



Request for Proposals
Cost of Service Study

July 14, 2025

Proposal Submittal Due Date August 11, 2025

Documents available online at: www.calleguas.com

REQUEST FOR PROPOSALS COST OF SERVICE STUDY

Calleguas Municipal Water District is requesting proposals from qualified firms to conduct a comprehensive cost of service study. Objectives of the cost of service study include an evaluation of the District's rate structure and cost requirements, as well as development of water rates that are cost-based and equitable, which adequately recover costs for financial sufficiency and stability.

There is no expressed or implied obligation for Calleguas to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

Project Schedule

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| • District Issues RFP | 07/14/25 |
| • Deadline for Proposal Submission | 08/11/25 |
| • District reviews responses | 08/12/25 – 08/15/25 |
| • Conduct Interviews with selected consultants | 08/19/25 – 08/22/25 |
| • Select Final Consultant | 08/23/25 |
| • Obtain Board Approval (if necessary) | 09/03/25 |
| • Conduct Rate Study | 09/04/25 - 03/01/26 |
| • Present final results to Board | 04/01/26 |

Background

Calleguas is a wholesale water supplier serving a 375-square-mile service area in southern Ventura County, California, comprising the cities of Thousand Oaks, Simi Valley, Camarillo, Moorpark, Oxnard, and Port Hueneme, including Naval Base Ventura County, Oak Park, Lake Sherwood, Somis, and Bell Canyon.

Calleguas purchases approximately 75,000 acre-feet of water per year from Metropolitan Water District of Southern California and delivers it on a wholesale basis to 19 retail water providers which serve a combined population of 650,000. Calleguas's potable water system consists of approximately 130 miles of large diameter pipeline, reservoirs, injection/extraction wells, pump stations, and hydroelectric generators.

In 2014, Calleguas began operation of a Salinity Management Pipeline (SMP) and an ocean outfall to collect salty water generated by groundwater desalting facilities and

excess recycled water and convey the discharges through an ocean outfall to the ocean. Three desalters have been completed and there is one potable reuse project, one agricultural desalter, and two Waste Water Treatment Plants are underdevelopment.

Copies of the following documents are provided for reference.

- Ordinances (Appendix A)
 - No. 12 establishing rates and fees for delivery of potable water
 - No. 19 establishing rates and fees for discharge to the SMP
- Information on current rates, fees, and charges (Appendix B)
 - Memo regarding Calendar Year 2026 rates and charges for potable water service and SMP discharge
 - Resolution and calculation establishing Fiscal Year 2026 annexation fees
 - 2014 Cost of Service Study
- Information on current financial conditions (Appendix C)
 - Fiscal Year 2023/24 Annual Financial Statements
 - Fiscal Year 2025/26 Annual Adopted Budget

Scope of Services

Calleguas is seeking proposals from qualified firms to conduct a comprehensive cost of service study, derive new fixed rate utility charges, and update the District's Reserve Policy. The study will provide an independent assessment of the District's cost to provide water service and to properly allocate those costs to the appropriate rates and charges based on sound cost of service principles. Calleguas's goal is to develop rates and charges which are fair, comply with applicable regulations, and promote its mission of providing a reliable supplemental water supply to its service area in a cost-effective manner. The consultant shall review the methodology and development of the revenue requirements to be used in the Study and make recommendations for adjustments to reflect the District's current costs of service, customer usage patterns, and other factors necessitating change.

The scope of services will include, at a minimum, the following tasks. The consultant may recommend revising, adding to, or otherwise modifying these tasks as they see fit to support the goals of the study:

Review current revenue requirements, including, but not limited to, water charges, SMP Discharge, Capacity Charge, Annexation Fee, Wheeling Charge, and other miscellaneous fees, and propose any necessary modifications.

Review reserve policy, including operating and construction reserves, and recommend changes to improve the policy and ensure it is consistent with industry standards.

Develop a policy to create and fund a rate stabilization reserve.

Evaluate all current costs and make a recommendation regarding how they should be allocated to various rates, charges, fees, and other revenue streams.

Provide alternative fixed rate structures for the potable water system for consideration by Calleguas to recover up to 20% of our fixed costs on fixed charges.

Provide recommendations regarding the rate structure design.

Provide recommendations for changes to cost tracking and accounting procedures to more effectively tie costs to various categories of revenues.

Review the method for calculating the fee for wheeling water through Calleguas's potable water system. Propose changes, if appropriate.

Evaluate the current capacity charge based on the peak week of deliveries

Evaluate the formula for calculating annexation fees and provide any recommendations for changes to the rate structure design.

Confirm that the recommended rate structures comply with all laws, regulations, and policies.

Prepare and provide the District with rate models for the proposed water charges in an Excel format that may be used by District staff and train District staff in the use of these models. The District shall not be required to pay consultant for licensing fees and/or setup/updates for the use of the rate models.

Board Workshops and Staff Meetings

Include a kick-off meeting with key staff (General Manager and Manager of Finance) to review goals, assumptions, the work plan, and any other relevant issues.

Prepare and deliver a presentation to the Board to provide information on the cost of service study process, methodology, and Board participation in the effort. Prepare the materials and subject matter for the workshop with the assistance of, and close coordination with, District staff.

Prepare a report summarizing the analysis and recommendations. The report shall include an executive summary suitable for briefing the Calleguas Board of Directors and graphical representations and summary tables to help illustrate key points.

Present the final report to the Board of Directors at the completion of the study.

General Requirements

If selected to perform this work pursuant to this request for proposals, the consultant will be required to sign the Agreement for Professional Services provided as [Appendix D](#). If any changes are proposed, please include in the proposal any proposed modifications to the standard terms and conditions. Calleguas retains the right to reject any portion of proposed modifications.

Consultants may contact the Manager of Finance, Dan Smith, at (805) 579-7132 or dsmith@calleguas.com with questions or requests for additional information. Any consultant who contacts any other Calleguas staff, including the General Manager, or a Board member will be disqualified.

Content of Proposals

Proposals shall be no longer than 25 pages and shall be concise, organized, and presented in a neat and logical format, relevant to the services required, accurate, and comprehensive. Excessive or irrelevant material will not be favorably reviewed.

Failure to provide all requested information will be sufficient grounds to disqualify respondents from further consideration.

Proposals shall include:

- Transmittal letter
- Project understanding and proposed scope of work
- Qualifications and experience
- Proposed budget, including schedule of hourly billing rates.
- Projected timeline
- References

Submittal of Proposals

Proposals are due by **4:00 p.m. on August 11, 2025**, and shall be submitted in Adobe Acrobat (pdf) format by email to:

Dan Smith at dsmith@calleguas.com and Kristen Morgan at kmorgan@calleguas.com

The District's email has limitations on attachment size. Make sure your response is less than 25 megabytes. If the file exceeds the limit, you will need to send multiple emails. Proposers are solely responsible for ensuring timely delivery of the proposals. The District shall not be responsible for any issues related to the transfer of files through email. You may call (805) 579-7132 to check receipt of the proposal. Responses received after this time and date will not be accepted. Evaluation of the proposals will occur following this closing date.

Selection Process

The Proposals will be reviewed and evaluated by Calleguas staff. Evaluation criteria shall include relevance of proposed scope to Calleguas's goals and requested work tasks, compliance with the requirements set forth in the section entitled "Content of Proposals", and cost.

Within 45 calendar days of the date for consultant submittal of RFPs, Calleguas will provide written notification to all consultants who have submitted proposals as to whether they have been selected. Do not contact Calleguas during this time.

Appendix A

ORDINANCE NO. 12

AN ORDINANCE OF CALLEGUAS MUNICIPAL WATER DISTRICT COVERING THE RULES AND REGULATIONS FOR WATER SERVICE TO MEMBER AGENCIES WITHIN CALLEGUAS MUNICIPAL WATER DISTRICT, AS AMENDED

WHEREAS, Calleguas Municipal Water District ("District") is a public agency and special district created in 1953 by a vote of the electorate and organized pursuant to the Municipal Water District Act of 1911, as amended; and

WHEREAS, the District is a member agency of the Metropolitan Water District of Southern California ("Metropolitan" or "Metropolitan Water District"). Metropolitan is a consortium of 26 cities and water districts which cooperatively plan and manage water supply resources for approximately 19 million people in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties; and

WHEREAS, the District's purpose is to provide a supplemental imported water supply to its service area in order to augment local water supplies for municipal, industrial and agricultural users; and

WHEREAS, the District serves approximately 366 square miles within the southeast portion of Ventura County, including the cities of Simi Valley, Moorpark, Thousand Oaks, Camarillo, Oxnard and Port Hueneme as well as the unincorporated areas of Oak Park, Santa Rosa Valley, Bell Canyon, Lake Sherwood, Somis, Las Posas Estates, Camarillo Heights and Naval Base Ventura County through its Member Agencies; and

WHEREAS, the Municipal Water District Act of 1911, as amended, enables the District to establish water rates it charges its Member Agencies, among other things; and

WHEREAS, the Board of Directors of the District (the "Board of Directors") by Ordinance No. 12, adopted July 21, 1971, established the rules, regulations and rates for water sold to its Member Agencies; and

WHEREAS, the Board of Directors has amended Ordinance No. 12 by resolution over the years to establish new rates for water sold to its Member Agencies; and

WHEREAS, most recently, the Board of Directors, by Resolution No. 1379, adopted November 27, 2002, established two tiers of rates for water sold to its Member Agencies; and

WHEREAS, the Board of Directors has determined that certain modifications to the District's rate structure for water service are necessary and desirable, and that certain other modifications to Ordinance No. 12 are necessary; and

WHEREAS, the Board of Directors finds that making these modifications in the form of an Amended Ordinance No. 12 is preferable to further amending the ordinance by resolution because the Amended Ordinance No. 12 will incorporate all modifications to the rules, regulations and rate structures for water sold to its Member Agencies into one identifiable document; and

WHEREAS, the Board of Directors finds that these modifications are for the purpose of meeting operating and construction expenses, and are therefore exempt from requirements of the California Environmental Quality Act;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CALLEGUAS MUNICIPAL WATER DISTRICT AS FOLLOWS:

SECTION 1. AUTHORITY. That, subject to all applicable provisions of the Municipal Water District Act of 1911, as amended, the following rules, regulations and rate structures governing the service of water to Member Agencies by the District are hereby adopted and shall become effective on the date adopted by the Board of Directors.

SECTION 2. DEFINITIONS.

- (a) "Base Demand" shall mean the greater of the Initial Base Demand or the ten-year rolling average, calculated annually, of all of a Member Agency's water purchases from the District measured on a fiscal year basis during the preceding ten years.
- (b) "Board of Directors" or "Board" shall refer to the Board of Directors of the Calleguas Municipal Water District.
- (c) "Capacity Charge" is a charge imposed on each Member Agency and designed to recover the cost of providing peaking capacity within the distribution system.
- (d) "Capacity Rate" is the rate at which the Capacity Charge is assessed.
- (e) "District" shall mean the Calleguas Municipal Water District, duly organized under and by virtue of the Municipal Water District Act of 1911, as amended.
- (f) "Domestic and Municipal purposes" shall mean the use of water for all domestic, municipal, commercial, industrial and recreational purposes, commonly, but not

exclusively, served by the water supply of the city, town or other similar population group.

- (g) "General Manager" shall refer to the General Manager of the Calleguas Municipal Water District.
- (h) "High Flow Charge" is a charge for water, applied when a Member Agency's demand for water at a given service connection exceeds the established maximum rated flow capacity of that particular District service connection.
- (i) "Initial Base Demand" means the Member Agency's highest annual water purchases including full-service deliveries and Interim Agricultural Water Program deliveries from the District in any fiscal year during the period from fiscal year 2002/03 through fiscal year 2013/14.
- (j) "Interim Agricultural Water Program purposes" or "IAWP purposes" shall mean the service of water pursuant to the Interim Agricultural Water Program ("IAWP") as established by Metropolitan Water District. Metropolitan Water District discontinued this program in 2009.
- (k) "Low Flow Charge" is a charge for water, applied when a Member Agency's demand for water at a given service connection is more than zero but less than ten percent (10%) of the established rated maximum flow capacity of that particular District service connection.
- (l) "Member Agency" shall mean any city, municipal water district, county water district, county waterworks district, mutual water company, public or private utility and other public corporation, the corporate area of which, in whole or in part, is included in the District as a separate unit.
- (m) "Minimum Maintenance Charge" is a charge intended to cover costs associated with service connection meter reading and processing for inactive service connections.
- (n) "Pumping Charge" is a charge to a Member Agency intended to reimburse the District for electrical service costs incurred for the operation of District pump stations. The charge shall be assessed based on invoices to the District from the electrical service provider or as calculated by the District when the District is the electrical service provider.
- (o) "Readiness-to-Serve Charge" is a charge intended to recover the principal and interest payments on Metropolitan Water District's non-tax supported debt service that had been or would be issued to fund capital improvements necessary to meet

the continuing reliability and water quality needs associated with current and projected demands.

- (p) "Service Connection" shall mean all pipes, valves, meters and other necessary or usual appurtenances required for operation and measurement of water delivered from a District transmission pipeline to a Member Agency.
- (q) "Temporary Service Connection" is a service connection for construction or other non-permanent purposes subject to all terms and conditions of a District operating agreement.
- (r) "Temporary Water Rate" is the rate for water supplied to an entity other than a Member Agency at a Temporary Service Connection for construction or other short-term purposes clearly defined and approved in advance in writing by the General Manager.
- (s) "Tier 1 Annual Maximum" means an amount of water equal to 90% of the Base Demand for Member Agencies.
- (t) "Tier 1 Supply Rate" is a water rate for domestic and municipal water, set to recover supply costs, applicable to all water purchases, up to the Tier 1 Annual Maximum.
- (u) "Tier 2 Supply Rate" is a water rate for domestic and municipal water, set at the District's cost of developing additional supply, applicable to all water purchases, exceeding the Tier 1 Annual Maximum.

SECTION 3. DOMESTIC AND MUNICIPAL WATER.

- (a) Each Member Agency shall be obligated to pay for all water delivered to the Member Agency by the District at the appropriate rate as established annually by the Board of Directors.
- (b) Effective January 1, 2013, Tier 1 and Tier 2 Supply Rates shall be applied to the purchases by Member Agencies as follows:
 - (1) Tier 1 Supply Rate shall apply to all water purchases up to the Tier 1 Annual Maximum, as calculated annually by the District, in a given calendar year.

- (2) Tier 2 Supply Rate shall apply to all water purchases in excess of the Tier 1 Annual Maximum, as calculated annually by the District, in a given calendar year.
- (c) The Readiness-to-Serve Charge assessed by Metropolitan Water District will be proportionally shared by the Member Agencies based on the current ten (10) fiscal year rolling average of water purchases.
- (d) A Capacity Charge shall be paid by each Member Agency annually based on the calculated total average flow rate that occurred during the Member Agency's peak week of water purchases from May 1 through September 30 of the prior calendar year. The components of the Capacity Charge shall include Tier 1 and Tier 2 water purchases. Each week shall begin on Tuesday. The charge shall be determined by multiplying the average flow as calculated in cubic feet per second (cfs) by the Capacity Reservation Charge as established by the Board of Directors. Payment shall be paid in twelve (12) equal monthly installments during the following calendar year.
- (e) Pumping charges associated with the delivery of water shall be passed through as a line item on the monthly water bill to the applicable Member Agencies. If a District pump station delivers water to more than one Member Agency, the utility bills will be apportioned accordingly by the percentage of water purchased by the applicable Member Agencies.
- (f) The billing rate for water supplied to any entity at a Temporary Service Connection for construction or other short-term purposes clearly defined and approved in advance in writing by the General Manager shall be billed at the Temporary Water Rate as established by the Board of Directors. Temporary customers shall deliver to the District an executed copy of the District's "Application For Temporary Water Service" agreement and the deposit amount noted in the agreement prior to the commencement of temporary service. The entity shall be subject to all terms and conditions as outlined in the agreement including time and materials charges for installation, monthly maintenance and removal of temporary service equipment. The deposit may be waived for contractors currently performing work under a contract with the District.
- (g) When a Member Agency's demand for water at a given service connection exceeds the established maximum flow capacity of that particular District service connection, a High Flow Charge calculated at one hundred and fifty percent (150%) of the rated maximum capacity of the service connection will be assessed for each tenth of an hour of operation over the established maximum flow capacity.

- (h) When a Member Agency's demand for water at a given service connection is more than zero but less than ten percent (10%) of the established maximum flow capacity of that particular District service connection, a Low Flow Charge calculated at 10% of the rated maximum capacity of the service connection will be assessed for each tenth of an hour of operation between zero and ten percent (10%) of the established maximum flow capacity.
- (i) A Minimum Maintenance Charge, as established by the Board of Directors, shall be assessed on a monthly basis, in place of monthly water sales, for each service connection with monthly water sales less than the Minimum Maintenance Charge.
- (j) The Board of Directors shall have the absolute and sole authority to change the rates specified in this Ordinance, and to implement new rates or pass through charges imposed on the District. The Board of Directors shall make every reasonable effort to provide sixty (60) days advance notice to all Member Agencies of such rate changes.

SECTION 4. BILLING. Water meters shall be read weekly, on Tuesdays, and on the nearest business day to the last calendar day of each month. As soon after the billing period as practicable, the District will mail or deliver to each Member Agency a statement of its bill for the preceding month. All bills or charges shall be due and payable immediately upon receipt. The following conditions also apply:

- (a) Delinquencies/Penalties. Water service bills shall be delinquent if not paid by the last business day of the month of the date of mailing. Delinquent bills are subject to a penalty of one percent (1%) of the outstanding balance which shall be added thereto and charged to and collected from the Member Agency on a monthly basis, including the previous month's penalty. If payment for water service and/or penalty is not received in the District Office within sixty (60) days after such bill has become delinquent, the Board will consider appropriate action including discontinuance of service. Notice of discontinuance of service will be given to the delinquent Member Agency by registered mail at least ten (10) days prior to the date of discontinuance.
- (b) Cash Deposit. Whenever any Member Agency fails to pay its water bills, the Board of Directors may require as a condition for further service a cash deposit, at an amount determined by the Board, to guarantee the prompt payment of its account in the future. The Board of Directors shall have full power to determine whether or not such deposit shall be made and the amount thereof, and the time when the requirement for deposit by any Member Agency shall be discontinued.
- (c) Application of Deposit. If a Member Agency who has made such deposit fails to pay its delinquent bill or bills, including all added penalties within thirty (30) days

after delinquency, its deposit shall be applied on its account and the service discontinued until such time as the deposit is restored by the Member Agency.

SECTION 5. GENERAL TERMS AND CONDITIONS.

- (a) Authorized Distribution of District Supplied Water. The right of any Member Agency to water served by the District's facilities shall be restricted to the amount required for uses within the District's boundaries. Except as required by state law, or a wheeling agreement authorized by the District's Board of Directors, no potable water conveyed by the District or produced by a Member Agency shall be delivered or sold for any use outside of the District's boundaries, nor shall water conveyed by the District or produced by a Member Agency be sold or delivered for any use within the District's boundaries in substitution for water used outside the District.

The use of water trucks, or other mobile, temporary, or otherwise non-fixed facilities and equipment to deliver District water shall be limited to short duration uses within the District's boundaries for construction purposes uses or to meet acute, emergency response needs, as requested by designated public health and safety agencies, including the Ventura County Public Health Department, Ventura County Fire Department, and similar federal, state, and local entities.

Distribution system interconnections between Member Agencies are permitted provided that the water delivered remains within the District's boundaries.

- (b) Proof of Annexation. Per the conditions outlined in Section 5.a, a Member Agency may not supply any District sourced water to a new service address until it has received a written release from the District confirming that the address lies within the District's boundaries.
- (c) Violation of Authorized Distribution. Should the District suspect that a Member Agency is in violation of distributing water outside the limits of this Ordinance, the Board of Directors shall provide the Member Agency no less than fifteen (15) days to present any pertinent factual evidence and mitigating circumstances regarding the matter; the Board of Directors shall then render a decision that shall be final, conclusive and definitive. Should it be determined by the Board of Directors that terms of this Ordinance have been, or are being violated, the Board of Directors may assess fines or fees, request a suspension of service, and impose other actions as deemed appropriate to the Member Agency. Notice of any such determination of the District shall be in writing and mailed to such Member Agency within ten (10) days of such determination. Should suspension of service be imposed, deliveries shall be resumed only when the Member Agency involved proves to the satisfaction of the District that it has fully complied with the above

rules and regulations. Determination of billing amounts shall be based on the retail meter totals or, if retail totals are not available, shall be based on the maximum industry standard for the Southern California region, gallons per capita per day, of use for the type of customer being served.

- (d) Annual Estimate of Demand. Within (30) thirty days of written request, each Member Agency shall furnish the District with an estimate of its water requirements by water service type and month for the ensuing five-year period.
- (e) Development Coordination. Member Agencies shall not sign and approve any plans for development, public, or other projects that affect District facilities unless those plans are already signed by the District. A project is considered to affect District facilities if any District facilities lie within the project site, are referenced in the project plans or are in the public right-of-way in the vicinity of the project site. If a Member Agency signs plans for a project that affects District facilities and is not already signed by the District, then that Member Agency assumes responsibility for any damage caused to the District's facilities by the project. Member Agencies shall not approve plans that do not comply with the more stringent of California Department of Public Health (DPH) requirements, American Water Works Association (AWWA) Standards, or District Standard Drawings to ensure proper protection of the District's pipelines and appurtenances.

SECTION 6. AVAILABILITY OF SUPPLY.

- (a) District Responsibility. It is declared that the District was formed primarily to make water available to the people of the District, through distribution systems now established, or which may hereafter be established, as are able to use and distribute water at uniform rates of flow over substantial periods. The District's primary source of supply is from Metropolitan. This water supply may not be adequate or constant. The District assumes no responsibility for quantity, quality, pressure or constancy of supply. The District will not be liable for interruptions or shortages of supply, nor for any loss or damage occasioned thereby. During times of threatened or actual water shortage, the Board of Directors shall apportion the available water supply among Member Agencies in an equitable manner with due regard to public health and safety, and in accordance with the provisions of the Municipal Water District Act of 1911, as amended.
- (b) Operating Conditions. All sales and deliveries of water at the rates established by the Board shall be subject to the ability of the District to sell and deliver such water under operating conditions determined by the General Manager.

- (c) Peak Hourly Demands. The District's system is not designed to serve peak hourly demands. The District reserves the right to curtail peak hourly deliveries, as necessary, to conform to pipeline capacity and to assure equitable apportionment of available water and of service to all Member Agencies.
- (d) Emergency Interruptions. The District shall have the right to interrupt supply of water without prior notice in the event of an emergency.
- (e) Supply Shortages. In the event reduced water supplies cause Metropolitan to impose water allocations among its member agencies and surcharges for deliveries exceeding those allocations, the Board of Directors, at its discretion, may similarly allocate available supplies among District member purveyors and levy any surcharges as deemed appropriate, including those imposed on the District by Metropolitan.

Moreover, under shortage conditions, the Board may, by resolution, impose a moratorium on District annexations and/or the installation of new retail service connections by Member Agencies in an effort to extend available supplies among existing water users.

- (f) Interruption of Service. Interruption of service will be necessary from time to time to facilitate routine maintenance, internal inspection, rehabilitation, and improvement projects on District facilities. Whenever maintenance of the District's system requires interruption of delivery of water at any point or points, such delivery may be interrupted, without liability on the part of the District, provided that except in cases of emergency, as determined by the General Manager, notice of such interruption of service shall be given to the affected Member Agency in advance of such interruption. The District standard for such interruption may include all services along four (4) consecutive miles of pipeline for a minimum seventy-two (72) hour period.
- (g) Required Storage. In order to meet demand fluctuations, emergency interruptions and scheduled interruption of services, Member Agencies within the District shall provide adequate storage or alternate supplies, other than from District facilities, to meet their peak daily and hourly demands.

SECTION 7. SERVICE CONNECTIONS.

- (a) Application for Service Connection. A Member Agency wishing to take delivery of water at a particular location shall submit a written application for a turnout and meter station to the District on a form provided by the District. The decision whether to approve the application shall be solely within the discretion of the District. The Member Agency shall be responsible for all costs associated with

building the turnout and meter station at the requested location and connecting it to an existing District transmission pipeline. The Member Agency shall provide the necessary right-of-way to the District for construction, operation, and maintenance of the turnout and meter station. The Member Agency shall deposit an amount equal to the estimated cost of design of the facility prior to initiation of project design by the District and shall deposit an amount equal to the estimated cost of construction (including inspection and construction management) prior to the District's advertising the project for construction. Upon completion of construction, the District will prepare a report summarizing its costs associated with construction of the turnout, meter station, and associated pipelines and will provide an accounting to the Member Agency. In the event the actual cost is less than the deposit, the District will provide a refund. In the event the actual cost exceeds the deposit, such Member Agency shall promptly pay to the District the amount by which the costs shall exceed the deposited amounts. Service shall be initiated once full payment has been received.

- (b) Ownership of Facilities. All service connections, appurtenances, meters, and transmission pipelines installed hereunder shall be and become the property of the District and shall be maintained, repaired and renewed by the District when rendered unserviceable through normal wear and tear; provided, however, that any replacements, repairs, or adjustments to any meters, or property, required because of the act, negligence or carelessness of the Member Agency, its agents or employees, or persons under its control, shall be charged against and collected from such Member Agency.
- (c) Operation of Valves. Shutoff valves at service connections, or in transmission pipelines belonging to the District, shall not be operated by the Member Agency, without authorized District consent. Authorized consent can be granted by the General Manager, the Manager of Operations and Maintenance or a designee of the Manager of Operations and Maintenance.
- (d) Tampering. It shall be unlawful for any person to meddle, tamper with or operate any facilities including but not limited to service connections, water meters, service pipe, transmission pipelines or valves without authorized District consent. Authorized consent can be granted by the General Manager, the Manager of Operations and Maintenance or a designee of the Manager of Operations and Maintenance. It shall be unlawful for any person to tap, break or damage any District transmission pipeline, service connections or appurtenances or any other equipment of the District.
- (e) Access and Use of District Facilities. Member Agencies shall not enter District distribution facilities including buildings, cabinets, vaults, nor use District

facilities to support or house Member Agency equipment without approval from the District.

- (f) Communication. Member Agencies shall promptly report any leaks, failures of water supply and equipment, security breaches and other matters requiring timely response of District staff to the District's Control Room. All requests for routine operational assistance may be directed to the District's Control Room or to the appropriate District supervisor. Inquiries about policies and procedures, general information and coordination for project planning should be directed to the Manager of Operations and Maintenance. Requests to initiate new service or modify the rated capacity of existing service connections must be made in writing and filed with the General Manager.
- (g) District Equipment as Billing Meter. District equipment shall be used as the primary billing meter to calculate flow rates, accumulate water use and determine the occurrence and duration of High and Low Flow Charge penalty periods. Member Agency metering data shall only be considered when District equipment is inoperable.
- (h) Metering Equipment Standards. The District's established standard for metering equipment used for Member Agency billing of potable water deliveries shall be restricted to the combination of a venturi and differential pressure transmitter(s). Transmitters shall be configured as an input to a programmable logic controller or flow totalizer to calculate rate of flow and accumulate water use.
- (i) Meter Testing. The District shall calibrate and test all metering components a minimum of once annually to confirm accuracy of plus or minus two percent ($\pm 2.0\%$). A Member Agency may request to have a service connection meter tested by the District whenever the Member Agency suspects inaccuracy. The Member Agency affected shall have the right to witness any such test. In the event that such test shall disclose an error exceeding plus or minus two per cent ($\pm 2.0\%$), an adjustment shall be made in metered charges to the Member Agency affected, covering the known or estimated extent and period of duration of such error up to a six-month period. If such test shall disclose an error exceeding plus or minus two per cent ($\pm 2.0\%$) the expenses of such test shall be borne by the District; otherwise, such expenses shall be borne by the Member Agency requesting such test.
- (j) District Provided Controls. The District may install and maintain flow rate signals, pulsed totalizer contacts, valve open and close control inputs, downstream pressure regulation and rate-of-flow controls at service connections upon the issuance of a purchase order or letter of request and authorization from the Member Agency. All District supplied signals and controls are provided as a

courtesy to the Member Agency. It is the responsibility of the Member Agency to control their own system demands and maintain operations within the rated capacity of their service connection(s), and any reliance upon District equipment is done so solely at the risk of the Member Agency. The inaccuracy or failure of District provided signals and controls does not constitute cause to avoid payment of High or Low Flow Charges, nor to dispute the receipt of District water or metered totals. All costs for installation and maintenance of requested automation equipment shall be paid by the Member Agency. The District reserves the right to refuse installation and to remove controls if it so desires.

- (k) Float Mode. If a Member Agency does not wish to use open and close control signals or if a Member Agency requests to bypass their open and close control signals at a service connection, the District shall configure the service connection to be in "Float Mode," whereby the connection instantaneously responds to changes in downstream pressure at any rate of flow needed to maintain downstream pressure regardless of the service connection's rated flow range. If Float Mode is requested, either verbally or under the execution of a Float Mode Request Form, the Member Agency understands that operation in this mode will result in the accumulation of Low Flow Charge penalty hours and potentially in High Flow Charge penalty hours, and the Member Agency agrees to pay all charges as assessed.
- (l) Hydraulic Transients. Member Agencies shall operate their water distribution systems in a manner which does not cause hydraulic transients or pressure changes at service connections that are greater than 125% of the average pressure delivered to the Member Agency and no less than 50% of the average pressure delivered to the Member Agency or 20 psi, whichever is greater.

SECTION 8. LEGAL CHALLENGES. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board of Directors hereby declares that it would have passed this Ordinance by section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more other sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 9. ADMINISTRATION. All water service shall be made in accordance with these rules and regulations unless otherwise approved by the Board of Directors. These rules and regulations may be amended, modified, changed or repealed by the Board of Directors by resolution or ordinance.

SECTION 10. NOTICES. All notices and communications from agencies to the District relating to the service of water or the administration of these rules and regulations by the District,

shall be addressed to the General Manager of the District, 2100 Olsen Road, Thousand Oaks, California 91360.

SECTION 11. PREVIOUS RESOLUTIONS. All Resolutions passed heretofore with regard to water rate structures and service connection policies are herewith cancelled.

SECTION 12. EFFECTIVE DATE AND SUNSET. This Ordinance shall be given effect at 12:01 a.m. on January 8, 2015. This Ordinance shall not have a sunset date.

ADOPTED, SIGNED AND APPROVED this 07 day of January, 2015.



