



AGENDA

REGULAR STUDY SESSION November 2, 2022 9:00 AM

DIRECTORS PRESENT: Burke ☐ Edmondson ☐ Morris ☐ Ryan ☐ Williams ☐

PUBLIC COMMENTS

Members of the public may make comments in-person, virtually, or submit a Public Comment Request Form located at <https://www.evmwd.com/evmwd-publiccomment>, no less than one hour prior to the posted start time of the meeting. Comments shall be made in an orderly manner and profanity, slanderous, or abusive language will not be tolerated. Please note, individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the presiding officer.

DISCUSSION ITEMS

1. Introduction of New and Promoted Employees
2. 2021-2022 Federal and State Legislative Recap
3. Horsethief CFD 2020-1 Improvement Area No. 1B Amendments
4. Change Order No. 1 to the Contract with CDM Constructors Inc. for the Horsethief Canyon Water Reclamation Facility Design-Build Rehabilitation and Expansion Project
5. Amendment to Authorized Position Listing - Facilities Maintenance
6. Best Management Practices
7. Project Updates/Change Orders
8. Board Committee Updates
9. Other
10. Adjournment

To request a disability-related modification or accommodation regarding agendas or attendance, contact Terese Quintanar, at (951)674-3146, extension 8223 at least 48 hours before the meeting.



In the interest of public health and safety, this meeting will be conducted in accordance with provisions of the Brown Act and Assembly Bill 361. Participants who would like to join this meeting remotely can do so in one of the following ways:

For Online Participation:

Go to: www.zoom.us/join
Enter Meeting ID: 889 4920 5261
Meeting Password: 92530

For Call-in Only:

Call: (720) 707 2699
Enter Meeting ID: 889 4920 5261
Meeting Password: 92530

Introduction of New and Promoted Employees (Human Resources)

New Employees:

Beatriz Cornejo – Community Affairs Specialist – start date, 10/10/2022

Sal Medina - Field Maintenance Worker I-CM – start date, 10/10/2022

Paul Christensen – Mechanical Technician I – start date, 10/10/2022

John Durmanich – Collection Systems Maintenance Worker I – start date, 10/10/2022



STUDY SESSION
DISCUSSION OUTLINE

Date: November 2, 2022
Originator: Greg Morrison- Administration
Subject: 2021-2022 FEDERAL AND STATE LEGISLATIVE RECAP

STRATEGIC GOAL

Build Recognized Value
Elevate Communications
Expand Collaboration, Innovation and Relationships

BACKGROUND AND RECOMMENDATION

Don Polese will provide a congressional session recap and provide some perspective on the mid-term elections and what we might expect during a lame duck session. Mr. Polese will participate via video conference.

Bob Reeb will provide a thorough legislative recap of the final year of the two-year California legislative cycle. Mr. Reeb will participate via video conference.

ENVIRONMENTAL WORK STATUS

Not Applicable

FISCAL IMPACT

Not Applicable

Attachments:

Vectis Memorandum
Reeb Memorandum

Memorandum

October 14, 2022

To: Elsinore Valley Municipal Water District Board of Directors

Cc: Greg Morrison

Fm: Don Polese, Managing Partner

Re: Washington, DC Update – heading into the Lame Duck Session

Lame Duck Session - the time between when the president and members of Congress are elected and when they are sworn into office. The history of the term goes back to the Colonial era - it was used to refer to failing traders and businessmen who were unable to fund their enterprises and therefore pay their shipping costs. They were financially limping along like a lame duck, like a wounded game bird that might be shot by a hunter.

After the November 8 mid-term elections are over, Congress will come back to Capitol Hill with two main purposes – wrap up any remaining “must pass” legislative items before adjournment of the 117th Congress, and begin reorganizing for the 118th Congress. With a current project of one or both houses changing to GOP control, reorganization will be quite extensive, including selecting new leadership, committee chairs, and setting the legislative agenda for the first hundred days of the new Congress. Specific legislative items may include WRDA, National Defense Authorization Act reauthorization, tax extenders, and energy permitting reform.

It is widely anticipated that, at the very least, both houses (and President Biden) will ultimately agree on “top line” domestic and military spending numbers, enabling the completion of the annual dozen spending bills for FY 2023. Earmarks, including the one submitted by Congressman Calvert for EVMWD, have broad support, and unless an overall budget deal falls apart, we will likely see them included in a final omnibus bill. With Senate Appropriations Chair Patrick Leahy (D-VT) and Ranking Member Richard Shelby (R-AL) retiring, they are both said to be resolved to complete an omnibus budget instead of extending into the new Congress with another Continuing Resolution.

FY 2023 Submitted by Cong. Calvert: Canyon Lake Water Treatment Plant

Proposed Recipient: Elsinore Valley Municipal Water District

Recipient Address: 31315 Chaney Street, Lake Elsinore, CA 92530

Area Served: Lake Elsinore

Description: The requested funding would be used for upgrades to the Canyon Lake Water Treatment Plant.

Requested Amount: \$3,000,000

- [Certification of No Financial Interest](#)

- [Support Letters](#)

Water Resources Development Act (WRDA)

Vectis DC continues to closely monitor the comprehensive biennial WRDA legislation on behalf of EVMWD, both with an eye on any policy-related changes related to the Army Corps Civil works program but also to set the timing for pursuing federal funding for feasibility and construction of the Lake Elsinore Aquatic Ecosystem Restoration Project. This year's WRDA has made significant progress to date and is expected to be one of the few major pieces of legislation enacted within the Second Session of the 117th Congress.

H.R. 7776, Water Resources Development Act of 2022 (WRDA 2022)

- passed the House of Representatives on June 8th.
- authorizes the construction of 18 pending Reports of the Chief of Engineers received since the enactment of WRDA 2020.
- authorizes 72 new feasibility studies for future water resources development projects and directs the Corps to expedite the completion of 14 feasibility studies currently underway.

The Senate WRDA released earlier this year authorized 36 new Corps feasibility studies and authorized or modified 21 projects for construction. The House version passed by 384 – 37, and the Senate passed its bill on July 28 by a vote of 93-1.

Inflation Reduction Act

With the recent passage of the Inflation Reduction Act of 2022 that was signed into law by President Biden on August 16th, Vectis DC continues to monitor the guidance and implementation of the IRA's \$737 billion in taxes and \$369 billion in spending on energy and climate change. We continue to expect the largest impact the IRA will have on local government entities is its significant investments in climate and environment programs and providing tax incentives to boost the development and deployment of clean energy.

The bill's expansion of current tax credits and creation of new tax credits for low-carbon energy development could influence the energy management procedures for water utilities nationwide. Importantly, the IRA also includes some major water provisions:

- \$4 billion to the U.S. Bureau of Reclamation for drought relief programs
- \$550 million for domestic water programs in disadvantaged communities
- \$12.5 million for emergency drought funding for Tribes

Formal guidance has yet to be released in draft form. However, it is expected that municipal agencies that engage and partner with local utilities in energy planning, including utility-scale renewable energy projects, key regulatory issues, grid modernization, and storage and energy assurance strategies may benefit from the IRA. Vectis DC continues to monitor as the law is implemented at the agency level, and we expect to have more information and possible funding opportunities for EVMWD on the IRA as the administration begins issuing guidance.

Bipartisan Infrastructure Law implementation

Guidance and grants funded under the Bipartisan Infrastructure Law (BIF) continue to be released. As with most of the programs funded under the BIF, these programs are designed to be recurring opportunities for grants over the next 5 to 10 years, allowing for multiple opportunities to apply for funds that may be of interest to water and wastewater agencies. Vectis DC continues to actively monitor BIF programs grant opportunities for the EVMWD to review current and upcoming funding opportunities. [R46892 \(congress.gov\)](https://www.congress.gov/bills/117/46892)

Water Project Funding – United States Bureau of Reclamation

BOR continues to provide an ongoing array of potential grant opportunities, with an emphasis on projects to either increase supply through storage, recycle, or enhance delivery efficiency through better technology. Linked here is the comprehensive schedule of what is to come over the next few months: [WaterSMART Schedule.pdf \(usbr.gov\)](https://www.usbr.gov/water/programs/SMART/schedule/)

Per- and Polyfluoroalkyl Substances (PFAS)

On June 15, 2022, the Environmental Protection Agency (EPA) released four drinking water health advisories for PFAS. EPA also announced that it is inviting states and territories to apply for \$1 billion in Bipartisan Infrastructure Law grant funding to address PFAS and other emerging contaminants in drinking water. On August 26, 2022, EPA issued a proposal to designate two of the most widely used PFAS as hazardous substances under CERCLA, or Superfund. As part of the rulemaking process, the EPA published in the Federal Register on September 6, 2022, a request for public comments on the proposed rule to designate PFOA and PFOS as hazardous substances under the Comprehensive Emergency Response and Compensation Act (CERCLA).

As proposed, the rule without clear exclusions for certain public utilities would impose liabilities and economic burdens on local public agencies and their ratepayers. This is particularly true of ubiquitous chemicals such as PFOA/PFOS, which have been widely used in the stream of commerce for decades, and the sources of which are broadly distributed across systems, including low-level but persistent residential and commercial sources.

As the rulemaking notes, this is an entirely new and uncharted approach to the regulatory designation of hazardous substances under CERCLA. CERCLA was designed as a polluter pays model such that the general public would not be responsible for contamination caused by entities that produce various contaminants. Without explicit clarifying exemptions for water and wastewater agencies, and consideration of the significant potential costs for those entities, designating PFOA/PFOS as hazardous substances could undermine that model and hold the public and local ratepayers responsible for costs that should be borne by the entities that manufacture and use PFOA/PFOS.

PFOA/PFOS Designation could subject water and wastewater agencies and their ratepayers to unwarranted financial liability. CERCLA designation would immediately trigger CERCLA's joint, several, and strict liability regimes. Local public water and wastewater agencies would be under threat of being drawn into significant third-party litigation or enforcement actions based on de minimis contributions of PFAS to a particular site.

EPA is proposing to interpret CERCLA section 102(a) as excluding consideration of cost in a designation decision that would impose new and significant economic burdens on local governments.

Finally, the proposed rule takes a broad-brush regulatory approach, imposing CERCLA's joint, several, and strict liability regime in a manner that will only serve to create incentives to drag public agencies into CERCLA litigation by potentially responsible parties (PRP). To date, many comments on the proposed rule have asked for clarifications to remove the uncertainty surrounding the rule's intent, preserve the polluter pays principle, and avoid shifting costs and burdens onto the public.

EPA is currently accepting public comments on the proposed rule.

<https://www.epa.gov/superfund/proposed-designation-perfluorooctanoic-acid-pfoa-and-perfluorooctanesulfonic-acid-pfos>

Next Congress – DC Visits

Given the very likely changeover in Committee/Subcommittee Chairs, Ranking Members, and staff, we suggest that EVMWD directors and staff plan on an early visit in either late January or early February 2023. While we anticipate that agency staff will remain the same, this would also be timely to keep up our meetings with EPA, USACE, BOR, and others in addition to meeting the new folks on Capitol Hill.

This would also be timely to begin to polish up the District's appropriations requests for the first session of the 118th Congress, whether they be Community Funding Projects or programmatic annual appropriations that would benefit projects. Then, assuming the Congressional schedule remains largely the same as it has been in recent years, follow-up visits could happen in April/May and July to continue the relationships and make the rounds in support of funding requests.

Study Session
EVMWD Board of Directors
November 2, 2022

Reeb Government Relations

2022 Legislative Session Highlights

- Return to Normalcy: Total Senate and Assembly bills introduced—2,353. Legislation signed into law—1,273. Legislation vetoed—169
- The Great Resignation--Propelled by approaching term limits, new district lines and political opportunities outside the State Capitol, over a dozen lawmakers sought employment elsewhere.
- Governor leans into emergency declarations & executive orders
- Challenge to Assembly Speaker fails

Evolution of the State Budget

- Projected surplus of \$45.7 billion in January grew to \$97 billion by May.
- Adopted budget totaled \$308 billion, \$234.4 billion of which is from the GF. \$37.2 billion in total reserves, including \$3.4 in the regular operating reserve.
- Budget writing tradition thrown out the window.
- Fiscal storm clouds on the horizon; don't say the "R" word.

Key Areas of the State Budget

- \$39 billion in climate spending, over a 6-year period, including extreme drought and wildfires. [Bringing the state's multi-year climate investment to \$53.9 billion]
- Drought response and resiliency a priority until it was not...\$747 million focusing on safe drinking water, the environment, recycled water.
- Second year of \$100 million PFAS commitment (\$50 million) honored; second year of Subsidence Damage Repair commitment honored (\$100 million).
- Water Supply Strategy—A promise for more later? Governor releases on August 12 as final budget negotiations take place.

Key Areas of the State Budget

- \$116 million for SGMA Implementation
- \$122 million for multibenefit projects and programs that support aquatic habitat and drought resilience
- \$10 million for local agencies through Urban Community and Multi-Benefit Drought Relief Program for drought resilience, identification and assessment of climate risks on a watershed basis
- \$130 million for Metropolitan Water District of Southern California to improve and expand its infrastructure
- \$75 million for turf replacement
- \$100 million for water recycling

Legislation of Interest

- SB 1157 (Hertzberg, Chapter 679, Statutes of 2022)
- SB 222 (Dodd) returned without signature
- AB 2201 (Bennett) failed passage
- AB 2536 (Grayson, Chapter 128, Statutes of 2022)
- AB 2449 (Rubio, Chapter 285, Statutes of 2022)
- AB 2647 (Levine, Chapter 971, Statutes of 2022)
- SB 1100 (Cortese, Chapter 171, Statutes of 2022)

General Election

- All constitutional offices, the entire Assembly, and half of the Senate on the November 8, 2022, state ballot.
- There will be at least 33 new legislators, out of 120 total, after the November election.
- Democrats expected to retain their supermajority status in both houses of the legislature.
- EVMWD represented by newly drawn Assembly Districts 63 and 71; with Divisions 1, 2, and 4 largely falling in AD 63, Division 5 falling in AD 71, and Division 3 somewhat evenly split between the two.

Preview of 2023

- State revenues projected to decline; significant Federal assistance unlikely if Republicans recapture House majority
- Pressure on Governor, Legislature to increase water infrastructure funding, particularly if drought continues. Could see renewed interest in a natural resources general obligation bond for 2024
- Likely renewed challenge to Assembly Speaker Anthony Rendon
- Interest grows in Senate for who will serve as next President pro tempore with Senator Atkins terming out in 2024.



STUDY SESSION
DISCUSSION OUTLINE

Date: November 2, 2022

Originator: SCOTT THOMPSON- Finance

Subject: HORSETHIEF CFD 2020-1 IMPROVEMENT AREA NO. 1B AMENDMENTS

STRATEGIC GOAL

Maintain and Upgrade Infrastructure

BACKGROUND AND RECOMMENDATION

Since 2016, Elsinore Valley Municipal Water District (“EVMWD”) has been working with four landowners on future developments within the Horsethief Canyon area of the EVMWD service area to provide water and sewer service for 1,174 new residential units. In April 2020, the Board approved a development agreement allowing for the expansion of Horsethief Water Reclamation Facility (“WRF”) from an average daily capacity of 0.5 million gallons per day (“MGD”) to 0.8 MGD, which will be primarily funded by the developers.

