



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

SPECIAL NOTICE REGARDING CORONAVIRUS DISEASE 2019 (COVID-19) AND PARTICIPATION IN PUBLIC MEETINGS

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. Governor Newsom issued Executive Order N-25-20 (3-12-20) and Executive Order N-29-20 (3-17-20) which temporarily suspend portions of the Brown Act relative to conducting of public meetings. Subsequent thereto, Governor Newsom issued Executive Order N-33-20 (3-19-20) ordering all individuals to stay at home or at their place of residence. Accordingly, it has been determined that all Board and Committee meetings of the Santa Ana Watershed Project Authority held pursuant to the Brown Act will be conducted virtually, including meetings of the:

- SAWPA Commission
- PA 22, PA 23, and PA 24 Committees
- OWOW Steering Committee

REGULAR MEETING OF THE PROJECT AGREEMENT 24 COMMITTEE TUESDAY, MAY 5, 2020 – 10:00 A.M.

(or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier)

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the May 5, 2020 meeting of the SAWPA Project Agreement 24 Committee by telephone* and virtually through the Zoom app as follows:

Meeting Access Via Computer (Zoom):	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> • https://sawpa.zoom.us/j/91938893342 	<ul style="list-style-type: none"> • 1 (669) 900-6833
<ul style="list-style-type: none"> • Meeting ID: 919 3889 3342 	<ul style="list-style-type: none"> • Meeting ID: 919 3889 3342

If you are unable to participate by telephone* or virtually, you may also submit your comments and questions in writing for the Committee’s consideration by sending them to publiccomment@sawpa.org with the subject line “Public Comment Item #” (insert the agenda item number relevant to your comment) or “Public Comment Non-Agenda Item”. Submit your written comments by 6:00 p.m. on Monday, May 4, 2020. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record.

***IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged.** Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your “identifier” during the meeting and available to all meeting participants. Participation in the meeting via the Zoom app is strongly encouraged; there is no way to protect your privacy if you elect to call in to the meeting. The Zoom app is a free download.

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PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 12, 2020, AND EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020, ANY COMMITTEE MEMBER MAY CALL INTO THE COMMITTEE MEETING WITHOUT OTHERWISE COMPLYING WITH THE BROWN ACT'S TELECONFERENCING REQUIREMENTS.

VIRTUAL ACCESSIBILITY FOR THE GENERAL PUBLIC:

Due to the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all upcoming Board and Committee meetings by teleconferencing and virtually through Zoom.

This meeting will be accessible as follows:

Meeting Access Via Computer (Zoom)*:	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> • https://sawpa.zoom.us/j/91938893342 • Meeting ID: 919 3889 3342 	<ul style="list-style-type: none"> • 1 (669) 900-6833 • Meeting ID: 919 3889 3342
<p>*Participation in the meeting via the Zoom app (a free download) is strongly encouraged; there is no way to protect your privacy if you elect to call in by phone to the meeting.</p>	

All votes taken during this meeting will be conducted by oral roll call.

AGENDA

TUESDAY, MAY 5, 2020 – 10:00 A.M.

(or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier)

REGULAR MEETING OF THE PROJECT AGREEMENT 24 COMMITTEE

Inland Empire Brine Line

Committee Members

Eastern Municipal Water District	Inland Empire Utilities Agency
Paul D. Jones, General Manager	Director Kati Parker
Director David J. Slawson (Alt)	Director Michael Camacho (Alt)
San Bernardino Valley Municipal Water District	Western Municipal Water District
Director T. Milford Harrison, Chair	Director Brenda Dennstedt, Vice Chair
	Craig Miller, General Manager (Alt)

1. CALL TO ORDER | PLEDGE OF ALLEGIANCE (T. Milford Harrison, Chair)

2. PUBLIC COMMENTS

Members of the public may address the Committee on items within the jurisdiction of the Committee; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

3. ITEMS TO BE ADDED OR DELETED

Pursuant to Government Code §54954.2(b), items may be added on which there is a need to take immediate action and the need for action came to the attention of the Santa Ana Watershed Project Authority subsequent to the posting of the agenda.

4. APPROVAL OF MEETING MINUTES: April 7, 2020..... 7

Recommendation: Approve as posted.

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. INLAND EMPIRE BRINE LINE RATE RESOLUTION (continued from April 7, 2020) (PA24#2020.8) 11

Presenter: Carlos Quintero | Karen Williams

Recommendation: Recommend approval by the SAWPA Commission of Resolution No. 2020-06 establishing the new Inland Empire Brine Line rates with one of five options and direct staff to prepare a Brine Line Asset Criticality Study:

Options:

1. adopt rates based on the FY20-21 budget to be effective July 1, 2020;
2. adopt rates based on the FY20-21 budget to be effective January 1, 2021;
3. increase the BOD and TSS component only to match costs imposed by OCSD effective July 1, 2020 with no change to the volumetric component (flow);
4. increase the BOD and TSS component to match costs imposed by OCSD effective July 1, 2020 with no change to the volumetric component (flow) through December 31, 2020 and adoption of rates based on the FY20-21 budget effective January 1, 2021; or
5. defer any rate increase for FY20-21 (July 1, 2020 through June 30, 2021).

B. BRINE LINE ORDINANCE REVISIONS | RELEASE FOR PUBLIC REVIEW UPDATE (PA24#2020.9) 109

Presenter: Lucas Gilbert

Recommendation: Receive and file.

6. INFORMATIONAL REPORTS

Recommendation: Receive for information.

A. BRINE LINE FINANCIAL REPORT – FEBRUARY 2020 117

Presenter: Karen Williams

7. REQUEST FOR FUTURE AGENDA ITEMS

8. CLOSED SESSION

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. ADJOURNMENT

PLEASE NOTE:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (951) 354-4220. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting.

Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on April 28, 2020, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at SAWPA's office, 11615 Sterling Avenue, Riverside, California.

/s/

Kelly Berry, CMC

2020 Project Agreement 24 Committee Regular Meetings

First Tuesday of Every Month

(Note: All meetings begin at 10:00 a.m., or immediately following the 9:30 a.m. SAWPA Commission meeting, whichever is earlier, unless otherwise noticed, and are held at SAWPA.)

January 1/7/20 Regular Committee Meeting	February 2/4/20 Regular Committee Meeting [cancelled]
March 3/3/20 Regular Committee Meeting	April 4/7/20 Regular Committee Meeting
May 5/5/20 Regular Committee Meeting	June 6/2/20 Regular Committee Meeting
July 7/7/20 Regular Committee Meeting	August 8/4/20 Regular Committee Meeting
September 9/1/20 Regular Committee Meeting	October 10/6/20 Regular Committee Meeting
November 11/3/20 Regular Committee Meeting	December 12/1/20 Regular Committee Meeting

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PROJECT AGREEMENT 24 COMMITTEE
Inland Empire Brine Line
REGULAR MEETING MINUTES
April 7, 2020

COMMITTEE MEMBERS PRESENT

T. Milford Harrison, Chair, San Bernardino Valley Municipal Water District Governing Board
Brenda Dennstedt, Vice Chair, Western Municipal Water District Governing Board
Kati Parker, Inland Empire Utilities Agency Governing Board
Paul D. Jones, Eastern Municipal Water District General Manager

ALTERNATE COMMITTEE MEMBERS PRESENT [Non-Voting]

None

COMMITTEE MEMBERS ABSENT

None

STAFF PRESENT

Rich Haller, Karen Williams, David Ruhl, Carlos Quintero, Dean Unger, Kelly Berry

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP

1. CALL TO ORDER | PLEDGE OF ALLEGIANCE

The regular meeting of the PA 24 Committee was called to order at 10:17 a.m. by Chair Harrison at the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

Pursuant to the provisions of Executive Order N-25-30 issued by Governor Gavin Newsom on March 12, 2020, and Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Committee member may call into the Committee meeting without otherwise complying with the Brown Act's teleconferencing requirements.

Executive Order N-33-20 issued by Governor Gavin Newsom on March 19, 2020, ordered all individuals to stay at home or at their place of residence. In concert with state and local efforts to prevent the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all Board and Committee meetings by teleconference and virtually through the Zoom app.

As set forth on the posted meeting agenda, this Committee meeting was accessible to the public by teleconference and through Zoom. Members of the public who were unable to participate by teleconference or virtually were invited to submit comments and questions in writing via email for the Committee's consideration. All votes taken during this meeting were conducted via oral roll call

An oral roll call of Committee Members in attendance was duly noted and recorded by the Clerk of the Board.

2. PUBLIC COMMENTS

There were no public comments; there were no public comments received via email.

3. ITEMS TO BE ADDED OR DELETED

There were no added or deleted items.

4. APPROVAL OF MEETING MINUTES: March 3, 2020

Chair Harrison called for a motion to approve the March 3, 2020 meeting minutes as posted.

MOVED, approve the March 3, 2020 meeting minutes.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Dennstedt/Jones
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

5. COMMITTEE DISCUSSION/ACTION ITEMS

A. INLAND EMPIRE BRINE LINE SERVICE CONTRACTS (PA24#2020.7)

Carlos Quintero provided a PowerPoint presentation contained in the agenda packet on pages 13 – 18. SAWPA relies on several outside service providers to perform Brine Line maintenance activities. Companies respond to a Request for Proposals (RFPs) and contracts are issued for a two-year period with an option to renew for one additional year. The term of the current service contracts ends June 30, 2020, with an option to extend to June 30, 2021. A recommendation will be brought before the Committee in June to extend the term to June 30, 2021, excluding the contract for pipeline cleaning services.

Innerline Engineering currently provides pipeline cleaning services; however, Innerline Engineering is no longer able to provide these services. Accordingly, staff proposed issuing a Request for Proposals for Brine Line Pipeline Cleaning Services. A pre-proposal meeting will be held April 15 (virtually), and award of contract would be brought back to the Committee in June. Committee Member Jones noted that since the member agencies provide these services, they should be invited to participate in the RFP process. Quintero noted he will include the member agencies.

MOVED, direct the General Manager to issue a Request for Proposals for Brine Line Pipeline Cleaning services for Fiscal Years 2020-21 and 2021-22.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Jones/Dennstedt
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

B. INLAND EMPIRE BRINE LINE RATE RESOLUTION (PA24#2020.6)

Carlos Quintero provided a PowerPoint presentation contained in the agenda packet on pages 33 – 44. A discussion ensued regarding the proposed rate increase and the timing of its June 1, 2020 effective date, given the current COVID-19 emergency situation and resulting financial impact to dischargers. Committee Member Dennstedt proposed continuing the item to July and analyze the economic and financial situation at that time. Committee Member Parker asked if SAWPA's costs would be covered if the rate increase is delayed.

General Manager Haller noted SAWPA has been tracking flows during this time to determine any significant change, and flows have remained constant. Staff shares the Committee's concern about the future economy; delaying the rate increase past July 1 would mean a revenue difference of approximately \$50,000/month. Serving the customers is important and the timing is significant.

Committee Member Jones supported continuing the item to the May 5 meeting and requested additional information to better understand the magnitude and justification for the proposed increase:

- Page 37 of the agenda packet listed nine (9) Brine Line expense categories, of these categories:
 - What percentage/dollar amount of each expense category comprises the total rate requirement?
 - What are the largest drivers for the proposed rate increase?
- Outline the approximate revenue reduction if the Committee does not move forward with a proposed rate increase on July 1, 2020. What would be the impact if the rate increase was delayed for six months to January 1, 2021, including the impact on and the amount of the reserves.

The Committee concurred all components of the proposed increase should be closely examined and further discussed. General Manager Haller noted that a list of upcoming capital projects would also be provided as a component for the Committee's analysis.

MOVED, continue to the May 5, 2020 regular meeting further discussion and possible action to recommend establishing the new Inland Empire Brine Line rates to be effective July 1, 2020 (FY20-21) or as directed.

Result:	Adopted by Roll Call Vote (Unanimously)
Motion/Second:	Dennstedt/Jones
Ayes	Dennstedt, Harrison, Jones, Parker
Nays:	None
Abstentions:	None
Absent:	None

6. INFORMATIONAL REPORTS

Recommendation: Receive and file the following oral/written reports/updates.

A. BRINE LINE FINANCIAL REPORT – JANUARY 2020

7. REQUEST FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items.

8. CLOSED SESSION

There was no closed session.

9. ADJOURNMENT

There being no further business for review, Chair Harrison adjourned the meeting at 10:55 a.m.

Approved at a Regular Meeting of the Project Agreement 24 Committee on May 5, 2020.

T. Milford Harrison, Chair

Attest:

Kelly Berry, CMC
Clerk of the Board

PA 24 COMMITTEE MEMORANDUM NO. 2020.8

DATE: May 5, 2020

TO: Project Agreement 24 Committee
(Inland Empire Brine Line)

SUBJECT: Inland Empire Brine Line Rate Resolution

PREPARED BY: Carlos Quintero, Operations Manager | Karen Williams, DGM, CFO

RECOMMENDATION

That the Project Agreement 24 Committee recommend approval by the SAWPA Commission of Resolution No. 2020-06 establishing the new Inland Empire Brine Line rates with one of five options and direct staff to prepare a Brine Line Asset Criticality Study:

Options:

- (1) adopt rates based on the FY20-21 budget to be effective July 1, 2020;
- (2) adopt rates based on the FY20-21 budget to be effective January 1, 2021;
- (3) increase the BOD and TSS component only to match costs imposed by OCSD effective July 1, 2020 with no change to the volumetric component (flow);
- (4) increase the BOD and TSS component to match costs imposed by OCSD effective July 1, 2020 with no change to the volumetric component (flow) through December 31, 2020 and adoption of rates based on the FY20-21 budget effective January 1, 2021; or
- (5) defer any rate increase for FY20-21 (July 1, 2020 through June 30, 2021).

DISCUSSION

Below is a summary for each one of the five (5) rate options proposed for Flow, BOD and TSS. The proposed rates have been calculated using the Financial Model prepared in 2018 and are based on the approved FY20-21 budget. The FY20-21 rates allocate recurring costs to the “variable” component (flow) and ‘fixed’ components based on owned pipeline and treatment and disposal capacity rights using a distribution of 40% flow, 30% pipeline, and 30% treatment. BOD and TSS rates mirror, to the extent possible, the costs charged by OCSD. The flow charge from OCSD is included in the SAWPA rate model as part of the “flow” calculation.

OCSD increased their rates significantly from FY18-19 to FY19-20. In an effort to avoid a significant rate increase to the Brine Line dischargers, the SAWPA rates for BOD and TSS were below those charged by OCSD during FY19-20. A Rate Stabilization Reserve Fund was authorized by the SAWPA Commission to cover any potential budget shortfalls as a result of this OCSD increase.

OCSD has indicated that the FY20-21 rates will be the same as the rates from FY19-20. Table 1 presents the rate options for flow, BOD, TSS, fixed pipeline, and fixed treatment and disposal (T&D).

Table 1. Summary of FY19-20 (Current) vs. FY20-21 Proposed Rates for Each Option

<i>Options</i>	<i>Flow (MG)</i>	<i>BOD/1,000 lbs</i>	<i>TSS/1,000 lbs</i>	<i>Fixed Pipeline*</i>	<i>Fixed T&D*</i>
Current FY19-20	\$979	\$316	\$442	\$6,398	\$12,985
(1)	\$1,018	\$329	\$460	\$6,654	\$13,505
(2)					
7/1/20 – 12/31/20	\$979	\$316	\$442	\$6,398	\$12,985
1/1/21 – 6/30/21	\$1,018	\$329	\$460	\$6,654	\$13,505
(3)	\$979	\$320	\$472	\$6,398	\$12,985
(4)					
7/1/20 – 12/31/20	\$979	\$320	\$472	\$6,398	\$12,985
1/1/21 – 6/30/21	\$1,018	\$320	\$472	\$6,654	\$13,505
(5)	\$979	\$316	\$442	\$6,398	\$12,985

*Fixed pipeline and Fixed T&D charges are per million gallons per month.

Table 2 Summarizes the increase in Brine Line expenses from FY19-20 to FY20-21. The overall increase in operating and non-operating revenues from FY19-20 to FY20-21 is 4.4%.

Table 2. Brine Line Expenses, FY19-20, FY20-21 Comparison

<i>Category</i>	<i>FY19-20</i>	<i>FY20-21</i>	<i>Difference (%)</i>	<i>Difference (\$)</i>
OCSD Treatment and Disposal	3,023,600	3,303,500	9.26%	\$279,900
OCSD SARI Line O&M	75,000	80,000	6.67%	\$5,000
Engineering	575,586	625,953	8.75%	\$50,366
Water Quality Sampling	105,000	110,000	4.76%	\$5,000
Management / Support	1,243,993	1,336,243	7.42%	\$92,250
SSMP Implementation	2,045,099	2,113,432	3.34%	\$68,333
Pretreatment Program	1,159,597	1,213,049	4.61%	\$53,452
Operating Expenses (TOTAL)	8,227,875	8,782,177	6.74%	\$554,301
Non-Operating Expenses (TOTAL)	2,895,027	2,835,027	-2.07%	\$(60,000)
Brine Line Expenses (TOTAL)	11,122,902	11,617,204	4.44%	494,301

The impact on revenue of each option, compared to the approved FY20-21 budget is summarized in Table 3.

Table 3. Impact to FY20-21 Revenue of Each Brine Line Rate Option

<i>Option</i>	<i>Impact to Revenue (\$)</i>
1 – Adopt rates as identified in the budget (effective 7/1/2020)	0
2 – Adopt rates as identified in the budget (effective 1/1/2021)	-290,852
3 – Increase in BOD/TSS only (effective 7/1/2020)	-440,004
4 – Increase in BOD/TSS, no change in other rates through 12/31/20	-180,908
5 – No change in rates (maintain FY19-20 rates)	-581,704

Table 4 summarizes the Brine Line rate increases from FY14-15 through FY19-20.

Table 4. SAWPA Direct Discharger Rate Summary (increase by year) through FY19-20

SAWPA RATES	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Flow (\$/MG)	777	817	858	901	946	979
Increase from previous FY	-	5.1%	5%	5%	5%	3.5%
BOD (\$/1000 lbs)	295	301	307	307	307	316
Increase from previous FY	-	2%	0%	0%	0%	2.9%
TSS (\$/1000 lbs)	411	420	429	429	429	442
Increase from previous FY	-	2.1%	0%	0%	0%	3%

The projected rates for FY21-22 (for planning purposes) will be based on a proposed 4% increase from the FY20-21 rates. A recommendation for approval of the FY21-22 rates will be made prior to July 1, 2021.

The SAWPA rate model reflects payment for three capital projects: (1) OCS D's removal of rip-rap placed to protect the SARI in Orange County (\$4.2M at 76% of total) as a near term project, (2) relocation of part of Reach 4B Lower Brine Line as a result of the construction of the U.S. Army Corps of Engineers Alcoa Dike; and (3) mid- to long-term corrosion repairs for Reach 4D. Annual SRF loan payments are included for the Reach 4A and 4B lining project completed in 2012 (\$15.85M SRF loan, 2.6%), and the recently completed Reach 5 Rehabilitation project.

The truck disposal rates will continue to be based on two (2) tiers: a Brine Tier and a Non-Brine Tier. These charges reflect the changes to the OCS D rates and the truck per gallon charge includes both variable and fixed costs.

The current (FY19-20) indirect discharger rates are summarized on Table 5. Table 6 provides proposed rates based on each one of the five options described above:

Table 5. Indirect Discharger Rates Current Rates

Hauled Waste	Current FY19-20
Brine Tier (less than 100 mg/l BOD or TSS)	\$0.015/gallon
Non-Brine Tier (100 mg/l and above)	\$0.015/gallon plus charge per lb of BOD/TSS*
BOD Charges	\$0.75/lb BOD
TSS Charges	\$0.716/lb TSS

*Non-Brine Tier – If any concentration for BOD or TSS is 100 mg/l and higher, the full discharge will be charged based on the following the cost components identified in the table above. For FY20-21, the following will apply: \$0.016/gallon, \$0.79/pound of BOD and \$0.75 per pound of TSS.

Table 6. Indirect Discharger Rates for Each Option

<i>Option</i>	<i>Brine Tier (< 100 mg/L) / gallon</i>	<i>Non-Brine Tier* (≥ 100 mg/L) / gallon</i>	<i>BOD/lb.</i>	<i>TSS/lb.</i>
(1)	\$0.016	\$0.016 plus surcharge	\$0.78	\$0.745
(2)				
7/1/20 – 12/31/20	\$0.015	\$0.015 plus surcharge	\$0.75	\$0.716
1/1/21 – 6/30/21	\$0.016	\$0.016 plus surcharge	\$0.78	\$0.745
(3)	\$0.015	\$0.015 plus surcharge	\$0.78	\$0.745
(4)				
7/1/20 – 12/31/20	\$0.015	\$0.015 plus surcharge	\$0.78	\$0.745
1/1/21 – 6/30/21	\$0.016	\$0.016 plus surcharge	\$0.78	\$0.745
(5)	\$0.015	\$0.015 plus surcharge	\$0.75	\$0.716

*Non-brine tier charges the flow component plus any pounds of BOD and TSS.

The proposed permit fees for FY20-21 are the same as for FY19-20.

Table 7. Permit Fees

<i>Permit Type</i>	<i>Proposed Fee FY20-21 (Annual)</i>
Direct Discharger	\$600
Indirect Discharger	\$300
Liquid Waste Hauler permit (trucking companies)	\$250
Emergency permits*	\$1,100

*Emergency permits are being phased out. A letter to discharge fee (TBD) will apply starting FY21-22.