Scott Quady, President
Board of Directors

On motion by Director Santamaria, and seconded by Director Blois, the foregoing ordinance is adopted upon this seventh day of January 7, 2015, by the following vote:

AYES: Directors Waters, Slosson, Blois, Santamaria, Quady

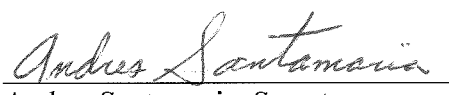
NAYS: None

ABSENT:

ABSTAIN:

I HEREBY CERTIFY that the foregoing Ordinance was adopted at a regular meeting of the Board of Directors of Calleguas Municipal Water District held on January 7, 2015.

ATTEST:



Andres Santamaria, Secretary
Board of Directors

(SEAL)

ORDINANCE NO. 19

AN ORDINANCE OF CALLEGUAS MUNICIPAL WATER DISTRICT COVERING THE RULES AND REGULATIONS FOR USE OF THE SALINITY MANAGEMENT PIPELINE

WHEREAS, Calleguas Municipal Water District (the “District”) is a public agency and special district created in 1953 by a vote of the electorate and organized pursuant to the Municipal Water District Act of 1911, as amended; and

WHEREAS, the District has constructed the Salinity Management Pipeline (the “SMP”) for the purposes of facilitating the development of local water supplies to enhance water supply reliability, protecting the Las Posas Aquifer Storage and Recovery wellfield from salts intrusion, and assisting in bringing the Las Posas Basin to safe yield; and

WHEREAS, the District is committed to operating and maintaining the SMP for its long-term water quality and water supply benefits to the District’s purveyors, the basin, and others; and

WHEREAS, the Board of Directors finds that these requirements are for the purpose of meeting operation and construction expenses and complying with permit conditions for protection of the environment, and are therefore exempt from requirements of the California Environmental Quality Act;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CALLEGUAS MUNICIPAL WATER DISTRICT AS FOLLOWS:

SECTION 1. AUTHORITY. That, subject to all applicable provisions of the Municipal Water District Act of 1911, as amended, the following rules, regulations, and rate structures governing the use of the SMP are hereby adopted and shall become effective on the date adopted by the Board of Directors.

SECTION 2. DEFINITIONS.

- A. “Board of Directors” or “Board” shall refer to the Board of Directors of the Calleguas Municipal Water District.
- B. “Brine” is concentrate produced by the membrane treatment process of Groundwater, Potable Water, or Recycled Water.
- C. “California Ocean Plan” shall be the version of the Water Quality Control Plan, Ocean Waters of California, currently adopted by the State Water Resources Control Board.
- D. “Discharger” is any person or entity that discharges to the SMP.

- E. "District" shall mean the Calleguas Municipal Water District, duly organized under and by virtue of the Municipal Water District Act of 1911, as amended.
- F. "General Manager" shall refer to the General Manager of the Calleguas Municipal Water District.
- G. "Groundwater" is water extracted from within geologic deposits beneath the earth's surface, typically via a well.
- H. "High Flow Charge" is a charge applied when a Discharger's discharge at a given Service Connection exceeds the established maximum rated flow capacity of that particular Service Connection.
- I. "Low Flow Charge" is a charge applied when a Discharger's discharge at a given Service Connection is less than one (1) foot per second of velocity and above zero through the meter of that particular Service Connection.
- J. "Non-Brine" is any flow that is an allowable discharge to the SMP, but is not Brine.
- K. "Outfall Discharge Permit" means and refers to the Waste Discharge Requirements for Calleguas Municipal Water District, Regional Salinity Management Pipeline, Oxnard (National Pollutant Discharge Elimination System No. CA0046521, CI-9404) and its renewals and successor permits, each as may be modified or amended from time to time.
- L. "Potable Water" is water that is suitable for human consumption delivered through a public water system, as defined by the State Water Resources Control Board Division of Drinking Water ("SWRCB DDW").
- M. "Recycled Water" is disinfected tertiary recycled water, as defined by the SWRCB DDW.
- N. "Service Connection" shall mean all pipes, valves, meters, instrumentation, and other necessary or usual appurtenances required for operation, measurement, and sampling of discharge to the SMP by a Discharger.

SECTION 3. GENERAL REQUIREMENTS.

A. Allowable Discharges.

- i. Only the following may be discharged to the SMP:
 - Recycled Water

- Groundwater
 - Potable Water
 - Brine from the membrane treatment of any of the above.
- ii. Dischargers shall not be allowed to discharge to or through the SMP any surface water, irrigation runoff, stormwater runoff, or any other substances which are not expressly permitted under the Outfall Discharge Permit.
- B. Termination or Suspension of Service. The District reserves the right, at any time and from time to time, to suspend or terminate operation of the SMP, or any portion thereof, and/or suspend or discontinue service to a Discharger, for violation of this Ordinance, any agreement related to the SMP or discharge connection, or any reason that prevents the District from operating the SMP legally or safely.
- C. Access. Discharger shall allow the District access to Discharger's sites and facilities as may be requested by the District from time to time in order for the District's employees, contractors and agents, to confirm compliance with this Ordinance, the Outfall Discharge Permit, California Ocean Plan, and any agreement entered into with the District concerning the SMP.
- D. Additional Studies. Discharger shall pay for and timely perform all additional studies and prepare all additional reports required of a Discharger pursuant to the Outfall Discharge Permit. Discharger shall also reasonably cooperate with the District if the District elects from time to time to conduct or participate in any other studies relating to the operation of the SMP.
- E. Surge. Discharger shall install, operate, and at all times properly maintain surge protection facilities necessary to prevent its discharge from causing hydraulic transients in the SMP in a manner and timeframe acceptable to the District.
- F. Documents and Reports. Discharger shall provide such documents, reports and information regarding Discharger's discharges and participation in the SMP as may be requested by the District in a manner and timeframe acceptable to the District.

SECTION 4. MODIFICATIONS AND AMENDMENTS.

- A. This Ordinance and the Outfall Discharge Permit shall be posted on the website the District maintains at <http://smp.calleguas.com> (the "Website"). The District reserves the right to amend, modify or change the terms of this Ordinance from time to time and the Outfall Discharge Permit is also subject to amendment, modification or change from time to time.

- B. The District shall provide written notice (“Notice of Ordinance Change”) to Discharger if the District adopts any amendment, modification or change to this Ordinance, and an updated version of this Ordinance shall be posted on the Website. Such amendment, modification or change to this Ordinance shall take effect 30 days from the date of the Notice of Ordinance Change. If Discharger objects to the amendment, modification or change, Discharger may terminate its participation in the SMP by delivering written notice to the District within the 30 day notice period.
- C. Within 7 days of receiving notice of any proposed change to the Outfall Discharge Permit, the District shall provide Discharger with written notice of the proposed change (the “Notice of Permit Change”) and, if possible, the proposed effective date of such change. If Discharger objects to the proposed change, Discharger may terminate its participation in the SMP by delivering written notice to the District within 30 days from the date of the Notice of Permit Change or prior to the proposed effective date of the change, whichever is earlier.
- D. Discharger’s failure to deliver timely notice of termination and/or Discharger’s continued use of the Service Connection after receipt of a Notice of Ordinance Change or Notice of Permit Change shall constitute Discharger’s consent to such amendments, modifications or changes to those instruments.

SECTION 5. RATES AND CHARGES.

- A. Each Discharger shall be obligated to pay for all discharges made by the Discharger to the SMP at the appropriate rate as established from time to time by the Board of Directors. Rates per acre-foot of discharge to the SMP shall be established for Brine and Non-Brine.
- B. The billing rate for discharge by a Discharger that is not within the established District service area shall be 150% of the rate for discharge of Brine or Non-Brine, as appropriate.
- C. When a Discharger’s discharge exceeds the established maximum flow capacity of that particular Service Connection, a High Flow Charge calculated at one hundred and fifty percent (150%) of rated maximum capacity of the Service Connection will be assessed for each tenth of an hour of operation over the established maximum flow capacity.
- D. When a Discharger’s discharge flow velocity at a given Service Connection is below one (1) foot per second through the meter of that particular Service Connection and above zero, a Low Flow Charge calculated at 10% of the rated maximum capacity of the Service Connection will be assessed for each tenth of an hour of operation below this important accuracy value.

- E. Each Discharger shall be obliged to pay for the operations, maintenance, replacement, and repair costs for each of its Service Connections, including, but not limited to, labor, parts, and water quality sampling and analysis. These costs will be calculated and incorporated into the rates and charges established from time to time by the Board of Directors. The District will bill the Discharger monthly for these costs.
- F. The Board of Directors shall have the absolute and sole authority to change the rates specified in this Ordinance, implement new rates, and/or pass through any charges imposed on the District as set forth in Section 9.E. The Board of Directors shall make every reasonable effort to provide sixty (60) days advance notice to all Dischargers of such rate changes.

SECTION 6. BILLING. The billing period shall run from the first calendar day of the month through the last calendar day of the month. As soon after the billing period as practicable, the District will mail or deliver to each Discharger a statement of its bill for the preceding month. All bills or charges shall be due and payable immediately upon receipt. The following conditions also apply:

- A. Delinquencies/Penalties. A bill shall be delinquent if not paid by the last business day of the month in which it was mailed to Discharger. Delinquent bills are subject to a penalty of one percent (1%) of the outstanding balance which shall be added thereto and charged to and collected from the Discharger on a monthly basis, including the previous month's penalty. If full payment is not received in the District Office within sixty (60) days after such bill has become delinquent, the District may pursue all remedies and take any action it deems appropriate, including, but not limited to, suspension or termination of service. Notice of suspension or termination of service for non-payment will be given to the delinquent Discharger by registered mail at least ten (10) days prior to the date such action will take effect.
- B. Cash Deposit. Whenever any Discharger fails to pay its bills, the Board of Directors may require as a condition for future service a cash deposit, in an amount determined by the Board, to guarantee the prompt payment of the account in the future. The Board of Directors shall have full power to determine whether or not such deposit shall be made and the amount thereof, and the time when the requirement for deposit by any Discharger shall be discontinued.
- C. Application of Deposit. If a Discharger who has made such deposit fails to pay its delinquent bill or bills, including all added penalties, within thirty (30) days after delinquency, the District may apply the deposit to the Discharger's account and discontinue service to the Discharger until such time as the balance due, less the applied deposit, has been fully paid and a new deposit in the amount determined by the District under Subsection B has been fully restored by the Discharger.

SECTION 7. AVAILABILITY OF SERVICE.

- A. Emergency Interruptions. The District shall have the right to suspend, interrupt, or terminate SMP service without prior notice to Discharger in the event of an emergency, as determined by the District in its sole discretion.
- B. Interruption of Service for Cause. In addition to all other rights and remedies of the District as provided in this Ordinance and any agreement entered into with a Discharger relating to the SMP, the District may indefinitely suspend or terminate a Discharger's access to and use of the SMP if the District determines that Discharger has violated any term of this Ordinance or any agreement with the District related to the SMP. The District shall use reasonable efforts to provide Discharger with prior notice of the violation and the decision to suspend or terminate service; provided, however that if the District determines that the nature of the violation is such that providing such prior notice would have an adverse impact on the District or on operation of the SMP, no prior notice shall be required.
- C. Other Interruptions of Service. The District may interrupt a Discharger's service and/or operation of the SMP at any time and from time to time as the District deems necessary to facilitate routine maintenance, internal inspection, rehabilitation, and improvement projects on the SMP or other District facilities. Except in cases of emergency, as determined by the District, notice of such interruption of service shall be given to each affected Discharger in advance of such interruption. The SMP has no redundancy and may be out of service for indeterminate periods of time for planned maintenance or for unplanned repairs.
- D. No Liability. The District shall not be liable to any Discharger or any other person or entity for any loss, liability, damage, claim, or other consequences, including without limitation lost profits or income, resulting from the suspension, interruption, or termination of service and/or Discharger's access to and use of the SMP. Each Discharger is solely responsible for adopting, implementing, and maintaining all necessary contingency plans and preventive measures to minimize or avoid any adverse consequences in anticipation of such events.
- E. Priority of Service. In the event of capacity constraints, Brine discharges will have priority over Non-Brine discharges.

SECTION 8. SERVICE CONNECTIONS.

- A. Application for Service Connection. Any person or entity wishing to discharge into the SMP at a particular location shall submit a written application for a Service Connection to the District on a form provided by the District. The decision whether to approve the application shall be solely within the discretion of the District. If the application is approved, the proposed Discharger shall enter into an Agreement for Construction and Use of Salinity Management Pipeline Discharge Service Connection in the form provided by the District. No person or entity shall discharge into the SMP or otherwise use the SMP unless and until the requirements of this provision have been met.
- B. Ownership of Facilities. The Service Connections installed hereunder shall be and become the property of the District downstream from the upstream flange of the isolation valve which is located upstream of the flow meter. The Discharger will own, operate and maintain any facilities upstream of the isolation valve. The District will operate, maintain, repair, and replace the Service Connection at the Discharger's expense when the District determines that such Service Connection has been rendered unserviceable through normal wear and tear.
- C. Operation of Valves. Shutoff valves at Service Connections or on pipelines belonging to the District shall not be operated by the Discharger without the District's prior written consent. Authorized consent may only be granted by the District's General Manager or Manager of Operations and Maintenance, or a duly appointed designee of either of them.
- D. Tampering. It shall be unlawful for any person to meddle, tamper with, or operate any District facilities, including, but not limited to, Service Connections, pipelines or valves without the District's prior written consent. Authorized consent may only be granted by the District's General Manager or Manager of Operations and Maintenance, or a duly appointed designee of either of them. It is unlawful for any person to tap, break or damage any District pipeline, Service Connection or appurtenances, or any other equipment of the District.
- E. Access and Use of District Facilities. Dischargers shall not enter District facilities, including buildings, cabinets, and vaults, nor use District facilities to support or house Discharger equipment without prior written approval from the District.
- F. Communication. Dischargers are to promptly report to the District's Operations Center at (805) 579-7137 any leaks, failures of equipment, security breaches, and other matters which come to their attention and require timely response of the District's staff. All requests for routine operational assistance may be directed to the District's Operations Center or to the appropriate District supervisor. Inquiries about policies and procedures, general information, and coordination for project planning should be directed to the

Manager of Operations and Maintenance. Requests to initiate new service or modify the rated capacity of existing Service Connections must be made in writing and submitted to the General Manager.

- G. District Equipment as Billing Meter. The District's equipment shall be used as the primary billing meter to calculate flow rates, accumulate discharge quantities, and determine the occurrence and duration of High and Low Flow Charge penalty periods. Discharger metering data shall only be considered by the District when the District determines that its own equipment is inoperable.
- H. Metering Equipment Standards. The District's established standard for metering equipment used for Discharger billing of discharges to the SMP shall be an ultrasonic meter. The meter shall be configured to provide an input to a device which calculates rate of flow and accumulated discharge.
- I. Meter Testing. The District shall calibrate and test all metering components a minimum of once annually to confirm accuracy of plus or minus two percent ($\pm 2.0\%$). A Discharger may request to have a Service Connection meter tested by the District whenever the Discharger suspects inaccuracy. The Discharger affected shall have the right to witness any such test. In the event that such test shall disclose an error exceeding plus or minus two percent ($\pm 2.0\%$), an adjustment shall be made in metered charges to the Discharger affected, covering the known or estimated extent and period of duration of such error up to a six-month period. If such test shall disclose an error exceeding plus or minus two percent ($\pm 2.0\%$), the expenses of such test shall be borne by the District; otherwise, such expenses shall be borne by the Discharger requesting such test.
- J. District Provided Controls. The District will install and maintain flow rate signals, valve open and close control inputs, and rate-of-flow controls at Service Connections for the Discharger. All District supplied signals and controls are provided as a courtesy to the Discharger. It is the responsibility of the Discharger to control their own system and maintain operations within the rated capacity of their Service Connection(s), and any reliance upon District equipment is done solely at the risk of the Discharger. The inaccuracy or failure of District provided flow signals and controls does not constitute cause to avoid payment of High or Low Flow Charges, nor to dispute the metered totals. The District reserves the right to remove controls if it so desires.
- K. Hydraulic Transients. Dischargers shall operate their systems in a way that does not cause hydraulic transients or pressure changes at Service Connections. The District reserves the right, in its sole discretion, to terminate a Discharger's service, access and use of the SMP should the Discharger fail to properly maintain and operate their surge protection equipment. A Discharger shall be financially responsible for all repairs to District facilities which result from the Discharger's operations.

L. Service Connection Initial Startup

- i. The Discharger shall provide written notice of initial startup to the District's Manager of Operations and Maintenance via e-mail at least 5 calendar days in advance of initial startup. Prior to commencing discharge, the Discharger shall be capable of demonstrating that its discharge complies with the effluent limitations in the Outfall Discharge Permit, including chlorine residual.
- ii. The Discharger shall submit and have the District's written approval of the following information prior to providing notification of initial startup:
 - a. A written plan describing how the Discharger will achieve and maintain compliance with the effluent limitations in the Outfall Discharge Permit, including chlorine residual.
 - b. A written plan describing the monitoring and recordkeeping protocols the Discharger has established to demonstrate compliance with the Outfall Discharge Permit.

It is the Discharger's responsibility to submit these plans to allow sufficient time for review and any required resubmittal prior to initial startup. The District will review and provide comments on each plan within 14 calendar days of receipt.

- iii. Costs incurred by the District supporting the Discharger's initial startup, including standby time, may be charged to the Discharger in accordance with Paragraph 5.E.

M. Subsequent Service Connection Startup

- i. If the Discharger's Service Connection ceases discharging for more than 14 calendar days, the Discharger shall provide written notice of subsequent startup to the District's Manager of Operations and Maintenance via e-mail at least 5 calendar days in advance of resumption of discharge. Prior to commencing discharge, the Discharger shall be capable of demonstrating that its discharge complies with the effluent limitations in the Outfall Discharge Permit, including chlorine residual.
- ii. If the Discharger has modified its treatment processes or source of discharge, the Discharger shall submit and have the District's written approval of revised versions of the plans in Paragraphs 8.L.ii.a. and 8.L.ii.b. prior to providing notification of subsequent startup.

- iii. Costs incurred by the District supporting the Discharger's subsequent startup, including standby time, may be charged to the Discharger in accordance with Paragraph 5.E.

SECTION 9. WATER QUALITY.

- A. Discharger shall ensure that all of its discharges shall at all times comply with all water quality and other requirements of the Outfall Discharge Permit and California Ocean Plan. Compliance shall be achieved for the Discharger's discharge only, without consideration for mixing with other SMP flows.
- B. The District may from time to time, without notice, perform sampling of discharges at Discharger's Service Connection and at the outfall for the SMP to determine whether discharges are in compliance with this Ordinance and the Outfall Discharge Permit. Discharger consents to such sampling and agrees that the District may rely upon such sampling for purposes of determining Discharger's compliance with this Ordinance and the requirements of the Outfall Discharge Permit and California Ocean Plan. Sampling and laboratory analysis costs for each Discharger's Service Connection shall be assessed to that Discharger.
- C. If a Service Connection discharges flows from more than one source, the District shall have access to a sampling location for each individual source. The sampling location does not need to be located at the Service Connection.
- D. Discharger may request permission, in writing, from the District to conduct some or all of its own sampling and analysis. The District may choose to grant or deny permission at its discretion. Any such permission shall be granted in writing and the Discharger shall abide by any terms and conditions included in the permission.
- E. The District reserves the right to immediately suspend or discontinue service for water quality violations.
- F. Discharger will reimburse the District for any fines, penalties, or charges levied against the District due to the failure of the Discharger to comply with the discharge requirements.
- G. If the Discharger is aware that it fails to comply with one or more water quality standards, as required by the Outfall Discharge Permit, the Discharger shall notify the Manager of Operations & Maintenance in writing within 24 hours of learning of the non-compliance. The written notification shall include the constituent(s) of non-compliance, the reason(s) for non-compliance, and the date and time the Discharger became aware of the non-compliance. The Discharger shall perform, at its own expense, any monitoring and studies required by the District as a result of the non-compliance.

SECTION 10. COMPLIANCE.

- A. In addition to all of Discharger's duties and obligations specified in this Ordinance, Discharger shall at all times comply with all laws, rules, regulations, ordinances, and all orders of government and regulatory authorities having jurisdiction, applicable to Discharger's participation in the SMP, including without limitation its ownership, operation and maintenance of all property and facilities of or relating to the Connection and the SMP.

SECTION 11. INDEMNITY.

- A. Discharger shall hold harmless, defend, and indemnify the District and its directors, officers, managers, agents, and employees (collectively referred to herein as the "District") from and against any and all liabilities, losses, damages, expenses, claims, lawsuits and other legal proceedings, judgments, settlements, fines, penalties, assessments, attorney's fees and costs (including without limitation costs and fees of litigation and administrative proceedings) of every kind and nature whatsoever, including, but not limited to, injury to or death of any person; damage to or destruction of property of any person or entity; violation of any law, water right, property right, statute, rule, regulation, ordinance or any order or judgment relating to the adjudication of water rights; violation of the requirements of the California Sustainable Groundwater Management Act; or violation of any order of a government or regulatory agency having jurisdiction (individually a "Claim" and collectively "Claims") that arise from or relate to any of the following:
 - i. Negligent acts, errors, or omissions of Discharger, its owners, officers, directors, managers, employees, agents and/or contractors in connection with the Service Connection and/or the SMP.
 - ii. Recklessness or willful misconduct of Discharger, its owners, officers, directors, managers, employees, agents and/or contractors in connection with the Service Connection and/or the SMP.
 - iii. The type and quality of all discharges by Discharger, including without limitation any Claim arising from or relating to the failure of Discharger, and/or the failure of Discharger's discharges, to comply with the requirements of this Ordinance, the Outfall Discharge Permit, and/or any agreement entered into between the District and Discharger with respect to the Service Connection and/or the SMP.
 - iv. Discharger's operation of any of its facilities or the acts or omissions of any of its owners, officers, directors, managers, employees, agents and/or contractors.

- v. Any activity under Discharger's exclusive control.
 - vi. Discharger's failure to comply with (a) any requirement of the Outfall Discharge Permit or California Ocean Plan, (b) any term of this Ordinance, and/or (c) any term of any agreement between Discharger and the District relating to the Service Connection and/or the SMP.
 - vii. Discharger's diversion, production and/or use of water that supplies any facility discharging through the Service Connection, including but not limited to groundwater supplying a desalter or wastewater supplying a treatment plant.
- B. The District shall hold harmless, defend, and indemnify the Discharger and its directors, officers, managers, agents and employees (collectively referred to herein as the "Discharger") from and against any and all liability, loss, damage, expense, claim, judgment, settlement, fine, penalty, assessment, attorney's fees and costs (including without limitation costs and fees of litigation) of every kind and nature whatsoever, including, but not limited to, injury to or death of any person, damage to or destruction of property of any person or entity, or violation of any law, statute, rule, regulation, ordinance or any order of a government or regulatory agency having jurisdiction (individually a "Claim" and collectively "Claims") to the extent such Claim is caused by any of the following:
- i. Negligent acts, errors, or omissions of the District, its owners, officers, directors, managers, employees, agents and/or contractors in the design, construction, or repair of the Service Connection or the SMP. The Discharger acknowledges and agrees that for purposes of the District's obligation to indemnify hereunder, the "Service Connection" and the "SMP" refer only to the portion of those facilities that were designed and/or constructed by the District or the District's contractors.
 - ii. Recklessness or willful misconduct of the District, its owners, officers, directors, managers, employees, agents and/or contractors with respect to the District's operation of the SMP.
 - iii. Any activity under the District's exclusive control.
 - iv. The District's failure to comply with (a) the District's sampling, reporting, and inspection obligations under the Outfall Discharge Permit or California Ocean Plan, (b) the District's obligations under this Ordinance, and/or (c) the District's obligations under its agreement with the Discharger relating to the Service Connection and the SMP.

- C. Any assertion of negligence, breach, or violation of law by the party to be indemnified hereunder (the "Indemnified Party") shall not relieve the party required to indemnify (the "Indemnifying Party") from its obligation to indemnify. However, the Indemnifying Party shall not be obligated to indemnify the Indemnified Party for that portion of any Claim determined by the trier of fact to have been caused by the negligence or willful misconduct of the Indemnified Party.
- D. Upon request of the Indemnified Party, the Indemnifying Party shall defend, at its sole cost and expense, any and all allegations, claims, demands, suits, and all other legal proceedings of every kind that may be brought or instituted against the Indemnified Party, arising from or relating to a Claim for which the Indemnified Party is entitled to indemnification pursuant to this paragraph 11. The Indemnified Party shall have the right, but not the obligation, to approve any counsel retained under this paragraph, provided however that such approval shall not be unreasonably withheld. Without limiting its obligations under this paragraph, the Indemnifying Party agrees that the Indemnified Party has the right to participate in the defense of any matters that relate to the Indemnified Party, or any of them, and that no action, claim, or suit shall be settled without the Indemnified Party's consent, such consent not to be unreasonably withheld. If, at any time, the Indemnified Party makes a good faith determination that a conflict exists with respect to its interests and the interests of the Indemnifying Party, then the Indemnified Party may retain independent counsel of its own choosing whose reasonable fees shall be paid by the Indemnifying Party.
- E. Nothing in this Agreement shall constitute a waiver or limitation of any rights that a party may have under applicable law, including any right to implied indemnity. The Indemnifying Party's obligation to indemnify shall not be limited or restricted to insurance proceeds, if any, received by the Indemnified Party.

SECTION 12. LEGAL CHALLENGES. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board of Directors hereby declares that it would have passed this Ordinance by section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more other sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 13. ADMINISTRATION. All SMP service shall be in accordance with these rules and regulations unless otherwise approved by the Board of Directors. These rules and regulations may be amended, modified, changed or repealed by the Board of Directors by resolution or ordinance.

SECTION 14. NOTICES. All notices and communications from agencies to the District relating to the SMP or the administration of these rules and regulations by the District shall be addressed to the General Manager of the District, 2100 Olsen Road, Thousand Oaks, California 91360.

SECTION 15. EFFECTIVE DATE AND SUNSET. This Ordinance shall supersede and replace the previously adopted Ordinance No. 19 and shall become effective at 12:01 a.m. on February 18, 2018. This Ordinance shall not have a sunset date.

ADOPTED, SIGNED, AND APPROVED this 17th day of January, 2018.



Thomas L. Slosson, President
Board of Directors

On motion by Director Quady, and seconded by Director Blois, the foregoing ordinance is adopted upon this 17th day of January, 2018, by the following vote:

AYES: Blois, Quady, Waters, Santamaria, Slosson

NAYS: None

ABSTAIN: None

ABSENT: None

I HEREBY CERTIFY that the foregoing Ordinance was adopted at a regular meeting of the Board of Directors of Calleguas Municipal Water District held on January 17, 2018.

ATTEST:



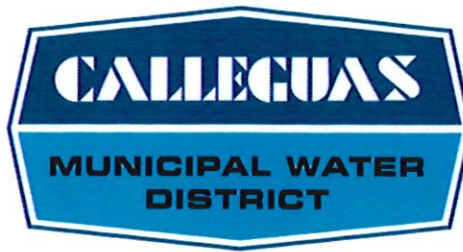
Andy Waters, Secretary
Board of Directors

Appendix B

RAUL AVILA, PRESIDENT
DIVISION 1

REDDY PAKALA, SECRETARY
DIVISION 3

SCOTT H. QUADY, DIRECTOR
DIVISION 2



THIBAUT ROBERT, VICE PRESIDENT
DIVISION 4

JACQUELYN MCMILLAN, TREASURER
DIVISION 5

KRISTINE MCCAFFREY
GENERAL MANAGER

web site: www.calleguas.com

2100 OLSEN ROAD • THOUSAND OAKS, CALIFORNIA 91360-6800 805/526-9323 • FAX: 805/522-5730

MEMORANDUM

TO: Calleguas Potable Water and SMP Discharge Customers
FROM: Dan Smith, Manager of Finance
DATE: July 11, 2025
SUBJECT: Rates and Charges Effective January 1, 2026

On June 18, 2025, the Calleguas Board of Directors approved Resolutions Nos. 2109 and 2110 adopting rates and charges for 2026. The key elements of the rates and charges that will become effective on January 1, 2026 are summarized below.

| | |
|--|----------|
| <u>Potable</u> | |
| Tier 1 Supply Rate (\$/acre-foot) | \$2,058 |
| Capacity Charge (CC) (\$/acre-foot) ¹ | \$52,489 |
| Wheeling Rate (\$/acre-foot) | \$33.90 |
| <u>Salinity Management Pipeline²</u> | |
| Discharge Rate – Brine (\$/acre-foot) | \$813.50 |
| Discharge rate - Non-Brine (\$/acre-foot) | \$65.20 |

¹ The CC is based on each purveyor's peak week flow between May 1st and September 30th, 2024. It reflects costs by Metropolitan and Calleguas for meeting peak and emergency demands.

² Out of service area SMP rates are 150% of rates shown.

In addition to the charges in the table above, each potable water purveyor will be assessed a Readiness-to-Serve (RTS) Charge based on a rolling ten year average of purveyor demands. This charge recovers

the principal and interest payments on Metropolitan Water District's non-tax supported debt service that had been or would be issued to fund capital improvements necessary to meet the continuing reliability and water quality needs associated with current demands.

Attached are the following for your reference:

- A detailed water rates and charges table
- Calculation of the RTS for each purveyor
- Calculation of the Capacity Charge for each purveyor
- Resolution No. 2109 – Water Service Rates
- Resolution No. 2110 – Salinity Management Pipeline Discharge Rates

Additional information on rates is available in:

- Ordinance No. 12, Rules and Regulations for Potable Water Service
https://www.calleguas.com/wp-content/uploads/2024/09/ord_12.pdf
- Ordinance No. 19, Rules and Regulations for Use of the Salinity Management Pipeline
<https://www.calleguas.com/wp-content/uploads/2024/07/Ord19.pdf>

If you have any questions regarding the above or would like additional information, please do not hesitate to contact Dan Smith, Manager of Finance at (805) 579-7132.



