



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

December 10, 2020

4:00 PM

CALL TO ORDER AND ROLL CALL

ADD-ON ITEMS

APPROVAL OF AGENDA

PUBLIC COMMENT

Any person may address the Board at this time upon any subject not identified on this Agenda, but within the jurisdiction of Elsinore Valley Municipal Water District; however, any matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. As to matters on the Agenda, an opportunity will be given to address the Board when the matter is considered.

I. ELECTION OF OFFICERS

A. Election of Officers for 2021

II. CONSENT CALENDAR

Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Calendar, it shall be removed so that it may be acted upon separately.

A. APPROVAL OF:

1. Minutes of the Special Board Meeting of November 24, 2020
2. Minutes of the Regular Finance and Administration Committee Meeting of November 17, 2020
3. Demands
4. Receive and File the Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2020
5. Appropriation Limit for Fiscal Year 2021
6. Professional Services Agreement with Reeb Government Relations for State Lobbying Services
7. Professional Service Agreement with The Charrette Agency for the District Branding Project
8. Reorganization of Board Committees



III. BUSINESS ITEMS

Business Items call for discussion and action by the Board.

- A. Presentation of the 2020 Public Relations Society of America Inland Empire Chapter Recognition for Communications

IV. REPORTS

Reports are placed on the Agenda to provide information to the Board and the public. There is no action called for in these items. The Board may engage in discussion on any report upon which specific subject matter is identified, but may not take any action other than to place the matter on a subsequent Agenda.

- A. General Manager's Report
- B. Legal Counsel's Report
- C. Board Committee Reports

V. DIRECTOR'S COMMENTS AND REQUESTS

Directors' Comments concern District business which may be of interest to the Board. They are placed on the Agenda to enable individual Board members to convey information to the Board and the public. There is no discussion or action required, other than to place the matter on a subsequent Agenda.

VI. ADJOURNMENT

Pursuant to the Governor's Executive Order N-25-20, and in the interest of public health and safety, this meeting will be held telephonically.

Remote public participation is encouraged in one of the following ways:

For Online Participation:

Go to: www.webex.com and select Join
Enter Meeting ID: 126 427 1901
Meeting Password: 92530

For Call-in Only:

Call: 213-306-3065
Enter Meeting ID: 126 427 1901
Meeting Password: 92530

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted in the main lobby of the District's Administrative offices not less than 72 hours prior to the meeting date and time above. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of all, of the members of District's Board, are available for public inspection in the office of the District Secretary, 31315 Chaney Street, Lake Elsinore, California.



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.



Elsinore Valley Municipal Water District

Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

DATE: December 10, 2020

TO: Board of Directors

FROM: General Manager

SUBJECT: ELECTION OF OFFICERS FOR 2021

STRATEGIC GOAL

Organizational Development

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Nominate a member to serve as President for 2021 or until a successor is elected;
2. Nominate a member to serve as Vice President for 2021 or until a successor is elected; and,
3. Nominate a member to serve as Treasurer for 2021 or until a successor is elected.

BACKGROUND

Nominations are taken during a Board meeting with a majority vote of all Directors electing the new officers. The new officers are seated during the meeting, with the new President conducting the remainder of the meeting.

Administrative Code sections defining the role of these officers is attached for reference.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Originated by: Christy Gonzalez – Administration

Reviewed by: Terese Quintanar – Administration

Attachments:

Administrative Code description of roles for the Board of Directors

SECTION 400. ORGANIZATION**§ 401. Board of Directors. (M-4987)**

The District is governed by a five-member Board of Directors elected by the voters of the District from five separate Director Divisions

All Powers, privileges, and duties vested in or imposed upon the District by law and the Municipal Water District Act shall be exercised and performed by the Board of Directors, except as such Board shall delegate executive, administrative and ministerial powers to officers and employees of the District, as hereinafter provided in this Administrative Code. The policy decisions of the Board constitute an action of the Board of Directors.

The Board of Directors has three (3) major responsibilities:

- 1. Promote the best interests of the District's customers by establishing policies that support the vision and mission of the District and by ensuring the implementation of those policies. Policies include the governing principles, plans and approved actions of the organization. Policy-making is the process of visionary planning and should reflect the broadest possible principles and provide parameters within which staff can operate. Policy-making sets the overall direction of the District.*
- 2. Assure the fiscal health of the District. The Board established policies that ensure fiscal stability and the effective use of funds. In order to achieve this, the Board adopts a two-year budget covering the anticipated revenues and expenditures. Additionally, the Board annually adopts and monitors cash reserve and investment policies.*
- 3. Hire a General Manager to manage the day-to-day operations for the effective operations of the District. The Board holds the General Manager accountable for the effective operational leadership and management of the District. It also has a responsibility to properly evaluate the General Manager on an annual basis.*

§ 402. Officers. (R-1132, M-4987)

The officers of the Board shall consist of the President, Vice-President, Treasurer and Secretary. They shall serve a one-year term or until their successors are elected or appointed. Elections shall be held the first regular meeting which occurs in December of each year.

A. President. The President of the Board of Directors shall:

1. *Preside over all meetings of the Board ensuring decorum and order using the following guidelines:*
 - a. *Remain a one member of the Board and has no rights or authority different from any other member of the Board.*
 - b. *Vote with the Board members and votes last on a roll call vote, when done verbally.*
 - c. *Be knowledgeable of material at hand.*
 - d. *Encourage open discussion.*
 - e. *Exhibit individual style and encourage diversity.*
 - f. *Chairs the meeting of the Board of Directors, calls the meetings to order, presides over the meeting including the conduct of the Board of Directors and those in attendance, entertains and repeats motions properly before the Board of Directors, puts motions to a vote, and announces the result.*
 - g. *Acts as the ceremonial head or representative of the District at various civic functions.*
 - h. *Encourage public input at the appropriate time.*
 - i. *Is the designated spokesperson for the Board of Directors to the general public. The President may elect to appoint one of the other Board members to serve in his capacity.*
 - j. *Provide a stabilizing influence, and provide consistent leadership.*
 - k. *Makes appointments of Ad Hoc Committees as necessary.*
 - l. *Coordinates efforts of committees.*
 - m. *Integrates committee work with that of the board.*
 - n. *To the extent possible, the President advises the Board of any informal communication or correspondence sent or received regarding District business.*

- o. *Regularly communicates with the General Manager and keeps other Board members fully informed on matters of District business.*
 - p. *Provides guidance to the Board fairly and impartially.*
 - q. *Suggest agenda items to management for future consideration by the Board or for a Committee.*
 - r. *Personally addresses the issues between the members of the Board. The Directors or the General Manager informs the President on any issue or concern brought to their attention.*
 - s. *Reviews all Standing Committee, Study Session and Board Meeting agendas prior to distribution and posting.*
2. *Authenticate all official records of the District where required by law or as directed by a majority of the board.*
 3. *Represent the District at events and functions as requested by a majority of the Board.*
 4. *Offer committee appointments to the Board for its approval.*
 5. *Other duties and responsibilities as required or imposed by law or by a majority of the Board.*
- B. Vice President. *The Vice President of the Board of Directors shall:*
1. *Exercise the powers and duties of the President if the President is absent or unable to act.*
 2. *Remains as one member of the Board and has no rights or authority different from any other member of the Board.*
 3. *In the event the position of the President is vacated prior to the expiration of the term, becomes the President for the remaining term, unless otherwise directed by the Board.*
 4. *In the event of an early vacancy in the position of Vice-President, the Board determines, by vote, a replacement for the remaining term.*

5. *The Vice-President serves in the capacity of the President of the Board of Directors in their absence.*
 6. *In the absence of the President, reviews all Standing Committee, Study Session and Board Meeting agendas prior to distribution and posting*
- C. Treasurer. *The Treasurer, or such other person or persons as may be authorized by the Board of Directors, shall draw checks or warrants to pay demands when such demands have been audited and approved in the manner prescribed by the Board of Directors. To the extent such other person or persons have been so authorized by the Board of Directors, then the Treasurer shall not assume fiduciary responsibility for such responsibilities, nor for any other responsibilities imposed upon the Treasurer by the State of California, provided such person or persons have given bond to the District conditioned upon the faithful performance of their duties.*
- D. Secretary. *The Secretary shall:*
1. *Authenticate all official records of the District.*
 2. *Maintain in a safe location the official records of the District.*
 3. *Certify all records wherever required and where necessary.*
 4. *Perform such other duties and responsibilities as imposed upon the Secretary by law or by a majority of the Board of Directors.*

The Board may appoint one or more persons to serve as Assistant Secretary to carry out the duties of the Secretary if the Secretary is absent or unable to act.

§ 403. Committees. (R-06-03-07, M-4987)

There may be committees created from time to time to take care of matters which arise and require committee study and recommendation. Standing Committees are established by resolution. Ad Hoc Committees are appointed by the Board President. Each committee, having authority only to recommend to the Board, shall meet at times to be agreed upon by the committee members and shall consider matters referred to it by the Board, or matters within the scope of its duties which are presented to it by its members or the General Manager. The committee format allows the Board to conduct its business more effectively.

General Guidelines:

1. Any standing committee may be formed, renamed, or have functions changed or terminated with approval of the Board.
2. A standing committee consists of two Board members. Standing committees are open to the public and subject to provisions of the Brown Act.
3. Other Board members may attend the meeting of the standing committees; however, the Brown Act prohibits their participation in the meeting because this constitutes a quorum of the Board.
4. 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 or his designee.
5. Individuals appointed to Ad Hoc committees serve at the pleasure of the President of the Board, and their appointment to that committee expires upon completion of the project or issue for which the Ad Hoc committee was formed.

The Finance and Administrative Committee (FAC) *The Finance and Administration Committee is responsible for overseeing administrative and financial matters including rates, charges and other sources of revenue; review of staffing and administration budgets; audit investments; human resources; employer-employee relations insurance, risk management; other matters of general business operation for the District.*

The Engineering and Operations Committee (E&OC) *The Engineering and Operations Committee is responsible for matters of design, construction, replacement, maintenance and operation of the District's facilities, property and equipment, including development and administration of the Capital Improvement Program; information technology; right of way acquisition and management; system and facility security water quality; review of Engineering and Operations budgets and other matters relating to facility operations.*

The Legislation, Conservation, and Outreach Committee (LCOC) *The Legislation, Conservation, and Outreach Committee is responsible for community and governmental matters including review and monitoring of legislation, lobbying and intergovernmental relations review of the Legislative and Community Relations budgets; community relations media relations; water conservation programs; organizational donations; and other matters of public interest.*

The Water Planning Committee (WPC) is responsible for water planning and local supply development including water demand and supply planning, shortage allocation planning, administration of the shortage allocation programs and policies, water supply forecasting and reporting, water reclamation; groundwater and conjunctive use; local surface water; environmental management; development of a water planning budget; Urban Water Management Plans; The Farm; and other planning matters.

§ 404. Meetings. (R-11-01-01, R-14-01-03, R-16-04-01, R-17-01-04, 17-08-01)

- A. Time and Place of Meetings. The regular meetings of the Board of Directors shall be held on the second and fourth Thursday of each month, at 4:00 P.M., in the Board Room at the District office.
- B. Study Sessions. Study sessions are held on the Wednesday of each week preceding regular Board Meetings, at 9:00 A.M. in Conference Room A at the District office.
- C. Finance and Administrative Committee (FAC). The Finance and Administrative Committee meets on the third Tuesday of each month, at 3:30 P.M. in Conference Room A at the District office.
- D. Engineering and Operations Committee (EOC). The Engineering and Operations Committee meets on the first Monday of each month, at 3:30 pm. in Conference Room A at the District office.
- E. Legislation, Conservation and Outreach Committee (LCOC). The Legislation Conservation and Outreach Committee meets on the fourth Wednesday of each month, at 3:30 P.M. in Conference Room A at the District office.
- F. Water Planning Committee (WPC). The Water Planning Committee meets on the third Monday of each month at 3:30 P.M. in Conference Room A at the District office.
- G. Order of Procedure at Meetings. Except as otherwise required by law, the business of the meetings of the Board of Directors and the order of procedure shall be as provided by "Robert's Rules of Order."
- H. Chairperson. The President shall act as Chairperson at all meetings of the Board, and in his/her absence the Vice-President shall act as Chairperson. In the absence of both the President and

Vice-President, the Chairperson shall be selected by a majority vote of the members of the Board attending such meeting.

- I. *Quorum. A quorum necessary for the transaction of business at any meeting of the Board shall be declared to exist whenever there are present at least three Directors. Any meeting of the Board at which a quorum is not present may be continued from time to time until a quorum is present to transact the business of the Board.*
- J. *Voting. Except as otherwise provided by law, the decisions of the Board of Directors shall be expressed and determined by motions made and adopted by a majority vote of the members of the Board present. A roll call vote shall be taken if requested by any Director. A roll call vote shall be taken on all ordinances and resolutions.*
- K. *Meals and/or Refreshments. The Board of Directors finds that District-provided meals and/or refreshments at meetings of the District Board of Directors and its Committees serve valid governmental purposes of the District by lessening hardship and inconvenience on Directors and staff attending the meetings, allowing the meeting time to be used more efficiently, and encouraging greater attendance by Directors and staff at meetings of the Board of Directors and Committees. The District General Manager is authorized to expend District funds for the provision of meals or refreshments at meetings of the Board of Directors or its Committees that are scheduled to occur during normal meeting times. (R 09-05-06)*

§ 405. Minutes. (M-4987)

The minutes of the meetings of the Board of Directors shall be prepared and kept permanently by the Secretary in a book maintained for that purpose. Unless otherwise expressly directed at the time of their adoption, the ordinances and resolutions adopted by the Board may be referred to in the Minutes by number and title only, but the same shall be recorded in their entirety and kept permanently by the Secretary in books maintained for that purpose.

The President and Secretary shall authenticate the Minutes, Ordinances and Resolutions after they have been approved and adopted by the Board of Directors and when so authenticated they shall constitute the official Minutes, Ordinances and Resolutions of the Board of Directors of the Elsinore Valley Municipal Water District.

Minutes shall satisfy all legal record keeping requirements, and provide in a clear and professional manner, an accurate report of all actions taken by the Board. Minutes shall not be verbatim.

§ 406. Agendas.

- A. Posting. Agendas for all meetings of the Board of Directors shall be posted in a location accessible to the public in accordance with the provisions of the Government Code.
- B. Public Comments. Regular Meeting agendas shall provide an opportunity for members of the public to address the Board on any item within the jurisdiction of the District two times - once at the beginning of the agenda and again at the ending designated as "Public Comments". Special Meeting agendas shall provide at least one Public Comment section.
- C. Consent Calendar. The Consent Calendar shall consist of items, which appear to be routine or ministerial in nature on which no Board discussion will be required. Items may be added to or removed from the Consent Calendar upon request from a Board Member prior to action to approve the Consent Calendar.
- D. Closed Sessions. The Board of Directors may hold closed sessions on items as provided in the Government Code. All information discussed by the Board in closed session shall be kept strictly confidential unless otherwise directed by a majority of the Board, on the advice of legal counsel or announced in open session.
- E. Placing Items on the Agenda. All requests to add items to the Agenda shall be made before 5:00 P.M. on the Wednesday of the week prior to the meeting.
- F. Special Meeting Agendas. Section 54956 of the Ralph M. Brown Act states that a special meeting may be called at anytime by the presiding officer of the legislative body of a local agency, or by a majority of the members of the legislative body.

It is the Board's policy that when a special meeting is called either by the Board President or by a majority of the Board, the call of the special meeting and the accompanying agenda shall be

limited to those items placed on the call by either the President or the majority of the Board. If staff is requested by a member of the Board to add another item to the special meeting agenda staff shall refer that Board member to either the Board President or to the majority of the Board, depending on who made the original call for the special meeting. (Minutes 2/23/94)

- G. Requests to Receive Agendas by Mail. Members of the public wishing to receive agendas by mail shall submit a request in writing to the Secretary of the Board and shall provide the Secretary with self-addressed, stamped envelopes for such purpose. Requests are to be renewed on an annual basis and are effective throughout the calendar year in which they're made
- H. Requests to Receive Agendas by Facsimile or E-Mail. Members of the public wishing to receive agendas by facsimile or e-mail shall submit a request in writing to the Secretary of the District. Requests are to be renewed on an annual basis and are effective throughout the calendar year in which they're made

The public is encouraged to access Agendas through the District's Website. Public may subscribe for e-mail notification of the posting of meeting agendas and minutes through EVMWD's eNotify service, available in the Highlights Section on the main page of EVMWD.com.

**MINUTES
SPECIAL MEETING OF THE BOARD
OF DIRECTORS OF ELSINORE VALLEY
MUNICIPAL WATER DISTRICT
TUESDAY, NOVEMBER 24, 2020**

The Special Meeting of the Board of Directors of Elsinore Valley Municipal Water District was held via teleconference, through a call-in number clearly noted on the meeting Agenda, posted in accordance with the Brown Act.

Directors Present

Andy Morris, President
Phil Williams, Vice President
Harvey Ryan
Darcy M. Burke
Jared McBride

Staff Present

Greg Thomas, General Manager
Steve Anderson, Legal Counsel
Terese Quintanar, District Secretary/Administrative Services Supervisor
Ganesh Krishnamurthy, Assistant General Manager – Eng. and Operations
Christy Gonzalez, Deputy Board Secretary/Executive Assistant
Susie Evans, Sr. Executive Assistant
Greg Morrison, Government Relations Officer
Parag Kalaria, Water Resources Manager
Scott Thompson, Accounting Manager
Matt Bates, Engineering Manager
Shawnelle Morelos, Principal Engineer, Capital Projects
Nelson Nuezca, Principal Engineer, Capital Projects
Bonnie Woodrome, Community Affairs Supervisor
Kaitlyn Wu, Community Affairs Specialist
Haley Munson, Community Affairs Specialist
Isabel Casteran, Safety Officer
Leah Skor, Records Coordinator

Others Present

Kim Byrens, Best Best and Krieger
Public

CALL TO ORDER

The meeting was called to order by President Morris at 4:05 p.m.

APPROVAL OF AGENDA

A motion was made by Director Burke, seconded by Director Williams, and carried unanimously to approve the Agenda as presented.

PUBLIC COMMENTS

The meeting was opened to public comments on the teleconference and in the room and there were none.

Item I.0 PUBLIC HEARING**Item I.A. – PUBLIC HEARING TO CONSIDER ADOPTION OF UPDATED ANNEXATION FEE METHODOLOGY AND CORRESPONDING APPLICATION FEES FOR 2020, AND AMENDMENTS TO ADMINISTRATIVE CODE SECTIONS 1900 AND 2608**

Resolution No. 20-11-03

The hearing was opened by President Morris at 4:08 p.m. He asked the Secretary for proofs of mailing of the notices and the Secretary confirmed notices were published in the Press Enterprise on November 14, 2020 and November 21, 2020.

President Morris requested a report from staff and Mr. Thompson reported the District contracted with Raftelis to perform a review of current annexation fees methodology and comparison to other local water agencies in Southern California. Based on their review, Raftelis recommends retaining the current methodology but making adjustments for factors previously discussed at the July 15, 2020 Study Session. The current annexation fee changes from \$3,415 to \$3,711.20 per acre. The annexation fee will continue to be updated annually based upon the approved methodology and adjusted factors approved.

Additionally, staff also reviewed the administrative fee charged for annexation applications. After reviewing the specific staff involved and the amount of time typically incurred during the annexation application process, it was determined the District's current fee does not sufficiently cover the costs of processing an application. The current fee is a flat \$750 per application. Staff is recommending changing the administrative fee from a flat fee amount to an actual time incurred based fee utilizing approved hourly staff rates, listed in the staff report. Under this method, an initial deposit of \$1,500 will be required and staff will track and charge actual time and resources incurred for each application. Additional deposit amounts will be collected if the actual costs incurred by staff exceed the initial

deposit. Any deposit amounts remaining after completion of the application process will be refunded.

Staff is recommending adopting the updated annexation fee methodology and proposed changes as recommended by Raftelis, adopting the updated annexation fee for 2021 in the amount of \$3,711.20 per acre, adopt the resolution establishing an Administrative Fee Deposit for processing applications for annexation, based upon on actual staff time incurred, associated hourly staff rates and initial deposit of \$1,500 per application and, approve amendments to Administrative Code Sections 1900 and 2608 for annexation computation and fees.

President Morris requested the District Secretary note all objections, protests, and requests to be heard, which have been filed, received, read and considered. She responded there were none.

President Morris opened the hearing for public comments and there were none. The Public Hearing was then closed at 4:12 p.m.

Director Williams questioned why the fee is being set to \$3,711.20 when it will be a deposit-based program. Mr. Thompson clarified that these fees are separate charges, the \$3,711.20 is the per acre charge when annexed in and the deposit is for application processing.

Director McBride voiced his concern of a clear methodology on how the deposit-based fee was derived, from \$750 to \$1500. Mr. Thomas noted that in the staff report the hourly engineering fees was reported, which is in alignment with the current fees, also in Admin Code Section 2601. Staff also noted the amount of time of processing the annexation was far more than \$750. The increase to \$1500 will cover the administrative costs; any costs not used will be refundable. Mr. Thompson also reported the previous deposit of \$750 was established over 20 years ago. After reviewing staff's per-application processing time, it was determined an average of 12 hours is spent per application. Calculating the hourly rate and time staff spent totaled \$1500 per application. Actual time will be tracked, and a monthly bill will be created and sent to the customer showing the deposit and time spent on the annexation. Mr. Thomas verified to Director McBride this is in Admin Code Section 1903.

A motion was made by Director Burke seconded by Director Williams, and carried unanimously to:

- 1. Adopt updated annexation fee methodology and proposed changes as recommended by Raftelis;**
- 2. Adopt updated Annexation Fee for January 1, 2021 to December 31, 2021 in the amount of \$3,711.20 per acre;**
- 3. Adopt the Resolution Establishing an Administrative Fee Deposit for processing applications for annexation, based upon on actual**

- staff time incurred, associated hourly staff rates and initial deposit of \$1,500 per application; and,*
- 4. Approve amendments to Administrative Code Sections 1900 and 2608 for annexation computation and fees.**

Item I.B.- PUBLIC HEARING FOR THE PROPOSED FORMATION OF HORSETHIEF COMMUNITY FACILITIES DISTRICT (CFD) 2020-1 AND AUTHORIZATION OF A BONDED INDEBTEDNESS FOR THE CFD

President Morris opened the hearing at 4:26 p.m. and reported this hearing will be continued to Thursday, January 14, 2020 at 4:00 p.m.

Item II.0 - CONSENT CALENDAR
Minute Order #5579-5580

- A. APPROVAL OF:
1. Minutes of the Regular Board Meeting of November 12, 2020
 2. Demands
 3. Investment Report, Receive and File (*MO# 5579*)
 4. Termination of Easement for Road and Highway Purposes Upon APN 107-070-047 (*MO# 5580*)

A motion was made by Director Williams, seconded by Director Ryan, and carried unanimously to:

- 1. Approve the Consent Calendar.**

Item III.0 BUSINESS ITEMS

Item III.A. CONSIDER ADOPTION OF A RESOLUTION FURTHER DEFERRING VARIOUS RATE INCREASES ORIGINALLY SCHEDULED TO TAKE EFFECT ON JULY 1, 2020
Resolution No. 20-11-04

Given the continued economic impacts of COVID on the local community, as well as Governor's orders related to moratorium on shutoffs and Riverside County maintaining a "Widespread" Risk Level, and based on further analysis presented at the November 4, 2020 Study Session, and at the request of the Board, Mr. Thomas requested to adopt the resolution to further defer the rate increases to April 1, 2021.

Director Ryan commented that although the future is unknown in the next few months, the Board is sensitive to what is happening to the economy and the ratepayers, but at the same time is financially responsible to make up for the shortfall such as contingency funds to get us through this period. In addition, the District has reduced expenses to help not be in a worse position. There will be a

time when the rates will need to be discussed to bring back the contingency funds to a healthier position, which in turn will help with obtaining low interest loans. The District does not want to compromise our financial stability. Director Burke also commented that although we have deferred rates, MWD has not, and we will need to absorb these rate increases. We are being good stewards, however, there will come a time when difficult decisions will need to be made. We will need to let everyone know what the stress factors are when doing rate increases.

A motion was made by Director Williams, seconded by Director Ryan, and carried unanimously to:

- 1. Adopt the resolution and all documents necessary for permitting the District to further defer certain increases affecting various water rates adopted as part of the fiscal year 2020 and fiscal year 2021 biennial budgets;**
- 2. Adjust the deferral date from January 1, 2021 to April 1, 2021; and**
- 3. Authorize Amendment to the Administrative Code, revising the effective date of rates being deferred.**

Item IV. A GENERAL MANAGER'S REPORT

Mr. Thomas reported that in December we will be obtaining more awards and encouraged attendance of Board Members who would like to be photographed with staff. An email was sent to the Board regarding the 2021 State Budget Correction and Economic Recovery Task Force. He also reported that Phil Rosentrater, General Manager of the Salton Sea Authority, recently retired and that Patrick O'Dowd has taken the position, resigning from the Coachella Valley Water District as a Director but will still retain his ACWA Federal Affairs Committee Chair position.

Item IV. B LEGAL COUNSEL'S REPORT

Mr. Anderson reported on a recent litigation involving Department of Water Resources validation of issuing bond resolutions for the Delta tunnel project. As this is an important litigation matter, he will report back to the Board when a decision is made, in 12-18 months.

Director Burke commented there have been over 120 studies done on the Delta to fix it since 1914, and expenses related to that could of built the tunnels many times over.

Item IV. C COMMITTEE REPORTS

Director Burke reported on the recent Western Municipal Water District (WMWD) Group meeting she attended, where the finalization of the Mills Gravity Line and Meeks and Daley agreements were in process. A news release is expected next week. Several agencies are working with WMWD for a joint messaging effort on

PFAS in Sacramento. The Metropolitan (MWD) IRP process is moving forward and their SARRCUP agreement has stalled. Several revisions are needed and will be going back to the MWD committee in January. In regard to the Delta project, the State contractors are moving forward with the environmental effort. WMWD’s lobby is still closed to the public due to COVID-19. They are also exploring a wholesale concept, giving more flexibility and resiliency for the region to move water.

Director Morris expressed appreciation and relayed kudos to staff for their efforts on work done and the signing of the WMWD agreements.

Director Williams reported EVMWD will be receiving the trifecta award from ACWA JPIA for having low insurance claims on liability, property and workers compensation. He congratulated staff and asked that his enthusiasm be relayed to staff.

Item V.0 DIRECTORS’ COMMENTS AND REQUESTS

Director Burke requested a list of active water rights ligations from Steve Anderson.

President Morris wished everyone a Happy Thanksgiving and relayed how he is thankful for everyone and what they do for the public.

Item VI.0 ADJOURNMENT

The meeting was adjourned at 4:46 p.m.

Andy Morris, President of the
Board of Directors of the
Elsinore Valley Municipal Water District

ATTEST:

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

- EVMWD BOARD ACTION
- APPROVED
- APPROVED AS AMENDED
- DENIED
- CONTINUED

**MINUTES
REGULAR MEETING
FINANCE & ADMINISTRATION COMMITTEE**

**November 17, 2020
3:30 P.M.**

The Regular Finance and Administration Committee (FAC) Meeting was held via teleconference, with members of the public notified of the ability to observe and provide public comment telephonically through the information provided on the meeting Agenda.

Director Present

Harvey R. Ryan
Phil Williams

Staff Present

Greg Thomas, General Manager
Robert Hartwig, Assistant General Manager – Business Services
Ganesh Krishnamurthy, Assistant General Manager – Eng. and Ops.
Terese Quintanar, District Secretary/Administrative Services Supervisor
Christy Gonzalez, Executive Assistant/Deputy Board Secretary
Jennifer Dancho, Director of Human Resources
Margie Armstrong, Director of Strategic Programs
Jason Dafforn, Director of Engineering and Water Resources
Matthew Bates, Engineering Manager
Scott Thompson, Accounting Manager
Christina Henry, Community Relations Manager
Greg Morrison, Government Relations Officer
Tim Collie, Water Operations Manager

Others Present

Kim Byrens, BB&K
Adam Bauer
Public

CALL TO ORDER

Director Ryan called the meeting to order at 3:30 p.m.

PUBLIC COMMENTS

The meeting was opened to public comments and there were none.

1. **Proposed Formation of EVMWD Community Facilities District No. 2021-1**
Elsinore Valley Municipal Water District (“EVMWD”) has been approached by a developer, Strata Keith LLC, with a future development (Horizons) located south of Clinton Keith Road on the corner of Prielipp Road and Elizabeth Road, in the City

of Wildomar for water and sewer service for 135 new townhomes and a senior care facility.

The developer requested the formation of a Community Facilities District ("CFD") to help fund the cost of EVMWD facilities. The proposed CFD will have an authorizing bonding amount of approximately \$5 million. Bonds are not anticipated to be issued until the development is in further stages of development. At this time, the developer has agreed to enter into a funding and acquisition agreement.

Staff anticipates presenting this item at the December 16 Study Session for discussion. Additionally, as outlined above, Staff anticipates the resolution of intent to form the CFD be brought to the January 14, 2021 meeting for Board consideration.

Ms. Armstrong explained the CFD Improvements include water and sewer capacity fees of approximately \$3M, water and sewer pipelines in the amount of \$1M totaling approximately \$4M. The CFD formation schedule was provided by Kim Byrens with BB&K. They are not anticipating any delays with this CFD formation because it is a single landowner and single CFD area. Ms. Armstrong further clarified there will be two separate units, one being the townhome and other being the senior care facility. Mr. Bates also clarified there are no future needs to upsize the pipeline.

The committee requested to have more details in the Staff Report when presented at a future Study Session.

- 2. Termination of Easement for Road and Highway Purposes Upon APN 107-070-047** - The Elsinore Valley Municipal Water District (EVMWD) acquired the Temescal Water Company (Company) and their various assets in 1989. The acquisition included a fifty foot (50') wide easement for road and highway purposes located in the City of Corona along Sherborn Street south of Magnolia Avenue, more specifically over APN 107-070-047 (Property). This easement was acquired by the Company as recorded on January 17, 1935 (Easement) in Book 214, Page 284.

In 2019, the Property owner approached EVMWD with a conceptual plan to construct an industrial development (Development). The Development encompasses the subject Property and three adjacent parcels. The Development is unique in that an existing detention basin (Temescal Creek Detention Basin) encompasses roughly one-third of the developable area. The Development proposes to construct five (5) industrial buildings, of which the Easement bisects Building 2.

Staff evaluated the Property owner's request to terminate the easement in its entirety. Based on staff's review, it is recommended EVMWD consider a Termination of Easement only where it conflicts within the development area—the portion of the Easement outside the developable area would remain.

Following concurrence from the Property owner, staff conceptually discussed the termination with the Board at the July 3, 2019 Study Session. During Study Session, the Board expressed concerns regarding potential impacts to the Arlington Agricultural Pipeline and easement. Staff has evaluated the Board's concern and verified the Termination of Easement does not impact this pipeline or easement. The Arlington Pipeline easement is recorded under separate instrument from the road and highway easement and is not included in this Termination. Furthermore, the Arlington Pipeline and easement is located outside the development area.

Staff plans to present this item at the November 24, 2020 Board of Directors Meeting to recommend approval of a Termination of Easement for a portion of the existing easement that lies within the proposed industrial development at APN 107-070-047.

Director Williams mentioned there were concerns previously about bringing water through the Gage Canal using these easements. Mr. Bates clarified the Agriculture line would be used if needed.

3. Financial Performance Measures/Indicators as of September 30, 2020

Mr. Thompson reported on this item and referenced the documents within the packet. Total District cash and investment level, as of September 30, 2020, was at \$245M, up \$17.5M compared to a year ago. Portfolio structure, Capital Improvement Project (CIP) and Debt Performance Measures were then reviewed. There were significant drops in interest rates due to COVID. Director Williams requested a full list of open CIP projects quarterly.

The rate stabilization performance measures were then reviewed. The Committee suggested during budget discussions with the Board that upcoming plans with the reserve balances be included. Director Ryan also suggested bond ratings and our financial standings be a component of this discussion.

4. Other - Mr. Thomas reported further distancing will be enforced with more employees working from home due to the newer State and County COVID restrictions. This topic will be discussed further at tomorrow's Study Session.

Mr. Thompson updated the Committee on the proposed GAAN appropriation limit of \$15,455,000 for the next fiscal year. A resolution and the appropriation calculation will be presented to the Board at the next Board meeting.

Mr. Thomas updated the Board on a current claim from a customer for a past due balance. He also provided an update on the Links Golf Course recycled water bill past due balance.

5. Consider Items for Board Review – None.

6. Adjournment at 4:30 p.m.



AP Disbursement Report

Cash Disbursements for 11/18/2020 through 12/10/2020

Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Interim Justification	Pmt Type	Payment Amount
INTERIMS						
6477	11/19/2020	ENTERPRISE FM TRUST	FLEET LEASE	DUE 11/20/2020	ACH	43,449.88
6478	11/19/2020	SOUTHERN CA FLEET SERVICES INC	FLEET SERVICING	DUE 09/18/2020	ACH	5,250.00
6479	11/24/2020	ALVAREZ ENTERPRISE SERVICE	JANITORIAL SERVICE	DUE 11/30/2020	ACH	5,534.00
6480	11/24/2020	HILL BROTHERS CHEMICAL CO	CHEMICALS	DUE 10/31/2020	ACH	8,834.89
245318	11/19/2020	ACWA JOINT POWERS INS AUTH	HEALTH/VISION COVERAGE-DEC 2020	DUE UPON RECEIPT	CHECK	6,144.83
245319	11/19/2020	CENTRAL COMMUNICATIONS	ANSWERING SERVICE	DUE UPON RECEIPT	CHECK	571.62
245320	11/19/2020	CIGNA HEALTH AND LIFE INS.	MEDICAL COVERAGE FOR NOV 2020	DUE UPON RECEIPT	CHECK	2,208.27
245321	11/19/2020	CR AND R INCORPORATED	RUBBISH SERVICE	DUE UPON RECEIPT	CHECK	4,602.56
245351	11/19/2020	CYPRESS DENTAL ADMINISTRATORS	DENTAL COVERAGE FOR OCT 2020	DUE UPON RECEIPT	CHECK	569.01
245352	11/19/2020	DOORWORKX	SLIDE GATE REPAIR	DUE 11/16/2020	CHECK	993.36
245353	11/19/2020	FIRST AMERICAN EQUIPMENT FINANCE	COMPUTER LEASE	DUE 12/01/2020	CHECK	10,731.74
245354	11/19/2020	FRONTIER CALIFORNIA INC.	PHONE INVOICE	DUE 11/25/2020	CHECK	618.92
245355	11/19/2020	GREATAMERICA FINANCIAL SERVICE	COPIER LEASE	DUE 12/07/2020	CHECK	599.00
245356	11/19/2020	MCI COMM SERVICE	PHONE INVOICE	DUE 12/02/2020	CHECK	105.24
245357	11/19/2020	SANTA ANA WATERSHED PROJ AUTH	2020-21 EMERG. CONST WRKGRP ALLOCATION	DUE 08/13/2020	CHECK	8,955.00
245358	11/19/2020	SOUTHERN CALIFORNIA EDISON	ELECTRIC INVOICE	DUE 12/01/2020	CHECK	71,834.86
245359	11/19/2020	TPX COMMUNICATIONS	PHONE INVOICE	DUE 11/21/2020	CHECK	12,687.20
245301	11/24/2020	JON CHRISTENSEN	2020-2021 PROP TAXES - 1 ST INSTALLMENT	DUE 12/10/2020	CHECK	1,210.91
245360	11/24/2020	AIRGAS USA, LLC	CYLINDER RENTAL	DUE 10/30/2020	CHECK	214.54
245361	11/24/2020	AMERICAN CONSERVATION & BILLING	AQUAHAWK STANDARD	DUE UPON RECEIPT	CHECK	4,563.00
245362	11/24/2020	AMERIGAS TEMECULA	PROPANE	DUE 11/30/2020	CHECK	774.77
245363	11/24/2020	ANIMAL PEST MANAGEMENT SERVICES INC	PEST CONTROL	DUE 11/29/2020	CHECK	355.00
245364	11/24/2020	BANK OF AMERICA	BUSINESS CREDIT CARD	DUE 12/02/2020	CHECK	2,157.98
245365	11/24/2020	CARRIER CORPORATION	SERVICE COOLER	DUE 12/03/2020	CHECK	3,125.00
245375	11/24/2020	CYPRESS DENTAL ADMINISTRATORS	DENTAL COVERAGE FOR DEC 2020	DUE UPON RECEIPT	CHECK	569.01
245376	11/24/2020	DEX YP	ADVERTISING	DUE 12/07/2020	CHECK	144.00
245377	11/24/2020	LAGUNA VAULT, LLC	SHRED SERVICE	DUE 11/09/2020	CHECK	167.55
245378	11/24/2020	E J WARD	FUEL ISLAND UPGRADE	DUE 09/07/2020	CHECK	12,518.38
245379	11/24/2020	FRONTIER CALIFORNIA INC.	PHONE INVOICE	DUE 12/07/2020	CHECK	524.03
245380	11/24/2020	PAYMENTUS	CUSTOMER SERVICE MERCHANT FEES	DUE 10/31/2020	CHECK	30,742.37
245381	11/24/2020	RIVERSIDE CTY RECORDERS OFFC	RECORDING SERVICE	DUE 09/31/2020	CHECK	963.00
245382	11/24/2020	RIVERSIDE CTY RECORDERS OFFC	RECORDING FEE FOR STRATA HORIZON CFD	DUE UPON RECEIPT	CHECK	58.00
245383	11/24/2020	SANDLER LASRY LAUBE BYER & VAL	LEGAL FEES	DUE 11/30/2020	CHECK	2,492.00
245384	11/24/2020	WASTE CORP LLC	EMERGENCY WATER TRAILER	DUE 10/25/2020	CHECK	20,000.00



AP Disbursement Report

Cash Disbursements for 11/18/2020 through 12/10/2020

Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Interim Justification	Pmt Type	Payment Amount
DEMAND REGISTER						
6478	11/19/2020	SOUTHERN CA FLEET SERVICES INC	FLEET SERVICING		ACH	5,250.00
6481	12/10/2020	AECOM TECHNICAL SERVICES, INC.	LEE LAKE DAM UPGRADES		ACH	10,892.50
6482	12/10/2020	AMERICAN LABOR POOL	TEMPORARY PERSONNEL		ACH	8,615.03
6483	12/10/2020	CAL OLYMPIC GLOVE AND SAFETY C	SAFETY SUPPLIES		ACH	3,778.53
6484	12/10/2020	CALIFORNIA WATER TECHNOLOGIES	CHEMICALS		ACH	5,376.07
6485	12/10/2020	CAROLLO ENGINEERS	HTCWRF EXPANSION DB OA SERVICES		ACH	47,194.75
6486	12/10/2020	DAVE NAHAY CLEANING SYSTEMS	LOT SWEEPING & FLEET WASHING		ACH	1,161.25
6487	12/10/2020	ENGINEERING RESOURCES OF SO CAL, INC	ENG & DESIGN SERVICES FOR DIST PARKING LOT IMPROVEMENTS		ACH	770.00
6488	12/10/2020	FERGUSON WATERWORKS #1082	WATERWORKS SUPPLIES		ACH	52,191.84
6489	12/10/2020	NORTHSTAR CHEMICAL	CHEMICALS		ACH	7,662.05
6490	12/10/2020	POLYDYNE INC	CHEMICALS		ACH	13,420.54
6491	12/10/2020	REGAN, CHARLES C. INC	PAVING SERVICE		ACH	2,350.00
6492	12/10/2020	UNITED WATERWORKS, INC	WATERWORKS PART & SUPPLIES		ACH	8,987.28
6493	12/10/2020	WALLACE & ASSOCIATES	ON-CALL INSPECTION SERVICES		ACH	18,614.10
6494	12/10/2020	WESTERN MUNICIPAL WATER DIST	WATER USE		ACH	1,863,904.64
245385	12/10/2020	APPLIED BEST PRACTICES, LLC	REPORTING SERVICE		CHECK	427.50
245386	12/10/2020	CINTAS CORPORATION	MATS, TOWELS & JANITORIAL SUPPLIES		CHECK	1,305.36
245387	12/10/2020	CORE & MAIN, LP	INVENTORY SUPPLIES		CHECK	4,491.81
245388	12/10/2020	CORETEX USA INC	AIR TRAX VEHICLE SERVICE		CHECK	2,527.35
245389	12/10/2020	CREDIT MANAGEMENT, LP	BAD DEBT COLLECTIONS		CHECK	240.90
245390	12/10/2020	FEDERAL EXPRESS CORPORATION	DELIVERY SERVICE		CHECK	6.66
245391	12/10/2020	GAGE CANAL CO INC	CARRYING RIGHTS FOR MONTH OF DEC 2020		CHECK	5,000.00
245392	12/10/2020	GEOSCIENCE	HYDROGEOLOGY ON-CALL SUPPORT SERVICES		CHECK	5,392.50
245393	12/10/2020	RF YEAGER ENGINEERING INC.	CATHODIC PROTECTION ASSESSMENT		CHECK	43,290.00
245394	12/10/2020	RIGHTWAY SITE SERVICES, INC	PORTA-POTTY RENTAL		CHECK	113.33
245395	12/10/2020	RUTAN & TUCKER, LLP	LEGAL FEES		CHECK	908.50
245396	12/10/2020	S & J SUPPLY CO	PIPELINE MATERIALS		CHECK	1,379.20
245397	12/10/2020	SOUTH COAST A Q M D	PERMITS		CHECK	557.42
245398	12/10/2020	STATE WATER RESOURCES CONTROL	PERMITS		CHECK	1,474.00
245399	12/10/2020	SUPERIOR READY MIX CONCRETE LP	SAND - SLURRY		CHECK	1,177.17
245400	12/10/2020	UNITED PARCEL SERVICE	DELIVERY SERVICE		CHECK	359.37
245401	12/10/2020	USDA FOREST SERVICE	LAND USE RENTAL		CHECK	384.56
245402	12/10/2020	WATER ENVIRONMENT FEDERATION	MEMBERSHIP RENEWAL		CHECK	332.00



AP Disbursement Report

Cash Disbursements for 11/18/2020 through 12/10/2020


Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Interim Justification	Pmt Type	Payment Amount
REFUNDS						
245322	11/19/2020	GABRIEL LEON	CUSTOMER REFUNDS		CHECK	27.45
245323	11/19/2020	ALBERT MCGARRITY	CUSTOMER REFUNDS		CHECK	117.71
245324	11/19/2020	BRENDA BLANCO	CUSTOMER REFUNDS		CHECK	76.87
245325	11/19/2020	MACK LLC	CUSTOMER REFUNDS		CHECK	1,165.60
245326	11/19/2020	BINH LUU	CUSTOMER REFUNDS		CHECK	1,253.76
245327	11/19/2020	ROSELYNN CORONA	CUSTOMER REFUNDS		CHECK	90.88
245328	11/19/2020	JORGE ALONSO	CUSTOMER REFUNDS		CHECK	135.71
245329	11/19/2020	GABRIEL LEON	CUSTOMER REFUNDS		CHECK	112.96
245330	11/19/2020	CODY JONES	CUSTOMER REFUNDS		CHECK	50.21
245331	11/19/2020	ANDREA ALI	CUSTOMER REFUNDS		CHECK	113.70
245332	11/19/2020	PRECISE SERVICESS CO.	CUSTOMER REFUNDS		CHECK	149.75
245333	11/19/2020	MICHAEL RAYNOLDS	CUSTOMER REFUNDS		CHECK	171.95
245334	11/19/2020	CORNELIOUS CLAY	CUSTOMER REFUNDS		CHECK	143.82
245335	11/19/2020	SALVADOR PADILLA	CUSTOMER REFUNDS		CHECK	49.33
245336	11/19/2020	ADRIANA ORTIZ	CUSTOMER REFUNDS		CHECK	89.44
245337	11/19/2020	T.E. ROBERTS INC	CUSTOMER REFUNDS		CHECK	248.32
245338	11/19/2020	SALVADOR CEJA	CUSTOMER REFUNDS		CHECK	156.69
245339	11/19/2020	JANETTE ROBSON	CUSTOMER REFUNDS		CHECK	46.01
245340	11/19/2020	TREVOR WATTERS	CUSTOMER REFUNDS		CHECK	9.13
245341	11/19/2020	JAMES GONZALES	CUSTOMER REFUNDS		CHECK	632.96
245342	11/19/2020	ABDUL TAUFIQ	CUSTOMER REFUNDS		CHECK	62.07
245343	11/19/2020	HERACLIO GONZALES	CUSTOMER REFUNDS		CHECK	40.00
245344	11/19/2020	ROBERT DEGITZ	CUSTOMER REFUNDS		CHECK	105.50
245345	11/19/2020	PRECISE SERVICESS CO.	CUSTOMER REFUNDS		CHECK	27.04
245346	11/19/2020	MACK LLC	CUSTOMER REFUNDS		CHECK	279.00
245347	11/19/2020	2018 - IH BORROWER LP	CUSTOMER REFUNDS		CHECK	14.29
245348	11/19/2020	NADIYA AZIZ	CUSTOMER REFUNDS		CHECK	129.81
245349	11/19/2020	CRISTAL ROSALES	CUSTOMER REFUNDS		CHECK	80.00
245350	11/19/2020	CREEKSIDE 7 LLC	CUSTOMER REFUNDS		CHECK	166.82



AP Disbursement Report

Cash Disbursements for 11/18/2020 through 12/10/2020

Check or Reference #	Payment Date	Paid to Vendor	Payment Description	Interim Justification	Pmt Type	Payment Amount
WIRES						
201444228	11/30/2020	MUFG UNION BANK, N.A.	2011 MONTHLY DRAW FEE DUE WITH INTEREST PMT		WIRE	250.00
20093528253	11/30/2020	BANK OF AMERICA	2008B MONTHLY DRAW FEE DUE WITH INTEREST PMT		WIRE	295.00
201631819	11/30/2020	MUFG UNION BANK, N.A.	2011A VARIABLE RATE INTEREST & PRINCIPAL DUE		WIRE	1,476.99
201157132	11/30/2020	MUFG UNION BANK, N.A.	2008B MONTHLY VARIABLE RATE INTEREST DUE		WIRE	3,828.76
20126372225	12/01/2020	MUFG UNION BANK, N.A.	2008B ANNUAL ADMIN FEES		WIRE	5,115.00
VIRTUAL PAYMENT PROGRAM						
103	11/24/2020	AMERICAN MAILING PRINTING INC	WINTER WATERLOG POSTAGE	DUE UPON RECEIPT	CHECK	5,880.49
104	11/24/2020	APPLE ONE INC	TEMPORARY SERVICES	DUE 11/28/2020	CHECK	1,765.20
105	12/10/2020	APPLE ONE INC	TEMPORARY PERSONNEL		CHECK	692.16
106	12/10/2020	AMERICAN MATERIAL CO	BUILDING, ELECTRICAL & SMALL TOOLS		CHECK	1,996.00
107	12/10/2020	ANIMAL PEST MANAGEMENT SERVICES INC	BEE REMOVAL		CHECK	150.00

Reviewed By: 
 Date: 12/1/2020



Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

DATE: December 10, 2020

TO: Board of Directors

FROM: General Manager

SUBJECT: RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2020

STRATEGIC GOAL

Financial Management

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Receive and file the Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2020.

BACKGROUND

The Generally Accepted Accounting Principles ("GAAP") for State and Local governments was defined in the mid 1930's by the National Committee on Municipal Accounting ("NCMA"). GAAP is designed to provide all primary users of general-purpose external financial reports with the minimum standards to assess an entity's finances.

The main objective of financial reporting standards is accountability for both the fiscal and operational information that can be used effectively by decision makers. Thus, governments are strongly encouraged to go beyond the minimum standards and present a Comprehensive Annual Financial Report ("CAFR").

The District's auditors, Rogers, Anderson, Malody, & Scott, LLP ("RAMS") have completed their audit field work and provided an independent auditor's report expressing their opinion on the financial statements. The independent auditors' report is located beginning on page 13 of the CAFR. The report indicates that no significant or material adjustments were encountered during the audit and that the financial statements present fairly, in all material respects, the financial position of EVMWD as of June 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with GAAP.

The unaudited 4th quarter financial statements were presented to the Board in detail at the September 30, 2020 Study Session. The final CAFR and associated audit letters were also presented to the Board at the Study Session on December 1, 2020 along with a presentation from the District's auditors.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Originated by: Scott Thompson – Finance
Reviewed by: Scott Thompson – Finance

Attachments:

2020 EVMWD CAFR
EVMWD FY2020 Appropriation Limit Report
EVMWD FY2020 GAGAS Letter
EVMWD FY2020 SAS114 Post Audit Letter



31315 Chaney Street, Lake Elsinore, CA 92530
(951) 674-3146 www.evmwd.com

Comprehensive Annual Financial Report

FOR THE
FISCAL YEAR
ENDED
JUNE 30, 2020



**ELSINORE VALLEY
MUNICIPAL WATER
DISTRICT**

Lake Elsinore, California

Prepared by the Finance Department

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION



Board of Directors
Andy Morris, President
Phil Williams, Vice President
Darcy Burke, Treasurer
Harvey R. Ryan, Director
Jared K. McBride, Director



General Manager
Greg Thomas
District Secretary
Terese Quintanar
Legal Counsel
Best Best & Krieger

Our Mission...

that are dedicated to the people we serve.

December 10, 2020

Board of Directors and
Customers Served by the District
Elsinore Valley Municipal Water District
31315 Chaney Street
Lake Elsinore, CA 92530

We are pleased to present the Elsinore Valley Municipal Water District's ("District") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2020.

This report was prepared by District staff following financial reporting guidelines set forth by the Governmental Accounting Standards Board. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements presented are free of any material misstatements.

Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, have issued an unmodified "clean" opinion on the District's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The District was incorporated on December 23, 1950, under the legal authority of the California Municipal Water District Act of 1911. This Act allows the District to supply and distribute water, treat and dispose of wastewater, make beneficial use of reclaimed water, and manage water-related recreational activities. The District provides service to a population of approximately 157,000 within 61,949 acres or 97 square miles of land located in the western portion of Riverside County and a portion of Orange County along the Ortega Highway. The District primarily provides service to the cities of Lake Elsinore, Canyon Lake, Wildomar, the California Oaks Development within the City of Murrieta, and the unincorporated communities of Lakeland Village, Meadowbrook, Rancho Capistrano/EI Cariso Village, Horsethief Canyon, and Temescal Canyon. The District is a member agency of the Western Municipal Water District ("WMWD"), which is a member agency of the Metropolitan Water District of Southern California ("MWD").

The financial data presented includes information relating to certain separate legal entities whose activities are significantly controlled by the District. These include the Water Employee Services Authority ("WESA"), Elsinore Valley Water and Sewer Facilities Corporation, Elsinore Valley Municipal Water District Financing Authority, and the Meeks and Daley Water Company in which the District owns a controlling interest. WESA was established in 2003 and started providing employee services to the District and Meeks and Daley on January 1, 2008. WESA is also available to provide this service to other water and wastewater agencies. The District continues the tradition of providing high quality, professional water and wastewater services to the communities it serves.

The District is governed by a five member Board of Directors ("Board") elected by the voters within their respective divisions for staggered four-year terms.

Board of Directors
Andy Morris, President
Phil Williams, Vice President
Darcy Burke, Treasurer
Harvey R. Ryan, Director
Jared K. McBride, Director



General Manager
Greg Thomas
District Secretary
Terese Quintanar
Legal Counsel
Best Best & Krieger

Our Mission...

that are dedicated to the people we serve.

The District's Board includes:

Darcy M. Burke, Treasurer	Division 1
Harvey R. Ryan, Director	Division 2
Jared McBride, Director	Division 3
Phil Williams, Vice President	Division 4
Andy Morris, President	Division 5

The District is not legally required to adopt and adhere to a budget or to present budgetary comparison information. However, the Board chooses to approve a bi-annual budget as a management tool, which serves as the foundation for the District's financial planning and control. The budget is prepared by fund, function, and department. The Board does not formally amend the budget after approval.

LOCAL ECONOMY

Over the last ten years the District's population has grown by a total of 19.5%. During this fiscal year, the number of active water meters and wastewater service connections grew by 197 (0.4%) and 263 (0.7%), respectively, compared to the prior year. The population of Riverside County increased by approximately 0.6% over the same period. The District has planned for a growth rate of 1.5% in water services and 1.9% in wastewater services for the next fiscal year. Should the actual growth rate in utility services be higher than projections, adequate water and wastewater capacities are available to meet the demand for District services.

MAJOR INITIATIVES

The District has continued to perform water and wastewater system upgrades and expansions as needed to provide safe and reliable services. Currently, the District has over 110 ongoing capital projects with total authorized costs of approximately \$133.6 million, of which, approximately \$52.4 million has been expended as of June 30, 2020 on these projects. Several noteworthy projects are described below.

