered connection within a member agency having an existing or planned connection to the Water Authority's treated water system, except as provided in subdivision (d).

(c) "Establishment of a new metered connection" includes any act that results in or is intended to result in the delivery of water to property through a water meter, including, without limitation receipt of a meter from a member agency or the installation of one or more water meters.

(d) The following are exempt from the capacity charges imposed by this section:

(1) Sub-meters receiving service through a water meter for which a capacity charge is or has been imposed;

(2) Water meters permanently connected to a reclaimed water system and measuring reclaimed water only;

(3) Water meters used to measure water provided solely through a separately metered fire suppression system;

(4) Water meters obtained for temporary service in connection with construction, preliminary land development, landscape installation and interim maintenance in connection with land development or habitat restoration, or similar

temporary activities, and the member agency does not impose a capacity or connection charge for the temporary service meter in accordance with its standard practices and procedures;

(5) Reinstallation or unlocking of a water meter for which a capacity charge was previously paid or that was installed before October 1, 1990, where the reinstallation or unlocking is required to restore service following a temporary disconnection or disruption of service;

(6) Replacement of a meter with one of the same or smaller size, provided, however, that no refund or credit for any capacity charge previously paid will be made for the installation of a smaller meter.

Section 2. Amount of System Capacity Charge.

(a) Effective January 1, 2027, amount of the System Capacity Charge will be determined according to the following schedule:

Meter Size (Inches)	Factor	System Capacity Charge (\$)
Under 1"	1	5,373
1"	1.6	8,597
1.5"	3	16,119
2"	5.2	27,940
3"	9.6	51,581
4"	16.4	88,117
6"	30	161,190
8"	52	279,396
10"	78	419,094
12"	132	709,236

(b) The Director of Finance may adjust the schedule established by this section as of January 1, 2027, and as of each January 1 thereafter, based on the annual percentage change in the Engineering News-Record Construction Cost Index for Los Angeles, California (ENR-CCI LA) for the calendar year immediately preceding the adjustment.

Section 3. Amount of Water Treatment Capacity Charge.

- (a) Effective January 1, 2027, the amount of the Water Treatment Capacity Charge will be determined according to the following schedule:

Meter Size (Inches)	Factor	Water Treatment Capacity Charge (\$)
Under 1"	1	244
1"	1.6	390
1.5"	3	732
2"	5.2	1,269
3"	9.6	2,342
4"	16.4	4,002
6"	30	7,320
8"	52	12,688
10"	78	19,032
12"	132	32,208

- (b) The Director of Finance may adjust the schedule established by this section as of January 1, 2027, and as of each January 1 thereafter, based on the annual percentage change in the Engineering News-Record Construction Cost Index for Los Angeles, California (ENR-CCI LA) for the calendar year immediately preceding the adjustment.

Section 4. Collection of Charges.

(a) Each Water Authority member agency is required to collect on behalf of the Water Authority the capacity charges imposed by Section 1, in the amounts determined according to Sections 2 and 3, and to pay to Water Authority, at least quarterly, on or before the 30th day of the months of January, April, July, and October of each year, the total amount of the capacity charges collected during the prior three calendar months. At the time of each payment, the member agency must report to the Water Authority the number and size of all meters supplied to water users within the territory of the member agency during the prior three calendar months, including meters for which a capacity charge is imposed, and meters exempt from a capacity charge. A member agency is liable to the Water Authority for the full amount of any capacity charge for which the member agency provides a water meter to an ultimate user without having collected a required capacity charge.

(b) Water will be provided to an ultimate user of water within the territory of the Water Authority only through a metered connection. A Water Authority member agency shall not provide a water meter to an ultimate user of water within the territory of the Water Authority unless the user has paid the capacity charges imposed by the Water Authority.

(c) The size of the meter necessary or appropriate to serve an ultimate user of water will be determined by the member agency.

(d) When a water meter for a single-family residential property is required to provide standby capacity for a fire sprinkler system, the capacity charge may be determined according to the size of the meter necessary to meet the water use requirements for the property, as determined according to the rules of the member agency providing the meter, without consideration of additional size necessary to provide the standby capacity. Standby capacity for a fire sprinkler system is required when (1) the fire sprinkler system is required by law, including any requirement imposed by statute, ordinance, or as a condition of development, permit, or occupancy, and (2) the fire chief, fire marshal, or building official of the city, county, or special district responsible for fire protection service to the property has provided a written statement verifying the requirement for additional meter size. The determination under this subdivision will be made at the time of installation of the meter, including installation to replace a meter with one of greater size because of the later installation of a fire protection system. This subdivision does not apply to any meters greater than one inch in size.

(e) If a single meter is exchanged for more than one smaller meter to serve property that has been subdivided or otherwise developed, the capacity charges shall be determined based on the difference between the cumulative capacity charges for all the smaller meters according to the schedules set forth in sections 2 and 3 and the capacity charges for the exchanged single meter according to sections 2 and 3, regardless of the capacity charge, if any, in effect when the exchanged meter was first obtained; provided, however, that no credit or refund will be made if the cumulative capacity charges for the small meters is less than the capacity charges for the exchanged meter.

(f) No capacity charge will be collected for installation of a new water meter on a previous service connection for a parcel within the territory of the Water Authority if the member agency determines all of the following to exist: the parcel is receiving water from the member agency through a lawful connection; the new meter will not result in a material change in land use; the new meter will not result in a material increase in water use; and the member agency will not impose for its own account a capacity or connection charge for the new meter.

(g) Any interest earned by a member agency on capacity charges collected and held before payment to the Water Authority pursuant to subdivision (a) may be retained by the member agency as reimbursement for any costs incurred in collecting and remitting capacity charges for the Water Authority.

(h) In lieu of retaining interest, a member agency may apply for reimbursement of costs it reasonably incurs in collecting the Water Authority's capacity charges. If a member agency intends to apply for reimbursement, it must remit the interest earned on capacity charges collected and held on behalf of the Water Authority at the time it makes its quarterly payments. The application for reimbursement shall be filed annually on or before September 1. The application may be in the form established by the Finance Director and must itemize the costs incurred and shall include supporting documentation and explanation to reasonably verify the amounts sought. The Finance Director may request supplemental

information. After review and approval of the application and any supplemental information, the Finance Director is authorized to reimburse a member agency in the amount of the reasonable costs incurred as determined by the Finance Director.

(i) Any member agency that wholesales or otherwise supplies water obtained from the Water Authority to another public agency, private water company, or mutual water company (each referred to as a “sub-agency”) shall, as a condition of service, require the sub-agency to collect from each ultimate water user within the sub-agency a capacity charge pursuant to this ordinance. The sub-agency, at its option, may remit the charges at least quarterly, on or before the 10th day of the months of January, April, July, and October of each year, or it may remit the charges to its supplying member agency, which shall then remit the charges to the Water Authority as provided in subdivision (a). At the time of each payment to either the Water Authority or the supplying member agency, the sub-agency must report the number and size of all meters supplied to water users within the territory of the member agency during the period for which the payment is made, including meters for which a capacity charge is imposed, and meters exempt from a capacity charge. Any interest earned by a sub-agency on capacity charges collected and held before payment to the Water Authority pursuant may be retained by the sub-agency as reimbursement for any costs incurred in collecting and remitting capacity charges for the Water Authority. In lieu of retaining interest, a sub-agency may apply for reimbursement of costs it reasonably incurs in collecting the Water Authority’s capacity charges. If a sub-agency intends to apply for reimbursement, it must remit the interest earned on capacity charges collected and held on behalf of the Water Authority at the time it makes its quarterly payments. The application for reimbursement shall be filed annually on or before September 1. The application may be in the form established by the Finance Director and must itemize the costs incurred and shall include supporting documentation and explanation to reasonably verify the amounts sought. The Finance Director may request supplemental information. After review and approval of the application and any supplemental information, the Finance Director is authorized to reimburse a sub-agency in the amount of the reasonable costs incurred as determined by the Finance Director. If a sub-agency remits capacity charges through its supplying member agency, the sub-agency shall pay any administrative costs imposed by the member agency without reimbursement by the Water Authority. A member agency is liable to the Water Authority for an amount equal to any capacity charges for which its sub-agency fails to collect or pay under this subdivision.

(j) Notwithstanding anything in this section to the contrary, the Water Authority may, pursuant to a written agreement with a member agency or a member agency’s sub-agency, collect capacity charges directly from each ultimate user of water for the installation of a water meter. The written agreement must provide that the member agency or sub-agency will not provide or authorize the installation of a water meter within the territory of the Water Authority until the Water Authority provides written documentation of compliance with the requirements of this ordinance.

Section 5. Application of Government Code Section 54999.3.

The imposition of the Water Authority capacity charges on any school district, county office of education, community college district, the California State University, the University of California, or state agency is subject to the provisions of Government Code section 54999.3. Payment by any of these entities of a Water Authority capacity charge for the installation of a meter shall be deemed to be an agreement with the Water Authority regarding that charge. No water meter will be provided or approved for installation to any of these agencies without an agreement regarding that charge. If any of these entities refuses to pay a Water Authority capacity charge, the Water Authority will enter into negotiations for an agreement regarding the charge.

Section 6. Protests.

Any person, corporation, partnership, public agency, entity, or other ultimate user of water within the territory of the Water Authority may protest the application of this ordinance to the installation of a meter by filing of a written protest with the member agency and the Water Authority Director of Finance before payment of the charge, in which case the member agency will not provide or authorize the installation of a meter, or by payment of the charge and filing a written protest with the member agency and the Water Authority Finance Director not later than 10 days after payment of the charge. The protest will be reviewed by the Finance Director who will provide a written response within twenty days from the date of the protest. If the protester is not satisfied with the response by the Finance Director, a written appeal to the Water Authority General Manager may be filed within fifteen days of the date of the Finance Director's response. The appeal shall provide a detailed explanation of the grounds for disagreement with the Finance Director's response. The General Manager may determine the matter based on the written appeal and the Finance Director's response. The final determination of the appeal will be provided by the General Manager in writing within thirty days of the date the appeal is filed. If the General Manager fails to provide a written determination within thirty days, the appeal is deemed denied on the grounds stated in the Finance Director's response.

Section 7. Refunds for Conversion to Reclaimed Water Systems.

If a water user converts a water meter to permanently measure reclaimed water only, the capacity charges previously collected for the meter will be refunded, without interest, upon written request by the water user and written verification by the member agency of compliance with this subdivision. The request must be filed within 180 days of the connection of the meter to the reclaimed water system.

Section 8. Credit for Annexation Charge Paid

This section applies to property annexed to the territory of the Water Authority after November 17, 2005. Any person, corporation, partnership, public agency, entity, or other ultimate user of water that paid an annexation charge with respect to a parcel, or that is a successor-in-interest to the parcel for which an annexation charge was paid, may apply for a

credit toward the System Capacity Charge imposed for that parcel or a subdivided portion of that parcel. The amount of the credit will be determined by the Water Authority before the capacity charge is paid and the meter provided. No credit will be provided for the charge imposed to reimburse the Water Authority for the cost of processing the application for annexation. No refund will be made for any charge previously paid.

Section 9. Use of Funds

All funds received from the System Capacity Charge, and interest attributable to those funds, will be separately accounted and expended only for capital expenses of existing or new Water Authority system facilities as authorized by law. All funds from the Water Treatment Capacity Charge, and interest attributable to those funds, will be separately accounted and expended only for capital expenses of existing or new Water Authority treatment facilities as authorized by law.

Section 10. Indemnification

The Water Authority will defend and indemnify member agencies, and their officers, employees, and agents against and from all claims, expenses, and costs, including costs of defense and reasonable attorneys' fees, arising from implementation or application of this ordinance, except a claim, expense, or cost caused solely by the failure of a member agency, or its officers, employees, and agents to comply with the requirements of this ordinance.

PASSED, APPROVED AND ADOPTED, this 25th day of June, 2026

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance No. 2026-03 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Walker, Clerk of the Board

RESOLUTION NO. 2026-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN DIEGO COUNTY WATER AUTHORITY CONTINUING
THE WATER STANDBY AVAILABILITY CHARGE

The Board of Directors of the San Diego County Water Authority resolves as follows:

Pursuant to Government Code Section 54984.7 the Water Standby Availability Charge shall continue to be levied, imposed, and administered as provided in Ordinance No. 2008-04 and Ordinance No. 2013-04 in Fiscal Year 2026-2027 and each successive year thereafter.

PASSED, APPROVED, and ADOPTED this 25th day of June 2026 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026-06 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Walker, Clerk of the Board



San Diego County Water Authority

SAN DIEGO COUNTY WATER AUTHORITY

Cost of Service Study



FINAL

CY 2027 Rates and Charges

June 2026 / FINAL

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SECTION 1 EXECUTIVE SUMMARY

The San Diego County Water Authority (Water Authority or SDCWA) serves as the regional water wholesaler for San Diego County, working in partnership with 22 member agencies to ensure a safe, reliable, and sustainable water supply for the region. The public organization manages large-scale infrastructure, long-term water supply planning, emergency preparedness, financial stewardship, and collaborative programs that support drought resilience, local supply development, and efficient water use. The Water Authority maintains a diversified, drought-resilient water supply portfolio, built intentionally over several decades with the majority of it obtained through agreements commonly referred to as the Quantification Settlement Agreement (QSA). The Water Authority also has a water purchase agreement with Poseidon Resources, LLC, for desalinated water produced at Poseidon's Carlsbad Desalination Plant. The Authority can also purchase supplemental water from Metropolitan Water District of Southern California (MWD).

Carollo Engineers, Inc. (Carollo) has performed regular independent third-party Cost of Service studies that review, calculate, and validate the Water Authority's annual water rates and charges process. Additionally, this year Carollo performed a comprehensive analysis of the Authority's one-time System and Treatment Capacity Charges.

Carollo's review of the cost-of-service methodology and financial review focuses on whether the Water Authority's rates are sufficient to meet revenue requirements and whether they meet cost of service principles including:

- The appropriateness of rates to cover revenue requirements while not exceeding the reasonable cost of service.
- Proper allocation of costs and other revenue requirements to functional categories that relate to why each cost is incurred.
- The equity of the rate structures used to recover allocated revenue requirements from each of the member agencies.

Carollo reviewed and updated the existing CY 2027 rate analysis and reviewed the Water Authority's existing cost of service methodology and financial model for compliance with American Water Works Association (AWWA) cost of service standards, industry best practices, Board policies, as described in Report Section 2.3, and California legal requirements, as described in Report Section 2.4. Together, these establish the cost-of-service standard that is referenced throughout this report.

Based on Carollo's third-party review, Carollo has determined that the amount of money anticipated to be generated through the Water Authority's recommended CY 2027 water rates and charges, when combined with other Water Authority revenues and reserves, is reasonable to recover the costs of the Water Authority's activities.

Consistent with the findings of Carollo's previous Cost of Service Reports, it is Carollo's professional opinion that the Water Authority's allocation of rates and charges to each of the member agencies bears a fair, reasonable, and logical relationship to each member agency's burdens on or benefits from Water Authority services. This allocation complies with legal requirements, cost of service standards, industry best practice, and Board policy requirements, as discussed in this report. This report does not opine the

actions or potential actions of credit ratings agencies based on the adopted rates and associated financial projections. Such opinions are outside of the intended scope and are generally under the purview of the Water Authority's financial advisors.

This CY 2027 update maintains the same familiar rates and charges structure as the previous study, with targeted updates as necessary to reflect the recommendations developed by past Water Authority work groups and later adopted by the Board. Specifically, the CY 2027 rates will continue to implement updates to the collection of the transportation revenue requirement to include both a fixed component and variable rate component. CY 2027 will complete the phase-in of the transportation fixed charge. Based on the Board approved schedule, 60-percent of the transportation revenue requirement will be recovered through the fixed charge and 40-percent will be recovered through the variable rate. All rate and charge calculations are updated to reflect the most recent MWD rates, expense projections, demand forecasts, innovative exchange and water banking agreements as of the writing of this report.

1.1 Rates and Charges

The Water Authority imposes several different types of water rates and charges that are collected from the member agencies. These include volumetric commodity rates that are collected monthly per unit of metered water delivered to each agency (supply, transportation, and treatment rates) and service charges that are apportioned among the member agencies according to their respective 7- year rolling average of water purchases from the Water Authority. This methodology captures the member agencies' use of the system, accounts for hydrological variability in water demands, and provides for a more smooth and predictable rate for the member agencies. Volumetric water rates are set as a unit price per acre-foot for actual water delivered.

Customer service and storage charges recover costs for facilities and services that are provided for all customers and are apportioned in a manner that is designed to account for moderate annual fluctuations in water demands and demand patterns commonly resulting from weather conditions and conservation requirements.¹

In addition to these water rates and charges, the Water Authority has an adopted policy to recover at least 25 percent of fixed annual expenditures through a combination of ad valorem property taxes and water availability standby charges imposed on properties within the Water Authority's service area, and an Infrastructure Access Charge (IAC). The IAC is an annual service charge imposed on member agencies and apportioned based on their respective total connected meter capacity, a measure of an agency's potential to take water from the Water Authority.

The Water Authority also imposes one-time System Capacity and Treatment Capacity Charges on users that obtain new or upsized water meters. A comprehensive review and update of the Capacity Charges was completed alongside the development of the CY 2027 rates and charges. These charges fairly and reasonably recover the costs associated with providing system capacity for new users.

A description of each water rate and charge category is as follows:

¹ The Customer Service Charge allocation excludes member agency wheeled water.

- **Customer Service:** The Customer Service charge is a commodity-based fixed charge set to recover costs that are necessary to support the functions of the Water Authority, develop policies, and implement system-wide programs.
- **Storage:** The Storage charge is a commodity-based fixed charge set to recover costs associated with the Emergency Storage Program (ESP), Carryover Storage Program (CSP) and Operational Storage. The last major increase in San Diego regional water storage capacity occurred in 2014 when the San Vicente Dam Raise was completed, adding 157,000 acre-feet of capacity. Each of the Authority's reservoirs has unique characteristics that define its role in meeting the region's water supply needs. Some reservoirs are important from a regional water reliability standpoint, while others are primarily used for operational flexibility.
- **Supply Reliability Charge:** Set by a Board defined methodology/calculation, the Supply Reliability Charge (SRC) is a commodity-based fixed charge established to recover a portion of the Carlsbad Desalination Plant and the Imperial Irrigation District (IID) transfer water costs. The charge is set equal to the difference between the supply cost of reliable local sources and a like amount of water purchased at the MWD Supply Rate multiplied by 25 percent and is to be apportioned according to a seven-year rolling average of M&I water purchases.
- **M&I Supply:** The Supply rate is a volumetric charge that recovers the cost of water supply incurred by the Water Authority including the full cost of purchase of water from MWD at the delivery point, payments to the IID for transfer of conserved water, costs associated with obtaining conserved water from the Coachella and All-American Canal Lining Projects, costs of MWD wheeling for non-MWD water supplies (e.g. QSA supply exchange costs), other costs associated with acquisition of supplies and implementation of the QSA, and supply and acquisition costs related to the Poseidon water purchase agreement associated with the Carlsbad Desalination Project. The Water Authority initiated sales to third party water agencies in calendar year 2026 through QSA water transfers. This program leverages available supplies to generate additional revenue, helping offset overall supply costs for member agencies.
- **Transportation:** The Transportation charge includes a volumetric rate and a fixed charge set to recover capital, operating, and maintenance costs of the Water Authority's water delivery facilities including all facilities used to physically transport the water to member agency meters.² For CY 2027, 40-percent of Transportation charges will be collected through the volumetric rate and 60-percent through the fixed charge.
- **Treatment:** The Treatment rate is a volumetric charge designed to recover the cost of treating water. The Melded Treatment Rate includes the costs of purchasing treated water from MWD, the operating and capital costs associated with the Water Authority's agreement with Helix Water District's Levy Water Treatment Plant, and the operating and capital costs associated with the Twin Oaks Valley Treatment Plant.
- **Agriculture Water Rate:** The Permanent Special Agriculture Water Rate (PSAWR) program was updated in November 2025 and is defined as a weighted melded rate of MWD and QSA water supplies. If no MWD supplies are forecasted for purchase, the price would reflect the QSA melded

² Costs associated with facilities covered by the East County Facility Agreements are not included in Transportation but relate to treatment services in connection with the Helix Water District's Levy Water Treatment Plant and are recovered through the Treatment rate.

rate. Additionally, supplemental funding through direct allocation of existing property tax revenues is utilized to provide additional rate relief. As part of the program, PSAWR customers do not incur costs associated with the SRC or Emergency and Carryover storage costs.

- The CY 2027 rates will continue the phase in of storage costs for PSAWR customers and include support from non-rate revenues to maintain affordability for PSAWR customers in alignment with Board directed levels.

Along with its internal rates the Water Authority passes certain charges from MWD directly through to the member agencies. Historically, the Water Authority paid two charges to MWD that were assessed to the member agencies as direct pass-throughs, the MWD Capacity Charge and the MWD Readiness to Serve Charge. For CY 2027, MWD has added 3 additional fixed treatment charges. While the Authority considered direct pass-throughs for CY 2027, the added cost burden from MWD (17 percent increase in treatment costs) coupled with partial data (only single-year allocation basis) yielded results that are not commensurate with the level of service being provided. As such, for CY 2027, these new fixed charges from MWD be incorporated into the Melded Treatment Rate for 2027 and later assessed for future impacts as additional usage data may lessen unnecessary volatility and equity shifts.

1.2 Water Authority Rate-Setting Process

The Water Authority develops proposed rates and charges on an annual basis, which it presents to the Board of Directors for consideration and adoption, typically in June. The Water Authority's methodology and application remain consistent with the AWWA cost of service guidelines, as well as existing Board policies and legal requirements stated herein. Rates are designed to recover all direct, indirect, and other costs of providing water and water services that are not recovered through other revenues such as taxes, assessments, or other charges. Throughout the process, the Water Authority identifies major cost drivers and allocates them to specific rate and charge categories.

1.3 Carollo Third-Party Review Process

The purpose of this cost-of-service review process is to: (1) identify which costs are recovered through water rates and charges; (2) allocate the Water Authority costs to functional rate categories; (3) update the rates and use of offsetting revenues to fairly and reasonably recover system expenditures from member agencies; and (4) appropriately calculate non-commodity revenues.

To determine the costs to be recovered by water rates and charges, Carollo relied upon cost projections, reserve requirements, and revenue policies provided by the Water Authority. Source data for this review included the Midterm update to Fiscal Years (FY) 2026 and 2027 Budget cost projections provided by the Water Authority's Finance Department, the 2025 Annual Comprehensive Financial Report (ACFR), debt service schedules and bond official statements, Board policy documents, and the Water Authority's rate model. Additionally, Carollo worked with the Water Authority's Finance staff to review the cost-of-service methodology and process.

Carollo's Cost of Service reviews have included interviews with select Water Authority divisions to discuss the functional allocation approach and the metrics used to assign operating costs to rate categories. While the overall percentages will change from year to year, the Water Authority's allocation approach remains consistent and continues to be valid. As part of the FY 2026 and 2027 budget mid-year update

process, Water Authority staff updated these internal allocations to reflect any forecasted change in service or operations.

The details of this analysis are presented within the body of this report.

1.4 Summary of Findings

The Water Authority has developed a clear and defensible process to allocate system expenditures to rate categories and fairly and reasonably recover those expenditures from member agencies. The analysis performed by Carollo confirms that the Water Authority's cost of service approach and the CY 2027 rates and charges as determined in this report comply with cost-of-service principles, industry best practices, and applicable legal requirements.

Based on Carollo's independent review and rate development, the Recommended CY 2027 cost of service water rates and charges are illustrated in Table 1 below.

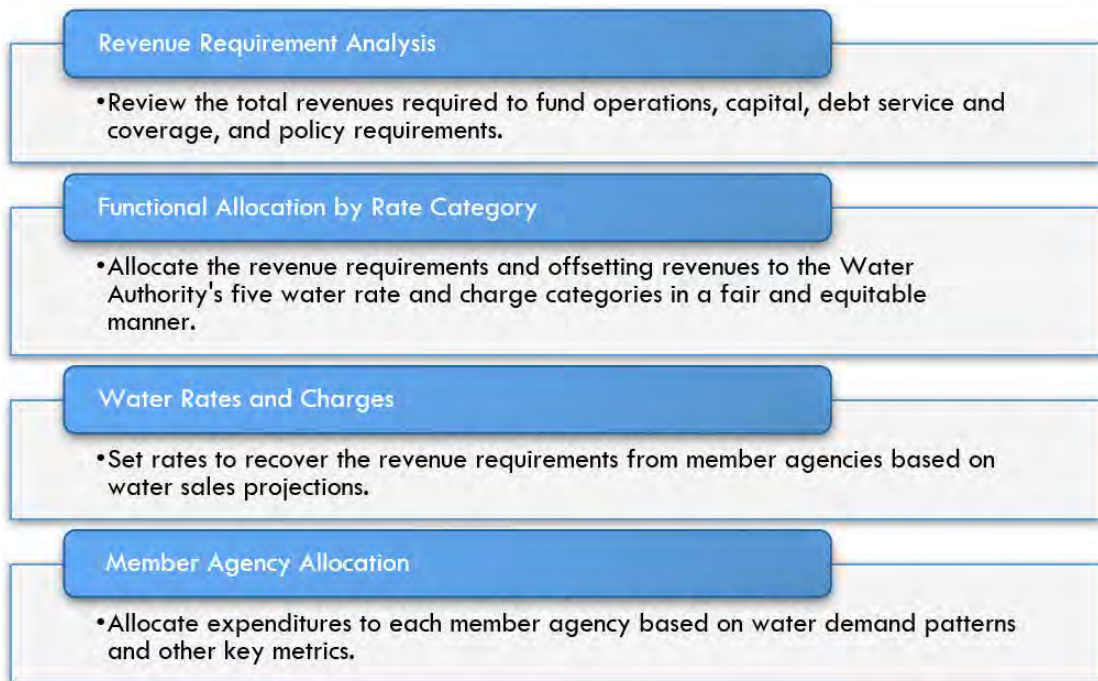
Table 1 Summary of Recommended CY 2027 Water Rates and Charges

Recommended CY 2027 Water Rates and Charges	
Melded M&I Supply Rate, Untreated	\$1,490/AF
Agriculture Water Rate, Untreated	\$984/AF
Melded Treatment Rate	\$610/AF
Transportation Rate	\$113/AF
Transportation Fixed Charge	\$54.60M
Customer Service Charge	\$34.00M
Storage Charge	\$74.50M
Supply Reliability Charge	\$51.32M
Infrastructure Access Charge	\$4.87/MEU, Monthly

SECTION 2 INTRODUCTION

Carollo conducted a third-party review of the Water Authority's CY 2027 water rates and charges. The purpose of this Cost-of-Service Study is to calculate and affirm the proposed CY 2027 water rates and charges consistent with cost-of-service principles and the AWWA M1 guidelines, Board policy, and legal requirements. The results of this study are outlined within the body of this report.

The cost of service and rate development review process consists of the following steps:



Based on this study review and in Carollo's professional opinion, the Water Authority's CY 2027 rates and charges appropriately recover costs from member agencies as described herein and are consistent with AWWA cost of service principles, Board policies, and legal requirements.

2.1 Background on Existing Rates and Charges

The Water Authority sets water rates and charges, which, when combined with other revenues, are sufficient to pay operating expenses, provide for maintenance and repair of facilities, provide for payment of principal and interest on debt, and provide reasonable reserves consistent with bond covenants and sound fiscal management. As a public agency, the Water Authority sets rates and collects other revenues to meet all reasonably anticipated costs of its operations as required by law.

On June 27, 2002, the Water Authority adopted Ordinance No. 2002-03 establishing the current revenue structure, which consists of ad valorem property taxes, including payments of member agencies in-lieu of taxes; a Water Standby Availability Charge levied pursuant to §5.2 of the County Water Authority Act; an Infrastructure Access Charge imposed on member agencies as a condition of maintaining connections to

Water Authority facilities; a capacity charge levied pursuant to §5.9 of the County Water Authority Act; and rates and charges for delivery and supply of water, use of facilities, and provision of other services. This revenue structure is reflected in §5.00.050 of the Water Authority Administrative Code.

The June 2002 Board action unbundled the then uniform commodity rate, creating separate commodity rates and charges for customer service, storage, supply, and transportation. This action was the result of a multi-year work effort involving the member agencies, Water Authority staff, and consultants. The unbundled rates and charges took effect January 1, 2003. With the development of the Twin Oaks Water Treatment Plant, treatment was later added as the final functional rate category in 2006. In March 2015, the Board added a Supply Reliability Charge, as described in this report. In September 2020, the Board established a Permanent Special Agricultural Water Rate (PSAWR), offering participants the choice of a lower cost of water and corresponding lower level of water supply reliability.

In 2024, the Water Authority and the member agencies undertook an extensive effort to explore options for potential rate and charge structure changes through the Member Agency Rate Workgroup (MARW). That effort resulted in two main updates for the rates and charges; 1) Modify the Transportation Charge to include a fixed component, and 2) assess all fixed charges using a seven-year rolling average of deliveries to each member agency. The recommended rates for CY 2027 would complete the Board adopted phase-in of the fixed Transportation charge component with 60-percent of transportation costs to be collected through the fixed charge. All fixed charges will continue to be assessed using the seven-year rolling average of deliveries, with the evaluation period updated to include FY 2019 through FY 2025.

2.2 Criteria for Findings and Recommendations

To confirm the appropriateness and general application of AWWA cost of service principles, Board policies, and legal requirements, Carollo applied the following framework throughout the review:

- Does the cost allocation approach result in a fair, reasonable, and quantifiable connection between the cost of services made available and the benefits received by each ratepayer?
- Do the rate structures effectively and appropriately recover the allocated costs from each ratepayer?
- Is the allocation approach and methodology consistent with standards established in the AWWA M1 manual, does it meet Board policies, and does it adhere to applicable legal requirements?
- Have the policies and standards been applied consistently by the Water Authority? Is it likely that the allocation approach will be appropriate for use by the Water Authority in the future?
- Are there issues or processes that may be appropriate to highlight for possible financial review?

The review presented in this report applies these criteria to the existing revenue requirement and water rate and charge methodology utilized by the Water Authority.

2.3 Key Governing Board Policies

In setting its rates and charges, the Water Authority must first meet cost of service requirements, in which rates and charges may not exceed the reasonable cost of providing the services, as well as clearly demonstrate the nexus between the costs allocated and services provided to customers. As this requirement is achieved, the rates must also adhere to adopted Board policies, which serve as the basis for the determination of the total revenue requirement as well as the proportion of the revenue requirement to be recovered by fixed charges and variable commodity rates. Several key Board policies

are highlighted below and can be found on the Water Authority's website at:
<https://www.sdcwa.org/about-us/budgets-financial-reports/>

2.3.1 Infrastructure Access Charge

In 1998, under Resolution No. 98-26, the Board established the IAC. The intent of the IAC is to provide the Water Authority with a more appropriate balance of fixed and commodity revenues. Prior to the implementation of the IAC, the Water Authority had a greater dependency on variable revenues that fluctuated with demand and did not adequately align with the existing cost structure. As such, the IAC was designed to be independent of commodity sales and the new business development cycle and generate a minimum 25 percent ratio of fixed revenues to fixed expenditures.

2.3.2 Ordinance No. 2002-03

Following development and implementation of the IAC, the Water Authority reviewed and redesigned the existing rate structure in 2002. Ordinance No. 2002-03 transitioned the rate structure from a historical unit price ("postage stamp") water rate to assigning the revenue requirements to functional categories. The rate structure was split into fixed and variable components. The fixed water rate categories are comprised of the Storage and Customer Service charges. The variable water rate categories encompass the Transportation, Melded Treatment, and Melded M&I Supply rates. This transition further aligned the Authority's expenditure and cost recovery nexus.

2.3.3 Financial Management Amendment (2026)

The Water Authority's Rate Stabilization Fund (RSF) was established in 1990 to proactively smooth rate fluctuations and to reactively maintain debt service coverage ratios (DSCR). The RSF policy is reviewed and amended periodically and significant changes to the policy were developed for the 2026 Long-Range Financing Plan (LRFP).

In the 2026 LRFP, the RSF policy was updated to fork the fund into two sub-parts: one for debt coverage protection and another for proactive rate smoothing. The coverage portion is set at 50 percent of the average three-year forecasted senior lien debt service (currently about \$76 million), while the proactive portion is capped at \$50 million for Board-directed rate relief. It is important for the Board to consider the Days of Cash impact of using available proactive funds. Additionally, if the coverage portion drops below its defined threshold, it must be replenished within three years. These changes provide clearer guidelines and more flexibility for managing rate volatility. The new policy will take effect in Fiscal Year 2027 and has been incorporated into the analysis of CY 2027 rates and charges.

2.4 Overview of Legal Cost of Service Requirements

The Water Authority's rates must adhere to California constitutional and statutory requirements. California law requires agencies imposing water rates and charges to demonstrate a nexus between the cost of providing services and the service or benefits received.

Beyond the cost-of-service requirements imposed by the constitution and general statutory law, the Water Authority must also adhere to the County Water Authority Act. Section 7 (j) of the County Water Authority Act states that the "board of directors, so far as practicable, shall fix such rate or rates for water as will result in revenue which will pay the operating expenses of the authority, provide for repairs and

maintenance, and provide for the payment of interest and principal of the bonded debt.” The revenue requirement (e.g., “costs”) described in this report is grounded on this statutory requirement, the Water Authority’s General Resolution, and sound fiscal management.

These costs are then apportioned to the member agencies through the allocation of fixed charges and variable rates described in the adopted rate structure according to service function. The apportionment is accomplished in accordance with standards established by California law, including the provisions summarized below, which, while paraphrased, essentially describe the same cost of service standard.

2.4.1 Proposition 26

This proposition was adopted by the voters in November 2010. Among other things, it amended California Constitution article XIII C, Section 1 to add a definition of “tax.” As defined by Proposition 26, a tax means “any levy, charge, or exaction of any kind imposed by a local government” with certain enumerated exceptions.

There are two applicable exceptions:

- The exception for a “charge imposed for a specific benefit conferred or a privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege,” and
- The exception for a “charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.”

Proposition 26 establishes that: “The local government bears the burden of proving by a preponderance of evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.”

2.4.2 Government Code Section §50076

This section of the Government Code was adopted in 1979, following the adoption of Proposition 13 in 1978. It provides that special taxes “shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged.”

2.4.3 Government Code Section §54999.7

This is another section that grounds public agency rate-setting on cost-of-service principles and states that fees “for public utility service, other than electricity or gas, shall not exceed the reasonable cost of providing the utility service.” It also provides that the fees will be “established in consideration of service characteristics, demand patterns, and other relevant factors.”

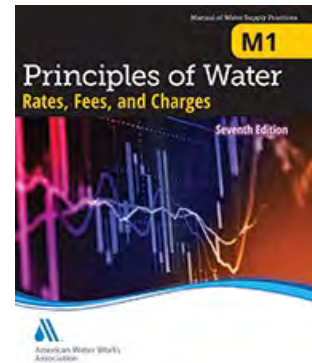
2.4.4 County Water Authority Act Section 5 (13)

This provision of the County Water Authority Act provides that in setting 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.”

The Water Authority's General Counsel has advised Carollo that this provision requires that rates be non-discriminatory and that differences in rates or rate apportionment be based on service differences, such as with the non-allocation of storage charge to agricultural customers. The General Counsel has also advised that this section may be construed consistently with the Constitutional and statutory cost of service requirements described above.

2.5 Overview of Generally Accepted Rate-Setting Standards

In addition to formal Board policies and objectives, the AWWA established a general set of principles used to guide the development of water rates. These principles were developed and published in the AWWA *M1 Manual – Principles of Water Rates, Fees, and Charges* (M1 Manual). These guiding principles outline a consistent, universal approach and minimum standard that is employed by most agencies when setting rates and charges. The M1 Manual denotes that there is no prescribed single approach for establishing cost-based rates. Rather, agencies must exercise judgment to align rates and charges with local conditions and requirements, as well as applicable state law.



These guidelines, along with applicable California law, the Board's policies, and industry best practices have been utilized within the Water Authority's rate-setting framework to help develop water rates and charges that are cost based and fairly, reasonably, and lawfully quantified and allocated to comply with the legal requirements outlined in Report Section 2.4. Throughout this report, compliance with industry standards shall refer to the AWWA M1 Manual and industry best practices.

2.6 CY 2027 Rate Drivers and Mitigation Strategies

Rate increase drivers for CY 2027 vary across the Water Authority's rates and charges based on the specific costs and programs that each rate or charge supports. No increase is recommended for the Melded M&I Supply or Special Agriculture Supply rates, but increases will be necessary for the Melded Treatment Rate and each of the fixed charges.

Several positive factors have combined for CY 2027 allowing for the Melded M&I supply rate to remain flat at \$1,490 per acre-foot despite supply costs cost pressures from outside cost pressures from MWD and inflationary increases to local reliable supplies. First, the introduction of third-party water sales provides new revenue to offset increases that would have otherwise been borne by member agencies. Second, last year's settlement with MWD resulted in the exchange rate being held flat for CY 2027. Lastly, water demand is projected to be higher than previously projected, allowing stored water to be utilized and allowing fixed supply costs to be spread over a larger rate base.

The Melded Treatment rate will increase as the Authority has seen higher cost pressures from both supplemental treatment provides (MWD and Helix). First, costs from MWD increase not only due to recently approved adjustments, but also driven by their restructuring of treatment rate (introduction of fixed rates). The Authority's costs for using MWD treatment, which produces roughly 40 percent of overall treated needs, are increasing 17 percent. Second, Helix notified the Authority of necessary multi-year capital improvements required at their plant that are passed on to the Authority through cost-share agreements. Finally, the Authority's treatment costs related to Twin Oaks are increasing given general

inflationary pressures. To mitigate the significant increase in treatment costs, the Water Authority will use approximately \$8.7 million in reserves for rate smoothing. Despite these efforts, the recommended Melded Treatment rate will increase by 15 percent to \$610 per acre-foot.

Increases in fixed charges are largely driven by debt service costs and to a lesser extent by inflationary pressure on the Water Authority's operating costs. Debt service costs will increase as the Water Authority continues to make capital investments in the system to maintain efficient and reliable supply and delivery of water. The analysis includes an anticipated \$285 million revenue bond issuance in 2026, with proceeds to be used over the next several years to fund a bulk of the CIP. Projected debt service for the anticipated 2026 bonds totals \$18.8 million per year, bringing total long-term debt service to \$158 million for CY 2027.

The Water Authority is currently in a strong financial position, projections for FY 2026 indicate that all year end reserve targets will be met and debt coverage will exceed the 1.50x policy target. The targeted increases for CY 2027 have been developed to adequately recover costs such that this strong financial position can be maintained. This follows several years of recovery from a more stressed financial state, resulting from low water demand and increasing costs, which led S&P Global to revise the Water Authority's outlook from Stable to Negative in June 2024. S&P Global has not provided an updated analysis since that time and the negative outlook remains as of the writing of this report, though the Water Authority is seeking a reevaluation of the rating to reflect its now more favorable finances and execution of long-term water deals.

2.6.1 Reserves & Active Financial Management

The Water Authority uses reserve and other strategies to actively manage its finances and rates to promote its own financial stability and by extension stability in the rates and charges assessed to the member agencies. Annual cost of service and rate and fee setting efforts are undertaken with the goal to maintain "smooth and predictable rates." This goal is generally achieved through prescribed use or replenishment reserves to smooth revenue requirements. During the annual cost of service process, reserves may be used, as appropriate, to support specific rate or fee components or be replenished with revenues from specific rate components. This practice benefits the member agencies by reducing rate volatility while maintaining financial sustainability for the Water Authority.

The Water Authority projects that reserves will be fully funded at the end of FY 2026 (June 30, 2026) with the RSF slightly above the target and the combined total fund balance meeting the overall goal prudent cash balance goal. Note, having "fully funded" reserves is not a sign of excess or abundance. With the exception of the RSF, the Authority does not define funding limits, ceilings, or caps on its reserves – rather these funds are open ended to provide necessary financial flexibility, whether that is building PayGo balances during times of new debt activity or to provide an opportunity to favorably pay-down existing debt or other obligations. The recommended CY 2027 rates and charges take advantage of the current reserve levels to smooth internal revenue requirements for Customer Service, Storage, Transportation, and Treatment. As always, the Water Authority's projections balance any short-term rate mitigation alongside from foreseen long-term rate pressures.

2.6.2 Innovative Exchange & Banking Agreements

Along with controlling costs, the Water Authority also works to identify opportunities to generate additional revenues to offset costs for member agencies. Recent signing and execution of supply agreements with Eastern Municipal Water District and Western Municipal Water District leverage historical investment in supply reliability and maximizing regional flexibility. These agreements were made possible by the 2025 settlement with MWD and resulting restated exchange agreement.

The 2027 Cost of Service analysis reflects these new agreements, as well as April's semitropic assignment of banking capacity resulting in meaningfully lower revenue requirements (costs) being defined. For CY 2027, third-party water sales will generate gross revenue of \$23.4 million to offset revenue requirements for the Melded M&I Supply Rate. Additional discussion of third party water sales is included in Section 5.2.1. As the new agreements are long-term deals and not purely accretive (the cost of water and exchange are still borne), the net effect, while meaningful, is most notable over multiple years and under scenarios where demands would otherwise drop below contractual obligations.

The Authority is continuing to market additional supplies having agreements for 20,000 AF of the originally marketed 50,000 AF volume. However, no additional sales or exchanges are assumed in the modeling of CY2027 Rates and Charges.

Following the adoption of CY2027 Rates and Charges and the execution of the 2026 Debt activity, Water Authority staff will be preparing an addendum to the 2026 LRFP that is expected to demonstrate the material long-term rate benefits of these new agreements.

SECTION 3 REVENUE REQUIREMENTS

A revenue requirements analysis defines the annual system revenue needed to be recovered through water rates and charges. The revenue requirement is typically derived from five components: Operations and Maintenance Expenditures, Annual Debt Service, Policy Requirements and Coverage, Capital Expenditures, and Offsetting Revenues. Table 2 outlines the Water Authority's CY 2027 revenue requirements. Please note that column and row totals throughout the report may not foot due to rounding.

Table 2 Revenue Requirements Summary (in \$ millions)

Revenue Component	CY 2027 Total	Description	Report Section
Operating Costs	\$82.22	The Operating Department's Budget funds the day-to-day operations of the Water Authority.	3.1
Equipment & Replacement	3.03	Funds the replacement of equipment such as vehicles or software.	3.2
Debt Service (LTD + STD)	249.00	The Water Authority uses debt to fund capital and refund previous debt. Excludes planned cash defeasance	3.4.1
Offsetting Revenues	(116.81)	Additional revenues generated from sources outside traditional water rates and charges are applied as a credit to reduce required rates and charges revenues. Includes the IAC, standby availability charges, system and treatment capacity charges, property taxes, interest earnings, and miscellaneous revenues.	3.5
Operating Rev. Req. Before Coverage	\$217.45	Revenue requirements associated with the Water Authority's operating costs, debt service, and offsetting revenues.	
Misc. Cost Recovery	\$15.32	Miscellaneous Cost Recovery includes seepage and evaporation, recovery of working capital for the San Vicente dam raise, local supply development, and Twin Oaks Valley WTP reimbursement.	3.3
Rev. Req. Before Coverage	\$232.77	Revenue requirements including miscellaneous cost recovery.	
Remaining Coverage and Reserve Driven Needs	\$3.26	Revenue requirements associated with meeting the Water Authority's Financial Management Policies.	3.8
Water Sales Revenue Requirement	\$236.03	Total required revenues including coverage and reserve needs.	

The following section of this report delineates the cost categories included in the Water Authority's annual revenue requirement analysis.

3.1 Operations and Maintenance Costs

As part of the multi-year budget, an operating forecast is developed by the Water Authority's various departments. For the Water Authority, operating budget expenditures account for most of the day-to-day expenditures for operation. The operating budget expenditures include Administrative Services, Engineering, Finance, General Counsel, General Manager, Human Resources, Imported Water, Operations

and Maintenance, Public Affairs, and Water Resources. For CY 2027, the Water Authority's operating costs are projected to be \$82.22 million.

Table 3 **Determination of Operating Cost**

Operating Costs	FY 2027 and 2028 Expenditures ⁽¹⁾
FY 2027 Operating Budget	\$80.52
FY 2028 Operating Budget	\$83.93
Total FY 2027 and 2028 Operating Costs Used for Rates and Charges	\$164.45
Calculated CY 2027 Operating Costs ⁽²⁾	\$82.22

Notes:

(1) Presented in million dollars, calculations in tables may not sum due to rounding.

(2) CY 2027 Operating Costs are calculated by averaging the Total FYs 2027 and 2028 Operating Costs used for rates and charges, as the calendar year rates will collect half of each fiscal year costs.

3.2 Equipment and Replacement

In conjunction with the Water Authority's budget development process, departments evaluate and recommend equipment replacement purchases based on a thorough process in which equipment and vehicles are reviewed to evaluate the necessity to the overall operations; suitability with the function being performed; past repair history; anticipated costs to continue maintaining; and options to cost effectively replace (i.e., lease, rental, and/or used purchases). Water Authority staff performed an Equipment Replacement Fund (ERF) study (in 2019) which created a comprehensive ERF assets list and adopted a new ERF policy. The updated policy focuses on long range planning and will help moderate the fund balance as well as smooth the impact of replacing expensive equipment such as vehicles or software. For CY 2027, an Equipment Replacement budget of \$3.03 million is forecasted and includes updates to the Supervisory Control and Data Acquisition system, computers and servers, and critical vehicle and equipment replacements.

3.3 Miscellaneous Cost Recovery

Miscellaneous Cost Recovery consists of expenses not included in annual Operating Costs and other cost recoveries to the Water Authority. Miscellaneous Cost Recovery is an important element of the Water Authority's annual revenue requirements.

Miscellaneous Cost Recovery totals \$15.32 million in CY 2027, which is allocated to rate categories based on the nature of the cost that was incurred. Miscellaneous Cost Recovery includes the following:

- **Evaporation and System Losses:** This cost accounts for the cost of purchased water that is lost due to surface water evaporation or other system losses. As this is a function of storage, the \$11.28 million cost has been allocated to the storage rate component and will be recovered through the CY 2027 rates.
- **Local Water Supply Development:** This is the cost of implementing local water supply projects within the Water Authority's service area to provide a long-term reliable and sustainable supply. The cost is recovered through the Customer Service charge. A total of \$0.17 million will be recovered through the CY 2027 rates.

- **Twin Oaks Reimbursement:** This reimbursement reflects a 25-year payback to customer service for the upfront investment in the implementation of the Twin Oaks Valley Water Treatment Plant. This original investment was funded through the use of Pay-as-you-Go (PAYGO) funds, which had been historically collected from the non-treatment functional rate categories. The cost is recovered through the treatment charge. A total of \$0.74 million will be recovered through the CY 2027 rates.
- **Pumping Costs (SVPS, VCPPS):** This cost is for operational and maintenance costs for the San Vicente and Valley Center Pipeline pump stations. It is recovered through the Transportation rate. A total of \$3.12 million will be recovered through the CY 2027 rates.

3.4 Capital Costs

The Adopted FYs 2026 & 2027 CIP Budget is built upon the Water Authority's 2024 Facilities Master Plan (adopted April 2025), which shifted primary emphasis of the CIP to repair, replacement, or rehabilitation of the existing system through the Asset Management Program and modification of the Water Authority's infrastructure to optimize system operation.

To take advantage of historically low interest rates in 2022 and maintain cash for financial flexibility, the Water Authority issued new debt (2022A) to fund a majority of the near-term projects planned at that time. Proceeds from that issuance were exhausted in FY 2025. The Water Authority anticipates a new \$285 million bond issuance in CY 2026. That issuance is expected to provide a majority of project funding through FY 2030.

3.4.1 Annual Debt Service

The Water Authority has adopted a comprehensive set of financial policies. The Debt Management Policy sets forth comprehensive guidelines for the issuance and management of the Water Authority's debt.

The Water Authority finances major capital improvements, in part, by issuing debt for two primary reasons. First, given the size of past capital projects, the Water Authority did not have the financial reserves available that would otherwise be required to solely fund the CIP, nor would it have been advisable to increase the water rates and charges to cash fund these improvements. Second, spreading the debt service costs for the project over the repayment period provides intergenerational equity by effectively spreading the financial recovery (burden) between both existing and future users of the system. This approach allows the Water Authority to better match the cost of improvements with those benefiting from the improvements. This methodology is internally consistent with the development of the Water Authority's System and Treatment Capacity Charges.

Finally, as an auxiliary benefit to the use of debt, the cash generated from meeting the Water Authority's coverage requirements provides additional cash that can be used to fund PAYGO projects.

Excluding the Build America Bonds (BABs), Helix apportioned debt and planned defeasance, the net FY 2027 and FY 2028 long-term debt service expenditure for allocation are \$126.5 million and \$133.42 million respectively, resulting in expected long-term debt payments of \$129.96 million for CY 2027. The increases in FY 2027 and FY 2028 reflect the anticipated \$285 million 2026 bond issuance necessary to fund critical asset management. The FY 2026 and FY 2027 BABs debt service, net of subsidies, is \$27.78 million and \$27.78 million respectively, resulting in expected net payments of \$27.78 million for CY 2027. Lastly, for modelling and rate setting purposes, short-term debt service expenditures are projected to increase; however, the Authority is currently working with its financial advisors to determine the most

advantageous options for debt repayment (long-term, short-term, or a mix). Following the issuance of the 2026 debt and completion of the Addendum to the LRFP, staff plans on bringing specific options to the board to consideration and authorization.

The sum of these debt obligations does not reflect any additional commercial paper payments, future debt restructuring, or the Water Authority's ability to take advantage of optimal market conditions to reduce its debt burden. This is done to ensure proper allocation and appropriation of expenses – these actions are reflected in the results and planned use of reserves. Currently, the Water Authority plans to pay down \$2 million in FY 2027 and \$2 million in FY 2028.

3.4.2 Non-Debt Capital Expenditures

The Water Authority has historically augmented its use of short and long-term debt by funding a portion of its capital program with cash through its PAYGO Fund. Funding a portion of the CIP with cash has several advantages. Cash funding a portion of the CIP provides for a more equitable distribution of capital costs between current and future customers as compared strategy wholly reliant on debt, which would push more costs to future users. Additionally, cash funding is appropriate for renewal and replacement projects to provide balance against the expense of depreciation that is required under Generally Accepted Accounting Principles. Revenues generated for PAYGO expenditures have the added benefit of supporting the Water Authority's DSCR as they are included in the calculation of Net Water Revenue while PAYGO costs are not.

The 2026 LRFP set forth a long-term target capital financing mix of 38 percent PAYGO and 62 percent debt. While this target provides a general roadmap for capital funding, the Water Authority will continue to review capital funding needs along with financial capacity to determine the most appropriate financing mix going forward.

3.4.3 Depreciation and System Replacement

The Water Authority does not adjust rates to recover system depreciation. Rather, the Water Authority operates on a cash basis and the cost to rehabilitate and improve the system is accounted for through direct capital reinvestments. The cost of renewing the system over time is captured in the on-going renewal and replacement related CIP. This approach also creates consistency with the Water Authority's capacity charge methodology, which excludes depreciated asset values from the buy-in cost basis of the charge and then recovers a proportionate share of the CIP through the charge. It is important to note that once a meter is connected to the system, the user is then obligated to fund a proportionate share of future capital improvements and ongoing debt obligations through the water rates and charges.

3.5 Offsetting Revenues to Reduce Revenue Requirements

Beyond water rates and charges, the Water Authority collects revenues through other funding sources. These revenues provide a credit against the total revenues that must otherwise be collected annually from rates. Offsetting revenues include the IAC, standby availability charges, system and treatment capacity charges, property taxes, interest earnings, and miscellaneous revenues.

Table 4, on the next page, details the offsetting revenues and provides a brief description of the source of revenue.

Table 4 Offsetting Revenues (in \$ millions)

Revenue Component	CY 2027 Revenues	Description
Capital Offsets		
System Capacity Charge	\$10.41	The charge is designed to recover a proportionate share of the capital costs associated with providing services to new connections in the Water Authority's service area.
Treatment Capacity Charge	0.42	Helps fund the Water Authority's regional water treatment facility. The charge recovers a portion of the capital costs from the future users of the treatment facility.
Standby Availability Charge	10.73	This fixed charge, which is in the nature of a special assessment, is limited by statute and funds some of the capital costs associated with maintaining the system. It is \$10 per acre per year, or \$10 for a parcel less than one acre per year. The charge was first established prior to the adoption of Proposition 218 and has been continuously levied pursuant to law at pre-Proposition 218 levels.
PAYGO Earnings	1.50	Interest earnings on the Water Authority's PAYGO Fund.
Operating Offsets		
Property Tax	\$21.55	The Water Authority receives a portion of the 1% property tax pursuant to the Revenue and Taxation Code.
IAC	52.60	The IAC is an annual service charge that is imposed on member agencies and apportioned based on all retail water meters within the Water Authority's service area. The IAC maintains a minimum ratio of projected fixed revenues to projected fixed expenditures of 25% in any future fiscal year, excluding fixed water rate revenues.
Interest Earnings	15.85	Interest earnings on operating funds.
Specific Revenues	3.14	Revenues reflect directly allocated revenues for the reimbursement of previous capital outlays or reimbursements. For example, one revenue reflects a 25-year payback to customer service for the upfront investment in the implementation of Twin Oaks Valley Water Treatment Plant.
Misc. Revenue	0.61	Includes other nominal revenues.
Total Offsets	\$116.81	

3.6 Infrastructure Access Charge

In addition to revenues generated through the five rate and charge categories, the Water Authority has additional revenues used to meet the annual revenue requirements. The most significant of these offsetting revenues is the IAC. The IAC was implemented in 1998 by Board policy to reduce financial vulnerability due to fluctuations in annual Water Authority revenues. This is accomplished by increasing the number of fixed expenditures recovered through fixed charges. The IAC was designed to generate a minimum 25 percent ratio of fixed revenues to fixed expenditures.

Consistent with the adopted Board policy, the IAC equals the forecasted four-year average of debt service (long- and short-term debt) plus 80 percent of forecasted four-year average O&M costs, times 25 percent, times 110 percent. Based on the results of an expenditures analysis at the time of implementation, the

Water Authority concluded that roughly 80 percent of the agency's operating costs were fixed (e.g., personnel costs) and did not vary based on water sales. Additionally, the level of fixed expenditures to be recovered through the IAC was established to mitigate fluctuations in net revenues due to water sales volatility that the Water Authority had experienced. Finally, in establishing the IAC Policy the Board increased the 25 percent fixed expenditure recovery to 25 percent multiplied by 110 percent. This accounts for potential fluctuations in expenditures and offsetting revenues, as well as costs, yet to be identified in the four-year budget forecast.

The forecasted four-year average of the Water Authority's Standby Availability Charge and property tax revenues are credited to recognize other fixed revenues. Staff proposes, which Carollo continues to find reasonable, for \$6.0 million in "additional funds" to be allocated (credited) to the CY 2027 IAC calculation. These additional funds were collected through the IAC in prior years so that rates could be smoothed despite volatility in the costs that constitute the IAC. As detailed below, the CY 2027 IAC provides \$53.42 million in revenue offsets against the required water rate and charge revenues. The IAC is allocated to each member agency based upon the previous calendar year's total meter equivalents (as reported by the member agencies). A meter equivalent is based on a meter size less than one inch. For CY 2027, the monthly IAC is recommended to increase to \$4.87 per household meter equivalent as shown in Table 5.

Table 5 [Infrastructure Access Charge Calculation \(in \\$ millions\)](#)

	4-Year Average FY 2027 – FY 2030
Long-Term Debt Service	\$151.55
Fixed Capital Cost (PAYGO)	37.88
Total Short-Term Debt Service and Costs	57.28
Administration and Maintenance times 80%	67.97
Equipment Replacement Funding * 80% (Previously in O&M)	1.76
Total Local Supply Development Costs times 80%	0.11
Evaporation and System Losses times 80%	9.36
Desalination FY Pipeline Cost	11.63
Total Fixed Costs	\$337.54
Total Fixed Costs Times 110% Times 25%	\$92.82
Less:	
Other Tax Receipts	(\$22.66)
Standby Availability Charge Revenue	(\$10.74)
Additional Funds for Smoothing IAC (1-year)	(\$6.00)
Remaining Fixed Cost Need (IAC Revenue)	\$53.42
Average Number of Meter Equivalents Used in Calculation	914,270
Recommended CY 2027 Monthly IAC Per Meter Equivalent (in dollars)	\$4.87/MEU

3.7 Revenue Sufficiency

Water Authority revenues must be sufficient on a fiscal year basis to meet two tests – (1) cash flow and (2) bond coverage. These sufficiency tests are commonly used to determine the amount of annual revenue that must be generated from an agency's rates.

- **Cash Flow Sufficiency Test:** The cash flow test defines the amount of annual revenues that must be generated to meet annual expenditure obligations of the utility. These needs can include direct cash expenditures as well as planned transfers or additions to reserves.
- **Bond Coverage Sufficiency Test:** Bond coverage refers to the collection in revenues to meet all operating expenses and debt service obligations plus an additional multiple of that debt service. The Water Authority has a legally required minimum bond coverage ratio of 1.20x and a policy target of 1.50x. The Water Authority, as do many utilities, established a policy target in excess of legal requirements to retain or attain high bond ratings with correspondingly lower interest costs.

The revenue requirement analysis sets water rate and charge revenues at a level sufficient to pass both tests. Revenue requirements are driven by either "cash flow" or "coverage" based on the test that requires a greater adjustment.

The driver of the CY 2027 rate increase is generating sufficient cash flows to recover operating and capital costs while maintaining the Water Authority's strong financial position. The recommended increases are targeted, reflecting the increase in revenue requirements for each rate or fee.

Increases in external water treatment costs from MWD and Helix Water District, coupled with inflationary increases for treatment costs at the Twin Oaks Plant and for other internal revenue requirements will necessitate adjusting the Melded Treatment Rate. Increases for the Storage Charge and Transportation Charge are driven primarily by increased debt service costs. As discussed previously, no increase is required for the Melded M&I Supply rate as the rate pressure from modest inflationary increase in costs will be offset by increased demands and revenue from third party water sales.

The Water Authority's current projections indicate the DSCR at 1.85x for the end of FY 2026. With the recommended rates for CY 2027 set based on cash flow requirements, as described above, the DSCR is projected at 1.69x for FY 2027, above the 1.50x policy target. As such, meeting the DSCR is not a driver of the recommended CY 2027 rate increases.

3.8 Financial Policies

The Water Authority has adopted several financial policies that are aimed at bolstering and maintaining the financial health and resiliency of the organization. Adherence to the policies guides rate setting towards predictable and reasonable rates as the policies naturally require that rate setting is not considered as single year process nor in a vacuum. While this study, and Carollo's review, only concern the CY 2027 rates and charges the Water Authority's other financial planning efforts, which inform the rate setting process, account for long-term projections and trends.

3.8.1 Debt Service Coverage Ratio

The Water Authority has a legally required minimum bond coverage ratio of 1.20x on senior lien debt service.³ In order to maintain strong bond ratings and mitigate the impacts of annual water demand fluctuations, the Board sets rates to meet a senior lien debt service coverage target of 1.50x, inclusive of RSF transfers, and 1.00x excluding capacity charge revenues. This policy was most recently affirmed in the 2026 LRFP.

The Water Authority has a strong history of meeting the Board policy target of 1.50x. When necessary, year-end transfers from the RSF have been used reactively to meet the 1.5x target. Prior to a transfer if the coverage is more than 1.5x – deposits may be made into the fund (lowering coverage). In years where coverage is below 1.5x, a withdrawal can be made to support 1.5x.

3.8.2 Rate Stabilization Fund (RSF)

The RSF is in place to serve two primary purposes: 1. to provide a source of funds for reactive protection of the DSCR and 2. to provide a source of funds for proactive rate smoothing. The RSF was initially established in 1990 and has been periodically reviewed and updated since that time. The latest update to the RSF policy was completed for the 2026 LRFP.

The Water Authority sets aside money into the RSF (as available), which, by covenant, may be used to meet the Water Authority's legal bond coverage requirement in a year in which other revenues are insufficient. Use of the RSF is a critical short-term water rate management tool and helps the Water Authority manage weather and timing related revenue risks and stabilize annual revenue needs through rate smoothing.

The 2026 LRFP established a new set of governing policies and targets for the RSF. The RSF is now bifurcated into two distinct portions.

- The reactive portion is dedicated to coverage protection for debt service with a target set at 50 percent of the average three-year forecasted senior lien debt service. The threshold target for this portion is \$76.2 million for FY 2027. If the coverage protection portion is drawn below this threshold, the funds must be restored within three years.
- The proactive portion, capped at \$50 million, can be used by the Board for rate smoothing and mitigation (while still considering the 150 days of cash target).

This new structure is designed to provide greater clarity and transparency regarding the use of RSF funds. The updated policy was developed collaboratively with Member Agency Finance Officers and Managers to ensure consensus and transparency. These changes aim to enhance financial stability, support ratepayer affordability, and provide the Board with more flexibility to manage rate volatility. As the new RSF policy took effect with the adoption of the 2026 LRFP it is used in the CY 2027 rates and charges process.

³ This requirement is established by the Water Authority General Resolution as amended. This resolution and amendments are available on the Water Authority's website.

3.8.3 Days of Cash

Along with the Board approved policies discussed above, the Water Authority's practices include maintaining prudent reserve levels to support cashflow needs. Specifically, rate setting efforts target cash on hand equal to 150 days of O&M expenses. This level of reserves allows the Water Authority to manage seasonal revenue volatility, debt service payments, and to cover unforeseen changes in operating costs or to fund emergency projects in the event of infrastructure failures or natural disasters. Furthermore, credit rating agencies typically consider cash on hand when evaluating the creditworthiness of water utilities. Thus, planning for and maintaining a prudent cash on hand balance is necessary to receive high credit ratings and ultimately lower borrowing costs. Maintaining a minimum of 150 days of cash supports the Board's policy of maintaining an AA+ credit rating, bolsters critical metrics, and reduces leverage.

3.8.4 Recommended Rates Policy Results

Several years prior to CY 2025, the Water Authority worked to moderate rate increases using the rate stabilization reserve, which was drawn down to \$78.5 million (FY 2024 ending balance). Based on the updated RSF policy, the reactive coverage threshold for FY 2026 is \$73.4 million and \$76.2 million for FY 2027. The Water Authority has been able to fully replenish the RSF over the past two years. As projected, the RSF balance will be just above the maximum target at the end of FY 2026 (June 30, 2026).

The PAYGO and Construction Fund had been drawn down in recent years. The CY 2027 rate and charges have been developed to continue the recovery of the Water Authority's finances. The FY 2025 year-end reserve balance equated to 158 days of cash, just above the 150-day prudent balance target for rate setting. With the current (CY 2026) rates and the recommended (CY 2027) rates, projected reserves would continue to rebound due to increased revenues from third party sales. Should the fund balances continue to stabilize and grow, staff will work with their financial advisors to seek opportunities for future debt or costs savings to improve affordability.

As noted, for CY 2027, the Water Authority's revenue requirements are cash flow driven. The recommended increases to specific rates and charges are necessary so that they can sufficiently recover their associated share of revenue requirements. Revenues provided by the cash flow driven rates will be sufficient to meet the 1.50x policy target for the DSCR.

SECTION 4 **ALLOCATION OF REVENUE REQUIREMENTS TO FUNCTIONAL CATEGORIES**

The purpose of a cost-of-service analysis is to provide a reasonable basis for distributing the full costs of the Water Authority's operations and capital investments to rate categories and then the member agencies in proportion to the demands placed on or benefits received from the system. The Water Authority currently maintains five functional rate categories. These components are developed and designed to mirror the nature in which expenditures are incurred. The Water Authority's operating budget is allocated, by division, to a specific rate category as a part of the development of the two-year budget process. This process is based on clear, concise, and consistent rate and charge category definitions. In the allocation process, if work performed in a department or program is not specifically applicable to one of the five rate categories defined below, it is considered General and Administrative (G&A). This category is applicable to departments that support the internal operations of the Water Authority, such as Finance and Administrative Services.

Debt issuances and the associated annual debt services are allocated to rate categories based on the specific capital improvement projects financed through bond sales. Additionally, the Water Authority utilizes a combination of cash and PAYGO reserves to pay for capital projects. However, to minimize the immediate impact on rates, the Water Authority amortizes cash expenditures directly to the related rate category. The Water Authority uses its calculated weighted cost of capital as the interest rate on cash used for capital expenditures in each respective year. The Water Authority assumes a 30-year amortization term to calculate the projected annual cash payment stream. The annual cash payments are allocated to rate categories based on the same percentages developed to allocate long-term debt service.

4.1 Allocation Categories

The Water Authority allocates its annual operating budget to the five functional rate categories. As applicable and identifiable, these expenditures are assigned directly to rate categories. For expenditures incurred for the general operations of the Water Authority, costs are allocated to G&A and then redistributed to five functional categories based on their weighted average of directly assignable operating costs. A description of each category is as follows:

4.1.1 Customer Service

The Customer Service charge is set to recover costs that are necessary to support the functioning of the Water Authority, to develop policies, and to implement system-wide programs. Costs recovered through the customer service charge include, but are not limited to, customer billing, public relations, and expenses associated with the Board of Directors.

4.1.2 Storage

The Storage charge is set to recover costs associated with the ESP, CSP, and Operational Storage. The ESP is a system of reservoirs, interconnected pipelines, and pumping stations designed to make water available to the San Diego region in the event of an interruption in imported water deliveries. PSAWR customers do not benefit from the ESP and CSP Storage charge as addressed in Report Section 5.3.

4.1.3 Supply

The Supply rate recovers the cost of water supply incurred by the Water Authority, including the purchase of water from MWD, the IID, and the Coachella and the All-American Canals; costs of MWD wheeling for non-MWD water supplies; desalination water costs; and certain other costs associated with the QSA.

4.1.4 Transportation

The Transportation rate is 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, excluding certain distribution facilities covered under the East County Treatment Agreement. An example of this category would be the maintenance division in the Operations and Maintenance Department. This division maintains the valves, pipelines, and facilities that are integral to the aqueduct system.

4.1.5 Treatment

The Treatment rate is designed to recover the Water Authority's cost of treating water. The Melded Treatment Rate includes the costs of purchasing treated water from MWD, the operating and capital costs associated with the Water Authority's agreement with Helix Water District's Levy Water Treatment Plant, and the operating and capital (debt service) costs associated with the construction of the Twin Oaks Valley Treatment Plant, as well as desalinated water costs allocated to this rate and may recover certain other costs associated with the delivery of treated water. For CY 2027, MWD's three new fixed treatment charges will be included in the Melded Treatment Rate. Additional discussion of the new MWD charges is included in Section 5.2.2

As treated water is a result of the desalination process, the treatment rate is also used as a proxy for deriving the treatment cost associated with production of the desalination supply. The resulting cost is also recovered through the Treatment Rate.

4.1.6 General and Administrative

Expenditures that cannot reasonably be allocated directly to a rate category are assigned to G&A, which supports the general function of the Water Authority. An example of a cost that is assigned to G&A is accounting. As no rate component directly relates to G&A, these costs are reallocated to the other rate components based on the total direct budget allocation to customer service, storage, supply, transportation, and treatment.

4.2 Allocation Summary

In 2013, Carollo held interviews with select departments and divisions to confirm the methodology and the appropriateness of application of cost-of-service principles during the annual budget process. This interview process was completed by staff in parallel with the development of each new two-year budget.

The interviews evaluated the methodology and basis of the percentage allocations and developed the reasoning that allocations varied from the previous process, if applicable. In most cases, costs were allocated based on the historical and forecasted employee utilization and direct expenditures.

As a part of the FY 2026 and FY 2027 budget process, the allocations were updated consistently with historical practices; however, the updated allocations include the recent internal reorganization of various departments and divisions. This internal review accounted for changes in processes and day-to-day operations. Based on Carollo's review, the provided allocations appear reasonable and continue to be based on sound and defensible definitions.

The debt service and capital allocations developed in the Cost-of-Service Study reflect the continued shift in CIP efforts towards transportation. Storage allocations increased after the recent benefits of refunding and cash defeasance of debt series largely apportioned to Storage. These adjustments are reflected in each revenue requirement.

4.2.1 Allocation of Operating Costs

Table 6 illustrates the allocation of CY 2027 operating costs to each rate category based upon the total weighted average FY 2027 and FY 2028 expenditure allocation.

Table 6 Allocation of CY 2027 Operating Budget (in \$ millions)

CY 2027 Allocation	CY 2027 Expenditures	Customer Service	Storage	Supply	Transportation	Treatment
Operating and Maintenance						
Percent Allocation	100.00%	34.48%	12.81%	16.06%	34.30%	2.35%
Cost Allocation	\$82.22	\$28.35	\$10.54	\$13.21	\$28.20	\$1.93
Equipment Replacement Fund						
Percent Allocation	100.00%	34.48%	12.81%	16.06%	34.30%	2.35%
Cost Allocation	\$3.03	\$1.05	\$0.39	\$0.49	\$1.04	\$0.07
Total Operating Costs	\$85.25	\$29.40	\$10.92	\$13.69	\$29.24	\$2.00

4.2.2 Allocation of Debt Service

For each debt issuance, the Water Authority actively allocates its use of long-term and short-term debt. Each issuance is apportioned to rate components based on specific projects funded. As a result, the Water Authority's debt service is allocated in a defensible and equitable manner. Table 7 provides a summary allocation of the total CY 2027 debt service by functional rate category.

Table 7 Debt Service Allocation Summary (in \$ millions)

Revenue Requirement ⁽¹⁾	CY 2027 Total	Customer Service	Storage	Supply	Transportation ⁽²⁾	Treatment
LTD Service	\$129.96	\$11.76	\$44.89	\$9.27	\$56.92	\$7.13
STD Service	91.26	7.79	28.32	5.74	44.99	4.43
Build America Bonds ⁽³⁾	27.78	2.51	9.59	1.98	12.17	1.52
Total Debt Service	\$249.00	\$22.06	\$82.79	\$16.99	\$114.08	\$13.08

Notes:

(1) May not sum due to rounding.

(2) Includes Super Subordinate rate for Desalination Pipeline (Transportation – LTD).

(3) Amount is net and includes the associated \$10.6M subsidy.

4.2.3 Allocation of Offsetting Revenues

Offsetting revenues provide a credit against rate revenue needs. Operating revenue offsets are allocated to each functional rate category proportionate to the two-year average expenditures by rate category. Table 8 provides the allocation factors that are used to distribute each offsetting revenue.

Table 8 CY 2027 Allocation Factors for Offsetting Revenues

Methodology ⁽¹⁾	Applicable Offsetting Revenues	Customer Service	Storage	Supply	Transportation	Treatment
Capital, Excluding Treatment	System Capacity Charges	9.02%	32.42%	6.62%	51.94%	0.00%
Total Capital	Water Standby Charges PAYGO Earning	8.59%	30.86%	6.30%	49.43%	4.83%
Treatment Only	Treatment Capacity Charge	0.00%	0.00%	0.00%	0.00%	100.00%
Total Expenditures without alloc.to Supply	Property Taxes Excluding Amount for PSARW	17.15%	32.19%	0.00%	45.53%	5.13%
Supply Only	Property Taxes for PSAWR	0.00%	0.00%	100.00%	0.00%	0.00%
Specific Misc. Revenues	Twin Oaks Reimbursement, Desal Reimbursement, SLR Transportation Revenues, Semi-Tropic Revenue	23.70%	0.00%	32.06%	43.67%	0.58%
Total Expenditures	IAC Property Taxes and In-Lieu Charges Investment Income General Misc. Revenue	15.56%	29.21%	9.26%	41.32%	4.66%

Notes:

(1) These allocation factors do not cover all off-setting revenues, notably those that are allocated to specific functions.

Operating revenue offsets include property taxes, IAC revenue, interest earnings, and miscellaneous revenues. The Water Authority also accounts for system capacity charge revenue, water standby availability charges, and interest earning on PAYGO reserves. These capital-related offsets are allocated to the Water Authority's customer service, storage, supply, transportation, and treatment rate components based on its respective share of the total capital expenditures for the two-year budget period. System capacity charge revenue continues to exclude treatment as no treatment costs are recovered in this charge.

Finally, treatment capacity charges are allocated directly to the Water Authority's treatment rate category as a reimbursement for treatment-related capital expenditures.

Some non-rate revenues are directly attributable to a specific function. These specific revenues are thus directly allocated to the function that is receiving the direct benefit or provided the upfront capital outlay to complete the project. This includes, but is not limited to, the Twin Oak Reimbursement, Hydroelectric revenues, and desalination reimbursements.

Table 9 illustrates the offsetting revenues and allocated offsets to each rate component. Given the conversion of fiscal year to calendar year and vice-versa, some numbers detailed may not flow exactly

through to the corresponding rate tables, but does not impact the cost of service or recommended rate calculations.

Table 9 CY 2027 Offsetting Revenues (in \$ millions)

	Total Revenue Offsets	Customer Service	Storage	Supply	Transportation	Treatment
Capital Offset						
System Capacity Charge	\$10.41	\$0.94	\$3.37	\$0.69	\$5.41	\$0.00
Standby Availability Charge	10.73	0.92	3.31	0.68	5.30	0.52
Treatment Capacity Charge	0.42	0.00	0.00	0.00	0.00	0.42
PAYGO Earnings	1.50	0.13	0.46	0.09	0.74	0.07
Operating Offsets						
Property Tax	\$18.32	\$3.14	\$5.90	\$0.00	\$8.34	\$0.94
Property Tax Applied to PSAWR	3.24	0.00	0.00	3.24	0.00	0.00
IAC	52.60	8.19	15.36	4.87	21.73	2.45
Interest Earnings	15.85	2.47	4.63	1.47	6.55	0.74
Specific Revenues	3.14	0.74	0.00	1.01	1.37	0.02
General Misc. Revenue	0.61	0.10	0.18	0.06	0.25	0.03
Total Offsets	\$116.81	\$16.62	\$33.21	\$12.10	\$49.69	\$5.19

4.2.4 Additional Expenses

As described in Report Section 3.1, the Water Authority incurs costs beyond those captured within the core budget, such as expenditures which were initially funded using reserves and then recovered from member agencies over time through rates. When developing the rates and charges, the Water Authority accounts for these additional expenditures separately from the base operating expenditures, allocating these expenditures directly to each rate category based on direct benefit.

Table 10 details the additional expenditures that are incurred by each rate category outside the operating budget.

Table 10 CY 2027 Additional Expenses (in \$ millions)

	CY 2027 Total	Customer Service	Storage	Supply	Transportation	Treatment
Twin Oak Reimbursement	\$0.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.74
Local Water Supply Development	0.17	0.17	0.00	0.00	0.00	0.00
Evaporation and Losses	7.87	0.00	7.87	0.00	0.00	0.00
System Losses	3.41	0.00	3.41	0.00	0.00	0.00
Pumping Costs	3.12	0.00	0.00	0.00	3.12	0.00
Total Expense	\$15.32	\$0.17	\$11.28	\$0.00	\$3.12	\$0.74

4.2.5 Coverage + Reserve Driven Requirements

The bond coverage target is calculated based on net revenues, excluding capital expenses and policy requirements, such as additions to reserves. Although the bond coverage requirement applies to all Water Authority rates and charges revenues in aggregate, the Water Authority establishes rates to separately meet the 1.50x coverage test by rate category, proportionate to its share of overall debt. This approach is designed to recover bond coverage and reserve costs fairly and reasonably by rate category.

As noted, the CY 2027 rates are cash flow driven, rather than coverage driven, therefore, no direct revenue requirements are needed for coverage. Based on the revenue requirements defined above, the Water Authority must generate an additional \$3.26 million through rates to meet rate smoothing objectives appropriately fund reserves. This is illustrated in Table 11.

Table 11 Remaining Coverage and Reserve Allocation Summary (in \$ millions)

Revenue Requirement	CY 2027 Total	Customer Service	Storage	Supply	Transportation	Treatment
Remaining Smoothing and Reserve Driven Needs	\$3.26	(\$1.01)	\$2.71	\$4.09	(\$5.75)	\$3.21

4.2.6 Summary of Allocation

Table 12 provides a summary of the Water Authority's revenue requirements and rate component allocations. The water sales revenue requirements reflect only the portion of water rates and charges related to direct Water Authority operating activities and do not include expenditures such as purchased water costs.

Table 12 Revenue Requirements Summary (in \$ millions)

Revenue Requirement	CY 2027 Total	Customer Service	Storage	Supply	Transportation	Treatment
Operating Costs	\$82.22	\$28.35	\$10.54	\$13.21	\$28.20	\$1.93
Equipment Purchase	3.03	1.05	0.39	0.49	1.04	0.07
Debt Service (LTD + STD)	249.00	22.06	82.79	16.99	114.08	13.08
Offsetting Revenues	(116.81)	(16.62)	(33.21)	(12.10)	(49.69)	(5.19)
Operating Rev Req Before Coverage	\$217.45	\$34.83	\$60.51	\$18.59	\$93.63	\$9.90
Additional Expenses	15.32	0.17	11.28	0.00	3.12	0.74
O&M Rev Req Before Coverage	\$232.77	\$35.01	\$71.79	\$18.58	\$96.75	\$10.64
Remaining Coverage and Reserve Driven Needs ⁽¹⁾	3.26	(1.01)	2.71	4.09	(5.75)	3.21
Water Sales Rev Req	\$236.03	\$34.00	\$74.50	\$22.68	\$91.00	\$13.85

Notes:

(1) Excludes use of reserves related to smoothing of melded supply or treatment rates (water supply or treatment purchases). These amounts are defined separately in Tables 17 (melded supply rate) and 19 (melded treatment rate).

SECTION 5 WATER RATES AND CHARGES

Based on the resulting revenue requirements analysis and detailed cost of service allocations, the revenue requirements for each rate and charge category are recovered from the member agencies based on water demand and usage factors. The Water Authority serves two classes of customers: Full Service and Permanent Special Agricultural Water Rate (PSAWR) customers. The PSAWR program is reviewed and refined periodically to reflect demand and supply conditions and to maintain its adherence to cost of service principles. A review was completed in 2025 and updates to the PSAWR calculation are included for the CY 2027 rates presented herein. Carollo's review reaffirms the continued nexus between lower supply reliability and a lower cost of service – with the changes to reflect current and anticipated system uses included.

In general, the Water Authority's rate setting follows a streamlined approach where each rate component relates back to a single and specific cost allocation category. This methodology contrasts with that of many retail water agencies who, by virtue of their cost and rate structures, may need to combine revenue requirements from multiple categories into each rate component. The Water Authority's approach allows for each rate to accurately and proportionally reflect the Water Authority's cost to provide each component of its service while providing a high level of transparency in the rate setting process. It also results in a rate structure that can be easily communicated to each agency and incorporated into their respective rate planning efforts. The following section of this report summarizes the recommended CY 2027 water rates and charges.

5.1 Commodity Based Fixed Charges

Fixed revenues are distinguished from variable revenues as they provide a known and predictable annual source of revenue for an upcoming calendar year. The fixed commodity charges are allocated to each agency based on their proportionate share of a seven-year rolling average of water purchases (FY 2019-FY 2025).

This allocation methodology balances the fixed nature of the costs recovered by the fixed charges with the potential for shifting demands of the retail agencies. The rolling average purchase volumes provide a measure of each agency's use of the Water Authority's system that can evolve naturally over time with each agency's retail demands. The use of another fixed allocation methodology, such as MEUs, could sufficiently recover costs but would not account for lasting changes in agency demands (i.e., development of local water resources or retail customer growth).

5.1.1 Customer Service Charge

Based on the cost-of-service analysis, \$34.0 million must be recovered through the customer service water rate in CY 2027. These costs are recovered as an annual charge, as these costs do not vary based on the current year's water demand. Specifically, the costs are allocated among the member agencies based on each agency's seven-year rolling average of all purchases (FY 2019-FY 2025), excluding member agency wheeled water.

Table 13 CY 2027 Customer Service Revenue Requirement (in \$ millions)

CUSTOMER SERVICE REVENUE REQUIREMENT	
Capital Expenditures (LTD and STD)	\$22.06
Equipment Purchase	1.05
O&M + Share of Agency Operating Expenditures	28.35
Additional Expenses	0.17
Gross Revenue Requirements	\$51.63
Less: Offsetting Revenues	
Capital Related	(1.99)
Operating Related	(14.63)
RR before Coverage and RSF Support	\$35.01
Coverage + Reserves	(\$1.01)
Total Revenue Requirement	\$34.00

5.1.2 Storage

Based on the cost-of-service analysis, \$74.50 million is to be recovered through the storage charge in CY 2027, representing an increase from previous years. The storage charge is an annual charge historically allocated using each agency's seven-year rolling average. However, during last year's review of the PSAWR program, PSAWR customers were deemed to have received benefit from some aspects of the storage system. Starting in CY2026, the methodology was refined to reflect the Water Authority's increasing reliance on storage facilities. Impacts of forecasted decreasing dependence on MWD supplies was flagged for discussion that occurred following adoption of CY2026 rate in June.

Under the Water Authority's updated storage calculation, the total \$74.50 million storage charge is to be divided by storage type. Based on current defined capacity allocations levels, operational storage currently comprises 59 percent of total storage capacity. This benefit will be allocated to all usages (M&I and PSAWR). ESP and carryover components make up the remaining 41 percent of total storage capacity and are to be allocated to member agencies based on M&I usage.

Operational storage is used regularly throughout the year, with regular inflow and outflow, all customers benefit from access. Conversely, ESP and Carryover Projects are designed to make water available to the San Diego region in the event of an interruption in imported water deliveries. Because agricultural users that participate in the PSAWR program agree to reduced or interrupt service during times of water emergencies, they would not receive benefits from the Water Authority's investment in its long-term storage program. It is therefore appropriate to exclude agricultural deliveries from the calculation of the ESP and CSP storage components.

Member agencies, including those serving PSAWR customers, will be allocated their portion of the Operational Storage charge (59 percent of \$74.50 million) based on the seven-year rolling average methodology. Fiscal year 2024 marked the first year PSAWR demand data is incorporated into the seven-year rolling average calculation, with only one year of PSAWR demand included in the 2026 calculation. For CY 2027 two years of PSAWR demand (FY 2024 and FY 2025) are included. This gradual transition will continue with one additional year will be included annually until the full seven-year rolling average is met in CY 2032.

This refined methodology ensures member agencies serving PSAWR customers pay proportionately for the operational storage benefits they receive, while maintaining their exemption from emergency and carry-over storage costs.

Table 14 CY 2027 Storage Revenue Requirement (in \$ millions)

STORAGE REVENUE REQUIREMENT	
Capital Expenditures (LTD and STD)	\$82.79
Equipment Purchase	0.39
O&M + Share of Agency Operating Expenditures	10.54
Additional Expenses	11.28
Gross Revenue Requirements	\$105.00
Less: Offsetting Revenues	
Capital Related	(7.15)
Operating Related	(26.06)
RR before Coverage and RSF Support	\$71.79
Coverage + Reserves	\$2.71
Total Revenue Requirement	\$74.50

5.1.3 Supply Reliability Charge

Based on recommendations from the A&F Committee and approval of the Board, the Supply Reliability Charge recovers the functional incremental supply costs allocated to enhanced supply reliability. The Committee recognized the importance of equitably recovering the cost of the Water Authority's investments in long-term water supply reliability in accordance with the cost-of-service requirements. The concept of a fixed charge for supply reliability was to balance the impact of the fixed costs on member agencies with the allocation of costs associated with long-term investments in supply reliability to member agencies based on a seven-year rolling average of M&I deliveries (FY 2019-FY 2025). Access to reliable supply benefits all member agencies regardless of whether the agency purchases water every day or intermittently.

The approved methodology for determining the Supply Reliability Charge is as follows:

$$\begin{aligned} &\text{Supply Reliability Charge} \\ &= [(\text{Desal Water Cost} + \text{IID Water Transfer Cost}) - \text{MWD Supply Rate Equivalent Cost}] * 25\% \end{aligned}$$

The original Supply Reliability Charge Report prepared by A&N Technical Services, Inc. is available on the Water Authority's website. Following this methodology, Table 15, on the next page, details calculation of the recommended CY 2027 Supply Reliability Charge.

Table 15 Recommended CY 2027 Supply Reliability Charge

SUPPLY RELIABILITY CHARGE	
Desal Deliveries (TAF)	42.00
Desal Supply Rate (\$/AF)	\$3,493/AF
Desal – Reliable Water Cost (\$M)	\$146.71
IID Transfer Deliveries (TAF)	200.00
IID Transfer Cost (\$/AF)	\$1,539/AF
IID – Reliable Water Cost (\$M)	\$307.80
Desal + IID Total Deliveries (TAF)	242.00
MWD Untreated Rate (\$/AF)	\$1,030/AF
MWD Comparison Cost (\$M)	\$249.26
Differential [Desal + IID – MWD] (\$M)	\$205.24
SRC Defined Share of Differential	25%
Supply Reliability Charge (\$M)	\$51.32

As used in the above formula, contracted desalination deliveries are 42,000 AF/Y and IID Water Transfer Deliveries are 200,000 AF/Y in CY 2027.

The revenue generated from this charge will only be applied to offset the supply revenue requirement prior to determining the volumetric Melded Supply Rate. This charge will be allocated to member agencies based on a seven-year rolling average of applicable historical water deliveries. The calculated Supply Reliability Charge for CY 2027 is \$51.32 million. This represents a 2.8 percent increase from the CY 2026 rate. Should MWD's Supply Rate escalate beyond the escalation of reliable water, as anticipated in 2028, the SRC will decrease. This charge will be zero when MWD's Supply Rate is equal to or greater than the melded Desalination and IID Water Transfer Costs.

The calculated Supply Reliability Charge follows general water industry cost of service-based rate-setting principles. By design, it cannot recover more than the costs allocated to the supply functional costs, as it is calculated as a portion of those functional supply costs. Further, it constitutes a reasonable allocation of functional supply costs in that it better aligns the fixed incremental supply costs incurred by the Water Authority to make highly reliable potable water supplies available to its member agencies with the benefits available to all water customers connected to the Water Authority integrated water system.

As approved, the Water Authority spreads the Supply Reliability cost to member agencies based upon their share of the rolling seven-year average of M&I deliveries.

5.2 Commodity Based Variable Rates

The commodity based variable water rates and charges are distinguished from fixed revenues as they are recovered based on monthly water sales.

5.2.1 Supply (Melded M&I Supply Rate)

The Melded Untreated M&I rate is a volume rate assessed on a per acre-foot basis. The rate is a combination of direct and indirect costs. The revenue requirement apportioned to the supply rate component is \$22.68 million and is detailed in Table 16.

Table 16 CY 2027 Melded Supply Revenue Requirement (in \$ millions)

MELED SUPPLY REVENUE REQUIREMENT	
Capital Expenditures (LTD and STD)	\$16.99
Equipment Purchase	0.49
O&M + Share of Agency Operating Expenditures	13.21
Additional Expenses	0.00
Gross Revenue Requirements	\$30.68
Less: Offsetting Revenues	
Capital Related	(1.46)
Operating Related	(10.64)
RR before Coverage and RSF Support	\$18.58
Additional Coverage	\$4.09
Total Revenue Requirement	\$22.68

For CY 2027, M&I supply costs are projected to total \$482.09 million. In addition to the cost of water, \$22.68 million must be recovered through rates to fund the supply revenue requirements. The Supply Reliability Charge provides a revenue (cost of water) offset of \$51.32 million. Finally, an additional \$11.96 million in reserve contributions is included to replenish reserves and smooth long-term rates. By dividing the total supply cost of \$465.40 million by total water sales, a per acre-foot cost of \$1,490 is calculated.

The Water Authority continues to identify strategies to promote affordability for its member agencies and for CY 2027 onward, third party water sales agreements will be used to offset costs recovered by the Melded M&I Supply rate. The CY 2027 rates reflect two new third party water sales agreements with the Eastern Municipal Water District (EMWD) and the Western Municipal Water District (WMWD). The third party sales will be conducted as QSA exchanges rather than physical delivery of water from the Water Authority to the third parties.

Historically, the Water Authority has only sold water to member agencies, who bore the full burden of the Water Authority's costs. These third party sales will benefit member agencies by taking advantage of available Water Authority supplies to generate revenue from outside agencies to mitigate rate increases. For CY 2027, the Water Authority expects a total of 17,200 acre-feet of sales to EMWD and WMWD generating \$23.4 million in revenues to offset the Supply rate. Prepaid water sales will total 17,500 acre-ft and generate \$16.1 million that will be held in a specific interest earning reserve to be used when the parties take delivery of prepaid volumes.

- EMWD is expected to purchase 7,200 acre-feet in CY 2027 at \$1,384 per acre-foot, resulting in \$10.0 million in revenue for the Water Authority for QSA water exchanges. EMWD will also pay \$644 per acre-foot for 10,000 acre-feet through the prepaid water program for an additional \$6.3 million in revenue.
- WMWD is expected to purchase 10,000 acre-feet in CY 2027 at \$1,344 per acre-foot, resulting in \$13.4 million in revenue for the Water Authority. EMWD will also pay \$1,304 per acre-foot for 7,500 acre-feet through the prepaid water program for an additional \$9.8 million in revenue.

Table 17 Recommended CY 2027 M&I Melded Supply Rate

M&I MELED SUPPLY RATE	
Acre-Foot Supplies (AF 000's)	
MWD Tier I Deliveries for M&I (including PSAWR)	7.42
Carlsbad Desalination Water Production	42.00
IID Deliveries	200.00
Canal Water Deliveries	77.70
Operational Storage	13.43
3rd Party Water Sales	(17.20)
Total Supplies (M&I + PSAWR)	323.35
Water Purchase Costs (\$ Millions)	
MWD Supply Rate Purchases for M&I (exc. PSAWR)	\$7.65
Carlsbad Desalination Water Supply Cost	\$146.71
IID Water Purchases	\$307.80
Canal Water Purchases	\$54.17
Less SAWR Expenditures	(\$10.82)
Less 3rd Party Water Sales	(\$23.41)
Subtotal Water Purchase Costs	\$482.09
Additional Costs (\$ Millions)	
Supply Revenue Requirement	\$22.68
Total Additional Costs	\$22.68
Offsetting Revenues (\$ Millions)	
Supply Reliability Credit	(\$51.32)
Cash and Reserves ⁽¹⁾	11.96
Total Supply Cost (millions)	\$465.40
M&I Forecasted (AF 000's)	312.35
Recommended Melded Supply Rate	\$1,490/AF

Notes:

(1) Consists of operating funds and rate stabilization funds.

5.2.2 Treatment (Melded Treatment Rate)

The Treatment rate is a volumetric rate, assessed on a per acre-foot basis, designed to recover the Water Authority's cost of treating water. The Water Authority's direct revenue requirement related to Treatment is \$13.85 million as detailed in Table 18.

In addition, the rate will be set to recover the costs of purchasing treated water from MWD, the Levy treatment plant, and the Water Authority's Twin Oaks Valley Water Treatment Plant, as well as desalinated water costs allocated to this rate and may recover certain other costs associated with the delivery of treated water.

Table 18 CY 2027 Melded Treatment Revenue Requirement (in \$ millions)

MELED TREATMENT REVENUE REQUIREMENT	
Capital Expenditures (LTD and STD)	\$13.08
Equipment Purchase	0.07
O&M + Share of Agency Operating Expenditures	1.93
Additional Expenses	0.74
Gross Revenue Requirements	\$15.82
Less: Offsetting Revenues	
Capital Related	(1.01)
Operating Related	(4.18)
RR before Coverage and RSF Support	\$10.64
Additional Coverage	\$3.21
Total Revenue Requirement	\$13.85

Table 19 outlines the Water Authority's forecasted treated acre-foot demand, incurred treatment costs, and corresponding melded treatment rate. Like the melded supply rate, the costs associated with the operation of the Twin Oaks Water Treatment Plant (\$12.36 million) will be recovered through the CY 2027 rates outside the revenue requirements outlined in Table 18.

The Water Authority spreads the Melded Treatment costs over the forecasted acre-feet demands. The recommended CY 2027 Melded Treatment rate is \$610 per acre-foot, an increase of 15 percent. For CY 2027, approximately \$8.71 million in reserves will be used to smooth rates by offsetting Treatment revenue requirements.

MWD's Board approved a hybrid structure for treatment cost recovery in July 2025 that would allow up to 30-percent of treatment revenue requirements to be recovered through fixed charges. Previously, MWD recovered all its treatment related costs through volumetric charges. Based on that approved structure, MWD has introduced three new fixed treatment capacity charges for CY 2027.

1. **The Treatment Peaking Capacity Charge⁴** (TPCC) will assessed on a three-year trailing maximum annual peak day demand measured in cubic feet per second (CFS). The Water Authority's total TPCC for CY 2027 will be \$3.64 million.
2. **The Treatment Used Standby Capacity Charge⁵** (TUSCC) will be assessed on its ten-year trailing annual standby use, calculated as the difference between maximum annual use and average use in acre-feet. The Water Authority's total TUSCC for CY 2027 will be \$1.18 million.