The proposed Capacity Lease rates for FY20-21 (for discharges not exceeding 250 mg/L of BOD and 250 mg/L of TSS) are as follows:

Table 8. Capacity Lease Rates

<i>Option</i>	<i>Flow (per gallon)</i>	<i>BOD (per pound)</i>	<i>TSS (per pound)</i>
Current (FY19-20)	\$0.00253	\$0.3923	\$0.2405
(1)	\$0.00263	\$0.4080	\$0.2501
(2)			
7/1/20 – 12/31/20	\$0.00253	\$0.3923	\$0.2405
1/1/21 – 6/30/21	\$0.00263	\$0.4080	\$0.2501
(3)	\$0.00253	\$0.4080	\$0.2501
(4)			
7/1/20 – 12/31/20	\$0.00253	\$0.4080	\$0.2501
1/1/21 – 6/30/21	\$0.00263	\$0.4080	\$0.2501
(5)	\$0.00253	\$0.3923	\$0.2405

All dischargers leasing capacity will be charged the rates in Table 8, in addition to the corresponding Brine Line rate option identified in Table 1.

The proposed Treatment and Disposal surcharge rates as shown in Table 9. Treatment and Disposal surcharge rates are charged when the contractually owned capacity for Flow, BOD, and/or TSS is exceeded in any given month.

Table 9. Treatment and Disposal (T&D) Surcharge Rates

<i>Option</i>	<i>Flow (per gallon)</i>	<i>BOD (per pound)</i>	<i>TSS (per pound)</i>
Current (FY19-20)	\$0.0020	\$0.3923	\$0.2405
(1)	\$0.0021	\$0.4080	\$0.2501
(2)			
7/1/20 – 12/31/20	\$0.0020	\$0.3923	\$0.2405
1/1/21 – 6/30/21	\$0.0021	\$0.4080	\$0.2501
(3)	\$0.0020	\$0.4080	\$0.2501
(4)			
7/1/20 – 12/31/20	\$0.0020	\$0.4080	\$0.2501
1/1/21 – 6/30/21	\$0.0021	\$0.4080	\$0.2501
(5)	\$0.0020	\$0.3923	\$0.2405

An asset criticality study is recommended at this time to determine risks to the Brine Line and provide adequate information to determine the appropriate level of pipeline replacement reserves and allow an update of the Capital Improvement Plan (CIP).

The Brine Line reserve account history and the SAWPA budget (Brine Line and General Fund) presentations are included as attachments to this report.

CRITICAL SUCCESS FACTORS

3. Maintain sufficient funding and reserves for current and future Capital and O&M costs through a stable, predictable, and affordable rates and charges.

RESOURCE IMPACTS

The proposed Brine Line rates will provide the revenue to pay expected costs for brine treatment, pipeline operations, maintenance and repair including SAWPA's share of costs in Orange County, capital repair costs including SAWPA's share of costs in Orange County, and repayment of outstanding debts

Attachments:

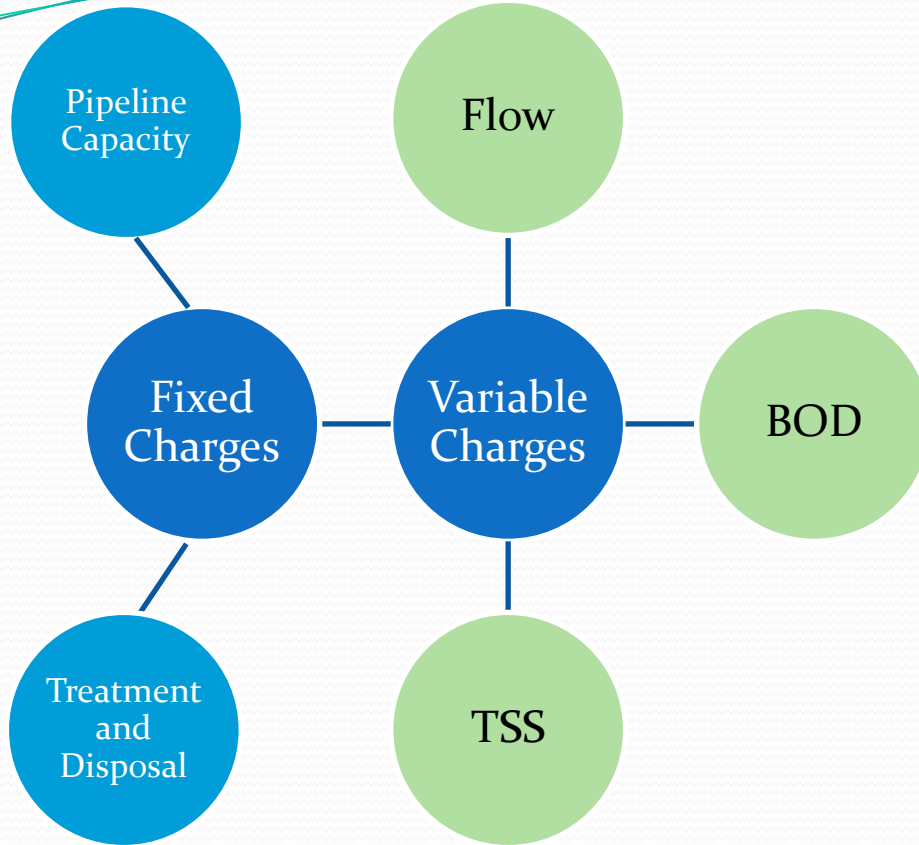
1. PowerPoint Presentation – Overview [C. Quintero]
2. PowerPoint Presentation – Reserve Account History [K. Williams]
3. PowerPoint Presentation – General Fund Budgets [K. Williams]

Inland Empire Brine Line Rate Resolution FY20-21

Carlos Quintero, Operations Manager
Karen Williams, DGM, CFO
PA24 Committee | May 5, 2020
Item 5.A.

Recommendation

- That the Project Agreement 24 Committee recommend approval by the SAWPA Commission of Resolution No. 2020-06 establishing the new Inland Empire Brine Line rates with one of five options and direct staff to prepare a Brine Line Asset Criticality Study:
 - (1) adopt rates based on the FY20-21 budget to be effective July 1, 2020;
 - (2) adopt rates based on the FY20-21 budget to be effective January 1, 2021;
 - (3) increase the BOD and TSS component only to match costs imposed by OCSD effective July 1, 2020 with no change to the volumetric component (flow);
 - (4) increase the BOD and TSS component to match costs imposed by OCSD effective July 1, 2020 with no change to the volumetric component (flow) through December 31, 2020 and adoption of rates based on the FY20-21 budget effective January 1, 2021; or
 - (5) defer any rate increase for FY20-21 (July 1, 2020 through June 30, 2021).



Brine Line Rate Components:

- Flow
 - Per Million Gallons
- Biochemical Oxygen Demand (BOD)
 - Per 1,000 lbs
- Total Suspended Solids (TSS)
 - Per 1,000 lbs
- Fixed Charges for Pipeline and Treatment and Disposal Capacity Owned
 - Per Million Gallons/Day

Brine Line Expenses

OCSD
Treatment and
Disposal

OCSD SARI Line
O&M

SSMP
Implementation

Pre-treatment
Program

Capital
Improvements

Water Quality
Sampling

Billing

Engineering

Management

Brine Line Approved Budgeted Expenses

Category	FY19-20	FY20-21	Change (%)	Change (\$)
OCSD Treatment and Disposal	3,023,600	3,303,505	9.26	279,900
OCSD SARI O&M	75,000	80,000	6.67	5,000
Engineering	575,586	625,953	8.75	50,366
Water Quality Sampling	105,000	110,000	4.76	5,000
Management / Support	1,243,993	1,336,243	7.42	92,250
SSMP Implementation	2,045,099	2,113,432	3.34	68,333
Pretreatment Program	1,159,597	1,213,049	4.61	53,452
Non-operating expenses	2,895,027	2,835,027	-2.07	(60,000)
TOTAL	11,122,902	11,617,209	4.4	494,307

Brine Line Rate Options

Options	Effective date	Flow (MG)	BOD - 1,000 lbs	TSS - 1,000 lbs	Fixed Pipe	Fixed T&D
Current rates FY19-20	-	979	316	442	6,398	12,985
(1) Adopt rates as identified in budget	7/1/2020	1,018	329	460	6,654	13,505
(2) Adopt rates as identified in budget	7/1/2020	979	316	442	6,398	12,985
	1/1/2021	1,018	329	460	6,654	13,505
(3) Increase in BOD/TSS only	7/1/2020	979	320	472	6,398	12,985
(4) Increase in BOD/TSS	7/1/2020	979	320	472	6,398	12,985
Other rate components	1/1/2021	1,018	320	472	6,654	13,505
(5) No change in rates	-	979	316	442	6,398	²¹ 12,985

Rate increase (%) from FY19-20

Options	Effective date	Flow (MG)	BOD - 1,000 lbs	TSS - 1,000 lbs	Fixed Pipe	Fixed T&D
Current rates (19-20)	-	\$979	\$316	\$442	\$6,398	\$12,985
(1) Adopt rates as identified in budget	7/1/2020	4%	4.1%	4.1%	4%	4%
(2) Adopt rates as identified in budget	7/1/2020	0%	0%	0%	0%	0%
	1/1/2021	4%	4.1%	4.1%	4%	4%
(3) Increase in BOD/TSS only	7/1/2020	0%	1.3%	6.8%	0%	0%
(4) Increase in BOD/TSS	7/1/2020	0%	1.3%	6.8%	0%	0%
Other rate components	1/1/2020	4%	1.3%	6.8%	4%	4%
(5) No change in rates	-	0%	0%	0%	0%	22 0%

Impact to revenue

Option	Impact to revenue
(1) Adopt rates as identified in budget (start 7/1/20)	\$0
(2) Adopt rates as identified in budget (start 1/1/21)	(290,852)
(3) Increase in BOD/TSS only (start 7/1/20)	(440,004)
(4) Increase in BOD/TSS only (start 7/1/2020); other rate components (1/1/2021)	(180,908)
(5) No change in rates	(581,704)

Indirect Dischargers

- Currently using a 2 tier system:
 - Brine (< 100 mg/L)
 - Non-Brine (≥ 100 mg/L)
 - Charges based on a per gallon base for brine tier and a per gallon base plus pounds of BOD and pounds of TSS for non-brine tier.

Options for Indirect Dischargers

Option	Brine Tier (< 100 mg/L) / gallon	Non-Brine Tier* (≥ 100 mg/L) / gallon	BOD/lb	TSS/lb
Current (FY19-20)	\$0.015	\$0.015	\$0.75	\$0.716
(1)	\$0.016	\$0.016	\$0.78	\$0.745
(2) 7/1/20 – 12/31/20	\$0.015	\$0.015	\$0.75	\$0.716
- 1/1/21 – 6/30/21	\$0.016	\$0.016	\$0.78	\$0.745
(3)	\$0.015	\$0.015	\$0.78	\$0.745
(4) 7/1/20 – 12/31/20	\$0.015	\$0.015	\$0.78	\$0.745
- 1/1/21 – 6/30/21	\$0.016	\$0.016	\$0.78	\$0.745
5	\$0.015	\$0.015	\$0.75	\$0.716

25

**Non-brine tier charges the flow component plus any pounds of BOD and TSS.*

Capacity Pool Lease Rates

Option	Flow (per gallon)	Additional BOD (per lb)	Additional TSS (per lb)
Current (FY19-20) [250 mg/L BOD/TSS]	\$0.00253	\$0.3923	\$0.2405
Option 1 (effective 7/1/20)	\$0.00263	\$0.4080	\$0.2501
Option 2 7/1/20 – 12/31/20	\$0.00253	\$0.3923	\$0.2405
1/1/20 – 6/30/21	\$0.00263	\$0.4080	\$0.2501
Option 3	\$0.00253	\$0.4080	\$0.2501
Option 4 7/1/20 – 12/31/20	\$0.00253	\$0.4080	\$0.2501
1/1/20 – 6/30/21	\$0.00263	\$0.4080	\$0.2501
Option 5 (no change)	\$0.00253	\$0.3923	²⁶ \$0.2405

Treatment & Disposal Surcharge Rates

Option	Flow (per gallon)	BOD (per lb)	TSS (per lb)
Current (FY19-20)	\$0.0020	\$0.3923	\$0.2405
Option 1 (effective 7/1/20)	\$0.0021	\$0.4080	\$0.2501
Option 2 7/1/20 – 12/31/20	\$0.0020	\$0.3923	\$0.2405
1/1/20 – 6/30/21	\$0.0021	\$0.4080	\$0.2501
Option 3	\$0.0020	\$0.4080	\$0.2501
Option 4 7/1/20 – 12/31/20	\$0.0020	\$0.4080	\$0.2501
1/1/20 – 6/30/21	\$0.0021	\$0.4080	\$0.2501
Option 5 (no change)	\$0.0020	\$0.3923	\$0.2405

Proposed Permit Fees

Type of Permit	FY19-20 Fee	Proposed FY20-21 Fee
Direct Discharger	\$600	\$600
Indirect Discharger	\$300	\$300
Emergency Permits	\$1,100	\$1,100
Liquid Waste Hauler	\$250	\$250

BRINE LINE RESERVES

Karen Williams, Assistant General Manager/CFO

SAWPA Future CIP

- Reach 4D Corrosion Rehabilitation
- Reach 4A Pine Avenue Siphon Protection / Replacement
- Reach V Baker Street Protection
- Reach V Indian Truck Trail Protection
- Reach V Air / Vacuum Valves Modification/Relocation
- Reach 4D Mission Tunnel Rehabilitation
- Reach V Access / Condition Study / Rehabilitation
- Reach IV Condition Study / Rehabilitation
- Capacity Management
- Hydraulic “Choke Points”
- OCSD Future CIP

Risks to System

- Portions of the system are aging
- Corrosion
- Unknown condition due to limited access to parts of the system
- Catastrophic failure due to earthquake
- Failure due to flooding / erosion / development

Reserve Balance as of March 31, 2020

Reserve Account	03/31/2020
Pipeline Repair/Replacement Reserve	\$22,125,566
OCSD Rehabilitation Reserve	3,690,111
OCSD Future Capacity Reserve	1,809,234
Self-Insurance Reserve	4,311,780
Flow Imbalance Reserve	87,444
Debt Service Reserve	3,317,311
Capacity Management Reserve	11,817,079
Rate Stabilization Reserve	1,013,845
Operating Reserve	3,779,138
Total Reserves	\$51,951,508

Reserve Balance Projected EOY

Reserve Account	FYE 2020	FYE 2021
Pipeline Repair/Replacement Reserve	\$15,467,521	\$15,728,983
OCSD Rehabilitation Reserve	3,591,892	3,591,892
OCSD Future Capacity Reserve	1,761,077	1,761,077
Self-Insurance Reserve	4,224,343	4,324,343
Flow Imbalance Reserve	85,103	85,103
Debt Service Reserve	3,928,308	3,417,032
Capacity Management Reserve	11,502,545	11,502,545
Operating Reserve	3,133,547	3,133,547
Total Reserves	\$43,694,336	\$43,544,522

Budgeted Contributions to Reserves

Category	FYE 2020	FYE 2021	Difference	% Difference
Pipeline Repair/Replacement	\$1,435,478	\$1,810,491	\$375,013	26.12%
Self-Insurance	100,000	100,000	0	0.00%
Debt Service	1,708,750	1,708,750	0	0.00%
Total Contributions	\$3,244,338	\$3,619,241	\$375,013	11.56%

Brine Line Operating Reserve

The Brine Line Operating Reserve was established to cover temporary cash flow deficiencies that occur as a result of timing differences between the receipt of operating revenues and expenditure requirements.

- Balance as of 03/31/20 - \$3,770,138
- Target Level – Funding shall be targeted at a minimum amount equal to 90 days (i.e., 25%)
- Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay outstanding Brine Line Enterprise expenditures prior to receipt of anticipated operating revenues.
- Target level for:
 - FYE 2020 \$2,056,969
 - FYE 2021 \$2,195,544

Rate Stabilization Reserve

Established to mitigate the effects of occasional shortfalls in revenue. Revenue shortfalls result from a number of events such as weather factors (wet weather or drought events and natural disasters), increased water conservation, poor regional economic conditions, and unplanned or unexpectedly large rate adjustments/increases.

- Balance as of 03/31/2020 - \$1,013,845
- Target Level – There is no minimum balance for this reserve. This will be looked at as part of the Asset Criticality Assessment.
- Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay revenue shortfalls that result from conditions described above.

Pipeline Replacement Reserve

Established to provide capital replacement funding as the Brine Line system's infrastructure (pipe) deteriorates over its expected useful life.

- Balance as of 03/31/2020 - \$22,125,566
- FYE 2021 Contribution of \$1,810,491
- Target Level – The most recent Brine Line Financial Study and Rate Model have identified a minimum target balance of \$10.0 million for this reserve. Target minimum and maximums will be developed during the asset criticality assessment.
- Events and Conditions Prompting the Use of the Reserve – This reserve account is used to pay for approved Capital Improvement Projects, emergency replacement, and in certain circumstances, one-time operating expenditures related to specific projects. (Funding would be provided through use of this reserve rather than rate increases.)

Capital Project Funding – Use of Reserves

Project	FYE 2020	FYE 2021
Brine Line Protection	\$5,041,923	\$1,466,878
Reach IV-D Corrosion Repairs	76,211	82,151
Total	\$5,118,134	\$1,549,029

Capital Projects

- Fund 320 Brine Line Protection
 - OCSD Rock Removal Project
 - Protection from stormwater/erosion
 - Reach IV-D MAS modifications
 - Alcoa Dike protection/relocation
- Fund 327 Reach IV-D Corrosion Repair
 - Evaluation of pipeline corrosion

CIP versus Reserve Contributions

Project	FYE 2020	FYE 2021
Pipeline Replacement Reserve Beg. Balance	\$22,597,372	\$18,914,716
Contributions to Reserve	1,435,478	1,810,491
Use of Reserves for CIP	(5,118,134)	(1,549,029)
Pipeline Replacement Reserve Balance	\$18,914,716	\$19,176,178
Net Change from Contributions/Use	(\$3,682,656)	\$261,462

OCSD Rehabilitation Reserve

This reserve was established to fund SAWPA's share of capital costs associated with its proportionate share of capacity right ownership in the SARI Line maintained by OCSD.

- Balance as of 03/31/2020 - \$3,690,111
- Target Level – The most recent Financial Study has identified a minimum target level of \$1.75 annually (adjusted for inflation). This needs to be reviewed based on OCSD CIP.
- Events and Conditions Prompting the Use of the Reserve – This reserve is utilized as needed to pay when due SAWPA's share of OCSD SARI Line capital costs.

Debt Retirement Reserve

This reserve was initially established with funds received from SAWPA's member agencies for the purchase of pipeline capacity (30 MGD) in the Brine Line system to provide future funding on debt service payments for SRF loans required to build the Brine Line system. Treasury-strips were purchased with maturities to match annual principal and interest payments due on the long-term debt associated with the State loans. This reserve will be maintained and/or adjusted at levels set forth in future "bond covenants" or other debt obligation instruments as approved by the SAWPA Commission.

- Balance as of 03/31/2020 - \$3,317,311

Debt Retirement Reserve

- Target Level – The minimum balance in this reserve should be sufficient to cover anticipated debt service payments as they come due. The balance in this reserve should reflect debt service obligations for which existing or projected revenues are insufficient to cover scheduled principal and interest payments.
- Events and Conditions Prompting the Use of the Reserve – This reserve is utilized to pay when due debt service payments on SAWPA's obligations.

Debt Service Payments

Debt	2020	2021
Reach V Construction – SRF Loan 1 – 4	\$1,126,278	\$1,126,278
Reach IV-A & B Capital Repair – SRF Loan	1,044,273	1,044,273
Reach V Capital Repair – SRF Loan	664,476	664,476
Total Debt Service Payments	\$2,835,027	\$2,835,027

Debt Service Funding

Debt	Interest Rate	Final Payment	Funding Source
Reach V Construction	2.7%	10/05/21	T-Strips/Investments
Reach IV-A & B Capital Repair	2.6%	12/29/32	Rates
Reach V Capital Repair	1.9%	03/31/48	Rates

\$1,708,749 from rates

Debt Service Covenants of Financing Agreement

- Debt Test
 - Net revenues must be 1.2 times the highest year of debt service
 - \$2,050,500 minimum net revenues
 - Net revenues must be 1.1 times all debt
 - \$3,118,530 minimum net revenues
 - FYE 2021 Budget Net Revenues are \$3,619,241 (only have \$500,711 difference)
- Reserve Fund
 - Must be equal to 1 year's debt service
 - \$1,708,750

OCSD Future Capacity Reserve

This reserve is established to provide future funding as it becomes necessary for SAWPA to purchase additional treatment capacity (minimum 1 MGD increments) in the OCSD treatment plant facility. As incremental treatment capacity purchases are made from member agencies, funds will be deposited into this reserve account which can then be used to purchase treatment capacity from OCSD.

- Balance as of 03/31/2020 - \$1,809,234
- Target Level – There is no minimum balance for this reserve.
- Events and Conditions Prompting the Use of the Reserve – This reserve may only be utilized to purchase additional treatment capacity in the OCSD plant as approved by the SAWPA Commission.

Self Insurance Reserve

This reserve was originally established to provide insurance liability, and worker's compensation claims. The reserve level, combined with SAWPA's existing insurance policies, should adequately protect SAWPA and its member agencies in the event of a loss or claim.

- Balance as of 03/31/2020 - \$4,311,780
- FYE 2021 Contribution of \$100,000
- Target Level
- Events and Conditions Prompting the Use of the Reserve – This reserve shall be utilized to cover out-of-pocket insurance losses experienced by SAWPA. Any reimbursement received by SAWPA from the insurance company as a result of submitted claim shall be deposited back into the reserve as replenishment for the loss.
- Contribution to Reserves – Contributions of \$100,000, annually.

Self Insurance Reserve

Insurance Policies:

- Commercial Property, General Liability, Umbrella Excess, and Auto
 - Through CalMutuals JPRIMA
 - \$5,000 deductible per incident
 - Pipelines not covered
- Environmental Legal Liability (Pollution)
 - Through Aspen Specialty Insurance Company
 - \$25,000 deductible per incident
 - \$5,000,000 limit of liability per incident
 - Actual cost of pipeline damage not covered

Capacity Management Reserve

This reserve is established to set aside 100% of the funding derived from pipeline capacity sales to provide funds for future capacity needs within the Brine Line. As the pipeline reaches capacity, other alternatives will be needed to ensure the ability to discharge and achieve salt balance within the Santa Ana Watershed.