Wastewater Facilities – The District has authorized \$26.6 million for 38 smaller wastewater related projects that have an individual authorized amount of \$3.0 million or less each. A few of the larger projects are the Rehabilitation of the A2 Lift Station (\$2.9 million), the Recycled Pipe to Lake Elsinore (\$2.8 million), and the Replacement of the Distributed Control System (DCS) to the Supervisory Control and Data Acquisition system (SCADA) at the Regional Wastewater Reclamation Plant (\$2.4 million).

Water Facilities – The District has authorized \$22.0 million for 42 smaller water related projects that have an individual authorized amount of \$2.0 million or less each. A few of the larger projects are the Lee Lake Dam Upgrades (\$1.8 million), the Canyon Lake Water Treatment Plant Master Plan Phase I Improvements Study (\$1.7 million), and the 1467 Zone Water Main Phase V Project (\$1.4 million).

Board of Directors

Andy Morris, President
Phil Williams, Vice President
Darcy Burke, Treasurer
Harvey R. Ryan, Director
Jared K. McBride, Director



General Manager
Greg Thomas
District Secretary
Terese Quintanar
Legal Counsel
Best Best & Krieger

Our Mission...

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Desalter Project – Due to a high concentration of total dissolved solids (“TDS”) in imported water supplies, the District experiences elevated TDS concentrations in its recycled water effluent which affects the waste discharge permits. Therefore, the Santa Ana Regional Water Quality Control Board (“RWQCB”) requires the District to have a plan in place to offset the TDS discharge. The District’s Offset Plan indicates that capital construction of a desalter will be necessary to reduce TDS levels to meet plan goals. Staff is currently negotiating a Maximum Benefit Study with RWQCB that may potentially defer and reduce the size of the desalter project required. The District has authorized \$16.0 million for anticipated construction.

Regional Water Reclamation Facility Upgrades Construction – The Regional Water Reclamation Facility (“RWRf”) was originally constructed in 1984 and most recently expanded in 2000-2001. Many of the facilities have reached the end of their useful life and/or no longer meet current regulatory requirements which has necessitated an upgrade of the existing facility. A master plan was completed in June 2016 which included plans for the upgrade and expansion of this facility. Costs for the recommended upgrade are estimated at \$46.0 million. \$8.9 million has been authorized to date for this project. A loan in the amount of \$46.0 million was awarded from the Clean Water State Revolving Fund (“CWSRF”).

Regional Water Reclamation Facility Expansion Planning – The Regional Water Reclamation Facility (“RWRf”) was originally constructed in 1984 and most recently expanded in 2000-2001. Growth within the service area combined with many of the facilities reaching the end of their useful life and/or no longer meeting current regulatory requirements has necessitated upgrades and additional expansion. A master plan was completed in June 2016 which included plans for the upgrade and expansion of this facility. Costs for the recommended 4.0 million gallons per day (“MGD”) Phase 1 Expansion and existing plant upgrade design are estimated at \$13.1 million. \$11.0 million has been authorized to date for this project. A loan in the amount of \$6.3 million was awarded from the Clean Water State Revolving Fund (“CWSRF”) and a grant in the amount of \$1.4 million was awarded from the Bureau of Reclamation WaterSMART Title XVI.

Horsethief Canyon Water Reclamation Facility Expansion – There are four proposed developments planned northeast of the existing Horsethief Canyon WRF, in the northern section of the District’s service area. The developments consist of approximately 1,200 residential homes with no parks or commercial areas. In order to accommodate the new development, the Horsethief WRF will be expanded by 0.3 million gallons per day. The project is expected to be completed by December 2023, with \$9.0 million authorized to date and an estimated project cost of \$24.5 million.

Lee Lake Wells Project (Integrated Resource Project) – The purpose of the Lee Lake Wells Project is to provide an additional source of potable water in the northern area of the District’s service area. This project has been sited on a District owned property. A borehole exploratory study and water quality testing was conducted and found to be successful from both a capacity and water quality parameters. A Preliminary Design Report was received in March 2019. The project is anticipated to be constructed in two phases: Phase 1- Well Drilling is expected to begin in January 2021 and Phase 2 – Wellhead Facilities and offsite Pipelines is estimated to be bid in December 2021. This project is part of the Santa Ana Regional Conservation Conjunctive Use Program (SARCCUP). The District has entered into an agreement with Western Municipal Water District to receive \$3.0 million in funding for this project from the Department of Water Resource Proposition 84 through Santa Ana Watershed Project Authority. The District has authorized \$7.3 million in funding to date for this project.

Diamond Regional Lift Station – The construction of the Diamond Regional Lift Station will ultimately replace four existing lift stations and will accommodate existing and future development flows. The lift station will be designed to accommodate initial flow of about 3.0 million gallons per day (MGD) and future upgrades to pump 6.6 MGD. The Project design is expected to be completed by January 2021 with construction anticipated by 2024. The District has authorized \$4.8 million to date and an estimated project cost of \$35 million.

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General Manager
Greg Thomas
District Secretary
Terese Quintanar
Legal Counsel
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Diamond Regional Dual Force Main – The purpose of the Diamond Regional Dual Force Main Project is to construct new sewer force mains that will convey wastewater from the new Diamond Regional Lift Station to the existing 54-inch sewer line in Lakeshore Drive and Elm Street. The force mains will be designed and constructed to accommodate existing flows and future development flows. The Project design is expected to be completed by January 2021 with construction anticipated by 2024. The District has authorized \$6.7 million to date and an estimated project cost of \$15 million.

Other Facilities – The District has authorized \$6.4 million for 28 smaller projects for other facilities that have an individual authorized amount of \$1.8 million or less each. A few of the larger projects are the Administration Building Repairs (\$1.8 million), Additional District Parking (\$731 thousand), and the Condition Assessment of Motor Control Centers (\$500 thousand).

LONG-TERM FINANCIAL PLANNING

The District is heavily committed to investing into its major capital facilities and infrastructure in order to provide for continued high levels of water, wastewater, and recycled water services in the future. In addition, maintenance and replacement of current District facilities is also performed as necessary to ensure they will be available for continued future use. As costs continue to increase, the District has been required to increase rates in order to maintain its ability to provide a consistent high level of service. The District continues to analyze its long-term capital investments to determine the best means of financing these projects. Most of the projects discussed above are planned as cash (pay-as-you-go) projects.

The District continues to take advantage of low interest rate loans being offered by the Clean Water State Revolving Fund ("CWSRF") to finance larger projects such as the RWRF upgrade and expansion projects rather than using traditional debt financing to fund these types of projects due to the amount of cost savings involved. In the event that these types of loans are no longer offered in the future, or the District does not qualify for them, the District will likely fund larger projects of these types through debt issuance.

In the past, the District has funded larger capital investments through debt financing and will continue to do so on an as needed basis. The District maintains an AA credit rating with Fitch, an AA+ rating with Standard & Poor's, and an Aa2 rating with Moody's. The District reviews all potential debt against its capital needs with the intent to maintain or improve its credit rating.

The District's next fiscal year budget includes capital improvement projects with a total cost of approximately \$78.3 million with the largest of these projects being the Regional Water Reclamation Facility Upgrades Construction (\$20.0 million), Diamond Regional Lift Station (\$12.1 million), Regional Water Reclamation Facility Expansion (\$12.0 million), Diamond Regional Lift Station Dual Force Main (\$6.0 million), and Mayhew Well (\$3.6 million).

To maintain fiscal stability, utility rates were developed to match variable costs with commodity rates, fixed costs with fixed rates, and to include a goal of Capital Replacement Program funding at 100% depreciation by fiscal year 2029-2030. The District plans to maintain Rate Stabilization Reserve funding at a minimum of 15% and a maximum of 30% of operating costs. To ensure that there is sufficient funding to implement its Capital Improvement Program, the District maintains cash flow and non-operating rate projections for all sources of project funding five years into the future.

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COVID 19

Beginning in December 2019, a novel strain of coronavirus (COVID-19) spread around the world resulting in business and social disruptions. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business activity of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus.

The District acted quickly in an attempt to minimize any anticipated effects that this pandemic could potentially have on operations and business activity. Efforts by the District were two-fold: 1) Health and Safety, and 2) Financial

- Utility systems are critical infrastructure, and some staff must work on site each day. Since the beginning of the pandemic, health and safety efforts include assigning approximately 50% of office staff to work from home. In addition:
 - Staff who are required to work onsite are segregated into cohorts to reduce exposure.
 - A pandemic response plan and an updated transition plan were implemented, providing guidelines for the initial response, and safely transitioning back to regular operations.
 - Face coverings are required for all staff and visitors and are provided by the District at no cost.
 - Cleaning and disinfecting products have been placed in all high traffic areas.
 - Meetings are held either virtually, or as hybrid meetings to reduce the number of staff in conference rooms.
 - Conference rooms and break rooms have been redesigned to ensure proper social distancing.
 - Signage has been placed throughout the District informing employees of proper health and safety measures, and safety training provided.
 - Staff are required to self-certify daily before the start of their work shift that they do not have symptoms of illness.
 - All common areas and frequently touched surfaces are cleaned twice each day.
 - Contact tracing is performed when necessary based on exposure or illness.
 - Appropriate accommodations are made for employees who may have been exposed but still need to report to work.
 - A telecommuting policy was adopted to properly identify, document, and compensate employees who are working from home due to the pandemic.
- Financial efforts included staff identifying potential operational cost savings to help offset the anticipated effects on net operating income. These cost savings were necessary due to:
 - Rate deferrals adopted by the Board to ease the economic burden on rate payers, and
 - An increase in uncollectible customer accounts caused by economic conditions and State-imposed mandates as a result of COVID-19.

The District has not included any contingencies in the financial statements specific to this issue.

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Jared K. McBride, Director



General Manager

Greg Thomas
District Secretary
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AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ending June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The District has received a Certificate of Achievement from the GFOA for the last twenty-seven (27) consecutive fiscal years (fiscal years ended 1993-2019). We believe our current CAFR continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA.

We would like to express our appreciation to all members of the District's staff, particularly the members of the Finance & Accounting Department, who have participated in the preparation of this report. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the financial affairs of the District.

Sincerely,

Greg Thomas
General Manager

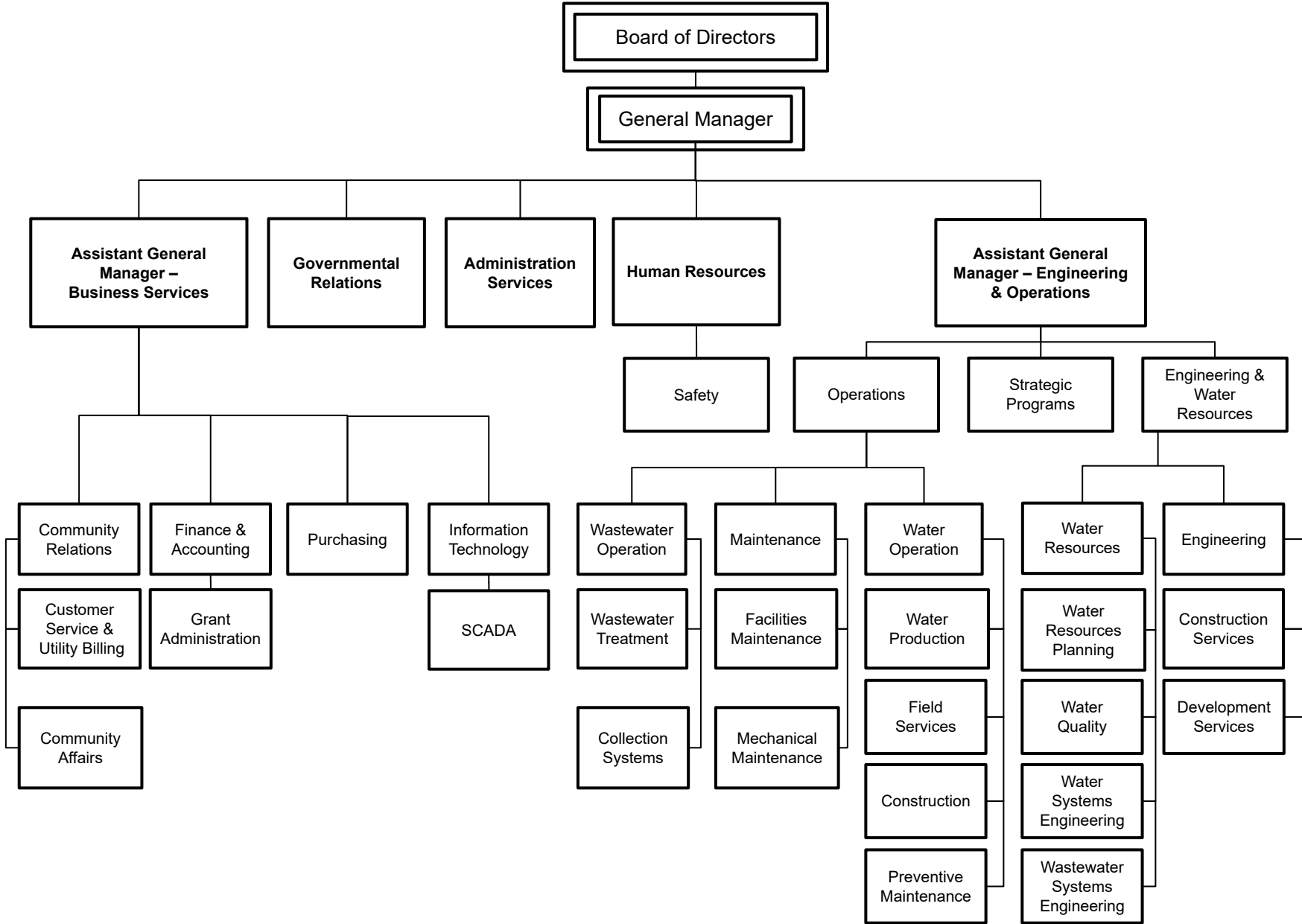
Robert A. Hartwig, CPA, MBA
Assistant General Manager - Business Services Division

BOARD OF DIRECTORS

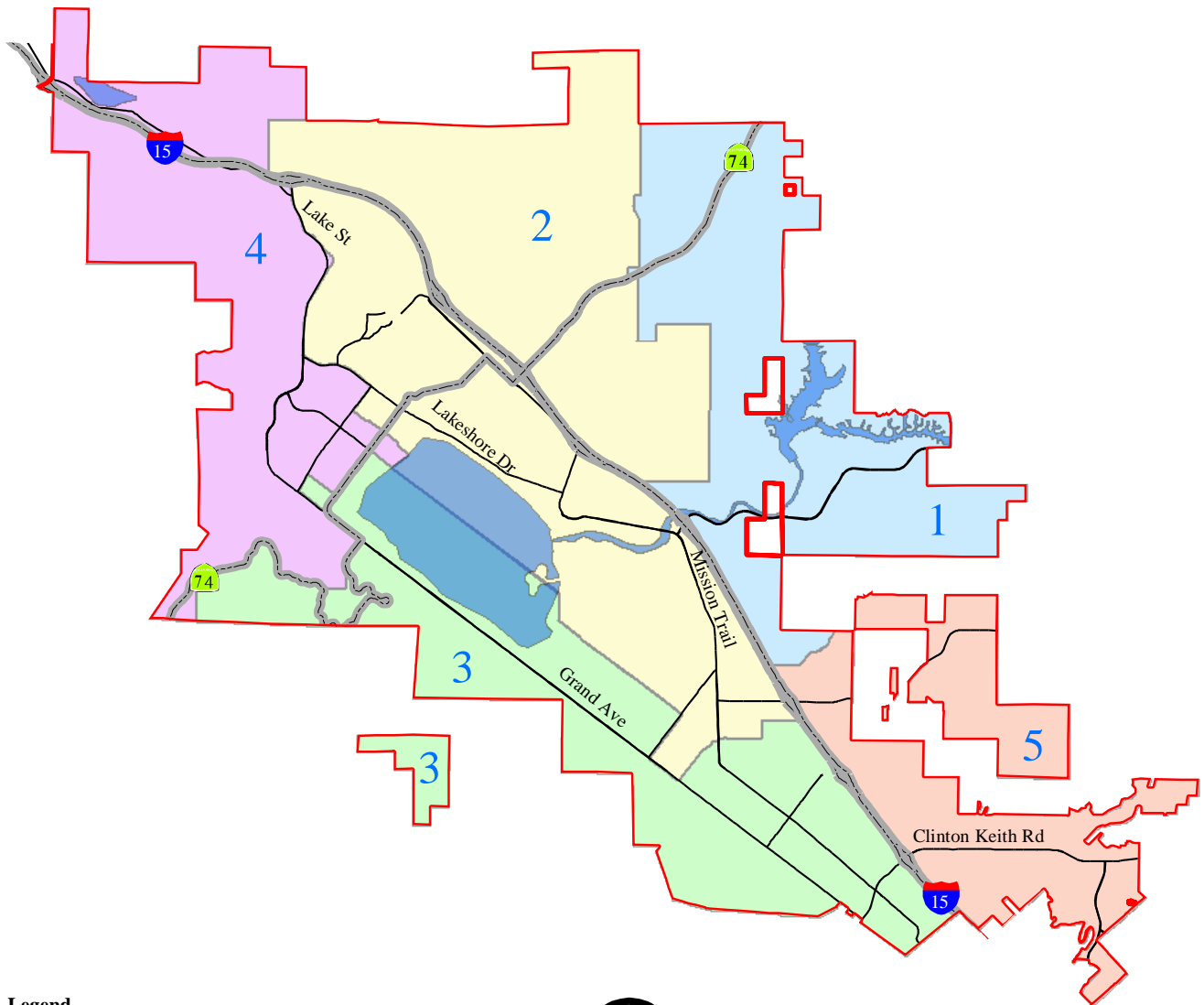
Name	Position	District
Andy Morris	President	Division 5
Phil Williams	Vice President	Division 4
Darcy M. Burke	Treasurer	Division 1
Jared K. McBride	Director	Division 3
Harvey R. Ryan	Director	Division 2

DISTRICT MANAGEMENT









Name	Position
Greg Thomas	General Manager
Ganesh Krishnamurthy	Assistant General Manager – Engineering & Operations
Robert A. Hartwig	Assistant General Manager – Business Services
Margie Armstrong	Director of Strategic Programs
Greg Morrison	Government Relations Officer
James Ollerton	Director of Information Technology
Jase Warner	Director of Operations
Jason Dafforn	Director of Engineering & Water Resources
Jennifer Dancho	Director of Human Resources
Terese Quintanar	District Secretary/Administrative Services Supervisor



DISTRICT MAP



Legend

-  EVMWD Boundary
-  Highways
-  Waterbodies
-  Darcy M. Burke, Treasurer
-  Harvey R. Ryan, Director
-  Jared McBride, Director
-  Phil Williams, Vice President
-  Andy Morris, President



NOT TO SCALE





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**Elsinore Valley Municipal Water District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO



FINANCIAL SECTION





ROGERS, ANDERSON, MALODY & SCOTT, LLP
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Independent Auditor's Report

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Gardenya Duran, CPA
Brianna Schultz, CPA
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To the Board of Directors
Elsinore Valley Municipal Water District
Lake Elsinore, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Elsinore Valley Municipal Water District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

STABILITY. ACCURACY. TRUST.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Prior Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed an unmodified opinion in our report dated November 22, 2019. In our opinion, the summarized comparative information presented herein, as of and for the year then ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, exhibits of schedules of maturities and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The exhibits of schedule of maturities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the exhibits of schedule of maturities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 19, 2020

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MANAGEMENTS DISCUSSION AND ANALYSIS



This discussion and analysis of the Elsinore Valley Municipal Water District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter beginning on page 1 and the District's basic financial statements.

FINANCIAL STATEMENTS

The District operates as a utility enterprise and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting. As an enterprise fund, the District's basic financial statements are made up of two components: financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The financial statements conform to accounting principles set forth by Generally Accepted Accounting Principles ("GAAP"). The District's financial statements consist of the statement of net position; the statement of revenues, expenses and changes in net position; the statement of cash flows; and the notes to the basic financial statements.

- **Statement of Net Position:** This statement includes the District's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as net position. This statement also provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.
- **Statement of Revenues, Expenses and Changes in Net Position:** This statement accounts for the District's revenues and expenses. This statement measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.
- **Statement of Cash Flows:** This statement reports cash receipts, cash disbursements, and net changes in cash resulting from operations, non-capital financing, capital financing, and investing activities during the reporting period.
- **Notes to the Basic Financial Statements:** These notes provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise presented in the financial statements.

FINANCIAL HIGHLIGHTS

The District's net position, on average, has grown by approximately 2.6% per year over the past ten fiscal years from approximately \$558 million at June 30, 2011 to \$692 million at June 30, 2020. During the current fiscal year, the District's net position grew by \$28.8 million or 4.3% from the prior fiscal year. The yearly comparison of changes in net position for the prior ten fiscal years are shown on page 94 of the Statistical Section.

STATEMENT OF NET POSITION

(Dollars in Thousands)	June 30, 2020	June 30, 2019	Increase / (Decrease)	
			\$ Amount	% Percent
Assets:				
Current Assets	\$ 153,132	\$ 104,456	\$ 48,676	46.6%
Other Non-Current Assets	141,966	160,315	(18,349)	-11.4%
Capital Assets, Net	604,590	597,575	7,016	1.2%
Total Assets	899,689	862,346	37,343	4.3%
Deferred Outflow of Resources	11,040	11,762	(722)	-6.1%
Liabilities:				
Current Liabilities	29,917	24,318	5,599	23.0%
Long-term Liabilities	188,082	185,658	2,424	1.3%
Total Liabilities	217,999	209,976	8,023	3.8%
Deferred Inflow of Resources	569	815	(245)	-30.1%
Net Position:				
Net investment in capital assets	446,212	439,789	6,423	1.5%
Restricted	54,819	55,241	(422)	-0.8%
Unrestricted	191,130	168,287	22,843	13.6%
Total Net Position	\$ 692,161	\$ 663,317	\$ 28,844	4.3%

Allow for rounding differences

The following explains the significant changes in net position between fiscal years 2019/2020 and 2018/2019 as shown in the above table:

- Current assets increased by approximately \$48.7 million or 46.6% during the year. This was mainly the result of an increase in the amount of investments that matured during the year that were placed into short-term investment pools rather than being re-invested into longer term maturities. Cash and cash equivalents increased by \$22.3 million, investments maturing in less than a year increased by \$14.8 million and restricted assets increased by \$1.1 million. In addition, accounts receivable increased by \$2.0 million and other receivables increased by \$7.3 million in combined grant reimbursement due from the State Water Resources Control Board for the RWRP upgrade and SCADA projects.
- Other assets decreased by approximately \$18.3 million or 11.4%. This was mainly due to long term investments decreasing by \$21.8 million during the year. This was the result of long term investments maturing during the year which were reinvested into shorter term maturities (current assets) to maximize investment returns caused by current market conditions. This decrease was partially offset by a \$2.7 million increase in the District's investment in the Santa Rosa Regional Resources Authority ("SRRRA") and an increase of \$800 thousand in notes receivable due from SRRRA.
- Capital assets, net of depreciation increased by approximately \$7.0 million or 1.2% during the year. This was the result of increases in capitalized assets of \$35.5 million, offset by decreases in construction in progress of \$7.5 million and depreciation of \$21.0 million.

- Deferred outflow of resources decreased by approximately \$700 thousand or 6.1%. This was a result of a \$242 thousand decrease in employee pension related items as required by GASB 68, in addition to a \$480 thousand decrease in unamortized bond redemption costs.
- Total current liabilities increased by approximately \$5.6 million or 23.0% during the year. This was the result of an increase in accrued water purchases of \$2.5 million related to the Metropolitan Water District CUP program and a \$3.1 million increase in accrued liabilities related to District CIP related project costs.
- Long-term liabilities increased by approximately \$2.4 million or 1.3%. This change was mainly the result of an increase in loans payable of \$7.1 million due to new SRF loans related to the Regional Upgrades & Expansion design, SCADA implementation and Regional Upgrades construction loans. Other notable increases were related to net pension liability of \$2.3 million and compensated absences of \$161 thousand. These increases were partially offset by decreases in Certificates of Participation of \$4.8 million, Water Revenue Bonds of \$1.9 million, Advances from the US Government of \$386 thousand, and amounts due within one year of \$77 thousand due to debt service payments.
- Net investment in capital assets increased by approximately \$6.4 million or 1.5% over the previous year. This change was the result of a \$7.0 million increase in capital expenditures and a \$592 thousand increase in debt offsetting capital assets.
- Restricted net position includes amounts that are legally constrained by creditors, grantors, and contributors; and bylaws and regulations of other governments. Total restricted net position decreased by approximately \$422 thousand or 0.8% during the year. This was primarily the result of increases in operating reserves of \$1.4 million and customer deposits of \$57 thousand which were offset by a decrease of \$1.8 million in capacity fees, which are funds earmarked for future capital projects.
- Unrestricted net position includes amounts that have been designated for various purposes. These designations have been established and maintained to provide sound financial management and a stable and equitable rate structure. The total unrestricted net position increased by approximately \$22.8 million or 13.6% during the fiscal year due to increases of \$14.1 million in reserves for encumbered projects; \$2.8 million in debt service reserves; \$9.1 million in other unrestricted net positions; and \$1.2 million in operational reserves. This was offset by decreases of \$2.7 million in special revenue reserves and \$1.7 million in replacement reserves.

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

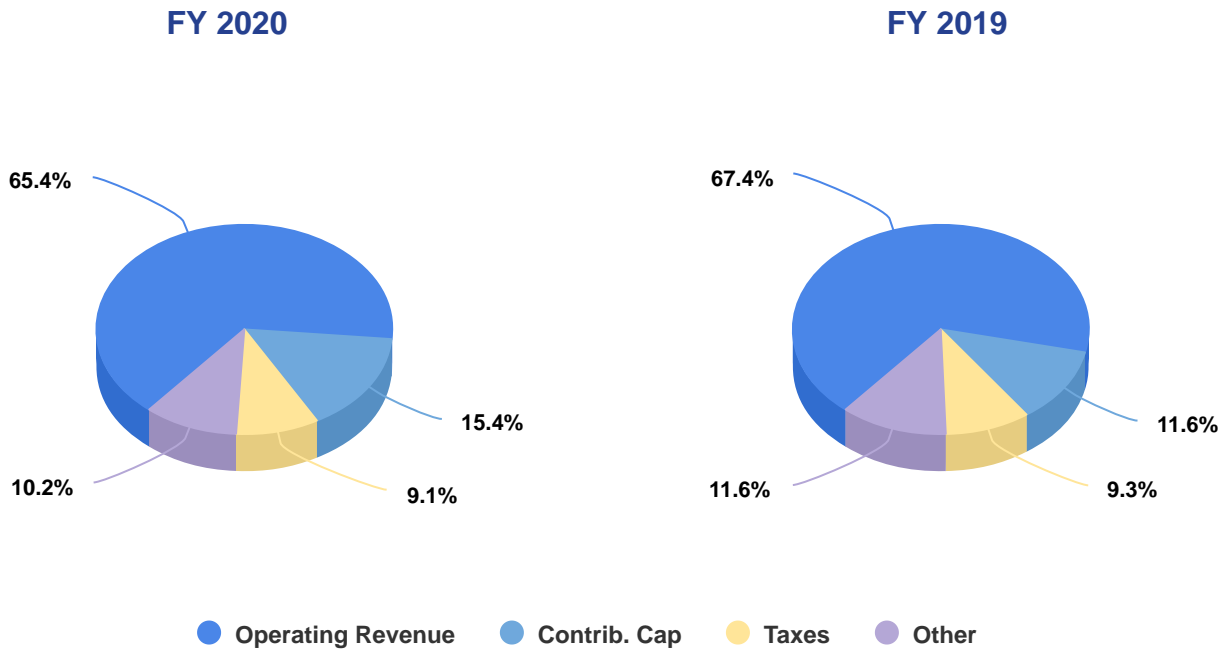
As the following table shows, net position increased by \$28.8 million in fiscal year 2019/2020, an increase of 4.3% from the prior year.

(Dollars in Thousands)	June 30, 2020	June 30, 2019	Increase / (Decrease)	
			Amount	Percent
Operating Revenues:				
Water Revenues	\$ 51,092	\$ 48,111	\$ 2,981	6.2%
Wastewater Revenues	25,723	25,333	390	1.5%
Recycled Water Revenues	1,354	1,043	311	29.8%
Total Operating Revenues	78,169	74,487	3,682	4.9%
Non-Operating Revenues:				
Property and Other Related Taxes	10,828	10,290	538	5.2%
Standby Charges	758	636	122	19.2%
Investment Income	8,370	8,134	236	2.9%
Other Non-Operating Revenues	3,101	4,096	(995)	-24.3%
Total Non-Operating Revenues	23,057	23,156	(99)	-0.4%
Total Revenues	101,226	97,643	3,583	3.7%
Operating Expenses:				
Water Purchases	18,428	20,646	(2,218)	-10.7%
Water Operations	17,345	15,426	1,919	12.4%
Wastewater Operations	11,363	11,221	142	1.3%
Recycled Water Operations	1,003	947	56	5.9%
General and Other Operating Expenses	16,552	14,264	2,288	16.0%
Depreciation and Amortization	21,531	20,751	780	3.8%
Total Operating Expenses	86,222	83,255	2,967	3.6%
Non-Operating Expenses:				
Interest Expense	3,206	3,535	(329)	-9.3%
Other Expenses	1,322	1,782	(460)	-25.8%
Total Non-Operating Expenses	4,528	5,317	(789)	-14.8%
Total Expenses	90,750	88,572	2,178	2.5%
Income/(Loss) Before Contributions	10,476	9,071	1,405	15.5%
Capital Contributions	18,367	12,829	5,538	43.2%
Change in Net Position	28,843	21,900	6,943	31.7%
Beginning Net Position	663,316	641,416	21,900	3.4%
Ending Net Position	\$ 692,159	\$ 663,316	\$ 28,843	4.3%

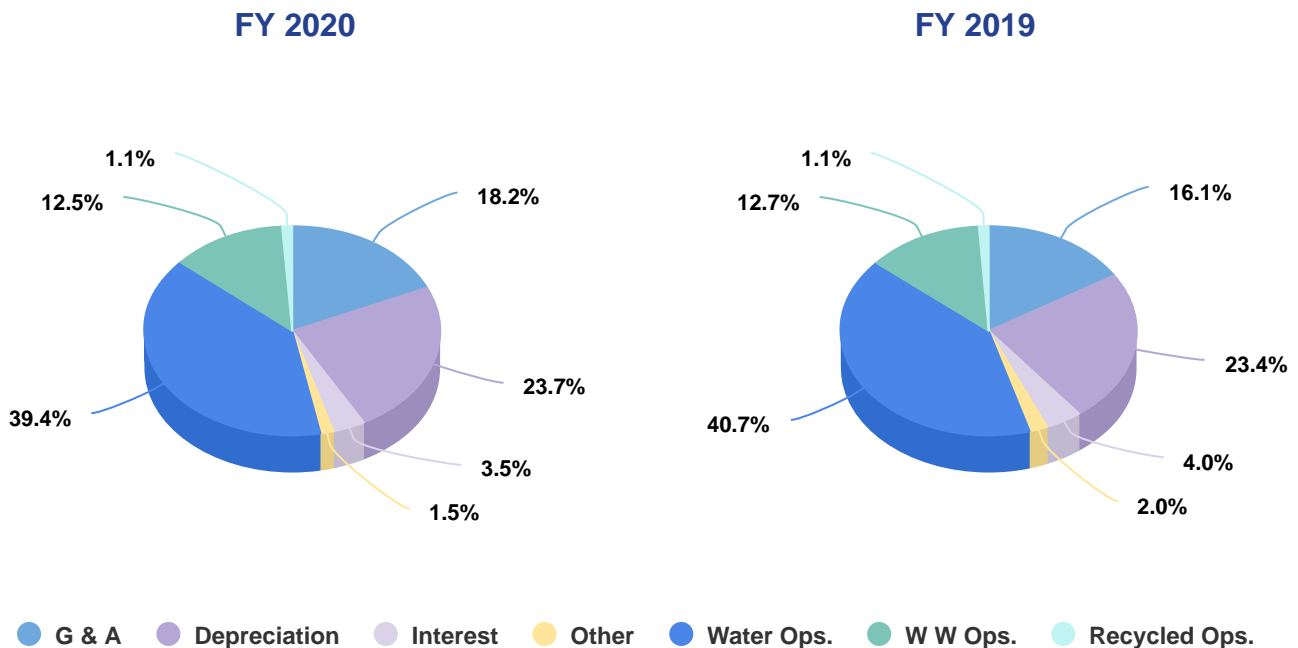
Allow for rounding differences

As previously stated, the operations of the District are accounted for as an enterprise fund, which is financed and operated in a manner like a private business enterprise. The costs (expenses, including depreciation) of providing water, wastewater, and recycled water services on a continuing basis are financed or recovered primarily through user fees. The following graphs illustrate the District's major sources and uses of revenue:

SOURCE OF REVENUE



FUNCTIONAL EXPENSES



Water, wastewater, and recycled water user fees are evaluated annually based primarily upon the budget requirements for total operation, maintenance, and capital expenditures for providing water, wastewater and recycled water treatment services. Capacity fees (amounts charged for new developments) are the major source of contributed capital. Capacity fees are determined based on the funding requirements for current and planned capital projects relating to system expansion. Property tax revenues, the major source of tax revenues, may be used for any general purpose of the District, however, in the past they have generally been used for the payment of debt service and for capital funding relating to repair and replacement of existing capital assets.

The following explains some of the significant differences between fiscal years 2019/2020 and 2018/2019 as shown on the statement of revenues, expenses and changes in net position.

- Water revenues increased by approximately \$3.0 million or 6.2% during the fiscal year. The majority of this change was related to increased fixed and variable water rates adopted during the year as well as an increase in overall water accounts. This was partially offset by lower than expected domestic/irrigation water sales attributed to above average rainfall during the year.
- Wastewater revenues increased by approximately \$390 thousand or 1.5% during fiscal year 2019/2020. This can be attributed to an overall increase in wastewater accounts serviced by the District. There were no increases to wastewater rates during the current fiscal year.
- Recycled water revenues increased by approximately \$311 thousand or 29.8% during the year. This was mostly the result of increased recycled water production/sales of over 90 million gallons as compared to the prior year. Other contributing factors were due to an increase in recycled water accounts and increases to recycled water rates adopted during the year.
- Non-operating revenues decreased by \$99 thousand or 0.4%. This was primarily the result of a \$122 thousand increase in standby charges; \$538 thousand increase in property taxes; and additional \$236 thousand in investment. These increases were offset by the decrease in other operating revenue by \$995 thousand.
- Total operating expenses increased by approximately \$3.0 million or 3.6%. This was largely due to increases in general administrative and other operating expenses of \$2.3 million; water operations of \$1.9 million; depreciation expense of \$780 thousand; wastewater and recycled water operations of \$142 thousand and \$56 thousand respectively. On the other hand, water purchases decreased by approximately \$2.2 million due to increased local water production and lower water sales.
- Non-operating expenses decrease by \$789 thousand or 14.8%. This change was partially due to a decrease in interest expense of \$329 thousand resulting from the retirement of some District debt and lower than normal interest rates on variable rate debt obligations due to current market conditions. Other expenses decreased by \$460 thousand and were a combination of lower bond handling costs, legal settlement fees and lake maintenance costs.
- Capital contributions increased by approximately \$5.5 million or 43.2%. This was directly attributable to increases in capital grants received of \$5.4 million; capacity fees of \$1.1 million; and capital reimbursement fees of \$171 thousand. These were offset by decreases in developer contributions of \$688 thousand; and other revenue from outside agencies of \$395 thousand. Grant contributions are only recognized to the extent of grant related expenditures incurred during the year.

CAPITAL ASSETS AND INFRASTRUCTURE

The District provides water services to approximately 46,000 domestic customers through 751 miles of pipeline ranging in size from 6 to 36 inches in diameter, 55 booster stations, 72 reservoirs, and 14 wells. In addition, the District provides wastewater services to approximately 37,000 customers through 3 treatment plants, 37 lift stations, and a 410 mile collection system. The District performs routine inspections and maintenance of all facilities on a regular basis as part of its preventive maintenance program. The District also has a comprehensive facilities and resources protection program in place to ensure the integrity and continuity of its assets.

As of June 30th, 2020, the District had invested approximately \$604.6 million in capital assets net of accumulated depreciation, as shown below. This amount represents a net increase of \$7.0 million (1.2%) which is the combination of several factors including a decrease in construction in progress of \$7.5 million, an increase in capitalized assets of \$35.5 million, and depreciation of \$21 million. More detailed information about Capital Assets are presented in Note 7 of the financial statements.

The District's Capital Improvement Program is financed from a variety of sources including SRF loans, long-term debt or by cash funding through property taxes or the use of existing replacement or capacity fee reserves. Replacement reserves are funded annually through transfers from the operating funds and are used to cash fund replacement and/or major refurbishment projects. Capacity fee reserves are funded through the receipt of capacity fees collected from developers for connecting to District facilities and are used to cash fund new development projects. Projects may be funded through a combination of funding sources or reserves depending upon whether the project is for replacement to accommodate growth, new development, or a combination of both.

(Dollars in Thousands)	June 30, 2020	June 30, 2019	Incr (Decr)
Capital Assets Not Being Depreciated			
Land	\$ 7,908	\$ 7,572	\$ 336
Construction in progress	52,363	59,895	(7,532)
Water Rights	19,815	19,815	-
Total Capital Assets Not Being Depreciated	80,086	87,282	(7,196)
Capital Assets Being Depreciated (Net)			
Infrastructure - Water	255,549	242,621	12,928
Infrastructure - Wastewater	258,689	257,959	730
Building & Structures	9,684	9,337	347
Vehicles & Equipment	276	75	201
Miscellaneous	307	302	5
Total Capital Assets Being Depreciated	524,505	510,294	14,211
Total Capital Assets, net	\$ 604,591	\$ 597,576	\$ 7,015

Allow for rounding differences

Major capital asset additions for the current fiscal year included (in millions):

- \$6.6 - Flagler Well Conversion
- \$3.8 - Developer Projects
- \$3.4 - Wildomar Sewer System Improvements
- \$1.6 - Corrosion Protection of the Lake Street Reservoir
- \$1.6 - Corrosion Protection of the Railroad Canyon Reservoir
- \$1.4 - Advanced Metering Infrastructure Phase II
- \$1.3 - Palomar Flushing Line/Sewer Extension

The District's fiscal year 2020-21 budget includes \$78.3 million for additions and improvements to water, recycled water, and wastewater facilities. More detailed information about the District's capital assets are presented in Note 7 of the financial statement.

LONG – TERM LIABILITIES

At June 30th, 2020, the District had approximately \$188.1 million in long-term liabilities outstanding (\$195.996 million total, less \$7.9 million due in one year), a net increase of \$2.4 million or (1.3%) from the prior year. The majority of this change is due to an increase in the District's net pension liability of \$2.3 million. Other long-term liabilities remain relatively unchanged due to principal reductions offset by the addition of a new loan and additional disbursements received on existing loans from the State of California Water Resources Control Board. More detailed information about loans is presented in Note 14 of the financial statements.

In accordance with GASB Statement No. 68 and effective for fiscal years beginning after June 15th, 2014, the District is required to include the net pension liability on the financial statements. The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The new pension liability was measured as of June 30th, 2019, using standard methods. For the measurement period ended June 30th, 2019, the total pension liability was \$105.4 million, offset by the fiduciary net position of \$78.3 million resulting in a net pension liability of \$27.1 million.

Other long-term liabilities consist of Certificates of Participation, Water Revenue Bonds, Advances from the U.S. Government, loans payable, and accrued compensated absences. The amount of debt due within one year totaled \$7.0 million. The District had an obligation of \$4.4 million at June 30th, 2020 for compensated absences relating to accrued vacation pay, sick leave and savings clause benefits with an amount due within one year of \$923 thousand. At fiscal year end, the District had no long-term material claims or judgments outstanding. More detailed information about the District's long-term liabilities are presented in Notes 8 through 15 of the financial statements.

The District issues debt in compliance with its formally-adopted debt policy. This policy includes general management, financial management, and debt and capital management. It documents the District's goals for the use of debt, especially as it relates to financing District infrastructure and project needs. The following table is the most recent rating received for the District.

Rating Agency	Date	Rating	Rating Reflects
Fitch	February 2018	AA	Strong Financial Performance; Strong Debt Service Coverage; Extraordinarily Strong Liquidity; Significant Capital Reserves
Moody's	February 2016	Aa2	Healthy Debt Service Coverage; Strong Liquidity; Strong Management of Rates and CIP; Diverse Operating Revenues
Standard & Poor's	February 2016	AA+	Strong Liquidity; Low Debt to Capitalization Level; Stable Debt Service Coverage; Comprehensive Financial Management

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board, customers, creditors and investors with a general overview of the District's accountability for the financial resources it manages. If you have any questions concerning this report or need additional financial information, contact the Elsinore Valley Municipal Water District's Finance & Accounting Department at 31315 Chaney Street, Lake Elsinore, California 92530.

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Basic Financial Statements



STATEMENT OF NET POSITION

As of June 30, 2020

(With Comparative Amounts for 2019)

	<u>June 2020</u>	<u>June 2019</u>
ASSETS:		
<u>Current Assets:</u>		
Cash and cash equivalents (Notes 1j and 2)	\$ 61,230,775	\$ 38,906,064
Restricted assets (Notes 1k and 2)	12,004,067	10,935,476
Investments maturing in less than a year (Notes 1n and 2)	56,209,149	41,382,642
Accounts receivable, net of allowances (Note 1l)	9,344,165	7,377,153
Other receivables	11,511,322	3,107,456
Accrued interest receivable	154,683	634
Materials and supplies inventories (Note 1m)	963,296	949,241
Prepaid expenses	1,702,698	1,784,690
Deposits	12,158	12,473
Total Current Assets	<u>153,132,313</u>	<u>104,455,829</u>
<u>Noncurrent Assets:</u>		
Investments (Notes 1n and 2)	123,838,178	145,608,472
Investment in Mutual Water Company (Note 3)	4,455,925	4,403,204
Investment in SRRRA (Note 4)	10,516,218	7,773,226
Accrued interest receivable	972,580	1,096,991
Receivable from CFD (Note 5)	83,307	133,307
Notes and contracts receivable (Note 6)	2,100,000	1,300,000
Capital assets, depreciated - net (Notes 1o and 7)	524,505,401	510,292,812
Capital assets, not depreciated (Notes 1o and 7)	80,084,766	87,281,762
Total Noncurrent Assets	<u>746,556,375</u>	<u>757,889,774</u>
Total Assets	<u>899,688,688</u>	<u>862,345,603</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Unamortized bond redemption (Note 1p)	6,066,480	6,546,644
Deferred outflows - employee pension contributions (Notes 1p and 8)	3,737,822	3,303,806
Deferred outflows - employee pension related items (Notes 1p and 8)	1,236,081	1,911,909
Total Deferred Outflow of Resources	<u>11,040,383</u>	<u>11,762,359</u>
LIABILITIES:		
<u>Current Liabilities:</u>		
Accounts payable and accrued expenses	13,046,560	7,785,761
Retentions payable	943,358	546,503
Customer deposits	2,727,635	2,825,220
Interest payable	1,715,049	1,910,443
Long-term liabilities due within one year (Note 10)	7,908,329	7,770,926
Developer and other advances	1,217,784	1,064,611
Held for bondholders (Note 9)	2,357,966	2,414,670
Total Current Liabilities	<u>29,916,681</u>	<u>24,318,134</u>

Allow for rounding differences

See notes to the basic financial statements

STATEMENT OF NET POSITION (Continued)

As of June 30, 2020

(With Comparative Amounts for 2019)

	June 2020	June 2019
Noncurrent Liabilities:		
Certificates of participation payable (Notes 10 and 12)	\$ 66,134,700	\$ 70,893,330
Revenue bond payable (Notes 10 and 13)	78,843,586	80,705,984
Loans payable (Notes 10 and 14)	15,214,744	8,095,070
Advances from U.S. Government (Notes 10 and 15)	4,251,202	4,637,675
Accrued compensated absences (Notes 1q, 10 and 11)	4,421,210	4,260,428
Net pension liability (Notes 8 and 10)	27,124,893	24,836,475
Less amount due within one year (Note 10)	<u>(7,908,329)</u>	<u>(7,770,926)</u>
Total Noncurrent Liabilities	<u>188,082,006</u>	<u>185,658,036</u>
Total Liabilities	<u>217,998,687</u>	<u>209,976,170</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - employee pension related items (Notes 1p and 8)	569,482	814,959
NET POSITION (Note 17)		
Net investment in capital assets	446,212,414	439,789,160
<u>Restricted for:</u>		
Rate stabilization fund	3,000,000	3,000,000
Operating reserve	13,285,482	11,919,851
Customer deposits	3,909,011	3,851,875
Debt service reserves	4,351,515	4,351,508
Capacity fees	<u>30,272,742</u>	<u>32,117,649</u>
Total Restricted Net Position	54,818,750	55,240,883
Unrestricted	<u>191,129,738</u>	<u>168,286,790</u>
Total Net Position	<u><u>\$692,160,902</u></u>	<u><u>\$663,316,833</u></u>

Allow for rounding differences

See notes to the basic financial statements

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(With Comparative Amounts for the Fiscal Year Ended June 30, 2019)

	<u>June 2020</u>	<u>June 2019</u>
OPERATING REVENUES:		
Water revenues	\$ 51,092,053	\$ 48,111,048
Wastewater revenues	25,723,353	25,332,984
Recycled water revenues	1,353,922	1,043,280
Total Operating Revenues	<u>78,169,328</u>	<u>74,487,312</u>
OPERATING EXPENSES:		
Water purchases	18,427,794	20,646,287
Water operations	17,345,188	15,425,962
Wastewater operations	11,362,953	11,221,102
Recycled water operations	1,002,544	946,532
General and administrative	16,552,478	14,263,892
Depreciation/amortization (Notes 1o and 7)	21,530,659	20,751,084
Total Operating Expenses	<u>86,221,616</u>	<u>83,254,859</u>
Operating Income/(Loss)	<u>(8,052,288)</u>	<u>(8,767,547)</u>
NON-OPERATING REVENUES:		
<u>Property taxes: (Note 1r)</u>		
General purpose	7,080,598	6,867,032
Redevelopment	3,221,072	2,915,254
Temescal Valley Project	526,009	508,160
Total Property taxes	<u>10,827,679</u>	<u>10,290,446</u>
Standby charges	758,323	636,398
Investment Income	8,317,596	8,106,997
Mutual Water Company (Note 3)	52,721	27,282
Lease income (Note 16)	1,530,985	1,385,928
Other income	1,569,526	2,709,678
Total Nonoperating Revenues	<u>23,056,830</u>	<u>23,156,729</u>
NON-OPERATING EXPENSES:		
<u>Interest Expense:</u>		
Certificates of Participation	3,152,586	3,492,809
Bonds and Loans	53,241	41,874
Other expenses	1,321,827	1,782,127
Total Nonoperating Expenses	<u>4,527,654</u>	<u>5,316,810</u>
INCOME BEFORE CONTRIBUTIONS:	10,476,888	9,072,372
<u>Capital Contributions (Note 1t)</u>		
Capacity fees	8,394,691	7,335,180
Capital grant	5,364,290	25,315
Other contributions	4,608,199	5,468,114
Total Capital Contributions	<u>18,367,180</u>	<u>12,828,609</u>
Change in Net Position	28,844,068	21,900,981
NET POSITION, BEGINNING OF YEAR	663,316,833	641,415,852
NET POSITION, END OF YEAR	<u>\$692,160,901</u>	<u>\$663,316,833</u>

Allow for rounding differences

See notes to the basic financial statements

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(With Comparative Amounts for the Fiscal Year Ended June 30, 2019)

	June 2020	June 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 68,762,673	\$ 75,889,940
Cash payments to employees for services	(25,847,375)	(24,056,965)
Cash payments to suppliers for goods and services	(30,616,555)	(38,018,075)
Other operating income	725,232	1,426,512
Net Cash Provided By Operating Activities	13,023,975	15,241,412
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Property taxes	11,654,500	10,397,772
Property tax collection activities	(28,117)	(29,827)
Net Cash Provided By Noncapital And Related Financing Activities	11,626,383	10,367,946
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Bond handling fees	(449,416)	(469,134)
Proceeds from loans	7,454,397	2,239,657
Principal payments of long - term debt	(6,501,196)	(6,228,673)
Purchase, construction, and disposal of capital assets	(24,234,576)	(23,265,911)
Capacity fees	8,394,692	7,335,179
Capital grant	4,331,569	25,315
Other contributions	776,688	948,526
Interest and penalty payments	(4,242,249)	(4,653,364)
Receipts of funds held for bondholders	21,492	27,986
Payment of funds held for bondholders	(78,196)	(56,736)
Loan payments received/(issued)	(800,000)	(1,300,000)
Net Cash (Used For) Capital and Related Financing Activities	(15,326,794)	(25,397,155)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Lease income	1,530,985	1,385,928
Investment income received	5,594,966	5,963,188
Sale of investments and maturities	49,409,065	5,862,840
Purchase of investments	(43,533,868)	(25,537,090)
Net Cash Provided By/(Used For) Investing Activities	13,001,148	(12,325,134)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:	22,324,712	(12,112,931)
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	38,906,067	51,018,999
CASH AND CASH EQUIVALENT, END OF YEAR	\$ 61,230,779	\$ 38,906,067

Allow for rounding differences

See notes to the basic financial statements

STATEMENT OF CASH FLOWS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(With Comparative Amounts for the Fiscal Year Ended June 30, 2019)

	<u>June 2020</u>	<u>June 2019</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH		
PROVIDED BY/(USED FOR) OPERATING ACTIVITIES:		
Operating Income/(loss)	\$ (8,052,289)	\$ (8,767,547)
<u>Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:</u>		
Depreciation/amortization	21,530,659	20,751,084
Bad debt expense - operating	302,261	220,171
Other operating income	725,232	1,426,512
Employee pension expense	2,288,418	(1,267,231)
<u>Changes in assets and liabilities:</u>		
(Inc)/Dec in accounts receivable	(9,708,915)	1,182,456
(Inc)/Dec in inventory, prepaid expenses and deposits	68,252	(717,528)
Inc/(Dec) in accounts payable, accrued expenses and deposits	5,316,387	(603,571)
Inc/(Dec) in retentions payable	396,854	(31,400)
Inc/(Dec) in accrued compensated absences	160,782	405,326
<u>Changes in deferred inflows and outflows:</u>		
(Inc)/Dec in deferred outflows-employee pension contributions	(3,666)	2,643,140
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 13,023,975</u>	<u>\$ 15,241,412</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Change in unrealized gain (loss) in fair value of investment	\$ 4,104,322	\$ 4,536,430
Capital contribution	3,831,511	4,519,589
Change in deferred outflows of resources, Unamortized bond redemption	(480,164)	(595,500)
Change in amortized premium/discount	(841,029)	(996,406)

Allow for rounding differences

See notes to the basic financial statements

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NOTES TO THE BASIC FINANCIAL STATEMENTS



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting Entity:

The reporting entity Elsinore Valley Municipal Water District (“District”) includes the accounts of the District, Water Employee Services Authority (“WESA”) and the Elsinore Valley Water and Sewer Facilities Corporation (“Corporation”).

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board (“GASB”) Statement 14, as amended by GASB 61. The District is the primary government unit. Despite being legally separate, the Corporation and WESA are so intertwined with the District that they are, in substance, part of the District’s operations. Accordingly, the balances and transactions of these component units are reported within the accounts of the District. Component units are those entities which are financially accountable to the primary government. Blended component units, although separate legal entities, are in substance part of the government’s operations. The District has accounted for the Corporation and WESA as blended component units. WESA’s Board of Directors is comprised of the District’s Board of Directors and WESA provides services almost entirely to the District. The Corporation’s Board of Directors is appointed by the District’s Board of Directors and the Corporation provides service entirely to the District.

The District was incorporated on December 23, 1950, under the provisions of the California Municipal Water District Act of 1911. The District’s 97 square mile service area lies in Western Riverside County between the cities of Corona and Temecula.

The Corporation was organized on April 21, 1980, pursuant to the NonProfit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2, of the California Corporations Code), solely for the purpose of providing financial assistance to the District by acquiring, constructing, improving and developing certain real and personal property for the use, benefit and enjoyment of the District. The Corporation is blended with the District’s financial statements and does not issue separate audited financial statements.