⁴ CY 2027 transitional determinant: allocated using each member agency's FY 2025 average daily treated water demand in cfs. CY 2028 transition: moves to the first year of the rolling peak methodology using FY 2026 peak day demand in cfs.

⁵ CY 2027 transitional determinant: allocated based on the FY 2025 treated firm demands in AF. CY 2028 transition: moves to the first year of the rolling calculation based on the maximum annual treated demand of FY 2025 and FY 2026 minus the average of those two years.

3. **The Treatment Remaining Standby Capacity Charge⁶** (TRSCC) will be assessed on a five-year trailing maximum annual treated water use. The Water Authority's total TRSCC for CY 2027 will be \$5.64 million.

Initially, the Water Authority intended to pass these new fixed charges through directly to the member agencies. By doing so, the Water Authority reduces the risk of under-collection of the charges from MWD. While shifts are expected during rate redesigns, the resulting changes were too extreme and outside anticipated and rationalized levels for several agencies – notably given MWD's use "transitional determinants." After additional consideration, the Water Authority integrated MWD's new fixed treatment into the volumetric treated charges. For CY 2027, the full \$10.46 million will be included in the Melded Treatment Rate calculation. After the approval of the 2027 rates and after MWD is done using "transitional determinants," Water Authority staff will work with the Member Agency Managers to review and consider alternative methods for allocating MWD's new treatment charges among the Water Authority's member agencies. Those recommendations will come to the Board for consideration at a later date.

Table 19 Recommended CY 2027 Melded Treatment Rate

MELED TREATMENT RATE	
Treatment Demands - (AF 000's)	
MWD	53.51
Carlsbad Desalination Production	42.00
CWA (Twin Oaks)	21.32
Helix	17.46
Total Treatment Demands	134.29
Treatment Costs (\$ Millions)	
MWD Volumetric	\$20.87
MWD Fixed Treatment Charges	10.46
Desalination Water	25.62
Treatment Revenue Requirement	13.85
CWA Contract Treatment Cost	12.36
Helix	7.46
Treatment Cost	\$90.62
Cash and Reserves	(\$8.71)
Total Revenue Requirement	\$81.92
Treated Forecast (AF 000's)	134.29
Recommended Melded Treatment Rate	\$610.00/AF

⁶ CY 2027 transitional determinant: allocated based on FY 2025 treated firm demands in AF. CY 2028 transition: moves to the first year of the rolling calculation based on the maximum annual treated demand of FY 2025 and FY 2026.

5.2.3 Transportation

The Transportation charge recovers capital and operating and maintenance costs of the Water Authority's aqueduct system, including all facilities used to physically transport the water to member agency meters. Historically, the Transportation revenue requirements were recovered using a uniform volumetric rate per acre-foot. During the MARW process, representatives from the member agencies and the Water Authority reviewed the rate structure and worked to identify modifications aimed at appropriately recovering a greater share of revenues through fixed charges. Such modifications are necessary given the fixed nature of many of the Water Authority's costs and the increasing volatility of demand in recent years. One of the opportunities identified, and subsequently adopted, is the inclusion of a fixed component to recover a share of transportation costs.

The rates incorporate the changes recommended by the MARW, and adopted by the Board, by allocating the Transportation revenue requirements to be recovered through a volumetric charge and a fixed charge. For CY 2027, the fixed charge is set to recover 60-percent of Transportation revenue requirements with the remaining 40-percent to be recovered using a uniform volumetric rate per acre-foot. The recommended CY 2027 rates are the culmination of a three-year phase-in of the fixed Transportation component.

For CY 2027, the total Transportation revenue requirements are \$91.0 million. The Water Authority spreads the variable component of Transportation costs, \$36.40 million, over all forecasted acre-feet demands to generate the Transportation rate. The recommended CY 2027 Transportation rate is \$113 per acre-foot. The fixed component, \$54.6 million, will be recovered from the member agencies based on their proportionate share of the seven-year rolling average demands as agreed to by the MARW. Table 20 outlines the calculation of the Transportation fixed charge and volumetric rate for CY 2027.

Table 20 Recommended CY 2027 Transportation Rate (in \$ millions)

TRANSPORTATION RATE	
Capital Expenditures (LTD and STD)	\$114.08
Equipment Purchase	1.04
O&M + Share of Agency Operating Expenditures	28.20
Additional Expenses	3.12
Gross Revenue Requirements	\$146.44
Less: Offsetting Revenues	
Capital Related	(11.45)
Operating Related	(38.24)
RR before Coverage	\$96.75
Coverage + Reserves	(\$5.75)
Total Revenue Requirement	\$91.00
Transportation Rate, Fixed (60%)	\$54.60
Variable Component (40%)	\$36.40
Deliveries Subject to Transportation Rate (AF 000's)	323.35
Recommended Transportation Rate	\$113.00/AF

5.3 Permanent Special Agricultural Water Rate Program

Since CY 2021, the Water Authority's rate structure has included the Permanent Special Agricultural Water Rate to provide a rate structure for agricultural use. Agricultural users can opt into the PSAWR program and receive a lower rate if they agree to be subject to cutbacks when deemed necessary due to drought or other supply constraints faced by the Water Authority. The reduced rate reflects the lower level of service, relative to M&I customers, who are not subject to the same cutbacks.

The adopted 2021 PSAWR program includes a provision that it be reviewed after 5 years to determine whether it can be continued. Following a rate review for CY2026, changes were made to the PSAWR rate to ensure that the existing lower rate reflected the service being provided. However, upon review that PSAWR users were benefiting from the Storage function, a modification to the rate elements was completed. Staff and Carollo have also recommended that as purchases from MWD fall below PSAWR demands, that further discussion was necessary. In June 2025, the Board asked for staff to review the program and bring back potential proposals for consideration prior to CY2027. That review was completed in November 2025 with a recommendation for the PSAWR rate calculation to include both MWD and QSA water volumes, as both are made available to PSAWR users. The result of melding the supplies would mean higher PSAWR rates.

Working with member agencies and key stakeholders, the Water Authority identified non-rate revenues, namely property taxes, that can be applied to directly offset costs and support the PSAWR program. For CY 2027, approximately \$3.45 million in property tax revenue will be applied to the PSAWR rates – essentially buying down the rate to below cost. Actual non-rate revenue will vary based on actual sales. Agricultural users receiving untreated water will be charged \$984 per acre-foot in CY 2027. Those receiving treated water will continue to incur both the agricultural rate as well as the Water Authority's Melded Treatment Charge, which is recommended at \$610 per acre-foot in CY 2027, as shown above.

Table 21 summarizes the projected PSAWR sales, volumetric supply and treatment rates, and revenues for CY 2027. Excluded from the table are revenues associated with Storage, Transportation (fixed and volumetric), Customer Service, and IAC. As shown, total PSAWR sales are projected at 10,998 acre-feet, generating \$16.79 million in supply and treated revenue.

Based on being a lower, interruptible level of service PSAWR participants save roughly \$560/AF equivalent on rates and charges relative to M&I customers. The additional allocation of \$3.45 million provides an additional discount of \$313/AF to the volumetric supply rate. When combined, the average discount is roughly \$870/AF – though actual discount received is dependent on appropriate pass-throughs by each participating agency. The level of this discount is consistent with Board's commitment (and policy) to PSAWR participants and prior Farm Bureau endorsement that was provided in November 2025.

Table 21 Recommended CY 2027 PSAWR Projected Revenue

PSAWR Sales and Revenues	CY 2027 Total
PSAWR Sales (AF 000's)	
Untreated	1.21
Treated	9.79
Total PSAWR Sales	11.00
Melded MWD + QSA Rate	\$1,297 /AF
Non-rate Revenue applied to PSAWR (Millions)	(\$3.45)
PSAWR Rates (\$ per acre-foot)	
Untreated PSAWR	\$984
Treated PSAWR	\$1,594
PSAWR Revenues (Millions)	
Untreated	\$1.19
Treated	\$15.60
Total PSAWR Revenues	\$16.79

5.4 Capacity Charge Update

Section §5.9 of the County Water Authority Act permits the Water Authority to fix and impose capacity charges on each of its member agencies or upon ultimate users of water delivered by the Water Authority to the member agencies. Capacity charges are a one-time payment for new or upsized meters to fund the cost to construct capacity to serve that meter. These capacity charges may include components for water resources, production, storage, distribution, treatment, and financial reserves. However, the Water Authority must demonstrate a reasonable nexus between the amount of the charge and the cost of capacity to serve new development.

Carollo worked with the Water Authority to complete the comprehensive CY 2027 Capacity Charge Study concurrently with the CY 2027 Cost of Service Study. The Capacity Charge Study follows the recent approval of a new 2024 Water Facilities Master Plan and marks a shift away from increasing system capacity, and towards maintaining the performance of the existing system. The Capacity Charge Study included a full valuation of the Water Authority's physical infrastructure, other soft assets and liabilities, and CIP, as well as a review of the charge calculation methodology and structure, and updates to the current and projected customer base using the most recently available data.

The Water Authority last completed a comprehensive capacity charge study in 2014, corresponding with the completion of the prior Facilities Master Plan. Since that time, the charges were updated periodically using the Engineering New Record Construction Cost Index for the City of Los Angeles. This practice is reasonable and commonplace among agencies in California and throughout the US during periods between comprehensive updates.

Table 22 shows the recommended capacity charges based on the 2027 Capacity Charge Study.

Table 22 Recommended System and Treatment Capacity Charge Update

Calendar Year	System Capacity Charge (\$/new MEU)	Treatment Capacity Charge (\$/new MEU)
Existing	\$6,501	\$182
CY 2027	\$5,373	\$244
<i>Increase</i>	<i>(\$1,128)</i>	<i>\$62</i>

The Capacity Charge Study recommends System Capacity Charges that are lower than the current charges. The proposed decrease is driven by the continued depreciation of the system and a relatively lower amount of CIP spending as compared to the 2014 analysis.

The recommended Treatment Capacity Charge increase of \$62 per MEU as compared to the current charge is driven by several factors. The net value of the Water Authority's treatment facilities has increased relative to that of the 2014 study due to inflationary increases in the replacement value of the assets, coupled with a decrease in outstanding debt service attributable to treatment. Further, the current growth projections result in a lower MEU forecast though the planning period. As a result, the value of the treatment assets and CIP are spread over a smaller number of users. These conditions all contribute to the need for higher charges per MEU.

The methodology, data sources, calculations, and recommended capacity charges are detailed in the CY 2027 Capacity Charge Study Report (June 2026).

SECTION 6 FINDINGS

Based on the independent review performed for this rate study, Carollo confirms the Water Authority's existing methodology, cost allocations, rate-setting principles, and recommended CY 2027 rates are reasonable and consistent with the AWWA cost of service principles, Board policies, and California legal requirements. Carollo's findings for this study are as follows:

- Beyond the financial measures identified by the Water Authority, revenue adjustments are necessary.
- Despite improved metrics and successful marketing of water supplies, inflationary increases are still necessary to recover forecasted costs.
- Revenue adjustments are necessary to cover the Water Authority's identified budget requirements and existing Board policies.
- Executed Water Exchange agreements provide meaningful financial benefits to the Merged Supply Rate in the immediate and long-term, partially dampening and offsetting the effects of Detachment.
- The Water Authority has significant budgetary, operational, and financial details providing a sound basis for existing and recommended water rates and charges.
- The resulting cost of service allocations and existing methodology provide a clear, reasonable, and defensible nexus between the cost of service provided and rates charged.
- The Water Authority rates are structured effectively and appropriately recover the allocated costs from each member agency.
- The increased fixed allocation for Transportation to 60 percent is fair and reasonable.
- Board policies and cost of service guidelines are applied alongside industry best practices and AWWA M1 standards, and the rates and charges adhere to the legal requirements as described within this report.
- The existing methodology yields an appropriate and reasonable method for allocating costs, which continues to be sustained despite changes to cost drivers and changes to demands.
- The direct allocation of roughly \$3.45 million of non-rate revenues to support the Board's commitment to the continuation of the PSAWR program is reasonable. The program continues to define a lower level of service for interruptible service and thus only requires a partial non-rate revenue allocation to achieve desired discount levels.
- The System and Treatment Capacity Charges should be updated to reflect the results of the CY 2027 Capacity Charges Study, which provides a comprehensive analysis of the fees' methodology and calculations.



San Diego County Water Authority

CY 2027 Capacity Charge Study



CY 2027 Capacity Charge Study Report

June 2026 / FINAL



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Abbreviations

AWWA	American Water Works Association
Carollo	Carollo Engineers
CIP	Capital Improvement Plan
gpm	gallons per minute
FY	fiscal year
M1 Manual	M1 Manual: Principles of Water Rates, Fees, and Charges
MEU	Meter Equivalent Unit
mgd	million gallons per day
R&R	repair and replacement
RCNLD	replacement cost new less depreciation
SANDAG	San Diego County Association of Governments
Water Authority	San Diego County Water Authority

EXECUTIVE SUMMARY

The San Diego County Water Authority (Water Authority or SDCWA) is a public agency serving the San Diego region as a wholesale supplier of water. The Water Authority's mission is to provide a safe and reliable supply of water to its 22 member agencies.

One of the funding mechanisms the Water Authority uses to recover its investments in infrastructure and other assets are capacity charges assessed to new customers when they connect to the system or to existing customers in the event that they upsize their connection (water meter).

The Water Authority retained Carollo Engineers, inc. (Carollo) in 2025 to conduct a comprehensive capacity charge study as a component of a greater multi-year contract which also entails annual cost of service and rate studies. Carollo has assisted the Water Authority's in several rate and fee setting efforts since 2013. This report summarizes the analysis performed to update the capacity charges for calendar year (CY) 2027.

Capacity Charges

Capacity fees, sometimes referred to as connection or impact fees, are one-time fees assessed on new or upsized system connections for water and/or sewer service. The Water Authority imposes capacity fees to recover an appropriate share of the cost of existing infrastructure and future capital needs from users within its service area. The capacity fee equates the reservation of system capacity to serve each new or upsized connection with the infrastructure and system costs to provide that capacity.

SDCWA's capacity charge includes two components. The System Capacity Charge is assessed on new or upsized connections in the entire service as they are based on SDCWA's water supply, transmission, and delivery infrastructure which benefits all customers. The Treatment Capacity charge is assessed to new or upsized connections in member agencies that can receive treated water from SDCWA and is based specifically on SDCWA's treatment infrastructure and assets.

The analysis completed for this Study quantifies the costs incurred by the Water Authority to create system capacity and translates that to a fee per capacity unit to serve each new or modified connection. The specific elements included in the study are a valuation of physical assets, growth projections, the projected capital improvement plan (CIP), outstanding debt obligations, and other factors to determine the appropriate charge methodologies and calculations.

Recommendations and Proposed Charges

The Water Authority last completed a comprehensive capacity charge study in 2014, corresponding with the completion of the prior Facilities Master Plan. Since that time, the charges have been updated periodically using the Engineering New Record Construction Cost Index for the City of Los Angeles. This practice is reasonable and commonplace among agencies in California and throughout the US during periods between comprehensive updates.

A new Facilities Master Plan was recently approved and marks a shift away from increasing system capacity, and towards maintaining the performance of the existing system. This document includes a full valuation of the Water Authority's physical infrastructure, other soft assets and liabilities, and CIP, as well

as a review of the charge calculation methodology and structure, and updates to the current and projected customer base using the most recently available data.

Based on the findings of this study, Carollo recommends:

- Update the charges to reflect the results of this study starting in CY 2027.
 - o **System Capacity Charge: \$5,373 per MEU.**
 - o **Treatment Capacity Charge: \$244 per MEU.**
- Calculate charge using the existing hybrid charge approach.
 - o The hybrid approach accounts for both existing assets and capital projects that are necessary to provide capacity for new customers. Using the hybrid approach establishes a nexus between the value of the existing and future system and the benefits of capital investments to existing and future customers.
 - o The updated analysis performed for this study results in recommended System Capacity Charges that are lower than the current charges. The proposed decrease is driven by the continued depreciation of the system and a relatively lower amount of CIP spending as compared to the 2014 analysis.
 - o The recommended Treatment Capacity Charge increase of \$62 per MEU as compared to the current charge is driven by several factors. The net value of the Water Authority's treatment facilities has increased relative to that of the 2014 study due to inflationary increases in the replacement value of the assets, coupled with a decrease in outstanding debt service attributable to treatment. Further, the current growth projections result in a lower MEU forecast though the planning period. As a result, the value of the treatment assets and CIP are spread over a smaller number of users. These conditions all contribute to the need for higher charges per MEU.

The specificities of the calculation approach are discussed further later in this report. Additional discussion of the System Capacity Charge decrease and the Treatment Capacity Charge Increase is included in Section 5.

- Retain the current charge structure.
 - o The recommended charges retain the current structure, with charges based on MEUs, and the current MEU ratios for each meter size. The current ratios are reasonable and in line with those generally recommended by the American Water Works Association (AWWA) and provides consistency with the Water Authority's MEU based Infrastructure Access Charge.

Table 1, on the next page, summarizes the capacity charge calculations. Table 2 and Table 3, also on the next page, show the recommended CY 2027 System Capacity Charges and Treatment Capacity Charges, respectively.

Table 1 CY 2027 Capacity Charge Calculation

	System Capacity Charge	Treatment Capacity Charge
Value of Water Infrastructure in Service <i>Replacement Cost New Less Depreciation</i>	\$4,840	\$303
Sub-Total of Adjustments (\$M)	\$132	\$0
Total Value of Capital Assets (\$M)	\$4,972	\$303
Total Liability and Asset-Related Adjustments (\$M)	(\$582)	(\$74)
Total Value of Existing Assets Net of Liabilities (\$M)	\$4,390	\$229
Future CIP Costs (\$M)	\$971	\$0
Total Value of Existing and Future Assets (\$M)	\$5,361	\$229
Total Number of Meter Equivalents	997,732	936,458
Calculated System Capacity Charge (\$/MEU)	\$5,373	\$244

Table 2 Recommended System Capacity Charges

Meter Size (in)	Ratio	Current Charge	CY 2027	Change
5/8 - 3/4	1	\$6,501	\$5,373	(\$1,128)
1"	1.6	\$10,402	\$8,597	(\$1,805)
1.5"	3	\$19,503	\$16,119	(\$3,384)
2"	5.2	\$33,805	\$27,940	(\$5,865)
3"	9.6	\$62,410	\$51,581	(\$10,829)
4"	16.4	\$106,616	\$88,117	(\$18,499)
6"	30	\$195,030	\$161,190	(\$33,840)
8"	52	\$338,052	\$279,396	(\$58,656)
10"	78	\$507,078	\$419,094	(\$87,984)
12"	132	\$858,132	\$709,236	(\$148,896)

Table 3 Recommended Treatment Capacity Charges

Meter Size (in)	Ratio	Current Charge	CY 2027	Change
5/8 - 3/4	1	\$182	\$244	\$62
1"	1.6	\$291	\$390	\$99
1.5"	3	\$546	\$732	\$186
2"	5.2	\$946	\$1,269	\$323
3"	9.6	\$1,747	\$2,342	\$595
4"	16.4	\$2,985	\$4,002	\$1,017
6"	30	\$5,460	\$7,320	\$1,860
8"	52	\$9,464	\$12,688	\$3,224
10"	78	\$14,196	\$19,032	\$4,836
12"	132	\$24,024	\$32,208	\$8,184

SECTION 1 INTRODUCTION

The San Diego County Water Authority (Water Authority or SDCWA) is a public agency serving the San Diego region as a wholesale supplier of water. The Water Authority's mission is to provide a safe and reliable supply of water to its 22 member agencies. The Water Authority purchases water from the Metropolitan Water District of Southern California (MWD) and obtains and produces additional supplies pursuant to agreements commonly referred to as the Quantification Settlement Agreement (QSA). The Water Authority also has a water purchase agreement with Poseidon Resources, LLC, for desalinated water produced at Poseidon's Carlsbad Desalination Plant.

One of the funding mechanisms the Water Authority uses to recover its investments in infrastructure and other assets are capacity charges assessed to new customers when they connect to the system or to existing customers in the event that they upsize their connection (water meter). The Water Authority retained Carollo Engineers, inc. (Carollo) in 2025 to conduct a comprehensive capacity charge study as a component of a greater multi-year contract which also entails annual cost of service and rate studies. Carollo has assisted the Water Authority's in several rate and fee setting efforts since 2013. This report summarizes the analysis performed to update the capacity charges for calendar year (CY) 2027.

1.1 Capacity Charges

Capacity charges, sometimes referred to as connection or impact fees, are one-time fees assessed on new system connections for water and/or sewer service. The Water Authority imposes a specific capacity charge for connections within each service area to reflect each area's specific infrastructure, capital needs, current capacity, and expected growth.

As a utility builds its water system, it needs to estimate a certain level of capacity required to serve water and wastewater demands. The capacity charge equates the reservation of system capacity to serve each new connection with the infrastructure and system costs to provide that capacity. These charges are also assessed on upsized connections, typically when a water connection requires greater capacity and upsizes its meter. The analysis completed for this Study quantifies the costs incurred by the Water Authority to create system capacity and translates that to a charge per capacity unit to serve each new or modified connection.

To serve the member agencies, the Water Authority has constructed an extensive water supply, treatment, and transmission system over a service area totaling 1,325 square miles. The major assets and facilities of the system include:

- An aqueduct system consisting of 5 primary large diameter pipelines totaling 308 miles, more than 1,600 aqueduct related structures, approximately 100 flow control facilities, and 7 pump stations occupying 1,400 acres of right-of-way.
- The Olivenhain Dam and reservoir completed in 2003 with a total storage capacity of 24,000 acre-ft.
- The San Vicente Facilities in which the Water Authority undertook investments including raising the San Vicente Dam (owned and operated by the City of San Diego) to provide an additional 157,000 acre-ft of storage, the San Vicente Pipeline which connects the dam to the Water Authority's infrastructure, and the San Vicente Pump Station and connecting facilities capable of moving up to 200 million gallons per day of water.

- The Twin Oaks treatment plant completed in 2008 capable of producing 100 million gallons of treated water per day.
- Capacity rights in the Levy Treatment Plant and associated facilities affording 36 million gallons per day of treatment capacity to the Water Authority.

Figure 1 shows a map of the service area, member agencies, and major pipelines for reference.

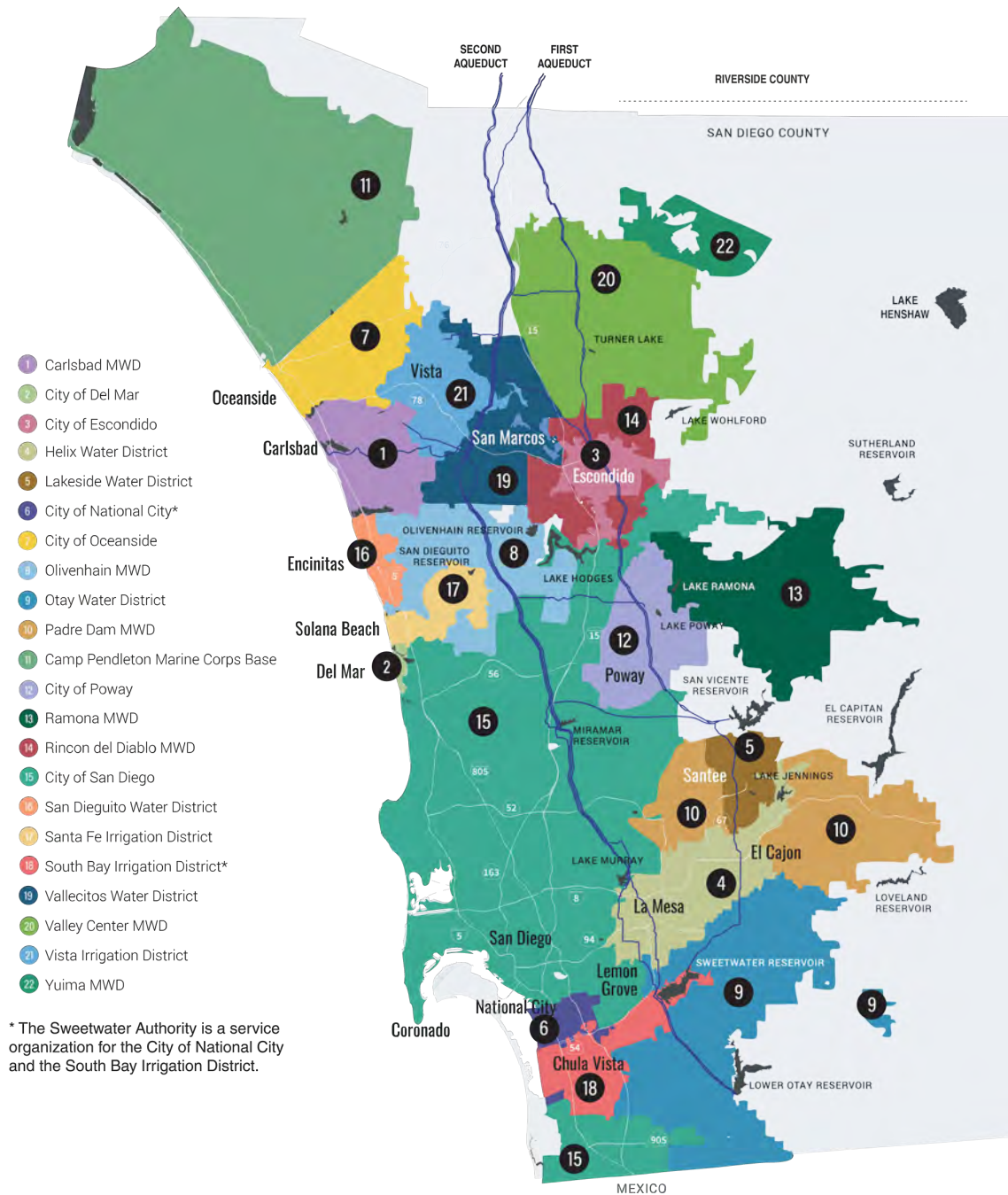


Figure 1: System Service Area Map

1.2 Guiding Principles and Statutory Requirements

Carollo relied on the Water Authority's policies, industry best practice, and California statutory guidance when developing the analysis in the Study. The following criteria were considered in the analysis to evaluate the validity of the capacity charge methodology:

- Do the capacity charges reflect a future connection's proportional share of the cost of capacity in the respective Division's system?
- Is the capacity charge methodology consistent with standards established in the American Water Works Association's (AWWA) *M1 Manual: Principles of Water Rates, Fees, and Charges* (M1 Manual).
- Do the methodology and the resulting recommendations meet Board policies and adhere to applicable legal requirements?
- Are the charges equitable for current and future ratepayers and do they reflect system investment contributions?

In California, capacity charges are subject to the requirements of Government Code Sections §54999.7 and §66013. Capacity charges are "charges for facilities in existence at the time the charge is imposed or charges for new facilities to be constructed in the future which are of benefit to the person or property being charged." Section §66013 provides that capacity charges "shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed." Section §54999.7 establishes a similar cost of service requirement for serving public agencies, including schools.

This analysis should not be considered a legal opinion or guidance, but rather, a documentation of costs and assumptions that support the Water Authority's capacity charges as a reasonable recovery of costs from new or upsized connections for providing water service.

1.3 Basis of Calculations

The capacity charge analysis relied on several sources of data to determine the value of the existing system, the future CIP, and the current and future customer base.

The valuation of the existing physical system used specific sources of information that reflected the best available data for each group of assets. The value of assets constructed prior to 2008 was calculated based on the physical attributes of each asset, i.e., the length and diameter of pipeline, and unit costs. This method is consistent with that used in the 2014 study and all records were reviewed to confirm the quantity and sizing of assets. The value of newer infrastructure assets, those constructed in 2008 and later, is based on information from the accounting system tracking of actual construction project costs. The value of all assets was adjusted to reflect the current value using the ENRCI as discussed later in this report.

The value of other assets including fund balances capacity rights, stored water, etc. reflect the Water Authority's published FY 2024/25 Annual Comprehensive Financial Report (ACFR). Outstanding liabilities and other adjustments to the overall system valuation are based on the FY 2024/25 ACFR or other detailed records provided by the Water Authority. The current number of customers reflects the official MEU counts used by the Water Authority to assess the IAC and future customer projections reflect San Diego County Association of Governments (SANDAG) projections.

SECTION 2 METHODOLOGY

Capacity charges are designed to recover a proportionate share of system capacity costs from future users. The Water Authority's system currently has unused capacity that is available to serve future users. The Water Authority will also continue to maintain, improve, and expand the system with future capital improvements. The capacity charge methodology implemented by the Water Authority in 2005 accounts for the benefit that future users will receive from both the existing system and future improvements.

There are two basic components to the Water Authority's capacity charge – the "buy-in component" (or existing cost basis); and the "future component" (or future cost basis). For the purposes of this study, the term "buy-in component" shall refer to the value of existing system assets (i.e., facilities already in service) that may be recovered through the capacity charge. The term "future component" shall refer to future facilities (i.e., facilities in the Capital Improvement Program, CIP) that may be recovered through the capacity charge.

The buy-in component of the capacity charge is based on replacement cost new less depreciation. Outstanding debt principal and monetary reserves are also accounted for in this cost basis as described in the report sections that follow. The future component incorporates the present value (in 2026 dollars) of the Water Authority's capital improvement program. Costs are fairly and reasonably spread over both existing and future users by dividing the total system value by the total number of equivalent household meters that are projected to receive water service through 2040. The methodology for calculating both the system and treatment capacity charges is illustrated in the equation below.

Equation 1 [Overview of Capacity Charge Calculation](#)

$$\text{Capacity Charge} = \frac{\text{Value of Existing Total Capacity} + \text{Present Value of Future CIP}}{\text{Existing} + \text{Future Customers (MEUs)}}$$

2.1 Buy-In Component

Utilities often construct excess infrastructure capacity to meet projected future demands. The purpose of the buy-in component of the Water Authority's capacity charges is to recover costs that have already been incurred by the Water Authority. Existing customers have paid for this system over time through their user rates (through direct capital financing or retired debt). The buy-in component of a capacity charge provides a mechanism to reimburse existing system users for the carrying costs of constructing system capacity that is available to be used by future users.

Determining existing system value begins with a valuation of all assets currently owned by the utility. This is then adjusted by several factors, resulting in an estimate of system value that represents the total net equity held in the system by the utility's existing customers. The AWWA does not dictate a specific valuation methodology to be used in capacity charge analyses, instead, they outline four possible valuation approaches:

Table 4 System Valuation Approaches from the AWWA M1 Manual

Approach	Asset Valuation Basis
Original Cost	Nominal value paid at the time of construction
Net Book Value (NBV) or Original Cost Less Depreciation (OCLD)	Original value, less accumulated depreciation
Replacement Cost New (RCN)	Original cost, adjusted to represent cost of replacement in current dollars
Replacement Cost New Less Depreciation (RCNLD)	Original cost less accumulated depreciation, adjusted to represent cost of replacement in current dollars

There are further considerations when calculating the buy-in component of the capacity charge. Given that the existing system was constructed over time, the original cost of constructing the system does not accurately reflect its current value nor the cost to construct the facilities today. Consequently, original costs were escalated to 2026 dollars using Engineering News Records Construction Cost Index (ENR CCI). The Water Authority's fixed asset records were used as the basis for this analysis, which included original costs, acquisition dates, and estimated useful lives.

Replacement costs are often not the most accurate estimate of system value for the purpose of calculating capacity charges, because system assets have a finite lifespan and must be replaced and/or rehabilitated in time. The Water Authority adjusts the existing cost basis by deducting straight-line depreciation. Accumulated depreciation is determined by dividing the age of each asset by the projected useful life and reducing the asset value by that percentage. By accounting for accumulated depreciation in the buy-in cost basis, the Water Authority may recover a proportionate value of capital improvements that will replace depreciated assets or will be undertaken to extend the useful lives of these assets through the future cost component of the capacity charge.

The Water Authority's capacity charge methodology assigns a value to the system using the Replacement Cost New Less Depreciation (RCNLD) approach. By accounting for accumulated depreciation, the RCNLD charges new or upsized connections only for the remaining value in the system based on the expected life of the existing assets. Adjusting costs to current dollars lets the charges reflect a more reasonable estimate of the cost of the system's assets were they to be constructed today.

Further adjustments are applied to the existing cost basis to account for assets that were funded with outside sources of revenue and to reflect the Water Authority's outstanding liabilities. The existing cost basis should not include costs of assets that were grant-funded or donated assets and should only include those costs incurred by the Water Authorities ratepayers for the development of the existing system. For this reason, contributed assets are removed from the existing cost basis.

Finally, the buy-in component is reduced by outstanding debt principal on existing assets net of available reserves. While there is no statutory requirement to do so, the Water Authority recognizes that customers connecting to the system will pay for these assets through the debt service component of their utility rates and therefore deducts outstanding debt principal from the existing cost basis. However, because the Water Authority maintains reserves that are essentially assets in the form of cash that could also be used to retire outstanding debt service, reserves are accounted for as a credit against the outstanding debt principal.

2.2 Future Cost Component

In addition to the value of the existing system, the Water Authority recovers a proportionate share of future capital improvements that will benefit future customers. The Water Authority's capital improvement program is now focused on maintaining the reliability of existing infrastructure; which has available capacity to serve future demands. As such, existing and future users will benefit generally in the same manner and to the same extent from these projects. As noted above, accumulated depreciation is deducted from the buy-in component of the capacity charge. This allows for the inclusion of future rehabilitative and upgrade projects in the capacity charge calculations; the charges equitably recover system value from future users and prevent a double counting of assets through the buy-in and future components of the capacity charges.

The future cost basis accounts for capital improvements that will be constructed through 2040.

2.3 Calculation Steps

The Study followed the calculation steps described below, and further detailed later in the report, to determine the recommended capacity.

1. Determine the existing system capacity served based on connected MEUs and project to 2040 capacity based on growth projections.
2. Calculate the value of the existing systems, including infrastructure and adjustments based on asset and financial records provided by the Water Authority.
3. Future system costs in the CIP.
4. Divide the sum of existing system value and future system value by the projected 2040 system capacity.

SECTION 3 CUSTOMER BASE

3.1 Current Customer Base

The denominator of the capacity charge equation is the capacity of the infrastructure built and/or planned that can serve new and/or modified connections. Defining system capacity can be a challenging step for the Capacity Charge process. While it is simple to say, for instance, that a system has 50 million gallons per day (mgd) of capacity, that needs to be converted into some unit of measure that can be assessed to each new connection. Common practice for water capacity charges, and consistent with the Water Authority's existing charge structure, is to assess charges to new or upsized connections based on MEUs.

Table 5 shows the current number of MEUs for each member agency as of December 31, 2025, as provided by the Water Authority. These MEUs match those that will be used to calculate and assess the CY 2027 Infrastructure Access Charge.

Table 5 Current Customer Base (MEUs)

Member Agency	December 31, 2025 MEUs	
Carlsbad M.W.D.	35,971	
Del Mar, City of	2,508	No Treatment
Escondido, City of	36,065	No Treatment
Helix W.D.	65,258	
Lakeside W.D.	8,371	
Oceanside, City of	59,413	
Olivenhain M.W.D.	28,428	
Otay W.D.	60,769	
Padre Dam M.W.D.	27,865	
Poway, City of	17,575	No Treatment
Ramona M.W.D.	10,132	
Rincon Del Diablo M.W.D.	10,895	
San Diego, City of	402,119	
San Dieguito W.D.	15,445	
Santa Fe I.D.	10,341	
Sweetwater Authority	42,621	
Vallecitos W.D.	28,522	
Valley Center M.W.D.	15,487	
Vista I.D.	35,910	
Yuima M.W.D.	575	
Total MEUs	914,270	Subject to System Capacity Charge
Treated MEUs	858,122	Subject to Treatment Capacity Charge

Based on the infrastructure by which they are served, the Cities of Del Mar, Escondido, and Poway are only able to purchase raw water from the Water Authority. Therefore, new or upsized connections in those

cities are not subject to the Treatment Capacity Charge. The MEUs from those cities are not included in the calculation of the Treatment Capacity Charge.

3.2 Future Customer Base

The analysis relies on SANDAG's Series 15 Forecast (April 2024) to estimate future MEUs served by the Water Authority. Notably, Series 15 reflects substantially lower growth than the projections used in the previous Capacity Charge Study, resulting in a more moderate outlook for future demand. For this study, MEUs are projected through 2040 to align with the timeframe of the budgeted CIP, assuming that projects listed as "Beyond FY 2030/31" are completed by 2040.

SANDAG forecasts both the countywide population as well as the number of housing units. Based on Series 15, the number of housing units is projected to rise more quickly than the population, indicated by a decrease in the number of persons per household. This study uses the expected increase in the number of as a proxy for the total growth in MEUs.

Table 6 shows the projected housing unit growth from SANDAG as well as the projected MEUs for the System and Treatment Capacity Charges.

Table 6 Growth Projections

	2025	2040
Housing Units	(CADO and ACFR)	(SANDAG)
County Total	1,280,893	1,410,615
Growth From 2025		129,722
Growth Adjusted to Remove Fallbrook and Rainbow Growth		116,931
Percentage Growth		9.13%
MEUs		
Total MEUs	914,270	997,732
New Through 2040		83,462
MEUs for Treatment Charge	858,122	936,458
New Through 2040		78,336

The projected housing unit growth in the SANDAG forecast is a county wide projection that includes the Fallbrook Public Utilities District and the Rainbow Municipal Water District who detached from the Water Authority on December 31, 2023 and October 30, 2024, respectively. The projected housing unit growth was adjusted to remove expected growth from Fallbrook and Rainbow as users there will no longer be subject to the Water Authority's charges.

From 2013 to 2022, Fallbrook and Rainbow constituted 9.9% of the Water Authority's total MEU growth. As such, the projected number of housing units shown in Table 6 was decreased by 9.9% under the assumption that the relative amount of growth across the county would remain consistent with the latest 10 years of data available (2013 to 2022).

SECTION 4 SYSTEM VALUATION

The Water Authority uses the System and Treatment capacity charges to recover a fair share of the cost of the capacity reserved by new customers when they connect to the system or by existing users who upsize their water meter. Determining the cost of that capacity begins with understanding the value of the Water Authority's existing systems, that have been funded by existing customers, as well as the share of the future system costs that are required for new users.

Calculating the existing system value requires a comprehensive evaluation of the systems including the physical assets the Water Authority uses to provide water service as well as other assets such as reserves and capacity rights that are necessary for the Water Authority to function and provide reliable service. The future system value is based on the projected CIP, which benefits new users by maintaining the available capacity of the systems. The system value also needs to reflect adjustments and liabilities, such as outstanding debt principal, that affect the value of the capacity that new users purchase.

This section summarizes system valuation.

4.1 Existing Physical System Value

The Water Authority has constructed an extensive physical system to provide service to the member agencies that includes infrastructure and facilities for water supply, treatment, transportation, delivery, and other necessary ancillary facilities. The total value of the Water Authority's existing system represents the current value of the physical water systems and other capital assets funded by existing ratepayers, less accumulated depreciation (RCNLD) and adjusted based on other non-physical assets, contributed assets, and outstanding debt principal.

The value of the existing infrastructure in service (physical assets) is based on the Water Authority's accounting and records including the asset registry, records of completed projects, and infrastructure size and quantity information (for assets constructed prior to 2008). The steps for determining the RCNLD of each asset are described below.

1. **Original Cost** – Also referred to as acquisition cost, this is the original cost paid at the time of construction or capitalization for each asset or system. For each asset or project included in the documentation the original cost of each asset or project based on accounting records or by estimating it based on physical attributes, or by a combination thereof.
2. **Depreciation** – The loss in value of each asset or system as the useful life of that asset is exhausted. Depreciation is calculated for each asset or project based on its expected useful life and its age.
 - For example, if asset has a useful life of 50 years and was acquired 25 years ago, that asset would be 50-percent depreciated.
3. **Net Book Value** – The remaining value of each asset or system in original dollars calculated by subtracting Depreciation from Acquisition Cost.
 - Continuing the example from above, if the asset had an original cost of \$1 million and is 50-percent depreciated, the net book value would be:
$$\$1,000,000 \text{ (original cost)} - \$500,000 \text{ (depreciation)} = \$500,000 \text{ (net book value)}$$
4. **Replacement Cost New** – The current value of the existing assets or projects. Replacement Cost New can be determined by escalating the original acquisition cost for each asset to current

dollars. For purposes of The Study, original costs are escalated to current dollars using the January 2026 ENR CCI for the City of Los Angeles.

- Continuing the example from above, an asset that is 25 years old in 2026 would have been constructed in 2001. The Los Angeles ENR CCI was 7,068 in January 2001 and 15,652 for January 2026. The replacement cost new of the example \$1,000,000 asset would be:
 $\$1,000,000 \text{ (original cost)} \times [15,652/7,068] = \$2,214,488 \text{ (replacement cost new)}$

5. Trended Depreciation – The current value of the depreciation on assets or projects. Trended Depreciation can be determined by escalating the depreciation of each asset to current dollars using the ENR CCI.

- Continuing the example from above, the trended depreciation would be:
 $\$500,000 \text{ (depreciation)} \times [15,652/7,068] = \$1,107,244 \text{ (trended depreciation)}$

6. Replacement Cost New Less Depreciation (RCNLD) – The remaining value of each asset or system in current dollars. RCNLD is determined by subtracting Depreciation (adjusted to current dollars using ENR CCI) from Replacement Cost New.

- Continuing the example from above, the RCNLD would be:
 $\$2,214,488 \text{ (replacement cost new)} - \$1,107,244 \text{ (trended depreciation)} = \$1,107,244 \text{ (RCNLD)}$

Alternatively, RCNLD can be calculated by escalating the Net Book Value to current dollars using the ENR CCI.

Table 7, on the next page, summarizes the RCNLD of the non-treatment assets. Assets are grouped by function and type the main groups are:

- Pipelines
- Pipelines – Aqueduct Projection Program (APP)
- Canal
- Flow Control Facilities
- Tunnels
- Pump Stations and Hydro Turbine Facilities
- Flow Regulating Structures
- Miscellaneous
- Olivenhain Dam
- Emergency Storage Program and San Vicente Facilities
- Lake Hodges Facilities
- Rancho Penasquitos

The total replacement value of the system in 2026 dollars is approximately \$7.90 billion. With the assets' ages and associated depreciation subtracted, the RCNLD of the system is \$4.84 billion. Based on the records provided, the system has 61-percent of its useful life remaining on average.

Table 7 Existing System Assets Summary (\$ millions)

Component	Replacement Cost New	Trended Depreciation	RCNLD	Percent Depreciated	Useful Life Remaining
Pipelines	\$2,621.6	(\$1,091.5)	\$1,530.1	42%	58%
Pipelines - APP	\$1,785.8	(\$869.2)	\$916.7	49%	51%
Canal	\$426.8	(\$61.7)	\$365.1	14%	86%
Flow Control Facilities	\$446.5	(\$280.8)	\$165.7	63%	37%
Tunnels	\$490.2	(\$200.8)	\$289.4	41%	59%
Pump Stations & Hydro Turbine Facilities	\$275.4	(\$103.8)	\$171.6	38%	62%
Flow Regulating Structures	\$149.0	(\$41.9)	\$107.1	28%	72%
Miscellaneous	\$186.8	(\$98.9)	\$87.9	53%	47%
Olivenhain Dam	\$698.5	(\$164.4)	\$534.1	24%	76%
Emergency Storage Program and San Vicente Facilities	\$645.6	(\$103.0)	\$542.6	16%	84%
Lake Hodges Facilities	\$92.6	(\$12.8)	\$79.8	14%	86%
Rancho Penasquitos	\$76.4	(\$26.3)	\$50.1	34%	66%
Total for System Capacity Charge	\$7,895.1	(\$3,055.1)	\$4,840.0	39%	61%

Table 8 summarizes the RCNLD of the treatment assets which include the Water Authority's capacity at the Levy Water Treatment Plant (WTP), owned and operated by Helix Water District and the Water Authority's own Twin Oaks WTP. The total replacement value of the treatment assets in 2026 dollars is approximately \$441 million. With the assets' ages and associated depreciation subtracted, the RCNLD of the system is \$303 million. Based on the records provided, the treatment plants have 69-percent of their useful life remaining on average.

Table 8 Existing Treatment Assets Summary (\$ millions)

Component	Replacement Cost New	Trended Depreciation	RCNLD	Percent Depreciated	Useful Life Remaining
Levy WTP Capacity	\$96.7	(\$35.3)	\$61.4	37%	63%
Twin Oaks WTP	\$344.0	(\$102.7)	\$241.3	30%	70%
Treatment Capacity Charge	\$440.7	(\$138.1)	\$302.7	31%	69%

Table 9 shows the combined replacement cost, depreciation, and RCNLD for the System and Treatment Assets. The total replacement value of the system in 2026 dollars is approximately \$8.34 billion. With the assets' ages and associated depreciation subtracted, the RCNLD of the system is \$5.14 billion. Based on the records provided, the system has 62-percent of its useful life remaining on average.

Table 9 Existing Combined Physical Assets Summary (\$ millions)

	System	Treatment	Total
Replacement Cost New	\$7,895.1	\$440.7	\$8,335.8
Trended Depreciation	(\$3,055.1)	(\$138.1)	(\$3,193.2)
RCNLD	\$4,840.0	\$302.7	\$5,142.6

4.2 Adjustments to Infrastructure in Service

Along with the infrastructure in service described in the previous section, the Water Authority holds land assets and construction work in progress for projects that are not yet completed and capitalized. The value of the physical system also needs to be adjusted to account for contributed capital which was paid for with outside sources of funding. Table 10 summarizes the adjustments to infrastructure in service. The land value and construction work in progress included in the analysis are from the Water Authority's FY 2024/25 ACFR. The Adjustment for contributed capital includes the amount determined as of the 2014 study as well as the cumulative "Contributions in Aid of Capital" for FY 2012/13 through FY 2024/25 as presented in the FY 2021/22 and FY 2024/25 ACFR's. All adjustments in this category are allocated entirely to the System Capacity Charge and result in an additional \$132.2 million in existing system value.

Table 10 Adjustments to Infrastructure in Service (\$ millions)

	System	Treatment	Total
Land Value	\$59.1	-	\$59.1
Construction Work in Progress	\$106.7	-	\$106.7
Contributed Capital	(\$33.5)	-	(\$33.5)
Total Infrastructure Adjustments	\$132.2	\$0.0	\$132.2

4.3 Liability and Asset Related Adjustments

The buy in component of the System and Treatment Capacity charges should reflect the value of the system that has been paid for by existing customers so that new or upsized customers pay for their capacity "on par" with those existing users. As such, the valuation of the existing system includes adjustments including the subtraction of outstanding debt principal, addition of other tangible and intangible assets, and the addition of reserve balances.

Outstanding Debt

Outstanding debt principal represents amortized capital project costs not yet funded by existing ratepayers. As debt is retired using rate revenues, the retired debt principal becomes part of the system value. The offsets include fiscal year ending 2027 though the scheduled end of payments for each bond. Each outstanding bond or certificate of participation (COP) has a specific allocation to System and Treatment based on the use of its proceeds. Outstanding Commercial Paper obligations (short term debt) are allocated to the System and Treatment Capacity Charges in proportion to the allocated Bonds and COPs.

Table 11, on the next page, shows the outstanding principal balances for each bond as well at the outstanding balance of commercial paper. Accounting for outstanding debt principal results in a reduction in the System value of \$1.77 billion and a reduction of the Treatment value of \$73.3 million.

Table 11 Outstanding Water Divisions Debt (\$ thousands)

Outstanding Principal	System	Treatment	Total
1998A COP	(\$11.3)	(\$0.4)	(\$11.7)
2010B Water Revenue Bonds	(\$519.4)	(\$5.0)	(\$524.4)
2015A Water Revenue Refunding Bonds	(\$62.2)	(\$3.7)	(\$65.9)
2016B Water Revenue Refunding Bonds	(\$16.6)	(\$1.2)	(\$17.9)
2019 Water Furnishing Revenue Refunding Bonds	(\$177.4)	-	(\$177.4)
2020A Water Revenue Refunding Bonds	(\$191.8)	(\$48.6)	(\$240.4)
2021A Water Revenue Refunding Bonds	(\$79.4)	(\$4.1)	(\$83.6)
2021S-1 Subordinate Lien Water Revenue Refunding Bonds	(\$146.5)	-	(\$146.5)
2021B Water Revenue Refunding Bonds	(\$271.5)	-	(\$271.5)
2022A Water Revenue Bonds	(\$161.7)	-	(\$161.7)
Subtotal: Bonds and COPs	(\$1,637.8)	(\$63.0)	(\$1,700.8)
Commercial Paper	(\$226.0)	(\$19.0)	(\$245.0)
Total Outstanding Debt	(\$1,863.8)	(\$82.1)	(\$1,945.8)

Other Tangible and Intangible Assets

The value of other assets including intangible assets capacity rights, stored water, etc. reflect the Water Authority's published FY 2024/25 Annual Comprehensive Financial Report (ACFR). As shown in Table 12, these items total \$918.4 million for the System Capacity Charge and \$8.0 million for the Treatment Capacity charge.

Table 12 Outstanding Water Divisions Debt (\$ thousands)

	System	Treatment	Total
Intangible Software and Mitigation Improvements	\$7.2	-	\$7.2
Less Depreciation on Intangible Software and Mitigation Improvements	(\$3.3)	-	(\$3.3)
Participation and Capacity Rights	\$368.7	\$8.0	\$376.6
Storage Rights	\$485.1	-	\$485.1
Less Depreciation on Storage Rights	(\$53.3)	-	(\$53.3)
Stored Water	\$114.1	-	\$114.1
Total Outstanding Debt	\$918.4	\$8.0	\$926.3

Cash Reserves

Existing users have funded the Water Authority's cash reserve balances are supported through their ongoing rates and charges. When new users connect to the system, or when existing users increase their capacity by upsizing their meter, they gain immediate access to the reserves which are necessary for the prudent financial management of the Water Authority. As such, the cash value of existing reserves, in current dollars, is included in the System and Treatment Capacity Charge calculations.

Table 13 shows the reserve balances included in the charge calculations. All values reflect actual year-end balances from the FY 2024/25 ACFR. A portion of the debt service reserve component for the 1998A COP is allocated to the Treatment Capacity Charges as part of that obligation was used for treatment. The debt service reserve includes \$12.2 million for the 1998A COP, 3.3-percent of which was used for treatment, resulting in \$0.4 million allocated to the Treatment Capacity charge. All other reserves are attributable entirely to the System Capacity charge.

Table 13 Outstanding Water Divisions Debt (\$ thousands)

	System	Treatment	Total
Debt Service Reserve Fund	\$22.8	\$0.4	\$23.2
PAYGO Fund (System Capacity Portion)	\$71.4	-	\$71.4
Operating Fund (System Capacity Portion)	\$142.2	-	\$142.2
Rate Stabilization Fund	\$126.1	-	\$126.1
Equipment Replacement Fund	\$0.1	-	\$0.1
Canal Maintenance Fund	\$1.0	-	\$1.0
Total Reserve Funds	\$363.6	\$0.4	\$364.0

Summary of Liability and Asset Related Adjustments

Table 14 summarizes the liability and asset related adjustments from Tables 11, 12, and 13, above. The adjustments result in a decrease in the buy-in value of \$581.8 million for the System and \$73.7 million for Treatment.

Table 14 Liability and Asset Related Adjustments (\$ thousands)

	System	Treatment	Total
Outstanding Debt Principal	(\$1,863.8)	(\$82.1)	(\$1,945.8)
Other Assets and Liabilities	\$918.4	\$8.0	\$926.3
Reserve Funds	\$363.6	\$0.4	\$364.0
Total Liability and Asset Related Adjustments	(\$581.8)	(\$73.7)	(\$655.5)

4.4 Future System Value

The future system cost basis of the System and Treatment Capacity Charges is based on the Water Authority's Board adopted Capital Improvement Program (CIP), as presented in the FY 2025/26 and FY 2026/27 biennial budget.

The Water Authority performs long-term planning efforts along with reviews and reprioritizations every two years as part of the budgeting process. The last capital planning effort completed was the 2024 Facilities Master Plan. Previous CIP efforts have expanded and created the infrastructure necessary to treat, store, and deliver water to ensure safe and reliable supplies for the region. As that infrastructure has been completed, the Water Authority has transitioned from the large-scale capital intensive program to a focus on asset management. The projects included in the current CIP will maintain the existing assets, which have capacity available to serve future users, in a reliable condition.

The projects listed in the CIP were compared to the recently acquired assets and projects in the asset list and where necessary, CIP costs from the budget were reduced by the amounts already capitalized to avoid double counting the value of those project components. The projected CIP costs were also reduced by the construction work in progress discussed in the previous section. The project costs, adjusted based on work in progress, included in the System Capacity Charge calculation total \$970.6 million.

No treatment CIP costs are expected within the planning horizon of this study.

Table 15 summarizes the future system value component.

Table 15 Future Water System Value Summary (\$ thousands)

	System	Treatment	Total
Asset Management	\$952.9	-	\$952.9
Emergency Storage Program	\$35.7	-	\$35.7
Environmental Mitigation	\$52.7	-	\$52.7
Planning and Studies	\$5.2	-	\$5.2
Regional Resiliency	\$30.7	-	\$30.7
Less: Construction Work in Progress	(\$106.7)	-	(\$106.7)
Total	\$970.6	\$0.0	\$970.6

SECTION 5 RECOMMENDED CAPACITY CHARGES

To calculate the System and Treatment Capacity Charges, the total value (existing plus future) is divided by the total user base benefiting from the system, in this case the 2040 projected capacity in MEUs. Table 16 shows the calculations for the System and Treatment Capacity Charges. The proposed System Capacity Charge is \$5,373 per MEU and the proposed Treatment Capacity Charge is \$244 per MEU.

Table 16 CY 2027 Capacity Charge Calculation

	System Capacity Charge	Treatment Capacity Charge
Value of Water Infrastructure in Service <i>Replacement Cost New Less Depreciation</i>	\$4,840	\$303
Sub-Total of Adjustments (\$M)	\$132	-
Total Value of Capital Assets (\$M)	\$4,972	\$303
Total Liability and Asset-Related Adjustments (\$M)	(\$582)	(\$74)
Total Value of Existing Assets Net of Liabilities (\$M)	\$4,390	\$229
Future CIP Costs (\$M)	\$971	-
Total Value of Existing and Future Assets (\$M)	\$5,361	\$229
Total Number of Meter Equivalents	997,732	936,458
Calculated System Capacity Charge (\$/MEU)	\$5,373	\$244

The charge calculation methodologies and updated capacity charges presented in this report provide a clear nexus between the investments (both past and future) necessary to provide capacity for new users and the costs charged to those new users when they connect to the system.

System Capacity Charges

The recommended System Capacity Charge of \$5,373 per MEU represents a reduction from the current charge of \$6,501 per MEU. The proposed decrease reflects a shift away from expanding system capacity, leading to a notably smaller CIP program than was envisioned in the 2014 analysis. As the system continues to depreciate and fewer new capacity increasing projects are needed, the portion of capital costs attributed to future users has declined, resulting in the lower recommended charge.

After the last comprehensive analysis in 2014, the Water Authority periodically updated the System Capacity Charge using the ENR CCI, as is commonly accepted practice. Those adjustments have resulted in the charge increasing approximately 39-percent from the 2014 charge of \$4,681 to the current \$6,501 per MEU. Over that same time frame, the value of the existing system (including adjustments) has increased by a smaller amount, approximately 32-percent. This is reflective of the continued depreciation of the systems exiting assets since that time and that the combined increase in RCNLD of assets constructed though 2012 coupled with the level of capital investment over the intervening years through 2025, has not kept pace with construction cost inflation.

Table 17, on the next page, shows the recommended CY 2027 System Capacity Charges by meter size.

Table 17 Recommended System Capacity Charges

Meter Size (in)	Ratio	Current Charge	CY 2027	Change
5/8 - 3/4	1	\$6,501	\$5,373	(\$1,128)
1"	1.6	\$10,402	\$8,597	(\$1,805)
1.5"	3	\$19,503	\$16,119	(\$3,384)
2"	5.2	\$33,805	\$27,940	(\$5,865)
3"	9.6	\$62,410	\$51,581	(\$10,829)
4"	16.4	\$106,616	\$88,117	(\$18,499)
6"	30	\$195,030	\$161,190	(\$33,840)
8"	52	\$338,052	\$279,396	(\$58,656)
10"	78	\$507,078	\$419,094	(\$87,984)
12"	132	\$858,132	\$709,236	(\$148,896)

Treatment Capacity Charges

The recommended Treatment Capacity Charge of \$244 per MEU is an increase of \$62 per MEU as compared to the current charge of \$182 per MEU. The proposed increase is driven by several factors.

- The estimated replacement value of the exiting treatment assets including the Twin Oaks WTP and the Water Authority's capacity at the Levy WTP has increased significantly since the previous study. Based on the records reviewed for this analysis, the original cost of the Twin Oaks WTP was approximately \$216 million. Adjusted for inflation using the ENRCCI, the replacement cost of the Twin Oaks WTP is \$344 million in 2025 dollars. Accounting for depreciation, the RCNLD is \$241. In the 2014 study, the RCNLD of Twin Oaks was evaluated at \$230 million.
- Similarly, the RCNLD of the Water Authority's share of the Levy WTP has increased from \$43 million in the previous study to \$61 million as of 2025.
- Much of the outstanding debt related to treatment has been paid off or otherwise defeased, resulting in a higher net value of treatment assets for new users. At the time of the previous study in 2014, \$173 million of outstanding debt principal was attributable to treatment. As of 2025, the outstanding debt attributable to treatment is \$82 million.
- The updated SANDAG projections (Series 15) indicate less growth than what was anticipated at the time of the previous study. The projections in the previous study indicated existing and future MEUs connected to the treated system of 1,026,624 for 2035. The updated projections for this study indicate existing and future MEUs connected to the treated system of 936,458 for 2040. As a result, the value of the treatment assets and CIP are spread over a smaller number of users, leading to higher charges per MEU.

Table 18, on the next page, shows the recommended CY 2027 System Capacity Charges and Treatment Capacity Charges, by meter size, respectively.

Table 18 Recommended Treatment Capacity Charges

Meter Size (in)	Ratio	Current Charge	CY 2027	Change
5/8 - 3/4	1	\$182	\$244	\$62
1"	1.6	\$291	\$390	\$99
1.5"	3	\$546	\$732	\$186
2"	5.2	\$946	\$1,269	\$323
3"	9.6	\$1,747	\$2,342	\$595
4"	16.4	\$2,985	\$4,002	\$1,017
6"	30	\$5,460	\$7,320	\$1,860
8"	52	\$9,464	\$12,688	\$3,224
10"	78	\$14,196	\$19,032	\$4,836
12"	132	\$24,024	\$32,208	\$8,184

End of report.

APPENDIX A

ASSET VALUATION SUMMARY

MARW Workgroup Meeting #17
December 13, 2023
MARW Workgroup Agency's Alternative Proposal

Proposal to Increase CWA fixed Revenue:

To increase CWA's fixed revenue, the focus should be on Transportation given the similarity to capacity. For CY 2022, transportation revenue totaled \$65.0 M while CY 2023 fixed costs associated with transportation totaled \$68.0 M (of which the vast majority is debt service).

The proposal is to phase in an increase in fixed revenue based on the percentages of transportation revenue below:

1. CY 2025 – Transportation = 40% of fixed revenue (~\$26.0M) and 31% Net Fixed Revenue (Overall)
2. CY 2027 – Transportation = 50% of fixed revenue (~\$32.5M) and 32% Net Fixed Revenue (Overall)
3. CY 2029 – Transportation = 60% of fixed revenue (~\$39.0M) and 32% Net Fixed Revenue (Overall)

In addition, the proposal is to base the fixed revenue allocation for the transportation category on a 7-year rolling average of each agency's water purchases. The time period basis used to allocate the other fixed revenue categories would remain the same as current (i.e. Supply Reliability Charges remain at 5-year average, etc.)

Items for Consideration to implement Phase 2 and Phase 3 of increase in fixed revenue (these items will have impacts to rate categories):

1. Settlement of MWD Litigation.
2. Focus on core responsibilities of CWA (providing safe and reliable water to the region. Not expansion of the organization/system).
 - a. Efficiency of existing system operations and maintenance, no expansion or non-core business capital projects, reduce administrative functions through attrition.
 - b. Ensure the Facilities Master Plan evaluates all aspects of Capital Improvement Program (CIP) and not limited to the 14 14 projects that address system optimization, system resiliency, and/or operational flexibility.
 - c. Analyze and prioritize all CIP projects that are allocated to Customer Service.
 - d. Remove Regional Conveyance System (RCS) project from the CIP program.
3. Contract for the sale/transfer of QSA/Desal supplies.
 - a. Determine which rate category revenue or cost savings from sale of QSA/Desal supplies will be allocated.
4. Improve demand forecasting methodology to be based on member agency demand forecasts.
 - a. Overhaul of rate structure should consider demand projections out to 2040 with analysis done in 5-year increments i.e. 2025, 2030, 2035, and 2040.
5. Pay off existing debt. The current debt service schedule has a significant decrease in payments in mid-2030's which aligns with decrease in CWA demands from Phase 2 of Purewater SD.
 - a. Amend debt policy to not allow extending repayment term when refinancing.
6. Complete a comprehensive rate structure review by December 2027 (or feasible date).
7. Pursue Low Income Assistance Program funding at state level as policy consideration.

June 17, 2026

Attention: Administrative and Finance Committee

Adopt the Fiscal Years 2026 and 2027 Mid-Term Budget. (Action)

Staff Recommendation

Adopt Resolution No. 2026-05 amending the biennial budget for Fiscal Years 2026 and 2027.

Alternative

Do not adopt the Fiscal Years 2026 and 2027 mid-term budget modifications.

Purpose

This memorandum provides recommendations to amend the budget for Fiscal Years 2026 and 2027. The Water Authority is requesting an increase in appropriation to the total two-year budget. Staff recommendations to amend the budget, if approved, will increase the two-year budget to \$2,018,409,494.

The recommendations to amend the budget include increases in appropriations to Water Purchases and Treatment, Debt Service, Operating Departments, Grants and Other Expenditures.

The recommended budget amendments include:

1. Increase to Water Purchases and Treatment in the amount of \$86.40 million to accommodate the increased forecasted demands, required MWD purchases, increased treated water volumes and the addition of new MWD fixed treatment charges.
2. Increase to Debt Service in the amount of \$8.21 million for the increased costs associated with the Commercial Paper pay down, which is offset by savings in the modified timing of the Series 2026 Bond issuance.
3. Increase to Operating Departments in the amount of \$3.82 million for Labor and Benefits due to the impacts of amendments to the consolidated Memorandum of Understanding (MOU) with Teamsters Local 986 union.
4. Increase to Grant Expenditures in the amount of \$22.23 million to account for receipt and expenditure of grant funds for the permanent upgrades to the seawater intake at the Claude “Bud” Lewis Carlsbad Desalination Plant and shift in timing of other grant expenditures.
5. Increase to Other Expenditures in the amount of \$395,000 for increased miscellaneous expenses related to Fiscal Year 2026 actuals.

Fiscal Impact

Adopted by the Board on June 26, 2025, the General Manager’s Adopted Budget for Fiscal Years 2026 and 2027 included an appropriation of \$1,897,352,674. This is allocated amongst the following categories: Water Purchases and Treatment, \$1.20 billion; Capital Improvement Program (CIP), \$181.77 million; Debt Service, \$340.87 million; Quantification Settlement Agreement (QSA) Mitigation, \$0.47 million; Operating Departments, \$145.42 million; Equipment Replacement, \$5.66 million; Grant Expenditures, \$17.92 million; and Other Expenditures, \$1.92 million.

The recommended amendments to the Fiscal Years 2026 and 2027 budget will increase the budget by \$121.06 million, for a new two-year budget of \$2.01 billion. With the proposed increase in rates and charges being considered at the Public Hearing on June 25, 2026, adequate revenues and funding sources are anticipated to be available to meet the updated budgetary needs for Fiscal Years 2026 and 2027.

Executive Summary

- The Water Authority adopts a two-year budget with an update at mid-term. Consistent with Resolution No. 2025-14, no increases or decreases to the budget shall occur except upon prior approval by the Board of Directors.
- At the May 28, 2026, Board meeting, staff provided the Board with an update on the Fiscal Years 2026 and 2027 mid-term budget.
- For the Fiscal Years 2026 and 2027 mid-term budget, the Water Authority is requesting an increase in appropriation of \$121.06 million.
- The largest expenditure for the Water Authority is the costs of Water Purchases and Treatment, which are projected to increase by 7%.
- The mid-term budget recommendation for Operating Departments incorporates the impact of amendments to the consolidated Memorandum of Understanding with Teamsters Local 986 union.

Background

In November 2024, staff presented a Five-Year Financial Forecast in accordance with the Board Budget Policy to use as a foundation for the development of the Fiscal Years 2026 and 2027 budget. In January 2025, the Water Authority began the budget development for Fiscal Years 2026 and 2027. Throughout the development process, budget information was distributed early and often to the Board and other stakeholders. In addition to presentations and discussions at the Administrative and Finance Committee meetings (March, April, and May 2025), two Public Budget Workshops were held to discuss and review the budget for Fiscal Years 2026 and 2027. On June 26, 2025, the Board of Directors formally adopted the Fiscal Years 2026 and 2027 Budget of \$1,897,352,674.

As part of the mid-term update process, staff presented an update on the two-year budget to the Board at the May 28, 2026, meeting. Staff presented Fiscal Year 2026 highlights and an overview of anticipated mid-term budget adjustments.

The Water Authority develops the budget and appropriation on a two-year basis. Funding for the two-year budget is set through the rates and charges process each calendar year. Funding may be a combination of revenue from rates and debt. The Water Authority's Fiscal Years 2026 and 2027 Capital Improvement Program (CIP) has been funded by PAYGO since the start of the two-year period. The CIP will be primarily funded by bonds after the issuance of the upcoming Series 2026 Bonds, anticipated in Fall 2026.

Previous Board Actions:

On June 26, 2025, the Board adopted Resolution No. 2025-14, approving the General Manager's Recommended Budget for Fiscal Years 2026 and 2027, for operations and capital improvements and appropriating \$1,897,352,674.

On September 25, 2025, the Board awarded a construction contract for the San Luis Rey Wetland Habitat Restoration Project and increased the Capital Improvement Program lifetime budget by \$5,854,706.

Discussion

The purpose of this memo is to communicate the Water Authority's status halfway through the two-year budget period. The Fiscal Years 2026 and 2027 Mid-Term Budget projections have been updated since last presented to the Administrative and Finance Committee on May 28, 2026.

Overall, the Water Authority is projecting to spend approximately 6% more than budgeted, which is primarily associated with increased spending projected for Water Purchases and Treatment. Board Resolution 2025-14 authorizes the appropriated amount with increases or decreases requiring Board approval. Because of the projected increase in spending, staff is recommending adjustments to the appropriations categories.

The Water Authority forecast for the period ending March 31, 2026, reflected an overall budget variance of \$115.9 million or 6% over budget. The projections reflected an overall increase in spending within the two-year budget period. The current recommendations include final projections for all water sales and other revenues, and water purchases and treatment using the staff recommended Calendar Year 2027 rates and charges. The recommendations also include the updated projections due to the impact of amendments to the consolidated Memorandum of Understanding with Teamsters Local 986 union.

The forecast and recommendations below begin by discussing Sources of Funds (revenues) and significant variances that are projected and then provide a similar discussion and review of Uses of Funds (expenditures). Information presented on the budget includes actual expenditures to date as of March 31, 2026, and projections based on current conditions. Variances due to differing assumptions or new information are provided for significant categories.

The following summarizes the current sources and uses of funds, comparing the budget and year end projections for Fiscal Years 2026 and 2027. A complete summary of the recommended adjustments is provided at the end of this memo.

Projected Sources and Uses of Funds for Fiscal Years 2026 and 2027

(In \$ Thousands)*				
	FYs 26&27 Adopted	FYs 26&27 Mid-term Amended	Variance Adopted to Amended \$	%
Revenues and Other Income				
Water sales	\$1,625,916	\$1,690,967	\$65,051	4%
Infrastructure access charges	100,392	101,258	866	1%
Property taxes and in-lieu charges	41,053	41,525	472	1%
Investment income	20,870	25,561	4,691	22%
Hydroelectric revenue	-	-	-	-
Grant Reimbursement	18,741	45,346	26,605	142%
Build America Bond Subsidy (BABS)	21,121	21,121	-	-
Other income	1,773	2,361	589	33%
Capital Contributions:				
Capacity charges	22,669	31,250	8,581	38%
Water standby availability charges	21,169	21,169	-	-
Contributions in aid of CIP	-	-	-	-
Total Revenues and Other Income	\$1,873,704	\$1,980,558	\$106,855	6%
Net Fund Withdraws	23,649	37,851	14,202	60%
TOTAL SOURCES OF FUNDS	\$1,897,353	\$2,018,409	\$121,057	6%
Expenditures				
Water purchases & treatment	\$1,203,319	\$1,289,724	\$86,405	7%
Stored water purchases	-	-	-	-
CIP Expenditures	181,774	181,774	-	-
Debt service	340,874	349,088	8,215	2%
QSA mitigation ¹	469	469	-	-
Operating departments	145,416	149,232	3,816	3%
Equipment replacement	5,656	5,656	-	-
Grant expenditures	17,921	40,148	22,227	124%
Other expenditures	1,923	2,318	395	21%
TOTAL USES OF FUNDS	\$1,897,353	\$2,018,409	\$121,057	6%

*Values are rounded to the nearest whole number. Totals may not foot due to rounding.

¹ QSA Mitigation includes QSA JPA contributions, environmental mitigation, and payments for the Lower Colorado River Multi-species Conservation Program.

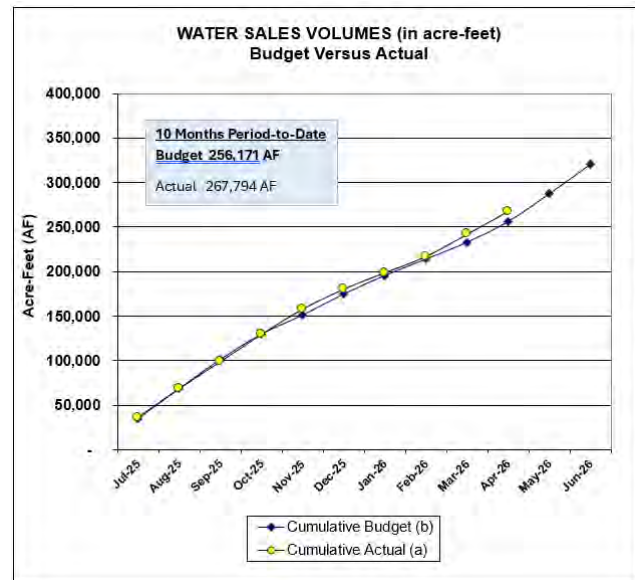
Sources of Funds

The Water Authority's amended budget is \$2.01 billion in sources of funds for Fiscal Years 2026 and 2027. Sources of funds to the Water Authority include revenue generated from Water Sales, Infrastructure Access Charges, and Property Taxes and In-Lieu charges.

The largest single source of funding for the Water Authority is *Water Sales*. The Water Authority budgeted \$1.625 billion and is now projecting approximately \$1.691 billion, or 4%, more than anticipated as a result of increased water sales in Fiscal Years 2026 and 2027 compared to the

forecasts used to develop the adopted budget. This projection incorporates the staff recommended Water Authority rates and charges for Calendar Year 2027 and the adopted Metropolitan Water District rates for Calendar Year 2027.

When the Fiscal Years 2026 and 2027 budget was adopted, the forecasted water sales volumes were 320,410 and 317,032 acre-feet respectively. To date, the water sales volumes for Fiscal Year 2026 are slightly above projections as depicted in the chart and estimated to be higher by the end of Fiscal Year 2026. Water sales projections are based on data collected from the member agencies. A Member Agency Sales Survey completed earlier this year indicates notable increases in forecasted Water Authority demand, even as overall regional demand remains relatively flat. Based on current projected demands, the forecasted water purchases from member agencies, and the anticipated weather related- impacts of a strong El Niño event, total projected water sales to member agencies for Fiscal Year 2027 are currently projected to be 337,835 acre-feet, approximately 20,800 acre-feet higher than the adopted budget sales forecast.



The revised Fiscal Year 2027 water sales projection incorporates staff recommended Water Authority rates and charges for Calendar Year 2027, as well as the adopted Metropolitan Water District (MWD) rates for Calendar Year 2027. Water sales projections for both Fiscal Year 2026 and Fiscal Year 2027 additionally include third-party water sales to Western Municipal Water District and Eastern Municipal Water District totaling 33,440 acre-feet, along with anticipated revenue from the Semitropic sale agreement and the assignment of banking rights to Westside.

The projected Infrastructure Access Charges (IAC) reflects the Calendar Year 2027 recommendation for rates and charges, which will increase the per meter equivalent over the Calendar Year 2026 rate to \$4.87 per meter equivalent.

Revenue from property taxes and in-lieu charges are projected to slightly increase by 1%, from the adopted two-year budget. The assumed increase is due to the higher than anticipated actuals in Fiscal Year 2026.

Investment Income is projected to be \$4.7 million higher than the Fiscal Years 2026 and 2027 adopted budget. At the time the Fiscal Years 2026 and 2027 budget was adopted staff had assumed lower revenues and reinvestment of funds. Increased water sales and pre-payments for water transfers have allowed for reinvestment of funds as they mature.

Grant Revenue is projected to increase to account for the receipt of \$19.0 million grant from the United States Bureau of Reclamation (USBR) for permanent upgrades to the seawater intake at the Claude "Bud" Lewis Carlsbad Desalination Plant and the post budget adoption award of \$3.0 million for the San Luis Rey (SLR) Wetland Habitat Restoration CIP project from USBR. The \$19.0 million grant is pass-through and reflected in grant expenditures.

Revenues from Capacity Charges are projected to increase due to the unexpected increase in actual Capacity Charges received in Fiscal Year 2026. The Capacity Charges for Fiscal Year 2027 are expected to remain flat and reflect the rates and charges staff recommendation for a decrease in Calendar Year 2027.

Uses of Funds

The Fiscal Years 2026 and 2027 adopted budget is \$1.897 billion for expenditures. Based on information to date, the Water Authority is projecting to spend \$121.06 million, or 6%, more than budget primarily due to increases in Water Purchases and Treatment. Staff is recommending increasing the Fiscal Years 2026 and 2027 budget to \$2.01 billion consistent with projections.

The Water Authority is currently forecasting to spend \$1.289 billion on water purchases and treatment in Fiscal Years 2026 and 2027, which is 7% over budget. This increase is primarily driven by higher forecasted demands, required additional MWD purchases, increased treated water volumes, and the addition of new MWD fixed treatment charges. In addition, higher projected demands require the operations of the Carlsbad Desalination Plant at its full contracted production level rather than a reduced production rate.

During Calendar Year 2025 rates and charges development, the Board directed staff to implement a moderate risk CIP; which is reflected in the Fiscal Years 2026 and 2027 CIP appropriation. The CIP is currently projecting \$3.4 million under budget; however staff is monitoring project expenditures and is not recommending any changes to the CIP at this time.

Debt Service expenses are projected to increase by \$8.21 million, or 2%, partially due to the \$17.0 million Commercial Paper (CP) pay down in February 2026 which is offset by savings in changing the timing of the Series 2026 new money bond issuance. During Fiscal Years 2026 and 2027 staff estimated costs and fees for a new money debt issuance to occur in June 2026.

Through monitoring the market and Water Authority cash balances, staff in consultation with Water Authority financial advisors have modified the timing of the Series 2026 bond issuance to Fall 2026. This modification has helped offset the increased costs of debt service for Fiscal Years 2026 and 2027. The Water Authority continually reviews the debt portfolio for additional opportunities to defease debt.

The Operating Departments are projected to increase by \$3.82 million due to the impact of amendments to the consolidated Memorandum of Understanding (MOU) with Teamsters Local 986 union. The following tables depict the Operating Departments budget by major expense category and by department. Variances are calculated when comparing the “FYs 26&27 Adopted” to the “Mid-term Amended” budget. The mid-term amended budget column takes into consideration the administrative transfers between expenditure categories allowed under the General Manager’s authority.

Operating Departments by Expense Category

Expense Category (in \$ thousands)*	FYs 26&27 Adopted	FYs 26&27 Mid-term Amended	Variance Adopted to Amended	
			\$	%
Total Labor and Benefits	\$ 139,211	\$ 143,878	\$ 4,667	3%
Direct Charges to CIP/Grants	(26,391)	(27,038)	(647)	2%
Operating Labor & Benefits	\$ 112,819	\$ 116,840	\$ 4,021	4%
Services	26,333	26,301	(32)	<(1%)
Supplies	5,581	5,465	(117)	(2%)
Utilities	3,468	3,483	15	0%
Insurance	4,097	4,098	1	<1%
Leases/Rent	789	780	(9)	(1%)
Other	4,712	4,758	46	1%
Fixed Assets	10	115	105	1050%
Subtotal Non-Personnel	\$ 44,990	\$ 45,000	\$ 10	<1%
Subtotal Operating Departments	\$ 157,809	\$ 161,840	\$ 4,031	3%
Capitalized Overhead Allocation	(12,393)	(12,608)	(215)	2%
Total Operating Departments	\$ 145,416	\$ 149,232	\$ 3,816	3%

*Values are rounded to the nearest whole number. Totals may not foot due to rounding.

Operating Departments by Department

Department (in \$ thousands)*	FYs 26&27 Adopted	FYs 26&27 Mid-term Amended*	Variance Adopted to Amended	
			\$	%
Administrative Services	\$ 18,903	\$ 19,311	\$ 408	2%
Engineering	10,043	10,419	375	4%
Finance	11,193	11,615	422	4%
General Counsel	5,424	5,542	117	2%
General Manager & BOD	9,521	9,674	152	2%
Human Resources	2,846	2,972	127	4%
Imported Water	8,245	8,529	284	3%
Operations and Maintenance	58,613	59,683	1,070	2%
Public Affairs	6,827	7,209	382	6%
Water Resources	13,801	14,279	478	3%
Total Operating Departments	\$ 145,416	\$ 149,232	\$ 3,816	3%

*Values are rounded to the nearest whole number. Totals may not foot due to rounding.

Labor and Benefits is the largest component of the Operating Departments and is projecting to be over budget by \$4.02 million, or 4%. The overage in Labor and Benefits is primarily due to the negotiated increases included in the current Memoranda of Understanding (MOU) between the Water Authority and Teamsters Local 986 union, effective July 1, 2026, through June 30, 2029. In addition to the approved negotiated increases, the Water Authority's employer rate with CalPERS increased over the prior year estimate provided by CalPERS in the annual actuarial report. Staff recommends increasing the Operating Departments budget by \$3.82 million for the Labor and Benefits increases and adjustment to the Capitalized Overhead Allocation.

Grant Expenditures is projected to increase primarily to account for the receipt and expenditure of the \$19.0 million grant from the United States Bureau of Reclamation (USBR) for permanent

upgrades to the seawater intake at the Claude “Bud” Lewis Carlsbad Desalination Plant. Expenditures for the post budget adoption award of \$3.00 million for the San Luis Rey (SLR) Wetland Habitat Restoration CIP project from USBR are reflected in the associated CIP project.

Recommended Budget Adjustments

Staff recommendation to amend the budget, if approved, will increase the Water Authority’s Fiscal Years 2026 and 2027 budget by \$121.06 million. The recommended increase to the budget is primarily due increases in Water Purchases and Treatment. The recommendations to amend the Fiscal Years 2026 and 2027 budget are listed below.

1. Increase to Water Purchases and Treatment in the amount of \$86.40 million to accommodate the increased forecasted demands, required MWD purchases, increased treated water volumes and the addition of new MWD fixed treatment charges.
2. Increase to Debt Service in the amount of \$8.21 million for the increased costs associated with the Commercial Paper pay down, which is offset by savings in the modified timing of the Series 2026 Bond issuance.
3. Increase to Operating Departments in the amount of \$3.82 million for Labor and Benefits due to the impacts of amendments to the consolidated Memorandum of Understanding (MOU) with Teamsters Local 986 union.
4. Increase to Grant Expenditures in the amount of \$22.23 million to account for receipt and expenditure of grant funds for the permanent upgrades to the seawater intake at the Claude “Bud” Lewis Carlsbad Desalination Plant and shift in timing of other grant expenditures.
5. Increase to Other Expenditures in the amount of \$395,000 for increased miscellaneous expenses related to Fiscal Year 2026 actuals.

The following table depicts the total impact of recommended mid-term budget adjustments.

Mid-term Budget Adjustments

Category (in \$ thousands)*	Adjustment Total
Expenditures	
Water Purchases & Treatment	\$86,405
Debt Service	8,215
Operating Departments	3,816
Grant Expenditures	22,227
Other Expenditures	395
Total	\$ 121,057

*Values are rounded to the nearest whole number. Totals may not foot due to rounding.

Prepared by: Toni-Marie Kahre, Senior Management Analyst
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 Liana M. Whyte, Budget & Treasury Manager

Reviewed by: Lisa Marie Harris, Director of Finance/Treasurer

Approved by: Tish Berge, Deputy General Manager/Chief Operating Officer

Attachments:

Attachment 1 – Resolution No. 2026-05 Resolution of the Board of Directors of the San Diego County Water Authority Amending the Bi-annual Budget for Fiscal Years 2026 and 2027

Attachment 2 – Exhibit A to Resolution 2026-05 Fiscal Years 2026 and 2027 Budget

Attachment 3 – Capital Improvement Program Project Summary Table

RESOLUTION NO. 2026-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AMENDING THE GENERAL MANAGER'S BUDGET FOR FISCAL YEARS 2026 AND 2027 FOR OPERATIONS AND CAPITAL IMPROVEMENTS AND APPROPRIATING \$2,018,409,494 CONSISTENT WITH THE APPROVED BUDGET

WHEREAS, on June 26, 2025, the Board of Directors of the San Diego County Water Authority adopted Resolution No. 2025-14 approving the General Manager's Recommended Budget for Fiscal Years 2026 and 2025 and appropriating \$1,897,352,674 consistent with the approved budget; and

WHEREAS, the General Manager has presented a mid-term budget update including recommendations for budget amendments; and

WHEREAS, the Administrative and Finance Committee has approved the General Manager's recommendations;

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

1. The bi-annual budget for Fiscal Years 2026 and 2027 as adopted by Resolution No. 2025-14 and as amended is hereby appropriated for the purposes and in the amounts specified in Exhibit A to this Resolution.

2. Resolution No. 2025-14 remains in full force and effect except as amended by this Resolution.

PASSED, APPROVED AND ADOPTED, this 25th day of June 2026.

AYES: Unless noted below, all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Nicholas Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Cole-Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026-05 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Cole-Walker
Clerk of the Board

Exhibit A to Resolution 2026-05
Fiscal Years 2026 and 2027
Amended Budget
Appropriated Funds

		Fiscal Years 2026 & 2027 Budget
Expenditures		
Water Purchases & Treatment		\$ 1,289,724,443
Capital Improvement Program		181,773,970
Debt Service		349,088,300
QSA Mitigation ⁽¹⁾		469,103
Operating Departments		
	Administrative Services	19,311,045
	Engineering	10,418,712
	Finance	11,615,226
	General Counsel	5,541,580
	General Manager and Board of Directors	9,673,784
	Human Resources	2,972,358
	Imported Water	8,528,614
	Operations and Maintenance	59,683,068
	Public Affairs	7,208,556
	Water Resources	14,279,005
Operating Departments		149,231,947
Equipment Replacement		5,656,216
Grant Expenditures		40,147,584
Other Expenditures		2,317,931
Total Uses of Funds		\$ 2,018,409,494

Capital Improvement Program Project Summary Table
Mid-Term Projections Fiscal Years 2026 22027

Attachment 3

\$ In thousands*		Amended	Actuals	FY2026	FY2027	FY2028	FY2029	FY2030	Beyond	Total
Project Category	Project Name	Multi-year Budget	through FY2025	Projection	Projection	Projection	Projection	Projection	FY2031 Projection	Projection**
Asset Management	Abandonment of the La Mesa Sweetwater Extension to Sweetwater	4,180	133	0	0	0	0	0	4,047	4,047
	Additional Aqueduct Right of Way Width	5,787	5,270	136	1	0	0	0	383	520
	Facilities Improvement and Equipment Replacement	35,852	4,353	599	2,416	1,575	3,977	3,970	18,962	31,499
	Infrastructure Rehabilitation	430,158	124,888	37,193	25,655	17,882	43,576	47,749	535,973	708,028
	Line Road Improvements	888	222	4	0	0	0	0	662	666
	Mission Trails Flow Regulatory Structure (FRS) II/Lake Murray Control Valve	48,702	46,955	144	325	0	0	0	1,279	1,749
	Operations and Maintenance Department Facility	60,000	39,217	1,713	20,799	12,102	0	0	1,800	36,414
	Relining and Pipe Replacement Program	426,642	66,750	7,113	50,304	18,877	79,467	36,127	622,375	814,262
	Second Aqueduct Diversion Complex Improvements	21,324	24	2	8	939	1,205	6,108	19,648	27,910
Total		\$ 1,033,533	\$ 287,813	\$ 46,905	\$ 99,508	\$ 51,375	\$ 128,224	\$ 93,954	\$ 1,205,129	\$ 1,625,095
Emergency Storage Program	ESP - North County Pump Station	23,426	14,453	734	2,120	448	1	1	2,171	5,476
	ESP - Post Construction Activities	5,541	574	527	138	210	11	0	4,081	4,967
	ESP - San Vicente 3rd Pump Drive & Power	8,044	258	0	0	0	0	0	7,786	7,786
	ESP Owner Controlled Insurance Program Closeout	76	17	15	0	0	0	0	44	59
	Lake Hodges Dam - ESP Agreement Obligations	2,106	795	952	332	27	0	0	0	1,311
	San Vicente Dam - ESP Agreement Obligations	4,984	1,064	2,143	1,777	0	0	0	0	3,920
	Total	\$ 44,178	\$ 17,161	\$ 4,372	\$ 4,367	\$ 685	\$ 12	\$ 1	\$ 14,083	\$ 23,521
Environmental Mitigation	Colorado River Canal Linings - Post Construction Mitigation Monitoring	28,125	17,868	1,382	1,158	4,165	3,023	0	493	10,221
	Mitigation Program	28,844	8,579	7,442	6,023	766	2,110	517	3,451	20,308
	Post-Construction Mitigation Management	5,978	3,714	781	400	361	0	0	735	2,276
	Total	\$ 62,946	\$ 30,162	\$ 9,604	\$ 7,580	\$ 5,292	\$ 5,134	\$ 517	\$ 4,679	\$ 32,805
Planning and Studies	Facilities Planning Studies	3,745	0	291	1,122	2,209	0	0	421	4,042
	Pipeline 3/Pipeline 4 Conversion	1,014	0	111	28	0	0	293	587	1,018
	System Isolation Valves	522	228	0	0	0	0	0	294	294
	Total	\$ 5,281	\$ 228	\$ 402	\$ 1,149	\$ 2,209	\$ -	\$ 293	\$ 1,302	\$ 5,354
Regional Resiliency	Carlsbad Desalination Plant Energy Initiatives	891	661	195	49	0	0	0	6	250
	Energy Resiliency Project	9,700	271	86	761	910	1,057	3,565	3,100	9,480
	San Vicente Energy Storage Facility	22,051	16,088	1,774	1,637	673	280	538	1,080	5,982
	Total	\$ 32,643	\$ 17,020	\$ 2,056	\$ 2,447	\$ 1,584	\$ 1,337	\$ 4,103	\$ 4,186	\$ 15,713
Grand Total		\$ 1,178,581	\$ 352,383	\$ 63,338	\$ 115,051	\$ 61,144	\$ 134,707	\$ 98,867	\$ 1,229,379	\$ 1,702,488

*Values are rounded to the nearest whole number. Totals may not foot due to rounding.

Midterm 2-Year Forecast \$ 178,390
 Adopted 2-Year Appropriation \$ 181,774
 Midterm Appropriation Variance \$ (3,384)

**Total projection may not match current adopted multi-year budget for CIP projects. Future funding needs are dependent upon Board approval.

June 17, 2026

Attention: Administrative and Finance Committee

Purchase of Water Authority Business Insurance for Fiscal Year 2027. (Action)

Staff recommendation

Authorize the General Manager to purchase \$41 million in liability insurance for fiscal year 2027 from CalMutuals JPRIMA in the amount of \$741,821, property insurance for fiscal year 2026 from Swiss Reinsurance Company in the amount of \$271,099, and workers' compensation insurance from CalMutuals JPRIMA in the amount of \$492,393, for a total amount of \$1,505,313.

Alternative

Reduce deductible on the Water Authority's property policy from \$75,000 to \$50,000 for an additional premium of \$20,636, bringing the total renewal premium to \$1,525,949.

Fiscal Impact

Funds for the purchase of property, liability, and workers' compensation insurance for Fiscal Year 2027 are included in the Fiscal Years 2026 and 2027 Recommended Budget.

Executive Summary

- Insurance representatives informed the Water Authority in early 2026 that overall condition of insurance renewal market for fiscal year 2027 is showing some signs of leveling off after many years of difficult conditions.
- Staff responded with direction to our insurance broker to foster the most competitive renewal market possible.
- The Water Authority received 17 bids for liability coverage, 7 bids for property, and 3 bids for workers' compensation.
- Premiums for workers' compensation will increase 6.99 percent, recommended property will decrease 11.55 percent, and liability will increase 1.07 percent.
- Based on staff's recommended renewal bid, the Water Authority's total premium will increase 0.31 percent in fiscal year 2027.

Background

The Water Authority purchases property, liability and workers' compensation insurance coverage on an annual basis. In fiscal year 2026, property coverage was provided by SwissRe, while automobile physical damage coverage was provided by Hannover Insurance Company. Liability coverage was purchased from California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (CalMutuals JPRIMA), a pooled insurance program, and three layers of excess liability coverage were purchased from Great American Assurance Company, Berkley National Assurance Company, and Endurance American Specialty Insurance Company. Since fiscal year 2018, the Water Authority has also purchased workers' compensation insurance from CalMutuals JPRIMA in partnership with Zenith Insurance Company.

In 2026, Water Authority staff attended multiple insurance market forecast presentations held by its insurance broker and various risk management associations to ascertain market conditions leading into the fiscal year 2027 policy renewal. While the market has seen some stabilization relative to years past, the Water Authority received feedback indicating that depending on coverage type, renewals were anticipated to be flat to slightly increased.

Discussion

After a long period of instability in the insurance market, rates have normalized. Over the last several years rates increased for a variety of reasons, among them the accelerating pace of natural disasters including damage from storms and destructive wildfires, inflation increasing the cost of goods and services, rising legal costs and jury awards, litigation financing, rising medical costs, and a number of other challenges. However, in 2026, market capacity has increased, resulting in more competition within the insurance market. This has translated into price stability and insurance premiums staying relatively flat.

As part of its outreach efforts, the Water Authority directed its insurance broker to conduct the widest possible search for coverage. As a result, the Water Authority solicited 17 bids for liability coverage, 7 for property, and 3 for workers' compensation. Overall, the Water Authority received 6 bids for liability coverage, 2 bids for property, and 2 bids for workers' compensation.

Additional details on the lines of coverage and their recommended providers are given below.

Workers' Compensation

Workers' compensation coverage is statutory in the state of California. This means the coverage terms and conditions are standard, with deductibles accounting for the only material difference in coverage among the various providers. The recommended premium for fiscal year 2026 is increasing 6.99 percent (\$32,187) when compared to fiscal year 2026 (from \$460,206 to \$492,393). The coverage provided by CalMutuals JPRIMA is underwritten by Zenith Insurance Company, which has provided workers' compensation coverage since 1937, and has been authorized in California since 1950. A.M. Best rates Zenith Insurance Company at A X (A=Excellent / X=\$500M to \$750M financial size).

Property

Property insurance rates continued to decrease, and a downward trend appears to have begun emerging. While challenging conditions from some notable losses in recent years caused by major weather events and wildfires have caused headwinds, the market has increased capacity nationwide, resulting in relief in California due to increased competition and a desire by commercial carriers to retain and attract business. The recommended premium for property insurance coverage for fiscal year 2027 is decreasing by 11.55 percent (-\$35,389) from fiscal year 2026 (from \$306,488 to \$271,099). Property coverage continues to be provided by SwissRe, rated A+ XV (A+=Superior / XV=Greater than \$2B financial size). Auto Physical Damage coverage is provided by Hannover Insurance Company, rated A+ XV.