On January 14, 2021, the Board adopted a resolution establishing Community Facilities District (CFD) No. 2020-1 (Horsethief). The CFD was formed with 7 improvement areas and structured with Improvement Areas “A” and “B.” Improvement Area “A” bonds are being used to finance each developer’s proportionate share of the Horsethief WRF expansion while Improvement Area “B” bonds will be utilized for capacity fees and other public facilities within each of the developments. Improvement Area A bonds were issued first with the B bonds dependent on the timing of each development. The purpose of dividing the CFD into several improvement areas was to provide flexibility in the future and to mitigate risk. Should several developments move forward and one development lag, then the slower developing parcel will not impact the credit or the special taxes of the other developments.

At this time, the landowner of Improvement Area 1B, Temescal Valley Land, LLC, has expressed that it would like to amend Improvement Area 1B to increase the amount of authorized bond indebtedness. As anticipated when forming the CFD, the estimated land value in the Improvement Area has increased and development plans have changed. Therefore, a larger bond issue and longer term for the special taxes are merited and still

in compliance with all District policies. The proposed amendments include an increase to the amount of authorized bond indebtedness from \$1,250,000 to \$4,500,000, a revision to the Rate and Method of Apportionment of Special Tax to increase rates of special tax to be levied, and a five year increase to the term of the special tax from fiscal 2065 to fiscal year 2070. The special tax is only expected to be levied for 25-30 years but it is prudent to have extra years to collect the tax in the event that there are occurrences which prevent the District from collecting unpaid and delinquent special taxes.

Staff presented this item at the 10/25/22 Finance and Administration Committee meeting and is recommending approval of the amendments. This item is expected to go to the following Board meetings for consideration of approval:

- 12/8/22 Board Meeting – Resolution of Consideration
- 1/12/23 Board Meeting – Resolution of Change
- 1/26/23 Board Meeting – Second Reading of Ordinance

ENVIRONMENTAL WORK STATUS

Not applicable

FISCAL IMPACT

Not applicable

Attachments:

Resolution of Consideration
Resolution Declaring Necessity
Petition for improvement Area No. 1B

Horsethief Community Facilities District (CFD) – Improvement Area 1B Amendment

Study Session
November 2nd, 2022



Outline

- Horsethief Community Facilities District (CFD) Participating Developers
- Original Formation Schedule
- Amendment Request
- Upcoming Schedule

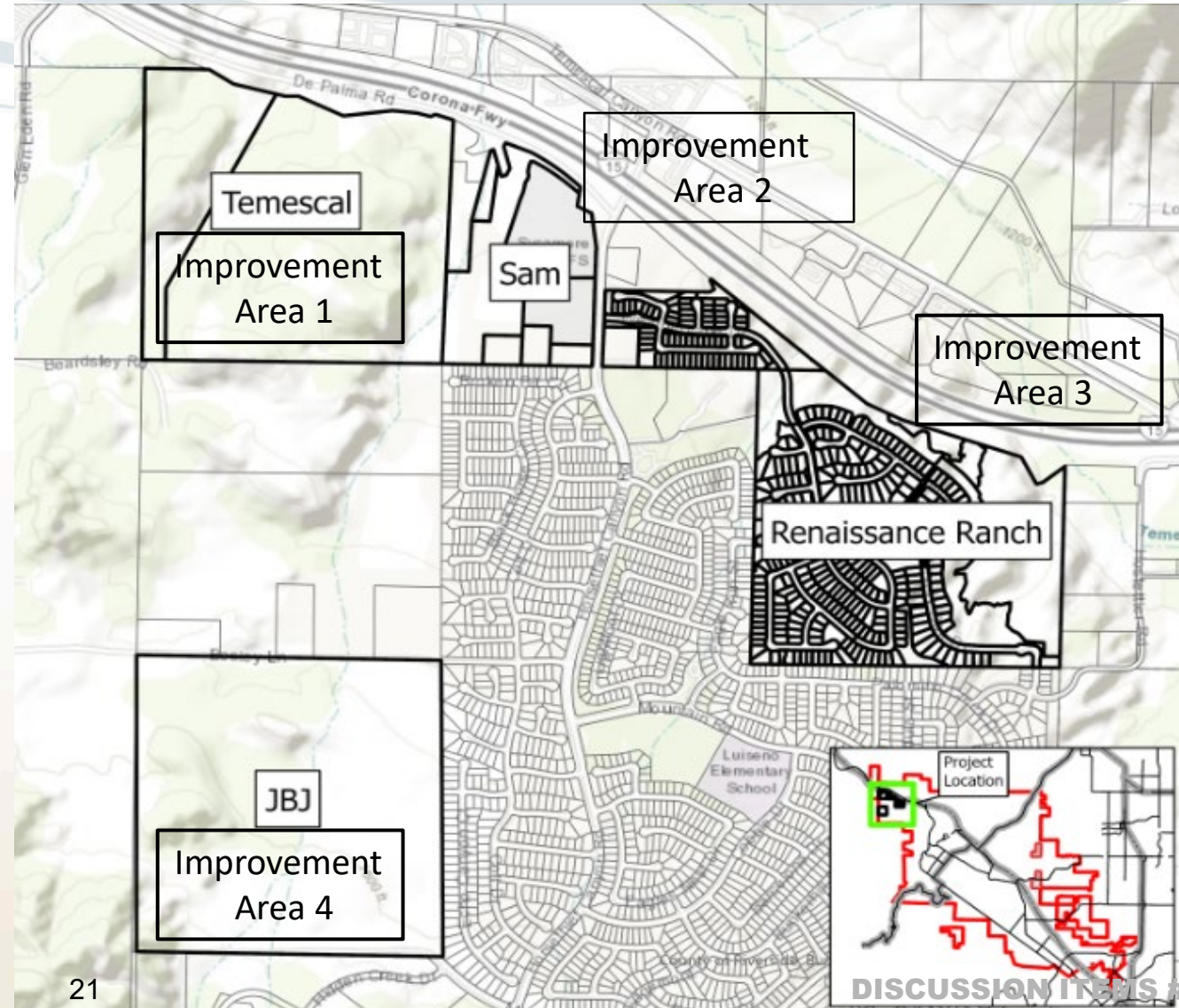
Horsethief CFD - Participating Developers

Development

Saddleback (Temescal)
Sam Horsethief
JBJ Ranch
Renaissance Ranch

IA

1
2
3
4



Formation Schedule

Date	Event
October 22, 2020	Declared intention to form Horsethief CFD and necessity to incur bond indebtedness
January 14, 2021	Horsethief CFD 2020-1 established with 7 Improvement Areas (IA)
February 11, 2021	Authorization to levy of special taxes
September 23, 2021	Issued Bonds for Improvement Area 1A and 2A
October 14, 2021	Issued Bonds for Improvement Area 3A

Amendment to Improvement Area 1B

- Temescal Valley Land, LLC (IA 1B) has petitioned the District requesting that the Board initiate proceedings pursuant to the Mello-Roos Community Facilities Act of 1982
 - Increase authorized bonded indebtedness from \$1,250,000 to \$4,500,000
 - Revise the Rate and Method of Apportionment of Special Tax
 - Extend the term of the special tax from 2064-65 to 2069-70

Amendment to Improvement Area 1B (Cont'd)

	Original	Requested Amendment	Increase
Authorized Bond Amount	\$1,250,000	\$4,500,000	\$3,250,000
Assigned Special Tax Rate			
3,650 sq/ft or Greater	\$388	\$1,198	\$810
≥3,150 and <3,650 sq/ft	\$354	\$1,178	\$824
≥2,650 and <3,150 sq/ft	\$336	\$1,158	\$822
Less than 2,650 sq/ft	\$307	\$1,138	\$831
Non-Residential	\$2,025/Acre	\$7,108/Acre	\$5,083/Acre
Term of Special Tax	2064-2065	2069-2070	5 years

Upcoming Schedule

Date	CFD No. 2021-1 IA 1B	Status
	Rate and method of apportionment of special tax based on development mix and legislative proceedings prepared	Completed
October 25, 2022	Finance & Administration Committee – Present CFD Amendment	Completed
November 2, 2022	Study Session – Present CFD Amendment	
December 8, 2022	Board Meeting – Resolution of Consideration	
January 12, 2023	Board Meeting – Resolution of Change	
January 26, 2023	Board Meeting – Second Reading of Ordinance	

- Dependent on Project Schedule
 - EVMWD Considers Approval of Bond Issuance
 - Bond Issuance once sufficient development has taken place and EVMWD policies have been met

Questions?

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF ELSINORE VALLEY MUNICIPAL WATER DISTRICT DETERMINING THAT THE PUBLIC CONVENIENCE AND NECESSITY REQUIRE THE AMOUNT OF AUTHORIZED BONDED INDEBTEDNESS OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HORSETHIEF) TO BE INCURRED FOR IMPROVEMENT AREA NO. 1B BE INCREASED, THAT THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA NO. 1B BE REVISED TO INCREASE THE RATE OF SPECIAL TAX TO BE LEVIED ON PROPERTY THEREIN, AND THAT THE TERM OF THE SPECIAL TAX FOR THE IMPROVEMENT AREA NO. 1B BE EXTENDED

WHEREAS, the Board of Directors (the “Board of Directors”) of the Elsinore Valley Municipal Water District (the “District”) has received a written petition from Temescal Valley Land, LLC, the owner (the “Owner”) of the territory within Improvement Area No. 1B of Community Facilities District No. 2020-1 (Horsethief) of the Elsinore Valley Municipal Water District (the “Improvement Area” and the “Community Facilities District” respectively) requesting that the Board of Directors initiate proceedings pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code, to (i) increase the amount of the authorized bonded indebtedness that is allocated to the Improvement Area from \$1,250,000 to \$4,500,000; (ii) revise the Rate and Method of Apportionment of Special Tax for Improvement Area No. 1B to increase the rates of special tax to be levied on parcels of property in the Improvement Area to pay debt service on the bonds of the Community Facilities District that may be issued to finance the design, construction and acquisition of public facilities for the Improvement Area and to pay directly for such facilities; and (iii) extend the term of the special tax for the Improvement Area from 2064-65 to 2069-70.

WHEREAS, the Board of Directors has determined that the public convenience and necessity require the changes proposed in the aforementioned petition, and that it should, therefore, adopt a resolution of consideration pursuant to Sections 53331 and 53334 of the Government Code to initiate proceedings for the consideration of such changes.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT, AS FOLLOWS:

Section 1. Findings. The Board of Directors finds as follows:

- (a) The public convenience and necessity require the proposed changes specified in the preceding recitals;
- (b) there are not any persons registered to vote within the territory of the Improvement Area; and
- (c) pursuant to Section 53326 of the Government Code, the vote in the special election on the changes that are proposed by this resolution, if it is held, shall, therefore, be by the landowners within the Improvement Area, with each landowner of record at the close of the public

hearing having one vote for each acre or portion of an acre of land that he or she owns within the Improvement Area.

Section 2. The Community Facilities District. The Community Facilities District is “Community Facilities District No. 2020-1 (Horsethief) of the Elsinore Valley Municipal Water District, County of Riverside, State of California.” The territory within the Improvement Area is generally shown and described on the map of the boundaries of the Improvement Area, which was recorded in Book 85 of Maps of Assessment and Community Facilities Districts at Page 96 and as Instrument No. 2020-0562738 in the office of the County Recorder of the County of Riverside.

Section 3. Bonded Indebtedness. It is proposed (a) that the amount of the authorized bonded indebtedness of the Community Facilities District that shall be allocated to the Improvement Area shall be increased from \$1,250,000 to \$4,500,000; (b) that the Rate and Method of Apportionment of Special Tax for the Improvement Area shall be revised as set forth in Exhibit “A” attached hereto; and (c) that the term of the special tax for the Improvement Area be increased from 2064-65 to 2069-70. The Amended and Restated Rate and Method of Apportionment of Special Tax provides for (i) an increase in the rates of special tax to be levied on parcels of property in the Improvement Area to pay debt service on the bonds of the Community Facilities District that may be issued to finance the design, construction and acquisition of public facilities for the Improvement Area and to pay directly for such facilities.

Section 4. Hearing. A public hearing regarding the proposed changes identified in Section 3 hereof shall be held at 4:00 p.m. on January 12, 2023 in the Board of Directors Chambers located at 31315 Chaney Street, Lake Elsinore, California 92530, or via teleconference as directed by the District due to COVID-19 social distancing guidelines.

Section 5. Description of Voting Procedures. Since less than 12 persons are registered to vote within the territory of the Improvement Area, pursuant to Section 53326 of the Government Code (“Section 53326”), the vote in the special election on the changes that are proposed by this resolution will be by the landowners of the property located within the Improvement Area, with each landowner of record at the close of the public hearing having one vote for each acre or portion of an acre of land that he or she owns within the Improvement Area, and the special election shall be conducted as a mail ballot election. The special election shall be conducted by the Secretary of the Board of Directors (the “Secretary”). The special election shall be held on the earliest date, following the conclusion of the public hearing, as may be selected by the Board of Directors, pursuant to Section 53326, or such earlier date as the owner of land with the Improvement Area and the Secretary agrees and concurs is acceptable. Pursuant to Section 53326, the special election may be held earlier than 90 days following the close of the public hearing, if the qualified elector of the Improvement Area waives the time limits for conducting the election set forth in Section 53326 by unanimous written consent and the Secretary concurs in such earlier election date as shall be consented to by the qualified electors. Pursuant to Section 53326, ballots for the special election shall be distributed to the qualified electors by the Secretary by mail with return postage prepaid, or by personal service, and the special election shall be conducted in conformance with the applicable requirements of Section 53326, 53327 and 53327.5 of the Government Code. The procedures set forth in this section for conducting the special election, if it is held, may be modified as the Board of Directors may determine to be necessary or desirable by a resolution subsequently adopted by the Board of Directors.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED and ADOPTED this 8th day of December, 2022, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Darcy Burke
President of the Board of Directors of the Elsinore
Valley Municipal Water District

ATTEST:

Terese Quintanar
Secretary of the Board of Directors of the
Elsinore Valley Municipal Water District

I, TERESE QUINTANAR, Secretary of the Board of Directors of Elsinore Valley Municipal Water District, certify that the foregoing is a full, true and correct copy of Resolution No. 22-_____ adopted by said Board at its regular meeting of December 8, 2022 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Terese Quintanar, Secretary

EXHIBIT “A”

AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 1B (HORSETHIEF) OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT

A Special Tax shall be levied and collected in Improvement Area No. 1B (Horsethief) (“IA No. 1B) of Community Facilities District No. 2020-1 (Horsethief) of the Elsinore Valley Municipal Water District (“CFD No. 2020-1”) each Fiscal Year, in an amount determined by the Board of Directors of the Elsinore Valley Municipal Water District acting in its capacity as the legislative body of CFD No. 2020-1 through the application of this Rate and Method of Apportionment as described below. All of the real property in IA No. 1B of CFD No. 2020-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Acreage**” means that acreage shown on the Assessor’s Parcel Map for each Assessor’s Parcel. In the event that the Assessor’s Parcel Map shows no acreage, the Acreage for any Assessor’s Parcel shall be that shown on the applicable condominium plan, final map, parcel map, or similar instrument. For condominiums, Acreage shall be determined by allocating the acreage of the underlying lot on which the condominiums are or are to be constructed equally to each such condominium unit. An Acre means 43,560 square feet of land.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means actual or reasonably estimated costs related to the administration of CFD No. 2020-1 allocable to IA No. 1B including, but not limited to, the following: (1) the costs of computing the Special Taxes and of preparing the annual collection schedules of Special Taxes; (2) the costs of collecting the Special Taxes; (3) the costs of remitting the Special Taxes to the Fiscal Agent for any Bonds; (4) the Fiscal Agent’s costs (including its legal counsel) in the discharge of the duties required of it under any Fiscal Agent Agreement; (5) the costs of the District, CFD No. 2020-1, or designee in complying with arbitrage rebate requirements, or responding to questions from the SEC or IRS pertaining to any Bonds or any audit from the SEC or IRS pertaining to any Bonds; (6) the costs of the District, CFD No. 2020-1, or designee in complying with the disclosure requirements of applicable federal and state securities laws and of the Act; (7) the costs associated with responding to public inquiries regarding IA No. 1B of CFD No. 2020-1 or the Special Taxes; (8) the costs associated with the release of funds from any escrow account (to the extent not paid from other sources); (9) the costs of the District, CFD No. 2020-1, or designee related to an appeal of the Special Taxes; and (10) an allocable share of the salaries and overhead of the District staff directly relating to the foregoing. Administrative Expenses shall also include, but are not limited to, amounts advanced by the District for any administrative purposes of IA No. 1B of CFD No. 2020-1 including the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes in IA No. 1B of CFD No. 2020-1.