In August 2003, the Board approved an agreement for the formation of the Water Employee Services Authority and an operating agreement between the District and WESA. WESA was established as a joint powers authority between the District and Meeks and Daley Mutual Water Company (“Meeks & Daley”). The purpose of WESA is to provide professional water and wastewater employee services to both agencies. In September 2003, the Meeks and Daley Board also approved both agreements. With approval of these operating agreements, District employees were transferred to WESA. A separately issued audited financial report is available for WESA and may be obtained by contacting the District’s office.

In May 2013, the District and WESA formed the Elsinore Valley Municipal Water District Financing Authority (“EVMWDF”) to facilitate a pooled refunding of existing Community Facilities District (“CFD”) Bonds. These bonds were originally issued to finance water and sewer facilities owned and operated by the District. The formation of EVMWDF provided the ability to assist in financing or refinancing public capital improvement projects that will encourage economic development. It has been determined that EVMWDF is not a component unit of the District. A separately issued financial report is available for the Authority and may be obtained by contacting the District’s Office.

b. Basis of Accounting and Measurement Focus:

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods and services to the general public on a continuing basis (including depreciation), are financed through user fees and charges. For financial reporting purposes, all of the funds and component units of the District have been consolidated after elimination of significant inter-fund accounts and transactions. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. An enterprise fund is accounted for using the economic resources measurement focus. This means that all assets and liabilities associated with the activity (whether current or noncurrent) are included on the statement of net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The District distinguishes between operating and non-operating revenues and expenses. Operating revenues are those revenues that are generated by providing water, wastewater and recycled water services while operating expenses pertain directly to the furnishing of those services. Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water, wastewater and recycled water services.

c. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Restricted Resources:

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

e. Budgetary Information:

Although the District prepares and approves an annual budget, budgetary information is not presented because the District is not legally required to adopt a budget. In this situation, GAAP does not require presentation of budgetary information.

f. Claims & Judgments:

When it is probable that a claim liability has been incurred at year-end and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage under its self-insurance program. As of June 30, 2020, in the opinion of legal counsel, the District had no material claims which would require loss provision in the financial statements.

g. Comparative Data & Reclassifications:

Comparative data for prior years have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. No reclassifications were deemed necessary in these financial statements.

h. New Effective Accounting Pronouncements:

The Governmental Accounting Standards Board has issued the following Statements, which may affect the District's financial reporting in the future.

Implementation Guide No. 2019-1, "Implementation Guidance Update -2019." The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Future Accounting Pronouncements:

GASB Statement No. 84, "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements as the fiduciary activities. The requirements of this Statement will take effect for financial statements with the fiscal year that ends June 30, 2021.

Implementation Guide No. 2019-2, "Fiduciary Activities". The objective of this Guide is to provide guidance that clarifies, or elaborates on the requirements of Statement No. 84, Fiduciary Activities. The requirements of this Implementation Guide will take effect for financial statements with the fiscal year that ends December 31, 2020.

GASB Statement No. 87, "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement will take effect for financial statements with the fiscal year that ends June 30, 2022.

Implementation Guide No. 2019-3, "Leases." The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 87, Leases. The requirements of this Implementation Guide will take effect for financial statements with the fiscal year that ends June 30, 2022.

GASB Statement No.89, "Accounting for Interest Cost Incurred before the end of a Construction Period". The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for certain interest costs. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement will take effect for financial statements with the fiscal year that ends June 30, 2022.

GASB Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61". The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement will take effect for financial statements with the fiscal year that ends June 30, 2021.

GASB Statement No.91, "Conduit Debt Obligations." The objective of this statement is to better meet the information needs of the financial statement users by enhancing the comparability and consistency of the conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. This Statement also is intended to improve the relevance, reliability, and understandability of information about conduit debt obligations, as well as related transactions and events. The requirements of this Statement will take effect for financial statements with the fiscal year that ends June 30, 2023.

GASB Statement No.92, "Omnibus 2020." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement will take effect for financial statements with the fiscal year that ends June 30, 2022.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

GASB Statement No.93, "Replacement of Interbank Offered Rates." The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No.94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No.95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2020, and later, essentially pushing them out a year.

GASB Statement No.96, "Subscription-Based Information Technology Arrangements." The purpose of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No.97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans." The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 30, 2022.

j. **Cash & Cash Equivalents:**

For the statement of net position and the statement of cash flows, cash and cash equivalents have been defined as demand deposits, highly liquid investments purchased with an original maturity of 90 days or less from the original date of purchase, and investments with a maturity date of 90 days or less from fiscal year end.

k. **Restricted Assets:**

Amounts shown as restricted assets have been restricted by either bond indenture, law, or contractual obligations to be used for specified purposes, such as servicing bonded debt and construction of capital assets.

l. **Allowance for Doubtful Accounts:**

The District has a policy which requires that uncollectible accounts for water, wastewater, and other services be written off 90 days after the invoice date. The Allowance for Doubtful Accounts is deducted against the Account and Note Receivable on the Statement of Net Position. The amount of allowance for doubtful accounts is \$323,093 as of June 30, 2020 and \$165,445 as of June 30, 2019.

The amount written off is \$302,261 for June 30, 2020 and \$220,171 for June 30, 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Inventories:

The District utilizes a standard (or average) cost method of valuing inventories consisting of materials and supplies for utility plant construction and repairs.

n. Investments:

As a governmental entity other than an external investment pool, in accordance with GASB 31, the District's investments are stated at fair value. In applying GASB 31, the District utilizes the following methods and assumptions:

- 1) Fair value is based on quoted market prices as of the valuation date;
- 2) The portfolio does not hold investments in:
 - (a) Items subject to involuntary participation in an external pool;
 - (b) Items associated with a fund other than the fund to which the income is assigned;
- 3) The gain or loss resulting from valuation is reported within the revenue account, "Investment Income" on the Statement of Revenues, Expenses and Changes in Net Position.

o. Capital Assets:

Capital Assets are valued at historical cost or estimated historical cost if actual cost is not available. Contributed assets are valued at acquisition value on the date contributed. The District maintains a threshold of \$10,000 for capital asset capitalization.

Depreciation of capital assets used by the District is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method with asset lives as follows:

Category	Number of Years
Reservoirs - storage	50 - 100
Source of supply	5 - 30
Pumping and water treatment facilities	40
Transmission and distribution	50
Meter and services	30
Wastewater treatment plant and collection system	5 - 50
Transportation equipment	5 - 20
Studies, Tools, Equipment (Office or Laboratory)	5 - 10

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

p. Deferred Outflows/Inflows of Resources:

Deferred outflow of resources is defined as the current consumption of net position that is applicable to a future reporting period while deferred inflows of resources is defined as the current acquisition of net position that is applicable to a future reporting period.

The District has three items that qualify as deferred outflow of resources. The first is the unamortized bond redemption costs. The bond redemption costs resulted from refunding the Series 2000 and 2007 Certificates of Participation with the Series 2016A Revenue Bonds. This amount is deferred and amortized over the remaining period of the 2016A Bonds. As of June 30, 2020, the District reported a balance of \$6.1 million in unamortized bond redemption due to the refunding.

GASB 68 took effect for fiscal years beginning after June 15, 2014. The purpose of this statement is to improve accounting and financial reporting by public agencies for pensions.

The implementation of GASB 68 created the second and third deferred outflow of resources: employee pension contributions and other employee pension related items. As of June 30, 2020, the District reported a combined balance of \$5.0 million in deferred outflows of resources related to pensions. A more detailed description of the deferred outflows of resources related to employee pensions is discussed in Note 8.

The implementation of GASB 68 also created a deferred inflow of resources related to other employee pension related items. As of June 30, 2020, the District reported a balance of \$569 thousand in deferred inflows of resources related to pensions. A more detailed description of the deferred inflows of resources related to employee pensions is discussed in Note 8.

q. Compensated Absences:

Accumulated unpaid vacation, sick pay, and savings clause amounts are accrued when incurred. Total accrued compensated absences are \$4,421,210 and \$4,260,428 at June 30, 2020 and 2019, respectively (see Notes 10 and 11).

r. Property Taxes:

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	First Installment - November 1 Second Installment February 1
Delinquent Dates:	First Installment - December 10 Second Installment - April 10

Taxes are collected by Riverside County and are remitted to the District periodically according to the following schedule. Dates and percentages may vary slightly from year to year:

December	30% Advance - First Installment
January	Balance of First Installment (to 55%)
April	10% Advance - Second Installment
May	Balance of Second Installment (to 95%)
August - September	Third Installment (to 100%)
October	Final Teeter Plan Settlement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

In addition, the District has assessed property taxes to provide for payment of bond principal and interest in the improvement district. All taxes collected for debt service are maintained in separate accounts designated for payment of the debt.

s. Maintenance Costs:

All expenditures for maintenance and repair of property, including refurbishment of minor items, are charged to the appropriate maintenance expense accounts. A betterment or replacement of a unit of property is accounted for as an addition or retirement of property.

t. Capital Contributions:

Capital Contributions represent: (a) cash or capital asset additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment, and (b) costs of capital asset additions funded by grants. Depreciation of contributed capital asset additions is charged to operations.

The following special charges levied by the District against newly connecting customers are being accounted for as capital contributions as of June 30, 2020:

Water Facilities:

Meter Installations (by meter size)	\$	530	to \$5,157 per service
Storage Participation Tank Charges	\$	2,379	per capacity unit
Temescal Valley Project	\$	2,715	per capacity unit
Pumping Plant	\$	1,331	per capacity unit
Transmission Facilities	\$	3,991	per capacity unit
Source of Supply	\$	2,930	per capacity unit

Wastewater Facilities (per Equivalent Dwelling Unit):

Sewer Facility	Regional / Canyon Lake		Alberhill
Treatment Plant	\$	4,073	\$ 8,438
Collection		3,844	3,844
Total	\$	7,917	\$ 12,282

2. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash & cash equivalents	\$ 61,230,775
Restricted assets	12,004,067
Investments maturing ≤ one year	56,209,149

Noncurrent Assets:

Investments	123,838,178
Total Cash and Investments	<u>\$ 253,282,169</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on Hand	34,916
Deposits with financial institutions	8,478,105
Investments (includes fair value adjustment)	244,769,148
Total Cash and Investments	<u>\$ 253,282,169</u>

Cash & cash equivalents:

LAIF	\$ 33,642,668
CAMP	105,184
Investments Maturing ≤ 90 days	15,027,241
Deposits with financial institutions	8,478,105
Money Market Mutual Funds	3,942,661
Cash on Hand	34,916
	<u>\$ 61,230,775</u>

2. CASH AND INVESTMENTS (CONTINUED):

Investments authorized by the California Government Code and the District’s Investment Policy:

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. The maximum percentage portfolio excludes amounts held by bond trustee that are not subject to California Government Code restrictions.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment per Issuer
State and Local Agency Securities	Yes	5 Years	10%	None
U.S. Treasury Obligations	Yes	5 Years	None	None
Federal Agency Securities	Yes	5 Years	40%	None
Banker’s Acceptances	Yes	180 Days	10%	30 %
Commercial Paper	Yes	270 Days	10%	None
Negotiable & Non-Negotiable CDs	Yes	None	10%	None
Repurchase Agreements	Yes	90 Days	5%	None
Medium Term Notes	Yes	5 Years	20%	None
Supranational Obligation	Yes	5 Years	10%	None
Mutual Funds	Yes	5 Years	20%	10%
Money Market Mutual Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	\$65M	\$65M
Local Government Investment Pools (LGIPs)	Yes	N/A	None	None
Passbook Savings	Yes	N/A	None	None

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee, are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The tables on the following pages identify certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	30 Years	None	None
Federal Agency Securities	5 Years	40%	None
Bankers Acceptances	180 days	10%	30%
Commercial Paper	270 days	10%	None
Non-Negotiable CDs	None	None	None
Repurchase Agreements	90 Days	5%	None
Money Market Mutual Funds	N/A	15%	10%
Investment Contracts	None	None	None
LAIF	N/A	\$65M	\$65M
Passbook Savings	N/A	None	None

2. CASH AND INVESTMENTS (CONTINUED):

Interest Rate Risk:

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value is to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations. The District monitors the inherent interest rate risk in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

Investment Type	Total Amount	Weighted Average Maturity (in years)	Maturity		
			≤ 90 days	≤ one year	> one year
U.S. Treasury Obligations	\$ 69,776,028	1.7	\$ 7,919,078	\$ 22,554,164	\$ 39,302,786
Federal Agency Securities	64,988,959	1.5	5,204,934	23,262,671	36,521,354
Supranationals	17,360,039	1.3		3,534,285	13,825,754
Medium Term Notes	39,629,543	1.9	1,903,229	6,858,030	30,868,284
Local Agency Bonds	3,320,000	12.4			3,320,000
	<u>195,074,569</u>		<u>\$ 15,027,241</u>	<u>\$ 56,209,150</u>	<u>\$ 123,838,178</u>
Money Market Mutual Funds	3,942,661	n/a			
LGIPs	105,184				
LAIF	33,642,668	n/a			
Held with Fiscal Agent:					
Money Market Mutual Funds	12,004,066	n/a			
Total	<u>\$ 244,769,148</u>				

Concentration of Credit Risk:

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the District's investment in a single investment. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issue (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5 percent or more of the total District's investments are as follows:

Issuer	Investments Type	Amount	%
Federal Home Loan Banks	Federal Agency	\$ 20,753,034	8.5%
Federal National Mortgage Association	Federal Agency	26,397,378	10.8%

2. CASH AND INVESTMENTS (CONTINUED):

Credit Risk:

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a nationally recognized statistical rating organization. The following is the minimum rating required by the California Government Code (where applicable), the District's investment policy, or debt agreements, and the actual rating (as rated by Moody's or S&P) as of year-end for each investment type:

Investment Type	Amount	Min Legal Rating	Not Required to be Rated	Ratings as of Year End			
				Aaa	Aa	A	Unrated
U.S. Treasury Obligations	\$ 69,776,028	N/A	\$ 69,776,028	\$ -	\$ -	\$ -	-
Federal Agency Securities	64,988,959	N/A	-	64,988,959	-	-	-
Supranationals	17,360,039	AA	-	17,360,039	-	-	-
Medium Term Notes	39,629,543	A	-	6,510,722	16,542,695	16,576,126	-
Local Agency Bonds	3,320,000	N/A	-	-	-	-	3,320,000
Money Market Mutual Funds	3,942,661	Aaa	-	3,942,661	-	-	-
CAMP	105,184	N/A	-	105,184	-	-	-
LAIF	33,642,668	N/A	-	-	-	-	33,642,668
<u>Held with Fiscal Agent:</u>							
Money Market Mutual	12,004,066	Aaa	-	12,004,066	-	-	-
Total	\$244,769,148		\$ 69,776,028	\$ 104,911,631	\$ 16,542,695	\$ 16,576,126	\$ 36,962,668

Custodial Credit Risk:

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

GASB Statement No. 40 requires the disclosure of the deposits into a financial institution that are not covered by FDIC depository insurance and are uncollateralized. As of June 30, 2020, the carrying amount of the District's deposits was \$8,478,105 and the corresponding bank balance was \$7,568,239. The difference of \$909,866 was primarily due to outstanding warrants, wires and deposits in transit. Of the bank balance, \$250,000 was insured by FDIC depository insurance, and the remainder secured by pledged securities as discussed above.

Custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

2. CASH AND INVESTMENTS (CONTINUED):

As of June 30, 2020, District investments in the following investment types were held by the safekeeping department of Bank of America utilized by the District in the management of its investments.

Investment Type	Total Amount
U.S. Treasury Obligations	\$ 69,776,028
Federal Agency Securities	64,988,959
Medium Term Notes	39,629,543
Supranationals	17,360,039
Money Market Mutual Funds	3,942,661

Fair Value Measurements:

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The District has the following recurring fair value measurements as of June 30, 2020:

Investment by Fair Value Level	Quoted Prices - Level 1	Observable Inputs - Level 2	Unobservable Inputs - Level 3	Total
U.S. Treasury Obligations	\$ -	\$ 69,776,028	\$ -	\$ 69,776,028
Federal Agency Securities	-	64,988,959	-	64,988,959
Medium Term Notes	-	39,629,543	-	39,629,543
Supranationals	-	17,360,039	-	17,360,039
Local Agency Bonds	3,320,000	-	-	3,320,000
	<u>\$ 3,320,000</u>	<u>\$ 191,754,569</u>	<u>\$ -</u>	<u>\$195,074,569</u>

Investments not subject to the Fair Value
heirarchy:

LAIF	33,642,668
CAMP	105,184
Money Market Mutual Funds	3,942,661
<u>Held with Fiscal Agent:</u>	
Money Market Mutual Funds	12,004,066
Total	<u>\$244,769,148</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. The District does not have any securities that fall within Level 3 of the fair value hierarchy.

In accordance with GASB 72, certain investments that were measured at Net Asset Value ("NAV") per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net position.

2. CASH AND INVESTMENTS (CONTINUED):

Investment Pools:

The District is a voluntary participant in the Local Agency Investment Fund (“LAIF”) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are mortgage-backed securities, other asset backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes. For withdrawals over \$10,000,000, LAIF requires at least 24-hour notice. Also, there is a \$5,000 minimum and a limit of 15 transactions per month.

The District is a voluntary participant in CAMP, a Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Code Section 601(p). CAMP is directed by a Board of Trustees (of which the Agency is a member), which is made up of experienced local government finance directors and treasurers. There are no withdrawal limitations or restrictions.

3. INVESTMENT IN COMMON STOCK – MUTUAL WATER COMPANY:

The Meeks and Daley Water Company (“Meeks and Daley”) is a mutual water company whose purpose is to provide non-potable water to its shareholders based upon the number of shares owned. The District owns shares in Meeks and Daley and considers this as an investment in common stock, accounting for it under the equity method.

As of June 30, 2020, the District owned 468,457 shares of voting common stock representing an ownership interest of approximately 57.9 percent. The carrying value of the District’s investment approximates its share of the underlying equity in the net position of the company. Meeks and Daley’s reported assets of \$7,756,962, liabilities of \$72,574 and a net income of \$74,541 for the year ended June 30, 2020.

The District recorded an income of \$52,721 from its investment in the Meeks and Daley for the year ended June 30, 2020, which increased its investment balance from \$4,403,204 to \$4,455,925.

Separate audited financial statements for the Company can be obtained from the District at 31315 Chaney Street, Lake Elsinore, CA 92530.

4. INVESTMENT IN JOINT VENTURE - SRRRA:

On November 12, 2015, the District, under Section 6500 of the Government Code of the State of California, entered into a Joint Exercise of Powers Agreement between Rancho California Water District (“RCWD”) and Western Municipal Water District (“WMWD”); to create the Santa Rosa Regional Resources Authority (“SRRRA”). SRRRA was created as a public agency, separate from its Member Agencies, for the ownership, operation, maintenance, and administration of the Santa Rosa Water Reclamation Facilities (“SRWRF”), on a cooperative basis for the collection, treatment of wastewater and the disposal of wastewater treatment byproducts.

The Member Agencies have pipeline and treatment capacity, as well as recycled effluent rights. Each Member Agency owns and has the right to control, transfer and derive all financial benefit from the treated wastewater and recycled water produced by the Facilities, less any amount consumed during the operation of the Facilities.

Budgeting occurs in accordance with the Joint Exercise of Powers Agreement for SRRRA and is done in four sections; general operating, non-operating, capital projects and specific projects. Each Member Agency is responsible for paying its corresponding share of these budgeted amounts payable on agreed terms and dates.

The District has an explicit, measurable right to the net resources of SRRRA and considers this as an investment in a joint venture, accounting for it under the equity method.

4. INVESTMENT IN JOINT VENTURE - SRRRA (CONTINUED):

Separate audited financial statements for the Company can be obtained from the Rancho California Water District at 42135 Winchester Road, Temecula, CA 92590. The summary as of June 30, 2020 and 2019 are as follows:

	<u>June 2020</u>	<u>June 2019</u>
Total Assets	\$ 89,283,613	\$ 70,118,446
Total Liabilities	83,189,970	66,873,033
Total Net Position	<u>\$ 6,093,643</u>	<u>\$ 3,245,413</u>
Increase/(Decrease) in Net Position	<u>\$ 2,848,230</u>	<u>\$ 1,077,521</u>

5. RECEIVABLE FROM CFDs:

The Receivable from CFD represents the amount owed to the District from the 2016 Special Tax Refunding Bonds. In fiscal year 2016, property tax receipts totaling \$133,307 from CFD 2003-1 Watermark were improperly applied to CFD 2004-1 Woodmoor. The misapplied funds were inadvertently included in the funds determined to be available for the refunding of the original CFD 2004-1 Woodmoor Bonds. As a result, the 2016 Special Tax Refunding Bonds will repay the District these funds through the annual assessment of administration expenses for the remaining life of the bonds (22 years). Payments commenced in fiscal year 2017/2018 and the balance as of June 30, 2020 is \$83,307.

6. NOTES & CONTRACTS RECEIVABLE:

	<u>2020</u>	<u>2019</u>
As part of the Joint Exercise of Powers Agreement for Santa Rosa Regional Resources Authority (SRRRA), the District is required to contribute to the cost of rehabilitation projects. SRRRA received an SRF loan for a major portion of the cost of the rehabilitation project, however for various reasons there has been significantly delays in receiving SRF reimbursements. For cash flow purposes, and in order for SRRRA to be able to pay its contractors timely, the member agencies have advanced funds to SRRRA. These funds will be returned to its member agencies upon completion of the rehabilitation projects.	\$ 2,100,000	\$ 1,300,000
Total Notes and Contracts Receivable	<u>\$ 2,100,000</u>	<u>\$ 1,300,000</u>

7. CAPITAL ASSETS:

	Balance June 30, 2019	Additions	Retirements/ Transfers	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 7,572,493	\$ 340,480	\$ (5,452)	\$ 7,907,521
Construction in Progress	59,894,589	28,071,095	(35,603,119)	52,362,565
Water Rights	19,814,681	-	-	19,814,681
Total Capital Assets Not Being Depreciated	87,281,763	28,411,575	(35,608,571)	80,084,767
Capital Assets Being Depreciated:				
Infrastructure - Water	421,373,799	24,264,260	(21,577)	445,616,482
Infrastructure - Wastewater	388,012,358	8,999,969	-	397,012,327
Buildings and Structures	23,152,522	899,243	-	24,051,765
Vehicles and Equipment	6,699,537	1,031,204	-	7,730,741
Miscellaneous	1,354,325	68,406	-	1,422,731
Total Capital Assets Being Depreciated	840,592,541	35,263,082	(21,577)	875,834,046
Less Accumulated Depreciation:				
Infrastructure - Water	(178,753,076)	(11,335,852)	21,577	(190,067,351)
Infrastructure - Wastewater	(130,053,616)	(8,269,465)	-	(138,323,081)
Buildings and Structures	(13,815,847)	(551,970)	-	(14,367,817)
Vehicles and Equipment	(6,624,590)	(830,526)	-	(7,455,116)
Miscellaneous	(1,052,600)	(62,681)	-	(1,115,281)
Total Accumulated Depreciation	(330,299,729)	(21,050,494)	21,577	(351,328,646)
Total Capital Assets Being Depreciated, Net	510,292,812	14,212,588	-	524,505,400
Capital Assets, Net	\$ 597,574,575	\$ 42,624,163	\$ (35,608,571)	\$ 604,590,167

	Amount Authorized	Expenditures June 30, 2020	Unexpended Commitments
Major components of Construction Work In Progress (CIP):			
Wastewater Facilities	\$ 26,563,295	\$ 11,788,418	\$ 14,774,877
Water Facilities	21,962,493	4,881,874	17,080,619
Salt Removal Projects (Desalter)	15,998,853	631	15,998,222
Regional Water Reclamation Facility Expansion Planning	10,929,430	8,568,562	2,360,868
Horsethief Treatment Plant Expansion	8,965,537	3,131,957	5,833,580
Regional Water Reclamation Facility Upgrades Construction	8,941,887	8,942,751	(864)
Lee Lake Well Conversion	7,304,088	622,137	6,681,951
Diamond Regional Lift Station Dual Force Main	6,729,975	503,199	6,226,776
Other Facilities	6,408,969	1,653,170	4,755,799
Diamond Regional Lift Station	4,828,500	1,576,570	3,251,930
Palomar Wells	4,596,806	2,393,020	2,203,786
Regional Water Reclamation Facility Upgrades Planning	3,625,600	3,211,714	413,886
Skymeadows Pump Station	3,550,000	2,341,798	1,208,202
RRCWRF Yard Piping Modifications	3,242,109	2,746,765	495,344
Total Major Components of CIP	\$ 133,647,542	\$ 52,362,566	\$ 81,284,976

Allow for rounding differences

8. DISTRICT EMPLOYEES RETIREMENT SYSTEM:

Overview:

Governmental Accounting Standards Board (GASB) Statement No.68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 (GASB 68), requires public employers to comply with new accounting and financial reporting standards. GASB 68 outlines a different approach to the recognition and calculation of pension obligations. Under GASB 68, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record their portion of the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position. This may be a net pension asset when the Plan's fiduciary net position exceeds its total pension liability.

Pension expense is the change in net pension liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (pension income), which should be reported as a credit in pension expense.

Deferred outflows of resources and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expenses.

Summary of Significant Accounting Policies:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

General Information about the Pension Plan

Plan Description:

The Plan is an agent, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System ("CalPERS"). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2018, Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 or 52 depending on the plan, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following; the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

8. DISTRICT EMPLOYEES RETIREMENT SYSTEM (CONTINUED):

The Plan operates under the provisions of the California Public Employees' Retirement Law ("PERL"), the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases, require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous		
	Inactive before January 1, 2008	Active & Classic On or Before January 1, 2013	New Members On or After January 1, 2013
Hire Date			
Benefit Formula	2.0% @ 55	2.7% @ 55	2.0% @ 62
Benefit Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 - 63	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.1% to 2.4%	2.0 % to 2.7%	1.0% to 2.0%
Required Employee Contribution Rates	7.00%	8.00%	6.75%
Required Employer Contribution Rates	12.51%	12.51%	12.51%
Employer Payment of Unfunded Liability	15.31%	15.31%	15.31%

Employees Covered:

At June 30, 2020, the following employees were covered by the benefit terms:

	Miscellaneous
Active employees	155
Transferred members	151
Terminated employees	108
Retired members and beneficiaries	153
Total	567

Contribution Description:

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1st following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contribution.

Employer Contributions to the Plan for the fiscal year ended June 30, 2020, were \$3,737,822.

8. DISTRICT EMPLOYEES RETIREMENT SYSTEM (CONTINUED):

Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability:

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Valuation Method	Market Value of assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CALPERS' Membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Change of Assumptions:

There were no assumption changes.

Discount Rate:

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term rate of return on plan investments was applied to all periods of projected payments to determine the total pension liability.

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

8. DISTRICT EMPLOYEES RETIREMENT SYSTEM (CONTINUED):

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class (1)	Assumed Asset Allocation	Real Return Years 1 -10 (2)	Real Return Years 11+ (3)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

- (1) In the system's CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments;
Inflation Assets are included in both Global Equity Securities and Global Debt Securities
- (2) An expected inflation of 2.0% used for this period
- (3) An expected inflation of 2.92% used for this period

Pension Plan Fiduciary Net Position:

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

8. DISTRICT EMPLOYEES RETIREMENT SYSTEM (CONTINUED):

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2018	\$ 98,169,288	\$ 73,332,813	\$ 24,836,475
Beginning of Year Adjustment	-	-	-
Adjusted Balance at: 6/30/2018	98,169,288	73,332,813	24,836,475
Changes Recognized for the Measurement Period:			
Service Cost	2,504,040	-	2,504,040
Interest on the Total Pension Liability	7,087,735	-	7,087,735
Differences between Expected and Actual Experience	1,730,513	-	1,730,513
Contributions- employer	-	3,299,273	(3,299,273)
Contributions- employee	-	1,016,843	(1,016,843)
Net Investment Income	-	4,769,917	(4,769,917)
Benefit Payments, including Refunds of Employee Contributions	(4,045,325)	(4,045,325)	-
Administrative Expense	-	(52,332)	52,332
Other Miscellaneous Income/(Expense)	-	169	(169)
Net Changes during 2018-2019	7,276,963	4,988,545	2,288,418
Balance at: 6/30/2019	\$ 105,446,251	\$ 78,321,358	\$ 27,124,893

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability / (Asset)	\$42,306,747	\$27,124,893	\$14,697,561

Subsequent Events:

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources:

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

8. DISTRICT EMPLOYEES RETIREMENT SYSTEM (CONTINUED):

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Expected Average Remaining Service Lifetime (“EARSL”):

The EARSL for the Plan for measurement period ending the June 30, 2019 is 3.5 years, which was obtained by dividing the total service years of 1,681 (the sum of remaining service lifetimes of the active employees) by 484 (the total number of participants: active, transferred, terminated, and retired). Inactive employees and retirees have remaining service lifetimes equal to -0-. Total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

Pension Expense/(Income) for Measurement Period ended June 30, 2019

As of the start of the measurement period (July 1, 2018), the net pension liability was \$24,836,475.

For the measurement period ending June 30, 2019 (the measurement date), the Authority incurred a pension expense/(income) of \$6,018,042 for the Plan. A complete breakdown of the pension expense is as follows:

Description	Amount
Service Cost	\$ 2,504,040
Interest on the Total Pension Liability	7,087,735
Recognized Differences between Expected and Actual Experience	215,668
Recognized Changes of Assumptions	1,509,823
Employee Contributions	(1,016,843)
Projected Earnings on Pension Plan Investments	(5,244,302)
Recognized Differences between Projected and Actual Earnings on	909,758
Administrative Expense	52,332
Other Miscellaneous (Income)/Expense	(169)
Total Pension Expense/(Income)	\$ 6,018,042

8. DISTRICT EMPLOYEES RETIREMENT SYSTEM (CONTINUED):

Deferred Outflows and Deferred Inflows of Resources Related to Pensions:

The following table represents deferred outflows and deferred inflows of resources related to pensions as of June 30, 2019. Note that no adjustments have been made for contributions subsequent to the measurement date. Appropriate treatment of any contributions made after the measurement date is the responsibility of the District.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,737,822	
Differences between Expected and Actual Experience	1,236,081	\$ (89,132)
Changes in Assumptions	-	(211,766)
Net Difference between Projected and Actual Earnings on Pension Plan Investment	-	(268,584)
Total	\$ 4,973,903	\$ (569,482)

\$3,737,822 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources (net amount of \$666,599) related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2020	\$ 476,985
2021	(70,951)
2022	165,688
2023	94,877
2024	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2020, the Authority reported a payable of \$226,738 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

9. COMMUNITIES FACILITIES DISTRICT BONDS:

The District currently has six outstanding Community Facilities District (CFD) Bonds. These CFD bonds are not reported as a liability in the accompanying financial statements. Thus, the District has no liability for the CFD bonds in the event of default by the property owners. The District's only obligation is to act as an agent remitting to bondholders' amounts collected from property owners.

A Reserve Fund was established for CFD 1999-1, 2002-1, 2003-1, 2003-2 and 2004-1 in an amount equal to the reserve requirement as of the closing date of the bonds. These reserves are to be used solely in the event of any deficiency at any time for the purpose of making any principal, interest or premium payments. A Reserve Fund was not established for CFD 1998-2 since the District is the sole bondholder.

9. COMMUNITIES FACILITIES DISTRICT BONDS (CONTINUED):

To take advantage of low interest rates in 2014 the District formed the Elsinore Valley Municipal Water District Financing Authority (Authority) to help facilitate a pooled refunding of existing CFD bonds. The Authority assists the District in financing or refinancing public capital improvement projects, financing relating to the encouragement of economic development, and the stimulation of public revenues. The Authority is able to issue bonds for the purpose of completing a pooled refinancing of the CFD Bonds.

On December 22, 1998, CFD 1998-2 was formed in order to finance, in part, the acquisition and construction of water and sewer improvements necessary to provide service for nine parcels representing approximately 368 acres in the Wildomar area. The District provided a cash contribution to the project, which is anticipated to be reimbursed through an additional facilities charge on undeveloped property within the benefit area. Bonds in the amount of \$5,500,000 were issued on February 9, 2000, with repayment being provided by a special tax to be placed on each parcel of taxable property. The District purchased the bonds and is still the sole bondholder. These unrated bonds are shown as part of the District's total investments and are set to expire September 1, 2030. The outstanding balance as of June 30, 2020 is \$3,320,000.

On June 23, 1999, CFD 1999-1 was formed to provide tax-exempt financing for public sewer improvements and payment of water and sewer connection fees for approximately 81 acres located in the City of Murrieta. Bonds in the amount of \$4,000,000 were issued on January 4, 2000. In December 2006, CFD 1999-1 was refunded through the issuance of the 2006 Special Tax Refunding Bonds. Bonds in the amount of \$4,315,000 were issued on December 28, 2006. Then in June 2016, the 2006 outstanding bonds were refunded through the private placement of the 2016 Special Tax Refunding Bonds. Bonds in the amount of \$2,673,000 were issued on June 22, 2016, with repayment being provided by a special tax to be placed on each parcel of taxable property. The bonds will expire September 1, 2029 and the outstanding balance as of June 30, 2020 is \$2,211,000.

On June 27, 2002, CFD 2002-1 was formed to provide financing for the construction and acquisition of public facilities and payment of water and sewer connection fees, as well as, Lake Elsinore Unified School District's capacity and school facilities fees for approximately 31.95 acres located in the unincorporated area known as Wildomar. Bonds in the amount of \$2,240,000 were issued May 26, 2004. In February 2014, CFD 2002-1 was refunded through the direct placement of the 2014A Special Tax Refunding Bonds. Bonds in the amount of \$1,818,000 were issued on February 20, 2014 by Elsinore Valley Municipal Water District Financing Authority (Authority) with repayment being provided by a special tax to be placed on each parcel of taxable property. The bonds will expire September 1, 2034 and the outstanding balance as of June 30, 2020 is \$1,450,000. In the event of default, the Trustee and Fiscal Agent have the first right to collect payment for fees, charges and expenses incurred prior to payment of any bond. Installments of principal and interest will then be paid in the following order, on a pro rata basis if available amounts are insufficient; 1) interest on bonds then due and unpaid, 2) principal then due and payable, and 3) overdue installments of principal and interest.

On August 14, 2003, CFD 2003-1 was formed to provide financing for the construction and acquisition of public facilities and payment of water and sewer connection fees for approximately 64.5 acres located in the City of Lake Elsinore. Bonds in the amount of \$4,410,000 were issued September 23, 2004. In February 2014, CFD 2003-1 was refunded through the direct placement of the 2014A Special Tax Refunding Bonds. Bonds in the amount of \$3,634,000 were issued on February 20, 2014 by the Authority with repayment being provided by a special tax to be placed on each parcel of taxable property. The bonds will expire September 1, 2034 and the outstanding balance as of June 30, 2020 is \$2,904,000. In the event of default, the Trustee and Fiscal Agent have the first right to collect payment for fees, charges and expenses incurred prior to payment of any bond. Installments of principal and interest will then be paid in the following order, on a pro rata basis if available amounts are insufficient; 1) interest on bonds then due and unpaid, 2) principal then due and payable, and 3) overdue installments of principal and interest.

9. COMMUNITIES FACILITIES DISTRICT BONDS (CONTINUED):

On July 10, 2003, CFD 2003-2 was formed to provide financing for the construction and acquisition of public facilities for approximately 135 acres located in the City of Murrieta. Bonds in the amount of \$1,985,000 were issued March 23, 2004. In February 2014, CFD 2003-2 was refunded through the direct placement of the 2014A Special Tax Refunding Bonds. Bonds in the amount of \$1,340,000 were issued on February 20, 2014 by the Authority with repayment being provided by a special tax to be placed on each parcel of taxable property. The bonds will expire September 1, 2034 and the outstanding balance as of June 30, 2020 is \$1,059,000. In the event of default, the Trustee and Fiscal Agent have the first right to collect payment for fees, charges and expenses incurred prior to payment of any bond. Installments of principal and interest will then be paid in the following order, on a pro rata basis if available amounts are insufficient; 1) interest on bonds then due and unpaid, 2) principal then due and payable, and 3) overdue installments of principal and interest.

On December 20, 2004, CFD 2004-1 was formed to provide financing for the construction and acquisition of public facilities and payment of water and sewer connection fees for approximately 62.3 acres located in the City of Lake Elsinore. Bonds in the amount of \$2,130,000 were issued December 30, 2009. In June 2016, the outstanding bonds were refunded through the private placement of the 2016 Special Tax Refunding bonds. Bonds in the amount of \$1,461,000 were issued on June 22, 2016, with repayment being provided by a special tax to be placed on each parcel of taxable property. The bond will expire September 1, 2039 and the outstanding balance as of June 30, 2020 is \$1,334,000.

As of June 30, 2020, the available funds for each CFD are as follows:

CFD #	Amount
1998-2	\$ 786,979
1999-1	381,143
2004-1	129,525
2014-1	1,060,319
	\$ 2,357,966

10. LONG TERM LIABILITIES:

Long-Term Liabilities for the year-ended June 30, 2020 are as follows:

	Balance at June 30, 2019	Additions/ Amortizations	Deletions	Balance at June 30, 2020	Amounts Due In One Year
Certificates of Participation	\$ 70,893,330	\$ 11,370	\$ 4,770,000	\$ 66,134,700	\$ 945,000
Water Revenue Bonds	80,705,986	(852,399)	1,010,000	78,843,587	5,120,000
Direct Borrowings:					
Loans Payable	8,095,070	7,454,397	334,723	15,214,744	533,777
Advances from U.S. Government	4,637,675	-	386,473	4,251,202	386,473
Total Long-Term Debt, net of Unamortized Premium	164,332,061	6,613,368	6,501,196	164,444,233	6,985,250
Net Pension Liability	24,836,475	7,276,963	4,988,545	27,124,893	-
Accrued Compensated Absences	4,260,428	1,844,056	1,683,274	4,421,210	923,079
Total Long-Term Liabilities	<u>\$ 193,428,964</u>	<u>\$ 15,734,387</u>	<u>\$ 13,173,015</u>	<u>\$ 195,990,336</u>	<u>\$ 7,908,329</u>

Total future long-term debt maturities as of June 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 6,985,250	\$ 3,333,365	\$ 10,318,615
2022	7,709,000	3,092,434	10,801,434
2023	8,256,410	2,807,836	11,064,246
2024	8,335,594	2,508,703	10,844,297
2025	8,681,706	2,198,845	10,880,551
2026-2030	49,178,517	6,023,700	55,202,217
2031-2035	53,931,558	725,366	54,656,924
2036-2040	8,929,700	146,159	9,075,859
2041-2042	678,211	13,109	691,320
Total	152,685,946	20,849,517	173,535,463
Unamortized Premium/Discount	11,758,286	-	11,758,286
Total	<u>\$ 164,444,232</u>	<u>\$ 20,849,517</u>	<u>\$ 185,293,749</u>

Allow for rounding differences

11. EMPLOYEE SAVINGS CLAUSE PLAN:

WESA has two "savings clause" plans; one that is administered for the benefit of the Employee Association ("EA") for employees hired prior to January 1, 2012 and the other for the benefit of the Management Team Association ("MTA") for employees hired prior to January 1, 2013. EA employees hired after January 1, 2012 and MTA employees hired after January 1, 2013 are not eligible for the employee savings clause benefit. Both plans credit employees with 160 hours of savings allowance upon completion of 60 months of active service. Beginning with the 63rd month of active service, employees are credited with an additional 40 hours and receive 40 hours of additional savings clause accrual for each 12 months of active service thereafter, to a maximum total of 800 hours. Employees are paid the savings benefit at the rate of pay the employees were earning on their last day of employment with WESA.

Effective January 1, 2018, employees were granted the option to cash out their savings clause early, without the ability or right to continue to earn any additional savings clause and/or to receive any savings clause at retirement or termination. The balance accrued is reported with the compensated absences balance. The amount under this plan was \$1,384,968 and \$1,492,553 as of June 30, 2020 and June 30, 2019, respectively.

12. CERTIFICATES OF PARTICIPATION:

	2020	2019
COPs Series 2002, partial advance refunding of the 1992A Certificates of Participation totaling \$23,715,000, dated November 20, 2002. Interest payable semi-annually on July 1 and January 1, at 5.375%. Principal amounts are payable annually on each July 1, ranging from \$2,815,000 in July 2013 and \$3,855,000 in July 2019. Final payment was made July 2019.	\$ -	\$ 3,855,000
COPs Series 2008B, refunding of 2005 and 1995A Certificates of Participation totaling \$54,655,000, dated October 28, 2008. The interest rate is variable with resets on a weekly basis and reported at the rate in effect on June 30 (0.10%). Principal amounts are payable annually on each July 1, ranging from \$7,795,000 in July 2030 to \$9,105,000 in July 2034 with final payment of \$5,240,000 in July 2035.	47,465,000	47,465,000
COPs Series 2011A, refinancing of a U.S. Bureau of Reclamation Advance totaling \$25,485,000, dated May 25, 2011. The interest rate is variable with resets on a weekly basis and reported at the rate in effect on June 30 (0.10%). Principal amounts are payable annually on each July 1, ranging from \$770,000 in July 2013 to \$1,445,000 in July 2035.	18,845,000	19,760,000
Total Certificates of Participation Payable	66,310,000	71,080,000
Unamortized Premium/Discount on issue	(175,300)	(186,670)
Net Certificates of Participation Payable	<u>\$ 66,134,700</u>	<u>\$ 70,893,330</u>

Future long-term certificates of participation maturities as of June 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 945,000	\$ 66,310	\$ 1,011,310
2022	970,000	65,365	1,035,365
2023	1,000,000	64,395	1,064,395
2024	1,025,000	63,395	1,088,395
2025	1,055,000	62,370	1,117,370
2026-2030	5,760,000	295,390	6,055,390
2031-2035	48,870,000	183,695	49,053,695
2036	6,685,000	6,685	6,691,685
Total	<u>\$ 66,310,000</u>	<u>\$ 807,605</u>	<u>\$ 67,117,605</u>

Allow for rounding differences

The Certificates of Participation (“COP”) were issued by the Elsinore Valley Water and Sewer Facilities Corporation (“Corporation”) to assist the District in financing various construction projects and to advance refund prior debt issues. The COP’s are payable solely from installment payments to be made by the District. The District is obligated to make annual installment payments from any and all lawfully available revenues. The District has covenanted to budget and annually appropriate sufficient sums to pay all required installment payments when due.

12. CERTIFICATES OF PARTICIPATION (CONTINUED):

On November 20, 2002, the Corporation issued Refunding COP Series 2002 consisting of \$23,715,000 in Certificates at an interest rate of 5.375%. The proceeds were used to advance refund the term certificates of the Refunding COP Series 1992A. A portion of the proceeds was placed in an irrevocable escrow fund with an escrow bank to provide the remaining debt service payments on the refunded debt. The advance refunding met the requirements of an in-substance defeasance and that portion of the COPs were removed from the District's financial statements. Principal repayment for the 2002 COP commenced in July 2013 and final payment was made in July 2019.

Payments were secured by a pledge of net water and sewer revenues. In the event of default, the Trustee could not declare that the principal and interest on the bonds be due and payable immediately. However, provisions for the application of moneys after all fees and expenses of the Trustee had been paid, would be applied in the following order, on a pro rata basis if available amounts are insufficient; 1) interest on bonds then due, in order of due date, 2) unpaid principal then due, in order of due dates, and 3) to be held for future principal and interest payments not yet due.

The reserve requirement for the 2002 COP was replaced by the purchase of a surety bond from Financial Guaranty Insurance Corporation ("FGIC"). In the event that the District did not have sufficient funds to pay principal and interest on the COP, the FGIC guaranteed the payment of principal and interest up to \$2,371,500, an amount equal to the previous reserve requirement for the 2002 COP. The surety bond expired July 1, 2019 when all 2002 COPs had been retired.

In 2008, FGIC entered into a Reinsurance Agreement with MBIA Insurance Corporation ("MBIA") to reinsure certain insurance policies issued by FGIC. Under the Reinsurance Agreement, MBIA agreed, for as long as the Reinsurance Agreement remains in place, to pay claims in accordance with the existing FGIC policies. In 2009, MBIA assigned its rights, interests and obligations under the Reinsurance Agreement to MBIA Insurance Corp. of Illinois, who has since changed its name to National Public Finance Guarantee Corporation ("NPFGC").

On October 28, 2008, the Corporation issued Refunding COP Series 2008B in the amount of \$54,665,000 at variable interest rates, calculated and paid on a weekly basis. The proceeds were utilized to refund the variable rate COP Series 2005. COP Series 2005 was issued to finance water and wastewater improvements as well as refunding COP Series 1995A. Principal repayment for the 2008B COP commenced July 2009 and continued through July 2015 bringing the principal balance down to \$47,465,000. No additional principal payments are due and payable from 2016 through 2029. Principal payments will begin again in July 2030 for a six-year period. The interest rate at June 30, 2020 was 0.10%. The average annual interest rate experienced in the fiscal year was 0.96% and actual interest paid was \$463,923 for fiscal year ended June 30, 2020.

Pursuant to the Reserve Requirement of the 2008B COPs, a Reserve Fund was established and amounts deposited with the Trustee on the Closing Date of the Bonds. The District shall maintain the Reserve Fund until all required 2008B installment payments, and interest thereon, are paid in full pursuant to the 2008B Installment Sale Agreement and until the first date upon which the Series B Certificates are no longer outstanding.

In connection with the issuance of the COP Series 2008B, the District executed a Letter of Credit and Reimbursement Agreement between the District and US Bank National Association. The Letter of Credit with US Bank expired February 2014 and a new letter of credit and reimbursement agreement was established with Bank of America, N.A. The new letter of credit with Bank of America was extended in January 2020 to January 2023 in accordance with its terms. It is subject to termination and extension upon the occurrence of certain events.

Payments for the 2008B Certificates are secured by a pledge of net water and sewer revenues. No event of default shall constitute the immediate payment of principal and interest except for events defined as automatic acceleration events. Upon such events, the Letter of Credit Bank may terminate the Letter of Credit and direct the Trustee to draw upon the Letter of Credit to purchase all outstanding 2008B Certificates for the account of the Bank and pay all fees accrued and payable to the Bank.

12. CERTIFICATES OF PARTICIPATION (CONTINUED):

On May 25, 2011, the Corporation issued Refunding COP Series 2011A in the amount of \$25,485,000 at variable interest rates, calculated and paid on a weekly basis. The proceeds were utilized to repay the District's loan from the Bureau of Reclamation for the Temescal Valley Pipeline. The issuance of the 2011A COP provided a more cost effective manner of paying for the Temescal Valley Pipeline. Principal repayment for the 2011A COP commenced July 2012 and will continue through July 2035. The interest rate at June 30, 2020 was 0.10%. The average interest rate experienced in the fiscal year was 0.96% and actual interest paid was \$184,191 for fiscal year ended June 30, 2020.

In connection with the issuance of the Series 2011A COP, the District executed a Letter of Credit and Reimbursement Agreement between the District and Union Bank, N.A. The Letter of Credit was set to expire in May 2018, but was extended in accordance with its terms to May 24, 2021. It is subject to termination and extension upon the occurrence of certain events.

Payments for the 2011A Certificates are secured by a pledge of net water and sewer revenues. Under certain events of default the Letter of Credit Bank can require all obligations to become immediately due and payable from immediately available funds.

13. WATER REVENUE BONDS PAYABLE:

	2020	2019
Water Revenue Bonds, Series 2016A totaling \$71,660,000, dated April 14, 2016, issued to advance refund the 2007A and 2008A Certificates of Participation. Interest is payable semi-annually on July 1 and January 1, with rates ranging from 2.00% in 2016 to 5.00% in 2019 and beyond. Principal amounts are payable annually on each July 1, ranging from \$910,000 in July 2017 up to \$8,060,000 in July 2029 with a final payment of \$310,000 in July 2034.	\$ 66,910,000	\$ 67,920,000
Total Water Revenue Bonds Payable	66,910,000	67,920,000
Unamortized Premium/Discount on issue	11,933,586	12,785,985
Net Water Revenue Bonds Payable	<u>\$ 78,843,586</u>	<u>\$ 80,705,985</u>

Future long-term water revenue bond maturities as of June 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 5,120,000	\$ 3,217,500	\$ 8,337,500
2022	5,385,000	2,954,875	8,339,875
2023	5,665,000	2,678,625	8,343,625
2024	5,960,000	2,388,000	8,348,000
2025	6,270,000	2,082,250	8,352,250
2026-2030	36,540,000	5,243,250	41,783,250
2031-2035	1,970,000	224,000	2,194,000
Total	<u>\$ 66,910,000</u>	<u>\$ 18,788,500</u>	<u>\$ 85,698,500</u>

13. WATER REVENUE BONDS PAYABLE (CONTINUED):

On May 6, 2013, the Elsinore Valley Municipal Water District Financing Authority (“Authority”) was established to assist the District in the financing and refinancing of public capital improvement projects through the issuance and refunding of District indebtedness. The debt issued by the Authority is payable solely from installment payments made by the District. The District is obligated to make annual installment payments from any and all lawfully available revenues. The District has covenanted to budget and annually appropriate sufficient sums to pay all required installment payments when due.

On April 14, 2016, the Authority issued the 2016A Water Revenue Bonds in the amount of \$71,660,000 with interest rates ranging from 2.00% to 5.00%. The proceeds were used to advance refund the District’s 2007A and 2008A Certificates of Participation and placed in an irrevocable escrow fund with an escrow bank to provide the remaining debt service payments on the refunded debt.

The COP series 2007A, consisting of \$75,720,000 in certificates with interest rates ranging from 4.25% to 5.00% were issued on August 7, 2007. The proceeds were utilized to finance the acquisition and construction of water and sewer system improvements. The outstanding balance at the time of refunding was \$62,355,000 with cash held in reserves of \$5.9 million.

The Refunding COP Series 2008A, in the amount of \$65,665,000 with interest rates ranging from 4.25% to 5.00%, were originally issued on August 14, 2008. The net proceeds were utilized to refund the District’s variable rate 2000A Certificates which were issued to finance water and wastewater improvements. The outstanding balance at the time of refunding was \$65,665,000 with cash held in reserves of \$6.5 million.

The refunding met the requirements of a legal defeasance and both COPs were removed from the District’s financial statements. The District utilized the cash held in reserves of \$12.4 million and contributed an additional \$39.1 million to the refunding. The reacquisition price exceeded the net carrying amount of the old debt by \$8,067,165. This amount is being netted against the new debt and being amortized over the remaining life of the refunding debt. The total savings in cash flow was \$35.2 million and the economic gain or net present value savings at 1.957% was \$21.5 million. Principal repayment for the revenue bonds commenced July 1, 2016 and continue through July 2034. There is no reserve requirement.

In the event of default, the Trustee can not declare that the principal and interest on the bonds be due and payable immediately. However, provisions for the application of moneys after all fees and expenses of the Trustee have been paid, will be applied in the following order, on a pro rata basis if available amounts are insufficient; 1) interest on bonds then due, in order of maturity, 2) unpaid principal then due, in order of due dates, and 3) to be held for future principal and interest payments not yet due.