Dan Smith
Manager of Finance

| Calleguas MWD | | | |
|---|--------------------------|--------------------------|---------------|
| 2026 Adopted Water Rates | | | |
| | Effective Jan 1, 2025 | Effective Jan 1, 2026 | % Change |
| MWD Rates | | | |
| Tier 1 Supply Rate (\$/AF) | \$290 | \$313 | 7.9% |
| System Access Rate (\$/AF) | \$463 | \$492 | 6.3% |
| System Power Rate (\$/AF) | \$159 | \$179 | 12.6% |
| Treatment Surcharge (\$/AF) | \$483 | \$544 | 12.6% |
| MWD Treated Water Rates | | | |
| MWD Tier 1 (\$/AF) | \$1,395 | \$1,528 | 9.5% |
| CMWD Rates | | | |
| O&M Surcharge (\$/AF) | \$214 | \$227 | 6.1% |
| Capital Construction Surcharge (\$/AF) | \$286 | \$303 | 5.9% |
| Total Calleguas Rates | \$500 | \$530 | 6.0% |
| Combined MWD & CMWD Rates | | | |
| Tier 1 Rate (\$/AF) | \$1,895 | \$2,058 | 8.6% |
| Tier 2 Rate (\$/AF) | | | |
| Temporary Water Rate (per 100 cu ft) | \$8.70 | \$9.45 | 8.6% |
| Capacity Charge | | | |
| Estimated MWD Capacity Charge | \$ 2,464,800 | \$ 2,422,950 | (1.7%) |
| CMWD Capacity Charge Requirement | \$ 5,508,644 | \$ 5,086,017 | (7.7%) |
| Estimated MWD & CMWD Capacity Charge | \$7,973,444 | \$7,508,967 | (5.8%) |
| Estimated Purveyor CFS | 143.74 | 143.06 | |
| Capacity Charge /cfs - MWD | \$17,148 | \$16,937 | |
| Capacity Charge /cfs - CMWD | \$38,324 | \$35,552 | |
| Combined MWD & CMWD Capacity Charge | \$55,472 | \$52,489 | (5.4%) |
| RTS Charge | | | |
| Estimated MWD RTS Charge | \$ 9,096,290 | \$ 9,833,890 | 8.1% |

AF of Sales to calculate Capacity Chg & RTS Rate 73,000 75,000

| | 2025 | 2026 | % Chg |
|---------------------------------|-----------------|-----------------|--------------|
| MWD Per AF Rate | \$ 1,395 | \$ 1,528 | |
| MWD Capacity Charge | \$ 34 | \$ 32 | |
| MWD RTS | \$ 125 | \$ 131 | |
| | <u>\$ 1,554</u> | <u>\$ 1,691</u> | 8.82% |
| CMWD Per AF Rate | \$ 500 | \$ 530 | |
| CMWD Capacity Charge | \$ 75 | \$ 68 | |
| | <u>\$ 575</u> | <u>\$ 598</u> | 4.00% |
| Total MWD & CMWD Combined Rates | \$ 2,129 | \$ 2,289 | 7.52% |

Calleguas MWD

2026 Adopted SMP & Wheeling Rates

| | Effective Jan 1, 2025 | Effective Jan 1, 2026 | % Change |
|-----------------------------------|--------------------------|--------------------------|----------|
| Current SMP rate (\$/AF) | | | |
| Brine | \$749.10 | \$813.50 | 8.6% |
| Non-Brine | \$60.00 | \$65.20 | 8.7% |
| Outside District SMP rate (\$/AF) | | | |
| Brine | \$1,123.70 | \$1,220.40 | 8.6% |
| Non-Brine | \$90.00 | \$97.70 | 8.6% |
| Wheeling Rate (\$/AF) | \$29.39 | \$33.90 | 15.3% |

DEFINITIONS:

Tier 1 Supply Rate (Metropolitan) - recovers the of cost of maintaining a reliable amount of supply.

System Access Rate (Metropolitan) – recovers a portion of the costs associated with the delivery of supplies.

System Power Rate (Metropolitan) – recovers power costs for pumping supplies to Southern California.

Water Stewardship Rate (Metropolitan) – recovers the cost of Metropolitan’s financial commitment to conservation, water recycling, groundwater clean-up and other local resource management programs.

Treatment Surcharge (Metropolitan) – recovers the costs of treating imported water.

Readiness-to-Serve Charge (Metropolitan) - a fixed charge that recovers the capital cost of the portion of system capacity that is on standby to provide emergency service and operational flexibility. Based upon a calendar ten year rolling average.

Capacity Charge (Metropolitan) - recovers the cost of the assets that are providing peak capacity within the distribution system. Based on peak day delivery in previous three years.

Operations and Maintenance Surcharge (Calleguas) - recovers the cost of operating and maintaining system facilities and District administrative functions.

Capital Construction Surcharge (Calleguas) - recovers a portion of the cost of infrastructure expansion to accommodate new demand and increase system reliability.

Capacity Charge (Calleguas) recovers the cost of infrastructure to meet peaking and emergency demands. Based on the peak week demand on the system between May 1 and September 30, for the prior calendar year

CALLEGUAS MUNICIPAL WATER DISTRICT

2026 Readiness To Serve (RTS) Charge By Purveyor Calculation

Final

Metropolitan 2025-26 RTS Obligation 9,833,890

| Purveyor | FY 16-25 Average Water Sales | % of Total | Annual RTS Amount | Monthly Contribution |
|------------------------------------|---------------------------------|----------------|----------------------|-------------------------|
| Butler Ranch Mutual Water | 0.0 | 0.00% | - | - |
| Berylwood Heights Mutual Water Co. | 2.8 | 0.00% | - | - |
| Brandeis Mutual Water Co. | 49.0 | 0.06% | 5,900 | 492 |
| California American Water Co. | 13,607.6 | 16.82% | 1,654,060 | 137,838 |
| California Water Service Co. | 6,227.0 | 7.69% | 756,226 | 63,019 |
| Camarillo, City of | 4,139.6 | 5.12% | 503,495 | 41,958 |
| Camrosa Water District | 4,587.2 | 5.67% | 557,582 | 46,465 |
| Crestview Mutual Water Co. | 152.8 | 0.19% | 18,684 | 1,557 |
| Golden State Water Company | 4,819.4 | 5.96% | 586,100 | 48,842 |
| Oak Park Water Service | 1,897.6 | 2.34% | 230,113 | 19,176 |
| Oxnard, City of | 9,629.2 | 11.90% | 1,170,233 | 97,519 |
| Pleasant Valley Mutual | 291.4 | 0.36% | 35,402 | 2,950 |
| Simi Valley, City of | 17,539.9 | 21.67% | 2,131,004 | 177,584 |
| Solano Verde Mutual Water Co. | 280.3 | 0.35% | 34,419 | 2,868 |
| Thousand Oaks, City of | 9,234.0 | 11.41% | 1,122,047 | 93,504 |
| Ventura Co WWD #1 | 6,894.6 | 8.52% | 837,847 | 69,821 |
| Ventura Co WWD #19 | 322.0 | 0.40% | 39,336 | 3,278 |
| Ventura Co WWD #38 | 1,249.5 | 1.54% | 151,442 | 12,620 |
| TOTALS | 80,923.7 | 100.00% | 9,833,890 | \$ 819,491 |

CALLEGUAS MUNICIPAL WATER DISTRICT

2026 Capacity Charge by Purveyor

Final

\$52,489 cfs (cubic foot per second)

| | A | B | C |
|---------------------------------------|----------------|-----------------------------------|-----------------------------|
| Purveyor | 2024 Peak Week | 2026 Annual CRC (A X \$52,489) | 2026 Monthly CRC (B /12) |
| Berylwood Heights Mutual Water Co. | - | \$ - | \$ - |
| Brandeis Mutual Water Co. | 0.15 | \$ 7,873 | \$ 656 |
| California American Water Co. | 23.41 | \$ 1,228,767 | \$ 102,397 |
| California Water Service Co. | 12.38 | \$ 649,814 | \$ 54,151 |
| Camarillo, City of | 5.33 | \$ 279,766 | \$ 23,314 |
| Camrosa Water District | 9.25 | \$ 485,523 | \$ 40,460 |
| Crestview Mutual Water Co. | - | \$ - | \$ - |
| Golden State Water Company | 8.81 | \$ 462,428 | \$ 38,536 |
| Triumfo Water and Sanitation District | 3.31 | \$ 173,739 | \$ 14,478 |
| Oxnard, City of | 13.57 | \$ 712,276 | \$ 59,356 |
| Pleasant Valley Mutual Water Company | 1.47 | \$ 77,159 | \$ 6,430 |
| Simi Valley, City of | 31.06 | \$ 1,630,308 | \$ 135,859 |
| Solano Verde Mutual Water Co. | 0.59 | \$ 30,969 | \$ 2,581 |
| Thousand Oaks, City of | 15.88 | \$ 833,525 | \$ 69,460 |
| Pooled: | | | |
| Ventura County WWD #1 | 13.90 | | |
| Ventura County WWD #19 | 0.36 | | |
| Ventura County WWD #38 | 3.59 | | |
| Pooled Total | 17.85 | \$ 936,929 | \$ 78,077 |
| Purveyor's Total: | 143.06 | \$ 7,509,076 | \$ 625,755 |

RESOLUTION NO. 2109

A RESOLUTION PURSUANT TO ORDINANCE NO. 12
ESTABLISHING RATES, RULES, AND REGULATIONS
FOR WATER SERVICE TO AGENCIES WITHIN THE
CALLEGUAS MUNICIPAL WATER DISTRICT

WHEREAS, the Board of Directors of Calleguas Municipal Water District (the "District") by Ordinance No. 12 established rates, rules, and regulations for water sold to its Member Agencies; and

WHEREAS, Ordinance No. 12 provides for the Board of Directors to have the absolute and sole authority to implement new rates or pass through charges imposed on the District; and

WHEREAS, most recently, the Board of Directors of the District by Resolution No. 2091, adopted June 19, 2024, established rates for water sold to its Member Agencies; and

WHEREAS, the Metropolitan Water District of Southern California ("Metropolitan") adopted new rates, rules and regulations for water service to its member agencies for calendar years 2025 and 2026 on April 9, 2024; and

WHEREAS, the Board of Directors of the District has determined that certain modifications to the District's rates, rules, and regulations for water service are necessary and desirable in accordance with the rate structure adopted by Metropolitan; and

WHEREAS, the Board of Directors of the District find that said modifications are for the purpose of meeting operating and construction expenses and are therefore exempt from requirements of the California Environmental Quality Act;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CALLEGUAS MUNICIPAL WATER DISTRICT RESOLVES AS FOLLOWS:

SECTION 1. In accordance with Ordinance No. 12, the rates and charges set forth in the CALLEGUAS RATE SCHEDULE attached hereto as Exhibit A, and incorporated herein by reference are hereby approved and adopted as the Calleguas Municipal Water District Rate Schedule to be imposed as set forth therein.

SECTION 2. Resolution No. 2091, adopted June 19, 2024, is hereby rescinded effective at 12:01 a.m., January 1, 2026, at which time this Resolution No. 2109 shall become effective.

SECTION 3. All Member Agencies serviced by the District shall be notified promptly of the water rates hereby established in accordance with the provisions of Ordinance No. 12.

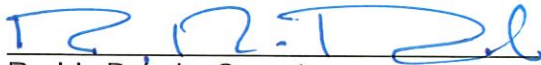
ADOPTED, SIGNED AND APPROVED this 18th day of June, 2025.



Raul Avila, President
Board of Directors

I HEREBY CERTIFY that the foregoing Resolution was adopted at a meeting of the Board of Directors of Calleguas Municipal Water District held on June 18, 2025.

ATTEST:



Reddy Pakala, Secretary
Board of Directors

(SEAL)

Exhibit A to Resolution No. 2109
Calleguas Municipal Water District Rate Schedule

| | |
|---|--------------------------------------|
| | Effective January 1, 2026 |
| Water Supply Rates | |
| Tier 1 Supply Rate (\$/AF) | \$ 2,058 |
| Minimum Service Charge | |
| per month | \$ 150 |
| Capacity Rate (Capacity Reservation Charge) | |
| per cu ft per second (cfs) | \$ 52,489 |
| Temporary Water Rate | |
| per 100 cu ft | \$ 9.45 |
| Water Wheeling Rate | |
| per AF | \$ 33.90 |
| Readiness to Serve (Metropolitan Pass-through) | |
| Distributed to Member Agencies based on their 10 yr rolling fiscal year of average purchases | \$ 9,833,890 |

RESOLUTION NO. 2110

A RESOLUTION PURSUANT TO ORDINANCE NO. 19
ESTABLISHING RATES FOR DISCHARGE TO THE
SALINITY MANAGEMENT PIPELINE

WHEREAS, the Board of Directors of Calleguas Municipal Water District (the "District") by Ordinance No. 19 established rules and regulations for use of the Salinity Management Pipeline (the "SMP"); and

WHEREAS, the District has constructed the Salinity Management Pipeline (the "SMP") for the purposes of facilitating the development of local water supplies to enhance water supply reliability; and

WHEREAS, most recently, the Board of Directors of the District by Resolution No. 2092, adopted June 4, 2024, established rates for discharging into the SMP; and

WHEREAS, the District is committed to operating and maintaining the SMP for its long-term water quality and water supply benefits to the District's purveyors, the basin, and others; and

WHEREAS, the Board of Directors of the District has determined that establishment of the District's rates for discharge to and use of the SMP are necessary and desirable; and

WHEREAS, the Board of Directors of the District finds that said fees are for the purpose of meeting operating and construction expenses and are therefore exempt from requirements of the California Environmental Quality Act;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CALLEGUAS MUNICIPAL WATER DISTRICT RESOLVES AS FOLLOWS:

SECTION 1. In accordance with Ordinance No. 19, the rates and charges set forth in the CALLEGUAS SMP RATE SCHEDULE attached hereto as Exhibit A, and incorporated herein by reference are hereby approved and adopted as the Calleguas Municipal Water District SMP Rate Schedule to be imposed as set forth therein.

SECTION 2. Resolution No. 2092, adopted June 19, 2024, is hereby rescinded effective at 12:01 a.m., January 1, 2026, at which time this Resolution No. 2110 shall become effective.

SECTION 3. All Dischargers serviced by the District shall be notified promptly of the rates for use of the SMP hereby established in accordance with the provisions of Ordinance No. 19.

ADOPTED, SIGNED AND APPROVED this 18th day of June, 2025.



Raul Avila, President
Board of Directors

I HEREBY CERTIFY that the foregoing Resolution was adopted at a meeting of the Board of Directors of Calleguas Municipal Water District held on June 18, 2025.

ATTEST:



Reddy Pakala, Secretary
Board of Directors

(SEAL)

Exhibit A to Resolution No. 2110
Calleguas Salinity Management Pipeline Rate Schedule

| | Effective January 1, 2026 |
|--|------------------------------|
| Discharge Rates (Discharger inside the Service Area) | |
| Brine Discharge Rate (\$/af) | \$ 813.50 |
| Non-Brine Discharge Rate (\$/af) | \$ 65.20 |
| Discharge Rates (Discharger outside the Service Area) | |
| Brine Discharge Rate (\$/af) | \$ 1,220.40 |
| Non-Brine Discharge Rate (\$/af) | \$ 97.70 |
| O&M, Repair | |
| O&M Costs will be billed on a monthly basis after the first full year of service. Charges will be billed on the actual costs for O&M incurred at a particular discharge station. | |
| Replacement Charge | |
| 0.33% of construction costs of the discharge station will be billed monthly. Charges will begin as soon as the meter is in service. | |

RESOLUTION NO. 2111

A RESOLUTION ADJUSTING
THE FEE FOR ANNEXATION TO THE DISTRICT

WHEREAS, the Board of Directors of Calleguas Municipal Water District (District) adopted by resolution an amended "Administrative Code" for the District that, among other changes, added a new part entitled "Annexations," on October 16, 2002; and

WHEREAS, Part 8, Chapter 6, Paragraph 2 of the Administrative Code requires owners of land newly annexing to the District to pay the Annexation Fee and defines the calculation of the fee; and

WHEREAS, the District has recently recalculated the Annexation Fee as required by the Administrative Code;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CALLEGUAS MUNICIPAL WATER DISTRICT RESOLVES AS FOLLOWS:

SECTION 1. Annexation fees for annexations recorded on or after January 1, 2025 shall be paid to the District in the amount of \$4,387 per acre.

SECTION 2. All District administrative expenses resulting from the processing of an annexation to the District, which includes staff time, fees to the Metropolitan Water District of Southern California, the Ventura Local Agency Formation Commission, the County of Ventura, and incidental costs, shall be borne by the applicant and adjusted annually to reflect District expenses and the fee schedules of interested agencies.

SECTION 3. Resolution No. 2093, adopted June 19, 2024, is hereby rescinded effective at 12:01 a.m., January 1, 2026, at which time this Resolution No. 2111 shall become effective.

SECTION 4. All applicants for annexations to the District presently in progress shall be promptly notified of the adjusted fee.

SECTION 5. In accordance with Administrative Code Section 8.6.6, the Per-Acre Annexation Fee shall be recalculated by the District and reviewed by the Board of Directors annually.


ADOPTED, SIGNED AND APPROVED this 18th day of June, 2025.



Raul Avila, President
Board of Directors

I HEREBY CERTIFY that the foregoing Resolution was adopted at a meeting of the Board of Directors of Calleguas Municipal Water District held on June 18, 2025.

ATTEST:



Reddy Pakala, Secretary
Board of Directors

Calleguas Municipal Water District

Annexation Charge Calculation

| Year | % Change in AV | Assessed Land Value | Share of Prop Tax | Net Present Value | Year | % Change in AV | Assessed Land Value | Share of Prop Tax | Net Present Value |
|------|----------------|---------------------|-------------------|-------------------|------|----------------|---------------------|-------------------|-------------------|
| 1953 | 18% | \$24,464 | 2.33 | \$36.38 | 1990 | 2% | \$227,549 | 21.66 | \$80.76 |
| 1954 | 6% | \$25,886 | 2.46 | \$36.95 | 1991 | 2% | \$232,100 | 22.09 | \$79.24 |
| 1955 | -5% | \$24,476 | 2.33 | \$33.67 | 1992 | 2% | \$236,742 | 22.53 | \$77.75 |
| 1956 | 6% | \$25,824 | 2.46 | \$34.20 | 1993 | 2% | \$241,477 | 22.98 | \$76.29 |
| 1957 | 16% | \$30,050 | 2.86 | \$38.25 | 1994 | 2% | \$246,307 | 23.44 | \$74.86 |
| 1958 | 12% | \$33,597 | 3.2 | \$41.17 | 1995 | 2% | \$251,233 | 23.91 | \$73.46 |
| 1959 | 10% | \$36,924 | 3.51 | \$43.45 | 1996 | 2% | \$256,257 | 24.39 | \$72.09 |
| 1960 | 5% | \$38,782 | 3.69 | \$43.94 | 1997 | 2% | \$261,383 | 24.88 | \$70.75 |
| 1961 | 1% | \$39,351 | 3.75 | \$42.96 | 1998 | 2% | \$266,610 | 25.37 | \$69.40 |
| 1962 | 2% | \$40,173 | 3.82 | \$42.10 | 1999 | 2% | \$271,942 | 25.88 | \$68.11 |
| 1963 | 6% | \$42,718 | 4.07 | \$43.15 | 2000 | 2% | \$277,381 | 26.4 | \$66.84 |
| 1964 | 1% | \$43,000 | 4.09 | \$41.72 | 2001 | 2% | \$282,929 | 26.93 | \$65.60 |
| 1965 | -9% | \$39,141 | 3.73 | \$36.60 | 2002 | 2% | \$288,588 | 27.47 | \$64.37 |
| 1966 | -5% | \$37,361 | 3.56 | \$33.61 | 2003 | 2% | \$294,359 | 28.01 | \$63.14 |
| 1967 | 0% | \$37,278 | 3.55 | \$32.24 | 2004 | 2% | \$300,246 | 28.57 | \$61.98 |
| 1968 | 8% | \$40,221 | 3.83 | \$33.46 | 2005 | 2% | \$306,251 | 29.15 | \$60.82 |
| 1969 | 16% | \$46,685 | 4.44 | \$37.32 | 2006 | 2% | \$312,376 | 29.73 | \$59.67 |
| 1970 | 26% | \$58,877 | 5.6 | \$45.28 | 2007 | 2% | \$318,624 | 30.32 | \$58.55 |
| 1971 | 19% | \$70,162 | 6.68 | \$51.97 | 2008 | 2% | \$324,996 | 30.93 | \$57.46 |
| 1972 | 7% | \$75,372 | 7.17 | \$53.66 | 2009 | 2% | \$331,496 | 31.55 | \$56.38 |
| 1973 | 8% | \$81,650 | 7.77 | \$55.94 | 2010 | 2% | \$338,126 | 32.18 | \$55.33 |
| 1974 | 21% | \$98,850 | 9.41 | \$65.18 | 2011 | 2% | \$344,889 | 32.82 | \$54.28 |
| 1975 | 29% | \$127,181 | 12.1 | \$80.63 | 2012 | 2% | \$351,787 | 33.48 | \$53.27 |
| 1976 | 22% | \$154,998 | 14.75 | \$94.56 | 2013 | 2% | \$358,822 | 34.15 | \$52.28 |
| 1977 | 13% | \$175,903 | 16.74 | \$103.24 | 2014 | 2% | \$365,999 | 34.83 | \$51.29 |
| 1978 | 2% | \$179,421 | 17.08 | \$101.34 | 2015 | 2% | \$373,319 | 35.53 | \$50.34 |
| 1979 | 2% | \$183,009 | 17.42 | \$99.43 | 2016 | 2% | \$380,785 | 36.24 | \$49.39 |
| 1980 | 2% | \$186,670 | 17.77 | \$97.58 | 2017 | 2% | \$388,401 | 37.24 | \$48.46 |
| 1981 | 2% | \$190,403 | 18.12 | \$95.72 | 2018 | 2% | \$396,169 | 38.24 | \$47.56 |
| 1982 | 2% | \$194,211 | 18.48 | \$93.91 | 2019 | 2% | \$404,092 | 39.24 | \$46.67 |
| 1983 | 2% | \$198,095 | 18.85 | \$92.16 | 2020 | 2% | \$412,174 | 40.24 | \$45.80 |
| 1984 | 2% | \$202,057 | 19.23 | \$90.45 | 2021 | 2% | \$420,417 | 41.24 | \$44.94 |
| 1985 | 2% | \$206,098 | 19.61 | \$88.73 | 2022 | 2% | \$428,825 | 42.24 | \$44.09 |
| 1986 | 2% | \$210,220 | 20.01 | \$87.10 | 2023 | 2% | \$437,402 | 43.24 | \$43.27 |
| 1987 | 2% | \$214,425 | 20.41 | \$85.47 | 2024 | 2% | \$446,150 | 44.24 | \$42.46 |
| 1988 | 2% | \$218,713 | 20.82 | \$83.88 | | | | | |
| 1989 | 2% | \$223,088 | 21.23 | \$82.28 | | | | | |

| | | |
|------------|----|-------|
| Total | \$ | 4,387 |
| 2025 Rate | \$ | 4,179 |
| Difference | \$ | 208 |
| % Change | | 5.0% |



Calleguas Municipal Water District

Cost of Service Study Report

Final Report / September 2016





150 N Santa Anita,
Ste 470.
Arcadia, CA 91006

Phone 626 . 583 . 1894
Fax 213.262.9303

www.raftelis.com

September 30, 2016

Ms. Susan Mulligan
General Manager
Calleguas Municipal Water District
2100 E. Olsen Road
Thousand Oaks, CA 91360

Subject: Utility Cost of Service Study

Dear Ms. Mulligan,

Raftelis Financial Consultants, Inc. (RFC) is pleased to provide this Cost of Service Study Report (Report) to the Calleguas Municipal Water District (District) as a periodic comprehensive update and to establish utility fees that are equitable and provide full cost recovery.

The major objectives of the study include the following:

1. Prepare a comprehensive update to the cost of providing service
2. Update the potable water rates and charges to fairly and equitably allocate the cost of facilities needed to meet peak demands
3. Update the Annexation Fee to recover an appropriate amount from newly annexed territory that historically hasn't contributed to the District's property tax revenue
4. Determine fair and equitable fees for conveying water through the potable water pipelines
5. Determine fair and equitable fees for discharge to the Salinity Management Pipeline
6. Determine fair and equitable rates for recycled water service

The Report summarizes the key findings and recommendations related to the cost of providing service and the corresponding fees for each type of service provided. RFC provided a model to the District; District staff updated that model with the latest data to show the results for CY 2017.

It has been a pleasure working with you, and we thank you, Mr. Dan Smith and the District staff for support provided during the course of this study.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in blue ink, appearing to read 'Sudhir Pardiwala', is placed above the printed name.

Sudhir Pardiwala
Executive Vice President

A handwritten signature in black ink, appearing to read 'Hannah Phan', is placed above the printed name.

Hannah Phan
Senior Consultant

TABLE OF CONTENTS

| | |
|--|-----------|
| EXECUTIVE SUMMARY | 7 |
| 1. COST OF SERVICE AND RATE DESIGN..... | 10 |
| 1.1 RATE METHODOLOGY BACKGROUND | 10 |
| 1.1.1 Step 1 – Determination of Revenue Requirements..... | 10 |
| 1.1.2 Step 2 – Cost of Service Analysis | 10 |
| 1.1.3 Step 3 – Rate Design and Calculations..... | 10 |
| 1.1.4 Step 4 – Rate Adoption | 10 |
| 1.2 COST OF SERVICE AND RATES..... | 10 |
| 1.2.1 Revenue Requirements for FY 2016..... | 10 |
| 1.2.2 O&M Charge..... | 12 |
| 1.2.3 Capital Charges | 12 |
| 1.2.4 Recycled Water Charge | 13 |
| 1.2.5 Salinity Management Pipeline Charge | 14 |
| 1.2.6 Conveyance Charge..... | 16 |
| 2. ANNEXATION FEES | 17 |
| 2.1 OVERVIEW | 17 |
| 2.2 METHODOLOGY AND CALCULATIONS..... | 17 |
| 2.2.1 Assessed Value of Land | 17 |
| 2.2.2 Annual Property Tax Revenue | 20 |
| 2.2.3 Net Present Value..... | 23 |
| 3. APPENDIX A | 24 |
| MEMORANDUM ON STANDBY FEES AND AD VALOREM TAXES | 24 |
| 3.1.1 Background | 24 |
| 3.1.2 Process to Increase Standby Charge..... | 24 |
| 3.1.3 Ad Valorem Property Taxes | 25 |

LIST OF TABLES AND FIGURES

| | |
|---|----|
| Table ES-1: Proposed CY 2017 Charges Summary | 8 |
| Table 1-1: FY 2016 Revenue Requirements from Rates | 11 |
| Table 1-2: Proposed CY 2017 Capacity Charge (\$/cfs)..... | 13 |
| Table 1-3: Proposed and CY 2016 Capacity Charge per Purveyor | 13 |
| Table 1-4: Proposed CY 2017 Recycled Water Charge..... | 14 |
| Table 1-5: Salinity Management Pipeline Capital Costs..... | 15 |
| Table 1-6: Salinity Management Pipeline Grants Received..... | 15 |
| Table 1-7: Proposed CY 2017 Salinity Management Pipeline Charge | 16 |
| Table 1-8: Proposed CY 2017 Conveyance Charge | 16 |
| Table 2-1: Assessed Land Value within District | 18 |
| Table 2-2: Decennial Census of Housing-Based Price Index..... | 18 |
| Table 2-3: Estimated Value of an Acre of Land..... | 19 |
| Table 2-4: District TRAs and % Share of 1% General Tax | 21 |
| Table 2-5: District Property Tax Revenue..... | 22 |
| Table 2-6: LAIF – PMIA Rate of Return | 23 |
| Table A-1: Calleguas Municipal Water District Tax Rate by TRA..... | 26 |

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EXECUTIVE SUMMARY

The Calleguas Municipal Water District (District) contracted with Raftelis Financial Consultants (RFC) to conduct a comprehensive Cost of Service Study (Study) for each of the District's charges, including its Annexation Fees.

Potable Water Infrastructure: The District provides wholesale water services to 375 square miles in southern Ventura County, California. The District's main supply of potable water is imported from the State Water Project through the Metropolitan Water District of Southern California (MWD). Although the District purchases approximately 85,000 acre-feet (AF) per year from MWD, those supplies have become significantly less reliable and more costly over the past decade. The District owns and operates 150 miles of large diameter potable water transmission pipelines, six pump stations, and 12 reservoirs to supply potable water to the 19 retail water purveyors in its service area. In addition, it owns and operates two facilities which provide potable water when imported water is curtailed: Lake Bard and Lake Bard Water Filtration Plant and the Las Posas Aquifer Storage and Recovery Project.

Recycled Water Infrastructure: The District owns and operates a recycled water system in the Oak Park, North Ranch, and Lake Sherwood areas, delivering water to three retail water agencies. The system includes pipelines, a pump station, and a reservoir. The recycled water facilities improve water supply reliability by diversifying the resource mix in the service area and reducing the demand for imported water.

Salinity Management Pipeline: The District owns and operates approximately 18 miles of brine line, called the Salinity Management Pipeline (SMP), which collects brine generated by brackish groundwater desalting facilities and conveys that water for discharge to the ocean. There is currently one paying discharger, and more are expected to connect to the SMP in the coming years. The SMP improves water supply reliability by facilitating development of these new, local water supplies which, like recycled water, diversify the resource mix in the service area and reduce the demand for imported water.

Capital Improvement Program: The District's capital improvement program is focused in three areas: (1) construction of storage, production, treatment, and transmission facilities needed to meet demand during planned and emergency outages of imported supplies, (2) construction of an additional 20 miles of the SMP, and (3) rehabilitation and replacement of aging infrastructure. Because the per capita water use of the population in the District's service area has significantly decreased over the past two decades, the District has built no new facilities to expand delivery capacity since the early 1990s.

Costs, Rates, and Charges: In addition to the cost of purchasing MWD water, the District incurs costs to operate and maintain its facilities and to implement the capital improvement program. The District's potable water rate is primarily driven by the cost of purchasing water directly from MWD. However, the District also charges an Operation and Maintenance (O&M) Charge, a Capital Charge, and a Capacity Charge to recover its own costs associated with provision of potable water. The District also incurs costs for providing recycled water and for the construction and operation of the

SMP. Collectively, all of these components are part of the District's revenue requirements and have been allocated based on the cost of providing such services to equitably determine appropriate fees and charges to its customers to ensure full cost recovery. Additionally, the District wants to implement a Conveyance Charge to customers who are interested in conveying water through the District's system.

Table ES-1 shows a summary of the proposed calendar year (CY) 2017 charges.