“**Assessor’s Parcel**” means a lot or parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“**Assessor’s Parcel Map**” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel number.

“**Assigned Special Tax**” means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a.

“Association Property” means, for each Fiscal Year, any property within the boundaries of IA No. 1B of CFD No. 2020-1 that was owned by a property owner association, including any master or sub-association, as of the January 1 preceding such Fiscal Year.

“Authorized Facilities” means those District facilities described in Resolution No. 20-10-01 adopted by the Board of Directors on October 22, 2020 that can be acquired and/or constructed by the levy of Special Tax.

“B&S” means the County or City department with authority to issue the Building Permits and Certificates of Occupancy for Assessor’s Parcels in IA No. 1B of CFD No. 2020-1.

“Backup Special Tax” means the Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section C.1.b.

“Board” means the Board of Directors of the District, acting as the legislative body of IA No. 1B of CFD No. 2020-1.

“Bonds” means any bonds or other indebtedness (as defined in the Act), whether in one or more series, secured by the levy of Special Tax.

“Building Permit” means the first legal document issued by the B&S giving official permission for the construction of a building on an Assessor’s Parcel. For purposes of this definition and application of the Special Tax, “Building Permit” may or may not include any subsequent Building Permits issued or changed after the first issuance, as determined by the CFD Administrator.

“Certificate of Occupancy” means a document issued by the B&S which permits the initial habitation of a newly constructed Dwelling Unit.

“CFD Administrator” means an official of the District, or designee thereof, responsible for determining the Special Tax Requirements, and providing for the levy and collection of the Special Taxes.

“City” means any city in which IA No. 1B of CFD No. 2020-1 is located as the result of an incorporation or annexation following the formation of CFD No. 2020-1.

“County” means the County of Riverside, California.

“Developed Property” means all Taxable Property, exclusive of Taxable Association Property and Taxable Public Property, for which the Final Subdivision was recorded as of the January 1 and a Building Permit for new construction was issued prior to the June 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, provided such Building Permit was also issued after January 1, 2021.

“District” means the Elsinore Valley Municipal Water District.

“Dwelling Unit” or “DU” means a residential dwelling unit.

“Final Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code 4285, that creates individual lots for which Building Permits may be issued without further subdivision.

“Fiscal Agent” means the fiscal agent or trustee under the Fiscal Agent Agreement.

“Fiscal Agent Agreement” means the fiscal agent agreement, indenture, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Land Use Classification” means any of the categories listed in Section C and for Developed Property as listed in Table 1.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property which are not classified as Residential Property.

“Occupied Property” means all Assessor’s Parcels of Residential Property for which a Certificate of Occupancy for private residential use has been issued.

“Outstanding Bonds” mean all Bonds which are deemed to be outstanding under its Fiscal Agent Agreement.

“Proportionately” means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, Taxable Association Property, and Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property, Taxable Association Property, and Taxable Public Property.

“Public Property” means any property within the boundaries of IA No. 1B of CFD No. 2020-1 owned by, irrevocably offered or dedicated to the federal government, the State, the County or any local government or other public agency, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area for an Assessor’s Parcel shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the construction thereon of one or more Dwelling Units.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within IA No. 1B of CFD No. 2020-1 to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount with respect to IA No. 1B of CFD No. 2020-1 determined by the Board or designee as required in any Fiscal Year to pay: (1) the Administrative Expenses, (2) regularly scheduled debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year, (3) any amount required to replenish any reserve fund established in connection with Bonds, (4) for reasonably anticipated delinquent Special Taxes, (5) the costs of remarketing, credit enhancement and liquidity facility fees for Bonds (including such fees for instruments that serve as the basis of a reserve fund in lieu of cash related to any such indebtedness), (6) directly for the acquisition and/or construction of Authorized Facilities to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property, less (7) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the applicable Fiscal Agent Agreement.

“State” means the State of California.

“Taxable Association Property” means, for each Fiscal Year, all Assessor’s Parcels of Association Property that are not exempt pursuant to Section E.

“Taxable Property” means all or a portion of an Assessor’s Parcel that is located within the boundaries of IA No. 1B of CFD No. 2020-1 which is not exempt from the Special Tax pursuant to law or Section E.

“Taxable Public Property” means, for each Fiscal Year, all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E.

“Undeveloped Property” means all Taxable Property not classified as Developed Property, Taxable Association Property, or Taxable Public Property.

B CLASSIFICATION OF PROPERTY

Commencing with Fiscal Year 2021-2022 and each following Fiscal Year, all Taxable Property within IA No. 1B of CFD No. 2020-1 shall be classified as Developed Property, Undeveloped Property, Taxable Association Property, or Taxable Public Property, and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below.

Assessor's Parcels of Residential Property shall be assigned to Land Use Class 1 through 4 as specified in Table 1 below based upon the Residential Floor Area constructed or to be constructed on an Assessor's Parcel. Assessor's Parcels of Non-Residential Property shall be assigned to Land Use Class 5. With respect to Residential Property, the Residential Floor Area shall be determined from the Building Permit(s) issued prior to the Assessor's Parcel being classified as Occupied Property.

C MAXIMUM SPECIAL TAX RATE

C.1 Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the applicable Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

C.1.a Assigned Special Tax

The Assigned Special Tax for each Land Use Class is shown in Table 1.

Table 1: Assigned Special Tax Rates

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Residential Property	3,650 sq. ft. or Greater	\$1,198/DU
2	Residential Property	≥ 3,150 and < 3,650 sq. ft.	\$1,178/DU
3	Residential Property	≥ 2,650 and < 3,150 sq. ft.	\$1,158/DU
4	Residential Property	Less than 2,650 sq. ft.	\$1,138/DU
5	Non-Residential Property	N/A	\$7,108/Acre

C.1.b Backup Special Tax

The Backup Special Tax attributable to a Final Subdivision is equal to \$7,108, multiplied by the Acreage of all Taxable Property, exclusive of any Taxable Association Property and Taxable Public Property, therein. The Backup Special Tax for each Assessor's Parcel of Residential Property shall be computed by dividing the Backup Special Tax attributable to the applicable Final Subdivision by the number of Assessor's Parcels, or residential lots or Dwelling Units as applicable, for which Building Permits for residential construction have or may be issued. The Backup Special Tax for each Assessor's Parcel of Non-Residential Property shall equal to \$7,108, multiplied by the Acreage of such Assessor's Parcel.

If a Final Subdivision includes Assessor's Parcels of Taxable Property for which Building Permits for both residential and non-residential construction may be issued, exclusive of Taxable Association Property and Taxable Public Property, then the Backup Special Tax for each Assessor's Parcel of Residential Property shall be computed exclusive of the Acreage and Assessor's Parcels of property for which Building Permits for non-residential construction may be issued.

Notwithstanding the foregoing, if all or any portion of a Final Subdivision is modified subsequent to its initial recordation by a lot line adjustment or similar instrument, and if the CFD Administrator determines that such modification results in a decrease in the number of Assessor's Parcels of Taxable Property, or residential lots or Dwelling Units as applicable, for which Building Permits for residential construction have or may be issued within such Final Subdivision, then the Backup

Special Tax for each Assessor's Parcel of Developed Property that is part of the lot line adjustment or similar instrument shall be recalculated below. The Backup Special Tax previously determined for an Assessor's Parcel of Developed Property that is not a part of the lot line adjustment or similar instrument shall not be recalculated.

- 1st. Determine the total Backup Special Taxes applicable to the modified portion of the Final Subdivision area prior to the modification.
- 2nd. The result of 1st step above shall be divided by the number of Assessor's Parcels of Developed Property for such modified portion of the Final Subdivision area, as reasonably determined by the CFD Administrator.
- 3rd. The result of 2nd step above shall be the Backup Special Tax applicable to Assessor's Parcels of Developed Property in such modified portion of the Final Subdivision area for all remaining Fiscal Years in which the Special Tax may be levied.

C.1.c Release of Obligation to Pay and Disclose Backup Special Tax

If all Bonds that are authorized to be issued by IA No. 1B of CFD No. 2020-1 have been issued or IA No. 1B of CFD No. 2020-1 has covenanted that it will not issue any more Bonds (except refunding bonds), all Assessors' Parcels within IA No. 1B of CFD No. 2020-1 will be relieved simultaneously and permanently from the obligation to pay and disclose the Backup Special Tax if the CFD Administrator determines that the annual debt service required for the Outstanding Bonds, when compared to the total Assigned Special Taxes that may be levied against all Assessor's Parcels of Developed Property results in 110% debt service coverage (i.e., the total Assigned Special Taxes that may be levied against all Developed Property in each remaining Fiscal Year based on then existing development in IA No. 1B of CFD No. 2020-1 is at least equal to the sum of (i) the reasonably expected Administrative Expenses and (ii) 1.10 times maximum annual debt service, in each remaining Fiscal Year on the Outstanding Bonds).

C.1.d Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes for all Land Use Classes located on that Assessor's Parcel.

C.2 Undeveloped Property, Taxable Association Property, and Taxable Public Property

The Maximum Special Tax for Undeveloped Property, Taxable Association Property, and Taxable Public Property shall be \$7,108 per Acre.

D METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2023-2024 and for each following Fiscal Year, the Board shall determine the Special Tax Requirement and shall levy the Special Tax until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement;

Second: If additional Special Taxes are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property as set forth in Section C.2 above;

Third: If additional Special Taxes are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the applicable Maximum Special Tax; and

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Association Property and Taxable Public Property at up to 100% of the applicable Maximum Special Tax.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Occupied Property in any Fiscal Year be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within IA No. 1B of CFD No. 2020-1 by more than ten (10) percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

E EXEMPTIONS

No Special Tax shall be levied on up to 102.58 Acres of Public Property and/or Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Association Property or Public Property. However, should an Assessor's Parcel no longer be classified as Association Property or Public Property, its tax-exempt status will be revoked.

Association Property and Public Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D, at up to 100% of the applicable Maximum Special Tax.

F TERM

The Special Tax shall be levied as necessary to satisfy the Special Tax Requirement, but in no circumstances shall it be levied after Fiscal Year 2069-70.

G APPEALS

Any property owner who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to IA No. 1B of CFD No. 2020-1 not later than thirty-six (36) months after having paid the first installment of the Special Tax that is disputed. The reissuance or cancellation of a Building Permit is not an eligible reason for appeal, with the exception of an incorrect Residential Floor Area. The CFD Administrator shall promptly review the appeal and, if necessary, meet with the property owner, consider written and oral evidence regarding the amount or application of the Special Tax, and rule on the appeal. If the CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error; provided, however, no action shall be taken that would cause a default under the Fiscal Agent Agreement:

- (i) amend the Special Tax levy for the current Fiscal Year to the extent possible;
- (ii) require IA No. 1B of CFD No. 2020-1 to reimburse the property owner the amount of the overpayment to the extent of available funds of IA No. 1B of CFD No. 2020-1 and only for the preceding Fiscal Year(s); or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the property owner's property within IA No. 1B of CFD No. 2020-1 in the amount of the overpayment.

The Board may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any property owner appeals. Any decision of the Board shall be final and binding as to all persons.

H MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that IA No. 1B of CFD No. 2020-1 may collect Special Taxes at a different time or in a different manner as determined by the Board, if necessary to meet its financial obligations.

I PREPAYMENT OF SPECIAL TAX

The following additional definitions apply to this Section I:

“Buildout” means, for IA No. 1B of CFD No. 2020-1, that all expected Building Permits for Dwelling Units to be constructed in IA No. 1B of CFD No. 2020-1 have been issued, as reasonably determined by the CFD Administrator.

“Facilities Costs” means \$4,500,000 or such lower number as determined by the Board or as determined pursuant to Section J below.

“Future Facilities Costs” means the Facilities Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund available to pay costs of Authorized Facilities, and (iii) moneys currently on deposit in an escrow fund established in connection with the Bonds that are expected to be available to pay the cost of Authorized Facilities.

“Improvement Fund” means a fund or account identified in the Fiscal Agent Agreement from which moneys may be disbursed to pay costs of Authorized Facilities.

“Minimum Denomination” means the lowest denomination of Bonds that can be purchased as authorized by the Fiscal Agent Agreement.

I.1 Prepayment in Full

The obligation of the Assessor’s Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor’s Parcels of Developed Property, or an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel and all other Assessor’s Parcels of Taxable Property which are under the same ownership at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor’s Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service.

The Special Tax Prepayment Amount shall be the sum of the Bond Redemption Amount, Redemption Premium, Future Facilities Amount, Defeasance Amount, and Prepayment Fees and Expenses less the Reserve Fund Credit and less the Capitalized Interest Credit with such capitalized terms defined below.

As of the proposed date of prepayment, the Special Tax Prepayment Amount shall be calculated as follows:

- 1st. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
- 2nd. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor’s Parcels of Undeveloped Property for which a Building Permit has been issued, compute the applicable Assigned Special Tax and Backup Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Residential Floor Area referenced on the Building Permit which has already been issued for such Assessor’s Parcel.
- 3rd. Divide the Assigned Special Tax computed pursuant to 2nd step by the total estimated Assigned Special Tax levy which could be levied in the current Fiscal Year on all expected development at Buildout, excluding any Assessor’s Parcels for which Special Taxes have been prepaid in full.
- 4th. Divide the Backup Special Tax computed pursuant to 2nd step by the total estimated Backup Special Tax which could be levied in the current Fiscal Year on all expected development at Buildout, excluding any Assessor’s Parcels for which Special Taxes have been prepaid in full.
- 5th. Multiply the larger quotient computed pursuant to 3rd or 4th steps by the Outstanding Bonds less the scheduled principal payment, if any, on the redemption date, to compute the amount of Bonds to be retired and prepaid (the “Bond Redemption Amount”).
- 6th. Multiply the Bond Redemption Amount computed pursuant to 5th step by the applicable redemption premium (e.g., the redemption price minus 100%), if any, on the Bonds to be redeemed (the “Redemption Premium”).