Liability

Liability insurance rates remained relatively stable this year with price increases moderating their pace of growth. Application requirements have become more stringent as insurers have become more selective about the risks they accept. The total recommended premiums for liability coverage in fiscal year 2027 will increase 1.07 percent (\$7,821) when compared to fiscal year 2026 (from \$734,000 to \$741,821). In fiscal year 2027, staff recommends maintaining \$41 million of liability coverage, in a structure which includes a primary layer of \$11 million, and three excess layers up to \$41 million. Staff believes this to be a prudent recommendation given the trend of increasing liability claims nationwide, and particularly in California. The Water Authority's liability coverage is provided CalMutuals JPRIMA and excess liability coverage by Great American Assurance Company, rated A+ XV, Berkley National Insurance Company, rated A+ XV, and Endurance American Specialty Insurance Company, rated A+ XV.

Cost Summary

Table 1 below summarizes the cost comparison of all three lines of business insurance between fiscal years 2026 and 2027 based on staff recommendation.

Table 1: Comparison of Fiscal Year (FY) 2026 and FY 2027 Insurance Costs				
Line of Coverage	FY 2026 Premiums	FY 2027 Premiums	Change FY 2026 to FY 2027	
			Total Cost Change	%
Property	\$306,488	\$271,099	(\$35,389)	(11.55%)
Liability	\$734,000	\$741,821	\$7,821	1.07%
Workers' Comp	\$460,206*	\$ 492,393*	\$32,187	6.99%
TOTAL COST	\$1,500,694	\$1,505,313	\$4,619	0.31%
<i>*Estimated amount. Final cost based on actual payroll.</i>				

Alternative

The alternative recommendation provides an opportunity for a reduced deductible for property coverage from \$75,000 to \$50,000 for a cost increase of \$20,636 over the higher deductible level for a total Property renewal premium of \$261,045. This would bring the total renewal cost to \$1,525,949, a total increase of 1.68%. Given a number of factors, including property claim history, staff believes that the cost savings provided by the higher deductible is a fiscally prudent choice with very low risk.

Staff plans to conduct the next full-scale competitive bidding of insurance policies for fiscal year 2028. This will help ensure the most competitive bid environment as annual competition tends to produce "bid fatigue," a phenomenon that reduces the number of firms willing to submit competitive bids. Annual competition also requires extensive staff support over a period of approximately six months. In the meantime, the Water Authority's insurance broker will continue to seek competitive proposals within their markets and keep the Water Authority apprised of current market trends and best practices.

Administrative and Finance Committee

June 17, 2026

Page 4 of 4

Prepared by: Tom Marcoux, Risk and Safety Manager
Vadim Livshits, Senior Management Analyst

Reviewed by: Matthew Bartolome, Director of Administrative Services

Approved by: Jaymie Bradford, Assistant General Manager

June 17, 2026

Attention: Administrative and Finance Committee

Controller's Report on Monthly Financial Activity. (Information)

Water Sales Volume (in acre-feet) for the month of May 2026		This chart (left) shows water sales in acre-feet for the month of May 2026, while other sections of the Controller's Report pertain to the 10-month period ending April 30, 2026. The chart shows the most current water sales volume information available as of the date this report was prepared.
Budget	31,042	
Actual	31,892	

Purpose

To provide a summary of key financial information to the Board of Directors.

Financial Information

Attached are the following graphs and financial reports comprising the Controller's Report:

1. Water Sales Volumes Budget and Actual and YOY Comparisons
2. Water Sales Revenues Budget and Actual Comparison
3. Water Purchases and Treatment Costs Budget and Actual Comparison
4. Budget Status Report
5. Schedule of Cash and Investments

The Budget Status Report compares actual revenues and expenses on a budgetary basis to the period-to-date adopted budget. Below is a summary of the financial activities for the period July 1, 2025 through April 30, 2026, in millions:

	FY 2026	For the 10 months ended April 30, 2026			
	Adopted Budget	Budget	Actual	\$ Variance Positive/ (Negative)	% Budget Above/ (Below)
Water Sales	\$ 782.3	\$ 627.3	\$ 643.7	\$ 16.4	3%
Water Purchases & Treatment	595.0	477.9	467.4	10.5	-2%
Net Water Sales Revenue	187.3	149.4	176.3	26.9	18%
Revenues & Other Income	122.0	99.1	134.2	35.1	35%
Total Revenues	309.3	248.5	310.5	62.0	25%
Total Expenses	243.7	142.2	173.2	(31.0)	22%
Net Revenues Before CIP	65.6	106.3	137.3	31.0	29%
CIP Expenses	80.4	67.8	41.1	26.7	-39%
Net Fund Withdraws	\$ (14.8)	\$ 38.5	\$ 96.2	\$ 57.7	150%

Summary

For the ten months ending April 30, 2026, the Water Authority's actual net revenues after CIP was a positive \$57.7 million but that will decrease in the remaining two months of the year as year-end accruals are recorded in June. Additionally, the budgeted fund balance draw is now expected to

reduce by approximately \$10.5 million for FY 2026. The favorable variances through April are primarily due to higher than budgeted net water sales revenue (\$26.9 million) and capacity charges revenue (\$8.7 million) coupled with lower than budgeted CIP expenses (\$26.8 million) and operating department expenses (\$5.5 million). Higher spring water sales due to drier conditions and less rain contributed to higher revenues overall. While CIP and department operating expenses are currently below budget, these are expected to reverse course as yearend project expense accruals and annual pension and OPEB plan valuation expense adjustments among others are recorded. These expense categories are still budgeted to fall within the two-year appropriation.

Also notable for April is that the Water Authority received the first \$9.8 million annual installment payment from Western Municipal Water District (new customer). This payment does not yet represent revenue because the water still needs to be delivered at a future date in order to complete the revenue recognition (sales) process. However, it improves the Water Authority's cash position as noted in the Cash and Investments table in Attachment 5.

Net Water Sales Revenue

Net water sales revenue is the difference between the receipts from the sale of water and the cost of that water, providing the Water Authority's principal source of revenue. Sales include revenues from three variable and five fixed charge components:

Variable Commodity Charges for supply, treatment, and transportation

Fixed Charges for customer service, storage, supply reliability, transportation, and infrastructure access

For the ten-month period ending April 30, 2026, total water sales were 267,794 acre-feet (AF), exceeding the budgeted volume of 256,171 AF by 11,623 AF, or 5 percent (Attachment 1). As a result, water sales revenue was \$16.3 million higher than the budget, while water purchases and treatment costs were \$10.5 million lower (Attachments 2 and 3). Overall net water sales revenue totaled \$176.3 million, which is \$27.0 million above the budgeted amount of \$149.4 million (Attachment 4). Higher-than-budgeted water sales were driven by drier-than-normal conditions throughout Fiscal Year 2026, along with above-normal average daily maximum temperatures. On a year over year basis, FY 2026 water sales through April 2026 were 3,518 AF (1.3 percent) higher than the same ten-month period in FY 2025, when sales totaled 264,276 AF (Attachment 1). The year-over-year increase was primarily due to reduced member agency local supplies. Reliance on surface water declined by over 35% compared to the first ten months of FY 2025, while demand on the Water Authority increased by 5% due to dry conditions. Water purchase expenses were lower due to a few factors but most notably the receipt of desalination grant proceeds and the impact of the MWD settlement agreement allowing the Water Authority to better manage its water needs starting in CY 2026.

Inclusive of the cost of water added to inventory, \$40.4 million was paid to MWD for 5,752 AF of treated and untreated water plus treatment costs for 28,958 AF of IID Transfer water; \$153.7 million for 174,727 AF of IID Transfer water; \$121.8 million for 37,523 AF of treated desalinated water from Channelside; and \$0.6 for 64,750 AF of Canal Lining water. (Canal Lining water costs

are much lower as they represent the Water Authority's share of operations and maintenance costs for maintaining the All-American and Coachella canals as the Water Authority previously incurred significant costs to line the canals with cement panels and now has ongoing maintenance responsibilities). The Water Authority also incurred an additional cost of \$149.0 million for exchange and wheeling costs on 239,477 AF paid to MWD (comprised of IID Transfer and Canal Lining water).

Revenues and Other Income

Total revenues and other income were budgeted at \$99.1 million for the ten-month period ended April 30, 2026. Actual revenues were \$134.2 million or \$35.1 million higher than the budget (Attachment 4). Revenue categories materially higher than the budget include the following:

- Capacity Charges: \$8.7 million more than the budget due to larger payments received from the cities of San Diego and Oceanside earlier in the year, as well as a one-time revenue accrual adjustment into FY 2026 as a result of higher capacity charges being received than estimated in the prior year.
- Grant Reimbursements: \$20.8 million more than the budget is primarily due to the \$19.0 million federal grant received related to the Carlsbad Desalination Plant Intake and Discharge facilities project. *(The \$19.0 million is a pass-thru amount with the Water Authority both receiving and then paying the same amount to the contractor. A variance will show because the grant was budgeted in the net water sales revenue category but for reporting of Actual results the amounts are shown individually as grant revenues and expenses. The variance will be eliminated as part of the proposed midterm budget adjustments.)*

Expenses

Total expenses were budgeted at \$142.2 million for the ten-month period ended April 30, 2026. Actual expenses were \$173.2 million or \$31.0 million higher than the budget (Attachment 4). Expense categories materially higher or lower than the budget include the following:

- Debt Service: \$15.0 million higher due to the paydown of outstanding commercial paper (\$12 million Series 11 and \$5 million Series 9) offset by reduced interest cost and associated fees within the program.
- Operating Departments: \$5.5 million lower in expenses due to the periodic nature of incurring such general expenses. The variance is expected to be absorbed in future months. See individual Operating Department results on Attachment 4.
- Grant Expenses: \$21.9 million higher in expenses primarily due to the \$19.0 million federal grant received related to the Carlsbad Desalination Plant Intake and Discharge facilities project. *(The \$19.0 million is a pass-thru amount with the Water Authority both receiving and then paying the same amount to the contractor. A variance will show because the grant was budgeted in the net water sales revenue category but for reporting of Actual results the amounts are shown individually as grant revenues and expenses. The variance will be eliminated as part of the proposed midterm budget adjustments.)* The remaining \$2.9 million variance is due to timing and will offset against grant revenues by year end.

CIP Expenses

Capital Improvement Program expenses were budgeted at \$67.8 million for the ten-month period ended April 30, 2026, and actual expenses amounted to \$41.0 million or \$26.8 million lower than the budget (Attachment 4). It should be noted the actual expenses do not include invoices received but not yet paid, as they are going through the invoice review and payment approval process. This variance is primarily due to some projects experiencing delays due to unforeseen conditions encountered during design (e.g., utility conflicts); however, most of the variance is expected to be made up by the end of the appropriation period. The Pay-As-You-Go (PayGo) fund now assumes full responsibility for CIP expenditures until the next debt issuance.

Cash and Investments

As of April 30, 2026, cash and investments totaled \$455.5 million. Approximately 95 percent is pooled funds available to meet Water Authority needs and Board set reserve requirements, and the remaining 5 percent represents amounts restricted for debt service (Attachment 5). The Water Authority Treasurer pools the cash of the PayGo fund with total unrestricted funds to maximize investment returns. The PayGo Fund will continue to pay for the CIP until bond proceeds become available in the summer. Additionally, the Water Authority's pooled cash and investments balance is in excess of the 150-day target balance, but this is subject to change based on future financial conditions. Certain of this excess is being evaluated for potential defeasance opportunities during the anticipated 2026 debt issuance. Additionally, the Water Authority received the first \$9.8 million installment payment for prepaid water from Western Municipal Water District and this is reported in the new Prepaid Water Program Reserve Fund.

Prepared by: Marilen Santos, CPA, Senior Accountant

Reviewed by: Geena Xiaoqing Balistrieri, CPA, Accounting Supervisor

Approved by: Christopher Woidzik, CPA, Controller

Attachments:

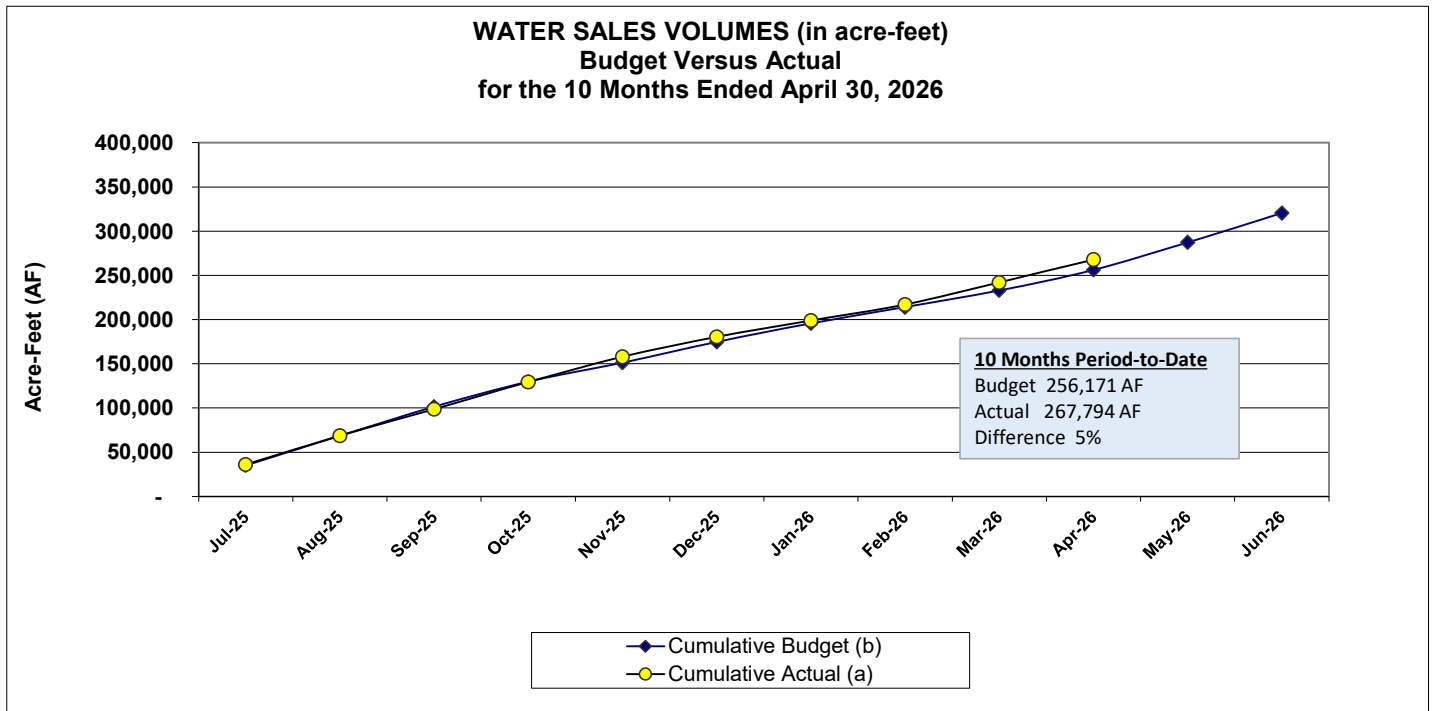
Attachment 1 – Water Sales Volumes Budget and Actual and YOY Comparisons

Attachment 2 – Water Sales Revenues Budget and Actual Comparison

Attachment 3 – Water Purchases and Treatment Costs Budget and Actual Comparison

Attachment 4 – Budget Status Report

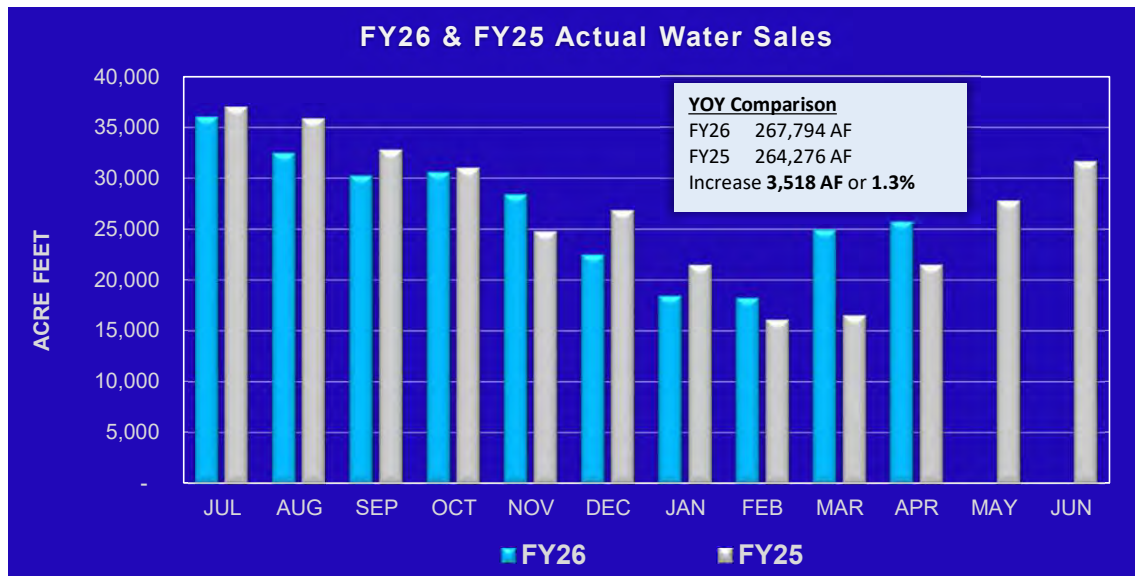
Attachment 5 – Schedule of Cash and Investments

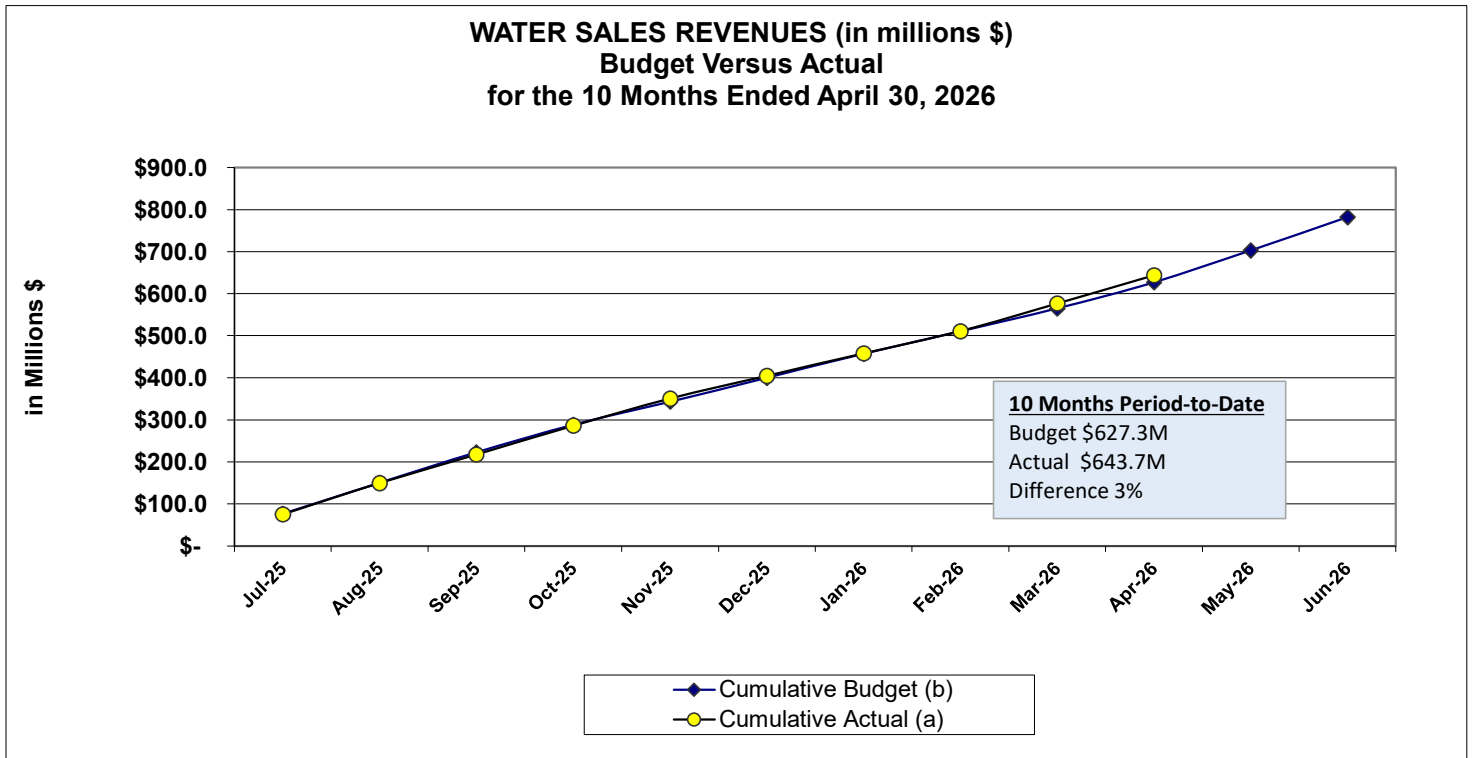


Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2026 and 2027.

Fiscal Year 2026 Cumulative Water Sales (AF)

Months	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Monthly Actual	36,056	32,483	30,265	30,618	28,418	22,505	18,453	18,253	24,947	25,796	-	-
Cumulative Actual (a)	36,056	68,539	98,804	129,422	157,840	180,345	198,798	217,051	241,998	267,794	267,794	267,794
Monthly Budget	35,167	33,417	32,868	28,430	21,355	23,566	20,786	18,430	18,889	23,263	31,042	33,197
Cumulative Budget (b)	35,167	68,584	101,452	129,882	151,237	174,803	195,589	214,019	232,908	256,171	287,213	320,410
AF Difference (c) (a-b)	889	(45)	(2,648)	(460)	6,603	5,542	3,209	3,032	9,090	11,623		
% Difference (c/b)	3%	0%	-3%	0%	4%	3%	2%	1%	4%	5%		



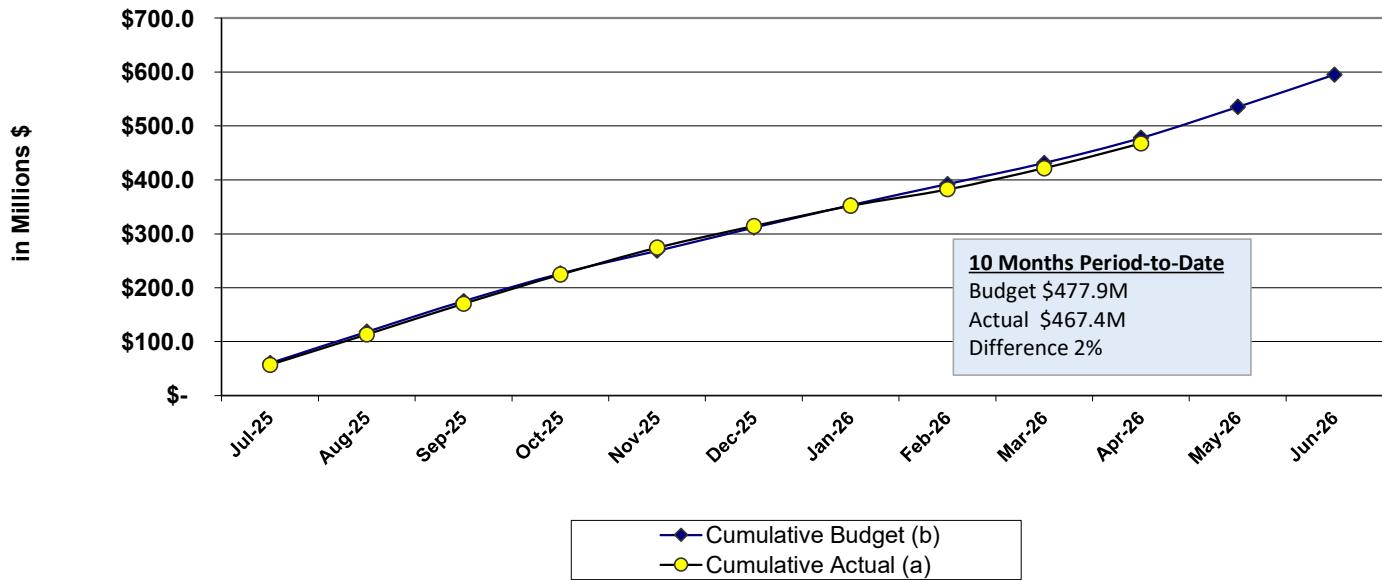


Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2026 and 2027.

Fiscal Year 2026 Cumulative Water Sales (in millions \$)

Months	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Monthly Actual	\$ 75.3	\$ 74.4	\$ 68.0	\$ 68.6	\$ 64.1	\$ 54.4	\$ 53.2	\$ 52.9	\$ 65.8	\$ 67.0	\$ -	\$ -
Cumulative Actual (a)	\$ 75.3	\$ 149.7	\$ 217.7	\$ 286.3	\$ 350.4	\$ 404.8	\$ 458.0	\$ 510.9	\$ 576.7	\$ 643.7	\$ -	\$ -
Monthly Budget	\$ 76.7	\$ 73.9	\$ 72.4	\$ 65.5	\$ 54.6	\$ 56.8	\$ 57.4	\$ 53.5	\$ 54.2	\$ 62.3	\$ 75.6	\$ 79.4
Cumulative Budget (b)	\$ 76.7	\$ 150.6	\$ 223.0	\$ 288.5	\$ 343.1	\$ 399.9	\$ 457.3	\$ 510.8	\$ 565.0	\$ 627.3	\$ 702.9	\$ 782.3
Difference (c) (a-b)	\$ (1.4)	\$ (0.9)	\$ (5.3)	\$ (2.2)	\$ 7.3	\$ 4.9	\$ 0.7	\$ 0.1	\$ 11.7	\$ 16.4		
% Difference (c/b)	-2%	-1%	-2%	-1%	2%	1%	0%	0%	2%	3%		

WATER PURCHASES AND TREATMENT COSTS (in millions \$)
Budget Versus Actual
for the 10 Months Ended April 30, 2026



Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2026 and 2027.

Fiscal Year 2026 Cumulative Cost of Water Purchases and Treatment (in millions \$)

Months	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Monthly Actual	\$ 56.9	\$ 56.5	\$ 56.8	\$ 54.1	\$ 49.7	\$ 40.2	\$ 37.7	\$ 30.4	\$ 39.3	\$ 45.8	\$ -	\$ -
Cumulative Actual (a)	\$ 56.9	\$ 113.4	\$ 170.2	\$ 224.3	\$ 274.0	\$ 314.2	\$ 351.9	\$ 382.3	\$ 421.6	\$ 467.4	\$ -	\$ -
Monthly Budget	\$ 59.9	\$ 58.3	\$ 56.7	\$ 51.3	\$ 42.2	\$ 42.8	\$ 41.9	\$ 38.9	\$ 39.5	\$ 46.4	\$ 57.3	\$ 59.8
Cumulative Budget (b)	\$ 59.9	\$ 118.2	\$ 174.9	\$ 226.2	\$ 268.4	\$ 311.2	\$ 353.1	\$ 392.0	\$ 431.5	\$ 477.9	\$ 535.2	\$ 595.0
Difference (c) (a-b)	\$ (3.0)	\$ (4.8)	\$ (4.7)	\$ (1.9)	\$ 5.6	\$ 3.0	\$ (1.2)	\$ (9.7)	\$ (9.9)	\$ (10.5)		
% Difference (c/b)	-5%	-4%	-3%	-1%	2%	1%	0%	-2%	-2%	-2%		

San Diego County Water Authority
Fiscal Year 2026 Budget Status Report
For the 10 Months Ended April 30, 2026
Unaudited

	[A]	[B]	[C]	Revenues = [-B + C] Expenses = [B - C]	[C / A]
		FY 2026 (10 Months - 83%)			
	FY 2026 Adopted Budget	10 Months Period-to-Date Adopted Budget (n)	10 Months Period-to-Date Actual	Variance Positive (Negative)	Actual to FY 2026 Adopted Budget
Net Water Sales Revenue					
Water Sales (a)	\$ 782,337,287	\$ 627,322,219	\$ 643,688,913	\$ 16,366,694	82%
Water Purchases & Treatment (a)(b)	595,013,972	477,919,075	467,392,820	10,526,255	79%
Total Net Water Sales Revenue	187,323,315	149,403,144	176,296,093	26,892,949	94%
Revenues and Other Income					
Infrastructure Access Charges	49,641,688	41,390,112	41,250,352	(139,760)	83%
Property Taxes & In-lieu Charges (c)	20,026,000	17,615,341	18,656,859	1,041,518	93%
Investment Income (d)	9,249,689	8,638,038	11,607,258	2,969,220	125%
Hydroelectric Revenue (e)	-	-	-	-	0%
Grant Reimbursements	9,904,854	5,929,179	26,723,475	20,794,296	270%
Build America Bonds Subsidy (f)	10,623,541	8,852,951	8,852,951	-	83%
Other Income	885,390	415,387	1,222,592	807,205	138%
Capital Contributions:					
Capacity Charges (a)	11,155,355	7,808,749	16,485,607	8,676,858	148%
Water Standby Availability Charges (h)	10,531,935	8,470,137	9,410,417	940,280	89%
Contributions in Aid of Capital Improvement Program (CIP) (i)	-	-	-	-	0%
Total Revenues and Other Income	122,018,452	99,119,894	134,209,511	35,089,617	110%
Total Revenues	309,341,767	248,523,038	310,505,604	61,982,566	100%
Expenses					
Debt Service (i)	158,951,100	77,105,454	92,084,458	(14,979,004)	58%
QSA Mitigation (k)	266,548	266,548	146,152	120,396	55%
Equipment Replacement	2,559,914	1,720,611	781,677	938,934	31%
Grant Expenses	9,149,199	3,519,969	25,403,156	(21,883,187)	278%
Other Expenses	944,422	787,018	1,465,771	(678,753)	155%
Operating Departments (l)	71,849,217	58,815,621	53,325,353	5,490,268	74%
Total Expenses	243,720,400	142,215,221	173,206,567	(30,991,346)	71%
Net Revenues Before CIP	\$ 65,621,367	\$ 106,307,817	\$ 137,299,037	\$ 30,991,220	209%
CIP Expenses	\$ 80,385,589	\$ 67,836,384	\$ 41,073,884	\$ 26,762,500	51%
Net Fund Withdraws (m)	\$ (14,764,222)	\$ 38,471,433	\$ 96,225,153	\$ 57,753,720	-652%
CIP Expenses by Funding Source					
Pay-As-You-Go Fund			\$ 41,073,884	100%	
			Operating Departments Detail		
Administrative Services	\$ 9,227,392	\$ 6,766,315	\$ 7,404,611	\$ (638,296)	80%
Engineering	4,927,560	4,089,999	3,702,785	387,214	75%
Finance	5,504,507	4,551,935	4,631,435	(79,500)	84%
General Counsel	2,684,857	2,234,792	1,030,077	1,204,715	38%
General Manager & Board of Directors	4,785,363	3,980,833	3,134,888	845,945	66%
Human Resources	1,387,553	1,093,748	1,046,938	46,810	75%
Imported Water *	4,049,551	3,370,310	2,512,598	857,712	62%
Operations & Maintenance	29,094,243	24,214,287	22,192,981	2,021,306	76%
Public Affairs	3,344,709	2,776,952	2,388,610	388,342	71%
Water Resources	6,843,482	5,736,450	5,280,430	456,020	77%
Total Operating Departments	\$ 71,849,217	\$ 58,815,621	\$ 53,325,353	\$ 5,490,268	74%

* Colorado River Program, MWD Program, and Imperial Valley Outreach Program are included in Imported Water.

**San Diego County Water Authority
Fiscal Year 2026 Budget Status Report
For the 10 Months Ended April 30, 2026**

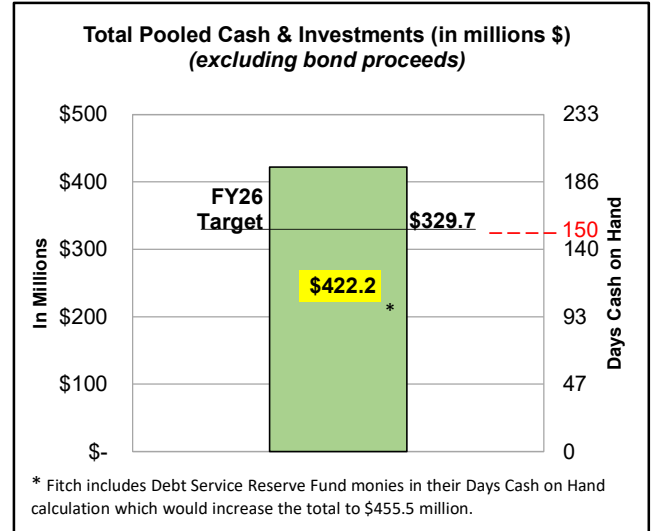
Notes to the Budget Status Report:

- a) Water sales and water purchases period-to-date budgeted amounts are based on projected acre-feet activity calculated per month.
- b) Water purchases and treatment costs are comprised of water (treated and untreated) that has been both purchased and sold. Other purchased water may be added into inventory and sold in future months. The cost of the water added to inventory is not recorded as an expense until it is withdrawn from storage and sold. Water may be added to inventory as a result of take or pay contracts or to meet future needs from scheduled pipeline maintenance shut down projects.
- c) Property taxes are primarily received in December and April. The City of San Diego alternatively pays In-lieu charges each year in quarterly installments. In-lieu charges for Fiscal Year 2026 total \$3,341,928.
- d) Investment income excludes unrealized gains/losses, which are non-cash transactions.
- e) Hydroelectric revenues have not been budgeted for Fiscal Year 2026.
- f) The 2010B Water Revenue Bonds were issued under the American Recovery and Reinvestment Act which allowed for taxable Build America Bonds (BABs) to be issued at a lower cost, effectively subsidized by the federal government. Semi-annual subsidy payments from the United States Treasury equal to 33.5 percent of the interest payments are received as a reimbursement. (The original subsidy was 35% but has been lowered due to Congressionally-mandated sequestration reductions and this subsidy amount will remain unchanged until 2030.)
- g) Capacity charges are primarily received in July, October, January and April, after the quarterly period ends, and accrued revenue is recorded for the quarter ending June.
- h) Water standby availability charges are primarily received each November to January and April to May periods.
- i) Contributions in aid of capital improvement program revenues have not been budgeted for Fiscal Year 2026. Any such revenues received may include payments or reimbursements from state or other local agencies for miscellaneous projects in the form of cash payments or contribution of physical assets.
- j) Bonds and Certificates of Participation debt service payments are due semi-annually on November 1 (interest) and May 1 (principal and interest). Pipeline Bonds, Series 2019 debt service payments are due semi-annually on July 1 (principal and interest) and January 1 (interest). Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to long-term debt, such as discounts, premiums, and deferred gain/loss on refundings are excluded because they are non-cash transactions. Short-term debt expenses (commercial paper) are paid monthly.
- k) QSA Mitigation includes the annual Lower Colorado River Multi-Species Conservation Program (LCR MSCP) payment in the amount of \$194,870 (paid in quarterly installments) for Fiscal Year 2026.
- l) Amounts may include capital equipment purchases used for CIP projects as well as in operations.
- m) Represents budgeted withdraws from fund balance.
- n) Period-to-date budgeted amounts adjusted based on items occurring on a periodic basis.

**San Diego County Water Authority
Schedule of Cash and Investments
As of April 30, 2026
Unaudited**

Attachment 5

	April 2026	April 2025
Operating Fund	\$ 236,485,197	\$ 330,939,766
Rate Stabilization Fund	126,140,740	78,540,740
Pay-As-You-Go Fund	56,652,369	29,320,143
Prepaid Water Program Fund	9,780,000	-
Equipment Replacement Fund	1,789,079	398,431
Canal Maintenance Fund	1,169,760	913,732
Total Pooled Funds	95% 432,017,145	440,112,812
CIP/Bond Construction Fund	-	572,785
Debt Service Reserve Fund	23,459,664	23,196,114
Total Bond Funds	5% 23,459,664	23,768,899
Total Cash and Investments	\$ 455,476,809	\$ 463,881,711



Notes:

The Total Pooled Cash & Investments graph depicts the Water Authority's available monies measured against the 150 Days Cash on Hand requirement as set in the 2021 Rate Model. For FY26, days cash on hand equates to a \$329.7 million target balance. It's important to note that cash and investments balances will increase and decrease during the year, especially in May and November, when debt service payments are made, but the target is fixed for the fiscal year. Amounts above the target balance are being evaluated for potential defeasance opportunities. Other reserves may also have specific maximums, minimums or targets, and these are noted in the reserve definitions below.

Ratings Impact: Overall cash and investments position and days cash on hand metrics are crucial to the Water Authority maintaining its current ratings of AAA, AA+ and Aa2 from Standard & Poor's, Fitch and Moody's, respectively. A balance below the 150 days cash on hand metric of \$329.7 million target places risk on the Water Authority for a downgrade, which will affect investors interests in owning Water Authority bonds and achieving favorable interest rates on subsequent debt issuances.

Reserve Fund Categories

Operating Fund: The Water Authority's working capital and emergency operating reserve. The Operating Fund's policy requires 45 days of average annual operating expenses to be kept in reserves as assessed on an annual basis and include \$5 million held for emergency repairs. The Operating Fund has a minimum cash balance for FY26 of \$97.6 million.

Rate Stabilization Fund (RSF): The RSF holds the water revenues greater than expenditures in years of strong water sales. Funds can then be used to mitigate "rate shock" in years of weak water sales and/or to manage debt service coverage. The RSF target balance is equal to the financial impact of 2.5 years of wet weather or mandatory restrictions, and the maximum fund balance is equal to the financial impact of 3.5 years of wet weather or mandatory restrictions. For FY26, the RSF has a fixed maximum balance of \$126.2 million and a fixed Target balance of \$87.0 million.

Pay-As-You-Go Fund (PAYGO): The PAYGO fund collects Capacity Charges and Water Standby Availability Charges to be used to pay for the cash portion of the CIP. The funds are dedicated for construction outlays as well as debt service.

Prepaid Water Program Reserve Fund: The purpose of this new reserve fund is to account for the financial activity related to the Water Authority's prepaid water program, under which participating agencies make advance payments for future exchange water deliveries. Western Municipal Water District made their initial annual payment of \$9.8 million and Eastern Municipal Water District will make their initial annual payment of \$6.3 million by June 1st.

Equipment Replacement Fund (ERF): The ERF is funded by transfers from the Operating Fund for capital equipment purchases such as computers, vehicles, and SCADA systems and is used to replace equipment which has reached the end of its effective useful life.

Canal Maintenance Fund: This fund provides for the large periodic maintenance expenses of the All-American and Coachella Canals that is estimated to occur every five to eight years.

CIP/Bond Construction Fund: This fund most recently contained bond proceeds from the Series 2022A debt issuance to finance approved capital projects. As of June 30, 2025, all bond proceeds had been spent, resulting in a cash and investments balance of zero.

Debt Service Reserve Fund: This fund contains the required legal reserve for Water Authority debt issues. Such reserves are held for the purpose of making an issue's annual debt service payments in the event the Water Authority should be unable to make such payments. The funds are held by trustees and interest earned is transferred into the Operating Fund and is not restricted.

Stored Water Fund (SWF): This fund provides working capital to purchase water inventory necessary to fully utilize the Water Authority's storage facilities. In April 2025, a 40,000 acre-feet target was established for Carryover Storage inventory along with a maximum of 100,000 acre-feet, which is the storage capacity. The SWF is to only hold a cash position if the cost to replace the target amount is below the current value of water inventory in the fund.

Board Calendar

JULY 2026

July 7

1pm MWD Delegates Briefing

July 9

No Special Board Meeting

July 23

Board Meeting

9am Committees begin

2pm Formal Board meeting

SEPTEMBER 2026

September 1

1pm MWD Delegates Briefing

September 10

1:30pm Tentative Special Board Meeting

September 17

Board Meeting

9am Committees begin

2pm Formal Board meeting

September 24

9am Audit Committee meeting

AUGUST 2026

August 4

1pm MWD Delegates Briefing

August 13

1:30pm Tentative Special Board Meeting

August 27

Board Meeting

9am Committees begin

2pm Formal Board meeting

ENGINEERING AND OPERATIONS COMMITTEE

**AGENDA FOR
JUNE 25, 2026**

Amy Reeh, Chair	Jim Desmond
Lois Fong-Sakai, Vice Chair	Dana Frieauf
Eric Heidemann, Vice Chair	Francisco X. Rivera
Ismahan Abdullahi	Esther Sanchez
Gary Arant	Kevin Shin
Jerry Butkiewicz	Evan Wahl
Kathleen Coates-Hedberg	Stephen Whitburn

1. Report on Remote Attendance.
2. Roll call – Determination of quorum.
3. Additions to Agenda (Government Code Section 54954.2(b)).
4. Public Comment – opportunities for members of the public to address the Committee on items contained within this agenda.
5. Chair’s Report.
5-A Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION/PRESENTATION

1. Pipeline 4 urgent repair update. (Presentation) Martin Coghill
Jason Gornall
Brent Fountain
2. Amendment to the Agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the Emergency Water Storage Project Improvements in Valley Center and Yuima Municipal Water Districts.
Staff recommendation: Authorize the General Manager, or designee, to execute an amendment to the construction funding and operations agreement with Valley Center Municipal Water District and Yuima Municipal Water District for infrastructure improvements providing emergency water supplies to Valley Center and Yuima Municipal Water Districts to increase the not-to-exceed amount by \$400,000, increasing the authorized cumulative contract amount from \$11,360,000 to \$11,760,000. (Action)
3. Construction contract with Filanc for the Ramona Pipeline Improvements – Phase 1 project. Michael Heu



Staff recommendation: Award a construction contract to Filanc in the amount of \$6,595,708 for the Ramona Pipeline Improvements – Phase 1 project. (Action)

4. Professional services contracts with Brown and Caldwell; The Engineering Partners, Inc.; and WHB Engineers for control systems and electrical engineering services, as-needed.

Colin Kemper

Staff recommendation: Award design professional service contracts, as attached, with such non-material modifications as approved by the General Manager or General Counsel, to Brown and Caldwell for \$1,750,000; The Engineering Partners, Inc. for \$1,750,000; and WHB Engineers for \$500,000, to provide control systems and electrical engineering services, as-needed, for a period of three years with the option to extend an additional two years, and authorize the General Manager, or designee, to execute the contracts. (Action)

III. INFORMATION

IV. CLOSED SESSION(S)

V. ADJOURNMENT

Kelly Cole-Walker
Clerk of the Board

NOTE: This meeting is called as an Engineering & Operations Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.

June 17, 2026

Attention: Engineering and Operations Committee

Pipeline 4 urgent repair update. (Presentation)

Purpose

The purpose of this memorandum is to update the Board on the urgent repair currently underway on Pipeline 4 in the Bonsall area.

Background

Pipeline 4 is one of the Water Authority's primary prestressed concrete cylinder pipelines (PCCP) and plays an essential role in the treated water transmission system. The pipeline has been assessed using electromagnetic scanning and receives ongoing monitoring using an acoustic fiber optic (AFO) system. Based on the comparison of assessment and monitoring data against computer-modeled risk curves procured in 2023, staff commenced design work for two carbon-fiber reinforced polymer (CFRP) repairs in late 2025, with installation of the repairs scheduled for December 2026. The shutdown scheduled for December 2026 is a planned shutdown associated with numerous CIP project activities.

A recent wire break, detected in May 2026, heightened concern that one of the pipe sticks, located directly beneath the intersection of Aqueduct Road and Via Urner Way, was now in a condition of active decay. To preserve pipeline integrity and system reliability, it was determined that an acceleration of the work planned in December 2026 would be warranted for this location. Coordination with Member Agencies resulted in the scheduling of the work during a 15-day shutdown commencing June 15, 2026.

Discussion

Pipeline 4, from the Point of Delivery to the Diversion Structure near Twin Oaks Valley Water Treatment Plant (TOVWTP), is 90-inch diameter and approximately 10.5 miles long. The pipeline is a critical conveyance pipeline for treated water to the region.

Currently, the preferred rehabilitation technique of steel relining is operationally unavailable for this pipeline due to the inability to undertake months-long outages. A solution was identified and recommended for advancement in the 2024 Water Facilities Master Plan. The recommended solution will facilitate relining of Pipeline 4 by temporarily converting Pipeline 3 from untreated water service to treated water service, and Pipeline 4 from treated water service to untreated water service north of TOVWTP. This project is currently in the planning phase and will take several years to implement, necessitating a more reactionary approach to managing decaying PCCP pipe sticks along Pipeline 4.

To support the management of the structural integrity of Pipeline 4, and in addition to active monitoring of PCCP, staff obtained Board approval in October 2024 to amend the administrative code to authorize the Board to approve construction contracts for the completion of urgent repairs

on an on-call basis. In September 2025, staff obtained Board approval to award two on-call CFRP repair services contracts in the amount of \$5 million each.

The existence of the on-call CFRP repair contracts allowed staff to competitively solicit and mobilize a repair team in a short period of time for this urgent repair. Structural Technologies provided the lowest bid of \$1,272,860 and a Task Order was issued to commence work during the shutdown commencing June 15, 2026. The contractor proposed an economy of scale by recommending that both repair sites, previously scheduled for December 2026, be completed during the June 2026 shutdown.

Pipeline 4 has required two recent urgent repairs due to recorded wire break activity, including north of West Lilac Road in 2022, and on the south slope of San Luis Rey Canyon in 2025.

Prepared by: Martin Coghill, Operations and Maintenance Manager
Jason Gornall, Engineering Manager

Reviewed by: Eva Plajzer, Director of Operations and Maintenance
Neena V.S. Kuzmich, Director of Engineering

Approved by: Tish Berge, Deputy General Manager/Chief Operating Officer

June 17, 2026

Attention: Engineering and Operations Committee

Amendment to the Agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the Emergency Water Storage Project Improvements in Valley Center and Yuima Municipal Water Districts. (Action)

Staff recommendation

Authorize the General Manager, or designee, to execute an amendment to the construction funding and operations agreement with Valley Center Municipal Water District and Yuima Municipal Water District for infrastructure improvements providing emergency water supplies to Valley Center and Yuima Municipal Water Districts to increase the not-to-exceed amount by \$400,000, increasing the authorized cumulative contract amount from \$11,360,000 to \$11,760,000.

Alternative

Do not approve staff recommendations and provide direction to staff relative to issues requiring resolution. This alternative will result in delays to the project and increase project costs.

Fiscal Impact

Funds in the amount of \$400,000 are available in the approved project budget and in the fiscal years 2026 and 2027 Capital Improvement Program appropriation. The rate category for this project is storage.

Executive Summary

- This agreement funds infrastructure improvements that are part of the Emergency Storage Project (ESP) – North County Pump Stations project.
- The infrastructure improvements are being constructed, operated, maintained, and owned by Valley Center Municipal Water District (VCMWD).
- Staff recommends increasing the agreement by \$400,000 to cover additional costs incurred during construction.
- During startup and commissioning, an existing VCMWD pipeline failed that is part of the ESP delivery system. Further analysis is required to determine a solution.
- Staff will return to the Board for additional funding to replace or rehabilitate the failed pipeline.
- Pending the pipeline analysis and replacement or rehabilitation, construction is expected to complete in late 2026.

Background

The Emergency Storage Project (ESP) was added to the Capital Improvement Program in 1998 with the goal of providing adequate storage to meet emergency needs. The ESP is a system of

reservoirs, interconnected pipelines and pump stations designed to supply water to the San Diego region if imported water deliveries are interrupted. The final component of the ESP is the ESP – North County Pump Stations project funded by the Water Authority, which includes infrastructure improvements within VCMWD’s system to deliver treated water to VCMWD and Yuima Municipal Water District (YMWD) during an ESP event.

The ESP-North County Pump Stations project originally included a pump station near Fallbrook Public Utility District’s Red Mountain Reservoir, a pump station near East Mission Road at the confluence of Pipeline 3 and Interstate 15, and modifications to system interconnections for water deliveries. Through the planning process, a project alternative was developed and selected that optimized the use of existing member agency infrastructure to achieve ESP water deliveries eliminating the need to construct multiple facilities that would only be used during an ESP event. Through this project, the Water Authority meets ESP water delivery obligations, while avoiding higher capital costs associated with the construction of ESP specific facilities.

The VCMWD and YMWD ESP delivery system comprises existing infrastructure and new facilities including a 12-inch diameter pipeline and two flow control facilities to regulate and meter flows from VCMWD to YMWD. Existing agency pipelines and upgrades to two existing VCMWD pump stations are used to deliver the water from an existing Water Authority flow control facility. The project site map is attached as Figure 1. The design of these improvements was completed by VCMWD through a funding agreement approved by the Board in October 2018. The Water Authority supported the design with environmental and property acquisition services.

The Water Authority, acting as the lead agency under California Environmental Quality Act (CEQA), previously prepared and approved Addendum No. 21 to the ESP Final Environmental Impact Report/Environmental Impact Statement (EIR/EIS) to address minor changes to the ESP and the VCMWD improvements. The amendment to the construction funding and operations agreement is consistent with the activities described in the previously certified ESP EIR/EIS, approved Addendum No. 21, and the Mitigation Monitoring and Program (MMP). All applicable mitigation measures in the ESP MMP will be implemented, as planned. No subsequent CEQA actions are required (Section 15162 of the State CEQA Guidelines).

Previous Board Action: On March 23, 2023, the Board authorized the General Manager, or designee, to execute a construction funding and operations agreement with Valley Center Municipal Water District and Yuima Municipal Water District for infrastructure improvements providing emergency water supplies to Valley Center and Yuima Municipal Water Districts for an amount not-to-exceed \$11,360,000.

Discussion

The Water Authority executed the construction funding and operations agreement with VCMWD and YMWD in March 2023, included as Attachment 1. VCMWD is responsible for the construction, operation, maintenance, and ownership of the infrastructure improvements. The original not to exceed amount of \$11,360,000 included the construction contract, VCMWD’s construction management cost, and YMWD’s project management cost.

Over the past three years, VCMWD administered project construction in close coordination with the Water Authority to ensure funds were spent in accordance with the agreement. During this time, VCMWD incurred additional costs resulting from construction change orders, additional professional services for control system programming and design changes, and increased VCMWD staff and consultant costs due to an extended construction duration.

During startup and commissioning in April 2026, VCMWD experienced failure of their existing 12-inch pipeline that is part of the ESP delivery system. VCMWD is currently analyzing the extent of pipeline defects and customer water delivery impacts to determine the most cost-effective pipeline rehabilitation or replacement solution. Once the assessment is complete, staff will return to the Board to recommend additional funding for the pipeline work.

To reimburse VCMWD for additional expenses incurred during construction, staff recommends the Board authorize the General Manager, or designee, to execute an amendment, included as Attachment 2, to the construction funding and operations agreement with Valley Center Municipal Water District and Yuima Municipal Water District for infrastructure improvements providing emergency water supplies to Valley Center and Yuima Municipal Water Districts to increase the not-to-exceed amount by \$400,000, increasing the authorized cumulative contract amount from \$11,360,000 to \$11,760,000. Following the recommended Board action, VCMWD will complete the pipeline assessment, and staff will return to the Board to recommend additional funding for pipeline rehabilitation or replacement. Pending the pipeline work, construction is expected to complete in late 2026.

Prepared by: Brent J. Fountain, Engineering Manager

Reviewed by: Neena V.S. Kuzmich, Director of Engineering

Approved by: Tish Berge, Deputy General Manager/Chief Operating Officer

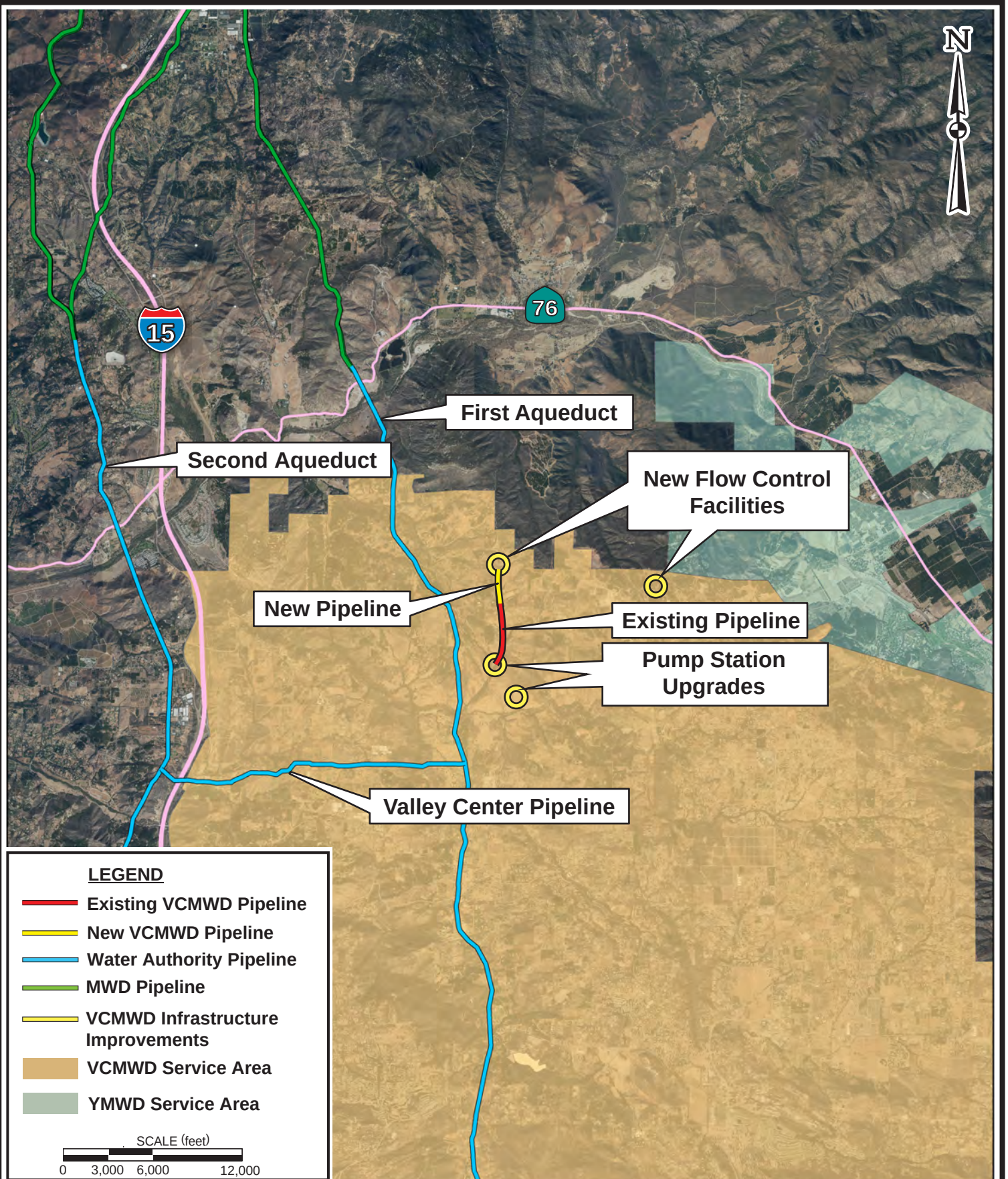
Attachments:

Figure 1 – North County ESP Improvements Site Map

Attachment 1 – Appendix: E&O-1, p. 356

Agreement Between and Among the San Diego County Water Authority, the Valley Center Municipal Water District, and the Yuima Municipal Water District for Funding the Construction and for the Operation of the Emergency Storage Project Improvements in Valley Center and Yuima Municipal Water Districts

Attachment 2 – Draft First Amendment to Agreement



San Diego County Water Authority

CAPITAL IMPROVEMENT PROGRAM

Page 163 of 452

PROJECT:

Figure 1 - North County ESP Improvements Site Map

ATTACHMENT 2

Draft First Amendment to Agreement

The Agreement Between and Among the San Diego County Water Authority, the Valley Center Municipal Water District, and the Yuima Municipal Water District for Funding the Construction and for the Operation of the Emergency Storage Project Improvements in Valley Center and Yuima Municipal Water Districts, which was executed by the parties on May 5, 2023 (Agreement) is amended effective _____, 2026.

The Agreement is amended as follows:

1. Section 7.1, Cost Responsibilities, is revised to increase the not-to-exceed amount from \$11,360,000 to \$11,760,000.
2. Section 7.5, Cost Responsibilities, is revised to increase the not-to-exceed amount for Valley Center Municipal Water District (VCMWD) from \$11,325,000 to \$11,725,000.
3. Upon full execution of this Amendment, the Water Authority will deposit \$400,000 with VCMWD for the costs related to management, administration and construction of the VCMWD infrastructure improvements for a total of \$11,725,000. Section 7.2, Cost Responsibilities, is amended to reflect this change.

All other terms, covenants and conditions in the original Agreement as amended shall remain in full force and effect and shall be applicable to this amendment.

The individuals executing this amendment to the Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which shall be deemed to be an original when executed, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Agreement as of the date written above.

San Diego County Water Authority

Approved as to form:

By: _____
Brent J. Fountain
Engineering Manager

By: _____
Michael J. McDonnell
Assistant General Counsel

Valley Center Municipal Water District

Approved as to form:

By: _____
Lindsay Leahy
General Manager

By: _____
Paula C.P. de Sousa
General Counsel

Yuima Municipal Water District

Approved as to form:

By: _____
Amy Reeh
General Manager

By: _____
Jeremy N. Jungreis
General Counsel

June 17, 2026

Attention: Engineering and Operations Committee

**Construction contract with Filanc for the Ramona Pipeline Improvements – Phase 1 project.
(Action)**

Staff recommendations

Award a construction contract to Filanc in the amount of \$6,595,708 for the Ramona Pipeline Improvements – Phase 1 project.

Alternative

Do not award the contract and direct staff to solicit new bids for the project. This alternative will result in delays to the rehabilitation of Ramona Pipeline and increased project costs.

Fiscal Impact

Funds in the amount of \$6,595,708 are available within the project's lifetime budget and the fiscal years 2026 and 2027 Capital Improvement Program appropriation. Funds remaining to be spent in future fiscal years will be included in the General Manager's recommended budget and are dependent upon Board approval. The rate category for this project is transportation.

Executive Summary

- The project will replace valves and associated appurtenances along the Ramona Pipeline that have reached the end of their service life.
- Three bids were received on May 13, 2026, with bids ranging from \$4,089,550 to \$6,949,520.
- Staff recommends awarding a construction contract to Filanc, the lowest responsive and responsible bidder, in the amount of \$6,595,708.
- Construction is expected to start in October 2026 and complete in summer 2027.

Background

The Ramona Pipeline, constructed in 1991, is a 7.9-mile-long pipeline that delivers treated water to Olivenhain Municipal Water District, the City of San Diego, and Ramona Municipal Water District and is connected to Pipelines 3 and 4 on the Water Authority's Second Aqueduct.

This project will replace valves and associated appurtenances along the Ramona Pipeline that have reached the end of their service life based on the Water Authority's Asset Management Program's assessment. The work includes installing four 54-inch diameter valves at the connections between the Ramona Pipeline and Pipelines 3 and 4 to provide double isolation in compliance with Cal-OSHA standards. Additional improvements include pipeline modifications, vault rehabilitation, and removal or abandonment of outdated facilities. These improvements will enhance operational flexibility by enabling independent shutdown of the Ramona Pipeline, reducing future aqueduct shutdown requirements and associated operational costs. The work will

occur within the City of San Diego in the communities of Rancho Bernardo and Black Mountain Ranch, as shown in Figure 1.

This project is exempt from the California Environmental Quality Act pursuant to California Code of Regulations (CCR) Article 19, Sections 15301, 15302, and 15303 and a Notice of Exemption was prepared and filed in conformance with CCR Title 14, Chapter 3, Article 5, Section 15062.

Discussion

Staff advertised a Notice Inviting Bids for the project on April 1, 2026, and conducted a pre-bid meeting and site visit on April 7, 2026. The Water Authority received three bids on May 13, 2026, in the amounts of \$4,089,550, \$6,617,700, and \$6,949,520. In accordance with the bid documents, the three bid amounts were adjusted to \$4,118,045, \$6,595,708, and \$6,871,824, as shown in Attachment 1. SRK Engineering Inc. submitted the apparent low bid in the amount of \$4,118,045.

On May 15, 2026, SRK Engineering Inc. submitted a written request to withdraw its bid, citing a clerical error that resulted in the omission of approximately \$1.6M from its bid. Staff, in consultation with General Counsel, reviewed the request and supporting documentation and rejected SRK Engineering Inc.'s request to withdraw its bid.

Pursuant to the bid documents, staff conducted an evaluation of the bids, assessing compliance with requirements for licensing, bonding, qualifications, and references. After completing the evaluation, staff determined the apparent low bid submitted by SRK Engineering Inc. was non-responsive and the second low bid submitted by Filanc was responsive and the bidder was responsible.

Small Contractor Outreach and Opportunities Program (SCOOP) staff verified Filanc's good faith efforts to conduct outreach to qualified small businesses. The small business participation for this project is 1%. Minority and women-owned business participation is less than 1%. This information is provided for statistical purposes. Filanc will be required to comply with the requirements of SCOOP.

Staff recommends the Board award a construction contract to Filanc, in the amount of \$6,595,708 for the Ramona Pipeline Improvements – Phase 1 project. Construction is expected to begin in October 2026 and be completed in summer 2027. Upon final inspection and acceptance of the work, staff will return to the Board to recommend issuance of a Notice of Completion.

Prepared by: Michael Heu, Senior Engineer

Reviewed by: Neena V.S. Kuzmich, Director of Engineering

Approved by: Tish Berge, Deputy General Manager/Chief Operating Officer

Attachments:

Figure 1 – Vicinity Map

Attachment 1 – Results of Bid Opening



RANCHO BERNARDO RD



WORK LOCATION 1

WORK LOCATION 2

WORK LOCATION 3

LEGEND

-  SECOND AQUEDUCT (PIPELINES 3, 4, 5)
-  RAMONA PIPELINE

**FIGURE 1
VICINITY MAP**

**RAMONA PIPELINE IMPROVEMENTS -
PHASE 1 PROJECT**



RESULTS OF BID OPENING

RAMONA PIPELINE IMPROVEMENTS – PHASE 1 PROJECT SPECIFICATION 668

Bid Opening Date: May 13, 2026
Time: 2:00 P.M.
Place: San Diego County Water Authority
 4677 Overland Avenue, San Diego, CA 92123

NO.	BIDDER	TOTAL BID PRICE
	COST ESTIMATE	\$4,500,000 to \$5,750,000
1.	SRK Engineering Inc.	\$4,118,045 ^(1, 2)
2.	Filanc	\$6,595,708 ⁽¹⁾
3.	Ferreira Construction Co. Inc.	\$6,871,824 ⁽¹⁾

(1) Adjusted bid price

(2) Bid determined to be non-responsive

June 17, 2026

Attention: Engineering and Operations Committee

**Professional services contracts with Brown and Caldwell; The Engineering Partners, Inc.; and WHB Engineers for control systems and electrical engineering services, as-needed.
(Action)**

Staff recommendation

Award design professional service contracts, as attached, with such non-material modifications as approved by the General Manager or General Counsel, to Brown and Caldwell for \$1,750,000; The Engineering Partners, Inc. for \$1,750,000; and WHB Engineers for \$500,000, to provide control systems and electrical engineering services, as-needed, for a period of three years with the option to extend an additional two years, and authorize the General Manager, or designee, to execute the contracts.

Alternative

Do not award the contracts and direct staff to solicit new proposals. This alternative may result in delays to projects requiring control systems and electrical engineering services.

Fiscal Impact

The availability of funds and the rate category are dependent upon the specific projects identified for these services. Funds identified for use in future fiscal years will depend on Board approval of future budgets.

Executive Summary

- Control systems and electrical engineering services are required to support Capital Improvement Program (CIP) and on-going maintenance and repair projects.
- The use of as-needed contracts accommodates changes in CIP prioritization and achieves efficiencies in contract procurement.
- Staff advertised a request for proposal on February 3, 2026. Five firms submitted proposals and four firms were interviewed by staff. After staff evaluation of proposals, presentations, and interviews, the three most qualified firms were selected for contract recommendation.
- Staff recommends contracts with Brown and Caldwell for \$1,750,000; The Engineering Partners, Inc. for \$1,750,000; and WHB Engineers for \$500,000.
- Upon Board approval, the as-needed contracts will provide controls and electrical engineering services for a period of three years with the option to extend an additional two years.

Background

Over the next 3 to 5 years the Water Authority's CIP is expected to include the design and construction of medium voltage switch gear, solar installations, flow control facilities, and other

projects that require control systems and electrical engineering design to comply with the California Electrical Code. Refer to Attachment 1 for a list of anticipated projects. These projects will be led by Water Authority staff with as-needed support for these specialty services. These as-needed consultants allow the Water Authority to accommodate changes in CIP prioritization and realize cost-effective contracting efficiencies.

Discussion

Staff advertised a request for proposals to provide as-needed controls and electrical engineering services on February 3, 2026. On March 17, 2026, five firms submitted proposals:

- Brown and Caldwell
- The Engineering Partners, Inc.
- LEE & RO, Inc.
- Tetra Tech, Inc.
- WHB Engineers

Staff from Engineering, Operations and Maintenance, and Water Resources departments evaluated the written proposals and invited four firms to participate in oral interviews on April 14, 2026.

Based on staff's evaluation of the written proposals, presentations, and oral interviews, Brown and Caldwell; The Engineering Partners, Inc.; and WHB Engineers are the most qualified firms to perform the required scope of work. Staff's recommendation is based on an evaluation of the firm's experience performing similar work, understanding the scope of work, and demonstration of the firm's ability to meet anticipated control systems and electrical engineering services needs. Recommended contract values are based on staff's evaluation of the firms' technical expertise, past performance, and resources allocated to Water Authority projects.

Staff recommends awarding design professional service contracts, as attached, with such non-material modifications as approved by the General Manager or General Counsel to Brown and Caldwell for \$1,750,000; The Engineering Partners, Inc. for \$1,750,000; and WHB Engineers for \$500,000, for control systems and electrical engineering services, as-needed, for a period of three years with the option to extend an additional two years.

SCOOP staff verified all three consultants' good faith efforts to conduct outreach to qualified small businesses. Due to contracts being as-needed, the actual dollars awarded to small businesses are unknown at this time. However, among the three contracts, there are a total of three listed subcontractors, which are small businesses.

Prepared by: Colin Kemper, Senior Engineer

Reviewed by: Neena V.S. Kuzmich, Director of Engineering

Approved by: Tish Berge, Deputy General Manager/Chief Operating Officer

Attachments:

Attachment 1 – Summary of Forecasted Projects

Attachment 2 – Appendix: E&O-2, p. 369

Control Systems and Electrical Engineering Services, As-Needed Contract with
Brown and Caldwell

Attachment 3 - Appendix: E&O-3, p. 397

Control Systems and Electrical Engineering Services, As-Needed Contract with
The Engineering Partners, Inc.

Attachment 4 - Appendix: E&O-4, p. 425

Control Systems and Electrical Engineering Services, As-Needed Contract with
WHB Engineers

**Summary - Capital Improvement Program Projects Requiring Control Systems and
Electrical Engineering Services, As-Needed**

NO.	Project	Calendar Year
1	Olivenhain Pump Station Switchgear Replacement	2026
2	Emergency Generator Olivenhain Reservoir Electrical Improvement	2026
3	Kearny Mesa Headquarters HVAC Equipment Replacement	2026
4	San Diego 31 Flow Control Facility	2027
5	Mission Trail Flow FRS II FCF Bypass Modification	2027
6	Energy Resiliency Project	2027
7	Escondido 4 Flow Control Facility	2028
8	Vista Irrigation District Flow Control Facility 3 Rehabilitation	2030
9	Twin Oaks Water Treatment Plant Electrical Switchgear Replacement	2030

WATER PLANNING AND ENVIRONMENTAL COMMITTEE

**AGENDA FOR
JUNE 25, 2026**

Marty Miller, Chair
Dana Frieauf, Vice Chair
Joel Scalzitti, Vice Chair
Steve Castaneda
Kathleen Coates-Hedberg
Jim Desmond
Tim Douglass

Joy Lyndes
Valentine Macedo, Jr.
Neal Meyers
Venus Molina
Rick Paul
Mark Robak
Evan Wahl

1. Report on Remote Attendance.
2. Roll call – determination of quorum.
3. Additions to agenda (Government Code Section 54954.2(b)).
4. Public comment – opportunities for members of the public to address the Committee on items contained within this agenda.
5. Chair’s report.
5-A Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION/PRESENTATION

1. Adoption of Resolution No. 2026-08 to approve the Water Authority’s 2025 Urban Water Management Plan and Water Shortage Contingency Plan.
Staff recommendation: Adopt Resolution No. 2026-08 approving the Water Authority’s 2025 Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP), and authorize submittal of the adopted documents to the California Department of Water Resources (DWR) by July 1, 2026, in compliance with the Urban Water Management Planning Act of the California Water Code. (Action)

Efren Lopez

III. INFORMATION

IV. CLOSED SESSION



V. ADJOURNMENT

Kelly Cole-Walker
Clerk of the Board

NOTE: This meeting is called as a Water Planning and Environmental Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.

June 17, 2026

Attention: Water Planning and Environmental Committee

Adoption of Resolution No. 2026-08 to approve the Water Authority's 2025 Urban Water Management Plan and Water Shortage Contingency Plan. (Action)

Staff recommendation

Adopt Resolution No. 2026-08 approving the Water Authority's 2025 Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP), and authorize submittal of the adopted documents to the California Department of Water Resources (DWR) by July 1, 2026, in compliance with the Urban Water Management Planning Act of the California Water Code.

Alternative

Do not adopt Resolution No. 2026-08 approving the Water Authority's 2025 UWMP and WSCP as recommended. This could result in non-compliance with the Urban Water Management Planning Act and may affect the Water Authority's eligibility for applicable state funding and drought-related programs that require a current adopted UWMP and WSCP.

Fiscal Impact

There is no direct fiscal impact to the Water Authority.

Executive Summary

- The 2025 UWMP serves as the Water Authority's long-term water supply planning document and evaluates projected water demands, existing and planned supplies, water-use efficiency, and reliability through 2050.
- The 2025 WSCP is included in the UWMP and is also prepared as a standalone shortage management document to guide regional response actions during water shortage conditions.
- Following the technical draft distribution to member agencies on January 7, 2026, the public review draft was released for a 45-day public review period on March 12, 2026, ahead of the April 23, 2026, public hearing.
- Staff addressed public comments and updated the final UWMP and WSCP to incorporate recent long-term delivery agreements with Western Municipal Water District (MWD) and Eastern MWD, and the sale/capacity lease of the Water Authority's out-of-county groundwater storage rights in the Semitropic Water Bank (SWB).
- The 2025 UWMP and WSCP must be adopted and submitted to DWR by July 1, 2026.

Background

The California Urban Water Management Planning Act (Act), included in the California Water Code, requires urban water suppliers to prepare and adopt an urban water management plan every five years. The Act applies to agencies that provide water for municipal purposes to more than

3,000 customers or supply more than 3,000 acre-feet of water annually. As a wholesale urban water supplier, the Water Authority prepares an UWMP that documents projected water demands, available supplies, water-use efficiency, supply reliability, and drought risk in coordination with its retail member agencies.

The Act also requires each UWMP to include a water shortage contingency plan. The WSCP identifies shortage levels, demand reduction actions, communication protocols, compliance and enforcement tools, and annual water supply and demand assessment procedures. The Water Authority's WSCP is included as part of the 2025 UWMP and is also formatted to function as a standalone regional shortage management document.

For the 2025 planning cycle, the plan incorporates DWR's 2025 UWMP guidance, standardized reporting tables, water-use efficiency requirements, and an updated water shortage contingency plan to demonstrate drought preparedness. All planning assumptions were coordinated with the member agencies and regional partners throughout the process.

Preparation of the 2025 UWMP and WSCP began by coordinating with member agencies on demand forecasts, local supply projections, water-use efficiency savings, and supply reliability inputs. This included a March 2025 walkthrough of DWR's guidance document and targeted one-on-one coordination meetings with the member agencies between July and October 2025 to review draft demand forecast information and resolve agency-specific questions. On January 7, 2026, the Water Authority distributed technical review drafts of the 2025 UWMP and WSCP to member agencies for feedback on topics that included demand projections, local supply assumptions, reliability assessments, and water shortage response actions. Member agency comments were incorporated into the draft documents.

Discussion

Water Code Section 10642 requires the Water Authority to hold a public hearing to solicit comments on the draft 2025 UWMP and draft WSCP, and to make the documents available for public review in advance of the public hearing. On March 12, 2026, the public review drafts were posted on the Water Authority's website which initiated a 45-day public review period. The Water Authority also provided a 60-day notice to cities and counties within its service area in advance of the public hearing and published notice of the hearing consistent with Water Code Section 10642, and Government Code Section 6066. The Water Planning and Environmental Committee (WP&E) held a public hearing on April 23, 2026, to receive comments on the draft 2025 UWMP and draft WSCP. Following the close of the public review period, staff summarized all public comments into a comprehensive response matrix (Attachment 1). Two key updates made to the public review draft 2025 UWMP are highlighted below:

- Updated UWMP to Account for Out-of-Region Exchange Agreements: To reflect the Water Authority's recent long-term delivery agreements with Eastern MWD and Western MWD, which were executed after the release of the 2025 UWMP public review draft, the final 2025 UWMP was updated to incorporate the contracted annual exchanges of up to 20,000 acre-feet. Because these agreements represent out-of-region water delivery obligations, the exchanges were incorporated through demand-side adjustments in the water reliability assessments with corresponding updates made to the narrative.

- **Updated to Reflect Out-of-County Storage and Transfer Actions Related to SWB:** After the release of the public review draft 2025 UWMP and WSCP, the Water Authority executed agreements to transfer its remaining stored water supplies and assign substantially all associated storage capacity rights within the SWB program as part of a broader long-term operational and financial management strategy. The final 2025 UWMP and WSCP documents comprehensively reflect these strategic updates.

After a thorough technical, legal, and editorial review of the 2025 UWMP and WSCP, the final documents incorporate member agency and public comments, updated terminology, corrected cross-references, and revised DWR standardized tables to ensure consistency across all chapters and appendices. Table 1 provides a list of major milestones related to the preparation of the two documents.

Table 1 – Major Milestones to Prepare the 2025 UWMP and WSCP

Action	Date
Board approved contract with Hazen & Sawyer to update demand forecast	February 2024
Member Agency UWMP Workgroup kickoff meeting	April 2024
Member agency coordination and DWR guidance walkthrough	March 2025
One-on-one member agency demand forecast coordination meetings	July-August 2025
Distributed Technical Review Draft 2025 UWMP to member agencies	January 7, 2026
Released Public Review Draft 2025 UWMP and WSCP	March 12, 2026
Published and provided public hearing notices consistent with Water Code Section 10642 and Government Code Section 6066	April 2026
Held public hearing at the WP&E Committee meeting	April 23, 2026
Updated public review draft documents based on recent Water Authority board actions and public comments received	May-June 2026
Board considers Resolution No. 2026-08 to approve the 2025 UWMP and WSCP	June 25, 2026
Submit adopted 2025 UWMP and WSCP to DWR	By July 1, 2026

2025 UWMP and WSCP Findings

The 2025 UWMP demonstrates that the Water Authority’s diversified supply portfolio, combined with member agency local supplies and continued water-use efficiency, is expected to meet projected demands during normal, single-dry year, and multiple-dry year conditions through the 2050 planning horizon. The 2025 UWMP also documents the region’s ongoing

investment in reliable supplies, including conserved Colorado River supplies, canal lining projects, seawater desalination, Metropolitan supplies, local supply development, storage, and water-use efficiency. The 2025 WSCP establishes a shortage response framework that identifies six standard shortage response levels, annual assessment procedures, communication protocols, and shortage response actions to be implemented in coordination with member agencies.

Table 2 shows the final normal water year assessment for the period 2030 through 2050. As shown, no water supply shortages are anticipated in the Water Authority's service area during a normal water year through 2050. In addition, corresponding dry-year scenarios in the 2025 UWMP demonstrate that the region will not experience any water supply shortages throughout the 2050 planning horizon during single-dry and multiple-dry year conditions.

**Table 2 – Normal Water Year Supply and Demand Assessment
(Acre-Feet/Year)**

	2030	2035	2040	2045	2050
Water Authority Supplies					
Imperial Irrigation District Water Transfer	200,000	200,000	200,000	200,000	200,000
All-American and Coachella Canal Lining Projects	77,700	77,700	77,700	77,700	77,700
Seawater Desalination	42,000	42,000	42,000	42,000	42,000
Sub-Total	319,700	319,700	319,700	319,700	319,700
Member Agency Supplies					
Surface Water	42,439	46,056	47,740	47,740	47,740
Water Recycling	34,207	34,463	34,702	34,872	35,042
Groundwater	20,610	20,610	20,610	17,110	17,110
Brackish Groundwater Recovery	9,650	9,290	9,290	9,290	9,290
Seawater Desalination	6,000	6,000	6,000	6,000	6,000
Potable Reuse	49,842	110,882	110,882	110,882	110,882
San Luis Rey Water Transfers	15,800	15,800	15,800	15,800	15,800
Sub-Total	178,548	243,101	245,024	241,694	241,864
Metropolitan Supplies	-	-	-	-	-
Total Projected Supplies	498,248	562,801	564,724	561,394	561,564
Total Demands with Water Efficiency Savings¹	481,915	490,433	499,867	504,176	509,759
Potential Surplus or (Shortage)	16,333	72,368	64,857	57,218	51,805

¹ Incorporates out-of-region exchange demands

The final 2025 UWMP and WSCP were posted to the Water Authority's website on June 17, 2026, and can be viewed by clicking [here](#).

Staff recommends adoption of the attached resolution (Attachment 2) to approve the 2025 UWMP and WSCP. Upon Board adoption of the resolution, both documents will be submitted to the DWR by July 1, 2026.

Prepared by: Efren Lopez, Senior Water Resources Specialist
Seevani Bista, Principal Water Resources Specialist

Reviewed by: Jeremy Crutchfield, Water Resources Manager
Jeff Stephenson, Director of Water Resources

Approved by: Tish Berge, Deputy General Manager/Chief Operating Officer

Attachments: 1. Matrix of Written Public Comments and Responses
2. Resolution No. 2026-08

Summary and Responses to Written Public Comments Received on the
Water Authority's 2025 Urban Water Management Plan

Comment #	Organization	Comment	Response
1	County of SD Planning & Development Services	"The 2025 SANDAG Regional Plan growth forecasts for unincorporated areas of the County do not align with growth assumptions of the County's General Plan."	Comment noted.
2	San Diego Coastkeeper	"The Draft Plan relies on the 'SD15' population growth forecast to model future water demand which likely overstates future demand. SDCWA's Draft UWMP does not include any alternative scenarios for comparison or consideration. Both per capita and overall water use have been declining for decades and SDCWA water demand has been trending downward for approximately twenty consecutive years, not merely remaining flat. Future projections should account for this sustained trend, which reflects structural shifts in regional water use that are likely to continue."	The drivers of growth for the projections are not population, but rather occupied residential households, employment, and irrigated agricultural acreage. The model is conditional on assumptions about the future values of variables used in the models, which have contributed to the downward trend historically and which were captured in modeling historical trends. Additional future passive and active conservation is modeled separately and deducted from baseline demands. Simple extension of past trends would not capture the underlying causal factors.

3	San Diego Coastkeeper	"The Draft UWMP forecasts an overall 4.3% demand increase, driven almost entirely by Otay Water District's projection of a 62% increase in water use, totaling approximately 17,734 acre-feet. Otay has not released its own draft 2025 UWMP, but its budget analysis projects only a 12% population increase by 2055."	Comment noted. The 4.3% increase in demand for the San Diego region from 2025 to 2050 is for total water use, whereas the increase noted for Otay is for demand on the Water Authority. The difference in the two types of water demand is that one is influenced by the availability of local supply (demand on the Water Authority) while the other (total water use) is not. The two represent entirely different types of water demand, and therefore, cannot be compared against each other.
4	San Diego Coastkeeper	"This relationship between price and demand must be analyzed, and the Draft Plan's omission of any affordability analysis is a serious omission. It fails to analyze how ratepayers may respond by replacing thirsty landscaping with drought-tolerant and native plants, particularly as water rates rise."	The forecasting models account for estimated price effects and assume anticipated real increases in price stemming from planned wholesale rate increases, as well as an assumption that future nominal prices will keep pace with inflation thereafter. Additionally, demand response to climate change is captured via climatic scenarios. While affordability is not a prescriptive requirement of the UWMP, the plan considers how pricing and drought actions impact water demands and customer access through the water shortage contingency plan.

5	League of Women Voters	“Rising water rates and future droughts would be expected to further reduce water use, however the Draft 2025 UWMP climate projection modeling scenarios predict increases in total water demand (0.4% to 3.2%) relative to baseline forecasts. We would like to call attention to the projections of increased water use in droughts, which runs counter to all historical experience in the SDCWA service area. We believe that water use efficiency opportunities have not reached the point of ‘demand hardening’”.	In absence of water supply restrictions, warmer/drier climatic patterns would be expected to increase the demand for water. The purpose of the multi-dry-year scenarios is to characterize unconstrained demands associated with persistent dry and hot weather, which would not be expected to materialize under imposition of water use restrictions.
6	League of Women Voters	"The Water Supply Reliability Assessment assumes that shortfalls in local water supplies can be addressed by simply importing more water from Metropolitan Water District of Southern California (MWD)."	Current projections show a surplus in regional supplies across the planning horizon. This surplus significantly reduces the likelihood that supplemental supplies from Metropolitan will be needed. However, should they be needed, the Water Authority would have access to Metropolitan supplies.
7	League of Women Voters	“The uncertainty of Pure Water San Diego Phase 2 going forward as originally planned should be clearly addressed. If the City of San Diego does not build Phase 2 according to the originally planned schedule or scope, then the 110,882 AFY identified in Table 9-1 would be a significant overestimation of water supply.”	Consistent with the City of San Diego’s adopted 2025 UWMP, the Water Authority categorizes Phase 2 as a verifiable water supply source. However, Chapter 10 of the Water Authority’s UWMP includes a scenario analysis of supply reliability in the event there is a delay or reduction in local potable reuse project implementation.

8	San Diego Coastkeeper	“The Draft UWMP does not address our region’s extremely high water rates, nor SDCWA’s recent and prospective water sales to agencies outside its jurisdiction, even though such sales could have significant impacts on regional rates, demand, and supply planning. The Draft Plan should assess likely future water sales scenarios and their financial implications for SDCWA ratepayers.”	The reliability analysis in the Draft UWMP was updated to incorporate the recent water exchange agreements with Eastern and Western Municipal Water Districts. A financial analysis of the rate impacts from different future water sales scenarios is outside of the scope of the UWMP.
9	League of Women Voters	“We are concerned that Draft 2025 UWMP does not clearly convey whether these contracts could be voided in drought years if the water is needed by SDCWA and thus be relied upon as part of our emergency water supply.”	The Water Authority's recent water transfer and exchange agreements are accounted for in the UWMP’s demand forecasts and reliability assessments. The reliability assessments presented in Chapters 9 and 10 evaluate the Water Authority's ability to meet demands during single dry-year and multiple dry-year conditions, including scenarios with limited imported water supplies. As demonstrated in those analyses, the Water Authority maintains sufficient supplies to meet projected demands.
10	Coastal Environmental Rights Foundation	“Establish a transparent accounting of transfer revenues and their direct application to ratepayer cost relief, including rate stabilization and LIAP funding;”	This is outside of the scope of the UWMP.

11	League of Women Voters	“The Draft 2025 UWMP does not clearly describe the potential to expand the Carlsbad Desalination plant to its full capability of 61,600 AFY of potable water. This potential additional water supply should be reflected in Table 10-3.”	While the plant could reach 61,600 acre-feet per year (AFY) with capital improvements, the additional 5,600 AFY is considered an optional supply that has not been formally contracted for regular delivery. The plan recognizes the Carlsbad Desalination Plant as a drought-proof resource that has the capacity to protect the region from drought even during multi-dry years. Table 10-3 in the UWMP is based on a water exchange framework. However, all three drought scenarios in Chapter 10 assume 48,000 AFY of production with a total capacity of 56,000 AFY.
12	San Diego Coastkeeper	“The Draft Plan’s supply reliability analysis is insufficiently attentive to real and growing risks to SDCWA’s imported water supplies, particularly from the Colorado River.”	The UWMP addresses the uncertainties associated with the Colorado River and other imported water supplies and incorporates these risks into the supply reliability assessments presented in Chapters 6, 9, and 10. The UWMP evaluated water supply reliability under single dry-year and multiple dry-year conditions. Those evaluations used conservative imported water supply assumptions that limit Metropolitan supplies at 1.3 million acre-feet (MAF) in Year 1, 1.2 MAF in Years 2 through 5 under extended dry conditions, and 1.0 MAF under a severe shortage scenario. Ongoing developments related to Colorado River operations continue to be monitored; however, future operating conditions have not been finalized and therefore specific outcomes are not assumed in the UWMP.

13	San Diego Coastkeeper	“The Draft Plan does not assess any scenario involving Colorado River shortages or curtailments associated with SDCWA’s QSA supplies from the Imperial Irrigation District. It also does not adequately assess the potential impacts of future operational guidelines on the MWD Colorado River supplies, or SDCWA’s preferential rights to MWD supplies. The Organizations strongly recommends that the Draft Plan include a dedicated section on drought and dry-year conditions in the Colorado River Basin.”	The UWMP incorporates reduced imported water supply assumptions into the supply reliability and scenario planning analyses. As discussed in Chapters 6, 9, and 10, the UWMP evaluated scenarios involving constrained Metropolitan Water District supplies associated with prolonged drought conditions, Colorado River supply challenges, and State Water Project (SWP) operational limitations. These analyses include conservative dry-year Metropolitan supply assumptions of approximately 1.3 MAF in Year 1, 1.2 MAF in Years 2 through 5 under extended dry conditions, and 1.0 MAF under a severe shortage scenario.
14	County of SD Planning & Development Services	“The County requests clarification regarding how the expiration of these agreements in 2026, and the transition to new operating criteria, may affect the 20-year supply reliability conclusion under continued drought conditions.”	The UWMP reflects current Colorado River operating guidelines and incorporates uncertainty associated with post-2026 operations through its supply reliability analysis. Because new operating criteria have not yet been finalized, specific assumptions are not included; however, potential impacts are evaluated through dry-year scenarios. These analyses include conservative dry-year Metropolitan supply assumptions of approximately 1.3 MAF in Year 1, 1.2 MAF in Years 2 through 5 under extended dry conditions, and 1.0 MAF under a severe shortage scenario. See Chapter 6, Metropolitan Water District of Southern California, for more information.

15	League of Women Voters	"The continued subsidence issues along the State Water Project, if not addressed, are predicted to have a significant impact on deliveries to areas south of the Delta affecting MWD's supply for their entire service area, including San Diego. The process of repairing the subsidence and the expense will significantly raise the cost of MWD supplies for years."	The UWMP recognizes infrastructure and operational challenges affecting SWP deliveries, including subsidence and climate-related impacts. These factors are reflected in Metropolitan supply assumptions and are considered within the overall supply reliability analysis. See Chapter 6, Metropolitan Water District of Southern California, for more information.
16	League of Women Voters	"We encourage the SDCWA to add to the Draft 2025 UWMP a scenario of multiple years of drought affecting both the Colorado River and the SWP. It would be prudent, as well as educational, to assess scenarios in which the SDCWA could not fulfill the identified shortfalls, due either to supply or cost."	The UWMP evaluates supply reliability under single- and multi-dry year scenarios, which reflect conditions affecting both the Colorado River and SWP. These analyses are intended to capture a range of potential shortages and system responses based on available information. See Chapter 9, Water Supply Reliability, for more information.
17	League of Women Voters	"SDCWA is strongly encouraged to advance the exploration of innovative water use efficiencies and promote the adoption of proven methods to decrease demand."	Comment noted. The UWMP incorporates water use efficiency as a core component of long-term demand management, consistent with state requirements and regional conservation efforts. The Water Authority continues to support member agencies through programs, incentives, and outreach that promotes efficient water use, including landscape transformation and adoption of water-efficient technologies. The UWMP also reflects ongoing implementation of state mandates under SB 606 and AB 1668, which are expected to further advance water use efficiency over time. See Chapter 3, Demand Management, for additional information on water-use efficiency in the San Diego region.

18	County of SD Planning & Development Services	“The County requests additional clarity in the UWMP regarding conservation assumptions used in demand projections, to clarify the modeling and timeline associated with ‘demand hardening’ and provide a high-level discussion of remaining conservation potential. Describe, at a programmatic level, how regional conservation efforts are expected to be implemented in coordination with member agencies.”	The UWMP incorporates conservation assumptions consistent with state requirements and regional practices, including SB 606 and AB 1668. Demand hardening and conservation effects are reflected in the demand projections and evaluated through single- and multi-dry year reliability analyses. Implementation of conservation programs primarily occurs through the member agencies with support from the Water Authority. See Chapter 3, Demand Management, for additional information on water-use efficiency in the San Diego region.
19	San Diego Coastkeeper	“Organizations strongly disagree with the Draft Plan’s treatment of ‘demand hardening’” and state that ““no water shortages are anticipated throughout the planning horizon”” and ““essential uses are less responsive to price increases. “The Draft Plan should be revised to include a more robust discussion of outdoor water conservation.”	The UWMP reflects conservation and demand hardening consistent with observed trends, state requirements, and regional practices. While no shortages are anticipated under normal conditions, the UWMP evaluates reduced supply scenarios through its reliability analysis. Outdoor water use and conservation potential are incorporated into demand projections and supported by ongoing member agency programs and state mandates. See Chapter 3, Section 3.2.3, for information on outdoor water conservation programs available in the San Diego region.

20	Coastal Environmental Rights Foundation	"The plan does not include: Quantitative targets for reducing ratepayer burden as a percentage of household income, a timeline or funding commitment for establishing or expanding a permanent low income assistance program (LIAP), an equity analysis identifying which communities and demographic groups face the highest water cost burdens or a plan for how revenue from new water transfer agreements will be tracked and applied specifically to ratepayer relief."	This is outside of scope of the UWMP.
21	Coastal Environmental Rights Foundation	"It does not assess the affordability burden on low-income households or communities of color"	This is outside of scope of the UWMP.
22	Coastal Environmental Rights Foundation	"The UWMP should commit to a Prop. 218-compliant tiered rate analysis that makes high-volume users pay their fair share"	Comment noted.
23	Coastal Environmental Rights Foundation	"CERF is concerned that past and future spending will continue to increase water rates while ratepayers continue to conserve."	Comment noted.

24	Coastal Environmental Rights Foundation	“CERF urges the Water Authority to commission and publish a comprehensive cost-of-service study analyzing tiered rate options. The draft UWMP does not address wholesale or retail rate structure design. They note that a rate structure that fails to allocate these costs to the users who generate them effectively subsidizes high consumption at the expense of average and low-volume ratepayers.”	Comment noted.
25	League of Women Voters	"The Draft 2025 UWMP does not specifically discuss Water Rates “SDCWA rate increases are impacting all the water agencies/communities it serves”	This is outside of the scope of the UWMP. Rate increases are determined through the Annual Budget and Rate-Setting Process.
26	League of Women Voters	"The Draft 2025 UWMP does not describe or prioritize the various efforts needed to maintain and advance the region’s future water supply needs. The need to balance the future needs with water affordability is a major challenge"	The purpose of the UWMP is to assess future water demands, supplies, and long-term reliability, rather than prescribe specific policy priorities. While the UWMP identifies the Water Authority's existing and planned water supply portfolio, analyses related to water rates, affordability, and cost recovery are addressed through separate budget, rate-setting, and financial planning processes.