14. LOANS PAYABLE - Direct Borrowings:

	2020	2019
State of California Water Resources Control Board – Division of Clean Water Programs. Original loan amount of \$5,000,000 used for the Regional Wastewater Reclamation Plant expansion. Imputed interest of 1.81% with annual principal and interest payments of \$251,316 through February 28, 2023. Balance is net of discount being amortized.	\$ 727,394	\$ 961,269
State Water Resources Control Board – California’s Clean Water State Revolving Fund. Original loan amount of \$2,347,026 was used for the Advanced Metering Infrastructure Phase III project. Interest accrues at a rate of 1.7% with annual principal payments ranging from \$107,493 in December 2018 to \$136,598 in December 2037.	2,138,685	2,239,533

14. LOANS PAYABLE - Direct Borrowings (CONTINUED):

	2020	2019
State Water Resources Control Board – California’s Clean Water State Revolving Fund. Original loan amount of \$1,930,968 was used for the Regional Water Reclamation Facility Expansion and Upgrade Design. Interest accrues at a rate of 0.0% with annual principal payments of \$193,097. Payments begin October 2020 and continue through October 2029.	\$ 1,930,968	\$ 1,571,364
State Water Resources Control Board – California’s Clean Water State Revolving Fund. Original loan amount of \$6,295,834 authorized for the Regional Water Reclamation Facility Expansion and Upgrade Design with \$500,000 of principal forgiveness. A total amount of \$3,607,428 was disbursed as of June 30, 2020. Interest accrues at a rate of 0.0% upon the final disbursement request and project completion date of October 31, 2020. Payments begin October 2021 and continue through October 2030.”	3,607,428	2,669,628
State Water Resources Control Board – California’s Clean Water State Revolving Fund. Original loan amount of \$3,111,553 authorized for the Regional Water Reclamation Facility Supervisory Control and Data Acquisition (SCADA) Implementation with \$1,555,776 of principal forgiveness. A total amount of \$1,594,558 was disbursed as of June 30, 2020. Interest accrues at a rate of 1.8% upon the final disbursement request and project completion date of June 30, 2020. Payments begin December 2020 and continue through December 2039.	1,594,558	653,276
State Water Resources Control Board – California’s Clean Water State Revolving Fund. Original loan amount of \$45,987,100 authorized for the Regional Water Reclamation Facility Upgrades Construction with \$3,500,000 of principal forgiveness. A total amount of \$5,215,711 was disbursed as of June 30, 2020. Interest accrues at a rate of 1.3% upon the final disbursement request and project completion date of February 25, 2022. Payments begin August 2022 and continue through August 2041.	5,215,711	-
Total Loans Payable	<u>\$ 15,216,764</u>	<u>\$ 8,097,089</u>

Future long-term maturities as of June 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 533,777	\$ 49,555	\$ 583,332
2022	967,528	72,193	1,039,721
2023	1,204,937	64,816	1,269,753
2024	964,121	57,308	1,021,429
2025	970,233	54,225	1,024,458
2026-2030	4,946,150	485,061	5,431,211
2031-2035	2,705,086	317,671	3,022,757
2036-2040	2,244,700	139,474	2,384,174
2041	678,211	13,109	691,320
Total	<u>\$ 15,214,744</u>	<u>\$ 1,253,412</u>	<u>\$ 16,468,156</u>

Allow for rounding differences

14. LOANS PAYABLE - Direct Borrowings (CONTINUED):

EVMWD has six outstanding loans through direct borrowing from the California Clean Water State Revolving Fund. All outstanding loans, with the exception of one (see below), are secured by a pledge of net revenues with an Enterprise and Reserve Fund being established for each loan. In the event of default, immediate repayment of funds plus accrued interest and penalties is required. Interest shall accrue on all amounts due at the highest legal rate of interest from the date of notice of termination to the date monies are received by the State Board. Any fraud or misuse of public funds will terminate the agreements and require the repayment of all funds.

The Regional Wastewater Reclamation Plan expansion loan is secured by a pledge of connection fees and other charges determined on an annual basis. In the event of default, repayment of the current balance and all penalty assessments are due immediately. Any breach affecting Tax Exempt Status requires reimbursement to the state equal to any damages paid by or loss incurred by the State due to the breach.

15. ADVANCES FROM U.S. GOVERNMENT - Direct Borrowings:

In 1986, the District entered into a contract with the federal government under the provisions of Public Law 984, to provide funding for a portion of the Lake Management Project. The project was completed as of May 10, 1995. A summary of the total U.S. Bureau of Reclamation funding for the Lake Management Project is as follows:

Total Bureau funding (Lake Management)	\$ 26,000,000
Less: Non-repayable grant portion	<u>(9,405,500)</u>
Total loan proceeds	<u>\$ 16,594,500</u>
Distribution of loan proceeds:	
Agricultural component — non-interest bearing	\$ 4,894,000
Repayable grant component — non-interest bearing	9,405,500
Recreational, fish, and wildlife component — interest bearing at 10.875% per annum	<u>2,295,000</u>
Total loan proceeds	<u>\$ 16,594,500</u>

The loan proceeds are repayable in 40 annual installments varying from \$4,682 to \$606,389. In addition, interest at 10.875% was due on the recreational, fish and wildlife component. This component was fully repaid in 2007. Repayment of the loan commenced May 1, 1992. Principal of \$12,343,298 has been repaid as of June 30, 2020, with a current unpaid balance of \$4,251,202. The unpaid balance is non-interest bearing. Pursuant to the agreement, the District maintains reserve funds in an amount not to exceed \$90,000.

Future long-term advances from the U.S. government as of June 30, 2020 are as follows:

Fiscal Year	Principal
2021	\$ 386,473
2022	386,473
2023	386,473
2024	386,473
2025	386,473
2026-2030	1,932,365
2031	<u>386,472</u>
Total	<u>\$ 4,251,202</u>

16. LEASE INCOME:

The District leases the exclusive right to use the Railroad Canyon Reservoir for boating, fishing and water sports to the Canyon Lake Property Owner’s Association. On March 10, 2017, the fifth amendment to Railroad Canyon Reservoir lease agreement was executed extending the current lease agreement through December 31, 2066. The terms of the amended lease contain an option for an additional forty-four year extension, on the same terms and conditions, with the right to exercise the option to extend at any time prior to the expiration date of the current lease.

A payment is due for each quarter beginning September 1st as compensation for minimum water level maintenance in Canyon Lake. The quarterly payment was previously calculated by adding to the Agreement’s Payment Base a cost of living adjustment based on the Consumer Price Index for All Urban Consumers (CPI-U) in the Los Angeles-Riverside-Orange County, CA Area, but that is no longer published by the U.S. Bureau of Labor Statistics. Based on the Agreement, as of September 1, 2020, we are using the CPI-U in the Riverside-San Bernardino-Ontario County, CA Area to calculate lease payments.

Cost of living adjustments are cumulative. The amount recorded as revenue for the fiscal year 2019/2020 is \$1,530,985.

Minimum future rentals as of June 30, 2020 are as follows:

Fiscal Year	Lease Income
2021	\$ 1,561,596
2022	1,592,059
2023	1,623,900
2024	1,656,378
2025	1,689,505
2026-2066	107,895,562
Total	<u>\$ 116,019,000</u>

17. NET POSITION:

The following is a detailed breakdown of net position. Also shown below is a listing of the designations of unrestricted net position.

	2020	2019
Capital Assets (Net)	\$ 604,590,166	\$ 597,574,576
Less: Debt offsetting capital assets	<u>(158,377,752)</u>	<u>(157,785,416)</u>
Net investment in capital assets	446,212,414	439,789,160
Restricted Net Position	54,818,750	55,240,883
Unrestricted Net Position	<u>191,129,738</u>	<u>168,286,790</u>
 Total Net Position	 <u>\$ 692,160,902</u>	 <u>\$ 663,316,833</u>

Allow for rounding differences

17. NET POSITION (CONTINUED):

Although not legally restricted, unrestricted net position has been designated for various purposes. These designations have been established and maintained to provide sound financial management and a stable and equitable rate structure. The June 30, 2020 and June 30, 2019 unrestricted net position amounts consist of the following:

	2020	2019
Debt Services Reserves	\$ 35,306,702	\$ 32,062,045
Reserve For Encumbered Projects	82,656,301	67,504,918
Special Revenue Reserve	21,683,144	24,414,732
Other Unrestricted Net Position	17,171,177	9,815,969
Operational Reserve	18,679,325	17,440,780
Replacement Reserve	15,633,089	17,048,347
Total Unrestricted Net Position	<u>\$ 191,129,738</u>	<u>\$ 168,286,790</u>

Allow for rounding differences

18. CONDENSED COMPONENT UNIT:

Below is the condensed component unit information for the Water Employee Services Authority (WESA) and the Elsinore Valley Water and Sewer Facilities Corporation (Sewer Corp). Both component units are considered blended component units for the fiscal year ended June 30, 2020, and are included in the District's financial statements.

CONDENSED STATEMENT OF NET POSITION

	WESA	SEWER CORP	TOTAL
ASSETS:			
Current Assets	\$ 1,684,386	\$ 1,914,523	\$ 3,598,909
Noncurrent Assets	26,218,603	64,239,898	90,458,501
Total Assets	<u>27,902,989</u>	<u>66,154,421</u>	<u>94,057,410</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,973,903</u>	-	<u>4,973,903</u>
LIABILITIES:			
Current Liabilities	1,399,678	964,721	2,364,399
Noncurrent Liabilities	30,623,024	65,189,700	95,812,724
Total Liabilities	<u>32,022,702</u>	<u>66,154,421</u>	<u>98,177,123</u>
DEFERRED INFLOWS OF RESOURCES	<u>569,482</u>	-	<u>569,482</u>
NET POSITION			
Unrestricted	<u>\$ 284,708</u>	<u>\$ -</u>	<u>\$ 284,708</u>

18. CONDENSED COMPONENT UNIT (CONTINUED):

CONDENSED STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	WESA	SEWER CORP	TOTAL
Operating Revenue	\$ 27,079,873	\$ -	\$ 27,079,873
Operating Expenses	(27,079,873)	(3,676,156)	(30,756,029)
Net Operating Income	-	(3,676,156)	(3,676,156)
Non-Operating Revenue	-	3,676,156	3,676,156
Change in Net Position	-	-	-
Net Position, Beginning of Year	284,708	-	284,708
Net Position, End of Year	\$ 284,708	\$ -	\$ 284,708

CONDENSED STATEMENT OF CASH FLOW

	WESA	SEWER CORP	TOTAL
NET CASH PROVIDED (USED) BY:			
Operating activities	\$ (808,175)	\$ -	\$ (808,175)
Investing activities	-	430,138	430,138
Capital and related financing activities	-	(430,138)	(430,138)
Net increase in cash and cash equivalents	(808,175)	-	(808,175)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,032,498	-	1,032,498
CASH AND CASH EQUIVALENTS, End of Year	\$ 224,323	\$ -	\$ 224,323

Allow for rounding differences

19. CONTINGENCIES:

Grant:

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Legal:

The District is involved in various legal proceedings from time to time in the normal course of business. In management's opinion, the District is not involved in any legal proceeding that will have a material adverse effect on the financial position or changes in financial position of the District.

20. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To help mitigate these risks, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA).

Description of JPIA:

JPIA is an intergovernmental risk-pooling self-insurance authority, created under the provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Self-Insurance Programs of JPIA:

At June 30, 2020, the District's participation in the self-insurance programs of JPIA is as follows:

Property Loss: Insured up to replacement value with a \$5,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$1,000 deductible per occurrence and actual cash value on scheduled vehicles with a \$500 deductible per occurrence. JPIA is self-insured up to \$100,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000 to \$50,000 depending on type of equipment.

Workers' Compensation: Insured for statutory limits, and Employer's Liability is insured up to \$2,000,000 per accident and \$2,000,000 per disease. JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased. The District's retrospective allocation point is \$250 per occurrence.

General, Automobile, Employment Practices & Public Officials' Liability: Broad coverage against third-party claims for the District, its directors, employees and volunteers. Covered up to the following limits: the JPIA pools for the first \$5,000,000 and purchases excess coverage with limit up to \$55,000,000 with aggregated policy limits. The District retrospective allocation point is \$50,000 per occurrence.

In addition to the above, the District has also purchased insurance coverage through JPIA as follows:

Dam Failure Liability Addendum covering Railroad Canyon and Lee Lake Liability: Insured up to \$5,000,000 per occurrence with a \$50,000 retention.

Cyber Liability: Including Cyber Security up to \$3,000,000 per occurrence and \$5,000,000 Aggregate Limit. Cyber Liability Deductible varies from \$10,000 to \$50,000 depending on District Revenue.

Employee Dishonesty/Crime Supplement: Insured up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty which covers all employees, the Board of Directors, and the Treasurer. Insured up to \$100,000 per occurrence with a \$1,000 deductible for forgery or alteration. Insured up to \$100,000 per occurrence with a \$1,000 deductible for computer fraud. JPIA is self-insured up to \$100,000 per loss.

Underground Storage Tank Liability covering three (3) underground storage tanks at 31315 Chaney Street: Insured up to \$3,000,000 Each Pollution incident and Aggregate Limit; \$750,000 Aggregate Claims Expense, with a \$10,000 deductible. JPIA is self-insured up to \$500,000.

Separate financial statements of JPIA can be obtained at 2100 Professional Drive, Roseville, CA 95661 or <http://www.acwajpia.com/FinancialStatements.aspx>.

For the past seven fiscal years, the District had no settlements exceeding insurance coverage for these categories of risk. At June 30, 2020, in the opinion of legal counsel, the District had no material claims which would require loss provision in the financial statements and therefore no claims liability has been recorded.

21. JOINT VENTURE - BCGSA:

The Bedford-Coldwater Groundwater Sustainability Authority (“BCGSA”) was organized on February 28, 2019 under Section 6500 of the Government code of the State of California and pursuant to the Joint Exercise of Powers Agreement by and among the District, the City of Corona (“Corona”), and the Temescal Valley Water District (“TVWD”) for the management of the Bedford-Coldwater Sub-Basin of the Elsinore Basin. BCGSA was formed with the purpose and intent of jointly fulfilling the role and legal obligations of a Groundwater Sustainability Agency (“GSA”) as required by the Sustainable Groundwater Management Act (“SGMA”), including complying with SGMA and ensuring sustainable groundwater management throughout the Bedford-Coldwater Sub-Basin of the Elsinore Basin (“Sub-Basin”) so that the Members may collaboratively and cost-effectively develop, adopt, and implement a Groundwater Sustainability Plan (“GSP”) for the Sub-Basin in accordance with pertinent regulatory timelines.

The Authority may represent the Members, as appropriate, in discussions and transactions with other local agencies, to include (but not limited to) the development of inter-basin coordination agreements with other GSAs in Riverside County, and agreements with other local agencies or GSAs as may be required to ensure compliance with SGMA for the Sub-Basin.

Pursuant to the Joint Powers Agreement, each member provides an equal contribution to the operating fund, which is used to pay all administrative, operating and other expenses incurred. The rate or amount of the contributions is established in the annual Operating Budget and based upon an equal contribution by each member. The District acts as the Administering Member of BCGSA providing all administrative and financial services.

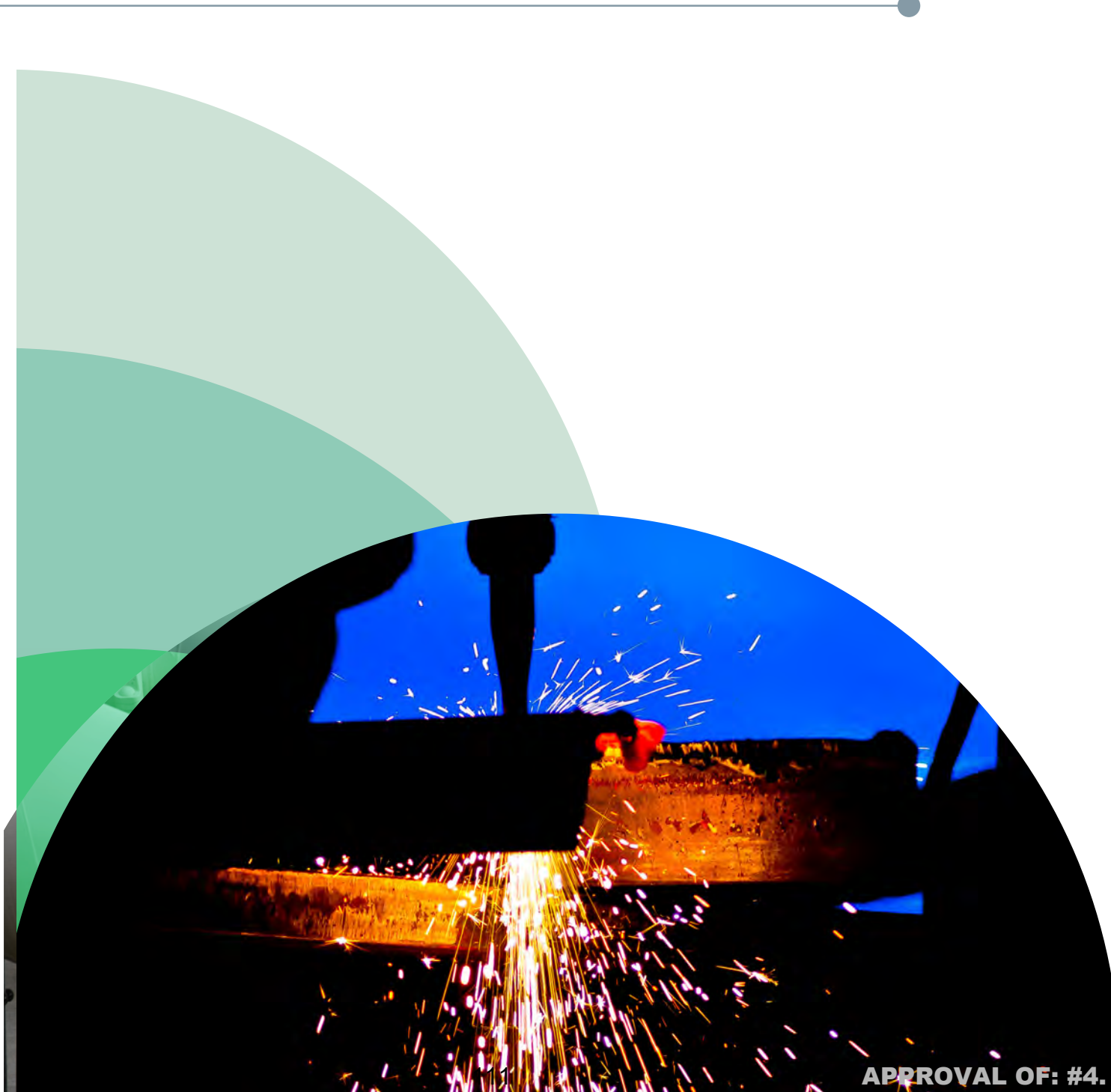
Separate audited financial statements for the Company can be obtained from the District at 31315 Chaney Street, Lake Elsinore, CA 92530. The summary as of June 30, 2020 is as follows:

	June 2020	June 2019
Total Assets	\$ 969,283	\$ 110,767
Total Liabilities	716,883	110,767
Total Net Position	252,400	-
Net Position, Beginning of Year	-	-
Net Position, End of Year	\$ 252,400	\$ -

22. COVID 19:

Since December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

Required Supplementary Information



**Schedule of Changes in Net Pension Liability and Related Ratios Ended June 30th
Last 10 Years ⁽⁴⁾**

Measurement Period	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:						
Service Cost	\$ 2,504,040	\$ 2,466,139	\$ 2,636,694	\$ 2,449,304	\$ 2,408,523	\$ 2,458,216
Interest	7,087,735	6,593,931	6,285,034	5,933,814	5,551,505	5,183,730
Changes of Assumptions	-	(682,360)	5,623,164	-	(1,469,076)	-
Difference Between Expected and Actual Experience	1,730,513	(287,200)	(579,128)	(219,718)	(286,905)	-
Benefit Payments, Including Refunds of Employee Contributions	(4,045,325)	(3,761,071)	(3,332,206)	(3,036,730)	(2,489,673)	(2,327,994)
Net Change in Total Pension Liability	7,276,963	4,329,439	10,633,558	5,126,670	3,714,374	5,313,952
Total Pension Liability - Beginning	98,169,288	93,839,849	83,206,291	78,079,621	74,365,247	69,051,295
Total Pension Liability - Ending (a)	\$ 105,446,251	\$ 98,169,288	\$ 93,839,849	\$ 83,206,291	\$ 78,079,621	\$ 74,365,247
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 3,299,273	\$ 2,907,458	\$ 2,742,846	\$ 2,656,957	\$ 2,500,495	\$ 2,232,962
Contributions - Employee	1,016,843	1,041,634	979,078	972,455	967,375	1,026,237
Net Investment Income	4,769,917	5,714,814	6,761,115	340,453	1,296,452	8,461,126
Benefit Payments, Including Refunds of Employee Contributions	(4,045,325)	(3,761,071)	(3,332,206)	(3,036,730)	(2,489,673)	(2,327,994)
Net Plan to Plan Resource Movement	-	(169)	(2,059)	-	-	-
Administrative Expense	(52,332)	(105,552)	(89,585)	(36,433)	(67,288)	-
Other Miscellaneous Income/ (Expense) ⁽¹⁾	169	(200,444)	-	-	-	-
Net Change in Fiduciary Net Position	4,988,545	5,596,670	7,059,189	896,702	2,207,361	9,392,331
Plan Fiduciary Net Position - Beginning ⁽²⁾	73,332,813	67,736,143	60,676,954	59,780,252	57,572,891	48,180,560
Plan Fiduciary Net Position - Ending (b)	\$ 78,321,358	\$ 73,332,813	\$ 67,736,143	\$ 60,676,954	\$ 59,780,252	\$ 57,572,891
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 27,124,893	\$ 24,836,475	\$ 26,103,706	\$ 22,529,337	\$ 18,299,369	\$ 16,792,356
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.28%	74.70%	72.18%	72.92%	76.56%	77.42%
Covered Payroll ⁽³⁾	\$ 12,560,391	\$ 12,085,954	\$ 12,560,469	\$ 12,648,198	\$ 12,307,222	\$ 11,676,322
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	215.96%	205.50%	207.82%	178.12%	148.69%	143.82%

⁽¹⁾ During Fiscal Year 2017-18, as a result of Governmental Standards Board Statement (GASB) N0.75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPED plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018 -19; 3.00 percent payroll growth for fiscal years ended June 30, 2014-17.

⁽⁴⁾ Measurement period 2013-2014 (fiscal year 2015) was the 1st year of implementation, therefore, only six years are shown.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

**Schedule of Plan Contributions for the Measurement Periods Ended June 30⁽¹⁾
Last 10 Years⁽⁵⁾**

Employer Fiscal Year End	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution ⁽²⁾	\$ - ⁽⁴⁾	\$ 3,299,273	\$ 2,907,458	\$ 2,742,846	\$ 2,656,957	\$ 2,500,495	\$ 2,232,962
Contributions in Relation to the Actuarially Determined Contribution ⁽²⁾	(3,737,822)	(3,299,273)	(2,907,458)	(2,742,846)	(2,656,957)	(2,500,495)	(2,232,962)
Contribution Deficiency (Excess)	\$ (3,737,822)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ⁽³⁾	\$ 13,233,158	\$ 12,560,391	\$ 12,085,954	\$ 12,560,469	\$ 12,648,098	\$ 12,307,222	\$ 11,676,322
Contributions as a Percentage of Covered Payroll ⁽³⁾	28.25%	26.27%	24.06%	21.84%	21.01%	20.32%	19.12%

⁽¹⁾ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

⁽²⁾ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may chose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

⁽³⁾ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year June 30, 2019; 3.0 percent payroll assumption for fiscal years ended June 30, 2014-17.

⁽⁴⁾ Information not available

⁽⁵⁾ Measurement period 2013-2014 (fiscal year 2015) was the 1st year of implementation, therefore, only seven years are shown.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of Retirement of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

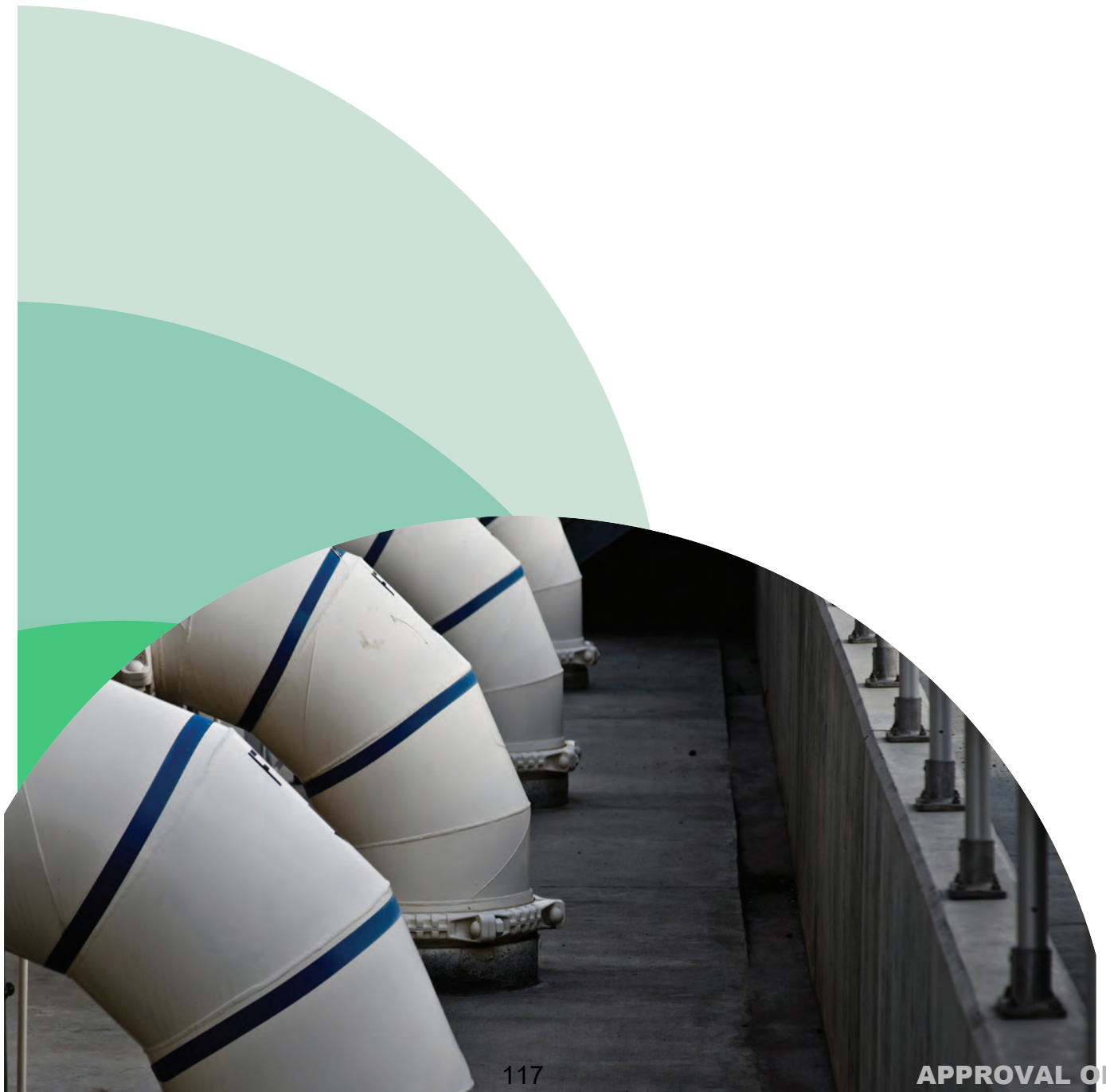
Other Information:

For changes to previous' year's information, refer to past GASB 68 reports.



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Supplementary Information



**SCHEDULE OF MATURITIES OF
CERTIFICATES OF PARTICIPATION PAYABLE**

June 30, 2020 and 2019

<u>Payment Date</u>	<u>Interest Rate</u>	<u>Principal Payments⁽¹⁾</u>	<u>Interest Payments⁽¹⁾</u>	<u>Total Debt Service⁽¹⁾</u>	<u>Principal Balance⁽¹⁾</u>
Elsinore Valley Water and Sewer Facilities Corporation, 2002 - Partially Refunded 1992 - Original Issue \$23,715,000					
07/01/18	5.375%	\$ 3,660,000	\$ 201,966	\$ 3,861,966	\$ 3,855,000
01/01/19	5.375	-	103,603	103,603	3,855,000
07/01/19	5.375	3,855,000	103,603	3,958,603	-
Elsinore Valley Water and Sewer Facilities Corporation, 2008B - Refunding of 2005A - Original Issue \$54,655,000 ⁽²⁾					
07/01/18	1.300%	\$ -	\$ 617,045	\$ 617,045	\$ 47,465,000
07/01/19	1.500	-	711,975	711,975	47,465,000
07/01/20	0.100	-	47,465	47,465	47,465,000
07/01/21	0.100	-	47,465	47,465	47,465,000
07/01/22	0.100	-	47,465	47,465	47,465,000
07/01/23	0.100	-	47,465	47,465	47,465,000
07/01/24	0.100	-	47,465	47,465	47,465,000
07/01/25	0.100	-	47,465	47,465	47,465,000
07/01/26	0.100	-	47,465	47,465	47,465,000
07/01/27	0.100	-	47,465	47,465	47,465,000
07/01/28	0.100	-	47,465	47,465	47,465,000
07/01/29	0.100	-	47,465	47,465	47,465,000
07/01/30	0.100	7,795,000	47,465	7,842,465	39,670,000
07/01/31	0.100	8,105,000	39,670	8,144,670	31,565,000
07/01/32	0.100	8,450,000	31,565	8,481,565	23,115,000
07/01/33	0.100	8,770,000	23,115	8,793,115	14,345,000
07/01/34	0.100	9,105,000	14,345	9,119,345	5,240,000
07/01/35	0.100	5,240,000	5,240	5,245,240	-

⁽¹⁾ Rounded to the nearest dollar

⁽²⁾ Interest payment is calculated using the interest rate in effect at 6/30/19 & 6/30/20 for 2021 forward

SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE (Continued)

June 30, 2020 and 2019

Payment Date	Interest Rate	Principal Payments ⁽¹⁾	Interest Payments ⁽¹⁾	Total Debt Service ⁽¹⁾	Principal Balance ⁽¹⁾
Elsinore Valley Water and Sewer Facilities Corporation, 2011A - Refi of TVP USBR Loan Original Issue \$25,485,000 ⁽²⁾					
07/01/18	1.300%	\$ 890,000	\$ 268,450	\$ 1,158,450	\$ 19,760,000
07/01/19	1.500	915,000	296,400	1,211,400	18,845,000
07/01/20	0.100	945,000	18,845	963,845	17,900,000
07/01/21	0.100	970,000	17,900	987,900	16,930,000
07/01/22	0.100	1,000,000	16,930	1,016,930	15,930,000
07/01/23	0.100	1,025,000	15,930	1,040,930	14,905,000
07/01/24	0.100	1,055,000	14,905	1,069,905	13,850,000
07/01/25	0.100	1,085,000	13,850	1,098,850	12,765,000
07/01/26	0.100	1,120,000	12,765	1,132,765	11,645,000
07/01/27	0.100	1,150,000	11,645	1,161,645	10,495,000
07/01/28	0.100	1,185,000	10,495	1,195,495	9,310,000
07/01/29	0.100	1,220,000	9,310	1,229,310	8,090,000
07/01/30	0.100	1,255,000	8,090	1,263,090	6,835,000
07/01/31	0.100	1,290,000	6,835	1,296,835	5,545,000
07/01/32	0.100	1,330,000	5,545	1,335,545	4,215,000
07/01/33	0.100	1,365,000	4,215	1,369,215	2,850,000
07/01/34	0.100	1,405,000	2,850	1,407,850	1,445,000
07/01/35	0.100	1,445,000	1,445	1,446,445	-

⁽¹⁾ Rounded to the nearest dollar

⁽²⁾ Interest payment is calculated using the interest rate in effect at 6/30/19 & 6/30/20 for 2021 forward

**SCHEDULE OF MATURITIES OF
WATER REVENUE BONDS PAYABLE**

June 30, 2020 and 2019

<u>Payment Date</u>	<u>Interest Rate</u>	<u>Principal Payments⁽¹⁾</u>	<u>Interest Payments⁽¹⁾</u>	<u>Total Debt Service⁽¹⁾</u>	<u>Principal Balance⁽¹⁾</u>
Elsinore Valley Municipal Water District Financing Authority, 2016A Water Revenue Bonds - Refunding of 2007A and 2008A - Original Issue \$71,660,000					
07/01/18	5.000%	\$ 955,000	\$ 1,717,100	\$ 2,672,100	\$ 67,920,000
01/01/19	5.000	-	1,698,000	1,698,000	67,920,000
07/01/19	5.000	1,010,000	1,698,000	2,708,000	66,910,000
01/01/20	5.000	-	1,672,750	1,672,750	66,910,000
07/01/20	5.000	5,120,000	1,672,750	6,792,750	61,790,000
01/01/21	5.000	-	1,544,750	1,544,750	61,790,000
07/01/21	5.000	5,385,000	1,544,750	6,929,750	56,405,000
01/01/22	5.000	-	1,410,125	1,410,125	56,405,000
07/01/22	5.000	5,665,000	1,410,125	7,075,125	50,740,000
01/01/23	5.000	-	1,268,500	1,268,500	50,740,000
07/01/23	5.000	5,960,000	1,268,500	7,228,500	44,780,000
01/01/24	5.000	-	1,119,500	1,119,500	44,780,000
07/01/24	5.000	6,270,000	1,119,500	7,389,500	38,510,000
01/01/25	5.000	-	962,750	962,750	38,510,000
07/01/25	5.000	6,595,000	962,750	7,557,750	31,915,000
01/01/26	5.000	-	797,875	797,875	31,915,000
07/01/26	5.000	6,930,000	797,875	7,727,875	24,985,000
01/01/27	5.000	-	624,625	624,625	24,985,000
07/01/27	5.000	7,290,000	624,625	7,914,625	17,695,000
01/01/28	5.000	-	442,375	442,375	17,695,000
07/01/28	5.000	7,665,000	442,375	8,107,375	10,030,000
01/01/29	5.000	-	250,750	250,750	10,030,000
07/01/29	5.000	8,060,000	250,750	8,310,750	1,970,000
01/01/30	5.000	-	49,250	49,250	1,970,000
07/01/30	5.000	485,000	49,250	534,250	1,485,000
01/01/31	5.000	-	37,125	37,125	1,485,000
07/01/31	5.000	445,000	37,125	482,125	1,040,000
01/01/32	5.000	-	26,000	26,000	1,040,000
07/01/32	5.000	380,000	26,000	406,000	660,000
01/01/33	5.000	-	16,500	16,500	660,000
07/01/33	5.000	350,000	16,500	366,500	310,000
01/01/34	5.000	-	7,750	7,750	310,000
07/01/34	5.000	310,000	7,750	317,750	-

⁽¹⁾ Rounded to the nearest dollar

SCHEDULE OF MATURITIES OF LOANS PAYABLE

June 30, 2020 and 2019

Payment Date	Interest Rate	Principal Payments ⁽¹⁾	Interest Payments ⁽¹⁾	Total Debt Service ⁽¹⁾	Principal Balance ⁽¹⁾
State of California Water Resources Control Board - Original Loan \$5,000,000					
02/28/19	1.814%	\$ 229,707	\$ 21,609	\$ 251,316	\$ 961,269
02/28/20	1.814	233,875	17,441	251,316	727,394
02/28/21	1.814	238,118	13,198	251,316	489,276
02/28/22	1.814	242,439	8,877	251,316	246,837
02/28/23	1.814	246,837	4,479	251,316	-
State of California Water Resources Control Board - Original Loan \$2,347,026					
12/31/18	1.700%	\$ 107,493	\$ 31,426	\$ 138,920	\$ 2,239,533
12/31/19	1.700	100,848	38,072	138,920	2,138,685
12/31/20	1.700	102,562	36,358	138,920	2,036,123
12/31/21	1.700	104,306	34,614	138,920	1,931,818
12/31/22	1.700	106,079	32,841	138,920	1,825,739
12/31/23	1.700	107,882	31,038	138,920	1,717,857
12/31/24	1.700	109,716	29,204	138,920	1,608,140
12/31/25	1.700	111,581	27,338	138,920	1,496,559
12/31/26	1.700	113,478	25,442	138,920	1,383,081
12/31/27	1.700	115,407	23,512	138,920	1,267,674
12/31/28	1.700	117,369	21,550	138,920	1,150,304
12/31/29	1.700	119,365	19,555	138,920	1,030,940
12/31/30	1.700	121,394	17,526	138,920	909,546
12/31/31	1.700	123,457	15,462	138,920	786,089
12/31/32	1.700	125,556	13,364	138,920	660,533
12/31/33	1.700	127,691	11,229	138,920	532,842
12/31/34	1.700	129,861	9,058	138,920	402,981
12/31/35	1.700	132,069	6,851	138,920	270,912
12/31/36	1.700	134,314	4,605	138,920	136,598
12/31/37	1.700	136,598	2,322	138,920	-

⁽¹⁾ Rounded to the nearest dollar

**SCHEDULE OF MATURITIES OF
LOANS PAYABLE (Continued)**

June 30, 2020 and 2019

<u>Payment Date</u>	<u>Interest Rate</u>	<u>Principal Payments⁽¹⁾</u>	<u>Interest Payments⁽¹⁾</u>	<u>Total Debt Service⁽¹⁾</u>	<u>Principal Balance⁽¹⁾</u>
State of California Water Resources Control Board - Original Loan \$1,930,968					
06/30/19	1.800%	\$ -	\$ -	\$ -	\$ 1,571,364 ⁽²⁾
06/30/20	0.000	-	-	-	1,930,968
06/30/21	0.000	193,097	-	193,097	1,737,871
06/30/22	0.000	193,097	-	193,097	1,544,774
06/30/23	0.000	193,097	-	193,097	1,351,678
06/30/24	0.000	193,097	-	193,097	1,158,581
06/30/25	0.000	193,097	-	193,097	965,484
06/30/26	0.000	193,097	-	193,097	772,387
06/30/27	0.000	193,097	-	193,097	579,290
06/30/28	0.000	193,097	-	193,097	386,194
06/30/29	0.000	193,097	-	193,097	193,097
06/30/30	0.000	193,097	-	193,097	-
State of California Water Resources Control Board - Estimated Loan \$5,795,834 ⁽³⁾					
06/30/19	1.800%	\$ -	\$ -	\$ -	\$ 2,669,628 ⁽²⁾
06/30/20	0.000	-	-	-	3,607,428 ⁽²⁾
06/30/22	0.000	360,743	-	360,743	3,246,685
06/30/23	0.000	360,743	-	360,743	2,885,942
06/30/24	0.000	360,743	-	360,743	2,525,200
06/30/25	0.000	360,743	-	360,743	2,164,457
06/30/26	0.000	360,743	-	360,743	1,803,714
06/30/27	0.000	360,743	-	360,743	1,442,971
06/30/28	0.000	360,743	-	360,743	1,082,228
06/30/29	0.000	360,743	-	360,743	721,486
06/30/30	0.000	360,743	-	360,743	360,743
06/30/31	0.000	360,743	-	360,743	-

⁽¹⁾ Rounded to the nearest dollar

⁽²⁾ Preliminary debt schedule. Figures subject to change. Current balance equal to amount disbursed to date.

⁽³⁾ Loan amount authorized. See Note 14.

SCHEDULE OF MATURITIES OF LOANS PAYABLE (Continued)

June 30, 2020 and 2019

Payment Date	Interest Rate	Principal Payments ⁽¹⁾	Interest Payments ⁽¹⁾	Total Debt Service ⁽¹⁾	Principal Balance ⁽¹⁾
State of California Water Resources Control Board - Estimated Loan \$1,555,777 ⁽³⁾					
06/30/19	1.800%	\$ -	\$ -	\$ -	\$ 653,276 ⁽²⁾
06/30/20	1.800	-	-	-	1,594,558
06/30/21	1.800	66,944	28,702	95,646	1,527,614
06/30/22	1.800	68,149	27,497	95,646	1,459,465
06/30/23	1.800	69,376	26,270	95,646	1,390,089
06/30/24	1.800	70,624	25,022	95,646	1,319,465
06/30/25	1.800	71,896	23,750	95,646	1,247,569
06/30/26	1.800	73,190	22,456	95,646	1,174,379
06/30/27	1.800	74,507	21,139	95,646	1,099,872
06/30/28	1.800	75,848	19,798	95,646	1,024,024
06/30/29	1.800	77,213	18,433	95,646	946,811
06/30/30	1.800	78,603	17,043	95,646	868,208
06/30/31	1.800	80,018	15,628	95,646	788,190
06/30/32	1.800	81,459	14,187	95,646	706,731
06/30/33	1.800	82,925	12,721	95,646	623,806
06/30/34	1.800	84,417	11,229	95,646	539,389
06/30/35	1.800	85,937	9,709	95,646	453,452
06/30/36	1.800	87,484	8,162	95,646	365,968
06/30/37	1.800	89,059	6,587	95,646	276,909
06/30/38	1.800	90,662	4,984	95,646	186,247
06/30/39	1.800	92,293	3,353	95,646	93,954
06/30/40	1.800	93,954	1,692	95,646	-

⁽¹⁾ Rounded to the nearest dollar

⁽²⁾ Preliminary debt schedule. Figures subject to change. Current balance equal to amount disbursed to date.

⁽³⁾ Loan amount authorized. See Note 14.

**SCHEDULE OF MATURITIES OF
LOANS PAYABLE (Continued)**

June 30, 2020 and 2019

<u>Payment Date</u>	<u>Interest Rate</u>	<u>Principal Payments⁽¹⁾</u>	<u>Interest Payments⁽¹⁾</u>	<u>Total Debt Service⁽¹⁾</u>	<u>Principal Balance⁽¹⁾</u>
State of California Water Resources Control Board - Estimated Loan \$42,487,100 ⁽³⁾					
06/30/20	1.300%	\$ -	\$ -	\$ -	\$ 5,215,711 ⁽²⁾
06/30/23	1.300	230,033	67,804	297,837	4,985,678
06/30/24	1.300	233,023	64,814	297,837	4,752,655
06/30/25	1.300	236,053	61,785	297,838	4,516,602
06/30/26	1.300	239,121	58,716	297,837	4,277,481
06/30/27	1.300	242,230	55,607	297,837	4,035,251
06/30/28	1.300	245,379	52,458	297,837	3,789,872
06/30/29	1.300	248,569	49,268	297,837	3,541,303
06/30/30	1.300	251,800	46,037	297,837	3,289,503
06/30/31	1.300	255,074	42,763	297,837	3,034,429
06/30/32	1.300	258,390	39,447	297,837	2,776,039
06/30/33	1.300	261,749	36,088	297,837	2,514,290
06/30/34	1.300	265,151	32,686	297,837	2,249,139
06/30/35	1.300	268,598	29,239	297,837	1,980,541
06/30/36	1.300	272,090	25,747	297,837	1,708,451
06/30/37	1.300	275,627	22,210	297,837	1,432,824
06/30/38	1.300	279,210	18,627	297,837	1,153,614
06/30/39	1.300	282,840	14,997	297,837	870,774
06/30/40	1.300	286,517	11,320	297,837	584,257
06/30/41	1.300	290,242	7,595	297,837	294,015
06/30/42	1.300	294,015	3,822	297,837	-

⁽¹⁾ Rounded to the nearest dollar

⁽²⁾ Preliminary debt schedule. Figures subject to change. Current balance equal to amount disbursed to date.

⁽³⁾ Loan amount authorized. See Note 14.

SCHEDULE OF MATURITIES OF U.S. BUREAU OF RECLAMATION ADVANCES PAYABLE

June 30, 2020 and 2019

Payment Date	Interest Rate	Principal Payments ⁽¹⁾	Interest Payments ⁽¹⁾	Total Debt Service ⁽¹⁾	Principal Balance ⁽¹⁾
U.S. Bureau of Reclamation - Lake Management Project - Original Advance \$16,594,500					
05/01/19		\$ 386,473	-	\$ 386,473	\$ 4,637,675
05/01/20		386,473	-	386,473	4,251,202
05/01/21		386,473	-	386,473	3,864,729
05/01/22		386,473	-	386,473	3,478,256
05/01/23		386,473	-	386,473	3,091,783
05/01/24		386,473	-	386,473	2,705,310
05/01/25		386,473	-	386,473	2,318,837
05/01/26		386,473	-	386,473	1,932,364
05/01/27		386,473	-	386,473	1,545,891
05/01/28		386,473	-	386,473	1,159,418
05/01/29		386,473	-	386,473	772,945
05/01/30		386,473	-	386,473	386,472
05/01/31		386,472	-	386,472	-

⁽¹⁾ Rounded to the nearest dollar

STATISTICAL SECTION



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These schedules contain information to help the reader assess the District's most significant local revenue source, charges for services, and the property tax.

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These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

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These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	<u>2011</u> ⁽¹⁾	<u>2012</u>	<u>2013</u> ⁽²⁾	<u>2014</u> ⁽³⁾	<u>2015</u>
NET POSITION					
Net investment in capital assets	\$ 330,620,265	\$ 334,449,334	\$ 346,436,891	\$ 353,090,158	\$ 356,641,697
Restricted	70,574,808	66,173,551	62,321,631	57,979,711	55,144,571
Unrestricted	<u>157,024,070</u>	<u>169,223,043</u>	<u>170,834,107</u>	<u>159,272,415</u>	<u>164,601,667</u>
TOTAL NET POSITION	<u>\$ 558,219,143</u>	<u>\$ 569,845,928</u>	<u>\$ 579,592,629</u>	<u>\$ 570,342,284</u>	<u>\$ 576,387,935</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
NET POSITION					
Net investment in capital assets	\$ 407,432,038	\$ 416,010,569	\$ 427,769,322	\$ 439,789,160	\$ 446,212,414
Restricted	42,947,105	49,833,001	52,157,863	55,240,883	54,818,750
Unrestricted	<u>140,810,860</u>	<u>147,164,785</u>	<u>161,488,668</u>	<u>168,286,791</u>	<u>191,129,738</u>
TOTAL NET POSITION	<u>\$ 591,190,003</u>	<u>\$ 613,008,355</u>	<u>\$ 641,415,853</u>	<u>\$ 663,316,834</u>	<u>\$ 692,160,902</u>

Allow for rounding differences

⁽¹⁾ 2011 - Net position restated

⁽²⁾ 2013 - Net position restated due to retroactively applied GASB 65

⁽³⁾ 2014 - Net position restated to apply GASB 68

Source: Elsinore Valley Municipal Water District

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING REVENUES										
Water Revenues	\$39,981,819	\$41,552,294	\$45,076,540	\$48,018,729	\$44,456,826	\$46,387,145	\$44,164,018	\$49,193,038	\$ 48,111,048	\$51,092,053
Wastewater Revenues	20,228,555	20,399,307	21,379,577	22,831,226	23,368,664	21,961,717	22,261,812	24,046,130	25,332,984	25,723,353
Recycled Water Revenues	-	-	-	-	-	939,750	1,036,047	1,146,853	1,043,280	1,353,922
Total Operating Revenues	<u>60,210,374</u>	<u>61,951,601</u>	<u>66,456,117</u>	<u>70,849,955</u>	<u>67,825,490</u>	<u>69,288,612</u>	<u>67,461,877</u>	<u>74,386,021</u>	<u>74,487,312</u>	<u>78,169,328</u>
NON-OPERATING REVENUES										
Property Taxes	7,970,226	7,259,320	7,556,448	7,613,764	8,239,146	8,510,208	9,133,430	9,635,769	10,290,446	10,827,679
Standby Charges	867,870	788,119	884,932	964,603	913,699	680,793	595,492	617,948	636,398	758,323
Investment Income	2,777,723	2,006,145	555,805	1,626,111	1,610,326	2,453,021	126,852	934,564	8,106,997	8,317,596
Other Non-Operating Revenues	<u>2,769,356</u>	<u>2,231,248</u>	<u>2,804,570</u>	<u>2,913,949</u>	<u>2,859,651</u>	<u>2,387,901</u>	<u>296,438</u>	<u>9,460,968</u>	<u>4,122,888</u>	<u>3,153,232</u>
Total Non-Operating Revenues	<u>14,385,175</u>	<u>12,284,832</u>	<u>11,801,755</u>	<u>13,118,427</u>	<u>13,622,822</u>	<u>14,031,923</u>	<u>10,152,212</u>	<u>20,649,249</u>	<u>23,156,729</u>	<u>23,056,830</u>
Total Revenues	<u>74,595,549</u>	<u>74,236,433</u>	<u>78,257,872</u>	<u>83,968,382</u>	<u>81,448,312</u>	<u>83,320,535</u>	<u>77,614,089</u>	<u>95,035,270</u>	<u>97,644,041</u>	<u>101,226,158</u>
OPERATING EXPENSES										
Water Purchases	12,776,304	15,401,145	18,352,085	17,892,769	16,306,497	15,452,140	16,266,623	18,036,267	20,646,287	18,427,794
Water Operations	14,323,357	13,667,701	14,559,163	14,517,118	14,660,805	15,165,860	16,047,064	14,756,060	15,425,962	17,345,188
Wastewater Operations	10,942,166	11,674,513	12,294,717	12,829,515	13,460,542	11,876,091	11,250,489	10,123,413	11,221,102	11,362,953
Recycled Water Operations	-	-	-	-	-	1,340,151	976,330	948,191	946,532	1,002,544
General and Administrative	10,185,825	8,909,361	9,005,299	9,102,775	10,675,786	10,246,633	10,561,347	14,268,344	14,263,892	16,552,478
Depreciation and Amortization	<u>15,666,722</u>	<u>17,716,565</u>	<u>22,363,524</u>	<u>19,483,896</u>	<u>19,520,795</u>	<u>19,626,434</u>	<u>19,894,657</u>	<u>19,982,645</u>	<u>20,751,084</u>	<u>21,530,659</u>
Total Operating Expenses	<u>63,894,374</u>	<u>67,369,285</u>	<u>76,574,788</u>	<u>73,826,073</u>	<u>74,624,425</u>	<u>73,707,309</u>	<u>74,996,510</u>	<u>78,114,920</u>	<u>83,254,859</u>	<u>86,221,616</u>



CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NON-OPERATING EXPENSES										
Interest Expense	\$ 7,307,509	\$ 5,000,322	\$ 8,030,063	\$ 7,687,073	\$ 7,379,384	\$ 6,561,178	\$ 3,552,038	\$ 3,624,583	\$ 3,534,683	\$ 3,205,827
Other Expenses	2,152,994	2,225,212	3,071,781	2,288,392	1,845,509	2,166,692	1,597,944	2,805,062	1,782,127	1,321,827
Total Non-Operating Expenses	9,460,503	7,225,534	11,101,844	9,975,465	9,224,893	8,727,870	5,149,982	6,429,645	5,316,810	4,527,654
Total Expenses	73,354,877	74,594,819	87,676,632	83,801,538	83,849,318	82,435,179	80,146,492	84,544,565	88,571,669	90,749,270
INCOME (LOSS) BEFORE CONTRIBUTIONS	1,240,672	(358,386)	(9,418,760)	166,844	(2,401,006)	885,356	(2,532,403)	10,490,705	9,072,372	10,476,888
CAPITAL CONTRIBUTIONS	5,176,921	7,228,291	19,165,463	9,212,426	8,446,656	13,916,712	24,350,755	17,916,793	12,828,609	18,367,180
CHANGE IN NET POSITION	<u>\$ 6,417,593</u>	<u>\$ 6,869,905</u>	<u>\$ 9,746,703</u>	<u>\$ 9,379,270</u>	<u>\$ 6,045,650</u>	<u>\$ 14,802,068</u>	<u>\$ 21,818,352</u>	<u>\$ 28,407,498</u>	<u>\$ 21,900,981</u>	<u>\$ 28,844,068</u>

Allow for rounding differences

Source: Elsinore Valley Municipal Water District

SCHEDULE OF CAPACITY FEE REVENUES

Last Ten Fiscal Years

Fiscal Year	Water Capacity Revenues						Wastewater Capacity Revenues						Percent Change
	Storage	Temescal Valley Project	Pumping Plant	Transmission Facilities	Water Supply Facilities	Adminis- tration	Canyon Lake Wastewater Capital	Regional Plant Capacity	Wastewater Capital	Southern Wastewater Capital	Recycled	Total	
2020	\$ 928,703	\$ 1,035,039	\$ 505,238	\$ 1,550,686	\$ 879,760	\$ (973)	\$ 27,132	\$ 1,281,191	\$ 1,838,067	\$ -	\$ 349,849	\$ 8,394,691	14.4 %
2019	472,046	845,622	514,352	1,090,152	673,981	21,529	117,625	576,556	2,606,595	-	416,722	7,335,180	(26.8)
2018	476,706	1,033,276	706,267	1,489,247	963,954	26,187	192,041	1,626,074	2,917,838	-	595,620	10,027,210	(31.7)
2017	723,788	1,191,779	926,864	2,146,548	1,374,392	41,426	70,775	2,692,052	4,693,149	-	821,974	14,682,747	45.9
2016	578,306	996,254	735,449	1,561,475	923,076	29,874	85,887	1,765,762	2,721,685	-	664,029	10,061,797	56.4
2015	(11,028)	581,173	512,455	1,156,193	697,766	24,181	70,095	1,416,906	1,477,388	-	508,245	6,433,374	(4.6)
2014	334,674	486,545	474,359	1,166,808	623,930	22,774	57,214	1,166,514	2,044,242	8,051	356,344	6,741,455	(26.4)
2013	375,958	488,959	575,460	1,592,705	1,001,021	30,005	18,582	1,741,462	2,877,270	143,371	319,517	9,164,310	29.8
2012	261,088	431,289	368,787	891,648	565,307	15,616	-	1,423,753	2,612,522	38,057	453,320	7,061,387	154.4
2011	103,606	151,588	147,184	368,751	237,142	7,052	93,136	522,530	843,116	134,458	167,564	2,776,127	(44.5)

Source: Elsinore Valley Municipal Water District

WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED

Last Ten Fiscal Years

Fiscal Year	Water Produced (AF)	Water Consumed (AF)	Water Unbilled (AF)	Average Percent Unbilled	Wastewater Treated (AF)	Total Direct Rate			
						Water		Sewer ⁽³⁾	
						Base Rate ⁽¹⁾	Usage Rate ⁽²⁾	Base Rate ⁽⁴⁾	Usage Rate ⁽⁴⁾
2020	22,302	20,919	1,383	6.2 %	9,142	\$ 27.65	\$ 3.08	\$ 20.29	\$ 6.93
2019	23,961	22,949	1,012	4.2	8,739	26.27	2.84	20.29	6.93
2018	23,160	22,491	669	2.9	8,331	23.77	2.78	45.87	-
2017	21,952	20,278	1,674	7.6	8,742	21.27	2.77	43.50	-
2016	20,194	19,291	903	4.5	7,818	21.08	2.75	43.50	-
2015	23,710	22,891	819	3.5	8,408	16.58	2.85	43.50	-
2014	26,055	25,375	680	2.6	8,241	15.78	2.78	43.50	-
2013	25,126	24,596	530	2.1	8,053	14.82	2.56	42.00	-
2012	23,249	23,292	(43)	(0.2)	8,224	14.35	2.56	42.00	-
2011	23,748	23,046	702	3.2	9,082	14.35	2.56	42.00	-

⁽¹⁾ Rate shown is for 3/4" meters. See Water & Sewer Rates Table for additional meter sizes and rates.