- 7th. Compute the Future Facilities Costs.
- 8th. Multiply the larger quotient computed pursuant to 3rd or 4th steps by the amount determined pursuant to 7th step to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Amount”).
- 9th. Compute the amount needed to pay interest on the Bond Redemption Amount on each interest payment date for the Bonds following the date of prepayment through the redemption date for the Bonds, taking into consideration available capitalized interest during such period.
- 10th. Determine the portion of the Special Tax levied on the Assessor’s Parcel in the current Fiscal Year attributable to interest due on the Bonds which has been paid but not yet applied toward the payment of interest on the Bonds.
- 11th. Subtract the amounts computed pursuant to 10th step from the amount computed pursuant to 9th step (the “Defeasance Amount”).
- 12th. The prepayment fees and expenses of IA No. 1B of CFD No. 2020-1 are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs of redeeming Bonds, the costs to remove the Special Tax from the County tax roll, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment Fees and Expenses”).
- 13th. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Fiscal Agent Agreement), if any, associated with the redemption of Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Fiscal Agent Agreement) in effect after the redemption of Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Bonds is below the reserve requirement (as defined in the Fiscal Agent Agreement).
- 14th. If any capitalized interest for the Bonds will not have been expended as of the date immediately following the redemption of Bonds, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to 3rd or 4th steps by the expected balance in the capitalized interest fund or account under the Fiscal Agent Agreement after such redemption date (the “Capitalized Interest Credit”).
- 15th. The Special Tax prepayment is equal to the sum of the Bond Redemption Amount, Redemption Premium, Future Facilities Amount, Defeasance Amount and Prepayment Fees and Expenses, less the Reserve Fund Credit and Capitalized Interest Credit (the “Special Tax Prepayment Amount”).

From the Special Tax Prepayment Amount, the Bond Redemption Amount, Redemption Premium, Defeasance Amount, Reserve Fund Credit and Capitalized Interest Credit shall be deposited into the appropriate fund as established under the Fiscal Agent Agreement and be used to retire Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Improvement Fund. The Prepayment Fees and Expenses shall be retained by IA No. 1B of CFD No. 2020-1.

The Special Tax Prepayment Amount may be insufficient to redeem a full Minimum Denomination of Bonds. In such cases, the increment above the Minimum Denomination or integral multiple thereof will be retained in the appropriate fund established under the Fiscal Agent Agreement to be used with the next prepayment of Bonds or to make debt service payments.

Upon confirmation of the receipt of the Special Tax Prepayment Amount, the CFD Administrator shall determine if there is any portion of the current Fiscal Year’s Special Tax levy for such Assessor’s Parcel that has not been applied as a credit in determining the Special Tax Prepayment Amount, has or will not be utilized for payment of debt service on the Bonds, or has or will not be utilized for Administrative Expenses (the “Unutilized Special Tax”). The CFD Administrator shall cause the removal of the Unutilized Special Tax from the County tax roll, if feasible, or alternatively and to the extent the Unutilized Special Tax has been paid the issuance of a refund to the prepaid parcel. With respect to any Assessor’s Parcel that is

prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless, at the time of such proposed prepayment, the amount of Maximum Special Tax that may be levied on Taxable Property within IA No. 1B of CFD No. 2020-1 (after excluding 102.58 Acres of Public Property and Association Property as set forth in Section E) both prior to and after the proposed prepayment is at least equal to the sum of (i) the Administrative Expenses and (ii) 1.10 times maximum annual debt service, in each remaining Fiscal Year on the Outstanding Bonds.

I.2 Prepayment in Part

The obligation of the Assessor's Parcel to pay the Special Tax may be partially prepaid as described herein, provided that a partial prepayment may be made only for Assessor's Parcels of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel and all other Assessor's Parcels of Taxable Property which are under the same ownership at the time of partial prepayment. The amount of the prepayment for the Special Tax shall be calculated pursuant to Section I.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(STPA - PF) \times F] + PF$$

These terms have the following meaning:

PP = the partial prepayment.

STPA = the Special Tax Prepayment Amount calculated according to Section I.1.

F = the percentage, expressed as a decimal, by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

PF = the Prepayment Fees and Expenses calculated according to Section I.1.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute or cause to be distributed the funds remitted to it according to Section I.1, and (ii) indicate in the records of IA No. 1B of CFD No. 2020-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel.

J SPECIAL TAX REDUCTION

The following additional definitions apply to this Section J:

"Issuance Date" means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and IA No. 1B of CFD No. 2020-1.

"Maximum Debt Burden" means the maximum property tax and other property-based fee and charge burden, including the proposed Special Taxes, set forth in the District's Public Financing Policy being Section 2800 of the District's Administrative Code, effective as of April 13, 2017.

Plan Type" means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within IA No. 1B of CFD No. 2020-1 as identified in the Price Point Study.

"Price Point" means, with respect to the residential dwelling units in each Plan Type, as of the

date of the applicable Price Point Study, (a) for such units sold as of such date, the actual sales price of the units and (b) for such units that have not yet been sold as of such date, the base price of such residential dwelling units, estimated by the Price Point Consultant as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size. Price Point Consultant shall develop and employ an equitable methodology to determine the final Price Point for each Plan Type based upon the prices determined in (a) and (b) above.

“Price Point Consultant” means any consultant or firm of such consultants selected by IA No. 1B of CFD No. 2020-1 that (a) has substantial experience in performing price point studies for residential units within community facilities districts or otherwise estimating or confirming pricing for residential units in community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of residential units in community facilities districts, (c) is in fact independent and not under the control of IA No. 1B of CFD No. 2020-1 or the District, (d) does not have any substantial interest, direct or indirect, with or in (i) IA No. 1B of CFD No. 2020-1, (ii) the District, (iii) any owner of real property in IA No. 1B of CFD No. 2020-1, or (iv) any real property in IA No. 1B of CFD No. 2020-1, and (e) is not connected with IA No. 1B of CFD No. 2020-1 or the District as an officer or employee thereof, but who may be regularly retained to make reports to IA No. 1B of CFD No. 2020-1 or the District.

“Price Point Study” means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within IA No. 1B of CFD No. 2020-1, (c) sets forth the estimated number of constructed and expected residential dwelling units for each Plan Type, (d) sets forth such Price Point Consultant’s estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Step No. 1 of this Section J. The Price Point Study will only include the for-sale Residential Property in IA No. 1B of CFD No. 2020-1.

“Total Effective Tax Rate” means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

“Total Tax and Assessment Obligation” means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on all residential dwelling units of such Plan Type in such Fiscal Year or that would have been levied or imposed on all such residential dwelling units had such residential dwelling units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of residential dwelling units in such Plan Type. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Residential Floor Area, Price Point, and number of constructed and expected residential dwelling units for such Plan Type as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Class of for-sale Residential Property:

- 1st. At least 30 days prior to the expected Issuance Date of the first series of Bonds, IA No. 1B of CFD No. 2020-1 shall cause a Price Point Study to be delivered to the CFD Administrator for Assessor’s Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor’s Parcels of Undeveloped Property for which a Building Permit has been issued, compute the applicable Assigned Special Tax and Backup Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Residential Floor Area referenced on the Building Permit which has already been issued for such Assessor’s Parcel.

- 2nd. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type.
- 3rd. Separately, for each Land Use Class of for-sale Residential Property, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Maximum Debt Burden.
 - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Maximum Debt Burden, then there shall be no change in the Assigned Special Tax for such Land Use Class.
 - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than the Maximum Debt Burden, the CFD Administrator shall calculate a revised Assigned Special Tax for such Land Use Class, which revised Assigned Special Tax shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed Maximum Debt Burden.
- 4th. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the Backup Special Tax attributable to a Final Subdivision as set forth in Section C.1.b. above shall be revised as followed.
 - a. Calculate the total amount of Assigned Special Tax for Land Use Classes 1 through 4 in IA No. 1B of CFD No. 2020-1 by taking the sum of the products of the number of units constructed or expected to be constructed in each such Land Use Class multiplied by the Assigned Special Tax for the corresponding Land Use Class in Table 1 in Section C.
 - b. Pursuant to the step 3.b. above, calculate the reduction in the total amount of Assigned Special Tax for Land Use Classes 1 through 4 in IA No. 1B of CFD No. 2020-1 by taking the sum of the products of the number of units constructed or expected to be constructed in each such Land Use Class that are changing multiplied by the reduction in the Assigned Special Tax for the corresponding Land Use Class.
 - c. Calculate the weighted average percentage reduction in the Assigned Special Tax for Land Use Classes 1 through 4 by dividing the amount derived from the step 4.b. by the amount derived from the step 4.a.
 - d. The revised Backup Special Tax attributable to the Residential Property within a Final Subdivision shall be an amount equal to \$7,108 reduced by the percentage derived from the step 4.c., rounded to the nearest whole dollar.
- 5th. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Appendix A hereto and shall deliver such Certificate of Reduction in Special Taxes to IA No. 1B of CFD No. 2020-1. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax as identified in Table 1 in Section C for a Land Use Class that was not revised as determined pursuant to step 3.a.; as well as the revised Backup Special Tax as calculated pursuant to step 4. The Certificate of Reduction in Special Taxes shall also recommend a corresponding reduction in the Facilities Costs amount to be applied in Section I above.
- 6th. If the Issuance Date of the first series of Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, IA No. 1B of CFD No. 2020-1 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special

Tax for each Land Use Class and the Backup Special Tax shall be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the Issuance Date of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by IA No. 1B of CFD No. 2020-1 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Issuance Date of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

- 7th. As soon as practicable after the execution by IA No. 1B of CFD No. 2020-1 of the acknowledgement on the Certificate of Reduction in Special Taxes, IA No. 1B of CFD No. 2020-1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for IA No. 1B of CFD No. 2020-1 reflecting the Assigned Special Tax and the Backup Special Tax set forth in such Certificate of Reduction in Special Taxes.
- 8th. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However, the CFD Administrator shall prepare and deliver to IA No. 1B of CFD No. 2020-1 a Certificate of No Reduction in Special Taxes substantially in the form of Appendix B hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section J have been made and that no changes to the Maximum Special Tax are necessary.
- 9th. IA No. 1B of CFD No. 2020-1 and the CFD Administrator shall take no further actions under this Section J upon the earlier to occur of the following: (i) the execution of the acknowledgement by IA No. 1B of CFD No. 2020-1 on a Certificate of Reduction in Special Taxes pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step 8.

APPENDIX A

**CERTIFICATE OF REDUCTION IN SPECIAL TAXES FOR
COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA NO. 1B (HORSETHIEF)**

1. Pursuant to Section J of the Amended and Restated Rate and Method of Apportionment, the Maximum Special Tax for Developed Property for [certain or all] Land Use Classes within IA No. 1B of CFD No. 2020-1 has been reduced.
2. The calculations made pursuant to Section J were based upon a Price Point Study that was received by the CFD Administrator on _____.
3. Table 1 below shows the Assigned Special Tax for each Land Use Class after such reduction.

Table 1: Assigned Special Tax Rates

Land Use Class	Description	Residential Floor Area	Assigned Special Tax*
1	Residential Property	3,650 sq. ft. or Greater	\$ _____
2	Residential Property	≥ 3,150 and < 3,650 sq. ft.	\$ _____
3	Residential Property	≥ 2,650 and < 3,150 sq. ft.	\$ _____
4	Residential Property	Less than 2,650 sq. ft.	\$ _____
* Per residential dwelling unit for Residential Property.			

4. The Backup Special Tax attributable to a Final Subdivision after such reduction shall equal to \$ _____ multiplied by the Acreage of all Taxable Property, exclusive of any Taxable Association Property and Taxable Public Property, therein.
5. The Facilities costs in Section I shall equal \$ _____.
6. Upon execution of this certificate by IA No. 1B of CFD No. 2020-1, IA No. 1B of CFD No. 2020-1 shall cause an amended notice of Special Tax lien for IA No. 1B of CFD No. 2020-1 to be recorded reflecting the Assigned Special Tax, Backup Special Tax and Facilities Costs set forth herein.

Submitted

CFD ADMINISTRATOR

By: _____ Date: _____

By execution hereof, the undersigned acknowledges, on behalf of IA No. 1B of CFD No. 2020-1, receipt of this certificate and modification of the Amended and Restated Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2020-1 of the Elsinore Valley Municipal Water District

IMPROVEMENT AREA NO. 1B (Horsethief)

By: _____ Date as of: [closing date of Bonds]

APPENDIX B
CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES FOR
COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT
IMPROVEMENT AREA NO. 1B (HORSETHIEF)

1. All calculations required pursuant to Section J of the Amended and Restated Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on _____.
2. Total Effective Tax Rate for all Plan Types in all Land Use Classes is less than or equal to Maximum Debt Burden.
3. The Maximum Special Tax for Developed Property within IA No. 1B of CFD No. 2020-1, including the Assigned Special Tax set forth in Sections C.1.a. and the Backup Special Tax set forth in Section C.1.b. of the Amended and Restated Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: _____ Date: _____

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF ELSINORE VALLEY MUNICIPAL WATER DISTRICT DECLARING NECESSITY FOR COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HORSETHIEF) OF THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT TO INCUR BONDED INDEBTEDNESS IN AN INCREASED AMOUNT FOR IMPROVEMENT AREA NO. 1B OF THE COMMUNITY FACILITIES DISTRICT

WHEREAS, the Board of Directors (the “Board of Directors”) of the Elsinore Valley Municipal Water District (the “District”) has received a written petition from Temescal Valley Land, LLC, the owner (the “Owner”) of the territory within Improvement Area No. 1B of Community Facilities District No. 2020-1 (Horsethief) of the Elsinore Valley Municipal Water District (the “Improvement Area” and the “Community Facilities District” respectively) requesting that the Board of Directors initiate proceedings pursuant to the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code, to (i) increase the amount of the authorized bonded indebtedness that is allocated to the Improvement Area No. 1B from \$1,250,000 to \$4,500,000; (ii) revise the Rate and Method of Apportionment of Special Tax for the Improvement Area to increase the rates of special tax to be levied on parcels of property in the Improvement Area to pay debt service on the bonds of the Community Facilities District that may be issued to finance the design, construction and acquisition of public facilities for the Improvement Area and to pay directly for such facilities; and (iii) extend the term of the special tax for the Improvement Area from 2064-65 to 2069-70.