RESOLUTION NO. 2026-08**A RESOLUTION OF THE BOARD OF
DIRECTORS OF THE SAN DIEGO COUNTY
WATER AUTHORITY APPROVING AND
ADOPTING THE 2025 URBAN WATER
MANAGEMENT PLAN AND WATER
SHORTAGE CONTINGENCY PLAN**

WHEREAS, California Water Code Section 10610 et seq., known as the Urban Water Management Planning Act (Planning Act), requires urban water suppliers to prepare and adopt an Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP) every five years on or before July 1, in years ending in six and one; and

WHEREAS, California Water Code Section 10652 exempts the preparation and adoption of UWMPs and amendments to UWMPs from the California Environmental Quality Act; and

WHEREAS, the deadline for adoption and submittal of the 2025 UWMP and WSCP is July 1, 2026; and

WHEREAS, the Planning Act specifies the requirements and procedures for adopting such UWMPs and WSCPs; and

WHEREAS, pursuant to the Planning Act, the Water Authority prepared a draft 2025 UWMP and draft WSCP in consultation with the Water Authority's member agencies to support long-term water resources planning in areas that include water demand forecasting, identification of local and imported supplies, water-use efficiency, and water shortage contingency planning; and

WHEREAS, the Water Authority, at least 60 days before the public hearing on the draft 2025 UWMP and draft WSCP, notified each of the cities within the Water Authority's service area and the County of San Diego that the Water Authority would be reviewing the documents and considering amendments or changes; and

WHEREAS, the draft 2025 UWMP and draft WSCP were made available for public review and comment commencing March 12, 2026, and ending April 26, 2026; and

WHEREAS, notices of the April 23, 2026 public hearing to receive comments on the draft 2025 UWMP and draft WSCP were published in accordance with applicable law; and

WHEREAS, the proceedings of the April 23, 2026 public hearing were recorded

in the meeting minutes; and

WHEREAS, information on how to access an electronic copy of the draft 2025 UWMP and draft WSCP was distributed to Water Authority member agencies, interested parties, as well as to each of the cities within the Water Authority's service area and the County of San Diego; and

WHEREAS, the final 2025 UWMP and final WSCP, incorporating changes to the draft documents as a result of comments received during the public review process, were made available electronically to the Water Authority Board of Directors prior to the June 25, 2026 Board meeting; and

WHEREAS, the Water Authority Board of Directors, upon recommendation of the General Manager, and the information presented to it at a Board meeting on June 25, 2026, has determined that the final 2025 UWMP and final WSCP, dated June 25, 2026, and on file with the Clerk of the Board, are consistent with the Planning Act and are accurate representations of the Water Authority's water resources planning documents;

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

1. The foregoing recitals are true and correct, have been duly performed in conformity with the Planning Act and other applicable law, and constitute the findings and determinations of the Board.
2. The final 2025 UWMP, dated June 25, 2026, on file with the Clerk of the Board, is approved and adopted.
3. The final WSCP, dated June 25, 2026, on file with the Clerk of the Board, is approved and adopted.
4. The General Manager is hereby directed to:
 - a. Submit the 2025 UWMP and WSCP to the California Department of Water Resources within 30 days of adoption and not later than July 1, 2026;
 - b. Submit a copy of the 2025 UWMP and WSCP to the California State Library, each Water Authority member agency, the County of San Diego, and each city within which the Water Authority provides water supplies not later than 30 days after adoption;
 - c. Make the 2025 UWMP and WSCP available for public review through the Water Authority's website as soon as practical after adoption; and
 - d. Implement the 2025 UWMP and WSCP consistent with the Water Authority's Administrative Code, adopted Operations and Capital Improvement Plan Budgets, adopted Water Facilities Master Plan, other applicable law, and other formal action of the Board.

5. The General Manager is further directed to periodically review the 2025 UWMP and WSCP in accordance with applicable law and recommend to the Board amendments to the documents as may be appropriate as a result of such review.

6. Should any provision of this adopting Resolution or the application thereof to any person or circumstance be deemed invalid, that invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application thereof, and to this end the provisions of this Resolution are severable.

7. This resolution is effective upon adoption.

PASSED, APPROVED AND ADOPTED this 25th day of June 2026.

AYES:

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chairman
Board of Directors

ATTEST:

Teresa Acosta, Secretary
Board of Directors

I, Kelly L. Cole-Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026-08, was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly L. Cole-Walker, Clerk of the Board

LEGISLATION AND PUBLIC OUTREACH COMMITTEE**AGENDA FOR
JUNE 25, 2026**

Valentine Macedo, Jr., Chair
Teresa Acosta, Vice Chair
Amy Reeh, Vice Chair
Jerry Butkiewicz
Frank Hilliker
Mel Katz
Joy Lyndes

Jim Madaffer
Venus Molina
Ron Morrison
Princess Norman
Rocky Qualin
Stephen Whitburn
Burt Williams

1. Report on Remote Attendance.
2. Roll call – determination of quorum.
3. Additions to agenda (Government Code Section 54954.2(b)).
4. Public comment – opportunities for members of the public to address the Committee on items contained within this agenda.
5. Chair’s report.
5-A Directors’ comments.

I. CONSENT CALENDAR**II. ACTION/DISCUSSION/PRESENTATION**

1. Government Relations Update.
1-A Washington Report.

Meggan Quarles

1-B Sacramento Report. (Discussion)

III. INFORMATION**IV. CLOSED SESSION****V. ADJOURNMENT**

Kelly Cole-Walker
Clerk of the Board

NOTE: This meeting is called as a Legislation and Public Outreach Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.



June 17, 2026

Attention: Legislation and Public Outreach Committee

Government Relations Update.

Purpose

This report is an update of the Water Authority's Government Relations program. Meggan Quarles, Government Relations Manager is available to answer any questions.

Discussion

During May and June, the Government Relations team along with the General Managers office continued to hold meetings with elected officials to provide updates on the Water Authority's priorities. Meetings took place with Congressman Peters and Congressman Levin to get a federal update, discuss the Colorado River, and discuss the MOU that was signed regarding interstate water exchanges.

The Government Relations team continues to participate in legislative policy committees with the following organizations- San Diego Regional Chamber of Commerce, the Association of California Water Agencies, the California Municipal Utilities Association, the California Special Districts Association, the Southern California Water Coalition, the California Urban Water Association and the Metropolitan Water District Legislative Coordinators meetings. In addition, the Water Authority hosts monthly meetings with our Member Agency Legislative Liaisons to discuss legislation and priorities at the state and federal level.

Attached is the What's Hot Report providing a legislative update. Verbal updates will be provided at the meeting to highlight any updates that have occurred since the writing of the report. Also attached is a legislative bill tracking matrix.

Lobbyist Activities

Presentations from our state advocate, Resolute and federal advocate, Pace Government Relations will occur.

Prepared by: Meggan Quarles, Government Relations Manager

Approved by: Jaymie Bradford, Assistant General Manager

Attachments: 1. What's Hot Report – June 2026
2. Matrix - Water Authority Legislative Positions- 2026

WHAT'S HOT REPORT

**Government Relations Department
San Diego County Water Authority**

Meggan Quarles
MQuarles@SDCWA.org

Daniel Gaytan
DGaytan@SDCWA.org



***San Diego County
Water Authority***

What's Hot?

State Legislative Activity

The June Primary Election is now behind us and the top 2 candidates for Governor have emerged: Xavier Becerra and Steve Hilton. Polling leading up to the election had predicted this outcome but the race for 2nd and 3rd was close until the end. Given the heavy democratic registration in the state, former Secretary Becerra is now the overwhelming favorite to be the state's next governor. Meanwhile, the Legislature and the Governor are hammering out the FY 26-27 budget in June. The Governor, in his May revision, has presented a rather conservative path given the uncertainty ahead, but even so the Legislative Analyst's office is signaling alarm bells to the legislature.

Federal Legislative Activity

Congressional leaders have been tussling on their second reconciliation effort at this congress. Reconciliation 2.0 was supposed to be narrowly focused on funding ICE and CBP but was complicated by the President's insistence that it also include an anti-weaponization fund. According to the administration, this fund provides a process for victims of alleged government targeting to seek redress, including formal apologies and monetary payments. After a few weeks of deliberation on capitol hill, the Department of Justice announced it would not move forward with the fund and the Senate proceeded to pass the reconciliation bill shortly thereafter. While there were some efforts to include language in the bill to prohibit the administration from pursuing any future anti-weaponization fund, no such provision was included. In the House, the bill passed the chamber along party lines 214-212 ending. Questions still linger on whether or not Republicans will seek a third reconciliation effort before the fall election.

State Update

What's Happening Around Sacramento

Proposed Changes to Mandatory Greenhouse Gas Reporting Regulation

Recently, the California Air Resources Board (CARB) received a petition filed by a coalition of climate activists (Tell the Dam Truth, Patagonia, and co-petitioners) seeking to designate dams and reservoirs as reporting entities under the Mandatory Greenhouse Gas Reporting Regulation (MRR) and repeal the existing hydropower exemption. The group argues that dams on rivers cause significant damage to rivers' ecosystems and that reservoirs contribute to climate change by emitting methane and other greenhouse gases.

The Association of California Water Agencies (ACWA) and Northwest Public Power Association (NWPPA) have sent letters in opposition to the petition. The California Municipal Utilities Association (CMUA) has also formed a strike team (CMUA Dam Emissions Strike Team) to more closely track and respond to this issue. CARB is currently reviewing updates to the MRR and had a public comment period which closed on June 5. The Water Authority will continue to track this issue as it continues to develop.

Advanced Clean Fleets Guidance

CARB has released updated guidance for state and local government agencies explaining how amendments to the Advanced Clean Fleets (ACF) regulation will be implemented during the initial reporting cycles. CARB emphasizes that early compliance will prioritize education, outreach, and case-by-case assistance to help agencies meet reporting and fleet obligations while acknowledging procurement constraints. The updated guidance is designed to provide agencies with additional time and flexibility as they transition toward cleaner fleets.

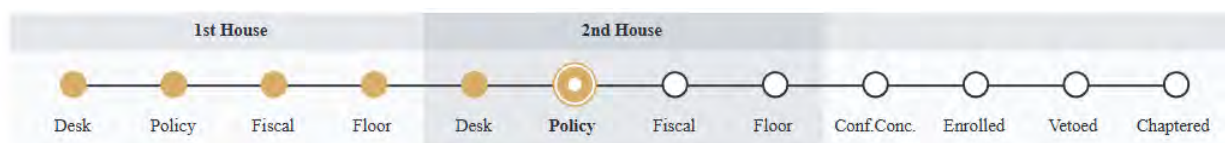
A key goal of the 2025 ACF amendments is to expand compliance flexibility for public agencies while continuing progress toward reducing harmful motor-vehicle emissions. The updated regulation clarifies that a public fleet includes vehicles the agency owns, rents, leases, or contracts to operate on its behalf. Importantly, the amended ACF regulation no longer applies to private fleets—an effort to create greater regulatory certainty for those operators. CARB also intends to use lessons learned from implementation to shape future modifications.

CARB's second set of 15-day modifications clarifies requirements related to vehicles operated under contract. Public agencies must report vehicles operating under binding agreements with third parties when determining ACF compliance, although vehicles renewed through existing leases or contracts do not count as newly added. Agencies may divide their fleets into different compliance pathways, such as placing contracted vehicles in the Zero-Emission Vehicle (ZEV) Milestone Option while placing agency-owned vehicles in the ZEV Purchase Schedule pathway.

Low Income Rate Assistance (LIRA)

SB 1125 (Menjivar) has now been approved in the Senate and is awaiting action in the Assembly. The bill is currently in the Assembly's Committee on Environmental Safety and Toxic Materials awaiting a hearing. While the Senate Appropriations Committee did approve the bill, the committee did note that the bill would create additional budget pressures in the hundreds of millions per year.

Once approved in the policy committee, the bill will face the same scrutiny in the Assembly appropriations committee before final approval. The Water Authority has taken a support position on this bill and will continue to closely monitor and engage on this bill as appropriate.



Budget Update

Governor Newsom's May Revision projects modest economic growth, built on a conservative assumption that stock-market gains will moderate despite current market strength. This results in an estimated 13% drop in capital gains realizations for 2026, a major driver of personal income tax revenue. While the administration notes upside potential from possible major IPOs (SpaceX, Anthropic, OpenAI), it makes no revenue adjustments due to uncertainty. The forecast also warns that sustained high fuel prices or a major stock-market decline could drop state revenues by \$15–\$20 billion even absent a recession.

Fiscally, the Governor's plan reflects both caution and expanded resiliency measures. Personal income tax revenue is projected at \$146.8 billion in 2025-26 and \$145.6 billion in 2026-27, with PTET-driven shifts increasing corporation tax revenue by \$4.3 billion. The May Revision proposes large reserve deposits, including a \$14 billion operating surplus in 2026-27 and growth of the Budget Stabilization Account to \$15.1 billion. Proposition 98 reserves would reach a record \$10.3 billion, while outstanding school funding obligations shrink from \$5.6 billion in January to \$3.9 billion.

The Legislative Analyst's Office (LAO) analysis of the Governor's May Revision, released on May 20, warns that even if all the Governor's proposals are adopted, the state would continue to face structural deficits, with General Fund expenses exceeding revenues for the foreseeable future under the administration's own projections. The LAO cautions that California remains vulnerable to even modest revenue declines, noting that a repeat of the mild 2022 stock-market drop could quickly drive the budget into deep deficits. To strengthen the state's fiscal position, the LAO recommends redirecting the proposed \$9.7 billion deposit into the new Projected Temporary Surplus Holding Account toward the more restricted rainy-day fund, paired with more than \$10 billion in budget cuts or new revenues. Additionally, the LAO advises that the Legislature set aside \$4 billion to pre-fund the Proposition 98 "settle-up" obligation for 2025-26, which the Governor's plan omits.

As a reminder, the Legislature's statutory deadline to pass a budget is Monday, June 15.

Legislative Calendar

June 15: Legislature's deadline to pass budget bill

June 25: Last day for measure to qualify for the Nov. 3 general election

July 2: Last day for policy committees to meet and report bills; summer recess begins upon adjournment



Federal Update

What's Happening Around DC

FY27 Budget House Actions

In April, President Trump released his FY27 budget request to Congress. Below you will find a high-level comparison of the Bureau of Reclamation FY27 budget request including programs relevant to water agencies. The request is very similar to the FY26 request, with key differences including a proposed reduction in Colorado River Activities of just under \$1 million, Lower Colorado River Operations of \$3.5 million, and Colorado River Salinity Control of \$3 million. The request again proposes to zero out WaterSMART funding, a proposal Congress rejected in the FY2026 process.

On Wednesday, May 20, the House Appropriations Committee held a markup on the FY2027 Energy & Water bill. The Committee largely disregarded the budget request, increasing several programs above the FY2026 level including overall Reclamation funding by 12.5% and WaterSMART by 56% (which the administration had again proposed defunding).

While the Committee did maintain proposed cuts to some Colorado River programs, it also directed \$50 million toward creating or conserving additional supplies. This funding could potentially support interstate transfers like those enabled by the SDCWA-Reclamation MOU.

Program/Account	FY 2024 enacted	FY 2025 CR	FY 2026 Request	FY 2026 Enacted	FY 2027 Request	FY2027 House Bill
Water Related Resources	1,587,000	—	1,112,000 (-353,630)	1,465,630	1,112,000 (-353,630)	1,675,000 (+209,370)
Policy and Administration	64,000	—	64,000 (0)	64,000 (0)	64,000 (0)	64,000 (0)
California Bay-Delta Restoration	32,000	—	32,000 (0)	32,000	32,000 (0)	32,000 (0)
CVP Restoration Fund	65,000	65,370	65,370 (0)	65,370	66,951 (+1,581)	66,951 (+1,581)
Total Net Discretionary	1,520,000	—	1,208,000 (-353,630)	1,561,630	1,208,000 (-353,630)	1,771,000 (+209,370)
Colorado River Activities	26,000	26,120	22,717 (0)	22,717	21,799 (-918)	21,799 (-918)
Upper Colorado Ops	8,200	8,260	8,260 (0)	8,260	7,508 (-758)	9,008 (+748)
Lower Colorado Ops	75,000	77,240	43,999 (0)	43,999	40,461 (-3,538)	40,461 (-3,538)
CR Salinity Control Title I	19,000	19,489	19,489 (0)	19,489	16,448 (-3,041)	16,448 (-3,041)

CR Salinity Control Title II	6,000	6,000	4,500 (0)	4,500	4,500 (0)	4,500 (0)
CRSP Section 5	17,000	16,995	17,339 (-4,000)	21,339	16,575 (-4,764)	16,575 (-4,764)
CRSP Section 8	3,500	3,536	2,944 (0)	2,944	3,073 (+129)	3,073 (+129)
Central Arizona Project	19,000	18,993	13,993 (0)	13,993	9,107 (-4,886)	9,107 (-4,886)
Yuma Area Projects	24,000	23,788	23,788 (0)	23,788	21,659 (-2,129)	21,659 (-2,129)
Salton Sea Research	2,000	2,002	2,002	4,002	915 (-3,087)	915 (-3,087)
Desalination Program	7,000	7,018	6,763 (0)	6,763	6,763 (0)	24,763 (+18,000)
WaterSMART	170,000	90,628	0 (-41,452)	41,452	0 (-41,452)	63,000 (+21,548)

House Appropriations Committee-Report Language

The House Appropriations Committee also included the following language relevant to public water utilities in the committee report accompanying the bill that passed out of Committee:

Additional Funding for Water and Related Resources Work: Of the additional funding provided under the heading “Water Conservation and Delivery”, not less than \$50,000,000 shall be to create or conserve recurring Colorado River water that contributes to supplies in Lake Mead and other Colorado River water reservoirs in the Lower Colorado River Basin or projects to improve the long-term efficiency of operations in the Lower Colorado River Basin. Nothing in this section shall be construed as limiting existing or future opportunities to augment the water supplies of the Colorado River.

Colorado River Drought: The Committee maintains interest in the long-term drought afflicting the Colorado River Basin and the tribes, farmers, ecosystems, and communities that depend on reliable water and power deliveries from the system. Reclamation is encouraged to include in future budget submissions robust funding for activities that promote voluntary water conservation and enhance water supply infrastructure throughout the basin.

The Committee is aware of limited daytime water releases resulting in low water levels along the portion of the Colorado River below Davis Dam in the communities of Bullhead City, Arizona, and Laughlin, Nevada, which rely heavily on river-based tourism and commerce. The Committee directs Reclamation to conduct an analysis of these communities. The analysis shall include an assessment of lost revenue for local businesses as well as the broader impacts to the regional recreation economy. Additionally, Reclamation is directed to provide an overview of the financial and operational considerations, including energy prices and grid load, that influence its water release schedules. Reclamation shall submit a report to the Committee within 180 days of the date of enactment of this Act that includes the results of the analysis and a list of potential operational adjustments, infrastructure improvements, or mitigation opportunities developed in

consultation with the two communities to better balance federal water management and power marketing obligations with the economic needs of local residents and stakeholders.

In addition, the Committee is aware of unavoidable deliveries of water to Mexico in excess of treaty obligations. Additional infrastructure in the Lower Basin could enable this water to be captured and utilized domestically. The Committee appreciates Reclamation's response to the reporting requirement in the fiscal year 2026 Act and directs Reclamation to explore methods for reducing the over-deliveries to Mexico and to provide a status report to the Committee by not later than 60 days after the date of enactment of this Act.

Glen Canyon Dam Hydropower: The Committee notes concern regarding the bypass of hydropower generators and the importance of hydropower generation at Glen Canyon Dam. The Committee directs Reclamation, in consultation with the Department of Energy and Colorado River Storage Project power contractors, to carry out a feasibility study, including all necessary hydrological modeling, on a selective water withdrawal system at Glen Canyon Dam. The study shall evaluate alternatives to optimize hydropower generation when releasing cold water from Glen Canyon Dam while preventing entrainment of invasive species, consistent with existing Records of Decision. In carrying out such action, Reclamation shall consider the impacts to hydropower generation. Reclamation shall report to the Committee on the status of this study not later than 180 days after the date of enactment of this Act.

Legislative Calendar

June 15-June 19: House in district work period

June 19: Senate state work period



Water Authority Legislative Positions- 2026 as of June 10, 2026

Measure	Author	Topic	Current Text	Status	Position
AB 35	Alvarez, D	Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024: Administrative Procedure Act: exemption: program guidelines and selection criteria.	01/14/2026 - Amended HTML PDF	05/06/2026 - Referred to Com. on N.R. & W.	Support
AB 1893	Gallagher, R	Wildfire prevention: local assistance grant program: eligible activities.	02/12/2026 - Introduced HTML PDF	05/14/2026 - Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 4/22/2026)	Support
AB 2013	Bennett, D	High and very high fire risk areas: community water systems: preparedness and resiliency.	04/06/2026 - Amended HTML PDF	04/23/2026 - Failed Deadline pursuant to Rule 61(b)(5). (Last location was EMERGENCY MANAGEMENT on 4/7/2026)	Oppose Unless Amended
AB 2180	Ward, D	Local government: Proposition 218 Omnibus Implementation Act: proportional cost of service.	05/22/2026 - Amended HTML PDF	05/22/2026 - From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on L. GOV.	Support
AB 2215	Calderon, D	Water rights: permits: State Water Project.	04/16/2026 - Amended HTML PDF	05/28/2026 - In Senate. Read first time. To Com. on RLS. for assignment.	Support
AB 2739	Soria, D	Water: affordability and system stabilization.	04/06/2026 - Amended HTML PDF	06/03/2026 - Referred to Coms. on N.R. & W. and E.Q.	Support
SB 872	McNerney, D	Delta Levees and Canal Subsidence Fund.	05/14/2026 - Amended HTML PDF	05/26/2026 - Referred to Com. on W., P., & W.	Support
SB 1125	Menjivar, D	Water Rate Assistance Program.	05/14/2026 - Amended HTML PDF	06/04/2026 - Referred to Coms. on E.S & T.M. and U. & E.	Support
SB 1153	Caballero, D	Disaster preparedness: urban retail water suppliers and public water systems: wildfire.	04/28/2026 - Amended HTML PDF	06/08/2026 - Referred to Coms. on E.M, E.S & T.M., and JUD.	Support
SB 1313	McNerney, D	Drinking water: perfluoroalkyl and polyfluoroalkyl substances.	04/27/2026 - Amended HTML PDF	05/14/2026 - Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 5/11/2026)	Support
Federal Bills					

Measure	Author	Topic	Current Text	Status	Position
HR 7078	Schweikert, R	The Equal Access to the Colorado River Act	01/14/2026- Introduced HTML PDF	01/14/2026 Referred to the House Committee on Natural Resources	Oppose
S. 3923	Cruz, R	Weather Research and Forecasting Innovation Reauthorization Act of 2026	02/25/2026- Introduced HTML PDF	03/04/2026 Committee on Commerce, Science, and Transportation. Ordered to be reported with amendments favorably	Support
S. 3737	Padilla, D	"Growing Resilient Operations from Water Saving and Municipal-Agricultural Reciprocally-beneficial Transactions Act" or the "GROW SMART Act".	01/29/2026-Introduced HTML PDF	03/17/2026 Committee on Energy and Natural Resources Subcommittee on Water and Power. Hearings held.	Support
S. 3738	Padilla, D	To amend the Infrastructure Investment and Jobs Act to reauthorize the large-scale water recycling and reuse program, to establish a Water Conveyance Improvement Program, and for other purposes.	01/29/2026-Introduced HTML PDF	03/17/2026 Committee on Energy and Natural Resources Subcommittee on Water and Power. Hearings held	Support

Total Measures: 14

Total Tracking Forms: 14

IMPORTED WATER COMMITTEE

AGENDA FOR JUNE 25, 2026

Neal Meyers, Chair	Jennifer Kerschbaum
Mel Katz, Vice Chair	Marty Miller
Jim Madaffer, Vice Chair	Rick Paul
Jimmy Ayala	Francisco X. Rivera
Steve Castaneda	Joel Scalzitti
Lois Fong-Sakai	Nick Serrano
Eric Heidemann	Kevin Shin

1. Report on Remote Attendance.
2. Roll call – determination of quorum.
3. Additions to agenda (Government Code Section 54954.2(b)).
4. Public comment – opportunities for members of the public to address the Committee on items contained within this agenda.
5. Chair’s report.
5-A Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION/PRESENTATION

1. MWD Issues and Activities Update.
 - 1-A Metropolitan Water District Delegates Report. MWD Delegates
(Discussion) (Supplemental Materials)
2. Amendment to the cost-sharing agreement for Colorado River Board of California funding. Alexi Schnell
Staff recommendation: Authorize the General Manager to execute an amendment to the Six Agency Committee joint powers agreement, establishing a one-year interim funding agreement for the Colorado River Board of California (CRB) from July 1, 2026, to June 30, 2027. (Action)
3. Canal Lining Projects – Post Construction Update. Mojgan Poursadighi
(Presentation)
4. Colorado River Board Representative’s Report. Jim Madaffer
(Discussion) (Supplemental Materials)



III. INFORMATION

1. Salton Sea Management Program Update.

Darren Simon

IV. CLOSED SESSION

V. ADJOURNMENT

Kelly Cole-Walker
Clerk of the Board

NOTE: This meeting is called as an Imported Water Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.

June 17, 2026

Attention: Imported Water Committee

**Amendment to the cost-sharing agreement for Colorado River Board of California funding.
(Action)**

Staff recommendation

Authorize the General Manager to execute an amendment to the Six Agency Committee joint powers agreement, establishing a one-year interim funding agreement for the Colorado River Board of California (CRB) from July 1, 2026, to June 30, 2027.

Alternatives

1. Do not authorize execution of the amendment.

Fiscal Impact

The Water Authority's proposed operating budget for fiscal year 2027 assumes the continuation of the Water Authority's 10% proportionate funding share of the Colorado River Board of California budgets.

Executive Summary

- The Colorado River Board of California (CRB) provides California's principal forum for coordinating Colorado River policy and protecting California's interests in ongoing river management discussions.
- Staff recommends approval of an amendment to the Six Agency Committee (SAC) joint powers agreement, establishing a one-year interim funding agreement for the CRB through June 30, 2027.
- This amendment will maintain CRB funding during this critical period on the river while member agencies continue discussions toward a long-term funding solution.
- The current SAC funding agreement expires on June 30, 2026.
- The Water Authority's proposed operating budget for fiscal year 2027 includes funding to maintain the Water Authority's 10% cost-share.

Background

The Colorado River Board of California (CRB) was established in 1937 to protect California's rights and interests in the resources provided by the Colorado River and to officially represent the state of California and its members on issues regarding the Colorado River and its management. The CRB has been charged with: maintaining and protecting the quantity of California's Colorado River water resources; representing California in discussions among the seven Colorado River Basin states, Indian Tribes, the federal government and others in implementing joint cooperative programs to protect California's use of Colorado River water and to address environmental and endangered species issues; and addressing issues related to the 1944 U.S.-Mexico Water Treaty through cooperative efforts with the U.S. International Boundary and Water Commission.

The CRB is funded by its member agencies, which include the Coachella Valley Water District, Imperial Irrigation District, Los Angeles Department of Water and Power, Palo Verde Irrigation District, Metropolitan Water District of Southern California, and the Water Authority. These six agencies make up the Six Agency Committee (SAC), a joint powers authority that collects agency contributions and administers CRB funding. The Water Authority's current funding share is 10% of the total CRB costs.

The Water Authority's CRB membership positions the San Diego region to work together with California partners in protecting Colorado River supplies, the San Diego region's share of the river, and in developing the next set of river operating guidelines.

Previous Board action: On June 26, 2025, the Board authorized the General Manager to execute an amendment to the joint powers agreement to extend the existing proportional funding shares of the six member agencies of the Colorado River Board of California for one year (from July 1, 2025, to June 30, 2026).

Discussion

The current CRB funding agreement expires on June 30, 2026. An interim agreement (Attachment 1) is proposed to provide uninterrupted funding for FY 2027, while longer-term funding discussions continue. As discussed in the June 4, 2026, letter from the SAC secretary to the SAC board members and general managers (Attachment 2), the proposal adapts to a request by the Los Angeles Department of Water and Power (LADWP) to reduce its SAC cost-share from 8% to 4%. The agencies have identified the proposed interim agreement as a practical interim solution for FY 2027, but consensus has not been reached on a longer-term solution.

Under the proposed amendment, LADWP's contribution for FY 2027 would be reduced by the requested amount, from 8% to 4%, and the other five agencies would retain their current cost-share percentages, resulting in funding 96% of the budget and a funding shortfall of approximately \$125,000. Existing SAC reserve funds will be used to cover this shortfall for FY 2027, but the member agencies recognize this is not a sustainable funding framework long-term. Without approval of the proposed amendment, the SAC would lack an agreed-upon funding mechanism beginning July 1, 2026, creating uncertainty for CRB operations during a critical period of post-206 Colorado River negotiations.

The SAC board will be addressing this issue over the coming year to work toward a durable and equitable solution for SAC governance and funding. The amended agreement funding percentages include:

Palo Verde Irrigation District:	5.00 %
Coachella Valley Water District:	16.25 %
Imperial Irrigation District:	28.75 %
Metropolitan Water District of Southern California:	32.00 %
San Diego County Water Authority:	10.00 %
Los Angeles DWP:	<u>4.00 %</u>
Total:	96.00%

The total CRB funding request for FY 2027 is \$3,196,000, reflecting a \$184,000 or 6% increase from the FY 2026 budget request. The Water Authority's 10% cost-share for FY 2027 will be \$319,600. Staff is recommending authorization for the General Manager to execute the proposed amendment to the CRB funding agreement to provide a one-year interim agreement to fund the operations of the CRB through June 30, 2027, while longer-term funding discussions continue. Staff will continue to support the Water Authority's CRB representatives in engaging on this issue and return to the Board for authorization for future funding requests.

Prepared by: Alexi Schnell, Colorado River Program Manager
Reviewed by: Meena Westford, Director of Imported Water
Approved by: Dan Denham, General Manager

Attachment 1 – Proposed amendment to the Colorado River Board funding agreement
Attachment 2 – June 4, 2026, letter from Six Agency Committee (SAC) secretary to SAC
general managers and board members

2026 AMENDMENT TO THAT CERTAIN AGREEMENT ENTERED INTO ON JANUARY 5, 1950, AS HERETOFORE AMENDED, AMONG PALO VERDE IRRIGATION DISTRICT, COACHELLA VALLEY WATER DISTRICT, SAN DIEGO COUNTY WATER AUTHORITY, IMPERIAL IRRIGATION DISTRICT, THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, AND DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES

THIS AMENDMENT, entered into as of July 1, 2026, by and among PALO VERDE IRRIGATION DISTRICT, COACHELLA VALLEY WATER DISTRICT, SAN DIEGO COUNTY WATER AUTHORITY, IMPERIAL IRRIGATION DISTRICT, THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, and THE DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES.

WHEREAS, the parties hereto entered into an agreement, dated January 5, 1950, as amended on September 6, 1961, August 11, 1980, August 1, 2005, July 1, 2010, July 1, 2015, July 1, 2020, and July 1, 2025 (the “Agreement”), by the terms of which funds were made available for the purpose of protecting the rights and advancing the interests of the State of California, its agencies and citizens, with respect to the waters of the Colorado River system and the use thereof; and

WHEREAS, the Department of Water and Power of the City of Los Angeles desires to reduce the proportion of funding it contributes from 8% to 4%; and

WHEREAS, the other parties desire to maintain the proportion of funding they each contribute; and

WHEREAS, a portion of the funding provided by the parties in prior years is currently maintained in reserve; and

WHEREAS, the parties desire to revise the prior funding formula accordingly and to use

funding provided by the parties in prior years to cover the 4% funding gap;

NOW, THEREFORE, IT IS AGREED by and among the parties hereto as follows:

Section 1. Amendment of Paragraph 1 of the Agreement. Paragraph 1 of the Agreement is hereby amended to read, in its entirety, as follows:

“1. That the Agencies will, from time to time, as the necessity therefore is determined by the executive committee hereinafter named, and if authorized so to do by their respective boards, deposit with the Controller of the Metropolitan Water District of Southern California, one of the Agencies above named, as trustee, such sums of money as may in the judgement of the executive committee be required to carry out the purposes of this agreement. All sums so deposited shall be furnished by the Agencies as follows:

From July 1, 2026 through only June 30, 2027:

Palo Verde Irrigation District	5.00%
Coachella Valley Water District	16.25%
San Diego County Water Authority	10.00%
Imperial Irrigation District	28.75%
The Metropolitan Water District of Southern California	32.00%
Department of Water and Power of The City of Los Angeles	4.00%

Furthermore, the Agencies agree that to cover the resulting 4% funding gap, the Agencies will use funding that they provided in prior years pursuant to this Agreement and which is currently maintained in reserve by the Metropolitan Water District of Southern California as trustee.

From and after July 1, 2027:

as agreed to by the parties hereto (by amendment of this agreement) from time to time.

Section 2. Execution in Counterparts. This Amendment may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall together constitute but one and the same instrument.

Section 3. Deliver to the Trustee. A counterpart of this Amendment duly executed by each of the parties hereto shall be deposited with the trustee named in the Agreement.

Section 4. Effective Date. This Amendment shall become effective at such time as it is executed and delivered by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and attested by their proper officers thereunto duly authorized as of the day and year first above written.

Attest:

PALO VERDE IRRIGATION DISTRICT

Secretary

By: _____

Attest:

COACHELLA VALLEY WATER
DISTRICT

Secretary

By: _____

Attest:

SAN DIEGO COUNTY WATER
AUTHORITY

Secretary

By: _____

Attest:

IMPERIAL IRRIGATION DISTRICT

Secretary

By: _____

Attest:

THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA

Secretary

By: _____

Attest:

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES

Secretary

By: _____

June 4, 2026

Dear Six Agency Committee General Managers and Board Members:

This letter is to advise the Six Agency Committee (SAC) that a one-year funding agreement has been prepared for your consideration to support the operations of the Colorado River Board of California (CRB) and other programs for Fiscal Year 2026–2027. This interim agreement is intended to address an immediate timing issue associated with adoption of the upcoming budget and to ensure continuity of the Board's work while longer-term funding discussions continue. To ensure uninterrupted funding for the CRB, I respectfully request that each agency seek approval of the amendment by its governing board as soon as practicable.

This proposal follows more than a year of discussions among the member agencies regarding a request by the Los Angeles Department of Water and Power (LADWP) to reduce its SAC cost share from 8% to 4%, first made for Fiscal Year 2025–2026. While the agencies have worked to identify a mutually acceptable path forward, they have not been able to reach consensus on a permanent solution. Under the proposed amendment, LADWP's contribution would be reduced from 8% to 4%, with the resulting funding shortfall of approximately \$125,000 covered through existing SAC reserves for one year.

While this approach is a stop-gap measure that can address the immediate budget timing issue for CRB operations, it is not sustainable. It does not provide a durable funding framework for the SAC/CRB or resolve the underlying questions regarding future SAC funding responsibilities. Several agencies have expressed concern regarding the precedent established by a unilateral reduction in cost participation and have emphasized the importance of maintaining a funding structure that reflects the collaborative nature of the SAC partnership. These concerns remain unresolved and will require significant discussion over the coming year.

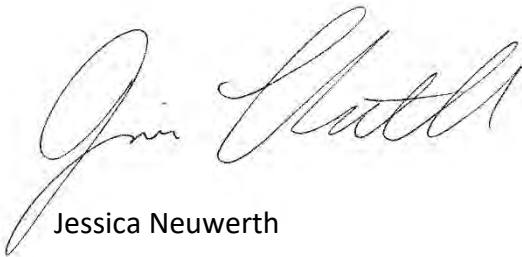
For more than seventy-five years, the SAC has provided a stable framework for California agencies to work collaboratively on Colorado River issues of statewide importance. SAC funding supports a broad range of activities, including interstate negotiations, hydrologic research, weather modification, salinity control, and advocacy on matters affecting California's Colorado River interests. These efforts are particularly important as the Basin faces ongoing operational, water supply, environmental, and hydropower challenges.

The SAC Board will be meeting regularly over the coming year in an attempt to reach a durable and equitable solution for SAC governance and funding. I encourage each agency to continue engaging in internal discussions regarding its long-term objectives and to work proactively with

fellow SAC members as we evaluate options for the future. Any proposal to modify cost participation should be accompanied by viable solutions that preserve the functionality of SAC-funded programs and maintain equitable participation among all member agencies. While each member agency should continue to evaluate its own Colorado River priorities, preserving the effectiveness and cohesion of this group remains important as California faces significant Colorado River pressures in the coming years.

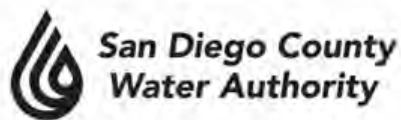
Thank you for your consideration and continued engagement on this issue. I look forward to working with all of you as these discussions continue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessica Neuwerth", written in a cursive style.

Jessica Neuwerth

Secretary, Six Agency Committee



June 17, 2026

Attention: Imported Water Committee

Canal Lining Projects - Post Construction Update. (Presentation)

Purpose

This report provides an update on operation, maintenance, repair activities and environmental mitigation obligations associated with the Coachella and All- American Canal Lining Projects, which provide 77,700 acre-feet annually of the Water Authority's lowest-cost Colorado River supply.

Executive Summary

- The All-American and Coachella Canal Lining Projects (AACLP and CCLP) provide 77,700 acre-feet annually of conserved Colorado River water to the Water Authority for 110 years and remain the region's lowest-cost water supply.
- The Water Authority and the San Luis Rey River Indian Water Authority, share operation, maintenance, and repair costs for the lined canal segments at an 83% and 17% allocation, respectively.
- The Water Authority is collaborating with the Imperial Irrigation District and Coachella Valley Water District to implement two concrete lining repairs scheduled for 2027 and 2028.
- The Coachella Canal Lining Mitigation Project has been implemented as compensatory mitigation for the construction of the CCLP as required by state and federal project approvals.
- Compensatory mitigation is required as part of the regulatory permitting for AACLP and is anticipated to be completed through the acquisition of land for the Dune Restoration Mitigation Project and includes restoration of 30 acres of dune habitat.
- Future Board actions will include approval of new memorandum of agreements for the management and monitoring of both the AACLP and CCLP mitigation projects, potential fee interest land transfers to third party land managers, and authorization of endowment payments to complete mitigation commitments.

Background

The All-American Canal Lining Project (AACLP) and the Coachella Canal Lining Project (CCLP) are critical components of the San Diego region's Colorado River supplies, providing 77,700 acre-feet (AF) per year of conserved water for 110 years (56,200 AF from the AACLP and 21,500 AF from the CCLP). Canal lining conserved water is the region's lowest cost supply. Additionally, the San Luis Rey River Indian Water Authority (SLR) receives 16,000 AF of conserved water annually under a settlement to a federal water rights dispute.

The AACLP cost \$319 million, with \$170 million from the State General Fund, Proposition 50, and Proposition 87. The CCLP cost \$129 million, with \$87 million from the State General Fund and Proposition 50. The Water Authority covered costs above state funding, which are collected

through the Melded Municipal and Industrial Supply Rate. The Water Authority and SLR are responsible for the operation, maintenance, and repair (OMR) costs for the concrete lined sections of the canals at a ratio of 83% and 17% respectively, proportionate to the amount of conserved water each party receives.

Environmental Mitigation

The CCLP was the subject of an environmental impact report (EIR) pursuant to the California Environmental Quality Act (CEQA, 2001 California State Clearing House [SCH #1990020408]) and environmental impact statement (EIS) pursuant to the National Environmental Protection Act, including a 2001 Mitigation Monitoring and Reporting Program (MMRP), and 2003 Environmental Commitment Plan (ECP).

The initial AACLP environmental documents, consisting of an EIR/EIS, were certified in 1994 and included an MMRP as required by CEQA (SCH# 90010471). A 2004 addendum to the EIR/EIS was issued, followed by an amendment to add an ECP in 2006.

In September 2003, the Board authorized the General Manager to sign documents needed to implement the Colorado River Quantification Settlement Agreement (QSA), the Water Transfer Agreement between the Water Authority and the Imperial Irrigation District (IID), and related agreements. The Board at that time authorized the General Manager to accept assignment of the Metropolitan Water District of Southern California's All American and Coachella Canal lining project rights. Additionally, the Water Authority committed to providing all project costs including implementation of all environmental commitments identified in the previously described CCLP and AACLP EIR/EIS, MMRP, and ECP.

OMR

The canal lining OMR budgets include funds for routine operation and maintenance and periodic concrete lining repairs, which typically are needed every six to eight years due to cracking caused by clay-rich soil caused by rapid changes in water levels. To date, the Water Authority has funded its share for two lining repairs in 2012 and 2018 at a cost of \$1.4 and \$1.6 million, respectively.

It is important to note that in 2024, the Water Authority partnered with the Coachella Valley Water District (CVWD) and SLR to complete the Coachella Mid-Canal Storage Project, which replaced a concrete canal segment with a clay liner and provided CVWD additional storage to better manage water levels, both of which are expected to reduce cracking risks and repair costs. The project is expected to save the Water Authority about \$10.2 million (net present value) over the remaining life of the canal lining Allocation Agreement.

Discussion

OMR

The Water Authority and SLR share the annual canal OMR expenses, which in 2025 equated to about \$23 per AF for the Water Authority. This amount covers not only daily canal operation and maintenance but also contributes to a reserve fund designed to address canal repairs, as well as repayment of federal loans aimed at improving canal operations. The Water Authority is

collaborating with IID and CVWD to implement repairs for the AACLP in 2027 and the CCLP in 2028.

Environmental Mitigation

Although construction of the canal lining projects and on-the-ground mitigation projects are complete, some of the requirements for associated impacts identified in the MMRP and ECP continue to be implemented. Those requirements include the acquisition and preservation of mitigation properties, the development of long-term management plans (LTMPs), and establishing endowments for management of mitigation properties.

The CCLP mitigation requirements involve biological habitat preservation and restoration on public lands in the Dos Palmas Area of Critical Environmental Concern (ACEC), which is primarily managed by the U.S. Bureau of Land Management (BLM) and is located near the northeastern shore of the Salton Sea within Riverside County. The Water Authority is currently developing an LTMP, which will be used to conduct a property analysis record (PAR), identify an appropriate endowment and begin negotiations with a third-party land manager. While the BLM was initially anticipated to assume responsibility for long-term mitigation management, they have since indicated that they are unable to take on this responsibility. As a result, the Water Authority is pursuing alternative long-term management arrangements with qualified third-party land managers.

As part of the AACLP mitigation requirements, a dune restoration mitigation project will be implemented, which involves acquiring, restoring, and maintaining 30 acres of dune habitat to offset impacts on protected species. Through on-going coordination with IID and the California Department of Fish and Wildlife (CDFW), a parcel within the Algodones Dunes in Imperial County has been identified for acquisition and preservation to fulfill this mitigation obligation. The Water Authority is currently developing a habitat management plan, which will include a PAR and accompanying endowment in accordance with CDFW's permit for the project.

The environmental mitigation tasks are ongoing with a timeline to be determined for seeking Board approval for proposed agreements related to third-party managers and endowments for long-term management of these projects. Future costs of the environmental mitigation projects are already accounted for in the current Capital Improvement Program budget. Looking ahead, canal lining conserved water will serve as a foundational component of the Water Authority's Colorado River portfolio, providing a low-cost, reliable supply that supports regional reliability, operational flexibility, and long-term affordability until the year 2112.

Prepared by: Mojgan Poursadighi, Senior Engineer

Reviewed by: Alexi Schnell, Colorado River Program Manager
Meena Westford, Director of Imported Water

Approved by: Dan Denham, General Manager

June 17, 2026

Attention: Imported Water Committee

Salton Sea Management Program Update. (Information)

Purpose

This Board report highlights the information shared during the May 20, 2026, State Water Resources Control Board workshop on the Salton Sea Management Program and provides an update on the collaborative work of the Quantification Settlement Agreement Joint Powers Authority.

Executive Summary

- The state's Salton Sea Management Program (SSMP) released its 2026 annual report, highlighting progress toward Salton Sea restoration.
- In coordination with that release, the State Water Resources Control Board (State Water Board) held its annual workshop on May 20, 2026, to monitor the SSMP's progress.
- The state reported on the status of its Species Conservation Habitat (SCH) project, the lead proof-of-concept project that will cover playa with 9,500 acres of fishponds.
- The state also reported on additional projects either under way or in development that will enable the state to meet its goal of addressing close to 30,000 acres of exposed playa under its Phase 1: 10-Year-Plan.
- At the same time, the state noted it will not be able to reach that coverage milestone by the 2028 deadline imposed under Water Rights Order 2017-0134.
- As a result, the State Water Board suggested a companion agreement be developed over the next year that would grant additional time for the phase one efforts while also considering long-term restoration.
- The report also acknowledged the importance of an Army Corps of Engineers study toward addressing long-term restoration and the importance of the newly formed Salton Sea Conservancy.

Background

Since November 2017, with the adoption of Water Rights Order 2017-0134, the State Water Resources Control Board (State Water Board) has held oversight authority over the state's implementation of what became the Salton Sea Management Program (SSMP), the state's phased approach to restoration. Under that water rights order, the state, led by the California Natural Resources Agency (CNRA), was directed to implement 29,800 acres of habit restoration and dust suppression projects with the goal of reaching that mark in 2028 under a Phase 1: 10-Year Plan. As part of that ongoing effort, the CRNA drafts an annual report that highlights its progress. The report's release is followed by a State Water Board workshop, typically held in May, to address progress. This year's report marked a notable milestone in that only two years remain for the state to meet that target goal of restorative and dust suppressive projects. While the state's list of projects could surpass that target acreage, the state likely would not be able to

accomplish that acreage by 2028, despite what the State Water Board noted as significant strides in project development.

Discussion

CNRA Secretary Wade Crowfoot began the workshop by noting that through partnerships with local agencies, tribal interests, state and federal departments, projects are moving forward, the largest of which is the Species Conservation Habitat Project (SCH). Originally designed as a 4,000-acre habitat project, consisting of a series of fishponds on the southeast side of the sea, the SCH is now expanding to a 9,500-acre project with the support of federal funding. The project is expected to reach full buildout in 2028. Other key projects are either under construction or in a development stage, including a mix of habitat projects and dust suppression, largely in the form of vegetation enhancement. To date, there is nearly \$1 billion in funding for Salton Sea restoration, including \$738 million in state funding and \$246 million in federal funding.

During the workshop, Crowfoot and other state leaders discussed changing the name of their effort from the SSMP to more simply, the Salton Sea Program (SSP), to differentiate the program's ongoing efforts from what they called the Salton Sea Management Plan. In switching the title of the program to the SSP, state leaders said the goal is to ensure the program is more approachable for the public and to establish that the restoration effort is about more than simply managing a problem—it's about building projects that will benefit the region.

The State Water Board workshop also focused on the sea's future beyond the Phase 1: 10-Year-Plan as discussion turned to the Army Corps of Engineers study, titled the Imperial Streams and Salton Sea Aquatic Ecosystem Restoration Feasibility Study. The study, expected to continue through 2029 at a cost of \$22 million, will drive long-term Salton Sea restoration with the potential for up to 65% in federal matching funds to cover restoration costs. Additionally, the workshop focused on the newly formed Salton Sea Conservancy (Conservancy), made up of federal, state, local and tribal leaders who will focus on developing funding for the ongoing operation and maintenance of projects built by the SSP. The Conservancy held its first meeting in May.

One additional element during the State Water Board's workshop was a discussion of partnerships between agencies. The work of the Quantification Settlement Agreement Joint Powers Authority (QSA JPA) was referenced during that part of the discussion. To date, the QSA JPA water agencies—the Water Authority, Imperial Irrigation District and Coachella Valley Water District—have met all their funding obligations and continue to implement projects, addressing more than 3,000 acres of exposed playa with vegetation and ground roughening projects. Additionally, the QSA JPA is developing groundwater wells to further address playa exposure. Thousands of acres of additional projects are in development by the QSA JPA, which, while operating under its own budget separate from the SSP, does work in collaboration with the state. It's important to note that the work of the QSA JPA is meant to address the distinct impacts of the QSA with a focus on addressing air quality impacts. The work of the state SSP is meant to address the larger issue of Salton Sea restoration.

In response to the efforts at the sea, the State Water Board voiced its support for the state's progress and noted the importance of future planning through the Army Corps of Engineers

study and the pending work of the Conservancy. The State Water Board did, however, suggest that over the next year there be a discussion of a companion agreement to the 2017 water rights order, extending timelines for projects and reviewing collaborative efforts (including with the QSA JPA). A potential companion agreement would also consider the ongoing role of the State Water Board.

Prepared by: Darren Simon, QSA Outreach Coordinator

Reviewed by: Alexi Schnell, Colorado River Program Manager

Meena Westford, Director of Imported Water

Approved by: Dan Denham, General Manager



AGENDA
FORMAL BOARD OF DIRECTORS' MEETING

June 25, 2026

2:00 pm

1. Call to Order.
2. Salute to the flag.
3. Report on Remote Attendance.
4. Roll call, determination of quorum.
 - 4-A Report on proxies received.
5. Public Comment: Opportunity for members of the public who wish to address the Board on matters within the Board's jurisdiction.
6. Additions to Agenda. (Government code Sec. 54954.2(b)).
7. Approve the minutes of the Formal Board of Directors' meeting of May 28, 2026.
8. PRESENTATIONS AND PUBLIC HEARINGS
 - 8-A Recognition of Jennifer Nguyen, Management Analyst, Employee of the 3rd Quarter. (Presentation)
9. REPORT BY CHAIRS
 - 9-A Chair's Report: Nick Serrano
 - 9-B Report of Committee Actions
 - Administrative and Finance Committee
 - Engineering and Operations Committee
 - Water Planning and Environmental Committee
 - Legislation and Public Outreach Committee
 - Imported Water Committee
10. CONSENT CALENDAR
 - 10.1 Monthly Treasurer's Report on Investments and Cash Flow.
Note and file the monthly Treasurer's Report.
 - 10.2 Resolution approving side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period July 1, 2023, through June 30, 2026.
Adopt Resolution No. 2026-07, approving the side letter agreement between the Water Authority and Teamsters 986 amending language in Article 12.1 of the consolidated Memorandum of Understanding with represented employees for the period from July 1, 2023, through June 30, 2026.

- 10.3 Adopt the Water Authority's Rates and Charges for Calendar Year 2027.
- a) Conduct the Public Hearing; and
 - b) Approve staff's recommendation of a three percent effective rate increase for CY 2027; and
 - c) Adopt Ordinance No. 2026-01 an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services. (Attachment 1); and
 - d) Adopt Ordinance No. 2026-02 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the Permanent Special Agricultural Water Rate Program. (Attachment 2); and
 - e) Adopt Ordinance No. 2026-03 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act. (Attachment 3); and
 - f) Adopt Resolution No. 2026-06 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge. (Attachment 4); and
 - g) Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption.
- 10.4 Adopt the Fiscal Years 2026 and 2027 Mid-Term Budget.
Adopt Resolution 2026-05 amending the biennial budget for Fiscal Years 2026 and 2027.
- 10.5 Purchase of Water Authority Business Insurance for Fiscal Year 2027.
Authorize the General Manager to purchase \$41 million in liability insurance for fiscal year 2027 from CalMutuals JPRIMA in the amount of \$741,821, property insurance for fiscal year 2026 from Swiss Reinsurance Company in the amount of \$271,099, and workers' compensation insurance from CalMutuals JPRIMA in the amount of \$492,393, for a total amount of \$1,505,313.
- 10.6 Amendment to the Agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the Emergency Water Storage Project Improvements in Valley Center and Yuima Municipal Water Districts.
Authorize the General Manager, or designee, to execute an amendment to the construction funding and operations agreement with Valley Center Municipal Water District and Yuima Municipal Water District for infrastructure improvements providing emergency water supplies to Valley Center and Yuima Municipal Water Districts to increase the not-to-exceed amount by \$400,000, increasing the authorized cumulative contract amount from \$11,360,000 to \$11,760,000.

- 10.7 Construction contract with Filanc for the Ramona Pipeline Improvements – Phase 1 project.
Award a construction contract to Filanc in the amount of \$6,595,708 for the Ramona Pipeline Improvements – Phase 1 project.
- 10.8 Professional services contracts with Brown and Caldwell; The Engineering Partners, Inc.; and WHB Engineers for control systems and electrical engineering services, as-needed.
Award design professional service contracts, as attached, with such non-material modifications as approved by the General Manager or General Counsel, to Brown and Caldwell for \$1,750,000; The Engineering Partners, Inc. for \$1,750,000; and WHB Engineers for \$500,000, to provide control systems and electrical engineering services, as-needed, for a period of three years with the option to extend an additional two years, and authorize the General Manager, or designee, to execute the contracts.
- 10.9 Adoption of Resolution No. 2026-08 to approve the Water Authority’s 2025 Urban Water Management Plan and Water Shortage Contingency Plan.
Adopt Resolution No. 2026-08 approving the Water Authority’s 2025 Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP), and authorize submittal of the adopted documents to the California Department of Water Resources (DWR) by July 1, 2026, in compliance with the Urban Water Management Planning Act of the California Water Code.
- 10.10 Amendment to the cost-sharing agreement for Colorado River Board of California funding.
Staff recommendation: Authorize the General Manager to execute an amendment to the Six Agency Committee joint powers agreement, establishing a one-year interim funding agreement for the Colorado River Board of California (CRB) from July 1, 2026, to June 30, 2027.
11. ACTION/DISCUSSION/INFORMATION
- 11-1 Board of Directors Appointment. Nick Serrano
Carlsbad Municipal Water District.
Appointment and credentials of Director Kevin Shin, representing Carlsbad Municipal Water District. Term ending June 16, 2032.
(Information)
- 11-2 Board of Director Retirement Resolution. Nick Serrano
Director Amanda Flesse, Carlsbad Municipal Water District.
Adopt Resolution No. 2026-13, a Resolution of the Board of Directors of the San Diego County Water Authority honoring Amanda Flesse upon her retirement from the Board of Directors.
(Action)

- 11-3 SB 707 Compliance: Approve Resolutions adopting Board Policies for Technical Disruptions, Disruptive Conduct by the Public, and establishing determination of Public Outreach efforts. David Edwards
Staff recommendations:
 A. Approve Resolution No. 2026-09 adopting a policy addressing disruption of telephonic or internet service during public meetings; and
 B. Approve Resolution No. 2026-10 adopting a policy addressing disruptive conduct by members of the public; and
 C. Approve Resolution No. 2026-11 determining reasonable efforts by staff to encourage public participation in meetings pursuant to Government Code § 54953.4. (Action)
- 11-4 Resolution to approve successor consolidated Memorandum of Understanding with the represented Teamsters 986 employees, approve amendments to the compensation plan for unrepresented employees, and approve corresponding Classification and Salary Schedules. Cristina Lever-Santos
Staff recommendation: Adopt Resolution No. 2026-12, a resolution of the Board of Directors of the San Diego County Water Authority approving a successor consolidated memorandum of understanding with the Teamsters Local 986 union representing the Technical/Support, Professional/Administrative, and Managerial/Supervisory Bargaining Units effective July 1, 2026 through June 30, 2029; approving the unrepresented compensation plan adjustments for Executive, Senior Management and Confidential groups; and approving the classification and salary schedule for the period from July 1, 2026 through June 30, 2027; and approving the amended classification and salary schedule for the period from July 1, 2025 through June 30, 2026 for CalPERS compliance. (Action)
12. SPECIAL REPORTS
 12-A GENERAL MANAGER’S REPORT – Mr. Denham
 12-B GENERAL COUNSEL’S REPORT – Mr. Edwards
 12-C SANDAG REPORT – Director Lyndes
 SANDAG Subcommittees: Borders Committee – Director Castaneda
 Regional Planning Committee –
 12-D AB 1234 Compliance Reports – Directors
13. CLOSED SESSION(S) David Edwards
 13-A Conference with the Labor Negotiator
 Government Code §54957.6
 Agency Designated Representatives: Jaymie Bradford, Catherine Love, Jeff Stephenson, Cristina Lever-Santos, Mark Wilson, Tim Davis
 Employee Organizations: Teamsters Local 986



Conference with the Labor Negotiator
Government Code §54957.6
Agency Designated Representatives: Dan Denham, Catherine Love
Employee Organizations: Unrepresented Employees

14. ACTION FOLLOWING CLOSED SESSION
15. OTHER COMMUNICATIONS
16. ADJOURNMENT

NOTE: The agendas for the Formal Board meeting and the meetings of the Standing Committees held on the day of the regular Board meeting are considered a single agenda. All information or possible action items on the agenda of committees or the Board may be deliberated by and become subject to consideration and action by the Board.

Kelly Cole-Walker, CMC, CPMC
Clerk of the Board

MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
May 28, 2026

FORMAL BOARD OF DIRECTORS' MEETING

CALL TO ORDER

Chair Serrano called the Formal Board of Directors' meeting to order at 9:08 a.m. and announced a moment of silence in recognition of victims of the shooting at the Islamic Center of San Diego on May 18, 2026.

SALUTE TO THE FLAG

Director Qualin led the salute to the flag.

REPORT ON REMOTE ATTENDANCE

There were no remote participants.

ROLL CALL, DETERMINATION OF QUORUM

Clerk of the Board Walker called the roll. Directors present were Chair Serrano, Vice Chair Hilliker, Secretary Acosta, and Directors Abdullahi, Arant, Ayala, Coates-Hedberg, Douglass, Flesse, Fong-Sakai, Frieauf, Heidemann, Lyndes*, Madaffer, Meyers, Miller, Paul, Qualin, Rivera, Robak*, Scalzitti, and Whitburn. Absent were Directors Butkiewicz, Castaneda, Katz, Kerschbaum, Macedo, Molina, Morrison, Norman(p), Reeh, Sanchez, Wahl, Williams, and Supervisor Desmond.

Staff present included General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Administrative Services Bartolome, Director of Engineering Kuzmich, Director of Finance Harris, Director of Human Resources Love, Director of Imported Water Westford, Director of Operations & Maintenance Plajzer, Director of Public Affairs Lee, Director of Water Resources Stephenson, and Clerk of the Board Walker.

4-A Report on proxies received.

Director Heidemann was the proxy for Norman.

PUBLIC COMMENT

There were no in-person requests. The following members of the public provided public comments remotely:

1. Mr. John Monsen, Sierra Club.

ADDITIONS TO AGENDA

There were no additions to the agenda.

CLOSED SESSION(S)

Mr. Edwards took the Board into Closed Session at 9:18 a.m.

7-A Conference with the Labor Negotiator
Government Code §54957.6
Agency Designated Representatives: Jaymie Bradford, Catherine Love,
Jeff Stephenson, Cristina Lever-Santos, Mark Wilson, Tim Davis
Employee Organizations: Teamsters Local 986

Conference with the Labor Negotiator
Government Code §54957.6
Agency Designated Representatives: Dan Denham, Catherine Love
Employee Organizations: Unrepresented Employees

* Directors Lyndes and Robak arrived at 9:45 a.m.

ACTION FOLLOWING CLOSED SESSION

Mr. Edwards brought the Board out of Closed Session at 9:56 a.m. and stated there was no reportable action.

OTHER COMMUNICATIONS

There was none.

RECESS

Chair Serrano took the Formal Board meeting into recess at 9:57 a.m.

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER

Chair Abdullahi called the Administrative and Finance Committee meeting to order at 10:05 a.m. Director Heidemann was assigned as an ad-hoc committee member to achieve a quorum.

REPORT ON REMOTE ATTENDANCE

There were no remote participants.

ROLL CALL

Committee members present were Chair Abdullahi, Vice Chair Arant, and Directors Acosta, Ayala, Douglass, Heidemann, Hilliker, Morrison*, Robak, Sanchez*, and Serrano. Committee members absent were Vice Chair Kerschbaum, and Directors Norman, Qualin, and Williams. Also present were Directors Coates-Hedberg, Flesse, Fong-Sakai, Frieauf, Katz, Lyndes, Madaffer, Meyers, Miller, Paul, Rivera, Scalzitti, and Whitburn. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Finance/Treasurer Harris, Director of Administrative Services Bartolome, Controller Woidzik, Budget and Treasury Manager Whyte, and Financial Planning Manager Rossum.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

The following public speakers provided comments on water rates and public engagement:

- 1) Purita Javier
- 2) Cesar Javier
- 3) Suzanne Till
- 4) Patrick McDonough

*Director Morrison arrived at 10:10 a.m.

CHAIR'S REPORT

Chair Abdullahi announced that the California Municipal Treasurers Association (CMTA) Investment Policy Certification was granted to the San Diego County Water Authority. The Investment Policy Certification validates that the Water Authority's Investment Policy adheres with the State of California Government Code and meets the program requirements within 18 different topic areas deemed to be best practices for investment policies. She congratulated the Finance Department on achieving the certification.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Monthly Treasurer's Report on Investments and Cash Flow.
Staff recommendation: Note and file the monthly Treasurer's Report.

Director Ayala moved, Director Hilliker seconded, and the motion to approve the Consent Calendar passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

1. General Manager's Mid-term Budget for Fiscal Years 2026 and 2027.

Ms. Whyte provided an overview of fiscal years 2026 and 2027 midterm budget. She reviewed fiscal year 2026 highlights, proposed midterm adjustments, and next steps.

Directors made comments and asked questions, and staff responded.

2. Resolution setting a Public Hearing date and time for Proposed Calendar Year 2027 Rates and Charges.

Staff recommendations:

- 2-A Adopt Resolution No. 2026-03 setting the time and place for a public hearing on June 25, 2026, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding the recommended rates and charges.

2-B Preliminary Assessment of Calendar Year 2027 Rates and Charges

Mr. Denham provided a brief presentation on the history of Water Authority rate development. He reviewed the 2024 and 2025 rate development process, moderate risk CIP deferred projects, Mission Trails Pipeline 3 failure in 2006, cost drivers, and the February 2025 Member Agency Sales Survey.

*Director Sanchez arrived at 10:32 a.m.

Mr. Rossum presented staff recommended calendar year 2027 rates and charges. He reviewed Board driven core tenets, baseline effective rate increases using member agency demand projections, rate-setting priorities and framework, and the rate development process. He presented 2027 Cost of Service report findings, 2027 capacity fee study findings, and timeline.

Directors made comments and asked questions, and staff responded.

Director Ayala moved, Vice Chair Arant seconded, and the motion to approve the staff recommendations passed unanimously.

III. INFORMATION

The following Information items were received and filed:

1. Controller's Report on Monthly Financial Activity.
2. Quarterly Budget Monitoring Report.
3. Board Calendar.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Abdullahi adjourned the meeting at 11:28 a.m.

WATER PLANNING AND ENVIRONMENTAL COMMITTEE

CALL TO ORDER

Chair Miller called the Water Planning and Environmental Committee meeting to order at 11:36 a.m.

REPORT ON REMOTE ATTENDANCE

Chair Miller reported there were no remote participants.

ROLL CALL

Committee members present were Chair Miller, Vice Chairs Frieauf and Scalzitti, and Directors Coates-Hedberg, Lyndes, Meyers, Paul, and Robak. Committee members absent were Directors Castaneda, Douglass, Macedo, Molina, Wahl, and Supervisor Desmond. Also present were Directors Abdullahi, Acosta, Arant, Flesse, Fong-Sakai, Heidemann, Katz, Madaffer,

Morrison, Rivera, Sanchez, and Whitburn. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Water Resources Stephenson, and Principal Engineer Faber.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

The following public speakers provided comments:

- 1) Purita Javier
- 2) Cesar Javier

CHAIR'S REPORT

There was no Chair's report.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DICUSSION/PRESENTATIONS

1. Annual Storage Assessment.

Mr. Faber provided background information and reviewed reservoirs with Water Authority storage, storage types, and storage management.

Directors made comments and asked questions and staff responded.

III. INFORMATION

The were no Information items.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Water Planning and Environmental Committee, Chair Miller adjourned the meeting at 11:51 a.m.

ENGINEERING AND OPERATIONS COMMITTEE **CALL TO ORDER**

Vice Chair Heidemann called the Engineering and Operations Committee meeting to order at 11:55 a.m.

REPORT ON REMOTE ATTENDANCE

There were no remote participants.

ROLL CALL

Committee members present were Vice Chairs Fong-Sakai and Heidemann, and Directors Abdullahi, Arant, Coates-Hedberg, Flesse, Friehauf, Rivera, Sanchez, and Whitburn. Committee members absent were Chair Reeh, Directors Wahl and Butkiewicz, and Supervisor Desmond. Also present were Directors Acosta, Ayala, Douglass, Hilliker, Katz, Lyndes, Madaffer, Meyers, Miller, Morrison, Paul, Robak, and Scalzitti. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Engineering Kuzmich, Director of Operations and Maintenance Plajzer, and Principal Construction Manager Airey.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Mr. Javier, member of the public, provided comments.

CHAIR'S REPORT

There was no Chair's Report.

DIRECTORS' COMMENTS

There were no Director's comments.

I. CONSENT CALENDAR

1. Amendment with OneSource Distributors, LLC, for 24x7x365 Allen Bradley Integrated System Support Services for Water Authority owned Rockwell Automation equipment services.

Staff recommendation: Approve Amendment 2, as attached, with such non-material modifications as approved by the General Manager, or General Counsel, to the contract with OneSource Distributors, LLC, (OneSource) for 24x7x365 Allen Bradley Integrated System Support Services for Water Authority owned Rockwell Automation equipment for a not-to-exceed amount of \$139,346.70, increasing the authorized cumulative amount from \$123,235.50, to \$262,582.20, extending the termination date through June 30, 2028, and authorize the General Manager, or designee, to execute the amendment.

Directors asked questions and made comments and staff responded.

Director Frieauf moved, Director Flesse seconded, and the motion to approve the Consent Calendar passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

1. Notice of Completion Construction for the Helix 9 Flow Control Facility project.
Staff recommendation: Authorize the General Manager, or designee, to accept the Helix 9 Flow Control Facility project as complete, record the Notice of Completion, and release funds held in retention to Kiewit Infrastructure West Co. in accordance with the contract and applicable law.

Ms. Airey provided an overview of the project and staff recommendation.

Director Arant moved, Director Coates-Hedberg seconded, and the motion to approve staff's recommendation passed unanimously.

2. Advertisement for bids for the Operations and Maintenance Center tenant improvements.

Ms. Plajzer summarized the history of the existing Operation and Maintenance facility and presented the proposed plan, design concepts, budget expenditures, and financial forecast for the new facility.

Directors asked questions and made comments and staff responded.

III. INFORMATION

There were no Information items.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Vice Chair Heidemann adjourned the meeting at 12:30 p.m.

LEGISLATION & PUBLIC OUTREACH COMMITTEE

CALL TO ORDER

Vice Chair Acosta called the Legislation and Public Outreach Committee meeting to order at 1:19 p.m. and assigned Director Coates-Hedberg as an ad-hoc committee member to achieve a quorum.

REPORT ON REMOTE ATTENDANCE

There were no remote participants.

ROLL CALL

Committee members present were Vice Chair Acosta, and Directors Coates-Hedberg, Hilliker, Katz, Lyndes, Madaffer, Morrison, and Whitburn. Committee members absent were Chair Macedo, Vice Chair Reeh, and Directors Butkiewicz, Molina, Norman, Qualin, and Williams. Also present were Directors Abdullahi, Arant, Ayala, Douglass, Flesse, Fong-Sakai, Frieauf, Heidemann, Meyers, Miller, Paul, Rivera, Robak, Sanchez, and Scalzitti. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Public Affairs Director Lee, Government Relations Manager Quarles, and Senior Public Affairs Representative Velazquez. Also, present were legislative representatives Devin Rhinerson and Ian Calderon.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

Vice Chair Acosta reported Board leadership met with Sacramento officials to discuss completed and upcoming water transfers, PFOA's, and water affordability. She thanked Chair Emeritus Katz's for a recent op-ed, which highlighted the benefits of regional water cooperation.

She announced the Public Affairs team hosted a workforce committee meeting and facility tour where agency leaders presented recent progress to the San Diego City Council, and received positive feedback. She also thanked members who participated in the North County Farm Tour, and emphasized the importance of maintaining strong connections with agency customers and highlighting the value of direct engagement with the broader community.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Resolution supporting the Association of California Water Agencies Vision for Our Water Future.

Staff recommendation: Adopt Resolution No. 2026-04 a resolution of the Board of Directors of the San Diego County Water Authority, supporting the Association of California Water Agencies Vision for Our Water Future.

Directors asked questions and made comments and staff responded.

Director Madaffer moved, Director Hilliker seconded, and the motion to approve the consent calendar passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

1. Government Relations Update.

Ms. Quarles announced the appointment of Karla Nemeth to ACWA Executive Director. She reported on AB 2013 high and very high fire risk areas community water systems preparedness and resiliency; AB 35 Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 Administrative Procedure Act exemption, program guidelines and selection criteria; AB 2180 Local government: Proposition 218 Omnibus Implementation Act proportional cost of service; and S 4306 Golden Mussel Eradication and Control of 2026.

1-A Washington report.

Mr. Rhinerson shared a federal update, announced a June 10, 2026 Senate Energy and Natural Resources Committee meeting on the Colorado River, and reported budget increases for the Bureau of Reclamation and new PFA regulations.

1-B Sacramento report.

Mr. Calderon provided an update regarding the State elections and Los Angeles mayoral race.

Directors asked questions and made comments and staff responded.

2. Adopt position on Senate Bill 1125.

Staff recommendation: Adopt a position of Support on SB 1125 (Menjivar), Water Rate Assistance Program.

Ms. Quarles provided an overview, and benefits of the bill including program implementation requirements and past low-income assistance efforts.

Directors asked questions and made comments and staff responded.

Director Katz moved, Director Madaffer seconded, and the motion to approve staff's recommendation passed unanimously.

3. 2026 San Diego County Fair Water Authority Display.

Ms. Velazquez reviewed the Water Authority exhibit at the San Diego County Fair and recognized the O&M team for collaboration.

Directors asked questions and made comments and staff responded.

III. INFORMATION

There were no Information items.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Legislation and Public Outreach Committee, Vice Chair Acosta adjourned the meeting at 2:06 p.m.

IMPORTED WATER COMMITTEE **CALL TO ORDER**

Chair Meyers called the Imported Water Committee meeting to order at 2:10 p.m.

REPORT ON REMOTE ATTENDANCE

There were no remote participants.

ROLL CALL

Committee members present were Chair Meyers, Vice Chairs Katz and Madaffer*, and Directors Ayala, Flesse, Fong-Sakai, Heidemann, Miller, Paul, Serrano*, and Rivera. Committee members absent were Directors Castaneda, Kerschbaum, and Scalzitti. Also present were Directors Abdullahi, Acosta, Arant, Coates-Hedberg, Douglass, Frieauf, Hilliker, Lyndes, Morrison, Qualin, Robak, Sanchez, and Whitburn. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Imported Water Westford, Colorado River Program Manager Schnell, and Principal Water Resource Specialist Heide.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

The following public speakers provided comments:

- 3) Purita Javier
- 4) Cesar Javier

*Vice Chair Madaffer and Director Serrano arrived at 2:17 p.m.

CHAIR'S REPORT

There was no Chair's report.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DICUSSION/PRESENTATIONS

2. MWD Issues and Activities Update.
 - 1-A Metropolitan Water District Delegates Report.

MWD Delegates Fong-Sakai, Katz, Denham, and Miller reported on discussion and action taken at the MWD Board meetings.

- 1-B Delta Conveyance Project Update.

Ms. Westford provided background information and a brief overview of the presentation. Mr. Heide presented an update on the Delta Conveyance Project, including project challenges, the benefit cost, and project alternatives.

3. Amendment 1 to professional services contract with Michael Connor for Policy and Technical Analyses and Advice to Market Available Water Supplies.
Staff recommendation: Amend the agreement with Michael Connor for continued consulting services for the Water Authority through June 30, 2028, by \$244,400 for a period of 24 additional months with total contract funding not to exceed \$394,400.

Director Katz moved, Director Serrano seconded, and the motion to approve staff's recommendation passed unanimously.

4. Colorado River Basin Post-2026 Operational Guidelines update

Item II-3. was deferred to the June 25, 2026 meeting.

5. Colorado River Board Representatives report.

Vice Chair Madaffer had nothing to report.

III. INFORMATION

There were no Information items.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Meyers adjourned the meeting at 3:03 p.m.

RECONVENED FORMAL BOARD OF DIRECTORS' MEETING OF MAY 28, 2026
CALL TO ORDER/RETURN FROM RECESS

Chair Serrano reconvened and called the Formal Board of Directors' meeting to order at 3:06 p.m.

Vice Chair Hilliker led the salute to the flag.

REPORT ON REMOTE ATTENDANCE

There were no remote participants.

ROLL CALL, DETERMINATION OF QUORUM

Clerk of the Board Walker called the roll. Directors present were Chair Serrano, Vice Chair Hilliker, Secretary Acosta, and Directors Abdullahi, Arant, Coates-Hedberg, Douglass, Flesse, Fong-Sakai, Friehauf, Katz, Madaffer, Meyers, Miller, Morrison, Paul, Qualin, Rivera, Robak, Sanchez, and Whitburn*. Absent were Directors Ayala, Butkiewicz, Castaneda(p), Heidemann, Kerschbaum, Lyndes, Macedo, Molina, Norman(p), Reeh, Scalzitti(p), Wahl, Williams, and Supervisor Desmond.

Staff present included General Manager Denham, General Counsel Edwards, Deputy General Manager/Chief Operating Officer Berge, Assistant General Manager Bradford, Director of Administrative Services Bartolome, Director of Engineering Kuzmich, Director of Finance Harris, Director of Human Resources Love, Director of Imported Water Westford, Director of Operations & Maintenance Plajzer, Director of Public Affairs Lee, Director of Water Resources Stephenson, and Clerk of the Board Walker.

3-A Report on proxies received.

Director Heidemann was the proxy for Director Norman, Director Morrison was the proxy for Director Castaneda, and Director Coates-Hedberg was the proxy for Director Scalzitti.

Due to time constraints and risk of losing a quorum Chair Serrano adjusted the agenda order and called on committee reports.

8-B Report of Committee Actions

Administrative and Finance Committee
Water Planning and Environmental Committee
Engineering and Operations Committee
Legislation and Public Outreach Committee
Imported Water Committee

Ms. Walker reported on all committee actions.

* Director Whitburn left the meeting at 3:11p.m.

9. **CONSENT CALENDAR**

Director Katz moved, Director Madaffer seconded, and the motion carried at 89.391% to approve Consent Calendar items 9.1 through 9.7. Directors voting no or abstaining on individual items are listed under the item. Item 9.6 passed at 84.359%.

9.1 Monthly Treasurer's Report on Investments and Cash Flow.
Note and file the monthly Treasurer's Report.

9.2 Resolution setting a Public Hearing date and time for Proposed Calendar Year 2027 Rates and Charges.
Adopt Resolution No. 2026-03 setting the time and place for a public hearing on June 25, 2026, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding the recommended rates and charges.

9.3 Amendment with OneSource Distributors, LLC, for 24x7x365 Allen Bradley Integrated System Support Services for Water Authority owned Rockwell Automation equipment services.
Approve Amendment 2, with such non-material modifications as approved by the General Manager, or General Counsel, to the contract with OneSource Distributors, LLC, (OneSource) for 24x7x365 Allen Bradley Integrated System Support Services for Water Authority owned Rockwell Automation equipment for a not-to-exceed amount of \$139,346.70, increasing the authorized cumulative amount from \$123,235.50, to \$262,582.20, extending the termination date through June 30, 2028, and authorize the General Manager, or designee, to execute the amendment.

9.4 Notice of Completion for the Helix 9 Flow Control Facility project.
Authorize the General Manager, or designee, to accept the Helix 9 Flow Control Facility project as complete, record the Notice of Completion, and release funds held in retention to Kiewit Infrastructure West Co. in accordance with the contract and applicable law.

9.5 Resolution supporting the Association of California Water Agencies Vision for Our Water Future.
Adopt Resolution No. 2026-04, a resolution of the Board of Directors of the San Diego County Water Authority, supporting ACWA's Vision for Our Water Future.

9.6 Adopt position on Senate Bill 1125.
Adopt a position of Support on SB 1125 (Menjivar), Water Rate Assistance Program.

* Director Arant voted No on 9.6. The item passed at 84.359%

9.7 Amendment 1 to professional services contract with Michael Connor for Policy and Technical Analyses and Advice to Market Available Water Supplies.

Amend the agreement with Michael Connor for continued consulting services for the Water Authority through June 30, 2028, by \$244,400 for a period of 24 additional months with total contract funding not to exceed \$394,400.

6. **APPROVAL OF MINUTES**

Director Katz moved, Vice Chair Hilliker seconded, and the motion passed at 89.391% to approve the minutes of the Formal Board of Directors' meeting of April 23, 2026.

4. **PUBLIC COMMENT.**

The following members of the public provided public comments:

- 1) Suzanne Till
- 2) Cesar Javier

7. **PRESENTATIONS AND PUBLIC HEARINGS**

- 7-A Recognition of Jennifer Nguyen, Management Analyst, Employee of the 3rd Quarter.

Chair Serrano deferred the 7-A presentation to the June 25, 2026 meeting.

8. **REPORT BY CHAIRS**

8-A Chair's Report: Chair Serrano reported on his attendance at various meetings and advocacy missions including the San Diego Regional Chamber of Commerce Annual mission to Washington DC, ACWA meetings in Sacramento. He thanked Mr. Denham and Ms. Bradford for presentations provided to the City of San Diego Environmental Committee meeting, and announced a presentation by Mr. Denham at the Albondigas San Diego lunch scheduled for June 12, 2026.

10. **ACTION/DISCUSSION/INFORMATION**

- 10-A Board of Director's Reappointment.
Director Evan Wahl, Rincon Del Diablo Municipal Water District.
Reappointment of Director Evan Wahl, representing Rincon Del Diablo Municipal Water District. Term ending June 20, 2032.

Chair Serrano announced the reappointment of Director Wahl.

11. **SPECIAL REPORTS**

- 11-A GENERAL MANAGER'S REPORT – No report was provided.
- 11-B GENERAL COUNSEL'S REPORT – No verbal report was provided. A written report was provided in the Board packet.
- 11-C SANDAG REPORT – No report was provided.
SANDAG Subcommittees:
Borders Committee – No report was provided.
Regional Planning Committee – No report was provided.
- 11-D AB 1234 Compliance Reports – No reports were provided.

12. **CLOSED SESSION(S)**

There were no Closed Session items.

13. **ACTION FOLLOWING CLOSED SESSION**

There was none.

14. **OTHER COMMUNICATION**

There was none.

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Serrano adjourned the
___meeting at 3:21 p.m.

Nick Serrano, Chair

Teresa Acosta, Secretary

Kelly Cole-Walker, Clerk of the Board



June 17, 2026

Attention: Board of Directors

Carlsbad Municipal Water District Appointment of Board Member. (Information)

Transmitted herewith is notification submitted by Carlsbad Municipal Water District appointing Kevin Shin to the Water Authority Board of Directors, filling the seat previously held by Director Amanda Flesse. The term end date for this appointment is June 16, 2032.

The credentials furnished are sufficient for the appointment and reappointment of representatives on the Water Authority Board of Directors.

David Edwards
General Counsel

Attachment – City of Carlsbad Resolution No. 1806.

RESOLUTION NO. 1806

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CARLSBAD MUNICIPAL WATER DISTRICT OF THE CITY OF CARLSBAD, CALIFORNIA, APPOINTING ONE MEMBER TO THE SAN DIEGO COUNTY WATER AUTHORITY BOARD OF DIRECTORS FOR A TERM ENDING DECEMBER 2026, OR UNTIL A REPLACEMENT IS APPOINTED

WHEREAS, California Water Code Appendix Chapter 45, Section 45-6(b) requires that the Carlsbad Municipal Water District Board President appoint, with the Carlsbad Municipal Water District Board's concurrence, representatives to the San Diego County Water Authority (Water Authority) Board of Directors; and

WHEREAS, the Carlsbad Municipal Water District is entitled to two seats on the Board of Directors of the Water Authority with the first seat being filled by CMWD Board Member Teresa Acosta whose term ends December 2026; and

WHEREAS, the CMWD board member appointed to the second seat will serve a term commencing on June 17, 2026, and ending December 2026, or until a replacement is appointed.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carlsbad Municipal Water District of the City of Carlsbad, California, as follows:

1. That the above recitations are true and correct.
2. That the proposed action is not a "project" as defined by California Environmental Quality Act, or CEQA, Section 21065 and CEQA Guidelines Section 15378(b)(5) and does not require environmental review under CEQA Guidelines Section 15060(c)(3) because appointing an individual to act as a city representative on a board, commission or committee is an organizational or administrative government activity that will not result in direct or indirect physical changes in the environment. The activities or projects undertaken by or that may be considered by a board, commission or committee may require preparation of an environmental document in accordance with CEQA and the CEQA Guidelines.
3. That the following Carlsbad Municipal Water District Board Member is appointed to the San Diego County Water Authority Board of Directors for a term ending in December 2026, or until a replacement is appointed:

Member: Kevin Shin

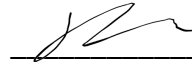
PASSED, APPROVED AND ADOPTED at a Joint Special Meeting of the Carlsbad Municipal Water District Board of Directors of the City of Carlsbad, California, and the City Council of the City of Carlsbad, California on the 9th day of June, 2026, by the following vote, to wit:

AYES: Bhat-Patel, Acosta, Shin.

NAYS: Blackburn, Burkholder.

ABSTAIN: None.

ABSENT: None.



KEITH BLACKBURN, President



SHERRY FREISINGER, Secretary
(SEAL)



RESOLUTION NO. 2026-13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN DIEGO COUNTY WATER AUTHORITY
HONORING AMANDA FLESSE
UPON HER RETIREMENT FROM THE BOARD OF DIRECTORS

WHEREAS, Amanda Flesse served as a member of the Board of Directors of the San Diego County Water Authority, representing Carlsbad Municipal Water District from February 27, 2025, to her retirement on June 12, 2026; and

WHEREAS, she served as a member on the Engineering and Operations Committee, Imported Water Committee, and Hodges Litigation Committee; and

WHEREAS, her contributions to the community extend beyond the activities with the San Diego County Water Authority; and

WHEREAS, her service, both public and private, has resulted in a benefit to all people of San Diego County.

NOW, THEREFORE, BE IT RESOLVED, that on behalf of its individual members, past and present, its staff, and the people of San Diego County, the Board of Directors offers its most sincere appreciation to Amanda Flesse for her dedicated service to the San Diego region.

PASSED, APPROVED, and ADOPTED this 25th day of June 2026.

Unless noted below all Directors voted Aye.

AYES:

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair of the Board

Teresa Acosta, Secretary

ATTEST:

I, Kelly Cole-Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026-13 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Cole-Walker, Clerk of the Board

June 17, 2026

Attention: Board of Directors

SB 707 Compliance: Approve Resolutions adopting Board Policies for Technical Disruptions, Disruptive Conduct by the Public, and establishing determination of Public Outreach efforts. (Action)

Staff recommendation

- A. Approve Resolution No. 2026-09 adopting a policy addressing disruption of telephonic or internet service during public meetings; and
- B. Approve Resolution No. 2026-10 adopting a policy addressing disruptive conduct by members of the public; and
- C. Approve Resolution No. 2026-11 determining reasonable efforts by staff to encourage public participation in meetings pursuant to Government Code § 54953.4.

Alternative

Do not approve Resolutions No. 2026-09, 2026-10, or 2026-11.

Fiscal Impact

There is no fiscal impact.

Background

Senate Bill 707 (2025) amended the Brown Act to require eligible legislative bodies to adopt, on or before July 1, 2026, a policy addressing how the agency will respond to disruptions in telephonic or internet service that prevent members of the public from attending or observing a meeting remotely.

Senate Bill 707 (2025) amended the Brown Act adding Government Code section 54957.96 clarifying the Presiding Officer's authority to remove or limit participation for disruptive behavior, explicitly extending to participants attending remotely.

Senate Bill 707 (2025) amended the Brown Act to include additional requirements intended to encourage participation in public meetings, particularly among communities that do not traditionally participate in public meetings and non-English-speaking communities.

Discussion

The attached policies establish procedures for responding to disruptions of telephonic or internet services that provide two-way remote public access to meetings of the Board of Directors of the San Diego County Water Authority, as required by the Brown Act (Gov. Code § 54953.4). The Technical Disruption policy ensures transparency, public participation, and continuity of government during technological disruption.

The Disruptive Conduct policy outlines procedures for addressing disruptive behavior from members of the public attending committee or board meetings both remotely and in-person. The goal is to ensure meetings are conducted in a respectful, orderly manner that allows all participants to engage productively.

The determination of public outreach efforts establishes a determination by the Board of Directors that reasonable efforts have been made to encourage participation in meetings by under-represented and non-English speaking groups pursuant to Government Code § 54953.4(b)(3)(C).

Prepared by: Kelly Cole-Walker, Clerk of the Board
Reviewed by: David Edwards, General Counsel
Approved by: Dan Denham, General Manager

Attachments:

Attachment 1 – Technical Disruption Policy.

Resolution No. 2026-09, adopting a policy for disruption of telephonic or internet services during public meetings.

Attachment 2 – Disruptive Conduct Policy.

Resolution No. 2026-10, adopting a policy for disruptive conduct in meetings

Attachment 3 – Resolution 2026-11, determining reasonable outreach efforts to unrepresented communities.

TECHNICAL DISRUPTION POLICY

Background

Senate Bill 707 (2025) amended the Ralph M. Brown Act (Brown Act) to require eligible legislative bodies to adopt, on or before July 1, 2026, a policy addressing how the agency will respond to disruptions in telephonic or internet service that prevent members of the public from attending or observing a meeting remotely. This policy is adopted to comply with that requirement and to ensure continuity of public participation during technical disruptions.

Purpose

This policy establishes procedures for responding to disruptions of telephonic or internet services that provide two-way remote public access to meetings of the Board of Directors of the San Diego County Water Authority, as required by the Brown Act (Gov. Code § 54953.4). The policy ensures transparency, public participation, and continuity of government during technological disruption.

Scope

This policy applies to all meetings of the Board of Directors of the San Diego County Water Authority that offer **two-way telephonic** or **two-way audiovisual** participation is offered or required under the Brown Act.

Definitions

- **Service Disruption:** Any failure, outage, or interruption of the agency's remote access systems that prevents the public from observing or giving public comments.
- **Remote Access Services:** The two-way telephonic and/or two-way audiovisual platforms used to provide continuous, real-time public participation.
- **Two-Way Audiovisual Platform:** An online platform that provides interactive video and telephonic participation.

Policy Statement

If the Presiding Officer or Clerk becomes aware of a disruption to the agency's remote access service that prevents the public from observing or participating remotely, the Board of Directors of the San Diego County Water Authority shall:

1. Immediately announce the disruption.
2. Call for a recess of the open session or convene the legislative body in closed session, consistent with the Brown Act.
3. Recess for at least one hour or until service is restored, whichever is sooner.
4. Document restoration efforts and time taken to restore service. The Clerk shall conduct a roll call vote of legislative body to confirm good faith efforts by staff.

Procedures in the Event of Service Disruption

1. Detection of Disruption

- The Presiding Officer or designated staff monitors all remote access systems in real time.



- A disruption is declared when public access or participation is impaired and the cause of failure is due to a malfunctioning service or equipment.

2. Immediate Recess

- The Presiding Officer or Clerk announces a recess due to technical disruption.
- The meeting is paused for **up to one hour** or until service is restored, whichever is sooner.

3. Restoration Efforts

The information systems staff or other designated staff will:

- Attempt platform reset
- Establish alternate access
- Troubleshoot audiovisual and telephonic systems
- Document steps taken, time stamps, and outcomes

4. Recordkeeping

The Presiding Officer or other designated staff shall record:

- Nature and time of the disruption
- All restoration measures taken
- Staff responsible
- The rollcall vote confirming staff made a good-faith effort
- Whether service was restored or not
- The time the meeting was reconvened (if applicable)

5. Resumption or Adjournment

- If service is restored within the recess period, the Presiding Officer announces continuation of the meeting.
- If unable to restore service after at least one hour:
 - Adjourn the meeting; or
 - Continue the meeting in open session by adopting, by rollcall vote, the following, or a substantially similar finding: “The San Diego County Water Authority has made good faith efforts to restore services in accordance with its adopted policy, and the public interest in continuing the meeting outweighs the public interest in remote access”.
 - Upon adoption of the finding, the legislative body may continue the open session despite the fact that remote access services have not been restored.

6. Responsibilities

- **Chair/Presiding Officer:** Declares disruptions, announces recess, guides compliance.
- **Clerk:** Records all disruption information and actions taken.
- **IT Staff:** Conducts restoration efforts and prepares technical report.
- **All Members:** Participate in rollcall vote confirming good-faith restoration attempts.

7. Public Communication During Disruption

During the recess, staff shall:

- Update the meeting platform with a disruption notice
- Provide alternative instructions if backup access becomes available

Amendments

This policy may be amended by the Board of Directors of the San Diego County Water Authority at a noticed public meeting in open session, not on the consent calendar.

RESOLUTION NO. 2026-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY ADOPTING A POLICY ADDRESSING DISRUPTION OF TELEPHONIC OR INTERNET SERVICE DURING PUBLIC MEETINGS

WHEREAS, the Ralph M. Brown Act (Government Code § 54950 et seq.) establishes requirements for open and public meetings of local legislative bodies; and

WHEREAS, Senate Bill 707 (2025) amended the Brown Act to update teleconferencing and accessibility requirements, including provisions related to remote participation in public meetings; and

WHEREAS, Government Code § 54953.4(b)(1)(A) requires eligible legislative bodies, on or before July 1, 2026, to adopt at a noticed public meeting in open session, and not on the consent calendar, a policy addressing disruption of telephonic or internet service during meetings conducted with remote participation; and

WHEREAS, the required policy must address procedures for recessing and reconvening a meeting in the event of a disruption and the efforts the legislative body will make to attempt to restore service; and

WHEREAS, Government Code § 54953.4 further requires that, in the event of a disruption preventing members of the public from observing or participating in the meeting through a two-way telephonic or audiovisual platform, the legislative body shall recess the open session for at least one hour and make a good faith effort to restore service, and may not reconvene open session until at least one hour has passed or service has been restored, whichever occurs first; and

WHEREAS, if telephonic or internet service has not been restored upon reconvening, the legislative body must make findings by roll call vote that good faith efforts to restore service have been made and that the public interest in continuing the meeting outweighs the public interest in remote public access; and

WHEREAS, adoption of a technology disruption policy is required to ensure compliance with state law and to promote transparency and continuity of public meetings; and

WHEREAS, the proposed policy addressing disruption of telephonic or internet service during meetings of the Board of Directors of the San Diego County Water Authority has been prepared in accordance with Government Code § 54953.4 and is attached hereto as Exhibit 1; and

WHEREAS, the activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act (CEQA) State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3), no environmental review is required.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following:

Section 1. Adoption of Policy. The Board of Directors of the San Diego County Water Authority hereby adopts the policy entitled “Technical Disruption Policy” substantially in the form attached hereto as Exhibit 1.

Section 2. Implementation. The Clerk of the Board and Other Designated Official is authorized and directed to implement the policy in coordination with agency staff, legal counsel, and technology support staff, as appropriate.

Section 3. Minor Modifications. The General Counsel may approve modifications to the policy as necessary to conform to applicable law, agency practices, or formatting requirements, provided such modifications do not materially alter the intent of the policy.

PASSED, APPROVED, and ADOPTED this 25th day of June 2026 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Cole-Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026-09 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Cole-Walker, Clerk of the Board

Disruptive Conduct Policy

Guidelines for Maintaining Order and Respectful Engagement

Background

Senate Bill 707 (2025) amended the Brown Act adding Government Code section 54957.96 clarifying the Presiding Officer's authority to remove or limit participation for disruptive behavior, explicitly extending to participants attending remotely.

Purpose

This policy outlines procedures for addressing disruptive behavior from members of the public attending committee or board meetings both remotely and in-person. The goal is to ensure meetings are conducted in a respectful, orderly manner that allows all participants to engage productively.

Definition of Disruptive Behavior

Disruptive behavior includes, but is not limited to, shouting, interrupting speakers, using offensive language, refusing to follow meeting procedures, or engaging in actions that impede the progress of the meeting.

Procedures

1. **Warning:** The Presiding Officer will issue a verbal warning to any individual exhibiting disruptive behavior, reminding them of meeting rules and the importance of respectful conduct.
2. **Request to Cease:** If disruptive behavior continues, the Presiding Officer will request that the individual cease the behavior or leave the meeting room.
3. **Removal:** If the individual refuses to comply, the Presiding Officer may ask security or appropriate personnel to escort the person from the premises. If the individual is participating remotely they will be put on a "mute" status removing them from discussion.
4. **Documentation:** All incidents of disruptive behavior and subsequent actions taken will be documented in the meeting minutes.
5. **Follow-Up:** If necessary, further action may be taken, including restricting future attendance or referring the matter to relevant authorities.

Rights

All members of the public have the right to attend and participate in meetings, provided their conduct does not disrupt proceedings.

Review and Amendment

This policy will be reviewed and updated as needed to ensure effectiveness and alignment with legal and organizational requirements.

RESOLUTION NO. 2026-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY ADOPTING A POLICY ADDRESSING DISRUPTIVE CONDUCT BY MEMBERS OF THE PUBLIC DURING BOARD AND COMMITTEE MEETINGS

WHEREAS, the Ralph M. Brown Act (Government Code § 54950 et seq.) establishes requirements for open and public meetings of local legislative bodies; and

WHEREAS, Senate Bill 707 (2025) amended the Brown Act by adding Government Code § 54957.96, clarifying and affirming the authority of a presiding officer to address, limit, or remove individuals engaging in disruptive conduct during public meetings, including individuals participating remotely; and

WHEREAS, SB 707 provides that local agencies may maintain disruptive-conduct protocols to ensure orderly, respectful engagement by all members of the public and that those procedures shall apply consistently across in-person and remote participation; and

WHEREAS, disruptive conduct includes, but is not limited to, shouting, interrupting speakers, refusing to follow meeting procedures, using offensive language, or engaging in behavior that prevents the body from conducting its business efficiently and safely; and

WHEREAS, the Board of Directors of the San Diego County Water Authority desires to adopt a policy establishing clear procedures for warnings, requests to cease behavior, removal from the meeting, documentation of incidents, and follow-up actions when necessary; and

WHEREAS, the Board finds that adopting such a policy promotes transparency, ensures the orderly conduct of public business, and protects the rights of all members of the public to participate without disruption; and

WHEREAS, the activity is not a “Project” under Section 15378 of the California Environmental Quality Act (CEQA) State Guidelines and therefore does not require environmental review.