⁽²⁾ Outdoor Use Rate, per CCF (748 gallons)

⁽³⁾ Single Family Residential, 4 person household

⁽⁴⁾ Beginning FY2019 the sewer rate changed from a fixed rate structure to a mixed rate structure (fixed & variable). The variable rate is charged per person in the household.

Source: Elsinore Valley Municipal Water District

WATER AND SEWER RATES

Last Ten Fiscal Years

WATER RATES

<u>Fixed Meter Charge:</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
3/4"	\$ 14.35	\$ 14.35	\$ 14.82	\$ 15.78	\$ 16.58	\$ 21.08	\$ 21.27	\$ 23.77	\$ 26.27	\$ 27.65
1"	24.40	24.40	25.19	26.83	28.18	33.06	33.36	37.16	41.29	46.08
1-1/2"	47.36	47.36	48.91	52.09	54.70	63.01	63.58	70.63	78.85	92.17
2"	76.06	76.06	78.55	83.65	87.85	98.95	99.84	110.79	123.91	147.47
3"	143.50	143.50	148.20	157.83	165.76	212.76	214.67	237.96	266.59	294.93
4"	239.65	239.65	247.49	263.58	276.82	380.48	383.90	425.37	476.87	460.83
6"	477.86	477.86	493.51	525.59	551.98	961.51	970.16	1,074.63	1,205.35	921.67
8"	764.86	764.86	789.91	841.26	883.49	1,680.31	1,695.43	1,877.83	2,106.55	1,474.67
<u>Variable Service Charge:</u>										
User Rate (per ccf)	\$ 2.56	\$ 2.56	\$ 2.56	\$ 2.78	\$ 2.85	\$ 2.75	\$ 2.77	\$ 2.78	\$ 2.84	\$ 3.08
Power Zone (per ccf)	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.26	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.29
<u>SEWER RATES</u>										
Fixed Service Charge	\$ 42.00	\$ 42.00	\$ 42.00	\$ 43.50	\$ 43.50	\$ 43.50	\$ 43.50	\$ 45.87	\$ 20.29	\$ 20.29
Variable (per person)	-	-	-	-	-	-	-	-	6.93	6.93

Source: Elsinore Valley Municipal Water District

TEN LARGEST CUSTOMERS - ELSINORE WATER DIVISION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020 and 2011

Fiscal Year Ended June 30, 2020

Customer Name	Business Type	Annual Water Sales in Acre Feet	Annual Water Revenues	Percentage of District Water Revenues
1. LEUSD	School District	561	\$ 1,114,391	2.18 %
2. City of Lake Elsinore	Government	394	673,292	1.32
3. Farm Mutual Water Company	Water Company	313	470,094	0.92
4. Greer Ranch Community Association	Property Owners Association	231	459,430	0.90
5. Shore Pointe Association	Property Owners Association	165	414,479	0.81
6. Canyon Lake POA	Property Owners Association	183	413,527	0.81
7. City of Murrieta	Government	194	411,332	0.81
8. Tuscany Hills Landscape & Rec Corp	Property Owners Association	221	410,581	0.80
9. Rosetta Canyon Community Assoc	Property Owners Association	150	313,773	0.61
10. The Colony at California Oaks	Property Owners Association	129	237,161	0.46
Total		<u>2,541</u>	<u>\$ 4,918,060</u>	<u>9.62 %</u>

Fiscal Year Ended June 30, 2011

Customer Name	Business Type	Annual Water Sales in Acre Feet	Annual Water Revenues	Percentage of District Water Revenues
1. LEUSD	School District	863	\$ 1,493,523	3.58 %
2. City of Lake Elsinore	Government	356	611,596	1.47
3. Tuscany Hills Homeowner's Association	Property Owners Association	272	436,773	1.05
4. Greer Ranch Community Association	Property Owners Association	224	356,743	0.85
5. Canyon Lake POA	Property Owners Association	174	348,971	0.84
6. Farm Mutual Water Company	Water Company	294	337,595	0.81
7. City of Murrieta	Government	189	322,043	0.77
8. Elsinore Water District	Water Utility	491	286,695	0.69
9. The Colony at California Oaks	Property Owners Association	168	283,266	0.68
10. Rosetta Canyon Community Assoc	Property Owners Association	155	245,869	0.59
Total		<u>3,186</u>	<u>\$ 4,723,074</u>	<u>11.33 %</u>

Source: Elsinore Valley Municipal Water District

TEN LARGEST CUSTOMERS - TEMESCAL WATER DIVISION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020 and 2011

Fiscal Year Ended June 30, 2020

Customer Name	Business Type	Annual Water Sales in Acre Feet	Annual Water Revenues	Percentage of District Water Revenues
1. California Meadows HOA	Property Owners Association	24	\$ 40,212	0.08 %
2. Glen Ivy RVPOA	Property Owners Association	39	31,285	0.06
Butterfield Estates Homeowners				
3. Association	Property Owners Association	25	29,047	0.06
4. Bledsoe Construction	Business	8	8,361	0.02
5. Werner Corp	Sand & Gravel Mfg.	3	7,653	0.01
6. Glen Ivy Village Inc	Property Owners Association	8	6,887	0.01
7. Resident	Residence	3	4,364	0.01
8. Daylight Recovery Services	Business	2	4,313	0.01
9. Resident	Residence	3	3,708	0.01
10. Resident	Residence	2	3,689	0.01
Total		117	\$ 139,519	0.28 %

Fiscal Year Ended June 30, 2011

Customer Name	Business Type	Annual Water Sales in Acre Feet	Annual Water Revenues	Percentage of District Water Revenues
1. LWL Investments Group, LLC	Golf Course	709	\$ 575,708	1.38%
2. Werner Corporation	Sand & Gravel Mfg.	187	154,689	0.37
3. Cemex USA	Sand & Gravel Mfg.	161	139,282	0.33
4. Western Waste Industries	Landfill	104	87,712	0.21
5. Glen Ivy RVPOA	Property Owners Association	37	71,174	0.17
6. WSR /Butterfield	Property Owners Association	24	52,677	0.13
California Meadows Home Owners				
7. Association	Property Owners Association	16	37,195	0.09
8. Tom's Farm	Produce Retailer	26	34,578	0.08
9. Kenneth Holt	Agriculture	41	34,305	0.08
10. Corona Clay Company	Structural Clay Product Mfg.	28	26,508	0.06
Total		1,333	\$ 1,213,828	2.90%

Source: Elsinore Valley Municipal Water District

TEN LARGEST CUSTOMERS - WASTEWATER DIVISION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020 and 2011

Fiscal Year Ended June 30, 2020

Customer Name	Business Type	Annual Wastewater Revenues	Percentage of District Wastewater Revenues
1. Cottonwood Canyon Hills HOA	Property Owner Association	\$ 289,185	1.12 %
2. LEUSD	School District	249,337	0.97
3. City of Lake Elsinore	Government	241,912	0.94
4. Canyon Lake POA	Property Owners Association	226,666	0.88
5. Links at Summerly	Golf Course	153,291	0.60
6. Horsethief Canyon Ranch Maint. Corp.	Property Owners Association	110,215	0.43
7. Amanda Park Partners	Apartment Complex	99,113	0.39
8. Lake Elsinore Casino	Casino	88,639	0.34
9. Summerly Community Association	Property Owner Association	80,095	0.31
10. Gleiberman Properties	Apartment Complex	72,286	0.28
Total		\$ 1,610,739	6.26 %

Fiscal Year Ended June 30, 2011

Customer Name	Business Type	Annual Wastewater Revenues	Percentage of District Wastewater Revenues
1. LEUSD	School District	\$ 196,020	0.82 %
2. Amanda Park Partners	Apartment Complex	175,532	0.73
3. Cottonwood Canyon Hills HOA	Property Owner Association	165,106	0.69
4. Santa Rosa Apartments	Apartment Complex	126,781	0.53
5. Pardee Homes	Developer	126,133	0.53
6. Wildomar Senior Partners	Apartment Complex	90,078	0.38
7. Brookview Terrace HOA	Property Owner Association	83,442	0.35
8. Inland Valley Medical Center	Regional Hospital	74,538	0.31
9. Harbor Grand Apartments	Apartment Complex	74,269	0.31
10. River's Edge Apartment Broadstone	Apartment Complex	72,335	0.30
Total		\$ 1,184,234	4.95 %

Source: Elsinore Valley Municipal Water District

WATER RATE COMPARISON FOR 20 CCF PER MONTH

As of June 30, 2020

	\$30	\$40	\$50	\$60	\$70	\$80	\$90	\$100+
City of Escondido								198.89
City of San Diego								161.73
Rainbow Municipal Water District								154.60
Western Municipal Water District (March East)								150.65
Valley Center Municipal Water District								147.61
Western Municipal Water District (Murrieta)								112.84
Farm Mutual Water Company								106.97
Western Municipal Water District (Rainbow)							98.73	
Western Municipal Water District (Riverside)							95.59	
Elsinore Valley Municipal Water District						88.84		
Temescal Valley Water District						83.50		
Rancho California Water District (Santa Rosa Division)						82.00		
City of Riverside (Outside City Limits)					74.76			
City of Corona					70.58			
Eastern Municipal Water District				66.62				
Eastern Municipal Water District (San Jacinto)			54.22					
Rancho California Water District (Rancho Division)		49.34						
City of Riverside (Inside City Limits)		45.28						

CCF = Hundred Cubic Feet

1 CCF = 748 Gallons

20 CCF = 14,960 Gallons

20 CCF = Approximately 500 Gallons per Day

Includes power zone 2 charge

Based on Single-family Residential Customer with a 3/4 inch Meter

Source: Elsinore Valley Municipal Water District



MONTHLY WASTEWATER SERVICE CHARGE COMPARISON

As of June 30, 2020

	\$20	\$30	\$40	\$50	\$60	\$70	\$80
City of Escondido						73.25	
Western Municipal Water District (Riverside, Perris, Cajalco)						71.03	
Valley Center Municipal Water District				56.45			
Rainbow Municipal Water District				55.07			
Elsinore Valley Municipal Water District(1)			48.01				
City of San Diego			47.71				
City of Corona			45.60				
Rancho California Water District			44.00				
Western Municipal Water District (treated by EMWD)			43.38				
City of Riverside			42.96				
Western Municipal Water District (treated by RCWD)			42.58				
Lee Lake Water District		38.57					
Eastern Municipal Water District (Perris Valley)		38.10					
Eastern Municipal Water District (Temecula Valley)		33.00					
Farm Mutual Water Company		32.00					
Eastern Municipal Water District (Sun City)	29.10						
Eastern Municipal Water District (San Jacinto)	27.90						

⁽¹⁾ Does Not Include Capital Surcharge

⁽²⁾ Based on a 4 person household

Source: Elsinore Valley Municipal Water District

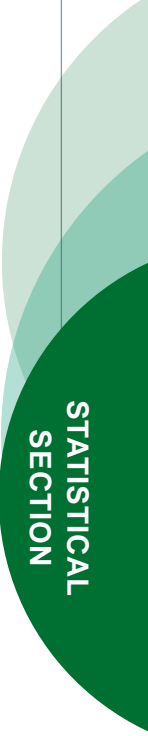
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Secured				Unsecured			
	Taxes Levied	Taxes Collected	Delinquency		Taxes Levied	Taxes Collected	Delinquency	
			Amount	Percent			Amount	Percent
2020	\$ 6,857,146	\$ 6,557,229	\$ 299,917	4.4%	\$ 339,870	\$ 275,341	\$ 64,529	19.0 %
2019	6,370,831	6,322,771	48,060	0.8	276,247	277,612	(1,365)	(0.5)
2018	6,036,883	5,932,781	104,102	1.7	264,093	260,763	3,330	1.3
2017	5,780,886	5,696,716	84,170	1.5	264,788	258,933	5,855	2.2
2016	5,537,429	5,479,710	57,719	1.0	246,421	220,435	25,986	10.5
2015	5,249,007	5,178,459	70,548	1.3	244,250	225,753	18,497	7.6
2014	4,761,376	4,539,234	222,142	4.7	245,852	229,879	15,974	6.5
2013	4,602,744	4,371,641	231,103	5.0	243,208	200,342	42,866	17.6
2012	4,534,157	4,092,269	441,888	9.7	249,330	225,215	24,115	9.7
2011	4,690,793	4,270,129	420,664	9.0	251,240	219,161	32,079	12.8

Source: County of Riverside
Elsinore Valley Municipal Water District

Note: Total taxes collected do not include prior year, supplemental, or EWD taxes collected



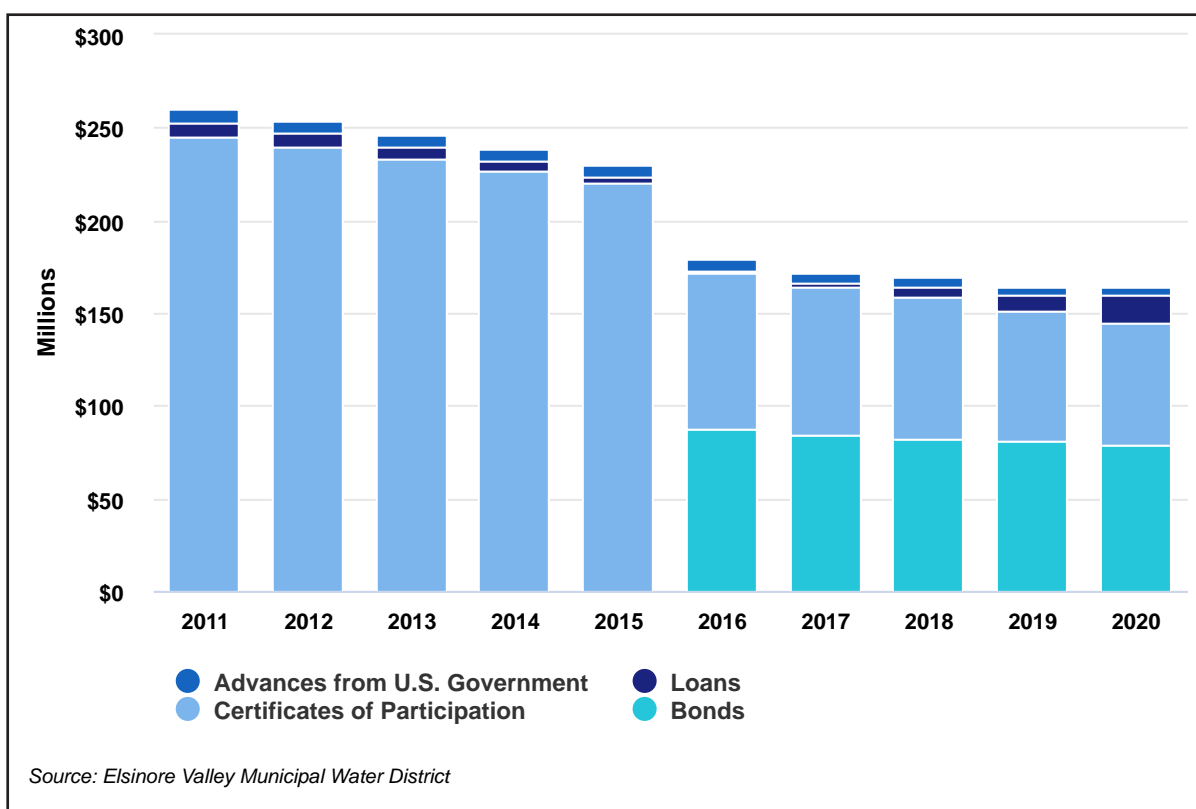
STATISTICAL SECTION

OUTSTANDING DEBT PER CUSTOMER BY TYPE

Last Ten Fiscal Years

Fiscal Year	Bonds	Certificates of Participation	Loans	Advances from U.S. Government	Total	Per Customer*
2020	\$ 78,843,587	\$ 66,134,700	\$ 15,214,744	\$ 4,251,202	\$ 164,444,233	2,012
2019	80,705,986	70,893,330	8,095,070	4,637,675	164,332,061	2,012
2018	82,513,384	75,587,336	6,192,613	5,024,148	169,317,481	2,106
2017	84,275,784	80,071,342	1,416,590	5,410,621	171,174,337	2,149
2016	87,003,183	84,350,348	1,638,183	5,797,094	178,788,808	2,296
2015	-	219,687,192	3,684,401	6,183,567	229,555,160	2,995
2014	-	226,625,290	4,884,683	6,570,040	238,080,013	3,148
2013	-	233,278,388	6,051,720	6,956,513	246,286,621	3,310
2012	-	239,422,174	7,176,670	7,342,986	253,941,830	3,478
2011	285,448	244,684,589	7,760,317	7,729,459	260,459,813	3,721

* Per customer rate relates to each water and wastewater connection. Some customers have both types of connections.



COMPUTATION OF DEBT COVERAGE RATIOS

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES:										
Water Revenues	\$39,981,819	\$41,552,294	\$45,076,540	\$48,018,729	\$44,456,826	\$46,387,145	\$44,164,018	\$49,193,038	\$48,111,048	\$51,092,053
Sewer Revenues	20,228,555	20,399,307	21,379,577	22,831,226	23,368,664	21,961,717	22,261,812	24,046,130	25,332,984	25,723,353
Recycled Water Revenues	-	-	-	-	-	939,750	1,036,047	1,146,853	1,043,280	1,353,922
Property Taxes - General Purpose	5,452,808	4,734,507	5,299,387	5,240,713	5,815,315	5,890,345	6,225,970	6,508,824	6,867,032	7,080,598
Property Taxes - Redevelopment	1,417,964	1,817,164	1,761,239	1,868,517	1,972,079	2,186,033	2,415,096	2,644,790	2,915,254	3,221,072
Property Taxes - Temescal Valley Project	742,375	707,648	495,822	504,533	451,752	433,830	492,364	482,155	508,160	526,009
Standby Charges	"	788,119	884,932	964,603	913,699	680,793	595,492	617,948	636,398	758,323
Capacity Fees	2,776,126	7,061,387	9,164,310	6,741,455	6,433,375	10,061,797	14,682,746	10,027,211	7,335,180	8,394,691
Investment Income	2,775,959	2,005,609	563,761	1,626,111	1,610,326	2,453,021	126,852	934,561	8,106,997	8,317,596
Grants	2,295,041	-	7,000	112,299	286,910	817,868	6,906,333	3,090,355	25,315	5,364,290
Lease Income	1,241,053	1,326,196	1,417,622	1,455,795	1,445,901	1,453,542	1,520,603	1,433,523	1,385,928	1,530,985
Return of Principal	52,673	52,674	54,614	56,619	58,685	-	-	-	-	-
Transfer From (To) Rate										
Stabilization Fund	718,286	2,191,658	1,181,240	(3,306,178)	906,149	(42,352) ⁽²⁾	4,333,915 ⁽²⁾	(10,812,292) ⁽⁴⁾	4,256,563	(83,018)
Other	1,476,569	989,562	1,465,076	1,526,852	1,417,250	1,019,731	(1,156,661)	8,096,263	2,709,678	1,569,525
Total Gross Revenues	80,027,098	83,626,125	88,751,120	87,641,274	89,136,931	94,243,220	103,604,587	97,409,359	109,233,817	114,849,399
MAINTENANCE AND OPERATION COSTS:										
Water Purchases	12,776,304	15,401,145	18,352,085	17,892,769	16,306,497	15,452,140	16,266,623	18,036,267	20,646,287	18,427,794
Water Operations	14,323,357	13,667,701	14,559,163	14,517,118	14,660,805	15,165,860	16,047,064	14,756,060	15,425,962	17,345,188
Sewer Operations	10,942,166	11,674,513	12,294,717	12,829,515	13,460,542	11,876,091	11,250,489	10,123,413	11,221,102	11,362,953
Recycled Water Operations	-	-	-	-	-	1,340,151	976,330	948,191	946,532	1,002,544
General and Administrative	10,185,825	8,909,361	9,005,299	9,102,775	10,675,786	10,246,633	10,561,347	14,268,344	14,263,892	16,552,478
Maintenance & Operation Obligations	2,386,944	386,473	386,473	386,473	386,473	386,473	386,473	386,473	386,473	386,473
Other	1,883,655	1,940,572	2,900,086	2,341,024	1,904,771	2,136,442	1,536,746	2,733,523	1,754,127	1,263,975
Total Maintenance and Operations Costs	52,498,251	51,979,765	57,497,823	57,069,674	57,394,874	56,603,790	57,025,072	61,252,271	64,644,375	66,341,405
Net Revenue	27,528,847	31,646,360	31,253,297	30,571,600	31,742,057	37,639,430	46,579,515	36,157,088	44,589,442	48,507,994

COMPUTATION OF DEBT COVERAGE RATIOS (Continued)

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OBLIGATIONS EXPENDITURES:										
Principal	\$5,993,548	\$5,829,797	\$7,353,365	\$7,727,405	\$8,038,324	\$7,768,644	⁽³⁾ \$6,261,316	\$7,400,717	\$7,966,348	\$8,759,998
Interest	8,771,546	8,287,228	8,030,063	7,687,073	7,379,384	6,561,178	3,552,038	3,624,583	3,534,683	3,205,827
Total Obligation Expenditures	14,765,094	14,117,025	15,383,428	15,414,478	15,417,708	14,329,822	9,813,354	11,025,300	11,501,031	11,965,825
NET REVENUE AFTER OBLIGATION EXPENDITURES	<u>12,763,753</u>	<u>17,529,335</u>	<u>15,869,869</u>	<u>15,157,122</u>	<u>16,324,349</u>	<u>23,309,608</u>	<u>36,766,161</u>	<u>25,131,788</u>	<u>31,653,396</u>	<u>36,542,169</u>
DEBT SERVICE COVERAGE RATIO	<u>186%</u>	<u>224%</u>	<u>203%</u>	<u>198%</u>	<u>206%</u>	<u>263%</u>	<u>475%</u>	<u>328%</u>	<u>345%</u>	<u>405%</u>
ALTERNATIVE DEBT SERVICE COVERAGE RATIO (1)	<u>152%</u>	<u>174%</u>	<u>144%</u>	<u>154%</u>	<u>162%</u>	<u>187%</u>	<u>255%</u>	<u>209%</u>	<u>288%</u>	<u>290%</u>

Allow for rounding differences

⁽¹⁾ Excludes capacity fees, and grants

⁽²⁾ Includes transfers from (to) drought, turf replacement, and excess power surcharge reserves

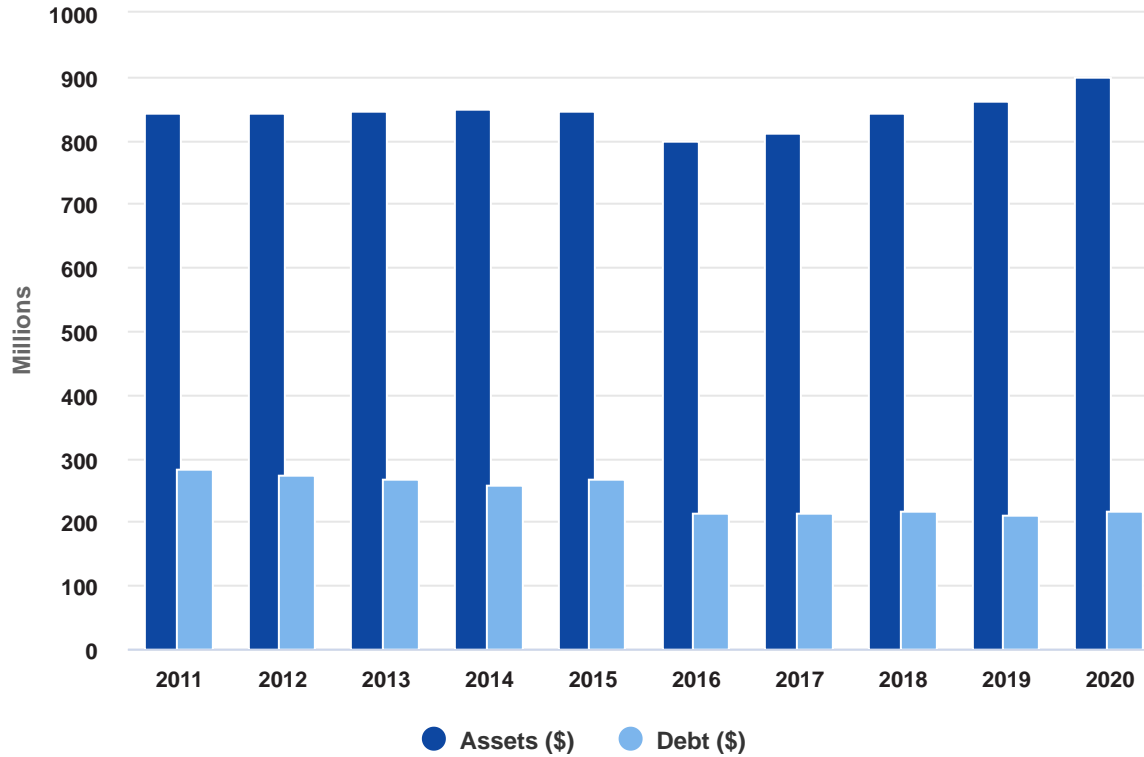
⁽³⁾ Excludes early prepayment on loans and COPs

⁽⁴⁾ FY 2018 Transfers from (to) Rate stabilization was updated to include the net transfers (in)/from the Sta Rosa (RCWD) Capital

Source: Elsinore Valley Municipal Water District

TOTAL DEBT TO ASSETS RATIO

Last Ten Fiscal Years



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assets (\$)	\$ 843	\$ 842	\$ 846	\$ 848	\$ 846	\$ 797	\$ 813	\$ 844	\$ 862	\$ 900
Debt (\$)	\$ 285	\$ 272	\$ 266	\$ 259	\$ 268	\$ 215	\$ 213	\$ 217	\$ 210	\$ 218
Debt as % of Assets	33.8%	32.3%	31.4%	30.5%	31.7%	27.0%	26.2%	25.7%	24.4%	24.2%

⁽¹⁾ FY 2013 figures updated to reflect prior period adjustment to expense bond issuance costs in accordance with GASB 65.

Source: Elsinore Valley Municipal Water District



STATISTICAL SECTION

POPULATION WITHIN DISTRICT BOUNDARIES

Last Ten Calendar Years

Year	City of Lake Elsinore	% of Growth	City of Canyon Lake	% of Growth	City of Murrieta ⁽¹⁾	% of Growth	City of Wildomar ⁽²⁾	% of Growth	Unincorporated Riverside County ⁽¹⁾	% of Growth	Total Population	% of Growth
2020	63,453	0.8 %	11,000	(2.5)%	19,510	(0.1)%	37,183	3.1 %	26,508	(1.3)%	157,654	0.6%
2019	62,949	(0.7)	11,285	2.4	19,529	(0.1)	36,066	(0.6)	26,863	5.2	156,692	0.6
2018	63,365	2.1	11,018	1.2	19,546	0.0	36,287	1.4	25,527	1.3	155,743	1.5
2017	62,092	1.8	10,891	2.0	19,543	0.1	35,782	1.7	25,199	3.1	153,507	1.8
2016	61,006	4.4	10,681	(2.0)	19,529	0.1	35,168	3.0	24,452	(6.2)	150,836	1.2
2015	58,426	3.0	10,901	0.7	19,512	0.8	34,148	1.3	26,072	8.9	149,059	3.1
2014	56,718	2.3	10,826	0.5	19,351	0.4	33,718	1.6	23,938	4.4	144,551	2.1
2013	55,430	4.5	10,768	0.7	19,269	0.9	33,174	1.4	22,919	31.8 (3)	141,560	6.5
2012	53,024	1.0	10,689	0.4	19,091	1.4	32,719	0.5	17,391	(0.1)	132,914	0.7
2011	52,503	3.0	10,647	(5.1)	18,827	1.1	32,543	1.7	17,407	(5.2)	131,927	0.6

⁽¹⁾ Projected population within District boundary. Data restated from 2009 forward to account for the number of multi-family residential units.

⁽²⁾ City of Wildomar incorporated in 2008

⁽³⁾ Projection methods were revised from 2013 forward to account for service accounts with multiple units, i.e. multi-family

Sources: - State of California Department of Finance - Cities of Lake Elsinore, Canyon Lake, Murrieta, Wildomar, and Unincorporated Riverside County
 - www.cityofwildomar.org
 - Elsinore Valley Municipal Water District

ECONOMIC STATISTICS

Last Ten Calendar Years

Year	Personal Income (1)	Per Capita Personal Income (2)	Riverside County Unemployment Rate (3)
2020	\$ 7,991,418	\$ 50,690	15.1%
2019	7,691,697	49,088	3.5
2018	7,372,998	47,341	3.7
2017	7,552,804	46,821	5.5
2016	7,132,651	45,219	6.3
2015	6,886,537	44,200	6.8
2014	6,793,790	44,158	8.2
2013	6,692,931	44,138	10.3
2012	6,632,502	44,506	12.2
2011	6,426,619	43,447	13.5

⁽¹⁾ Projected Personal Income within District boundary - in thousands

⁽²⁾ Occupation Employment Statistics (OES) for Riverside and San Bernardino Counties for the 1st Quarter of 2019

⁽³⁾ Bureau of Labor Statistics, Department of Labor

Sources: Employment Development Department, State of California, and Elsinore Valley Municipal Water District

TEN LARGEST PRINCIPAL EMPLOYERS IN RIVERSIDE COUNTY

FISCAL YEAR ENDED JUNE 30, 2020 and 2011

Employer	2011 ⁽¹⁾			2020 ⁽²⁾		
	Rank	Employees	% of Total Labor Force	Rank	Employees	% of Total Labor Force
County of Riverside	1	18,000	1.9%	1	21,672	2.0%
Amazon				2	10,500	1.0
University of California, Riverside	4	4,907	0.5	3	9,770	0.9
March Air Reserve Base	2	8,525	0.9	4	9,600	0.9
Stater Bros. Markets	3	6,902	0.7	5	8,304	0.8
Kaiser Permanente Riverside Medical Center	8	3,500	0.4	6	5,700	0.5
Pechanga Resort & Casino	6	4,000	0.4	7	5,078	0.5
Walmart				8	4,931	0.4
Corona-Norco Unified School District	5	4,400	0.5	9	4,903	0.4
Ross Dress for Less				10	4,321	0.4
Riverside Unified School District	7	3,900	0.4			
Riverside Community College	9	3,141	0.3			
Abbot Vascular (Formerly Guidant Corporation)	10	3,000	0.3			
Total		60,275	4.4%		84,779	5.8%

Sources:

⁽¹⁾ County of Riverside - Note: Only the top ten employers that provided data to the Business Press annual census are listed.

⁽²⁾ County Economic Redevelopment Agency

MISCELLANEOUS STATISTICS - ELSINORE WATER DIVISION

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>WATER PRODUCTION SOURCES (AF)</u>										
Wells (Ground Storage)	1,715	2,973	3,437	5,521	6,440	4,384	3,861	2,747	2,593	4,670
Back Basin Water Treatment Plant	1,201	661	1,851	2,931	2,060	1,803	413	-	1,086	425
Canyon Lake Water Treatment Plant	3,659	2,252	27	948	2,510	435	2,460	1,215	922	1,503
MWD (Purchased Water) (1)	17,173	17,929	19,800	16,821	12,699	13,572	15,218	19,198	16,991	15,703
TOTAL WATER PRODUCTION	23,748	23,815	25,115	26,221	23,709	20,194	21,952	23,160	21,592	22,301
WATER SALES & USES (AF)	23,046	23,292	24,596	25,434	22,891	19,291	20,278	22,500	20,574	20,919
% OF UNACCOUNTABLE WATER	3.0%	2.2%	2.1%	3.0%	3.5%	4.5%	7.6%	2.8%	4.7%	6.2%
CANYON LAKE WATER PURCHASES (AF)	1,841	-	-	-	-	-	-	-	1,800	-
RECYCLED WATER SALES (AF)	484	669	531	595	747	690	864	872	918	1,193
CONJUNCTIVE USE PROGRAM (AF)	(2,571)	(3,038)	(2,285)	1,990	5,051	1,068	-	(4,370)	(417)	(1,025)
PEAK DAILY PRODUCTION (MG)	29.7	45.3	45.7	38.1	41.2	29.4	56.3	47.0	46.8	52.4
AVERAGE DAILY PRODUCTION (MG)	21.20	20.70	22.40	23.00	20.80	17.70	19.20	20.30	18.90	19.20
TOTAL DAILY PRODUCTION CAPACITY (MG)	60.20	60.20	60.20	61.70	63.60	63.60	63.60	63.60	63.60	60.10
STORAGE CAPACITY (MG)	89.20	91.90	91.90	91.90	89.60	90.10	90.10	90.10	90.10	90.10
UNTREATED OPEN RESERVOIR CAPACITY (MG)	1,531	1,531	1,531	1,531	1,531	1,531	1,531	1,531	1,531	1,531
NUMBER OF STORAGE FACILITIES	68	75	75	74	69	70	70	70	70	70
MILES OF PIPE IN SERVICE	665	697	697	700	703	703	725	731	735	730
ACTIVE BOOSTER STATIONS	48	54	54	52	50	51	54	53	53	53
ACTIVE WATER PRODUCTION WELLS	10	10	10	10	10	10	10	10	12	12
WATER METERS	38,510	40,527	41,250	41,858	42,393	42,957	43,858	44,558	44,892	45,100
RECYCLED WATER METERS	68	73	78	83	83	114	116	115	115	140
POPULATION SERVED (2)	129,122	130,423	139,332	142,300	146,752	148,533	151,203	153,453	154,402	155,331
ACREAGE SERVED	61,948	61,948	61,948	61,948	61,948	61,948	61,948	61,948	61,948	61,948
TOTAL AUTHORIZED DISTRICT EMPLOYEES	169	167	168	163	164	164	164	169	169	171

⁽¹⁾ Does not include purchases for Canyon Lake

⁽²⁾ Data restated from 2009 forward to account for a revised estimate calculation

AF = Acre Feet

MG = Million Gallons

Source: Elsinore Valley Municipal Water District

MISCELLANEOUS STATISTICS - TEMESCAL WATER DIVISION

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016 ⁽³⁾	2017	2018	2019	2020
WATER PRODUCTION SOURCES (AF)										
Wells (Ground Storage)	1,056	1,085	2,159	2,757	1,956	306	548	500	214	1,352
Lee Lake (Surface Water)	298	704	-	-	-	-	-	-	-	-
Other	342	-	-	-	-	-	-	-	-	-
Imported - MWD	-	-	-	-	-	46	12	71	350	-
TOTAL WATER PRODUCTION (AF)	1,696	1,789	2,159	2,757	1,956	352	560	571	564	1,352
PALM AVENUE PRODUCTION (AF)	-	8	-	-	708	1	521	958	883	363
WATER SALES & USES (AF)	1,695	1,551	1,785	2,158	1,936	327	541	542	515	1,401
% of UNACCOUNTABLE WATER (1)	0.0%	13.3%	17.3%	21.7%	1.0%	7.1%	3.4%	5.1%	8.7%	-3.6%
PEAK DAILY PRODUCTION(MG) (2)	8.1	13.4	6.9	3.9	7.4	4.6	14.4	4.7	7.5	4.9
AVERAGE DAILY PRODUCTION (MG)	1.9	1.4	1.2	1.9	2.3	0.3	1.0	0.5	1.1	1.2
TOTAL DAILY PRODUCTION CAPACITY (MGD)	7.4	7.4	7.4	8.6	2.2	2.2	2.2	2.2	2.0	2.2
STORAGE CAPACITY (MG)	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
UNTREATED OPEN RESERVOIR CAPACITY (MG)	246.0	246.0	246.0	246.0	246.0	246.0	246.0	246.0	246.0	246.0
NUMBER OF STORAGE FACILITIES	3	3	3	3	3	3	2	2	2	2
MILES OF PIPE IN SERVICE	65	65	65	66	50	50	12	12	12	12
ACTIVE BOOSTER STATIONS	3	3	2	4	3	3	2	2	2	2
ACTIVE WATER PRODUCTION WELLS	13	13	13	13	11	11	2	2	2	2
ACTIVE WATER BASINS	6	6	6	6	6	6	6	6	6	6
WATER METERS	771	760	753	751	751	722	760	770	770	770
POPULATION SERVED	2,805	2,492	2,228	2,251	2,307	2,303	2,303	2,290	2,290	2,323
NON POTABLE ACREAGE SERVED	1,088	1,088	1,088	1,088	1,088	-	-	-	-	-

(1) Does not include Palm Ave.

(2) Increased peak daily production amounts are due to Palm Ave. production. This water is transferred to WMWD.

(3) Reduced production result of Agricultural portion of the Temescal Water Division being sold off in March 2015

AF = Acre Feet

MG = Million Gallons

Source: Elsinore Valley Municipal Water District

MISCELLANEOUS STATISTICS - WASTEWATER DIVISIONS

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Wastewater Services</u>										
Regional	20,671	21,133	21,891	22,387	22,899	23,548	24,344	24,907	25,146	25,442
Railroad Canyon ⁽¹⁾	4,490	4,493	4,496	4,513	4,520	4,528	4,537	4,553	4,561	4,568
Southern ⁽²⁾	4,574	4,575	4,577	4,577	4,577	4,577	4,577	4,577	4,577	4,577
Horsethief Canyon	2,054	2,054	2,054	2,054	2,054	2,055	2,052	2,052	2,052	2,051
Total	31,789	32,255	33,018	33,531	34,050	34,708	35,510	36,089	36,336	36,638
<u>Equivalent Dwelling Units</u>										
Regional	29,021	29,626	30,577	31,067	31,586	32,241	33,325	34,607	35,025	35,345
Railroad Canyon ⁽¹⁾	4,898	4,894	4,897	4,913	4,920	4,928	4,937	4,953	4,961	4,968
Southern ⁽²⁾	5,064	5,069	5,086	5,086	5,086	5,086	5,078	5,079	5,079	5,079
Horsethief Canyon	2,097	2,097	2,097	2,097	2,097	2,098	2,052	2,052	2,052	2,051
Total	41,080	41,686	42,657	43,163	43,689	44,353	45,392	46,691	47,117	47,443
<u>Treatment Plant Capacity (MGD) (3)</u>										
Regional	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Railroad Canyon	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Horsethief Canyon	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
<u>Average Daily Flows (MG)</u>										
Regional	6.064	5.454	5.270	5.443	5.757	5.278	6.023	5.641	5.950	6.167
Railroad Canyon	0.800	0.698	0.702	0.754	0.641	0.569	0.705	0.696	0.696	0.651
Southern ⁽²⁾	0.868	0.820	0.849	0.803	0.754	0.795	0.734	0.768	0.824	0.879
Horsethief Canyon	0.376	0.370	0.368	0.357	0.354	0.337	0.342	0.333	0.331	0.386
Total	8.108	7.342	7.189	7.357	7.506	6.979	7.804	7.438	7.745	8.083

MG = Million Gallons

Services = Customer accounts with wastewater service

⁽¹⁾ Approximately 10% of Canyon Lake Sewer accounts are located in Eastern Municipal Water District

⁽²⁾ Treatment for Southern Wastewater Division is facilitated through Santa Rosa Regional Resources Authority

⁽³⁾ All Treatment is Tertiary

Source: Elsinore Valley Municipal Water District



MISCELLANEOUS STATISTICS - WASTEWATER DIVISIONS (Continued)

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Design Peak Hourly Flows (MG)</u>										
Regional	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60	17.60
Railroad Canyon	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Horsethief Canyon	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total	21.70	21.70	21.70	21.70	21.70	21.70	21.70	21.70	21.70	21.70
<u>Average Daily Peak (MG)</u>										
Regional	7.100	6.263	5.959	6.427	6.427	5.880	7.048	6.478	6.863	7.067
Railroad Canyon	1.180	1.037	0.950	0.875	0.875	0.720	0.842	0.841	0.804	0.793
Horsethief Canyon	0.520	0.475	0.459	0.449	0.449	0.440	0.463	0.412	0.428	0.506
Total	8.800	7.775	7.368	7.751	7.751	7.040	8.353	7.731	8.095	8.366
<u>% of Capacity Used</u>										
Regional	75.8	68.2	65.9	68.0	72.0	66.0	75.3	70.5	74.4	77.1
Railroad Canyon	66.7	58.2	58.5	62.8	53.4	47.4	58.8	58.0	58.0	54.2
Horsethief Canyon	75.1	74.0	73.6	71.4	70.8	67.3	68.4	66.6	66.2	77.2
<u>Miles of Pipe in Service</u>										
Regional	282.6	291.8	291.8	296.8	296.8	300.0	313.3	305.4	306.8	308.2
Railroad Canyon	52.5	48.9	48.9	48.9	48.9	48.9	49.2	46.2	46.2	46.3
Horsethief Canyon	19.0	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.2
Total	354.1	359.4	359.4	364.4	364.4	367.6	381.2	370.3	371.7	372.7
<u>Number of Lift Stations</u>										
Regional	26	26	28	28	28	28	29	29	29	29
Railroad Canyon	6	6	6	6	6	6	6	6	6	6
Horsethief Canyon	2	2	2	2	2	2	2	2	2	2
Total	34	34	36	36	36	36	37	37	37	37
<u>Recycled Water Production (MG)</u>										
Regional	2,298.0	2,118.6	2,044.4	1,986.6	2,101.3	1,926.6	2,198.3	2,059.0	2,171.7	2,257
Railroad Canyon	271.3	277.6	262.8	275.1	234.1	207.8	257.4	254.0	254.0	238.2
Horsethief Canyon	145.4	136.2	133.1	130.2	129.3	122.9	124.9	121.5	121.2	141.4
Total	2,714.7	2,532.4	2,440.3	2,391.9	2,464.7	2,257.3	2,580.6	2,434.5	2,546.9	2,636.8

Source: Elsinore Valley Municipal Water District

NUMBER OF AUTHORIZED EMPLOYEES BY IDENTIFIABLE ACTIVITY

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Water:</u>										
Administration	6.5	7.5	7.5	6.0	6.0	6.0	6.0	3.0	3.0	3.0
Water Resources Administration	-	-	-	1.0	2.0	2.0	2.0	1.0	1.0	1.0
Water Resources Planning	-	-	-	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Water Quality	11.0	9.0	8.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Water Systems	-	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Electrical Maintenance	6.0	6.0	6.0	6.0	-	-	-	-	-	-
Field Services	-	8.0	8.0	11.0	11.0	11.0	11.0	8.0	8.0	8.0
Preventive Maintenance	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Construction	11.0	9.0	9.0	9.0	9.0	9.0	9.0	11.0	11.0	11.0
Mechanical Maintenance	7.0	9.0	9.0	9.0	11.0	11.0	11.0	12.0	12.0	12.0
Facilities Maintenance	9.0	8.0	8.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Water Production	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Water Treatment	4.0	-	-	-	-	-	-	-	-	-
<u>Wastewater:</u>										
Administration	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Wastewater Systems	-	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Industrial Waste/Pretreatment	3.0	-	-	-	-	-	-	-	-	-
Wastewater Collections	11.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0
Wastewater Treatment	13.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
<u>Engineering:</u>										
Administration	3.0	4.0	5.0	4.0	4.0	4.0	4.0	3.0	8.0	8.0
Strategic Programs	-	-	-	6.0	2.0	2.0	2.0	2.0	2.0	2.0
Capital Design/Construction & Development Services	10.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	8.0

Source: Elsinore Valley Municipal Water District

NUMBER OF AUTHORIZED EMPLOYEES BY IDENTIFIABLE ACTIVITY (Continued)

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>General and Administrative:</u>										
Administration	6.0	6.0	6.0	6.0	6.0	6.0	6.0	11.0	5.0	5.0
Legislative & Community Affairs	3.0	3.0	3.0	3.0	5.0	5.0	5.0	-	-	-
Government Relations	-	-	-	-	-	-	-	1.0	1.0	1.0
Human Resources/Safety	4.0	4.0	4.0	3.0	4.0	4.0	4.0	5.0	5.0	5.0
<u>Business Services</u>										
Administration	-	-	-	3.0	1.0	1.0	1.0	2.0	3.0	3.0
Finance & Accounting	12.0	13.0	13.0	11.0	11.0	11.0	11.0	13.0	13.0	13.0
Customer Service	11.0	13.0	13.0	14.0	14.0	14.0	14.0	-	-	-
Community Relations	-	-	-	-	-	-	-	18.0	18.0	18.0
Meter	8.0	6.0	6.0	-	-	-	-	-	-	-
Purchasing/Warehousing	4.0	4.0	4.0	-	4.0	4.0	4.0	4.0	4.0	4.0
Information Technology	5.0	5.0	6.0	6.0	9.0	9.0	9.0	10.0	10.0	10.0
Total	168.5	166.5	167.5	163.0	164.0	164.0	164.0	169.0	169.0	171.0

Source: Elsinore Valley Municipal Water District

WATER AND WASTEWATER PREMISES⁽¹⁾

Last Ten Fiscal Years

Year	Water			Wastewater				% of Wastewater vs. Water	
	Elsinore	Temescal	Total Water	Regional	Railroad Canyon	Southern	Horsethief Canyon		Total Wastewater
2020	44,108	718	44,826	25,325	4,156	4,575	2,051	36,107	80.5 %
2019	43,853	712	44,565	25,068	4,149	4,575	2,052	35,844	80.4
2018	43,591	712	44,303	24,837	4,136	4,575	2,052	35,600	80.4
2017	42,885	713	43,598	24,166	4,120	4,575	2,052	34,913	80.1
2016	41,917	714	42,631	23,348	4,114	4,575	2,055	34,092	80.0
2015	41,344	755	42,099	22,797	4,102	4,575	2,054	33,528	79.6
2014	40,816	755	41,571	22,289	4,095	4,575	2,054	33,013	79.4
2013	40,218	755	40,973	21,699	4,086	4,573	2,054	32,412	79.1
2012	39,522	755	40,277	21,009	4,085	4,573	2,054	31,721	78.8
2011	37,516	754	38,270	19,996	4,084	4,573	2,054	30,707	80.2

⁽¹⁾ Premise = A distinct property to which the District provides water and/or wastewater service.

Source: Elsinore Valley Municipal Water District



ACTIVE METERS ⁽¹⁾ BY METER SIZE - ENTIRE DISTRICT

Last Ten Fiscal Years

Meter Size	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
3/4"	36,514	38,262	38,968	39,560	40,080	40,650	41,292	42,041	42,293	42,527
1"	1,486	1,707	1,711	1,719	1,727	1,763	2,015	2,035	2,069	2,079
1-1/2"	360	375	376	384	390	399	410	409	426	424
2"	790	814	817	815	816	832	854	837	860	842
3"	49	48	48	48	48	55	58	50	59	51
4"	56	57	57	57	57	73	78	60	78	60
6"	16	14	14	14	14	11	16	15	17	16
8"	8	8	10	10	10	6	9	9	9	9
Other	2	2	2	2	2	2	2	2	2	2
Totals	39,281	41,287	42,003	42,609	43,144	43,791	44,734	45,458	45,813	46,010
Increase (Decrease)	220	2,006 ⁽²⁾	716	606	535	647	943	724	355	197
% Change	0.6	5.1	1.7	1.4	1.3	1.5	2.2	1.6	0.8	0.4

Source: Elsinore Valley Municipal Water District

⁽¹⁾ - Includes Potable, Non-Potable and Recycled Water Meters

⁽²⁾ - Includes addition of approximately 1,600 Elsinore Water District customers

SCHEDULE OF IMPORTED WATER COSTS (PER ACRE FOOT)

Last Ten Fiscal Years

Calendar Year	MWD Untreated Rate-Tier 1 ⁽¹⁾	MWD Untreated Rate-Tier 2 ⁽¹⁾	WMWD Admin Surcharge	Total Imported Water Costs Untreated-Tier 1	MWD Treated Surcharge	Total Imported Water Costs Treated-Tier 1	WMWD Pipeline Surcharge ⁽²⁾	EMWD Surcharge ⁽²⁾	% of Rate Increase
2020	755.00	842.00	22.68	777.68	323.00	1,100.68	15.33	11.00	2.7%
2019	731.00	817.00	22.02	753.02	319.00	1,072.02	14.88	11.00	3.4
2018	695.00	781.00	21.38	716.38	320.00	1,036.38	14.45	11.00	3.7
2017	666.00	760.00	20.76	686.76	313.00	999.76	13.76	11.00	3.9
2016	594.00	728.00	20.16	614.16	348.00	962.16	13.10	11.00	2.1
2015	582.00	714.00	19.57	601.57	341.00	942.57	12.72	11.00	3.7
2014	593.00	735.00	19.00	612.00	297.00	909.00	12.35	11.00	5.0
2013	593.00	743.00	18.45	611.45	254.00	865.45	12.00	11.00	6.5
2012	560.00	686.00	18.45	578.45	234.00	812.45	3.50	11.00	7.4
2011	527.00	652.00	12.30	539.30	217.00	756.30	3.50	11.00	6.4

⁽¹⁾ In January 2003, MWD implemented a new two-tiered commodity rate structure

⁽²⁾ The District pays either the WMWD Pipeline Surcharge (\$15.33) or the EMWD (\$11.00) surcharge depending upon which connection is used to import water in addition to the total imported water cost-tier 1

MWD = Metropolitan Water District of Southern California

EMWD = Eastern Municipal Water District

WMWD = Western Municipal Water District

Source: Elsinore Valley Municipal Water District

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DATA SECTION



DISTRICT EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Annual Covered Payroll	10,977,158	10,755,416	11,336,235	11,676,322	12,307,222	12,648,098	12,560,469	12,085,954	12,560,391	13,233,158 ⁽³⁾
Employer contributions	1,712,033	1,927,567	2,099,215	2,232,962	2,500,495	2,656,957	2,742,846	2,907,458	3,299,273	3,737,822 ⁽³⁾
Employer contribution rate	15.911%	18.690%	18.460%	19.124%	20.323%	21.019%	21.871%	24.057%	26.267%	28.246%
Employer paid										
employee contributions	289,227	361,987	36,519	10,253	10,465	10,320	10,420	9,875	10,320	10,947
Employer paid										
employee contributions										
rate	2.6%	3.4%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Total PERS contribution	2,001,260	2,289,554	2,135,734	2,243,215	2,510,960	2,667,277	2,753,266	2,917,333	3,309,593	3,748,769
Total contributions										
expressed as a										
percentage										
of annual covered										
payroll	18.2%	21.3%	18.8%	19.2%	20.4%	21.1%	21.9%	24.1%	26.3%	28.3%
Funded Ratio	80.9%	80.3%	72.7%	83.4%	80.4%	77.7%	81.4%	78.1%	79.8%	(1)
Actuarial Value of Assets	44,147,436	48,400,143	48,081,812	57,572,891 ⁽²⁾	59,780,252 ⁽²⁾	60,676,954 ⁽²⁾	67,736,143 ⁽²⁾	73,332,813 ⁽²⁾	78,321,358 ⁽²⁾	(1)
Actuarial Accrued Liability										
Entry Age	54,553,706	60,276,523	66,098,457	69,051,295 ⁽⁴⁾	74,365,247 ⁽⁴⁾	78,079,621 ⁽⁴⁾	83,206,291 ⁽⁴⁾	93,839,849 ⁽⁴⁾	98,169,288 ⁽⁴⁾	(1)
Unfunded actuarial accrued										
liability	10,406,270	11,876,380	18,016,645	16,792,356	18,299,369	22,529,337	26,103,706	24,836,475	27,124,893	(1)
Unfunded actuarial accrued										
liability as a percent of										
payroll	94.8%	110.4%	158.9%	143.8%	148.7%	178.1%	207.80%	205.50%	215.96%	(1)
Normal cost	11.217%	11.502%	11.559%	12.056%	12.023%	12.417%	12.297%	12.126%	12.203%	12.513%

⁽¹⁾ Information not available

⁽²⁾ Beginning in FY2014, information from CalPer's GASB 68 Accounting Valuation Report, RSI, measurement date of June 30, 2019

⁽³⁾ Information from District Financial Report, as of June 30, 2020

⁽⁴⁾ Beginning in FY2014, information from CalPer's GASB 68 Accounting Valuation Report, RSI, measurement date of June 30, 2019

Source: Elsinore Valley Municipal Water District and California Public Employees' Retirement System (CalPERS)

ASSESSED VALUATION OF TAXABLE PROPERTY WITHIN THE DISTRICT

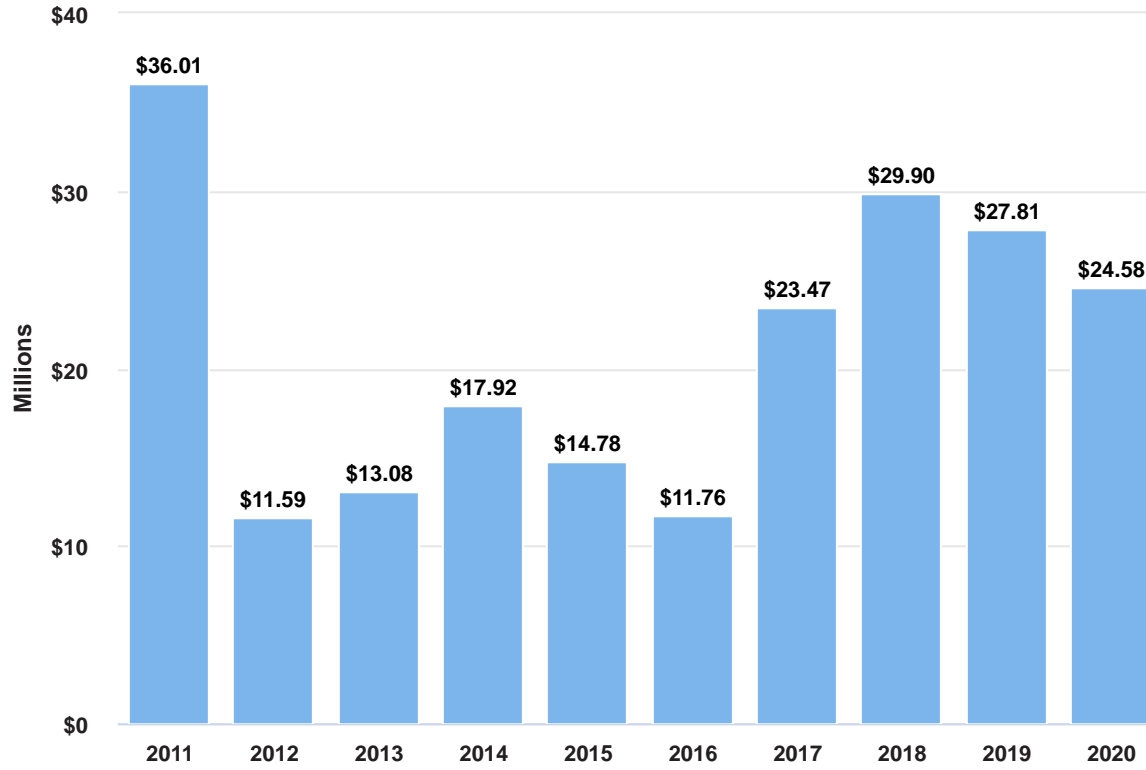
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total	Percent Change
2020	\$ 15,626,610,388	\$ 131,732,321	15,758,342,709	4.5%
2019	14,944,680,499	134,066,120	15,078,746,619	7.2
2018	13,929,748,871	135,323,188	14,065,072,059	5.5
2017	13,198,752,201	135,011,969	13,333,764,170	6.4
2016	12,394,604,722	134,577,017	12,529,181,739	6.6
2015	11,620,114,190	133,947,841	11,754,062,031	11.2
2014	10,437,685,697	135,314,622	10,573,000,319	3.9
2013	10,039,498,908	138,576,094	10,178,075,002	(1.4)
2012	10,182,807,916	141,507,428	10,324,315,344	1.0
2011	10,075,507,324	143,893,216	10,219,400,540	(4.9)

Source: County of Riverside

CAPITAL EXPENDITURES

Last Ten Fiscal Years





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**INDEPENDENT ACCOUNTANT’S REPORT ON
 AGREED-UPON PROCEDURES APPLIED TO
 APPROPRIATIONS LIMIT WORKSHEETS**

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Board of Directors
 Elsinore Valley Municipal Water District
 Lake Elsinore, California

MANAGERS / STAFF

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 Jingjie Wu, CPA
 Evelyn Morentin-Barcena, CPA
 Veronica Hernandez, CPA
 Tara R. Thorp, CPA, MSA
 Laura Arvizu, CPA
 Louis Fernandez, CPA
 Abigail Hernandez Conde, CPA, MSA
 Zoe Xinlu Zhang, CPA, MSA

We have performed the procedures enumerated below to the accompanying Appropriations Limit worksheet of the Elsinore Valley Municipal Water District (the District), for the year ended June 30, 2020. These procedures, which were agreed to by the Elsinore Valley Municipal Water District and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The District’s management is responsible for the Appropriations Limit worksheet. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

MEMBERS

American Institute of
 Certified Public Accountants

*PCPS The AICPA Alliance
 for CPA Firms*

*Governmental Audit
 Quality Center*

*Employee Benefit Plan
 Audit Quality Center*

California Society of
 Certified Public Accountants

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the District Board. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. We added last year’s limit to total adjustments and agreed the resulting amount to this year’s limit.