WHEREAS, on January 14, 2021, the Board of Directors adopted Resolution No. 21-01-02 determining, among other matters, that it was necessary for the Community Facilities District to incur a bonded indebtedness and allocating \$1,250,000 of the bonded indebtedness for the Improvement Area; and

WHEREAS, On January 14, 2021, consolidated special elections were held within the Community Facilities District on propositions, among others, regarding the Community Facilities District incurring a bonded indebtedness not to exceed \$1,250,000 for Improvement Area No. 1B for the purpose of financing public facilities for the Improvement Area, and all votes cast in such elections were voted in favor of such propositions; and

WHEREAS, the Community Facilities District is, therefore, authorized to incur a bonded indebtedness and issue bonds in an aggregate principal amount not to exceed \$1,250,000 for Improvement Area No. 1B for the purpose of financing the design, construction and acquisition of public facilities for the Improvement Area; and

WHEREAS, the Board of Directors has adopted a resolution of consideration, pursuant to Sections 53331 and 53334 of the Government Code, determining that the public convenience and necessity require the proposed changes specified in the aforementioned petition (the “Resolution of Consideration”) and scheduling a public hearing on such proposed changes for January 12, 2023; and

WHEREAS, in order to increase the authorized bonded indebtedness to be incurred by the Community Facilities District for the Improvement Area from \$1,250,000 to \$4,500,000, as requested

by such petition, it is necessary that the Board of Directors adopt a resolution pursuant to Section 53345 of the Government Code declaring the necessity for the Community Facilities District to incur bonded indebtedness in such increased amount for the purpose of providing and financing public facilities for the Improvement Area.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT, AS FOLLOWS:

Section 1. Findings. The above recitals are all true and correct.

Section 2. Necessity. This Board of Directors declares that it is necessary that a bonded indebtedness be incurred by and for the Community Facilities District for the Improvement Area in a principal amount not to exceed \$4,500,000 for the purpose of financing for the Improvement Area the design, construction and acquisition of public facilities of the types identified in Resolution No. 21-01-01, the Resolution of Formation establishing the District, which was adopted by the Board of Directors on January 14, 2021.

Section 3. Costs Included. The amount of the proposed bonded indebtedness shall include all costs and estimated costs incidental to, or connected with, the accomplishment of the purposes for which the proposed bonded indebtedness is to be incurred, including, but not limited to, the estimated costs of construction and acquisition of the public facilities which are proposed to be provided within and for the benefit of the Improvement Area, acquisition of land and rights-of-way, satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued, architectural, engineering, inspection, legal, fiscal and financial consultant fees, bond and other reserve funds and interest on any bonds of the Community Facilities District estimated to be due and payable within two years from the date of the issuance of such bonds, election costs, and all costs of issuance of the bonds, including, but not limited to, underwriter's discount, fees for bond counsel, disclosure counsel, appraisers, financial advisors, market absorption consultants and other consultants, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs.

Section 4. Territory. The territory within the Improvement Area of the Community Facilities District is generally shown and described on the map of the boundaries of Improvement Area, which was recorded in Book 85 of Maps of Assessment and Community Facilities Districts at page 96 and as Instrument No. 2020-0562738 in the office of the County Recorder of the County of Riverside.

Section 5. Levy of Special Taxes. Pursuant to Section 53350 of the Government Code, (a) all parcels of taxable property within the Improvement Area shall be subject to the levy of special taxes to pay the principal of and interest on the aggregate principal amount of the bonds of the Community Facilities District that may be issued and sold to finance or to contribute to the financing of public facilities for the Improvement Area; and (b) all proceedings for purposes of a bond election with respect to the increased bonded indebtedness to be incurred by the Community Facilities District for the purpose of financing public facilities for the Improvement Area shall apply only to the Improvement Area.

Section 6. Hearing. A public hearing on the proposed increased bonded indebtedness for Improvement Area No. 1B of the Community Facilities shall be held at 4:00 p.m. on January 12, 2023,

at the Elsinore Valley Municipal Water District located at 31315 Chaney Street, Lake Elsinore, California 92530, or via teleconference as directed by the District due to COVID-19 social distancing guidelines. Said hearing shall be conducted concurrently with the hearing on the changes proposed by the Resolution of Consideration.

Section 7. Notice. The Secretary of the Board of Directors shall publish a notice of the time and place of said hearing pursuant to Section 53346 of the Government Code and shall also give notice of the time and place of said hearing by first-class mail to each registered voter and to each landowner within the Improvement Area of the Community Facilities District.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED and ADOPTED this 8th day of December, 2022, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Darcy Burke
President of the Board of Directors of the Elsinore
Valley Municipal Water District

ATTEST:

Terese Quintanar
Secretary of the Board of Directors of the
Elsinore Valley Municipal Water District

I, TERESE QUINTANAR, Secretary of the Board of Directors of Elsinore Valley Municipal Water District certify that the foregoing is a full, true and correct copy of Resolution No. _____ adopted by said Board at its regular meeting of December 8, 2022 by the following roll call vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Terese Quintanar, Secretary

PETITION REGARDING PROCEEDINGS TO MAKE CHANGES WITH RESPECT TO IMPROVEMENT AREA NO. 1B OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 (HORSETHIEF) OF ELSINORE VALLEY MUNICIPAL WATER DISTRICT

1. Temescal Valley Land, LLC (“Owner”) requests that the Board of Directors of Elsinore Valley Municipal Water District initiate and conduct proceedings pursuant to the Mello-Roos Community Facilities Act of 1982 with respect to Improvement Area No. 1B of Community Facilities District No. 2020-1 (Horsethief) of the Elsinore Valley Municipal Water District as follows: (i) to increase the authorized bonded indebtedness thereof from \$1,250,000 to \$4,500,000; (ii) to revise the Rate and Method of Apportionment of Special Tax thereof to increase the rates of special tax to be levied on parcels of property therein; and (iii) increase the term of the special tax for the Improvement Area from 2064-65 to 2069-2070.

2. Owner is the owner of all of the property in Improvement Area No. 1B of the District described in Exhibit “A” attached hereto.

Dated: _____, 2022

TEMESCAL VALLEY LAND, LLC, a Delaware limited liability company

By: DIVERSIFIED PACIFIC DEVELOPMENT GROUP, LLC, a California limited liability company

By: _____
Name: Matthew A. Jordan
Its: Co-Managing Member

EXHIBIT "A"

PROPERTY DESCRIPTION

The property located within Improvement Area No. 1B of Community Facilities District No. 2020-1 (Horsethief), County of Riverside, State of California identified by Riverside County Assessor's Parcel Nos. 393-090-006 and 393-090-007.

Horsethief Community Facilities District (CFD) – Improvement Area 1B Amendment

Study Session
November 2nd, 2022



Outline

- Horsethief Community Facilities District (CFD) Participating Developers
- Original Formation Schedule
- Amendment Request
- Upcoming Schedule

Horsethief CFD - Participating Developers

Development

Saddleback (Temescal)

Sam Horsethief

Renaissance Ranch

JBJ Ranch

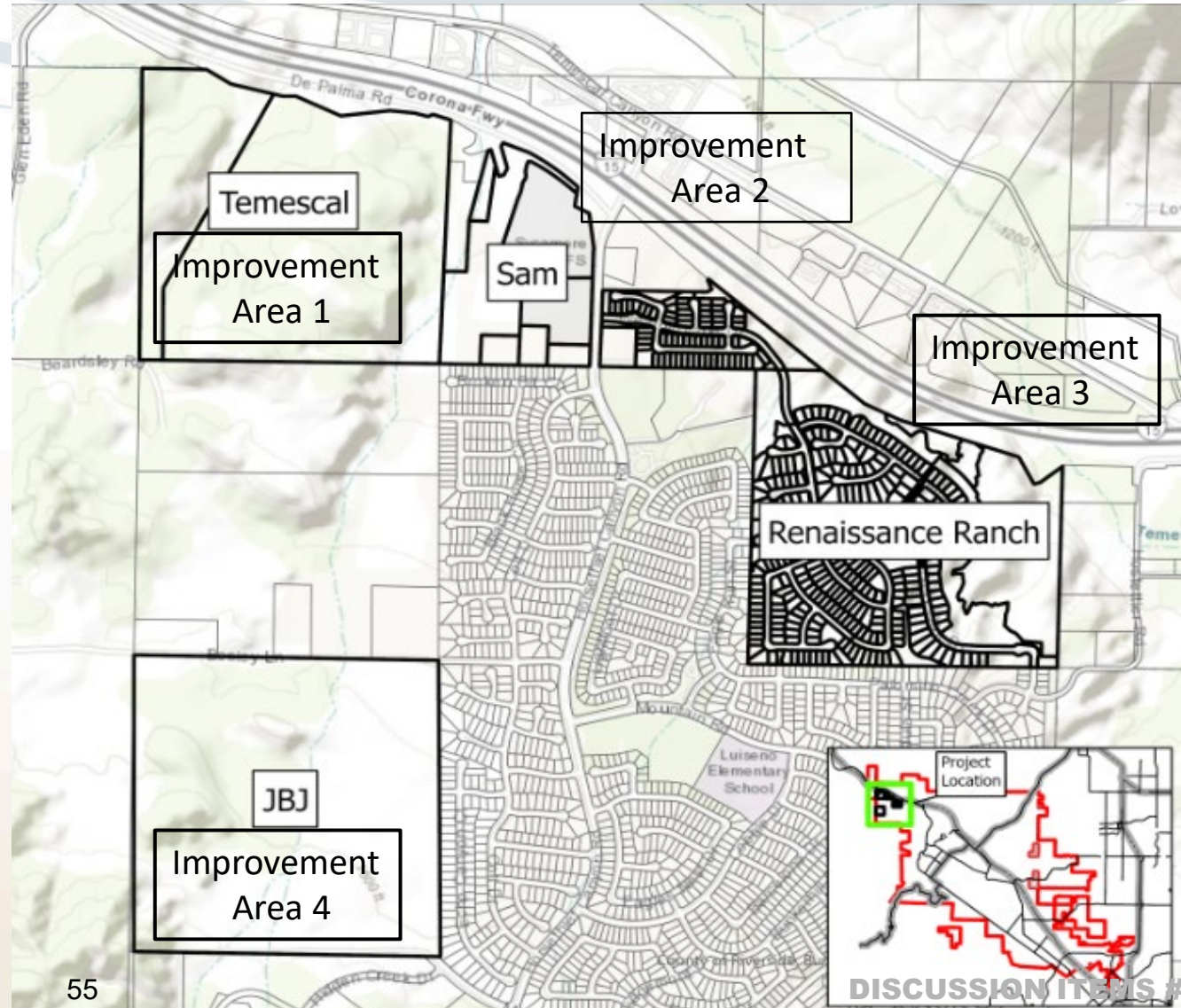
IA

1

2

3

4



Formation Schedule

Date	Event
October 22, 2020	Declared intention to form Horsethief CFD and necessity to incur bond indebtedness
January 14, 2021	Horsethief CFD 2020-1 established with 7 Improvement Areas (IA)
February 11, 2021	Authorization to levy of special taxes
September 23, 2021	Issued Bonds for Improvement Area 1A and 2A
October 14, 2021	Issued Bonds for Improvement Area 3A

Amendment to Improvement Area 1B

- Temescal Valley Land, LLC (IA 1B) has petitioned the District requesting that the Board initiate proceedings pursuant to the Mello-Roos Community Facilities Act of 1982
 - Increase authorized bonded indebtedness from \$1,250,000 to \$4,500,000
 - Revise the Rate and Method of Apportionment of Special Tax
 - Extend the term of the special tax from 2064-65 to 2069-70

Amendment to Improvement Area 1B (Cont'd)

	Original	Requested Amendment	Increase
Authorized Bond Amount	\$1,250,000	\$4,500,000	\$3,250,000
Assigned Special Tax Rate			
3,650 sq/ft or Greater	\$388	\$1,198	\$810
≥3,150 and <3,650 sq/ft	\$354	\$1,178	\$824
≥2,650 and <3,150 sq/ft	\$336	\$1,158	\$822
Less than 2,650 sq/ft	\$307	\$1,138	\$831
Non-Residential	\$2,025/Acre	\$7,108/Acre	\$5,083/Acre
Term of Special Tax	2064-2065	2069-2070	5 years

Upcoming Schedule

Date	CFD No. 2021-1 IA 1B	Status
	Rate and method of apportionment of special tax based on development mix and legislative proceedings prepared	Completed
October 25, 2022	Finance & Administration Committee – Present CFD Amendment	Completed
November 2, 2022	Study Session – Present CFD Amendment	
December 8, 2022	Board Meeting – Resolution of Consideration	
January 12, 2023	Board Meeting – Resolution of Change	
January 26, 2023	Board Meeting – Second Reading of Ordinance	

- Dependent on Project Schedule
 - EVMWD Considers Approval of Bond Issuance
 - Bond Issuance once sufficient development has taken place and EVMWD policies have been met

Questions?





STUDY SESSION
DISCUSSION OUTLINE

Date: November 2, 2022

Originator: Parag Kalaria - Water Resources

Subject: CHANGE ORDER NO. 1 TO THE CONTRACT WITH CDM CONSTRUCTORS INC. FOR THE HORSETHIEF CANYON WATER RECLAMATION FACILITY DESIGN-BUILD REHABILITATION AND EXPANSION PROJECT

STRATEGIC GOAL

Maintain and Upgrade Infrastructure
Optimize and Diversify Water Sourcing

BACKGROUND AND RECOMMENDATION

Elsinore Valley Municipal Water District (District) is undergoing a project to expand and improve the Horsethief Canyon Water Reclamation Facility (HTCWRF). The expansion will increase the average daily capacity from 0.5 mgd to 0.8 mgd. Additional flows are expected from planned development in the area and the housing developers are helping to fund a large portion of the project costs. The developers are responsible for 65% of the project cost. The design-build contract was awarded to CDM Constructors Inc. and the Notice to Proceed issued on October 11, 2021.

As the design progressed, certain project enhancements and additions were requested by the District. These enhancements were geared towards providing a more efficient and functional facility that can be better operated and maintained by District staff. CDM Constructors Inc. has requested the change order to cover additional design services, materials, and construction costs. There is no schedule impact for the change order. The change order provides the following:

- **Portable Odor Meter:** This replaces the specified installed instrumentation to monitor odors at the odor treatment facility with the District's standardized portable odor meter tool. This is more common for odor facilities rather than having constant monitoring. It also allows the portable meter tool to be used around the plant and at the fence-line or other nearby facilities to investigate odor concerns.

- Spare I/O: This provides additional wiring at strategic locations for installation of future instruments that may be desired for additional or new monitoring of water quality or other parameters.
- Auto Dialer Replacement: The HTCWRF currently uses an older auto dialer as a backup to the SCADA system for alerting operators to an alarm. The current auto dialer is antiquated and has limited number of alarms used for call out. It will be replaced with a software system that can call out for any number of alarms and to multiple numbers to improve alarm notification, especially for after hours and when the facility is unmanned.
- Generator Docking Station: District staff has requested installation of a portable generator docking station. This allows a portable generator to be connected to the plant in case the installed generator has issues or fails to work during a power outage. The District has standardized on a specific brand and model.
- Remote Reset for MCC Motors: This installs a software-based reset on all motors connected to the motor control center. This allows operators to restart a motor from the remote SCADA locations rather than having to travel to the plant to manually push a reset button. This will save significant staff time in resetting motors and allow the plant to quickly recover from a motor failure.
- Additional Level Instruments on Truck Loadout and Readout Board: The current project includes a dewatering building equipped with a truck loadout bay to drop dewatered solids into an open truck trailer. While the facility does have a scale to monitor the size of the load, level instruments are desired to provide level measurement of the biosolids in the trailer and a large readout board to indicate the level and weight. This allows staff to adjust loading location and evenly distribute the load without having to climb into the trailer to do so. The readout will provide for easy monitoring of the load weight and level from anywhere in the building.
- MBR Tank Bridge Crane: It was originally envisioned that a crane rental could be brought in to lift out membranes as needed. However, the final facility layout and concern of access to a properly rated rental crane in an emergency made an installed crane much more desirable. Considering the criticality in the membrane process and implications of a failure leading to a spill and/or permit violation, a permanent crane has been deemed essential. This change will install a bridge crane above the tanks that can pick up the membrane cassettes and place them on the ground or flatbed truck for inspection, cleaning, replacement, etc.
- Hach Chlorine Analyzer: The project specifications were based on a District-specific analyzer model that the District has replaced with a more current model. This change will replace the old model with the new one.