- Balance as of 03/31/2020 - \$11,817,079
- In 2006, sold additional pipeline capacity of 2.568 MGD
 - WMWD purchased 1.0 MGD for \$3,750,000
 - EMWD purchased 1.568 MGD for \$5,880,000
- \$9,630,000 total sales (2006)
- \$266,755 EnerTech capacity lease fees (2009)
- \$1,920,324 interest earnings

Capacity Management Reserve

- Target Level – Given the nature of this reserve, there is no required minimum or maximum level. 100% of the funding derived from pipeline capacity sales should be deposited and maintained in this reserve.
- Events and Conditions Prompting the Use of the Reserves – This reserve is to be utilized to cover cost required to manage capacity within the pipeline, including costs to further concentrate Brine Line flows, reduction of flows to meet capacity needs, additional pipeline capacity, additional CIP, and other changes as appropriate.

Flow Imbalance Reserve

This reserve is established to set aside funds in the event that a meter error occurs and the discharger is over-billed. Each month, meter readings are read for each discharger and the total for all dischargers is compared to the total at meter S-01. When the total for all dischargers exceeds the total at meter S-01, the difference will be calculated at the current flow rate and contributed to the reserve account.

No budgeted contributions to this reserve.

- Balance as of 03/31/2020 - \$87,444
- Initially established by adding \$1.00 to the flow rate for 2 years.
- Target Level – Based on SAWPA’s practice, a minimum of \$50,000 should be maintained for this reserve.
- Event and Conditions Prompting the Use of the Reserve – This reserve is utilized to refund dischargers in the event that a meter error occurs and the discharger is over-billed.

Rate Model - Reserves

- Brine Line Rate Model Updated in 2018 by Raftelis
- Raftelis recommended additional studies to determine Pipeline Replacement Reserve Min and Max
 - Assess the replacement cost of the brine line
 - Conduct an asset criticality assessment

Recommendation

- That the Project Agreement 24 Committee recommend approval by the SAWPA Commission of Resolution No. 2020-06 establishing the new Inland Empire Brine Line rates with one of five options and direct staff to prepare a Brine Line Asset Criticality Study:
 - (1) adopt rates based on the FY20-21 budget to be effective July 1, 2020;
 - (2) adopt rates based on the FY20-21 budget to be effective January 1, 2021;
 - (3) increase the BOD and TSS component only to match costs imposed by OCSD effective July 1, 2020 with no change to the volumetric component (flow);
 - (4) increase the BOD and TSS component to match costs imposed by OCSD effective July 1, 2020 with no change to the volumetric component (flow) through December 31, 2020 and adoption of rates based on the FY20-21 budget effective January 1, 2021; or
 - (5) defer any rate increase for FY20-21 (July 1, 2020 through June 30, 2021).



Questions??

OCSD – SAWPA Rates (FY15 through FY21)

OCSD - SAWPA Rates	FY 14-15	15-16	16-17	17-18	18-19	19-20	20-21 (P)
Flow OCSD (per MGD)	\$182.74	\$178.94	\$175.17	\$175.68	\$187.00	\$221.00	\$221
Flow SAWPA	\$777.00	\$817.00	\$858.00	\$901.00	\$946.00	\$979.00	\$1,038
BOD OCSD (per 1,000 lbs)	\$290.16	\$284.12	\$278.14	\$278.96	\$285.00	\$320.00	\$320
BOD SAWPA	\$295.00	\$301.00	\$307.00	\$307.00	\$307.00	\$316.00	\$335
TSS OCSD (per 1,000 lbs)	\$404.60	\$396.19	\$387.85	\$388.99	\$410.00	\$472.00	\$472
TSS SAWPA	\$411.00	\$420.00	\$429.00	\$429.00	\$429.00	\$442.00	\$469

OCSD – SAWPA Rate Increase (FY15 through FY21)

OCSD - SAWPA Rates	FY 14-15	15-16	16-17	17-18	18-19	19-20	20-21 (P)
Flow OCSD	12.39%	-2.08%	-2.11%	0.29%	6.44%	18.18%	0%
Flow SAWPA	5.57%	5.15%	5.02%	5.01%	4.99%	3.49%	6%
BOD OCSD	16.34%	-2.08%	-2.10%	0.29%	2.17%	12.28%	0%
BOD SAWPA	10.90%	2.03%	1.99%	0.00%	0.00%	2.93%	6%
TSS OCSD	9.30%	-2.08%	-2.11%	0.29%	5.40%	15.12%	0%
TSS SAWPA	4.05%	2.19%	2.14%	0.00%	0.00%	3.03%	6%

OCSD – SAWPA Rates (FY15 through FY20)

OCSD - SAWPA Rates	FY 14-15	15-16	16-17	17-18	18-19	19-20	20-21 (P)
Flow OCSD (per MG)	\$182.74	\$178.94	\$175.17	\$175.68	\$187.00	\$221.00	\$221.00
Increase from previous FY	12.39%	-2.08%	-2.11%	0.29%	6.44%	18.18%	0%
Flow SAWPA	\$777.00	\$817.00	\$858.00	\$901.00	\$946.00	\$979.00	\$1,038
Increase from previous FY	5.57%	5.15%	5.02%	5.01%	4.99%	3.49%	6%
BOD OCSD (per 1,000 lbs)	\$290.16	\$284.12	\$278.14	\$278.96	\$285.00	\$320.00	\$320.00
Increase from previous FY	16.34%	-2.08%	-2.10%	0.29%	2.17%	12.28%	0%
BOD SAWPA	\$295.00	\$301.00	\$307.00	\$307.00	\$307.00	\$316.00	\$335.00
Increase from previous FY	10.90%	2.03%	1.99%	0.00%	0.00%	2.93%	6%
TSS OCSD (per 1,000 lbs)	\$404.60	\$396.19	\$387.85	\$388.99	\$410.00	\$472.00	\$472.00
Increase from previous FY	9.30%	-2.08%	-2.11%	0.29%	5.40%	15.12%	0%
TSS SAWPA	\$411.00	\$420.00	\$429.00	\$429.00	\$429.00	\$442.00	\$469.00
Increase from previous FY	4.05%	2.19%	2.14%	0.00%	0.00%	3.03%	6%

Santa Ana Watershed Project Authority



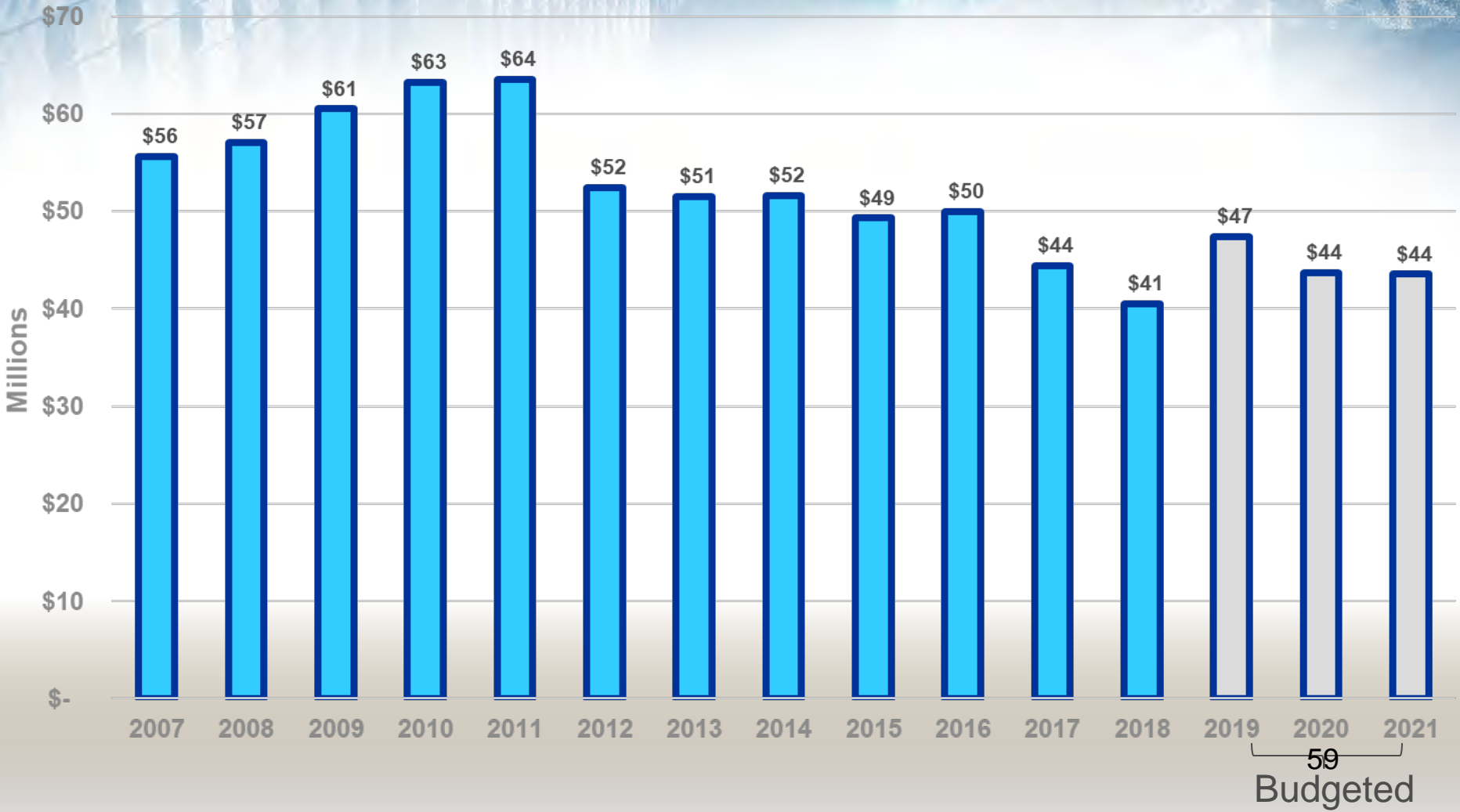
Brine Line Reserve Fund History PA 24 Committee | May 5, 2020 | Item 5.A. Karen Williams, DGM/CFO

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DR	CR
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1201.00	
2.20	
401.07	
81.05	
70.11	
264.44	7690.06
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	558.50

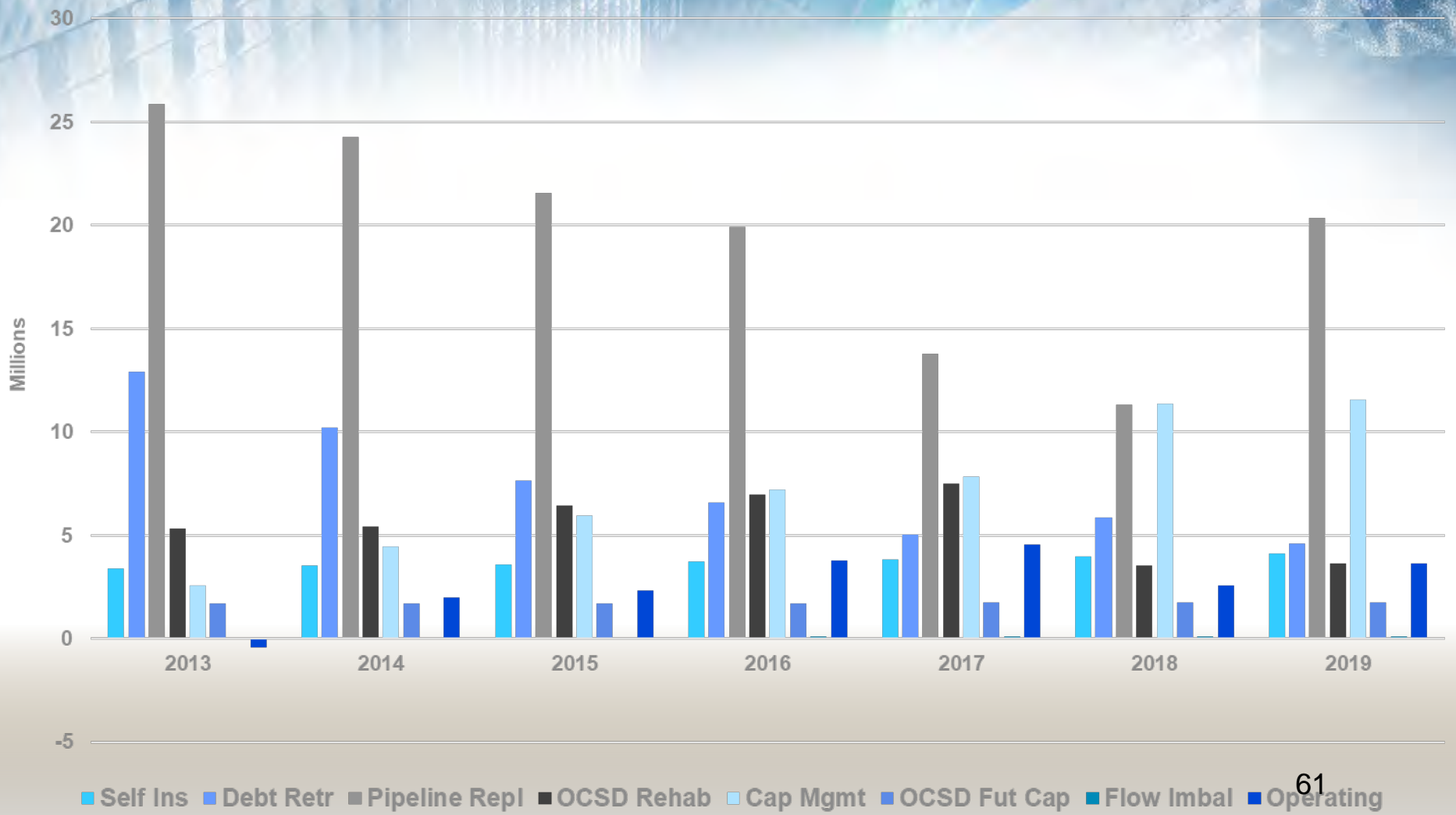
Reserve Account Balances



Reserve Account Balances

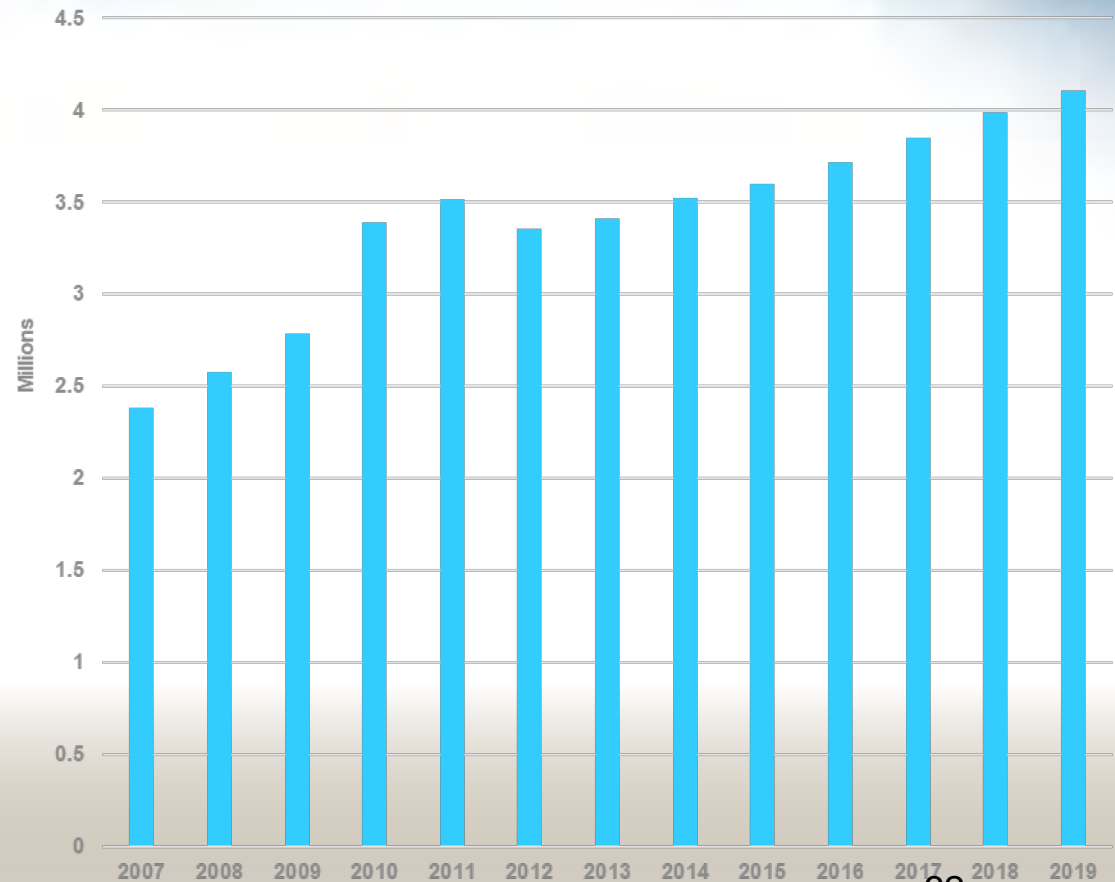
Reserve Fund	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Self Insurance	\$3,412,845	\$3,524,413	\$3,601,223	\$3,717,788	\$3,846,181	\$3,988,170	\$4,106,399
Debt Retirement	12,906,128	10,204,794	7,649,051	6,606,169	5,037,279	5,879,668	4,606,157
Pipeline Replacement	25,881,583	24,252,200	21,541,933	19,919,329	13,807,175	11,309,285	20,346,964
OCSD Rehabilitation	5,327,229	5,400,890	6,419,245	6,949,290	7,506,389	3,559,605	3,612,870
Capacity Management	2,584,499	4,472,847	5,974,556	7,197,751	7,851,194	11,352,490	11,569,724
OCSD Future Capacity	1,690,750	1,696,440	1,703,740	1,711,499	1,725,296	1,745,247	1,771,363
Flow Imbalance	79,245	69,132	77,331	83,084	84,608	93,670	85,613
Operating Reserve	(407,104)	2,000,562	2,342,219	3,790,275	4,545,484	1,585,699	3,644,264
Total	\$51,475,175	\$51,621,278	\$49,309,298	\$49,975,185	\$44,403,606	\$40,513,834	\$49,743,354

Reserve Account Balances



Self Insurance Reserve

- Annual \$100k contribution
- Earns interest quarterly
- Used for spill costs
- Used for insurance claims



Debt Retirement Reserve



- T-Strips Maturities

- **Original Construction**

- \$13,135,000 Face Value
 - \$17,000,000 Face Value

- **WRCRWA**

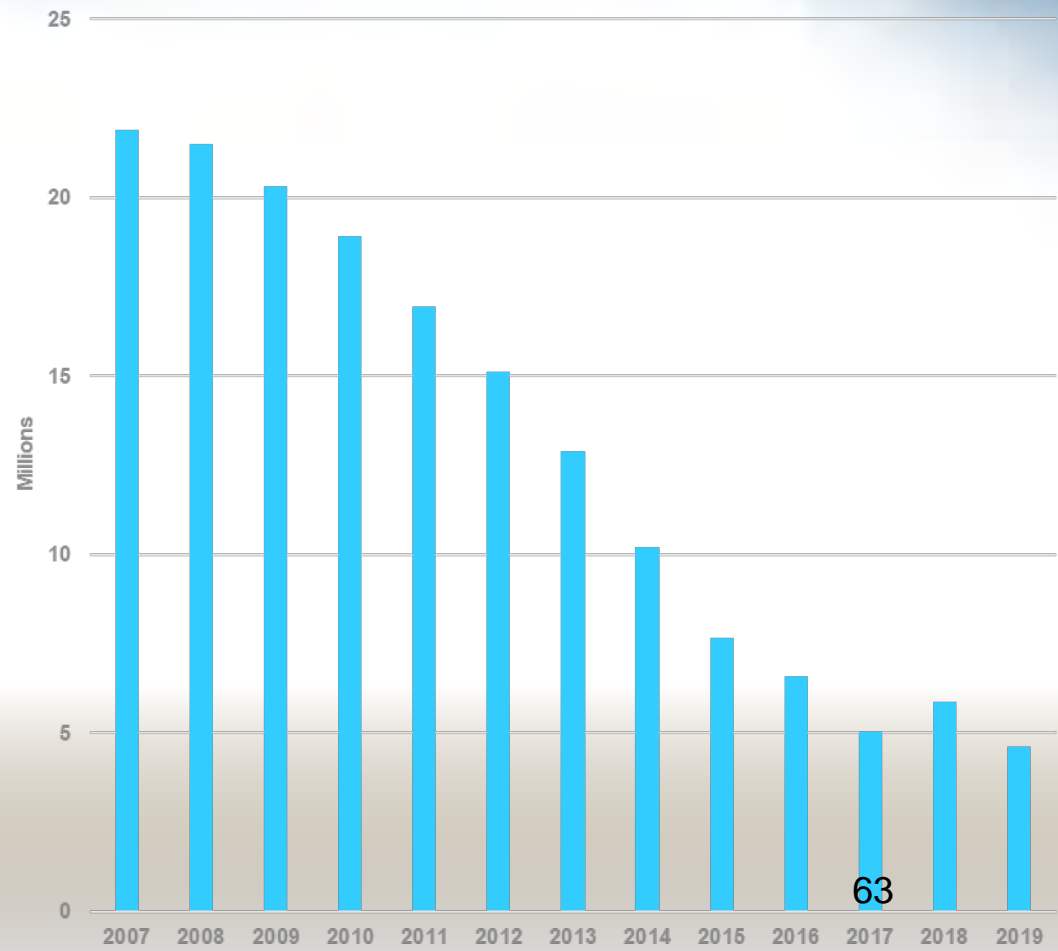
- \$6,346,000 Face Value
 - \$4,180,000 Face Value