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

Section 1. Adoption of Policy The Board of Directors hereby adopts the “SB 707 Public Conduct and Disruptive Behavior Policy,” substantially in the form attached as Exhibit 1.

Section 2. Implementation. The Clerk of the Board and other designated officials are authorized and directed to implement the policy in coordination with agency staff, legal counsel, and, as applicable, technology support staff.

Section 3. Minor Modifications. The General Counsel may approve modifications required to conform this policy to applicable law, agency practices, or formatting conventions, provided such modifications do not materially alter the intent of the policy.

PASSED, APPROVED, and ADOPTED this 25th day of June 2026 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Cole-Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026-10 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Cole-Walker, Clerk of the Board

RESOLUTION NO. 2026-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY DETERMINING REASONABLE EFFORTS TO ENCOURAGE PUBLIC PARTICIPATION IN MEETINGS PURSUANT TO GOVERNMENT CODE § 54953.4

WHEREAS, the Ralph M. Brown Act (Government Code § 54950 et seq.) establishes requirements for open and public meetings of local legislative bodies; and

WHEREAS, Senate Bill 707 (2025) amended the Brown Act to include additional requirements intended to encourage participation in public meetings, particularly among communities that do not traditionally participate in public meetings and non-English-speaking communities; and

WHEREAS, Government Code § 54953.4(b)(3)(C) requires the San Diego County Water Authority (Authority) to make reasonable efforts to invite groups that do not traditionally participate in public meetings to attend those meetings; and

WHEREAS, such reasonable efforts may include outreach to organizations serving the jurisdiction, including those serving non-English-speaking communities, as well as civic, neighborhood, community-based, civil rights, and good government organizations; and

WHEREAS, Government Code § 54953.4(b)(3)(C)(ii) provides legislative bodies with broad discretion in determining appropriate reasonable efforts and clarifies that no action shall be commenced or maintained against the Authority from failing to provide notice to any specific group; and

WHEREAS, the Authority is committed to promoting transparency, accessibility, and broad public participation in its public meetings; and

WHEREAS, the Authority currently uses a variety of communication methods to inform the public of meetings and opportunities to participate; and

WHEREAS, the activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act (CEQA) State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3), no environmental review is required.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following:

Section 1. Determination of Reasonable Efforts. The Board of Directors determines the following to constitute reasonable efforts to encourage participation in meetings pursuant to Government Code § 54953.4(b)(3)(C):

A. Media Outreach. The Authority may include organizations serving the jurisdiction, including media organizations serving non-English-speaking communities, in the distribution of meeting agendas, notices, or other meeting-related information, as appropriate.

C. Electronic Access and Agenda Subscriptions. The Authority will make efforts to maintain methods for members of the public to access meeting agendas and related materials electronically, including through the Authority's website or other regular agenda-posting platform. Where available, the Authority may also provide options for members of the public to subscribe to receive meeting agendas, notices, or other updates.

C. Multilingual Communication. The Authority may use multilingual communication methods to increase awareness of meetings and participation opportunities, including translated agendas, translated meeting instructions, multilingual social media posts, website notices, or other communication tools, as appropriate and consistent with applicable law and available resources.

D. Community and Organizational Outreach. The Authority may provide meeting information through existing communication channels and partnerships with community-based organizations, neighborhood groups, civic organizations, civil rights organizations, good government organizations, and organizations serving non-English-speaking communities, as opportunities arise and consistent with available resources.

E. Use of Existing Communication Channels. The Authority may use existing outreach methods to share meeting information and participation opportunities, including, but not limited to, the agency website, email notifications, agenda subscription services, newsletters, social media platforms, public counters, bulletin boards, community meetings, and other established communication tools

Section 2. Flexible and Evolving Methods. The efforts identified in this Resolution are intended to provide a flexible framework for outreach and public participation. The Authority may modify, expand, or adjust its outreach methods over time based on available resources, evolving communication practices, changes in technology, and the needs of the community.

Section 3. No Requirement to Provide Notice to Any Specific Group. Consistent with Government Code Section 54953.4(b)(3)(C)(ii), this Resolution does not require notice to any specific group or organization, and no action shall be commenced or maintained against the Authority from the failure to provide notice to any specific group or organization.

PASSED, APPROVED, and ADOPTED this 25th day of June 2026 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Cole-Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026-11 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Cole-Walker, Clerk of the Board

June 17, 2026

Attention: Board of Directors

Resolution to approve successor consolidated Memorandum of Understanding with the represented Teamsters 986 employees, approve amendments to the compensation plan for unrepresented employees, and approve corresponding Classification and Salary Schedules. (Action)

Staff recommendation

1. Adopt Resolution No. 2026-12

- a. A resolution of the Board of Directors of the San Diego County Water Authority approving a successor consolidated memorandum of understanding with the Teamsters Local 986 union representing the Technical/Support, Professional/Administrative, and Managerial/Supervisory Bargaining Units effective July 1, 2026 through June 30, 2029; approving the unrepresented compensation plan adjustments for Executive, Senior Management and Confidential groups; and approving the classification and salary schedule for the period from July 1, 2026 through June 30, 2027; and approving the amended classification and salary schedule for the period from July 1, 2025 through June 30, 2026 for CalPERS compliance.

Alternative

Do not approve the recommended resolution and direct staff to continue negotiating with the Union for represented employees and evaluate alternative recommendations for unrepresented employees.

Fiscal Impact

The first-year costs associated with the negotiated changes in the Memorandum of Understanding (MOU) and unrepresented compensation plan are approximately \$2,518,856 and staff will amend Labor and Benefits through a budget adjustment accordingly.

Executive Summary

- The term of the current MOU between the Water Authority and the Teamsters Local 986 union representing the Technical/Support, Professional/Administrative, and Managerial/Supervisory bargaining units expires June 30, 2026.
- The Water Authority and Teamsters 986 have successfully reached an agreement for a successor consolidated MOU for a three-year term, beginning July 1, 2026, and expiring June 30, 2029.
- Within Board-approved authority, the General Manager is recommending modifications to the unrepresented compensation plan for the same period.
- Represented employees will receive the same cost-of-living salary adjustment tied to the corresponding May-May San Diego-Carlsbad CPI (less medical) with a floor of 2% and ceiling of 4% for each year of the contract.
- For fiscal year 2027, the cost-of-living adjustment is 3.8%
- The first-year costs associated with the negotiated and recommended changes are \$2,518,856.

Background

The term of the current MOU between the Water Authority and the Teamsters Local 986 union representing the Technical/Support, Professional/Administrative, and Managerial/Supervisory bargaining units expires June 30, 2026. Under guidance of the Labor Negotiation Work Group, appointed by Board Chair Nick Serrano and chaired by Board member Ismahan Adbullahi, and with the Board-approved authority, the Water Authority's negotiation team successfully reached an agreement with the Union on a successor consolidated MOU for a three-year term, beginning July 1, 2026, and expiring June 30, 2029.

Under the direction of the Work Group and within the Board-approved authority, the General Manager evaluated the compensation packages for the unrepresented Executive, Senior Management and Confidential groups, and is recommending specific modifications to the unrepresented compensation plan for those classifications for the same period.

Discussion

For employees represented by the consolidated MOU, the agreed upon cost-of-living salary adjustment for each year of the contract is tied to the corresponding May-May San Diego-Carlsbad CPI (less medical) with a floor of 2% and ceiling of 4% effective on the fourteenth pay period of each year. For fiscal year 2027, the increase is 3.8%, as published by the U.S Bureau of Labor Statistics on June 10, 2026. In addition, the Water Authority has agreed to the following economic terms (Attachment A):

- The Water Authority will increase deferred compensation contributions (previously \$250 match per calendar year). The Water Authority will contribute up to the following amounts per employee to the agency's deferred compensation plan in accordance with the following schedule:

Calendar Year	January	July	Annual Total
2026	N/A	\$1,500	\$1,500
2027	\$750	\$750	\$1,500
2028	\$750	\$750	\$1,500
2029	\$750	N/A	\$750

- All bargaining unit members who are required to wear safety boots on a full-time basis are eligible to be reimbursed up to a maximum of three hundred dollars (\$300.00) per fiscal year toward the purchase of steel-toed/or composite safety boots (previously \$200.00 per fiscal year).
- All full-time employees shall be paid holiday hours in accordance with their regularly scheduled workday at their regular straight time base rate of pay for all authorized holidays as defined in Section 8.1 of the Memorandum of Understanding.
- All full-time employees will receive holiday credit for an additional floating holiday, in recognition of Juneteenth.
- Meal allowance will increase from \$15 to \$20.
- Tool allowance is eliminated.
- Additional 10 hours of discretionary leave will be provided to qualified employees in accordance with departmental work schedules.
- Effective July 1, 2026, for eligible employees retiring on or after January 1, 2026, the Water Authority agrees to increase the retiree medical coverage stipend to the following:

Coverage Tier	Current	Effective July 1, 2026
Retiree + Spouse/Domestic Partner	\$320	\$700
Retiree Only	\$200	\$400
Spouse/Domestic Partner Only	\$160	\$350

All other terms and conditions of the consolidated MOU remain the same.

In accordance with CalPERS regulations, amendments to the Classification and Salary schedule must be approved by the governing body and be publicly available. The Fiscal Year 2026 schedule has been amended to include new classifications. The Fiscal Year 2027 schedule has been amended consistent with the agreed upon cost-of-living adjustment for represented employees.

Prepared by: Cristina Lever-Santos, Principal Human Resources Analyst

Reviewed by: Catherine Love, Director of Human Resources

Approved by: Jaymie Bradford, Assistant General Manager

Attachments:

Resolution 2026-12

A resolution of the Board of Directors of the San Diego County Water Authority approving a successor consolidated memorandum of understanding with the Teamsters Local 986 union representing the Technical/Support, Professional/Administrative, and

Managerial/Supervisory Bargaining Units effective July 1, 2026 through June 30, 2029; approving the unrepresented compensation plan adjustments for Executive, Senior Management and Confidential groups; and approving the classification and salary schedule for the period from July 1, 2026 through June 30, 2027; and approving the amended classification and salary schedule for the period from July 1, 2025 through June 30, 2026 for CalPERS compliance.

Attachment A- Summary of Changes to Consolidated Memorandum of Understanding.

Attachment B- Memorandum of Understanding between San Diego County Water Authority and Teamsters Local 986 Effective July 1, 2026 – June 30, 2029.

Attachment C- Current Summary of Benefits (2026 Benefit Summary (Executive, Senior Management and Confidential)).

Attachment D- Fiscal Year 2026 Classification and Salary Schedule.

Attachment E- Fiscal Year 2027 Classification and Salary Schedule.

RESOLUTION NO. 2026-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY APPROVING A SUCCESSOR CONSOLIDATED MEMORANDUM OF UNDERSTANDING WITH THE TEAMSTERS LOCAL 986 UNION REPRESENTING THE TECHNICAL/SUPPORT, PROFESSIONAL/ADMINISTRATIVE, AND MANAGERIAL/SUPERVISORY BARGAINING UNITS EFFECTIVE JULY 1, 2026 THROUGH JUNE 30, 2029; APPROVING THE UNREPRESENTED COMPENSATION PLAN ADJUSTMENTS FOR EXECUTIVE, SENIOR MANAGEMENT AND CONFIDENTIAL GROUPS; AND APPROVING THE CLASSIFICATION AND SALARY SCHEDULE FOR THE PERIOD FROM JULY 1, 2026 THROUGH JUNE 30, 2027; AND APPROVING THE AMENDED CLASSIFICATION AND SALARY SCHEDULE FOR THE PERIOD FROM JULY 1, 2025 THROUGH JUNE 30, 2026 FOR CALPERS COMPLIANCE.

WHEREAS, in compliance with the Meyers-Milias-Brown Act (Government Code §§ 3500 et seq.) and Water Authority Administrative Code Chapter 2.20, Teamsters Local 986 Union and the Water Authority's Employee Relations Officer have met and conferred in good faith on a successor consolidated Memorandum of Understanding effective July 1, 2026 and continuing until June 30, 2029 for the classifications in the Technical/Support, Professional/Administrative, and Managerial/Supervisory bargaining units; and

WHEREAS, the consolidated Memorandum of Understanding jointly prepared by Teamsters Local 986 Union and the Employee Relations Officer are not to be binding except upon approval by the Water Authority Board of Directors; and

WHEREAS, the terms and conditions of the consolidated Memorandum of Understanding as amended and extended are consistent with and implement negotiating instructions and directions of the Board of Directors; and

WHEREAS, Exhibit A to this resolution is a summary of the changes to salary, benefits, and other terms and conditions of employment contained in the consolidated Memorandum of Understanding as amended; and

WHEREAS, the Board of Directors desires to approve and authorize the General Manager to execute the consolidated Memorandum of Understanding for the bargaining units represented by Teamsters Local 986 Union; and

WHEREAS, the Water Authority's Employee Relations Officer has also evaluated the compensation packages of unrepresented executive, senior management, and confidential groups regarding salary, benefits, and other terms and conditions of employment; and

WHEREAS, Water Authority's Employee Relations Officer is recommending amendments to the unrepresented compensation plan; and

WHEREAS, the Board of Directors desires to implement amendments to the unrepresented compensation plan, including benefits and other terms and conditions of employment;

WHEREAS, the Board of Directors was informed that Teamsters 986 ratified the successor consolidated Memorandum of Understanding;

WHEREAS, the General Manager, as Personnel Officer, is directed to implement this resolution and to adjust, post, and make publicly available the Classification and Salary Schedule for the fiscal years covered by this resolution;

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves the following:

1. The changes to salary, benefits, and other terms and conditions of employment, and other amendments, summarized in Exhibit A and incorporated into the successor consolidated Memorandum of Understanding between San Diego County Water Authority and Teamsters Local 986 Union are approved for the period July 1, 2026 through June 30, 2029.

2. General Manager is authorized to execute the successor consolidated Memorandum of Understanding that incorporates the changes and amendments summarized in Exhibit A.

3. General Manager is authorized to execute the unrepresented compensation plan amendments, pursuant to Board direction.

4. The San Diego County Water Authority Classification and Salary Schedule and corresponding Salary Tables attached to this resolution are approved for fiscal year 2027. The Personnel Officer is authorized and directed to revise, post, and make publicly available the Classification and Salary Schedule and corresponding Salary Tables for the subsequent fiscal years in accordance with this resolution.

5. The San Diego County Water Authority amended the Classification and Salary Schedule for fiscal year 2026 and corresponding Salary Tables attached to this resolution are approved for fiscal year 2026 for CalPERS compliance.

6. The General Manager, and General Counsel for employees in the General Counsel's office, are authorized to perform all actions necessary to implement this resolution. The General Manager is authorized and directed to make necessary budget adjustments to implement this resolution.

PASSED, APPROVED, and ADOPTED this 25th day of June 2026 by the following vote:

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair

ATTEST:

Teresa Acosta, Secretary

I, Kelly Cole-Walker, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2026- 12 was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Cole-Walker, Clerk of the Board

EXHIBIT A
SUMMARY OF CHANGES
TO CONSOLIDATED MEMORANDUM OF UNDERSTANDING
Technical/Support, Professional/Administrative, and
Managerial/Supervisory Bargaining Groups

Term: July 1, 2026 – June 30, 2029

Salary Adjustment: Parties agree effective the pay period in each year of the term of the Agreement, the salary schedule for bargaining members shall be increased by the amount noted below:

Effective the fourteenth (14th) pay period of 2026, the Authority shall provide a cost-of-living adjustment equal to the Urban Consumers (CPI-U) as reported by the Bureau of Labor Statistics for the San Diego-Carlsbad area (minus medical), using the percentage change in price index from May 2025 to May 2026. The increase is 3.8%.

Effective the fourteenth (14th) pay period of 2027, the Authority shall provide a cost-of-living adjustment equal to the Urban Consumers (CPI-U) as reported by the Bureau of Labor Statistics for the San Diego-Carlsbad area (minus medical), using the percentage change in price index from May 2026 to May 2027. The increase shall be no less than 2% and be no greater than 4%.

Effective the fourteenth (14th) pay period of 2028 the Authority shall provide a cost-of-living adjustment equal to the Urban Consumers (CPI-U) as reported by the Bureau of Labor Statistics for the San Diego-Carlsbad area (minus medical), using the percentage change in price index from May 2027 to May 2028. The increase shall be no less than 2% and be no greater than 4%.

457(b) Deferred Compensation: The Water Authority will contribute up to \$1,500 per employee to the agency's deferred compensation plan for calendar years 2026, 2027 and 2028 of the contract. \$750 to be paid in July, and \$750 to be paid in January. For calendar year 2026, up to the full amount (\$1,500) will be contributed upon ratification. For calendar year 2029, \$750 will be paid in January. Per the IRS regulations, Water Authority contributions must be made on a pre-tax basis and are subject

to calendar year annual limits (which include employee contributions).

Safety Boots:

All bargaining unit members who are required to wear safety boots on a full-time basis are eligible to be reimbursed up to a maximum of three hundred dollars (\$300.00) per fiscal year toward the purchase of steel-toed/or composite safety boots.

Pay for Authorized Holidays:

All full-time employees shall be paid holiday hours in accordance with their regularly scheduled workday at their regular straight time base rate of pay for all authorized holidays as defined in Section 8.1 of the Memorandum of Understanding.

Full-time employees will receive full holiday credit (eligible hours/floating holiday) for three (3) floating holidays per fiscal year, one of which is in recognition of Lincoln's Birthday, one of which is in recognition of Juneteenth and one additional floating holiday. New Hires will receive full holiday credit upon hire.

Meal Allowance:

A bargaining unit member who is assigned to work an extended day of twelve (12) hours or more is eligible to receive a meal allowance of twenty dollars (\$20.00) at the twelfth hour and every five (5) hours thereafter for the duration of the extended day.

Retiree Medical Coverage:

For eligible employees retiring on or after January 1, 2026, the Water Authority agrees to provide up to the following retiree medical coverage stipend effective July 1, 2026.

Coverage Tier	Monthly Stipend
Retiree + Spouse/Domestic Partner	\$700
Retiree Only	\$400
Spouse/Domestic Partner Only	\$350

Tool Allowance:

Tool allowance is eliminated.

Discretionary Leave:

Additional 10 hours of discretionary leave will be provided to qualified employees in accordance with departmental work schedules.

All other terms and conditions of the MOU remain unchanged.



**MEMORANDUM OF UNDERSTANDING BETWEEN
SAN DIEGO COUNTY WATER AUTHORITY
and
TEAMSTERS LOCAL 986
July 1, 2026 – June 30, 2029**

TECHNICAL/SUPPORT UNIT
PROFESSIONAL/ADMINISTRATIVE UNIT
MANAGERIAL/SUPERVISORY UNIT

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PREAMBLE

This Memorandum of Understanding ("MOU") is entered into by and between the San Diego County Water Authority (hereafter "Water Authority") and the Teamsters Local 986 of the International Brotherhood of Teamsters (hereafter "Union") (collectively "Parties"). This MOU is entered into pursuant to the Myers-Milias-Brown Act (Government Code Section 3500 et seq.) and has been jointly prepared by the Parties.

ARTICLE 1: RECOGNITION

The Union is recognized as the exclusive representative of the full-time and part-time regular and probationary Water Authority employees assigned to the job classifications listed in Appendix "A" to this MOU, which are organized into bargaining units referred to as the Technical/Support Group, Professional/Administrative Group, and Managerial/Supervisory Group. As used in this Memorandum, the terms Group, bargaining unit, and unit all have the same meaning.

ARTICLE 2: UNION SECURITY AND RIGHTS

2.1 Union Dues

The Water Authority will honor an employee's authorization for Union dues as certified in writing by the Union to the Water Authority. Deductions for Union dues will start the first full pay period after the Water Authority receives written certification from the Union that the employee has provided written authorization to the Union for the deduction. The Water Authority will remit the deducted dues to the Union as soon as possible after receiving the certification from the Union.

Employee requests to authorize, change or modify dues deductions will be directed to the Union rather than the Water Authority. The Water Authority will rely on the Union's certification regarding whether an authorization/change in deductions has been requested by the employee. Notice of changes to deductions and/or the calculation formula and rate for the deductions previously certified by the Union must be received by the Water Authority at least thirty (30) calendar days prior to the change becoming effective. The change will be implemented by the Water Authority the first full pay period following the notice period.

The Union will not provide the Water Authority a copy of the employee's authorization unless a dispute arises about the existence or terms of the authorization.

The Union will indemnify and hold harmless the Water Authority for any claims regarding such deductions.

2.3 Notice and Opportunity to Meet and Confer

Except in case of emergency, or in event of unanticipated significant economic or operational crisis, as determined by the Water Authority, the Union shall be given reasonable advance written notice of any resolution, rule or regulation directly relating to matters within the scope of representation proposed to be adopted by the Water Authority and shall be given the opportunity to meet and confer or meet and consult, as appropriate, with the appropriate Water Authority representatives prior to adoption.

2.4 Bulletin Boards

The Union shall be provided suitable and adequate space on bulletin boards at reasonable work locations for posting information concerning official Union business and activities. This provision includes electronic bulletin boards which refers to the intranet system provided by the Water Authority. All postings shall contain the date of the posting and the identification of the document as a Union-sponsored publication. All postings shall be done by an authorized Union representative.

2.5 Use of Facilities

Union representatives shall have the right to use Water Authority facilities and equipment at the site at reasonable hours for Union meetings of Water Authority employees during their non-work hours when such facilities are not otherwise in use, and subject to the following conditions:

- 2.5.1 Procedures: The Union representatives will follow standard facilities or equipment use procedures for the reservation and use of facilities or equipment.
- 2.5.2 Activities: The requested activities or use will not interfere or interrupt normal Water Authority operations.
- 2.5.3 Equipment: The use of Water Authority equipment, other than items normally used in the conduct of meetings, is not permitted. The Union shall reimburse the Water Authority for any materials consumed while using Water Authority equipment.

2.6 Notice to Employees of Union Status

When a person is hired in any of the classifications listed in Appendix "A," the Water Authority shall notify that person that the Union is the recognized bargaining representative for the employee's representation bargaining unit and give the employee a current copy of this MOU.

2.6.1 Notice of New Employee Orientation: The Parties acknowledge that the Water Authority provides a new employee orientation (“orientation”) to all new employees hired by the Authority, where employees are advised of their employment status, rights, benefits, duties and responsibilities, but does not distinguish between bargaining units in conducting the orientation. Portions of the orientation may occur in person, online, through electronic communication, and/or mail.

Whenever possible, the Union steward(s) will be provided at least Ten (10) calendar days’ advance notice of a hire date of a new employee from Human Resources. The Union will be given a thirty (30) minute time slot on the new employee orientation schedule developed by the Water Authority, for one (1) representative of the Union’s choosing to present Union membership information to the new employee on a date, time, and location of the Union’s choosing.

For the 30-minute orientation, the Union agrees to select a representative, date, time, and location that does not cause undue disruption to Water Authority business operations. The Authority agrees to release the selected representative for this purpose unless unusual operational needs interfere with such release, in which case the representative and the Union will be provided an explanation of why the representative cannot be released on the selected date and time and offered the option of selecting a different representative or modifying the originally selected date and time. Under no circumstances will the representative’s participation in the new employee orientation generate overtime.

Whenever possible, the Union agrees to notify Human Resources at least two (2) business days prior to the employee’s hire date of the date, time, location, and representative selected for the Union orientation, so all relevant information can be incorporated into the new employee’s orientation schedule.

Authority representatives will not be present during the Union portion of the orientation. The Union agrees that during its portion of the orientation, it will not engage in speech that could cause substantial disruption or material interference with Authority activities.

2.6.2 Personal Data of New Employees: The Authority agrees to provide the name, job title, department, work location, work, home, and personal telephone numbers, personal email addresses on file with the employer, and home address of any newly hired employee within 30 days of the date of hire, or by the first pay period of the month following hire. Additionally, the Authority will provide the Union with a list of the same information for all employees in the bargaining unit at least every 120 days.

To ensure compliance with the Workplace Know Your Rights Act (Labor Code section 1555), the Water Authority and Union agree when an employee has indicated that they want their designated emergency contact(s) to be notified in the event they are arrested or detained, the Water Authority will use emergency contact information to notify the employee's designated emergency contact(s) if the employee is arrested or detained on their worksite. If the arrest or detention occurs during work hours, or during the performance of the employee's job duties, but not on the worksite, the Water Authority will use emergency contact information to notify the employee's designated emergency contact(s) only when the Water Authority has actual knowledge of the arrest or detention of the employee.

ARTICLE 3: REPRESENTATION

3.1 Stewards

As long as there is no disruption of work, the Water Authority allows reasonable release time without loss of pay and benefits for a reasonable number of recognized Union representatives for the purpose of meet and confer and for grievance representation. The Union shall designate in writing to the Water Authority the names of Union Stewards. Reasonableness is determined by the General Manager but is generally considered to be one steward for grievance meetings and all stewards for representatives meetings.

3.1.1 Grievance Meeting: A meeting of the steward(s) and employee(s) in the bargaining unit related to a grievance.

3.1.2 Representatives Meeting: A meeting with Water Authority representatives.

3.2 Handling Grievances

The Parties understand and agree that the handling of grievances will not unreasonably interfere with the work duties of the steward, the employee grievant or other bargaining unit employees. Accordingly, the steward will first attempt to perform necessary grievance responsibilities on non-work time. Release time is subject to the legitimate scheduling needs of the department. A steward who is released by a supervisor to investigate a grievance or to meet with Water Authority representative shall promptly return to their assigned duties.

A steward shall notify and receive prior approval of their immediate supervisor before leaving their work site. The immediate supervisor will authorize the steward to leave their work unless the immediate needs of the Water Authority, as determined by the supervisor, require refusal of such permission, in which case the immediate supervisor shall inform the steward of the reasons for the denial and establish an

alternate time when the steward can reasonably expect to be released from their work assignment.

When a steward desires to contact an employee at their work location, the steward shall first contact the immediate supervisor of that employee, advise the supervisor of the nature of the business, and obtain permission of the supervisor to meet with the employee. The immediate supervisor will make the employee available promptly unless the needs of the Water Authority as determined by the supervisor require the employee's presence at their work site in which case the supervisor will notify the steward when they can reasonably expect to contact the employee.

3.3 Union Representative

An authorized representative of the Union who is not a Water Authority employee shall be permitted reasonable access to work locations for the purposes of assisting represented employees in processing grievances and observing working conditions. This right shall be exercised reasonably, and the exercise of this right shall not interfere with Water Authority work and operations. The Union shall provide and maintain with the Water Authority a written list of authorized representatives who may be granted work site access pursuant to this Section. An authorized Union representative shall request access to work sites from the designated Water Authority representative(s) a reasonable amount of time before visiting the work site.

3.4 Meet and Confer Representatives

Union representatives, in a number agreed to by the Union and the Water Authority, who are Water Authority employees, shall be allowed a reasonable amount of time off without loss of pay and benefits for formal meet and confer meetings with the Water Authority. It is agreed and understood by the parties that the Union and the Water Authority shall be subject to and abide by the meet and confer obligations set forth under the Meyers-Miliias-Brown Act, Government Code section 3505 and the Water Authority Administrative Code, section 2.20.100.

3.5 Self-Representation

Nothing contained in this MOU shall be construed to discriminate against any individual who chooses to exercise their right to self-representation under Government Code section 3502 or to limit or to abridge that right.

ARTICLE 4: PERSONNEL PRACTICES

4.1 Definitions

4.1.1 Promotional Opportunities: For purposes of this Article, a "promotional opportunity" shall consist of the upgrading of a bargaining unit member

from a position in one classification to a position in another classification with a higher salary range.

- 4.1.2 Location Transfer: A "location transfer" shall consist of a change in work location of a bargaining unit member within the same classification, same number of work hours, and same pay, within the Water Authority. A location transfer does not encompass the process of assignment or reassignment of responsibilities within the department or present work location. A location transfer may be initiated by a bargaining unit member ("Employee Requested") or by the Water Authority ("Administrative").

4.2 Posting of Vacancies

All represented positions declared vacant shall be posted by the Water Authority at each major work location within the Water Authority for five (5) working days. Human Resources shall notify employees via Water Authority issued email. All applications received through the five-day period shall be reviewed, considered and the applicants notified of their status prior to outside advertising. The posting shall consist of the general job description and the posting and closing dates.

Human Resources will advise in-house candidates of the results of any interviews orally when a decision is reached and will follow with a written confirmation. Any unsuccessful in-house candidate may meet with the Supervisor of the position or a Human Resources Analyst to discuss how the employee can improve for consideration in future vacancies.

Upon the request of the applicant, the Water Authority will review and discuss the application of the in-house candidate relative to meeting the minimum qualifications for a posted vacant position.

For represented positions, the vacancy may be advertised at any level in the classification series if a flex advancement program exists without having to meet and confer on the reclassification of such position(s).

4.3 Employee Requested Transfer

A permanent member of a bargaining unit may request a transfer from one group position classification to another vacant position classification in the group as defined in 4.1.2 in accordance with the recruitment for the vacant position.

- 4.3.1 Selection: For purposes of selection between two or more unit members requesting transfer and other applicants for a vacant position, the Water Authority shall consider the qualifications, experience, competence and seniority of the unit members.

- 4.3.2 Seniority: When the Water Authority has considered either two or more group members or a group member and another applicant to be equal on the basis of qualifications, experience and competence, the group member with the most seniority shall be selected for transfer to the vacant position.
- 4.3.3 Notification: The Water Authority shall notify the group member requesting transfer, in writing, of the Water Authority's acceptance or denial of the request.
- 4.3.4 Opportunities: Qualified group are encouraged to apply for promotional opportunities.
- 4.3.5 Promotional Probationary Period: A group member who is promoted will serve a six (6) month probationary period in the new position. A promoted bargaining unit member will be evaluated once prior to completing three (3) months of a promotional probationary period and again prior to completing six (6) months of a promotional probationary period. A group member who has completed their initial new hire probationary period who is rejected or deemed to be unsatisfactory during or upon the termination of their promotional probationary period is eligible for the following unless dismissal charges are filed against them: reinstatement to the position held immediately prior to promotion, if available; assignment to a position in the classification held immediately prior to promotion, if available; or assignment to a position in a lower classification for which the employee qualifies.
- 4.3.6 Pay Scale: An employee who is promoted to a position which has a maximum pay rate which is higher than the maximum pay rate for the employee's current position, will be placed at either the minimum rate for the new classification or at a rate which is at least 5% higher than the employee's current pay rate, whichever is greater. If an employee is promoted within six weeks (42 calendar days) prior to the employee's performance review date for the employee's current classification and is eligible for a merit increase, the employee's current supervisor will complete a performance review and make a recommendation regarding the merit increase.

4.4 Administrative Reassignment

A group member may be administratively reassigned at any time in the best interests of the Water Authority provided that such reassignment is not arbitrary, capricious, or discriminatory in nature. The reassigned member will be notified in writing of the reasons for the reassignment.

4.5 Personnel Files

- 4.5.1 Files: The personnel file of each employee shall be maintained by the Water Authority's Human Resources Department. Except as otherwise provided by law and/or Water Authority rules and regulations, no adverse employment action shall be taken against a bargaining unit member based upon materials which are not in the personnel file.
- 4.5.2 Review: A bargaining unit member and/or a Union representative/steward authorized by the unit member may review and/or obtain copies of any material from the employee's personnel file with the exception of material that includes ratings, reports or records which were obtained prior to the employment of the employee involved.
- 4.5.3 Notification: A bargaining unit member shall be provided with copies of any derogatory written material before it is placed in the unit member's personnel file. The unit member shall be given an opportunity during normal working hours and without loss of pay to initial and review the material. Any written response prepared by the unit member shall be attached to the material and placed in the personnel file.
- 4.5.4 Statute of Limitation: With the exception of performance evaluations, derogatory written materials shall be removed from a personnel file after three (3) years at the unit member's request, so long as the employee has not received additional discipline in the form of a written reprimand or greater within the three year period. In the event there is additional discipline in the form of a written reprimand or greater within the three-year period, the three-year period will reset as of the date of the most recently imposed subsequent discipline.

4.6 Seniority

For purpose of this MOU, "seniority" shall mean a bargaining unit member's total length of continuous service with the Water Authority.

4.7 Initial Probationary Period and Regular Status

- 4.7.1 Initial Probationary Period: Upon initial employment, all bargaining unit members shall serve a probationary period of twelve (12) months. The probationary period shall not be complete until the bargaining unit member has actually provided service for 365 days. During the initial probationary period, a bargaining unit member serves at the discretion of the Water Authority and may be discharged for any reason without recourse or appeal.

- 4.7.2 Regular Status: In order to achieve regular status, an employee must successfully complete the initial probationary period and receive a satisfactory performance evaluation by their supervisor. A regular employee is subject to discipline and discharge as set forth in the Water Authority's Administrative Code, General Manager's Administrative Policies and Human Resources Policies/Procedures.
- 4.7.3 Impact of Leave on Probationary Period: The period may be extended when an employee takes a leave of absence greater than 30 calendar days during the probationary period.

4.8 Layoff and Recall

Technical/Support Unit: Whenever a bargaining unit member is laid off, the order of layoff within the classification shall be determined by the total length of paid service. The employee who has been employed the shortest time shall be laid off first. For a period of two (2) years after the effective date of the layoff, recall shall be in reverse order of layoff. An employee's bumping rights will be determined when a layoff is planned.

Managerial/Supervisory and Professional/Administrative Unit: Whenever a bargaining unit member is laid off, the order of layoff within the affected classification shall be determined by the total length of paid service within the affected classification. The employee who has been employed the shortest time within the affected classification shall be laid off first. An employee's bumping rights will be determined when a layoff is planned.

Whenever it becomes necessary to reduce the number of employees in any classification, the order of layoff shall be as follows:

- a. The order of layoff will be determined by the length of continuous service in the affected classification.
- b. Whenever two (2) or more employees have identical service in the affected classification, the order of layoff will be determined by the length of continuous service at the Water Authority.
- c. Whenever two (2) or more employees have identical service in the affected classification and total service at the Water Authority, the order of layoff shall be determined by the General Manager on the basis of performance.
- d. Employees to be laid off in a particular classification have the right to demote to a lower classification to a position previously held within the Water Authority for which the employee meets the minimum qualifications, is capable of performing the essential functions of the position and has Water Authority seniority over other employees in the lower classification. This right to demote to a lower classification shall not apply to Water

Authority employees who have been promoted to classifications outside of the bargaining units.

- e. The name of each laid off employee shall be placed on a re-employment list for a period of twenty-four (24) months and the employee be given the first opportunity to return to the position from which the employee was laid off in the reverse order of layoff (i.e. "recall"). In addition, employees on the re-employment list shall be notified of vacancies at the Water Authority and allowed to apply for such vacancies during the five (5) working day internal posting period set forth under Section 12.8 of this MOU. Employees may maintain current telephone contact information with Human Resources. The Human Resources Department will attempt to call eligible employees on the first day of posting.

The Water Authority may abolish any position or employment, and the employee may be laid off without taking disciplinary action and without the right of appeal. The Water Authority agrees to notify and meet with the Union sixty (60) calendar days prior to any layoff for the purpose of conferring over the impact and implementation of said layoff and to discuss alternatives and options. However, the General Manager shall retain the final decision with respect to the classification and numbers to be laid off.

Persons to be laid off shall be given at least sixty (60) calendar days prior notice.

4.9 Compulsory Leave

The Water Authority reserves the right to remove from duty any employee who appears to be incapacitated by illness or injury, that puts the employee, the Water Authority, or the public at risk, subject to a reasonable effort by management to obtain concurrence of a Union Steward.

4.10 Separation from Water Authority Employment

- 4.10.1 Return of Water Authority Property: An employee who separates from Water Authority employment shall return to their supervisor all equipment, supplies, keys, identification cards, and other Water Authority property upon request, but no later than the last day of employment.
- 4.10.2 Payment of Accrued Benefits: Except as otherwise provided in the San Diego County Water Authority Defined Benefit Pension Plan (Terminal Pay Plan, see Article 7.10 of this MOU), payment for all accrued vacation, sick leave, holiday credits, and compensatory time shall be paid in full to an employee in accordance with the governing laws and in accordance with the accrual limits described in the respective policies. Sick leave is only paid out upon separation due to retirement, layoff, or death of the employee.

Taxes will be calculated as if payments had been made in 80-hour increments.

ARTICLE 5: HOURS AND OVERTIME

5.1 Work Schedule Defined

Work schedule is defined as the number of hours per day and specified days in a pay period. The Water Authority currently has in place three (3) work schedules which include consecutive days off: ; four days, ten hours per day (4/10s); nine days, forty-four hours within the first seven days and thirty-six hours within the second seven days (44/36), and seven days, twelve hours per day (7/12s). The 7/12 schedule is worked only by designated positions in the Operations and Maintenance Department.

5.2 Work Schedule Changes

Work schedules are determined by the Water Authority, taking into consideration staff efficiency, customer service, cost, productivity, service to the community, and the needs of the Water Authority to provide a reliable and safe supply of water to the San Diego region. Taking these considerations into account, the Water Authority retains the right to modify current work schedules, provided that the affected bargaining unit representative is provided at least ten (10) working days written notice of the proposed change and given an opportunity to meet and confer over the impact of such proposed change prior to implementation. The ten (10) day notice requirement may be waived by the agreement of the affected employee and notice to the bargaining representative or in the case of an emergency affecting Water Authority operations.

5.2.1 Administrative Workweek: The administrative workweek shall consist of seven (7) consecutive calendar days, commencing Friday and concluding the following Friday. For purposes of determining overtime under the Fair Labor Standards Act (FLSA), during the 44/36 work schedule where any unit member is scheduled to work five (5) consecutive days, totaling more than (40) forty hours, the employee's work period shall end exactly four (4) hours after the employee commences work on the fifth consecutive day, resulting in a work period of forty (40) hours.

For the 7-day/12-hour work schedule, the Administrative Workweek shall consist of seven (7) consecutive calendar days, commencing Saturday and concluding the following Saturday. For purposes of determining overtime under the Fair Labor Standards Act (FLSA), the employee's workweek shall end exactly six (6) hours after the employee commences work on the fourth consecutive day, resulting in a workweek of forty-two (42) hours, followed by a workweek of

forty-two (42) hours that commences immediately following the end of the prior workweek; hours in excess of forty (40) in each workweek are eligible for overtime. Under this schedule, the employee works eighty-four (84) hours over seven (7) consecutive days comprised of two (2) workweeks followed by seven (7) consecutive days off.

- 5.2.2 Time Reporting: Employees shall report all hours worked using the Water Authority's timekeeping system. Time is reported in quarter time (15-minute) increments. The following will be used for when an employee works less than the full increment of reportable time.

Minutes	Reported time Round to
:00 - :07	0.00
:08 - :22	0.25
:23 - :37	0.50
:38 - :52	0.75
:53 - :59	1.00

5.3 Overtime

Overtime conferred by this MOU is defined under section 5.3.1. The "time worked" shall include, for purposes of computation, holidays, sick leave, vacation, compensatory time off, and other paid leaves. The Parties to this MOU expressly understand and agree that the calculation and payment of overtime for group members shall be strictly and exclusively governed by subsections 5.3.2 and 5.3.3.

- 5.3.1 Time Worked: For purposes of overtime computation, "time worked" shall include holidays, sick leave, vacation, compensatory time off, and other paid leaves.

- 5.3.2 Compensation: Overtime for regular full-time employees shall be compensated at the rate of one and one-half (1 1/2) times the regular rate of pay for overtime worked from the end of a regularly scheduled shift to a total of twelve (12) consecutive hours worked. Overtime shall be compensated at the rate of two (2) times the regular rate of pay for all hours worked in excess of twelve (12) hours in any twenty-four (24) hour shift or in excess of ten (10) hours of overtime in any one week or for overtime worked between 12.01 a.m. and 6:00 a.m. Two (2) times the regular rate of pay will be paid for overtime worked on any Sunday or holiday.

- 5.3.2.1 Full Time Employees: Overtime for regular full-time employees shall be compensated at the rate of one and one-half (1 1/2) times the regular rate of pay for overtime worked from the end of a regularly scheduled shift to a total of 12 consecutive hours worked. Overtime shall be

compensated at the rate of two (2) times the regular rate of pay for all hours worked in excess of 12 hours in any 24-hour shift or in excess of ten (10) hours of overtime in any one work week or for overtime worked between 12:01 a.m. and 6:00 a.m. Two times the regular rate of pay will be paid for overtime worked on any Sunday or holiday. The exception to this provision is made for the Duty Operator's schedule, which includes Sunday as a normally scheduled workday. In the event overtime is required on the last day off of the Duty Operator's regularly scheduled days off in the workweek, the hours worked will be eligible for the double pay provision.

5.3.2.2 Part Time Employees: Overtime for regular part-time employees shall be compensated at the rate of one and one-half (1 ½) times the regular rate of pay for hours worked in excess of forty (40) hours in a work week. Overtime shall be compensated at the rate of two (2) times the regular hourly rate of pay for hours worked on a holiday.

5.3.2.3 Minimum Overtime Pay: Employees scheduled to work overtime where there is a break of two hours or more from the end of their regularly scheduled shift and the start of overtime work, shall be eligible for a minimum of two (2) hours of pay at the overtime rate. Scheduled overtime is separate and distinct from call-back overtime, which is defined in Section 6.4.1 as unexpected and unanticipated overtime.

Hours worked after the minimum shall continue to be paid at the employees' overtime rate until the start of their next regularly scheduled shift.

5.3.2.4 Employees Working A 7-Day/12-Hour Shift: Employees working the 7-day/12-hour shift shall be eligible for overtime after completion of the 12-hour shift or after completion of 40 hours in a workweek, as follows: One and one-half (1 ½) times the regular rate of pay for hours worked in excess of 40 hours in a workweek; Two (2) times the regular rate of pay for hours worked after completion of a 12-hour shift and before the commencement of the next 12-hour shift; and Two (2) times the regular rate of pay for overtime hours worked in excess of 10 hours of overtime worked in a workweek.

For purposes of overtime computation, shift pay shall be included in the employee's regular rate of pay for overtime worked on the 12-hour shift. Overtime worked on the 12-hour shift shall be paid as earned and will not be eligible for compensatory time off.

- 5.3.3 Compensatory Time: At the employee's option and subject to a maximum annual accrual of one hundred and twenty (120) hours, a full-time bargaining unit member may receive compensatory time off in lieu of overtime pay. A part-time bargaining unit member may be eligible for compensatory time with approval from the unit member's supervisor. Compensatory time off shall be granted in amounts equal to the appropriate rate of overtime in accordance with this Article. All accrued compensatory time off in excess of eighty (80) hours on the books as of the thirteenth (13th) pay period of each calendar year shall be paid off at the bargaining unit member's regular rate of pay. In no event shall bargaining unit members be allowed to carry a compensatory time off balance greater than eighty (80) hours from one fiscal year to the next. Use of earned compensatory time off shall be at the discretion of the supervisor based on the impact to Department operations.
- 5.3.4 Overtime Distribution: The opportunity for overtime shall be equitably distributed by management among the qualified members in a work unit in accordance with the following factors: seniority preference, availability of employees, specific job requirements of the Water Authority, skill levels of employees and rotation of overtime opportunities by seniority.
- 5.3.5 Exemption: Salaried employees listed as "Exempt" in Appendix "A" are not entitled to overtime pay.

5.4 Lunch Periods

All bargaining unit employees working a regular workweek, shall be entitled to an unpaid lunch period of not less than thirty (30) minutes nor more than ninety (90) minutes. Lunch periods shall be scheduled with the approval of the immediate supervisor.

5.5 Rest Periods

One (1) fifteen (15) minute rest break with pay shall be provided to unit members for each 1/2 day of service. Rest periods and lunch periods may not be aggregated and used to extend the lunch period or shorten the workday.

5.6 Personal Clean Up

If appropriate for the nature of the work performed, fifteen (15) minutes at the end of each shift shall be available for employees to clean up and change clothes.

5.7 Work Shifts Assignment and Notification of Change

Work shift is defined as the specific starting and ending time in a workday. Bargaining unit members will be assigned a work shift schedule consistent with current practice. Except in emergencies or other situations in which management does not have sufficient advance knowledge, employees shall be provided with reasonable advance notice and no less than forty-eight (48) hours prior notice of changes in scheduled shifts.

ARTICLE 6: PAY RATES AND PRACTICES

6.1 Payroll Period and Pay Day

Payroll periods shall be two weeks, beginning Sunday at 12:01 a.m. and ending Saturday at 12:00 midnight. Each employee will be paid regularly, and the Water Authority shall make every reasonable effort to distribute paychecks on Thursday following the close of the pay periods. If Thursday is a holiday, payday will be on Wednesday. If a holiday falls on Monday, Tuesday, or Wednesday, payday will still be on Thursday.

6.2 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)

6.2.1 Definition of Retirement: As used in this agreement, the term "retirement" is defined as qualifying for and effecting a service retirement with CalPERS.

6.2.2 Retirement Formulas: The Authority has two tiers for retirement benefits:

6.2.2.1 Tier 1: Tier 1 applies to Authority employees hired prior to January 1, 2013, and any Authority employees hired on or after January 1, 2013 who are not considered "New Members" within the meaning of the Public Employees' Pension Reform Act of 2013 (PEPRA). Tier 1 Members are otherwise known as "Classic Members."

For Tier 1 Members, the Water Authority shall provide the 2.5% @ 55 retirement option. This plan includes a one-year final compensation measurement period selected by the member, as set forth in California Government Code section 20042. The Tier 1 Member's contribution to CalPERS shall be eight percent (8.0%). The Water Authority shall continue to pay the seven percent (7.0%) of the Tier 1

Member's contribution and the Tier 1 Member shall individually pay the remaining one percent (1.0%) of the statutorily required member contribution.

The following is a summary of the CalPERS contract provisions for "Classic" members:

- a) Final Compensation Period: 1 Year.
- b) Employer-Paid Member Contribution (EPMC): The Water Authority pays 7% of the employee's share of retirement contributions to CalPERS and the value of the 7% member contribution is reported to CalPERS as additional compensation.
- c) Military Service Credit as Public Service.
- d) Annual Cost-of-Living Allowance (Maximum 3%).
- e) Pre-Retirement Option 2W Death Benefit.

6.2.2.2 Tier 2: Tier 2 applies to Authority employees hired on or after January 1, 2013, who are considered "New Members" as defined in the PEPRA.

For Tier 2 Members, the Water Authority shall provide the 2% at 62 benefit formula. This benefit includes the final compensation based upon the highest average annual pensionable compensation earnable during the 36 months of employment immediately preceding the effective date of their retirement or some other period designated by the retiring employee as set forth in Code Section 7522.32(a). Tier 2 Members will pay one-half of the total normal cost rate as determined by CalPERS.

The following is a summary of the CalPERS Contract provisions for "New Members":

- a. Final Compensation Period: 3 Year Average.
- b. Military Service Credit as Public Service.
- c. Annual Cost-of-Living Allowance (Maximum 3%).
- d. Pre-Retirement Option 2W Death Benefit.

The Public Employees' Pension Reform Act of 2013 has set compensation limits for "Classic members" and "New members" for retirement calculations. These limitations have been placed on the reportable annual earnings each calendar year. These rates are determined based off the Social Security Wage index. These cap amounts for retirement calculations are determined January of each year by the federal government.

6.2.3 Employer Paid Member Contribution (EPMC)

6.2.3.1 Modification: The Water Authority shall implement by resolution, approving paying and reporting the value of Employer Paid Member Contribution (EPMC), Section 20636 (c).

6.2.3.2 Compensation: Tier 1 Members shall pay one percent (1%) of the pensionable compensation of the statutorily required member contribution. The Water Authority shall pay the other seven percent (7.0%) share of the member contributions to CalPERS and shall also report the value of this EPMC to CalPERS as increased compensation. This will increase a Tier 1 Member's reported pay rate by seven percent (7.0%) for retirement calculations on the Tier 1 Member's highest one-year final compensation. There is no EPMC for Tier 2 Members.

6.2.4 Payroll Deductions: Employee CalPERS contributions shall be accomplished by means of each affected employee incurring a payroll deduction each payroll period in the above amounts. Said payroll deductions shall be on a pre-tax basis pursuant to IRS Code section 414 (h) (2).

6.2.5 Retirement Contribution Cost-Share: Pursuant to Government Code Section 20516 of the California Public Employees' Retirement Law, Tier 1 Members' cost-share of the Water Authority's employer contributions will be seven percent (7%) by mandatory deduction from gross pay and the Water Authority will contribute the remainder.

Pursuant to Government Code section 20516 of the California Public Employees' Retirement Law, Tier 2 Members will pay one-half of the total normal cost rate as determined by CalPERS.

6.3 Wages

Effective the fourteenth (14th) pay period of 2026, the Authority shall provide a cost of living adjustment equal to the Urban Consumers (CPI-U) as reported by the Bureau of Labor Statistics for the San Diego-Carlsbad area (*minus medical*), using the percentage change in price index from May 2025 to May 2026. The increase shall be no less than 2% and no greater than 4%. The increase shall be 3.8% as published by the US Bureau of Labor Statistics on June 10, 2026.

Effective the fourteenth (14th) pay period of 2027, the Authority shall provide a cost of living adjustment equal to the Urban Consumers (CPI-U) as reported by the Bureau of Labor Statistics for the San Diego-Carlsbad area (*minus medical*), using the percentage change in price index from May 2026 to May 2027. The increase shall be no less than 2% and no greater than 4%.

Effective the fourteenth (14th) pay period of 2028 the Authority shall provide a cost of living adjustment equal to the Urban Consumers (CPI-U) as reported by the Bureau of Labor Statistics for the San Diego-Carlsbad area (*minus medical*), using the percentage change in price index from May 2027 to May 2028. The increase shall be no less than 2% and no greater than 4%.

No later than January 31, 2029, prior to convening formal negotiations on a successor MOU, the parties agree to meet and discuss salary survey data points and market trends in an effort to ensure that the Authority's compensation structure remains competitive and fiscally responsible in future years.

6.4 Call-Back Pay

- 6.4.1 Eligibility: FLSA Non-exempt, hourly employees are eligible for call-back pay. Such employees will receive call-back pay whenever they are unexpectedly required to return to duty because of unanticipated work requirements if notice to return is given to the employees following termination of their normal work shift and their departure from their work location.
- 6.4.2 Minimum Pay: Call-back pay shall be a minimum of two (2) hours of pay at the employee's overtime rate.
- 6.4.3 Multiple Call Backs: Whenever employees receive more than one (1) call-back between their normally scheduled shifts, they shall be entitled to call-back pay for each occurrence provided there is no overlap in the two-hour minimum for each occurrence. If more than one call back occurs within the original two hour minimum call-back, this will be considered one occurrence.
- 6.4.4 Early Shift Start: Notwithstanding Section 6.4.2 above, whenever an employee is unexpectedly required to return to duty before the established starting time of the employee's next regular shift, it shall be deemed an early shift start and shall be compensated at the applicable overtime rate only for the hours between the time of call-back and the start of their regularly scheduled shift.
- 6.4.5 Additional Overtime: Hours worked after the minimum call-back overtime pay period shall continue to be paid at the employee's overtime rate until the start of their regularly scheduled shift.
- 6.4.6 Travel Time: For purposes of overtime computation for call-back pay, travel time from the employee's residence to their reporting station and return shall be included in the minimum overtime pay period except that if the employee is required to remain on duty until the start of their regularly scheduled shift, return travel time to the employee's

residence will not be paid. Overtime pay for call-back situations shall be computed as follows: If the combined travel time and work time is less than the minimum call-back time of two (2) hours, overtime pay shall be the appropriate call-back time. If the combined travel time and work time is more than the two (2) hours call-back time overtime pay shall be the actual total of work time and travel time.

6.5 Lead Pay

- 6.5.1 Eligibility: An eligible employee within the bargaining unit represented by the Union shall be paid at the rate of fifty cents (\$.50) per hour in addition to their normal pay, when the employee is assigned by a supervisor to be responsible for a work activity involving the direct supervision of two (2) or more other Water Authority employees.
- 6.5.2 Classification: To be eligible for lead pay, an employee must be assigned to a work activity in an operator, maintenance, gardening, warehouse, survey, electrical, electronic, instrumentation, or other non-office capacity.
- 6.5.3 Time Requirement: The Water Authority shall provide lead pay to eligible employees only if the job activity is expected to exceed four (4) or more consecutive hours in any one workday and where the supervisor has determined efficiency and safety necessitate a "lead" appointment.
- 6.5.4 Lead Person Appointment: Job activities requiring the assignment of more than five (5) personnel require the appointment of a lead person.
- 6.5.5 Exemptions: Employees in job classifications that include lead and/or supervisory responsibilities are not eligible for lead pay.

6.6 Standby Pay

- 6.6.1 Non-working Status: Employees who are assigned to standby in a nonworking status shall be entitled to standby pay at the rate of ten (10) minutes of compensatory time off per hour during the period when they are required to stand by. Standby duty is considered to be all hours outside the employee's regularly scheduled work shift. Employees on standby are expected to immediately answer the initial communication requesting an operational response and thereafter respond immediately and in no event later than 30 minutes. While on standby, employees shall remain fit for duty and adhere to Water Authority rules and regulations concerning use of Water Authority vehicles and equipment. During the term of this agreement, Water Authority management reserves the right to reimpose the requirement of standby at the employee's residence, if deemed necessary due to

operational reasons.

- 6.6.2 Work From Home: An employee who is required to work while on standby and who has been authorized by their immediate supervisor to perform the work from their residence shall be entitled to compensation at their overtime rate for the time worked.

6.7 Shift Pay

- 6.7.1 Eligibility: An employee assigned to a shift is eligible for paid shift pay of one dollar and fifty cents (\$1.50) per hour, in addition to the employee's regular salary. An employee required to work the 7-day/12-hour shift is eligible for a 10% shift pay premium in addition to regular salary for all hours worked on the 12-hour shift.

- 6.7.2 Hours Worked: Except as provided in 6.7.3, shift pay will be paid for all hours worked on a shift of eight (8) or more consecutive hours if four (4) or more of these hours fall between 4:00 p.m. and 6:00 a.m.

- 6.7.3 Overtime: For purposes of overtime computation, shift pay shall be included in the employee's regular rate of pay for overtime worked while on an eligible shift.

Overtime shall be compensated as described in section 5.3 of this MOU, except as follows: the provision that overtime worked between 12:00 a.m. and 6:00 a.m. will be compensated at two (2) times the regular rate of pay shall not apply to employees receiving shift pay. This provision applies only to employees working a regularly scheduled pay shift.

No shift pay will be paid for overtime work performed as an extension of a day shift (eight (8) or more consecutive hours worked between 6:00 a.m. and 6:00 p.m.).

If overtime is being paid as a result of a continuation of a regularly scheduled shift, shift pay will not be paid. Shift pay is for an assigned shift other than the regularly scheduled day shift.

6.8 Working Out of Classification

- 6.8.1 Temporary Assignment: "Working out of classification" is a management authorized temporary assignment of a bargaining unit member to perform work which is inconsistent with the employee's normally assigned work and which includes a significant number of duties and responsibilities which are associated with a higher job classification.

- 6.8.2 Compensation: Compensation for an employee required to work out of classification will be at the lowest step in the salary range of the higher classification which will provide a five percent (5%) increase over the employee's regular salary for the entire period in which the out of classification assignment is in effect.
- 6.8.3 Assignments: Working out of classification assignments shall normally be used for vacation or leave replacements and during the recruitment and selection process for vacant positions. The Water Authority will make a reasonable effort to consult with an employee prior to assigning out of class work. However, the determination of out of classification assignments is solely within the discretion of the Water Authority.
- 6.8.4 Lead Pay: Out of classification assignments do not apply to work for which lead pay is provided and do not apply to work assignments performed in connection with conditions of public peril and/or disaster.

6.9 Merit Pay

- 6.9.1 Merit Review Schedule: Probationary employees (new hires and promotions) will be considered for a merit increase at their six-month and one year review date. Regular employees will receive a performance evaluation and consideration for a merit increase at their one-year anniversary date and annually thereafter.
- 6.9.2 Late Reviews: Performance reviews are due within two weeks after the end of the review period. If not completed within this two-week period, the Evaluator shall notify the employee and provide an estimated completion date of no later than 45 days from the end of the review period. If not completed within the 45-day period, the employee may file a notice, to the department head and Human Resources Director on the Performance Management Program Report of Delinquent Review form. Within five working days, the department head shall acknowledge receipt of the notice and schedule to meet with the employee to discuss the status of the performance review.

6.10 Special Merit Pay

Any employee who has reached the top step of their salary range, shall, in succeeding years, be eligible for a one-time lump sum annual payment, which shall not be included in base pay under the following circumstances:

- 6.10.1 1% Bonus Pay: An amount equal to one percent (1%) of base salary following an overall "above standard" on their annual evaluation.
- 6.10.2 2-1/2% Bonus Pay: An amount equal to two and one-half percent (2-1/2%) of base salary following an overall rating of "outstanding" on their evaluation with the approval of the General Manager.
- 6.10.3 Bonus Terms: Said lump sum payments shall not be cumulative, shall be mutually exclusive, and no employee shall receive both payments in the same year. The fact that an employee has received either of the payments described herein in a given year shall have no effect on the employee's entitlement to payment in any subsequent year.
- 6.10.4 Suspension of Special Merit Pay: For the term of this agreement, Special Merit Pay is suspended.

6.11 Salary Table

The Water Authority's salary table shall be maintained to provide a symmetrical two and one-half percent (2-1/2%) horizontal and vertical separation between steps and ranges.

6.12 Deferred Compensation

The Water Authority will provide an automatic contribution up to \$1,500 per calendar year for each employee currently enrolled into a Water Authority offered 457(b) plan in accordance with the following schedule:

Calendar Year	January	July	Annual Total
2026	N/A	\$1,500	\$1,500
2027	\$750	\$750	\$1,500
2028	\$750	\$750	\$1,500
2029	\$750	N/A	\$750

The combined contribution of the employee and employer are subject to the annual maximums as defined by the IRS for deferred compensation plans.

6.13 Managerial/Supervisory Group: Meritorious Leave

- 6.13.1 Basic Leave: The General Manager shall grant a meritorious leave benefit of 56 hours per year to exempt employees to partially offset the extra time spent for meetings and other Water Authority-related activities outside of normal working hours for which no compensation is received.

- 6.13.2 Discretionary Leave: The General Manager may grant an additional 24 hours per year when the employee receives an above standard or outstanding performance evaluation to provide additional compensation to partially offset the extra time spent for meetings and other Water Authority-related activities outside of normal working hours for which no compensation is received.
- 6.13.3 Limitation: This article 6.13 applies only to job classifications in the Managerial/Supervisory Group or employees in other groups that are classified as exempt.

ARTICLE 7: BENEFIT PROGRAMS

7.1 Health Benefits Committee

The Water Authority and the Union agree to continue a health and welfare benefits labor/management committee to continue work on exploring alternative health, dental, and vision plans. The Committee's mandate is to monitor and control premium costs for the Water Authority's employee health benefits plan. The Committee will consist of four (4) Union representatives (2 Technical/Support, 1 Professional/Administrative and 1 Managerial/Supervisory groups), 1 Confidential, 1 Senior Management and four (4) Executive representatives. Committee recommendations must be supported by a majority of the Committee. The Committee function will supersede the Water Authority's obligation to meet and confer on the subject matter being considered and Committee recommendations will be implemented immediately, subject to the contractual limitations on plan participant withdrawals. Any plan design changes that are recommended by the Health Benefits Committee must have support of the majority of the represented members (3 out of 4) to supersede the Meet and Confer process. If less than three represented members do not recommend the plan design changes, the decision of the Committee stands. If three or more represented employees do not recommend the design changes, the Authority agrees to Meet and Confer with the Union over the proposed plan design changes. The Committee will meet as deemed necessary by the Committee.

7.2 Health Benefit Plans

For the term of this MOU, the Water Authority agrees to maintain at least two (2) alternative employee health plans: At least one to be identified as the "basic plan," which will be a Health Maintenance Organization Plan (HMO), and one identified as the "premium plan." Currently, the basic plans are the Kaiser HMO and Aetna Value Network plans, and the premium plans are the Aetna Full Network HMO and Aetna PPO plans. In addition, the Water Authority agrees to provide dental and vision insurance benefits.

7.2.1 Water Authority Contribution to Premium Costs

- 7.2.1.1 Basic Plan(s): The Water Authority agrees to pay one hundred percent (100%) of the monthly premiums for full-time Water Authority employees and their dependents for the basic plan (s), inclusive of dental and vision benefits.
- 7.2.1.2 Premium Plan (s): The Water Authority further agrees to pay one hundred percent (100%) of the monthly premiums for full-time Water Authority employees and their dependents for the premium plan inclusive of dental and vision, up to the cost of the Kaiser HMO basic plan. This will be identified as the “threshold amount.” Premium plan costs exceeding the basic plan family coverage shall be shared equally by the Water Authority and the employee.
- 7.2.1.3 Part-Time Coverage: The Water Authority agrees to pay a prorated amount of the monthly premiums for part-time employees eligible for benefits based on the employee's regular work schedule as follows: 100% for 61-79 hours per pay period, 75% for 41-60 hours per pay period, and 50% for 40 hours per pay period, and 0 for less than 40 hours.

7.2.2 Retiree's Medical Coverage

- 7.2.2.1 Retiree Health Insurance Coverage, Water Authority Plan: Retired employees and spouse/domestic partners may elect to participate in a Water Authority group health plan. If a retired employee or spouse/domestic partner elects to participate in a Water Authority Plan, the Water Authority agrees to pay the monthly premiums for the eligible retired employee and spouse/domestic partner for the basic plan or premium plan exclusive of dental and vision benefits, not to exceed: three hundred twenty dollars (\$320.00) per month, for retiree and spouse/domestic partner coverage; two hundred dollars (\$200.00) per month for retiree only coverage; and one hundred sixty dollars (\$160.00) per month for retiree's spouse/domestic partner only coverage.

Effective July 1, 2026, for retirees retiring and eligible for the retiree medical coverage stipend after January 1, 2026, the Water Authority agrees to pay the monthly eligible retired employee and spouse/domestic partner

for the basic plan or premium plan exclusive of dental and vision benefits, not to exceed: seven hundred dollars (\$700.00) per month for retiree and spouse/domestic partner coverage; four hundred dollars (\$400.00) per month for retiree only coverage; and three hundred fifty dollars (\$350.00) per month for retiree's spouse/domestic partner only coverage.

If the Water Authority discontinues coverage under a plan, the participating retired employee or spouse/domestic partner shall have the option of moving into an alternate plan provided by the Water Authority or obtaining health insurance from an outside source.

7.2.2.2 Retiree Health Insurance Coverage, Outside Plan: Retired employees or spouse/domestic partners may elect to obtain health insurance from an outside source. If a retired employee or spouse/domestic partner elects to obtain outside health insurance, the Water Authority agrees to pay premiums in accordance with the limits established in section 7.2.2.1. Once the retired employee or spouse/domestic partner elects to obtain outside health insurance, the decision is irrevocable, and the employee or spouse/domestic partner shall not be eligible to return to a Water Authority group health plan.

7.2.2.3 Eligibility: To be eligible for these benefits, an employee must be at least fifty-five (55) years of age at the time they retire from Water Authority employment, an employee must have served for the Water Authority for a minimum of five (5) years prior to retirement and an employee must retire under and receive benefits from CalPERS.

Notwithstanding the above, an employee who is at least fifty (50) years of age at the time they retire from the Water Authority, under and receive benefits from CalPERS, and served the Water Authority for a minimum of five (5) years prior to retirement may elect to stay on the health plans, but will not be eligible for the retiree medical coverage stipend.

7.2.2.4 Termination: The Water Authority's contribution toward premiums is available to an eligible retired employee and current and future spouse/domestic partner as allowed by the retired employee's medical plan. The

Water Authority's contribution toward the retired employee and spouse/domestic partner will cease when each reaches age sixty-five (65). If a retired employee reaches age 65 prior to their spouse/domestic partner, the Water Authority's contribution toward the spouse/domestic partner's premium will continue if allowed by the retired employee's medical plan, not to exceed \$350 per month.

7.2.2.5 Congressional Action: If, during the term of this MOU, Congress changes the eligibility age for Medicare, the benefits under this section shall be extended to cover the new eligibility age.

7.2.2.6 Residence: Eligible retired bargaining unit members who reside outside the Water Authority's medical plan coverage area shall continue to be eligible for the benefits described in MOU Article 7.2.2. Payment of this benefit shall be subject to the maximum limits established in Section 7.2.2.1.

7.3 Life / Personal Accident Insurance

The Water Authority shall provide the existing level of life / personal accident insurance for eligible bargaining unit employees and their dependents. The Water Authority shall make additional life and personal accident insurance available to bargaining unit members at a cost to be paid by the employee. Details on the additional life and personal accident insurance options shall be made available in the Human Resources Department.

7.4 IRS Section 125 Plan

The Water Authority shall provide a Flexible Benefits Program that provides for flexible spending accounts for eligible medical and childcare expenses and shall pay 100% of the administrative fees required to maintain the program.

7.5 Compensation for Time for Medical Treatment for Job-Related Injury/Illness

Bargaining unit employees shall be compensated at their regular rates of pay for reasonable actual on duty time spent receiving Water Authority-authorized treatment for job-related injury or illness, including travel time to and from the medical facility. The authorized mileage reimbursement will be paid for travel to and from the Water Authority's physician if the employees use their personal automobile. This benefit will not be paid if compensable by worker's compensation.

7.6 Disability Plans

- 7.6.1 Long-Term Disability: The Water Authority shall provide long-term disability coverage for all employees. This coverage may include a sixty (60) calendar day waiting period and will provide for payment of sixty-six and two-thirds (66 2/3%) of salary. The Water Authority agrees to explore alternative vendors for Plan Year 2016 for the use of sick leave to supplement Long Term Disability benefits without an offset.
- 7.6.2 Short-Term Disability: The Water Authority shall provide an employee-paid (voluntary) short-term disability insurance program. Selection of the insurance carrier and program shall be made by the employee Health Benefits Committee subject to meeting the contract requirements of the carrier.

7.7 Tuition Reimbursement

The Water Authority encourages and financially assists employees with their educational advancement to improve their job knowledge, skills, and capacities on their present job, to prepare for advancement within the Water Authority employment, and to assist the Water Authority in achieving maximum use of human resources in attaining department goals through employee development.

- 7.7.1 Reimbursement: Tuition reimbursement shall include costs for tuition, registration fees, textbooks, and laboratory fees expended in that fiscal year. The Water Authority shall make reimbursement to employees based on the percentages listed in the table below, per fiscal year. The maximum reimbursement per fiscal year is \$4,500.

Costs	Water Authority's Reimbursement (Percent)
0-\$3,000	100%
\$3,001-\$4,500	50%

Expenses for parking, travel meals, and other incidental expenses are not reimbursable.

- 7.7.2 Veteran's Benefits: Employees who are eligible for Veteran's educational benefits from the federal and state governments are eligible for the Water Authority's reimbursement plan to the extent of the difference between the total amount of such education benefits received from the state or federal government and the total amount of tuition, registration fees, textbooks, and laboratory fees.

- 7.7.3 Service Requirement: For the first three thousand dollars (\$3,000.00) in reimbursable costs, employees are expected to remain employed by the Water Authority for at least one (1) year after completing a reimbursed course. To the extent reimbursable costs exceed three thousand dollars (\$3,000.00) per fiscal year, the employee will be expected to remain employed by the Water Authority for a minimum of two (2) years after completing a reimbursed course.
- 7.7.3.1 Separation of Employment: If employees to whom tuition reimbursement have been made leave voluntarily or are discharged for cause within the applicable service requirement after completing a reimbursed course, the Human Resources Department will notify the Finance Department that the pro-rate amount of such reimbursement will be deducted from the employee's final paycheck.
- 7.7.3.2 Lay-off: Employees leaving Water Authority employment under a potential layoff resulting from a reduction in force shall not be deemed to be leaving voluntarily for the purpose of this policy. The General Manager shall certify to the existence of a potential layoff.
- 7.7.4 Training Programs: This policy does not cover the reimbursement of expenses for conventions, seminars, workshops, short courses, institutes, or other training programs as they are addressed under "Training" in the Personnel Policies and Procedures.
- 7.7.5 Criteria for Reimbursement: Course(s) must be related to the employee's work or related to Water Authority work which the employee can be reasonably expected to perform in the future or included in the required or elective curriculum for a degree related to the employee's work or related to Water Authority work which the employee can reasonably be expected to perform in the future.
- 7.7.5.1 Employee Time: Course(s) must be taken on employee time.
- 7.7.5.2 Approval of School: Course(s) must be taken at accredited colleges or universities, approved trade schools, or with approved correspondence schools.
- 7.7.5.3 Regular Employee: The employee must have passed their initial probationary period and become a regular, full-time employee.

- 7.7.5.4 Reimbursement: Reimbursement shall be made to the employee or directly to the school upon completion of the course with a minimum final grade "C" or its equivalent. Reimbursement shall not be provided for audited courses or incomplete courses.

7.8 Automatic Payroll Deposit

The Water Authority will maintain an automatic payroll deposit at banking institutions compatible with the Water Authority's payroll system.

7.9 Meal Allowance

- 7.9.1 Eligibility: A bargaining unit member who is assigned to work an extended day of twelve (12) hours or more is eligible to receive a meal allowance of twenty dollars (\$20.00) at the twelfth hour and every five (5) hours thereafter for the duration of the extended day.
- 7.9.2 Meal Break: Concurrent with entitlement to a meal allowance, an eligible bargaining unit member who is assigned to work an extended day of more than twelve (12) hours shall receive a thirty (30) minute paid meal break at the overtime rate. Working conditions will determine when the employee may actually take this paid meal break. Generally, the employee will be provided the opportunity of taking a meal break within an hour and a half of the time the meal allowance was due. The fifteen minutes personal clean up does not apply to this article.
- 7.9.3 Meal Payment: The meal allowance will be paid at the end of the pay period as defined in section 6.1 and included in the employee's regular paycheck if an employee has worked the required twelve (12) hours and at each five (5) hour increment thereafter of the extended day. The allowance is reportable to the IRS by the Water Authority and the employee. The allowance is not an increase in base pay and will not be included in calculations of salary increases or retirement benefits.
- 7.9.4 Meals Provided: In an emergency situation, as declared by the General Manager, the Water Authority may provide reasonable balanced meals for employees in lieu of a meal allowance.
- 7.9.5 Exemption: An employee exempt from overtime pay is not entitled to a paid meal break.

7.10 Terminal Pay Plan

The Water Authority will continue to offer a Terminal Pay Plan (Plan) 401 (a) or similar plan to provide a vehicle for retiring employees to manage their accrued vacation and/or sick leave payout.

At the time an employee retires from the Water Authority, the monetary value of all unused vacation and/or sick leave shall be placed into a Terminal Pay Plan on a pre-tax basis in accordance with the Plan, all applicable laws and all rules and regulations applicable to the Plan. The amount of unused sick leave available will be in accordance with MOU section 10.1.6 regarding Payment on Separation or Retirement. All employees shall participate in the Terminal Pay Plan in order to receive the sick/vacation amounts on a pre-tax basis.

7.11 Wellness Program

The Water Authority will continue to offer a Wellness Program designed to educate employees about ways to positively impact their current and future health and stabilize health care expenses.

7.12. Patient Protection and Affordable Care Act ("ACA")

If, during the term of this MOU , the legal requirements of the ACA have an impact on the Water Authority's rights and obligations regarding health benefits for Water Authority employees, the Water Authority and the Union agree to re-open Article 7: Benefit Programs, in order to meet and confer over such impacts. Unless otherwise mutually agreed to by the Water Authority and the Union, the scope of the meet and confer discussions under this section will be limited to the parties' rights and obligations set forth in Article 7 of the MOU.

ARTICLE 8: HOLIDAYS

8.1 Authorized Holidays

Except as otherwise provided, employees shall have the following holidays with pay. An employee must be in a paid status with the Water Authority on the day immediately preceding the holiday and the day immediately following the holiday in order to receive holiday pay.

New Year's Day	January 1
Martin Luther King, Jr.'s Day	Third Monday in January
¹ Lincoln's Birthday	Floating Holiday
Washington's Birthday	Third Monday in February
Farmworker's Day	March 31
Memorial Day	Last Monday in May
¹ Juneteenth	Floating Holiday
Independence Day	July 4
Labor Day	First Monday in September

¹Employee Discretion
Veterans Day
Thanksgiving
Day After Thanksgiving
Christmas Day

Floating Holiday
November 11
Fourth Thursday in November
Fourth Friday in November
December 25

¹ Full-time employees will receive full holiday credit (eligible hours/floating holiday) for the three (3) floating holidays per fiscal year, one of which is in recognition of Lincoln's Birthday, one of which is in recognition of Juneteenth, and another floating holiday. New hires will receive full holiday credit upon hire.

If a holiday falls on a Sunday, the holiday shall be observed on the following Monday. If a holiday falls on a Saturday, the Water Authority shall be observed on the Friday preceding the holiday.

8.2 Pay for Authorized Holidays

All full-time employees shall be paid hours in accordance with their regularly scheduled work day at their regular straight time base rate of pay for all authorized holidays as defined in Section 8.1. For example, a holiday landing on a 9/80 schedule working Friday, would receive 8 hours of holiday pay.

All part-time employees eligible for benefits shall be paid at their regular straight time rate based on the average number of daily work hours in the employee's regularly scheduled workweek.

8.2.1 Holiday on Flex Day Off: If an authorized holiday falls on a flex day off, eligible holiday hours shall be applied to the employee's vacation balance. This is equivalent to 9 hours for a 9/80 schedule, 10 hours for a 4/10 schedule and 12 hours while the employee is assigned to the 7/12 schedule during that pay period.

8.3 Work on Authorized Holidays

Any employee required to work on an authorized holiday shall be paid double time (two times) regular hourly pay for such work in addition to their regular holiday pay. In lieu of cash payment, an employee required to work on an authorized holiday may elect to receive compensatory time for such time worked in accordance with Section 5.3.3. An employee exempt from overtime pay is not entitled to double time pay.

8.4 Holiday During Vacation

In the event that any of the authorized holidays specified in Section 8.1 above occurs while an employee is on vacation, the holiday shall not be charged to vacation.

ARTICLE 9: VACATION

9.1 Accrual

All regular full-time employees are entitled to an annual paid vacation, accrued as follows:

<u>Commencement of Years of Service</u>	<u>Annual Accrual Rate of Vacation Leave Hours</u>
1	96
4	120
8	128
9	136
10	144
11	152
12	160
15	168
18	176
20	184
22	192
24 and beyond	200

All regular part-time employees accrue vacation based on actual hours worked.

Vacation may be used as accrued, on a pro-rata basis, subject to the other provisions of this Article.

- 9.1.1 Computation: In computing the amount of vacation leave time due an employee, holidays, vacation time, and sick leave shall be included as total service and the period of time to be granted to an employee shall be in addition to Saturdays, Sundays, and holidays within or at the beginning or end of such leave.
- 9.1.2 Continuous Service: Service shall be deemed to be continuous if an employee's paid status with the Water Authority has not been interrupted for a period in excess of thirty (30) days.
- 9.1.3 Discretionary Leave: Employees who are regularly assigned to work on-site for four or more business days per week, shall receive 5 hours in January and 5 hours in July of vacation per year. (This excludes employees who are assigned to work-onsite for four or more business days per week due to performance issues whose position otherwise allow for hybrid work.) This provision expires at end of the MOU term or terminates if all employees are required to regularly work onsite for four or more business days.

9.2 Pay for Vacation

Pay for vacation leave shall be at the regular straight time base rate of pay currently paid the employee at the time the vacation is taken.

9.3 Maximum Accrual

Vacation may be accrued up to four hundred (400) hours. Vacation hours that exceed the accrued limits by the last pay period of the fiscal year, shall automatically be paid to the employee at the end of that pay period, at the employee's current regular rate of pay. Vacation accrual beyond four hundred (400) hours will not be denied if an employee's approved request for vacation is subsequently revoked by the Water Authority.

9.4 Scheduling

The department head shall determine the vacation schedule considering the needs of the Water Authority, the employee's request, and seniority. Once scheduled and approved, the cancellation of vacations requires approval by the department head.

ARTICLE 10: LEAVE PROVISIONS

10.1 Sick Leave

All employees will be granted sick leave with pay under the following conditions:

- 10.1.1 Accrual: Sick leave for full-time employees is granted at the rate of 3.69232 hours per pay period. Part-time employees accrue sick leave based on actual hours worked. Sick leave is paid at the employee's regular straight time base rate of pay. Sick leave may be used as accrued, on a pro rata basis, subject to the other provisions of this Article.
- 10.1.2 Usage: Except as otherwise provided in this Article, earned sick leave credit may be used by the employee in increments of one (1) hour or more for personal sickness, disability, medical or dental treatment, illness, or injury of a member of the employee's immediate family.
- 10.1.3 Verification of Illness or Injury: Upon reasonable belief of abuse of sick leave, and upon request by the Water Authority, a unit member shall be required to present a certificate signed by the unit member verifying the actual illness or injury, or present a certificate signed by a medical authority. If the illness or injury exceeds three (3) consecutive days, the Water Authority may require verification of the extent of the illness or injury through a physical examination of

the unit member by a physician appointed by the Water Authority, at the Water Authority's expense. If the physician's report concludes the absence is not due to personal illness or injury, or the illness is not sufficiently severe to warrant continued absence then the Water Authority, after notice to the unit member, may refuse to grant such leave.

If requested by the Water Authority, a unit member shall not return to work until a medical doctor's authorization is submitted at Water Authority's expense to return to work.

- 10.1.4 Accrual Limit: Sick leave shall be cumulative without limit as to time and if not taken in any given year will be usable in subsequent years' employment, the purpose being to make accrued sick leave available to the employees in times of urgent need.
- 10.1.5 Workers' Compensation Injury: In case it is necessary for any employee to be absent from work, due to an injury received in the course of employment with the Water Authority, such employee will be granted sick leave with pay in addition to that provided in Section 10.1.1 above to the maximum extent of 56 hours, provided that if sick or vacation leave is otherwise available to the injured employee under these regulations, sick leave so granted will be deducted from the available leave due the employee.
- 10.1.6 Payment on Separation or Retirement: Unused sick leave may be accumulated without limitation. Upon termination due to retirement, layoff, or death, payment will be made for one hundred percent (100%) of accumulated unused sick leave up to a maximum of one thousand (1,000) hours. Unused sick leave may be reinstated after six (6) months of continuous employment for employees terminated and rehired. Employees with more than 1,000 hours of unused sick leave may exchange such sick leave for additional vacation leave on the basis of two hours of unused sick leave for one (1) hour of vacation leave upon retirement, receipt of a notice of layoff or in the event of the employee's death. Also, see Terminal Pay Plan under Section 7.10.
- 10.1.7 Computation: In computing the amount of sick leave time due an employee, holidays, vacation time, and sick leave shall be included as total service and the period of time to be granted to an employee shall be in addition to Saturdays, Sundays, and holidays within or at the beginning or end of such leave.

10.2 Bereavement Leave

In the case of a death in an employee's covered family member family, a regular, full-time employee is eligible for up to five (5) days paid Bereavement Leave

(equivalent to 40 hours for full-time employees, and pro-rated accordingly for part-time employees). Bereavement Leave may be taken consecutively or intermittently but must be taken within six (6) months of the covered family member's death. The Water Authority may require documentation of the covered family member's death within 30 days of the death. Bereavement leave is not charged against earned sick leave or vacation leave.

10.3 Covered Family Member

For purposes of this Article, "Covered Family Member: is defined as the employee's parents or step-parent, legal guardian, child or stepchild, spouse, domestic partner, grandparents, grandchild, brothers or stepbrothers, sisters or stepsisters, aunt, uncle, in-laws, any relative living in the immediate household of the employee; or similar relationships at the discretion of the General Manager's Office.

10.4 Leave for Pregnancy Disability

10.4.1 Sick Leave Usage: Unit members are entitled to use sick leave as set forth in Section 10.1 for disabilities caused or contributed to by pregnancy, miscarriage, childbirth, and recovery therefrom, on the same terms and conditions governing leaves of absence for other illness or medical disability. Such leave shall not be used for child care, child rearing, or preparation for child bearing, but shall be limited to those disabilities as set forth above. The length of such disability leave, including the date on which the leave shall commence and the date on which the duties are to be resumed, shall be determined by the unit member and the unit member's physician; however, the Water Authority management may require a verification of the extent of disability through a physical examination of the unit member by a physician appointed by the Water Authority, at the Water Authority's expense.

10.4.2 Pregnancy Disability Leave of Absence: Unit members are disabled because of pregnancy, childbirth or related medical condition(s) entitled to a maximum of four (4) months (one third-of a year or 17 1/3 weeks) leave without pay The date on which the unit member shall resume duties shall be determined by the unit member on leave and the unit member's physician; however, the Water Authority management may require a verification of the extent of disability through a physical examination of the unit member by a physician appointed by the Water Authority at the Water Authority's expense.

10.4.3 Return to Work: The unit member on leave for pregnancy disability shall be entitled to return to a position comparable to that held at the time the leave commenced.

10.5 Leave Without Pay

- 10.5.1 Limit: Upon written request from the employee, leaves of absence without pay of up to one (1) year may be granted by the General Manager in cases of personal emergency or when such absences would not be contrary to the best interests of the Water Authority.
- 10.5.2 Benefit Accrual: Benefits do not accrue during unpaid leave of absences of more than thirty (30) days. During unpaid leaves of absence of more than thirty (30) days, employees may elect to continue fringe benefit insurance coverage at their own expense.
- 10.5.3 California Family Leave Act: In addition to the provisions of this Agreement, unit members shall be afforded unpaid leave as provided under the California Family Leave Act.

10.6 Judicial Leave

- 10.6.1 Paid Leave: Unit members who are summoned to serve on an inquest or trial jury, or subpoenaed or ordered to be a witness in any judicial proceeding will be provided paid leave. Except in cases of emergency, the unit member shall submit a written request for an approved absence no less than ten (10) days prior to the beginning date of the leave.
- 10.6.2 Partial Days: When an employee returns to complete a regular shift following time served on jury duty or as a witness, such time in which the employee is completing their regular shift shall be considered as time worked for purposes of shift completion and overtime computation. In determining whether or not an employee shall return to their regular shift following performance of the duties above, reasonable consideration shall be given to such facts as reasonable travel time and a period of rest.

10.7 Military Leave

Military leave shall be authorized in accordance with the provisions of State and Federal law.

ARTICLE 11: SAFETY

11.1 Safety Committee

The Safety Committee shall consist of at least eleven (11) members: one member appointed from each department within the Water Authority, two (2) appointed by the Union, including one (1) employee from the Escondido office and one (1) employee from the San Diego Office. The scope of the Safety Committee shall be to promote

involvement between employees, supervisors and management in addressing safety and health concerns pertaining to the operations of the Water Authority, as well as their respective departments. The Safety Committee shall also make safety-related recommendations to the General Manager for review and implementation.

11.2 Working Conditions

The Water Authority agrees to maintain safe and clean working conditions at all work locations as appropriate. The Water Authority will provide adequate heat and ventilation and clean and adequate restroom facilities at all work areas as appropriate.

11.3 Safety Clothing and Equipment

11.3.1 Definition: Consistent with existing practices, the Water Authority shall provide to employees appropriate safety clothing, tools, devices and other articles to perform their assignments. All employees shall use and wear all safety equipment and clothing provided and shall be responsible for the reasonable care and proper use of all items furnished.

11.3.2 Safety Boots

11.3.2.1 Wearing Requirements: Bargaining unit members who are required to wear safety boots (steel-toed or composite) on a full-time basis are eligible to be reimbursed up to a maximum of three hundred dollars (\$300.00) per year toward the purchase of good quality safety boots. To be reimbursed, a bargaining unit member must submit to their immediate supervisor a completed reimbursement request form and a sales receipt which verifies the purchase of safety boots. If an employee's boots are damaged beyond repair as a result of activities while on the job, their supervisor can submit a request to have the boots' cost reimbursed to a maximum of three hundred dollars (\$300.00) to apply towards the replacement of the safety boots. Bargaining unit members who are required to wear safety boots periodically are eligible to be reimbursed up to a maximum of three hundred dollars (\$300.00) toward the purchase of good quality safety boots but are not eligible for annual reimbursement. Replacement due to damage or wear shall be on an as needed basis as approved by the supervisor.

11.3.2.2 Covered Classifications: Bargaining unit members assigned to the classifications listed in Appendix "B", and

other designated employees, are required to wear safety boots during working hours except when performing work generally recognized as not requiring protective foot gear:

Employees in these classifications who report for field work without the required safety boots will not be paid or allowed to work until they wear the required boots and may be subject to additional discipline.

Employees in non-covered classifications may request reimbursement under this Article if job duties and operational needs support safety boot reimbursement. The request must be approved by the Department head and the Human Resources Department before reimbursement is approved.

- 11.3.3 Prescription Safety Glasses: The Water Authority will replace prescription safety glasses if damaged on the job.

11.4 Compliance with Safety Rules

Each employee covered by this MOU shall comply with all safety rules and regulations in effect and any subsequent rules and regulations which may be adopted. Employees further agree they will report all work-related accidents, injuries and safety hazards to the appropriate management official immediately.

ARTICLE 12: MISCELLANEOUS PROVISIONS

12.1 Uniforms and/or Uniform Pant Allowance

Uniform allowance as defined by CalPERS is a form of special compensation for classic CalPERS members for CalPERS purposes only. As such, any uniform allowance or the value of uniforms provided by the Authority will be reported to CalPERS. Pursuant to subdivision (c)(7) of Cal. Gov. Code section 7522.34, all employer-provided allowances, reimbursements, or payments made for uniforms are not reportable for new members under the California Public Employees' Pension Reform Act (PEPRA).

All field staff in the Operations and Maintenance Department and Right of Way Group assigned to receive a Uniform Allowance (classifications listed in Appendix B) shall be required to take a uniform allowance or wear uniforms provided by the Water Authority. In either instance (allowance or use of uniforms provided by the Water Authority), the wearing of uniforms is required. The Water Authority will provide and maintain work uniforms for eligible employees who opt to be provided uniforms. However, no later than March 31st of each year, eligible employees must notify their

supervisor whether or not they will exercise their option to be provided the uniform. Only those employees opting to be provided the uniform will be eligible to receive the uniform and/or pant allowance described below. Those employees opting to be provided the uniform must be in uniform while on duty.

Uniforms as provided by the Water Authority consist of shirts, t-shirts, pants (that extend from the waist to the ankles) and coveralls. T-shirts will be Carhartt brand, or equivalent similar quality. Except for the t-shirts, uniforms provided by the Water Authority shall be laundered by the Water Authority.

Classifications listed in Appendix B in the Right of Way Group shall be required to wear Water Authority collared shirts (polo shirts) as part of their uniform standards.

The Water Authority offers the option annually on/or before July 1 of each year for employees listed in Appendix B to wear pants as provided by the uniform company or to purchase and wear their own pants.

For eligible employees who elect to be provided uniforms, the value of the uniforms will be reported to CalPERS as special compensation on the last pay period of the fiscal year, not to exceed \$800 per fiscal year.

12.1.1 Pant Allowance: The Water Authority offers the option annually on/or before July 1 of each year for employees listed in Appendix B to wear pants as provided by the uniform company or to purchase and wear their own pants.

For eligible employees who elect to wear their own pants, the Water Authority will provide an annual pant allowance of \$200.00 effective July 1 of each year. The allowance is taxable income and will be reported on each employee's W-2. Employees hired after July 1 of any year, who elect to receive the pant allowance, will be eligible to receive a prorated amount of \$50 per quarter based upon the quarters remaining in the fiscal year. For example, an employee hired in February, would be eligible for allowance of \$50 for the third quarter (January through March) and the fourth quarter (April through June) of the remaining fiscal year for a total reimbursement of \$100. Any employee on the payroll effective July 1 or hired within the first quarter (July through September), will be eligible for the pant allowance of up to \$200.00.

It is understood by all parties to this Agreement, that if the pant allowance is selected, the employee is responsible to insure the pants are in good condition and presentable as part of a Water Authority uniform.

Employees in the job classifications listed in Appendix "B" are eligible for uniforms and/or pants allowance.

Requests to include other classifications or new classifications must be made in writing, approved by the respective Department Head and forwarded to the Human Resources Department for review and processing.

- 12.1.2 Field Clothing Allowance: For those bargaining unit members not subject to the uniform and/or uniform pant allowance, and whose partial job requirements require the employee to periodically work in conditions that warrant protection to personal clothing, the employees shall be provided a field clothing allowance on a pro-rated basis not to exceed one hundred fifty dollars (\$150.00) per year.

12.3 Lunchrooms

The Water Authority agrees to continue to provide lunchroom facilities at Escondido and Kearny Mesa buildings.

12.4 Labor Management Committee Meetings

To foster labor-management communication and cooperation, the Water Authority and the Union agree that their designated representatives will meet periodically during the year to discuss employee relations issues pertaining to the specific language of this MOU and/or administrative rules and regulations affecting terms and conditions of employment. The parties expressly understand these meetings are not meet and confer sessions and do not constitute an agreement to reopen any provision of this MOU for negotiations.

12.5 Gender

Whenever the masculine or feminine form of any word is used in this MOU, it also includes the other gender unless the content clearly indicates a contrary intent.

12.6 Shower Facilities

The Water Authority will make reasonable efforts to provide separate shower facilities at Escondido and Kearny Mesa buildings.

12.7 Employee Assistance Program

The Water Authority shall continue to provide an Employee Assistance Program (EAP). All employees are encouraged to seek voluntary assistance through the EAP. All self-referral contacts are held in confidence by the EAP. Management will consult with the Union prior to initiating a mandatory referral of a bargaining unit member to the EAP. Participation in the EAP will not preclude the use of normal disciplinary procedures for unsatisfactory job performance or for violation of any Water Authority policy.

12.8 Temporary Employment

The Water Authority shall continue to specify duration of extended assignments on use of temporary employees.

12.9 Limited Duration Employment

- 12.9.1 Employee Rights: Bargaining unit members who have achieved regular status and subsequently accept a Limited Duration Employee (LDE) position shall retain membership in the bargaining unit, shall pay monthly dues and retain entitlement to representation and all Union benefits. The employees shall continue to have the same due process rights under the Water Authority's Discipline policy associated with regular employment status.
- 12.9.2 Pay Adjustment: The employees, if appointed to positions with a higher salary range than the employee's current positions, shall be placed at either the minimum step for the new classification or at a step which is at least 5.0% higher than the employee's current pay step, whichever is greater.
- 12.9.3 Service Time: The employees' service shall be considered as continuous for purposes of determining employment tenure and compensation.
- 12.9.4 Return Rights: The employees may be eligible to return to regular positions in classifications of equal and successively lower rank in which the employees previously served satisfactorily, pursuant to the Water Authority's Layoff policy in the Human Resources Policies and Procedures manual and in Section 4.8 of the MOU.
 - 12.9.4.1 Range Placement: Employees who exercise their return rights will be placed at their former pay range and step.
 - 12.9.4.2 Step Adjustment: Adjustments to this pay rate may be made based on the number of performance evaluations the employees may have had if the employees would have remained in the former classification all along.

12.10 Payment of Accrued Benefits

Payment for all accrued vacation, sick leave, holiday credits, and compensatory time shall be paid in full to an employee in accordance with the governing laws and in accordance with the accrual/units described in the respective policies.

ARTICLE 13: GRIEVANCE PROCEDURE

13.1 Definitions

- 13.1.1 Grievance: A grievance is an alleged violation, misapplication, or misinterpretation of a specific provision of the MOU.
- 13.1.2 Grievant: A "grievant" is any employee of the bargaining unit adversely affected by an alleged violation of the specific provision of this MOU, or the Union. Unless the Union is grieving Article 2, the Union shall identify a bargaining unit member or members for each grievance filed.
- 13.1.3 Business Day: A "business day" is any day in which the Water Authority is open for business.
- 13.1.4 Immediate Supervisor: The "immediate supervisor" is the lowest level administrator who has been designated to adjust grievances and who has immediate jurisdiction over the grievant.