Finding: No exceptions were noted as a result of our procedures.



3. We agreed the current year information presented to the documents referenced in #1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII-B of the California Constitution*.

This report is intended solely for the information and use of the Board of Directors and management of the Elsinore Valley Municipal Water District and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 19, 2020

Elsinore Valley Municipal Water District
 Appropriations Limit Calculation
 June 30, 2020

	<u>2019-2020</u>
Per Capita Personal Income Change	3.85%
Population Change:	
County Population Growth	1.17%
CPI Change Converted to a Ratio	1.0385
Population Change Converted to a Ratio	1.0117
Calculation of Growth Factor	1.0507
2018-2019 Appropriations Limit	<u>\$ 14,068,770</u>
2019-2020 Appropriations Limit (\$14,068,770 x 1.0507)	<u>\$ 14,782,057</u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
 AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
 ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

PARTNERS

Brenda L. Odle, CPA, MST
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MANAGERS / STAFF

Charles De Simoni, CPA
 Gardenya Duran, CPA
 Brianna Schultz, CPA
 Jingjie Wu, CPA
 Evelyn Morentin-Barcena, CPA
 Veronica Hernandez, CPA
 Tara R. Thorp, CPA, MSA
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 Louis Fernandez, CPA
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MEMBERS

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To the Board of Directors
 Elsinore Valley Municipal Water District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Elsinore Valley Municipal Water District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 19, 2020



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Certified Public Accountants



To the Board of Directors
Elsinore Valley Municipal Water District
Lake Elsinore, California

We have audited the financial statements of Elsinore Valley Municipal District (the District) as of and for the year ended June 30, 2020, and have issued our report thereon dated November 19, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 20, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the unbilled accounts receivable is based on prorating the previous billing. We evaluated the key factors and assumptions used to develop these amounts in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the net pension liability, related deferred inflows and deferred outflows and other pension information is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of accumulated depreciation and depreciation expense in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of the net pension liability, related deferred inflows and outflows and other related pension information in the notes is based on actuarial assumptions which will differ from actual amounts in future periods.

The disclosure of the possible effects of the Covid-19 pandemic on the District.

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 19, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the District, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedule of changes in the net pension liability and related ratios and the schedule of contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedules of maturities, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the transmittal letter or the statistical section, which accompany the financial statements, but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

November 19, 2020

Board of Directors
Andy Morris, President
Phil Williams, Vice President
Darcy Burke, Treasurer
Harvey R. Ryan, Director
Jared K. McBride, Director



Elsinore Valley Municipal Water District

Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

General Manager
Greg Thomas
District Secretary
Terese Quintanar
Legal Counsel
Best Best & Krieger

November 19, 2020

EMAIL

Rogers, Anderson, Malody, & Scott, LLP
735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408

SUBJECT: REPRESENTATION LETTER – EVMWD ANNUAL FINANCIALS

This representation letter is provided in connection with your audit of the basic financial statements of the Elsinore Valley Municipal Water District (the District) as of June 30, 2020 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 19, 2020:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 20, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the District's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans, if needed.
- We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the District's financial statements communicated by employees, former employees, vendors, regulators, or others.

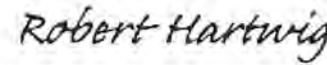
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements
- We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the District will make a payment on any guarantee, if applicable.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range, if applicable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - d. Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- With respect to the supplementary information in the financial statements described above:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with any applicable criteria.

- c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the District of the supplementary information and the auditor's report thereon.
 - e. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
 - f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the District of the supplementary information and the auditor's report thereon.
- With respect to the required supplementary information in the financial statements described above:
 - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with any applicable criteria.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Use of a Specialist

We agree with the findings of specialists in evaluating our pension liability and related deferrals and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Signature:  _____

Signature:  _____

Greg Thomas – General Manager

Robert Hartwig CPA, MBA – Assistant General
Manager – Business Services

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Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

DATE: December 10, 2020

TO: Board of Directors

FROM: General Manager

SUBJECT: APPROVAL OF THE APPROPRIATION LIMIT FOR FISCAL YEAR 2021

STRATEGIC GOAL

Financial Management

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Adopt a resolution establishing the FY 2020-21 Appropriations Limit

BACKGROUND

On an annual basis, the District adopts a resolution to establish the Appropriation Limit for the current fiscal year.

Article XIII B of the California Constitution was added by the November 1979 passage of the GAN Initiative and is implemented by Section 7900 of the California Government Code. For State and Local governments, this legislation mandated that the total annual appropriations subject to the limitation shall not exceed the prior year Appropriation Limit, adjusted for the change in cost of living and population, except as otherwise provided in that article. Section 7910 provides that the governing body of each jurisdiction shall annually establish its Appropriations Limit by resolution.

The District's Appropriations Limit is calculated by determining the property taxes received in the 1978/79 base year and adjusting the limit each subsequent year for changes in the California per capita personal income and County of Riverside population.

The Appropriation Limit is the maximum amount of property tax proceeds the District may collect each year. Staff has calculated the FY 2020-2021 limit to be \$15,454,562, an increase of \$672,505 from the preceding fiscal year. Property tax proceeds budgeted

for FY 2020-2021 are \$9,541,477 or 62% of the limit. Therefore, the District is under the Appropriations Limit by \$5,913,085 and in compliance.

The Appropriations Limit may be amended at any time during the fiscal year to reflect new data and is reviewed annually by the District's external audit firm as part of the annual audit process.

Attached is the proposed resolution and Appropriation Limit calculation. The documentation used in determining the appropriation limit calculation will be made available for review by the public fifteen days prior to adoption of the resolution, as required.

Staff presented the Appropriation Limit for Fiscal Year 2020-2021 at the November 17, 2020 Finance and Administration Committee meeting.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Originated by: Elena Estelle – Finance
Reviewed by: Scott Thompson – Finance

Attachments:

GAAN Appropriation Limit Calculation
Resolution

RESOLUTION NO. **xxxxxx**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ELSINORE VALLEY MUNICIPAL WATER DISTRICT ESTABLISHING
APPROPRIATIONS LIMITS FOR FISCAL YEAR 2019-2020

WHEREAS, effective July 1, 1980, Article XIII B of the California Constitution took effect limiting the appropriation of certain state and local agencies; and

WHEREAS, the Legislature has adopted Government Code Sections 7900-13 setting forth procedures to be followed by affected local agencies in fixing and determining their appropriations limit; and

WHEREAS, pursuant to said Government Code sections, the Department of Finance and Riverside County have supplied the District with information regarding changes in population, cost of living, ad per capita income and assessment roll data for use in determining its appropriation limit; and

WHEREAS, the District has a tax rate in excess of 12.5 cents per \$100 of assessed valuation during the 1977-78 fiscal year, and, therefore is subject to the provisions of Article XIII B, and implementing legislation: and

WHEREAS, Government Code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriations for the following fiscal year; and

WHEREAS, at least 15 days prior to the meeting at which this resolution was adopted, the documentation used in the determination of the appropriations limit was made available to the public at the offices of the District; and

WHEREAS, the Board of Directors has fully considered said laws, the revenues and expenditures of the District during the relevant years, the date received from the Department of Finance, the reports and recommendations of staff, and the opinions of Counsel.

NOW, THEREFORE, BE IT RESOLVED, by the Board o Directors of the Elsinore Valley Municipal Water District, as follows:

SECTION 1: The foregoing acts are true and correct.

SECTION 2: Pursuant to Article XIII and Section 7810 of the Government Code, the appropriations limit for Elsinore Valley Municipal Water District for Fiscal Year 2020-21 is established as **\$15,454,562.**

APPROVED, ADOPTED AND SIGNED this _____ day of _____.

Andy Morris, President of the
Board of Directors of the
Elsinore Valley Municipal Water District

ATTEST:

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF RIVERSIDE)

I, Terese Quintanar, Secretary of the Board of Directors of the Elsinore Valley Municipal Water District, do hereby certify that the foregoing Resolution No. _____, was duly adopted by said Board at its Special Board Meeting held on _____ 2021, and that it was so adopted by the following roll call vote:

AYES: _____

NOES: None

ABSENT: _____

ABSTAIN: None

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

RESOLUTION NO. 20-12-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ELSINORE VALLEY MUNICIPAL WATER DISTRICT ESTABLISHING
APPROPRIATIONS LIMITS FOR FISCAL YEAR 2020-2021

WHEREAS, effective July 1, 1980, Article XIII B of the California Constitution took effect limiting the appropriation of certain state and local agencies; and

WHEREAS, the Legislature has adopted Government Code Sections 7900-13 setting forth procedures to be followed by affected local agencies in fixing and determining their appropriations limit; and

WHEREAS, pursuant to said Government Code sections, the Department of Finance and Riverside County have supplied the District with information regarding changes in population and per capita personal income for use in determining its appropriation limit; and

WHEREAS, the District has a tax rate in excess of 12.5 cents per \$100 of assessed valuation during the 1977-78 fiscal year, and, therefore is subject to the provisions of Article XIII B, and implementing legislation: and

WHEREAS, Government Code Section 7910 requires that each year the governing body of the District, by resolution, establish its appropriations for the following fiscal year; and

WHEREAS, at least 15 days prior to the meeting at which this resolution was adopted, the documentation used in the determination of the appropriations limit was made available to the public at the offices of the District; and

WHEREAS, the Board of Directors has fully considered said laws, the revenues and expenditures of the District during the relevant years, the data received from the Department of Finance, the reports and recommendations of staff, and the opinions of Counsel.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Elsinore Valley Municipal Water District, as follows:

SECTION 1: The foregoing acts are true and correct.

SECTION 2: Pursuant to Article XIII and Section 7910 of the Government Code, the appropriations limit for Elsinore Valley Municipal Water District for Fiscal Year 2020-21 is established as **\$15,454,562.**

APPROVED, ADOPTED AND SIGNED this 10th day of December 2020.

Andy Morris, President of the
Board of Directors of the
Elsinore Valley Municipal Water District

ATTEST:

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

GAAN Appropriations Limit

GAAN Appropriations Limit

The Gann Limit was approved on November 6, 1979, by California voters and is implemented by Section 7900 of the California Government Code. According to Section 7910 of the Code, the governing body of each local jurisdiction shall, by Resolution, establish its Appropriations Limit each year. The District's Appropriations Limit is calculated by determining the property taxes received in the 1978/79 base year and adjusting the limit each subsequent year for changes in the California per capita personal income and County of Riverside population. The District's FY 2020-21 calculation is below:

Elsinore Valley Municipal Water District GANN Appropriation Limit Calculation for FY 2020-21

FY 2019-2020 Limit⁴ **\$ 14,782,057**

Adjustment Factors:

a. Per Capita Personal Income ^{1,3}	1.0373		
b. Population Change Factor ^{2,3}	x 1.0079		
c. Calculation Factor for FY 2020-21		=	<u>x 1.0455</u>

FY 2020-2021 Limit **\$ 15,454,562**

¹ The inflation factor is based on the percentage change from prior year in the State of California's per capita personal income.

² The population growth factor is based on the percentage change from prior year in the Riverside County incorporated population.

³ Population growth and inflation factors are provided by the State of California Department of Finance.

⁴ The FY 2019-20 limit has been reviewed by the Districts independent auditors Rogers, Anderson, Malody & Scott, and has their concurrence.



Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

DATE: December 10, 2020

TO: Board of Directors

FROM: General Manager

SUBJECT: STATE LOBBYING SERVICES WITH REEB GOVERNMENT RELATIONS

STRATEGIC GOAL

Public & Political Involvement

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Approve a one-year State Lobbying Contract with Reeb Government Relations in the amount of \$84,000 with 4 one-year optional extensions, including a potential increase to \$8,000 a month for the subsequent 4 one-year extensions, in the amount of \$384,000 for a total request of \$468,000; and,
2. Authorize the General Manager to execute the appropriate documents on behalf of EVMWD.

BACKGROUND

The Elsinore Valley Municipal Water District's goal is to advocate its perspective and interests at the state level of government, as well as relationship with state agencies and regulators. To accomplish this task, EVMWD is seeking a lobbyist to engage with the Government Relations Officer with the goal of developing these relationships with state funding and regulatory agencies as well as the state legislature. This effort will ensure that EVMWD's funding and legislative priorities and interests, and any sponsored or co-sponsored legislation, are represented and advanced. The lobbying focus is not necessarily limited to issues involving water. Issues may be related to any and all areas that could impact EVMWD in any area of business operations.

On September 14, 2020, the District posted a request for proposals on Planet Bids for state lobbying services. Five bids were received by the deadline.

Three District staff members carefully reviewed and scored each of the five proposals submitted and based on the overall qualifications, is recommending Reeb Government Relations to provide state lobbying services and strategic relationship development with state funding and regulatory agencies.

Staff presented this item to the LCOC on October 28, and at Study Sessions of November 4, and December 1, 2020, with an overview of the proposal, bid results, and Scope of Work and Deliverables.

This item is budgeted at \$8,000 per month, however staff contacted Reeb Government Relations and they agreed to lower the monthly fee to \$7,000 per month for the first year. At the conclusion of the first year, the District will determine if the services Reeb provided is worthy of increasing their fee to the full amount for subsequent years.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Within Budget – Yes. See attached.

Originated by: Greg Morrison – Administration

Reviewed by: Scott Thompson / Natalee Dee – Finance

Attachments:

Fiscal Impact

Scope of work

Proposal Evaluation

Reeb Government Relations Proposal

Reeb Proposal Goals/Deliverables

Reeb Professional Services Agreement

Fiscal Impact

Funding Source(s):	Contract No. 926
<ul style="list-style-type: none"> • General & Administrative 	

	Budgeted Amount	Expended / Committed	Remaining Amount	Requested Amount	Remaining Amount
<i>Consulting & Professional Fees</i>					
10-15-130-110-53140					
FY2020-21 (7 Months)	\$ 96,000	\$ -	\$ 96,000	\$ 49,000	\$ 47,000
FY2021-22				91,000	
FY2022-23				96,000	
FY2023-24				96,000	
FY2024-25				96,000	
FY2025-26 (5 Months)				40,000	
Total Request				\$ 468,000	

Note: The total budget for 10-15-130-110-53140 for FY20-21 is \$188,000 however \$96,000 was specifically budgeted for state lobbying services. This request will be incorporated into future budgets.

Introduction

Elsinore Valley Municipal Water District (EVMWD) seeks a dynamic and diverse bipartisan team who will be responsible for monitoring, identifying, and prioritizing legislation for EVMWD with respect to issues under consideration by the California Legislature as well as state and regional agencies.

Perform, at a minimum, the following required services to assist in advancing EVMWD's strategic objectives at the state level:

1. Develop State Strategic Plan

- a. Assist in developing 2021 and 2022 state agendas and executing the agendas annually. This includes identifying priorities and providing advice and strategic guidance on how to advance EVMWD's interests.
- b. Proactively identify issues that could affect EVMWD, including recommending opportunities where EVMWD can collaborate with other water and wastewater agencies or associations to shape legislation and advance EVMWD's interests.
- c. Assist with the development of strategies to deal with the governmental agencies that regulate and fund municipal programs such as water and wastewater infrastructure, dam safety, and environmental issues and programs.
- d. Inform EVMWD about state funding opportunities that have the potential to benefit EVMWD programs or projects, including block and formula funding and competitive grants.
- e. Promote EVMWD's programs, services, and projects to state agencies to ensure funding opportunities that meet EVMWD's priorities and needs are pursued.
- f. Identify key regulatory agencies and staff for briefings on issues of concern and importance to EVMWD's strategic goals and objectives.

2. Implement Strategy

- a. Identify and aggressively act to obtain funding for EVMWD's projects and interests/needs.
- b. Review legislation under consideration, proposed and adopted administrative rules and regulations, and other developments for the purpose of advising EVMWD of issues that may have a bearing on EVMWD's policies and projects.
- c. Support a positive relationship with the Governor's office, State Legislature, State Water Resources Control Board, the California Environmental Protection Agency, the Department of Safety of Dams, the Resources Agency, and/or other agencies.
- d. Develop strong connections with other agencies and state membership organizations to support mutual goals as identified.
- e. Assist in the development of briefing materials and talking points for meetings and phone calls with all state officials.
- f. Engage key officials (executive, legislative, regulatory and regional government) and stakeholders to support EVMWD's objectives to secure grants, incentives, low interest loans, and favorable regulations.
- g. Provide legislative and regulatory lobbying, as needed, or to promote EVMWD's position on legislation and regulatory matters of interest.

- h. Coordinate meetings with State Legislators and agency department leaders to provide EVMWD the opportunity to meet face-to-face with key decision-makers on pertinent issues.
- i. Provide monthly written briefing reports for the EVMWD Legislative and Community Outreach committee (LCOC), General Manager and Government Relations Officer on key issues, regulatory actions and hearings, grants efforts, and legislative committee activity during the legislative session.
- j. Provide quarterly phone or in-person briefings to LCOC members and one annual recap briefing to full EVMWD board of directors meeting.

3. Support EVMWD Officials Traveling on District Business

- a. Schedule meetings for EVMWD officials with key members of the Legislature and their staff, state agencies and other key stakeholders during visits to Sacramento or other parts of the state and region.
- b. Create opportunities for EVMWD officials to provide testimony to the Legislature's committees and agency regulatory hearings.
- c. Facilitate the efficient and effective performance of EVMWD business in Sacramento by providing logistical support, including access to office space.
- d. Conduct not less than two in-person briefings in Sacramento with EVMWD officials during the legislative session.

Proposal Evaluation

Evaluators	Reeb Government Relations	Townsend Public Affairs	Renne Public Law Group	Arc Strategies	Joe A. Gonsalves & Son
Greg Morrison	980	937.5	470	450	335
Jason Dafforn	835	757.5	682.5	550	395
Serena Johns	822.5	805	792.5	720	647.5
Total	2637.5	2500	1945	1720	1377.5
Weighted Total	879.17	833.33	648.33	573.33	459.17

Criteria	Weight	Arc Strategies	Joe A. Gonsalves & Son	Reeb	Renne Public Law Group	Townsend Public Affairs
		Total	Total	Total	Total	Total
Cost Evaluation	10	190	190	215	180	255
Overall Quality Of Proposal	10	170	130	245	210	260
Relevant Qualifications/Experience	25	437.5	437.5	687.5	525	625
Scope of Work and Schedule	25	412.5	275	650	475	625
Understanding of Project and Approach	30	510	345	840	555	735
	Total	1720	1377.5	2637.5	1945	2500

Reeb Government Relations, LLC

September 23, 2020

Mr. A. J. Rivera, Contracts Administrator
Elsinore Valley Municipal Water District
31315 Chaney St
Lake Elsinore, California 92531

Re: Proposal for California State Advocacy Services

Dear Mr. Rivera:

I am pleased to submit the following response to the Request for Proposals for California State Advocacy Services on behalf of Reeb Government Relations, LLC. My firm has been honored to represent many urban retail water suppliers since 2005 and looks forward to an opportunity to work with the District.

More local water agencies in California trust Reeb Government Relations to represent them in the State Capitol than any other lobbying firm. Our public water sector clients cover the full range of services including urban and agricultural water supply, wastewater and recycled water, small hydroelectric generation, groundwater management, flood control, dam safety, and more.

I will serve as the contact person for our firm, which is located at 1107 9th Street, Suite 620, Sacramento CA 95814. Our telephone number is 916-558-1926; facsimile number is 916-558-1932. My e-mail address is robertreeb@comcast.net.

No other registered lobbyist in Sacramento can match my experience and expertise in water resources policy and management. As principal, my professional experience includes work as a journalist, legislative aide and policy committee consultant, water agency manager, municipal securities representative specializing in water and sewer finance, and the lead lobbyist for the Association of California Water Agencies for 10 years. Our firm is prepared to provide the full scope of services set forth in the Request for Proposals.

The cost proposal included in our response to the District's Request for Proposals will remain valid for a period of at least 180 days.

I am confident in the ability of Reeb Government Relations to produce meaningful results for Elsinore Valley Municipal Water District.

Sincerely,



1107 9th Street, Suite 620
Sacramento, California 95814

(916) 558-1926 PH
(916) 558-1932 FAX

Robert J. Reeb

Reeb Government Relations, LLC

Section 1 – Understanding Project and Project Approach

The mission of Elsinore Valley Municipal Water District (District) is to provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people it serves. The District provides service to a population of about 157,000 within 97 square miles of land located in the western portion of Riverside County and a portion of Orange County along the Ortega Highway. The District primarily provides service to the cities of Lake Elsinore, Canyon Lake, Wildomar, the California Oaks Development within the City of Murrieta, and the unincorporated communities of Lakeland Village, Meadowbrook, Rancho Capistrano/El Cariso Village, Horsethief Canyon, and Temescal Canyon. The District is a member agency of the Western Municipal Water District, which is a member agency of the Metropolitan Water District of Southern California.

The District has about 42,000 domestic water service accounts, 986 irrigation water service accounts; about 34,000 sewer service accounts; and over 100 recycled water service accounts.

Population within the District's service area is expected to increase by about 66 percent over the next 20 years. Consequently, to accommodate for this growth, water demand is expected to increase from 23,160 acre feet per year ("AFY") to 48,800 AFY during the same time period. In addition, build out demands are estimated to be approximately 84,000 AFY. As a result, these projected growth estimates will put a considerable amount of strain on the District's local and imported water sources. Further, the level of investment required to meet projected demand will place upward pressure on water rates. Therefore, it is important that the District pursue federal and state financial assistance in the form of grants and low-interest loans to maintain water and wastewater rate affordability for its customers.

The District is committed to investing into its major capital facilities and infrastructure in order to provide for continued high levels of water, wastewater, and recycled water services in the future. In addition, maintenance and replacement of current District facilities is also performed as necessary to ensure they will be available for continued future use. As costs increase, the District may be required to increase rates in order to maintain its ability to provide a consistent high level of service. The District continues to analyze its long-term capital investments to determine the best means of financing these projects.

At the close of 2019, the District had over 90 ongoing capital projects with total authorized costs of about \$121.5 million, of which, about \$59.9 million had been expended on those projects. District projects were focused on water and wastewater facilities, expansion of water reclamation facilities, and groundwater production wells to enable the District to reduce its reliance on imported water. And, in anticipation of increased demand for water supply, the District has

developed a water supply capital project implementation strategy to expedite several water supply projects that will ultimately provide a local, sustainable water supply.

Mr. Reeb's unique professional background provides the District with unparalleled expertise across a broad range of public policy issues coupled with experience stretching over four decades with a focus on California water policy and management. His expertise and experience place him in the midst of the development of statutory and regulatory policy in Sacramento and make him well-known in legislative and executive branch circles. With clientele across the state that are active in all facets of California water policy and management, Mr. Reeb and his firm maintains current knowledge and understanding on issues of interest to the District.

Mr. Reeb has been helping water districts achieve their goals in Sacramento since 1995, when he became State Legislative Director for the Association of California Water Agencies. Since 2005, after establishing his lobbying firm, he has continued to represent a select number of water districts, flood control agencies, associations and coalitions. In Reeb Government Relations, Mr. Reeb has assembled a team of professionals that will bring value to the District. In addition to the 38 years of experience Mr. Reeb brings to the effort, other team members assigned to the District have a combined 26 years of experience representing water interests in Sacramento.

The first task following award of a professional services agreement is for our firm to spend time with District directors, management and staff in the District's territory to gain a better understanding of the District itself and to participate in the development of legislative and regulatory priorities.

After the beginning of each year of the 2-year legislative session in the State Capitol, our firm begins monitoring the introduction of legislation and will forward legislation of interest to the Government Relations Officer. Legislation identified as having a potential impact on the District will be compiled and analyzed by Reeb Government Relations, in coordination and consultation with District staff. Following the deadline for the introduction of legislation, a comprehensive report will be provided to District staff along with recommended positions. Reeb Government Relations will attend a subsequent board meeting in person or by telephone (in consideration of COVID-19 protocol then in effect) to deliver an oral report in reference to the written legislative report at which time the board of directors will be asked to approve positions.

Successful advocacy in Sacramento requires a strong partnership between the lobbying firm and the client and the development of a local and state advocacy approach that includes meetings with members of the District's state legislative delegation. Securing meetings with key state legislators that are not members of the District's legislative delegation, the Governor and his staff, and agency executives and appointees also is an essential part of a successful advocacy program and will be scheduled as needed to coincide with District initiatives.

Following the adjournment of the legislative session, Reeb Government Relations will produce a comprehensive written annual report for submission to the board of directors that presents information about the state budget and key issues before the Legislature, in addition to the results of advocacy efforts undertaken on behalf of the District. The report includes both the successes and the failures as we believe the credibility and integrity of our firm demands full disclosure of our efforts on behalf of our clients.

Reeb Government Relations is prepared to assist the District to accomplish the following:

Develop State Advocacy Strategic Plan

- We will assist District staff and the Board of Directors in developing a list of priorities for 2021 and 2022 and provide advice and strategic guidance on how to advance the District's interests. Initially, the task will involve meeting with staff and board members to gain familiarity with the District's interests, priorities and issues that relate to legislative activities and priorities in Sacramento. With nearly four decades of experience in state, regional and local government in California, firm principal Bob Reeb understands the important nexus between the identification of local priorities and the multi-layered approach to communicating those priorities to state officials.
- We will work with District staff and the Board of Directors throughout the term of the engagement to identify issues that could affect the District, and recommend opportunities where the District can collaborate with other water and wastewater agencies or associations to shape State policies and regulations in order to advance the District's interests. Our firm is engaged in the work of the Association of California Water Agencies; California Municipal Utilities Association; WaterReuse Association, California Chapter; California Special Districts Association (and the Public Works Coalition) and will integrate our representation of the District into the work of these associations and their members.
- We will assist District staff and the Board of Directors to develop relationships with the governmental agencies that regulate and fund programs such as water and wastewater infrastructure, dam safety, and environmental issues and programs. And, we will assist the District to develop meaningful relationships with legislative and executive branch personnel that can assist in bringing state financing to the District. This task will include monitoring and informing the District about state funding opportunities that have the potential to benefit District programs or projects, including direct funding and competitive grants. This task also will involve influencing the nature of project and program funding that may be included in legislative general obligation bond proposals. Key state agencies and staff to schedule briefings on issues of concern and importance to District's strategic goals and objectives will include the Department of Water Resources, State Water Resources Control Board and the Santa Ana Regional Water Quality Control Board, and Department of Parks and Recreation, among others.

Implement State Advocacy Strategic Plan

- We will identify and aggressively act to obtain funding for District capital improvement projects. We rely on List Serve subscriptions for all pertinent state agencies, departments, boards and commissions to keep informed of funding opportunities as well as the development of guidelines that are relied on to direct funding to local agencies. Engagement on the latter improves the probability of District projects not only being eligible for funding, but improves the probability of securing funding.
- We will review legislation under consideration, proposed and adopted administrative rules and regulations, and other developments for the purpose of advising the District of issues that may have a bearing on its policies and projects.

- We will assist the District to develop and maintain a positive relationship with the Governor's office, State Legislature, State Water Resources Control Board, California Environmental Protection Agency, the Division of Safety of Dams (Department of Water Resources), the Natural Resources Agency, and other State agencies. **The purpose of such relationships is** to support the District's objectives to secure grants and low interest loans, influence the development of regulations, and influence the development of state policy through legislation. To accomplish this task, we will coordinate meetings with State Legislators and agency department leaders to provide the District with the opportunity to meet face-to-face with key decision-makers on pertinent issues. This task will also include assistance in the development of briefing materials and talking points for meetings and phone calls with all state officials.
- We will provide legislative and regulatory advocacy, as needed, or to promote the District's position on legislation and regulatory matters of interest. Assisting the District to leverage its membership in associations will be an important part of this implementation task. We will convey the District's position on legislation and water issues to its legislative delegation and key water related staff, as well as to appropriate state agencies, departments, boards, and the Governor's Office. We will do so in consultation with the Government Relations Officer, identifying opportunities for direct communication between the District and state officials.
- Generate support for District priorities and issues including negotiations with stakeholders, preparing and securing, from interested parties, position letters for high priority legislation and issues, and preparing and giving, as necessary, testimony.
- We will provide monthly written briefing reports for the District Legislative and Community Outreach committee (LCOC), General Manager and Government Relations Officer on key issues, regulatory actions and hearings, grants efforts, and legislative committee activity during the legislative session. These reports will include state budget actions of interest to the District.
- We will participate in not less than quarterly phone or in-person briefings to LCOC members and one annual recap briefing to full EVMWD board of directors meeting.
- We will maintain ongoing liaison with the District's state legislative delegation to keep delegation members advised of the District's position on legislation, issues and where appropriate, generate support for all high priority issues.
- We will maintain ongoing working relationships and provide communication with key legislative, policy committee and administration staff members.

Support District Officials Traveling on District Business

- We will schedule meetings for District officials with key members of the Legislature and their staff, state agencies and other key stakeholders during visits to Sacramento or other parts of the state. We will attend meetings in Sacramento and, upon request by the District, attend meetings in other parts of the state. This task will include assisting District staff to facilitate the efficient and effective conduct of business in Sacramento by providing logistical support, including access to office space.
- We will request opportunities for District officials to provide testimony to the Legislature's committees and agency regulatory hearings, focusing on opportunities to participate in interim and informational hearings.

- We will arrange not less than two in-person briefings in Sacramento for District officials during the legislative session, in compliance with any COVID-19 restrictions that remain in effect.

Section 2 – Personnel Assigned to the District

Reeb Government Relations will assign the following personnel to perform the scope of work for the District:

Robert J. Reeb

Mr. Reeb will serve as the lead member of the firm assigned to the District.

Bob Reeb relies on over 35 years of public policy, management and finance experience to lead Reeb Government Relations, LLC, a lobbying firm he established in January 2005 to assist public sector clients with policy analysis, issues management and California legislative and regulatory advocacy. Mr. Reeb has a unique professional background with experience in journalism, water policy analysis, water agency management, public finance investment banking, and issue advocacy. His experience in public water and wastewater systems at the local government level is unmatched by any lobbyist practicing in Sacramento.

Mr. Reeb served as the State Legislative Director for the Association of California Water Agencies from August 1995 through December 2004, representing the interests of the Association's 450 special district and municipal members before the California Legislature, the Governor's office and the Executive Branch agencies, departments and commissions. While with ACWA, he participated in the development of many impressive coalitions in order to more successfully pursue the Association's legislative agenda. ACWA's State Legislative Department was recognized by the American Society of Association Executives for its 1996 effort to secure passage of SB 900, which state voters later approved as Proposition 204. Mr. Reeb received the 1999 Gordon Cologne Award from the WaterReuse Association of California for "outstanding achievement in promoting or increasing the use of recycled water in the State of California."

Mr. Reeb worked seven years for the California Assembly for Assembly Member Jim Costa, serving five years as senior consultant to the Water, Parks & Wildlife Committee, specializing in water resources policy development and analysis. He assisted Assembly Member Costa in the enactment of significant legislation, including the Water Conservation and Water Quality Bond Law of 1986 (Proposition 44), the Water Conservation Bond Law of 1988 (Proposition 82), and the Costa-Isenberg Water Transfer Act. It was during this time that Mr. Reeb also was elected to the Dixon City Council, serving one term in office. Mr. Reeb represented Dixon on the Solano County Transportation Commission, Association of Bay Area Governments, and Solano Economic Opportunity Council.

Mr. Reeb managed the El Dorado County Water Agency from 1989 to 1993, when the agency was active in long range water planning and securing water rights. The Agency received a 1992 National Achievement Award from the National Association of Counties for negotiating an innovative water rights permit processing agreement with the State Water Resources Control

Board. From 1993 to 1995, Mr. Reeb was a licensed municipal securities representative and worked for two regional investment banking firms where he focused on water and sewer finance.

As a registered lobbyist in Sacramento for 25 years, Mr. Reeb has proven his ability to maintain open and positive communication with legislators, legislative staff and high-level state agency personnel without regard to party affiliation. He is well-known to statewide trade and professional association colleagues.

Mr. Reeb holds a Bachelor of Arts degree in Political Science-Public Service from the University of California, Davis.

Raquel Ayala Vargas

Ms. Ayala will work on behalf of the District under the direction of Mr. Reeb, providing full services to the District as a registered lobbyist.

Raquel Ayala Vargas joined Reeb Government Relations as a legislative assistant in 2010, having previously gained valuable experience as a legislative intern with former Senator Curren Price (D-Los Angeles). She registered as a lobbyist in 2018 following graduation from Lincoln Law School in Sacramento and is a member of the California State Bar.

Ms. Ayala is responsible for tracking, monitoring, and reviewing the status of legislation that is of interest to the firm's clients. She assists the firm in monitoring and summarizing legislative committee hearings, as well as legislative actions on bills. She conducts legal research and analysis, engages in written and oral communication with clients and legislative offices on a regular basis, and schedules appointments and assists in organizing visits for clients with legislators, legislative staff and executive branch personnel. She also has experience working on state budget issues for clients of the firm.

Ms. Ayala is bilingual, speaking and writing Spanish and English.

Ms. Ayala earned her undergraduate degree from California State University, Sacramento with a double major in Government and Journalism.

Dana Nichol

Dana Nichol will assist Mr. Reeb and Ms. Ayala Vargas in conducting research and analysis on issues important to the District.

Dana Nichol joined Reeb Government Relations in 2018 and has been a registered lobbyist since 2004, when he joined Pete Conaty and Associates. He has worked on all aspects of legislative and budget issues pertaining to county veteran services officers and veterans service organizations, as well as business, water, non-profit museums, local government, and recreational land-use clients.

Dana is also currently a licensed California plumbing contractor and previously worked in the construction industry for 20 years as a laborer, apprentice framer, apprentice electrician, estimator, and journeyman commercial plumber.

Mr. Nichol earned his undergraduate degree from California State University, Sacramento with a major in Government.

Section 3 – Representative Projects

Reeb Government Relations is one of the preeminent Sacramento lobbying firms in the fields of natural resources and local government law, with an emphasis on water resources policy and management.

Reeb Government Relations was established to assist clients with policy analysis, issues management and California legislative and regulatory advocacy. The firm specializes in water resources policy and governance and represents clients throughout California that have urban water, farm water and flood control perspectives. This focus allows the firm to be at the forefront of legislative policy development and regulatory rulemaking on a wide range of issues, including water supply, wastewater, recycled water, groundwater management, hydroelectric power generation, recreation, the imposition of fees and charges, state mandates, and wetlands regulation, among others.

El Dorado Irrigation District (EID)

El Dorado Irrigation District is an irrigation special district organized and existing under the California Irrigation District Law and authorizing statutes. The District serves nearly 110,000 residents in northern California's El Dorado County.

In 2018, Assembly Member Laura Friedman (D-Glendale) introduced AB 3206. The bill would require the State Energy Resources Conservation and Development Commission to adopt regulations setting standards for the accuracy of water meters that are installed by a water purveyor or manufactured and sold or offered for sale in the state. AB 3206 also would require the State Water Board, in adopting the rules for urban retail water supplier performance standards, to also adopt regulations to require each urban water supplier to sample and test its customer service meters to produce a statistically sound estimate of the accuracy of the urban water supplier's meter fleet.

EID joined the Association of California Water Agencies (ACWA) and California Water Association (CWA) in opposing AB 3206. ACWA and CWA believed the provisions of AB 3206 would create burdensome and unneeded mandates on urban retail water suppliers who already rely on industry standards and practice manuals developed by the American Water Works Association (AWWA) to ensure the accuracy and optimal performance of their water meters.

EID is an urban retail water supplier that must comply with pending State Water Board water loss standards as well as recently enacted legislation (SB 606, AB 1668) signed into law by Governor Brown. Combined, these new laws establish a water use objective for suppliers and require suppliers to take actions to meet that objective with the goal of reducing urban per capita water use. AB 3206 would mandate two new regulatory actions that would be exempt from cost-benefit and feasibility analyses that could have significant negative effects on suppliers

and their customers. The State Water Board is working to implement SB 555 (Chapter 679, Statutes of 2015), which requires an urban retail water supplier to submit a completed and validated water loss audit report for the previous year to the Department of Water Resources. SB 555 requires the State Water Board to adopt rules requiring urban retail water suppliers to meet performance standards for the volume of water losses.

The enactment of water use efficiency legislation last year places myriad and significant new mandates on public water agencies from data gathering to reporting to investments all intended to reduce per capita urban water consumption under the Brown Administration framework "Making Water Conservation a Way of Life," April 2017. AB 1668 establishes urban water use objectives and reporting requirements for indoor and outdoor residential use, commercial, industrial, and institutional (CII) landscape areas, water losses, and other unique local uses and situations that have a material effect on an urban water supplier's total water use. The law requires the State Water Board to coordinate with the Department of Water Resources (DWR) to recommend and adopt long-term standards for efficient water use. AB 1668 leaves decision making regarding the manner in which a supplier will achieve its water use objective.

In contrast, AB 3206 would empower state agencies to dictate a performance standard and testing and replacement requirements for water meters that might differ from meters purchased by water suppliers and AWWA practices for testing and replacement. AB 3206 would focus on one option that a supplier may rely on to reduce unaccounted water loss by mandating actions related to water meters.

Meters purchased by EID ranged between \$173 and \$187 apiece at that time. The list price of an ultrasonic meter capable of recording low flow rates can reach \$1,000 for a comparable meter size. This nearly \$800 difference will be added to the cost of a new home through the payment of a connection fee; and for replacement of meters in existing homes, will be factored into the water rates charged customers. One meter manufacturer provides a low flow calculator online that demonstrates the increase in supplier revenue that is likely to result from installing an ultrasonic meter as compared to the standard meter now purchased by EID. The EID customer service staff ran the calculator and determined that installation of the ultrasonic meter would result in an additional \$1.66 of revenue per year per customer. Even if the new meter only cost \$166 more, it would take 100 years for the cost to be recovered by the water supplier. As EID pointed out, the cost impact and any price signal response that results in reduced water use would be different for every customer but they would not see any increase in what a customer would be billed until the savings of 2 cu. ft. totaled 100 cu. ft. For some who are higher users this could happen sooner than those that only use 200-300 cu. ft. each billing period. The bottom line? An increase of \$1.66 per customer per year is unlikely to cause a customer to reduce water consumption.

Our firm worked closely with EID staff to develop the above data to buttress arguments against AB 3206. We arranged for EID staff to meet with the author's staff to explain the District's concerns regarding the legislation. While the bill cleared its policy committee review in the Senate, it was held on the Senate Appropriations Committee Suspense File due to the estimated fiscal impact to state government. AB 3206 ultimately failed passage.

Reeb Government Relations has represented EID since 2005. EID is a member of ACWA, California Special Districts Association and WaterReuse Association, California Chapter.

Water Replenishment District of Southern California (WRD)

WRD is headquartered in Lakewood, California and manages groundwater for nearly four million residents in 43 cities of Southern Los Angeles County for the Central Basin and West Coast basins. The 420 square mile service area uses about 250,000 acre-feet of groundwater per year.

In 2019, our firm assisted the District to shepherd sponsored legislation through the Legislature. AB 955 (Gipson), relating to a water system needs assessment program sought to help water systems serving disadvantaged communities comply with safe drinking water laws by improving their infrastructure and operational capacity. The bill would require WRD to offer to conduct a needs assessment program for water systems serving disadvantaged communities within the district. The bill would make a water system's participation in the program voluntary. The bill would require the district, upon completion of the needs assessment, to develop and evaluate options to address the findings and recommendations in the needs assessment and prepare an implementation plan for recommendation to the water system. The bill would require the district, to the extent it receives federal or state grants that may be used for this purpose, to assist the system in implementing the plan.

Our firm arranged meetings with State Water Resources Control Board Chairman Joaquin Esquivel, and Board members Sean McGuire and Laurel Firestone to explain the work that WRD had undertaken to assist public water systems serving disadvantaged communities in providing safe and reliable water supplies. WRD provides low-interest loans, engineering and construction assistance to these systems to treat contaminated wells and refurbish older wells. The State Board members and staff were excited to hear about the WRD Safe Drinking Water Program and expressed interest in partnering with the District.

While AB 955 ultimately was held on the Senate Appropriations Committee Suspense File, our firm assisted the District in securing an \$850,000 General Fund appropriation in the State Budget Bill to conduct the needs assessment. The District continues its work with the State Water Resources Control Board, who is the state administering agency for the grant, to complete a project funding agreement.

Reeb Government Relations has represented WRD since 2008. WRD is a member of ACWA and WaterReuse Association, California Chapter.

Valley Ag Water Coalition (VAWC)

Valley Ag Water Coalition members include nearly 50 mutual water companies, ditch companies and water districts that deliver farm water supplies throughout the San Joaquin Valley.

In the waning days of the 2013-14 Regular Session, the California Legislature decided that over 94% of groundwater produced in the state would be subject to sweeping reform. California will move during the next five years from a voluntary, largely unregulated local system of groundwater management to a system where new groundwater sustainability agencies will wield significant new authority to manage groundwater extractions. Failure to achieve the sustainability goal—essentially safe yield—set forth in a groundwater sustainability plan, will invite the State Water Resources Control Board to intervene and assume control over a groundwater basin or subbasin.

VAWC began the year with a goal to clarify local agency financial authority under the AB 3030 groundwater management planning act. Local agencies would be authorized to require groundwater extraction facilities to be metered, to report annual groundwater production and to be subject to fees and charges to pay for projects and programs necessary to bring groundwater basins back into balance. Bob Reeb worked with VAWC member attorneys to write a new financial authority chapter for AB 3030. VAWC received plaudits from the Administration, legislative staff and stakeholders for bringing forward such an important reform idea that was rapidly drafted into legislation.

Our firm worked diligently the entire year on behalf of VAWC to help the Brown Administration and the Legislature write meaningful reform that would not result in an overly burdensome, costly and litigious approach [we also represented Desert Water Agency and secured provisions setting out special act agencies as exclusive groundwater management agencies that could rely on alternatives to preparing a groundwater sustainability plan; and WRD, to exempt adjudicated basins from general provisions of SGMA; and EID, to exclude fractured rock sources of groundwater from SGMA]. Reeb Government Relations was active on behalf of VAWC, attending and speaking at meetings in the Governor's office, Brown Administration workshops, stakeholder workshops and numerous one-on-one meetings, telephone calls and e-mails with legislative staff and representatives of the Brown Administration.

The Administration and the Legislature both stated early on that groundwater management responsibility was best left with local agencies; a state backstop would be provided only where local agencies failed to sustainably manage groundwater basins. Unfortunately, in a rush to finish the legislation that year, the Brown Administration and the Legislature left many loose ends in the legislation, including nebulous terms, unfettered state intervention authority, lack of due process, and so forth. What was once intended to require entire basins to be covered by a groundwater sustainability plan, now left significant areas uncovered, including tribal lands, unincorporated areas outside of a water district, and lands owned by state agencies and departments, like prisons and university farms. A lack of full coverage, now blessed by the measures, invites the State Water Resources Control Board to take over groundwater management from local agencies. Ultimately, key provisions of the legislation cascaded out of control in the final weeks of the legislative session to the point where opposition was necessary.

VAWC provisions granting new authority for local agencies is included in the legislative package that was signed into law. VAWC language on GSP contents, planning preparation requirements, a statute of limitations on judicial challenges to a GSP, and CEQA exemption also was included. So, in that sense, our firm was very successful working on our own initiative on behalf of VAWC and through ACWA to gain the inclusion of key statutory provisions into both of the principal bills in the 3-bill package that makes up SGMA.

VAWC remained active during the fall following enactment of SGMA, working with coalition member attorneys to identify a list of needed "cleanup" items that were deemed necessary or desirable for coalition members to successfully implement the new groundwater law. VAWC independently pursued its list with the Brown Administration and the Legislature, securing the enactment of AB 617, Perea [Chapter 666, Statutes of 2015]. The latter measure was one of two successful cleanup bills enacted in 2015, the other bill authored by Senator Fran Pavley [SB 13, Chapter 255, Statutes of 2015].

Reeb Government Relations has represented VAWC since 2007. Most VAWC public agency members are members of ACWA.

Sutter Butte Flood Control Agency (SBFCA)

The Sutter Butte Flood Control Agency is headquartered in Yuba City, California and leads the planning and implementation efforts in the Sutter-Butt Basin to reduce the risk of catastrophic, riverine flooding. The Basin covers 300 square miles and is home to 95,000 residents and encompasses \$7 billion of damageable assets. SBFCA collaborates with local, regional, state, tribal and federal agencies and organizations in order to accomplish its mission.

Reeb Government Relations was retained by SBFCA in 2014 to address an urgent need for assistance. Absent intervention by the Legislature, construction on a critical urban flood risk reduction project sponsored by SBFCA would be halted.

SBFCA initiated construction of the Feather River West Levee Project in 2013, a \$288 million flood improvement project to protect people and property in Sutter and Butte Counties. SBFCA would have been forced to stop work on the Feather River West Levee Project at the end of December 2014 had not Reeb Government Relations and SBFCA convinced DWR to authorize an additional \$43.8 million in funding for the existing EIP scope of work on December 22, 2014 through a third amendment to the existing EIP funding agreement. Unfortunately, SBFCA still faced the possibility of stopping work as early as May 2015 unless SB 37 and a fourth amendment (or letter of commitment or new funding agreement) were in place. The EIP program guidelines do not provide for state reimbursement of local expenditures that exceed the local cost share.

Halting or suspending the project could cost the State and SBFCA tens of millions of dollars in construction claims, expired right-of-way agreements, extended overhead, financing and many other consequences of squandering the short construction season that is already limited by flood operations and endangered species windows. Facilitating the smooth transition of continued funding for SBFCA was a logical and cost-effective solution to avoiding project delays and/or shut downs since the Legislature had appropriated bond money for 2014-15 and DWR had previously funded and committed \$182 million to SBFCA through the successful Early Implementation Program.

DWR intended that the EIP program would be followed by the Urban Flood Risk Reduction (UFRR) program. The latter new program was intended to comply with legislation approved in 2007 containing specific flood risk reduction objectives and requiring the adoption of a Central Valley Flood Protection Plan (CVFPP) in 2012 with additional recommendations for basinwide and local improvements to the State Plan of Flood Control (SPFC). Unfortunately, the UFRR program was significantly delayed. DWR originally planned to issue the new program guidelines in October 2013, but did not issue them until January 2015. The delay prevented the State from executing new funding agreements with local agencies to finish building the flood facility improvements started under the EIP program. This unanticipated delay threatened the progress of several large public works projects under active construction or design. Under then current DWR programs and guidelines, SBFCA advanced construction work and received credit toward the local cost-share of the project once an agreement was in place. However, due to the delay

of the UFRR program, SBFCA would have advanced local funding to the extent that that the local cost-share was exceeded by early May of 2015, thereby stranding credit that the Agency would have received had the program not been delayed.

A second threat to local funding and construction progress also loomed. While the new UFRR guidelines authorize reimbursement for flood improvements already built or under construction while waiting for execution of new funding agreements from DWR, the guidelines limit reimbursement by incorporating a sunset provision. It was uncertain whether DWR would be able to issue funding commitments prior to the sunset date of October 1, 2015. If DWR opted to administer the full competitive grant process, DWR would not likely be able to commit UFRR funding for any project until November 2015 at the earliest (based on previous experience), potentially forcing agencies to halt work or risk stranding tens of millions of dollars of credit for completed construction.