Table ES-1: Proposed CY 2017 Charges Summary

| Proposed Charges (\$/AF) | FY 2017 |
|-------------------------------------|----------------|
| O&M Charge | \$77 |
| Capital Charge | \$244 |
| Capacity Charge - CMWD (\$/cfs) | \$29,619 |
| Recycled Water Charge | \$1,089 |
| Salinity Management Pipeline Charge | \$9,918 |
| Conveyance Charge | \$20.51 |
| Annexation Fee (\$/Acre)* | \$2,770 |

* Annexation Fees are adopted on a fiscal year basis. This rate was adopted in 2015

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1. COST OF SERVICE AND RATE DESIGN

1.1 RATE METHODOLOGY BACKGROUND

Although wholesale water rates do not need to conform to the substantive provision of Proposition 218, applying “cost of service” principles is a sound approach when developing rates. In addition, as stated in the American Water Works Association (AWWA) Manual M1, “the costs of water rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers.” There are four major steps in developing utility rates that comply with industry standards while also meeting other emerging goals and objectives of the utility:

1.1.1 Step 1 – Determination of Revenue Requirements

The rate-making process starts with the determination of future revenue requirements to sufficiently fund the utility’s O&M, capital replacement and refurbishment (R&R), capital improvement, and perpetuation of the system, and to ensure preservation of the utility’s financial integrity. The basic revenue requirements of a utility include O&M expenses, debt service payments, contributions to specified reserves and the cost of capital expenditures that are not debt financed.

1.1.2 Step 2 – Cost of Service Analysis

The annual costs of providing water services, determined in the financial plan development, should be allocated among customers commensurate with their service requirements. In this step, costs are identified and allocated to functional cost components to determine the District’s appropriate unit rate for the various charges to its customers to ensure full cost-recovery.

1.1.3 Step 3 – Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as revenue stability and rate stability, among other objectives.

1.1.4 Step 4 – Rate Adoption

In the last step of the rate-making process, the results of the analyses are documented in a Study Report to help educate stakeholders about the proposed changes, the rationale and justifications behind the changes.

1.2 COST OF SERVICE AND RATES

1.2.1 Revenue Requirements for FY 2016

Table 1-1 shows the projected revenue requirements from rates and charges for FY 2015-16, based on the District’s budget. The subsequent rates and charges calculations are based on the projected cost of each rate component.

Table 1-1: FY 2016 Revenue Requirements from Rates

| | FY 2016 |
|---|----------------------|
| Revenue Requirements | |
| OPERATING EXPENSES | |
| Cost of Water-Potable | \$77,900,190 |
| Cost of Water-Recycled | \$766,680 |
| Pumping Costs | \$1,386,000 |
| Administrative Operating Costs | \$5,759,630 |
| Capital Equipment Purchases | \$293,500 |
| Bank Fees | \$120,000 |
| Cash paid to employees for services | \$9,002,640 |
| CAPITAL EXPENSES | |
| RTS Expense | \$7,449,680 |
| Bond Issue Costs | \$0 |
| Principal on Debt | \$8,195,000 |
| Interest on Debt | \$9,080,571 |
| Bond Fees | \$465,000 |
| Capacity Charge Expense | \$2,581,645 |
| Capital Expenditures | \$32,820,000 |
| SMP O&M Expenses | \$470,000 |
| Total Revenue Requirements | \$156,290,536 |
| MISC REVENUES | |
| Other Water Revenues | \$130,760 |
| Power Revenues | \$1,237,500 |
| Standby Charges | \$1,400,000 |
| Property Taxes | \$6,970,000 |
| Misc Revenues | \$57,420 |
| Grants & BABS D/S Subsidy | \$1,447,000 |
| Interest Earnings | \$1,629,000 |
| Capital Charge | \$2,000,000 |
| Total Misc Revenues | \$14,871,680 |
| Adjustment for Cash Balance | \$24,823,066 |
| Revenue to be Recovered from Rates | \$116,595,790 |
| Projected Rate Revenues | |
| Water Sales-Metropolitan | \$77,900,190 |
| Water Sales-CMWD Operating | \$5,098,150 |
| Water Sales - CMWD Construction | \$19,364,980 |
| Water Sales-Recycled | \$1,825,100 |
| RTS Revenue | \$7,449,680 |
| Capacity Charge - Revenue - CMWD | \$2,126,045 |
| Capacity Charge - Revenue - MWD | \$2,581,645 |
| SMP Revenue | \$250,000 |
| Total Revenues | \$116,595,790 |

1.2.2 O&M Charge

Although the majority of the District's costs are related to water purchases from MWD, the District must also operate and maintain a vast infrastructure, including 150 miles of large diameter potable water transmission pipelines, six pump stations, and 12 reservoirs to supply potable water to the 19 retail water purveyors in its service area. In addition, it owns and operates two facilities which provide potable water when imported water is curtailed: Lake Bard and Lake Bard Water Filtration Plant and the Las Posas Aquifer Storage and Recovery Project. The operations and maintenance costs associated with this delivery system are in addition to the MWD charges. As such, the District imposes an O&M Charge, currently¹ equal to \$75 per acre foot (AF), which is designed to recover costs incurred in operating the District's potable water system. Based on the District's projected FY 2017 budget, the O&M Charge is \$77 per AF in calendar year 2017.

1.2.3 Capital Charges

Similar to why the District charges an O&M Surcharge, the District must also adequately reinvest in its assets for the continued delivery of safe and reliable water to its customers. As such, the District imposes two capital charges: a Capital Charge, currently² equal to \$240 per AF, and a Capacity Charge, currently equal to \$10,740 per cubic feet per second (cfs). The Capital Charge pays for the cost of capital facilities which are not paid for in the Capacity Charge. Based on the District's projected FY 2017 budget, the Capital Charge is \$244 per AF in calendar year 2017.

The Capacity Charge has historically recovered the cost to build new reservoirs or perform seismic retrofits or replacements of reservoirs needed to meet peak demands. Due to significantly decreased demands over the past two decades and anticipated slow growth in demands in the years to come, the infrastructure needed for routine operations has sufficient capacity for the foreseeable future. However, since the early 1990s and continuing into the future, there has been and will be a need for substantial investment in facilities to meet demands when imported supplies are curtailed. The higher the peak demands are, the more of these facilities need to be built. The Capacity Charge calculated in this cost of service study recovers the cost of such facilities.

Currently, the District charges the Capacity Charge based on the peak week usage of each water purveyor. The District would like to retain the methodology; thus, RFC used the 2015 peak week usage of each purveyor collected by the District to determine the Capacity Charge for each purveyor.

Table 1-2 shows the proposed Capacity Charge unit rate of \$29,619 per cfs based on total peak week use, based on a calculated expense of \$4.66 million, which represents depreciation expense of the assets used to provide capacities during emergencies or interruptions. The total expense allocated to the Capacity Charge for 2017 is approximately \$2.5 million higher than the projected \$2.1 million shown in Table 1-1 for FY 2016.

¹ As of January 1, 2016

² As of January 1, 2016

Table 1-2: Proposed CY 2017 Capacity Charge (\$/cfs)

| Capacity Charge | CY 2017 |
|-----------------------|--------------------|
| Depreciation (OC) | \$4,662,007 |
| Total Expenses | \$4,662,007 |

Basis of charges

| | | |
|-----------------------|------|--------|
| Peak week (total cfs) | 2015 | 157.40 |
|-----------------------|------|--------|

| | | |
|--------------------|--|----------|
| Unit Rate (\$/cfs) | | \$29,619 |
|--------------------|--|----------|

Table 1-3 shows the proposed and CY 2016 Capacity Charge for each water purveyor in the system.

Table 1-3: Proposed and FY 2016 Capacity Charge per Purveyor

| Charges per purveyor | 2015 Peak Week (cfs) | Proposed CY 2017 CC Peak Week | Current CY 2016 CC Peak Week |
|---------------------------------------|-------------------------------|--|---------------------------------------|
| Brandeis Mutual Water Company | 0.15 | \$4,443 | \$1,936 |
| California American Water Co. | 23.35 | \$691,600 | \$324,709 |
| City of Camarillo | 6.79 | \$201,112 | \$115,729 |
| Camrosa Water District | 9.58 | \$283,749 | \$149,502 |
| Crestview Mutual Water Co. | 0.00 | \$0 | \$0 |
| California Water Service Co. | 10.87 | \$321,957 | \$162,946 |
| Solano Verde Mutual Water Co. | 0.76 | \$22,510 | \$10,433 |
| Oak Park Water Service | 3.47 | \$102,777 | \$47,647 |
| City of Oxnard | 28.78 | \$852,431 | \$262,112 |
| Pleasant Valley Mutual Water District | 1.35 | \$39,985 | \$22,156 |
| City of Simi Valley | 30.43 | \$901,302 | \$441,084 |
| Golden State Water Company | 8.22 | \$243,467 | \$118,526 |
| City of Thousand Oaks | 15.38 | \$455,538 | \$225,113 |
| Pooled: | | | |
| VCWWD #1, Moorpark | 13.72 | | |
| VCWWD #19, Somis | 1.86 | | |
| Lake Sherwood CSD | 2.69 | | |
| Pooled Total | 18.27 | \$541,136 | \$244,150 |
| TOTAL CAPACITY CHARGES | 157.40 | \$4,662,007 | \$2,126,043 |

1.2.4 Recycled Water Charge

The District provides recycled water to certain customers within the District, and a portion of the District's operational costs are recovered through recycled rates. In addition, the District also needs to recover the capital costs of the recycled water system over the expected useful life of the system of 50 years. Operational costs include recycled water supply costs, administrative and operating costs, as well as salaries and benefits. Recycled water supply costs are equal to approximately \$727,506, and the remaining operational costs are determined by taking a pro-rata share of these costs based the percentage of total usage that is generated by recycled water. In addition to supply

and operational costs, capital costs are also included by taking the total capital investment of the Recycled Water Utility (\$15.9 million) and amortizing it over 50 years with an interest rate of 4% to generate annual revenues of \$740,342 as shown below. It is important to note that the District has either already debt financed and constructed these improvements, or have scheduled improvements to be constructed over the short-term; however, recovering these costs in a given year or the next few years would not result in a viable rate that could compete with potable rates and incentivize customers to convert from potable usage to recycled usage. Table 1-4 provides the proposed recycled water rate calculation for CY 2017.

Table 1-4: Proposed CY 2017 Recycled Water Charge

| CY 2017 | |
|---|--------------------|
| Recycled Water O&M Expense | |
| Recycled Water Supply Costs | \$727,506 |
| Admin Operating Expenses | \$124,011 |
| Salaries | \$126,401 |
| Benefits | \$67,436 |
| Total O&M Expenses | \$1,045,354 |
| Recycled Water Capital Expenses | |
| OakPark/North Ranch/Sherwood | \$740,342 |
| Total Capital Expenses | \$740,342 |
| Recycled Water Sales (AF) | 1,640 |
| Calculated Recycled Water Charge (\$/AF) | |
| Oak Park/North Ranch/Sherwood | \$1,089 |

In order to encourage use of recycled water and recognize the fact that recycled water facilities improve water supply reliability by diversifying the resource mix in the service area and reducing the demand for imported water, the Board of Directors has set the recycled water rate at 80% of the Calleguas Tier 1 water rate. As a result, the recycled water rate for 2017 would be \$1,040/AF.

1.2.5 Salinity Management Pipeline Charge

The Salinity Management Pipeline (SMP) is a new facility for the region, which provides a means for exporting salt from inland areas to the ocean. Without treatment, much of the local groundwater is too high in salts for municipal and agricultural use. The SMP allows for desalination of groundwater and the removal of resultant brine, which improves water quality and reliability in the service area.

As part of calculating the SMP rates and in concert with the District, RFC reviewed the operation and maintenance costs associated with the pipeline as well as the associated capital costs. As part of the District's budget, SMP operational costs are calculated and tracked separately from all other operational expenses. In FY 2016, the operational costs are estimated at \$470,000. In addition to these operational costs, the District also separately tracks the capital costs of the SMP. Both the annual operational costs of the SMP system and the capital costs for the development of the system are recovered through the SMP charge. However, it is not practical to recover the total amount of capital investment in a single year and from a single discharger. Therefore, to recover an appropriate

amount of pre-funded capital each year, the total original, less grant funding, was amortized over the expected useful life of the improvements, estimated at 50 years, with a return on investment equal to 4%. Doing so provides a more palatable approach in calculating the rate per acre foot.

Table 1-5 reflects the total current SMP assets and Table 1-6 shows the total amount of grants received from both state and federal sources for the SMP projects.

Table 1-5: Salinity Management Pipeline Capital Costs

| Asset # | Description | Cost Basis |
|---------------------|---------------------------------------|----------------------|
| 733 | SMP Phase 1E (486) | \$30,597,849 |
| 735 | SMP Phase 1E Control Station (486) | \$575,000 |
| 737 | SMP Phase 1E Meter Station (486) | \$245,000 |
| 739 | SMP Phase 2A (470) | \$8,636,675 |
| 587 | SMP Phase 1D (485) | \$4,858,495 |
| 718 | SMP Phase 2C (496) | \$5,743,806 |
| 455 | SMP Phase 1C (459) | \$8,978,601 |
| 450 | SMP Phase 1A (419) | \$13,579,369 |
| 583 | SMP Phase 1B (458) | \$13,617,662 |
| 599 | SMP Hueneme Outfall Replacement (486) | \$21,352,952 |
| 736 | SMP Control Station Vault (486) | \$600,000 |
| 738 | SMP Meter Station Vault (486) | \$100,000 |
| 734 | SMP Phase 1E (486) | \$638,952 |
| 740 | SMP Phase 2A (470) | \$248,427 |
| TOTAL ASSETS | | \$109,772,788 |

Table 1-6: Salinity Management Pipeline Grants Received

| SMP Grants | |
|--------------------------|---------------------|
| State | |
| Prop 13 | \$2,230,000 |
| Prop 40 | \$5,000,000 |
| Prop 50 | \$3,110,500 |
| Prop 50 | \$4,950,000 |
| Prop 84 | \$3,750,000 |
| Total State | \$19,040,500 |
| Federal | |
| US Bureau of Reclamation | \$17,770,180 |
| Total SMP Grants | \$36,810,680 |

The amortized capital cost over 50 years is \$3,396,401 as shown below.

Table 1-7 provides the proposed FY 2016 SMP charge per AF.

Table 1-7: Proposed CY 2017 Salinity Management Pipeline Charge

| | CY 2017 |
|-----------------------------------|--------------------|
| SMP Operating Expenses | \$470,000 |
| SMP Capital Costs, net of grant | \$3,396,401 |
| Total Revenue Requirements | \$3,866,401 |
| SMP Discharge (AF) | |
| Brine | 390 |
| Non-Brine | 0 |
| Total SMP Discharge | 390 |
| SMP Charge (\$/AF) | \$9,914 |

In order to encourage treatment and use of brackish groundwater and recognize the fact that this supply improves water supply reliability by diversifying the resource mix in the service area and reducing the demand for imported water, the Board of Directors has set an SMP discharge rate at a level that makes such projects economically feasible and increase that rate annually at a percentage equal to the increase in the Calleguas Tier 1 water rate. The SMP discharge rate was initially adopted at \$500.00/AF for calendar year 2012 and was adjusted by the increase in Tier 1 water in both 2016 and 2017. As a result, the SMP discharge rate would be \$537.40/AF in 2017.

1.2.6 Conveyance Charge

Pursuant to California Water Code Section 1810, an agency may charge a fee for the conveyance of water delivery for the benefit of another agency, as long as capacity is available to provide such conveyance. Water agencies that utilize the District's water system to transport water benefit from the infrastructure that is in place. Therefore, these "conveyance customers" should pay their fair share of capital involved in maintaining the system. The process involved in setting conveyance rates identifies the pipelines and other assets involved in delivering water. The capital costs of the distribution system, pump stations, and SCADA were included for determining the annual amount of reinvestment into the system for continued conveyance services. The annual amount was determined by taking the depreciation of the original costs (OC) of the assets over a 50-year useful life. These costs are then spread over the average amount of water delivered in the past 10 years to calculate the unit cost of each AF delivered through the system. Table 1-8 provides the proposed CY 2017 conveyance charge in AF.

Table 1-8: Proposed CY 2017 Conveyance Charge

| | CY 2017 |
|--|----------------|
| Assets used for Conveyance (OC) | \$112,357,921 |
| Life of Assets | 50 |
| Annual Depreciation | \$2,247,158 |
| Total Average Annual Water Use (AF) | 109,569 |
| Conveyance Charge (\$/AF) | \$20.51 |

2. ANNEXATION FEES

Note: This section was completed in 2015 so the numbers in the report apply to the rate adopted in 2015.

2.1 OVERVIEW

The District only provides water to properties within their defined service area. Properties outside the District's defined service area must first be annexed into the District before water services can be provided.

As part of the annexation process, new properties are charged an annexation fee of \$2,407 per acre. These fees should not be confused with the administrative fees needed to process annexation applications which are separate and over and above the fees computed here. Nor should they be confused with system capacity fees which are required to cover the costs of the facilities needed to serve new users. Consider two adjacent undeveloped properties, one inside the District and the other outside the District. Annexation fees allow the annexed properties to achieve equity with the properties in the District by recognizing the taxes contributed by the property owners within the District. The District has received a percentage of the ad valorem property taxes, which are based on assessed value (AV), since the formation of the District in 1953.

2.2 METHODOLOGY AND CALCULATIONS

To determine a reasonable annexation fee, consider two undeveloped properties, side by side, one within the District and one outside the District. The District has received a share of the taxes paid by the properties within the District since 1953 while none of the taxes paid by the properties outside have gone to the District (or the system). To equate the two properties, the property outside the District needs to pay annexation fees so that its contribution equals, or is on par with, that of a similar property within the District. Once it has contributed its fair share, the property outside the District will have the same right as other properties in the District to receive water service.

To determine annexation fees, we need to estimate the present value of the taxes that the property would have paid. Since taxes are paid on assessed value, the first task is to determine the assessed value of land within the District.

2.2.1 Assessed Value of Land

Table 2-1 summarizes the current assessed land values and acreage information provided by the District. This information was used to determine the estimated value of an acre of land within the District. Parcels having a combined assessed value (land plus improvements) of less than \$5,000 were excluded as any such properties are not taxed. Also excluded from this analysis were any parcels with missing acreage information, since the inclusion of such parcels would artificially inflate the value of land.

Table 2-1: Assessed Land Value within District

| Use Code Category | Acreage | Land Value |
|--|---------------|-------------------------|
| 1-Residential | 40,080 | \$28,495,729,783 |
| 2-Industrial | 4,571 | \$1,219,390,807 |
| 4-Transportation,Communication & Utilities | 253 | \$94,514,050 |
| 5-Trade | 2,440 | \$1,926,796,783 |
| 6-Services | 4,481 | \$1,017,071,916 |
| 7-Cultural, Entertainment, Recreational | 2,237 | \$132,041,009 |
| 8-Resource Production & Extraction | 36,974 | \$697,989,580 |
| 9-Undeveloped Land and Water | 727 | \$1,517,614 |
| Subtotals for parcels with acreage: | 91,763 | \$33,585,051,542 |

The total land value of approximately \$33.5 billion was divided by the total acreage of 91,763 to determine the average assessed value per acre of land of \$365,999 ($\$33,585,051,542 \div 91,763 = \$365,999$ per acre) for calendar year 2014.

The next step is to determine the estimated assessed value of one acre of land for each year since the District was formed and first began receiving tax revenues. In 1978, the passing of Proposition 13 restricted appreciation of property to two percent per year. Therefore, for the purposes of this analysis, the assessed value of land was appreciated by 2% each year beginning in 1978. Prior to 1978, the assessed value of an acre of land was estimated by appreciating land value by the Lincoln Institute of Land Policy, “Decennial Census of Housing-Based Price Index: for residential land”. Table 2-2 shows the land price index (PI) and the percent change in value for the years prior to 1978.

Table 2-2: Decennial Census of Housing-Based Price Index

| Year | LAND PI | % Change | Year | LAND PI | % Change | Year | LAND PI | % Change |
|------|---------|----------|------|---------|----------|------|---------|----------|
| 1953 | 0.0252 | -18% | 1965 | 0.0403 | 9% | 1977 | 0.1809 | -13% |
| 1954 | 0.0266 | -6% | 1966 | 0.0384 | 5% | | | |
| 1955 | 0.0252 | 5% | 1967 | 0.0383 | 0% | | | |
| 1956 | 0.0266 | -6% | 1968 | 0.0414 | -8% | | | |
| 1957 | 0.0309 | -16% | 1969 | 0.0480 | -16% | | | |
| 1958 | 0.0346 | -12% | 1970 | 0.0606 | -26% | | | |
| 1959 | 0.0380 | -10% | 1971 | 0.0722 | -19% | | | |
| 1960 | 0.0399 | -5% | 1972 | 0.0775 | -7% | | | |
| 1961 | 0.0405 | -1% | 1973 | 0.0840 | -8% | | | |
| 1962 | 0.0413 | -2% | 1974 | 0.1017 | -21% | | | |
| 1963 | 0.0439 | -6% | 1975 | 0.1308 | -29% | | | |
| 1964 | 0.0442 | -1% | 1976 | 0.1594 | -22% | | | |

Table 2-3 shows the estimated assessed value of an acre of land for each year since the District was formed. Each year's assessed land value was determined by dividing the prior years assessed land value by 1 plus the percent change in assessed value as discussed above. For example, the 2013 assessed land value of \$358,222 was determined by dividing the 2014 assessed land value of \$365,999 by 1.02.

Table 2-3: Estimated Value of an Acre of Land

| Year | % Change in AV | Land Value | Year | % Change in AV | Land Value | Year | % Change in AV | Land Value |
|-------------|----------------------|---------------|-------------|----------------------|------------------|------|----------------------|---------------|
| <u>1953</u> | 18% | \$24,464 | 1974 | 21% | \$98,850 | 1995 | 2% | \$251,233 |
| 1954 | 6% | \$25,886 | 1975 | 29% | \$127,181 | 1996 | 2% | \$256,257 |
| 1955 | -5% | \$24,476 | 1976 | 22% | \$154,998 | 1997 | 2% | \$261,383 |
| 1956 | 6% | \$25,824 | 1977 | 13% | \$175,903 | 1998 | 2% | \$266,610 |
| 1957 | 16% | \$30,050 | 1978 | 2% | \$179,421 | 1999 | 2% | \$271,942 |
| 1958 | 12% | \$33,597 | 1979 | 2% | \$183,009 | 2000 | 2% | \$277,381 |
| 1959 | 10% | \$36,924 | 1980 | 2% | \$186,670 | 2001 | 2% | \$282,929 |
| 1960 | 5% | \$38,782 | 1981 | 2% | \$190,403 | 2002 | 2% | \$288,588 |
| 1961 | 1% | \$39,351 | 1982 | 2% | \$194,211 | 2003 | 2% | \$294,359 |
| 1962 | 2% | \$40,173 | 1983 | 2% | \$198,095 | 2004 | 2% | \$300,246 |
| 1963 | 6% | \$42,718 | 1984 | 2% | \$202,057 | 2005 | 2% | \$306,251 |
| 1964 | 1% | \$43,000 | 1985 | 2% | \$206,098 | 2006 | 2% | \$312,376 |
| 1965 | -9% | \$39,141 | 1986 | 2% | \$210,220 | 2007 | 2% | \$318,624 |
| 1966 | -5% | \$37,361 | 1987 | 2% | \$214,425 | 2008 | 2% | \$324,996 |
| 1967 | 0% | \$37,278 | 1988 | 2% | \$218,713 | 2009 | 2% | \$331,496 |
| 1968 | 8% | \$40,221 | 1989 | 2% | \$223,088 | 2010 | 2% | \$338,126 |
| 1969 | 16% | \$46,685 | 1990 | 2% | \$227,549 | 2011 | 2% | \$344,889 |
| 1970 | 26% | \$58,877 | 1991 | 2% | \$232,100 | 2012 | 2% | \$351,787 |
| 1971 | 19% | \$70,162 | 1992 | 2% | \$236,742 | 2013 | 2% | \$358,822 |
| 1972 | 7% | \$75,372 | 1993 | 2% | \$241,477 | 2014 | 2% | \$365,999 |
| 1973 | 8% | \$81,650 | 1994 | 2% | \$246,307 | | | |

2.2.2 Annual Property Tax Revenue

Having determined the estimated assessed value of an acre of land for each year, the next step is to determine the property tax revenue that would have been collected. Article 13A of the California Constitution limits the ad valorem tax on properties to 1% of assessed value. Because California has thousands of local governments, many with overlapping jurisdictions, the County auditor is responsible for allocating the revenue generated from the 1% to the many districts and agencies within the County. The District is composed of 237 different Tax Rate Areas (TRA). For the purposes of this analysis, the average percentage share of the 1% for all TRA's within the District was used as the effective tax rate. Table 2-4 lists each TRA and their share of the 1%.

Table 2-4: District TRAs and % Share of 1% General Tax

| TRA | % of 1% | TRA | % of 1% | TRA | % of 1% | TRA | % of 1% | TRA | % of 1% | TRA | % of 1% |
|-------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|---------|
| 62007 | 0.90% | 67058 | 0.90% | 75007 | 0.83% | 75052 | 0.90% | 84085 | 0.85% | 89020 | 0.83% |
| 62015 | 0.82% | 67059 | 0.92% | 75008 | 0.90% | 75053 | 0.90% | 85001 | 0.91% | 89022 | 0.85% |
| 63004 | 0.82% | 67061 | 0.90% | 75012 | 0.90% | 75054 | 0.84% | 85002 | 0.91% | 89024 | 0.89% |
| 63006 | 0.88% | 67075 | 0.91% | 75013 | 0.88% | 75055 | 0.87% | 85004 | 0.92% | 89025 | 0.76% |
| 63008 | 1.21% | 67076 | 0.89% | 75014 | 0.82% | 75057 | 0.77% | 85005 | 0.92% | 89026 | 0.81% |
| 63012 | 1.22% | 67078 | 0.89% | 75015 | 0.90% | 75059 | 0.87% | 85006 | 0.92% | 89028 | 0.89% |
| 63013 | 1.22% | 67079 | 0.90% | 75016 | 0.90% | 75061 | 0.84% | 85009 | 0.92% | 89030 | 0.83% |
| 63014 | 1.22% | 67998 | 0.87% | 75017 | 0.85% | 75062 | 0.83% | 85011 | 0.88% | 89031 | 0.90% |
| 65000 | 0.86% | 67999 | 0.89% | 75018 | 0.84% | 77012 | 0.86% | 85012 | 0.94% | 89032 | 0.01% |
| 67001 | 0.86% | 71007 | 0.92% | 75019 | 0.85% | 77017 | 0.89% | 85013 | 0.90% | 89033 | 1.07% |
| 67003 | 0.89% | 71009 | 0.92% | 75020 | 0.85% | 77019 | 0.85% | 85015 | 0.90% | 89038 | 1.17% |
| 67004 | 0.90% | 71012 | 0.76% | 75021 | 0.90% | 77020 | 2.44% | 85016 | 0.91% | 89039 | 0.86% |
| 67005 | 0.90% | 71013 | 0.91% | 75022 | 0.88% | 77024 | 0.86% | 85017 | 0.92% | 89041 | 2.14% |
| 67008 | 0.89% | 71017 | 1.20% | 75023 | 0.88% | 81004 | 0.86% | 85018 | 0.92% | 89044 | 0.94% |
| 67011 | 0.91% | 71019 | 1.22% | 75024 | 0.90% | 84000 | 0.86% | 85019 | 0.89% | 89045 | 0.91% |
| 67013 | 0.90% | 71029 | 0.85% | 75025 | 0.83% | 84001 | 0.78% | 85021 | 0.90% | 89047 | 0.77% |
| 67016 | 0.89% | 71032 | 0.93% | 75026 | 0.80% | 84002 | 0.78% | 85022 | 0.91% | 89048 | 0.88% |
| 67017 | 0.89% | 71033 | 0.92% | 75027 | 0.90% | 84004 | 0.85% | 85023 | 0.92% | 89049 | 0.91% |
| 67019 | 0.90% | 71041 | 3.65% | 75028 | 0.85% | 84008 | 1.38% | 85024 | 0.93% | 89050 | 0.76% |
| 67020 | 1.91% | 71043 | 1.46% | 75029 | 0.84% | 84011 | 0.89% | 85025 | 0.92% | 89053 | 1.22% |
| 67021 | 0.89% | 71044 | 1.22% | 75030 | 0.85% | 84012 | 0.78% | 85027 | 0.92% | 89054 | 0.91% |
| 67022 | 0.90% | 71046 | 1.24% | 75031 | 0.85% | 84013 | 0.85% | 85028 | 0.48% | 89059 | 10.12% |
| 67023 | 0.87% | 73015 | 0.89% | 75033 | 0.90% | 84014 | 1.35% | 85030 | 0.85% | 89060 | 0.22% |
| 67026 | 0.90% | 73021 | 0.98% | 75034 | 0.90% | 84016 | 0.78% | 85031 | 0.91% | 89999 | 0.85% |
| 67028 | 0.89% | 73029 | 0.98% | 75035 | 0.85% | 84018 | 0.86% | 85032 | 0.91% | 93001 | 0.89% |
| 67029 | 0.90% | 74001 | 0.72% | 75036 | 0.83% | 84025 | 0.78% | 85033 | 0.92% | 93005 | 0.87% |
| 67030 | 0.90% | 74002 | 0.70% | 75037 | 0.82% | 84032 | 0.85% | 85034 | 0.93% | 93008 | 1.08% |
| 67031 | 0.88% | 74003 | 0.72% | 75038 | 0.88% | 84033 | 0.85% | 85035 | 0.91% | 93017 | 0.89% |
| 67033 | 0.89% | 74004 | 0.72% | 75039 | 0.88% | 84036 | 0.84% | 85037 | 0.92% | 93019 | 0.87% |
| 67034 | 0.89% | 74005 | 0.72% | 75040 | 0.90% | 84057 | 0.85% | 85038 | 0.91% | 93021 | 0.97% |
| 67035 | 0.89% | 74006 | 0.70% | 75041 | 0.88% | 84062 | 0.78% | 89001 | 0.84% | 93024 | 0.84% |
| 67036 | 0.89% | 74007 | 0.72% | 75042 | 0.87% | 84063 | 0.78% | 89006 | 0.85% | 93025 | 1.22% |
| 67037 | 0.90% | 74008 | 0.70% | 75044 | 0.89% | 84066 | 0.85% | 89007 | 0.85% | 93026 | 0.84% |
| 67038 | 0.90% | 74009 | 0.70% | 75045 | 0.90% | 84075 | 0.84% | 89008 | 0.92% | 93027 | 0.30% |
| 67039 | 0.90% | 74010 | 0.72% | 75046 | 0.90% | 84076 | 0.84% | 89009 | 0.83% | 93031 | 0.84% |
| 67041 | 0.90% | 75000 | 0.90% | 75047 | 0.90% | 84077 | 0.85% | 89011 | 0.90% | 93034 | 0.87% |
| 67042 | 0.90% | 75001 | 0.87% | 75048 | 1.56% | 84078 | 0.88% | 89012 | 0.83% | 93037 | 0.84% |
| 67044 | 0.90% | 75002 | 0.83% | 75049 | 0.90% | 84080 | 0.89% | 89014 | 0.84% | | |
| 67046 | 0.90% | 75003 | 0.85% | 75050 | 0.90% | 84082 | 1.01% | 89015 | 0.91% | | |
| 67057 | 0.92% | 75005 | 0.85% | 75051 | 0.90% | 84083 | 0.72% | 89018 | 0.85% | | |

The effective tax rate was 0.95% of the 1% or 0.0095% of assessed value. In order to determine the District's share of the annual property tax revenue, the estimated assessed value of land (per acre) for each year was multiplied by the effective tax rate of 0.0095%. Table 2-5 shows the District's estimated property tax revenue by year.