Staff has provided the updated cost allocation to the four developers. The breakdown is attached as part of the Fiscal Impact.

Staff plans to present this item at the November 22, 2022 Board of Directors Meeting to recommend approval of Change Order No. 1 to the contract with CDM Constructors Inc. in the amount of \$605,901.00. This item, including overhead of \$3,030.00, totals \$608,931.00. The developers are responsible for 65% of the change order cost.

ENVIRONMENTAL WORK STATUS

The Initial Study and Mitigated Negative Declaration was accepted at the July 26, 2018 Regular Board Meeting.

FISCAL IMPACT

Within Budget – No. This change order pushes the project total costs over budget by \$533,671. Supplemental funding requirements will be shared per reimbursement agreement approved by the Board of Directors. The District's share, \$186,785 (35%), will be funded by wastewater replacement and plant capacity funds.

Attachments:

Change Order No. 1
Location Map



Work Order # C2037
 Grant # N/A
 Contract # 1067

CHANGE ORDER NO. 01

Project Name: Horsethief Canyon Reclamation Facility Design-Build Rehabilitation & Expansion
Date: October 4, 2022

To: CDM Constructors, Inc.
From: EVMWD
555 17th Street, Suite 500
31315 Chaney Street
Denver, CO 80209
Lake Elsinore, CA 92530

You are hereby directed to provide the extra work necessary to comply with this Change Order.

Item	PCO NO.	Description of Changes	Amount	Time Extension (Days)
1	002	H2S Monitoring Inlet/Outlet- Portable Monitor (Jerome)	\$11,873.00	0
2	003	Spare I/O (existing headworks by autosampler, bioreactor instrument rack, new CCB)	\$4,006.00	0
3	004R1	Auto Dialer Alarms	\$45,911.00	0
4	005	Generator Docking Station	\$73,582.00	0
5	007	Remote Reset for motor starters in MCCs	\$47,843.00	0
6	008	Three (3) Additional Level Instruments in Truck Loading area for solids loading and Scale Readout	\$46,353.00	0
7	010	Bridge Crane at MBR Tanks	\$366,675.00	0
8	011	Chlorine Analyzer Model Change	\$9,658.00	0
		Net change in Contract amount – increase or (decrease)	\$605,901	0



Work Order # C2037
Grant # N/A
Contract # 1067

ACCEPTANCE:

Contractor accepts the terms and conditions stated above as full and final settlement of any and all claims arising from this Change Order and acknowledges that the compensation (time and cost) set forth in the Change Order comprises the total compensation due for the work or change defined in the Change Order, including all impact on any unchanged work. By signing the Change Order, the Contractor acknowledges and agrees that the stipulated compensation includes payment for all Work contained in the Change Order, plus all payment for the interruption of schedules, extended overhead costs, delay, and all impact, ripple effect or cumulative impact on all other Work under this Contract. The signing of the Change Order acknowledges full mutual accord and satisfaction for the change, and that the time and/or cost under the Change Order constitute the total equitable adjustment owed the Contractor as a result of the change. The Contractor agrees to waive all rights, without exception or reservation of any kind whatsoever, to file any further claim or request for equitable adjustment of any type, for any reasonably foreseeable cause that shall arise out of or as a result of this Change Order or the impact of this Change Order on the remainder of the Work under this contract.

Contractor agrees to perform the above-described work in accordance with the above terms and in compliance with applicable Sections of the Contract Documents.

This Change Order is hereby agreed to, accepted and approved, all in accordance with the General Conditions of the Contract Documents.

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

CONTRACTOR

Construction Manager Date

By: _____

Project Manager Date

Title: _____

Engineering Manager Date

Date: _____

Director of Engineering and Water Resources Date

Assistant General Manager Date

General Manager Date

ORIGINAL CONTRACT AMOUNT	\$31,569,500.00			
NOTICE TO PROCEED DATE	10/11/2021			
ORIGINAL COMPLETION DATE	12/11/2023			
CHANGE ORDER NO.	Amount	Revised Contract Amount	Time Extension (calendar days)	Revised Completion Date
1	\$605,901	\$32,175,401.00	0	12/11/2023

Purpose and background of current change order (insert brief description):

Item 1: Portable Odor Meter - This replaces the specified installed instrumentation to monitor odors at the odor treatment facility with the District's standardized portable odor meter tool. This is more common for odor facilities rather than having constant monitoring. It also allows the portable meter tool to be used around the plant and at the fence-line or other nearby facilities to investigate an strange odors or odor complaints.

Item 2: Spare I/O - This provides additional wiring at strategic locations for installation of future instruments that may be desired for additional or new monitoring of water quality or other parameters.

Item 3: Auto Dialer Replacement – The HTCWRF currently uses an older autodialer as a backup to the SCADA system for alerting operators to an alarm. The current autodialer is antiquated and has limited number of alarms that it can call out. It will be replaced with a software system that can call out for any number of alarms and to multiple numbers to improve alarm notification, especially for after hours and when the facility is unmanned.

Item 4: Generator Docking Station – District staff has requested installation of a portable generator docking station. This allows a portable generator to be connected to the plant in case the installed generator has issues or fails to work during a power outage. The District has standardized on a specific brand and model.

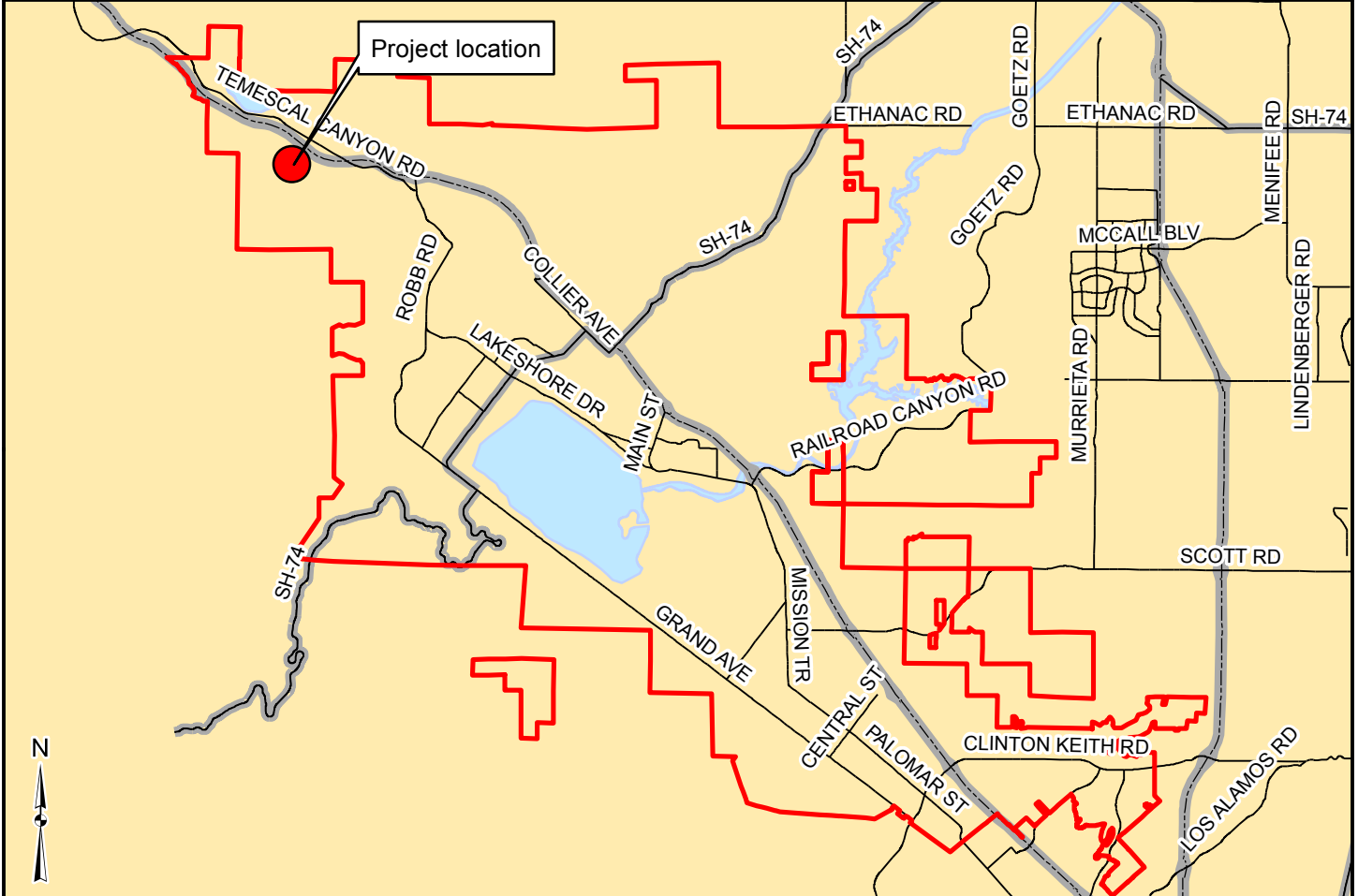
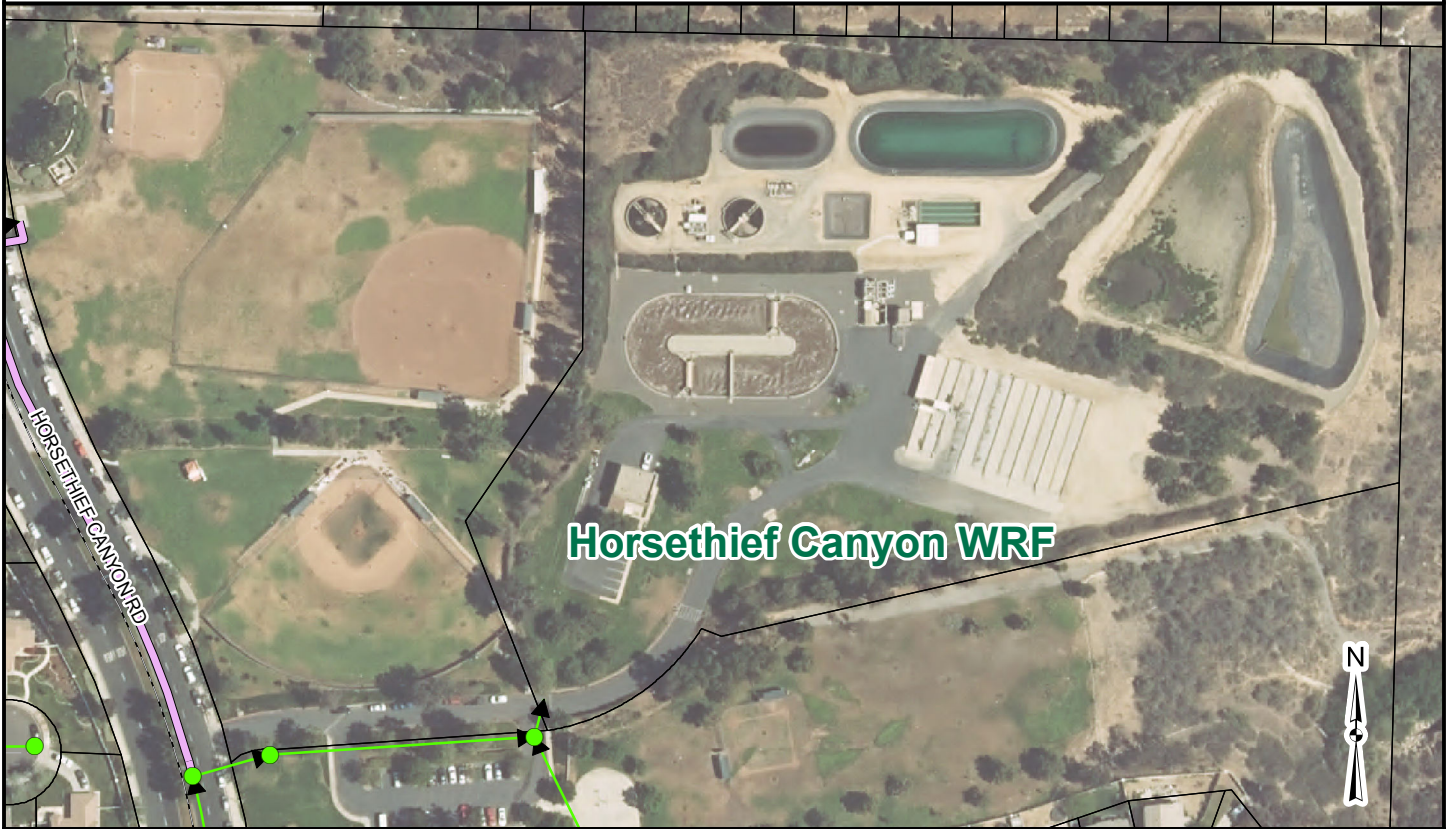
Item 5: Remote Reset for MCC Motors – This installs a software based reset on all motors connected to the motor control center. This allows operators to restart a motor from the remote SCADA locations rather than having to travel to the plant to push a reset button. This will save significant staff time in resetting motors and allow the plant to quickly recover from any motor failure.

Item 6: Additional Level Instruments in Truck Loadout and Readout Board – This project will install a dewatering building equipped with a truck loadout bay to drop dewatered solids into an open truck trailer. While the facility does have a scale to monitor the size of the load, level instruments are desired to provide level measurement of the biosolids in the trailer and a large readout board to indicate the level and weight. This allows staff to adjust loading location and evenly distribute the load without having to climb into the trailer to do so. The readout will provide for easy monitoring of the load weight and level from anywhere in the building.

Item 7: MBR Tank Bridge Crane – A bridge crane was part of the original scope and negotiated out of the project to bring down costs. It was assumed a crane rental could be brought in to lift out membranes as needed. However, the facility layout and concern of access a properly rated rental crane in an emergency made an installed crane much more desirable. Considering the criticality in the membrane process and implications of a failure leading to a spill and/or permit violation, a permanent crane has been deemed essential. This will install a bridge crane above the tanks that can pick up the membrane cassettes and place them on the ground or flatbed truck for inspection, cleaning, replacement, etc.

Item 8: Hach Chlorine Analyzer – The project specifications were based on a District-specific analyzer model that the District has replaced with a more current model. This will replace the old model with the new one

Horsethief Canyon Water Reclamation Facility





STUDY SESSION
DISCUSSION OUTLINE

Date: November 2, 2022

Originator: Jen Dancho- HR

Subject: **AMENDMENT TO AUTHORIZED POSITION LISTING – FACILITIES MAINTENANCE**

STRATEGIC GOAL

Hire, Develop and Retain Skilled Personnel

BACKGROUND AND RECOMMENDATION

The District maintains a fairly large fleet comprised of a wide variety of vehicles to meet the specific mission of each section. The current count of on-road vehicles is 89 and is divided into two categories: Small SUVs, up to ton-and-a-half (F-550), make up 76 vehicles, and larger trucks (dump trucks, crane trucks, and sewer combination jet/vac trucks) make up the remaining 13 vehicles. A multitude of other equipment assets, (backhoes, skid steer tractors, forklifts, stationary generators, towable generators, towable pumps) require regular maintenance and repair. Maintaining qualified mechanics is critical to the Districts mission to support these multiple areas.