- **Reach V Original Construction**

- \$7,900,000 Face Value

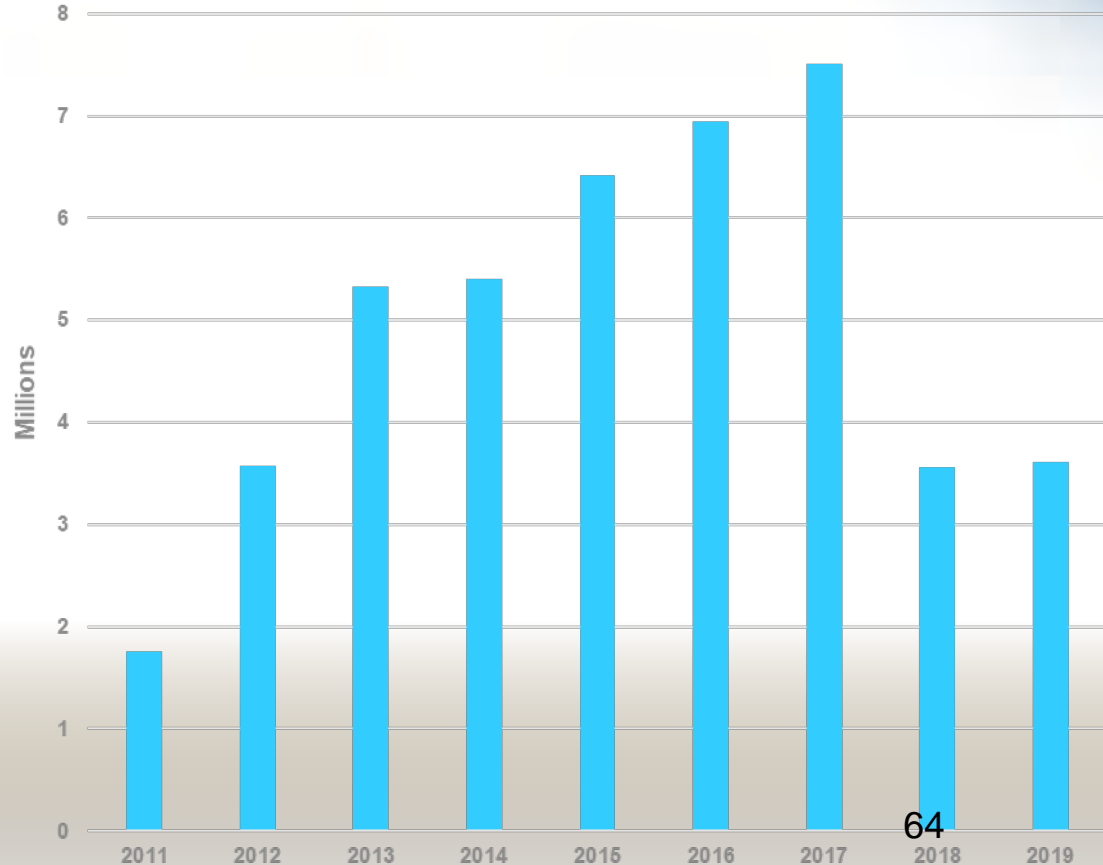
- Rates

- **Reach 4A & 4B Repairs**
 - **Reach V Capital Repairs**



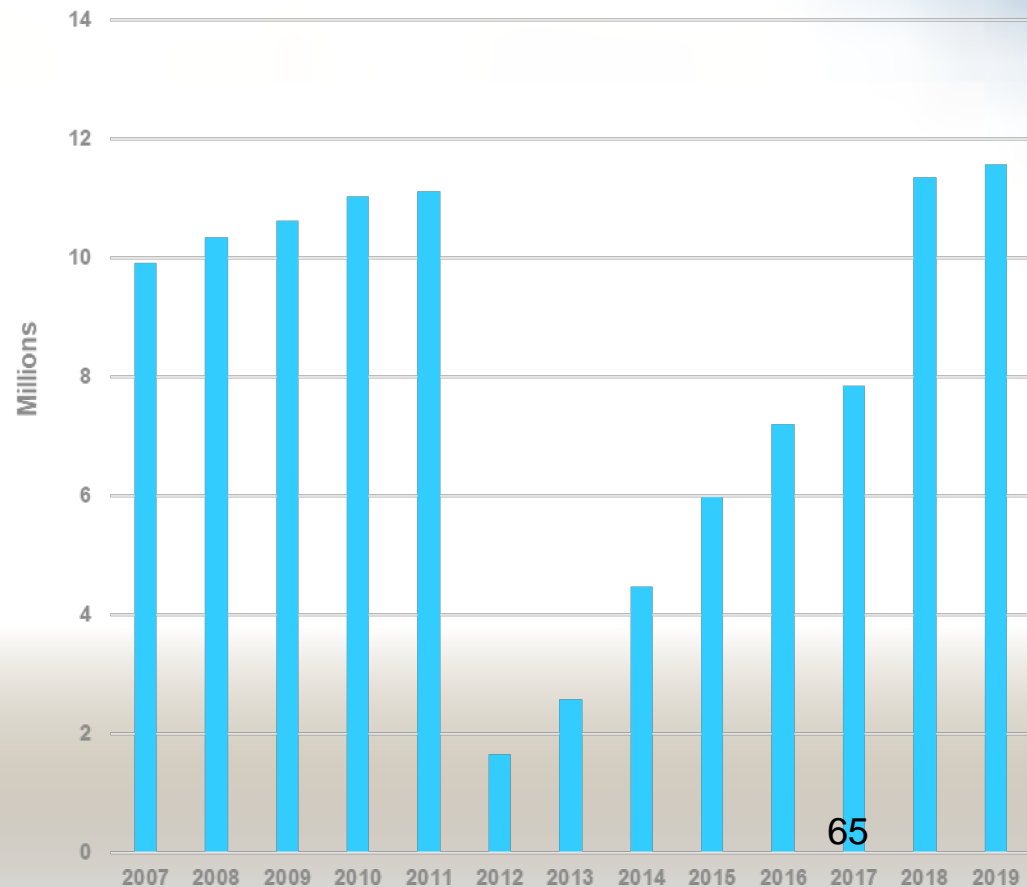
OCSD Rehabilitation Reserve

- Reserve created to pay OCSD CIP costs
- Established in FYE 2011
- Transferred \$1,750,000 from operating reserve
- Stopped annual contribution in FYE 2017 because of uncertainty of OCSD CIP
- Earns interest quarterly



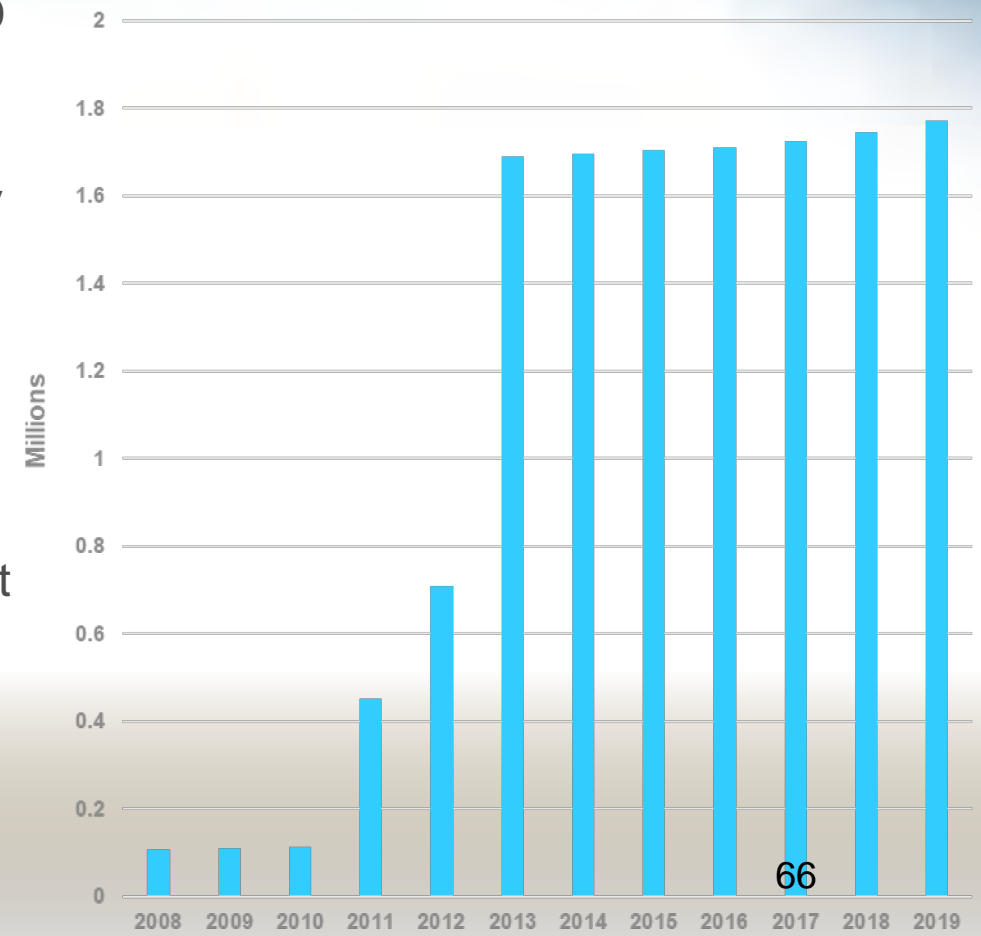
Capacity Management Reserve

- Established in FYE 2007
- Sold 2.5868 Pipeline Capacity for \$9.63 million
 - WMWD
 - EMWD
- Loaned OCFCD \$10 million in FYE 2012 for relocation project
- Loan paid off in FYE 2018
- Earns interest quarterly



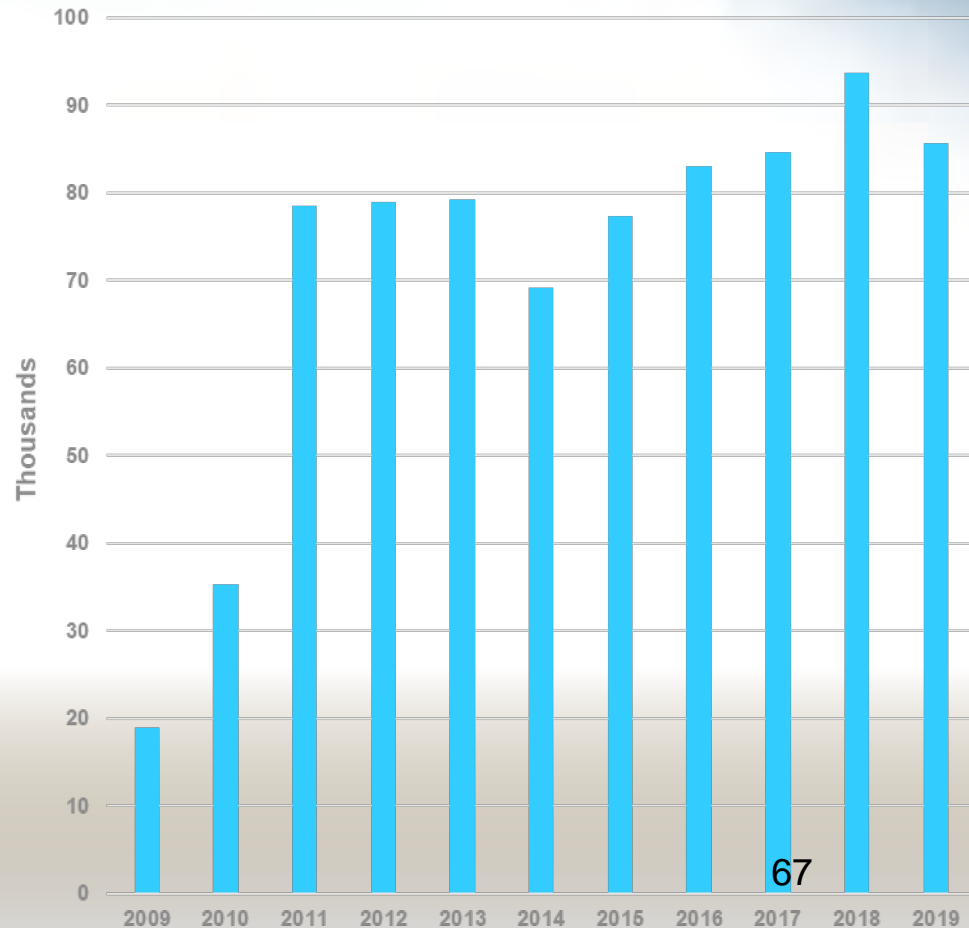
OCSD Future Capacity Reserve

- Established in FYE 2008 when EMWD & SBVMWD purchased treatment capacity for \$4.6 million
- SAWPA purchased treatment capacity from OCSD for \$4.5 million (1 MGD)
- FYE 2011 Enertech purchased BOD capacity \$338,083
- FYE 2012 Enertech purchased treatment capacity \$253,460
- FYE 2013 YVWD purchased treatment capacity
- Earns interest quarterly



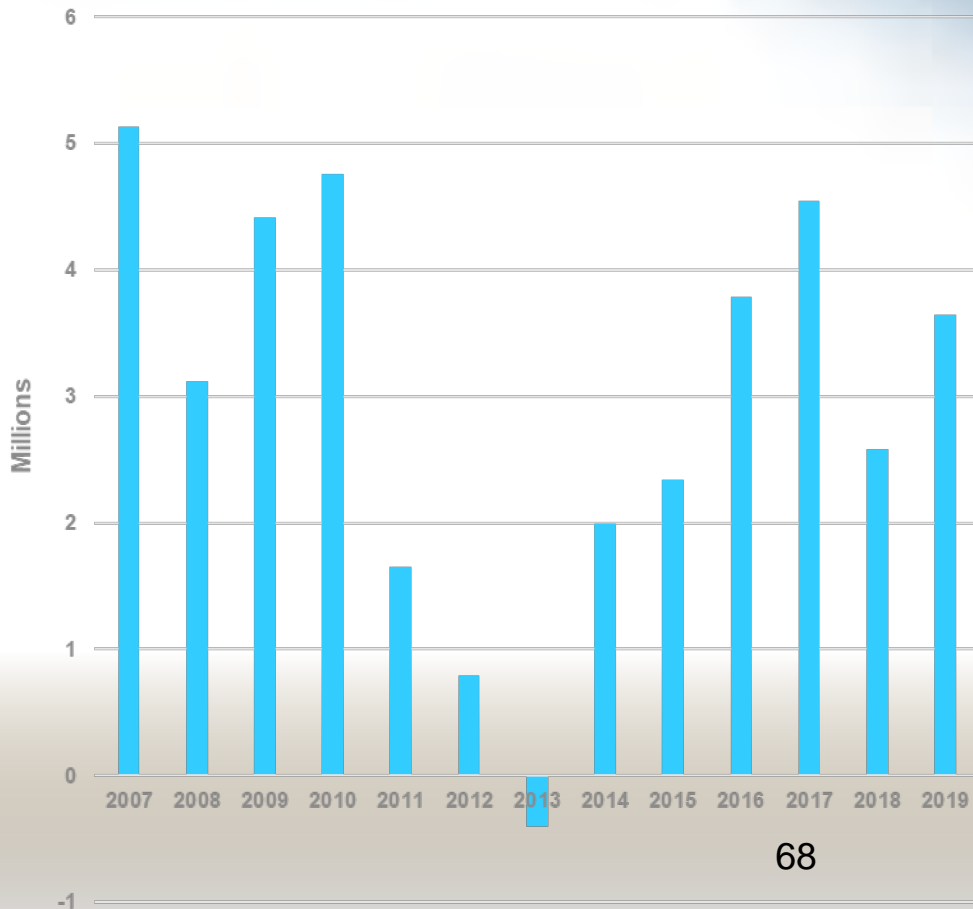
Flow Imbalance Reserve

- Established in FYE 2009
- Added \$10 per MGD to the flow rates to fund reserve through FYE 2011
- Used in the event of a meter error and discharger is over billed
- Funded when flow imbalance is positive (determined monthly)
- Earns interest quarterly

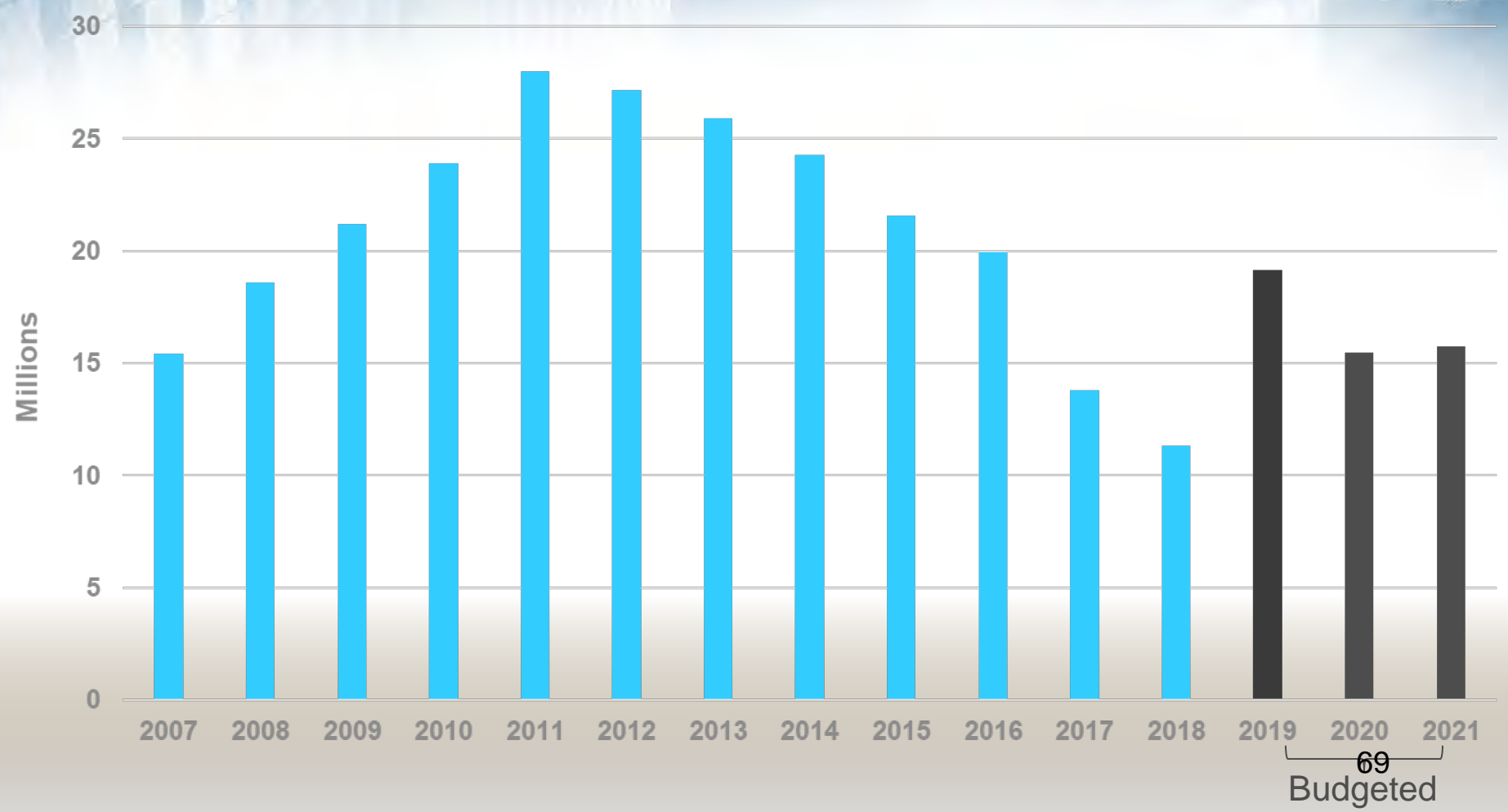


Operating Reserve

- Reserve balance should be 25% of operating costs
- If balance is > 25%, funds are transferred to Pipeline Replacement
- If balance is < 25%, contributions are made to this reserve
- Net gains (losses) come into and out of this reserve
- Earns interest quarterly



Pipeline Replacement Reserve



69
Budgeted

Pipeline Replacement Reserve



- **FYE 2007**
 - **Contribution of \$557,797**
 - **Use of \$1,332,412 for CIP (BL Protection)**
- **FYE 2008**
 - **Contribution of \$3,881,757**
 - **Use of \$1,603,434 for CIP**
- **FYE 2009**
 - **Contribution of \$2,618,067**
 - **Use of \$471,841 for CIP**

Pipeline Replacement Reserve



- **FYE 2010**
 - **Contribution of \$2,899,730**
 - **Use of \$486,502 for CIP**
- **FYE 2011**
 - **Contribution of \$3,746,886**
 - **Transfer of \$1,532,606 from Operating Reserve**
 - **Use of \$2,057,001 for CIP**
- **FYE 2012**
 - **Contribution of \$1,138,367**
 - **Use of \$1,610,157 for CIP**
 - **Use of \$111,797 (Legal Fees Brownstein, Hyatt, Farber)**⁷¹

Pipeline Replacement Reserve



- **FYE 2013**
 - **Contribution of \$1,144,198**
 - **Use of \$1,827,396 for CIP**
 - **Use of \$224,267 (Legal Fees Brownstein, Hyatt, Farber)**
 - **Use of \$1,050,000 (transferred to debt service per financing agreement)**
- **FYE 2014**
 - **Contribution of \$950,000**
 - **Use of \$1,023,725 for CIP**
 - **Use of \$731,029 (Legal Fees Brownstein, Hyatt, Farber)**

Pipeline Replacement Reserve



- **FYE 2015**
 - **Contribution of \$411,659**
 - **Refund of \$8,765 (legal fees)**
- **FYE 2016**
 - **Contribution of \$1,000,000**
 - **Use of \$60,000 for purchase of Vacuum Excavator**
 - **Use of \$259,849 for the BL Protection Project (Union Pacific)**
 - **Use of \$29,419 for CIP (BL Protection Fund 320)**
 - **Use of \$2,405,816 for CIP (Reach V Capital Repairs)**

Pipeline Replacement Reserve



- **FYE 2017**
 - **Contribution of \$1,000,000**
 - **Use of \$47,056.06 for CIP (BL Protection Fund 320)**
 - **Use of \$7,216,105 for CIP (Reach V Capital Repairs)**
- **FYE 2018**
 - **Contribution of \$1,500,000**
 - **Transfer of \$1,843,450 from Operating Reserves**
 - **Transfer of \$4,000,000 from OCSD Rehabilitation**
 - **Use of \$264,336 for CIP (BL Protection Fund 320)**
 - **Use of \$9,592,176 for CIP (Reach V Capital Repairs)**

Pipeline Replacement Reserve



- **FYE 2019 – January 31, 2019**
 - **Contribution of \$875,000 (\$1.5 million in FYE 2019)**
 - **Contribution of \$1,075,000 Reach V Settlement**
 - **Contribution of \$7,217,347 (received SRF loan funds)**
 - **Use of \$137,620 for CIP (BL Protection)**
 - **Use of \$216,549 for CIP (Reach IV-D Corrosion)**

Pipeline Replacement Reserve

- Reach IV-A and IV-B Capital Repairs

– Total Cost	\$20,637,025
– SRF Loan	<u>16,850,337</u>
– Use of Reserves	\$ 3,786,688

- Reach V Capital Repairs

– Total Cost	\$30,667,590
– Settlement Proceeds	1,075,000
– SRF Loan	<u>15,000,000</u>
– Use of Reserves	\$14,592,590

(Legal fees for Reach V were \$2,531,847)

Important Notes

The background features a collage of financial and business-related images. On the left, there's a grid pattern. In the center, a bar chart with five blue bars of varying heights is visible. To the right, a pie chart is partially shown. Below these, there are overlapping document pages, one of which has the text 'PAGE 1' visible.