SB 37 was written to avoid costly obstacles or delays from oversight agencies, such as the Department of General Services, when projects are in the midst of construction. Without that certainty, ongoing construction operations may have been forced to shut down, reducing public safety, cost effectiveness and eroding public trust. Our firm worked with Karla Nemeth, then a deputy secretary for the Natural Resources Agency, and Kim Craig, deputy cabinet secretary for Governor Jerry Brown, to secure a commitment from DWR to fund the remainder of the project cost in time for SBFCA to proceed without halting construction. SB 37 had passed the Senate and was awaiting action in the Assembly. The legislation proved valuable in encouraging DWR to move to a decision in a timely manner.

Reeb Government Relations has represented SBFCA since 2014.

California Central Valley Flood Control Association (CCVFCA)

California Central Valley Flood Control Association is headquartered in Sacramento, California. Established in 1926, the Association promotes the common interests of its membership in maintaining effective flood control systems in California's Central Valley for the protection of life, property and the environment. Association membership is limited to public agencies such as reclamation, flood control, levee maintenance, drainage and other special districts, and other local government agencies.

The Association has been at the forefront of shaping the development of flood protection policy in California post-Hurricane Katrina. Mr. Reeb assisted the Association in writing a statement of principles and positions in response to "*Flood Warnings: Responding to California's Flood Crisis*," published by the Department of Water Resources in January 2005. That foundational document guided the Association's legislative advocacy program for the following two years, culminating in the Association's important contributions to the legislative enactment of a comprehensive flood control package in 2007.

In 2018, Reeb Government Relations worked diligently through contacts with Brown Administration personnel and the legislature to seek appropriation of a \$100 million General Fund appropriation in support of multiple flood system priorities. In the end, the Legislature approved and Governor Brown signed a state budget that included \$195 million in General Fund for 2018-19 for flood risk-reduction projects. The latter amount included a one-time

appropriation of \$170 million General Fund to support the state cost share of critical United States Army Corps of Engineers urban flood risk reduction projects; and \$25 million in General Fund ongoing to support operations, maintenance, repair, rehabilitation, and replacement of the flood control infrastructure to begin implementing the 2017 Central Valley Flood Protection Plan (CVFPP). The Association also supported a one-time appropriation of \$100 million for deferred maintenance to repair the worst storm damage from the 2017 flood events.

The Association has long fought for a stable, predictable program for state financial assistance for project and nonproject levee maintenance in the Sacramento-San Joaquin Delta. In 2017, one year ahead of the 2018 sunset provision that would reduce the maximum state cost-share match to 50%, the Association sponsored AB 732 by Assembly Member Jim Frazier. That bill was held on the Senate Appropriations Committee Suspense File in summer 2017, in part, due to opposition from the Department of Finance.

Reeb Government Relations initiated direct conversations with the Kim Craig in the fall 2017, raising the then-pending sunset provision and the likelihood that local participation in the subventions program would fall off should the cost-sharing formula revert to a 50/50 cost share. A subsequent meeting with additional administration personnel was arranged. We suggested relying on a budget trailer bill as a vehicle to permanently repeal the sunset provision in order to avoid the undue influence of certain legislative staff that had limited the ability of the Association to maintain the 75/25 cost-share formula. On another front, Delta Stewardship Council (DSC) through work on the Delta Plan and Delta Levee Investment Strategy, recommended that an "ability-to-pay" standard be utilized to determine the appropriate state cost-share with an eye toward using crop values and improvements to land as the basis to determine a local agency's ability to pay.

In late spring of 2018, Mr. Reeb sat down with DSC Chairman Randy Fiorini and DWR Deputy Director Kris Tjernell to determine whether an agreement could be negotiated that would repeal the cost-share formula sunset provision, eliminate the reference in existing law to a DWR analysis of "ability-to-pay." After several weeks of negotiations, an agreement was reached that satisfied the goals of the Association and its Delta reclamation district members. Amendments to the Delta Levee Maintenance Program were included in SB 854 (Chapter 51, Statutes of 2018), the natural resources budget trailer bill, which bypassed the usual policy and fiscal committee reviews and was approved by the budget conference committee and both houses of the legislature.

Reeb Government Relations has represented CCVFCA since 2005.

Section 4 – References

Mr. Tom Coleman, General Manager
Rowland Water District
3021 S. Fullerton Road
Rowland Heights CA 91748
PH: 562-697-1726
tc Coleman@rowlandwater.com

Mr. Mark Krause, General Manager/Chief Engineer
Desert Water Agency
P. O. Box 1710
Palm Springs, California 92263-1710
PH: 760-323-4971
mkrause@dwa.org

Mr. Robb Whitaker, General Manager
Water Replenishment District of Southern California
4040 Paramount Boulevard
Lakewood, California 90712
PH: 562-921-5521
FX: 562-921-6101
rwhitaker@ wrd.org

Section 5 – District Experience

Reeb Government Relations has not presently or in the past had the privilege to work under contract with the District.

Section 6 – Cost of Services

Reeb Government Relations proposes a total cost of \$96,000 for the scope of work to be provided under an initial 12-month contract. The proposed total cost constitutes a not-to-exceed dollar limit and is proposed to be payable in a monthly retainer of \$8,000. Travel and other incidental costs, upon prior approval by the District, are in addition to the monthly retainer and will be invoiced at cost and supported by expenditure documentation.

ATTACHMENT 1

CONFLICT OF INTEREST DISCLAIMER

The undersigned, Robert J. Reeb, declares that Reeb Government Relations, LLC, does not have interest, ownership, or receives/anticipates receiving remuneration of any type from the manufacturer(s), supplier(s) or distributor(s) which may be recommended on the project, as listed below.

<u>Firm</u>	<u>Product</u>	<u>Remuneration</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



Signature of Representative

Managing Officer
Title

September 23, 2020
Date

ACKNOWLEDGMENT OF INSURANCE REQUIREMENTS AND CERTIFICATION OF ABILITY TO PROVIDE COVERAGES SPECIFIED

I, Robert J. Reeb, the managing officer of Reeb Government Relations, LLC, certify that I have read and understand the Insurance Requirements set forth in the Professional Services Agreement for the California State Advocacy Services [SP-2020-0003] and that our insurance companies The Hanover Insurance Group for Professional Liability coverage; The Hartford for Workers Compensation Insurance coverage; and United States Liability Insurance Company for General Commercial Liability are able to provide the coverages specified.*



Signature of President, Secretary,
Manager, Owner or Representative

September 23, 2020
Date

* Our firm does not own vehicles and, therefore, does not maintain commercial automobile insurance.

**ATTACHMENT 2
RÉSUMÉS**

Robert J. Reeb

Education

Bachelors of Arts
Political Science-Public Service 06/1977
University of California, Davis

Work Experience

Owner and Managing Officer 01/ 2005 – Present
Reeb Government Relations, LLC

State Legislative Director 08/1995 – 12/ 2004
Association of California Water Agencies

Municipal Securities Representative 09/1994 – 07/1995
Westhoff, Cone & Holmstedt

Municipal Securities Representative 07/1993 – 08/1994
George K. Baum & Company

General Manager 09/1989 – 06/1993
El Dorado County Water Agency

Principal Consultant 01/1985 – 08/1989
Assembly Water, Parks & Wildlife Committee

Legislative Aide/Press Secretary 09/1982 – 12/1984
Assembly Member Jim Costa

Editor 06/1980 – 08/1982
Dixon (California) Tribune

Raquel Ayala Vargas

Education

Juris Doctorate
Lincoln Law School, Sacramento May 2017

Bachelors of Art in Government and Journalism
Dual Major: Government and Journalism
California State University, Sacramento May 2009

Work Experience

Legislative Advocate
Reeb Government Relations, LLC January 2018 – Present

Legislative Assistant
Reeb Government Relations, LLC June 2009 – December 2017

Legislative Intern
Office of California State Senator Curren Price February 2009 – June 2009

Dana Nichol

Education

Bachelors of Art in Government
California State University, Sacramento May 2004

Work Experience

Legislative Advocate
Reeb Government Relations, LLC January 2018 – Present

Legislative Advocate
Pete Conaty and Associates June 2004 – December 2017

Owner
Nichol Plumbing and Gas Piping June 2004 – Present

MEMORANDUM

NOVEMBER 25, 2020

TO: Greg Thomas, General Manager
Elsinore Valley Municipal Water District

FROM: Bob Reeb
Reeb Government Relations, LLC

SUBJECT: Initial Focus of Advocacy Services

The purpose of this memorandum is to share my thoughts with you regarding the focus of state advocacy services for 2021. I welcome feedback from you, the Board of Directors and the Government Relations Officer as I envision our initial interactions to be an iterative process that will ensure the District's expectations and priorities are fully met by my firm.

Long-term Goals of the District

- Maintain, modernize and expand water and wastewater facilities, expand water reclamation facilities, and increase the number of groundwater production wells to enable the District to reduce its reliance on imported water.
- Expedite water supply projects that will ultimately provide a local, sustainable water supply in order to prepare for increased demand for water supply.
- Access state financial assistance as a key means of financing District projects through low-interest loans and grants. Securing state financial assistance will reduce upward pressure on rates, fees and charges imposed by the District.

2021 State Advocacy Deliverables

1. Determine priorities and develop approaches to state advocacy
 - Develop a list of priorities for state advocacy efforts in 2021 and provide advice and strategic guidance on how to advance the District's interests.
 - The initial task will involve meeting with District board members and staff to gain familiarity with the District's interests, priorities and issues that relate to legislative and regulatory activities in Sacramento.
 - Identify state funding opportunities for the District's capital improvement projects, utilizing state list serve subscriptions for all pertinent state agencies, departments, boards and commissions

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to keep informed of funding opportunities as well as the development of guidelines that are relied on to direct funding to local agencies.

2. Improve the District's relationships with state policy and financial assistance decision makers.

- Assist the District to develop and maintain positive relationships with the Governor's office, State Legislature, State Water Resources Control Board, California Environmental Protection Agency, the Division of Safety of Dams in the Department of Water Resources, the Natural Resources Agency, and other State agencies and regulators. The purpose is to:
 - Support the District's funding objectives in the form of grants and low interest loans
 - Influence the development of regulations by meeting with state agency staff responsible for promulgating regulations and seeking appointments to key working groups that develop new regulations
 - Influence the development of state policy through legislation
- To accomplish these tasks, coordinate meetings with State Legislators and agency, department, board and commission leaders to provide the District with the opportunity to meet face-to-face with key decision-makers on pertinent issues, and assist the District with briefing materials and talking points for such meetings.

3. Execute legislative and regulatory advocacy services

- Monitor the introduction of legislation and forward legislation of interest to District staff.
 - Legislation identified as having a potential impact on the District will be compiled and analyzed in coordination and consultation with District staff. A comprehensive report will be provided to District staff along with recommended positions after the bill introduction deadline.
 - Participate in a Board of Directors meeting to deliver an oral report regarding the written legislative report at which time the board of directors will be asked to approve positions.
 - Convey the District's positions on legislation and water issues to its legislative delegation and key legislators and staff, as well as to appropriate state agencies, departments, boards, and the Governor's Office.
 - Generate support for the District's priorities and issues including negotiations with stakeholders, preparing and securing, from interested parties, position letters for high priority legislation and issues, and preparing and giving, as necessary, testimony.
 - Assist the District to collaborate with other water and wastewater agencies and state associations to shape state policies and regulations in order to advance the District's interests. Participate in the legislative and regulatory activities of the Association of California Water Agencies; California Municipal Utilities Association; WaterReuse Association, California Chapter; California Special Districts Association (and the Public Works Coalition) and integrate representation of the District into the work of those associations and their members.
 - Schedule meetings for District officials with key members of the Legislature and their staff, state agencies and other key stakeholders during visits to Sacramento or other parts of the state.
 - Seek opportunities for District officials to provide testimony to legislative committees and agency regulatory hearings, focusing on opportunities to participate in interim and informational hearings. Inform the District regarding opportunities to participate in State agency, department, board, and commission work groups.

- Produce a comprehensive written annual report for submission to the board of directors after the end of the legislative session.
 - Review proposed state administrative rules and regulations for the purpose of advising the District regarding issues that may have a bearing on its policies and projects.
 - Schedule meetings with members of the Governor’s staff, and executive branch staff to communicate District interests.
 - Participate in stakeholder workgroups that assist in the development of regulations.
4. Inform the District Legislative and Community Outreach committee (LCOC), General Manager and Government Relations Officer regarding key issues, regulatory actions and hearings, state budget actions, grants efforts, and legislative activity during the legislative session. Utilize monthly reports and participate in not less than quarterly phone or in-person briefings with LCOC members, as request by the District.

On behalf of my entire team, we look forward to working with you and the District.

**ELSINORE VALLEY MUNICIPAL WATER DISTRICT
PROFESSIONAL SERVICES AGREEMENT
STATE ADVOCACY SERVICES**

1. PARTIES AND DATE.

This Agreement is made and entered into this day of _____ by and between the Elsinore Valley Municipal Water District, a California municipal water district with its principal place of business at 31315 Chaney St., Lake Elsinore, CA 92531 ("District") and Reeb Government Relations, LLC, a Limited Liability Corporation, with its principal place of business at 1107 9th Street, Suite 620, Sacramento, CA 95814 ("Consultant"). District and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by the District on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing California State lobbying and legislative services to public clients, is licensed in the State of California, and is familiar with the plans of District.

2.2 Project.

District desires to engage Consultant to render such services for the State Advocacy Services project ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope and Schedule of Services.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the District all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional California State lobbying and legislative services. consulting services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules, and regulations.

3.1.2 Term. The term of this Agreement shall be from December 7, 2020 to November 30, 2021 unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines. The District shall have the unilateral option, at its sole discretion, to renew this Agreement and negotiate a revised price, if any, annually for no more than Four (4) additional one-year terms. If the parties are unable to reach an agreement, the District, at its sole discretion, will not move forward with the renewal option and shall re-bid the work.

3.1.3 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services

set forth in Exhibit "A" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, District shall respond to Consultant's submittals in a timely manner. Upon request of District, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2 Fees and Payments.

3.2.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "A" attached hereto and incorporated herein by reference. The total compensation shall not exceed Eighty-Four Thousand Dollars (\$84,000.00) without written approval by District. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.2.2 Payment. Consultant shall submit to District a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. District shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.2.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by District.

3.2.4 Extra Work. At any time during the term of this Agreement, District may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by District to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization by District.

3.3 Responsibilities of Consultant.

3.3.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. District retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of District and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.3.2 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the

standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the District, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the District, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.3.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of District.

3.3.4 Substitution of Key Personnel. Consultant has represented to District that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of District. In the event that District and Consultant cannot agree as to the substitution of key personnel, District shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the District, or who are determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the District. The key personnel for performance of this Agreement are as follows: Robert Reeb.

3.3.5 Coordination of Services. Consultant agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times.

3.3.6 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold District, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.3.7 Labor Code Provisions.

(a) Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on “public works” and “maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. The District has obtained the general prevailing rate of wages, as determined by the Director of the Department of Industrial Relations, a copy of which is on file in the District’s office and shall be made available for viewing to any interested party upon request. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify and hold the District, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

(b) Registration and Labor Compliance. If the services are being performed as part of an applicable “public works” or “maintenance” project, then, in addition to the foregoing, pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations (“DIR”). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

(c) Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker’s Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.3.8 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3.9 Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records

shall be clearly identifiable. Consultant shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of four (4) years from the date of final payment under this Agreement.

3.3.10 Air Quality. To the extent applicable, Consultant must fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the South Coast Air Quality Management District (SCAQMD) and/or California Air Resources Board (CARB). Although the SCAQMD and CARB limits and requirements are more broad, Consultant shall specifically be aware of their application to "portable equipment", which definition is considered by SCAQMD and CARB to include any item of equipment with a fuel-powered engine. Consultant shall indemnify District against any fines or penalties imposed by SCAQMD, CARB, or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Consultant, its subconsultants, or others for whom Consultant is responsible under its indemnity obligations provided for in this Agreement.

3.4 Representatives of the Parties.

3.4.1 District's Representative. The District hereby designates Greg Morrison, or his or her designee, to act as its representative for the performance of this Agreement ("District's Representative"). Consultant shall not accept direction or orders from any person other than the District's Representative or his or her designee.

3.4.2 Consultant's Representative. Consultant hereby designates Robert Reeb, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.5 Indemnification.

To the fullest extent permitted by law, Consultant shall defend (with counsel reasonably acceptable to District), indemnify and hold District, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, District, its officials, officers, employees, agents, or volunteers.

If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil

Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.6 Insurance.

3.6.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the District that the subconsultant has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the District to terminate this Agreement for cause.

3.6.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subconsultants. Consultant shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) Commercial General Liability. Coverage for commercial general liability insurance shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001). Consultant shall maintain limits no less than \$1,000,000 per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit or product-completed operations aggregate limit is used, including but not limited to form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit. The general liability policy shall include or be endorsed (amended) to state that: (1) the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work using as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37; and (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents, and volunteers using as broad a form as CG 20 01 04 13, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(b) Automobile Liability. Coverage shall be at least as broad as the latest version of the Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto). Consultant shall maintain limits no less than \$500,000 per accident for bodily injury and property damage. The automobile liability policy shall include or be endorsed

(amended) to state that: (1) the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way. The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

(c) Workers' Compensation and Employer's Liability Insurance. Consultant shall maintain Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount no less than \$1,000,000 per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against the District, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(d) Professional Liability. Consultant shall procure and maintain, and require its subconsultants to procure and maintain, for a period of five (5) years following completion of the Project, errors and omissions liability insurance appropriate to their profession covering Consultant's wrongful acts, negligent actions, errors or omissions. The retroactive date (if any) is to be no later than the effective date of this agreement. Consultant shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. Such insurance shall be in an amount not less than \$1,000,000 per claim.

(e) Excess Liability (if necessary). The limits of Insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess coverage shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the District (if agreed to in a written contract or agreement) before the District's own primary or self-Insurance shall be called upon to protect it as a named insured. The policy shall be endorsed to state that the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured at least as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37. The coverage shall contain no special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents, and volunteers.

(f) All Coverages. The Consultant is required by this Agreement to state that: (i) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District; If any of the required coverages expire or cancel during the term of this agreement, the Consultant shall deliver the renewal certificate(s) including the general liability additional insured endorsement to District at least ten (10) days prior to the cancellation or expiration date. and (ii) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the District, its directors, officials, officers, employees, agents, and volunteers.

(g) Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents, and volunteers.

(h) Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Consultant shall guarantee that, at the option of the District, either: (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its directors, officials, officers, employees, agents, and volunteers; and insurer shall provide or be endorsed to provide that the deductibles or SIR may be satisfied by either the named or additional insureds, co-insurers, and/or insureds other than the First Named Insured or (ii) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

3.6.3 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-VII or equivalent, or as otherwise approved by the District.

3.6.4 Verification of Coverage. Consultant shall furnish the District with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the District if requested. All certificates and endorsements must be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time. In the event that the Consultant employs other consultants (sub-consultants) as part of the services covered by this agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above.

3.6.5 Reporting of Claims. Consultant shall report to the District, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.7 Termination of Agreement.

3.7.1 Grounds for Termination. District may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to District, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.7.2 Effect of Termination. If this Agreement is terminated as provided herein, District may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.7.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.8 Ownership of Materials and Confidentiality.

3.8.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for District to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). All Documents & Data shall be and remain the property of District, and shall not be used in whole or in substantial part by Consultant on other projects without the District's express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, Consultant shall provide to District reproducible copies of all Documents & Data, in a form and amount required by District. District reserves the right to select the method of document reproduction and to establish where the reproduction will be accomplished. The reproduction expense shall be borne by District at the actual cost of duplication. In the event of a dispute regarding the amount of compensation to which the Consultant is entitled under the termination provisions of this Agreement, Consultant shall provide all Documents & Data to District upon payment of the undisputed amount. Consultant shall have no right to retain or fail to provide to District any such documents pending resolution of the dispute. In addition, Consultant shall retain copies of all Documents & Data on file for a minimum of fifteen (15) years following completion of the Project, and shall make copies available to District upon the payment of actual reasonable duplication costs. Before destroying the Documents & Data following this retention period, Consultant shall make a reasonable effort to notify District and provide District with the opportunity to obtain the documents.

3.8.2 Subconsultants. Consultant shall require all subconsultants to agree in writing that District is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or its subconsultants, or those provided to Consultant by the District.

3.8.3 Right to Use. District shall not be limited in any way in its use or reuse of the Documents and Data or any part of them at any time for purposes of this Project or another project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of Consultant shall be at District's sole risk. If District uses or reuses the Documents & Data on any project other than this Project, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. Consultant shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to the District upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a

party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

3.8.4 Indemnification. Consultant shall defend, indemnify and hold the District, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by District of the Documents & Data, including any method, process, product, or concept specified or depicted.

3.8.5 Confidentiality. All Documents & Data, either created by or provided to Consultant in connection with the performance of this Agreement, shall be held confidential by Consultant. All Documents & Data shall not, without the prior written consent of District, be used or reproduced by Consultant for any purposes other than the performance of the Services. Consultant shall not disclose, cause or facilitate the disclosure of the Documents & Data to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant that is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use District's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of District.

3.9 Subcontracting/Subconsulting

3.9.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.10 General Provisions

3.10.1 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

DISTRICT:

Elsinore Valley Municipal Water District
31315 Chaney St
Lake Elsinore, CA 92531
Attn: Greg Morrison
Email: gmorrison@evmwd.net

CONSULTANT:

Reeb Government Relations, LLC.
1107 9th Street, Suite 620
Sacramento, CA 95814
Attn: Robert Reeb
robertreeb@comcast.net

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.10.2 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex

or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of District's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.10.3 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.10.4 District's Right to Employ Other Consultants. District reserves right to employ other consultants in connection with this Project.

3.10.5 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.10.6 Assignment or Transfer. Consultant shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.10.7 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

3.10.8 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.10.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.10.10 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.10.11 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.10.12 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working

solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subconsultants to file, a Statement of Economic Interest with the District's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.10.13 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.10.14 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.10.15 Government Code Claim Compliance. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the District. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the District.

3.10.16 Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.10.17 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.10.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.10.19 Signatures. The Parties hereto hereby agree that electronic signatures are acceptable and shall have the same force and effect as original wet signatures.

3.10.20 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

SIGNATURES ON THE FOLLOWING PAGE*

EXHIBIT A SCOPE OF SERVICES

Reeb Government Relations, LLC

Section 1 – Understanding Project and Project Approach

The mission of Elsinore Valley Municipal Water District (District) is to provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people it serves. The District provides service to a population of about 157,000 within 97 square miles of land located in the western portion of Riverside County and a portion of Orange County along the Ortega Highway. The District primarily provides service to the cities of Lake Elsinore, Canyon Lake, Wildomar, the California Oaks Development within the City of Murrieta, and the unincorporated communities of Lakeland Village, Meadowbrook, Rancho Capistrano/El Cariso Village, Horsethief Canyon, and Temescal Canyon. The District is a member agency of the Western Municipal Water District, which is a member agency of the Metropolitan Water District of Southern California.

The District has about 42,000 domestic water service accounts, 986 irrigation water service accounts; about 34,000 sewer service accounts; and over 100 recycled water service accounts.

Population within the **District's** service area is expected to increase by about 66 percent over the next 20 years. Consequently, to accommodate for this growth, water demand is expected to increase from 23,160 acre feet per year ("**AFY**") to 48,800 AFY during the same time period. In addition, build out demands are estimated to be approximately 84,000 AFY. As a result, these projected growth estimates will put a considerable amount of strain on the **District's** local and imported water sources. Further, the level of investment required to meet projected demand will place upward pressure on water rates. Therefore, it is important that the District pursue federal and state financial assistance in the form of grants and low-interest loans to maintain water and wastewater rate affordability for its customers.

The District is committed to investing into its major capital facilities and infrastructure in order to provide for continued high levels of water, wastewater, and recycled water services in the future. In addition, maintenance and replacement of current District facilities is also performed as necessary to ensure they will be available for continued future use. As costs increase, the District may be required to increase rates in order to maintain its ability to provide a consistent high level of service. The District continues to analyze its long-term capital investments to determine the best means of financing these projects.

At the close of 2019, the District had over 90 ongoing capital projects with total authorized costs of about \$121.5 million, of which, about \$59.9 million had been expended on those projects. District projects were focused on water and wastewater facilities, expansion of water reclamation facilities, and groundwater production wells to enable the District to reduce its reliance on imported water. And, in anticipation of increased demand for water supply, the District has developed a water supply capital project implementation strategy to expedite several water supply projects that will ultimately provide a local, sustainable water supply.

Mr. **Reeb's** unique professional background provides the District with unparalleled expertise across a broad range of public policy issues coupled with experience stretching over four decades with a focus on California water policy and management. His expertise and experience place him in the midst of the development of statutory and regulatory policy in Sacramento and make him well-known in legislative and executive branch circles. With clientele across the state that are active in all facets of California water policy and management, Mr. Reeb and his firm maintains current knowledge and understanding on issues of interest to the District.

Mr. Reeb has been helping water districts achieve their goals in Sacramento since 1995, when he became State Legislative Director for the Association of California Water Agencies. Since 2005, after establishing his lobbying firm, he has continued to represent a select number of water districts, flood control agencies, associations and coalitions. In Reeb Government Relations, Mr. Reeb has assembled a team of professionals that will bring value to the District. In addition to the 38 years of experience Mr. Reeb brings to the effort, other team members assigned to the District have a combined 26 years of experience representing water interests in Sacramento.

The first task following award of a professional services agreement is for our firm to spend time with District directors, management and staff in the **District's** territory to gain a better understanding of the District itself and to participate in the development of legislative and regulatory priorities.

After the beginning of each year of the 2-year legislative session in the State Capitol, our firm begins monitoring the introduction of legislation and will forward legislation of interest to the Government Relations Officer. Legislation identified as having a potential impact on the District will be compiled and analyzed by Reeb Government Relations, in coordination and consultation with District staff. Following the deadline for the introduction of legislation, a comprehensive report will be provided to District staff along with recommended positions. Reeb Government Relations will attend a subsequent board meeting in person or by telephone (in consideration of COVID-19 protocol then in effect) to deliver an oral report in reference to the written legislative report at which time the board of directors will be asked to approve positions.

Successful advocacy in Sacramento requires a strong partnership between the lobbying firm and the client and the development of a local and state advocacy

approach that includes meetings with members of the **District's** state legislative delegation. Securing meetings with key state legislators that are not members of the **District's** legislative delegation, the Governor and his staff, and agency executives and appointees also is an essential part of a successful advocacy program and will be scheduled as needed to coincide with District initiatives.

Following the adjournment of the legislative session, Reeb Government Relations will produce a comprehensive written annual report for submission to the board of directors that presents information about the state budget and key issues before the Legislature, in addition to the results of advocacy efforts undertaken on behalf of the District. The report includes both the successes and the failures as we believe the credibility and integrity of our firm demands full disclosure of our efforts on behalf of our clients.

Reeb Government Relations is prepared to assist the District to accomplish the following:

Develop State Advocacy Strategic Plan

- We will assist District staff and the Board of Directors in developing a list of priorities for 2021 and 2022 and provide advice and strategic guidance on **how to advance the District's interests. Initially, the task will involve meeting** with staff and board members to gain familiarity with **the District's interests**, priorities and issues that relate to legislative activities and priorities in Sacramento. With nearly four decades of experience in state, regional and local government in California, firm principal Bob Reeb understands the important nexus between the identification of local priorities and the multi-layered approach to communicating those priorities to state officials.
- We will work with District staff and the Board of Directors throughout the term of the engagement to identify issues that could affect the District, and recommend opportunities where the District can collaborate with other water and wastewater agencies or associations to shape State policies and **regulations in order to advance the District's interests. Our firm is engaged** in the work of the Association of California Water Agencies; California Municipal Utilities Association; WaterReuse Association, California Chapter; California Special Districts Association (and the Public Works Coalition) and will integrate our representation of the District into the work of these associations and their members.
- We will assist District staff and the Board of Directors to develop relationships with the governmental agencies that regulate and fund programs such as water and wastewater infrastructure, dam safety, and environmental issues and programs. And, we will assist the District to develop meaningful relationships with legislative and executive branch personnel that can assist in bringing state financing to the District. This task will include monitoring and informing the District about state funding

opportunities that have the potential to benefit District programs or projects, including direct funding and competitive grants. This task also will involve influencing the nature of project and program funding that may be included in legislative general obligation bond proposals. Key state agencies and staff **to schedule briefings on issues of concern and importance to District's** strategic goals and objectives will include the Department of Water Resources, State Water Resources Control Board and the Santa Ana Regional Water Quality Control Board, and Department of Parks and Recreation, among others.

Implement State Advocacy Strategic Plan

- We will identify and aggressively act to obtain funding for District capital improvement projects. We rely on List Serve subscriptions for all pertinent state agencies, departments, boards and commissions to keep informed of funding opportunities as well as the development of guidelines that are relied on to direct funding to local agencies. Engagement on the latter improves the probability of District projects not only being eligible for funding, but improves the probability of securing funding.
- We will review legislation under consideration, proposed and adopted administrative rules and regulations, and other developments for the purpose of advising the District of issues that may have a bearing on its policies and projects.
- We will assist the District to develop and maintain a positive relationship with the Governor's office, State Legislature, State Water Resources Control Board, California Environmental Protection Agency, the Division of Safety of Dams (Department of Water Resources), the Natural Resources Agency, and other State agencies. **The purpose of such relationships is to support the District's objectives to secure grants and low interest loans, influence the development of regulations, and influence the development of state policy through legislation.** To accomplish this task, we will coordinate meetings with State Legislators and agency department leaders to provide the District with the opportunity to meet face-to-face with key decision-makers on pertinent issues. This task will also include assistance in the development of briefing materials and talking points for meetings and phone calls with all state officials.
- We will provide legislative and regulatory advocacy, as needed, or to **promote the District's position on legislation and regulatory matters of interest.** Assisting the District to leverage its membership in associations will be an important part of this implementation task. We will convey the **District's position on legislation and water issues to its legislative delegation and key water related staff, as well as to appropriate state agencies, departments, boards, and the Governor's Office.** We will do so in consultation with the Government Relations Officer, identifying opportunities for direct communication between the District and state officials.
- Generate support for District priorities and issues including negotiations with stakeholders, preparing and securing, from interested parties, position letters

for high priority legislation and issues, and preparing and giving, as necessary, testimony.

- We will provide monthly written briefing reports for the District Legislative and Community Outreach committee (LCOC), General Manager and Government Relations Officer on key issues, regulatory actions and hearings, grants efforts, and legislative committee activity during the legislative session. These reports will include state budget actions of interest to the District.
- We will participate in not less than quarterly phone or in-person briefings to LCOC members and one annual recap briefing to full EVMWD board of directors meeting.
- We will **maintain ongoing liaison with the District's state legislative delegation** to keep delegation members advised of the District's position on legislation, issues and where appropriate, generate support for all high priority issues.
- We will maintain ongoing working relationships and provide communication with key legislative, policy committee and administration staff members.

Support District Officials Traveling on District Business

- We will schedule meetings for District officials with key members of the Legislature and their staff, state agencies and other key stakeholders during visits to Sacramento or other parts of the state. We will attend meetings in Sacramento and, upon request by the District, attend meetings in other parts of the state. This task will include assisting District staff to facilitate the efficient and effective conduct of business in Sacramento by providing logistical support, including access to office space.
- We will request opportunities for District officials to provide testimony to the **Legislature's committees and agency regulatory hearings, focusing on** opportunities to participate in interim and informational hearings.
- We will arrange not less than two in-person briefings in Sacramento for District officials during the legislative session, in compliance with any COVID-19 restrictions that remain in effect.

Section 2 – Cost of Services

Reeb Government Relations proposes a total cost of \$84,000 for the scope of work to be provided under an initial 12-month contract. The proposed total cost constitutes a not-to-exceed dollar limit and is proposed to be payable in a monthly retainer of \$7,000. Travel and other incidental costs, upon prior approval by the District, are in addition to the monthly retainer and will be invoiced at cost and supported by expenditure documentation.



Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

DATE: December 10, 2020

TO: Board of Directors

FROM: General Manager

SUBJECT: APPROVE A PROFESSIONAL SERVICE AGREEMENT WITH THE CHARRETTE AGENCY FOR THE DISTRICT BRANDING PROJECT

STRATEGIC GOAL

Public & Political Involvement

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Approve a Professional Service Agreement with The Charrette Agency in the amount of \$97,000; and,
2. Authorize the General Manager to execute the appropriate documents on behalf of EVMWD.

BACKGROUND

To better assist in telling the District's story, the District will take a fresh look at its brand. The brand should encompass EVMWD's mission, value, culture and promise to deliver. It should help our residents and the community identify and connect with EVMWD.

The decision to rebrand the District has been a long-time discussion, and initially, it was to "refresh," for which \$20,000 was budgeted to complete the project. After meetings with the Public Affairs Ad Hoc Committee and further discussions to complete District goals, a Request for Proposal (RFP) was developed. The rebrand includes goals to continue to increase customer trust and loyalty, solidify corporate culture, and promote a solid organizational reputation. The team will consider our customer input, as well as our company input, bringing together the thoughts and opinions from the Board of Directors and staff.

In response to the distribution of the RFP, ten proposals from local and national agencies were received. A team comprised of staff from a neighboring water agency, who had recently rebranded their district and several members of leadership team reviewed the

proposals and interviewed the finalists. The Charette Agency, with experience branding Denver Water, the City of Lancaster, and the City of Phoenix, was chosen as the public relations firm to assist EVMWD with embarking upon this endeavor.

The project will include a significant amount of research of our internal staff, community stakeholders and the community at large. This research will help to better understand EVMWD's community perceptions and help clarify understanding what the District's values are, as a team. Once this evaluation has been completed, the team will develop a brand platform, taglines and look for the District. The project will include tangible and intangible methods, including logo placement, key messaging, packaging and design, social media, website, promotional items, what information is relayed to customers and stakeholders, customer experience and more.

This project was reviewed with the Outreach Ad Hoc Committee and presented for review at the Study Session meeting of November 18, 2020, and the Board directed staff to proceed. At this time, staff recommends approval of a Professional Service Agreement with The Charrette Agency in the amount of \$97,000 for deliverables only, as outlined in the RFP and will not include replacement signage, logo stickers, uniforms, etc. In the new fiscal year budget (21-22), staff will request \$130,000 for implementation of the new brand materials.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Within Budget – No. The Remaining Amount will be funded by savings in amounts appropriated for GM consulting and postage expenses.

Originated by: Bonnie Woodrome – Public Affairs

Reviewed by: Scott Thompson / Natalee Dee – Finance

Attachments:

Fiscal Impact

Professional Services Agreement

Fiscal Impact

Funding Source(s): <ul style="list-style-type: none">• General & Administrative	Contract No. TBD
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	Budgeted Amount	Expended / Committed	Remaining Amount	Requested Amount	Remaining Amount
<i>Consulting & Professional Fees</i>					
10-15-222-110-53140					
FY2020-21	\$ 20,000	\$ -	\$ 20,000	\$ 97,000	\$ (77,000)

Note: The shortfall for this request will be funded by Operating Funds.

**ELSINORE VALLEY MUNICIPAL WATER DISTRICT
PROFESSIONAL SERVICES AGREEMENT
DISTRICT BRANDING PROJECT**

1. PARTIES AND DATE.

This Agreement is made and entered into this day of _____ by and between the Elsinore Valley Municipal Water District, a California municipal water district with its principal place of business at 31315 Chaney St., Lake Elsinore, CA 92531 ("District") and Charrette Agency, LLC., a Limited Liability Corporation with its principal place of business at 525 Gills Place, Virginia Beach, VA 23464 ("Consultant"). District and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by the District on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing Branding services to public clients and is familiar with the plans of District.

2.2 Project.

District desires to engage Consultant to render such services for the Branding project ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope and Schedule of Services.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the District all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional branding consulting services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules, and regulations.

3.1.2 Term. The term of this Agreement shall be from December 11, 2020 to July 31, 2021, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Services.

3.1.3 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "A" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, District shall respond to Consultant's submittals in a timely manner. Upon request of

District, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2 Fees and Payments.

3.2.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "A" attached hereto and incorporated herein by reference. The total compensation shall not exceed Ninety-Seven Thousand Dollars (\$97,000.00) without written approval by District. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.2.2 Payment. Consultant shall submit to District a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. District shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.2.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by District.

3.2.4 Extra Work. At any time during the term of this Agreement, District may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by District to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization by District.

3.3 Responsibilities of Consultant.

3.3.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. District retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of District and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.3.2 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants

shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the District, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the District, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.3.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of District.

3.3.4 Substitution of Key Personnel. Consultant has represented to District that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of District. In the event that District and Consultant cannot agree as to the substitution of key personnel, District shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the District, or who are determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the District. The key personnel for performance of this Agreement are as follows: John Bickerman, Julie Garel, and Amanda Carter.

3.3.5 Coordination of Services. Consultant agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times.

3.3.6 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold District, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.3.7 Labor Code Provisions.

(a) Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and

“maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. The District has obtained the general prevailing rate of wages, as determined by the Director of the Department of Industrial Relations, a copy of which is on file in the District’s office and shall be made available for viewing to any interested party upon request. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify and hold the District, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

(b) Registration and Labor Compliance. If the services are being performed as part of an applicable “public works” or “maintenance” project, then, in addition to the foregoing, pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations (“DIR”). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

(c) Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker’s Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.3.8 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3.9 Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of four (4) years from the date of final payment under this Agreement.

3.3.10 Air Quality. To the extent applicable, Consultant must fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the South Coast Air Quality Management District (SCAQMD) and/or California Air Resources Board (CARB). Although the SCAQMD and CARB limits and requirements are more broad, Consultant shall specifically be aware of their application to "portable equipment", which definition is considered by SCAQMD and CARB to include any item of equipment with a fuel-powered engine. Consultant shall indemnify District against any fines or penalties imposed by SCAQMD, CARB, or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Consultant, its subconsultants, or others for whom Consultant is responsible under its indemnity obligations provided for in this Agreement.

3.4 Representatives of the Parties.

3.4.1 District's Representative. The District hereby designates Bonnie Woodrome, or his or her designee, to act as its representative for the performance of this Agreement ("District's Representative"). Consultant shall not accept direction or orders from any person other than the District's Representative or his or her designee.

3.4.2 Consultant's Representative. Consultant hereby designates Amanda Carter, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.5 Indemnification.

To the fullest extent permitted by law, Consultant shall defend (with counsel reasonably acceptable to District), indemnify and hold District, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, District, its officials, officers, employees, agents, or volunteers.

If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent

jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.6 Insurance.

3.6.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the District that the subconsultant has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the District to terminate this Agreement for cause.

3.6.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subconsultants. Consultant shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) Commercial General Liability. Coverage for commercial general liability insurance shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001). Consultant shall maintain limits no less than \$2,000,000 per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit or product-completed operations aggregate limit is used, including but not limited to form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit. The general liability policy shall include or be endorsed (amended) to state that: (1) the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work using as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37; and (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents, and volunteers using as broad a form as CG 20 01 04 13, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(b) Automobile Liability. Coverage shall be at least as broad as the latest version of the Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto). Consultant shall maintain limits no less than \$1,000,000 per accident for bodily injury and property damage. The automobile liability policy shall include or be endorsed (amended) to state that: (1) the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be

primary insurance as respects the District, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way. The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

(c) Workers' Compensation and Employer's Liability Insurance. Consultant shall maintain Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount no less than \$1,000,000 per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against the District, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(d) Professional Liability. Consultant shall procure and maintain, and require its subconsultants to procure and maintain, for a period of five (5) years following completion of the Project, errors and omissions liability insurance appropriate to their profession covering Consultant's wrongful acts, negligent actions, errors or omissions. The retroactive date (if any) is to be no later than the effective date of this agreement. Consultant shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. Such insurance shall be in an amount not less than \$2,000,000 per claim.

(e) Excess Liability (if necessary). The limits of Insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess coverage shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the District (if agreed to in a written contract or agreement) before the District's own primary or self-Insurance shall be called upon to protect it as a named insured. The policy shall be endorsed to state that the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured at least as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37. The coverage shall contain no special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents, and volunteers.

(f) All Coverages. The Consultant is required by this Agreement to state that: (i) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District; If any of the required coverages expire or cancel during the term of this agreement, the Consultant shall deliver the renewal certificate(s) including the general liability additional insured endorsement to District at least ten (10) days prior to the cancellation or expiration date. and (ii) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the District, its directors, officials, officers, employees, agents, and volunteers.

(g) Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents, and volunteers.

(h) Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Consultant shall guarantee that, at the option of the District, either: (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its directors, officials, officers, employees, agents, and volunteers; and insurer shall provide or be endorsed to provide that the deductibles or SIR may be satisfied by either the named or additional insureds, co-insurers, and/or insureds other than the First Named Insured or (ii) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

3.6.3 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-:VII or equivalent, or as otherwise approved by the District.

3.6.4 Verification of Coverage. Consultant shall furnish the District with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the District if requested. All certificates and endorsements must be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time. In the event that the Consultant employs other consultants (sub-consultants) as part of the services covered by this agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above.

3.6.5 Reporting of Claims. Consultant shall report to the District, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.7 Termination of Agreement.

3.7.1 Grounds for Termination. District may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to District, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.7.2 Effect of Termination. If this Agreement is terminated as provided herein, District may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.7.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.8 Ownership of Materials and Confidentiality.

3.8.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for District to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). All Documents & Data shall be and remain the property of District, and shall not be used in whole or in substantial part by Consultant on other projects without the District's express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, Consultant shall provide to District reproducible copies of all Documents & Data, in a form and amount required by District. District reserves the right to select the method of document reproduction and to establish where the reproduction will be accomplished. The reproduction expense shall be borne by District at the actual cost of duplication. In the event of a dispute regarding the amount of compensation to which the Consultant is entitled under the termination provisions of this Agreement, Consultant shall provide all Documents & Data to District upon payment of the undisputed amount. Consultant shall have no right to retain or fail to provide to District any such documents pending resolution of the dispute. In addition, Consultant shall retain copies of all Documents & Data on file for a minimum of fifteen (15) years following completion of the Project, and shall make copies available to District upon the payment of actual reasonable duplication costs. Before destroying the Documents & Data following this retention period, Consultant shall make a reasonable effort to notify District and provide District with the opportunity to obtain the documents.

3.8.2 Subconsultants. Consultant shall require all subconsultants to agree in writing that District is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or its subconsultants, or those provided to Consultant by the District.

3.8.3 Right to Use. District shall not be limited in any way in its use or reuse of the Documents and Data or any part of them at any time for purposes of this Project or another project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of Consultant shall be at District's sole risk. If District uses or reuses the Documents & Data on any project other than this Project, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. Consultant shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to the District upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

3.8.4 Indemnification. Consultant shall defend, indemnify and hold the District, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by District of the Documents & Data, including any method, process, product, or concept specified or depicted.

3.8.5 Confidentiality. All Documents & Data, either created by or provided to Consultant in connection with the performance of this Agreement, shall be held confidential by Consultant. All Documents & Data shall not, without the prior written consent of District, be used or reproduced by Consultant for any purposes other than the performance of the Services. Consultant shall not disclose, cause or facilitate the disclosure of the Documents & Data to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant that is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use District's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of District.

3.9 Subcontracting/Subconsulting

3.9.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.10 General Provisions

3.10.1 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

DISTRICT:

Elsinore Valley Municipal Water District
31315 Chaney St
Lake Elsinore, CA 92531
Attn: Bonnie Woodrome
Email: bwoodrome@evmwd.net

CONSULTANT:

Charrette Agency, LLC.
525 Gills Place,
Virginia Beach, VA 23464
Attn: Amanda Carter
Email: amanda@charretteagency.com

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.10.2 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of District's Minority

Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.10.3 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.10.4 District's Right to Employ Other Consultants. District reserves right to employ other consultants in connection with this Project.

3.10.5 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.10.6 Assignment or Transfer. Consultant shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.10.7 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

3.10.8 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.10.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.10.10 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.10.11 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.10.12 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subconsultants to file, a Statement of Economic

Interest with the District's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.10.13 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.10.14 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.10.15 Government Code Claim Compliance. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the District. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the District.

3.10.16 Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.10.17 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.10.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.10.19 Signatures. The Parties hereto hereby agree that electronic signatures are acceptable and shall have the same force and effect as original wet signatures.

3.10.20 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

SIGNATURES ON THE FOLLOWING PAGE

**SIGNATURE PAGE TO THE
PROFESSIONAL SERVICES AGREEMENT FOR THE
DISTRICT BRANDING PROJECT**

IN WITNESS WHEREOF, this Agreement has been duly executed by the above-named parties,
on the day and year above written.

ELSINORE VALLEY MUNICIPAL WATER DISTRICT:

By: _____

Name: _____

Title: _____

Dated: _____

CHARRETTE AGENCY, LLC.:

By: *Amanda Carter*
(Authorized Representative of Vendor)

Printed Name: Amanda Carter

Title: Co-Founder

Dated: November 26, 2020

**EXHIBIT A
SCOPE OF SERVICES**

Please demonstrate a concise understanding of the requirements and issues associated with the project.

OUR APPROACH

As you've undoubtedly noted by this point in the response, our understanding of the supply, infrastructure, quality, cost, conservation and community requirements faced by the Elsinore Valley Municipal Water District runs deep. (No water pun intended.) Resource management, quality control and other water-specific issues create operational demands on your organization. New technologies, transparency, and communication customization are now customer requirements. California customers, in particular, possess strong views on environmental stewardship and social responsibility. And, of course, our time in history has only intensified expectations, with perceptions of government and utilities tinged with misperceptions and negativity.

We appreciate how these issues, and their associated piece parts, can influence your relationships with stakeholders, both internally and throughout the many communities you serve, and how collectively, they work together to bring EVMWD to this point - the point at which you're aware, a clear, compelling EVMWD brand, brand story and associated brand purpose must be developed. This is the requirement.

Ultimately, your organization's perceived brand purpose must reflect the actual values and mission of EVMWD while simultaneously connecting, in a meaningful way, to the County of Riverside's collective aspirations.

Brand purpose is an organization's higher reason for being beyond producing a product or delivering a service. It connects with consumers on an emotional level, and helps to build loyalty. Brand purpose benefits both business and the world, adding value to the lives of customers and to society as a whole.

Today's consumer lives consciously. A growing number of residential, agricultural, and non-residential customers recognize the importance of resource conservation, investment in climate change mitigation and social responsibility. As previously noted, EVMWD's reimagined brand must enhance trust; build perceived value; and forge an ongoing partnership.

The 2017 Earned Brand Study found that 50% of consumers worldwide consider themselves to be belief driven buyers and 67% bought a brand for the first time because they agreed with its position on a controversial topic.

Exhibit "A"

While your messaging to residential, agricultural and non-residential customers will be varied, all of your audiences, including those in politics and the press, share an interest in EVMWD's stewardship of the District's water supply. Examples of specific communication efforts that will benefit from an elevated sense of EVMWD's brand purpose include, but are not limited to the following:

Conservation efforts require the participation of many. To be successful, conservation initiatives must be viewed as cooperative. Trust in a utility's intention and transparency are greatly enhanced through the voice of the brand.

Supply management and infrastructure maintenance matters should be communicated in the context of a utility's overarching commitment to community values. This sense of shared responsibility also applies to EVMWD's strategic use of recycled water.

In addition to being viewed as a good citizen, EVMWD's actions directly impact recreation on Lake Elsinore. Branding should extend seamlessly and credibly to sponsorships, events, and targeted investment as a good citizen of the community.

Supply and pricing are major issues with farming and other non-residential customers. Brand articulation plays a role in partnering on issues such as adequate notice for planning and price change initiatives.

There's no question that EVMWD greatly enhances the quality of life in its District. Still, utilities are consistently under appreciated for their good work, largely because your leadership and use of best practices within the water utility industry may not be fully recognized or understood by the audiences you serve. At Charrette, we plan to work with you to draw out the elements of your story that resonate most directly with the interests, vision and values of your communities, delivering a well-crafted, highly credible brand purpose and expression so those same communities are able to finally, fully realize the value EVMWD truly creates.

Here's what that process looks like ...



Exhibit "A"

In the following pages, we'll expound upon the key steps and processes in two distinct phases. The first phase, as you may imagine, will focus on building the foundation of the entire project, inclusive of EVMWD's kick-off meeting, comprehensive research, stakeholder engagement and brand strategy. The second phase focuses on brand concepting and creative development.

Throughout these phases, we have established benchmarks with important deliverables. Worthy of note, and as integral parts of these processes, we will also:

- **Establish bi-weekly check-in meetings to review project status and progress.**
- **Provide ongoing account management and project management services**

Please provide a detailed description of Respondent's proposed approach to the project. Provide a detailed discussion on how you would facilitate the process.

SO, HERE'S THE PLAN.

The Charrette Brand Development process is both fluid and responsive. We anticipate this plan, applied to EVMWD's objectives will proceed as follows:

PHASE I

1 Kick-Off & Immersion — This is when the team building begins. Here, we'll reserve a couple of half-days of your time to introduce ourselves and exchange important information about the project including roles and responsibilities, KPI's, and the ongoing process for status updates and timing. We'll also carve out time to discuss particulars about past EVMWD communications initiatives and issues. And, we'll lay the groundwork for the upcoming phases of planning.

2 Review of Existing Data — We'll begin by completing a thorough review of relevant research and records to assess what is already known. As a part of this process, we'll want to review any relevant research you've recently conducted, as well as any current information regarding outreach and communications. From here, we'll identify the holes. What questions must we still answer and what consumer attitudes must we understand in order to achieve our objectives? This is also the point at which we can reassess benchmark levels of awareness and attitudes, if necessary. Ultimately, this step gives us a more precise roadmap for subsequent research and investigation, conserving budget through the avoidance of duplicative efforts.

Exhibit "A"



Category Audit – The second aspect of our preliminary research will work towards discovering the messaging and strategies of your fellow utility suppliers. While we may collectively understand the various messaging strategies being deployed by comparative water districts, this research will delve deeper to understand who those companies are targeting, how they are positioning themselves.

For each competitor, we will identify and understand the following:

Market position and product strategy

Each of the comparative water districts has positioned itself in a different manner. Some position themselves conceptually, with intangibles such as customer experience. Others present themselves in terms of a specific product, like cutting-edge filtration systems, for example. We will identify their positions in the marketplace, then observe how they cluster together, or stand apart.

Their strategy for targeting segments

Each of the comparative water districts is targeting at least one audience segment (current customers). Are there others? We will identify each of them and understand the strategy being used to reach their consumers at different times of the year.

Their brand position and their strategic approach to leveraging it

Separate from their product strategy and audience strategy, each comparative water district will have a brand position (even if it is not clear or overly compelling). We absolutely must understand these positions as, under no circumstances, can the brand for EVMWD find itself clustered near those of your peers.

With data in hand, we can now discover the sweet spot in your comparative set. How have these companies used their strengths to drive demand, and how can we position EVMWD to effectively stand apart?



Regional Cultural Audit – This is the consumer portion of the research phase, conducted in an effort to create relevance, which is key to success. If a brand is relevant, it will resonate with the target audience. In the pursuit of relevance, we must achieve an understanding of the emotions and mindset of the audience - not just their point-of-view on water usage. Instead, we need to get at their perspective on nature, public health & happiness, integrity, reward systems, the common good and other ways of potentially framing EVMWD's reimagined brand purpose and voice. We plan to approach this research phase as ethnographers, speaking with Californians in the market and observing the many ways in which they're unique - factors we can build into your brand platform at a later date.

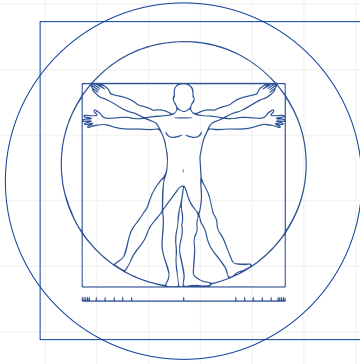
From this point, we will create a series of audience personas which showcase current and future targets - a quick-glance reference to their background, needs motivations and barriers.

Exhibit "A"

5

Stakeholder Engagement & Survey – Perhaps one of the most important processes of the entire project, stakeholder engagement simultaneously informs, and helps lay the groundwork for future consensus building, communications and program adoption efforts. In this phase, we draw on the ideas and opinions of your stakeholders. These insights help us to understand EVMWD from the perspective of those who know it best. What we learn from you, your Board, your employees, your customers across categories and other important community voices will help complete our understanding of how we can leverage common interests to define EVMWD. Together, we'll develop a list of people with whom we should speak and an associated Discussion Guide of questions we'll address. Both John Bickerman and Julie Garel, whose bios can be found in the coming section, will design and conduct interviews with your identified stakeholders via surveys, workshops, private or digital dialogue, or phone discussion.