13.2 General Provisions

- 13.2.1 Grievance Settlement: Every effort will be made by the Parties to settle grievances at the lowest possible level.
- 13.2.2 Documents: All documents dealing with the processing of a grievance shall be filed separately from the personnel files of the participants.
- 13.2.3 Reprisals: No party to a grievance shall take any reprisals against the other party to the grievance because the party participated in an orderly manner in the grievance procedure.
- 13.2.4 Appeal: If the Water Authority fails to respond in writing to the grievance within the specified time limit, the grievant has the right to process the grievance at the next level. If the grievant does not process the appeal within the given time limits, the grievance shall be considered as settled and the grievant cannot thereafter grieve the specific incident again. The time limits specified at each level should be considered maximums, and every effort should be made to expedite the process. The time limits for a specific grievance, however, may be extended by mutual written agreement.
- 13.2.5 Scheduling: Every effort will be made to schedule meetings for the processing of grievances at times which will not interfere with the regular workday of the participants.

- 13.2.6 Representation: Either the Water Authority or the grievant may be represented at any step of the grievance procedure by an individual of the party's choice.
- 13.2.7 Resolution: Any bargaining unit member may, at any time, present grievances to the Water Authority and have such grievances adjusted without the intervention of the Union, as long as the adjustment is reached prior to advisory arbitration and is not inconsistent with the terms of this MOU; provided the Water Authority shall not agree to a resolution of the grievance until the Union has received a copy of the grievance and the proposed resolution and has been given the opportunity to file a response. Upon request of the grievant, the grievant may be represented at any stage of the grievance procedure by a representative of the Union.
- 13.2.8 Consolidation: The Water Authority and the Union may agree to consolidate grievances at Level III and beyond.

13.3 Level I -- Informal Resolution

- 13.3.1 Time Limit: Bargaining unit members who believe they have a grievance shall present the grievance orally to their immediate supervisor within ten (10) business days after the grievant knew, or reasonably should have known, of the circumstances which form the basis for the grievance. Failure to do so will render the grievance null and void. The immediate supervisor shall hold discussions and attempt to resolve the matter within five (5) business days after the presentation of the grievance. It is the intent of this informal meeting that at least one (1) personal conference be held between the aggrieved bargaining unit member and the immediate supervisor.

13.4 Level II -- Formal Written Grievance

- 13.4.1 Requirements: If the grievance is not settled during the informal conference and the grievant wishes to pursue the matter, the grievant shall present the grievance in writing on the appropriate form to the immediate supervisor within ten (10) business days of the informal conference. The written information shall include:
- a) a description of the specific grounds of the grievance including names, dates, and places necessary for a complete understanding of the grievance;
 - b) a listing of the provisions of this MOU which are alleged to have been violated;

- c) a listing of the reasons why the immediate supervisor's proposed resolution of the problem is unacceptable; and
- d) a listing of specific actions requested by the grievant of the Water Authority, which will remedy the grievance.

13.4.2 Decision: The immediate supervisor shall communicate the decision to the grievant in writing within ten (10) business days after receiving the grievance. If the immediate supervisor does not respond within the time limits, the grievant may appeal to the next level.

13.4.3 Personal Conference: Within the above time limits, either party may request a personal conference.

13.5 Level III -- Appeal to Department Head

13.5.1 Procedure: If the grievant is not satisfied with the decision at Level II, the grievant may, within ten (10) business days of the receipt of the decision at Level II, appeal the decision on the appropriate form to the department head. This statement shall include a copy of the original grievance and appeal, and a clear, concise statement of the reasons for the appeal.

13.5.2 Decision: The department head shall communicate the decision to the grievant within ten (10) business days. If the department head does not respond within the time limits provided, the grievant may appeal to the next level.

13.5.3 Personal Conference: Within the above time limits, either party may request a personal conference.

13.6 Level IV -- Appeal to General Manager

13.6.1 Procedure: If the grievant is not satisfied with the decision at Level III, the grievant may, within ten (10) business days of the receipt of the decision at Level III, appeal the decision to the General Manager or designee. The statement shall include a copy of the original grievance, all decisions rendered, and a clear and concise statement of the reasons for the appeal.

13.6.2 Decision: The General Manager or designee shall respond to the grievance in writing within ten (10) business days of receipt of the written appeal.

13.7 Level V -- Arbitration

- 13.7.1 Procedure: If the grievant is not satisfied with the decision at Level IV, the grievant may, within five (5) business days of the receipt of the decision, submit a request in writing to the Union for arbitration of the dispute. Within fifteen (15) business days of the grievant's receipt of the decision at Level IV, the Union shall inform the Water Authority of its intent as to whether or not the grievance will be arbitrated. The Union and the Water Authority shall attempt to agree upon an arbitrator. If no agreement can be reached, they shall request that the State Mediation and Conciliation Service supply a panel of five (5) names of persons experienced in hearing grievances involving public agency employees. Each party shall alternately strike a name until only one (1) name remains. The remaining panel member shall be the arbitrator. The order of striking shall be determined by lot.
- 13.7.2 Request for Arbitrator: If either the Water Authority or the Union so requests, a separate arbitrator shall be selected to hear the merits of any issue raised regarding the arbitrability of a grievance. No hearing on the merits of the grievance will be conducted until the issue or arbitrability has been decided. The process to be used in selecting an arbitrator shall be as set forth in 13.7.1.
- 13.7.3 Decision of Arbitrator: The arbitrator shall, as soon as possible, hear evidence and render a decision on the issue or issues submitted. If the Parties cannot agree upon a submission agreement, the arbitrator shall determine the issues by referring to the written grievance and the answers at each step.
- 13.7.4 Non-Binding Arbitration: The Water Authority and the Union agree the jurisdiction and authority of the arbitrator selected and the opinions the arbitrator expresses will be confined exclusively to the interpretation of the express provision or provisions of this MOU at issue between Parties. The arbitrator shall have no authority to add to, subtract from, alter, amend, or modify any provisions of this MOU or impose any limitations or obligations not specifically provided for under the terms of this MOU. The arbitrator shall be without power or authority to make any decision that requires the Water Authority to do an act prohibited by law.
- 13.7.5 Arbitration Hearing: After a hearing and after both Parties have had an opportunity to make written arguments, the arbitrator shall submit in writing to all Parties the recommended findings and award.
- 13.7.6 Advisory Decision: The decision of the arbitrator shall be advisory to the Parties. The Water Authority Board of Directors or designated representatives(s) may accept, reject, or modify the arbitrator's

decision, and shall make a final and binding determination of the grievance within thirty (30) days after receipt of the arbitrator's recommendation.

- 13.7.7 Fees and Expenses: The fees and expenses of the arbitrator and a court reporter shall be shared equally by the Water Authority and the Union. All other expenses shall be borne by the party incurring them, and neither party shall be responsible for the expense of witnesses called by the other.

ARTICLE 14: EFFECT ON EXISTING PRACTICES:

14.1 Effect of MOU

To the extent there is a conflict, it is understood and agreed that the specific provisions contained in this MOU shall prevail over Water Authority rules, regulations, policies, and procedures. It is further understood and agreed that unless directly superseded by specific and applicable provisions in this MOU, such rules, regulations, policies, and procedures shall remain in full force and effect.

The terms and conditions set forth in this MOU represent the full and complete understanding and commitment between the parties on the subjects covered by this MOU. The terms and conditions may be altered, changed, added to, deleted from, or modified only through the voluntary and mutual consent of the parties in a written amendment to the MOU. During the term of this MOU, the parties agree that neither the Union nor the Water Authority shall be obligated to reopen or renegotiate any of the provisions of this MOU.

14.2 Waiver Clause

Except as specified in this MOU, or by mutual agreement, the Parties expressly waive and relinquish the right to meet and confer with respect to any subject or matter, even though such subject or matter may not have been within the knowledge or contemplation of either party at the time they met and conferred on and executed this MOU, an even though such subjects or matters were proposed and later withdrawn.

ARTICLE 15: NONDISCRIMINATION:

15.1 Race and Gender

The Water Authority and the Union agree that there shall be no discrimination against any employee in regard to any of the terms and conditions of employment on account of that employee's race, color, religion, gender identity, gender expression, sexual orientation, reproductive health decision-making, national

origin, ancestry, citizenship status, marital status, physical or mental disability, medical condition, genetic information, sexual orientation, political beliefs or affiliations, age, sex, military or veteran status or any other basis protected by State or Federal law. The Water Authority will afford equal employment opportunity to all qualified employees and applicants as to all terms and conditions of employment, including compensation, hiring, training, promotion, transfer, discipline, and termination. Employees who believe they have experienced any form of employment discrimination are encouraged to report this immediately, using the complaint procedure provided in Section D-1 of the Human Resources Policy and Procedures Manual. The Parties further agree that this provision shall not be subject to the grievance procedure provisions of Article 13.

15.2 Union Membership and/or Activities

The Water Authority and the Union agree that there shall be no interference with, intimidation, restraint, coercion, or discrimination against any bargaining unit member because of the exercise of their rights under California Government Code section 3502.

ARTICLE 16: MANAGEMENT RIGHTS

16.1 Legal Rights

The Water Authority hereby retains and reserves unto itself, without limitation, all powers, rights, authority, duties and responsibilities conferred upon and vested in it by the laws and the Constitution of the State of California, and of the United States, including, but not limiting the generality of the foregoing, the right: to set standards and levels of service; to determine the procedures and standards of selection for employment and promotions; to direct its employees; to determine the methods and means to relieve its employees from duty because of lack of funds or other lawful reasons; to determine the methods, means and numbers and kinds of personnel by which Water Authority operations are to be conducted, including the right to contract or subcontract bargaining unit work provided that the Water Authority will meet and confer in advance on the impact of subcontracting on work load and safety and any other matter within the scope of representation; to determine methods of financing; including the right to determine all matters related to financing; to determine size and composition of the work force and allocate and assign work by which the Water Authority operations are to be conducted; to determine and change work shifts; to determine and change the number of locations, relocations and types of operations, processes and materials to be used in carrying out all Water Authority functions; including the right to acquire and dispose of Water Authority property; to make all decisions relating to merit, necessity or organization of Water Authority service; to hire, classify, discharge, suspend, demote, promote; reprimand, withhold salary increases and benefits, or otherwise discipline employees in accordance with Water Authority policies and applicable law; to establish employee performance standards including, but not limited to, quality and standards, and to require compliance with established performance standards; to take necessary actions to carry out its mission in

emergencies; and to exercise complete control and discretion over its organization and the technology of performing its work.

16.2 Exercise of Powers

The exercise of the foregoing powers, rights, authority, duties and responsibilities by the Water Authority, the adoption of policies, rules, regulations and practices in furtherance thereof, and the use of judgment and discretion in connection therewith shall be limited only by the specific express terms of this MOU and then only to the extent such specific express terms are in conformance with the Constitution and laws of the United States and the Constitution and laws of the State of California.

16.3 Meet and Confer

The exercise by the Water Authority through its Board of Directors and management representatives of its rights described in this Article shall not in any way, directly or indirectly, be subject to any grievance procedure or subject to meeting and conferring.

ARTICLE 17: CONCERTED ACTIVITIES

17.1 Non-Strike Clause

It is agreed and understood that there will be no strike, work stoppage, slowdown, or refusal to fully and faithfully perform job functions and responsibilities, or any interference with the operations of the Water Authority, or any concerted effort designed to improve its bargaining position which interferes with, impedes, or impairs Water Authority operations by the Union or by its officers, agents or members during the term of this MOU. The Union agrees that neither the Union nor its officers, agents, or members will, in any manner whatsoever, honor, assist, or participate in any picketing activities, sanctions, or any other form of interference with Water Authority operations by any other non-bargaining unit employees or members of other employee associations or groups.

17.2 Enforcement

Furthermore, the Union agrees and understands the provisions of this MOU and Article 17 are enforceable by the Water Authority in a court of law. The Water Authority may initiate such court action as it deems appropriate to enjoin or impose damages on the Union, its officers, agents, or members for breach of contract for engaging in the activities referred to in this Article. Nothing in this Article shall be deemed to limit the remedies available to the Water Authority in dealing with concerted activities as described above.

ARTICLE 18: SEPARABILITY

If any provision of this MOU should be found to be invalid by operation of law or by any court of competent jurisdiction, or if compliance with, or enforcement of, any provision should be restrained by any tribunal, the remainder of this MOU shall remain in effect and the parties shall immediately enter into negotiations for the sole purpose of arriving at a mutually satisfactory replacement for such provision. However, there will be no obligation on either party during the term of the MOU to agree on a replacement provision.

ARTICLE 19: TERM OF MOU

This agreement shall be effective as of July 1, 2026, and shall remain in effect until midnight June 30, 2029.

FOR THE UNION:

FOR THE WATER AUTHORITY:

Neil Sholander
Business Representative
Teamsters Local 986

Mark E. Wilson
Burke, Williams and Sorensen

Joel Aguilar
Steward

Jaymie Bradford
Assistant General Manager

David Arthur
Steward

Catherine Love
Director of Human Resources

Craig Balben
Steward

Jeff Stephenson
Director of Water Resources

Jordan Beane
Steward

Cristina Lever-Santos
Principal Human Resources Analyst

Tad Brierton
Steward

Manny Lara
Steward

Sami Sweis
Steward

Mike Stansel
Steward

Jim Truett
Steward

APPENDIX A

Technical/Support Group Classifications

MISCELLANEOUS

Accountant	Public Affairs Representative I
Accounting Technician	Public Affairs Representative II
Accounting Assistant I	Water Resources Aide
Accounting Assistant II	Purchasing Technician I
Systems Admin. & Support Spec.	Purchasing Technician II
Help Desk Support Specialist	
Senior Systems Admin & Support Spec.	
Administrative Assistant	
Senior Office Assistant	
Office Assistant I	
Office Assistant II	
Receptionist	

ENGINEERING

Senior Engineering Technician	Right of Way Technician I, II, III, IV
Engineering Technician II	Senior Survey Technician
Engineering Technician I	Survey Technician
Construction Inspector I	Senior Construction Inspector
Construction Inspector II	

OPERATIONS AND MAINTENANCE

Corrosion Control Technician I	Rotating Equipment Technician I
Corrosion Control Technician II	Rotating Equipment Technician II
Facilities Services Technician	Senior Electrical/Instrumentation Technician
Senior Maintenance Technician	Electrical/Instrumentation Technician II
Maintenance Technician	Electrical/Instrumentation Technician I
Maintenance Worker II	Senior System Operator
Maintenance Worker I	System Operator II
Fleet Mechanic II	System Operator I
Fleet Mechanic I	SCADA Specialist
Senior Fleet Mechanic	Senior Corrosion Control Technician
Senior Rotating Equipment Technician	Senior SCADA Specialist
Facilities and Warehouse Technician	

PROFESSIONAL/ADMINISTRATIVE Group Classifications

a. Non-Exempt

Assistant Management Analyst
Asset Management Specialist I
Asset Management Specialist II
Asst. Legislative Analyst
Asst. Water Resources Specialist
Asst. Water Resources Specialist (Environmental)
Construction Manager
Information Systems Analyst
Engineer (P.E.)
Engineer I
Engineer II
Land Surveyor (P.L.S)
Legislative Analyst
Management Analyst
Project Scheduler I
Project Scheduler II
Right of Way Agent
Safety Officer
Senior Asset Management Specialist
Senior Information Systems Analyst
Senior Information Systems Analyst (Operational Technology)
Senior Project Scheduler
Senior Public Affairs Representative
Senior Right of Way Agent
Senior Water Resources Specialist
Senior Water Resources Specialist (Environmental)
Water Resources Specialist
Water Resources Specialist (Environmental)

b. Exempt

Emergency Management Officer

MANAGERIAL/SUPERVISORY Group Classifications

a. Exempt

Accounting Supervisor
Financial Planning Analyst
Information Systems Supervisor
Principal Asset Management Specialist
Principal Construction Manager
Principal Engineer
Principal Public Affairs Representative
Principal Water Resources Specialist (Environmental)
Principal Water Resources Specialist
Public Affairs Supervisor
QSA Outreach Coordinator
Right of Way Supervisor
Senior Accountant
Senior Construction Manager
Senior Engineer
Senior Legislative Analyst
Senior Management Analyst
Supervising Engineering Technician
Supervising Construction Inspector
Supervising Land Surveyor
Supervising Management Analyst

b. Non-Exempt

Corrosion Control Supervisor
Rotating Equipment Supervisor
SCADA/Electrical Instrumentation Supervisor
System Maintenance Supervisor
System Operations Supervisor

APPENDIX B

The following job classifications are eligible for uniforms and/or pants allowance and are required to wear safety boots:

Principal Asset Management Specialist
Senior Asset Management Specialist
Asset Management Specialist I
Asset Management Specialist II
Corrosion Control Technician I
Corrosion Control Technician II
Senior Electrical/Instrumentation Technician
Electrical/Instrumentation Technician II
Electrical/Instrumentation Technician I
Emergency Management Officer
Senior System Operator
System Operator II
System Operator I
Facilities Services Technician
Facilities and Warehouse Technician
Senior Maintenance Technician
Maintenance Technician
Maintenance Worker II
Maintenance Worker I
Senior Fleet Mechanic
Fleet Mechanic II
Fleet Mechanic I
Safety Officer
Senior Rotating Equipment Technician
Rotating Equipment Technician I
Rotating Equipment Technician II
SCADA Specialist
Senior Survey Technician
Senior Corrosion Control Technician
Senior SCADA Specialist
Survey Technician
Right of Way Technician I, II, III, IV

Managerial/Supervisory Group employees in the following job classifications are eligible for uniforms and/or pants allowance:

Corrosion Control Supervisor
Right-of Way-Supervisor
Rotating Equipment Supervisor
SCADA/Electrical Instrumentation Supervisor
System Operation Supervisor
Systems Maintenance Supervisor

2026 Benefit Summary for Executive Employees

Effective Date: 01/01/2026-12/31/2026.

Health Insurance: The Water Authority maintains four employee health plan options, inclusive of dental and vision. Currently, the “basic” plans are the Kaiser HMO plan and Aetna Value Network HMO, and the “premium” plans are the Aetna Full Network HMO and PPO Healthcare plans. All medical plans feature a chiropractic benefit. Employees and eligible dependents are covered through Delta Dental for dental services, and Aetna EyeMed for vision services. The Water Authority pays 100% of the monthly premiums for full-time employees and their dependents for the basic plans, inclusive of dental and vision. Employees pay 50% of the cost that exceeds the “basic” medical plan Kaiser family coverage premium. All health benefits are effective on the first of the month following date of hire. Employees who waive Water Authority medical, dental, and vision benefits receive \$41.66 per month, deposited into a Flexible Spending Account (Healthcare or Dependent Care) and \$42.33 per month deposited into the deferred compensation plan.

Retirement: All regular Water Authority employees are members of the California Public Employees’ Retirement System (CalPERS). Employees are enrolled in one of the following retirement formulas based on date of hire. Additional benefits are provided in accordance with the Water Authority’s CalPERS contract.

Membership Category*	Hire Date	Retirement Formula	Employee Contribution	Final Compensation Formula
Classic	Hired on or before December 31, 2012	2.5% @ 55	8.0%	1 Year
New Members	Hired on or after January 1, 2013	2.0% @ 62	7.75%	3 Years

***Membership Category** - CalPERS will identify each new employee as either a “Classic” or a “New” member of the system based on the prior work history of the individual.

Classic Member: New employees who are current members of CalPERS or an agency with CalPERS’ reciprocity, or who have less than a six month break in service between employment in a CalPERS (or reciprocal) agency and employment with the Water Authority will be enrolled in the 2.5% @ 55 benefit formula and contribute 8% of salary to CalPERS. CalPERS contract provisions for “Classic” members include:

- Employer-Paid Member Contribution (EPMC): The Water Authority pays 7% of the employee’s share of retirement contributions to CalPERS and the value of the 7% member contribution is reported to CalPERS as additional compensation (Exhibit A).
- Military Service Credit as Public Service.
- Annual Cost-of-Living Allowance (Maximum 3%).
- Pre-Retirement Optional Settlement 2W Death Benefit.

New Members: As defined by the California Public Employees’ Pension Reform Act of 2013 (PEPRA), “New Members” have never been a member of any California public retirement system, were hired by a CalPERS agency after January 1, 2013, moved between public retirement systems lacking reciprocity, or moved between employers in the same public retirement system with a break in service of more than six months. New members are enrolled in the 2% @ 62 benefit formula and contribute 7.75% of salary to CalPERS for fiscal year 2025-2026 and fiscal year 2026-2027. The employee contribution is subject to change each fiscal year depending on annual actuarial valuations provided by CalPERS. CalPERS contract provisions for “New Members” include:

- Military Service Credit as Public Service.
- Annual Cost-of-Living Allowance (Maximum 3%).
- Pre-Retirement Optional Settlement 2W Death Benefit.

2026 Benefit Summary for Executive Employees

The Public Employees' Pension Reform Act of 2013 has set compensation limits for "Classic members" and "New members" for retirement calculations. These limitations have been placed on the reportable annual earnings each calendar year and are adjusted on an annual basis.

Social Security / Medicare / CA-SDI: Employees are covered under the provisions of Federal Social Security (OASDI) and Medicare Hospital Insurance (HI). The total employee contribution is 7.65% of salary. Employees of the Water Authority do not pay into State Disability Insurance.

Merit-Based Salary Increases ("Pay for Performance Program"): The Executive Pay for Performance Program is authorized by the General Manager in recognition of performance standards, organizational values, and goals and objectives during the review period, which is the fiscal year July 1 through June 30. Executive employees who are hired or promoted on or before January 1 of the fiscal year for which Pay for Performance is being considered will be eligible for a discretionary base pay salary adjustment.

401(a) Incentive Retirement Plan: The Water Authority contributes \$1,500 per calendar year to a 401(a) incentive retirement plan. 401(a) participants are required to make a mandatory contribution to the plan in the following amounts: 3%, 5%, 10%, 15%, or 20%. Eligible employees must make a one-time, irrevocable election to this plan at time of appointment with the Water Authority. Employees promoted to an executive classification who already participate in the 401(a) will continue with their existing contribution amount.

Alternative Work Week: Employees assigned to work at the Kearny Mesa location will work a 9/80 schedule, where the entire facility is closed every other Friday. Employees assigned to the Escondido location will work either a 4/10 schedule, with every Friday off, or 9/80 schedule, depending on the position. Individual work schedules are developed on a departmental basis to assure that appropriate staff is available to perform needed work and must be selected from available options outlined in the attendance policy.

Hybrid Work Schedule Option: The Water Authority has embraced a hybrid work schedule to offer flexibility and work-life balance. Employees in eligible positions may have the option to telework several days per week, with the remainder of the workweek spent onsite, based on operational needs and management approval.

Vacation: Water Authority employees accrue 96 hours of paid vacation leave per year. Accruals increase based on time in service with the Water Authority.

Sick Leave: Water Authority employees accrue 96 hours of paid sick leave per year.

Holidays: The Water Authority observes 13 paid holidays each year, including two (2) eight-hour floating holidays. Employees hired after July 1, but before September 9, will receive full holiday credit for both floating holidays. Employees hired on or after September 10, but prior to February 12, will receive full credit for one (1) floating holiday. Employees hired after February 13, and prior to June 30, will not receive credit for either floating holiday in the fiscal year.

Discretionary Meritorious Leave: Up to five (5) additional discretionary days may be credited to the employee's vacation balance upon the employee's annual performance review at the recommendation of the General Manager or designee for performance evaluations of above standard or outstanding.

Life Insurance and Accidental Death and Dismemberment (AD&D) : The Water Authority provides \$350,000 Basic Term Life and AD&D insurance coverage. The Water Authority also provides dependent spouse coverage in the amount of \$5,000, and dependent child coverage in the amount of \$2,000.

Long Term Disability Insurance: The Water Authority provides a long-term disability insurance benefit of up to 66.67%

2026 Benefit Summary for Executive Employees

of monthly covered earnings to a maximum of \$7,400 per month. Benefits begin on the 61st day of absence due to illness or injury.

Car Allowance: Executive employees are eligible for a monthly automobile allowance of \$600 per month.

Cell Phone: Executive employees are eligible for a monthly cell phone/data plan allowance of \$90 to \$125 per month depending upon need.

Tuition Reimbursement: The Water Authority may reimburse the actual cost paid for tuition up to a maximum of \$3,000 per fiscal year. Tuition costs of \$3,001 - \$4,500 may be reimbursed at 50% per fiscal year.

National University: Water Authority employees are eligible for a 25% discount in tuition. Water Authority employees' spouse/ partner/dependents are also eligible for 10% discount in tuition.

Wellness Center: Employees have access to an on-site fitness facility at no cost. Employees also have the opportunity to participate in a Wellness Program by attending Water Authority sponsored, on-site wellness training and screening sessions.

Employee Assistance Program: Employees have access to confidential, third-party personal counseling, financial and legal advice, and more. This benefit is available to employees and members of their household.

Provisional Management Assignment: "Provisional Management Assignment" is a temporary appointment to a senior management, or executive level position where the core duties of the provisional position are inconsistent with or materially different from the employee's designated position. Provisional appointees to positions with a higher salary range than the employee's designated position shall receive a salary increase of five percent (5%) or shall be placed at the minimum rate of the provisional position, whichever is greater. The General Manager may consider exceptions to this pay provision.

Additional Voluntary Benefits *(Employee responsible for entire cost of premium if they chose to elect coverage):*

Flexible Spending Account – Employees may contribute pre-tax earnings into a flexible spending account for health (\$3,400 maximum) and dependent care expenses (\$7,500 maximum, or \$3,750 if married and filing taxes separately).

Deferred Compensation Plan – The Water Authority's 457(b) Deferred Compensation Plan is provided by TIAA-CREF and allows for pre- and post-tax deferrals.

Short-Term Disability – This voluntary insurance plan pays a benefit up to 60% of your weekly covered earnings – to a maximum of \$1,728 per week. Before collecting benefits, employees must satisfy the elimination period following the date of disability (0 days for accident, 3 days for sickness of continuous disability). **The Water Authority does not contract with California's Employment Development Department (EDD) for State Disability Insurance benefits.**

Group Legal Insurance – This voluntary insurance plan offers a variety of legal services including revocable and irrevocable trusts, estate planning, family law, consumer protection, and traffic ticket defense. It is designed to help employees plan for, prevent, and resolve a wide range of legal issues – saving time and potentially thousands of dollars in legal fees.

2026 Benefit Summary for Executive Employees

Critical Illness Insurance – This voluntary insurance plan pays a lump sum upon initial occurrence of a heart attack, stroke, cancer, or other serious illness. The payment can be used to cover related expenses, medical or otherwise.

Voluntary Life and AD&D Insurance – Employees may purchase voluntary life and AD&D insurance up to 5 times annual salary (maximum of \$500,000). You may also purchase additional life and AD&D insurance for spouse/domestic partner and/or children.

Employees' Association – Employees have the option to join the Employees' Association. Events and reduced ticket prices offered to employees through this association include the annual picnic, holiday party, sporting events, movie tickets, and much more.

This benefit summary is intended to provide an easy way for current and prospective employees to access fringe benefit information, including voluntary options. All insurance benefits described in the summary are subject to the terms and limitations of the Water Authority's insurance contracts with individual insurance providers.

Should you have any questions pertaining to information in this summary, please contact the Human Resources Department at (858) 522-6660.

2026 Benefit Summary for Senior Management Employees

Effective Date: 01/01/2026-12/31/2026.

Health Insurance: The Water Authority maintains four employee health plan options, inclusive of dental and vision. Currently, the "basic" plans are the Kaiser HMO plan and Aetna Value Network HMO, and the "premium" plans are the Aetna Full Network HMO and PPO Healthcare plans. All medical plans feature a chiropractic benefit. Employees and eligible dependents are covered through Delta Dental for dental services, and Aetna EyeMed for vision services. The Water Authority pays 100% of the monthly premiums for full-time employees and their dependents for the basic plans, inclusive of dental and vision. Employees pay 50% of the cost that exceeds the "basic" medical plan Kaiser family coverage premium. All health benefits are effective on the first of the month following date of hire. Employees who waive Water Authority medical, dental, and vision benefits receive \$41.66 per month, deposited into a Flexible Spending Account (Healthcare or Dependent Care) and \$42.33 per month deposited into the deferred compensation plan.

Retirement: All regular Water Authority employees are members of the California Public Employees' Retirement System (CalPERS). Employees are enrolled in one of the following retirement formulas based on date of hire. Additional benefits are provided in accordance with the Water Authority's CalPERS contract.

Membership Category*	Hire Date	Retirement Formula	Employee Contribution	Final Compensation Formula
Classic	Hired on or before December 31, 2012	2.5% @ 55	8.0%	1 Year
New Members	Hired on or after January 1, 2013	2.0% @ 62	7.75%	3 Years

***Membership Category** - CalPERS will identify each new member as either a "Classic" or a "New" member of the system based on the prior work history of the individual.

Classic Member: New employees who are current members of CalPERS or an agency with CalPERS' reciprocity, or who have less than a six-month break in service between employment in a CalPERS (or reciprocal) agency and employment with the Water Authority will be enrolled in the 2.5% @ 55 benefit formula and contribute 8% of salary to CalPERS. CalPERS contract provisions for "Classic" members include:

- Employer-Paid Member Contribution (EPMC): The Water Authority pays 7% of the employee's share of retirement contributions to CalPERS and the value of the 7% member contribution is reported to CalPERS as additional compensation (Exhibit A).
- Military Service Credit as Public Service.
- Annual Cost-of-Living Allowance (Maximum 3%).
- Pre-Retirement Optional Settlement 2W Death Benefit.

New Members: As defined by the California Public Employees' Pension Reform Act of 2013 (PEPRA), "New Members" have never been a member of any California public retirement system, were hired by a CalPERS agency after January 1, 2013, moved between public retirement systems lacking reciprocity, or moved between employers in the same public retirement system with a break in service of more than 6 months. New members are enrolled in the 2% @ 62 benefit formula and contribute 7.75% of salary to CalPERS for fiscal year 2025-2026 and fiscal year 2026-2027. The employee contribution is subject to change each fiscal year depending on annual actuarial valuations provided by CalPERS. CalPERS contract provisions for "New Members" include:

- Military Service Credit as Public Service.
- Annual Cost-of-Living Allowance (Maximum 3%).
- Pre-Retirement Optional Settlement 2W Death Benefit.

The Public Employees' Pension Reform Act of 2013 has set compensation limits for "Classic members" and "New members" for retirement calculations. These limitations have been placed on the reportable annual earnings each calendar year and are adjusted on an annual basis.

2026 Benefit Summary for Senior Management Employees

Social Security / Medicare / CA-SDI: Employees are covered under the provisions of Federal Social Security (OASDI) and Medicare Hospital Insurance (HI). The total employee contribution is 7.65% of salary. Employees of the Water Authority do not pay into State Disability Insurance.

Merit-Based Salary Increases (“Pay for Performance Program”): The Senior Management Pay for Performance Program is authorized by the General Manager in recognition of performance standards, organizational values, and goals and objectives during the review period, which is the fiscal year July 1 through June 30. Senior Management employees who are hired or promoted on or before January 1 of the fiscal year for which Pay for Performance is being considered will be eligible for a discretionary base pay salary adjustment.

401(a) Incentive Retirement Plan: The Water Authority contributes \$1,400 per calendar year to a 401(a) incentive retirement plan. 401(a) participants are required to make a mandatory contribution to the plan in the following amounts: 3%, 5%, 10%, 15%, or 20%. Upon appointment into a Senior Management classification, employees must make a one-time, irrevocable election to this plan. Employees promoted to a Senior Management classification who already participate in the 401(a) will continue with their existing contribution amount.

Alternative Work Week: Employees assigned to work at the Kearny Mesa location will work a 9/80 schedule, where the entire facility is closed every other Friday. Employees assigned to the Escondido location will work a 4/10 schedule, with every Friday off. Individual work schedules are developed on a departmental basis to assure that appropriate staff are available to perform needed work and must be selected from available options outlined in the attendance policy.

Hybrid Work Schedule Option: The Water Authority has embraced a hybrid work schedule to offer flexibility and work-life balance. Employees in eligible positions may have the option to telework several days per week, with the remainder of the workweek spent onsite, based on operational needs and management approval.

Vacation: Water Authority employees accrue 96 hours of paid vacation leave per year. Accruals increase based on time in service with the Water Authority.

Sick Leave: Water Authority employees accrue 96 hours of paid sick leave per year.

Holidays: The Water Authority observes 13 paid holidays each year, including two (2) eight-hour floating holidays. Employees hired after July 1, but before September 9, will receive full holiday credit for both floating holidays. Employees hired on or after September 10, but prior to February 12, will receive full credit for one (1) floating holiday. Employees hired after February 13, and prior to June 30, will not receive credit for either floating holiday in the fiscal year.

Discretionary Meritorious Leave: Up to five (5) additional discretionary days may be credited to the employee’s vacation balance upon the employee’s annual performance review at the recommendation of the General Manager, the employee’s department director or designee for performance evaluations of above standard or outstanding.

Life Insurance and Accidental Death and Dismemberment (AD&D) : The Water Authority provides \$200,000 Basic Term Life and AD&D insurance coverage. The Water Authority also provides dependent spouse coverage in the amount of \$5,000, and dependent child coverage in the amount of \$2,000.

Long Term Disability Insurance: The Water Authority provides a long-term disability insurance benefit of up to 66.67% of monthly covered earnings to a maximum of \$7,400 per month. Benefits begin on the 61st day of absence due to illness or injury.

Cell Phone: Employees meeting certain criteria may be eligible for a monthly cell phone / data plan allowance.

Car Allowance: Positions in this employee group are eligible for a monthly automobile allowance.

Tuition Reimbursement: The Water Authority may reimburse the actual cost paid for tuition up to a maximum of \$3,000 per fiscal year. Tuition costs of \$3,001 - \$4,500 may be reimbursed at 50% per fiscal year.

National University: Water Authority employees are eligible for a 25% discount in tuition. Water Authority employees’ spouse/partner/dependents are also eligible for 10% discount in tuition.

2026 Benefit Summary for Senior Management Employees

Wellness Center: Employees have access to an on-site fitness facility at no cost. Employees also have the opportunity to participate in the Water Authority's Wellness Program by attending sponsored, on-site wellness training and screening sessions.

Employee Assistance Program: Employees have access to no-cost confidential, third-party personal counseling, financial and legal advice, and more. This benefit is available to employees and members of their household.

Provisional Management Assignment: "Provisional Management Assignment" is a temporary appointment to a senior management, or executive level position where the core duties of the provisional position are inconsistent with or materially different from the employee's designated position. Provisional appointees to positions with a higher salary range than the employee's designated position shall receive a salary increase of five percent (5%) or shall be placed at the minimum rate of the provisional position, whichever is greater. The General Manager may consider exceptions to this pay provision.

Additional Voluntary Benefits (*Employee is responsible for the entire cost of the premium if they chose to elect coverage*):

Flexible Spending Account – Employees may contribute pre-tax earnings into a flexible spending account for health (\$3,400 maximum) and dependent care expenses (\$7,500 maximum, or \$3,750 if married and filing taxes separately).

Deferred Compensation Plan – The Water Authority's 457(b) Deferred Compensation Plan is provided by TIAA-CREF and allows for pre- and post-tax deferrals.

Short-Term Disability – This voluntary insurance plan pays a benefit up to 60% of your weekly covered earnings – to a maximum of \$1,728 per week. Before collecting benefits, employees must satisfy the elimination period following the date of disability (0 days for accident, 3 days for sickness or continuous disability). **The Water Authority does not contract with California's Employment Development Department (EDD) for State Disability Insurance benefits.**

Group Legal Insurance – This voluntary insurance plan offers a variety of legal services including revocable and irrevocable trusts, estate planning, family law, consumer protection, and traffic ticket defense. It is designed to help employees plan for, prevent, and resolve a wide range of legal issues – saving time and potentially thousands of dollars in legal fees.

Critical Illness Insurance – This voluntary insurance plan pays a lump sum upon initial occurrence of a heart attack, stroke, cancer, or other serious illness. The payment can be used to cover related expenses, medical or otherwise.

Voluntary Life and AD&D Insurance – Employees may purchase voluntary life and AD&D insurance up to 5 times annual salary (maximum of \$500,000). You may also purchase additional life and AD&D insurance for spouse/domestic partner and/or children.

Employees' Association – Employees have the option to join the Employees' Association. Events and reduced ticket prices offered to employees through this association include the annual picnic, annual holiday party, sporting events, movie tickets, and much more.

This benefit summary is intended to provide an easy way for current and prospective employees to access fringe benefit information, including voluntary options. All insurance benefits described in the summary are subject to the terms and limitations of the Water Authority's insurance contracts with individual insurance providers.

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2026 Benefit Summary for Confidential Employees

Effective Date: 01/01/2026-12/31/2026

Health Insurance: The Water Authority maintains four employee health plan options, inclusive of dental and vision. Currently, the “basic” plans are the Kaiser HMO plan and Aetna Value Network HMO, and the “premium” plans are the Aetna Full Network HMO and PPO Healthcare plans. All medical plans feature a chiropractic benefit. Employees and eligible dependents are covered through Delta Dental for dental services, and Aetna EyeMed for vision services. The Water Authority pays 100% of the monthly premiums for full-time employees and their dependents for the basic plans, inclusive of dental and vision. Employees pay 50% of the cost that exceeds the “basic” medical plan Kaiser family coverage premium. All health benefits are effective on the first of the month following date of hire. Employees who waive Water Authority medical, dental, and vision benefits receive \$41.66 per month, deposited into a Flexible Spending Account (Healthcare or Dependent Care) and \$42.33 per month deposited into the deferred compensation plan.

Retirement: All regular Water Authority employees are members of the California Public Employees’ Retirement System (CalPERS). Employees are enrolled in one of the following retirement formulas based on date of hire. Additional benefits are provided in accordance with the Water Authority’s CalPERS contract.

Membership Category*	Hire Date	Retirement Formula	Employee Contribution	Final Compensation Formula
Classic	Hired on or before December 31, 2012	2.5% @ 55	8.0%	1 Year
New Members	Hired on or after January 1, 2013	2% @ 62	7.75%	3 Years

***Membership Category** - CalPERS will identify each new employee as either a "Classic" or a "New" member of the system based on the prior work history of the individual.

Classic Member: New employees who are current members of CalPERS or an agency with CalPERS’ reciprocity, or who have less than a six-month break in service between employment in a CalPERS (or reciprocal) agency and employment with the Water Authority will be enrolled in the 2.5% @ 55 benefit formula and contribute 8% of salary to CalPERS. CalPERS contract provisions for “Classic” members include:

- Employer-Paid Member Contribution (EPMC): The Water Authority pays 7% of the employee’s share of retirement contributions to CalPERS and the value of the 7% member contribution is reported to CalPERS as additional compensation (Exhibit A).
- Military Service Credit as Public Service.
- Annual Cost-of-Living Allowance (Maximum 3%).
- Pre-Retirement Optional Settlement 2W Death Benefit.

New Members: As defined by the California Public Employees’ Pension Reform Act of 2013 (PEPRA), “New Members” have never been a member of any California public retirement system, were hired by a CalPERS agency after January 1, 2013, moved between public retirement systems lacking reciprocity, or moved between employers in the same public retirement system with a break in service of more than six months. New members are enrolled in the 2% @ 62 benefit formula and contribute 7.75% of salary to CalPERS for fiscal year 2025-2026 and fiscal year 2026-2027. The employee contribution is subject to change each fiscal year depending on annual actuarial valuations provided by CalPERS. CalPERS contract provisions for “New Members” include:

- Military Service Credit as Public Service.
- Annual Cost-of-Living Allowance (Maximum 3%).

2026 Benefit Summary for Confidential Employees

c. Pre-Retirement Optional Settlement 2W Death Benefit.

The Public Employees' Pension Reform Act of 2013 has set compensation limits for "Classic members" and "New members" for retirement calculations. These limitations have been placed on the reportable annual earnings each calendar year and are adjusted on an annual basis.

Social Security / Medicare / CA-SDI: Employees are covered under the provisions of Federal Social Security (OASDI) and Medicare Hospital Insurance (HI). The total employee contribution is 7.65% of salary. Employees of the Water Authority do not pay into State Disability Insurance.

Merit Review Schedule: Probationary employees (new hires and promotions) will be considered for a merit increase at their six-month review date. Regular employees will receive a performance evaluation and consideration for a merit increase at their one-year anniversary date and annually thereafter.

401(a) Incentive Retirement Plan: Effective July 2017, the Water Authority contributes \$500 per year to a 401(a) incentive retirement plan. 401(a) participants are required to make a mandatory contribution to the plan in the following amounts: 3%, 5%, 10%, 15%, or 20%. Upon hire into a Confidential classification, employees must make a one-time, irrevocable election to this plan.

Alternative Work Week: Employees assigned to work at the Kearny Mesa location will work a 9/80 schedule, where the entire facility is closed every other Friday. Employees assigned to the Escondido location will work either a 4/10 schedule, with every Friday off, or 9/80 schedule, depending on the position. Individual work schedules are developed on a departmental basis to assure that appropriate staff are available to perform needed work and must be selected from available options outlined in the attendance policy.

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Holidays: The Water Authority observes 13 paid holidays each year, including two (2) eight-hour floating holidays. Employees hired after July 1, but before September 9, will receive full holiday credit for both floating holidays. Employees hired on or after September 10, but prior to February 12, will receive full credit for one (1) floating holiday. Employees hired after February 13, and prior to June 30, will not receive credit for either floating holiday in the fiscal year.

Meritorious Leave (*Exempt Positions Only*): 40 hours of vacation leave shall be credited to the employee's vacation balance effective July 1 of each new fiscal year. Up to 40 additional hours may be credited to the employee's vacation balance upon the employee's annual performance review at the recommendation of the employee's department director or designee for performance evaluations of above standard or outstanding. Employees appointed to a Confidential exempt position after July 1st of the fiscal year shall be eligible for a prorated amount of meritorious leave.

2026 Benefit Summary for Confidential Employees

Life and Accidental Death & Dismemberment (AD&D) Insurance: The Water Authority provides Basic Term Life and AD&D insurance coverage in the amount of \$100,000. The Water Authority also provides dependent spouse coverage in the amount of \$5,000, and dependent child coverage in the amount of \$2,000.

Long Term Disability Insurance: The Water Authority provides a long-term disability insurance benefit of up to 66.67% of monthly covered earnings to a maximum of \$7,400 per month. Benefits begin on the 61st day of absence due to illness or injury.

Cell Phone: Employees meeting certain criteria may be eligible for a monthly cell phone / data plan allowance.

Tuition Reimbursement: The Water Authority may reimburse the actual cost paid for tuition up to a maximum of \$3,000 per fiscal year. Tuition costs of \$3,001 - \$4,500 may be reimbursed at 50% per fiscal year.

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Wellness Center: Employees have access to an on-site fitness facility at no cost. Employees also have the opportunity to participate in the Water Authority's Wellness Program by attending sponsored, on-site wellness training and screening sessions.

Employee Assistance Program: Employees have access to no-cost confidential, third-party personal counseling, financial and legal advice, and more. This benefit is available to employees and members of their household.

Working Out of Classification: "Working out of classification" is a management authorized temporary assignment of an employee to perform work which is inconsistent with the employee's normally assigned work and which includes a significant number of duties and responsibilities which are associated with a higher job classification. Compensation for an employee required to work out of classification will be at the lowest step in the salary range of the higher classification which will provide a five percent (5%) increase over the employee's regular salary for the entire period in which the out of classification assignment is in effect.

Provisional Management Assignment: "Provisional Management Assignment" is a temporary appointment to a senior management, or executive level position where the core duties of the provisional position are inconsistent with or materially different from the employee's designated position. Provisional appointees to positions with a higher salary range than the employee's designated position shall receive a salary increase of five percent (5%) or shall be placed at the minimum rate of the provisional position, whichever is greater. The General Manager may consider exceptions to this pay provision.

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SAN DIEGO COUNTY WATER AUTHORITY
CLASSIFICATION AND SALARY SCHEDULE
FY 2025-2026

BOARD APPOINTED		RANGE	REPRESENTED EMPLOYEES, CONTINUED		RANGE
General Counsel		Z	Accountant		26
General Manager		Y	Accounting Assistant I		06
			Accounting Assistant II		12
			Accounting Supervisor		37
			Accounting Technician		17
			Administrative Assistant		20
			Asset Management Specialist I		24
			Asset Management Specialist II		31
			Assistant Legislative Analyst		24
			Assistant Management Analyst		24
			Assistant Water Resources Specialist		24
			Assistant Water Resources Specialist (E)		24
			Capital Improvement Program- Program Analyst		43
			Construction Manager		39
			Corrosion Control Supervisor		36
			Corrosion Control Technician I		18
			Corrosion Control Technician II		22
			Construction Inspector I		18
			Construction Inspector II		22
			Electrical/Instrumentation Supervisor		36
			Electrical/Instrumentation Technician I		20
			Electrical/Instrumentation Technician II		28
			Emergency Management Officer		34
			Engineer (P.E.)		39
			Engineer I		25
			Engineer II		31
			Engineering Technician I		18
			Engineering Technician II		22
			Facilities and Warehouse Technician		25
			Facilities Services Technician		25
			Financial Resources Analyst		39
			Fleet Mechanic I		18
			Fleet Mechanic II		22
			Help Desk Support Specialist		24
			Information Systems Analyst		31
			Information Systems Supervisor		39
			Investment Analyst		35
			Land Surveyor (P.L.S)		33
			Legislative Analyst		28
			Maintenance Technician		23
			Maintenance Worker I		11
			Maintenance Worker II		17
			Management Analyst		28
			Office Assistant I		05
			Office Assistant II		09
			Principal Asset Management Specialist		42
			Principal Construction Manager		46
			Principal Engineer		46
			Principal Public Affairs Representative		33
			Principal Water Resources Specialist		42
			Principal Water Resources Specialist (E)		42
			Project Scheduler I		31
			Project Scheduler II		37
			Public Affairs Representative I		23
EXECUTIVE MANAGEMENT		RANGE			
Assistant General Manager		B			
Deputy General Manager		A			
Director of Administrative Services		C			
Director of Engineering		C			
Director of Finance/Treasurer		C			
Director of Human Resources		C			
Director of Imported Water		C			
Director of Operations and Maintenance		C			
Director of Public Affairs		C			
Director of the Colorado River Program		C			
Director of Water Resources		C			
Director of Strategic Initiatives		C			
SENIOR MANAGEMENT		RANGE			
Administrative Services Manager		H			
Assistant General Counsel		E			
Budget and Treasury Manager		G			
Colorado River Program Manager		D			
Controller		F			
Deputy Director of Engineering		D			
Engineering Manager		F			
Financial Planning Manager		G			
Government Relations Manager		G			
Human Resources Manager		G			
Information Security Manager		G			
Information Systems Manager		G			
MWD Program Manager		D			
Operations and Maintenance Manager		F			
Public Affairs Manager		H			
Right of Way Manager		G			
Risk and Safety Manager		H			
Water Resources Manager		F			
CONFIDENTIAL		RANGE			
Administrative Assistant		20			
Assistant Human Resources Analyst		24			
Clerk of the Board		36			
Deputy Clerk of the Board		20			
Executive Administrative Assistant		27			
Human Resources Analyst		25			
Human Resources Assistant		20			
Legal Administrative Assistant		27			
Office Assistant I		05			
Office Assistant II		09			
Principal Human Resources Analyst		43			
Senior Human Resources Analyst		33			
Senior Office Assistant		14			

SAN DIEGO COUNTY WATER AUTHORITY
CLASSIFICATION AND SALARY SCHEDULE
FY 2025-2026

REPRESENTED EMPLOYEES, CONTINUED	RANGE	REPRESENTED EMPLOYEES, CONTINUED	RANGE
Public Affairs Representative II	27	Water Resources Specialist (E)	31
Public Affairs Supervisor	35		
Purchasing Technician I	20		
Purchasing Technician II	24	OTHER	RANGE
QSA Outreach Coordinator	39	Student Intern (Determined at Hire)	N/A
Rate and Debt Manager	46	Student Worker (Fixed at CA Min. Wage)	N/A
Receptionist	09		
Right of Way Agent	31		
Right of Way Supervisor	37		
Right of Way Technician Level I	18 (Steps 1-7)		
Right of Way Technician Level II	19 (Steps 5-11)		
Right of Way Technician Level III	22 (Steps 7-13)		
Right of Way Technician Level IV	28 (Steps 6-13)		
Rotating Equipment Supervisor	38		
Rotating Equipment Technician I	22		
Rotating Equipment Technician II	30		
Safety Officer	33		
SCADA Specialist	31		
SCADA Supervisor	39		
Senior Accountant	33		
Senior Asset Management Specialist	39		
Senior Construction Manager	43		
Senior Construction Inspector	29		
Senior Corrosion Control Technician	29		
Senior Electrical/Instrumentation Technician	32		
Senior Engineer	43		
Senior Engineering Technician	29		
Senior Fleet Mechanic	27		
Senior Information Systems Analyst	35		
Senior Legislative Analyst	33		
Senior Maintenance Technician	27		
Senior Management Analyst	33		
Senior Office Assistant	14		
Senior Project Scheduler	39		
Senior Public Affairs Representative	31		
Senior Right of Way Agent	35		
Senior Rotating Equipment Technician	34		
Senior SCADA Specialist	35		
Senior Survey Technician	29		
Senior Systems Administration & Support Specialist	30		
Senior System Operator	32		
Senior Water Resources Specialist	39		
Senior Water Resources Specialist (E)	39		
Supervising Construction Inspector	35		
Supervising Engineering Technician	35		
Supervising Land Surveyor	37		
Supervising Management Analyst	37		
Survey Technician	24		
System Maintenance Supervisor	33		
System Operations Supervisor	37		
System Operator I	18		
System Operator II	24		
Systems Administration & Support Specialist	26		
Water Resources Aide	20		
Water Resources Specialist	31		

6-22-2025 Hourly
COLA = 5%

Range /Step	1	2	3	4	5	6	7	8	9	10	11	12	13
1	25.912	26.560	27.224	27.904	28.602	29.317	30.050	30.801	31.571	32.361	33.170	33.999	34.849
2	26.560	27.224	27.904	28.602	29.317	30.050	30.801	31.571	32.361	33.170	33.999	34.849	35.720
3	27.224	27.904	28.602	29.317	30.050	30.801	31.571	32.361	33.170	33.999	34.849	35.720	36.613
4	27.904	28.602	29.317	30.050	30.801	31.571	32.361	33.170	33.999	34.849	35.720	36.613	37.528
5	28.602	29.317	30.050	30.801	31.571	32.361	33.170	33.999	34.849	35.720	36.613	37.528	38.467
6	29.317	30.050	30.801	31.571	32.361	33.170	33.999	34.849	35.720	36.613	37.528	38.467	39.428
7	30.050	30.801	31.571	32.361	33.170	33.999	34.849	35.720	36.613	37.528	38.467	39.428	40.414
8	30.801	31.571	32.361	33.170	33.999	34.849	35.720	36.613	37.528	38.467	39.428	40.414	41.424
9	31.571	32.361	33.170	33.999	34.849	35.720	36.613	37.528	38.467	39.428	40.414	41.424	42.460
10	32.361	33.170	33.999	34.849	35.720	36.613	37.528	38.467	39.428	40.414	41.424	42.460	43.521
11	33.170	33.999	34.849	35.720	36.613	37.528	38.467	39.428	40.414	41.424	42.460	43.521	44.609
12	33.999	34.849	35.720	36.613	37.528	38.467	39.428	40.414	41.424	42.460	43.521	44.609	45.725
13	34.849	35.720	36.613	37.528	38.467	39.428	40.414	41.424	42.460	43.521	44.609	45.725	46.868
14	35.720	36.613	37.528	38.467	39.428	40.414	41.424	42.460	43.521	44.609	45.725	46.868	48.039
15	36.613	37.528	38.467	39.428	40.414	41.424	42.460	43.521	44.609	45.725	46.868	48.039	49.240
16	37.528	38.467	39.428	40.414	41.424	42.460	43.521	44.609	45.725	46.868	48.039	49.240	50.471
17	38.467	39.428	40.414	41.424	42.460	43.521	44.609	45.725	46.868	48.039	49.240	50.471	51.733
18	39.428	40.414	41.424	42.460	43.521	44.609	45.725	46.868	48.039	49.240	50.471	51.733	53.027
19	40.414	41.424	42.460	43.521	44.609	45.725	46.868	48.039	49.240	50.471	51.733	53.027	54.352
20	41.424	42.460	43.521	44.609	45.725	46.868	48.039	49.240	50.471	51.733	53.027	54.352	55.711
21	42.460	43.521	44.609	45.725	46.868	48.039	49.240	50.471	51.733	53.027	54.352	55.711	57.104
22	43.521	44.609	45.725	46.868	48.039	49.240	50.471	51.733	53.027	54.352	55.711	57.104	58.531
23	44.609	45.725	46.868	48.039	49.240	50.471	51.733	53.027	54.352	55.711	57.104	58.531	59.995
24	45.725	46.868	48.039	49.240	50.471	51.733	53.027	54.352	55.711	57.104	58.531	59.995	61.495
25	46.868	48.039	49.240	50.471	51.733	53.027	54.352	55.711	57.104	58.531	59.995	61.495	63.032
26	48.039	49.240	50.471	51.733	53.027	54.352	55.711	57.104	58.531	59.995	61.495	63.032	64.608
27	49.240	50.471	51.733	53.027	54.352	55.711	57.104	58.531	59.995	61.495	63.032	64.608	66.223
28	50.471	51.733	53.027	54.352	55.711	57.104	58.531	59.995	61.495	63.032	64.608	66.223	67.879
29	51.733	53.027	54.352	55.711	57.104	58.531	59.995	61.495	63.032	64.608	66.223	67.879	69.576
30	53.027	54.352	55.711	57.104	58.531	59.995	61.495	63.032	64.608	66.223	67.879	69.576	71.315
31	54.352	55.711	57.104	58.531	59.995	61.495	63.032	64.608	66.223	67.879	69.576	71.315	73.098
32	55.711	57.104	58.531	59.995	61.495	63.032	64.608	66.223	67.879	69.576	71.315	73.098	74.925
33	57.104	58.531	59.995	61.495	63.032	64.608	66.223	67.879	69.576	71.315	73.098	74.925	76.798
34	58.531	59.995	61.495	63.032	64.608	66.223	67.879	69.576	71.315	73.098	74.925	76.798	78.718
35	59.995	61.495	63.032	64.608	66.223	67.879	69.576	71.315	73.098	74.925	76.798	78.718	80.686
36	61.495	63.032	64.608	66.223	67.879	69.576	71.315	73.098	74.925	76.798	78.718	80.686	82.703
37	63.032	64.608	66.223	67.879	69.576	71.315	73.098	74.925	76.798	78.718	80.686	82.703	84.771
38	64.608	66.223	67.879	69.576	71.315	73.098	74.925	76.798	78.718	80.686	82.703	84.771	86.890
39	66.223	67.879	69.576	71.315	73.098	74.925	76.798	78.718	80.686	82.703	84.771	86.890	89.063
40	67.879	69.576	71.315	73.098	74.925	76.798	78.718	80.686	82.703	84.771	86.890	89.063	91.289
41	69.576	71.315	73.098	74.925	76.798	78.718	80.686	82.703	84.771	86.890	89.063	91.289	93.571
42	71.315	73.098	74.925	76.798	78.718	80.686	82.703	84.771	86.890	89.063	91.289	93.571	95.911
43	73.098	74.925	76.798	78.718	80.686	82.703	84.771	86.890	89.063	91.289	93.571	95.911	98.308
44	74.925	76.798	78.718	80.686	82.703	84.771	86.890	89.063	91.289	93.571	95.911	98.308	100.766
45	76.798	78.718	80.686	82.703	84.771	86.890	89.063	91.289	93.571	95.911	98.308	100.766	103.285
46	78.718	80.686	82.703	84.771	86.890	89.063	91.289	93.571	95.911	98.308	100.766	103.285	105.867
47	80.686	82.703	84.771	86.890	89.063	91.289	93.571	95.911	98.308	100.766	103.285	105.867	108.514
48	82.703	84.771	86.890	89.063	91.289	93.571	95.911	98.308	100.766	103.285	105.867	108.514	111.227
49	84.771	86.890	89.063	91.289	93.571	95.911	98.308	100.766	103.285	105.867	108.514	111.227	114.008

Range /Step	1	2	3	4	5	6	7	8	9	10	11	12	13
1	4491.41	4603.73	4718.83	4836.69	4957.68	5081.61	5208.67	5338.84	5472.31	5609.24	5749.47	5893.16	6040.49
2	4603.73	4718.83	4836.69	4957.68	5081.61	5208.67	5338.84	5472.31	5609.24	5749.47	5893.16	6040.49	6191.47
3	4718.83	4836.69	4957.68	5081.61	5208.67	5338.84	5472.31	5609.24	5749.47	5893.16	6040.49	6191.47	6346.25
4	4836.69	4957.68	5081.61	5208.67	5338.84	5472.31	5609.24	5749.47	5893.16	6040.49	6191.47	6346.25	6504.85
5	4957.68	5081.61	5208.67	5338.84	5472.31	5609.24	5749.47	5893.16	6040.49	6191.47	6346.25	6504.85	6667.61
6	5081.61	5208.67	5338.84	5472.31	5609.24	5749.47	5893.16	6040.49	6191.47	6346.25	6504.85	6667.61	6834.19
7	5208.67	5338.84	5472.31	5609.24	5749.47	5893.16	6040.49	6191.47	6346.25	6504.85	6667.61	6834.19	7005.09
8	5338.84	5472.31	5609.24	5749.47	5893.16	6040.49	6191.47	6346.25	6504.85	6667.61	6834.19	7005.09	7180.16
9	5472.31	5609.24	5749.47	5893.16	6040.49	6191.47	6346.25	6504.85	6667.61	6834.19	7005.09	7180.16	7359.73
10	5609.24	5749.47	5893.16	6040.49	6191.47	6346.25	6504.85	6667.61	6834.19	7005.09	7180.16	7359.73	7543.64
11	5749.47	5893.16	6040.49	6191.47	6346.25	6504.85	6667.61	6834.19	7005.09	7180.16	7359.73	7543.64	7732.23
12	5893.16	6040.49	6191.47	6346.25	6504.85	6667.61	6834.19	7005.09	7180.16	7359.73	7543.64	7732.23	7925.67
13	6040.49	6191.47	6346.25	6504.85	6667.61	6834.19	7005.09	7180.16	7359.73	7543.64	7732.23	7925.67	8123.79
14	6191.47	6346.25	6504.85	6667.61	6834.19	7005.09	7180.16	7359.73	7543.64	7732.23	7925.67	8123.79	8326.76
15	6346.25	6504.85	6667.61	6834.19	7005.09	7180.16	7359.73	7543.64	7732.23	7925.67	8123.79	8326.76	8534.93
16	6504.85	6667.61	6834.19	7005.09	7180.16	7359.73	7543.64	7732.23	7925.67	8123.79	8326.76	8534.93	8748.31
17	6667.61	6834.19	7005.09	7180.16	7359.73	7543.64	7732.23	7925.67	8123.79	8326.76	8534.93	8748.31	8967.05
18	6834.19	7005.09	7180.16	7359.73	7543.64	7732.23	7925.67	8123.79	8326.76	8534.93	8748.31	8967.05	9191.35
19	7005.09	7180.16	7359.73	7543.64	7732.23	7925.67	8123.79	8326.76	8534.93	8748.31	8967.05	9191.35	9421.01
20	7180.16	7359.73	7543.64	7732.23	7925.67	8123.79	8326.76	8534.93	8748.31	8967.05	9191.35	9421.01	9656.57
21	7359.73	7543.64	7732.23	7925.67	8123.79	8326.76	8534.93	8748.31	8967.05	9191.35	9421.01	9656.57	9898.03
22	7543.64	7732.23	7925.67	8123.79	8326.76	8534.93	8748.31	8967.05	9191.35	9421.01	9656.57	9898.03	10145.37
23	7732.23	7925.67	8123.79	8326.76	8534.93	8748.31	8967.05	9191.35	9421.01	9656.57	9898.03	10145.37	10399.13
24	7925.67	8123.79	8326.76	8534.93	8748.31	8967.05	9191.35	9421.01	9656.57	9898.03	10145.37	10399.13	10659.13
25	8123.79	8326.76	8534.93	8748.31	8967.05	9191.35	9421.01	9656.57	9898.03	10145.37	10399.13	10659.13	10925.55
26	8326.76	8534.93	8748.31	8967.05	9191.35	9421.01	9656.57	9898.03	10145.37	10399.13	10659.13	10925.55	11198.72
27	8534.93	8748.31	8967.05	9191.35	9421.01	9656.57	9898.03	10145.37	10399.13	10659.13	10925.55	11198.72	11478.65
28	8748.31	8967.05	9191.35	9421.01	9656.57	9898.03	10145.37	10399.13	10659.13	10925.55	11198.72	11478.65	11765.69
29	8967.05	9191.35	9421.01	9656.57	9898.03	10145.37	10399.13	10659.13	10925.55	11198.72	11478.65	11765.69	12059.84
30	9191.35	9421.01	9656.57	9898.03	10145.37	10399.13	10659.13	10925.55	11198.72	11478.65	11765.69	12059.84	12361.27
31	9421.01	9656.57	9898.03	10145.37	10399.13	10659.13	10925.55	11198.72	11478.65	11765.69	12059.84	12361.27	12670.32
32	9656.57	9898.03	10145.37	10399.13	10659.13	10925.55	11198.72	11478.65	11765.69	12059.84	12361.27	12670.32	12987.00
33	9898.03	10145.37	10399.13	10659.13	10925.55	11198.72	11478.65	11765.69	12059.84	12361.27	12670.32	12987.00	13311.65
34	10145.37	10399.13	10659.13	10925.55	11198.72	11478.65	11765.69	12059.84	12361.27	12670.32	12987.00	13311.65	13644.45
35	10399.13	10659.13	10925.55	11198.72	11478.65	11765.69	12059.84	12361.27	12670.32	12987.00	13311.65	13644.45	13985.57
36	10659.13	10925.55	11198.72	11478.65	11765.69	12059.84	12361.27	12670.32	12987.00	13311.65	13644.45	13985.57	14335.19
37	10925.55	11198.72	11478.65	11765.69	12059.84	12361.27	12670.32	12987.00	13311.65	13644.45	13985.57	14335.19	14693.64
38	11198.72	11478.65	11765.69	12059.84	12361.27	12670.32	12987.00	13311.65	13644.45	13985.57	14335.19	14693.64	15060.93
39	11478.65	11765.69	12059.84	12361.27	12670.32	12987.00	13311.65	13644.45	13985.57	14335.19	14693.64	15060.93	15437.59
40	11765.69	12059.84	12361.27	12670.32	12987.00	13311.65	13644.45	13985.57	14335.19	14693.64	15060.93	15437.59	15823.43
41	12059.84	12361.27	12670.32	12987.00	13311.65	13644.45	13985.57	14335.19	14693.64	15060.93	15437.59	15823.43	16218.97
42	12361.27	12670.32	12987.00	13311.65	13644.45	13985.57	14335.19	14693.64	15060.93	15437.59	15823.43	16218.97	16624.57
43	12670.32	12987.00	13311.65	13644.45	13985.57	14335.19	14693.64	15060.93	15437.59	15823.43	16218.97	16624.57	17040.05
44	12987.00	13311.65	13644.45	13985.57	14335.19	14693.64	15060.93	15437.59	15823.43	16218.97	16624.57	17040.05	17466.11
45	13311.65	13644.45	13985.57	14335.19	14693.64	15060.93	15437.59	15823.43	16218.97	16624.57	17040.05	17466.11	17902.73
46	13644.45	13985.57	14335.19	14693.64	15060.93	15437.59	15823.43	16218.97	16624.57	17040.05	17466.11	17902.73	18350.28
47	13985.57	14335.19	14693.64	15060.93	15437.59	15823.43	16218.97	16624.57	17040.05	17466.11	17902.73	18350.28	18809.09
48	14335.19	14693.64	15060.93	15437.59	15823.43	16218.97	16624.57	17040.05	17466.11	17902.73	18350.28	18809.09	19279.35
49	14693.64	15060.93	15437.59	15823.43	16218.97	16624.57	17040.05	17466.11	17902.73	18350.28	18809.09	19279.35	19761.39

Range /Step	1	2	3	4	5	6	7	8	9	10	11	12	13
1	53896.96	55244.80	56625.92	58040.32	59492.16	60979.36	62504.00	64066.08	65667.68	67310.88	68993.60	70717.92	72485.92
2	55244.80	56625.92	58040.32	59492.16	60979.36	62504.00	64066.08	65667.68	67310.88	68993.60	70717.92	72485.92	74297.60
3	56625.92	58040.32	59492.16	60979.36	62504.00	64066.08	65667.68	67310.88	68993.60	70717.92	72485.92	74297.60	76155.04
4	58040.32	59492.16	60979.36	62504.00	64066.08	65667.68	67310.88	68993.60	70717.92	72485.92	74297.60	76155.04	78058.24
5	59492.16	60979.36	62504.00	64066.08	65667.68	67310.88	68993.60	70717.92	72485.92	74297.60	76155.04	78058.24	80011.36
6	60979.36	62504.00	64066.08	65667.68	67310.88	68993.60	70717.92	72485.92	74297.60	76155.04	78058.24	80011.36	82010.24
7	62504.00	64066.08	65667.68	67310.88	68993.60	70717.92	72485.92	74297.60	76155.04	78058.24	80011.36	82010.24	84061.12
8	64066.08	65667.68	67310.88	68993.60	70717.92	72485.92	74297.60	76155.04	78058.24	80011.36	82010.24	84061.12	86161.92
9	65667.68	67310.88	68993.60	70717.92	72485.92	74297.60	76155.04	78058.24	80011.36	82010.24	84061.12	86161.92	88316.80
10	67310.88	68993.60	70717.92	72485.92	74297.60	76155.04	78058.24	80011.36	82010.24	84061.12	86161.92	88316.80	90523.68
11	68993.60	70717.92	72485.92	74297.60	76155.04	78058.24	80011.36	82010.24	84061.12	86161.92	88316.80	90523.68	92786.72
12	70717.92	72485.92	74297.60	76155.04	78058.24	80011.36	82010.24	84061.12	86161.92	88316.80	90523.68	92786.72	95108.00
13	72485.92	74297.60	76155.04	78058.24	80011.36	82010.24	84061.12	86161.92	88316.80	90523.68	92786.72	95108.00	97485.44
14	74297.60	76155.04	78058.24	80011.36	82010.24	84061.12	86161.92	88316.80	90523.68	92786.72	95108.00	97485.44	99921.12
15	76155.04	78058.24	80011.36	82010.24	84061.12	86161.92	88316.80	90523.68	92786.72	95108.00	97485.44	99921.12	102419.20
16	78058.24	80011.36	82010.24	84061.12	86161.92	88316.80	90523.68	92786.72	95108.00	97485.44	99921.12	102419.20	104979.68
17	80011.36	82010.24	84061.12	86161.92	88316.80	90523.68	92786.72	95108.00	97485.44	99921.12	102419.20	104979.68	107604.64
18	82010.24	84061.12	86161.92	88316.80	90523.68	92786.72	95108.00	97485.44	99921.12	102419.20	104979.68	107604.64	110296.16
19	84061.12	86161.92	88316.80	90523.68	92786.72	95108.00	97485.44	99921.12	102419.20	104979.68	107604.64	110296.16	113052.16
20	86161.92	88316.80	90523.68	92786.72	95108.00	97485.44	99921.12	102419.20	104979.68	107604.64	110296.16	113052.16	115878.88
21	88316.80	90523.68	92786.72	95108.00	97485.44	99921.12	102419.20	104979.68	107604.64	110296.16	113052.16	115878.88	118776.32
22	90523.68	92786.72	95108.00	97485.44	99921.12	102419.20	104979.68	107604.64	110296.16	113052.16	115878.88	118776.32	121744.48
23	92786.72	95108.00	97485.44	99921.12	102419.20	104979.68	107604.64	110296.16	113052.16	115878.88	118776.32	121744.48	124789.60
24	95108.00	97485.44	99921.12	102419.20	104979.68	107604.64	110296.16	113052.16	115878.88	118776.32	121744.48	124789.60	127909.60
25	97485.44	99921.12	102419.20	104979.68	107604.64	110296.16	113052.16	115878.88	118776.32	121744.48	124789.60	127909.60	131106.56
26	99921.12	102419.20	104979.68	107604.64	110296.16	113052.16	115878.88	118776.32	121744.48	124789.60	127909.60	131106.56	134384.64
27	102419.20	104979.68	107604.64	110296.16	113052.16	115878.88	118776.32	121744.48	124789.60	127909.60	131106.56	134384.64	137743.84
28	104979.68	107604.64	110296.16	113052.16	115878.88	118776.32	121744.48	124789.60	127909.60	131106.56	134384.64	137743.84	141188.32
29	107604.64	110296.16	113052.16	115878.88	118776.32	121744.48	124789.60	127909.60	131106.56	134384.64	137743.84	141188.32	144718.08
30	110296.16	113052.16	115878.88	118776.32	121744.48	124789.60	127909.60	131106.56	134384.64	137743.84	141188.32	144718.08	148335.20
31	113052.16	115878.88	118776.32	121744.48	124789.60	127909.60	131106.56	134384.64	137743.84	141188.32	144718.08	148335.20	152043.84
32	115878.88	118776.32	121744.48	124789.60	127909.60	131106.56	134384.64	137743.84	141188.32	144718.08	148335.20	152043.84	155844.00
33	118776.32	121744.48	124789.60	127909.60	131106.56	134384.64	137743.84	141188.32	144718.08	148335.20	152043.84	155844.00	159739.84
34	121744.48	124789.60	127909.60	131106.56	134384.64	137743.84	141188.32	144718.08	148335.20	152043.84	155844.00	159739.84	163733.44
35	124789.60	127909.60	131106.56	134384.64	137743.84	141188.32	144718.08	148335.20	152043.84	155844.00	159739.84	163733.44	167826.88
36	127909.60	131106.56	134384.64	137743.84	141188.32	144718.08	148335.20	152043.84	155844.00	159739.84	163733.44	167826.88	172022.24
37	131106.56	134384.64	137743.84	141188.32	144718.08	148335.20	152043.84	155844.00	159739.84	163733.44	167826.88	172022.24	176323.68
38	134384.64	137743.84	141188.32	144718.08	148335.20	152043.84	155844.00	159739.84	163733.44	167826.88	172022.24	176323.68	180731.20
39	137743.84	141188.32	144718.08	148335.20	152043.84	155844.00	159739.84	163733.44	167826.88	172022.24	176323.68	180731.20	185251.04
40	141188.32	144718.08	148335.20	152043.84	155844.00	159739.84	163733.44	167826.88	172022.24	176323.68	180731.20	185251.04	189881.12
41	144718.08	148335.20	152043.84	155844.00	159739.84	163733.44	167826.88	172022.24	176323.68	180731.20	185251.04	189881.12	194627.68
42	148335.20	152043.84	155844.00	159739.84	163733.44	167826.88	172022.24	176323.68	180731.20	185251.04	189881.12	194627.68	199494.88
43	152043.84	155844.00	159739.84	163733.44	167826.88	172022.24	176323.68	180731.20	185251.04	189881.12	194627.68	199494.88	204480.64
44	155844.00	159739.84	163733.44	167826.88	172022.24	176323.68	180731.20	185251.04	189881.12	194627.68	199494.88	204480.64	209593.28
45	159739.84	163733.44	167826.88	172022.24	176323.68	180731.20	185251.04	189881.12	194627.68	199494.88	204480.64	209593.28	214832.80
46	163733.44	167826.88	172022.24	176323.68	180731.20	185251.04	189881.12	194627.68	199494.88	204480.64	209593.28	214832.80	220203.36
47	167826.88	172022.24	176323.68	180731.20	185251.04	189881.12	194627.68	199494.88	204480.64	209593.28	214832.80	220203.36	225709.12
48	172022.24	176323.68	180731.20	185251.04	189881.12	194627.68	199494.88	204480.64	209593.28	214832.80	220203.36	225709.12	231352.16
49	176323.68	180731.20	185251.04	189881.12	194627.68	199494.88	204480.64	209593.28	214832.80	220203.36	225709.12	231352.16	237136.64

EXECUTIVE / SENIOR MANAGEMENT			
SALARY TABLE			
EFFECTIVE JUNE 22, 2025			
SALARY RANGE	SALARY RATES		
	PERIOD	MINIMUM	MAXIMUM
A	Hourly	\$131.655	\$177.795
	Monthly	\$22,820.21	\$30,817.74
	Annually	\$273,842.48	\$369,812.90
B	Hourly	\$123.105	\$166.190
	Monthly	\$21,338.23	\$28,806.22
	Annually	\$256,058.71	\$345,674.67
C	Hourly	\$114.517	\$154.599
	Monthly	\$19,849.56	\$26,797.19
	Annually	\$238,194.68	\$321,566.26
D	Hourly	\$107.756	\$144.926
	Monthly	\$18,677.73	\$25,120.48
	Annually	\$224,132.78	\$301,445.73
E	Hourly	\$100.702	\$135.953
	Monthly	\$17,455.07	\$23,565.11
	Annually	\$209,460.89	\$282,781.37
F	Hourly	\$94.936	\$129.561
	Monthly	\$16,455.62	\$22,457.31
	Annually	\$197,467.45	\$269,487.69
G	Hourly	\$90.898	\$123.467
	Monthly	\$15,755.62	\$21,400.91
	Annually	\$189,067.46	\$256,810.88
H	Hourly	\$86.650	\$116.979
	Monthly	\$15,019.31	\$20,276.28
	Annually	\$180,231.76	\$243,315.40
I	Hourly	\$82.992	\$112.045
	Monthly	\$14,385.24	\$19,421.11
	Annually	\$172,622.92	\$233,053.33

BOARD APPOINTED CLASSIFICATIONS	
SALARY RANGE	ANNUAL SALARY SET BY BOARD OF DIRECTORS
Y*	\$442,270.40
Z**	\$360,434.26

*Range Y approved on August 28, 2025, effective August 24, 2025.

**Range Z approved on October 23, 2025, effective October 3, 2025.

SAN DIEGO COUNTY WATER AUTHORITY
CLASSIFICATION AND SALARY SCHEDULE
FY 2026-2027

BOARD APPOINTED	RANGE	REPRESENTED EMPLOYEES	RANGE
General Counsel	Z	Accountant	26
General Manager	Y	Accounting Assistant I	06
		Accounting Assistant II	12
		Accounting Supervisor	37
EXECUTIVE MANAGEMENT	RANGE	Accounting Technician	17
Assistant General Manager	B	Administrative Assistant	20
Deputy General Manager	A	Asset Management Specialist I	24
Director of Administrative Services	C	Asset Management Specialist II	31
Director of Engineering	C	Assistant Legislative Analyst	24
Director of Finance/Treasurer	C	Assistant Management Analyst	24
Director of Human Resources	C	Assistant Water Resources Specialist	24
Director of Imported Water	C	Assistant Water Resources Specialist (E)	24
Director of Operations and Maintenance	C	Construction Manager	39
Director of Public Affairs	C	Corrosion Control Supervisor	36
Director of Water Resources	C	Corrosion Control Technician I	18
		Corrosion Control Technician II	22
SENIOR MANAGEMENT	RANGE	Construction Inspector I	18
Administrative Services Manager	H	Construction Inspector II	22
Assistant General Counsel	E	Electrical/Instrumentation Supervisor	36
Budget and Treasury Manager	G	Electrical/Instrumentation Technician I	20
Colorado River Program Manager	D	Electrical/Instrumentation Technician II	28
Controller	F	Emergency Management Officer	34
Deputy Director of Engineering	D	Engineer (P.E.)	39
Engineering Manager	F	Engineer I	25
Financial Planning Manager	G	Engineer II	31
Government Relations Manager	G	Engineering Technician I	18
Human Resources Manager	G	Engineering Technician II	22
Information Security Manager	G	Facilities and Warehouse Technician	25
Information Systems Manager	G	Facilities Services Technician	25
MWD Program Manager	D	Financial Resources Analyst	39
Operations and Maintenance Manager	F	Fleet Mechanic I	18
Public Affairs Manager	H	Fleet Mechanic II	22
Right of Way Manager	G	Help Desk Support Specialist	24
Risk and Safety Manager	H	Information Systems Analyst	31
Water Resources Manager	F	Information Systems Supervisor	39
		Land Surveyor (P.L.S)	33
CONFIDENTIAL	RANGE	Legislative Analyst	28
Administrative Assistant	20	Maintenance Technician	23
Assistant Human Resources Analyst	24	Maintenance Worker I	11
Clerk of the Board	36	Maintenance Worker II	17
Deputy Clerk of the Board	20	Management Analyst	28
Executive Administrative Assistant	27	Office Assistant I	05
Human Resources Analyst	25	Office Assistant II	09
Human Resources Assistant	20	Principal Asset Management Specialist	42
Legal Administrative Assistant	27	Principal Construction Manager	46
Office Assistant I	05	Principal Engineer	46
Office Assistant II	09	Principal Public Affairs Representative	33
Principal Human Resources Analyst	43	Principal Water Resources Specialist	42
Senior Human Resources Analyst	33	Principal Water Resources Specialist (E)	42
Senior Office Assistant	14	Project Scheduler I	31

SAN DIEGO COUNTY WATER AUTHORITY
CLASSIFICATION AND SALARY SCHEDULE
FY 2026-2027

REPRESENTED EMPLOYEES, CONTINUED	RANGE	REPRESENTED EMPLOYEES, CONTINUED	RANGE
Project Scheduler II	37	System Operations Supervisor	37
Public Affairs Representative I	23	System Operator I	18
Public Affairs Representative II	27	System Operator II	24
Public Affairs Supervisor	35	Systems Administration & Support Specialist	26
Purchasing Technician I	20	Water Resources Aide	20
Purchasing Technician II	24	Water Resources Specialist	31
QSA Outreach Coordinator	39	Water Resources Specialist (E)	31
Receptionist	09		
Right of Way Agent	31		
Right of Way Supervisor	37		
Right of Way Technician Level I	18 (Steps 1-7)	OTHER	RANGE
Right of Way Technician Level II	19 (Steps 5-11)	Student Intern (Determined at Hire)	N/A
Right of Way Technician Level III	22 (Steps 7-13)	Student Worker (Fixed at CA Min. Wage)	N/A
Right of Way Technician Level IV	28 (Steps 6-13)		
Rotating Equipment Supervisor	38		
Rotating Equipment Technician I	22		
Rotating Equipment Technician II	30		
Safety Officer	33		
SCADA Specialist	31		
SCADA Supervisor	39		
Senior Accountant	33		
Senior Asset Management Specialist	39		
Senior Construction Manager	43		
Senior Construction Inspector	29		
Senior Corrosion Control Technician	29		
Senior Electrical/Instrumentation Technician	32		
Senior Engineer	43		
Senior Engineering Technician	29		
Senior Fleet Mechanic	27		
Senior Information Systems Analyst (Operational Technology)	35		
Senior Information Systems Analyst	35		
Senior Legislative Analyst	33		
Senior Maintenance Technician	27		
Senior Management Analyst	33		
Senior Office Assistant	14		
Senior Project Scheduler	39		
Senior Public Affairs Representative	31		
Senior Right of Way Agent	35		
Senior Rotating Equipment Technician	34		
Senior SCADA Specialist	35		
Senior Survey Technician	29		
Senior Systems Administration & Support Specialist	30		
Senior System Operator	32		
Senior Water Resources Specialist	39		
Senior Water Resources Specialist (E)	39		
Supervising Construction Inspector	35		
Supervising Engineering Technician	35		
Supervising Land Surveyor	37		
Supervising Management Analyst	37		
Survey Technician	24		
System Maintenance Supervisor	33		

Range /Step	1	2	3	4	5	6	7	8	9	10	11	12	13
1	26.897	27.569	28.258	28.965	29.689	30.431	31.192	31.972	32.771	33.590	34.430	35.291	36.173
2	27.569	28.258	28.965	29.689	30.431	31.192	31.972	32.771	33.590	34.430	35.291	36.173	37.077
3	28.258	28.965	29.689	30.431	31.192	31.972	32.771	33.590	34.430	35.291	36.173	37.077	38.004
4	28.965	29.689	30.431	31.192	31.972	32.771	33.590	34.430	35.291	36.173	37.077	38.004	38.954
5	29.689	30.431	31.192	31.972	32.771	33.590	34.430	35.291	36.173	37.077	38.004	38.954	39.928
6	30.431	31.192	31.972	32.771	33.590	34.430	35.291	36.173	37.077	38.004	38.954	39.928	40.927
7	31.192	31.972	32.771	33.590	34.430	35.291	36.173	37.077	38.004	38.954	39.928	40.927	41.950
8	31.972	32.771	33.590	34.430	35.291	36.173	37.077	38.004	38.954	39.928	40.927	41.950	42.998
9	32.771	33.590	34.430	35.291	36.173	37.077	38.004	38.954	39.928	40.927	41.950	42.998	44.073
10	33.590	34.430	35.291	36.173	37.077	38.004	38.954	39.928	40.927	41.950	42.998	44.073	45.175
11	34.430	35.291	36.173	37.077	38.004	38.954	39.928	40.927	41.950	42.998	44.073	45.175	46.305
12	35.291	36.173	37.077	38.004	38.954	39.928	40.927	41.950	42.998	44.073	45.175	46.305	47.462
13	36.173	37.077	38.004	38.954	39.928	40.927	41.950	42.998	44.073	45.175	46.305	47.462	48.649
14	37.077	38.004	38.954	39.928	40.927	41.950	42.998	44.073	45.175	46.305	47.462	48.649	49.865
15	38.004	38.954	39.928	40.927	41.950	42.998	44.073	45.175	46.305	47.462	48.649	49.865	51.112
16	38.954	39.928	40.927	41.950	42.998	44.073	45.175	46.305	47.462	48.649	49.865	51.112	52.389
17	39.928	40.927	41.950	42.998	44.073	45.175	46.305	47.462	48.649	49.865	51.112	52.389	53.699
18	40.927	41.950	42.998	44.073	45.175	46.305	47.462	48.649	49.865	51.112	52.389	53.699	55.042
19	41.950	42.998	44.073	45.175	46.305	47.462	48.649	49.865	51.112	52.389	53.699	55.042	56.418
20	42.998	44.073	45.175	46.305	47.462	48.649	49.865	51.112	52.389	53.699	55.042	56.418	57.828
21	44.073	45.175	46.305	47.462	48.649	49.865	51.112	52.389	53.699	55.042	56.418	57.828	59.274
22	45.175	46.305	47.462	48.649	49.865	51.112	52.389	53.699	55.042	56.418	57.828	59.274	60.756
23	46.305	47.462	48.649	49.865	51.112	52.389	53.699	55.042	56.418	57.828	59.274	60.756	62.275
24	47.462	48.649	49.865	51.112	52.389	53.699	55.042	56.418	57.828	59.274	60.756	62.275	63.831
25	48.649	49.865	51.112	52.389	53.699	55.042	56.418	57.828	59.274	60.756	62.275	63.831	65.427
26	49.865	51.112	52.389	53.699	55.042	56.418	57.828	59.274	60.756	62.275	63.831	65.427	67.063
27	51.112	52.389	53.699	55.042	56.418	57.828	59.274	60.756	62.275	63.831	65.427	67.063	68.739
28	52.389	53.699	55.042	56.418	57.828	59.274	60.756	62.275	63.831	65.427	67.063	68.739	70.458
29	53.699	55.042	56.418	57.828	59.274	60.756	62.275	63.831	65.427	67.063	68.739	70.458	72.219
30	55.042	56.418	57.828	59.274	60.756	62.275	63.831	65.427	67.063	68.739	70.458	72.219	74.025
31	56.418	57.828	59.274	60.756	62.275	63.831	65.427	67.063	68.739	70.458	72.219	74.025	75.875
32	57.828	59.274	60.756	62.275	63.831	65.427	67.063	68.739	70.458	72.219	74.025	75.875	77.772
33	59.274	60.756	62.275	63.831	65.427	67.063	68.739	70.458	72.219	74.025	75.875	77.772	79.717
34	60.756	62.275	63.831	65.427	67.063	68.739	70.458	72.219	74.025	75.875	77.772	79.717	81.710
35	62.275	63.831	65.427	67.063	68.739	70.458	72.219	74.025	75.875	77.772	79.717	81.710	83.752
36	63.831	65.427	67.063	68.739	70.458	72.219	74.025	75.875	77.772	79.717	81.710	83.752	85.846
37	65.427	67.063	68.739	70.458	72.219	74.025	75.875	77.772	79.717	81.710	83.752	85.846	87.992
38	67.063	68.739	70.458	72.219	74.025	75.875	77.772	79.717	81.710	83.752	85.846	87.992	90.192
39	68.739	70.458	72.219	74.025	75.875	77.772	79.717	81.710	83.752	85.846	87.992	90.192	92.447
40	70.458	72.219	74.025	75.875	77.772	79.717	81.710	83.752	85.846	87.992	90.192	92.447	94.758
41	72.219	74.025	75.875	77.772	79.717	81.710	83.752	85.846	87.992	90.192	92.447	94.758	97.127
42	74.025	75.875	77.772	79.717	81.710	83.752	85.846	87.992	90.192	92.447	94.758	97.127	99.555
43	75.875	77.772	79.717	81.710	83.752	85.846	87.992	90.192	92.447	94.758	97.127	99.555	102.044
44	77.772	79.717	81.710	83.752	85.846	87.992	90.192	92.447	94.758	97.127	99.555	102.044	104.595
45	79.717	81.710	83.752	85.846	87.992	90.192	92.447	94.758	97.127	99.555	102.044	104.595	107.210
46	81.710	83.752	85.846	87.992	90.192	92.447	94.758	97.127	99.555	102.044	104.595	107.210	109.890
47	83.752	85.846	87.992	90.192	92.447	94.758	97.127	99.555	102.044	104.595	107.210	109.890	112.638
48	85.846	87.992	90.192	92.447	94.758	97.127	99.555	102.044	104.595	107.210	109.890	112.638	115.453
49	87.992	90.192	92.447	94.758	97.127	99.555	102.044	104.595	107.210	109.890	112.638	115.453	118.340

Range /Step	1	2	3	4	5	6	7	8	9	10	11	12	13
1	4662.15	4778.63	4898.05	5020.60	5146.09	5274.71	5406.61	5541.81	5680.31	5822.27	5967.87	6117.11	6269.99
2	4778.63	4898.05	5020.60	5146.09	5274.71	5406.61	5541.81	5680.31	5822.27	5967.87	6117.11	6269.99	6426.68
3	4898.05	5020.60	5146.09	5274.71	5406.61	5541.81	5680.31	5822.27	5967.87	6117.11	6269.99	6426.68	6587.36
4	5020.60	5146.09	5274.71	5406.61	5541.81	5680.31	5822.27	5967.87	6117.11	6269.99	6426.68	6587.36	6752.03
5	5146.09	5274.71	5406.61	5541.81	5680.31	5822.27	5967.87	6117.11	6269.99	6426.68	6587.36	6752.03	6920.85
6	5274.71	5406.61	5541.81	5680.31	5822.27	5967.87	6117.11	6269.99	6426.68	6587.36	6752.03	6920.85	7094.01
7	5406.61	5541.81	5680.31	5822.27	5967.87	6117.11	6269.99	6426.68	6587.36	6752.03	6920.85	7094.01	7271.33
8	5541.81	5680.31	5822.27	5967.87	6117.11	6269.99	6426.68	6587.36	6752.03	6920.85	7094.01	7271.33	7452.99
9	5680.31	5822.27	5967.87	6117.11	6269.99	6426.68	6587.36	6752.03	6920.85	7094.01	7271.33	7452.99	7639.32
10	5822.27	5967.87	6117.11	6269.99	6426.68	6587.36	6752.03	6920.85	7094.01	7271.33	7452.99	7639.32	7830.33
11	5967.87	6117.11	6269.99	6426.68	6587.36	6752.03	6920.85	7094.01	7271.33	7452.99	7639.32	7830.33	8026.20
12	6117.11	6269.99	6426.68	6587.36	6752.03	6920.85	7094.01	7271.33	7452.99	7639.32	7830.33	8026.20	8226.75
13	6269.99	6426.68	6587.36	6752.03	6920.85	7094.01	7271.33	7452.99	7639.32	7830.33	8026.20	8226.75	8432.49
14	6426.68	6587.36	6752.03	6920.85	7094.01	7271.33	7452.99	7639.32	7830.33	8026.20	8226.75	8432.49	8643.27
15	6587.36	6752.03	6920.85	7094.01	7271.33	7452.99	7639.32	7830.33	8026.20	8226.75	8432.49	8643.27	8859.41
16	6752.03	6920.85	7094.01	7271.33	7452.99	7639.32	7830.33	8026.20	8226.75	8432.49	8643.27	8859.41	9080.76
17	6920.85	7094.01	7271.33	7452.99	7639.32	7830.33	8026.20	8226.75	8432.49	8643.27	8859.41	9080.76	9307.83
18	7094.01	7271.33	7452.99	7639.32	7830.33	8026.20	8226.75	8432.49	8643.27	8859.41	9080.76	9307.83	9540.61
19	7271.33	7452.99	7639.32	7830.33	8026.20	8226.75	8432.49	8643.27	8859.41	9080.76	9307.83	9540.61	9779.12
20	7452.99	7639.32	7830.33	8026.20	8226.75	8432.49	8643.27	8859.41	9080.76	9307.83	9540.61	9779.12	10023.52
21	7639.32	7830.33	8026.20	8226.75	8432.49	8643.27	8859.41	9080.76	9307.83	9540.61	9779.12	10023.52	10274.16
22	7830.33	8026.20	8226.75	8432.49	8643.27	8859.41	9080.76	9307.83	9540.61	9779.12	10023.52	10274.16	10531.04
23	8026.20	8226.75	8432.49	8643.27	8859.41	9080.76	9307.83	9540.61	9779.12	10023.52	10274.16	10531.04	10794.33
24	8226.75	8432.49	8643.27	8859.41	9080.76	9307.83	9540.61	9779.12	10023.52	10274.16	10531.04	10794.33	11064.04
25	8432.49	8643.27	8859.41	9080.76	9307.83	9540.61	9779.12	10023.52	10274.16	10531.04	10794.33	11064.04	11340.68
26	8643.27	8859.41	9080.76	9307.83	9540.61	9779.12	10023.52	10274.16	10531.04	10794.33	11064.04	11340.68	11624.25
27	8859.41	9080.76	9307.83	9540.61	9779.12	10023.52	10274.16	10531.04	10794.33	11064.04	11340.68	11624.25	11914.76
28	9080.76	9307.83	9540.61	9779.12	10023.52	10274.16	10531.04	10794.33	11064.04	11340.68	11624.25	11914.76	12212.72
29	9307.83	9540.61	9779.12	10023.52	10274.16	10531.04	10794.33	11064.04	11340.68	11624.25	11914.76	12212.72	12517.96
30	9540.61	9779.12	10023.52	10274.16	10531.04	10794.33	11064.04	11340.68	11624.25	11914.76	12212.72	12517.96	12831.00
31	9779.12	10023.52	10274.16	10531.04	10794.33	11064.04	11340.68	11624.25	11914.76	12212.72	12517.96	12831.00	13151.67
32	10023.52	10274.16	10531.04	10794.33	11064.04	11340.68	11624.25	11914.76	12212.72	12517.96	12831.00	13151.67	13480.48
33	10274.16	10531.04	10794.33	11064.04	11340.68	11624.25	11914.76	12212.72	12517.96	12831.00	13151.67	13480.48	13817.61
34	10531.04	10794.33	11064.04	11340.68	11624.25	11914.76	12212.72	12517.96	12831.00	13151.67	13480.48	13817.61	14163.07
35	10794.33	11064.04	11340.68	11624.25	11914.76	12212.72	12517.96	12831.00	13151.67	13480.48	13817.61	14163.07	14517.01
36	11064.04	11340.68	11624.25	11914.76	12212.72	12517.96	12831.00	13151.67	13480.48	13817.61	14163.07	14517.01	14879.97
37	11340.68	11624.25	11914.76	12212.72	12517.96	12831.00	13151.67	13480.48	13817.61	14163.07	14517.01	14879.97	15251.95
38	11624.25	11914.76	12212.72	12517.96	12831.00	13151.67	13480.48	13817.61	14163.07	14517.01	14879.97	15251.95	15633.28
39	11914.76	12212.72	12517.96	12831.00	13151.67	13480.48	13817.61	14163.07	14517.01	14879.97	15251.95	15633.28	16024.15
40	12212.72	12517.96	12831.00	13151.67	13480.48	13817.61	14163.07	14517.01	14879.97	15251.95	15633.28	16024.15	16424.72
41	12517.96	12831.00	13151.67	13480.48	13817.61	14163.07	14517.01	14879.97	15251.95	15633.28	16024.15	16424.72	16835.35
42	12831.00	13151.67	13480.48	13817.61	14163.07	14517.01	14879.97	15251.95	15633.28	16024.15	16424.72	16835.35	17256.20
43	13151.67	13480.48	13817.61	14163.07	14517.01	14879.97	15251.95	15633.28	16024.15	16424.72	16835.35	17256.20	17687.63
44	13480.48	13817.61	14163.07	14517.01	14879.97	15251.95	15633.28	16024.15	16424.72	16835.35	17256.20	17687.63	18129.80
45	13817.61	14163.07	14517.01	14879.97	15251.95	15633.28	16024.15	16424.72	16835.35	17256.20	17687.63	18129.80	18583.07
46	14163.07	14517.01	14879.97	15251.95	15633.28	16024.15	16424.72	16835.35	17256.20	17687.63	18129.80	18583.07	19047.60
47	14517.01	14879.97	15251.95	15633.28	16024.15	16424.72	16835.35	17256.20	17687.63	18129.80	18583.07	19047.60	19523.92
48	14879.97	15251.95	15633.28	16024.15	16424.72	16835.35	17256.20	17687.63	18129.80	18583.07	19047.60	19523.92	20011.85
49	15251.95	15633.28	16024.15	16424.72	16835.35	17256.20	17687.63	18129.80	18583.07	19047.60	19523.92	20011.85	20512.27

Range /Step	1	2	3	4	5	6	7	8	9	10	11	12	13
1	55945.76	57343.52	58776.64	60247.20	61753.12	63296.48	64879.36	66501.76	68163.68	69867.20	71614.40	73405.28	75239.84
2	57343.52	58776.64	60247.20	61753.12	63296.48	64879.36	66501.76	68163.68	69867.20	71614.40	73405.28	75239.84	77120.16
3	58776.64	60247.20	61753.12	63296.48	64879.36	66501.76	68163.68	69867.20	71614.40	73405.28	75239.84	77120.16	79048.32
4	60247.20	61753.12	63296.48	64879.36	66501.76	68163.68	69867.20	71614.40	73405.28	75239.84	77120.16	79048.32	81024.32
5	61753.12	63296.48	64879.36	66501.76	68163.68	69867.20	71614.40	73405.28	75239.84	77120.16	79048.32	81024.32	83050.24
6	63296.48	64879.36	66501.76	68163.68	69867.20	71614.40	73405.28	75239.84	77120.16	79048.32	81024.32	83050.24	85128.16
7	64879.36	66501.76	68163.68	69867.20	71614.40	73405.28	75239.84	77120.16	79048.32	81024.32	83050.24	85128.16	87256.00
8	66501.76	68163.68	69867.20	71614.40	73405.28	75239.84	77120.16	79048.32	81024.32	83050.24	85128.16	87256.00	89435.84
9	68163.68	69867.20	71614.40	73405.28	75239.84	77120.16	79048.32	81024.32	83050.24	85128.16	87256.00	89435.84	91671.84
10	69867.20	71614.40	73405.28	75239.84	77120.16	79048.32	81024.32	83050.24	85128.16	87256.00	89435.84	91671.84	93964.00
11	71614.40	73405.28	75239.84	77120.16	79048.32	81024.32	83050.24	85128.16	87256.00	89435.84	91671.84	93964.00	96314.40
12	73405.28	75239.84	77120.16	79048.32	81024.32	83050.24	85128.16	87256.00	89435.84	91671.84	93964.00	96314.40	98720.96
13	75239.84	77120.16	79048.32	81024.32	83050.24	85128.16	87256.00	89435.84	91671.84	93964.00	96314.40	98720.96	101189.92
14	77120.16	79048.32	81024.32	83050.24	85128.16	87256.00	89435.84	91671.84	93964.00	96314.40	98720.96	101189.92	103719.20
15	79048.32	81024.32	83050.24	85128.16	87256.00	89435.84	91671.84	93964.00	96314.40	98720.96	101189.92	103719.20	106312.96
16	81024.32	83050.24	85128.16	87256.00	89435.84	91671.84	93964.00	96314.40	98720.96	101189.92	103719.20	106312.96	108969.12
17	83050.24	85128.16	87256.00	89435.84	91671.84	93964.00	96314.40	98720.96	101189.92	103719.20	106312.96	108969.12	111693.92
18	85128.16	87256.00	89435.84	91671.84	93964.00	96314.40	98720.96	101189.92	103719.20	106312.96	108969.12	111693.92	114487.36
19	87256.00	89435.84	91671.84	93964.00	96314.40	98720.96	101189.92	103719.20	106312.96	108969.12	111693.92	114487.36	117349.44
20	89435.84	91671.84	93964.00	96314.40	98720.96	101189.92	103719.20	106312.96	108969.12	111693.92	114487.36	117349.44	120282.24
21	91671.84	93964.00	96314.40	98720.96	101189.92	103719.20	106312.96	108969.12	111693.92	114487.36	117349.44	120282.24	123289.92
22	93964.00	96314.40	98720.96	101189.92	103719.20	106312.96	108969.12	111693.92	114487.36	117349.44	120282.24	123289.92	126372.48
23	96314.40	98720.96	101189.92	103719.20	106312.96	108969.12	111693.92	114487.36	117349.44	120282.24	123289.92	126372.48	129532.00
24	98720.96	101189.92	103719.20	106312.96	108969.12	111693.92	114487.36	117349.44	120282.24	123289.92	126372.48	129532.00	132768.48
25	101189.92	103719.20	106312.96	108969.12	111693.92	114487.36	117349.44	120282.24	123289.92	126372.48	129532.00	132768.48	136088.16
26	103719.20	106312.96	108969.12	111693.92	114487.36	117349.44	120282.24	123289.92	126372.48	129532.00	132768.48	136088.16	139491.04
27	106312.96	108969.12	111693.92	114487.36	117349.44	120282.24	123289.92	126372.48	129532.00	132768.48	136088.16	139491.04	142977.12
28	108969.12	111693.92	114487.36	117349.44	120282.24	123289.92	126372.48	129532.00	132768.48	136088.16	139491.04	142977.12	146552.64
29	111693.92	114487.36	117349.44	120282.24	123289.92	126372.48	129532.00	132768.48	136088.16	139491.04	142977.12	146552.64	150215.52
30	114487.36	117349.44	120282.24	123289.92	126372.48	129532.00	132768.48	136088.16	139491.04	142977.12	146552.64	150215.52	153972.00
31	117349.44	120282.24	123289.92	126372.48	129532.00	132768.48	136088.16	139491.04	142977.12	146552.64	150215.52	153972.00	157820.00
32	120282.24	123289.92	126372.48	129532.00	132768.48	136088.16	139491.04	142977.12	146552.64	150215.52	153972.00	157820.00	161765.76
33	123289.92	126372.48	129532.00	132768.48	136088.16	139491.04	142977.12	146552.64	150215.52	153972.00	157820.00	161765.76	165811.36
34	126372.48	129532.00	132768.48	136088.16	139491.04	142977.12	146552.64	150215.52	153972.00	157820.00	161765.76	165811.36	169956.80
35	129532.00	132768.48	136088.16	139491.04	142977.12	146552.64	150215.52	153972.00	157820.00	161765.76	165811.36	169956.80	174204.16
36	132768.48	136088.16	139491.04	142977.12	146552.64	150215.52	153972.00	157820.00	161765.76	165811.36	169956.80	174204.16	178559.68
37	136088.16	139491.04	142977.12	146552.64	150215.52	153972.00	157820.00	161765.76	165811.36	169956.80	174204.16	178559.68	183023.36
38	139491.04	142977.12	146552.64	150215.52	153972.00	157820.00	161765.76	165811.36	169956.80	174204.16	178559.68	183023.36	187599.36
39	142977.12	146552.64	150215.52	153972.00	157820.00	161765.76	165811.36	169956.80	174204.16	178559.68	183023.36	187599.36	192289.76
40	146552.64	150215.52	153972.00	157820.00	161765.76	165811.36	169956.80	174204.16	178559.68	183023.36	187599.36	192289.76	197096.64
41	150215.52	153972.00	157820.00	161765.76	165811.36	169956.80	174204.16	178559.68	183023.36	187599.36	192289.76	197096.64	202024.16
42	153972.00	157820.00	161765.76	165811.36	169956.80	174204.16	178559.68	183023.36	187599.36	192289.76	197096.64	202024.16	207074.40
43	157820.00	161765.76	165811.36	169956.80	174204.16	178559.68	183023.36	187599.36	192289.76	197096.64	202024.16	207074.40	212251.52
44	161765.76	165811.36	169956.80	174204.16	178559.68	183023.36	187599.36	192289.76	197096.64	202024.16	207074.40	212251.52	217557.60
45	165811.36	169956.80	174204.16	178559.68	183023.36	187599.36	192289.76	197096.64	202024.16	207074.40	212251.52	217557.60	222996.80
46	169956.80	174204.16	178559.68	183023.36	187599.36	192289.76	197096.64	202024.16	207074.40	212251.52	217557.60	222996.80	228571.20
47	174204.16	178559.68	183023.36	187599.36	192289.76	197096.64	202024.16	207074.40	212251.52	217557.60	222996.80	228571.20	234287.04
48	178559.68	183023.36	187599.36	192289.76	197096.64	202024.16	207074.40	212251.52	217557.60	222996.80	228571.20	234287.04	240142.24
49	183023.36	187599.36	192289.76	197096.64	202024.16	207074.40	212251.52	217557.60	222996.80	228571.20	234287.04	240142.24	246147.20

FY 2025-2026

EXECUTIVE / SENIOR MANAGEMENT			
SALARY TABLE			
EFFECTIVE JUNE 22, 2025			
SALARY RANGE	SALARY RATES		
	PERIOD	MINIMUM	MAXIMUM
A	Hourly	\$131.655	\$177.795
	Monthly	\$22,820.21	\$30,817.74
	Annually	\$273,842.48	\$369,812.90
B	Hourly	\$123.105	\$166.190
	Monthly	\$21,338.23	\$28,806.22
	Annually	\$256,058.71	\$345,674.67
C	Hourly	\$114.517	\$154.599
	Monthly	\$19,849.56	\$26,797.19
	Annually	\$238,194.68	\$321,566.26
D	Hourly	\$107.756	\$144.926
	Monthly	\$18,677.73	\$25,120.48
	Annually	\$224,132.78	\$301,445.73
E	Hourly	\$100.702	\$135.953
	Monthly	\$17,455.07	\$23,565.11
	Annually	\$209,460.89	\$282,781.37
F	Hourly	\$94.936	\$129.561
	Monthly	\$16,455.62	\$22,457.31
	Annually	\$197,467.45	\$269,487.69
G	Hourly	\$90.898	\$123.467
	Monthly	\$15,755.62	\$21,400.91
	Annually	\$189,067.46	\$256,810.88
H	Hourly	\$86.650	\$116.979
	Monthly	\$15,019.31	\$20,276.28
	Annually	\$180,231.76	\$243,315.40
I	Hourly	\$82.992	\$112.045
	Monthly	\$14,385.24	\$19,421.11
	Annually	\$172,622.92	\$233,053.33

BOARD APPOINTED CLASSIFICATIONS	
SALARY RANGE	ANNUAL SALARY SET BY BOARD OF DIRECTORS
Y*	\$442,270.40
Z**	\$360,434.26

*Range Y approved on August 28, 2025, effective August 24, 2025.