Table 2-5: District Property Tax Revenue

| Year | % Change in AV | Assessed Land Value (\$ / Acre) | Share of Property Tax | Net Present Value | Year | % Change in AV | Assessed Land Value (\$ / Acre) | Share of Property Tax | Net Present Value |
|------|----------------|---------------------------------|-----------------------|-------------------|------|----------------|---------------------------------|-----------------------|-------------------|
| 1953 | 18% | \$24,464 | \$2.33 | \$25.66 | 1990 | 2% | \$227,549 | \$21.66 | \$56.99 |
| 1954 | 6% | \$25,886 | \$2.46 | \$26.12 | 1991 | 2% | \$232,100 | \$22.09 | \$55.93 |
| 1955 | -5% | \$24,476 | \$2.33 | \$23.76 | 1992 | 2% | \$236,742 | \$22.53 | \$54.88 |
| 1956 | 6% | \$25,824 | \$2.46 | \$24.12 | 1993 | 2% | \$241,477 | \$22.98 | \$53.85 |
| 1957 | 16% | \$30,050 | \$2.86 | \$27.00 | 1994 | 2% | \$246,307 | \$23.44 | \$52.84 |
| 1958 | 12% | \$33,597 | \$3.20 | \$29.04 | 1995 | 2% | \$251,233 | \$23.91 | \$51.85 |
| 1959 | 10% | \$36,924 | \$3.51 | \$30.70 | 1996 | 2% | \$256,257 | \$24.39 | \$50.88 |
| 1960 | 5% | \$38,782 | \$3.69 | \$31.02 | 1997 | 2% | \$261,383 | \$24.88 | \$49.93 |
| 1961 | 1% | \$39,351 | \$3.75 | \$30.28 | 1998 | 2% | \$266,610 | \$25.37 | \$48.99 |
| 1962 | 2% | \$40,173 | \$3.82 | \$29.74 | 1999 | 2% | \$271,942 | \$25.88 | \$48.08 |
| 1963 | 6% | \$42,718 | \$4.07 | \$30.42 | 2000 | 2% | \$277,381 | \$26.40 | \$47.18 |
| 1964 | 1% | \$43,000 | \$4.09 | \$29.46 | 2001 | 2% | \$282,929 | \$26.93 | \$46.29 |
| 1965 | -9% | \$39,141 | \$3.73 | \$25.80 | 2002 | 2% | \$288,588 | \$27.47 | \$45.43 |
| 1966 | -5% | \$37,361 | \$3.56 | \$23.69 | 2003 | 2% | \$294,359 | \$28.01 | \$44.58 |
| 1967 | 0% | \$37,278 | \$3.55 | \$22.74 | 2004 | 2% | \$300,246 | \$28.57 | \$43.74 |
| 1968 | 8% | \$40,221 | \$3.83 | \$23.61 | 2005 | 2% | \$306,251 | \$29.15 | \$42.92 |
| 1969 | 16% | \$46,685 | \$4.44 | \$26.36 | 2006 | 2% | \$312,376 | \$29.73 | \$42.12 |
| 1970 | 26% | \$58,877 | \$5.60 | \$31.98 | 2007 | 2% | \$318,624 | \$30.32 | \$41.33 |
| 1971 | 19% | \$70,162 | \$6.68 | \$36.66 | 2008 | 2% | \$324,996 | \$30.93 | \$40.56 |
| 1972 | 7% | \$75,372 | \$7.17 | \$37.89 | 2009 | 2% | \$331,496 | \$31.55 | \$39.80 |
| 1973 | 8% | \$81,650 | \$7.77 | \$39.49 | 2010 | 2% | \$338,126 | \$32.18 | \$39.05 |
| 1974 | 21% | \$98,850 | \$9.41 | \$45.99 | 2011 | 2% | \$344,889 | \$32.82 | \$38.32 |
| 1975 | 29% | \$127,181 | \$12.10 | \$56.93 | 2012 | 2% | \$351,787 | \$33.48 | \$37.60 |
| 1976 | 22% | \$154,998 | \$14.75 | \$66.74 | 2013 | 2% | \$358,822 | \$34.15 | \$36.90 |
| 1977 | 13% | \$175,903 | \$16.74 | \$72.87 | 2014 | 2% | \$365,999 | \$34.83 | \$36.21 |
| 1978 | 2% | \$179,421 | \$17.08 | \$71.51 | | | | | |
| 1979 | 2% | \$183,009 | \$17.42 | \$70.17 | | | | | |
| 1980 | 2% | \$186,670 | \$17.77 | \$68.85 | | | | | |
| 1981 | 2% | \$190,403 | \$18.12 | \$67.56 | | | | | |
| 1982 | 2% | \$194,211 | \$18.48 | \$66.30 | | | | | |
| 1983 | 2% | \$198,095 | \$18.85 | \$65.06 | | | | | |
| 1984 | 2% | \$202,057 | \$19.23 | \$63.84 | | | | | |
| 1985 | 2% | \$206,098 | \$19.61 | \$62.64 | | | | | |
| 1986 | 2% | \$210,220 | \$20.01 | \$61.47 | | | | | |
| 1987 | 2% | \$214,425 | \$20.41 | \$60.32 | | | | | |
| 1988 | 2% | \$218,713 | \$20.82 | \$59.19 | | | | | |
| 1989 | 2% | \$223,088 | \$21.23 | \$58.08 | | | | | |

2.2.3 Net Present Value

The last step in determining the annexation fee is calculating the net present value of the stream of payments (District's allocation of the 1%) shown in Table 3-5 above. The return on investments of 3.946% was determined by taking the 25-Yr average rate of return of the Local Agency Investment Fund – Pooled Money Investment Account and applying it to the District's share of the property taxes. Table 2-6 shows the LAIF PMIA Rate of Return for the most recent 25 years.

Table 2-6: LAIF – PMIA Rate of Return

| Fiscal Year | Rate of Return |
|-------------|----------------|
| 89/90 | 8.655 |
| 90/91 | 8.013 |
| 91/92 | 6.196 |
| 92/93 | 4.707 |
| 93/94 | 4.387 |
| 94/95 | 5.532 |
| 95/96 | 5.706 |
| 96/97 | 5.599 |
| 97/98 | 5.699 |
| 98/99 | 5.344 |
| 99/00 | 5.708 |
| 00/01 | 6.104 |
| 01/02 | 3.445 |
| 02/03 | 2.152 |
| 03/04 | 1.532 |
| 04/05 | 2.256 |
| 05/06 | 3.873 |
| 06/07 | 5.121 |
| 07/08 | 4.325 |
| 08/09 | 2.224 |
| 09/10 | 0.651 |
| 10/11 | 0.495 |
| 11/12 | 0.382 |
| 12/13 | 0.307 |
| 13/14 | 0.249 |

The net present value of each year's share of the property tax was summed to determine the proposed annexation fee of \$2,770 per acre of land.

Annexation fees for properties that want to annex to the District are based on the present worth of the property tax that they would have paid if they had been in the District. The annexation fee per acre should be \$2,770 per acre.

³ The Annexation fee of \$2,769.30 was rounded up to \$2,770

3. APPENDIX A

MEMORANDUM ON STANDBY FEES AND AD VALOREM TAXES

3.1.1 Background

This memorandum describes the provisions of State law that govern the imposition of taxes, assessments, standby charges, and taxes and how these provisions affect the standby charges and ad valorem property taxes of the District. The District would like to have a better understanding of the process of increasing standby charges and property taxes provide a stable source of revenues to cover District costs. The regulatory requirements and challenges associated with these changes are described below.

In November 1996, California voters approved Proposition 218 that established specific requirements for the ongoing imposition of taxes, assessments and fees, which are now permanent amendments contained within the California Constitutional - Articles XIIC and XIID – which state the following regarding standby charges:

“Standby Charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.”

However, the existing standby charge of the District was formed prior to the implementation of Proposition 218 and Section 5(a) of Article XIID specifically states that preexisting assessments: ***“...imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control”*** are exempt from the procedures and approval process set forth under Section 4 of Article XIID. Therefore, the District’s existing standby charge is not required to be re-noticed and be submitted to a Proposition 218 majority protest balloting, **unless the District wishes to increase the standby charge above its current rate**. Accordingly, the District is authorized by law to provide water service, and may fix, before August 10 of any given year, a water standby charge, on land within its service area to which water services are made available for any purpose by the District, whether the water service is actually used or not.

3.1.2 Process to Increase Standby Charge

The existing standby charge methodology is employed throughout the District’s service area and is levied against developed and undeveloped parcels to provide equity between existing ratepayers and future customers that are not currently connected to the system by charging a portion of the overall utility cost through a standby charge.

When considering an increase to an existing standby charge, an agency must ensure that the assessment methodology clearly reflects the special benefit conferred on affected parcels as the burden of proof is on the agency and not on individual parcel owners. To achieve this, the standby charge may vary according to land uses, benefit derived or to be derived from the use or availability of facilities to provide water, or the degree of availability or quantity of the use of the water to the

affected lands. The charge may be imposed on an area, frontage, or parcel basis, or a combination thereof that best reflects the special benefit received by levied parcels.

The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the costs of the capital water improvement, the maintenance and operation expenses of such improvement, and the cost of the property-related service being provided. In addition, no standby charge shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.

Once the assessment methodology is confirmed or modified to ensure compliance with the special benefit provisions of Prop. 218, the agency must send out a notice and protest ballot to each affected parcel, in which, each parcel's vote is weighted based on the charge applied to that parcel. A Public Hearing must also be conducted at least 45 days after the Notices and Ballots are mailed out. At the Public Hearing, ballots are tabulated to determine if a majority protest exists and the ballots are weighted based on the dollar amount of the proposed standby charge. If the sum of total standby charges that voted "**No**" exceed the total sum of standby charges that voted "**Yes**," a majority protest exists and the standby charge may not be imposed.

When agencies have an existing standby charge that was formed prior to the implementation of Proposition 218, it is common for those agencies to not change the existing standby charge and, instead, form a new standby charge for the incremental amount of cost that the agency wishes to recover. Doing so, maintains the existing standby charge as a ***preexisting assessment***.

3.1.3 Ad Valorem Property Taxes

The District currently has a small portion of the 1 percent general ad valorem tax base, which is limited by Article XIII A of the California Constitution (Prop. 13) to a maximum amount of 1 percent of assessed value. The 1 percent maximum limit is apportioned among multiple agencies within each Tax Rate Area (TRA). The County auditor is responsible for allocating revenue generated from the 1% rate to local governments pursuant to state law. The allocation system is commonly referred to as "AB 8." Each local government's share is based on its proportionate countywide share of property taxes when Proposition 13 was passed in 1978, which was a time when each local government determined its own property tax rate and property owners paid taxes based on the sum of these rates. Because California has thousands of local governments – many with overlapping jurisdictions – reorienting the property tax allocation system would be extraordinarily complex. As an example, the District service area overlaps 237 different TRAs and receives a unique percentage of the 1% rate within each TRA. Table A-1 identifies each TRA of the District and percentage of the 1% that is allocated to the District.

Updating the AB 8 property tax sharing methodology would require amending the Constitution and obtaining two-thirds (2/3) approval of the Legislature due to provisions in the Constitution added by Proposition 1A (2004). As such, if the District wishes to establish a tax, a parcel tax would be more suitable and possible as a parcel tax may be established through a registered voter election of the District service area. However, the approval threshold required is a super majority, or 2/3rd of ballots received must vote "Yes."

**Table A-1: Calleguas Municipal Water District
Tax Rate by TRA**

| TRA | % of 1% | TRA | % of 1% | TRA | % of 1% | TRA | % of 1% | TRA | % of 1% | TRA | % of 1% |
|-------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|---------|
| 62007 | 0.90% | 67058 | 0.90% | 75007 | 0.83% | 75052 | 0.90% | 84085 | 0.85% | 89020 | 0.83% |
| 62015 | 0.82% | 67059 | 0.92% | 75008 | 0.90% | 75053 | 0.90% | 85001 | 0.91% | 89022 | 0.85% |
| 63004 | 0.82% | 67061 | 0.90% | 75012 | 0.90% | 75054 | 0.84% | 85002 | 0.91% | 89024 | 0.89% |
| 63006 | 0.88% | 67075 | 0.91% | 75013 | 0.88% | 75055 | 0.87% | 85004 | 0.92% | 89025 | 0.76% |
| 63008 | 1.21% | 67076 | 0.89% | 75014 | 0.82% | 75057 | 0.77% | 85005 | 0.92% | 89026 | 0.81% |
| 63012 | 1.22% | 67078 | 0.89% | 75015 | 0.90% | 75059 | 0.87% | 85006 | 0.92% | 89028 | 0.89% |
| 63013 | 1.22% | 67079 | 0.90% | 75016 | 0.90% | 75061 | 0.84% | 85009 | 0.92% | 89030 | 0.83% |
| 63014 | 1.22% | 67998 | 0.87% | 75017 | 0.85% | 75062 | 0.83% | 85011 | 0.88% | 89031 | 0.90% |
| 65000 | 0.86% | 67999 | 0.89% | 75018 | 0.84% | 77012 | 0.86% | 85012 | 0.94% | 89032 | 0.01% |
| 67001 | 0.86% | 71007 | 0.92% | 75019 | 0.85% | 77017 | 0.89% | 85013 | 0.90% | 89033 | 1.07% |
| 67003 | 0.89% | 71009 | 0.92% | 75020 | 0.85% | 77019 | 0.85% | 85015 | 0.90% | 89038 | 1.17% |
| 67004 | 0.90% | 71012 | 0.76% | 75021 | 0.90% | 77020 | 2.44% | 85016 | 0.91% | 89039 | 0.86% |
| 67005 | 0.90% | 71013 | 0.91% | 75022 | 0.88% | 77024 | 0.86% | 85017 | 0.92% | 89041 | 2.14% |
| 67008 | 0.89% | 71017 | 1.20% | 75023 | 0.88% | 81004 | 0.86% | 85018 | 0.92% | 89044 | 0.94% |
| 67011 | 0.91% | 71019 | 1.22% | 75024 | 0.90% | 84000 | 0.86% | 85019 | 0.89% | 89045 | 0.91% |
| 67013 | 0.90% | 71029 | 0.85% | 75025 | 0.83% | 84001 | 0.78% | 85021 | 0.90% | 89047 | 0.77% |
| 67016 | 0.89% | 71032 | 0.93% | 75026 | 0.80% | 84002 | 0.78% | 85022 | 0.91% | 89048 | 0.88% |
| 67017 | 0.89% | 71033 | 0.92% | 75027 | 0.90% | 84004 | 0.85% | 85023 | 0.92% | 89049 | 0.91% |
| 67019 | 0.90% | 71041 | 3.65% | 75028 | 0.85% | 84008 | 1.38% | 85024 | 0.93% | 89050 | 0.76% |
| 67020 | 1.91% | 71043 | 1.46% | 75029 | 0.84% | 84011 | 0.89% | 85025 | 0.92% | 89053 | 1.22% |
| 67021 | 0.89% | 71044 | 1.22% | 75030 | 0.85% | 84012 | 0.78% | 85027 | 0.92% | 89054 | 0.91% |
| 67022 | 0.90% | 71046 | 1.24% | 75031 | 0.85% | 84013 | 0.85% | 85028 | 0.48% | 89059 | 10.12% |
| 67023 | 0.87% | 73015 | 0.89% | 75033 | 0.90% | 84014 | 1.35% | 85030 | 0.85% | 89060 | 0.22% |
| 67026 | 0.90% | 73021 | 0.98% | 75034 | 0.90% | 84016 | 0.78% | 85031 | 0.91% | 89999 | 0.85% |
| 67028 | 0.89% | 73029 | 0.98% | 75035 | 0.85% | 84018 | 0.86% | 85032 | 0.91% | 93001 | 0.89% |
| 67029 | 0.90% | 74001 | 0.72% | 75036 | 0.83% | 84025 | 0.78% | 85033 | 0.92% | 93005 | 0.87% |
| 67030 | 0.90% | 74002 | 0.70% | 75037 | 0.82% | 84032 | 0.85% | 85034 | 0.93% | 93008 | 1.08% |
| 67031 | 0.88% | 74003 | 0.72% | 75038 | 0.88% | 84033 | 0.85% | 85035 | 0.91% | 93017 | 0.89% |
| 67033 | 0.89% | 74004 | 0.72% | 75039 | 0.88% | 84036 | 0.84% | 85037 | 0.92% | 93019 | 0.87% |
| 67034 | 0.89% | 74005 | 0.72% | 75040 | 0.90% | 84057 | 0.85% | 85038 | 0.91% | 93021 | 0.97% |
| 67035 | 0.89% | 74006 | 0.70% | 75041 | 0.88% | 84062 | 0.78% | 89001 | 0.84% | 93024 | 0.84% |
| 67036 | 0.89% | 74007 | 0.72% | 75042 | 0.87% | 84063 | 0.78% | 89006 | 0.85% | 93025 | 1.22% |
| 67037 | 0.90% | 74008 | 0.70% | 75044 | 0.89% | 84066 | 0.85% | 89007 | 0.85% | 93026 | 0.84% |
| 67038 | 0.90% | 74009 | 0.70% | 75045 | 0.90% | 84075 | 0.84% | 89008 | 0.92% | 93027 | 0.30% |
| 67039 | 0.90% | 74010 | 0.72% | 75046 | 0.90% | 84076 | 0.84% | 89009 | 0.83% | 93031 | 0.84% |
| 67041 | 0.90% | 75000 | 0.90% | 75047 | 0.90% | 84077 | 0.85% | 89011 | 0.90% | 93034 | 0.87% |
| 67042 | 0.90% | 75001 | 0.87% | 75048 | 1.56% | 84078 | 0.88% | 89012 | 0.83% | 93037 | 0.84% |
| 67044 | 0.90% | 75002 | 0.83% | 75049 | 0.90% | 84080 | 0.89% | 89014 | 0.84% | | |
| 67046 | 0.90% | 75003 | 0.85% | 75050 | 0.90% | 84082 | 1.01% | 89015 | 0.91% | | |
| 67057 | 0.92% | 75005 | 0.85% | 75051 | 0.90% | 84083 | 0.72% | 89018 | 0.85% | | |

Appendix C

**CALLEGUAS MUNICIPAL WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2024
(With Comparative Amounts as of June 30, 2023)**

NIGRO & NIGRO^{PC}

CALLEGUAS MUNICIPAL WATER DISTRICT*For the Fiscal Year Ended June 30, 2024**Board of Directors and Key Management Personnel*

BOARD OF DIRECTORS

| Name | District | Office | Term Expires |
|--------------------|-----------------|----------------|---------------------|
| Scott H. Quady | 2 | President | December 2024 |
| Andy Waters | 3 | Vice President | December 2024 |
| Jacquelyn McMillan | 5 | Treasurer | December 2026 |
| Raul Avila | 1 | Secretary | December 2024 |
| Thibault Robert | 4 | Director | December 2026 |

MANAGEMENT PERSONNEL

| Name | Position |
|--------------------------|--|
| Kristine McCaffrey, P.E. | General Manager |
| Ian Prichard | Deputy General Manager |
| Fernando Baez, P.E. | Manager of Engineering |
| Grant Burton | Manager of Human Resources and Risk Management |
| Henry Graumlich | Executive Strategist |
| Charlotte Holifield | Manager of External Affairs |
| Jennifer Lancaster | Manager of Water Resources |
| Rob Peters | Manager of Operations and Maintenance |
| Wes Richardson | Manager of Information Technology |
| Dan Smith | Manager of Finance |

CALLEGUAS MUNICIPAL WATER DISTRICT

For the Fiscal Year Ended June 30, 2024

Table of Contents

INTRODUCTORY SECTION

Page

| | |
|---------------------------|---|
| Introductory Section..... | i |
|---------------------------|---|

FINANCIAL SECTION

| | |
|--|----|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis..... | 3 |
| Basic Financial Statements: | |
| Balance Sheets..... | 9 |
| Statements of Revenues, Expenses and Changes in Net Position | 10 |
| Statements of Cash Flows..... | 11 |
| Notes to Financial Statements | 13 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|---|----|
| Schedule of the District's Proportionate Share of the Net Pension Liability | 41 |
| Schedule of the District's Contributions to the Defined Benefit Pension Plan..... | 42 |
| Schedule of Changes in the District's Net OPEB Liability and Related Ratios | 43 |
| Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan..... | 45 |

OTHER INFORMATION

| | |
|---|----|
| Schedule of Historic and Projected Water Sales..... | 47 |
| Schedule of Annual Water Rates | 48 |
| Schedule of Assessed Valuation and Secured Tax Levy | 49 |
| Schedule of Historic Operating Results | 50 |
| Schedule of Projected Operating Results..... | 51 |

OTHER INDEPENDENT AUDITORS' REPORTS

| | |
|---|----|
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 52 |
|---|----|

Introductory Section

CALLEGUAS MUNICIPAL WATER DISTRICT

Introductory Section

For the Year Ended June 30, 2024

BACKGROUND: WHO IS CALLEGUAS?

Calleguas Municipal Water District (“District”) was created as a special district in 1953 by ballot measure for the purpose of providing southeast Ventura County with a reliable supply of high-quality supplemental water. Today Calleguas provides water service to an estimated population of 650,000 through 19 retail water purveyors. The District's 366-square-mile service area includes the cities of Oxnard, Port Hueneme, Camarillo, Thousand Oaks, Simi Valley, Moorpark, and surrounding unincorporated areas including Naval Base Ventura County, Oak Park, Lake Sherwood, Somis and Bell Canyon.

The District is a member agency of the Metropolitan Water District of Southern California (MWD). Water is delivered into the Calleguas service area through a system connection with Metropolitan. The majority of Calleguas' water supply is treated at Metropolitan's Jensen Treatment Facility in Granada Hills. The District then conveys the high-quality drinking water through 130 miles of 18 inch to 78-inch diameter pipelines, nine reservoirs, five hydroelectric generators, and six pump stations to local cities and water agencies for delivery to consumers. In order provide customers with water during outages of imported supplies, the District also owns and operates a lake with a surface water treatment plant and an aquifer storage and recovery (ASR) facility with 18 wells, as well as an interconnection with the Crestview Mutual Water Company. To facilitate development of local brackish groundwater supplies and potable reuse of recycled water, Calleguas operates an 22mile-long Salinity Management Pipeline (SMP) with an outfall extending into the Pacific Ocean.

Calleguas' Mission

To provide the service area with a reliable supplemental supply of regional and locally developed water in an environmentally and economically responsible manner.

WATER SUPPLY

The District has access to Metropolitan water as a “member agency.” Metropolitan depends on the State Water Project (SWP) and the Colorado River for supply and delivers those sources to its member agencies via a network of reservoirs, aqueducts, and pumping facilities. Calleguas has a single connection to Metropolitan, at the “East Portal” in Chatsworth. From there, water is conveyed through the 1.3-mile Santa Susana Tunnel to the “West Portal” in Simi Valley, where it branches into a pipeline distribution system. The District's supply typically comes from the SWP because there is limited Metropolitan infrastructure in place to deliver Colorado River water to Ventura County. Due to shortages of State Project Water in 2021 and 2022, however, 16–29% of the District's supply during that time came from the Colorado River Aqueduct System delivered through Metropolitan's Greg Avenue Pump Station in Burbank and through pipelines owned and operated by Metropolitan in the San Fernando Valley.

The last few years have presented significant challenges for water supply as California has experienced “weather whiplash,” with multiple record dry years followed by an unusually wet year during Water Year 2022-23. The District entered fall 2022 with unprecedented water use restrictions, as back-to-back dry years resulted in 5 percent allocations from the SWP and mandatory conservation actions were implemented by Metropolitan under its Emergency Water Conservation Program (EWCP) effectively limiting outdoor water use to just one day per week within Calleguas's service area. These restrictions resulted in the District and its retail member agencies achieving unprecedented water conservation. The District reduced imported water use by a total of 31% compared with FY 2021-22, with some individual retailers achieving greater than a 50% reduction in imported water demands. The District's water sales in the first half of FY 2022-23 included extraordinary supplies (pumping of stored water from the Las Posas ASR Wellfield). With record snowfall in the mountain areas where SWP water originates in early 2023, water supply conditions changed dramatically and the EWCP was lifted in February 2023. California continued to receive average rainfall and snow in 2024 which resulted in a 40% allocation from the SWP for that year. Water demands continued to remain low both due to more water efficient behavior by customers and significant local precipitation, which reduced outdoor water demands for irrigation.

CALLEGUAS MUNICIPAL WATER DISTRICT

Introductory Section

For the Year Ended June 30, 2024

The updated 5-year water sales forecast is presented in the supplementary information section of this report. As of November 2024, the District is on pace to meet budgeted water sales in FY 2024-25 as the previous sales forecast had anticipated. These on-pace sales are reflected in the updated 5-year water sales forecast in this report.

Water sales continue to fluctuate based on wet or dry weather patterns. In FY 2023-24, the District experienced a 9.2% increase in water sales compared to the previous fiscal year. The District continues to manage its operating expenses to reflect the changing water sales from year to year as well as implement water rate increases to ensure funding for the District's operations, capital needs, and debt service.

In response to the on-going need to "drought-proof" its service area and minimize the potentially debilitating effects associated with seismic activity, Calleguas is implementing an ambitious capital improvement program. The District is proactively strengthening its infrastructure to withstand seismic events, extending the SMP to facilitate additional local water supply projects, and developing interconnections with neighboring water agencies. These projects reduce the region's reliance upon vulnerable imported water supplies, enhancing supply reliability for over 75 percent of Ventura County's residents.

Building upon its previous work on a Water Supply Alternatives Study, which focused on providing sufficient supplies during a 6-month outage of imported water supply, the District has undertaken development of a Water Resources Implementation Strategy (WRIST). The WRIST involves extensive regional collaboration to develop and evaluate portfolios of potential projects to address long-term supply reliability and resiliency, as well as outages. The selected portfolio will assist the District in achieving the "New Model of Resilience" envisioned by the Strategic Plan Update adopted in August 2023. It is anticipated that implementation of the selected portfolio will begin in 2024.

STORAGE

Calleguas stores imported water locally so that it is available when imported water supplies are limited due to scheduled maintenance shutdowns, earthquakes, or other unplanned emergencies. Lake Bard has a storage capacity of approximately 10,500 acre-feet (AF), of which 7,500 AF is readily available to deliver as potable water with existing facilities. A pump station project is underway that would provide access to an additional approximate 2,500 AF of water storage in Lake Bard.

Additionally, through the Las Posas ASR Project and other efforts the District currently has 102,855 AF of stored water in the east Las Posas Subbasin management area (25,668 AF), west Las Posas Subbasin management area (25,192 AF), and the Oxnard Plain Subbasin (51,995 AF).

SALINITY MANAGEMENT PIPELINE

The SMP is a regional pipeline that collects the brine generated by brackish groundwater desalting facilities and potential potable reuse projects, as well as excess recycled water, and conveys that water to the ocean for discharge. The SMP improves water supply reliability by facilitating the development of local water supply projects. Highly treated wastewater/excess recycled water, which is too saline for discharge to local streams, is also sent to the SMP during wet periods when it is not needed for irrigation. Desalters currently in operation can produce approximately 6,000 ac ft. potable water supply annually. Three desalters are complete, with one potable reuse project, one agricultural desalter, and one potable water desalter under consideration or development.

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Calleguas Municipal Water District
Thousand Oaks, California

Opinion

We have audited the accompanying financial statements of the Calleguas Municipal Water District (District), which comprise the balance sheet as of June 30, 2024, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

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, 2024, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions to the Defined Benefit Pension Plan, and Schedule of Changes in the District's Net OPEB Liability and Related Ratios 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

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Other Information sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 8, 2025, 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 the effectiveness of the District's 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.

Murrieta, California
January 8, 2025

CALLEGUAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

Management's Discussion and Analysis (MD&A) offers readers of Calleguas Municipal Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2024. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2024, the District's net position increased 3.07%, or \$16,368,209 from the prior year's net position of \$532,309,922 to \$548,678,131, as a result of the year's operations.
- In fiscal year 2024, operating revenues increased by 14.43%, or \$16,286,827 from \$112,889,260 to \$129,176,087, from the prior year, primarily due to a \$14,013,132 increase in water sales.
- In fiscal year 2024, operating expenses before depreciation expense increased by 10.23% or \$10,987,033 from \$107,417,099 to \$118,404,132 from the prior year, primarily due to an increase in costs for the District's source of supply of 11,484,642.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

CALLEGUAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

| | June 30, 2024 | June 30, 2023 | Change | June 30, 2022 | Change |
|---|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| Assets: | | | | | |
| Current assets | \$ 263,084,284 | \$ 254,288,671 | \$ 8,795,613 | \$ 268,714,904 | \$ (14,426,233) |
| Non-current assets | 11,486,063 | 11,227,341 | 258,722 | 10,836,108 | 391,233 |
| Capital assets, net | 468,065,249 | 462,970,821 | 5,094,428 | 456,684,060 | 6,286,761 |
| Total assets | 742,635,596 | 728,486,833 | 14,148,763 | 736,235,072 | (7,748,239) |
| Deferred outflows of resources | 12,218,709 | 13,275,050 | (1,056,341) | 8,768,214 | 4,506,836 |
| Total assets and deferred outflows of resources | \$ 754,854,305 | \$ 741,761,883 | \$ 13,092,422 | \$ 745,003,286 | \$ (3,241,403) |
| Liabilities: | | | | | |
| Current liabilities | \$ 33,437,200 | \$ 30,836,332 | \$ 2,600,868 | \$ 31,434,941 | \$ (598,609) |
| Non-current liabilities | 170,408,158 | 176,210,947 | (5,802,789) | 175,797,396 | 413,551 |
| Total liabilities | 203,845,358 | 207,047,279 | (3,201,921) | 207,232,337 | (185,058) |
| Deferred inflows of resources | 2,330,816 | 2,404,682 | (73,866) | 3,996,452 | (1,591,770) |
| Net position: | | | | | |
| Net investment in capital assets | 304,927,097 | 293,831,581 | 11,095,516 | 280,002,359 | 13,829,222 |
| Restricted for debt service reserves | 11,486,063 | 11,227,341 | 258,722 | 9,744,423 | 1,482,918 |
| Unrestricted | 232,264,971 | 227,251,000 | 5,013,971 | 244,027,715 | (16,776,715) |
| Total net position | 548,678,131 | 532,309,922 | 16,368,209 | 533,774,497 | (1,464,575) |
| Total liabilities, deferred outflows of resources and net position | \$ 754,854,305 | \$ 741,761,883 | \$ 13,092,422 | \$ 745,003,286 | \$ (3,241,403) |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$548,678,131 as of June 30, 2024.

CALLEGUAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (56% as of June 30, 2024) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2024, the District showed a positive balance in its unrestricted net position of \$232,264,971 which may be utilized in future years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

| | June 30, 2024 | June 30, 2023 | Change | June 30, 2022 | Change |
|--|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| Operating revenues | \$ 129,176,087 | \$ 112,889,260 | \$ 16,286,827 | \$ 150,143,189 | \$ (37,253,929) |
| Operating expenses | (118,404,132) | (107,417,099) | (10,987,033) | (121,022,537) | 13,605,438 |
| Operating income before depreciation | 10,771,955 | 5,472,161 | 5,299,794 | 29,120,652 | (23,648,491) |
| Depreciation expense | (13,784,451) | (15,176,902) | 1,392,451 | (15,940,809) | (10,043,053) |
| Operating income | (3,012,496) | (9,704,741) | 6,692,245 | 13,179,843 | (13,605,438) |
| Non-operating revenues(expenses), net | 12,044,567 | 6,795,814 | 5,248,753 | 1,128,947 | 5,666,867 |
| Change in net position before capital | 9,032,071 | (2,908,927) | 11,940,998 | 14,308,790 | (41,630,115) |
| Capital contributions: | | | | | |
| Local capital contributions | 1,320,229 | 1,444,352 | (124,123) | 1,453,691 | (9,339) |
| State capital grant | 6,015,909 | - | 6,015,909 | - | - |
| Change in net position | 16,368,209 | (1,464,575) | 11,816,875 | 15,762,481 | (17,227,056) |
| Net position: | | | | | |
| Beginning of year | 532,309,922 | 533,774,497 | (1,464,575) | 518,012,016 | 15,762,481 |
| End of year | <u>\$ 548,678,131</u> | <u>\$ 532,309,922</u> | <u>\$ 10,352,300</u> | <u>\$ 533,774,497</u> | <u>\$ (1,464,575)</u> |

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased 3.07%, or \$16,368,209 from the prior year's net position of \$532,309,922 to \$548,678,131, as a result of the year's operations.

CALLEGUAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

| | June 30, 2024 | June 30, 2023 | Increase (Decrease) | June 30, 2022 | Increase (Decrease) |
|-----------------------------------|-----------------------|-----------------------|------------------------|-----------------------|------------------------|
| Operating revenues: | | | | | |
| Water sales | \$ 109,188,343 | \$ 95,175,211 | \$ 14,013,132 | \$ 133,290,274 | \$ (38,115,063) |
| Capacity reservation charge | 7,409,256 | 7,348,086 | 61,170 | 7,233,510 | 114,576 |
| Readiness-to-serve-purveyors | 8,358,300 | 7,582,728 | 775,572 | 6,519,444 | 1,063,284 |
| Water standby charges | 1,377,102 | 1,381,714 | (4,612) | 1,420,806 | (39,092) |
| Pumping power revenue | 1,736,692 | 1,010,405 | 726,287 | 1,389,461 | (379,056) |
| Salinity Management Pipeline fees | 553,051 | 335,969 | 217,082 | 197,706 | 138,263 |
| Other operating revenues | 553,343 | 55,147 | 498,196 | 91,988 | (36,841) |
| Total operating revenues | 129,176,087 | 112,889,260 | 16,286,827 | 150,143,189 | (37,253,929) |
| Non-operating: | | | | | |
| Property taxes | 11,886,702 | 11,100,420 | 786,282 | 10,222,205 | 878,215 |
| Investment earnings | 8,311,036 | 3,159,653 | 5,151,383 | (1,921,039) | 5,080,692 |
| Sale of capital assets | 11,100 | 16,213 | (5,113) | 11,497 | 4,716 |
| Insurance recovery proceeds | - | - | - | - | - |
| Other non-operating revenues | 73,444 | 129,730 | (56,286) | 76,048 | 53,682 |
| Total non-operating | 20,282,282 | 14,406,016 | 5,876,266 | 8,388,711 | 6,017,305 |
| Total revenues | \$ 149,458,369 | \$ 127,295,276 | \$ 22,163,093 | \$ 158,531,900 | \$ (31,236,624) |

In fiscal year 2024, operating revenues increased by 14.43%, or \$16,286,827 from \$112,889,260 to \$129,176,087, from the prior year, primarily due to a \$14,013,132 increase in water sales.

In fiscal year 2023, operating revenues decreased by 24.81%, or \$37,253,929 from \$150,143,189 to \$112,889,260, from the prior year, primarily due to a \$38,115,063 decrease in water sales.

CALLEGUAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>Increase (Decrease)</u> | <u>June 30, 2022</u> | <u>Increase (Decrease)</u> |
|--|-----------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|
| Operating expenses: | | | | | |
| Source of supply | \$ 90,683,452 | \$ 79,198,810 | \$ 11,484,642 | \$ 107,290,479 | \$ (28,091,669) |
| Pumping | 2,142,534 | 2,787,501 | (644,967) | 1,617,340 | 1,170,161 |
| Administration | 5,917,951 | 4,385,182 | 1,532,769 | 1,423,312 | 2,961,870 |
| Administrative services | 3,341,691 | 3,306,283 | 35,408 | 1,515,048 | 1,791,235 |
| Engineering | 2,169,585 | 2,247,808 | (78,223) | 805,742 | 1,442,066 |
| Resources, conservation and governmental | 1,791,599 | 1,976,964 | (185,365) | 904,990 | 1,071,974 |
| Operations and maintenance | 12,357,320 | 13,514,551 | (1,157,231) | 7,465,626 | 6,048,925 |
| Total operating expenses | 118,404,132 | 107,417,099 | 10,987,033 | 121,022,537 | (13,605,438) |
| Depreciation expense | 13,784,451 | 15,176,902 | (1,392,451) | 15,940,809 | (763,907) |
| Non-operating expenses: | | | | | |
| Interest expense | 7,163,852 | 7,125,745 | 38,107 | 6,555,954 | 569,791 |
| Tax collection and financing charges | 520,213 | 442,295 | 77,918 | 538,339 | (96,044) |
| Cost of debt issuance | - | - | - | - | - |
| Project related expenses | 553,650 | 42,162 | 511,488 | 165,471 | (123,309) |
| Total non-operating | 8,237,715 | 7,610,202 | 627,513 | 7,259,764 | 350,438 |
| Total expenses | \$ 140,426,298 | \$ 130,204,203 | \$ 10,222,095 | \$ 144,223,110 | \$ (13,255,000) |

In fiscal year 2024, operating expenses before depreciation expense increased by 10.23% or \$10,987,033 from \$107,417,099 to \$118,404,132 from the prior year, primarily due to an increase in costs for the District's source of supply of 11,484,642.

In fiscal year 2023, operating expenses before depreciation expense decreased by 11.24% or \$13,605,438 from \$121,022,537 to \$107,417,099 from the prior year, primarily due to a decrease in costs for the District's source of supply of \$28,091,669. All other operating cost categories increased.

Capital Assets

| | <u>Balance June 30, 2024</u> | <u>Balance June 30, 2023</u> |
|----------------------------------|----------------------------------|----------------------------------|
| Capital assets: | | |
| Non-depreciable assets | \$ 60,880,696 | \$ 53,357,929 |
| Depreciable assets | 663,554,958 | 653,043,691 |
| Accumulated depreciation | (256,370,405) | (243,430,799) |
| Total capital assets, net | \$ 468,065,249 | \$ 462,970,821 |

At the end of year 2024, the District's investment in capital assets amounted to \$468,065,249 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$18,878,879 for various projects and equipment. See Note 5 for further information.

CALLEGUAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

| | Balance | Balance |
|-----------------|-----------------------|-----------------------|
| Long-term debt: | June 30, 2024 | June 30, 2023 |
| Bonds payable | \$ 165,517,471 | \$ 173,825,408 |
| Loans payable | 1,784,312 | - |
| | <u>\$ 167,301,783</u> | <u>\$ 173,825,408</u> |

Bonds payable decreased by a total of \$8,307,937 for the year ended June 30, 2024. Principal payments were \$8,025,000 and amortization of the debt premiums amounted to \$282,937. Loans payable increased by \$1,784,312 from new debt. See Note 7 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Finance Department, 2100 Olsen Road, Thousand Oaks, CA 91360.

CALLEGUAS MUNICIPAL WATER DISTRICT

Balance Sheets

June 30, 2024 (With Comparative Amounts as of June 30, 2023)

| <u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u> | <u>2024</u> | <u>2023</u> |
|---|-----------------------|-----------------------|
| Current assets: | | |
| Cash and cash equivalents (Note 2) | \$ 4,099,008 | \$ 2,673,495 |
| Investments (Note 2) | 168,479,539 | 172,036,005 |
| Accrued interest receivable | 1,333,297 | 1,070,498 |
| Accounts receivable, utility | 20,803,388 | 16,387,680 |
| Other receivables | 2,866,053 | - |
| Inventory – water-in-storage (Note 4) | 57,968,917 | 53,665,627 |
| Inventory – pipeline | 4,449,000 | 4,449,000 |
| Prepaid expenses | 3,085,082 | 4,006,366 |
| Total current assets | 263,084,284 | 254,288,671 |
| Non-current assets: | | |
| Restricted – cash and cash equivalents (Note 2 and 3) | 11,486,063 | 11,227,341 |
| Capital assets – not being depreciated (Note 5) | 60,880,696 | 53,357,929 |
| Capital assets – being depreciated, net (Note 5) | 407,184,553 | 409,612,892 |
| Total non-current assets | 479,551,312 | 474,198,162 |
| Total assets | 742,635,596 | 728,486,833 |
| Deferred outflows of resources: | | |
| Deferred amounts related to refunding of long-term debt (Note 7) | 4,163,631 | 4,686,168 |
| Deferred amounts related to net OPEB liability (Note 8) | 1,727,131 | 1,514,149 |
| Deferred amounts related to net pension liability (Note 9) | 6,327,947 | 7,074,733 |
| Total deferred outflows of resources | 12,218,709 | 13,275,050 |
| Total assets and deferred outflows of resources | \$ 754,854,305 | \$ 741,761,883 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 19,823,660 | \$ 18,207,424 |
| Accrued salaries and benefits | 295,280 | 272,866 |
| Retentions payable | 1,625,887 | 951,251 |
| Deposits and unearned revenues | 90,293 | 93,710 |
| Accrued interest payable | 2,963,027 | 3,134,231 |
| Long-term liabilities – due within one year: | | |
| Compensated absences (Note 6) | 299,053 | 151,850 |
| Bonds payable (Note 7) | 8,340,000 | 8,025,000 |
| Total current liabilities | 33,437,200 | 30,836,332 |
| Non-current liabilities: | | |
| Long-term liabilities – due in more than one year: | | |
| Compensated absences (Note 6) | 897,157 | 860,483 |
| Loans payable (Note 7) | 1,784,312 | - |
| Bonds payable (Note 7) | 157,177,471 | 165,800,408 |
| Net OPEB liability (Note 8) | 119,551 | 415,445 |
| Net pension liability (Note 9) | 10,429,667 | 9,134,611 |
| Total non-current liabilities | 170,408,158 | 176,210,947 |
| Total liabilities | 203,845,358 | 207,047,279 |
| Deferred inflows of resources: | | |
| Deferred amounts related to net OPEB liability (Note 8) | 1,273,494 | 994,558 |
| Deferred amounts related to net pension liability (Note 9) | 1,057,322 | 1,410,124 |
| Total deferred inflows of resources | 2,330,816 | 2,404,682 |
| Net position: | | |
| Net investment in capital assets (Note 10) | 304,927,097 | 293,831,581 |
| Restricted for debt service reserves (Note 3) | 11,486,063 | 11,227,341 |
| Unrestricted | 232,264,971 | 227,251,000 |
| Total net position | 548,678,131 | 532,309,922 |
| Total liabilities, deferred inflows of resources and net position | \$ 754,854,305 | \$ 741,761,883 |

The notes to financial statements are an integral part of this statement.

CALLEGUAS MUNICIPAL WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)*

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| Operating revenues: | | |
| Water sales | \$ 109,188,343 | \$ 95,175,211 |
| Capacity reservation charge | 7,409,256 | 7,348,086 |
| Readiness-to-serve-purveyors | 8,358,300 | 7,582,728 |
| Water standby charges | 1,377,102 | 1,381,714 |
| Pumping power revenue | 1,736,692 | 1,010,405 |
| Salinity Management Pipeline fees | 553,051 | 335,969 |
| Other operating revenues | 553,343 | 55,147 |
| Total operating revenues | 129,176,087 | 112,889,260 |
| Operating expenses: | | |
| Source of supply | 90,683,452 | 79,198,810 |
| Pumping | 2,142,534 | 2,787,501 |
| Administration | 5,917,951 | 4,385,182 |
| Administrative services | 3,341,691 | 3,306,283 |
| Engineering | 2,169,585 | 2,247,808 |
| Resources, conservation and governmental | 1,791,599 | 1,976,964 |
| Operations and maintenance | 12,357,320 | 13,514,551 |
| Total operating expenses | 118,404,132 | 107,417,099 |
| Operating income before depreciation | 10,771,955 | 5,472,161 |
| Depreciation expense | (13,784,451) | (15,176,902) |
| Operating loss | (3,012,496) | (9,704,741) |
| Non-operating revenues(expenses): | | |
| Property taxes | 11,886,702 | 11,100,420 |
| Investment earnings | 8,311,036 | 3,159,653 |
| Sale of capital assets | 11,100 | 16,213 |
| Other non-operating revenues | 73,444 | 129,730 |
| Interest expense | (7,163,852) | (7,125,745) |
| Tax collection and financing charges | (520,213) | (442,295) |
| Project related expenses | (553,650) | (42,162) |
| Total non-operating revenue, net | 12,044,567 | 6,795,814 |
| Change in net position before capital contributions | 9,032,071 | (2,908,927) |
| Capital contributions: | | |
| Local capital contributions | 1,320,229 | 1,444,352 |
| State capital grant | 6,015,909 | - |
| Total capital contributions | 7,336,138 | 1,444,352 |
| Change in net position | 16,368,209 | (1,464,575) |
| Net position: | | |
| Beginning of year | 532,309,922 | 533,774,497 |
| End of year | <u>\$ 548,678,131</u> | <u>\$ 532,309,922</u> |

CALLEGUAS MUNICIPAL WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)*

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Cash receipts from customers and others | \$ 121,964,353 | \$ 113,417,951 |
| Cash paid to employees for salaries and wages | (12,233,164) | (10,203,114) |
| Cash paid to vendors and suppliers for materials and services | (107,071,645) | (93,137,542) |
| Net cash provided by operating activities | 2,659,544 | 10,077,295 |
| Cash flows from non-capital financing activities: | | |
| Proceeds from property taxes, net of collection fees paid | 11,366,489 | 10,658,125 |
| Net cash provided by non-capital financing activities | 11,366,489 | 10,658,125 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (18,878,879) | (21,463,663) |
| Proceeds from the sale of capital assets | 11,100 | 16,213 |
| Proceeds from local capital contributions | 1,320,229 | 1,444,352 |
| Proceeds state capital grant | 3,149,856 | - |
| Proceeds from debt issuance | 1,784,312 | - |
| Principal paid on long-term debt | (8,025,000) | (7,720,000) |
| Interest and redemption expenses paid on long-term debt | (7,095,456) | (7,018,103) |
| Net cash used in capital and related financing activities | (27,733,838) | (34,741,201) |
| Cash flows from investing activities: | | |
| Sale of investments | 49,058,603 | 85,975,535 |
| Purchase of investments | (38,945,124) | (74,249,382) |
| Investment earnings | 5,278,561 | 2,510,759 |
| Net cash provided by investing activities | 15,392,040 | 14,236,912 |
| Net increase in cash and cash equivalents | 1,684,235 | 231,131 |
| Cash and cash equivalents: | | |
| Beginning of year | 13,900,836 | 13,669,705 |
| End of year | <u>\$ 15,585,071</u> | <u>\$ 13,900,836</u> |
| Reconciliation of cash and cash equivalents to the balance sheet: | | |
| Cash and cash equivalents | \$ 4,099,008 | \$ 2,673,495 |
| Restricted – cash and cash equivalents | 11,486,063 | 11,227,341 |
| Total cash and cash equivalents | <u>\$ 15,585,071</u> | <u>\$ 13,900,836</u> |

CALLEGUAS MUNICIPAL WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)*

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------|-----------------------|
| Reconciliation of operating loss to net cash provided by operating activities: | | |
| Operating loss | <u>\$ (3,012,496)</u> | <u>\$ (9,704,741)</u> |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Depreciation | 13,784,451 | 15,176,902 |
| Other non-operating revenues | 73,444 | 129,730 |
| Project related expenses | (553,650) | (42,162) |
| Change in assets – (increase)decrease: | | |
| Accounts receivable | (4,415,708) | 351,307 |
| Inventory – water-in-storage | (4,303,290) | 1,745,880 |
| Change in deferred outflows of resources – (increase)decrease | | |
| Deferred amounts related to net OPEB liability | (212,982) | (539,792) |
| Deferred amounts related to net pension liability | 746,786 | (4,489,581) |
| Change in liabilities – increase(decrease): | | |
| Accounts payable and accrued expenses | 1,616,236 | (1,348,881) |
| Accrued salaries and benefits | 22,414 | (189,369) |
| Retentions payable | 674,636 | 636,825 |
| Deposits and unearned revenues | (3,417) | 47,654 |
| Compensated absences | 183,877 | 133,725 |
| Net OPEB liability | (295,894) | 1,507,130 |
| Net pension liability | 1,295,056 | 8,254,438 |
| Change in deferred inflows of resources – increase(decrease) | | |
| Deferred amounts related to net OPEB liability | 278,936 | (1,199,417) |
| Deferred amounts related to net pension liability | <u>(352,802)</u> | <u>(392,353)</u> |
| Total adjustments | <u>5,672,040</u> | <u>19,782,036</u> |
| Net cash provided by operating activities | <u>\$ 2,659,544</u> | <u>\$ 10,077,295</u> |
| Noncash investing, capital and financing transactions | | |
| Change in fair-value of investments | <u>\$ 2,769,676</u> | <u>\$ 110,959</u> |
| Amortization of bond premium | <u>\$ 282,937</u> | <u>\$ 344,998</u> |
| Amortization of deferred amounts related to refunding of long-term debt | <u>\$ (522,537)</u> | <u>\$ (522,537)</u> |

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Calleguas Municipal Water District (the District) was organized in December 1953 as a special district under the State of California Water Code Sections 71001 et seq. to provide a supplemental supply of water for the portion of Ventura County lying within District boundaries. The Board of Directors consists of five members, which has governance responsibilities over all activities related to the District. Board members are elected by the public to four-year terms. They have decision-making authority, power to designate management, responsibility to significantly influence operations and accountability for fiscal matters.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

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, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

4. Receivables and Allowance for Doubtful Accounts

The District grants credit to its customers, substantially all of whom are member purveyors in Ventura County, California. The District charges doubtful accounts arising from receivables to bad debt expense when it is probable that the accounts will be uncollectible.

5. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Inventories and Water in Storage

Supply inventories maintained by the District consist primarily of pipes, valves, and various fittings. Inventories are valued at lower of cost or market using the first-in, first-out method. Water in storage is valued at average cost.

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

| Description | Estimated Lives |
|----------------------------|-----------------|
| Water distribution system | 10-50 years |
| Buildings and improvements | 10-50 years |
| Equipment | 5-10 years |

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

9. Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits up to 480 hours. Any excess accumulation is forfeited by the employees if they reach the maximum limit. Upon termination, retirement or death of an employee, the District pays any accrued vacation in a lump-sum payment to the employee or beneficiary. All accumulated vacation is recorded as an expense and a liability at the time the benefit is earned.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Pensions (continued)

The following timeframes are used for pension reporting:

Valuation Date June 30, 2022

Measurement Date June 30, 2023

Measurement Period July 1, 2022 to June 30, 2023

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. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2023

Measurement Period July 1, 2022 to June 30, 2023

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** - This component of net position is restricted by external creditors, grantors, contributors or laws or regulations of other governments.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Use of Estimates

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

E. Property Taxes

The Ventura County Assessor's Office assesses all real and personal property within the County each year. The Ventura County Tax Collector's Office bills and collects the District's share of property taxes. The Ventura County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Ventura County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and April 10

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

| <u>Description</u> | <u>June 30, 2024</u> |
|--|------------------------------|
| Cash and cash equivalents | \$ 4,099,008 |
| Investments | 168,479,539 |
| Restricted – cash and cash equivalents | <u>11,486,063</u> |
| Total cash and investments | <u>\$ 184,064,610</u> |

Cash and investments consisted of the following:

| <u>Description</u> | <u>June 30, 2024</u> |
|--|------------------------------|
| Petty cash | \$ 1,400 |
| Demand deposits held with financial institutions | 4,097,608 |
| Investments | <u>179,965,602</u> |
| Total cash and investments | <u>\$ 184,064,610</u> |

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2024, the carrying amount of the District's demand deposits were \$4,097,608 and the financial institution's balances were \$4,499,297. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – 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. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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 governmental 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% 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% of the secured public deposits. As of June 30, 2024, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Investments

The District's investments as of June 30, 2024 are presented in the following Investment Table:

| Type of Investments | Measurement Input | Credit Rating | Total Fair Value | Maturity | | |
|---|-------------------|---------------|-----------------------|----------------------|----------------------|----------------------|
| | | | | 12 Months or Less | 13 to 24 Months | 25 to 120 Months |
| U.S. treasury obligations | Level 1 | AAa | \$ 62,567,196 | \$ 31,023,803 | \$ 19,502,955 | \$ 12,040,438 |
| U.S. government sponsored agency securities | Level 2 | A to AAA | 44,312,290 | 1,855,125 | 6,748,674 | 35,708,491 |
| Asset-backed securities | Level 2 | A to AAA | 10,504,701 | - | 618,431 | 9,886,270 |
| Medium-term corporate notes | Level 2 | A to AAA | 41,298,570 | 7,075,551 | 12,308,325 | 21,914,694 |
| MortgageBacked Securities | Level 2 | A to AAA | 948,694 | - | - | 948,694 |
| Supernational bonds | Level 2 | A to AAA | 5,887,336 | 2,500,000 | 3,387,336 | - |
| Local Agency Investment Fund (LAIF) | N/A | N/A | 2,819,295 | 2,819,295 | - | - |
| Ventura County Investment Pool (VCIP) | N/A | N/A | 24,056 | 24,056 | - | - |
| Money-market mutual funds | N/A | N/A | 117,401 | 117,401 | - | - |
| Held by bond trustee: | | | | | | |
| Money-market mutual funds | N/A | N/A | 11,486,063 | 11,486,063 | - | - |
| Total investments | | | \$ 179,965,602 | \$ 56,901,294 | \$ 42,565,721 | \$ 80,498,587 |

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 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). The table also identifies certain provisions of 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. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District or the investment of funds within the OPEB Trust that are governed by the agreement between the District and the Trustee, rather than the general provisions of the California Government Code or the District's investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer | Minimum Credit Rating |
|--|---------------------|---------------------------------------|--|--------------------------|
| U.S. Treasury Obligations | 5-years | None | None | N/A |
| U.S. Government Sponsored Agency Securities | 5-years | None | 50% | None |
| Asset-Backed Securities | 5-years | 15% | 5% | AAA |
| Banker's Acceptances | 180 days | 40% | 5% | A-1 |
| Collateralized Certificates-of-Deposit | 5-years | 30% | 5% | \$250k deposit |
| Commercial Paper | 270 days | 25% | 5% | AA above |
| Medium- Term Notes | 5-years | 30% | 5% | A, A2 |
| Money-Market Funds | None | 20% | 5% | AAAm, Aaa |
| MortgageBacked Securities | 5-years | 15% | 5% | AAA, Aaa |
| Municipal Securities | 5-years | 20% | None | A, A2 |
| California Local Agency Investment Fund (LAIF) | None | 15% | 15% | None |
| County of Ventura Investment Pool | None | 15% | 15% | None |

Investments Authorized by Debt Agreements

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – CASH AND INVESTMENTS (continued)

Disclosures Relating to 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 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 term 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 as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2024.

Disclosures Relating to Credit Risk

Generally, 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 rating by a nationally recognized statistical rating organization. Presented in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2024. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

Investment in State Investment Pool

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 by 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.

Investment in Ventura County Investment Pool

The District is a voluntary participant in the Ventura County Investment Pool (VCIP) that is regulated by the California Government Code under the oversight of the Treasurer of the County of Ventura, 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 prorated share of the fair value provided by the VCIP for the entire VCIP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the VCIP, which are recorded on an amortized cost basis.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 3 – RESTRICTED ASSETS AND NET ASSETS

The balance at June 30, 2024 consists of the following:

| Description | June 30, 2024 |
|---|----------------------|
| Restricted – cash and cash equivalents | \$ 11,486,063 |
| Total restricted for debt service reserves | \$ 11,486,063 |

Restricted assets are investments of debt proceeds held by the bond trustees as debt service reserves.

NOTE 4 – INVENTORY – WATER-IN-STORAGE

The balance at June 30, 2024 consists of the following:

| Description | June 30, 2024 |
|-------------------------------|----------------------|
| Groundwater basins | \$ 46,306,445 |
| Lake Bard | 11,296,348 |
| Transmission system | 366,124 |
| Total water-in-storage | \$ 57,968,917 |

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2024, were as follows:

| Description | Balance July 1, 2023 | Additions | Deletions/ Transfers | Balance June 30, 2024 |
|---------------------------------------|-------------------------|----------------------|-------------------------|--------------------------|
| Non-depreciable assets: | | | | |
| Land and rights of way | \$ 12,739,767 | \$ 72,254 | \$ - | \$ 12,812,021 |
| Construction-in-process | 40,618,162 | 18,951,801 | (11,501,288) | 48,068,675 |
| Total non-depreciable assets | 53,357,929 | 19,024,055 | (11,501,288) | 60,880,696 |
| Depreciable assets: | | | | |
| Water distribution system | 586,894,216 | 8,798,882 | - | 595,693,098 |
| Buildings and improvements | 37,282,214 | 1,917,281 | - | 39,199,495 |
| Equipment | 28,867,261 | 639,948 | (844,844) | 28,662,365 |
| Total depreciable assets | 653,043,691 | 11,356,111 | (844,844) | 663,554,958 |
| Accumulated depreciation: | | | | |
| Water distribution system | (215,024,872) | (11,777,674) | - | (226,802,546) |
| Buildings and improvements | (4,774,829) | (1,011,157) | - | (5,785,986) |
| Equipment | (23,631,098) | (995,619) | 844,844 | (23,781,873) |
| Total accumulated depreciation | (243,430,799) | (13,784,450) | 844,844 | (256,370,405) |
| Total depreciable assets, net | 409,612,892 | (2,428,339) | - | 407,184,553 |
| Total capital assets, net | \$ 462,970,821 | \$ 16,595,716 | \$ (11,501,288) | \$ 468,065,249 |

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 6 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2024, were as follows:

| Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 | Due Within One Year | Due in More Than One Year |
|-------------------------|--------------|--------------|--------------------------|------------------------|------------------------------|
| \$ 1,012,333 | \$ 1,059,841 | \$ (875,964) | \$ 1,196,210 | \$ 299,053 | \$ 897,157 |

NOTE 7 – LONG-TERM DEBT

Changes in bonds payable for the year ended June 30, 2024, were as follows:

| Long-Term Debt | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 | Current Portion | Long-term Portion |
|-----------------------------------|-------------------------|---------------------|-----------------------|--------------------------|---------------------|-----------------------|
| 2008 Series A | \$ 39,100,000 | \$ - | \$ (1,250,000) | \$ 37,850,000 | \$ 1,300,000 | \$ 36,550,000 |
| 2010 Series B | 72,005,000 | - | (2,845,000) | 69,160,000 | 2,945,000 | 66,215,000 |
| 2014 Series A | 3,600,000 | - | (1,755,000) | 1,845,000 | 1,845,000 | - |
| 2016 Series A | 19,285,000 | - | (1,530,000) | 17,755,000 | 1,605,000 | 16,150,000 |
| 2021 Series A | 38,505,000 | - | (645,000) | 37,860,000 | 645,000 | 37,215,000 |
| Sub-total bonds payable | 172,495,000 | - | (8,025,000) | 164,470,000 | 8,340,000 | 156,130,000 |
| Less: Unamortized bond – premiums | 1,330,408 | - | (282,937) | 1,047,471 | - | 1,047,471 |
| Total bonds payable | 173,825,408 | - | (8,307,937) | 165,517,471 | 8,340,000 | 157,177,471 |
| Wells Fargo PFA loan | - | 1,784,312 | - | 1,784,312 | - | 1,784,312 |
| Total loans payable | - | 1,784,312 | - | 1,784,312 | - | 1,784,312 |
| Total long-term debt | \$ 173,825,408 | \$ 1,784,312 | \$ (8,307,937) | 167,301,783 | \$ 8,340,000 | \$ 158,961,783 |

The total annual debt service requirements, including computing interest at 1.78% for the Refunding Revenue Bonds, for all the Bonds outstanding at June 30, 2024, are as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------|---------------|----------------|
| 2025 | \$ 8,340,000 | \$ 6,337,396 | \$ 14,677,396 |
| 2026 | 8,635,000 | 6,206,626 | 14,841,626 |
| 2027 | 8,915,000 | 5,859,734 | 14,774,734 |
| 2028 | 9,215,000 | 5,489,429 | 14,704,429 |
| 2029 | 9,530,000 | 5,100,726 | 14,630,726 |
| 2030-2034 | 53,285,000 | 19,095,575 | 72,380,575 |
| 2035-2039 | 55,875,000 | 7,466,098 | 63,341,098 |
| 2040-2042 | 10,675,000 | 323,354 | 10,998,354 |
| Total | 164,470,000 | \$ 55,878,938 | \$ 220,348,938 |
| Current | (8,340,000) | | |
| Long-term | \$ 156,130,000 | | |

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 7 – BONDS PAYABLE (continued)

Changes in the deferred outflows of resources regarding the loss on refunding of the revenue bonds for the year ended June 30, 2024, was as follows:

2008 Series A Variable Rate Refunding Revenue Bonds

Pursuant to an indenture dated March 1, 2008, the Calleguas-Las Virgenes Public Financing Authority issued the 2008 Series A Variable Rate Refunding Revenue Bonds in the amount of \$40,300,000 to provide funds to the District to refund the 2007 Series B Auction Rate Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year beginning July 1, 2024 and ending July 1, 2037. Interest is paid at a variable rate, which is determined weekly. Interest is payable monthly on the first business day of the month so long as the bonds bear interest at the weekly rate. The District, at its option, may convert the bonds to a fixed interest rate upon 60 days' notice to the bond counsel. Payments of principal redemption (but not any premium) and interest are supported by a letter of credit issued by Wells Fargo Bank, National Association. The credit facility will also be drawn on if other funds are not available to purchase bonds tendered by the owner. At June 30, 2024, the outstanding balance on the 2008 Series A Variable Rate Refunding Revenue Bonds amounted to \$37,850,000.