- Planned reduction of Pipeline Replacement Reserve by using reserve to fund CIP
- Study planned to determine maximum reserve amounts as recommended by Raftelis during rate model development

Reserve Account Balances @ 01/31/19

Reserve Account	Balance
Self Insurance Reserve	\$4,106,399
Debt Retirement Reserve	4,606,157
Pipeline Replacement Reserve	20,346,964
OCSD Rehabilitation Reserve	3,612,870
Capacity Management Reserve	11,569,724
OCSD Future Capacity Reserve	1,771,363
Flow Imbalance Reserve	85,613
Operating Reserve	3,644,264
Total Reserves	\$49,743,354

Questions ?



DR PAGE 1

CR

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264.84	7690.06
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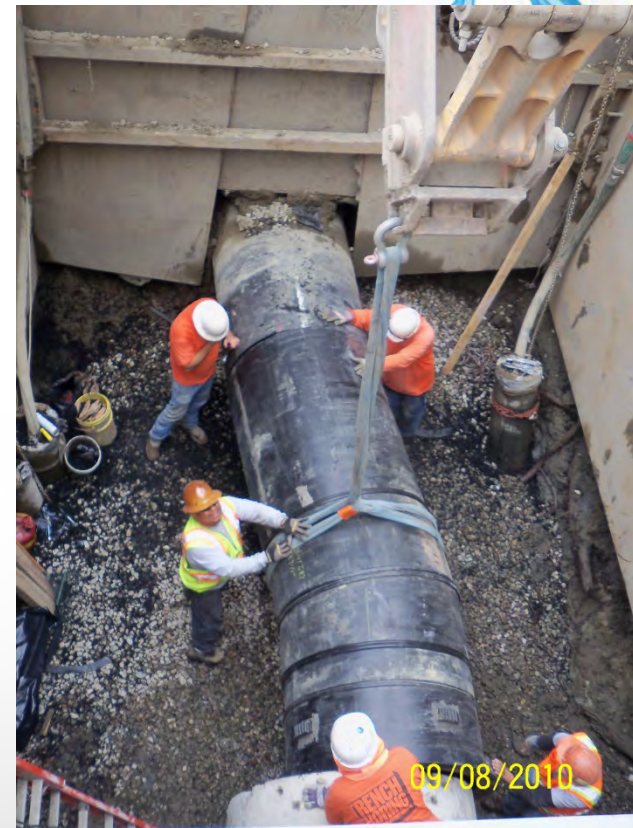
SAWPA



This presentation was given to the Commission on February 19, 2019. The Budget was adopted on April 2, 2019.

FYE 2020 and 2021
Brine Line Fund Budget

Brine Line Operations & Capital Budget





What is the Brine Line?

- The Inland Empire Brine Line (IEBL) is a 73 mile-long regional brine line designed to convey 30 million gallons per day of non-reclaimable waste water from the upper Santa Ana River Basin to the Pacific Ocean for disposal after treatment
- It was built as the fundamental method of salt export for the region
- Pipeline ranges in age from 17 to 45 years
 - Reach 4 was constructed in the mid-70's (around 1974)
 - Reaches 4A and 4B were constructed in the early 1980's (1982)
 - Reaches 4D and 4E were constructed in the early 1990's (1994)
 - Reach 5 was constructed in the early 2000's (2002). Rehab in 2017
- Pipe diameters range from 16 inch to 48 inch

Inland Empire Brine Line

— Brine Line Laterals

Brine Line

REACH

— IV

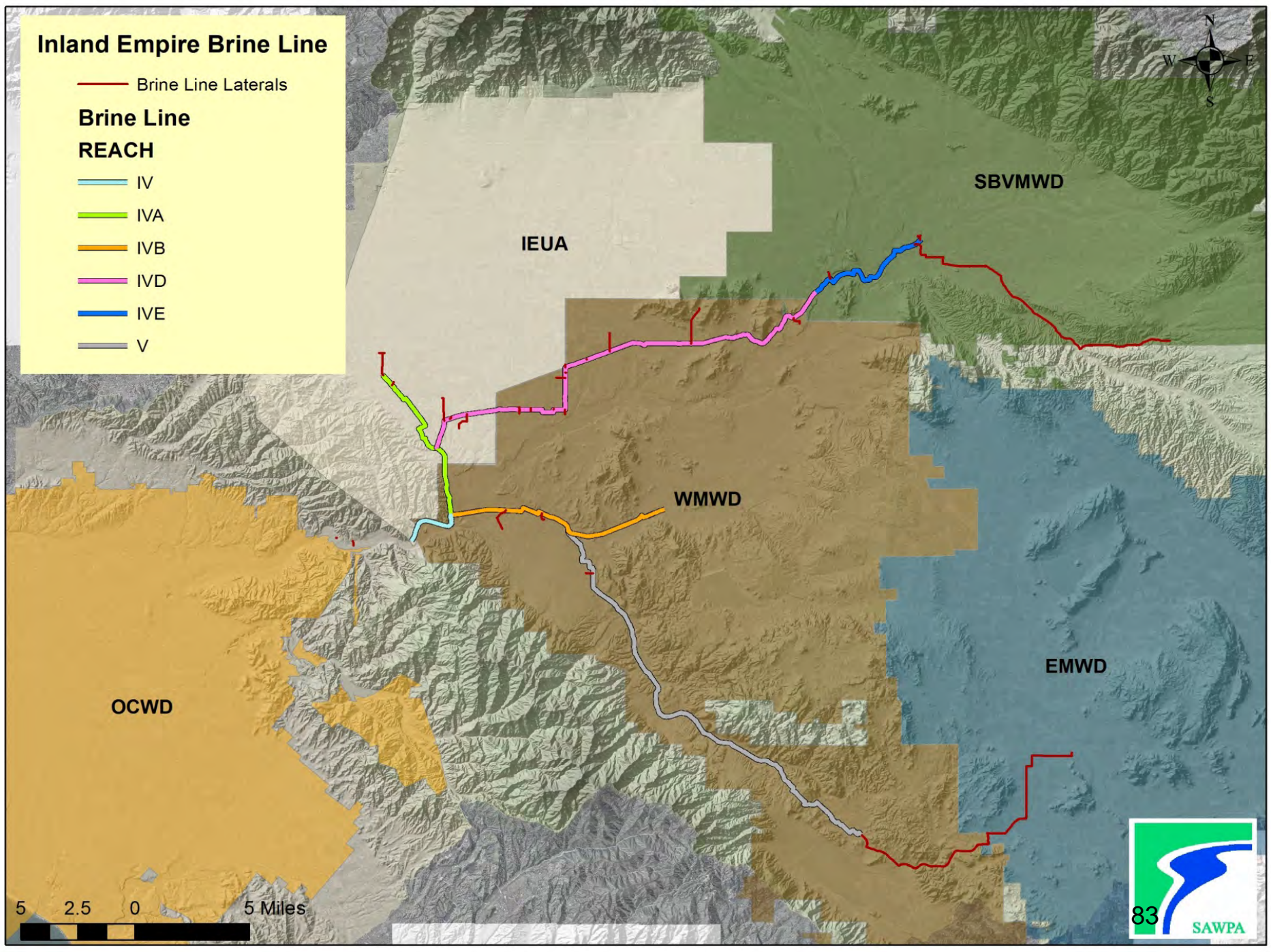
— IVA

— IVB

— IVD

— IVE

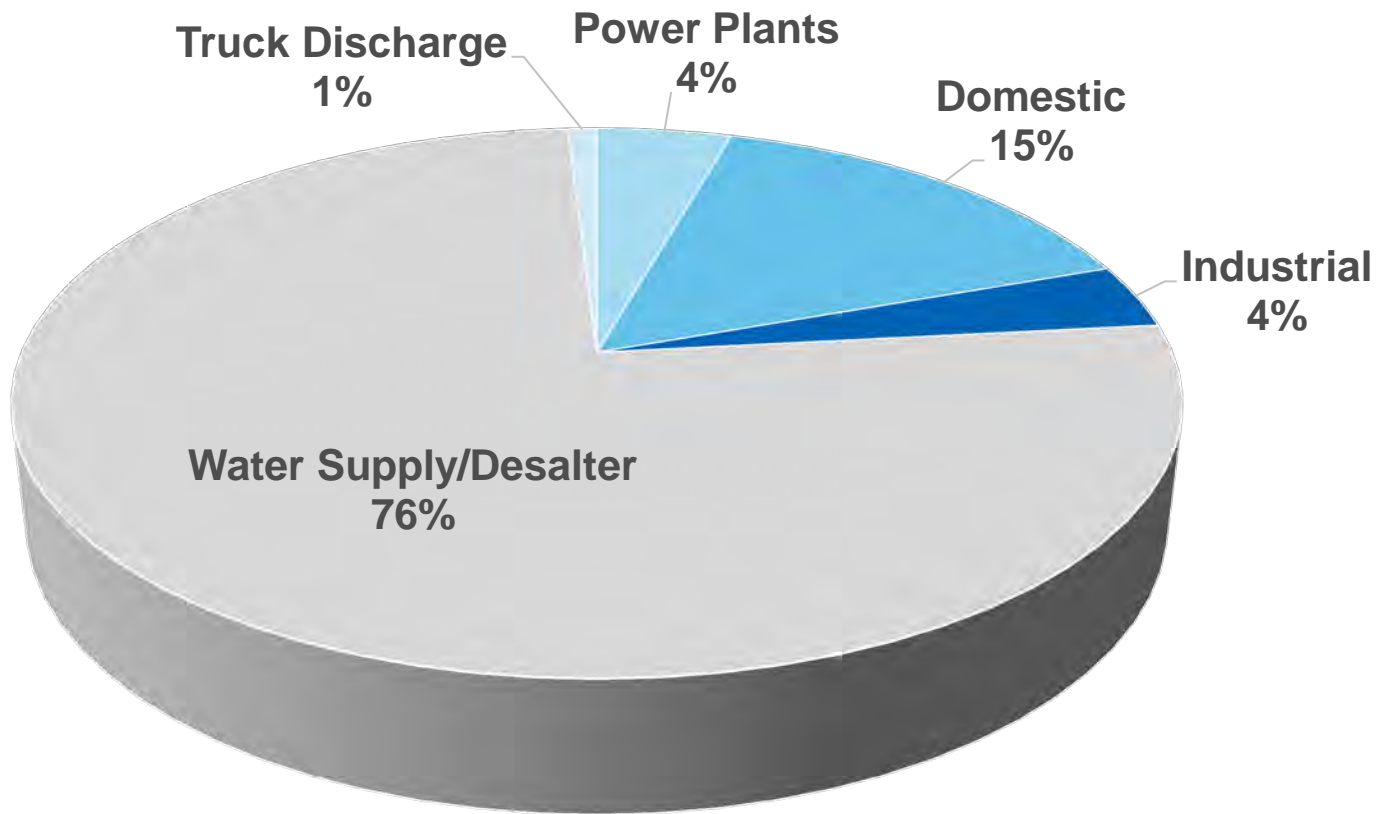
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5 2.5 0 5 Miles



Who Uses the Brine Line?



Historical Revenues & Expenses



	FYE	Revenues	Expenses	To (From) Reserves
	2016	\$9,334,243	(\$9,899,215)	(\$564,972)
	2017	11,282,402	(9,614,249)	1,668,153
	2018	10,894,643	(10,629,700)	264,943
Budget {	2019	11,090,587	(11,090,587)	0
	2020	11,532,103	(11,532,103)	0
	2021	12,401,418	(12,401,418)	0

Numbers listed above are for operating revenues and expenses and do not include non-operating/debt service

Historical Flows



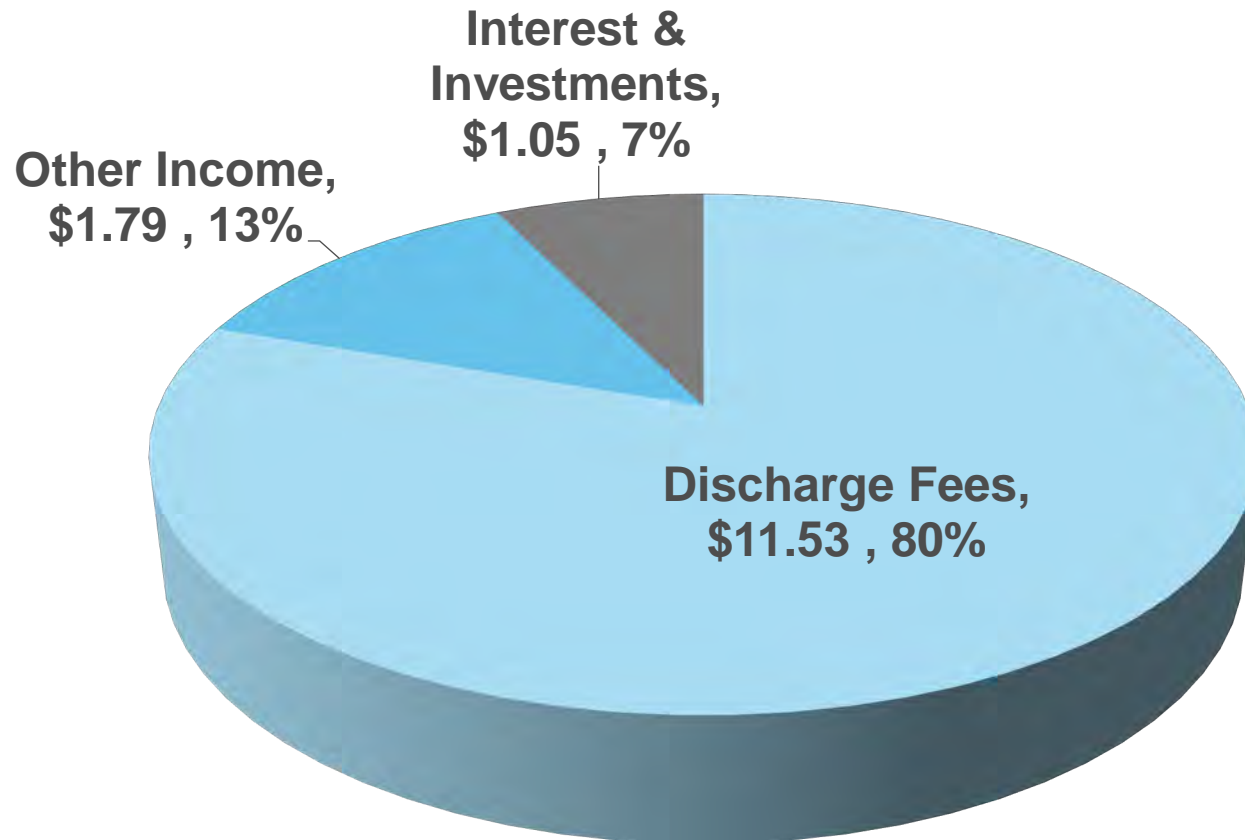
	FYE	Total Flows (MGD)
	2016	3,747
	2017	3,875
	2018	3,782
Budget {	2019	3,650
	2020	3,650
	2021	3,800