**Range Z approved on October 23, 2025, effective October 3, 2025.



June 17, 2026

Attention: Board of Directors

General Counsel's Report – May/June 2026

Purpose

This report discusses certain meaningful legal matters receiving attention during the months of May/June 2026.

Significant Developments in Pending Litigation

City of San Diego and SDCWA v. CA State Water Resources Control Board

This is a longstanding dispute over annual regulatory fees paid to the SWRCB for our pending potential San Vicente pumped storage project, which fees are split by the Water Authority and the City of San Diego. All fees have been paid under protest by the agencies. The case is in Sacramento Superior Court and should soon be set for trial. Legal costs are split by the Water Authority and the City of San Diego.

Following our most recent settlement meeting, the SWRCB billed the SDCWA for its 2023-2024 regulatory fees in the amount of \$359,500. In response, the GC's office contacted in-house counsel at the SWRCB and procured an agreement to forgo collection of fees while the parties continued to negotiate. On December 12, 2023, the SDCWA along with the City, filed a timely Petition for Reconsideration, which stopped the clock on fee collection.

The City of San Diego presented and accepted the proposed settlement terms to SD City Council on May 11, 2026. The settlement agreement is drafted and pending approval with the State water board.

Amicus Issues

None.

Requests Pursuant to the Public Records Act (May 6 – June 11, 2026)

<u>Requestor</u>	<u>Documents Requested</u>
Castalia	Annual Operations Reports for Contract Years 2021–2025, and Monthly Operations Reports for calendar years 2022–2025 for the Carlsbad Desalination Plant
Center for Contract Compliance	Awarded contractor, subcontractor, original bid advertisement, and DIR Project ID for Water Bifurcation & Hubbard Hill Vent Rehabilitation

SmartProcure	Purchasing records from 2/18/26 to 5/26/26
Cendien	PeopleSoft Human Capital Management Consulting Services bid documents and contract
Ryan Schlick	Jacobs contract and set cost to operate Twin Oaks Water Treatment Plant

Contracts reviewed this period: 17

Prepared by: David J. Edwards, General Counsel
Attachment: Special Counsel Expenditure Report

**General Counsel's Office
Special Counsel Expenditure Report
(May/June 2026)**

On-going Litigation

Special Counsel	Project	Total \$ Expended for May/June 2026 (Fees & Costs)
Dean Gazzo Roistacher LLP	Mission Trails Flow Control Facility	Privileged ¹
Eanet PC	Confidential Matter	Privileged
	Employee Matter	Privileged
Meyers Nave	Confidential Matter	Privileged

Non-Litigation

Special Counsel	Project	Total \$ Expended for May/June 2026 (Fees & Costs)
Burke Williams & Sorensen LLP	Labor Negotiations	\$18,200.29 (OP)
Liebert Cassidy Whitmore	Personnel Issues	\$2,491.00 (OP)
Van Ness Feldman	San Vicente Water Storage Facility Project	\$6,555.00 (CIP)

¹ The California Supreme Court has held that the amounts of monthly legal bills for ongoing litigation have privileged status, as they may disclose litigation strategy. *Los Angeles County Bd. of Supervisors v. Superior Court*, (2016) 2 Cal. 5th 282, 286.



June 17, 2026

Attention: Board of Directors

CLOSED SESSIONS:

Conference with the Labor Negotiator

Government Code §54957.6

**Agency Designated Representatives: Jaymie Bradford, Catherine Love,
Jeff Stephenson, Cristina Lever-Santos, Mark Wilson, Tim Davis**

Employee Organizations: Teamsters Local 986

Conference with the Labor Negotiator

Government Code §54957.6

Agency Designated Representatives: Dan Denham, Catherine Love

Employee Organizations: Unrepresented Employees

Purpose

The General Manager has asked that the closed sessions be scheduled, pursuant to Government Code §54957.6, to discuss the above-referenced matters at the June 25, 2026 meeting.

Prepared by: David J. Edwards, General Counsel



BOARD PACKET APPENDICES

Page 356	Appendix: E&O-1:	E&O Action II-2, attachment 1, Agreement Between and Among the San Diego County Water Authority, the Valley Center Municipal Water District, and the Yuima Municipal Water District for Funding the Construction and for the Operation of the Emergency Storage Project Improvements in Valley Center and Yuima Municipal Water Districts
Page 369	Appendix: E&O-2:	E&O Action II-4, attachment 2, Control Systems and Electrical Engineering Services, As-Needed Contract with Brown and Caldwell
Page 397	Appendix: E&O-3:	E&O Action II-4, attachment 3, Control Systems and Electrical Engineering Services, As-Needed Contract with The Engineering Partners, Inc.
Page 425	Appendix: E&O-4:	E&O Action II-4, attachment 4, Control Systems and Electrical Engineering Services, As-Needed Contract with WHB Engineers

Agency Agreement Information

ATTACHMENT 1

SECTION A - Project Information

Agreement Type:	 ☒ Procurement (expense with PO, expense without PO)	Today's Date:	04/04/2023
	☐ Revenue (money owed to the Water Authority)		
	☐ Non-Monetary		
Originating Dept:	Engineering	Master Agreement #:	
Project Name:	G1804 Construction Operation Agreement for ESP Valley Center Improvements		
Project Manager:	Colin Kemper	Dept. Rep:	4143
Agencies/Parties:	Valley Center Municipal Water District and Yuima	Supplier ID:	
Agency Contact:		Contact Email:	
Project Type:			
☐ Pipeline	☐ Construction	☐ Easement	☐ FCF
☐ Pass-through Agrmt	☒ Funding	☐ Pump Station	☐ Reclamation
☐ Storage	☐ Reimbursement	☐ Power	☐ Water Delivery
☐ Water Transfer	☐ Conservation	☐ Environmental	☐ Desalination
☐ Other			

SECTION B: Agreement Information (*Attach original executed copy of agreement or amendment, Board Memo, and Summary if not executed electronically.)

Agreement Type:	☒ New Agreement	Amendment #:	Contract #:	
	☐ Amendment		062462	
Original Agreement Amt:	Amend Amt (this action):	Total Agreement Amt:	Agreement End Date:	Original Board Approval Date:
\$11,360,000.00		\$11,360,000.00		03/23/2023

SECTION C: Approvals

Project Manager:	Project Manager's Supervisor (group leader and/or manager): *Optional	Department Head:
<u>Colin Kemper</u>	<u>Jason Gornall</u>	<u>Gary Bousquet</u>

SECTION D: Amendment History (including this action)

Amend #:	Amend Amount:	Cumulative Amount:	Approved by:	Approval Date:

Amend #:	Amend Amount:	Cumulative Amount:	Approved by:	Approval Date:
Amend #:	Amend Amount:	Cumulative Amount:	Approved by:	Approval Date:
Amend #:	Amend Amount:	Cumulative Amount:	Approved by:	Approval Date:
Amend #:	Amend Amount:	Cumulative Amount:	Approved by:	Approval Date:
Amend #:	Amend Amount:	Cumulative Amount:	Approved by:	Approval Date:



April 4, 2023

Ms. Amy Reeh
General Manager
Yuima Municipal Water District
34928 Valley Center Road
Pauma Valley, CA 92061

RE: Agreement Between and Among the San Diego County Water Authority, the Valley Center Municipal Water District, and the Yuima Municipal Water District for Funding the Construction and for the Operation of the Emergency Storage Project Improvements in Valley Center and Yuima Municipal Water Districts

Dear Ms. Reeh:

Enclosed for your execution is the Agreement between the San Diego County Water Authority, Valley Center Municipal Water District, and Yuima Municipal Water District for funding the construction and operation of the Emergency Storage Project Improvements in Valley Center and Yuima Water Districts.

Upon execution by Valley Center and the Water Authority, one electronically signed agreement will be returned to you.

Should you have any questions, please call Mr. Colin Kemper, Senior Engineer at (858) 522-6892.

Sincerely,

A handwritten signature in black ink that reads "Gary W. Bousquet". The signature is written in a cursive, flowing style.

Gary W. Bousquet
Director of Engineering

GWB/MR:be
Enclosure

By DocuSign

G1804.008.2 - Request to Execute - Yuima

MEMBER AGENCIES

Carlsbad MWD • City of Del Mar • City of Escondido • Fallbrook Public Utility District • Helix Water District • Lakeside Water District • City of National City
City of Oceanside • Olivenhain MWD • Otay Water District • Padre Dam MWD • Camp Pendleton Marine Corps Base • City of Poway • Rainbow MWD
Ramona MWD • Rincon del Diablo MWD • City of San Diego • San Dieguito Water District • Santa Fe Irrigation District • Sweetwater Authority
Vallecitos Water District • Valley Center MWD • Vista Irrigation District • Yuima Municipal Water District



April 4, 2023

Mr. Gary Arant
General Manager
Valley Center Municipal Water District
29300 Valley Center Road
Valley Center, CA 92082

RE: Agreement Between and Among the San Diego County Water Authority, the Valley Center Municipal Water District, and the Yuima Municipal Water District for Funding the Construction and for the Operation of the Emergency Storage Project Improvements in Valley Center and Yuima Municipal Water Districts

Dear Mr. Arant:

Enclosed for your execution is the Agreement between the San Diego County Water Authority, Valley Center Municipal Water District, and Yuima Municipal Water District for funding the construction and operation of the Emergency Storage Project Improvements in Valley Center and Yuima Water Districts.

Upon execution by Yuima and the Water Authority, one electronically signed agreement will be returned to you.

Should you have any questions, please call Mr. Colin Kemper, Senior Engineer at (858) 522-6892.

Sincerely,

A handwritten signature in black ink that reads "Gary W. Bousquet". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Gary W. Bousquet
Director of Engineering

GWB/MR:be
Enclosure

By DocuSign

G1804.008.2 - Request to Execute - Valley Center

MEMBER AGENCIES

Carlsbad MWD • City of Del Mar • City of Escondido • Fallbrook Public Utility District • Helix Water District • Lakeside Water District • City of National City
City of Oceanside • Olivenhain MWD • Otay Water District • Padre Dam MWD • Camp Pendleton Marine Corps Base • City of Poway • Rainbow MWD
Ramona MWD • Rincon del Diablo MWD • City of San Diego • San Dieguito Water District • Santa Fe Irrigation District • Sweetwater Authority
Vallecitos Water District • Valley Center MWD • Vista Irrigation District • Yuima Municipal Water District

AGREEMENT BETWEEN AND AMONG THE SAN DIEGO COUNTY WATER
AUTHORITY, THE VALLEY CENTER MUNICIPAL WATER DISTRICT, AND THE
YUIMA MUNICIPAL WATER DISTRICT FOR FUNDING THE CONSTRUCTION AND
FOR THE OPERATION OF THE EMERGENCY STORAGE PROJECT IMPROVEMENTS
IN VALLEY CENTER AND YUIMA MUNICIPAL WATER DISTRICTS

This Agreement is entered into as of May 5 2023, between the San Diego County Water Authority (Water Authority), a county water authority, the Valley Center Municipal Water District (VCMWD), a municipal water district, and the Yuima Municipal Water District (YMWD), a municipal water district. The Water Authority, VCMWD, and YMWD (sometimes collectively referred to as the “Parties” and individually as a “Party”) in consideration of their mutual covenants, and for other valuable consideration, agree as follows:

Recitals:

- A. The Parties agreed to design the infrastructure improvements identified in the “The North County Emergency Storage Project Pump Stations – East Mission Road and Red Mountain Pump Stations Technical Report”, dated March 2017 (NCESP), memorialized by the Parties in the *Principles of Understanding for the Delivery of Emergency Storage Project Flows at the VC 1 Connection*, dated June 9, 2017, and further documented in the *Agreement between and among the San Diego County Water Authority, the Valley Center Municipal Water District, and the Yuima Municipal Water District for funding the design of the Emergency Storage Project Improvements in Valley Center and Yuima Municipal Water Districts*, dated November 20, 2018 as amended.
- B. The Parties have agreed to construct, operate, and maintain the infrastructure improvements identified in the Valley Center Municipal Water District North County Emergency Storage Project as further described below.
- C. VCMWD is a member agency of the Water Authority and the Water Authority supplies a portion of the treated water VCMWD currently distributes and sells at retail to its customers.
- D. YMWD is a member agency of the Water Authority and the Water Authority supplies a portion of the treated water YMWD currently distributes and sells at retail to its customers.
- E. The Water Authority owns, operates, and maintains the Valley Center 1A/1B Flow Control Facility (VC 1 FCF), Valley Center 3 (VC 3 FCF), Valley Center 5 and 6 Flow Control Facility (VC 5&6 FCF), and the Yuima Municipal Water District 3 Flow Control Facility (YMWD 3 FCF).
- F. The Emergency Storage Project (ESP) was approved by the Water Authority’s Board in August 1996 (Res. No. 96-31) to assure an adequate emergency water supply to the San Diego region, to maintain the health, safety, and welfare of the residences of San Diego, and to preserve jobs, agriculture, and otherwise protect the San Diego economy against catastrophic harm in the event that an earthquake or other calamity disrupts water service.

- G. The NCESP determined that ESP water deliveries to portions of VCMWD's service area, and all of YMWD's service area, could best be accomplished through VCMWD-owned and operated infrastructure improvements, thereby providing the most cost savings and operational efficiency to the Water Authority. It also provides system reliability and operational flexibility to VCMWD and YMWD.
- H. During an ESP event, the Water Authority will deliver water to VCMWD and YMWD at the VC 1 FCF and VC 5&6 FCF. This water will flow through VCMWD infrastructure improvements to provide up to 7.2 cubic feet per second (cfs) to the VC 3 FCF service area, and up to 7.8 cfs to the YMWD 3 FCF service area.
- I. The VCMWD infrastructure improvements provide sufficient minimum standard operating capacities to serve 7.2 cfs of treated water to the VC 3 FCF service area, and 7.8 cfs of treated water to the YMWD 3 FCF service area for a period of 50 years.
- J. The Water Authority is the lead agency for environmental documents and will ensure the work performed under this Agreement complies with the requirements of the California Environmental Quality Act (CEQA). On August 15, 1996, the Water Authority's Board of Directors certified an Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for the Emergency Water Storage Project (ESP; State Clearinghouse No. 93011028) and adopted the supporting CEQA Findings of Fact, Statement of Overriding Considerations, and Mitigation Monitoring Program (MMP). An addendum (Addendum 21) to the EIR/EIS addressing the VCMWD infrastructure improvements was prepared and approved by the Water Authority on July 13, 2021. VCMWD, acting as a Responsible CEQA Agency (CCR Title 14, Section 15096), considered the EIR/EIS, approved Addendum 21 and adopted the MMP on August 16, 2021, per Resolution No. 2021-30, and filed a Notice of Determination with the San Diego County Clerk on August 20, 2021.
- K. The Purpose of this Agreement is to fund the construction of the VCMWD infrastructure improvements and establish the construction, ownership, and operation terms and conditions to enable ESP water deliveries to a portion of VCMWD's service area and all of YMWD's service area.

The Recitals are incorporated herein and the Parties agree as follows:

1.0 ESP Water Deliveries

- 1.1 Flow requests and control shall be provided consistent with current practice of the Water Authority and Metropolitan Water District of Southern California (MWD) flow request guidelines. These guidelines may be amended, as required, by changes in MWD's or the Water Authority's operating requirements or as a result of changed operating conditions with the consent of the Water Authority.
- 1.2 If an ESP event is declared by the Water Authority's General Manager, the Water Authority will allocate water deliveries to Water Authority member agencies in accordance with the Water Authority's Administrative Code Chapter 5, Section 5.00.040, as it may be amended from time to time.

- 1.3 Infrastructure improvements constructed pursuant to this agreement will be capable of delivering emergency water during an ESP event up to a maximum of 7.2 cfs to VCMWD and 7.8 cfs to YMWD.
- 1.4 The Parties agree zero flow may be available from the Water Authority to the VC 3 FCF and YMWD 3 FCF connections during an ESP event. Allocated water will be delivered by the Water Authority to the VC 1 FCF and VC 5&6 FCF connections for distribution to both VC 3 FCF service area and YMWD 3 FCF service area. VCMWD will convey and meter YMWD-allocated ESP water deliveries to the YMWD Aqueduct Supply Pipeline through the Calle De Halcones Flow Control Facility and the Muutama Road Flow Control Facility. YMWD will receive its allocated ESP water deliveries at these connections.

2.0 Non-ESP Water Deliveries

- 2.1 VCMWD may deliver non-ESP water to YMWD through infrastructure constructed pursuant to this agreement. Availability, delivery, rate of flow, and cost of Non-ESP water deliveries are at the sole discretion of VCMWD via separate agreement between VCMWD and YMWD.

3.0 Water Authority Responsibilities

- 3.1 Assign a project manager for the VCMWD infrastructure improvements, who will be VCMWD's and YMWD's single point of contact.
- 3.2 Review construction submittals that revise the previously approved design and any proposed design changes prior to the issuance of change orders. Provide written comments and approval to VCMWD within 5 working days of receipt.
- 3.3 Upon request, coordinate the isolation of Water Authority facilities for the shutdown of and connections between VCMWD and YMWD facilities.
- 3.4 Inspect or witness the construction of the VCMWD infrastructure improvements and, upon the completion of the improvements, notify the Parties in writing that the Water Authority agrees that VCMWD completed the VCMWD infrastructure improvements in accordance with this Agreement.
- 3.5 Monitor construction progress to ensure consistency with the approved design and compliance with CEQA and the environmental documents prepared for this project.
- 3.6 Fund the construction per Section 7 herein.

4.0 Valley Center Municipal Water District Responsibilities

- 4.1 Assign a project manager for VCMWD infrastructure improvements, who will be the Water Authority's and YMWD's single point of contact.
- 4.2 Procure or provide services for public bidding and construction of the VCMWD infrastructure improvements, including but not limited to addendums, change orders,

construction inspections and testing services, and other work required to provide complete and operational facilities.

- 4.3 The Water Authority and YMWD, their employees, agents, officers, and directors, shall be named as additional insureds in all construction or other related contracts entered into by VCMWD in the implementation of this Agreement.
- 4.4 To the extent required under Labor Code Section 1720, et seq., VCMWD shall require the payment of prevailing wage rates in contracts entered into by VCMWD in implementation of this Agreement.
- 4.5 Construct the VCMWD infrastructure improvements in compliance with the latest California Code of Regulations Title 24; the California Health and Safety Code; other California laws and regulations; and VCMWD design standards, regional standards, and industry standards adopted at the time the final design of each improvement is submitted for Water Authority and YMWD review.
- 4.6 All work, equipment, and materials shall comply with VCMWD's approved contract documents, attached as Exhibit A, for the VCMWD infrastructure improvements. Any deviations from the approved contract documents shall be agreed to by the Parties before the VCMWD infrastructure improvements may be accepted by VCMWD and YMWD.
- 4.7 Within 30 calendar days from execution of this Agreement, provide a construction schedule detailing the anticipated time required for the construction of each of the VCMWD infrastructure improvements.
- 4.8 Update the Water Authority and YMWD monthly on the status of the VCMWD infrastructure improvements.
- 4.9 Provide monthly construction schedules showing anticipated planned work, with inspection hold points, water service shutdowns, and completion milestones.
- 4.10 Coordinate and allow Water Authority and YMWD access to inspect or witness the construction of the infrastructure improvements and to verify all VCMWD infrastructure improvements were constructed in accordance with this Agreement.
- 4.11 Carry out the applicable actions of a CEQA Responsible Agency, as discussed in Section 15096 of the Guidelines for Implementation of the California Environmental Quality Act (CCR Title 14, Division 6, Chapter 3).
- 4.12 Provide written approval that the VCMWD infrastructure improvements are in compliance with VCMWD's approved contract documents prior to filing the Notice of Completion with the County of San Diego Recorder's Office.
- 4.13 File Notice of Completion with the County of San Diego Recorder's office and provide the Water Authority and YMWD with a conformed copy of the Notice of Completion.

5.0 Yuima Municipal Water District Responsibilities

- 5.1 Assign a project manager for VCMWD infrastructure improvements, who will be the Water Authority's and VCMWD's single point of contact.
- 5.2 Review construction submittals that revise the previously approved design and any proposed design changes prior to the issuance of change orders. Provide written comments and approval to VCMWD within 5 working days of receipt.
- 5.3 Coordinate shutdowns of and connections between VCMWD and YMWD facilities.
- 5.4 Inspect or witness the construction of the VCMWD infrastructure improvements and, upon the completion of the improvements, notify the Parties in writing that YMWD agrees that VCMWD completed the VCMWD infrastructure improvements in accordance with this Agreement.

6.0 Facility Ownership, Operation, and Access

- 6.1 VCMWD will own, operate, and maintain, all VCMWD infrastructure improvements. VCMWD shall operate and maintain the infrastructure improvements in accordance with acceptable water utility industry practices.
- 6.2 YMWD and VCMWD may enter into a separate inter-agency agreement for maintenance, testing, and operation of ESP facilities during non-ESP events.
- 6.3 Parties shall advise each other prior to taking ESP-related facilities out of service for maintenance and repair.
- 6.4 VCMWD shall allow YMWD and the Water Authority access to ESP facilities upon request.
- 6.5 YMWD shall allow the Water Authority and VCMWD access to the Muutama FCF located on YMWD's McNally Reservoir Site upon request.

7.0 Cost Responsibilities

- 7.1 The Water Authority shall pay actual costs, not to exceed \$11,360,000 for construction, and management or administration costs related to construction, of the VCMWD infrastructure improvements described in Exhibit A.
- 7.2 Upon full execution of this Agreement, the Water Authority shall deposit \$11,325,000 with VCMWD and \$35,000 with YMWD for the costs of constructing, and management and administration costs related to constructing, the VCMWD infrastructure improvements (Deposit Funds).
- 7.3 VCMWD and YMWD shall provide an annual accounting of cost at the end of the fiscal year.
- 7.4 VCMWD and YMWD shall perform a cost accounting within 30 days of filing the Notice of Completion with the County of San Diego Recorder's office. The cost accounting will

detail the costs incurred, as applicable, in a form and content satisfactory to the Water Authority.

- 7.5 The Parties shall reconcile the costs for the construction of the VCMWD infrastructure improvements and related construction management and administration costs. If the actual costs exceed the total not-to-exceed amount of \$11,325,000 for VCMWD and \$35,000 for YMWD, a mutually agreed upon amendment shall be processed in accordance with the Water Authority Administrative Code Section 4.08.040 (e). If the actual costs are less than the deposits, the excess amount shall be refunded to the Water Authority within 40 calendar days of VCMWD and YMWD providing the final accounting to the Water Authority. Any costs incurred for VCMWD or YMWD facilities not related to ESP water deliveries and this Agreement shall be the responsibility of VCMWD and/or YMWD. The Water Authority shall have the right to deny any costs not related to the ESP components.
- 7.6 If the Water Authority believes its share of actual costs should be less than the amount specified in the accounting report, it will notify VCMWD and/or YMWD within 30 calendar days of receipt. It is agreed that no delinquency charge will be assessed on any sums claimed by the Water Authority to be due until the Water Authority and VCMWD and/or YMWD agree on the amount actually due.
- 7.7 Detailed records from which costs are compiled shall be retained by VCMWD and YMWD for a period of three years from the date of final invoice and shall be available for verification by the Water Authority. If the Water Authority determines an audit is necessary, it shall be completed at the Water Authority's expense during the three-year period.
- 7.8 If VCMWD and/or YMWD decides to cease work on the VCMWD infrastructure improvements at any time, not including temporary work stoppages or work stoppages caused by circumstances outside the reasonable control of VCMWD, VCMWD and/or YMWD shall reimburse the Water Authority for any remaining Deposit Funds not expended.
- 7.9 VCMWD is responsible for all operation, maintenance, improvement, repair, and replacement costs of the VCMWD infrastructure improvements incurred after the completion of the improvements and their acceptance by the Parties.
- 7.10 Water Authority will invoice YMWD separately for ESP water deliveries to YMWD through VCMWD's system, using data from the metered connections between VCMWD's system and YMWD's system.
- 7.11 VCMWD will invoice the Water Authority for the operation and maintenance costs to deliver ESP water to VCMWD's VC 3 FCF service area and YMWD per VCMWD's approved rates at the time of ESP water deliveries. VCMWD will not invoice the Water Authority for operation and maintenance costs to deliver non-ESP water, or system capacity fees except as provided herein.

8.0 Non-Binding Mediation

- 8.1 If a dispute arises out of, or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through normal contract negotiations, the Parties agree to first try to settle the dispute using mediation under the Construction Industry Mediation Rules of the American Arbitration Association or any other neutral organization mutually agreed upon before having recourse in a court of law.
- 8.2 The expenses of mediation witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including required travel and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the Parties, unless otherwise agreed.
- 8.3 Any agreements resulting from mediation shall be documented in writing. Except for agreements signed by the Parties, all mediation results and documentation, by themselves, shall be “non-binding”. Mediators shall not be subject to any subpoena or liability and their actions shall not be subject to discovery.

9.0 Mutual Indemnification

- 9.1 The Parties each agree to indemnify, defend, each at its own expense, including attorneys’ fees, and hold each other Party harmless from and against all claims, costs, demands, losses, and liability of any nature whatsoever, including but not limited to liability for bodily injury, sickness, disease or death, property damage (including loss of use), or violation of the law, caused by or arising out of any error, omission, negligent act, of the indemnifying party, its officers, directors, employees, agents, volunteers, or any other person acting pursuant to its control in performing under this agreement, except that an indemnitor will have no obligation to an indemnitee for indemnitees’ sole negligence or willful misconduct.
- 9.2 The Water Authority and YMWD will hold VCMWD harmless for any failure to deliver the planned ESP deliveries to YMWD due to unforeseen circumstances. These include events such as pump station power outage, damage to the VCMWD transmission system, or any other circumstances from the Emergency Storage Project event that might reasonably be considered in the category of force majeure, including, but not limited to, acts of God (earthquakes, floods, severe weather, or other natural disasters); war; terrorism; riots; labor disputes; civil unrest; or any other similar causes beyond VCMWD’s reasonable control. In consideration of this hold harmless provision, VCMWD agrees to maintain in good working order and make timely repairs, in VCMWD’s reasonable discretion, to those portions of its system required for ESP deliveries to YMWD.

10.0 Laws and Venue. This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court in San Diego County.

11.0 Integration and Amendment. This Agreement represents the entire understanding of the Parties as to those matters contained herein, and supersedes all prior understandings or

agreements relating to the subject matter of this Agreement. No prior oral or written understanding or agreement shall be of any force or effect with respect to those matters covered by this Agreement. This Agreement may be modified only by a subsequent written amendment executed by the Parties.

12.0 Successors or Assigns. This Agreement and any portion thereof shall not be assigned or transferred, nor shall any of the duties be delegated, without the express written consent of all Parties, which shall not be unreasonably withheld or delayed. Any attempt to assign or delegate this Agreement without the express written consent of all Parties shall be void and of no force or effect.

13.0 Notices. Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, postage prepaid, addressed to:

San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
Attention: Director of Engineering

Valley Center Municipal Water District
29300 Valley Center Road
Valley Center, CA 92082
Attention: District Engineer

Yuima Municipal Water District
P.O Box 177
Pauma Valley, CA 92061
Attention: General Manager

14.0 Severability. The partial or total invalidity of one or more parts of this Agreement will not affect the intent or validity of the remainder of this Agreement.

15.0 Signatures. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This Agreement may be signed in counterparts, each deemed an original when executed and all taken together as one and the same instrument.

IN WITNESS WHEREOF, the parties have executed as of the date written above.

San Diego County Water Authority

Approved as to form:

By Gary Bousquet

Director of Engineering

By: [Signature]

David Edwards
General Counsel

Valley Center Municipal Water District

Approved as to form:

By: Gary Grant

General Manager

By [Signature]

Paula C. de Sousa Mills
General Counsel

Yuima Municipal Water District

Approved as to form:

By Amy Reeh

General Manager

By Jeremy Jungreis

General Counsel

CONTRACT FOR DESIGN PROFESSIONAL SERVICES

1. PARTIES:

The parties to this contract are the San Diego County Water Authority, a county water authority (the Water Authority), and Brown and Caldwell, a California Corporation (Design Professional).

2. SCOPE OF SERVICES:

(a) The design professional services to be provided by Design Professional are control systems and electrical engineering services on an as-needed basis, as more fully described in Attachment A, Scope of Work.

(b) Design Professional represents and warrants that all design professional services shall be provided by a person or persons duly licensed by the State of California to provide the type of services described in subsection (a).

3. PAYMENT:

(a) Payment for services. The Water Authority will pay for services satisfactorily performed in accordance with this contract according to the payment and fee schedule and requirements contained in Attachment A, Scope of Work, and Attachment B, Payment and Fee Schedule.

(b) Reimbursement of expenses. Design Professional will be reimbursed for approved actual, reasonable, and necessary expenses incurred in the performance of services in accordance with the expense reimbursement schedule included in Attachment B, Payment and Fee Schedule.

(c) Maximum payment. The maximum payment under this contract for services and, if authorized, reimbursement of expenses, shall not exceed \$1,750,000.

(d) Invoices. Design Professional shall submit all invoices for services on a monthly basis to the Engineering Contracts Group at Eng-Contracts@sdewa.org. The Water Authority generally will process and pay invoices within 30 days from receipt. Each invoice shall show the amount of services rendered during the billing period and the fee for such services. If the Water Authority authorizes reimbursement of expenses, Design Professional shall submit monthly invoices for such expenses, including full documentation of each expense incurred. Payments are subject to a final audit upon completion of services or other termination of this contract.

(e) Audit of Records. Design Professional shall maintain complete and accurate records of all payrolls, expenditures, disbursements, and other cost items charged to the Water Authority or establishing the basis for an invoice for a minimum of four years from the date of final payment to Design Professional. All such records shall be clearly identifiable. Design Professional shall allow Water Authority representative to inspect, examine, copy, and audit such records during regular business hours upon 24 hours' notice.

4. TIME FOR PERFORMANCE:

(a) Design Professional shall perform the services according to the schedule contained in each written Authorization. Design Professional shall not proceed with work without written Authorization from the Water Authority. Design Professional shall complete all services by June 30, 2029. The Water Authority, at its option, may extend the contract for up to two additional years.

(b) Extension of time for unforeseen circumstances. In the event that the Design Professional is unable to meet the completion date or schedule of services, if any, due to circumstances beyond Design Professional's reasonable control, such as war, riots, strikes, lockouts, or work slowdown or stoppage, except strikes, lockouts, or work slowdown or stoppage of Design Professional's employees or subcontractors, acts of God, such as floods or earthquakes, and electrical blackouts or brownouts, Design Professional shall inform the Contract Manager of the additional time required to perform the work and the Contract Manager may adjust the schedule. Design Professional agrees that no additional compensation will be allowed for any such extensions of time.

5. COMPLIANCE WITH APPLICABLE LAWS AND STANDARD OF PERFORMANCE:

(a) Services shall be performed by Design Professional in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised under similar conditions by members of Design Professional's profession currently practicing in California. By delivery of completed work, Design Professional represents that the work conforms to the requirements of this contract and all applicable federal, state, and local laws and regulations, and the professional standard of care in California. Design Professional also agrees to comply with the applicable requirements of the following Water Authority documents: Drafting Manual (ESD-120), Specifications Style Guide (ESD-150), Design Manual (ESD-160), Construction Cost Estimating Guidelines (ESD-260), and Electrical/Instrumentation Guide Drawings.

(b) To the extent required to satisfy the standard of care set forth in Section 5(a) above, Design Professional is responsible for making an independent evaluation and judgment of all conditions affecting performance of the work, including without limitation site conditions; existing facilities; seismic; geologic; soils; hydrologic; geographic; climatic conditions; applicable federal, state, and local laws and regulations; and all other contingencies or design considerations. Data, calculations, opinions, reports, investigations, and other similar information provided by the Water Authority relating to site, local, or other conditions is not warranted or guaranteed, either expressly or implied, by the Water Authority but may be relied upon by Design Professional to the extent consistent with the standard of care set forth in Section 5(a) above.

(c) Design Professional's responsibilities under this section shall not be delegated. Design Professional shall be responsible to the Water Authority for acts, errors, or omissions of Design Professional's subcontractors and subconsultants.

(d) Whenever the scope of work requires or permits review, approval, conditional approval, or disapproval by the Water Authority, it is understood that such review, approval, conditional approval, or disapproval is solely for the purposes of administering this contract and determining whether the Design Professional is entitled to payment for such work, and not be construed as a waiver of any breach or acceptance by the Water Authority of any responsibility, professional or otherwise, for the work, and shall not relieve the Design Professional of responsibility for complying with the standard of performance or laws, regulations, industry standards, or from liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of Design Professional.

6. INDEPENDENT CONTRACTOR:

Design Professional is an independent contractor. Neither Design Professional nor any of Design Professional's officers, employees, agents, or subcontractors, if any, is an employee of the Water Authority by virtue of this contract or performance of any work under this contract. Design Professional retains the right to pay and supervise its officers, employees, agents, and subcontractors as it sees fit. The Water Authority has no right to supervise Design Professional's officers, employees, agents, or subcontractors, and if any issues arise with Design Professional's officers, employees, agents, or subcontractors as to their performance, the Water Authority may contact the Design Professional directly so that Design Professional may address any issues. If for any reason Design Professional or any of Design Professional's officers, employees, agents, or subcontractors believes that any actions of the Water Authority are inconsistent with Design Professional's role as an independent design professional, they shall provide written notice to the Water Authority of such action(s) within 30 days of their occurrence or they are waived to the extent permitted by law. If such written notice is not timely provided and then any claims are later made against the Water Authority related to such action(s), Design Professional agrees that such claims qualify under Section 19 below as being subject to defense and indemnity by Design Professional for the benefit of the Water Authority. Design Professional agrees that any officer, employee, agent, or subcontractor whom Design Professional engages to do work under the scope of this contract shall be made aware of this contract and shall agree in writing to abide by the provisions of this section.

7. ASSIGNMENT:

Design Professional shall not subcontract, assign, or transfer voluntarily or involuntarily any of its rights, duties, or obligations under this contract without the express written consent of the Water Authority in each instance.

8. SUBCONTRACTORS AND DESIGN PROFESSIONAL EMPLOYEES:

(a) Design Professional shall perform the work personally or through Design Professional's employees. Design Professional may subcontract work only upon prior written approval of the Water Authority and in compliance with provisions of the Water Authority's Small Contractor Outreach and Opportunities Program, if the Water Authority determines that the program provisions are applicable. If subcontracting of work is permitted, Design Professional shall pay subcontractor within 10 days of receipt of payment by Water Authority for work performed by a subcontractor and billed by the Design Professional. Use of the term subcontractor in any other provision of this contract shall not be construed to imply authorization for Design Professional to use subcontractors for performance of any service under this contract.

(b) The Water Authority is an intended beneficiary for any work performed by the subcontractor for purposes of establishing a duty of care between the subcontractor and the Water Authority.

9. DESIGN PROFESSIONAL'S EMPLOYEES:

(a) Immigration Reform and Control Act of 1986. Design Professional is aware of the requirements of the Immigration Reform and Control Act of 1986 and shall comply with those requirements, including, but not limited to, verifying the eligibility for employment of all of Design Professional's officers, employees, agents, and subcontractors that are included in this contract.

(b) Limitation of Water Authority Liability. The payment made to Design Professional pursuant to this contract shall be the full and complete compensation to which Design Professional and Design Professional's officers, employees, agents, and subcontractors are entitled for performance of any work under this contract. Design Professional and Design Professional's officers, employees, agents, and subcontractors are not entitled to any salary or wages, or retirement, health, leave, or other fringe benefits applicable to employees of the Water Authority. The Water Authority will not make any federal or state tax withholdings on behalf of Design Professional. The Water Authority shall not be required to pay any workers' compensation insurance on behalf of Design Professional.

(c) Indemnification for Employee Payments. To the extent permitted by law, Design Professional agrees to defend and indemnify the Water Authority for any obligation, claim, suit, or demand for tax, retirement contribution including any contribution to the Public Employees Retirement System (CalPERS), social security, salary or wages, overtime payment, or workers' compensation payment which the Water Authority may be required to make on behalf of Design Professional or any officer, employee, agent, or subcontractor of Design Professional, or any employee of Design Professional construed to be an employee of the Water Authority, for work or services done under this contract. This is a continuing obligation that survives the Design Professional's completion of services and termination of this contract.

10. COMPLIANCE WITH CALIFORNIA AIR RESOURCES BOARD REGULATIONS:

Intentionally omitted.

11. FAIR EMPLOYMENT PRACTICES:

(a) Administrative Code Provisions. Design Professional acknowledges and agrees to abide by the following provision of the Water Authority Administrative Code Section 2.24.010 that states:

“(a) It is the policy of the Authority to protect and safeguard the right and opportunity of all persons to seek, obtain, and hold employment without discrimination or abridgment on account of race, color, ethnicity, national origin, ancestry, religion, creed, veteran status, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, gender, gender identity, gender expression or other status protected from workplace discrimination by state or federal law. Authority officers, employees and consultants shall not knowingly deny an Authority opportunity or benefit, discriminate against or harass, any Authority employee, applicant for employment, contractor, vendor, or recipient of Authority services on account of the person's race, color, ethnicity, national origin, ancestry, religion, creed, veteran status, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, gender, gender identity, gender expression or other status protected from workplace discrimination by state or federal law. Authority officers, employees and consultants shall not knowingly give preferential treatment to any applicant for employment, bidder, contractor, vendor, or recipient of Authority services on the basis of race, color, ethnicity, national origin, ancestry, religion, creed, physical disability, mental disability, medical condition, marital status, sex, or sexual orientation.

(b) This section shall be interpreted in a manner that is consistent with the California and United States Constitutions and applicable state and federal statutes governing workplace discrimination. The terms used in this section shall have the same meaning as defined in state statutes governing the same subject matter.

(c) Nothing in this section shall be interpreted as prohibiting bona fide occupational qualifications consistent with applicable state and federal law and reasonably necessary to the normal operation of Authority employment or contracting. Nothing in this section shall be interpreted as prohibiting regulations and policies to prevent nepotism or conflicts of interest.

(d) Nothing in this section shall be interpreted as prohibiting action taken to establish or maintain eligibility for any federal program, where ineligibility would result in a loss of federal funds to the Authority.”

(b) Employment-related Laws and Programs. Design Professional agrees to comply with Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practices Act, the Americans with Disabilities Act of 1990, any other applicable federal and state laws and regulations hereinafter enacted. Design Professional agrees to comply with all requirements of the Water Authority’s Small Contractor Professional Outreach and Opportunities Program and all terms and conditions of the San Diego County Water Authority Project Labor Agreement (if applicable).

(c) Water Authority Discrimination/Harassment Policy. Design Professional and its officers, employees, agents, and subcontractors shall comply with the Water Authority’s Discrimination/Harassment Prohibition Policy in performance of this contract.

(d) Indemnification. To the fullest extent permitted by law and without limitation of the provisions of Section 20 relating to insurance, the Design Professional shall also indemnify, defend, and hold harmless the Water Authority and its directors, officers, employees, and agents from and against all liability (including without limitation all claims, damages, penalties, fines, and judgments; associated investigation and administrative expenses; and defense costs, including but not limited to reasonable attorneys’ fees, court costs, and costs of alternative dispute resolution) resulting from any claim of discrimination or harassment, including but not limited to sexual harassment, arising from the conduct of the Design Professional or any of the Design Professional’s officers, employees, agents, licensees, or subcontractors. In the event of a discrimination or harassment complaint against any employee, agent, licensee, or subcontractor of the Design Professional or its subcontractors, the Design Professional shall take immediate and appropriate action in response to such complaint, including, but not limited to termination or appropriate discipline of any responsible employee, agent, licensee, or subcontractor. The provisions of this section survive Design Professional’s completion of the services and termination of this contract.

12. CONDUCT AND BEHAVIOR AT WATER AUTHORITY PROPERTY:

If Design Professional and Design Professional's officers, employees, agents, and subcontractors are on Water Authority property, they shall comply with the Water Authority's Substance-free Work Place Policy, Information and Communications Systems Policy, and all other rules and regulations governing work place safety, conduct, and behavior for any portion of the services or work performed on the premises of the Water Authority or using Water Authority facilities or equipment.

13. OWNERSHIP OF WORK PRODUCT:

Upon delivery, the work product, including without limitation all original reports, writings, recordings, drawings, files, and detailed calculations developed under this contract, are the property of the Water Authority. Design Professional agrees that all copyrights which arise from creation of the work pursuant to this contract shall be vested in the Water Authority and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the Water Authority. Water Authority acknowledges that its use of the work product is limited to the purposes contemplated by the scope of work and that the Design Professional makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.

14. FORMAT OF DOCUMENTS:

Documents submitted to the Water Authority in electronic format shall be formatted according to specifications provided by the Water Authority, or if not otherwise specified, in Microsoft Word, Excel, PowerPoint, or other Microsoft Office format as appropriate for the particular work product or, if directed by the Contract Manager, in Adobe Acrobat pdf format.

15. CHANGES IN WORK:

No payment for changed or additional work shall be made unless the changed or additional work has first been approved in writing by the Contract Manager and the parties have agreed upon the appropriate adjustment, if any, to the payment schedule and maximum payment amount for the changed or additional work. The Contract Manager may order changes or additions to the scope of work. Whether a change or addition to the scope of work is proposed by the Design Professional or ordered by the Contract Manager, the parties shall in good faith negotiate an appropriate adjustment, if any, to the payment schedule and maximum payment for the changed or additional work. An approved change or addition, along with the payment adjustment, if any, will be effective upon an amendment to this contract executed by both parties. The amendment shall not render ineffective or invalidate unaffected portions of this contract. All changes in work that increase the amount of payment shall be subject to Section 4.04.040 of the Water Authority Administrative Code.

16. CONFIDENTIALITY:

- (a) Confidential Nature of Information. Design Professional shall treat all information obtained from the Water Authority in the performance of this contract as confidential and proprietary to the Water Authority. Design Professional shall treat all records and work product prepared or maintained by Design Professional in the performance of this contract as confidential. Design Professional warrants that it has systems in place to assure its compliance with applicable state and federal laws relating to the collection and management of personal and confidential information.
- (b) Limitation on use and disclosure. Design Professional agrees that it will not use any information obtained as a consequence of the performance of work for any purpose other than fulfillment of Design Professional's scope of work. Design Professional shall not disclose any information prepared for the Water Authority, or obtained from the Water Authority, or obtained as a consequence of the performance of work to any person other than the Water Authority, or its own employees, agents, or subcontractors who have a need for the information for the performance of work under this contract unless such disclosure is specifically authorized in writing by the Water Authority.
- (c) Security plan. Design Professional shall prepare a security plan to assure that information obtained from the Water Authority or as a consequence of the performance of work is not used for any unauthorized purpose or disclosed to unauthorized persons. Design Professional shall establish, implement, and maintain safeguards reasonably designed to ensure the security of personal and confidential information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of the information. Design Professional shall provide to its employees, subcontractors, and any personnel working with Water Authority data reasonable information security awareness training. Design Professional shall immediately advise the Water Authority of any request for disclosure of information or of any actual or potential unauthorized disclosure of confidential or personal information. Design Professional is responsible for taking reasonable responsive security and identity protection measures should an unauthorized disclosure occur at the sole cost to the Design Professional.
- (d) Survival. Design Professional's obligations under this section shall survive the termination of this contract.

17. PROHIBITED INTEREST:

No official or employee of the Water Authority who is authorized in such capacity on behalf of the Water Authority to negotiate, make, accept, or approve, or take part in negotiating, making, accepting, or approving this contract shall become directly or indirectly interested in this contract or in any part thereof. No officer or employee of the Water Authority who is authorized in such capacity and on behalf of the Water Authority to exercise any executive, supervisory, or similar functions in connection with the performance of this contract shall become directly or indirectly interested personally in this contract or any part thereof.

18. CONFLICT OF INTEREST:

(a) Local Conflict of Interest Code Compliance. The Water Authority has determined, based on the scope of the services to be provided by Design Professional under this contract, that this contract does not confer on Design Professional or any of Design Professional's employees the status of a "designated employee" or "Consultant" of the Water Authority for the purposes of the Water Authority's Local Conflict of Interest Code and the California Political Reform Act. This contract does not require or permit Design Professional to make a governmental decision as specified in 2 Cal. Code of Regs. § 18700.3, subdiv. (a)(1), or serve in a staff capacity as specified in 2 Cal. Code of Regs. § 18700.3, subdiv. (a)(2).

(b) Disqualification. Design Professional shall not make or participate in making or in any way attempt to use Design Professional's position to influence a governmental decision in which Design Professional knows or has reason to know Design Professional has a direct or indirect financial interest other than the compensation promised by this contract. Design Professional shall not have such interest during the term of this contract. Design Professional shall immediately advise the Contract Manager and General Counsel of the Water Authority if Design Professional learns of a financial interest of Design Professional's during the term of this contract. If Design Professional's participation in another Water Authority project would create an actual or potential conflict of interest, in the opinion of the Water Authority, the Water Authority may disqualify Design Professional from participation in such other project during the term of this contract.

19. INDEMNIFICATION:

(a) To the fullest extent permitted by law, the Design Professional shall (1) immediately defend and (2) indemnify the Water Authority and its directors, officers, and employees from and against all liabilities regardless of nature or type that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Design Professional or its officers, employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation, all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. The Design Professional's obligation to indemnify applies regardless of whether a liability is a result of the negligence of an indemnified party or any other person, unless it is adjudicated that its liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it

is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an indemnified party, the Design Professional's indemnification obligation shall be reduced in proportion to the established comparative liability of the indemnified party.

(b) The duty to defend is a separate and distinct obligation from the Design Professional's duty to indemnify. The Design Professional shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the Water Authority, the Water Authority and its directors, officers, and employees, immediately upon tender to the Design Professional of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination of comparative active negligence or willful misconduct by an indemnified party does not relieve the Design Professional from its separate and distinct obligation to defend Water Authority. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if the Design Professional asserts that liability is caused in whole or in part by the negligence or willful misconduct of the indemnified party.

(c) The review, acceptance, or approval of the Design Professional's work or work product by any indemnified party shall not affect, relieve, or reduce the Design Professional's indemnification or defense obligations. This section survives completion of the services or termination of this contract. The provisions of this section are not limited by and do not affect the provisions of this contract relating to insurance.

(d) Design Professional's costs of defense shall not exceed the Design Professional's proportionate percentage of fault as adjudicated by a court of law, as required by California Civil Code section 2782.8.

20. INSURANCE:

(a) Requirement. Design Professional shall procure and maintain insurance from insurance companies authorized to do business in the State of California during the period of performance of this contract, as set forth in this section. Professional Liability coverage shall be maintained for 60 months following completion. These policies shall be primary insurance as to the Water Authority so that any other coverage held by the Water Authority shall not contribute to any loss under Design Professional's insurance.

General liability: (with coverage at least as broad as ISO form CG 00 01 10 01) coverage in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

Automobile liability: (with coverage at least as broad as ISO form CA 00 01 10 01, for "any auto") coverage in an amount not less than \$1,000,000 per accident for personal injury, including death, and property damage.

Professional liability: (errors and omissions) for damage alleged to be as a result of errors, omissions, or negligent acts of Design Professional coverage in an amount not less than \$2,000,000 per claim.

Workers' compensation and employer's liability: coverage shall comply with the laws of the State of California, but not less than an employer's liability limit of \$1,000,000.

A deductible or retention may be utilized, subject to approval by the Water Authority. All policies that include a self-insured retention shall include a provision that payments of defense costs and damages (for bodily injury, property damage, personal injury, or any other coverages included in the policy) by any party including additional insureds or insurers shall satisfy the self-insured retention limits.

(b) Endorsements. The insurance policies shall be endorsed as follows:

For the commercial general liability insurance, the Water Authority (including its directors, officers, employees, and agents) shall be named as additional insured, and the policy shall be endorsed with a form equivalent to ISO form CG 20 10 10 93, that contains the provisions required by this contract.

Design Professional's insurance is primary to any other insurance available to the Water Authority with respect to any claim arising out of this contract. Any insurance maintained by the Water Authority shall be excess of the Design Professional's insurance and shall not contribute with it. The Design Professional's endorsement of insurance shall include a waiver of any rights of subrogation against the Water Authority and its directors, officers, employees, and agents.

Design Professional's insurance shall not be canceled, limited, amended, reduced in coverage amount, or allowed to expire without renewal until after 30 days' written notice has been given to the Water Authority, or after 10 days' written notice in the case of cancellation for non-payment of premium.

(c) Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by the Water Authority, which satisfies the following minimum requirements: An insurance carrier authorized to do business in California and maintaining an agent for process within the state. Such insurance carrier shall maintain a current A.M. Best rating classification of "A-" or better and a financial size of "\$10 million to \$24 million (Class V) or better", or a Lloyds of London program provided by syndicates of Lloyds of London and other London insurance carriers, providing all participants are qualified to do business in California and the policy provides for an agent for process in the state. Workers' Compensation and Employer's Liability shall be provided by an A-V rated carrier or by the California State Compensation Fund. If provided by a carrier other than California State Compensation Fund, Design Professional shall provide proof of the carrier's A-V rating to Water Authority.

(d) Provision of Insurance Prior to Commencement of Services. Before commencing any services, Design Professional shall furnish certificates of insurance and endorsements affecting coverage on forms provided by Water Authority, or on equivalent ISO forms that contain provisions required by this contract.

21. ACCIDENT REPORTS:

Design Professional shall immediately report (as soon as feasible, but not more than 24 hours) to the Contract Manager and Water Authority Risk and Safety Manager any accident or other occurrence causing injury to persons or property during the performance of this contract. If required by the Water Authority's Risk and Safety Manager, the report shall be made in writing and shall include, at a minimum: (a) the names, addresses, and telephone numbers of the persons involved; (b) the names, addresses, and telephone numbers of any known witnesses; and (c) the date, time, and description of the accident or other occurrence.

22. COVENANT AGAINST CONTINGENT FEES:

Design Professional agrees that its firm has not employed or retained any company or person, other than a bona fide employee working for Design Professional, to solicit or secure this contract, and that Design Professional has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this contract. For breach or violation of this provision, the Water Authority shall have the right to terminate this contract without liability, or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fees, gift, or contingent fee.

23. TERMINATION OR ABANDONMENT:

(a) **Water Authority's Rights.** The Water Authority has the right to terminate this contract, or abandon any portion or all of the work by giving 10 days' written notice to the Design Professional. Upon receipt of a notice of termination, Design Professional shall perform no further work except as specified in the notice. Before the date of termination, Design Professional shall deliver to Water Authority all work product, whether completed or not, as of the date of termination and not otherwise previously delivered. The Water Authority will pay Design Professional for services performed in accordance with this contract before the date of termination. If this contract provides for payment of a lump sum for all services or by task and termination occurs before completion of the work or any defined task which according to the performance schedule was commenced before the notice of termination, the fee for services performed shall be based on an amount mutually agreed to by the Water Authority and Design Professional for the portion of work completed in conformance with this contract before the date of termination. In addition, the Water Authority will reimburse Design Professional for authorized expenses incurred and not previously reimbursed. The Water Authority shall not be liable for any fees or costs associated for the termination or abandonment except for the fees, and reimbursement of authorized expenses, payable pursuant to this section.

(b) **Design Professional's Rights.** Design Professional, if Design Professional is not in default or breach, may terminate Design Professional's obligation to provide further services under this contract upon 30 days' written notice only in the event of a material default by the Water Authority, which default has not been cured within 30 days following the written notice.

24. SUCCESSORS OR ASSIGNS:

All terms, conditions, and provisions of this contract shall apply to and bind the respective heirs, executors, administrators, successors, and assigns of the parties. Nothing in this section is intended to affect the limitation on assignment.

25. DAMAGE OR LOSS OF EQUIPMENT OR FACILITIES:

Design Professional shall pay to the Water Authority the replacement cost of any equipment or repair cost of any facilities provided by the Water Authority for Design Professional's use in performance of services that is lost or damaged by Design Professional or Design Professional's officers, employees, agents, or subcontractors.

26. ELECTRONIC COMMUNICATIONS:

During the term of this contract, communications may occur through sending, receiving, or exchanging electronic versions of documents and emails using commercially available computer software and Internet access. Design Professional and the Water Authority acknowledge that the Internet is occasionally victimized by the creation and dissemination of so-called viruses, or similar destructive electronic programs. Design Professional and the Water Authority view the issues raised by these viruses seriously and have invested in document and email scanning software that identify and reject files containing known viruses. Design Professional agrees to update its system with the software vendor's most current releases at regular intervals. Because of the virus scanning software, the respective computer systems of the parties may occasionally reject a communication. The parties acknowledge that this occurrence is to be expected as part of the ordinary course of business. Because the virus protection industry is generally one or two steps behind new viruses, neither party can guarantee that its respective communications and documents will be virus free. Occasionally, a virus will escape and go undetected as it is passed from system to system. Although each party will use all reasonable efforts to assure that its communications are virus free, neither party warrants that its documents will be virus free. Each party agrees to advise the other if it discovers a virus in its respective system that may have been communicated to the other party.

Design Professional shall identify reasonably foreseeable internal and external risks to the privacy and security of personal information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of the information. Design Professional shall regularly assess the sufficiency of any safeguards and information security awareness training in place to control reasonably foreseeable internal and external risks, and evaluate and adjust those safeguards in light of the assessment.

Design Professional shall maintain its own email system. Neither Design Professional, its employees, its subcontractors, or subcontractors' employees will be given a Water Authority email address.

27. LAWS AND VENUE:

This contract and disputes arising out of or relating to this contract or the parties' relationship are governed by the laws of the State of California. Any action or proceeding arising out of or relating to the contract or the parties' relationship shall be brought in a state or federal court situated in the County of San Diego, State of California.

28. ADMINISTRATION:

(a) Design Professional's principal place of business and agent for service of process. Design Professional's principal place of business is 201 N. Civic Drive, Suite 300, Walnut Creek, CA 94596. Design Professional's agent for service of process is 1505 Corporation, CSC – Lawyers Incorporating Service, 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833.

(b) Water Authority's Representative. The Water Authority's representative for administration of this contract is Colin Kemper, who is the designated Contract Manager for purposes of this contract. The Water Authority may change the Contract Manager at any time upon notice to the Design Professional.

(c) Design Professional's Representative. The Design Professional's representative for administration of this contract is Erick Lozano, who is the designated Project Manager for purposes of this contract. The Design Professional may change the Project Manager upon written notice to and approval by the Contract Manager.

(d) Notices. Any notice or instrument required to be given or delivered by law or this contract shall be effective upon receipt thereof and shall be by personal service or delivered by depositing the same in any United States Post Office, registered or certified, postage prepaid, addressed to:

San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123-1233
Attn: Neena V.S. Kuzmich, Director of Engineering

Brown and Caldwell
450 B Street, Suite 300
San Diego, CA 92101
Attn: Erick Lozano (Project Manager)

Either party may change the address or identity of the person for notices under this subsection by written notice to the other delivered in accordance with this subsection.

(e) Routine Administrative Communications. Routine administrative communication required to be in writing may be by personal delivery, mail, facsimile transmission, or electronic mail as agreed between the Design Professional and Contract Manager.

29. INTEGRATION AND MODIFICATION:

This contract represents the entire understanding of the Water Authority and Design Professional as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This contract may not be modified, amended, or altered except in writing signed by the Water Authority and Design Professional.

30. ADVICE OF COUNSEL:

The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this contract, and that the decision of whether or not to seek the advice of counsel with respect to this contract is a decision which is the sole responsibility of each of the parties hereto. This contract shall not be construed in favor or against either party by reason of the extent to which each party participated in the drafting of the contract.

31. INDEPENDENT REVIEW:

Each party hereto declares and represents that in entering this contract it has relied and is relying solely upon its own judgment, belief, and knowledge of the nature, extent, effect, and consequence relating thereto. Each party further declares and represents that this contract is being made without reliance upon any statement or representation not contained herein of any other party, or any representative, agent, or attorney of any other party.

32. TIME:

Time is of the essence in this contract. Any reference to days means calendar days unless otherwise specifically stated.

33. ASSIGNMENT OF ANTI-TRUST CLAIMS:

The Design Professional offers and agrees to assign to the Water Authority all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act [Chapter 2 (commencing with § 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, services, or materials pursuant to this contract. This assignment shall become effective at the time the Water Authority tenders final payment to Design Professional, without further acknowledgment by the parties. The Design Professional shall have the rights set forth in Sections 4553 and 4554 of the Government Code.

34. TAXES:

The Design Professional shall pay all applicable federal, state, and local excise, sales, consumer use, and other similar taxes required by law for the execution of the work.

35. SIGNATURES:

The individuals executing this contract represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This contract may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which shall be deemed to be an original when executed, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this contract on the following date.

DATED: _____

San Diego County Water Authority

By: Silvana Ghiu, P.E.
Principal Engineer

Brown and Caldwell

By: J.P. Semper
Principal-in-Charge

Approved as to form:
San Diego County Water Authority

By: Michael J. McDonnell
Assistant General Counsel

ATTACHMENT A

SCOPE OF WORK

Design Professional shall provide control systems and electrical engineering services on an as needed, per task basis. All work done under this contract shall be performed under the direct, responsible supervision of a Control System Engineer or Electrical Engineer registered in the State of California, who shall be the Engineer of Record for work and shall stamp, sign, and date design drawings and calculations. The Registered Control System Engineer or Electrical Engineer shall bear overall responsibility for professional services performed. For Control System Engineering work, registration as a Professional Control System Engineer is required or, provided an individual is competent (as defined in Title 16, Division 5, Section 415 of California Code of Regulations), registration as a Professional Electrical Engineer in the State of California is acceptable.

Work for each project or task order will be individually negotiated for a not-to-exceed amount based upon the approved contract terms. A written Authorization letter will be issued for each project or task order defining the scope of work, compensation, and schedule.

Design Professional shall assign one person within the Design Professional's organization as the Design Professional's Project Manager. The Water Authority will coordinate requests for services with the Design Professional's Project Manager. This coordination will generally be made by telephone followed by written authorization, or email. Upon consensus of the parties on the scope, not-to-exceed fee, and schedule, the Water Authority will issue a written Authorization letter and Design Professional shall then begin and complete the authorized work.

The Water Authority does not imply or expressly guarantee the amount of labor required. Design Professional shall apply professional knowledge, skill, and expertise in the fields to all aspects of the work.

Design Professional shall assign only personnel and/or subcontractor(s) whose qualifications, background, and experience are commensurate with the expertise required to accomplish the assigned work. Design Professional personnel and/or subcontractor(s) shall be approved in writing by the Water Authority. Refer to Attachment B, Payment and Fee Schedule.

Design Professional shall follow current Water Authority standards/guidelines for:

- Electrical/Instrumentation Guide Drawings;
- Engineering Standard Document 120 – Drafting Manual;
- Engineering Standard Document 150 – Specifications Style Guide;
- Engineering Standard Document 160 – Design Manual, Volumes 1 and 2; and
- Engineering Standard Document 260 – Construction Cost Estimating Guidelines.

If the Design Professional believes that an exception to a standard or guideline is appropriate, Design Professional shall submit a written request asking for approval to deviate. If applicable, a recommendation for a revision to the standard/guideline, or recommendation that a new standard/guideline be established, shall also be submitted. Written requests must clearly explain why the Design Professional believes a deviation is appropriate. Design Professional shall obtain the Water Authority's written approval before implementation of any deviation.

If Water Authority and industry standards are not followed, and there is no written approval to deviate from the standards, the Design Professional shall, at its own cost, correct the deviation to conform to the standards.

Design Professional shall comply with the requirements of all federal, state, and local laws and professional engineering and industry standards pertaining to the design of control systems and electrical systems for public water facilities.

Design Professional shall provide services in accordance with this contract and upon written authorization of the following Tasks:

1.0 General Description and Standards

- 1.1 Digital/electronic submittals shall be submitted to the Water Authority upon completion of each Authorization using USB thumb drive or the Water Authority's SharePoint website. Each media shall be labeled with the project name, project specification number, and Design Professional's name and telephone number. Submittals shall conform to the following:
 - 1.1.1 Submit all drawings and specifications on the Water Authority's SharePoint website in digital format (.dwg and .docx). Submit a set of drawings in searchable PDF created using the .dwg files and another set of specifications using the .docx files.
 - 1.1.2 Submit electronic files in the version of AutoCAD as defined by the Water Authority and conform to the Water Authority's latest drafting standards, Engineering Standard Document 120 – Drafting Manual (ESD-120).
 - 1.1.3 Submit an index of all files in Microsoft Word with the file name and brief description.
 - 1.1.4 Include all files pertinent to the project. Include all external references, font files, and plot files (i.e., Autodesk E-Transmit).
 - 1.1.5 Files can be zipped to conserve storage space; however, only self-extracting zip file formats will be accepted (i.e., winZip, zipit, pkzip in format).

- 1.2 Prepare drawings in accordance with the Water Authority's ESD-120. Meet with the Water Authority to review proposed project-specific drafting standards, including review of AutoCAD layers, project-specific title block, Water Authority Standard Details, and applicable Design Professional project-specific details.
- 1.3 Prepare technical specifications in Construction Specification Institute format in accordance with the Water Authority's Engineering Standard Document 160 – Design Manual (ESD-160), Volume 1, Chapter 14.5.1. Submit specifications in Microsoft Word format, and include the date submitted along with the design phase in the file name.
- 1.4 Ensure all plans, specifications, calculations, memoranda, addenda, and other engineering documents are stamped by a professional engineer registered in the State of California, in accordance with the requirements of the Department of Consumer Affairs, Board for Professional Engineers, Land Surveyors, and Geologists.

2.0 Project Management

- 2.1 Project Management Plan (PMP). Prepare a Project Management Plan for each Authorization. The PMP should include descriptions, procedures, and controls for managing all aspects of the project. At a minimum, the PMP shall include the following sections:
 - Work Breakdown Structure
 - Project Team Organization
 - Communication Protocols
 - Anticipated Meetings and Workshops
 - Project Controls (Budget, Schedule, Earned Value, Monitoring, etc.)
 - Document Management
 - Quality Control
- 2.2 Meetings and Coordination. Coordinate with and support Water Authority staff on all project-related issues. Provide project-related information within five days of requests for information by the Water Authority. If additional time is required, provide a written request for an extension.
 - 2.2.1 Progress Meetings and Coordination. Attend progress review meetings, workshops, and other technical review sessions with the Water Authority. Provide meeting agenda and meeting materials (figures, presentation slides, etc.) a minimum of five days ahead of the scheduled meeting time.

Provide meeting minutes summarizing the meeting, action items, and decisions within five days of the meeting or workshop.

2.3 Schedule and Progress Reports

2.3.1 For each Authorization, submit a detailed, cost-loaded project baseline schedule. Update the baseline schedule monthly using actual dates and costs, and provide the monthly invoice to the Water Authority. Identify any changes to the schedule and provide a recovery plan for any critical path activities which are delayed over 20 calendar days.

2.3.2 For each Authorization, submit a progress report with the monthly invoice, with a narrative describing progress during the previous month, planned activities for the next month, coordination issues, critical project decisions, design schedule update, contract budget update including an earned value analysis, and other information as required.

3.0 Quality Assurance and Quality Control (QA/QC). For each Authorization, develop and implement a QA/QC plan to check, at a minimum, planning methods, design methods, calculations, drawings, specifications, addenda, schedules, cost estimates, field investigations, measurements, and other technical issues associated with the project planning and design. Establish procedures to ensure comments from the Water Authority are addressed.

3.1 Submit the QA/QC plan to the Water Authority for review and approval before providing any technical submittals.

3.2 For design submittals, at each milestone completion or deliverable, provide written certification in a transmittal that the QA/QC is completed according to the QA/QC plan and procedures with a list of personnel, technical subjects, and signatures of those who performed the QA/QC.

4.0 Control System Engineering, Electrical Engineering, and Communication System Engineering

4.1 Review electrical and instrumentation and control plans prepared by Water Authority staff or others for conformance with project requirements and electrical codes. Review other pertinent information as required. Provide written comments and redlined plans to the Water Authority.

4.2 Prepare electrical and instrumentation and control drawings and/or specifications as necessary to supplement Water Authority standards. Ensure new standards meet project requirements and conform to state and local electrical codes.

- 4.3 Prepare electrical and instrumentation and control feasibility studies, modifications, rehabilitations, drawings, specifications, and designs for existing or future water facilities and equipment, including but not limited to:

- 5,000 horsepower water pumps
- 12 kilovolt switch gear
- Flow control and regulating facilities
- Hydroelectric power generating plants
- Standby power generators
- Water treatment plants
- Office buildings

Tasks may include, but are not limited to, field verifications, condition assessments, record drawing updates, feasibility analyses, engineering designs, design calculations, specifications, and plans.

- 4.4 Prepare photovoltaic and battery backup system designs for water facilities and other support structures. Tasks may include, but are not limited to, feasibility studies, engineering designs, design calculations, specifications, and plans.
- 4.5 Attend meetings with Water Authority staff to discuss electrical, control, instrumentation, and communication studies; designs; plans; and specifications. Provide written meeting minutes to the Water Authority within three working days from meeting.
- 4.6 Conduct field assessments to determine accurate and detailed information to incorporate into the drawings and specifications.
- 4.7 Prepare construction cost estimates in accordance with the requirements of the Water Authority's Engineering Standard Document 260 – Construction Cost Estimating Guidelines (ESD-260). Develop estimates using quantities, units, and unit prices for specific items. Break up the estimates in categories of labor, material, equipment, and tools with supplier and subcontractor quotes (if available). Categorize these itemized costs in subsections which reflect the work breakdown structures, sequence of construction, or different portions of construction. Provide documentation indicating basis for costs, exclusions, allowances, contingencies, and dates of quotation, assumptions, and any other relevant data.

- 4.8 Provide other electrical, control system, or communications services specific to each project, including but not limited to San Diego Gas & Electric Company (SDG&E) service requests, fiber optic communication system design, security system design, and Supervisory Control and Data Acquisition (SCADA) and Programmable Logic Controller (PLC) programming.

5.0 Construction Support Services

- 5.1 Perform on-site engineering and facility startup support services as requested. Services may include, but are not limited to, quality assurance services; PLC implementation; electrical and control system supplemental engineering design; factory acceptance testing; and field testing and evaluation of instrumentation, controls, loops, and electrical equipment.
- 5.2 Review construction contractor submittals, requests for information (RFI), and proposed modifications. Provide written recommendations on reviewed submittals, construction methods, and construction contractor requests for substitutions of materials. Review submittals and return written comments to the Water Authority within five calendar days. Review responses to RFIs or proposed modifications and return written recommendations to the Water Authority within three working days.
- 5.3 Prepare change order estimates and evaluate change order requests.
- 5.4 Provide technical support in negotiations of change orders with construction contractors.
- 5.5 Attend meetings with Water Authority staff to discuss electrical engineering, control system engineering, or communication services during construction. Provide written meeting minutes to the Water Authority within three working days from meeting.

6.0 Miscellaneous Services

- 6.1 Assist and support Water Authority staff with meetings held before the Water Authority's Board of Directors.
- 6.2 Provide presentations to the Board of Directors, to visitors, and at public forums, as requested. Provide the Water Authority with electronic copies of all photos and graphics used at the meetings.
- 6.3 Attend meetings, document all meeting questions, and prepare a meeting summary with a description of the presentation, questions, and written responses.
- 6.4 Investigate and provide written responses to all questions at public meetings as requested by the Water Authority Project Manager.

ATTACHMENT B
PAYMENT AND FEE SCHEDULE

1. Services Not-To-Exceed Fee – The total of all written Authorization(s) shall not exceed \$1,750,000. Each Authorization shall include specific Tasks from Attachment A, Scope of Work; a not-to-exceed fee; and schedule to complete each work request. Work shall begin only when written Authorization is given by the Water Authority. Manage the costs inclusive of project resources and other direct costs to ensure completion of all work for each Authorization for the amount stated in each written Authorization. The Water Authority will not make payments in excess of the authorized amount of each Authorization.
2. Compensation and Rates –
 - a. Compensation shall be for actual hours worked and includes direct assignment time performing the authorized task(s), assignment preparation time, and report writing time. Travel to and from the job site will not be allowed as chargeable time.
 - b. No payment will be made for classifications not specifically included in the Labor Rate Tables. Submit requests to add classifications to the Labor Rate Tables in writing per Item 6, Notification by Design Professional section below. Classifications may perform work only after written approval from the Water Authority.
 - c. Personnel for each classification shall be submitted to the Water Authority for approval before work is performed. No personnel shall be added or substituted without written consent of the Water Authority. Notify the Water Authority in accordance with Item 6, Notification by Design Professional section below and include starting date, name of personnel, classification, base hourly rate, multiplier, and total hourly rate. Base hourly rates shall not include any fringe benefits or payroll taxes, retirement pay, or other items included in the multiplier. The Water Authority will maintain a list of approved personnel.
 - d. Labor:
 - 1) Invoice personnel performing work in classifications at their Total Hourly Rates (actual base hourly rate times multiplier, as approved in writing by the Water Authority).
 - 2) The maximum hourly billable rate shall not exceed \$395 for the term of the contract.
 - 3) There are no minimum workday provisions.

3. Rate Increases –
 - a. Labor:
 - 1) Labor rates for classifications are shown in Labor Rate Tables and are valid until June 30, 2027. Thereafter, labor rate increases may be requested annually each July thereafter. Rate increases requests shall be submitted within 30 days from the proposed effective date to Eng-Contracts@sdewa.org. The effective date shall be no sooner than July 1st of each year. Unless otherwise required by law, revised rates shall remain in effect until an increase is approved in writing. Rate increase requests or approval shall not be compounded. Rate increase approvals will not be applied retroactively.
 - 2) Unless otherwise required by law, requested labor rate increases shall not exceed the annual average of consumer price index for labor in the San Diego area or 4.5 percent, whichever is less. Timely notify the Water Authority of such wage adjustments in accordance with Item 6, Notification by Design Professional requirements stated below.
 - b. Rate increases shall not change the contract amount, or any not-to-exceed Authorization or fee.
 - c. A change in classification for approved personnel that would result in an hourly rate increase above the limit specified in the Labor Rate Tables must be submitted to the Water Authority for written approval before any work is performed under the new classification at the new hourly rate. If the Water Authority determines previously approved personnel's new classification is not required, Design Professional shall submit personnel at the previously held classification for the Water Authority's approval.
4. Other Direct Costs – Compensation for other direct costs incurred under this contract includes and is limited to costs as listed in Other Direct Costs section herein. The Water Authority will not pay a markup on Design Professional's other direct costs. All other costs not listed in Other Direct Costs section are covered in approved rates, and will not be reimbursed separately. A 5 percent markup is allowed for total subcontractor charges, which includes subcontractor labor and subcontractor other direct costs.
5. Invoices – Submit a single invoice monthly for services performed during the preceding month, organized by Authorization. Payment for work may be withheld if not submitted within one billing cycle of performing the work or as requested by the Water Authority. Prepare and submit a clear, complete, legible, and approvable invoice each month. More than one Authorization may be listed in each invoice. Assign one invoice number to the entire invoice packet. Invoices shall be organized and include the following:
 - a. Contract number.
 - b. Certification signed by the Design Professional's Project Manager stating:

"I hereby certify that all charges, including all subcontractor charges, are in conformance with the terms of this contract."

- c. Authorization number, with each of the following elements:
 - 1) Name, classification, total hourly rate, billing period of work performed.
 - 2) List other authorized direct costs separately. Provide the following:
 - a) Copies of invoices of all approved subcontractors and other direct costs.
 - b) Detailed, legible receipts for other direct costs.
 - c) Approved travel authorization forms. Consolidate each travel expense request for reimbursement into one month's invoice and do not spread over several months' invoicing.
 - d. A summary of each Authorization, including:
 - 1) Amount expended to date, amount invoiced, and amount remaining of authorized amount to be expended.
 - 2) Percent expended; actual cost divided by authorized amount.
 - 3) Percent complete.
 - 4) An estimated cost to complete the remaining work. If estimated cost will exceed amount authorized, notify the Water Authority per Item 6, Notification by Design Professional section below.
 - e. A monthly report describing work completed for each Authorization and the anticipated services for the next month.
6. Notification by Design Professional –
- a. Design Professional shall immediately notify Water Authority's Contract Manager in writing:
 - 1) If at any time Design Professional has reason to believe that the services and costs expected to be incurred for any authorized base service task or authorized extended service work, in the next 60 days, when added to all costs previously incurred for that base service task or extended service work, will exceed 80 percent of the not-to-exceed amount for that base service task or extended service work.
 - 2) If at any time Design Professional has reason to believe that the cost to complete the authorized base service task or authorized extended service work will be greater than or less than 90 percent of the amount authorized.
 - 3) If at any time Design Professional has reason to believe that the total cost to complete all contract work will be greater than the not-to-exceed amount of this contract.
 - b. Design Professional's notification shall include, but not be limited to:
 - 1) Cost and schedule status of base service task or extended service work.
 - 2) Cost and schedule status of the overall contract work.
 - 3) Revised cost(s) and/or schedule(s).
 - 4) Reason(s) for each affected base service task or extended service work, and/or overall effect on this contract.
 - 5) If appropriate, request for an amendment to this contract.
 - c. Send notification required by this Attachment B, Payment and Fee Schedule, including but not limited to classification additions, personnel additions, other direct cost approvals, travel authorization requests, labor rate increases, task Authorization costs to complete or

balance status, or requests for Authorization or contract amendments to both the Water Authority's Contract Manager at ckemper@sdewa.org and Engineering Contracts at Eng-Contracts@sdewa.org.

OTHER DIRECT COSTS

A. Travel Costs

Travel requests must be submitted and approved by the Water Authority in advance of travel. Only expenses necessary for furthering the interests of the Water Authority and which maximize the purchasing value of public funds will be approved. Parking or traffic fines, in-room movies, laundry service, personal telephone calls, and similar expenses are not reimbursable. Tips greater than 20 percent are not reimbursable.

Item		Rate
1.	Airfare – Coach or economy class except when coach or economy seats are not available. Itemized receipts are required.	At Cost
2.	Lodging – Hotel/motel reimbursement inclusive of hotel and sales taxes. Itemized receipts are required.	At Cost
3.	Meals and Incidental Expense (M&IE) – A per diem rate will be paid based upon the U.S. General Services Administration's current Per Diem Rates for location and dates of travel. Any location not listed for per diem uses rates from key city/primary destination and the surrounding county. A print for rate verification from the General Services Administration's website (currently located at https://www.gsa.gov/travel/plan-book/per-diem-rates) for the respective city/county and dates of travel is required.	M&IE Per Diem rate
4.	Auto Rental – Mid-size sedan or smaller unless five or more people are to be transported. Receipts are required. Rental car fuel is reimbursable.	At Cost
5.	Parking, tolls, and taxis or rideshares (if less costly than auto rental) are reimbursable. Itemized receipts are required.	At Cost
6.	Mileage outside Southern California (San Diego, Riverside, San Bernardino, Orange, and Los Angeles counties) when travel by vehicle is determined to be less costly than airfare or as approved by the Contract Manager.	IRS rate

B. Other Expenses

When deemed appropriate and necessary by the Water Authority, other cost items may be approved by the Water Authority. Contact the Water Authority and obtain approval in writing before incurring any costs. Provide detailed receipts.

LABOR RATE TABLES

Brown and Caldwell

Name	Classification	Hourly Rate	Multiplier	Total Hourly Rate
	Supervising Engineer	\$92.26	3.25	\$299.85
	Engineer III	\$60.14	3.25	\$195.46
	Engineer I	\$47.33	3.25	\$153.82
	Supervising Engineer	\$92.16	3.25	\$299.52
	Managing Engineer	\$90.56	3.25	\$294.32
	Principal Engineer	\$77.23	3.25	\$251.00
	Engineer II	\$45.22	3.25	\$146.97
	Supervising Engineer	\$71.23	3.25	\$231.50
	Senior Engineer	\$66.85	3.25	\$217.26
	Managing Engineer	\$112.34	3.25	\$365.11
	Supervising Engineer	\$96.90	3.25	\$314.93
	Managing Engineer	\$113.30	3.25	\$368.23
	Chief Engineer	\$114.83	3.25	\$373.20
	Managing Engineer	\$102.29	3.25	\$332.44
	Managing Engineer	\$108.16	3.25	\$351.52
	Vice President	\$121.54	3.25	\$395.00*
	Engineer II	\$49.10	3.25	\$159.58
	Supervising Engineer	\$94.31	3.25	\$306.51
	Sr. Construction Engineer	\$68.78	3.25	\$223.54
	Senior Engineer	\$62.97	3.25	\$204.65
	Managing Engineer	\$121.54	3.25	\$395.00*
	Executive Engineer	\$111.74	3.25	\$363.16
	Principal Engineer	\$81.76	3.25	\$265.72
	Principal Engineer	\$69.66	3.25	\$226.40
	Engineer III	\$60.10	3.25	\$195.33
	Engineer II	\$52.88	3.25	\$171.86
	Engineer III	\$56.73	3.25	\$184.37
	Supervising Engineer	\$91.30	3.25	\$296.73
	Vice President	\$121.54	3.25	\$395.00*

*rate capped per \$395 contract max

CONTRACT FOR DESIGN PROFESSIONAL SERVICES

1. PARTIES:

The parties to this contract are the San Diego County Water Authority, a county water authority (the Water Authority), and The Engineering Partners, Inc., a California Corporation (Design Professional).

2. SCOPE OF SERVICES:

(a) The design professional services to be provided by Design Professional are control systems and electrical engineering services on an as-needed basis, as more fully described in Attachment A, Scope of Work.

(b) Design Professional represents and warrants that all design professional services shall be provided by a person or persons duly licensed by the State of California to provide the type of services described in subsection (a).

3. PAYMENT:

(a) Payment for services. The Water Authority will pay for services satisfactorily performed in accordance with this contract according to the payment and fee schedule and requirements contained in Attachment A, Scope of Work, and Attachment B, Payment and Fee Schedule.

(b) Reimbursement of expenses. Design Professional will be reimbursed for approved actual, reasonable, and necessary expenses incurred in the performance of services in accordance with the expense reimbursement schedule included in Attachment B, Payment and Fee Schedule.

(c) Maximum payment. The maximum payment under this contract for services and, if authorized, reimbursement of expenses, shall not exceed \$1,750,000.

(d) Invoices. Design Professional shall submit all invoices for services on a monthly basis to the Engineering Contracts Group at Eng-Contracts@sdcwa.org. The Water Authority generally will process and pay invoices within 30 days from receipt. Each invoice shall show the amount of services rendered during the billing period and the fee for such services. If the Water Authority authorizes reimbursement of expenses, Design Professional shall submit monthly invoices for such expenses, including full documentation of each expense incurred. Payments are subject to a final audit upon completion of services or other termination of this contract.

(e) Audit of Records. Design Professional shall maintain complete and accurate records of all payrolls, expenditures, disbursements, and other cost items charged to the Water Authority or establishing the basis for an invoice for a minimum of four years from the date of final payment to Design Professional. All such records shall be clearly identifiable. Design Professional shall allow Water Authority representative to inspect, examine, copy, and audit such records during regular business hours upon 24 hours' notice.

4. TIME FOR PERFORMANCE:

(a) Design Professional shall perform the services according to the schedule contained in each written Authorization. Design Professional shall not proceed with work without written Authorization from the Water Authority. Design Professional shall complete all services by June 30, 2029. The Water Authority, at its option, may extend the contract for up to two additional years.

(b) Extension of time for unforeseen circumstances. In the event that the Design Professional is unable to meet the completion date or schedule of services, if any, due to circumstances beyond Design Professional's reasonable control, such as war, riots, strikes, lockouts, or work slowdown or stoppage, except strikes, lockouts, or work slowdown or stoppage of Design Professional's employees or subcontractors, acts of God, such as floods or earthquakes, and electrical blackouts or brownouts, Design Professional shall inform the Contract Manager of the additional time required to perform the work and the Contract Manager may adjust the schedule. Design Professional agrees that no additional compensation will be allowed for any such extensions of time.

5. COMPLIANCE WITH APPLICABLE LAWS AND STANDARD OF PERFORMANCE:

(a) Services shall be performed by Design Professional in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised under similar conditions by members of Design Professional's profession currently practicing in California. By delivery of completed work, Design Professional certifies that the work conforms to the requirements of this contract and all applicable federal, state, and local laws and regulations, and the professional standard of care in California. Design Professional also agrees to comply with the requirements of the following Water Authority documents: Drafting Manual (ESD-120), Specifications Style Guide (ESD-150), Design Manual (ESD-160), Construction Cost Estimating Guidelines (ESD-260), and Electrical/Instrumentation Guide Drawings.

(b) Design Professional is responsible for making an independent evaluation and judgment of all conditions affecting performance of the work, including without limitation site conditions; existing facilities; seismic; geologic; soils; hydrologic; geographic; climatic conditions; applicable federal, state, and local laws and regulations; and all other contingencies or design considerations. Data, calculations, opinions, reports, investigations, and other similar information provided by the Water Authority relating to site, local, or other conditions is not warranted or guaranteed, either expressly or implied, by the Water Authority.

(c) Design Professional's responsibilities under this section shall not be delegated. Design Professional shall be responsible to the Water Authority for acts, errors, or omissions of Design Professional's subcontractors and subconsultants.

(d) Whenever the scope of work requires or permits review, approval, conditional approval, or disapproval by the Water Authority, it is understood that such review, approval, conditional approval, or disapproval is solely for the purposes of administering this contract and determining whether the Design Professional is entitled to payment for such work, and not be construed as a waiver of any breach or acceptance by the Water Authority of any responsibility, professional or otherwise, for the work, and shall not relieve the Design Professional of responsibility for complying with the standard of performance or laws, regulations, industry standards, or from liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of Design Professional.