2010 Series B Water Revenue Bonds

Pursuant to an indenture dated February 1, 2010, the Calleguas-Las Virgenes Public Financing Authority issued the 2010 Series B Water Revenue Bonds in the amount of \$77,400,000 to provide funds to the District to finance the acquisition and construction of water system improvements and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2040, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 5.449% to 5.944%. The bonds are federally taxable Build America Bonds issued under the American Recovery and Reinvestment Act of 2009. Under the Build America Bonds program, the District will receive a cash subsidy from the U.S. Treasury equal to 35% of the interest paid, payable biannually. The bonds are subject to mandatory sinking fund requirements starting July 1, 2022. At June 30, 2024, the outstanding balance on the 2010 Series B Water Revenue Bonds amounted to \$69,160,000.

2014 Series A Refunding Revenue Bonds

Pursuant to an indenture dated June 1, 2014, the Calleguas-Las Virgenes Public Financing Authority issued the 2014 Series A Refunding Revenue Bonds in the amount of \$46,660,000 to provide funds to the District to partially refund and defease the 2007 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2037, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 3.75% to 5.0%. The net proceeds of the 2014 Series A Refunding Revenue Bonds and amounts from the 2007 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2007 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3.9 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2037 using the straight-line method. The advance refunding decreased the total debt service payments by approximately \$4,543,860 over the 23 years and resulted in an economic gain of \$3,169,541. For financial reporting purposes, the 2007 Series A Revenue Bonds has been considered partially defeased and therefore partially removed as a liability from the financial statements. The 2007 Series A Revenue Bonds were redeemed on July 1, 2016.

In 2021, the District advanced refunded \$34,145,000 of the 2014 Series A bonds. At June 30, 2024, the outstanding balance of the 2014 Series A Refunding Revenue Bonds amounted to \$1,845,000.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 7 – BONDS PAYABLE (continued)

2016 Series A Refunding Revenue Bonds

Pursuant to an indenture dated April 1, 2016, the Calleguas-Las Virgenes Public Financing Authority issued the 2016 Series A Refunding Revenue Bonds in the amount of \$27,585,000 to provide funds to the District to partially refund and defease the 2006 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2032, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 3% to 5%. The net proceeds of the 2016 Series A Refunding Revenue Bonds and amounts from the 2006 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2006 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.5 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2032 using the straight-line method. The advance refunding decreased the total debt service payments by \$4,917,385 over the 17 years and resulted in an economic gain of \$4,105,122. For financial reporting purposes, the 2006 Series A Revenue Bonds has been considered defeased and therefore partially removed as a liability from the financial statements. The 2006 Series A Revenue Bonds were redeemed on July 1, 2016. At June 30, 2024, the outstanding balance of the 2016 Series A Refunding Revenue Bonds amounted to \$17,755,000.

2021 Series A Refunding Revenue Bonds

Pursuant to an indenture dated April 6, 2021, the Calleguas-Las Virgenes Public Financing Authority issued the 2021 Series A Refunding Revenue Bonds in the amount of \$39,145,000 to provide funds to the District to partially refund and defease the 2014 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2037, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 0.135% to 2.565%. The net proceeds of the 2021 Series A Refunding Revenue Bonds and amounts from the 2014 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2014 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.8 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2037 using the straight-line method. The advance refunding decreased the total debt service payments by approximately \$3,602,871 over the 16 years and resulted in an economic gain of \$2,721,398. For financial reporting purposes, the 2014 Series A Revenue Bonds has been considered partially defeased and therefore partially removed as a liability from the financial statements. The 2014 Series A Revenue Bonds were redeemed on April 6, 2021. At June 30, 2024, the outstanding balance of the 2021 Series A Refunding Revenue Bonds amounted to \$37,860,000.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 7 – BONDS PAYABLE (continued)

General Provisions

The Board of Directors of the District passed resolution number 823 as amended by resolution number 889 to govern certain provisions applicable to all debt securities issued by the District, the parity obligations. Under these resolutions, and the terms of the debt agreements, all net operating revenues of the District, as defined, are irrevocably pledged for debt service. The bonds are subject to a rate covenant, which states that the District must collect net operating revenues, as defined, equal to or greater than 125% of the installment payments due on all parity obligations plus certain reserves. The District is prohibited from issuing additional parity obligations if the rate covenant is less than 125% for the 12 consecutive month period prior to issuance of the new obligations. The bond obligation's principal and interest payments are payable from net operating revenues received by the District from all sources including amounts held in accounts established by the bond indenture.

The District is required by bond indenture covenants to allocate all revenues in the following order each month:

1. An amount sufficient to provide for the current and next succeeding calendar month's estimated maintenance and operations.
2. An amount equal to the monthly pro rata share of the interest payable on the next interest payment date for all outstanding fixed rate parity obligations and 110% of the estimated interest payable on outstanding variable rate parity obligations.
3. One-twelfth the aggregate annual principal amount due on outstanding parity obligations.
4. One-sixth of any deficiency in reserve funds required by the parity obligations.
5. The remainder can be used to pay other obligations of the District that are subordinate to the parity obligations, finance construction or for any other legal use.

Line of Credit

In conjunction with the issuance of the 2008 Series A Variable Rate Refunding Revenue Bonds, the District had a line of credit in the amount of \$40,903,891 that was used to fund construction. The line of credit expires on April 24, 2025. As of June 30, 2024, no amounts are drawn on the line of credit.

2024 – Loan Payable

On February 1, 2024, the District entered into an installment purchase agreement with the Calleguas-Las Virgenes Public Finance Authority (Authority) to provide funds for various capital improvement projects known as the 2024 project. Through this agreement, the Authority has approved the execution of a Credit Facility among the Authority, the District and Wells Fargo Bank National Association (Lender), to which the Lender has agreed to provide to the Authority, on a revolving basis, up to \$20,000,000 in funds to pay the costs of the 2024 project. The District is to purchase the 2024 Project in consideration for installment payments equal in time and amount to payments required to be made by the Authority pursuant to the Credit Facility as and when due to the Lender. The terms of the agreement provide for an interest rate per annum equal to the Secured Overnight Financing Rate (SOFR) Index Rate plus any applicable factor and spread. Interest shall be payable by the Authority on each interest payment date, any prepayment date, and on the Facility Maturity Date. For the quarter ending June 30, 2024, the SOFR index rate was 5.56%. As of June 30, 2024, the outstanding balance of the installment purchase agreement was \$1,784,312.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

| Description | 2024 |
|--------------------------------|--------------|
| OPEB related deferred outflows | \$ 1,727,131 |
| Net OPEB liability | 119,551 |
| OPEB related deferred inflows | 1,273,494 |

A. General Information about the OPEB Plan

Plan description

The District through an agent multiple-employer defined benefit plan, offers post-retirement health insurance benefits to retired employees. Retired employees hired by the District before July 1, 1995 are eligible to receive benefits, equal to their full insurance premium, if the employee has reached age 50, has five years of covered service and retires directly from the District. Retired employees hired by the District on or after July 1, 1995 and before January 1, 2013 are eligible to receive benefits, equal to the premium for the second highest premium for insurance products offered through the CalPERS Public Employees' Medical & Hospital Care Act (PEMHCA) plan, if the employee has reached age 50, has 12 years of District service and retires directly from the District. Retirees hired on or after July 1, 1995 that have not met the service requirement are entitled to the minimum PEMHCA premium. The plan also has provisions for surviving spouses and disability. Benefits are paid either to CalPERS or directly to the retiree if the retiree has elected out of CalPERS. Retired employees hired on or after January 1, 2013 receive no direct reimbursement for the cost of health insurance. During their employment, the District makes contributions to a Health Savings Account Plan designed to provide reimbursement of qualified medical expenses upon retirement under the provisions of Section 213(d) of the Internal Revenue Service Tax Code. The District entered into an agreement with California Employers' Retiree Benefit Trust (CERBT) to prefund the District's OPEB liability.

Employees Covered

As of the June 30, 2023, the measurement date, the following current and former employees were covered by the benefit terms under the plan:

| | 2023 |
|---|------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 37 |
| Inactive plan members entitled to but not yet receiving benefit payments | - |
| Active plan members | 75 |
| Total | 112 |

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan (continued)

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2023, the measurement period, the District's contributions totaling \$402,486 included \$348,486 in current year premium payments, and an implied subsidy of \$54,000.

Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------------|---|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry age normal, level percentage of payroll |
| Asset Valuation Method | Market value of assets as of the measurement date |
| Actuarial Assumptions: | |
| Discount Rate | 5.50% |
| Long-Term Expected | |
| Rate of Return on Investments | 5.50% |
| Inflation | 2.50% |
| Payroll increases | 2.75% per year |
| Medical trend rates | Non-medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 |
| Mortality | CalPERS 2000-2019 Experience Study |
| Mortality improvement | Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2021 |

CALLEGUAS MUNICIPAL WATER DISTRICT*Notes to Financial Statements**June 30, 2024***NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)****B. Net OPEB Liability (continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|--------------------|------------------------------|---|
| Global equity | 34.00% | 4.80% |
| Fixed income | 41.00% | 1.80% |
| TIPS | 5.00% | 1.60% |
| Commodities | 3.00% | 3.70% |
| REITs | 17.00% | 3.70% |
| Total | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

| | <u>Increase (Decrease)</u> | | |
|--|----------------------------|-----------------------|-----------------------|
| | <u>Total</u> | <u>Plan Fiduciary</u> | <u>Net</u> |
| | <u>OPEB Liability</u> | <u>Net Position</u> | <u>OPEB Liability</u> |
| Balance at July 1, 2023 (Measurement date June 30, 2022) | \$ 11,136,108 | \$ 10,720,663 | \$ 415,445 |
| Changes for the year: | | | |
| Service cost | 258,779 | - | 258,779 |
| Interest | 615,799 | - | 615,799 |
| Differences in experience | 140,934 | - | 140,934 |
| Changes in assumption | (530,092) | - | (530,092) |
| Employer contributions | - | 402,486 | (402,486) |
| Net investment income | - | 381,901 | (381,901) |
| Benefit payments | (402,486) | (402,486) | - |
| Administrative expenses | - | (3,073) | 3,073 |
| Net changes | 82,934 | 378,828 | (295,894) |
| Balance at June 30, 2024 (Measurement date June 30, 2023) | \$ 11,219,042 | \$ 11,099,491 | \$ 119,551 |

CALLEGUAS MUNICIPAL WATER DISTRICT*Notes to Financial Statements**June 30, 2024***NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)****C. Changes in the Net OPEB Liability (continued)****Changes of Assumptions**

As of June 30, 2023, the measurement period, healthcare trend rates were updated.

Change of Benefit Terms

As of June 30, 2023, the measurement period, there were no changes in benefits.

Subsequent Events

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.50%) or 1 percentage point higher (6.50%) than the current discount rate:

| | 1% Decrease 4.50% | Discount Rate 5.50% | 1% Increase 6.50% |
|---------------------------|------------------------------|--------------------------------|------------------------------|
| Net OPEB Liability | <u>\$ 1,508,964</u> | <u>\$ 119,551</u> | <u>\$ (1,045,449)</u> |

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

| | 5.00% Decreasing to 3.00% | Healthcare Cost 6.00% Decreasing to 4.00% | 7.00% Decreasing to 5.00% |
|---------------------------|--------------------------------------|--|--------------------------------------|
| Net OPEB Liability | <u>\$ (1,212,464)</u> | <u>\$ 119,551</u> | <u>\$ 1,750,734</u> |

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized an OPEB expense of \$294,456. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Account Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| OPEB contributions made after the measurement date | \$ 524,396 | \$ - |
| Changes in assumptions | 126,744 | (585,061) |
| Differences between expected and actual experience | 124,354 | (688,433) |
| Differences between projected and actual earnings on OPEB plan investments | 951,637 | - |
| Total Deferred Outflows/(Inflows) of Resources | <u>\$ 1,727,131</u> | <u>\$ (1,273,494)</u> |

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$524,396 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Amortization Period | Deferred |
|----------------------------------|---------------------------|
| Fiscal Year Ended June 30 | Outflows/(Inflows) |
| | of Resources |
| 2025 | \$ 19,690 |
| 2026 | 5,264 |
| 2027 | 273,042 |
| 2028 | (131,694) |
| 2029 | (122,607) |
| Thereafter | (114,454) |
| Total | \$ (70,759) |

At June 30, 2024, the District had no outstanding amounts of contributions to the OPEB plan required for the year ended June 30, 2024.

NOTE 9 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

| Description | 2024 |
|-----------------------------------|--------------|
| Pension related deferred outflows | \$ 6,327,947 |
| Net pension liability | 10,429,667 |
| Pension related deferred inflows | 1,057,322 |

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

The Plan

The District has engaged with CalPERS to administer the following pension plan for its employees (members):

| | Miscellaneous Plan | |
|---|-----------------------------|--------------------------------|
| | Classic Tier 1 | PEPRA Tier 2 |
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2.0% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | 5-years of service | 5-years of service |
| Benefits payments | monthly for life | monthly for life |
| Retirement age | 50 - 67 & up | 52 - 67 & up |
| Monthly benefits, as a % of eligible compensation | 1.426%-2.418% | 1.0% to 2.5% |
| Required member contribution rates | 7.000% | 6.750% |
| Required employer contribution rates – FY 2023 | 10.320% | 7.470% |

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2023 measurement date, the following members were covered by the benefit terms:

| Plan Members | Miscellaneous Plan | | Total |
|------------------------------------|--------------------|-----------------|------------|
| | Classic Tier 1 | PEPRA Tier 2 | |
| Active members | 43 | 33 | 76 |
| Transferred and terminated members | 19 | 5 | 24 |
| Retired members and beneficiaries | 61 | 1 | 62 |
| Total plan members | 123 | 39 | 162 |

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

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 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five 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.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2024, were as follows:

| Contribution Type | Miscellaneous Plans | | Total |
|--------------------------|---------------------|------------|--------------|
| | Classic | PEPRA | |
| | Tier 1 | Tier 2 | |
| Contributions – employer | \$ 1,356,829 | \$ 310,678 | \$ 1,667,507 |

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CALLEGUAS MUNICIPAL WATER DISTRICT*Notes to Financial Statements**June 30, 2024***NOTE 9 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)****Proportionate Share of Net Pension Liability and Pension Expense (continued)**

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023:

| <u>Plan Type and Balance Descriptions</u> | <u>Plan Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Change in Plan Net Pension Liability</u> |
|--|---|--|---|
| CalPERS – Miscellaneous Plan: | | | |
| Balance as of June 30, 2022 (Measurement Date) | \$ 56,265,228 | \$ 47,130,617 | \$ 9,134,611 |
| Balance as of June 30, 2023 (Measurement Date) | \$ 60,316,554 | \$ 49,886,887 | \$ 10,429,667 |
| Change in Plan Net Pension Liability | \$ 4,051,326 | \$ 2,756,270 | \$ 1,295,056 |

The District's proportionate share percentage of the net pension liability for the June 30, 2023, measurement date was as follows:

| | <u>Percentage Share of Risk Pool</u> | | <u>Change Increase/ (Decrease)</u> |
|---|---|---|--|
| | <u>Fiscal Year Ending June 30, 2024</u> | <u>Fiscal Year Ending June 30, 2023</u> | |
| Measurement Date | <u>June 30, 2023</u> | <u>June 30, 2022</u> | |
| Percentage of Risk Pool Net Pension Liability | 0.208576% | 0.195216% | 0.013360% |
| Percentage of Plan Net Pension Liability | 0.083602% | 0.079082% | 0.004520% |

For the fiscal year ended June 30, 2024, the District recognized a pension expense of \$3,356,548. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Account Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Pension contributions made after the measurement date | \$ 1,667,507 | \$ - |
| Difference between actual and proportionate share of employer contributions | - | (974,671) |
| Adjustment due to differences in proportions | 1,809,293 | - |
| Differences between expected and actual experience | 532,804 | (82,651) |
| Differences between projected and actual earnings on pension plan investments | 1,688,657 | - |
| Changes in assumptions | 629,686 | - |
| Total Deferred Outflows/(Inflows) of Resources | \$ 6,327,947 | \$ (1,057,322) |

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$1,667,507 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

| Amortization Period Fiscal Year Ended June 30 | Deferred Outflows/(Inflows) of Resources |
|--|--|
| 2025 | \$ 1,388,113 |
| 2026 | 902,965 |
| 2027 | 1,263,586 |
| 2028 | 48,454 |
| Total | \$ 3,603,118 |

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022, total pension liability. The June 30, 2023, total pension liability was based on the following actuarial methods and assumptions:

| | |
|----------------------------------|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirement of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return | 7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation |
| Mortality Rate Table | Derived using CalPERS' Membership Data for all Funds. |
| Post Retirement Benefit Increase | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter |

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

The table below reflects long-term expected real rate of return by asset class.

| Asset Class | Assumed Asset | Real Return ^{1,2} |
|----------------------------------|---------------|----------------------------|
| | Allocation | |
| Global Equity - Cap-weighted | 30.0% | 4.54% |
| Global Equity - Non-Cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Estate | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| | <u>100.0%</u> | |

¹ An expected inflation of 2.3% is used for this period.

² Figures are based on the 2022 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

| Plan Type | Plan's Net Pension Liability/(Asset) | | |
|------------------------------|--------------------------------------|------------------|-----------------|
| | Discount Rate - | Current Discount | Discount Rate + |
| | 1% 5.90% | Rate 6.90% | 1% 7.90% |
| CalPERS – Miscellaneous Plan | \$ 18,587,225 | \$ 10,429,667 | \$ 3,715,297 |

Pension Plan Fiduciary Net Position
Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

C. Payable to the Pension Plans
At June 30, 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2024.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

| Description | June 30, 2024 |
|--|------------------------------|
| Net investment in capital assets: | |
| Capital assets – not being depreciated | \$ 60,880,696 |
| Capital assets, net – being depreciated | 407,184,553 |
| Deferred amounts – refunding of long-term debt | 4,163,631 |
| Loans payable | (1,784,312) |
| Bonds payable – current portion | (8,340,000) |
| Bonds payable – non-current portion | <u>(157,177,471)</u> |
| Total net investment in capital assets | <u>\$ 304,927,097</u> |

NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 12 – RISK MANAGEMENT

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

| | |
|---|---|
| A. Entity | ACWA-JPIA |
| B. Purpose | To pool member contributions and realize the advantages of self-insurance |
| C. Participants | As of September 30, 2024 – 401 member districts |
| D. Governing board | Nine representatives employed by members |
| E. Condensed financial information | September 30, 2023 |
| Audit signed | March 20, 2024 |
| Statement of financial position: | Sept 30, 2023 |
| Total assets | <u>\$ 288,462,503</u> |
| Deferred outflows | <u>4,654,911</u> |
| Total liabilities | <u>167,203,667</u> |
| Deferred inflows | <u>5,200,835</u> |
| Net position | <u><u>\$ 120,712,912</u></u> |
| Statement of revenues, expenses and changes in net position: | |
| Total revenues | \$ 248,013,664 |
| Total expenses | <u>(240,084,673)</u> |
| Change in net position | 7,928,991 |
| Beginning – net position | <u>112,783,921</u> |
| Ending – net position | <u><u>\$ 120,712,912</u></u> |
| F. Member agencies share of year-end financial position | Not Calculated |

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

General Liability – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 12 – RISK MANAGEMENT (continued)

Auto Liability – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible. **Public Officials' Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

Cyber Liability – The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

Crime – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond – The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation – The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability – The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage. Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2024, 2023, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022.

Unemployment Insurance – The District has elected to participate in a self-insured unemployment insurance plan with the State of California, whereby unemployment insurance claims are reimbursed directly to the Employment Development Department as incurred. These payments are made in lieu of funding an account through regular quarterly payroll tax contributions. There were no material expenditures for unemployment insurance claims for the year ended June 30, 2024.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from a combination of debt, the District's replacement reserves and capital contributions. As of June 30, 2024, the District has committed approximately \$2,402,356 to complete projects currently in construction-in-progress.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 – months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 8, 2025, the date which the financial statements were available to be issued.

Required Supplementary Information

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability For the Year Ended June 30, 2024

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

| Measurement Date | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability |
|------------------|--|---|----------------------------|--|---|
| June 30, 2014 | 0.09462% | \$ 5,888,064 | \$ 5,905,698 | 99.70% | 80.86% |
| June 30, 2015 | 0.09441% | 6,625,697 | 5,806,610 | 114.11% | 79.96% |
| June 30, 2016 | 0.09221% | 7,978,753 | 6,064,679 | 131.56% | 76.71% |
| June 30, 2017 | 0.09439% | 9,360,414 | 6,189,392 | 151.23% | 75.83% |
| June 30, 2018 | 0.06493% | 6,257,110 | 6,300,974 | 99.30% | 84.68% |
| June 30, 2019 | 0.05755% | 5,897,072 | 6,596,428 | 89.40% | 86.59% |
| June 30, 2020 | 0.06282% | 6,835,529 | 6,883,125 | 99.31% | 85.46% |
| June 30, 2021 | 0.01628% | 880,173 | 7,662,170 | 11.49% | 98.26% |
| June 30, 2022 | 0.07908% | 9,134,611 | 7,955,997 | 114.81% | 83.77% |
| June 30, 2023 | 0.08360% | 10,429,667 | 9,201,284 | 113.35% | 82.71% |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90% and the inflation rate from 2.50% to 2.30%.

From fiscal year June 30, 2023 to June 30, 2024:

There were no significant changes in assumptions.

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of the District's Contributions to the Defined Benefit Pension Plan For the Year Ended June 30, 2024

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---------------|---|--|--|-----------------|---|
| June 30, 2015 | \$ 722,191 | \$ (722,191) | \$ - | \$ 5,806,610 | 12.44% |
| June 30, 2016 | 787,218 | (787,218) | - | 6,064,679 | 12.98% |
| June 30, 2017 | 849,461 | (849,461) | - | 6,189,392 | 13.72% |
| June 30, 2018 | 916,920 | (3,599,920) | (2,683,000) | 6,300,974 | 14.55% |
| June 30, 2019 | 982,032 | (2,182,032) | (1,200,000) | 6,596,428 | 14.89% |
| June 30, 2020 | 1,020,661 | (1,020,661) | - | 6,883,125 | 14.83% |
| June 30, 2021 | 1,216,247 | (1,216,247) | - | 7,662,170 | 15.87% |
| June 30, 2022 | 1,368,001 | (1,368,001) | - | 7,955,997 | 17.19% |
| June 30, 2023 | 1,611,371 | (1,611,616) | (245) | 9,201,284 | 17.51% |
| June 30, 2024 | 1,667,507 | (1,667,507) | - | 11,106,894 | 15.01% |

Notes to Schedule:

| Fiscal Year | Valuation Date | Actuarial Cost Method | Asset Valuation Method | Inflation | Investment Rate of Return |
|---------------|----------------|--------------------------|---------------------------|-----------|------------------------------|
| June 30, 2015 | June 30, 2013 | Entry Age | Fair Value | 2.75% | 7.65% |
| June 30, 2016 | June 30, 2014 | Entry Age | Fair Value | 2.75% | 7.65% |
| June 30, 2017 | June 30, 2015 | Entry Age | Fair Value | 2.75% | 7.65% |
| June 30, 2018 | June 30, 2016 | Entry Age | Fair Value | 2.75% | 7.15% |
| June 30, 2019 | June 30, 2017 | Entry Age | Fair Value | 2.50% | 7.15% |
| June 30, 2020 | June 30, 2018 | Entry Age | Fair Value | 2.50% | 7.15% |
| June 30, 2021 | June 30, 2019 | Entry Age | Fair Value | 2.50% | 7.15% |
| June 30, 2022 | June 30, 2020 | Entry Age | Fair Value | 2.50% | 7.15% |
| June 30, 2023 | June 30, 2021 | Entry Age | Fair Value | 2.30% | 6.90% |
| June 30, 2024 | June 30, 2022 | Entry Age | Fair Value | 2.30% | 6.90% |

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2%@55 and 2%@60), 52 years (2%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2024

| Fiscal Year Ended Measurement Date | Last Ten Fiscal Years* | | | | |
|--|------------------------|--------------------|-----------------------|---------------------|---------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 |
| | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 |
| Total OPEB liability: | | | | | |
| Service cost | \$ 258,779 | \$ 213,756 | \$ 243,080 | \$ 238,765 | \$ 247,270 |
| Interest | 615,799 | 591,203 | 691,632 | 668,177 | 644,668 |
| Changes of assumptions | (530,092) | - | 207,645 | (194,648) | (69,566) |
| Differences between expected and actual experience | 140,934 | - | (1,052,697) | - | (134,108) |
| Benefit payments | (402,486) | (403,095) | (356,878) | (325,810) | (281,424) |
| Net change in total OPEB liability | 82,934 | 401,864 | (267,218) | 386,484 | 406,840 |
| Total OPEB liability - beginning | 11,136,108 | 10,734,244 | 11,001,462 | 10,614,978 | 10,208,138 |
| Total OPEB liability - ending | 11,219,042 | 11,136,108 | 10,734,244 | 11,001,462 | 10,614,978 |
| Plan fiduciary net position: | | | | | |
| Contributions - employer | 402,486 | 793,679 | 740,878 | 786,810 | 739,424 |
| Net investment income | 381,901 | (1,491,274) | 1,883,526 | 467,591 | 545,285 |
| Administrative expense | (3,073) | (4,576) | (3,487) | (4,263) | (1,648) |
| Benefit payments | (402,486) | (403,095) | (356,878) | (325,810) | (281,424) |
| Net change in plan fiduciary net position | 378,828 | (1,105,266) | 2,264,039 | 924,328 | 1,001,637 |
| Plan fiduciary net position - beginning | 10,720,663 | 11,825,929 | 9,561,890 | 8,637,562 | 7,635,925 |
| Plan fiduciary net position - ending | 11,099,491 | 10,720,663 | 11,825,929 | 9,561,890 | 8,637,562 |
| District's net OPEB liability | \$ 119,551 | \$ 415,445 | \$ (1,091,685) | \$ 1,439,572 | \$ 1,977,416 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 98.93% | 96.27% | 110.17% | 86.91% | 81.37% |
| Covered payroll | 11,478,783 | 9,804,769 | 8,279,580 | 7,739,962 | 7,265,664 |
| District's net OPEB liability as a percentage of covered payroll | 1.04% | 4.24% | -13.19% | 18.60% | 27.22% |

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits
Measurement Date June 30, 2023 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2019 – Mortality improvement scale was updated to Scale MP-2019
Measurement Date June 30, 2020 – There were no changes in assumptions
Measurement Date June 30, 2021 – The interest rate assumption changed to 5.50% and inflation changed to 2.50%.
Measurement Date June 30, 2022 – There were no changes in assumptions
Mortality improvement scale was updated to Scale MP-2021
Measurement Date June 30, 2023 – Healthcare trend rates were updated.

* Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

CALLEGUAS MUNICIPAL WATER DISTRICT*Schedule of Changes in the District's Net OPEB Liability and Related Ratios (continued)
For the Year Ended June 30, 2024*

| | Last Ten Fiscal Years* | |
|--|-----------------------------|-----------------------------|
| Fiscal Year Ended | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
| Measurement Date | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
| Total OPEB liability: | | |
| Service cost | \$ 240,068 | \$ 233,076 |
| Interest | 609,404 | 576,607 |
| Changes of assumptions | - | - |
| Differences between expected and actual experience | - | - |
| Benefit payments | <u>(303,478)</u> | <u>(280,334)</u> |
| Net change in total OPEB liability | 545,994 | 529,349 |
| Total OPEB liability - beginning | <u>9,662,144</u> | <u>9,132,795</u> |
| Total OPEB liability - ending | <u>10,208,138</u> | <u>9,662,144</u> |
| Plan fiduciary net position: | | |
| Contributions - employer | 743,478 | 715,334 |
| Net investment income | 418,927 | 428,746 |
| Administrative expense | (12,553) | (3,126) |
| Benefit payments | <u>(303,478)</u> | <u>(280,334)</u> |
| Net change in plan fiduciary net position | 846,374 | 860,620 |
| Plan fiduciary net position - beginning | <u>6,789,551</u> | <u>5,928,931</u> |
| Plan fiduciary net position - ending | <u>7,635,925</u> | <u>6,789,551</u> |
| District's net OPEB liability | <u>\$ 2,572,213</u> | <u>\$ 2,872,593</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>74.80%</u> | <u>70.27%</u> |
| Covered payroll | <u>6,840,936</u> | <u>6,703,386</u> |
| District's net OPEB liability as a percentage of covered payroll | <u>37.60%</u> | <u>42.85%</u> |

Notes to Schedule:**Benefit Changes:**

Measurement Date June 30, 2017 – There were no changes in benefits

Measurement Date June 30, 2019 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions

Measurement Date June 30, 2018 – There were no changes in benefits

* Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2024

| Fiscal Year Ended | Last Ten Fiscal Years* | | | | |
|---|------------------------|---------------------|---------------------|---------------------|---------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 |
| Actuarially determined contribution | \$ 268,244 | \$ 150,000 | \$ 389,000 | \$ 384,000 | \$ 461,000 |
| Contributions in relation to the actuarially determined contributions | (524,396) | (404,278) | (793,679) | (740,878) | (786,810) |
| Contribution deficiency (excess) | <u>\$ (256,152)</u> | <u>\$ (254,278)</u> | <u>\$ (404,679)</u> | <u>\$ (356,878)</u> | <u>\$ (325,810)</u> |
| Covered payroll | \$ 11,478,783 | \$ 9,804,769 | \$ 8,123,104 | \$ 8,279,580 | \$ 7,739,962 |
| Contributions as a percentage of covered payroll | 4.57% | 4.12% | 9.77% | 8.95% | 10.17% |

Notes to Schedule:

| | | | | | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| Valuation Date | June 30, 2023 | June 30, 2021 | June 30, 2021 | June 30, 2019 | June 30, 2019 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|

Methods and Assumptions Used to Determine

Contribution Rates:

| | | | | | |
|------------------------|-------------------------------------|----------------|----------------|----------------|----------------|
| Actuarial cost method | Entry age normal | Entry Age | Entry Age | Entry Age | Entry Age |
| Amortization method | Closed period, level percent of pay | (1) | (1) | (1) | (1) |
| Amortization period | 12.4-years | 12.4-years | 12.4-years | 13.4-years | 15.1-years |
| Asset valuation method | 5-year rolling | 5-year rolling | 5-year rolling | 5-year rolling | 5-year rolling |
| Discount rate | 5.50% | 5.50% | 5.50% | 6.25% | 6.25% |
| Inflation | 2.50% | 2.50% | 2.50% | 2.75% | 2.75% |
| Medical trend rates | (2) | (2) | (2) | (2) | (2) |
| Mortality | (3) | (3) | (3) | (3) | (3) |
| Mortality improvement | (4) | (4) | (4) | (4) | (4) |

(1) Closed period, level percent of pay

(2) Non-medicare - 6.00% for 2023, decreasing to an ultimate rate of 4.0 in 2070 and later
Medicare - 4.50% for 2023, decreasing to an ultimate rate of 4.0 in 2030 and later

(3) CalPERS 2000-2019 Experience Study

(4) Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2021

* Fiscal year 2018 was the first year of implementation; therefore, only seven years shown.