Brine Line Enterprise Revenue



FYE 2020

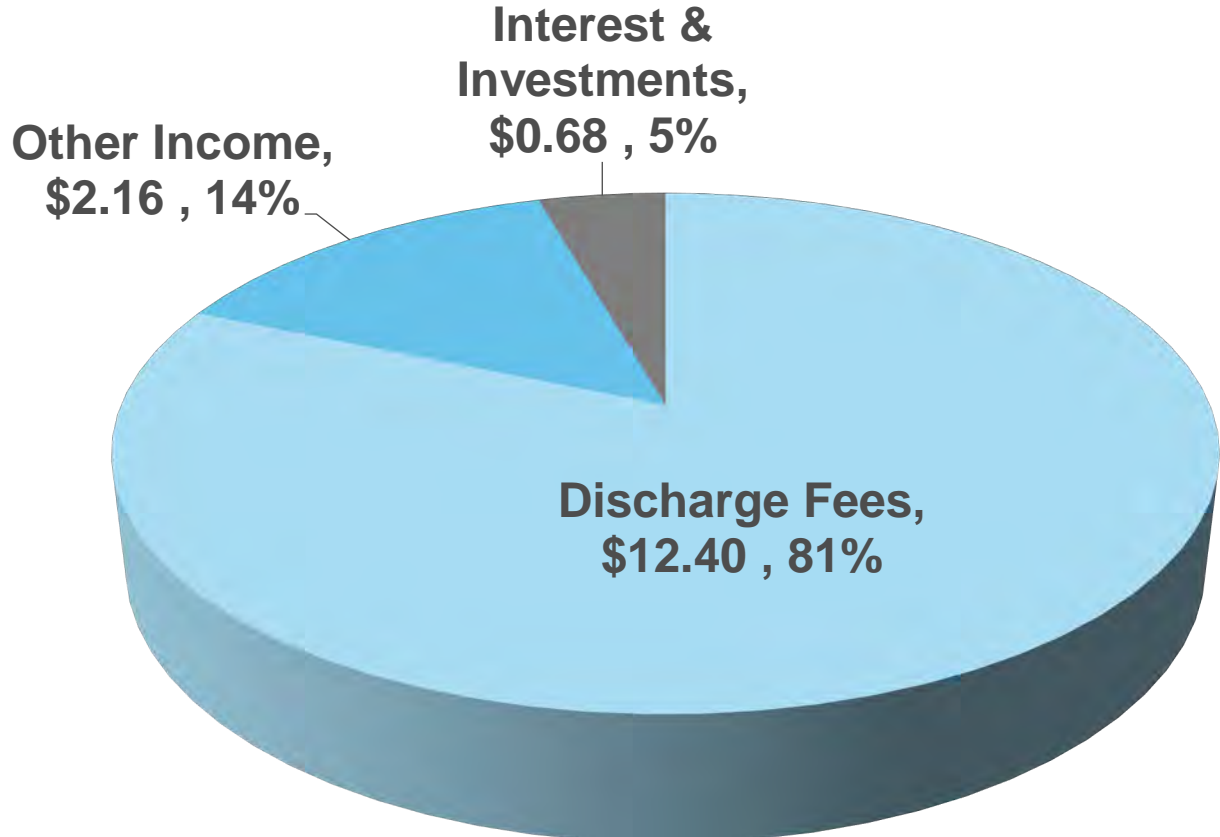
Brine Line Revenues \$14.37 Million



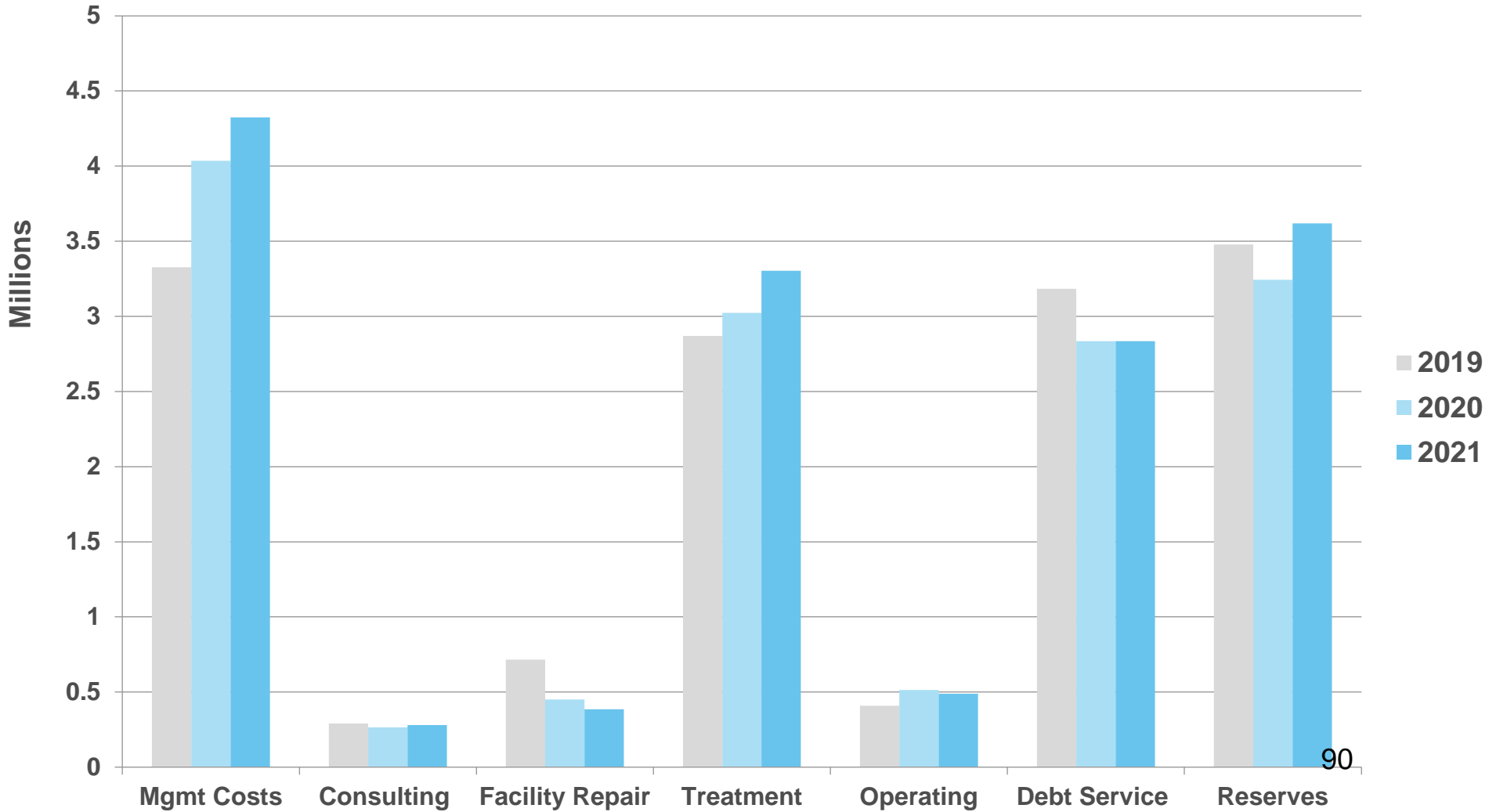
FYE 2021



Brine Line Revenues \$15.24 Million



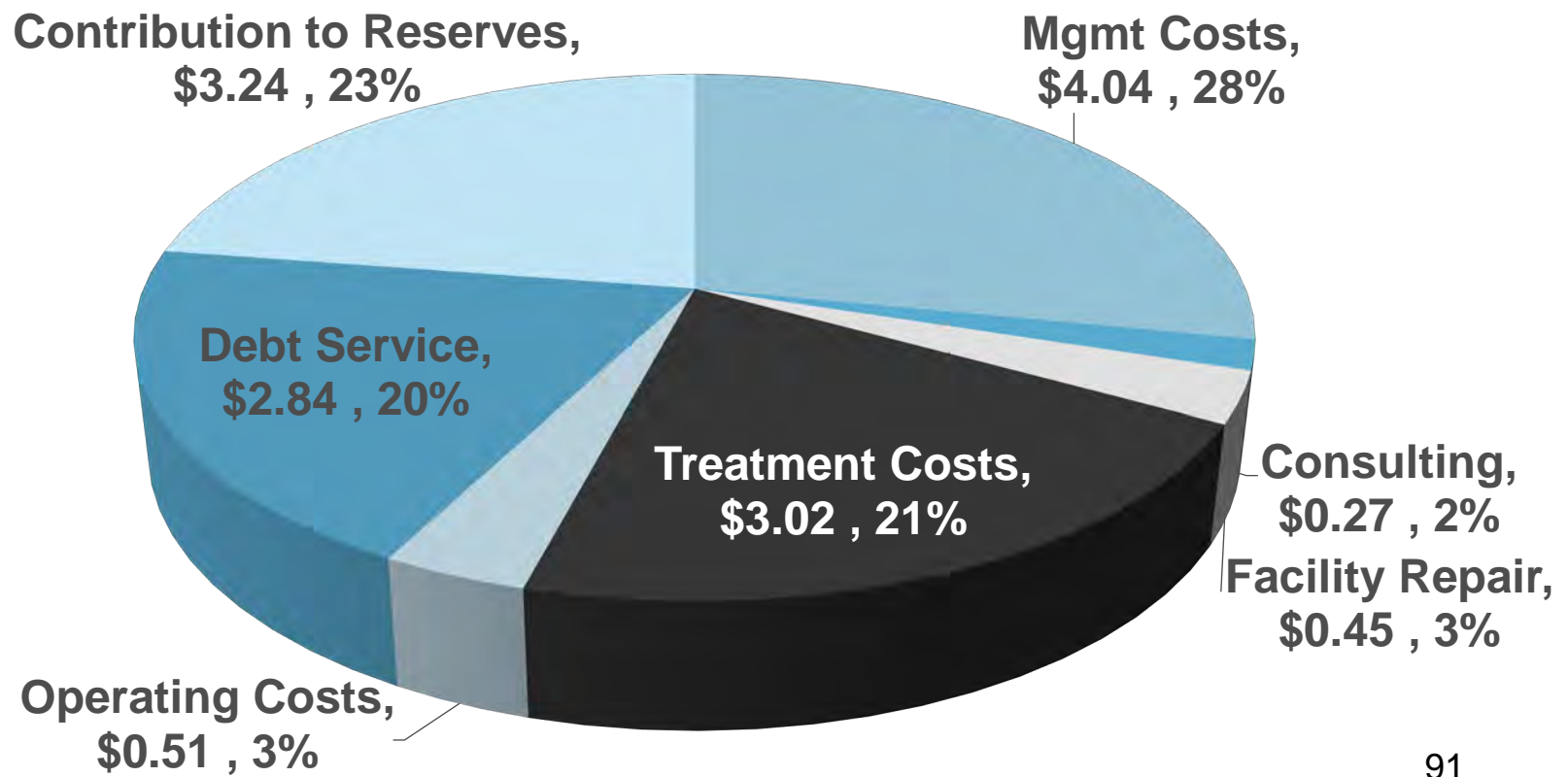
Brine Line Enterprise Expenses



FYE 2020



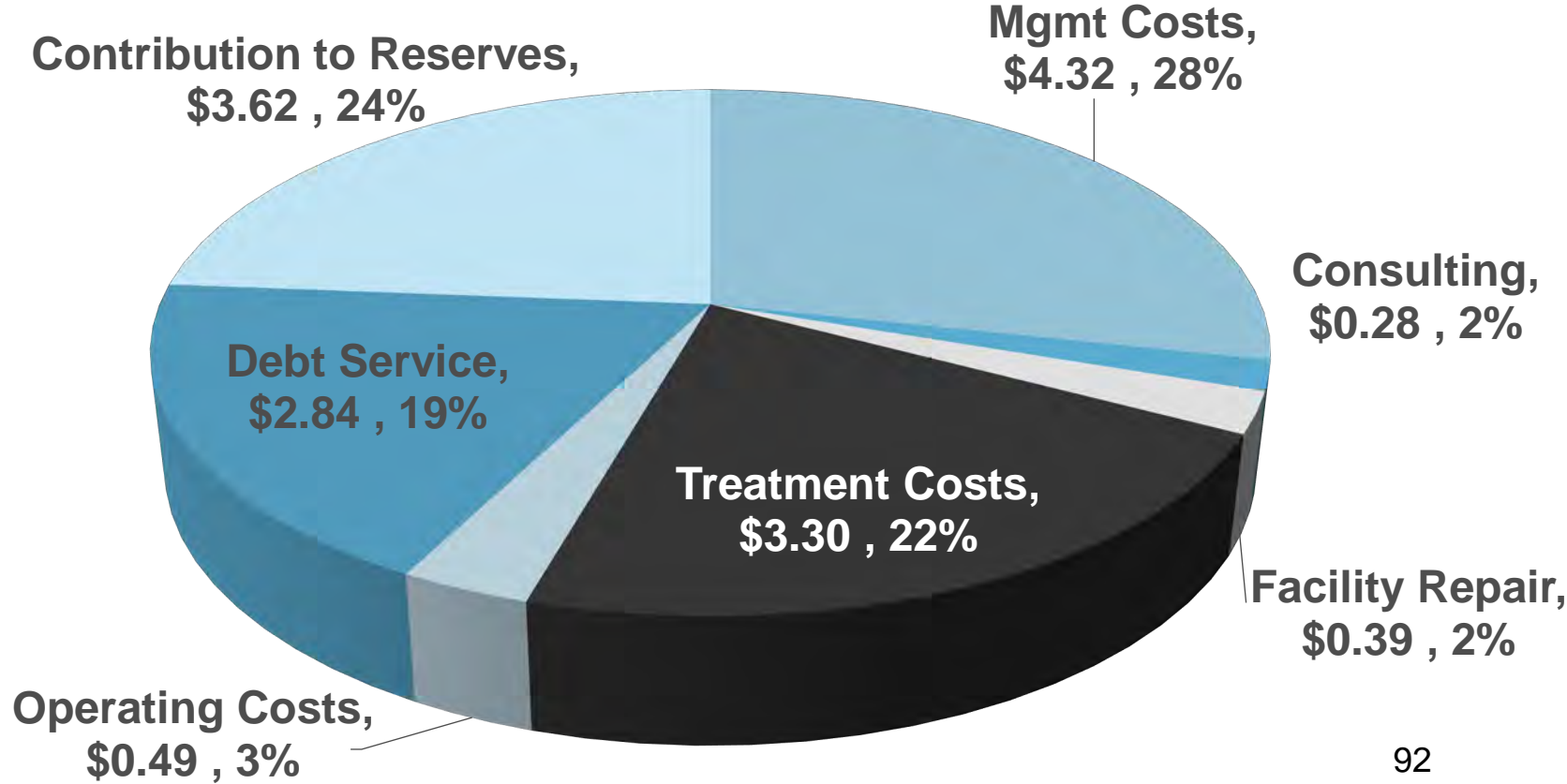
Brine Line Expenses \$14.37 Million



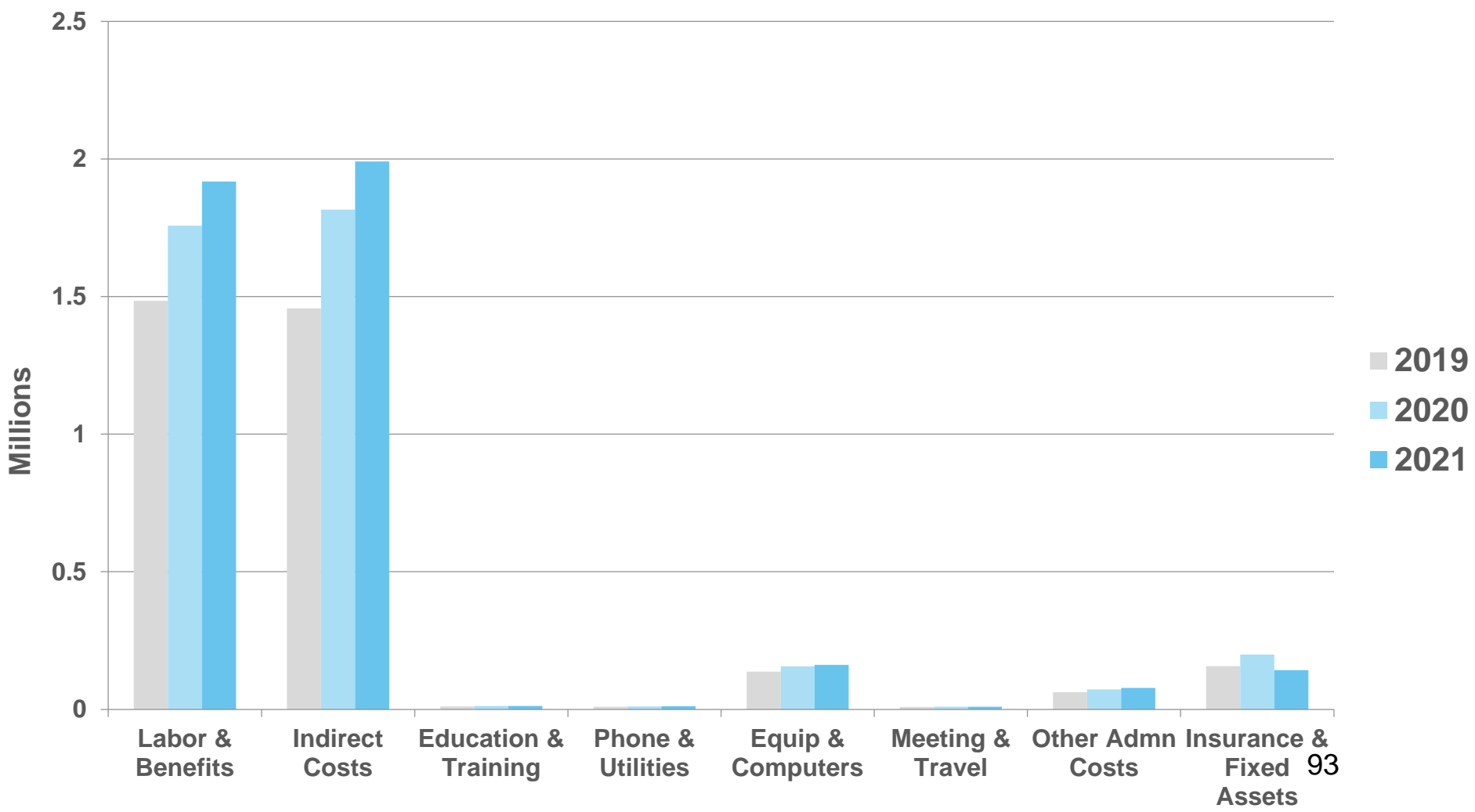
FYE 2021



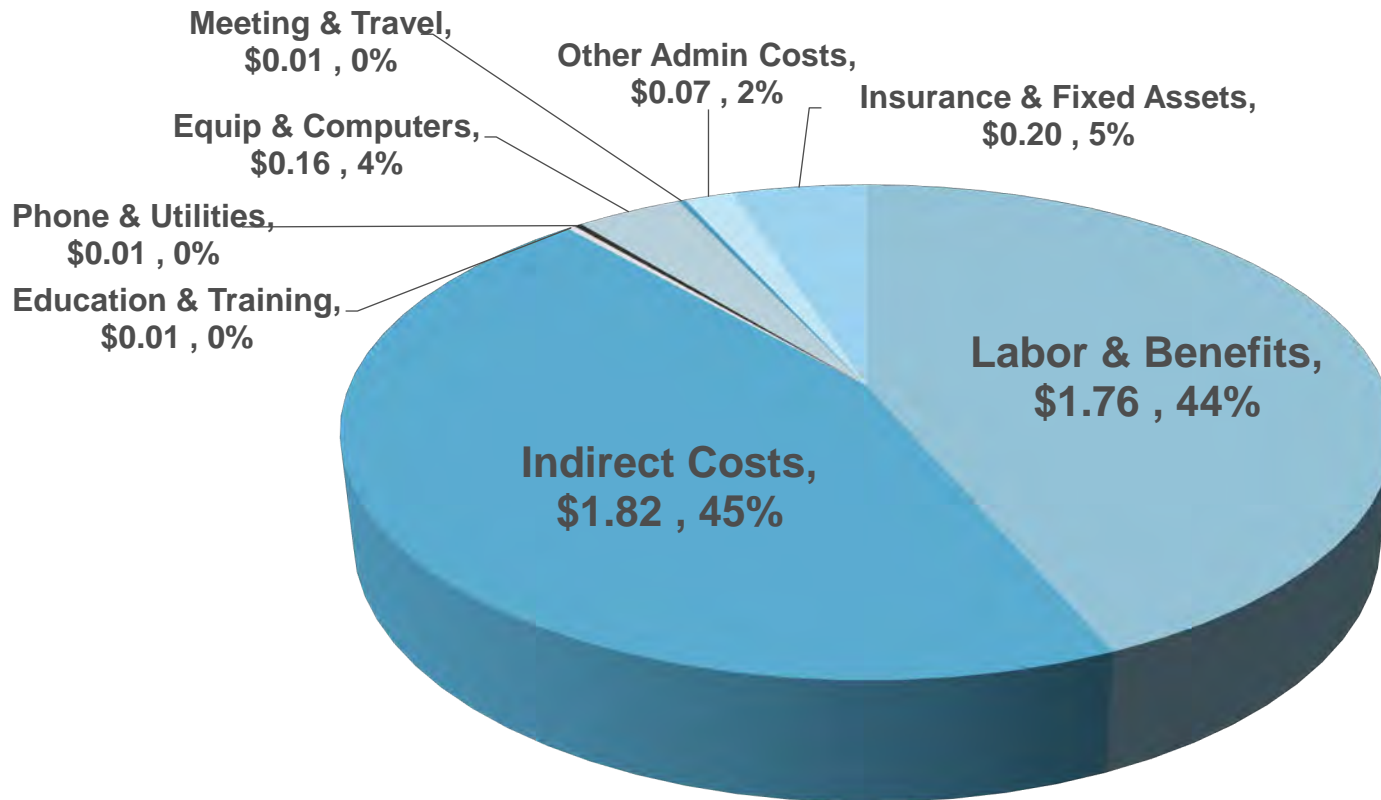
Brine Line Expenses \$15.24 Million



Management Costs

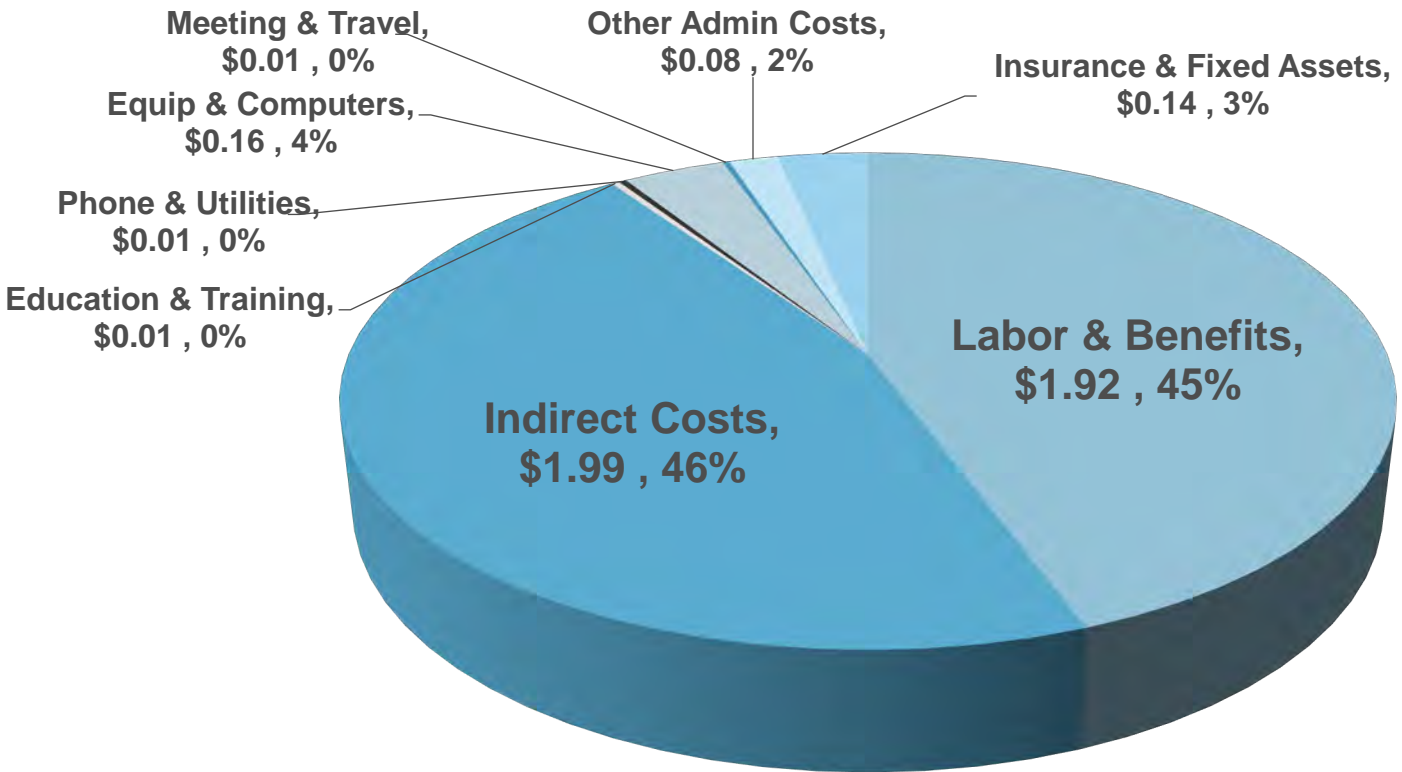


Management Costs \$4.04 Million





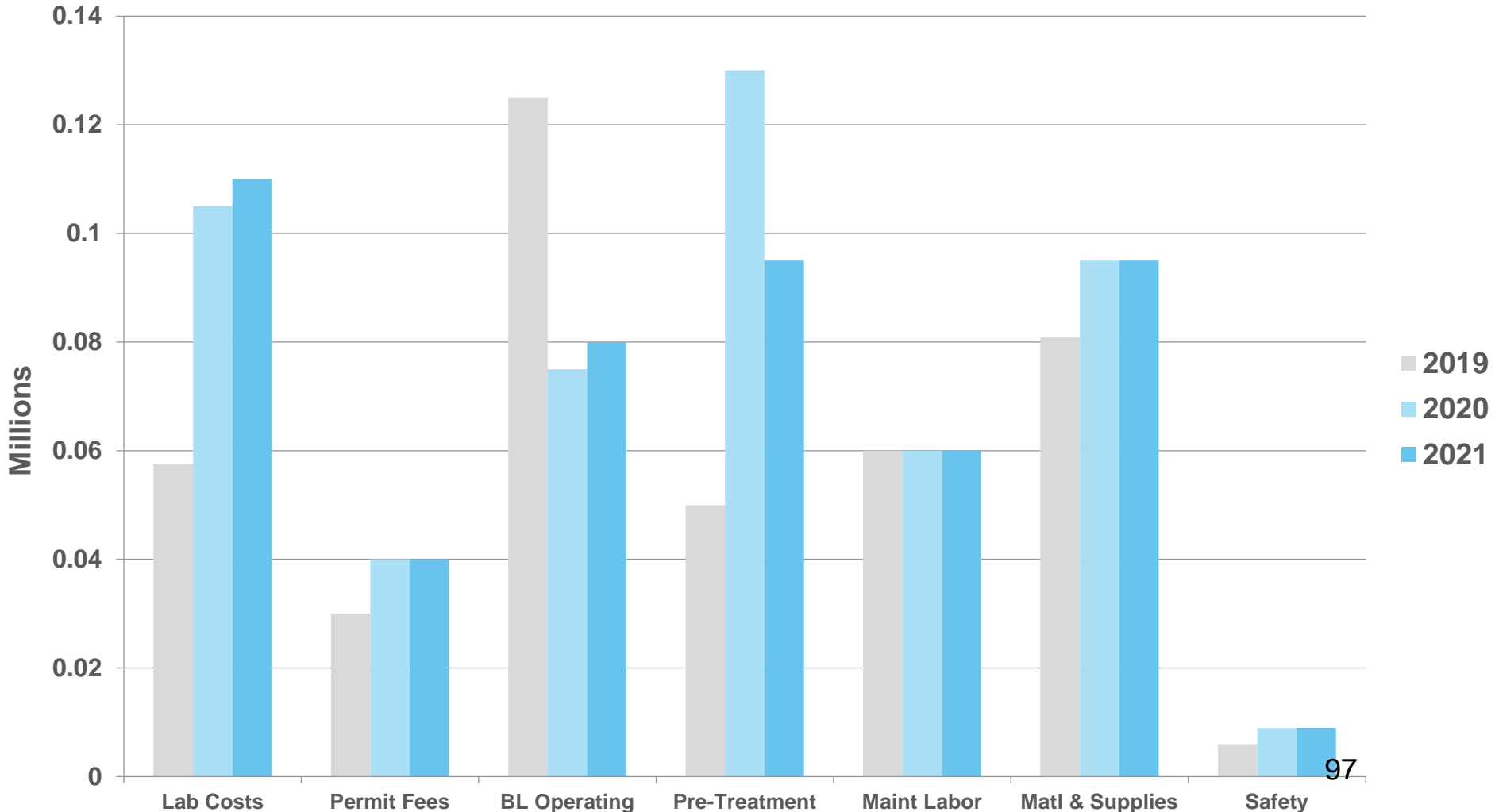
Management Costs \$4.32 Million



Fixed Asset Purchase

- FYE 2020
 - Purchase new vehicle F-250
 - Retrofit existing vehicle as dump truck
- FYE 2021
 - None