Worthy of note, we, at Charrette, are uniquely trained to engage in meaningful dialogue with the audience segments that matter most to your business objectives. We construct a highly-nuanced, 360-degree understanding of your organization by speaking with political and business leaders, customers (past and current), board members, and other influencers just to name a few.



Our Core Competency is Human-Centered Strategic Planning™

That's marketing-speak for solutions created from the perspective of your key audiences.

Human-centered marketing is a highly interactive, responsive process that aims to optimize outcomes by focusing on the users, their needs and requirements, and by applying human emotions.

6

Brand Concepting – In this phase, we mine insights and begin the development of brand strategy. This concepting process is completely dependent on earlier research. After we have identified comparative messaging, your personas and engaged with your stakeholders, comes the challenge of determining how these three facets intersect and thus, what the new brand proposition for EVMWD should be.

In the process of brand concepting, we endeavor to do two things which build upon themselves.

Mine insights and discover inspiration.

- 1 There are dozens of ways to express your brand - many of which comparative water utilities have already explored. Still, there are precious few insights which are true, meaningful and have not already been leveraged. In the search for insights we are looking for unique human truths which have not already been brought to bear in the space.

Disrupt the status quo.

- 2 Simple to understand but rather more difficult to achieve, an important trait of successful brands is the ability to stand alone. These brands speak with a voice and with an attitude unlike that of their comparative set.

Exhibit "A"

The primary deliverable for this phase is the Strategic Brief.

The Charrette Strategic Brief is the starting point for all future EVMWD planning. This document is a concise, motivating distillation of what the overarching brand should communicate and how EVMWD will bring that promise to life. It is rooted in all of the data and rich qualitative experiences which have been considered up to this point. Most importantly, it reflects the heart and aspirations of your consumers, layering these insights into a meaningful, motivating whole.

The brief is then shared with all members of your team. We must emphasize that our approach is highly collaborative. We sit together, whether virtually or in person. We work across functions. We share ideas and information with the understanding that brilliance can originate anywhere. And that includes you.

The Charrette Strategic Brief includes some of the following sections:

- Goal definition
- Definition of KPI's
- Overview of the Comparative Landscape
- Market Context
- Audience Personas and Definition (Who are we trying to influence?)
- Definition of Brand Pillars (Actionable Consumer Insights)
- The single-minded proposition that will exploit insights into the EVMWD advantage
- Definition of Specific Deliverables
- Overriding mandates

Once written and approved, the brand position, underpinned by the Strategic Brief, moves into creative development.

PHASE II

7 Brand Creative Development — In this phase, and as we identify and approve brand strategy, we'll present three different visual representations of the brand position, inclusive of logos, taglines and mood boards. Each option approaches the approved brand position, differently. They may hone-in on different generational or behavioral segments, or they may alternatively focus on different ways of disrupting the homogeneity of the space. Once presented, together and based on research, insights and planning, we will proceed to development with the brand idea that resonates the most as reflected in the results of our internal message pre-testing, detailed below.

8 Stakeholder & Audience Feedback — This phase allows EVMWD to re-engage with the stakeholders it consulted at the front-end, or expand the base of feedback to include lower-level employees in an effort to garner untapped insights and build a widespread internal sense of ownership in the final brand architecture. It's an opportunity to gain both feedback and buy-in, and an additional chance to forge trust and partnership. Ultimately, the feedback in this phase will allow us to make last-minute modifications as needed, prior to rollout.

PHASE II



Brand Creative Finalization – With our final round of feedback in hand, our creative team will again step in, making any revisions prior to the buildout of final deliverables to include:

The Brand Style Guide

These guidelines communicate your new brand standards both internally and for your partners. This ensures the new EVMWD brand maintains a consistent look, feel, and voice, no matter where in the world it's seen. Within the brand guidelines document, we include:

- An introduction to the brand – the brand promise and logo
- An introduction to the document, noting why it exists and what to expect going forward
- How to Use Our Brand - a brief introduction to the importance of consistency with brand communications
- Tone of Voice - expanding on the voice and tone of our brand and what that means
- Logo – defining brand colors and other logo guidelines such as clear space, minimum widths, any alternate logos, such as vertical or horizontal variations, as well as approved variations of the logo, such as black and white
- Incorrect Logo Use – a section detailing common misuses of the logo mark
- Photographic Style – an expression of what type of imagery and visual style is in support of the brand identity
- Visual Style References – key imagery giving examples of the brand's photographic style
- Color Palette
- Typography
- Brand Examples – examples of the brand used in context for things like business collateral and promotional items

Prototypical Deliverable Templates

Here, we create a series of creative concepts for the EVMWD website, print ads, out-of-home placements, digital ads, business collateral, trade show booths, pull-up banners, email communication, amenities, etc. in an effort to bring the brand to life and demonstrate how it will be expressed in day-to-day use.



Brand Launch – Here, we'll prepare a final report and visual presentation for EVMWD leadership. In addition, we'll host an internal Brand Training Session to walk team members through proper brand usage and answer any outstanding questions.

Provide a schedule that estimates the timing of project milestones and the time to complete the overall project.

PROPOSED PROJECT SCHEDULE

At Charrette, we endeavor to build solutions as unique as our clients, and we believe project deliverables need to be reinforced with timelines that are both realistic and doable. Here's what the earlier-detailed approach looks like when organized by process, milestone deliverable and timeline. Your RFP notes a contract term of about 5 months, ending January 1, 2021. While it is possible to complete the project, with a few adjustments, within this timeframe, we suggest adding a few months to the process in an effort to ensure there's enough time to mine the data and insights garnered from the initial research phase. For comparison purposes, however, we've included project schedule scenarios for both your expressed timeframe, and for our suggested approach.

Keep in mind, many of the below processes overlap with one another and should be understood as fluid, as these project plans are extremely preliminary. Our teams would need to meet with your teams in the discussion of needs, shifting objectives and unforeseen circumstances prior to arriving at a firm path forward. For now, this is how we envision proceeding:

PROJECT SCHEDULE SCENARIO #1

PROJECT KICK OFF & IMMERSION | AUGUST 2020

Statement of Work— inclusive of project benchmarks and identified KPIs

EXISTING DATA REVIEW | AUGUST 2020

Summary —identifies key insights

COMPETITIVE MESSAGING ANALYSIS | AUGUST 2020

Summary —identifies key insights

REGIONAL CULTURAL AUDIT | AUGUST/ EARLY SEPTEMBER 2020

Comprehensive Findings Report

STAKEHOLDER/ CUSTOMER ENGAGEMENT | SEPTEMBER 2020

Comprehensive Findings Report

STRATEGIC DEVELOPMENT & INSIGHT MINING | OCTOBER 2020

Strategic Brief —distills all previous research insights and proposes a brand platform

BRAND CONCEPTING | OCTOBER/ EARLY NOVEMBER 2020

Brand Concept Presentation Deck—inclusive of 3 logo and tagline options

BRAND PRE-TESTING | NOVEMBER 2020

Summary—identifies survey results and brand recommendations from employees

BRAND DEVELOPMENT | DECEMBER 2020

Creative Presentation(s)—inclusive of three rounds of revisions for the chosen logo/ tagline direction

Brand Style Guide inclusive of final, approved logo design, tagline, boilerplate, elevator pitch position, brand voice, typography usage guidelines and prototypical marketing deliverables

LAUNCH | LATE DECEMBER 2020

Final brand presentation to EVMWD's leadership and stakeholder groups

ACCOUNT AND PROJECT MANAGEMENT | ONGOING

Bi-Weekly Project Status Sheets

PROJECT SCHEDULE SCENARIO #2

- ▼ **PROJECT KICK OFF & IMMERSION | AUGUST 2020**
Statement of Work— inclusive of project benchmarks and identified KPIs
- ▼ **EXISTING DATA REVIEW | AUGUST 2020**
Summary —identifies key insights
- ▼ **COMPETITIVE MESSAGING ANALYSIS | SEPTEMBER 2020**
Summary —identifies key insights
- ▼ **REGIONAL CULTURAL AUDIT | SEPTEMBER 2020**
Comprehensive Findings Report
- ▼ **STAKEHOLDER/ CUSTOMER ENGAGEMENT | SEPTEMBER/OCTOBER 2020**
Comprehensive Findings Report
- ▼ **STRATEGIC DEVELOPMENT & INSIGHT MINING | NOVEMBER 2020**
Strategic Brief —distills all previous research insights and proposes a brand platform
- ▼ **BRAND CONCEPTING | NOVEMBER/DECEMBER 2020**
Brand Concept Presentation Deck—inclusive of 3 logo and tagline options
- ▼ **BRAND PRE-TESTING | JANUARY 2021**
Summary—identifies survey results and brand recommendations from employees
- ▼ **BRAND DEVELOPMENT | FEBRUARY/MARCH 2021**
Creative Presentation(s)—inclusive of three rounds of revisions for the chosen logo/ tagline direction

Brand Style Guide inclusive of final, approved logo design, tagline, boilerplate, elevator pitch position, brand voice, typography usage guidelines and prototypical marketing deliverables
- ▼ **LAUNCH | APRIL 2021**
Final brand presentation to EVMWD’s leadership and stakeholder groups
- ▼ **ACCOUNT AND PROJECT MANAGEMENT | ONGOING**
Bi-Weekly Project Status Sheets

Exhibit "A"

In addition to an overall cost, provide an itemized fee breakdown, which shows each major task/activity with estimated man-hours for each billing rate. Include all direct and indirect expenses, subconsultants, reimbursable and other related project fees and costs including mileage surcharge if any.

PRICE

Ultimately, amazing ideas - the sort of ideas that shape the future of an organization - should never be restrained because of budget. To this aim, we strive to create flexible, scalable solutions that are both effective and streamlined, avoiding additional layers of work and internal duplications. That said, please review the pricing proposal, below. The costs reflected herein are based upon a blended hourly agency rate of \$100. Worthy of note, the agency assesses a 15% mark-up on all approved out of pocket costs. We'd welcome the opportunity to discuss any aspect of this structure further, should we earn your business.

PROCESS	MILESTONE DELIVERABLE	ESTIMATED HOURS	FEE
Project Kick Off & Immersion	Statement of Work –inclusive of project benchmarks and identified KPIs	~5	\$500
Existing Data Review	Summary – identifies key insights	~10	\$1,000
Competitive Messaging analysis	Summary—identifies key insights	~10	\$1,000
Regional Cultural Audit	Comprehensive Findings Report	~20	\$2,000
Stakeholder/ Customer Engagement	Comprehensive Findings Report	~200	\$20,000
Strategic Development & Insight Mining	Strategic Brief –distills all previous research insights and proposes a brand platform	~65	\$6,500
Brand Concepting	Brand Concept Presentation Deck inclusive of 3 logo and tagline options	~80	\$8,000
Brand Pre-Testing*	Summary—identifies survey results and brand recommendations from employees	~10	\$10,000

*Assumes a qualitative re-engagement of internal stakeholders and employees

PROCESS	MILESTONE DELIVERABLE	ESTIMATED HOURS	FEE
Brand Development**	Creative Presentation(s)— inclusive of three rounds of revisions for the chosen logo/ tagline direction Brand Style Guide inclusive of final, approved logo design, tagline, boilerplate, elevator pitch position, brand voice, typography usage guidelines and prototypical marketing deliverables	~250	\$25,000
Launch	Final brand presentation to EVMWD's leadership and stakeholder groups	~30	\$3,000
Ongoing Account and Project Management	Bi-Weekly Project Status Reporting Project Schedules Estimates	~200	\$20,000
TOTAL			\$97,000

***Includes creative options for a new overall "look and feel" that can be applied to district promotional materials, uniforms/merchandise, business cards, a stationary suite, vehicle decal, signage, pull-up banners, social media, the website, mock advertising layouts and e-news templates*

**ELSINORE VALLEY MUNICIPAL WATER DISTRICT
PROFESSIONAL SERVICES AGREEMENT
DISTRICT BRANDING PROJECT**

1. PARTIES AND DATE.

This Agreement is made and entered into this day of _____ by and between the Elsinore Valley Municipal Water District, a California municipal water district with its principal place of business at 31315 Chaney St., Lake Elsinore, CA 92531 ("District") and Charrette Agency, LLC., a Limited Liability Corporation with its principal place of business at 525 Gills Place, Virginia Beach, VA 23464 ("Consultant"). District and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional services required by the District on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing Branding services to public clients and is familiar with the plans of District.

2.2 Project.

District desires to engage Consultant to render such services for the Branding project ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope and Schedule of Services.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the District all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional branding consulting services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules, and regulations.

3.1.2 Term. The term of this Agreement shall be from December 11, 2020 to July 31, 2021, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary to complete the Services.

3.1.3 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "A" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, District shall respond to Consultant's submittals in a timely manner. Upon request of

District, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2 Fees and Payments.

3.2.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "A" attached hereto and incorporated herein by reference. The total compensation shall not exceed Ninety-Seven Thousand Dollars (\$97,000.00) without written approval by District. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.2.2 Payment. Consultant shall submit to District a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. District shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.2.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by District.

3.2.4 Extra Work. At any time during the term of this Agreement, District may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by District to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization by District.

3.3 Responsibilities of Consultant.

3.3.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. District retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of District and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.3.2 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants

shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the District, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the District, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.3.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of District.

3.3.4 Substitution of Key Personnel. Consultant has represented to District that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of District. In the event that District and Consultant cannot agree as to the substitution of key personnel, District shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the District, or who are determined by the District to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the District. The key personnel for performance of this Agreement are as follows: John Bickerman, Julie Garel, and Amanda Carter.

3.3.5 Coordination of Services. Consultant agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times.

3.3.6 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold District, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.3.7 Labor Code Provisions.

(a) Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and

“maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. The District has obtained the general prevailing rate of wages, as determined by the Director of the Department of Industrial Relations, a copy of which is on file in the District’s office and shall be made available for viewing to any interested party upon request. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant’s principal place of business and at the project site. Consultant shall defend, indemnify and hold the District, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

(b) Registration and Labor Compliance. If the services are being performed as part of an applicable “public works” or “maintenance” project, then, in addition to the foregoing, pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations (“DIR”). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

(c) Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker’s Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.3.8 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.3.9 Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of four (4) years from the date of final payment under this Agreement.

3.3.10 Air Quality. To the extent applicable, Consultant must fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the South Coast Air Quality Management District (SCAQMD) and/or California Air Resources Board (CARB). Although the SCAQMD and CARB limits and requirements are more broad, Consultant shall specifically be aware of their application to "portable equipment", which definition is considered by SCAQMD and CARB to include any item of equipment with a fuel-powered engine. Consultant shall indemnify District against any fines or penalties imposed by SCAQMD, CARB, or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Consultant, its subconsultants, or others for whom Consultant is responsible under its indemnity obligations provided for in this Agreement.

3.4 Representatives of the Parties.

3.4.1 District's Representative. The District hereby designates Bonnie Woodrome, or his or her designee, to act as its representative for the performance of this Agreement ("District's Representative"). Consultant shall not accept direction or orders from any person other than the District's Representative or his or her designee.

3.4.2 Consultant's Representative. Consultant hereby designates Amanda Carter, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.5 Indemnification.

To the fullest extent permitted by law, Consultant shall defend (with counsel reasonably acceptable to District), indemnify and hold District, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, District, its officials, officers, employees, agents, or volunteers.

If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent

jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.6 Insurance.

3.6.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the District that the subconsultant has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the District to terminate this Agreement for cause.

3.6.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subconsultants. Consultant shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) Commercial General Liability. Coverage for commercial general liability insurance shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001). Consultant shall maintain limits no less than \$2,000,000 per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit or product-completed operations aggregate limit is used, including but not limited to form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit. The general liability policy shall include or be endorsed (amended) to state that: (1) the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work using as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37; and (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, agents, and volunteers using as broad a form as CG 20 01 04 13, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(b) Automobile Liability. Coverage shall be at least as broad as the latest version of the Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto). Consultant shall maintain limits no less than \$1,000,000 per accident for bodily injury and property damage. The automobile liability policy shall include or be endorsed (amended) to state that: (1) the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be

primary insurance as respects the District, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way. The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

(c) Workers' Compensation and Employer's Liability Insurance. Consultant shall maintain Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount no less than \$1,000,000 per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against the District, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(d) Professional Liability. Consultant shall procure and maintain, and require its subconsultants to procure and maintain, for a period of five (5) years following completion of the Project, errors and omissions liability insurance appropriate to their profession covering Consultant's wrongful acts, negligent actions, errors or omissions. The retroactive date (if any) is to be no later than the effective date of this agreement. Consultant shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. Such insurance shall be in an amount not less than \$2,000,000 per claim.

(e) Excess Liability (if necessary). The limits of Insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess coverage shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the District (if agreed to in a written contract or agreement) before the District's own primary or self-Insurance shall be called upon to protect it as a named insured. The policy shall be endorsed to state that the District, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured at least as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37. The coverage shall contain no special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents, and volunteers.

(f) All Coverages. The Consultant is required by this Agreement to state that: (i) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District; If any of the required coverages expire or cancel during the term of this agreement, the Consultant shall deliver the renewal certificate(s) including the general liability additional insured endorsement to District at least ten (10) days prior to the cancellation or expiration date. and (ii) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the District, its directors, officials, officers, employees, agents, and volunteers.

(g) Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the District, its directors, officials, officers, employees, agents, and volunteers.

(h) Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Consultant shall guarantee that, at the option of the District, either: (i) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its directors, officials, officers, employees, agents, and volunteers; and insurer shall provide or be endorsed to provide that the deductibles or SIR may be satisfied by either the named or additional insureds, co-insurers, and/or insureds other than the First Named Insured or (ii) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

3.6.3 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-VII or equivalent, or as otherwise approved by the District.

3.6.4 Verification of Coverage. Consultant shall furnish the District with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by the District if requested. All certificates and endorsements must be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time. In the event that the Consultant employs other consultants (sub-consultants) as part of the services covered by this agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above.

3.6.5 Reporting of Claims. Consultant shall report to the District, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.7 Termination of Agreement.

3.7.1 Grounds for Termination. District may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to District, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.7.2 Effect of Termination. If this Agreement is terminated as provided herein, District may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.7.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.8 Ownership of Materials and Confidentiality.

3.8.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for District to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). All Documents & Data shall be and remain the property of District, and shall not be used in whole or in substantial part by Consultant on other projects without the District's express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, Consultant shall provide to District reproducible copies of all Documents & Data, in a form and amount required by District. District reserves the right to select the method of document reproduction and to establish where the reproduction will be accomplished. The reproduction expense shall be borne by District at the actual cost of duplication. In the event of a dispute regarding the amount of compensation to which the Consultant is entitled under the termination provisions of this Agreement, Consultant shall provide all Documents & Data to District upon payment of the undisputed amount. Consultant shall have no right to retain or fail to provide to District any such documents pending resolution of the dispute. In addition, Consultant shall retain copies of all Documents & Data on file for a minimum of fifteen (15) years following completion of the Project, and shall make copies available to District upon the payment of actual reasonable duplication costs. Before destroying the Documents & Data following this retention period, Consultant shall make a reasonable effort to notify District and provide District with the opportunity to obtain the documents.

3.8.2 Subconsultants. Consultant shall require all subconsultants to agree in writing that District is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or its subconsultants, or those provided to Consultant by the District.

3.8.3 Right to Use. District shall not be limited in any way in its use or reuse of the Documents and Data or any part of them at any time for purposes of this Project or another project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of Consultant shall be at District's sole risk. If District uses or reuses the Documents & Data on any project other than this Project, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. Consultant shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to the District upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

3.8.4 Indemnification. Consultant shall defend, indemnify and hold the District, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by District of the Documents & Data, including any method, process, product, or concept specified or depicted.

3.8.5 Confidentiality. All Documents & Data, either created by or provided to Consultant in connection with the performance of this Agreement, shall be held confidential by Consultant. All Documents & Data shall not, without the prior written consent of District, be used or reproduced by Consultant for any purposes other than the performance of the Services. Consultant shall not disclose, cause or facilitate the disclosure of the Documents & Data to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant that is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use District's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of District.

3.9 Subcontracting/Subconsulting

3.9.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

3.10 General Provisions

3.10.1 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

DISTRICT:

Elsinore Valley Municipal Water District
31315 Chaney St
Lake Elsinore, CA 92531
Attn: Bonnie Woodrome
Email: bwoodrome@evmwd.net

CONSULTANT:

Charrette Agency, LLC.
525 Gills Place,
Virginia Beach, VA 23464
Attn: Amanda Carter
Email: amanda@charretteagency.com

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.10.2 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of District's Minority

Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.10.3 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.10.4 District's Right to Employ Other Consultants. District reserves right to employ other consultants in connection with this Project.

3.10.5 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.10.6 Assignment or Transfer. Consultant shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.10.7 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

3.10.8 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.10.9 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.10.10 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.10.11 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.10.12 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subconsultants to file, a Statement of Economic

Interest with the District's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.10.13 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.10.14 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

3.10.15 Government Code Claim Compliance. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the District. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the District.

3.10.16 Attorneys' Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.10.17 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.10.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.10.19 Signatures. The Parties hereto hereby agree that electronic signatures are acceptable and shall have the same force and effect as original wet signatures.

3.10.20 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

SIGNATURES ON THE FOLLOWING PAGE

**SIGNATURE PAGE TO THE
PROFESSIONAL SERVICES AGREEMENT FOR THE
DISTRICT BRANDING PROJECT**

IN WITNESS WHEREOF, this Agreement has been duly executed by the above-named parties,
on the day and year above written.

ELSINORE VALLEY MUNICIPAL WATER DISTRICT:

By: _____

Name: _____

Title: _____

Dated: _____

CHARRETTE AGENCY, LLC.:

By: *Amanda Carter*
(Authorized Representative of Vendor)

Printed Name: Amanda Carter

Title: Co-Founder

Dated: November 26, 2020

**EXHIBIT A
SCOPE OF SERVICES**

Please demonstrate a concise understanding of the requirements and issues associated with the project.

OUR APPROACH

As you've undoubtedly noted by this point in the response, our understanding of the supply, infrastructure, quality, cost, conservation and community requirements faced by the Elsinore Valley Municipal Water District runs deep. (No water pun intended.) Resource management, quality control and other water-specific issues create operational demands on your organization. New technologies, transparency, and communication customization are now customer requirements. California customers, in particular, possess strong views on environmental stewardship and social responsibility. And, of course, our time in history has only intensified expectations, with perceptions of government and utilities tinged with misperceptions and negativity.

We appreciate how these issues, and their associated piece parts, can influence your relationships with stakeholders, both internally and throughout the many communities you serve, and how collectively, they work together to bring EVMWD to this point - the point at which you're aware, a clear, compelling EVMWD brand, brand story and associated brand purpose must be developed. This is the requirement.

Ultimately, your organization's perceived brand purpose must reflect the actual values and mission of EVMWD while simultaneously connecting, in a meaningful way, to the County of Riverside's collective aspirations.

Brand purpose is an organization's higher reason for being beyond producing a product or delivering a service. It connects with consumers on an emotional level, and helps to build loyalty. Brand purpose benefits both business and the world, adding value to the lives of customers and to society as a whole.

Today's consumer lives consciously. A growing number of residential, agricultural, and non-residential customers recognize the importance of resource conservation, investment in climate change mitigation and social responsibility. As previously noted, EVMWD's reimagined brand must enhance trust; build perceived value; and forge an ongoing partnership.

The 2017 Earned Brand Study found that 50% of consumers worldwide consider themselves to be belief driven buyers and 67% bought a brand for the first time because they agreed with its position on a controversial topic.

Exhibit "A"

While your messaging to residential, agricultural and non-residential customers will be varied, all of your audiences, including those in politics and the press, share an interest in EVMWD's stewardship of the District's water supply. Examples of specific communication efforts that will benefit from an elevated sense of EVMWD's brand purpose include, but are not limited to the following:

Conservation efforts require the participation of many. To be successful, conservation initiatives must be viewed as cooperative. Trust in a utility's intention and transparency are greatly enhanced through the voice of the brand.

Supply management and infrastructure maintenance matters should be communicated in the context of a utility's overarching commitment to community values. This sense of shared responsibility also applies to EVMWD's strategic use of recycled water.

In addition to being viewed as a good citizen, EVMWD's actions directly impact recreation on Lake Elsinore. Branding should extend seamlessly and credibly to sponsorships, events, and targeted investment as a good citizen of the community.

Supply and pricing are major issues with farming and other non-residential customers. Brand articulation plays a role in partnering on issues such as adequate notice for planning and price change initiatives.

There's no question that EVMWD greatly enhances the quality of life in its District. Still, utilities are consistently under appreciated for their good work, largely because your leadership and use of best practices within the water utility industry may not be fully recognized or understood by the audiences you serve. At Charrette, we plan to work with you to draw out the elements of your story that resonate most directly with the interests, vision and values of your communities, delivering a well-crafted, highly credible brand purpose and expression so those same communities are able to finally, fully realize the value EVMWD truly creates.

Here's what that process looks like ...

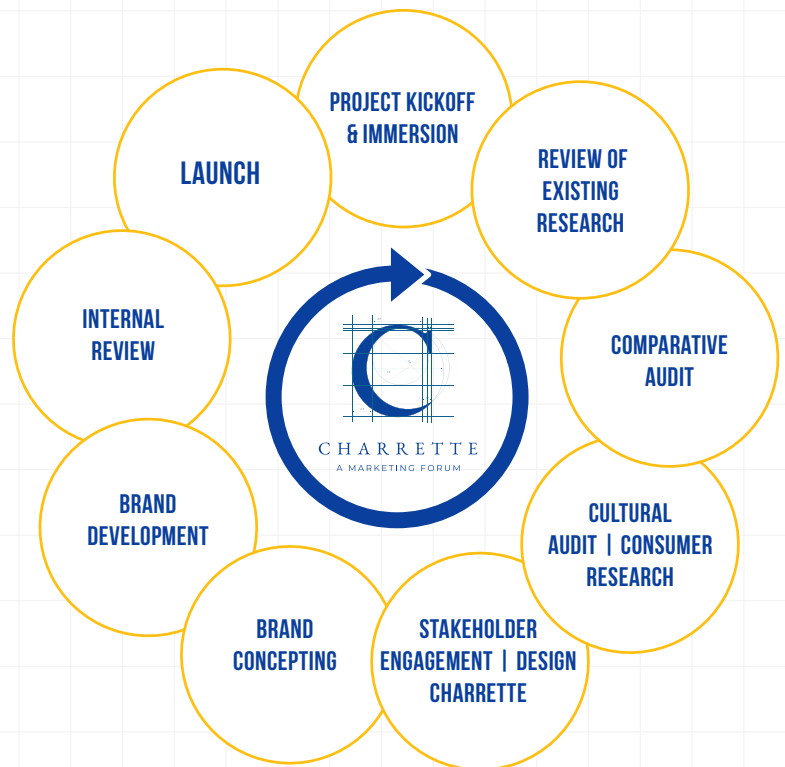


Exhibit "A"

In the following pages, we'll expound upon the key steps and processes in two distinct phases. The first phase, as you may imagine, will focus on building the foundation of the entire project, inclusive of EVMWD's kick-off meeting, comprehensive research, stakeholder engagement and brand strategy. The second phase focuses on brand concepting and creative development.

Throughout these phases, we have established benchmarks with important deliverables. Worthy of note, and as integral parts of these processes, we will also:

- **Establish bi-weekly check-in meetings to review project status and progress.**
- **Provide ongoing account management and project management services**

Please provide a detailed description of Respondent's proposed approach to the project. Provide a detailed discussion on how you would facilitate the process.

SO, HERE'S THE PLAN.

The Charrette Brand Development process is both fluid and responsive. We anticipate this plan, applied to EVMWD's objectives will proceed as follows:

PHASE I

1 Kick-Off & Immersion — This is when the team building begins. Here, we'll reserve a couple of half-days of your time to introduce ourselves and exchange important information about the project including roles and responsibilities, KPI's, and the ongoing process for status updates and timing. We'll also carve out time to discuss particulars about past EVMWD communications initiatives and issues. And, we'll lay the groundwork for the upcoming phases of planning.

2 Review of Existing Data — We'll begin by completing a thorough review of relevant research and records to assess what is already known. As a part of this process, we'll want to review any relevant research you've recently conducted, as well as any current information regarding outreach and communications. From here, we'll identify the holes. What questions must we still answer and what consumer attitudes must we understand in order to achieve our objectives? This is also the point at which we can reassess benchmark levels of awareness and attitudes, if necessary. Ultimately, this step gives us a more precise roadmap for subsequent research and investigation, conserving budget through the avoidance of duplicative efforts.

Exhibit "A"



Category Audit – The second aspect of our preliminary research will work towards discovering the messaging and strategies of your fellow utility suppliers. While we may collectively understand the various messaging strategies being deployed by comparative water districts, this research will delve deeper to understand who those companies are targeting, how they are positioning themselves.

For each competitor, we will identify and understand the following:

Market position and product strategy

Each of the comparative water districts has positioned itself in a different manner. Some position themselves conceptually, with intangibles such as customer experience. Others present themselves in terms of a specific product, like cutting-edge filtration systems, for example. We will identify their positions in the marketplace, then observe how they cluster together, or stand apart.

Their strategy for targeting segments

Each of the comparative water districts is targeting at least one audience segment (current customers). Are there others? We will identify each of them and understand the strategy being used to reach their consumers at different times of the year.

Their brand position and their strategic approach to leveraging it

Separate from their product strategy and audience strategy, each comparative water district will have a brand position (even if it is not clear or overly compelling). We absolutely must understand these positions as, under no circumstances, can the brand for EVMWD find itself clustered near those of your peers.

With data in hand, we can now discover the sweet spot in your comparative set. How have these companies used their strengths to drive demand, and how can we position EVMWD to effectively stand apart?



Regional Cultural Audit – This is the consumer portion of the research phase, conducted in an effort to create relevance, which is key to success. If a brand is relevant, it will resonate with the target audience. In the pursuit of relevance, we must achieve an understanding of the emotions and mindset of the audience - not just their point-of-view on water usage. Instead, we need to get at their perspective on nature, public health & happiness, integrity, reward systems, the common good and other ways of potentially framing EVMWD's reimagined brand purpose and voice. We plan to approach this research phase as ethnographers, speaking with Californians in the market and observing the many ways in which they're unique - factors we can build into your brand platform at a later date.

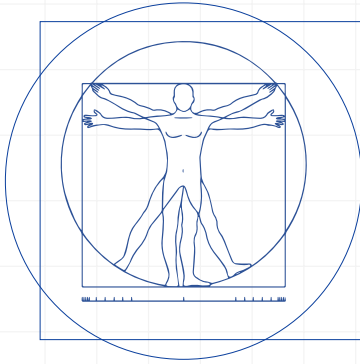
From this point, we will create a series of audience personas which showcase current and future targets - a quick-glance reference to their background, needs motivations and barriers.

Exhibit "A"

5

Stakeholder Engagement & Survey – Perhaps one of the most important processes of the entire project, stakeholder engagement simultaneously informs, and helps lay the groundwork for future consensus building, communications and program adoption efforts. In this phase, we draw on the ideas and opinions of your stakeholders. These insights help us to understand EVMWD from the perspective of those who know it best. What we learn from you, your Board, your employees, your customers across categories and other important community voices will help complete our understanding of how we can leverage common interests to define EVMWD. Together, we'll develop a list of people with whom we should speak and an associated Discussion Guide of questions we'll address. Both John Bickerman and Julie Garel, whose bios can be found in the coming section, will design and conduct interviews with your identified stakeholders via surveys, workshops, private or digital dialogue, or phone discussion.

Worthy of note, we, at Charrette, are uniquely trained to engage in meaningful dialogue with the audience segments that matter most to your business objectives. We construct a highly-nuanced, 360-degree understanding of your organization by speaking with political and business leaders, customers (past and current), board members, and other influencers just to name a few.



Our Core Competency is Human-Centered Strategic Planning™

That's marketing-speak for solutions created from the perspective of your key audiences.

Human-centered marketing is a highly interactive, responsive process that aims to optimize outcomes by focusing on the users, their needs and requirements, and by applying human emotions.

6

Brand Concepting – In this phase, we mine insights and begin the development of brand strategy. This concepting process is completely dependent on earlier research. After we have identified comparative messaging, your personas and engaged with your stakeholders, comes the challenge of determining how these three facets intersect and thus, what the new brand proposition for EVMWD should be.

In the process of brand concepting, we endeavor to do two things which build upon themselves.

Mine insights and discover inspiration.

- 1 There are dozens of ways to express your brand - many of which comparative water utilities have already explored. Still, there are precious few insights which are true, meaningful and have not already been leveraged. In the search for insights we are looking for unique human truths which have not already been brought to bear in the space.

Disrupt the status quo.

- 2 Simple to understand but rather more difficult to achieve, an important trait of successful brands is the ability to stand alone. These brands speak with a voice and with an attitude unlike that of their comparative set.

Exhibit "A"

The primary deliverable for this phase is the Strategic Brief.

The Charrette Strategic Brief is the starting point for all future EVMWD planning. This document is a concise, motivating distillation of what the overarching brand should communicate and how EVMWD will bring that promise to life. It is rooted in all of the data and rich qualitative experiences which have been considered up to this point. Most importantly, it reflects the heart and aspirations of your consumers, layering these insights into a meaningful, motivating whole.

The brief is then shared with all members of your team. We must emphasize that our approach is highly collaborative. We sit together, whether virtually or in person. We work across functions. We share ideas and information with the understanding that brilliance can originate anywhere. And that includes you.

The Charrette Strategic Brief includes some of the following sections:

- Goal definition
- Definition of KPI's
- Overview of the Comparative Landscape
- Market Context
- Audience Personas and Definition (Who are we trying to influence?)
- Definition of Brand Pillars (Actionable Consumer Insights)
- The single-minded proposition that will exploit insights into the EVMWD advantage
- Definition of Specific Deliverables
- Overriding mandates

Once written and approved, the brand position, underpinned by the Strategic Brief, moves into creative development.

PHASE II

7 Brand Creative Development — In this phase, and as we identify and approve brand strategy, we'll present three different visual representations of the brand position, inclusive of logos, taglines and mood boards. Each option approaches the approved brand position, differently. They may hone-in on different generational or behavioral segments, or they may alternatively focus on different ways of disrupting the homogeneity of the space. Once presented, together and based on research, insights and planning, we will proceed to development with the brand idea that resonates the most as reflected in the results of our internal message pre-testing, detailed below.

8 Stakeholder & Audience Feedback — This phase allows EVMWD to re-engage with the stakeholders it consulted at the front-end, or expand the base of feedback to include lower-level employees in an effort to garner untapped insights and build a widespread internal sense of ownership in the final brand architecture. It's an opportunity to gain both feedback and buy-in, and an additional chance to forge trust and partnership. Ultimately, the feedback in this phase will allow us to make last-minute modifications as needed, prior to rollout.

PHASE II



Brand Creative Finalization – With our final round of feedback in hand, our creative team will again step in, making any revisions prior to the buildout of final deliverables to include:

The Brand Style Guide

These guidelines communicate your new brand standards both internally and for your partners. This ensures the new EVMWD brand maintains a consistent look, feel, and voice, no matter where in the world it's seen. Within the brand guidelines document, we include:

- An introduction to the brand – the brand promise and logo
- An introduction to the document, noting why it exists and what to expect going forward
- How to Use Our Brand - a brief introduction to the importance of consistency with brand communications
- Tone of Voice - expanding on the voice and tone of our brand and what that means
- Logo – defining brand colors and other logo guidelines such as clear space, minimum widths, any alternate logos, such as vertical or horizontal variations, as well as approved variations of the logo, such as black and white
- Incorrect Logo Use – a section detailing common misuses of the logo mark
- Photographic Style – an expression of what type of imagery and visual style is in support of the brand identity
- Visual Style References – key imagery giving examples of the brand's photographic style
- Color Palette
- Typography
- Brand Examples – examples of the brand used in context for things like business collateral and promotional items

Prototypical Deliverable Templates

Here, we create a series of creative concepts for the EVMWD website, print ads, out-of-home placements, digital ads, business collateral, trade show booths, pull-up banners, email communication, amenities, etc. in an effort to bring the brand to life and demonstrate how it will be expressed in day-to-day use.



Brand Launch – Here, we'll prepare a final report and visual presentation for EVMWD leadership. In addition, we'll host an internal Brand Training Session to walk team members through proper brand usage and answer any outstanding questions.

Provide a schedule that estimates the timing of project milestones and the time to complete the overall project.

PROPOSED PROJECT SCHEDULE

At Charrette, we endeavor to build solutions as unique as our clients, and we believe project deliverables need to be reinforced with timelines that are both realistic and doable. Here's what the earlier-detailed approach looks like when organized by process, milestone deliverable and timeline. Your RFP notes a contract term of about 5 months, ending January 1, 2021. While it is possible to complete the project, with a few adjustments, within this timeframe, we suggest adding a few months to the process in an effort to ensure there's enough time to mine the data and insights garnered from the initial research phase. For comparison purposes, however, we've included project schedule scenarios for both your expressed timeframe, and for our suggested approach.

Keep in mind, many of the below processes overlap with one another and should be understood as fluid, as these project plans are extremely preliminary. Our teams would need to meet with your teams in the discussion of needs, shifting objectives and unforeseen circumstances prior to arriving at a firm path forward. For now, this is how we envision proceeding:

PROJECT SCHEDULE SCENARIO #1

PROJECT KICK OFF & IMMERSION | AUGUST 2020

Statement of Work— inclusive of project benchmarks and identified KPIs

EXISTING DATA REVIEW | AUGUST 2020

Summary —identifies key insights

COMPETITIVE MESSAGING ANALYSIS | AUGUST 2020

Summary —identifies key insights

REGIONAL CULTURAL AUDIT | AUGUST/ EARLY SEPTEMBER 2020

Comprehensive Findings Report

STAKEHOLDER/ CUSTOMER ENGAGEMENT | SEPTEMBER 2020

Comprehensive Findings Report

STRATEGIC DEVELOPMENT & INSIGHT MINING | OCTOBER 2020

Strategic Brief —distills all previous research insights and proposes a brand platform

BRAND CONCEPTING | OCTOBER/ EARLY NOVEMBER 2020

Brand Concept Presentation Deck—inclusive of 3 logo and tagline options

BRAND PRE-TESTING | NOVEMBER 2020

Summary—identifies survey results and brand recommendations from employees

BRAND DEVELOPMENT | DECEMBER 2020

Creative Presentation(s)—inclusive of three rounds of revisions for the chosen logo/ tagline direction

Brand Style Guide inclusive of final, approved logo design, tagline, boilerplate, elevator pitch position, brand voice, typography usage guidelines and prototypical marketing deliverables

LAUNCH | LATE DECEMBER 2020

Final brand presentation to EVMWD's leadership and stakeholder groups

ACCOUNT AND PROJECT MANAGEMENT | ONGOING

Bi-Weekly Project Status Sheets

PROJECT SCHEDULE SCENARIO #2

- ▼ **PROJECT KICK OFF & IMMERSION | AUGUST 2020**
Statement of Work— inclusive of project benchmarks and identified KPIs
- ▼ **EXISTING DATA REVIEW | AUGUST 2020**
Summary —identifies key insights
- ▼ **COMPETITIVE MESSAGING ANALYSIS | SEPTEMBER 2020**
Summary —identifies key insights
- ▼ **REGIONAL CULTURAL AUDIT | SEPTEMBER 2020**
Comprehensive Findings Report
- ▼ **STAKEHOLDER/ CUSTOMER ENGAGEMENT | SEPTEMBER/OCTOBER 2020**
Comprehensive Findings Report
- ▼ **STRATEGIC DEVELOPMENT & INSIGHT MINING | NOVEMBER 2020**
Strategic Brief —distills all previous research insights and proposes a brand platform
- ▼ **BRAND CONCEPTING | NOVEMBER/DECEMBER 2020**
Brand Concept Presentation Deck—inclusive of 3 logo and tagline options
- ▼ **BRAND PRE-TESTING | JANUARY 2021**
Summary—identifies survey results and brand recommendations from employees
- ▼ **BRAND DEVELOPMENT | FEBRUARY/MARCH 2021**
Creative Presentation(s)—inclusive of three rounds of revisions for the chosen logo/ tagline direction

Brand Style Guide inclusive of final, approved logo design, tagline, boilerplate, elevator pitch position, brand voice, typography usage guidelines and prototypical marketing deliverables
- ▼ **LAUNCH | APRIL 2021**
Final brand presentation to EVMWD’s leadership and stakeholder groups
- ▼ **ACCOUNT AND PROJECT MANAGEMENT | ONGOING**
Bi-Weekly Project Status Sheets

Exhibit "A"

In addition to an overall cost, provide an itemized fee breakdown, which shows each major task/activity with estimated man-hours for each billing rate. Include all direct and indirect expenses, subconsultants, reimbursable and other related project fees and costs including mileage surcharge if any.

PRICE

Ultimately, amazing ideas - the sort of ideas that shape the future of an organization - should never be restrained because of budget. To this aim, we strive to create flexible, scalable solutions that are both effective and streamlined, avoiding additional layers of work and internal duplications. That said, please review the pricing proposal, below. The costs reflected herein are based upon a blended hourly agency rate of \$100. Worthy of note, the agency assesses a 15% mark-up on all approved out of pocket costs. We'd welcome the opportunity to discuss any aspect of this structure further, should we earn your business.

PROCESS	MILESTONE DELIVERABLE	ESTIMATED HOURS	FEE
Project Kick Off & Immersion	Statement of Work –inclusive of project benchmarks and identified KPIs	~5	\$500
Existing Data Review	Summary – identifies key insights	~10	\$1,000
Competitive Messaging analysis	Summary—identifies key insights	~10	\$1,000
Regional Cultural Audit	Comprehensive Findings Report	~20	\$2,000
Stakeholder/ Customer Engagement	Comprehensive Findings Report	~200	\$20,000
Strategic Development & Insight Mining	Strategic Brief –distills all previous research insights and proposes a brand platform	~65	\$6,500
Brand Concepting	Brand Concept Presentation Deck inclusive of 3 logo and tagline options	~80	\$8,000
Brand Pre-Testing*	Summary—identifies survey results and brand recommendations from employees	~10	\$10,000

*Assumes a qualitative re-engagement of internal stakeholders and employees

PROCESS	MILESTONE DELIVERABLE	ESTIMATED HOURS	FEE
Brand Development**	Creative Presentation(s)— inclusive of three rounds of revisions for the chosen logo/ tagline direction Brand Style Guide inclusive of final, approved logo design, tagline, boilerplate, elevator pitch position, brand voice, typography usage guidelines and prototypical marketing deliverables	~250	\$25,000
Launch	Final brand presentation to EVMWD's leadership and stakeholder groups	~30	\$3,000
Ongoing Account and Project Management	Bi-Weekly Project Status Reporting Project Schedules Estimates	~200	\$20,000
TOTAL			\$97,000

***Includes creative options for a new overall "look and feel" that can be applied to district promotional materials, uniforms/merchandise, business cards, a stationary suite, vehicle decal, signage, pull-up banners, social media, the website, mock advertising layouts and e-news templates*



Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

DATE: December 10, 2020

TO: Board of Directors

FROM: General Manager

SUBJECT: REORGANIZATION OF BOARD COMMITTEES

STRATEGIC GOAL

Organizational Development

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Approve the attached Matrix of assigned meetings for the 2021 calendar year, and;
2. Authorize the appropriate amendments to the Administrative Code.

BACKGROUND

Committees were created to take care of matters which arise and require committee-level study and recommendation. Each committee shall meet at times to be agreed upon by the committee members and shall consider matters referred to it by the Board or matters within the scope of its duties which are presented to it by its members or the General Manager. Meeting of Committees shall be arranged through the Administration Department and will be posted in accordance with the Borwn Act.

At the Study Session meeting of December 1, 2020, the Board reviewed the Director's Meeting Matrix. A request was made to add four agency or association meetings to the Matrix as approved for compensation if attended, which are:

- California Municipal Utilities Association (CMUA)
- CA-NV American Water Works Association (CA-NV AWWA)
- California Special Districts Association (CSDA)
- Metropolitan Water District of So. Cal. (MWD)

Staff is presenting the Directors Meeting Matrix, Section 510 of the Administrative Code for the Board's Consideration. Section 500, Directors Policies will be reviewed in its

entirety by the Finance and Administration Committee, and any amendments deemed appropriate will be presented for Board consideration at a later date.

Staff is recommending adoption of the draft Matrix, Section 510 at this time.

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

Not applicable.

Originated by: Christy Gonzalez – Administration
Reviewed by: Terese Quintanar – Administration

Attachments:

Draft Meeting matrix for 2021

G Directors' Matrix for 2021:

	Activity/Description	Eligibility¹ Appointed Rep(s)²
1	Regular Board meeting	All Directors
2	Special Board meeting or Study Session	All Directors
3	Adjourned Board meeting	All Directors
4	Board Study Session	All Directors
5	Ad Hoc Committees	Appointed by Board President
6	ACWA Conference	All Directors
7	CASA Conference	All Directors
8	ACWA Region 9 / Region 9 activities	Ryan, Williams -Alt / All Directors
9	ACWA/JPIA	(Williams, Ryan-Alt)
10	Board committees Finance & Administration (FAC) Engineering & Operations (E&OC) Legislation, Conservation & Outreach (LCOC) Water Planning (WPC)	(FAC, Williams, Ryan) (E&OC, McBride, Ryan) (LCOC, Ryan, Williams) (WPC, Morris, Burke)
11	California Municipal Utilities Association (CMUA) Meetings	All Directors
12	CA-NV American Water Works Association (CA-NV AWWA) Meetings	All Directors
13	California Special Districts Association (CSDA) Meetings	All Directors
14	Canyon Lake City Council	(Burke, Williams-Alt)
15	Canyon Lake POA / Canyon Lake Group Meeting	(Burke, Williams-Alt)
16	Eastern M.W.D. Group	(McBride, Ryan)
17	Bedford-Coldwater Groundwater Sustainability Agency (BCGSA) JPA	(Williams)
18	Inspection Tours (e.g., Colorado River Aqueduct, Diamond Valley Lake, other)	All Directors
19	Local Agency Formation Commission (LAFCO)	(Williams)
20	L.E. Chamber Student of the Month and Student of the Year	(Ryan, McBride – Alt)
21	Lake Elsinore City Council	(Williams, Ryan) attendees alternate Monthly
22	Lake Elsinore City Group	(Ryan, Williams)
23	Lakeland Village Community Advisory Council	(McBride, Williams – Alt)
24	LESJWA	(Williams, Morris-Alt)
25	LEUSD School Board	(McBride, Morris)
26	Meeks & Daley Water Co.	(Morris, Burke)
27	Meetings, Summits or Conferences with elected officials and/or agency representatives, SAWPA, Chambers of Commerce, POA's or HOA's regarding matters within the subject matter jurisdiction of the District (Attendees must be listed on or attached to the Days of Service Report Form)	All Directors
28	Murrieta Student of the Month	(Morris, Ryan- Alt)
29	Metropolitan Water District of So. Cal. (MWD) Meetings	All Directors
30	Murrieta City Council	(Morris)
31	National Water Resources Association Conferences	All Directors
32	Quail Valley Environmental Coalition	(Burke, Williams – Alt)
33	Rancho California W.D. Group	(Morris, Williams)
34	Rancho – Western – SRRRA (Santa Rosa JPA)	(Morris, Williams-Alt)
35	Temescal MAC	(Williams, McBride)
36	Urban Water Institute, Inc.	(Burke)
37	Western M.W.D. Group	(Morris, Burke)

38	Wildomar City Council	(Morris, McBride) – attendees alternate monthly
39	Wildomar City Group Meeting	(McBride, Morris)

1. Advance approval by the Board is not required except when the activity or meeting will cost in excess of \$500 per participant.
2. Representatives in (parenthesis) have been appointed by the Board of Directors.



Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

DATE: December 10, 2020

TO: Board of Directors

FROM: General Manager

SUBJECT: PRESENTATION OF THE 2020 PUBLIC RELATIONS SOCIETY OF AMERICA INLAND EMPIRE CHAPTER RECOGNITION FOR COMMUNICATIONS

STRATEGIC GOAL

Public & Political Involvement

RECOMMENDATION

The General Manager and staff recommend that the Board of Directors:

1. Accept the PRSA Polaris and Capella Awards for outstanding communications efforts in four categories.

BACKGROUND

EVMWD received acknowledgement from the Public relations Society of America (PRSA), for excellence in public outreach. The Inland Empire Chapter of the Public Relations Society of America (PRSA) is the premier public relations organization for Riverside and San Bernardino Counties. PRSA-IE's Polaris Awards celebrate the professionalism and success of our members. The Polaris Awards recognize exemplary public relations efforts that successfully incorporate sound research, planning, implementation, and evaluation. These awards represent the highest standards of performance in the public relations and communications profession within the Inland Empire. EVMWD received the following recognitions this year:

- Capella Award: Large Scale Community Relations Campaign/ Strategic Plan: PFAS Outreach
- Capella Award: Large Scale Crisis Communication Campaign/ Strategic Plan: PFAS Outreach
- Capella Award: Tactics- Audiovisual Shortform: COVID 19 Outreach
- Polaris Award: Tactics- Photography: "Here for you" COVID 19 Outreach

ENVIRONMENTAL WORK STATUS

Not applicable.

FISCAL IMPACT

None.

Originated by: Bonnie Woodrome – Public Affairs
Reviewed by: Terese Quintanar – Administration

Attachments:

None.

Polaris 2020



Here for You photo



Stay Healthy, Stay Safe, Lake Elsinore.



1. Dublin San Ramon Services District employees working in the field are placing signs nearby asking passersby to respect six feet of physical distance from workers.
2. Santa Margarita Water District was among many agencies tweeting photos of employees on the job during the shutdown and asking residents to maintain physical distancing around water workers.
3. A construction maintenance team with Elsinore Valley Municipal Water District displays physical distancing with protective masks.
4. Palmdale Water District posted a video of Water Quality and Regulatory Affairs Supervisor in a laboratory explaining how the district's treatment process keeps tap water safe.

Virtual Bridges Over Social Distancing
Instead of postponing educational outreach to customers, some ACWA members employed virtual technology to stay active in public education. Using Zoom remote conferencing, Valley Water replaced public tours with holistic virtual tours where Santa Clara County residents can discover how the agency's water infrastructure works to provide safe, clean drinking water. In Southern California, Palmdale Water District recently created a Virtual Water Survey program for customers. Customers can connect with a Water-Use Efficiency Specialist through their telephone, Zoom or FaceTime to review options for reducing water use and to check for possible issues with faucets, showers, toilets and water heaters.

Tough Challenges Ahead
Many agencies recognized the humanitarian need to suspend shutoffs for nonpayment, along with late fees, ahead of Gov. Gavin Newsom's Executive Order that made all utility suspensions mandatory. However, this is coming with severe fiscal consequences.

The COVID-19 crisis is also impacting the supply chain for chemicals and other water treatment supplies, placing further stress on agencies.

Hurdles also remain for many agencies with conducting board meetings around COVID-19 physical distancing restrictions, as well as the safety of essential workers who risk infection as much as any member of the public. A page 1 story in this edition provides an overview on how ACWA is helping members with a number of issues through webinars, communications materials and ongoing advocacy. ♦

waterwisepro • Follow

waterwisepro UNITED AND PROUD!

During this time we are surrounded by negative talk, confusion and alarming statistical chatter, by the media, our friends, coworkers and family.

It's hard to stay focused and optimistic.

What is the right thing to do is not as clear as it used to be.

We have responsibilities to be professional in this time of need for our agencies, while keeping ourselves and our families healthy and safe.

Do we wear "face coverings"?

Liked by elsinore_eddie and 187 others

APRIL 8

Add a comment...

Elsinore Valley Municipal Water District

ACWA Advocacy Includes COVID-19, Member Resources

As ACWA expands resources helping members address the COVID-19 crisis, advocacy in Sacramento and Washington D.C. includes a focus on the state's policy response and emerging congressional relief measures.

ACWA's Federal Affairs Committee has convened an Infrastructure Workgroup aimed at emphasizing the necessity of fiscal relief for water agencies. That could take shape through coronavirus federal assistance to help water agencies bridge the funding gap due to

COVID-19 Continued on page 4

SHUTOFFS Continued on page 3

- 2 Water Professionals Carry On Through Extraordinary Times
- 3 Grants Available to Fund Forest and Watershed Infrastructure and Source Reduction
- 5 March Precipitation Not Enough to Offset Dry Winter

ACWA
Association of California Water Agencies



EVMWD

May 11 · 🌐



EVMWD Is Here for You

Our fantastic team members have a few words to share with the community! Check out th... See More



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You and 14 others · 1 Comment

Video #1: <https://www.facebook.com/watch/?v=1320990258098433>