In 2014, the District entered into an agreement with Enterprise Fleet Management (Enterprise) to lease all vehicles up to ton-and-a-half chassis capacity. Through this program, each vehicle is typically replaced after five (5) years. Proceeds from the auction of lease-returns through Enterprise are then typically directed back into the lease program to offset cost. Larger specialty vehicles remain District-owned due to their extended (typically 10-20 year) lifecycle and lack of availability through the lease program.

Since 1997, maintenance and repair of District vehicles and equipment has been performed by an outside vendor that staffed mechanics at the District yard. In 2014 a Request for Proposal was issued for Fleet Maintenance Services, and on June 26, 2014, the Board awarded a five (5) year contract to Southern California Fleet Services, Inc. (SoCal Fleet). On September 29, 2019, the Board awarded a second five (5) year contract to SoCal Fleet for Fleet Maintenance Services. This contract is entering its 4th year and is set to expire on September 30, 2024. Per the contract services agreement,

SoCal Fleet maintains two full-time mechanics on site. The workload remains sufficient to maintain this level of staffing.

The table below shows the current rate structure for the SoCal Fleet for Fleet Maintenance Services:

Year		Hourly Rate	Increase
2014	NON-ADMIN MECHANIC	\$55.00	
	ADMIN MECHANIC	\$62.00	
2015	NON-ADMIN MECHANIC	\$56.65	3%
	ADMIN MECHANIC	\$63.86	3%
2016	NON-ADMIN MECHANIC	\$58.35	3%
	ADMIN MECHANIC	\$65.78	3%
2017	NON-ADMIN MECHANIC	\$58.35	0%
	ADMIN MECHANIC	\$65.78	0%
2018	BOTH MECHANICS	\$70.69	7%
2019	BOTH MECHANICS	\$75.00	6%
2020	BOTH MECHANICS	\$78.00	4%
2021	BOTH MECHANICS	\$82.00	5%
2022	BOTH MECHANICS	\$85.00	4%
2023	BOTH MECHANICS	\$89.00	5%

In June 2022 SoCal Fleet initiated discussions with staff to express concerns relative to their hourly rate and structure. SoCal Fleet indicated multiple factors are driving the need to increase their hourly rate to maintain financial stability and provide competitive wages for their mechanics. Factors cited include the following:

- COVID-19 pandemic has increased medical expenses on the order of \$11,144 and \$39,383 for 2020 and 2021, respectively, and \$22,340 to date for CY 2022. At the same time, new Government-mandated sick leave policy requirements have impacted productivity levels and up-time for client fleets due to lack of consistent and predictable mechanic availability.
- Premiums for Workers Compensation and Liability insurance have increased an average of 17% and 18%, respectively, since the current contract was executed.
- Along with the State-mandated minimum wage increase, the new California Wage Law requires entry-level technicians, who are required to provide their own tools, be paid double-minimum wage.
- Lack of significant rate escalation has left SoCal Fleet behind in their ability to maintain competitive wages and keep qualified mechanics.

At the time SoCal Fleet requested the increase to the hourly rate, the rate was \$82.00 per hour for both fleet mechanics. The calculated annual cost equates to \$326,688.00. The requested increase by SoCal Fleet is to \$118.00 per hour, a 44% increase which would push the annual cost to \$446,208.00. Research indicated shifting to dealership services is not a cost-effective option due to our wide variety of specialty vehicles and equipment. Staff researched rates at local automotive dealerships and found the standard hourly rate is \$165.00.

Staff then conducted a market analysis covering multiple public agencies that provide similar services to EVMWD and maintain staff positions for Mechanic I, Mechanic II, and Senior Mechanic. The following agencies were surveyed:

- City of Hemet
- City of Moreno Valley
- City of San Bernardino
- Coachella Valley WD
- Cucamonga Valley WD
- Eastern MWD
- Irvine Ranch WD
- Otay WD
- Rainbow WD
- Rancho California WD
- San Bernardino MWD
- Western MWD

Of twelve agencies surveyed, the findings indicate the District would realize significant savings by maintaining in-house staff for Mechanic positions.

Comparing the cost for fully burdened Mechanic positions reveals the following:

- Effective October 1, 2022, SoCal Fleet rates increased to \$85.00 per hour which equates to \$338,640.00 per year for two Mechanics.
- SoCal Fleet is requesting an immediate increase to \$118 per hour which equates to \$446,208.00 per year for two Mechanics.
- Mechanic I - proposed range 22 (max \$6,086 per month)
 - 11 agencies surveyed - range 22 is equal to the market median, 2% above market mean
 - Fully burdened cost \$92,565-\$113,352 per year
- Mechanic II - proposed range 26 (max \$7,413 per month)
 - 8 agencies surveyed - range 26 is 1% above market median, 6% above market mean

- Fully burdened cost \$106,348-\$131,379 per year
- Senior Mechanic - proposed range 28 (max \$8,185 per month)
 - 10 agencies surveyed - range 28 is 2% above market median, 5% above market mean
 - Fully burdened cost \$115,564-\$143,446 per year

The two Mechanic positions would be flexibly staffed as a I/II/Senior with a defined succession ladder, allowing for incumbent progression as they develop their skills and gain additional experience, as well as giving the District flexibility to hire at any of three levels depending on organizational need.

Using the Mechanic II and Senior Mechanic maximum ranges as examples, the comparison with SoCal Fleet for two Mechanics at **current** contract rates is as follows:

SOCAL FLEET \$85/HR	\$338,640.00
MECHANIC II	\$131,379.00
SENIOR MECHANIC	\$143,446.00
TOTAL	\$274,825.00
SAVINGS	\$63,815.00

The comparison using SoCal Fleet projected future contract Mechanic rates is as follows:

SOCAL FLEET \$118/HR	\$446,208.00
MECHANIC II	\$131,379.00
SENIOR MECHANIC	\$143,446.00
TOTAL	\$274,825.00
SAVINGS	\$171,383.00

By bringing Mechanic positions in-house, the District avoids significant overhead and ancillary administrative costs, such as billing, escalating insurance premiums, and State and Federal policy costs being applied by contracted resources. Additionally, the District is in a much stronger position to establish and maintain control of training and certification requirements of an ever evolving and highly technical fleet. Finally, as communicated by SoCal Fleet, they are struggling to maintain their pool of qualified Mechanics, and the District remains vulnerable to being provided Mechanics that do not meet our standards for technical capability.

By maintaining a hierarchy of positions as Mechanic I/II/Senior, the District is able to recruit and promote within the Mechanic ranks for the two required positions. This change would place the District in a strategically advantageous position that ensures predictable and manageable mechanic expenses in addition to an increased ability to recruit quality Mechanics who will gain knowledge and competency in their roles. Also, this ensures a higher probability of Mechanic retention and consistency of service quality.

Staff plans to present this item recommending approval at the November 10, 2022 Board of Directors Meeting.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

- Within Budget – Yes – See cost savings detailed above.

Attachments:

None

Review Proposed Amendment to Authorized Position Listing – Facilities Maintenance

Study Session
November 2, 2022

Background

- Proposed Increase for Contracted Fleet Services
 - COVID-19 Impacts
 - Workers' Compensation & Liability Insurance
 - State Regulatory Impacts
- Reliable Staffing from Contracted Fleet Services
 - Lack of Competitive Wages
 - COVID-19 related Time Off
 - Technical Capability/Development

District Review

- Alternative Contract Options
 - What other agencies are doing
 - Dealership services
 - Other contract mechanic providers
- Market Analysis
 - Agencies with in-house Mechanics
 - Job levels and pay ranges
 - Job description development

Recommendation

- Alternative Contract Options
 - SoCal Fleet Proposed Rate - \$118/hour (44% increase)
 - Dealership Services - \$165/hour

Recommendation

- Market Analysis
 - 12 neighboring agencies compared
- Mechanic I – Proposed range 22 – \$44.50 - \$54.50/hr
 - Equal to market median
- Mechanic II – Proposed range 26 – \$51.13 - \$63.16/hr
 - 1% above market median
- Senior Mechanic – Proposed range 28 – \$55.56 - \$68.96/hr
 - 2% above market median

Recommendation

SoCal Fleet – 2 Contract Staff

- Proposed Increase
\$118/hr
- Proposed Annual Cost
\$446,208
- Increase in 2023
\$119,520

Mechanic I/II/Sr – 2 FTEs

- Mechanic I Max Annual Cost
\$113,352
- Mechanic II Max Annual Cost
\$131,379
- Senior Mechanic Max Annual Cost
\$143,446

Current Cost Comparison	
SoCal Fleet	\$338,640
Mechanic II	\$131,379
Senior Mechanic	\$143,446
Total	\$274,825
Anticipated Savings w/ FTEs	\$63,815
Proposed Cost Comparison	
SoCal Fleet	\$446,208
Mechanic II	\$133,379
Senior Mechanic	\$143,446
Total	\$274,825
Anticipated Savings w/ FTEs	\$171,383

QUESTIONS?





STUDY SESSION
DISCUSSION OUTLINE

Date: November 2, 2022
Originator: Terese Quintanar- Administration
Subject: BEST MANAGMENT PRACTICES

STRATEGIC GOAL

Build Recognized Value
Elevate Communications
Expand Collaboration, Innovation and Relationships

BACKGROUND AND RECOMMENDATION

The Board's Best Management Practices Handbook was reviewed, refreshed and adopted in May of 2021. It is good practice and the intent to periodically review this document and make edits as required to keep it current and relevant. Staff performed a review of the documents and recommends updates including revisions to the Executive Summary, addition of the new Vision Statement and the removal of redundant language which has previously been incorporated into the Administrative Code.

Staff reviewed the recommended updates with the Finance and Administration Committee on May 17, 2022 and incorporated changes that were reviewed by the Board at the August 3, 2022 Study Session meeting. During the Study Session review, the Board suggested the addition of clarifying language such as guidance for legal counsel interaction, emergency contact, and meeting attendance. Draft verbiage has been added to several sections for the Board to review and discuss.

Staff plans to present this item to the Board for consideration of approval at the November 10, 2022 Board of Directors Meeting.

ENVIRONMENTAL WORK STATUS

Not Applicable.

FISCAL IMPACT

Not Applicable.

Attachments:

Draft Best Management Practices Handbook

Elsinore Valley Municipal Water District's Commitment to Board's Best Management Practices

I. Executive Summary

Comprehensive Organizational Development Plan

The Elsinore Valley Municipal Water District (District) approved the development of its first Comprehensive Organizational Development Plan (Plan) in September of 2014. The Plan assisted District leadership in better defining appropriate management policies and procedures while improving the overall management efficiency of the District by closely integrating three separate but uniquely linked elements. The three elements of the Plan include development of a Board Member Best Management Practices Handbook, an Organizational Performance Assessment and the 2021 Strategic Plan. This document deals with the first element of the Plan, The **Board's Best Management Practices**.

Board's Best Management Practices

The members of the Board of Directors understand the importance of the role each of them plays in representing the District's customers and ratepayers in the most ethical and accountable manner possible. The legal framework that provides guidance for their roles as either elected or appointed public officials are established in the California Government and Water Codes. Additionally, policies within EVMWD's Administrative Code, further define and guide the Board of Directors and staff on management of the District. Sections 400, 500 and 700 of the Administrative Code were used extensively in the development of the Board's Best Management Practices and are utilized as a complement to this document

To further identify and define expectations of accountability and behavior the Board of Directors and General Manager conducted a thorough review of the Best Practices in early 2021 to ensure that the document paralleled "*standards and expectations for governance that guides organizational performance to achieve superior results.*" The following criteria were used in identifying the appropriate Best Practices:

- Ethical standards and accountable leadership
- Public confidence and integrity
- Compliance with the letter and spirit of existing laws and policies
- Dedication to superior service
- Personalized standards of conduct

The process of developing a Board's Best Management Practices consisted of individual meetings with WESA staff, two workshops with the Board of Directors and a review of five separate elements of a proposed Handbook, starting with a review of the existing Government Code and Administrative Code as a first step. The second

step included identifying a set of agreed upon performance expectations for Board Members related to their roles in governance. This included Board and staff behavior expectations in the performance of their official capacity, official representation of the agency at various functions, the working relationship with staff and support of District objectives. The third step of the process included a review of the role and expectations for the official positions of the Board President, Vice-President and for that of a Board Member. The fourth step involved a review of the appropriate manner in which the Board provides direction to staff, the evaluation of the General Manager's staff and the level of respect required for the different roles of staff and of the Board. The final step of the workshop included development of a written expression of Best Practices which was then to be reviewed and signed by each Board Member as a public acknowledgement of the District's commitment to Best Practice expectations and accountability in the form of a Letter of Commitment.

In addition to the signed Letter of Commitment, the Board of Directors and General Manager agreed that a bi-annual review of the approved Board's Best Management Practices Handbook would serve as an ongoing reminder of their roles in policy governance and principles of behavior as a "Best of Class" water utility. The document would also serve as a valuable tool in the orientation of new Board Members as well as future General Managers.

II. Introduction

Strategic Vision- Culture-Values

The District's Board of Directors and its General Manager recognize the importance and value of a positive and constructive culture to the overall performance of the District. This culture in large part is a product of the District's Strategic Vision and the goal of performing as a Best in Class utility, individually and corporately. Whether in the capacity of an elected or appointed Director, or as an employee, their primary responsibility is to serve our customers.

When considering the adoption of the new Strategic Plan as a part of the overall Comprehensive Organizational Development Plan, the Board of Directors considered a series of Strategic Vision Goals to guide the planning and application of all policies and procedures including the application of the Best Practices identified in this document. It is the responsibility of each Board and staff member to know, understand, and carry out their respective role as outlined in the Board's Best Management Practices as well as the Strategic Vision goals and its objectives within their respective capacities. The Vision Goals that will be considered will include but are not limited to the following categories:

1. Innovative, Creative, proactive, and technologically advanced.
2. "One Water" water sourcing, wastewater treatment, water recycling.
3. Trusted and recognized for positive relationships; Customers, Community, Staff.

Revision: May 27, 2021

4. Fiscally fit and highest value.

- **Authority, Role of the Board and General Guidelines**

A. Authority

The District is an independent public agency, which provides water service to the lands and inhabitants within its boundaries. The District operates under the authority of Division 12 of the Municipal Water District Act of 1911. The District is governed by an elected Board of Directors who has the authority to oversee the business and affairs of the District, including the authority to fix terms and conditions of employment (including compensation) of WESA employees. The Board is authorized to delegate those powers. The Board has the power to employ and set terms and conditions for employment of the General Manager who, in turn, has management authority over WESA employees.

In order for a Board of Directors to function in an effective manner, it is important that Directors understand their respective roles and the relationship to other members of the Board and to the General Manager. This also requires an understanding of the performance expectations necessary to carry out the duties of a Board Member.