6. INDEPENDENT CONTRACTOR:

Design Professional is an independent contractor. Neither Design Professional nor any of Design Professional's officers, employees, agents, or subcontractors, if any, is an employee of the Water Authority by virtue of this contract or performance of any work under this contract. Design Professional retains the right to pay and supervise its officers, employees, agents, and subcontractors as it sees fit. The Water Authority has no right to supervise Design Professional's officers, employees, agents, or subcontractors, and if any issues arise with Design Professional's officers, employees, agents, or subcontractors as to their performance, the Water Authority may contact the Design Professional directly so that Design Professional may address any issues. If for any reason Design Professional or any of Design Professional's officers, employees, agents, or subcontractors believes that any actions of the Water Authority are inconsistent with Design Professional's role as an independent design professional, they shall provide written notice to the Water Authority of such action(s) within 30 days of their occurrence or they are waived to the extent permitted by law. If such written notice is not timely provided and then any claims are later made against the Water Authority related to such action(s), Design Professional agrees that such claims qualify under Section 19 below as being subject to defense and indemnity by Design Professional for the benefit of the Water Authority. Design Professional agrees that any officer, employee, agent, or subcontractor whom Design Professional engages to do work under the scope of this contract shall be made aware of this contract and shall agree in writing to abide by the provisions of this section.

7. ASSIGNMENT:

Design Professional shall not subcontract, assign, or transfer voluntarily or involuntarily any of its rights, duties, or obligations under this contract without the express written consent of the Water Authority in each instance.

8. SUBCONTRACTORS AND DESIGN PROFESSIONAL EMPLOYEES:

(a) Design Professional shall perform the work personally or through Design Professional's employees. Design Professional may subcontract work only upon prior written approval of the Water Authority and in compliance with provisions of the Water Authority's Small Contractor Outreach and Opportunities Program, if the Water Authority determines that the program provisions are applicable. If subcontracting of work is permitted, Design Professional shall pay subcontractor within 10 days of receipt of payment by Water Authority for work performed by a

subcontractor and billed by the Design Professional. Use of the term subcontractor in any other provision of this contract shall not be construed to imply authorization for Design Professional to use subcontractors for performance of any service under this contract.

(b) The Water Authority is an intended beneficiary for any work performed by the subcontractor for purposes of establishing a duty of care between the subcontractor and the Water Authority.

9. DESIGN PROFESSIONAL'S EMPLOYEES:

(a) Immigration Reform and Control Act of 1986. Design Professional is aware of the requirements of the Immigration Reform and Control Act of 1986 and shall comply with those requirements, including, but not limited to, verifying the eligibility for employment of all of Design Professional's officers, employees, agents, and subcontractors that are included in this contract.

(b) Limitation of Water Authority Liability. The payment made to Design Professional pursuant to this contract shall be the full and complete compensation to which Design Professional and Design Professional's officers, employees, agents, and subcontractors are entitled for performance of any work under this contract. Design Professional and Design Professional's officers, employees, agents, and subcontractors are not entitled to any salary or wages, or retirement, health, leave, or other fringe benefits applicable to employees of the Water Authority. The Water Authority will not make any federal or state tax withholdings on behalf of Design Professional. The Water Authority shall not be required to pay any workers' compensation insurance on behalf of Design Professional.

(c) Indemnification for Employee Payments. To the extent permitted by law, Design Professional agrees to defend and indemnify the Water Authority for any obligation, claim, suit, or demand for tax, retirement contribution including any contribution to the Public Employees Retirement System (CalPERS), social security, salary or wages, overtime payment, or workers' compensation payment which the Water Authority may be required to make on behalf of Design Professional or any officer, employee, agent, or subcontractor of Design Professional, or any employee of Design Professional construed to be an employee of the Water Authority, for work or services done under this contract. This is a continuing obligation that survives the Design Professional's completion of services and termination of this contract.

10. COMPLIANCE WITH CALIFORNIA AIR RESOURCES BOARD REGULATIONS:

Intentionally omitted.

11. FAIR EMPLOYMENT PRACTICES:

(a) Administrative Code Provisions. Design Professional acknowledges and agrees to abide by the following provision of the Water Authority Administrative Code Section 2.24.010 that states:

“(a) It is the policy of the Authority to protect and safeguard the right and opportunity of all persons to seek, obtain, and hold employment without discrimination or abridgment on account of race, color, ethnicity, national origin, ancestry, religion, creed, veteran status, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, gender, gender identity, gender expression or other status protected from workplace discrimination by state or federal law. Authority officers, employees and consultants shall not knowingly deny an Authority opportunity or benefit, discriminate against or harass, any Authority employee, applicant for employment, contractor, vendor, or recipient of Authority services on account of the person’s race, color, ethnicity, national origin, ancestry, religion, creed, veteran status, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, gender, gender identity, gender expression or other status protected from workplace discrimination by state or federal law. Authority officers, employees and consultants shall not knowingly give preferential treatment to any applicant for employment, bidder, contractor, vendor, or recipient of Authority services on the basis of race, color, ethnicity, national origin, ancestry, religion, creed, physical disability, mental disability, medical condition, marital status, sex, or sexual orientation.

(b) This section shall be interpreted in a manner that is consistent with the California and United States Constitutions and applicable state and federal statutes governing workplace discrimination. The terms used in this section shall have the same meaning as defined in state statutes governing the same subject matter.

(c) Nothing in this section shall be interpreted as prohibiting bona fide occupational qualifications consistent with applicable state and federal law and reasonably necessary to the normal operation of Authority employment or contracting. Nothing in this section shall be interpreted as prohibiting regulations and policies to prevent nepotism or conflicts of interest.

(d) Nothing in this section shall be interpreted as prohibiting action taken to establish or maintain eligibility for any federal program, where ineligibility would result in a loss of federal funds to the Authority.”

(b) Employment-related Laws and Programs. Design Professional agrees to comply with Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practices Act, the Americans with Disabilities Act of 1990, any other applicable federal and state laws and regulations hereinafter enacted. Design Professional agrees to comply with all requirements of the Water Authority’s Small Contractor Professional Outreach and Opportunities Program and all terms and conditions of the San Diego County Water Authority Project Labor Agreement (if applicable).

(c) Water Authority Discrimination/Harassment Policy. Design Professional and its officers, employees, agents, and subcontractors shall comply with the Water Authority's Discrimination/Harassment Prohibition Policy in performance of this contract.

(d) Indemnification. To the fullest extent permitted by law and without limitation of the provisions of Section 20 relating to insurance, the Design Professional shall also indemnify, defend, and hold harmless the Water Authority and its directors, officers, employees, and agents from and against all liability (including without limitation all claims, damages, penalties, fines, and judgments; associated investigation and administrative expenses; and defense costs, including but not limited to reasonable attorneys' fees, court costs, and costs of alternative dispute resolution) resulting from any claim of discrimination or harassment, including but not limited to sexual harassment, arising from the conduct of the Design Professional or any of the Design Professional's officers, employees, agents, licensees, or subcontractors. In the event of a discrimination or harassment complaint against any employee, agent, licensee, or subcontractor of the Design Professional or its subcontractors, the Design Professional shall take immediate and appropriate action in response to such complaint, including, but not limited to termination or appropriate discipline of any responsible employee, agent, licensee, or subcontractor. The provisions of this section survive Design Professional's completion of the services and termination of this contract.

12. CONDUCT AND BEHAVIOR AT WATER AUTHORITY PROPERTY:

If Design Professional and Design Professional's officers, employees, agents, and subcontractors are on Water Authority property, they shall comply with the Water Authority's Substance-free Work Place Policy, Information and Communications Systems Policy, and all other rules and regulations governing work place safety, conduct, and behavior for any portion of the services or work performed on the premises of the Water Authority or using Water Authority facilities or equipment.

13. OWNERSHIP OF WORK PRODUCT:

Upon delivery, the work product, including without limitation all original reports, writings, recordings, drawings, files, and detailed calculations developed under this contract, are the property of the Water Authority. Design Professional agrees that all copyrights which arise from creation of the work pursuant to this contract shall be vested in the Water Authority and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the Water Authority. Water Authority acknowledges that its use of the work product is limited to the purposes contemplated by the scope of work and that the Design Professional makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.

14. FORMAT OF DOCUMENTS:

Documents submitted to the Water Authority in electronic format shall be formatted according to specifications provided by the Water Authority, or if not otherwise specified, in Microsoft Word,

Excel, PowerPoint, or other Microsoft Office format as appropriate for the particular work product or, if directed by the Contract Manager, in Adobe Acrobat pdf format.

15. CHANGES IN WORK:

No payment for changed or additional work shall be made unless the changed or additional work has first been approved in writing by the Contract Manager and the parties have agreed upon the appropriate adjustment, if any, to the payment schedule and maximum payment amount for the changed or additional work. The Contract Manager may order changes or additions to the scope of work. Whether a change or addition to the scope of work is proposed by the Design Professional or ordered by the Contract Manager, the parties shall in good faith negotiate an appropriate adjustment, if any, to the payment schedule and maximum payment for the changed or additional work. An approved change or addition, along with the payment adjustment, if any, will be effective upon an amendment to this contract executed by both parties. The amendment shall not render ineffective or invalidate unaffected portions of this contract. All changes in work that increase the amount of payment shall be subject to Section 4.04.040 of the Water Authority Administrative Code.

16. CONFIDENTIALITY:

(a) Confidential Nature of Information. Design Professional shall treat all information obtained from the Water Authority in the performance of this contract as confidential and proprietary to the Water Authority. Design Professional shall treat all records and work product prepared or maintained by Design Professional in the performance of this contract as confidential. Design Professional warrants that it has systems in place to assure its compliance with applicable state and federal laws relating to the collection and management of personal and confidential information.

(b) Limitation on use and disclosure. Design Professional agrees that it will not use any information obtained as a consequence of the performance of work for any purpose other than fulfillment of Design Professional's scope of work. Design Professional shall not disclose any information prepared for the Water Authority, or obtained from the Water Authority, or obtained as a consequence of the performance of work to any person other than the Water Authority, or its own employees, agents, or subcontractors who have a need for the information for the performance of work under this contract unless such disclosure is specifically authorized in writing by the Water Authority.

(c) Security plan. Design Professional shall prepare a security plan to assure that information obtained from the Water Authority or as a consequence of the performance of work is not used for any unauthorized purpose or disclosed to unauthorized persons. Design Professional shall establish, implement, and maintain safeguards reasonably designed to ensure the security of personal and confidential information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of the information. Design Professional shall provide to its employees, subcontractors, and any personnel working with Water Authority data reasonable information security awareness training. Design Professional shall immediately advise the Water Authority of any request for disclosure of information or of

any actual or potential unauthorized disclosure of confidential or personal information. Design Professional is responsible for taking reasonable responsive security and identity protection measures should an unauthorized disclosure occur at the sole cost to the Design Professional.

(d) Survival. Design Professional's obligations under this section shall survive the termination of this contract.

17. PROHIBITED INTEREST:

No official or employee of the Water Authority who is authorized in such capacity on behalf of the Water Authority to negotiate, make, accept, or approve, or take part in negotiating, making, accepting, or approving this contract shall become directly or indirectly interested in this contract or in any part thereof. No officer or employee of the Water Authority who is authorized in such capacity and on behalf of the Water Authority to exercise any executive, supervisory, or similar functions in connection with the performance of this contract shall become directly or indirectly interested personally in this contract or any part thereof.

18. CONFLICT OF INTEREST:

(a) Local Conflict of Interest Code Compliance. The Water Authority has determined, based on the scope of the services to be provided by Design Professional under this contract, that this contract does not confer on Design Professional or any of Design Professional's employees the status of a "designated employee" or "Consultant" of the Water Authority for the purposes of the Water Authority's Local Conflict of Interest Code and the California Political Reform Act. This contract does not require or permit Design Professional to make a governmental decision as specified in 2 Cal. Code of Regs. § 18700.3, subdiv. (a)(1), or serve in a staff capacity as specified in 2 Cal. Code of Regs. § 18700.3, subdiv. (a)(2).

(b) Disqualification. Design Professional shall not make or participate in making or in any way attempt to use Design Professional's position to influence a governmental decision in which Design Professional knows or has reason to know Design Professional has a direct or indirect financial interest other than the compensation promised by this contract. Design Professional shall not have such interest during the term of this contract. Design Professional shall immediately advise the Contract Manager and General Counsel of the Water Authority if Design Professional learns of a financial interest of Design Professional's during the term of this contract. If Design Professional's participation in another Water Authority project would create an actual or potential conflict of interest, in the opinion of the Water Authority, the Water Authority may disqualify Design Professional from participation in such other project during the term of this contract.

19. INDEMNIFICATION:

(a) To the fullest extent permitted by law, the Design Professional shall (1) immediately defend and (2) indemnify the Water Authority and its directors, officers, and employees from and against all liabilities regardless of nature or type arising out of or resulting from Design Professional's performance of services under this contract, or any negligent or wrongful act or

omission of the Design Professional or Design Professional's officers, employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation, all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. The Design Professional's obligation to indemnify applies regardless of whether a liability is a result of the negligence of an indemnified party or any other person, unless it is adjudicated that its liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an indemnified party, the Design Professional's indemnification obligation shall be reduced in proportion to the established comparative liability of the indemnified party.

(b) The duty to defend is a separate and distinct obligation from the Design Professional's duty to indemnify. The Design Professional shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the Water Authority, the Water Authority and its directors, officers, and employees, immediately upon tender to the Design Professional of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination of comparative active negligence or willful misconduct by an indemnified party does not relieve the Design Professional from its separate and distinct obligation to defend Water Authority. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if the Design Professional asserts that liability is caused in whole or in part by the negligence or willful misconduct of the indemnified party. If it is finally adjudicated that liability was caused by the sole active negligence or sole willful misconduct of an indemnified party, Design Professional may submit a claim to the Water Authority for reimbursement of reasonable attorneys' fees and defense costs.

(c) The review, acceptance, or approval of the Design Professional's work or work product by any indemnified party shall not affect, relieve, or reduce the Design Professional's indemnification or defense obligations. This section survives completion of the services or the termination of this contract. The provisions of this section are not limited by and do not affect the provisions of this contract relating to insurance.

20. INSURANCE:

(a) Requirement. Design Professional shall procure and maintain insurance from insurance companies authorized to do business in the State of California during the period of performance of this contract, as set forth in this section. Professional Liability coverage shall be maintained for 60 months following completion. These policies shall be primary insurance as to the Water Authority so that any other coverage held by the Water Authority shall not contribute to any loss under Design Professional's insurance.

General liability: (with coverage at least as broad as ISO form CG 00 01 10 01) coverage in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

Automobile liability: (with coverage at least as broad as ISO form CA 00 01 10 01, for “any auto”) coverage in an amount not less than \$1,000,000 per accident for personal injury, including death, and property damage.

Professional liability: (errors and omissions) for damage alleged to be as a result of errors, omissions, or negligent acts of Design Professional coverage in an amount not less than \$2,000,000 per claim.

Workers’ compensation and employer’s liability: coverage shall comply with the laws of the State of California, but not less than an employer’s liability limit of \$1,000,000.

A deductible or retention may be utilized, subject to approval by the Water Authority. All policies that include a self-insured retention shall include a provision that payments of defense costs and damages (for bodily injury, property damage, personal injury, or any other coverages included in the policy) by any party including additional insureds or insurers shall satisfy the self-insured retention limits.

(b) Endorsements. The insurance policies shall be endorsed as follows:

For the commercial general liability insurance, the Water Authority (including its directors, officers, employees, and agents) shall be named as additional insured, and the policy shall be endorsed with a form equivalent to ISO form CG 20 10 10 93, that contains the provisions required by this contract.

Design Professional’s insurance is primary to any other insurance available to the Water Authority with respect to any claim arising out of this contract. Any insurance maintained by the Water Authority shall be excess of the Design Professional’s insurance and shall not contribute with it. The Design Professional’s endorsement of insurance shall include a waiver of any rights of subrogation against the Water Authority and its directors, officers, employees, and agents.

Design Professional’s insurance shall not be canceled, limited, amended, reduced in coverage amount, or allowed to expire without renewal until after 30 days’ written notice has been given to the Water Authority, or after 10 days’ written notice in the case of cancellation for non-payment of premium.

(c) Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by the Water Authority, which satisfies the following minimum requirements: An insurance carrier authorized to do business in California and maintaining an agent for process within the state. Such insurance carrier shall maintain a current A.M. Best rating classification of “A-” or better and a financial size of “\$10 million to \$24 million (Class V) or better”, or a Lloyds of London program provided by syndicates of Lloyds of London and other London insurance carriers, providing all participants are qualified to do business in California and the policy provides for an agent for process in the state. Workers’ Compensation and Employer’s Liability shall be provided by an A-V rated carrier or by the California State Compensation Fund. If provided by a carrier other than California State Compensation Fund, Design Professional shall provide proof of the carrier’s A-V rating to Water Authority.

(d) Provision of Insurance Prior to Commencement of Services. Before commencing any services, Design Professional shall furnish certificates of insurance and endorsements affecting coverage on forms provided by Water Authority, or on equivalent ISO forms that contain provisions required by this contract.

21. ACCIDENT REPORTS:

Design Professional shall immediately report (as soon as feasible, but not more than 24 hours) to the Contract Manager and Water Authority Risk and Safety Manager any accident or other occurrence causing injury to persons or property during the performance of this contract. If required by the Water Authority's Risk and Safety Manager, the report shall be made in writing and shall include, at a minimum: (a) the names, addresses, and telephone numbers of the persons involved; (b) the names, addresses, and telephone numbers of any known witnesses; and (c) the date, time, and description of the accident or other occurrence.

22. COVENANT AGAINST CONTINGENT FEES:

Design Professional agrees that its firm has not employed or retained any company or person, other than a bona fide employee working for Design Professional, to solicit or secure this contract, and that Design Professional has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this contract. For breach or violation of this provision, the Water Authority shall have the right to terminate this contract without liability, or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fees, gift, or contingent fee.

23. TERMINATION OR ABANDONMENT:

(a) Water Authority's Rights. The Water Authority has the right to terminate this contract, or abandon any portion or all of the work by giving 10 days' written notice to the Design Professional. Upon receipt of a notice of termination, Design Professional shall perform no further work except as specified in the notice. Before the date of termination, Design Professional shall deliver to Water Authority all work product, whether completed or not, as of the date of termination and not otherwise previously delivered. The Water Authority will pay Design Professional for services performed in accordance with this contract before the date of termination. If this contract provides for payment of a lump sum for all services or by task and termination occurs before completion of the work or any defined task which according to the performance schedule was commenced before the notice of termination, the fee for services performed shall be based on an amount mutually agreed to by the Water Authority and Design Professional for the portion of work completed in conformance with this contract before the date of termination. In addition, the Water Authority will reimburse Design Professional for authorized expenses incurred and not previously reimbursed. The Water Authority shall not be liable for any fees or costs associated for the termination or abandonment except for the fees, and reimbursement of authorized expenses, payable pursuant to this section.

(b) Design Professional's Rights. Design Professional, if Design Professional is not in default or breach, may terminate Design Professional's obligation to provide further services under this contract upon 30 days' written notice only in the event of a material default by the Water Authority, which default has not been cured within 30 days following the written notice.

24. SUCCESSORS OR ASSIGNS:

All terms, conditions, and provisions of this contract shall apply to and bind the respective heirs, executors, administrators, successors, and assigns of the parties. Nothing in this section is intended to affect the limitation on assignment.

25. DAMAGE OR LOSS OF EQUIPMENT OR FACILITIES:

Design Professional shall pay to the Water Authority the replacement cost of any equipment or repair cost of any facilities provided by the Water Authority for Design Professional's use in performance of services that is lost or damaged by Design Professional or Design Professional's officers, employees, agents, or subcontractors.

26. ELECTRONIC COMMUNICATIONS:

During the term of this contract, communications may occur through sending, receiving, or exchanging electronic versions of documents and emails using commercially available computer software and Internet access. Design Professional and the Water Authority acknowledge that the Internet is occasionally victimized by the creation and dissemination of so-called viruses, or similar destructive electronic programs. Design Professional and the Water Authority view the issues raised by these viruses seriously and have invested in document and email scanning software that identify and reject files containing known viruses. Design Professional agrees to update its system with the software vendor's most current releases at regular intervals. Because of the virus scanning software, the respective computer systems of the parties may occasionally reject a communication. The parties acknowledge that this occurrence is to be expected as part of the ordinary course of business. Because the virus protection industry is generally one or two steps behind new viruses, neither party can guarantee that its respective communications and documents will be virus free. Occasionally, a virus will escape and go undetected as it is passed from system to system. Although each party will use all reasonable efforts to assure that its communications are virus free, neither party warrants that its documents will be virus free. Each party agrees to advise the other if it discovers a virus in its respective system that may have been communicated to the other party.

Design Professional shall identify reasonably foreseeable internal and external risks to the privacy and security of personal information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of the information. Design Professional shall regularly assess the sufficiency of any safeguards and information security awareness training in place to control reasonably foreseeable internal and external risks, and evaluate and adjust those safeguards in light of the assessment.

Design Professional shall maintain its own email system. Neither Design Professional, its employees, its subcontractors, or subcontractors' employees will be given a Water Authority email address.

27. LAWS AND VENUE:

This contract and disputes arising out of or relating to this contract or the parties' relationship are governed by the laws of the State of California. Any action or proceeding arising out of or relating to the contract or the parties' relationship shall be brought in a state or federal court situated in the County of San Diego, State of California.

28. ADMINISTRATION:

(a) Design Professional's principal place of business and agent for service of process. Design Professional's principal place of business is 10620 Treena Street, Suite 300, San Diego, CA 92131. Design Professional's agent for service of process is Craig Schaeffer, 10620 Treena Street, Suite 300, San Diego, CA 92131.

(b) Water Authority's Representative. The Water Authority's representative for administration of this contract is Colin Kemper, who is the designated Contract Manager for purposes of this contract. The Water Authority may change the Contract Manager at any time upon notice to the Design Professional.

(c) Design Professional's Representative. The Design Professional's representative for administration of this contract is Bryan Rodriguez, who is the designated Project Manager for purposes of this contract. The Design Professional may change the Project Manager upon written notice to and approval by the Contract Manager.

(d) Notices. Any notice or instrument required to be given or delivered by law or this contract shall be effective upon receipt thereof and shall be by personal service or delivered by depositing the same in any United States Post Office, registered or certified, postage prepaid, addressed to:

San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123-1233
Attn: Neena V.S. Kuzmich, Director of Engineering

The Engineering Partners, Inc.
10620 Treena Street, Suite 300
San Diego, CA 92131
Attn: Craig Schaeffer, COO

Either party may change the address or identity of the person for notices under this subsection by written notice to the other delivered in accordance with this subsection.

(e) Routine Administrative Communications. Routine administrative communication required to be in writing may be by personal delivery, mail, facsimile transmission, or electronic mail as agreed between the Design Professional and Contract Manager.

29. INTEGRATION AND MODIFICATION:

This contract represents the entire understanding of the Water Authority and Design Professional as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This contract may not be modified, amended, or altered except in writing signed by the Water Authority and Design Professional.

30. ADVICE OF COUNSEL:

The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this contract, and that the decision of whether or not to seek the advice of counsel with respect to this contract is a decision which is the sole responsibility of each of the parties hereto. This contract shall not be construed in favor or against either party by reason of the extent to which each party participated in the drafting of the contract.

31. INDEPENDENT REVIEW:

Each party hereto declares and represents that in entering this contract it has relied and is relying solely upon its own judgment, belief, and knowledge of the nature, extent, effect, and consequence relating thereto. Each party further declares and represents that this contract is being made without reliance upon any statement or representation not contained herein of any other party, or any representative, agent, or attorney of any other party.

32. TIME:

Time is of the essence in this contract. Any reference to days means calendar days unless otherwise specifically stated.

33. ASSIGNMENT OF ANTI-TRUST CLAIMS:

The Design Professional offers and agrees to assign to the Water Authority all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act [Chapter 2 (commencing with § 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, services, or materials pursuant to this contract. This assignment shall become effective at the time the Water Authority tenders final payment to Design Professional, without further acknowledgment by the parties. The Design Professional shall have the rights set forth in Sections 4553 and 4554 of the Government Code.

34. TAXES:

The Design Professional shall pay all applicable federal, state, and local excise, sales, consumer use, and other similar taxes required by law for the execution of the work.

35. SIGNATURES:

The individuals executing this contract represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This contract may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which shall be deemed to be an original when executed, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this contract on the following date.

DATED: _____

San Diego County Water Authority

By: Silvana Ghiu, P.E.
Principal Engineer

The Engineering Partners, Inc.

By: Craig Schaeffer
COO

Approved as to form:
San Diego County Water Authority

By: Michael J. McDonnell
Assistant General Counsel

ATTACHMENT A

SCOPE OF WORK

Design Professional shall provide control systems and electrical engineering services on an as needed, per task basis. All work done under this contract shall be performed under the direct, responsible supervision of a Control System Engineer or Electrical Engineer registered in the State of California, who shall be the Engineer of Record for work and shall stamp, sign, and date design drawings and calculations. The Registered Control System Engineer or Electrical Engineer shall bear overall responsibility for professional services performed. For Control System Engineering work, registration as a Professional Control System Engineer is required or, provided an individual is competent (as defined in Title 16, Division 5, Section 415 of California Code of Regulations), registration as a Professional Electrical Engineer in the State of California is acceptable.

Work for each project or task order will be individually negotiated for a not-to-exceed amount based upon the approved contract terms. A written Authorization letter will be issued for each project or task order defining the scope of work, compensation, and schedule.

Design Professional shall assign one person within the Design Professional's organization as the Design Professional's Project Manager. The Water Authority will coordinate requests for services with the Design Professional's Project Manager. This coordination will generally be made by telephone followed by written authorization, or email. Upon consensus of the parties on the scope, not-to-exceed fee, and schedule, the Water Authority will issue a written Authorization letter and Design Professional shall then begin and complete the authorized work.

The Water Authority does not imply or expressly guarantee the amount of labor required. Design Professional shall apply professional knowledge, skill, and expertise in the fields to all aspects of the work.

Design Professional shall assign only personnel and/or subcontractor(s) whose qualifications, background, and experience are commensurate with the expertise required to accomplish the assigned work. Design Professional personnel and/or subcontractor(s) shall be approved in writing by the Water Authority. Refer to Attachment B, Payment and Fee Schedule.

Design Professional shall follow current Water Authority standards/guidelines for:

- Electrical/Instrumentation Guide Drawings;
- Engineering Standard Document 120 – Drafting Manual;
- Engineering Standard Document 150 – Specifications Style Guide;
- Engineering Standard Document 160 – Design Manual, Volumes 1 and 2; and
- Engineering Standard Document 260 – Construction Cost Estimating Guidelines.

If the Design Professional believes that an exception to a standard or guideline is appropriate, Design Professional shall submit a written request asking for approval to deviate. If applicable, a recommendation for a revision to the standard/guideline, or recommendation that a new standard/guideline be established, shall also be submitted. Written requests must clearly explain why the Design Professional believes a deviation is appropriate. Design Professional shall obtain the Water Authority's written approval before implementation of any deviation.

If Water Authority and industry standards are not followed, and there is no written approval to deviate from the standards, the Design Professional shall, at its own cost, correct the deviation to conform to the standards.

Design Professional shall comply with the requirements of all federal, state, and local laws and professional engineering and industry standards pertaining to the design of control systems and electrical systems for public water facilities.

Design Professional shall provide services in accordance with this contract and upon written authorization of the following Tasks:

1.0 General Description and Standards

- 1.1 Digital/electronic submittals shall be submitted to the Water Authority upon completion of each Authorization using USB thumb drive or the Water Authority's SharePoint website. Each media shall be labeled with the project name, project specification number, and Design Professional's name and telephone number. Submittals shall conform to the following:
 - 1.1.1 Submit all drawings and specifications on the Water Authority's SharePoint website in digital format (.dwg and .docx). Submit a set of drawings in searchable PDF created using the .dwg files and another set of specifications using the .docx files.
 - 1.1.2 Submit electronic files in the version of AutoCAD as defined by the Water Authority and conform to the Water Authority's latest drafting standards, Engineering Standard Document 120 – Drafting Manual (ESD-120).
 - 1.1.3 Submit an index of all files in Microsoft Word with the file name and brief description.
 - 1.1.4 Include all files pertinent to the project. Include all external references, font files, and plot files (i.e., Autodesk E-Transmit).
 - 1.1.5 Files can be zipped to conserve storage space; however, only self-extracting zip file formats will be accepted (i.e., winZip, zipit, pkzip in format).

- 1.2 Prepare drawings in accordance with the Water Authority's ESD-120. Meet with the Water Authority to review proposed project-specific drafting standards, including review of AutoCAD layers, project-specific title block, Water Authority Standard Details, and applicable Design Professional project-specific details.
- 1.3 Prepare technical specifications in Construction Specification Institute format in accordance with the Water Authority's Engineering Standard Document 160 – Design Manual (ESD-160), Volume 1, Chapter 14.5.1. Submit specifications in Microsoft Word format, and include the date submitted along with the design phase in the file name.
- 1.4 Ensure all plans, specifications, calculations, memoranda, addenda, and other engineering documents are stamped by a professional engineer registered in the State of California, in accordance with the requirements of the Department of Consumer Affairs, Board for Professional Engineers, Land Surveyors, and Geologists.

2.0 Project Management

- 2.1 Project Management Plan (PMP). Prepare a Project Management Plan for each Authorization. The PMP should include descriptions, procedures, and controls for managing all aspects of the project. At a minimum, the PMP shall include the following sections:
 - Work Breakdown Structure
 - Project Team Organization
 - Communication Protocols
 - Anticipated Meetings and Workshops
 - Project Controls (Budget, Schedule, Earned Value, Monitoring, etc.)
 - Document Management
 - Quality Control
- 2.2 Meetings and Coordination. Coordinate with and support Water Authority staff on all project-related issues. Provide project-related information within five days of requests for information by the Water Authority. If additional time is required, provide a written request for an extension.
 - 2.2.1 Progress Meetings and Coordination. Attend progress review meetings, workshops, and other technical review sessions with the Water Authority. Provide meeting agenda and meeting materials (figures, presentation slides, etc.) a minimum of five days ahead of the scheduled meeting time.

Provide meeting minutes summarizing the meeting, action items, and decisions within five days of the meeting or workshop.

2.3 Schedule and Progress Reports

2.3.1 For each Authorization, submit a detailed, cost-loaded project baseline schedule. Update the baseline schedule monthly using actual dates and costs, and provide the monthly invoice to the Water Authority. Identify any changes to the schedule and provide a recovery plan for any critical path activities which are delayed over 20 calendar days.

2.3.2 For each Authorization, submit a progress report with the monthly invoice, with a narrative describing progress during the previous month, planned activities for the next month, coordination issues, critical project decisions, design schedule update, contract budget update including an earned value analysis, and other information as required.

3.0 Quality Assurance and Quality Control (QA/QC). For each Authorization, develop and implement a QA/QC plan to check, at a minimum, planning methods, design methods, calculations, drawings, specifications, addenda, schedules, cost estimates, field investigations, measurements, and other technical issues associated with the project planning and design. Establish procedures to ensure comments from the Water Authority are addressed.

3.1 Submit the QA/QC plan to the Water Authority for review and approval before providing any technical submittals.

3.2 For design submittals, at each milestone completion or deliverable, provide written certification in a transmittal that the QA/QC is completed according to the QA/QC plan and procedures with a list of personnel, technical subjects, and signatures of those who performed the QA/QC.

4.0 Control System Engineering, Electrical Engineering, and Communication System Engineering

4.1 Review electrical and instrumentation and control plans prepared by Water Authority staff or others for conformance with project requirements and electrical codes. Review other pertinent information as required. Provide written comments and redlined plans to the Water Authority.

4.2 Prepare electrical and instrumentation and control drawings and/or specifications as necessary to supplement Water Authority standards. Ensure new standards meet project requirements and conform to state and local electrical codes.

4.3 Prepare electrical and instrumentation and control feasibility studies, modifications, rehabilitations, drawings, specifications, and designs for existing or future water facilities and equipment, including but not limited to:

- 5,000 horsepower water pumps
- 12 kilovolt switch gear
- Flow control and regulating facilities
- Hydroelectric power generating plants
- Standby power generators
- Water treatment plants
- Office buildings

Tasks may include, but are not limited to, field verifications, condition assessments, record drawing updates, feasibility analyses, engineering designs, design calculations, specifications, and plans.

4.4 Prepare photovoltaic and battery backup system designs for water facilities and other support structures. Tasks may include, but are not limited to, feasibility studies, engineering designs, design calculations, specifications, and plans.

4.5 Attend meetings with Water Authority staff to discuss electrical, control, instrumentation, and communication studies; designs; plans; and specifications. Provide written meeting minutes to the Water Authority within three working days from meeting.

4.6 Conduct field assessments to determine accurate and detailed information to incorporate into the drawings and specifications.

4.7 Prepare construction cost estimates in accordance with the requirements of the Water Authority's Engineering Standard Document 260 – Construction Cost Estimating Guidelines (ESD-260). Develop estimates using quantities, units, and unit prices for specific items. Break up the estimates in categories of labor, material, equipment, and tools with supplier and subcontractor quotes (if available). Categorize these itemized costs in subsections which reflect the work breakdown structures, sequence of construction, or different portions of construction. Provide documentation indicating basis for costs, exclusions, allowances, contingencies, and dates of quotation, assumptions, and any other relevant data.

- 4.8 Provide other electrical, control system, or communications services specific to each project, including but not limited to San Diego Gas & Electric Company (SDG&E) service requests, fiber optic communication system design, security system design, and Supervisory Control and Data Acquisition (SCADA) and Programmable Logic Controller (PLC) programming.

5.0 Construction Support Services

- 5.1 Perform on-site engineering and facility startup support services as requested. Services may include, but are not limited to, quality assurance services; PLC implementation; electrical and control system supplemental engineering design; factory acceptance testing; and field testing and evaluation of instrumentation, controls, loops, and electrical equipment.
- 5.2 Review construction contractor submittals, requests for information (RFI), and proposed modifications. Provide written recommendations on reviewed submittals, construction methods, and construction contractor requests for substitutions of materials. Review submittals and return written comments to the Water Authority within five calendar days. Review responses to RFIs or proposed modifications and return written recommendations to the Water Authority within three working days.
- 5.3 Prepare change order estimates and evaluate change order requests.
- 5.4 Provide technical support in negotiations of change orders with construction contractors.
- 5.5 Attend meetings with Water Authority staff to discuss electrical engineering, control system engineering, or communication services during construction. Provide written meeting minutes to the Water Authority within three working days from meeting.

6.0 Miscellaneous Services

- 6.1 Assist and support Water Authority staff with meetings held before the Water Authority's Board of Directors.
- 6.2 Provide presentations to the Board of Directors, to visitors, and at public forums, as requested. Provide the Water Authority with electronic copies of all photos and graphics used at the meetings.
- 6.3 Attend meetings, document all meeting questions, and prepare a meeting summary with a description of the presentation, questions, and written responses.
- 6.4 Investigate and provide written responses to all questions at public meetings as requested by the Water Authority Project Manager.

ATTACHMENT B
PAYMENT AND FEE SCHEDULE

1. Services Not-To-Exceed Fee – The total of all written Authorization(s) shall not exceed \$1,750,000. Each Authorization shall include specific Tasks from Attachment A, Scope of Work; a not-to-exceed fee; and schedule to complete each work request. Work shall begin only when written Authorization is given by the Water Authority. Manage the costs inclusive of project resources and other direct costs to ensure completion of all work for each Authorization for the amount stated in each written Authorization. The Water Authority will not make payments in excess of the authorized amount of each Authorization.
2. Compensation and Rates –
 - a. Compensation shall be for actual hours worked and includes direct assignment time performing the authorized task(s), assignment preparation time, and report writing time. Travel to and from the job site will not be allowed as chargeable time.
 - b. No payment will be made for classifications not specifically included in the Labor Rate Tables. Submit requests to add classifications to the Labor Rate Tables in writing per Item 6, Notification by Design Professional section below. Classifications may perform work only after written approval from the Water Authority.
 - c. Personnel for each classification shall be submitted to the Water Authority for approval before work is performed. No personnel shall be added or substituted without written consent of the Water Authority. Notify the Water Authority in accordance with Item 6, Notification by Design Professional section below and include starting date, name of personnel, classification, base hourly rate, multiplier, and total hourly rate. Base hourly rates shall not include any fringe benefits or payroll taxes, retirement pay, or other items included in the multiplier. The Water Authority will maintain a list of approved personnel.
 - d. Labor:
 - 1) Invoice personnel performing work in classifications at their Total Hourly Rates (actual base hourly rate times multiplier, as approved in writing by the Water Authority).
 - 2) The maximum hourly billable rate shall not exceed \$395 for the term of the contract.
 - 3) There are no minimum workday provisions.

3. Rate Increases –
 - a. Labor:
 - 1) Labor rates for classifications are shown in Labor Rate Tables and are valid until June 30, 2027. Thereafter, labor rate increases may be requested annually each July thereafter. Rate increases requests shall be submitted within 30 days from the proposed effective date to Eng-Contracts@sdewa.org. The effective date shall be no sooner than July 1st of each year. Unless otherwise required by law, revised rates shall remain in effect until an increase is approved in writing. Rate increase requests or approval shall not be compounded. Rate increase approvals will not be applied retroactively.
 - 2) Unless otherwise required by law, requested labor rate increases shall not exceed the annual average of consumer price index for labor in the San Diego area or 4.5 percent, whichever is less. Timely notify the Water Authority of such wage adjustments in accordance with Item 6, Notification by Design Professional requirements stated below.
 - b. Rate increases shall not change the contract amount, or any not-to-exceed Authorization or fee.
 - c. A change in classification for approved personnel that would result in an hourly rate increase above the limit specified in the Labor Rate Tables must be submitted to the Water Authority for written approval before any work is performed under the new classification at the new hourly rate. If the Water Authority determines previously approved personnel's new classification is not required, Design Professional shall submit personnel at the previously held classification for the Water Authority's approval.
4. Other Direct Costs – Compensation for other direct costs incurred under this contract includes and is limited to costs as listed in Other Direct Costs section herein. The Water Authority will not pay a markup on Design Professional's other direct costs. All other costs not listed in Other Direct Costs section are covered in approved rates, and will not be reimbursed separately. A 5 percent markup is allowed for total subcontractor charges, which includes subcontractor labor and subcontractor other direct costs.
5. Invoices – Submit a single invoice monthly for services performed during the preceding month, organized by Authorization. Payment for work may be withheld if not submitted within one billing cycle of performing the work or as requested by the Water Authority. Prepare and submit a clear, complete, legible, and approvable invoice each month. More than one Authorization may be listed in each invoice. Assign one invoice number to the entire invoice packet. Invoices shall be organized and include the following:
 - a. Contract number.
 - b. Certification signed by the Design Professional's Project Manager stating:

"I hereby certify that all charges, including all subcontractor charges, are in conformance with the terms of this contract."

- c. Authorization number, with each of the following elements:
 - 1) Name, classification, total hourly rate, billing period of work performed.
 - 2) List other authorized direct costs separately. Provide the following:
 - a) Copies of invoices of all approved subcontractors and other direct costs.
 - b) Detailed, legible receipts for other direct costs.
 - c) Approved travel authorization forms. Consolidate each travel expense request for reimbursement into one month's invoice and do not spread over several months' invoicing.
 - d. A summary of each Authorization, including:
 - 1) Amount expended to date, amount invoiced, and amount remaining of authorized amount to be expended.
 - 2) Percent expended; actual cost divided by authorized amount.
 - 3) Percent complete.
 - 4) An estimated cost to complete the remaining work. If estimated cost will exceed amount authorized, notify the Water Authority per Item 6, Notification by Design Professional section below.
 - e. A monthly report describing work completed for each Authorization and the anticipated services for the next month.
6. Notification by Design Professional –
- a. Design Professional shall immediately notify Water Authority's Contract Manager in writing:
 - 1) If at any time Design Professional has reason to believe that the services and costs expected to be incurred for any authorized base service task or authorized extended service work, in the next 60 days, when added to all costs previously incurred for that base service task or extended service work, will exceed 80 percent of the not-to-exceed amount for that base service task or extended service work.
 - 2) If at any time Design Professional has reason to believe that the cost to complete the authorized base service task or authorized extended service work will be greater than or less than 90 percent of the amount authorized.
 - 3) If at any time Design Professional has reason to believe that the total cost to complete all contract work will be greater than the not-to-exceed amount of this contract.
 - b. Design Professional's notification shall include, but not be limited to:
 - 1) Cost and schedule status of base service task or extended service work.
 - 2) Cost and schedule status of the overall contract work.
 - 3) Revised cost(s) and/or schedule(s).
 - 4) Reason(s) for each affected base service task or extended service work, and/or overall effect on this contract.
 - 5) If appropriate, request for an amendment to this contract.
 - c. Send notification required by this Attachment B, Payment and Fee Schedule, including but not limited to classification additions, personnel additions, other direct cost approvals, travel authorization requests, labor rate increases, task Authorization costs to complete or

balance status, or requests for Authorization or contract amendments to both the Water Authority's Contract Manager at ckemper@sdewa.org and Engineering Contracts at Eng-Contracts@sdewa.org.

OTHER DIRECT COSTS

A. Travel Costs

Travel requests must be submitted and approved by the Water Authority in advance of travel. Only expenses necessary for furthering the interests of the Water Authority and which maximize the purchasing value of public funds will be approved. Parking or traffic fines, in-room movies, laundry service, personal telephone calls, and similar expenses are not reimbursable. Tips greater than 20 percent are not reimbursable.

Item		Rate
1.	Airfare – Coach or economy class except when coach or economy seats are not available. Itemized receipts are required.	At Cost
2.	Lodging – Hotel/motel reimbursement inclusive of hotel and sales taxes. Itemized receipts are required.	At Cost
3.	Meals and Incidental Expense (M&IE) – A per diem rate will be paid based upon the U.S. General Services Administration's current Per Diem Rates for location and dates of travel. Any location not listed for per diem uses rates from key city/primary destination and the surrounding county. A print for rate verification from the General Services Administration's website (currently located at https://www.gsa.gov/travel/plan-book/per-diem-rates) for the respective city/county and dates of travel is required.	M&IE Per Diem rate
4.	Auto Rental – Mid-size sedan or smaller unless five or more people are to be transported. Receipts are required. Rental car fuel is reimbursable.	At Cost
5.	Parking, tolls, and taxis or rideshares (if less costly than auto rental) are reimbursable. Itemized receipts are required.	At Cost
6.	Mileage outside Southern California (San Diego, Riverside, San Bernardino, Orange, and Los Angeles counties) when travel by vehicle is determined to be less costly than airfare or as approved by the Contract Manager.	IRS rate

B. Other Expenses

When deemed appropriate and necessary by the Water Authority, other cost items may be approved by the Water Authority. Contact the Water Authority and obtain approval in writing before incurring any costs. Provide detailed receipts.

LABOR RATE TABLES

The Engineering Partners, Inc.

Name	Classification	Hourly Rate	Multiplier	Total Hourly Rate
	Project Manager	\$79.00	2.78	\$219.62
	Admin	\$32.00	2.78	\$88.96
	Project Engineer - Controls	\$62.00	2.78	\$172.36
	Project Engineer - Power	\$62.00	2.78	\$172.36
	Project Engineer - Power	\$62.00	2.78	\$172.36
	Principal Engineer / SME / QC	\$84.00	2.78	\$233.52
	Drafter	\$38.00	2.78	\$105.64
	Drafter	\$38.00	2.78	\$105.64
	Senior Drafter	\$42.00	2.78	\$116.76
	Jr Engineer - Controls	\$50.00	2.78	\$139.00
	Project Engineer - Power	\$62.00	2.78	\$172.36
	Jr Engineer - Controls	\$50.00	2.78	\$139.00
	Principal Engineer / SME / QC	\$84.00	2.78	\$233.52
	Admin	\$32.00	2.78	\$88.96
	Senior Drafter	\$42.00	2.78	\$116.76
	Jr Engineer - Controls	\$50.00	2.78	\$139.00
	Drafter	\$38.00	2.78	\$105.64
	Project Engineer - Controls	\$62.00	2.78	\$172.36
	Principal Engineer / SME / QC	\$84.00	2.78	\$233.52
	Project Manager	\$79.00	2.78	\$219.62
	Senior Drafter	\$42.00	2.78	\$116.76

T3 Consulting, Inc.

Name	Classification	Hourly Rate	Multiplier	Total Hourly Rate
	Senior Engineer	\$70.00	3.31	\$231.70
	Staff Engineer	\$40.00	3.31	\$132.40
	Senior Engineer	\$72.11	3.31	\$238.68
	Designer/Drafter	\$48.08	3.31	\$159.14
	Principal Engineer	\$96.15	3.31	\$318.26

CONTRACT FOR DESIGN PROFESSIONAL SERVICES

1. PARTIES:

The parties to this contract are the San Diego County Water Authority, a county water authority (the Water Authority), and WHB Engineers, a Delaware Corporation (Design Professional).

2. SCOPE OF SERVICES:

(a) The design professional services to be provided by Design Professional are control systems and electrical engineering services on an as-needed basis, as more fully described in Attachment A, Scope of Work.

(b) Design Professional represents and warrants that all design professional services shall be provided by a person or persons duly licensed by the State of California to provide the type of services described in subsection (a).

3. PAYMENT:

(a) Payment for services. The Water Authority will pay for services satisfactorily performed in accordance with this contract according to the payment and fee schedule and requirements contained in Attachment A, Scope of Work, and Attachment B, Payment and Fee Schedule.

(b) Reimbursement of expenses. Design Professional will be reimbursed for approved actual, reasonable, and necessary expenses incurred in the performance of services in accordance with the expense reimbursement schedule included in Attachment B, Payment and Fee Schedule.

(c) Maximum payment. The maximum payment under this contract for services and, if authorized, reimbursement of expenses, shall not exceed \$500,000.

(d) Invoices. Design Professional shall submit all invoices for services on a monthly basis to the Engineering Contracts Group at Eng-Contracts@sdcwa.org. The Water Authority generally will process and pay invoices within 30 days from receipt. Each invoice shall show the amount of services rendered during the billing period and the fee for such services. If the Water Authority authorizes reimbursement of expenses, Design Professional shall submit monthly invoices for such expenses, including full documentation of each expense incurred. Payments are subject to a final audit upon completion of services or other termination of this contract.

(e) Audit of Records. Design Professional shall maintain complete and accurate records of all payrolls, expenditures, disbursements, and other cost items charged to the Water Authority or establishing the basis for an invoice for a minimum of four years from the date of final payment to Design Professional. All such records shall be clearly identifiable. Design Professional shall allow Water Authority representative to inspect, examine, copy, and audit such records during regular business hours upon 24 hours' notice.

4. TIME FOR PERFORMANCE:

(a) Design Professional shall perform the services according to the schedule contained in each written Authorization. Design Professional shall not proceed with work without written Authorization from the Water Authority. Design Professional shall complete all services by June 30, 2029. The Water Authority, at its option, may extend the contract for up to two additional years.

(b) Extension of time for unforeseen circumstances. In the event that the Design Professional is unable to meet the completion date or schedule of services, if any, due to circumstances beyond Design Professional's reasonable control, such as war, riots, strikes, lockouts, or work slowdown or stoppage, except strikes, lockouts, or work slowdown or stoppage of Design Professional's employees or subcontractors, acts of God, such as floods or earthquakes, and electrical blackouts or brownouts, Design Professional shall inform the Contract Manager of the additional time required to perform the work and the Contract Manager may adjust the schedule. Design Professional agrees that no additional compensation will be allowed for any such extensions of time.

5. COMPLIANCE WITH APPLICABLE LAWS AND STANDARD OF PERFORMANCE:

(a) Services shall be performed by Design Professional in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised under similar conditions by members of Design Professional's profession currently practicing in California. By delivery of completed work, Design Professional certifies that the work conforms to the requirements of this contract and all applicable federal, state, and local laws and regulations, and the professional standard of care in California. Design Professional also agrees to comply with the requirements of the following Water Authority documents: Drafting Manual (ESD-120), Specifications Style Guide (ESD-150), Design Manual (ESD-160), Construction Cost Estimating Guidelines (ESD-260), and Electrical/Instrumentation Guide Drawings.

(b) Design Professional is responsible for making an independent evaluation and judgment of all conditions affecting performance of the work, including without limitation site conditions; existing facilities; seismic; geologic; soils; hydrologic; geographic; climatic conditions; applicable federal, state, and local laws and regulations; and all other contingencies or design considerations. Data, calculations, opinions, reports, investigations, and other similar information provided by the Water Authority relating to site, local, or other conditions is not warranted or guaranteed, either expressly or implied, by the Water Authority.

(c) Design Professional's responsibilities under this section shall not be delegated. Design Professional shall be responsible to the Water Authority for acts, errors, or omissions of Design Professional's subcontractors and subconsultants.

(d) Whenever the scope of work requires or permits review, approval, conditional approval, or disapproval by the Water Authority, it is understood that such review, approval, conditional approval, or disapproval is solely for the purposes of administering this contract and determining whether the Design Professional is entitled to payment for such work, and not be construed as a waiver of any breach or acceptance by the Water Authority of any responsibility, professional or otherwise, for the work, and shall not relieve the Design Professional of responsibility for complying with the standard of performance or laws, regulations, industry standards, or from liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of Design Professional.

6. INDEPENDENT CONTRACTOR:

Design Professional is an independent contractor. Neither Design Professional nor any of Design Professional's officers, employees, agents, or subcontractors, if any, is an employee of the Water Authority by virtue of this contract or performance of any work under this contract. Design Professional retains the right to pay and supervise its officers, employees, agents, and subcontractors as it sees fit. The Water Authority has no right to supervise Design Professional's officers, employees, agents, or subcontractors, and if any issues arise with Design Professional's officers, employees, agents, or subcontractors as to their performance, the Water Authority may contact the Design Professional directly so that Design Professional may address any issues. If for any reason Design Professional or any of Design Professional's officers, employees, agents, or subcontractors believes that any actions of the Water Authority are inconsistent with Design Professional's role as an independent design professional, they shall provide written notice to the Water Authority of such action(s) within 30 days of their occurrence or they are waived to the extent permitted by law. If such written notice is not timely provided and then any claims are later made against the Water Authority related to such action(s), Design Professional agrees that such claims qualify under Section 19 below as being subject to defense and indemnity by Design Professional for the benefit of the Water Authority. Design Professional agrees that any officer, employee, agent, or subcontractor whom Design Professional engages to do work under the scope of this contract shall be made aware of this contract and shall agree in writing to abide by the provisions of this section.

7. ASSIGNMENT:

Design Professional shall not subcontract, assign, or transfer voluntarily or involuntarily any of its rights, duties, or obligations under this contract without the express written consent of the Water Authority in each instance.

8. SUBCONTRACTORS AND DESIGN PROFESSIONAL EMPLOYEES:

(a) Design Professional shall perform the work personally or through Design Professional's employees. Design Professional may subcontract work only upon prior written approval of the Water Authority and in compliance with provisions of the Water Authority's Small Contractor Outreach and Opportunities Program, if the Water Authority determines that the program provisions are applicable. If subcontracting of work is permitted, Design Professional shall pay subcontractor within 10 days of receipt of payment by Water Authority for work performed by a

subcontractor and billed by the Design Professional. Use of the term subcontractor in any other provision of this contract shall not be construed to imply authorization for Design Professional to use subcontractors for performance of any service under this contract.

(b) The Water Authority is an intended beneficiary for any work performed by the subcontractor for purposes of establishing a duty of care between the subcontractor and the Water Authority.

9. DESIGN PROFESSIONAL'S EMPLOYEES:

(a) Immigration Reform and Control Act of 1986. Design Professional is aware of the requirements of the Immigration Reform and Control Act of 1986 and shall comply with those requirements, including, but not limited to, verifying the eligibility for employment of all of Design Professional's officers, employees, agents, and subcontractors that are included in this contract.

(b) Limitation of Water Authority Liability. The payment made to Design Professional pursuant to this contract shall be the full and complete compensation to which Design Professional and Design Professional's officers, employees, agents, and subcontractors are entitled for performance of any work under this contract. Design Professional and Design Professional's officers, employees, agents, and subcontractors are not entitled to any salary or wages, or retirement, health, leave, or other fringe benefits applicable to employees of the Water Authority. The Water Authority will not make any federal or state tax withholdings on behalf of Design Professional. The Water Authority shall not be required to pay any workers' compensation insurance on behalf of Design Professional.

(c) Indemnification for Employee Payments. To the extent permitted by law, Design Professional agrees to defend and indemnify the Water Authority for any obligation, claim, suit, or demand for tax, retirement contribution including any contribution to the Public Employees Retirement System (CalPERS), social security, salary or wages, overtime payment, or workers' compensation payment which the Water Authority may be required to make on behalf of Design Professional or any officer, employee, agent, or subcontractor of Design Professional, or any employee of Design Professional construed to be an employee of the Water Authority, for work or services done under this contract. This is a continuing obligation that survives the Design Professional's completion of services and termination of this contract.

10. COMPLIANCE WITH CALIFORNIA AIR RESOURCES BOARD REGULATIONS:

Intentionally omitted.

11. FAIR EMPLOYMENT PRACTICES:

(a) Administrative Code Provisions. Design Professional acknowledges and agrees to abide by the following provision of the Water Authority Administrative Code Section 2.24.010 that states:

“(a) It is the policy of the Authority to protect and safeguard the right and opportunity of all persons to seek, obtain, and hold employment without discrimination or abridgment on account of race, color, ethnicity, national origin, ancestry, religion, creed, veteran status, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, gender, gender identity, gender expression or other status protected from workplace discrimination by state or federal law. Authority officers, employees and consultants shall not knowingly deny an Authority opportunity or benefit, discriminate against or harass, any Authority employee, applicant for employment, contractor, vendor, or recipient of Authority services on account of the person’s race, color, ethnicity, national origin, ancestry, religion, creed, veteran status, physical disability, mental disability, medical condition, marital status, sex, sexual orientation, age, gender, gender identity, gender expression or other status protected from workplace discrimination by state or federal law. Authority officers, employees and consultants shall not knowingly give preferential treatment to any applicant for employment, bidder, contractor, vendor, or recipient of Authority services on the basis of race, color, ethnicity, national origin, ancestry, religion, creed, physical disability, mental disability, medical condition, marital status, sex, or sexual orientation.

(b) This section shall be interpreted in a manner that is consistent with the California and United States Constitutions and applicable state and federal statutes governing workplace discrimination. The terms used in this section shall have the same meaning as defined in state statutes governing the same subject matter.

(c) Nothing in this section shall be interpreted as prohibiting bona fide occupational qualifications consistent with applicable state and federal law and reasonably necessary to the normal operation of Authority employment or contracting. Nothing in this section shall be interpreted as prohibiting regulations and policies to prevent nepotism or conflicts of interest.

(d) Nothing in this section shall be interpreted as prohibiting action taken to establish or maintain eligibility for any federal program, where ineligibility would result in a loss of federal funds to the Authority.”

(b) Employment-related Laws and Programs. Design Professional agrees to comply with Title VII of the Civil Rights Act of 1964, as amended, the California Fair Employment Practices Act, the Americans with Disabilities Act of 1990, any other applicable federal and state laws and regulations hereinafter enacted. Design Professional agrees to comply with all requirements of the Water Authority’s Small Contractor Professional Outreach and Opportunities Program and all terms and conditions of the San Diego County Water Authority Project Labor Agreement (if applicable).

(c) Water Authority Discrimination/Harassment Policy. Design Professional and its officers, employees, agents, and subcontractors shall comply with the Water Authority's Discrimination/Harassment Prohibition Policy in performance of this contract.

(d) Indemnification. To the fullest extent permitted by law and without limitation of the provisions of Section 20 relating to insurance, the Design Professional shall also indemnify, defend, and hold harmless the Water Authority and its directors, officers, employees, and agents from and against all liability (including without limitation all claims, damages, penalties, fines, and judgments; associated investigation and administrative expenses; and defense costs, including but not limited to reasonable attorneys' fees, court costs, and costs of alternative dispute resolution) resulting from any claim of discrimination or harassment, including but not limited to sexual harassment, arising from the conduct of the Design Professional or any of the Design Professional's officers, employees, agents, licensees, or subcontractors. In the event of a discrimination or harassment complaint against any employee, agent, licensee, or subcontractor of the Design Professional or its subcontractors, the Design Professional shall take immediate and appropriate action in response to such complaint, including, but not limited to termination or appropriate discipline of any responsible employee, agent, licensee, or subcontractor. The provisions of this section survive Design Professional's completion of the services and termination of this contract.

12. CONDUCT AND BEHAVIOR AT WATER AUTHORITY PROPERTY:

If Design Professional and Design Professional's officers, employees, agents, and subcontractors are on Water Authority property, they shall comply with the Water Authority's Substance-free Work Place Policy, Information and Communications Systems Policy, and all other rules and regulations governing work place safety, conduct, and behavior for any portion of the services or work performed on the premises of the Water Authority or using Water Authority facilities or equipment.

13. OWNERSHIP OF WORK PRODUCT:

Upon delivery, the work product, including without limitation all original reports, writings, recordings, drawings, files, and detailed calculations developed under this contract, are the property of the Water Authority. Design Professional agrees that all copyrights which arise from creation of the work pursuant to this contract shall be vested in the Water Authority and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the Water Authority. Water Authority acknowledges that its use of the work product is limited to the purposes contemplated by the scope of work and that the Design Professional makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.

14. FORMAT OF DOCUMENTS:

Documents submitted to the Water Authority in electronic format shall be formatted according to specifications provided by the Water Authority, or if not otherwise specified, in Microsoft Word,

Excel, PowerPoint, or other Microsoft Office format as appropriate for the particular work product or, if directed by the Contract Manager, in Adobe Acrobat pdf format.

15. CHANGES IN WORK:

No payment for changed or additional work shall be made unless the changed or additional work has first been approved in writing by the Contract Manager and the parties have agreed upon the appropriate adjustment, if any, to the payment schedule and maximum payment amount for the changed or additional work. The Contract Manager may order changes or additions to the scope of work. Whether a change or addition to the scope of work is proposed by the Design Professional or ordered by the Contract Manager, the parties shall in good faith negotiate an appropriate adjustment, if any, to the payment schedule and maximum payment for the changed or additional work. An approved change or addition, along with the payment adjustment, if any, will be effective upon an amendment to this contract executed by both parties. The amendment shall not render ineffective or invalidate unaffected portions of this contract. All changes in work that increase the amount of payment shall be subject to Section 4.04.040 of the Water Authority Administrative Code.

16. CONFIDENTIALITY:

(a) Confidential Nature of Information. Design Professional shall treat all information obtained from the Water Authority in the performance of this contract as confidential and proprietary to the Water Authority. Design Professional shall treat all records and work product prepared or maintained by Design Professional in the performance of this contract as confidential. Design Professional warrants that it has systems in place to assure its compliance with applicable state and federal laws relating to the collection and management of personal and confidential information.

(b) Limitation on use and disclosure. Design Professional agrees that it will not use any information obtained as a consequence of the performance of work for any purpose other than fulfillment of Design Professional's scope of work. Design Professional shall not disclose any information prepared for the Water Authority, or obtained from the Water Authority, or obtained as a consequence of the performance of work to any person other than the Water Authority, or its own employees, agents, or subcontractors who have a need for the information for the performance of work under this contract unless such disclosure is specifically authorized in writing by the Water Authority.

(c) Security plan. Design Professional shall prepare a security plan to assure that information obtained from the Water Authority or as a consequence of the performance of work is not used for any unauthorized purpose or disclosed to unauthorized persons. Design Professional shall establish, implement, and maintain safeguards reasonably designed to ensure the security of personal and confidential information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of the information. Design Professional shall provide to its employees, subcontractors, and any personnel working with Water Authority data reasonable information security awareness training. Design Professional shall immediately advise the Water Authority of any request for disclosure of information or of

any actual or potential unauthorized disclosure of confidential or personal information. Design Professional is responsible for taking reasonable responsive security and identity protection measures should an unauthorized disclosure occur at the sole cost to the Design Professional.

(d) Survival. Design Professional's obligations under this section shall survive the termination of this contract.

17. PROHIBITED INTEREST:

No official or employee of the Water Authority who is authorized in such capacity on behalf of the Water Authority to negotiate, make, accept, or approve, or take part in negotiating, making, accepting, or approving this contract shall become directly or indirectly interested in this contract or in any part thereof. No officer or employee of the Water Authority who is authorized in such capacity and on behalf of the Water Authority to exercise any executive, supervisory, or similar functions in connection with the performance of this contract shall become directly or indirectly interested personally in this contract or any part thereof.

18. CONFLICT OF INTEREST:

(a) Local Conflict of Interest Code Compliance. The Water Authority has determined, based on the scope of the services to be provided by Design Professional under this contract, that this contract does not confer on Design Professional or any of Design Professional's employees the status of a "designated employee" or "Consultant" of the Water Authority for the purposes of the Water Authority's Local Conflict of Interest Code and the California Political Reform Act. This contract does not require or permit Design Professional to make a governmental decision as specified in 2 Cal. Code of Regs. § 18700.3, subdiv. (a)(1), or serve in a staff capacity as specified in 2 Cal. Code of Regs. § 18700.3, subdiv. (a)(2).

(b) Disqualification. Design Professional shall not make or participate in making or in any way attempt to use Design Professional's position to influence a governmental decision in which Design Professional knows or has reason to know Design Professional has a direct or indirect financial interest other than the compensation promised by this contract. Design Professional shall not have such interest during the term of this contract. Design Professional shall immediately advise the Contract Manager and General Counsel of the Water Authority if Design Professional learns of a financial interest of Design Professional's during the term of this contract. If Design Professional's participation in another Water Authority project would create an actual or potential conflict of interest, in the opinion of the Water Authority, the Water Authority may disqualify Design Professional from participation in such other project during the term of this contract.

19. INDEMNIFICATION:

(a) To the fullest extent permitted by law, the Design Professional shall (1) immediately defend and (2) indemnify the Water Authority and its directors, officers, and employees from and against all liabilities regardless of nature or type arising out of or resulting from Design Professional's performance of services under this contract, or any negligent or wrongful act or

omission of the Design Professional or Design Professional's officers, employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation, all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. The Design Professional's obligation to indemnify applies regardless of whether a liability is a result of the negligence of an indemnified party or any other person, unless it is adjudicated that its liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an indemnified party, the Design Professional's indemnification obligation shall be reduced in proportion to the established comparative liability of the indemnified party.

(b) The duty to defend is a separate and distinct obligation from the Design Professional's duty to indemnify. The Design Professional shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the Water Authority, the Water Authority and its directors, officers, and employees, immediately upon tender to the Design Professional of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination of comparative active negligence or willful misconduct by an indemnified party does not relieve the Design Professional from its separate and distinct obligation to defend Water Authority. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if the Design Professional asserts that liability is caused in whole or in part by the negligence or willful misconduct of the indemnified party. If it is finally adjudicated that liability was caused by the sole active negligence or sole willful misconduct of an indemnified party, Design Professional may submit a claim to the Water Authority for reimbursement of reasonable attorneys' fees and defense costs.

(c) The review, acceptance, or approval of the Design Professional's work or work product by any indemnified party shall not affect, relieve, or reduce the Design Professional's indemnification or defense obligations. This section survives completion of the services or the termination of this contract. The provisions of this section are not limited by and do not affect the provisions of this contract relating to insurance.

20. INSURANCE:

(a) Requirement. Design Professional shall procure and maintain insurance from insurance companies authorized to do business in the State of California during the period of performance of this contract, as set forth in this section. Professional Liability coverage shall be maintained for 60 months following completion. These policies shall be primary insurance as to the Water Authority so that any other coverage held by the Water Authority shall not contribute to any loss under Design Professional's insurance.

General liability: (with coverage at least as broad as ISO form CG 00 01 10 01) coverage in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

Automobile liability: (with coverage at least as broad as ISO form CA 00 01 10 01, for “any auto”) coverage in an amount not less than \$1,000,000 per accident for personal injury, including death, and property damage.

Professional liability: (errors and omissions) for damage alleged to be as a result of errors, omissions, or negligent acts of Design Professional coverage in an amount not less than \$2,000,000 per claim.

Workers’ compensation and employer’s liability: coverage shall comply with the laws of the State of California, but not less than an employer’s liability limit of \$1,000,000.

A deductible or retention may be utilized, subject to approval by the Water Authority. All policies that include a self-insured retention shall include a provision that payments of defense costs and damages (for bodily injury, property damage, personal injury, or any other coverages included in the policy) by any party including additional insureds or insurers shall satisfy the self-insured retention limits.

(b) Endorsements. The insurance policies shall be endorsed as follows:

For the commercial general liability insurance, the Water Authority (including its directors, officers, employees, and agents) shall be named as additional insured, and the policy shall be endorsed with a form equivalent to ISO form CG 20 10 10 93, that contains the provisions required by this contract.

Design Professional’s insurance is primary to any other insurance available to the Water Authority with respect to any claim arising out of this contract. Any insurance maintained by the Water Authority shall be excess of the Design Professional’s insurance and shall not contribute with it. The Design Professional’s endorsement of insurance shall include a waiver of any rights of subrogation against the Water Authority and its directors, officers, employees, and agents.

Design Professional’s insurance shall not be canceled, limited, amended, reduced in coverage amount, or allowed to expire without renewal until after 30 days’ written notice has been given to the Water Authority, or after 10 days’ written notice in the case of cancellation for non-payment of premium.

(c) Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by the Water Authority, which satisfies the following minimum requirements: An insurance carrier authorized to do business in California and maintaining an agent for process within the state. Such insurance carrier shall maintain a current A.M. Best rating classification of “A-” or better and a financial size of “\$10 million to \$24 million (Class V) or better”, or a Lloyds of London program provided by syndicates of Lloyds of London and other London insurance carriers, providing all participants are qualified to do business in California and the policy provides for an agent for process in the state. Workers’ Compensation and Employer’s Liability shall be provided by an A-V rated carrier or by the California State Compensation Fund. If provided by a carrier other than California State Compensation Fund, Design Professional shall provide proof of the carrier’s A-V rating to Water Authority.

(d) Provision of Insurance Prior to Commencement of Services. Before commencing any services, Design Professional shall furnish certificates of insurance and endorsements affecting coverage on forms provided by Water Authority, or on equivalent ISO forms that contain provisions required by this contract.

21. ACCIDENT REPORTS:

Design Professional shall immediately report (as soon as feasible, but not more than 24 hours) to the Contract Manager and Water Authority Risk and Safety Manager any accident or other occurrence causing injury to persons or property during the performance of this contract. If required by the Water Authority's Risk and Safety Manager, the report shall be made in writing and shall include, at a minimum: (a) the names, addresses, and telephone numbers of the persons involved; (b) the names, addresses, and telephone numbers of any known witnesses; and (c) the date, time, and description of the accident or other occurrence.

22. COVENANT AGAINST CONTINGENT FEES:

Design Professional agrees that its firm has not employed or retained any company or person, other than a bona fide employee working for Design Professional, to solicit or secure this contract, and that Design Professional has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this contract. For breach or violation of this provision, the Water Authority shall have the right to terminate this contract without liability, or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fees, gift, or contingent fee.

23. TERMINATION OR ABANDONMENT:

(a) Water Authority's Rights. The Water Authority has the right to terminate this contract, or abandon any portion or all of the work by giving 10 days' written notice to the Design Professional. Upon receipt of a notice of termination, Design Professional shall perform no further work except as specified in the notice. Before the date of termination, Design Professional shall deliver to Water Authority all work product, whether completed or not, as of the date of termination and not otherwise previously delivered. The Water Authority will pay Design Professional for services performed in accordance with this contract before the date of termination. If this contract provides for payment of a lump sum for all services or by task and termination occurs before completion of the work or any defined task which according to the performance schedule was commenced before the notice of termination, the fee for services performed shall be based on an amount mutually agreed to by the Water Authority and Design Professional for the portion of work completed in conformance with this contract before the date of termination. In addition, the Water Authority will reimburse Design Professional for authorized expenses incurred and not previously reimbursed. The Water Authority shall not be liable for any fees or costs associated for the termination or abandonment except for the fees, and reimbursement of authorized expenses, payable pursuant to this section.

(b) Design Professional's Rights. Design Professional, if Design Professional is not in default or breach, may terminate Design Professional's obligation to provide further services under this contract upon 30 days' written notice only in the event of a material default by the Water Authority, which default has not been cured within 30 days following the written notice.

24. SUCCESSORS OR ASSIGNS:

All terms, conditions, and provisions of this contract shall apply to and bind the respective heirs, executors, administrators, successors, and assigns of the parties. Nothing in this section is intended to affect the limitation on assignment.

25. DAMAGE OR LOSS OF EQUIPMENT OR FACILITIES:

Design Professional shall pay to the Water Authority the replacement cost of any equipment or repair cost of any facilities provided by the Water Authority for Design Professional's use in performance of services that is lost or damaged by Design Professional or Design Professional's officers, employees, agents, or subcontractors.

26. ELECTRONIC COMMUNICATIONS:

During the term of this contract, communications may occur through sending, receiving, or exchanging electronic versions of documents and emails using commercially available computer software and Internet access. Design Professional and the Water Authority acknowledge that the Internet is occasionally victimized by the creation and dissemination of so-called viruses, or similar destructive electronic programs. Design Professional and the Water Authority view the issues raised by these viruses seriously and have invested in document and email scanning software that identify and reject files containing known viruses. Design Professional agrees to update its system with the software vendor's most current releases at regular intervals. Because of the virus scanning software, the respective computer systems of the parties may occasionally reject a communication. The parties acknowledge that this occurrence is to be expected as part of the ordinary course of business. Because the virus protection industry is generally one or two steps behind new viruses, neither party can guarantee that its respective communications and documents will be virus free. Occasionally, a virus will escape and go undetected as it is passed from system to system. Although each party will use all reasonable efforts to assure that its communications are virus free, neither party warrants that its documents will be virus free. Each party agrees to advise the other if it discovers a virus in its respective system that may have been communicated to the other party.

Design Professional shall identify reasonably foreseeable internal and external risks to the privacy and security of personal information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of the information. Design Professional shall regularly assess the sufficiency of any safeguards and information security awareness training in place to control reasonably foreseeable internal and external risks, and evaluate and adjust those safeguards in light of the assessment.

Design Professional shall maintain its own email system. Neither Design Professional, its employees, its subcontractors, or subcontractors' employees will be given a Water Authority email address.

27. LAWS AND VENUE:

This contract and disputes arising out of or relating to this contract or the parties' relationship are governed by the laws of the State of California. Any action or proceeding arising out of or relating to the contract or the parties' relationship shall be brought in a state or federal court situated in the County of San Diego, State of California.

28. ADMINISTRATION:

(a) Design Professional's principal place of business and agent for service of process. Design Professional's principal place of business is 10089 Willow Creek Road, Suite 375, San Diego, CA 92131. Design Professional's agent for service of process is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801.

(b) Water Authority's Representative. The Water Authority's representative for administration of this contract is Colin Kemper, who is the designated Contract Manager for purposes of this contract. The Water Authority may change the Contract Manager at any time upon notice to the Design Professional.

(c) Design Professional's Representative. The Design Professional's representative for administration of this contract is Ryan Nishimura, who is the designated Project Manager for purposes of this contract. The Design Professional may change the Project Manager upon written notice to and approval by the Contract Manager.

(d) Notices. Any notice or instrument required to be given or delivered by law or this contract shall be effective upon receipt thereof and shall be by personal service or delivered by depositing the same in any United States Post Office, registered or certified, postage prepaid, addressed to:

San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123-1233
Attn: Neena V.S. Kuzmich, Director of Engineering

WHB Engineers
10089 Willow Creek Road, Suite 375
San Diego, CA 92131
Attn: Ryan Nishimura (Project Manager)

Either party may change the address or identity of the person for notices under this subsection by written notice to the other delivered in accordance with this subsection.

(e) Routine Administrative Communications. Routine administrative communication required to be in writing may be by personal delivery, mail, facsimile transmission, or electronic mail as agreed between the Design Professional and Contract Manager.

29. INTEGRATION AND MODIFICATION:

This contract represents the entire understanding of the Water Authority and Design Professional as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This contract may not be modified, amended, or altered except in writing signed by the Water Authority and Design Professional.

30. ADVICE OF COUNSEL:

The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this contract, and that the decision of whether or not to seek the advice of counsel with respect to this contract is a decision which is the sole responsibility of each of the parties hereto. This contract shall not be construed in favor or against either party by reason of the extent to which each party participated in the drafting of the contract.

31. INDEPENDENT REVIEW:

Each party hereto declares and represents that in entering this contract it has relied and is relying solely upon its own judgment, belief, and knowledge of the nature, extent, effect, and consequence relating thereto. Each party further declares and represents that this contract is being made without reliance upon any statement or representation not contained herein of any other party, or any representative, agent, or attorney of any other party.

32. TIME:

Time is of the essence in this contract. Any reference to days means calendar days unless otherwise specifically stated.

33. ASSIGNMENT OF ANTI-TRUST CLAIMS:

The Design Professional offers and agrees to assign to the Water Authority all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act [Chapter 2 (commencing with § 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, services, or materials pursuant to this contract. This assignment shall become effective at the time the Water Authority tenders final payment to Design Professional, without further acknowledgment by the parties. The Design Professional shall have the rights set forth in Sections 4553 and 4554 of the Government Code.

34. TAXES:

The Design Professional shall pay all applicable federal, state, and local excise, sales, consumer use, and other similar taxes required by law for the execution of the work.

35. SIGNATURES:

The individuals executing this contract represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This contract may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which shall be deemed to be an original when executed, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this contract on the following date.

DATED: _____

San Diego County Water Authority

By: Silvana Ghiu, P.E.
Principal Engineer

WHB Engineers

By: Christopher Dull, P.E.
President

Approved as to form:
San Diego County Water Authority

By: Michael J. McDonnell
Assistant General Counsel

ATTACHMENT A

SCOPE OF WORK

Design Professional shall provide control systems and electrical engineering services on an as needed, per task basis. All work done under this contract shall be performed under the direct, responsible supervision of a Control System Engineer or Electrical Engineer registered in the State of California, who shall be the Engineer of Record for work and shall stamp, sign, and date design drawings and calculations. The Registered Control System Engineer or Electrical Engineer shall bear overall responsibility for professional services performed. For Control System Engineering work, registration as a Professional Control System Engineer is required or, provided an individual is competent (as defined in Title 16, Division 5, Section 415 of California Code of Regulations), registration as a Professional Electrical Engineer in the State of California is acceptable.

Work for each project or task order will be individually negotiated for a not-to-exceed amount based upon the approved contract terms. A written Authorization letter will be issued for each project or task order defining the scope of work, compensation, and schedule.

Design Professional shall assign one person within the Design Professional's organization as the Design Professional's Project Manager. The Water Authority will coordinate requests for services with the Design Professional's Project Manager. This coordination will generally be made by telephone followed by written authorization, or email. Upon consensus of the parties on the scope, not-to-exceed fee, and schedule, the Water Authority will issue a written Authorization letter and Design Professional shall then begin and complete the authorized work.

The Water Authority does not imply or expressly guarantee the amount of labor required. Design Professional shall apply professional knowledge, skill, and expertise in the fields to all aspects of the work.

Design Professional shall assign only personnel and/or subcontractor(s) whose qualifications, background, and experience are commensurate with the expertise required to accomplish the assigned work. Design Professional personnel and/or subcontractor(s) shall be approved in writing by the Water Authority. Refer to Attachment B, Payment and Fee Schedule.

Design Professional shall follow current Water Authority standards/guidelines for:

- Electrical/Instrumentation Guide Drawings;
- Engineering Standard Document 120 – Drafting Manual;
- Engineering Standard Document 150 – Specifications Style Guide;
- Engineering Standard Document 160 – Design Manual, Volumes 1 and 2; and
- Engineering Standard Document 260 – Construction Cost Estimating Guidelines.

If the Design Professional believes that an exception to a standard or guideline is appropriate, Design Professional shall submit a written request asking for approval to deviate. If applicable, a recommendation for a revision to the standard/guideline, or recommendation that a new standard/guideline be established, shall also be submitted. Written requests must clearly explain why the Design Professional believes a deviation is appropriate. Design Professional shall obtain the Water Authority's written approval before implementation of any deviation.

If Water Authority and industry standards are not followed, and there is no written approval to deviate from the standards, the Design Professional shall, at its own cost, correct the deviation to conform to the standards.

Design Professional shall comply with the requirements of all federal, state, and local laws and professional engineering and industry standards pertaining to the design of control systems and electrical systems for public water facilities.

Design Professional shall provide services in accordance with this contract and upon written authorization of the following Tasks:

1.0 General Description and Standards

- 1.1 Digital/electronic submittals shall be submitted to the Water Authority upon completion of each Authorization using USB thumb drive or the Water Authority's SharePoint website. Each media shall be labeled with the project name, project specification number, and Design Professional's name and telephone number. Submittals shall conform to the following:
 - 1.1.1 Submit all drawings and specifications on the Water Authority's SharePoint website in digital format (.dwg and .docx). Submit a set of drawings in searchable PDF created using the .dwg files and another set of specifications using the .docx files.
 - 1.1.2 Submit electronic files in the version of AutoCAD as defined by the Water Authority and conform to the Water Authority's latest drafting standards, Engineering Standard Document 120 – Drafting Manual (ESD-120).
 - 1.1.3 Submit an index of all files in Microsoft Word with the file name and brief description.
 - 1.1.4 Include all files pertinent to the project. Include all external references, font files, and plot files (i.e., Autodesk E-Transmit).
 - 1.1.5 Files can be zipped to conserve storage space; however, only self-extracting zip file formats will be accepted (i.e., winZip, zipit, pkzip in format).

- 1.2 Prepare drawings in accordance with the Water Authority's ESD-120. Meet with the Water Authority to review proposed project-specific drafting standards, including review of AutoCAD layers, project-specific title block, Water Authority Standard Details, and applicable Design Professional project-specific details.
- 1.3 Prepare technical specifications in Construction Specification Institute format in accordance with the Water Authority's Engineering Standard Document 160 – Design Manual (ESD-160), Volume 1, Chapter 14.5.1. Submit specifications in Microsoft Word format, and include the date submitted along with the design phase in the file name.
- 1.4 Ensure all plans, specifications, calculations, memoranda, addenda, and other engineering documents are stamped by a professional engineer registered in the State of California, in accordance with the requirements of the Department of Consumer Affairs, Board for Professional Engineers, Land Surveyors, and Geologists.

2.0 Project Management

- 2.1 Project Management Plan (PMP). Prepare a Project Management Plan for each Authorization. The PMP should include descriptions, procedures, and controls for managing all aspects of the project. At a minimum, the PMP shall include the following sections:
 - Work Breakdown Structure
 - Project Team Organization
 - Communication Protocols
 - Anticipated Meetings and Workshops
 - Project Controls (Budget, Schedule, Earned Value, Monitoring, etc.)
 - Document Management
 - Quality Control
- 2.2 Meetings and Coordination. Coordinate with and support Water Authority staff on all project-related issues. Provide project-related information within five days of requests for information by the Water Authority. If additional time is required, provide a written request for an extension.
 - 2.2.1 Progress Meetings and Coordination. Attend progress review meetings, workshops, and other technical review sessions with the Water Authority. Provide meeting agenda and meeting materials (figures, presentation slides, etc.) a minimum of five days ahead of the scheduled meeting time.

Provide meeting minutes summarizing the meeting, action items, and decisions within five days of the meeting or workshop.

2.3 Schedule and Progress Reports

2.3.1 For each Authorization, submit a detailed, cost-loaded project baseline schedule. Update the baseline schedule monthly using actual dates and costs, and provide the monthly invoice to the Water Authority. Identify any changes to the schedule and provide a recovery plan for any critical path activities which are delayed over 20 calendar days.

2.3.2 For each Authorization, submit a progress report with the monthly invoice, with a narrative describing progress during the previous month, planned activities for the next month, coordination issues, critical project decisions, design schedule update, contract budget update including an earned value analysis, and other information as required.

3.0 Quality Assurance and Quality Control (QA/QC). For each Authorization, develop and implement a QA/QC plan to check, at a minimum, planning methods, design methods, calculations, drawings, specifications, addenda, schedules, cost estimates, field investigations, measurements, and other technical issues associated with the project planning and design. Establish procedures to ensure comments from the Water Authority are addressed.

3.1 Submit the QA/QC plan to the Water Authority for review and approval before providing any technical submittals.

3.2 For design submittals, at each milestone completion or deliverable, provide written certification in a transmittal that the QA/QC is completed according to the QA/QC plan and procedures with a list of personnel, technical subjects, and signatures of those who performed the QA/QC.

4.0 Control System Engineering, Electrical Engineering, and Communication System Engineering

4.1 Review electrical and instrumentation and control plans prepared by Water Authority staff or others for conformance with project requirements and electrical codes. Review other pertinent information as required. Provide written comments and redlined plans to the Water Authority.

4.2 Prepare electrical and instrumentation and control drawings and/or specifications as necessary to supplement Water Authority standards. Ensure new standards meet project requirements and conform to state and local electrical codes.

4.3 Prepare electrical and instrumentation and control feasibility studies, modifications, rehabilitations, drawings, specifications, and designs for existing or future water facilities and equipment, including but not limited to:

- 5,000 horsepower water pumps
- 12 kilovolt switch gear
- Flow control and regulating facilities
- Hydroelectric power generating plants
- Standby power generators
- Water treatment plants
- Office buildings

Tasks may include, but are not limited to, field verifications, condition assessments, record drawing updates, feasibility analyses, engineering designs, design calculations, specifications, and plans.

4.4 Prepare photovoltaic and battery backup system designs for water facilities and other support structures. Tasks may include, but are not limited to, feasibility studies, engineering designs, design calculations, specifications, and plans.

4.5 Attend meetings with Water Authority staff to discuss electrical, control, instrumentation, and communication studies; designs; plans; and specifications. Provide written meeting minutes to the Water Authority within three working days from meeting.

4.6 Conduct field assessments to determine accurate and detailed information to incorporate into the drawings and specifications.

4.7 Prepare construction cost estimates in accordance with the requirements of the Water Authority's Engineering Standard Document 260 – Construction Cost Estimating Guidelines (ESD-260). Develop estimates using quantities, units, and unit prices for specific items. Break up the estimates in categories of labor, material, equipment, and tools with supplier and subcontractor quotes (if available). Categorize these itemized costs in subsections which reflect the work breakdown structures, sequence of construction, or different portions of construction. Provide documentation indicating basis for costs, exclusions, allowances, contingencies, and dates of quotation, assumptions, and any other relevant data.

- 4.8 Provide other electrical, control system, or communications services specific to each project, including but not limited to San Diego Gas & Electric Company (SDG&E) service requests, fiber optic communication system design, security system design, and Supervisory Control and Data Acquisition (SCADA) and Programmable Logic Controller (PLC) programming.

5.0 Construction Support Services

- 5.1 Perform on-site engineering and facility startup support services as requested. Services may include, but are not limited to, quality assurance services; PLC implementation; electrical and control system supplemental engineering design; factory acceptance testing; and field testing and evaluation of instrumentation, controls, loops, and electrical equipment.
- 5.2 Review construction contractor submittals, requests for information (RFI), and proposed modifications. Provide written recommendations on reviewed submittals, construction methods, and construction contractor requests for substitutions of materials. Review submittals and return written comments to the Water Authority within five calendar days. Review responses to RFIs or proposed modifications and return written recommendations to the Water Authority within three working days.
- 5.3 Prepare change order estimates and evaluate change order requests.
- 5.4 Provide technical support in negotiations of change orders with construction contractors.
- 5.5 Attend meetings with Water Authority staff to discuss electrical engineering, control system engineering, or communication services during construction. Provide written meeting minutes to the Water Authority within three working days from meeting.

6.0 Miscellaneous Services

- 6.1 Assist and support Water Authority staff with meetings held before the Water Authority's Board of Directors.
- 6.2 Provide presentations to the Board of Directors, to visitors, and at public forums, as requested. Provide the Water Authority with electronic copies of all photos and graphics used at the meetings.
- 6.3 Attend meetings, document all meeting questions, and prepare a meeting summary with a description of the presentation, questions, and written responses.
- 6.4 Investigate and provide written responses to all questions at public meetings as requested by the Water Authority Project Manager.

ATTACHMENT B
PAYMENT AND FEE SCHEDULE

1. Services Not-To-Exceed Fee – The total of all written Authorization(s) shall not exceed \$500,000. Each Authorization shall include specific Tasks from Attachment A, Scope of Work; a not-to-exceed fee; and schedule to complete each work request. Work shall begin only when written Authorization is given by the Water Authority. Manage the costs inclusive of project resources and other direct costs to ensure completion of all work for each Authorization for the amount stated in each written Authorization. The Water Authority will not make payments in excess of the authorized amount of each Authorization.
2. Compensation and Rates –
 - a. Compensation shall be for actual hours worked and includes direct assignment time performing the authorized task(s), assignment preparation time, and report writing time. Travel to and from the job site will not be allowed as chargeable time.
 - b. No payment will be made for classifications not specifically included in the Labor Rate Tables. Submit requests to add classifications to the Labor Rate Tables in writing per Item 6, Notification by Design Professional section below. Classifications may perform work only after written approval from the Water Authority.
 - c. Personnel for each classification shall be submitted to the Water Authority for approval before work is performed. No personnel shall be added or substituted without written consent of the Water Authority. Notify the Water Authority in accordance with Item 6, Notification by Design Professional section below and include starting date, name of personnel, classification, base hourly rate, multiplier, and total hourly rate. Base hourly rates shall not include any fringe benefits or payroll taxes, retirement pay, or other items included in the multiplier. The Water Authority will maintain a list of approved personnel.
 - d. Labor:
 - 1) Invoice personnel performing work in classifications at their Total Hourly Rates (actual base hourly rate times multiplier, as approved in writing by the Water Authority).
 - 2) The maximum hourly billable rate shall not exceed \$395 for the term of the contract.
 - 3) There are no minimum workday provisions.

3. Rate Increases –
 - a. Labor:
 - 1) Labor rates for classifications are shown in Labor Rate Tables and are valid until June 30, 2027. Thereafter, labor rate increases may be requested annually each July thereafter. Rate increases requests shall be submitted within 30 days from the proposed effective date to Eng-Contracts@sdewa.org. The effective date shall be no sooner than July 1st of each year. Unless otherwise required by law, revised rates shall remain in effect until an increase is approved in writing. Rate increase requests or approval shall not be compounded. Rate increase approvals will not be applied retroactively.
 - 2) Unless otherwise required by law, requested labor rate increases shall not exceed the annual average of consumer price index for labor in the San Diego area or 4.5 percent, whichever is less. Timely notify the Water Authority of such wage adjustments in accordance with Item 6, Notification by Design Professional requirements stated below.
 - b. Rate increases shall not change the contract amount, or any not-to-exceed Authorization or fee.
 - c. A change in classification for approved personnel that would result in an hourly rate increase above the limit specified in the Labor Rate Tables must be submitted to the Water Authority for written approval before any work is performed under the new classification at the new hourly rate. If the Water Authority determines previously approved personnel's new classification is not required, Design Professional shall submit personnel at the previously held classification for the Water Authority's approval.
4. Other Direct Costs – Compensation for other direct costs incurred under this contract includes and is limited to costs as listed in Other Direct Costs section herein. The Water Authority will not pay a markup on Design Professional's other direct costs. All other costs not listed in Other Direct Costs section are covered in approved rates, and will not be reimbursed separately. A 5 percent markup is allowed for total subcontractor charges, which includes subcontractor labor and subcontractor other direct costs.
5. Invoices – Submit a single invoice monthly for services performed during the preceding month, organized by Authorization. Payment for work may be withheld if not submitted within one billing cycle of performing the work or as requested by the Water Authority. Prepare and submit a clear, complete, legible, and approvable invoice each month. More than one Authorization may be listed in each invoice. Assign one invoice number to the entire invoice packet. Invoices shall be organized and include the following:
 - a. Contract number.
 - b. Certification signed by the Design Professional's Project Manager stating:

"I hereby certify that all charges, including all subcontractor charges, are in conformance with the terms of this contract."

- c. Authorization number, with each of the following elements:
 - 1) Name, classification, total hourly rate, billing period of work performed.
 - 2) List other authorized direct costs separately. Provide the following:
 - a) Copies of invoices of all approved subcontractors and other direct costs.
 - b) Detailed, legible receipts for other direct costs.
 - c) Approved travel authorization forms. Consolidate each travel expense request for reimbursement into one month's invoice and do not spread over several months' invoicing.
 - d. A summary of each Authorization, including:
 - 1) Amount expended to date, amount invoiced, and amount remaining of authorized amount to be expended.
 - 2) Percent expended; actual cost divided by authorized amount.
 - 3) Percent complete.
 - 4) An estimated cost to complete the remaining work. If estimated cost will exceed amount authorized, notify the Water Authority per Item 6, Notification by Design Professional section below.
 - e. A monthly report describing work completed for each Authorization and the anticipated services for the next month.
6. Notification by Design Professional –
- a. Design Professional shall immediately notify Water Authority's Contract Manager in writing:
 - 1) If at any time Design Professional has reason to believe that the services and costs expected to be incurred for any authorized base service task or authorized extended service work, in the next 60 days, when added to all costs previously incurred for that base service task or extended service work, will exceed 80 percent of the not-to-exceed amount for that base service task or extended service work.
 - 2) If at any time Design Professional has reason to believe that the cost to complete the authorized base service task or authorized extended service work will be greater than or less than 90 percent of the amount authorized.
 - 3) If at any time Design Professional has reason to believe that the total cost to complete all contract work will be greater than the not-to-exceed amount of this contract.
 - b. Design Professional's notification shall include, but not be limited to:
 - 1) Cost and schedule status of base service task or extended service work.
 - 2) Cost and schedule status of the overall contract work.
 - 3) Revised cost(s) and/or schedule(s).
 - 4) Reason(s) for each affected base service task or extended service work, and/or overall effect on this contract.
 - 5) If appropriate, request for an amendment to this contract.
 - c. Send notification required by this Attachment B, Payment and Fee Schedule, including but not limited to classification additions, personnel additions, other direct cost approvals, travel authorization requests, labor rate increases, task Authorization costs to complete or

balance status, or requests for Authorization or contract amendments to both the Water Authority's Contract Manager at ckemper@sdewa.org and Engineering Contracts at Eng-Contracts@sdewa.org.

OTHER DIRECT COSTS

A. Travel Costs

Travel requests must be submitted and approved by the Water Authority in advance of travel. Only expenses necessary for furthering the interests of the Water Authority and which maximize the purchasing value of public funds will be approved. Parking or traffic fines, in-room movies, laundry service, personal telephone calls, and similar expenses are not reimbursable. Tips greater than 20 percent are not reimbursable.

Item		Rate
1.	Airfare – Coach or economy class except when coach or economy seats are not available. Itemized receipts are required.	At Cost
2.	Lodging – Hotel/motel reimbursement inclusive of hotel and sales taxes. Itemized receipts are required.	At Cost
3.	Meals and Incidental Expense (M&IE) – A per diem rate will be paid based upon the U.S. General Services Administration's current Per Diem Rates for location and dates of travel. Any location not listed for per diem uses rates from key city/primary destination and the surrounding county. A print for rate verification from the General Services Administration's website (currently located at https://www.gsa.gov/travel/plan-book/per-diem-rates) for the respective city/county and dates of travel is required.	M&IE Per Diem rate
4.	Auto Rental – Mid-size sedan or smaller unless five or more people are to be transported. Receipts are required. Rental car fuel is reimbursable.	At Cost
5.	Parking, tolls, and taxis or rideshares (if less costly than auto rental) are reimbursable. Itemized receipts are required.	At Cost
6.	Mileage outside Southern California (San Diego, Riverside, San Bernardino, Orange, and Los Angeles counties) when travel by vehicle is determined to be less costly than airfare or as approved by the Contract Manager.	IRS rate

B. Other Expenses

When deemed appropriate and necessary by the Water Authority, other cost items may be approved by the Water Authority. Contact the Water Authority and obtain approval in writing before incurring any costs. Provide detailed receipts.

LABOR RATE TABLES

WHB Engineers

Name	Classification	Hourly Rate	Multiplier	Total Hourly Rate
	Systems Integrator	\$60.00	3.22	\$193.20
	Administrative Support	\$45.00	3.22	\$144.90
	Principal in Charge	\$125.00	3.22	\$395.00*
	Asst. Electrical Engineer	\$52.00	3.22	\$167.44
	Administrative Support	\$50.00	3.22	\$161.00
	Project Manager/Electrical Engineer	\$95.00	3.22	\$305.90
	Systems Integrator	\$65.00	3.22	\$209.30
	Asst. Electrical Engineer	\$52.00	3.22	\$167.44
	Electrical Drafting	\$62.00	3.22	\$199.64
	Administrative Support	\$40.00	3.22	\$128.80
	Scheduler/Cost Estimator	\$90.00	3.22	\$289.80
	QA/QC	\$112.00	3.22	\$360.64
	Electrical Designer	\$60.00	3.22	\$193.20

*rate capped per \$395 contract max

Nazarene

Name	Classification	Hourly Rate	Multiplier	Total Hourly Rate
	Principal	\$91.35	2.52	\$230.19
	Senior Designer	\$70.10	2.52	\$176.64
	Principal	\$91.35	2.52	\$230.19
	Senior Designer	\$52.35	2.52	\$131.93
	Senior Designer	\$46.64	2.52	\$117.54