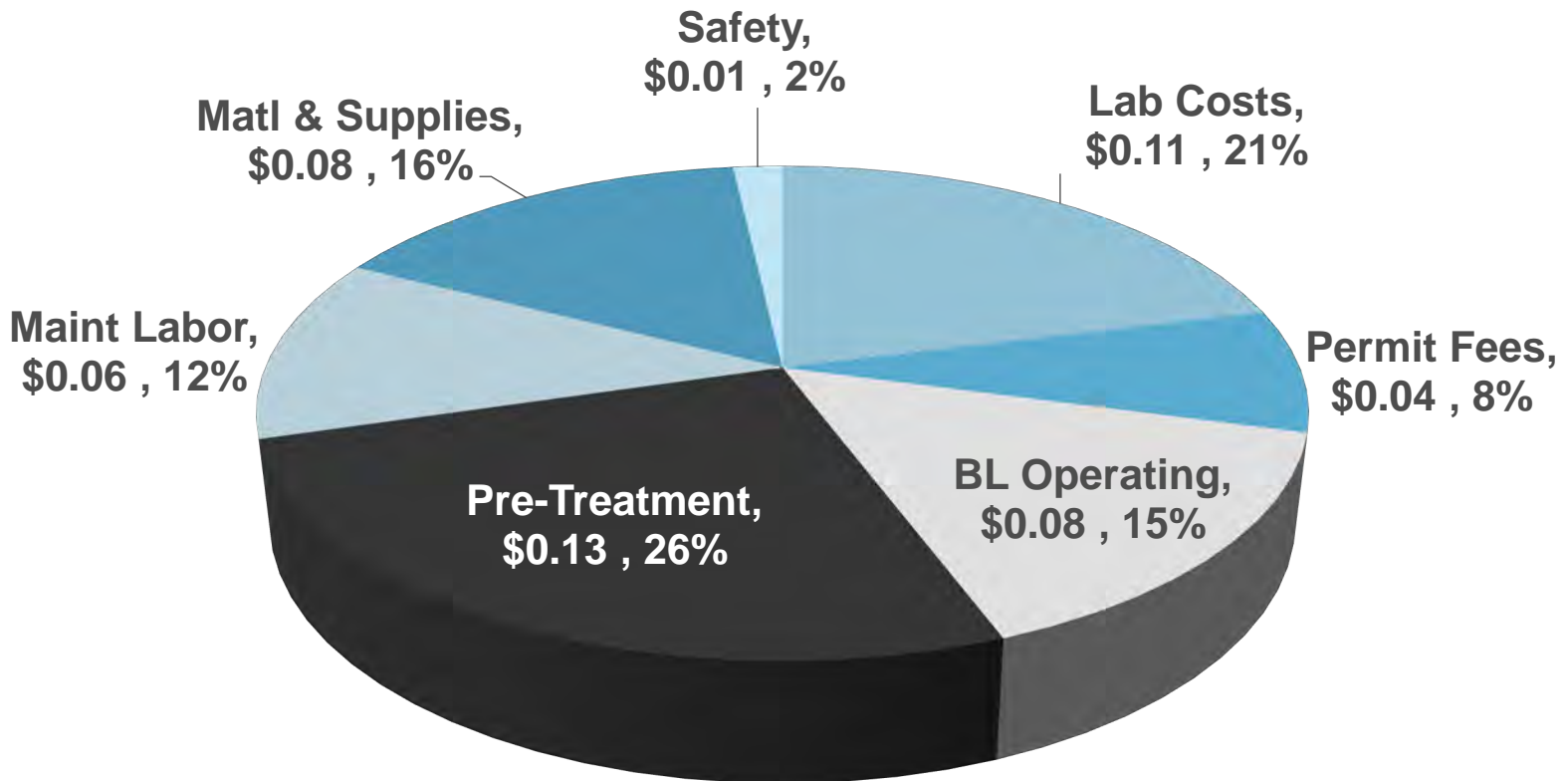
Operating Costs



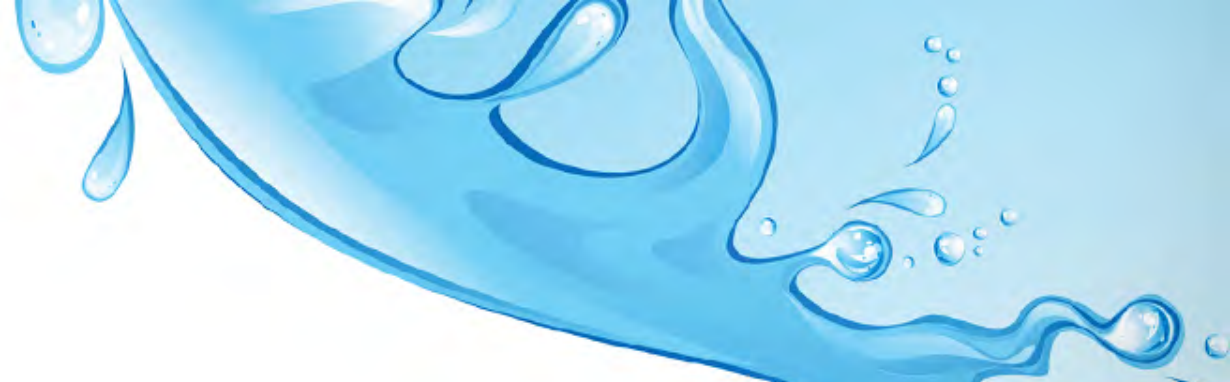
FYE 2020



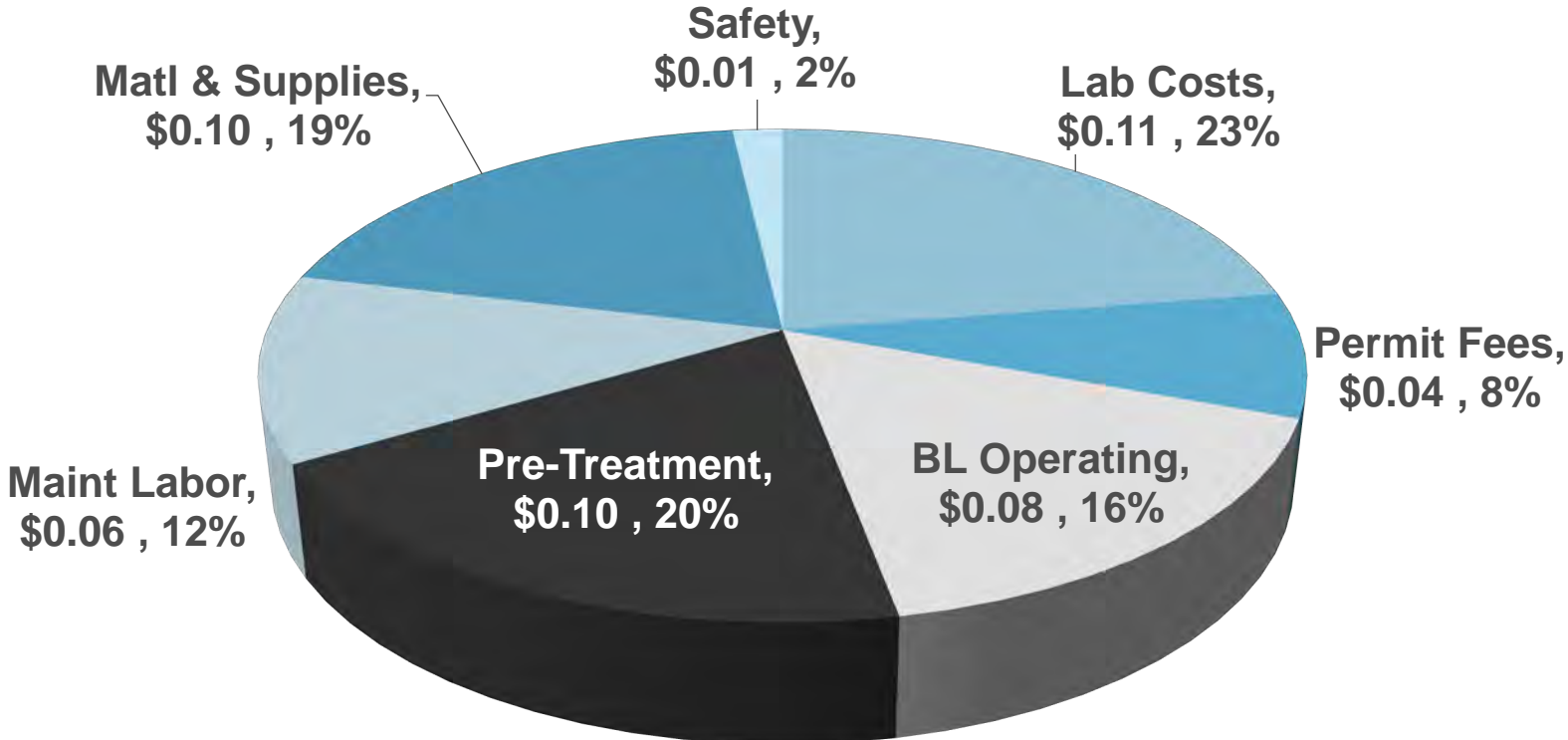
Operating Costs \$0.51 Million



FYE 2021



Operating Costs \$0.50 Million



Debt Service Payments

Debt	2019	2020	2021
Reach V Construction – SRF Loan 1 – 4	\$1,126,578	\$1,126,278	\$1,126,278
Reach IV-A & B Capital Repair – SRF Loan	1,044,273	1,044,273	1,044,273
Reach V Capital Repair – SRF Loan	656,350	664,476	664,476
OCWD Capacity Repurchase Loan	356,250	0	0
Total Debt Service Payments	\$3,183,451	\$2,835,027	\$2,835,027

Debt Service Funding



Debt	Interest Rate	Final Payment	Funding Source
Reach V Construction	2.7%	10/05/21	T-Strips/Investments
Reach IV-A & B Capital Repair	2.6%	12/29/32	Rates
Reach V Capital Repair	1.9%	03/31/48	Rates

Reserve Contributions



Fund	FYE 2019	FYE 2020	FYE 2021
Pipeline Repair/Replacement	\$1,500,000	\$1,435,478	1,810,491
Self Insurance Reserve	100,000	100,000	100,000
Debt Service Reserve	1,879,144	1,708,750	1,708,750
Total Contribution to Reserves	\$3,479,144	\$3,244,228	\$3,619,241

Proposed Brine Line Rates

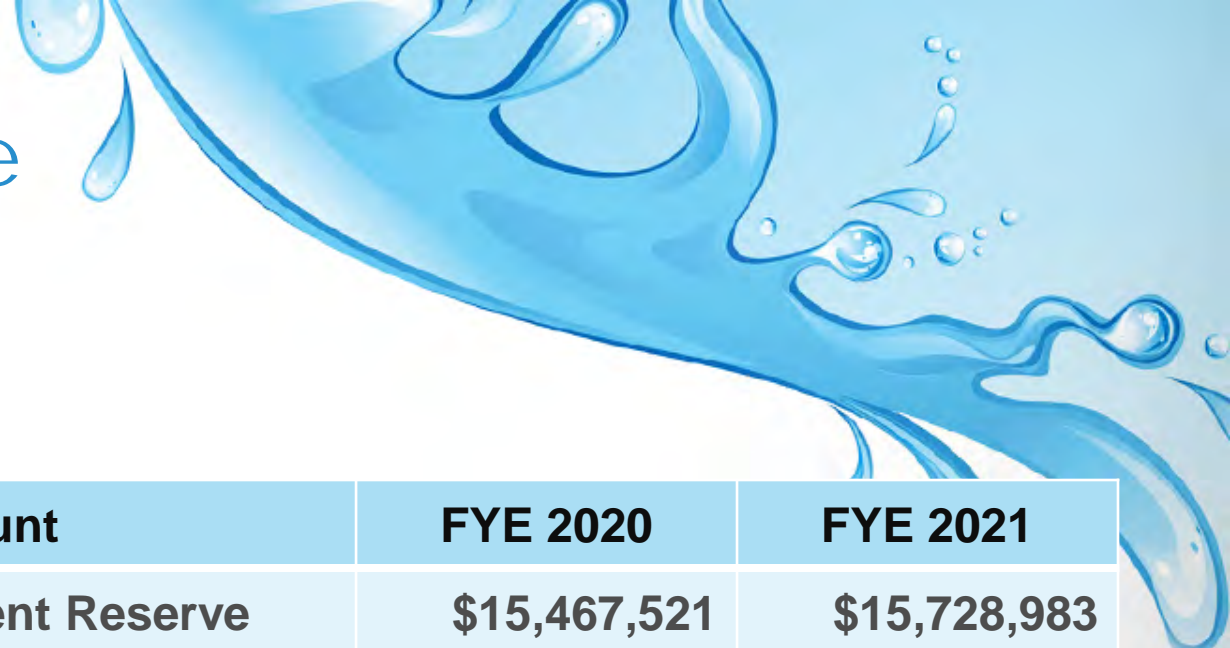


Component	Actual FYE 2019	FYE 2020	FYE 2021
Flow	\$946	\$979	\$1,018
BOD (per 1,000 lbs.)	\$307	\$316	\$329
TSS (per 1,000 lbs.)	\$429	\$442	\$460
Fixed Pipeline	\$6,217	\$6,398	\$6,654
Fixed Treatment	\$12,607	\$12,985	\$13,505

3%

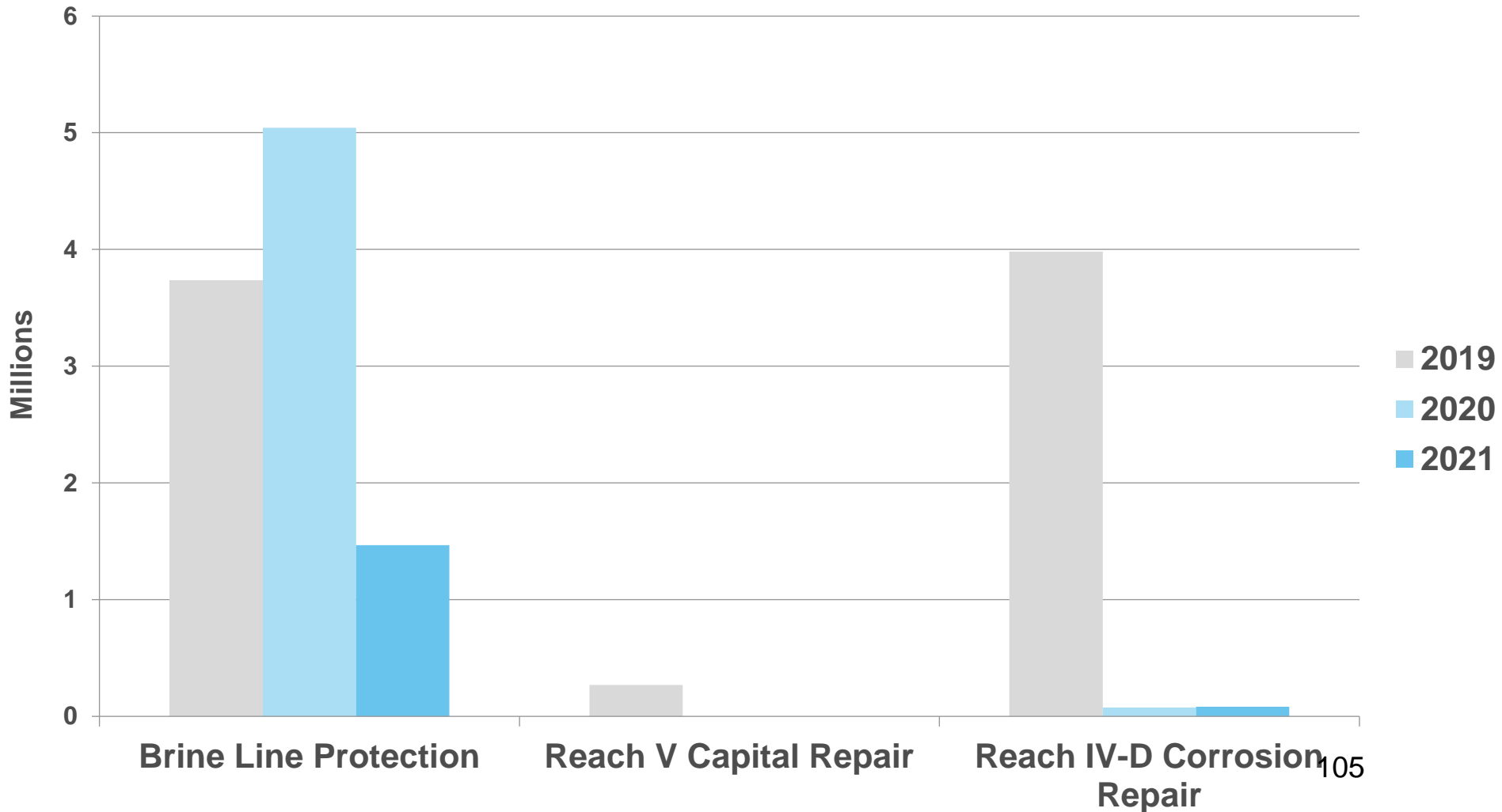
4%

Reserve Balance (EOY)



Reserve Account	FYE 2020	FYE 2021
Pipeline Repair/Replacement Reserve	\$15,467,521	\$15,728,983
OCSD Rehabilitation Reserve	3,591,892	3,591,892
OCSD Future Capacity Reserve	1,761,077	1,761,077
Self-Insurance Reserve	4,224,343	4,324,343
Flow Imbalance Reserve	85,103	85,103
Debt Service Reserve	3,928,308	3,417,032
Capacity Management Reserve	11,502,545	11,502,545
Operating Reserve	3,133,547	3,133,547
Total Reserves	\$43,694,336	\$43,544,522

Capital Improvement Projects



Capital Project Funding – Use of Reserves



Project	FYE 2019	FYE 2020	FYE 2021
Brine Line Protection	\$3,736,548	\$5,041,923	\$1,466,878
Reach V Capital Repairs	269,167	0	0
Reach IV-D Corrosion Repairs	980,317	76,211	82,151
Total	\$4,986,032	\$5,118,134	\$1,549,029

FYE 2019 Budget also includes \$3 million in SRF Loans for Reach IV-D Corrosion Repairs

Capital Projects



- Fund 320 Brine Line Protection
 - OCSD Rock Removal Project
 - Protection from stormwater/erosion
 - Reach IV-D MAS modifications
 - Alcoa Dike protection/relocation
- Fund 327 Reach IV-D Corrosion Repair
 - Evaluation of pipeline corrosion



Questions?

PA 24 COMMITTEE MEMORANDUM NO. 2020.9

DATE: May 5, 2020

TO: Project Agreement 24 Committee
(Inland Empire Brine Line)

SUBJECT: Brine Line Ordinance Revisions and Release for Public Review Update

PREPARED BY: Lucas Gilbert, Manager of Permitting and Pretreatment

RECOMMENDATION

That the Project Agreement 24 Committee receive and file this update of the ongoing SAWPA Ordinance Revisions and Release for Public Review.