The officers of the Board of Directors consist of the President, a Vice-President, Treasurer and Secretary. Officers of the District are selected every year corresponding with the end of the calendar year or as otherwise determined by the Board of Directors.

B. Role of the Board

The primary role of the Board is to establish policies that guide the District to achieve its mission. The policy decisions of the Board constitute the “action” of the Board of Directors. As such, each Board Member is strongly encouraged to support the actions of the collective Board even when there may be individual opinions.

C. Best Practice General Guidelines

1. The Board of Directors provides policy direction and leadership for the District.
2. The Board is responsible for ensuring (from a policy perspective) that the District is a progressive, innovative, and well-managed agency.
3. The Board exercises authority only as a Board.
4. The Board understands and provides leadership in regional, state and national issues affecting the operation and management of the District. This action may be supported by the General Manager as required.
5. The Board respects the role of constituents in the governance of the District, encourages their participation and consults with key stakeholders when and where appropriate.
6. Board Members recognize and respect the distinctions between the policy-setting role and the day-to-day implementation of policy by staff.

Revision: May 27, 2021

7. Board Members represent the District in various community and water industry events.
8. Board Members maintain a high level of communication with the General Manager and notify the General Manager of their unavailability in a timely manner.
9. Board Members have equal access to information including staff reports, committee agendas, customer inquiries, background information, etc.
10. Board Members inform the General Manager of any specific information they want to receive from outside agencies or organizations and are provided such information in a timely manner.
11. Board Members may request information from the General Manager, or the District Secretary while notifying the General manager of such request, provided such request does not cause significant disruption in staff workload. The General Manager shall advise if the requested information should be placed on the Board of Directors meeting agenda or the appropriate committee agenda to affect a policy change or approve an expenditure of public funds.

- **Principles and Performance Expectations of the Board of Directors**

1. The Board and the General Manager function as a participatory team.
2. The Board values a visionary, constructive, high-energy work environment.
3. The Board values open and honest communication, with open agendas.
4. The Board works for the common good of its customers and stakeholders and not for any private or personal interest.
5. Board Members are prepared for meetings.
6. Board Members practice continued professional development in their role as Board Members.
7. Board Members are respectful and considerate of each other and staff.
8. Board Members are expected to receive training and refresher training to assist Board productivity, legislative advocacy, Board governance & operating basics.

V. Board of Directors Interaction and Communication

1. Board Members maintain informal and professional relationships among one another.
2. Board Members refrain from personal attacks against other fellow Board and staff.
3. Attire at Board meetings, and when representing the District at public events, shall be business attire when appropriate for the event.
4. Board Members are representatives of the District's culture and values at all times and lead by example in their interactions.
5. Board Members are knowledgeable of the District's travel and expense reporting policies.

6. When attending meetings or conferences, Board Members are ambassadors and representatives of the District and conform with behavior that always places the District in a positive light.
7. Board Members are aware of the rules governing communication among Board Members in compliance with the Ralph M. Brown Act and the Public Records Act, and Rosenberg's Rules of Order. This includes communications by electronic, written and verbal means and methods.
8. Board Members function as a team and are not exclusive in their communication and interaction.
9. Board Members will not include false or misleading information in a candidate's statement for a general District election.
10. Outside of scheduled meeting locations for Board Meetings, Committee Meetings and Study Sessions, tours or site visits to District facilities shall be pre-scheduled through the District Secretary and must be accompanied by staff with appropriate knowledge and access to those facilities.
11. Board Members shall have equal access to enter the District Headquarters during business hours.
12. When the Board of Directors participates in social media, communications shall be in compliance with the General Social Media Use policy, Section 1470 of the Administrative Code.

VI. Role of the General Manager and Board Interaction with Staff

A. Role of the General Manager

The most vital relationship in the District is between the Board and the General Manager. The General Manager is the primary agent of the Board, the individual to whom the Board delegates its authority to manage and administer the District's daily operations in accordance with policies approved by the Board. This position is important because to be successful, the District requires leadership and vision from its General Manager. In this capacity, the General Manager has two roles: Chief Executive Officer and top advisor to the Board. As the most visible employee, the General Manager truly represents the District to its many constituencies.

The success of the strong relationship between the Board and the General Manager depends on a shared sense of purpose, open communication, honest and mutual support. Both parties must also understand that the relationship itself is paradoxical with inherent tensions. The General Manager is hired to carry out Board policy directives, and at the same time, is looking to the Board for guidance and leadership.

One of the most important decisions a Board makes is the selection of a General Manager in whom the Board has confidence. The Board must be able to support the decisions of the General Manager and grant him or her the authority to manage and lead the District.

It is the General Manager's responsibility to ensure that the Board Members have the information needed to make Board level decisions. The General Manager provides the same information to all Board Members and will promptly alert them about problems and issues to prevent surprises. Board Members expect the General Manager to make a recommendation on issues before the Board, except those that are strictly a matter of the Board of Directors.

B. Board Interaction with the General Manager

1. The General Manager establishes and presents annual goals, which are approved by the Board of Directors as a part of the formal performance review process.
2. The Board of Directors will provide the General Manager with constructive feedback on his or her performance annually in a written evaluation.
3. Board Members are encouraged to contact the General Manger about any subject related to the operations of the District. Similarly, the General Manger may discuss District related issues with any Board Member. ~~710-D~~
4. The Board's concerns regarding overall District operations, specific division issues or problems with staff are addressed with the General Manager.
5. The General Manager handles internal District matters. The Board of Directors does not interfere with the ~~day-day-to-to~~ day operations of the District.
6. Board Members should report matters related to safety, concerns for safety, or hazards to the General Manager.
- 5-7. If contacted by constituents or officials of neighboring agencies regarding water or sewer related emergencies, Board Members should refer the calls to the General Manager, or in the absence of the General Manager, the General Manager's designee

C. Board Interaction with Staff

1. Board Members shall not direct staff to take a particular action. Requests are made through the General Manager.
2. Board Members may contact the ~~District Secretary and~~ General Manager with questions related to District operations. ~~The General Manager is advised of these communications.~~ The General Manager is responsible for ensuring that the requests are handled promptly and accurately.
3. Critical information about District operations is provided to all Board Members in verbal, written or electronic format ~~by an appropriate staff member,~~ by the General Manager or by a designee at the request of the General Manager. ~~with the knowledge of the General Manager.~~
4. Board Members make every effort to contact the General Manager and District Secretary prior to a Board meeting regarding questions related to agenda items so the most accurate and prepared response can be provided. Information provided in response to questions related to the agenda shall be shared with the entire Board of Directors. The Board and staff operate by the "No Surprise Rule" regarding information sharing.

4.5. Board members should request all documents through the District Secretary.

D. ~~Role of~~Interaction with District's Legal Counsel

1. The District's Legal Counsel operates as an extension of and in collaboration with the Board, the General Manager and staff.
2. The Legal Counsel's primary point of contact is the General Manager.
3. The Legal ~~counsel~~Counsel regularly consults with the Board and the General Manager on items of concern related to any facet of District operations.
4. When more specialized legal expertise is needed for the District, the Legal Counsel will oversee their work to the extent possible or advise the General Manager on matters of their performance when necessary.
5. The Legal counsel is pro-active in informing and protecting the District and Board of Directors in the performance of their duties from any potential violations and conflicts that may arise.
6. The Legal Counsel meets with General Manager and the Board of Directors annually to review the performance of the Legal Counsel, establish goals and review their contract.
7. Board members recognize that General Counsel represents the District and does not represent individual Board members.
8. Board members shall not request legal research or legal opinions from General Counsel without Board consensus, unless matters are of ethical or conflict of interest concern.
9. Board members shall not request legal assistance or legal advice of a personal or business nature from General Counsel.
10. Board members recognize and acknowledge that the Attorney-Client Privilege, as applied to the District and that as individual Board members, they cannot waive the attorney client privilege of the District and, as such, they shall not disclose legal opinions or advice provided to the District to any third party without the approval of the Board.
11. Any complaints made by one Board member against another should be reported to the General Manager and General Counsel.

6-

VII. Selection, Role and Responsibility of the President and Vice-President

A. President of the Board

1. The President of the Board of Directors is selected by a majority vote of the Board corresponding with the end of the calendar year, unless otherwise modified by the Board.

B. Vice-President of the Board

Revision: May 27, 2021

1. The Vice President of the Board of Directors is selected by a majority vote of the Board corresponding with the end of the calendar year, unless otherwise modified by the Board.

VIII. Public & Media Interaction

A. Customer Inquires

1. All customer concerns and inquiries are referred to the General Manager or an appropriate staff member in their absence.
2. Staff provides the Board with a written or verbal report of a customer concern or inquiry that cannot be handled as a routine manner along with a response to the concern or inquiry.
3. The Board is informed of significant, politically sensitive, urgent and/or repetitive communication inquiries. Staff will research the matter as soon as possible, and provide the General Manager with the appropriate follow-up and response. The General Manager will review the communication prior to dissemination to the Board.
4. Board Members refer responses and inquiries to customer or media concerns either to the General Manager or the President.
5. Inquiries from customers outside of the division of the receiving Board Member shall be forwarded to the Board Member of that customer's division with a courtesy copy to the District Secretary.

B. Board of Directors Meetings

1. All noticed meetings are conducted using Rosenberg's Rules of Order. Rosenberg's Rules of Order provides for constructive and democratic meetings.
2. Special meetings are called by the President. Noticing for special meetings will be in compliance with the Ralph M. Brown Act.
3. All meetings are open meetings in compliance with the Ralph M. Brown Act.
4. The General Manager is responsible for setting the agenda. Any Director may request that an item be placed on the agenda through notification to the General Manager and President. Any member of the public may request that an item be placed on the agenda. The General Manager and the President will determine if the item should be placed on the agenda or referred to the appropriate Committee.
5. The General Manager or his designee informs the Board of items of significance that will be placed on future agendas.
6. Oral communications are allowed for items of significance not on the agenda pursuant to the Ralph M. Brown Act.
7. Directors may ask clarifying questions to ensure that staff provides an appropriate response. During meetings, Directors may respond briefly to public comments and the President may refer matters to the General Manager for

follow-up. Occasionally, a prompt response may be offered when an obvious answer or resolution is available. Directors should refrain from debating or making decisions in response to public comments. If direction is made for a staff member to assist the customer with the public comment, Board Members may contact that customer independently.

8. The President presides at all meetings. The President decides all points of order and procedure during meetings. The President cannot make a motion but may second a motion on the floor. The President is responsible for maintaining an orderly progression of the business before the Board, and to the extent possible regulates the amount and type of input from the public and from Directors and staff.
9. Each Director may speak on an item prior to the making of a motion and prior to vote.
10. Roll Call votes are required on all Resolutions and Ordinances considered for adoption. A Roll Call vote can be requested by a Director, but at the discretion of the President.
11. The Board works diligently to achieve unanimity on all actions items. At the request of a Director, and the discretion of the President, and prior to a vote where unanimity may not be achieved, the item may be referred back to a Standing Committee to consider a resolution to the issue.
12. Once an agenda item has been voted on, the disposition is considered as the “action” of the Board and subsequently supported by the individual Directors.
13. Directors on the minority side where less than unanimous vote is cast cannot bring back an item for consideration for one year. The majority can bring it back at will.

C. Consent Calendar Agenda

1. The District utilizes a Consent Calendar on the Agenda to approve routine business matters, such as minutes, production reports, cash reports and previously approved budgetary items.
2. If a Board Member has a question on a Consent Calendar Agenda item, they are encouraged to contact the General Manager and/or District Secretary for clarification prior to the official meeting, rather than having it pulled for separate discussion during the meeting.
3. Staff is prepared to provide a verbal report on any Consent Calendar Agenda items, when necessary.

D. Closed Session

1. All Closed Session discussions and materials are considered legal and confidential information, and as such, are not shared outside the Closed Session Conference unless specific action is taken, and then must be reported out of Closed Session. Closed Session staff reports should be returned to the General Manager immediately following the meeting. Electronic copies of the reports will not be provided to the Board.

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2. Closed Session meetings may be held at times other than the regular meetings of the Board of Directors so long as the meeting is posted pursuant to the Brown Act rules.
3. Withholding confidential information that is discussed in Closed Session shall also extend to elected officials from other agencies and the media.
4. A Board Member should refer a request for information regarding a Closed Session item to the General Manager who, in concert with Legal Counsel, will prepare an appropriate response.

VIII. IX. Role and Responsibility of Standing Committees and Special Committees

1. Board Committees are given the authority to obtain more information, investigate, and provide a report or recommendation to the full Board of Directors. The committee format allows the Board to conduct its business more efficiently.
2. Any Standing Committee may be formed, renamed, or have functions changed or terminated with approval of the Board.
3. A Standing Committee consists of two Board Members. Standing Committees are open to the public and subject to provisions of the Ralph M. Brown Act.
4. Other Board Members may attend the meetings of the Standing Committees; however, the Brown Act prohibits their participation in the meeting because this constitutes a quorum of the Board.
5. Staff assists members of Standing Committees by preparing agendas, staff reports, distributing materials, and performing other support functions as required. Committee members may request staff assistance through the General Manager.
6. Individuals appointed to Ad Hoc committees serve at the pleasure of the President of the Board, and their participation on the Committee ends upon completion of the project or issue for which the Ad Hoc committee was formed.
7. The Committee Chair is responsible for providing a report of items discussed and/or recommendations to the entire Board at the next available Board of Directors meeting.
8. Copies of committee agendas are made available to the entire Board.
9. Upon request of the General Manager or President, a committee meeting may be scheduled to address an issue requiring attention.
10. If members of committee are in disagreement on a recommendation, the issue is brought to the full Board for consideration.
- ~~10-11.~~ Committee members shall make diligent efforts to attend assigned meetings and events. Members missing 25% or more of regularly occurring meetings, for reasons not associated with District business, may be replaced by another member of the Board, upon Board action.

*Upon adoption, links to references such as Rosenberg's Rules of Order, and others will be included in the final document.



Elsinore Valley Municipal Water District

LETTER of COMMITMENT TO BEST MANAGEMENT PRACTICES

As a member of the Elsinore Valley Municipal Water District Board of Directors and as the General Manager, I have read the District's Best Practices and understand the expectations placed on me as a representative of the District. I am committed to upholding the public trust and representing the best interest of our customers. I understand that the Board's Best Management Practices Handbook applies exclusively to performance expectations and ethical standards of conduct rather than legal issues. By signing this Letter of Commitment to the Board's Best Management Practices, I am pledging my commitment to uphold a standard of integrity and competence beyond what is required by law. I agree to uphold the following principles, which demonstrate my commitment to the District:

1. I will recognize the value of individual members and appreciate their talents, perspectives and contributions.
2. I will help create an atmosphere of respect and civility where individual members, staff and the public are free to express their ideas and work together to their full potential.
3. I will conduct my personal business and public affairs with honesty, integrity, fairness and respect for others.
4. I will keep the common good as my highest purpose and focus on achieving constructive solutions for the public's benefit.
5. I will avoid and discourage conduct which is divisive or harmful to the best interests of the Elsinore Valley Municipal Water District.
6. I will treat all people with whom I come into contact within a manner in which I wish to be treated.

Name _____

Date _____

Title or Official Position

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