DISCUSSION

Orange County Sanitation District (OCSD) has completed the process of updating and revising their Sewer User Ordinance, Ordinance OCSD-53. As Delegated Control Authority to OCSD SAWPA is required to update their Ordinance to include relevant OCSD revisions. SAWPA has developed draft Ordinance No. 9, which has been revised to incorporate the updates within the new OCSD Ordinance. The proposed updates include a new prohibition on hydrolysate, a new prohibition on discharge via non-domestic surface or floor drains, and clarification of existing language for facility reports of changed conditions and notifications for sale of change of ownership. Additionally, SAWPA has proposed additional revisions to update the definition of an Industrial User to standardize it with the OCSD definition. Furthermore, SAWPA has proposed creation of a new classification of Non-Industrial User for Brine Line dischargers that do not meet the definition of an Industrial User. SAWPA has also created a new authorization process, a Connection Permit, that will allow greater flexibility in managing infrequent discharges to the Brine Line.

SAWPA submitted the draft Ordinance to OCSD for their final review and concurrence on April 14, 2020 and are anticipating no further comments. Following final concurrence from OCSD SAWPA would then continue with the Ordinance adoption process by releasing of the document for public review on May 18, 2020. Forty-five (45) days after the Public Review period has ended the Ordinance would be brought for a public hearing and then possible adoption by the Commission at the July 7, 2020 Commission Meeting. During this Forty-five (45) Public Review Period SAWPA would conduct a workshop with Brine Line dischargers to provide education on the proposed revisions to the Ordinance and answer any questions.

CRITICAL SUCCESS FACTORS

Critical Success Factor 8. Operate the Brine Line to: (1) protect the OCSD treatment plant and the environment from non-compliant dischargers, and (2) eliminate any uncontrolled pipeline releases.

RESOURCE IMPACTS

Work on the Inland Empire Brine Line Pretreatment Program is funded from Fund 240.

Attachments:

1. PowerPoint Presentation

INLAND EMPIRE BRINE LINE UPDATE ON ORDINANCE REVISIONS AND RELEASE FOR PUBLIC REVIEW

Lucas Gilbert, Manager of Permitting and Pretreatment
Project Agreement 24 Committee
May 5, 2020 | Item 5.B.



Background

- Orange County Sanitation District has completed the process of updating and revising their Sewer Use Ordinance.
- SAWPA is required to update their Ordinance to include the relevant OCSD revisions.

Proposed Ordinance Updates - OCSD

Issue	Change/Amendment
Prohibition on Hydrolysate:	Prohibits the direct or indirect of receipt of Hydrolysate or wastes and wastewater resulting from Hydrolysis into the Brine Line.
Prohibition on Non-Domestic Surface and Floor Drains:	Prohibits discharge of non-domestic water via a surface or floor drain directly or indirectly to the Brine Line. (For purpose of limiting stormwater discharge to the Brine Line.)
Reports of Changed Conditions:	Each User must notify the General Manager's designee 30 calendar days in advance.
Sale or Change of Ownership:	The successor owner shall apply for a new permit 30 calendar days in advance. This was previously 15 days in advance.

Proposed Ordinance Updates - SAWPA

Issue	Change/Amendment
Industrial User Definition:	Definition has been revised to standardize it with the OCSD definition.
Non-Industrial User Definition:	Creation of a new classification of User for Brine Line dischargers that do not meet the definition of Industrial User.
Connection Permit Definition:	Creation of new Brine Line connection authorization to allow for greater flexibility in controlling infrequent discharges to the Brine Line, such as the current “emergency” permittees.

SAWPA Timetable

Date	Milestone	
September 19, 2019	SAWPA Internal Draft to Member and Contract Agencies for review at PPWM (2 weeks)	✓
October 3, 2019	Agency Review Complete	✓
October 17, 2019	Resolution of conflicting Agency comments, Draft 2	✓
October 17, 2019	Submit Draft 2 to OCSD for review	✓
March 27, 2020	OCSD Review complete	✓
April 14, 2020	Resolution of OCSD comments, Draft 3	✓
April 14, 2020	Submit Draft 3 to OCSD for review	✓
	OCSD Concurrence on Draft 3	
May 18, 2020	Release draft Ordinance for public review	
Prior to Public Hearing	Workshop with dischargers	
July 7, 2020	Public Hearing before Commission, possible adoption	

Questions


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**Santa Ana Watershed Project Authority
PA24 - Brine Line - Financial Report
February 2020**

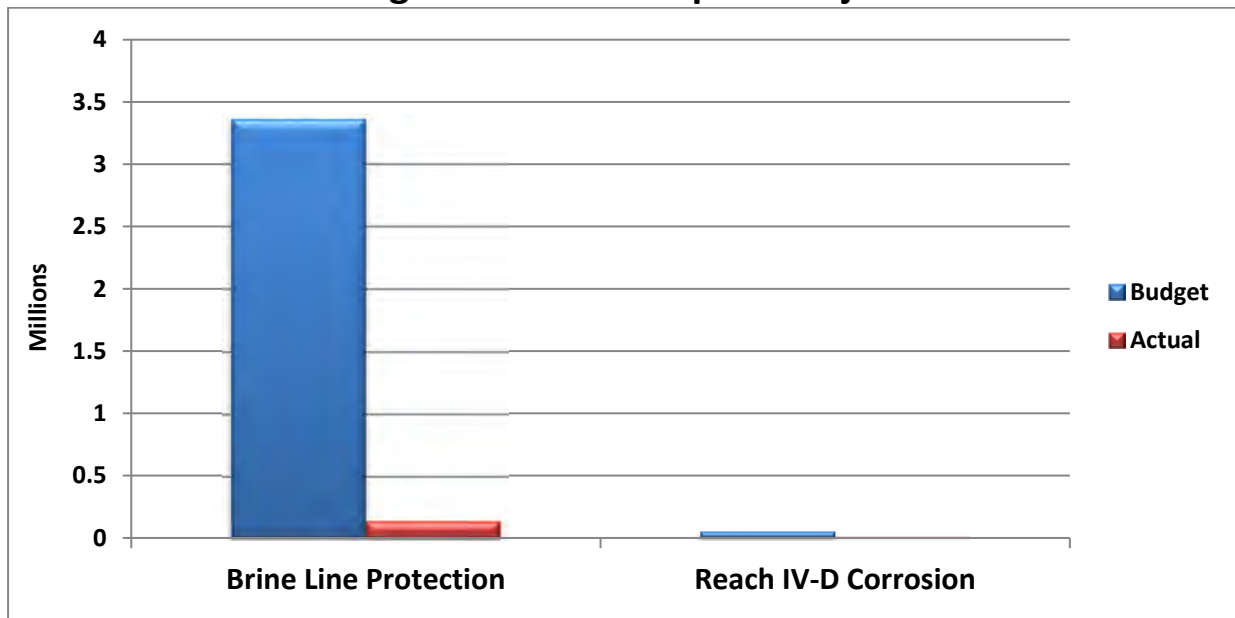
Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the Brine Line’s key financial indicators for the Fiscal Year-to-Date (FYTD) through February 2020 unless otherwise noted.
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Brine Line - Capital Projects

Budget to Actual – Capital Projects				Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Brine Line Protection	\$5,041,923	\$3,361,282	\$143,218	\$3,218,064
Reach IV-D Corrosion	76,211	50,807	10,082	40,725
Total Capital Costs	\$5,118,134	\$3,412,089	\$153,300	\$3,258,789

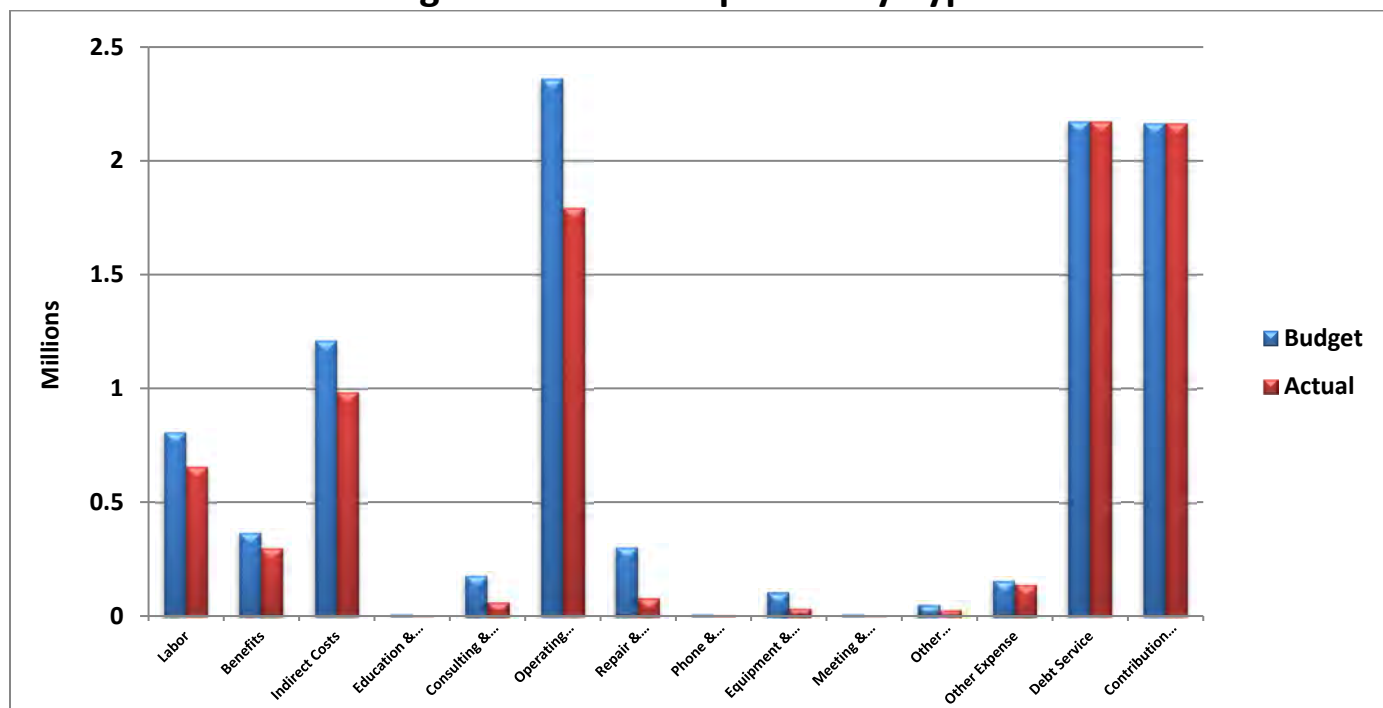
Budget to Actual - Capital Projects



Brine Line – Operating

Budget to Actual - Expenses by Type				 Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Labor	\$1,206,933	\$804,622	\$654,429	\$150,193
Benefits	550,510	367,007	298,419	68,588
Indirect Costs	1,816,182	1,210,788	984,915	225,873
Education & Training	12,000	8,000	1,892	6,108
Consulting & Prof Svcs	265,000	176,667	63,909	112,758
Operating Costs	3,537,600	2,358,400	1,791,833	566,567
Repair & Maintenance	450,000	300,000	81,664	218,336
Phone & Utilities	11,000	7,333	4,977	2,356
Equip & Computers	156,500	104,333	35,718	68,615
Meeting & Travel	10,000	6,667	1,938	4,729
Other Admin Costs	72,900	48,600	27,174	21,426
Other Expense	199,250	152,833	136,788	16,045
Debt Service	2,835,027	2,170,850	2,170,551	299
Contribution to Reserves	3,244,227	2,162,819	2,162,819	-
Total	\$14,367,130	\$9,878,919	\$8,417,026	\$1,461,893

Budget to Actual - Expenses by Type



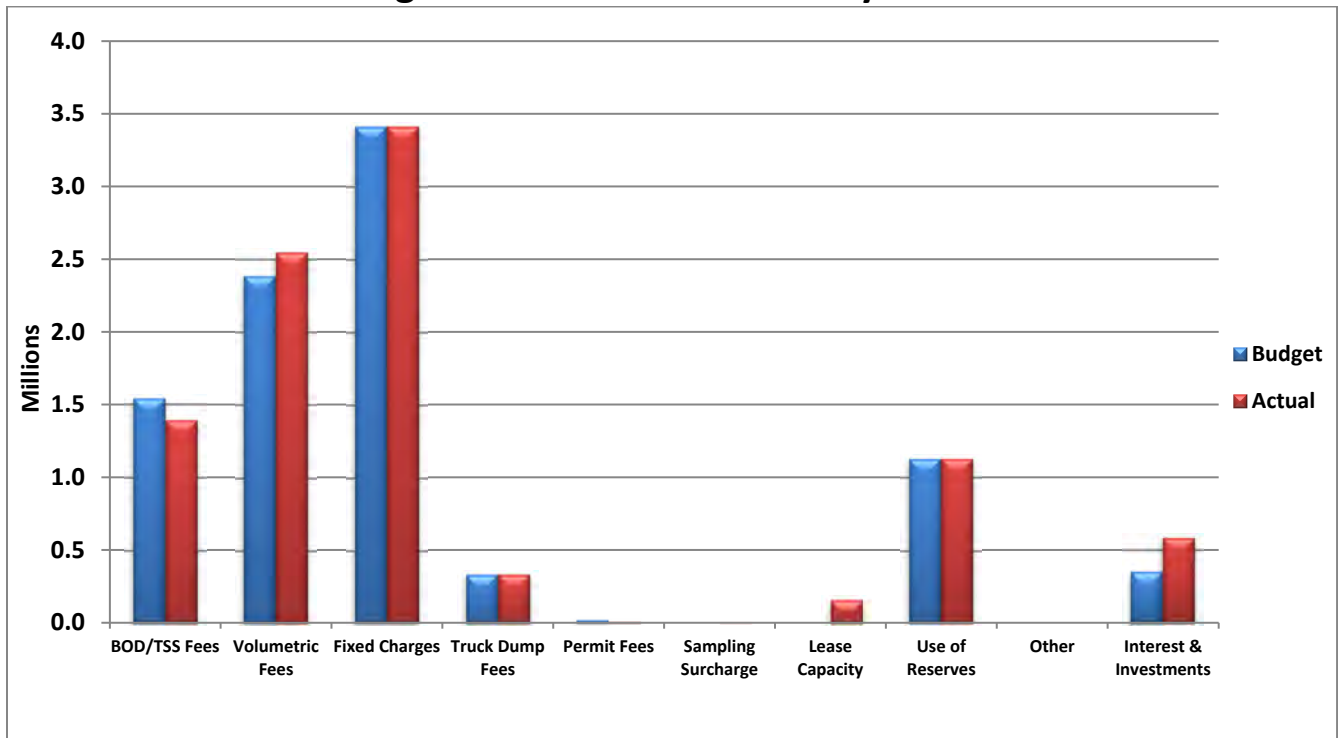
Budget to Actual - Revenues by Source



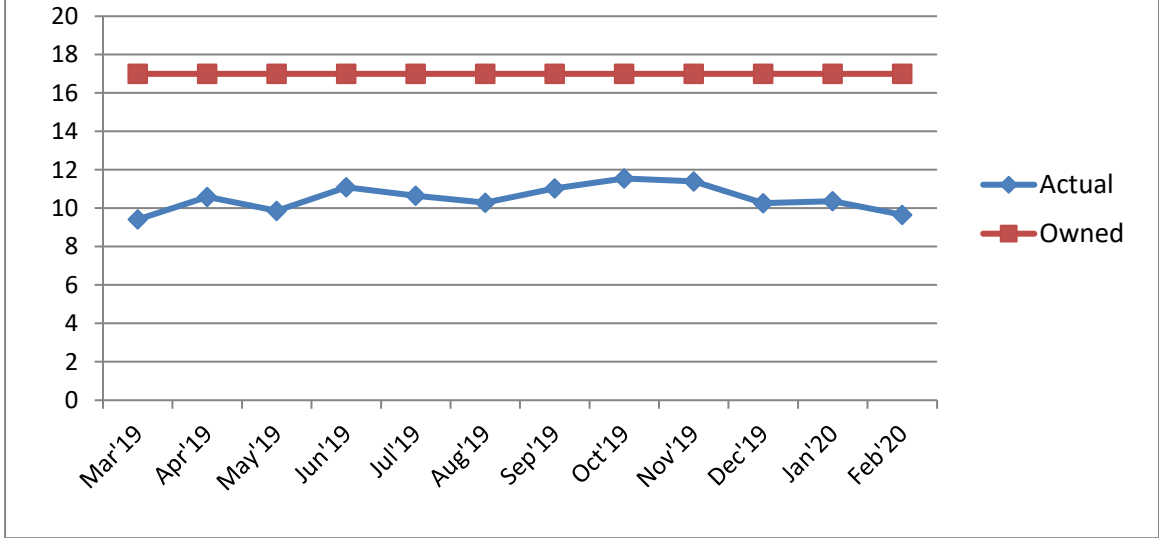
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
BOD/TSS Fees	\$2,308,200	\$1,538,800	\$1,391,311	(\$147,489)
Volumetric Fees	3,573,350	2,382,233	2,546,272	164,039
Fixed Charges	5,118,528	3,412,352	3,412,352	-
Truck Dump Fees	496,000	330,667	332,284	1,617
Permit Fees	36,025	24,017	9,100	(14,917)
Sampling Surcharge	-	-	3,214	3,214
Lease Capacity Revenue	-	-	153,908	153,908
Use of Reserves	1,790,027	1,125,850	1,125,850	-
Other Revenue	-	-	300	300
Interest & Investments	1,045,000	350,000	580,289	230,289
Total	\$14,367,130	\$9,163,919	\$9,554,880	\$390,961

Budget to Actual - Revenues by Source



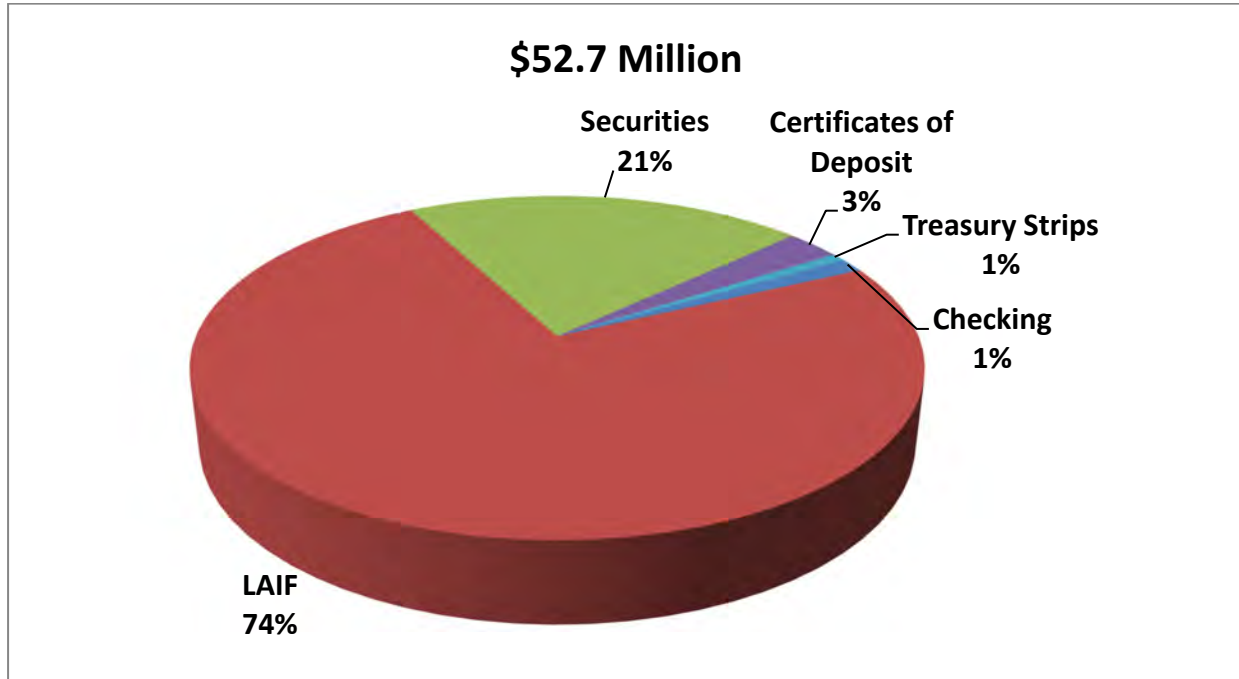
Average Daily Flow by Month



Total Discharge by Agency (in million gallons)

Discharger	Jul '19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Total
Chino Desalter Authority	76.3642	81.0245	108.2049	125.7369	130.5940	123.9218	116.1585	100.4608	862.4657
Eastern Municipal Water District	70.8916	70.0966	71.9713	76.8378	73.3792	56.0144	46.6572	47.2998	513.1479
Inland Empire Utilities Agency	17.6180	17.8426	16.2993	18.5452	20.3483	18.4636	17.4426	16.6445	143.2041
San Bernardino Valley MWD	26.1114	25.6140	24.3135	25.5259	25.5015	26.0097	21.5742	20.8120	195.4622
Western Municipal Water District	125.6778	111.3223	118.5591	108.7548	112.5143	91.3404	96.4909	111.7791	876.4387
Truck Discharge	2.7080	2.6838	2.6175	2.7303	2.2921	2.2833	2.2697	2.2414	19.8261
Total	319.3710	308.5838	341.9656	358.1309	364.6294	318.0332	300.5931	299.2377	2,610.5447





Total Cash & Investments - February



Reserve Fund Balance – February

	Amount
Self Insurance	\$4,303,447
Debt Retirement	3,840,117
Pipeline Replacement	22,047,109
OCS D Rehabilitation	3,690,111
Capacity Management	11,817,079
Future Capacity	1,809,234
Rate Stabilization	1,013,845
Flow Imbalance	87,444
Brine Line Operating	4,078,721
Total Reserves	\$52,687,107

Legend

<u>Compared to Budget</u>		
	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

- 1) Capital Projects are 96% below budget. While the OCSD Rock Removal Project is almost complete, we have not received invoices from OCSD. It is anticipated that all projects will be on track with the budget at the end of the fiscal year.