CALLEGUAS MUNICIPAL WATER DISTRICT*Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan (continued)
For the Year Ended June 30, 2024*

| Fiscal Year Ended | Last Ten Fiscal Years* | |
|---|-------------------------------|----------------------|
| | June 30, 2019 | June 30, 2018 |
| Actuarially determined contribution | \$ 458,000 | \$ 440,000 |
| Contributions in relation to the actuarially determined contributions | (739,424) | (743,478) |
| Contribution deficiency (excess) | <u>\$ (281,424)</u> | <u>\$ (303,478)</u> |
| Covered payroll | \$ 7,265,664 | \$ 6,840,936 |
| Contributions as a percentage of covered payroll | 10.18% | 10.87% |

Notes to Schedule:

| | | |
|-----------------------|---------------|---------------|
| Valuation Date | June 30, 2017 | June 30, 2017 |
|-----------------------|---------------|---------------|

Methods and Assumptions Used to Determine**Contribution Rates:**

| | | | |
|------------------------|-------------------------------------|----------------|----------------|
| Actuarial cost method | Entry age normal | Entry Age | Entry Age |
| Amortization method | Closed period, level percent of pay | (1) | (1) |
| Amortization period | | 20-years | 20-years |
| Asset valuation method | | 5-year rolling | 5-year rolling |
| Discount rate | | 6.25% | 6.25% |
| Inflation | | 2.75% | 2.75% |
| Medical trend rates | | (2) | (2) |
| Mortality | | (3) | (3) |
| Mortality improvement | | (4) | (4) |

(1) Closed period, level percent of pay

(2) Non-medicare - 6.00% for 2023, decreasing to an ultimate rate of 4.0 in 2070 and later
Medicare - 4.50% for 2023, decreasing to an ultimate rate of 4.0 in 2030 and

(3) CalPERS 2000-2019 Experience Study

(4) Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2021

* Fiscal year 2018 was the first year of implementation; therefore, only seven years shown.

Other Information

CALLEGUAS MUNICIPAL WATER DISTRICT*Schedule of Historic and Projected Water Sales (Unaudited)**For the Fiscal Years Ended June 30, 2020 to 2024 With Further Projections*

| | 2020 | 2021 | 2022 | 2023 | 2024 | Projected | | |
|---|--------|--------|--------|--------|--------|-----------|--------|--------|
| | | | | | | 2025 | 2030 | 2035 |
| PURVEYORS: | | | | | | | | |
| City of Simi Valley: | | | | | | | | |
| Ventura County Water Works District #8 | 18,693 | 20,968 | 18,630 | 13,043 | 14,370 | 15,894 | 16,292 | 16,706 |
| Golden State Water | 5,228 | 5,492 | 4,896 | 3,477 | 4,160 | 4,312 | 4,420 | 4,532 |
| Total Simi Valley | 23,921 | 26,460 | 23,526 | 16,520 | 18,530 | 20,206 | 20,712 | 21,238 |
| City of Thousand Oaks: | | | | | | | | |
| City of Thousand Oaks | 9,854 | 10,957 | 9,854 | 6,661 | 7,687 | 8,347 | 8,557 | 8,774 |
| California American Water Company | 14,341 | 15,869 | 14,657 | 10,685 | 11,499 | 12,434 | 12,746 | 13,070 |
| California Water Service Company | 6,888 | 7,424 | 6,673 | 4,597 | 5,169 | 5,703 | 5,846 | 5,994 |
| Total City of Thousand Oaks | 31,083 | 34,250 | 31,184 | 21,943 | 24,355 | 26,484 | 27,149 | 27,838 |
| City of Moor park: | | | | | | | | |
| Ventura County Water Works District #1 | 7,112 | 8,044 | 6,849 | 5,193 | 5,763 | 6,112 | 6,266 | 6,425 |
| City of Camarillo: | | | | | | | | |
| City of Camarillo | 4,358 | 5,321 | 5,693 | 2,976 | 2,191 | 3,809 | 3,904 | 4,003 |
| Camrosa County Water District | 5,589 | 6,416 | 5,152 | 3,225 | 3,355 | 4,402 | 4,512 | 4,627 |
| Total City of Camarillo | 9,947 | 11,737 | 10,845 | 6,201 | 5,546 | 8,211 | 8,416 | 8,630 |
| City of Oxnard: | | | | | | | | |
| City of Oxnard | 10,154 | 8,807 | 10,040 | 6,909 | 7,807 | 8,107 | 8,310 | 8,521 |
| Unincorporated: | | | | | | | | |
| Berylwood Heights Mutual Water Company | - | - | 6 | - | - | 1 | 1 | 1 |
| Brandeis Mutual Water Company | 54 | 54 | 49 | 25 | 39 | 41 | 42 | 43 |
| Butler Ranch Mutual Water Company | - | - | - | - | - | - | - | - |
| Crestview Mutual Water Company | 40 | 328 | 218 | - | - | 109 | 111 | 114 |
| Oak Park Water Service | 2,056 | 2,255 | 1,973 | 1,396 | 1,594 | 1,720 | 1,763 | 1,808 |
| Pleasant Valley Mutual Water Company | 397 | 430 | 243 | 40 | 84 | 221 | 227 | 233 |
| Solano Verde Mutual Water Company | 265 | 351 | 337 | 218 | 191 | 253 | 259 | 265 |
| Ventura County Water Works District #19 | 368 | 10 | 10 | 169 | 21 | 107 | 110 | 113 |
| Ventura County Water Works District #38 | 1,620 | 1,902 | 1,710 | 1,145 | 1,324 | 1,428 | 1,464 | 1,501 |
| Total Unincorporated | 4,800 | 5,330 | 4,546 | 2,993 | 3,253 | 3,880 | 3,977 | 4,078 |
| TOTAL WATER SALES | 87,017 | 94,628 | 86,990 | 59,759 | 65,254 | 73,000 | 74,830 | 76,730 |

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Annual Water Rates (Unaudited)
For the Years 2016 to 2025

| Year | MWD Charge | O & M | Capital Charge | Total |
|------|---------------|-------|-------------------|----------|
| 2016 | \$ 942 | \$ 75 | \$ 240 | \$ 1,257 |
| 2017 | 979 | 77 | 244 | 1,300 |
| 2018 | 1,015 | 77 | 283 | 1,375 |
| 2019 | 1,050 | 79 | 294 | 1,423 |
| 2020 | 1,078 | 82 | 312 | 1,472 |
| 2021 | 1,104 | 84 | 319 | 1,507 |
| 2022 | 1,143 | 89 | 329 | 1,561 |
| 2023 | 1,209 | 123 | 300 | 1,632 |
| 2024 | 1,256 | 202 | 272 | 1,730 |
| 2025 | 1,395 | 214 | 286 | 1,895 |

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Assessed Valuation and Secured Tax Levy (Unaudited)
For the Fiscal Years Ended June 30, 2015 to 2024

| Fiscal Year | Assessed Valuation Within District ⁽¹⁾ | Percent Change | Property Tax Levy | Percent Change |
|----------------|--|-------------------|-------------------------|-------------------|
| 2015 | \$ 81,710,493 | 3.0% | \$ 6,054,333 | 3.4% |
| 2016 | 86,590,685 | 6.0% | 6,433,015 | 6.3% |
| 2017 | 90,722,781 | 4.8% | 6,754,044 | 5.0% |
| 2018 | 91,778,094 | 1.2% | 7,051,746 | 4.4% |
| 2019 | 100,662,215 | 9.7% | 7,732,107 | 9.6% |
| 2020 | 104,311,428 | 3.6% | 8,057,156 | 4.2% |
| 2021 | 108,290,803 | 3.8% | 8,379,333 | 4.0% |
| 2022 | 112,701,592 | 4.1% | 8,645,821 | 3.2% |
| 2023 | 120,594,600 | 7.0% | 9,265,577 | 7.2% |
| 2024 | 127,100,841 | 5.4% | 9,861,178 | 6.4% |

(1) 000's omitted

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Historic Operating Results (Unaudited)
For the Fiscal Year Ended June 30, 2020 to 2024

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | | |
| Water sales | \$ 125,807,108 | \$ 140,946,567 | \$ 133,290,274 | \$ 95,175,211 | \$ 109,188,343 |
| Pumping power revenue | 750,523 | 906,801 | 925,223 | 838,816 | 1,199,649 |
| Capacity reservation charge | 6,216,468 | 6,429,822 | 7,233,510 | 7,348,086 | 7,409,256 |
| Readiness to serve - purveyors | 6,168,036 | 6,295,572 | 6,519,444 | 7,582,728 | 8,358,300 |
| SMP revenues | 167,790 | 164,211 | 197,706 | 335,969 | 553,051 |
| Interest income | 3,751,825 | 2,601,655 | 1,423,406 | 3,048,694 | 5,541,361 |
| Taxes | 9,088,083 | 9,865,259 | 10,222,205 | 11,100,420 | 11,886,702 |
| Property standby charges | 1,350,698 | 1,442,109 | 1,420,806 | 1,381,714 | 1,377,102 |
| Power Sales | 664,212 | 673,427 | 464,238 | 171,588 | 537,043 |
| Build America Bond Subsidy | 1,484,951 | 1,495,182 | 1,435,134 | 1,363,563 | 1,288,018 |
| Other revenues | 85,153 | 190,103 | 168,036 | 184,876 | 626,788 |
| Total Revenues | 155,534,847 | 171,010,708 | 163,299,982 | 128,531,666 | 147,965,612 |
| Expenditures: | | | | | |
| Cost of water | 92,372,026 | 103,248,802 | 98,598,641 | 69,658,984 | 80,239,021 |
| Capacity reservation charge-MW | 1,622,550 | 1,818,375 | 2,124,445 | 2,131,550 | 2,066,640 |
| Readiness to serve - MWD | 6,235,811 | 6,227,586 | 6,567,393 | 7,408,276 | 8,377,792 |
| Pumping power | 1,123,090 | 1,455,952 | 1,617,340 | 2,787,501 | 2,142,534 |
| O & M expenses | 22,771,485 | 19,269,435 | 12,818,528 | 25,942,757 | 26,652,008 |
| Total Expenditures | 124,124,962 | 132,020,150 | 121,726,347 | 107,929,069 | 119,477,995 |
| Net Revenues | \$ 31,409,885 | \$ 38,990,558 | \$ 41,573,635 | \$ 20,602,598 | \$ 28,487,617 |
| Debt Service: | | | | | |
| Interest expense | \$ 8,920,000 | \$ 9,280,000 | \$ 5,655,000 | \$ 7,720,000 | \$ 8,025,000 |
| Bond principal payments | 8,156,294 | 7,770,081 | 6,446,341 | 6,948,207 | 6,897,160 |
| Total Debt Service | \$ 17,076,294 | \$ 17,050,081 | \$ 12,101,341 | \$ 14,668,207 | \$ 14,922,160 |
| Debt Service Coverage | 1.84 | 2.29 | 3.44 | 1.40 | 1.91 |
| Cash Balance - End of Year | \$ 169,086,493 | \$ 186,315,054 | \$ 191,531,795 | \$ 174,709,500 | \$ 172,578,548 |

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Projected Operating Results (Unaudited)
For the Fiscal Years Ended June 30, 2025 to 2029

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | | |
| Water sales | \$ 132,241,410 | \$ 144,935,280 | \$ 159,087,870 | \$ 175,882,750 | \$ 190,424,700 |
| Pumping power revenue | 1,200,000 | 1,224,000 | 1,248,480 | 1,273,450 | 1,298,920 |
| Capacity reservation charge | 7,856,090 | 7,937,290 | 8,134,140 | 8,400,140 | 8,474,390 |
| Readiness to serve - purveyors | 9,096,290 | 9,725,400 | 10,155,970 | 11,215,840 | 12,341,950 |
| SMP fees | 664,017 | 722,367 | 787,297 | 864,127 | 929,187 |
| Interest income | 3,700,000 | 4,176,490 | 4,002,720 | 4,085,410 | 3,603,750 |
| Taxes | 11,500,000 | 11,730,000 | 11,964,600 | 12,203,890 | 12,447,970 |
| Property standby charges | 1,350,000 | 1,350,000 | 1,350,000 | 1,350,000 | 1,350,000 |
| Pumping power revenue | 600,000 | 600,000 | 600,000 | 600,000 | 600,000 |
| Build America Bond Subsidy | 534,652 | - | - | - | - |
| Other revenues | 374,400 | 216,900 | 279,170 | 281,520 | 283,950 |
| Total Revenues | 169,116,859 | 182,617,727 | 197,610,247 | 216,157,127 | 231,754,817 |
| Expenditures: | | | | | |
| Cost of water | 96,327,490 | 106,807,110 | 118,562,860 | 132,866,740 | 144,745,870 |
| Capacity reservation charge-MW | 2,294,160 | 2,428,650 | 2,425,500 | 2,491,500 | 2,565,750 |
| Readiness to serve - MWD | 9,096,290 | 9,725,400 | 10,155,970 | 11,215,840 | 12,341,950 |
| Pumping power | 2,200,000 | 2,244,000 | 2,288,880 | 2,334,660 | 2,381,350 |
| O & M expenses | 28,021,220 | 28,993,432 | 29,685,036 | 30,284,030 | 31,686,242 |
| Total Expenditures | 137,939,160 | 150,198,592 | 163,118,246 | 179,192,770 | 193,721,162 |
| Net Revenues | \$ 31,177,699 | \$ 32,419,135 | \$ 34,492,001 | \$ 36,964,357 | \$ 38,033,655 |
| Debt Service: | | | | | |
| Interest expense | \$ 8,340,000 | \$ 8,330,000 | \$ 8,430,000 | \$ 9,503,220 | \$ 9,853,740 |
| Bond principal payments | 6,198,770 | 5,513,270 | 6,013,680 | 6,460,570 | 6,088,580 |
| Total Debt Service | \$ 14,538,770 | \$ 13,843,270 | \$ 14,443,680 | \$ 15,963,790 | \$ 15,942,320 |
| Debt Service Coverage | 2.14 | 2.34 | 2.39 | 2.32 | 2.39 |
| Projected Water Sales (Acre Feet) | 73,000 | 73,360 | 73,720 | 74,090 | 74,460 |

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' 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**

Board of Directors
Calleguas Municipal Water District
Thousand Oaks, California

We have audited, in accordance with the 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, financial statements of the Calleguas Municipal Water District (District), which comprise the balance sheet as of June 30, 2024, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2025.

Report on 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) as a basis for designing audit procedures 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 financial statements. 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.

Murrieta, California
January 8, 2025



FY 25/26
Adopted Budget

Calleguas MWD Authorized Positions

| | Authorized 2024-25 | Authorized 2025-26 |
|--|-----------------------|-----------------------|
| Administration | | |
| General Manager | 1 | 1 |
| Deputy General Manager | 1 | 1 |
| Executive Strategist | 1 | 1 |
| Clerk of the Board | 1 | 1 |
| Administrative Assistant 1/2 | 1 | 1 |
| External Affairs | | |
| Manager of External Affairs | 1 | 1 |
| Management Analyst | 1 | 1 |
| Finance | | |
| Manager of Finance | 1 | 1 |
| Accounting Supervisor | 1 | 1 |
| Accounting Technician 1/2/Sr | 3 | 3 |
| Human Resources & Risk Mgmt | | |
| Manager of Human Resources & Risk Management | 1 | 1 |
| Assistant Mgr of Human Resources & Risk Management | 1 | 0 |
| Environmental Health & Safety Specialist | 1 | 1 |
| Emergency Response Coordinator | 1 | 1 |
| Sr Human Resources Analyst | 1 | 1 |
| Engineering | | |
| Manager of Engineering | 1 | 1 |
| Project Manager Assoc/Asst/PM/Sr | 4 | 4 |
| Construction Inspector 1/2 | 5 | 5 |
| Department Administrator 1/2 | 1 | 1 |
| Administrative Assistant 1/2/Sr | 1 | 1 |
| Water Resources | | |
| Manager of Water Resources | 1 | 1 |
| Water Resource Specialist 1/Sr/Prin | 1 | 1 |
| Senior Communications Specialist | 1 | 1 |
| Information Technology | | |
| Manager of Information Technology | 1 | 1 |
| IT Specialist 1/2/3/Sr | 2 | 2 |
| GIS Analyst | 0 | 1 |

Calleguas MWD Authorized Positions

| | Authorized 2024-25 | Authorized 2025-26 |
|---|-----------------------|-----------------------|
| Operations and Maintenance | | |
| O&M Admin | | |
| Manager of Operations & Maintenance | 1 | 1 |
| Assistant Manager of Operations and Maintenance | 0 | 1 |
| O&M Control Systems | | |
| Control System Supervisor | 1 | 1 |
| Control System Specialist | 1 | 1 |
| Control Technician -1/Sr | 2 | 2 |
| Instrumentation Technician 1/Sr | 2 | 2 |
| O&M Distribution Maintenance | | |
| Distribution System Supervisor | 1 | 1 |
| Distribution Crew Leader | 1 | 1 |
| Electro Mechanical Technician 1/2/Sr | 7 | 7 |
| O&M General Services | | |
| General Services Supervisor | 1 | 1 |
| Facility Coordinator 1/2 | 1 | 1 |
| Administrative Assistant 1/2/Sr | 1 | 1 |
| O&M Operations | | |
| Operations Supervisor | 1 | 1 |
| Assistant Operations Supervisor | 1 | 1 |
| Water System Operator Dist/Trtmnt/Sr | 5 | 5 |
| O&M Operations | | |
| Regulatory Compliance Supervisor | 1 | 1 |
| Laboratory Coordinator | 1 | 1 |
| Cross Connection Specialist | 0 | 1 |
| Laboratory Technician | 1 | 1 |
| O&M System Maintenance | | |
| System Maintenance Supervisor | 1 | 1 |
| Senior Maintenance Crew Leader | 2 | 3 |
| Construction Inspector 1 | 1 | 1 |
| Maintenance Worker 1/2/Sr | 13 | 11 |
| Totals Ful-time Employees | 81 | 82 |
| Board of Directors | | |
| Board Member | 5 | 5 |
| Part-Time | | |
| Intern | 3 | 3 |
| Total Positions | 89 | 90 |

Calleguas Municipal Water District
Adopted Budget - FY 25/26

| | FY 24/25 Current Budget | FY 25/26 Adopted Budget | General Manager Admin | External Affairs | Finance | Human Resources & Risk Mgmt | Engineering | Water Resources | Information Technology | Operations & Maintenance | Change from FY 24/25 Adopted Budget | Operating | Construction | SMP |
|--|----------------------------|-------------------------------|-----------------------------|---------------------|---------------------|-----------------------------------|---------------------|---------------------|---------------------------|-----------------------------|---|-----------------------|----------------------|-------------------|
| Operating Revenues | | | | | | | | | | | | | | |
| Water Sales | \$ 131,705,300 | \$ 147,450,210 | | | | | | | | | \$ 15,744,910 | \$ 125,444,820 | \$ 22,005,390 | \$ - |
| Local Resource Project Funding | 443,500 | 443,500 | | | | | | | | | | 443,500 | | |
| Capacity Charge | 7,856,090 | 7,741,200 | | | | | | | | | (114,890) | | 7,741,200 | |
| Readiness to Serve | 9,096,290 | 9,833,890 | | | | | | | | | 737,600 | 9,833,890 | | |
| Recycled Water | 92,610 | 100,290 | | | | | | | | | 7,680 | 100,290 | | |
| Pumping Power | 1,200,000 | 1,200,000 | | | | | | | | | | 1,200,000 | | |
| Power Generation | 600,000 | 600,000 | | | | | | | | | | 600,000 | | |
| SMP Fees | 676,600 | 638,980 | | | | | | | | | (37,620) | | | 638,980 |
| Total Revenue | \$ 151,670,390 | \$ 168,008,070 | | | | | | | | | \$ 16,337,680 | \$ 137,622,500 | \$ 29,746,590 | \$ 638,980 |
| Operating Expenses: | | | | | | | | | | | | | | |
| Cost of Water | \$ 96,249,980 | \$ 108,970,110 | | | | | | | | | \$ 12,720,130 | \$ 108,970,110 | \$ - | \$ - |
| Capacity Reservation Charge | 2,294,160 | 2,443,880 | | | | | | | | | 149,720 | | 2,443,880 | |
| Readiness to Serve | 9,096,290 | 9,833,890 | | | | | | | | | 737,600 | 9,833,890 | | |
| Recycled Water | 77,510 | 85,180 | | | | | | | | | 7,670 | 85,180 | | |
| Pumping Power | 2,200,000 | 2,100,000 | | | | | | | | | (100,000) | 2,100,000 | | |
| Total Cost of Water | \$ 109,917,940 | \$ 123,433,060 | | | | | | | | | \$ 13,515,120 | \$ 120,989,180 | \$ 2,443,880 | \$ - |
| Salaries & Benefits | \$ 17,869,440 | \$ 18,655,910 | \$2,296,210 | \$490,220 | \$1,149,860 | \$1,088,950 | \$1,897,180 | \$811,630 | \$986,030 | \$9,935,830 | \$ 786,470 | \$ 18,605,080 | \$ - | \$ 50,830 |
| Fuel and Vehicle Expense | 237,254 | 320,000 | | | | | | | | 320,000 | 82,746 | 320,000 | | |
| Utilities | 355,000 | 430,000 | | | | | | | 270,000 | 160,000 | 75,000 | 430,000 | | |
| Operations & Maintenance Supplies | 1,336,208 | 1,363,200 | | | 500 | 95,700 | 2,000 | | 1,000 | 1,264,000 | 26,992 | 1,353,700 | | 9,500 |
| Office Supplies and Postage | 324,726 | 499,800 | 32,500 | 1,000 | 2,500 | 221,600 | 57,900 | 2,800 | 173,500 | 8,000 | 175,074 | 499,800 | | |
| Outside Services | 3,575,864 | 3,687,800 | 8,500 | 6,000 | 111,000 | 126,400 | 20,000 | 194,500 | 919,500 | 2,301,900 | 111,936 | 3,427,800 | | 260,000 |
| Consultants & Technical Studies | 1,857,500 | 1,539,000 | 427,500 | 3,000 | 156,500 | 103,000 | 380,000 | 120,000 | 15,000 | 334,000 | (318,500) | 1,539,000 | | |
| Permits, Leases and fees | 325,450 | 342,200 | | | | 99,700 | | | | 242,500 | 16,750 | 215,200 | | 127,000 |
| Travel and Training | 246,550 | 343,770 | 98,300 | 29,700 | 21,000 | 61,150 | 10,320 | 16,200 | 31,300 | 75,800 | 97,220 | 343,770 | | |
| Memberships | 220,040 | 239,110 | 76,400 | 1,500 | 900 | 7,930 | 4,580 | 132,900 | 3,300 | 11,600 | 19,070 | 239,110 | | |
| Insurance | 410,000 | 495,000 | | | | 495,000 | | | | | 85,000 | 495,000 | | |
| Legal | 605,000 | 655,000 | 655,000 | | | | | | | | 50,000 | 655,000 | | |
| Elections | 225,000 | | | | | | | | | | (225,000) | | | |
| Conservation | 375,000 | 375,000 | | | | | | 375,000 | | | | 375,000 | | |
| Miscellaneous | 2,500 | 2,500 | | | 2,500 | | | | | | | 2,500 | | |
| Capital Contributions | | | | | | | | | | | | | | |
| Administrative Operating Expenses | \$ 27,965,532 | \$ 28,948,290 | \$ 3,594,410 | \$ 531,420 | \$ 1,444,760 | \$ 2,299,430 | \$ 2,371,980 | \$ 1,653,030 | \$ 2,399,630 | \$ 14,653,630 | \$ 982,758 | \$ 28,500,960 | \$ - | \$ 447,330 |
| Total Operating Expenses | \$ 137,883,472 | \$ 152,381,350 | | | | | | | | | \$ 14,497,878 | \$ 149,490,140 | \$ 2,443,880 | \$ 447,330 |

[illegible]

Calleguas Municipal Water District Revenues

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|-------------------------------------|--------------------------------|----------------------------|----------------------------|
| Water Revenues | | | |
| 10-2-70-4000 | Water Sales-Potable | \$ 111,389,820 | \$ 125,444,820 |
| 20-2-70-4000 | Water Sales-Potable | 20,315,480 | 22,005,390 |
| 20-2-70-4040 | Capacity Charge | 7,856,090 | 7,741,200 |
| 10-2-70-4050 | Readiness to Serve-Purveyors | 9,096,290 | 9,833,890 |
| 10-2-70-4090 | Pumping Power Revenue | 1,200,000 | 1,200,000 |
| 10-2-71-4100 | Recycled Water Sales | 92,610 | 100,290 |
| 10-2-70-4600 | Electric Power Sales - SCE | 600,000 | 600,000 |
| 10-2-70-4900 | Local Resource Project Funding | 443,500 | 443,500 |
| Total Water Revenues | | \$ 150,993,790 | \$ 167,369,090 |
| SMP Revenues | | | |
| 30-2-90-4200 | SMP Fees | \$ 645,100 | \$ 607,480 |
| 30-2-90-4201 | Capital Replacement Charge | 16,500 | 16,500 |
| 30-2-90-4202 | SMP Maintenance Fee | 15,000 | 15,000 |
| Total Water Revenues | | \$ 676,600 | \$ 638,980 |
| Non Operating Revenues | | | |
| 10-2-80-5000 | Taxes - Secured | \$ 10,000,000 | \$ 11,000,000 |
| 10-2-80-5005 | Taxes - Interest Earned | 5,000 | - |
| 10-2-80-5010 | Taxes - Other Supplemental | 1,500,000 | 1,850,000 |
| 10-2-80-5500 | Interest Earnings | 780,000 | 645,000 |
| 20-2-80-5500 | Interest Earnings | 3,700,000 | 4,200,000 |
| 20-2-80-5060 | Standby Charge | 1,350,000 | 1,350,000 |
| 10-2-80-5650 | Rental Income | 62,400 | 43,580 |
| 10-2-80-5670 | Fiscal Agent Services - TMDL | 10,000 | 10,000 |
| 20-2-80-5810 | BABS Contribution | 1,336,630 | - |
| 10-2-80-5690 | MAAP Water Efficiency Funding | 300,000 | 300,000 |
| 10-2-80-5900 | Other Incomes | 2,000 | 4,000 |
| Non-Operating Revenues | | \$ 19,046,030 | \$ 19,402,580 |
| Contributed Capital Revenues | | | |
| 20-2-80-5850 | Contrib Capital-State Grant | \$ 700,000 | \$ - |
| Contributed Capital Revenues | | \$ 700,000 | \$ - |
| Total Revenues | | \$ 171,416,420 | \$ 187,410,650 |

Calleguas Municipal Water District Water & Non-Operating Expenses

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|-------------------------------------|---------------------------------|----------------------------|----------------------------|
| Cost of Water | | | |
| 10-2-70-7000 | Cost of Potable Water | \$ 96,249,980 | \$ 108,970,110 |
| 10-2-71-7010 | Cost of Recycled Water | 77,510 | 85,180 |
| 10-2-70-7060 | Readiness to Serve-MWD | 9,096,290 | 9,833,890 |
| 10-6-10-7090 | Pumping Power Costs | 2,200,000 | 2,100,000 |
| 20-2-70-7050 | Capacity Reservation Charge-MWD | 2,294,160 | 2,443,880 |
| Total Cost of Water | | \$ 109,917,940 | \$ 123,433,060 |
| Non-Operating Expenses | | | |
| 10-2-80-8000 | Collection Fees Ventura Co. | \$ 145,000 | \$ 50,000 |
| 10-2-80-8100 | Bank Service Charges | 20,000 | 40,000 |
| 10-2-80-8200 | Investment Mgmt Fees | 30,000 | 25,000 |
| 20-2-80-8200 | Investment Mgmt Fees | 110,000 | 105,000 |
| 20-2-80-8251 | Cost of Bond Issuance | 400,000 | - |
| 20-2-80-8250 | Bond Expenses | 265,000 | 310,000 |
| Total Non-Operating Expenses | | \$ 970,000 | \$ 530,000 |
| Debt Service | | | |
| 20-2-80-8300 | Interest Expense | \$ 7,192,900 | \$ 5,513,270 |
| 20-2-80-8305 | Revolving Debt Interest Expense | - | 430,890 |
| 20-2-80-8310 | Amortization-Premium | (225,120) | (1,329,880) |
| 20-2-80-8330 | Amortization of Def Loss | 354,660 | 564,380 |
| 20-2-80-8301 | Bond Principal | 8,340,000 | 8,330,000 |
| Total Debt Service | | \$ 15,662,440 | \$ 13,508,660 |
| Other Expenses | | | |
| 10-2-80-9000 | Depreciation Expense | \$ 345,000 | \$ 360,000 |
| 20-2-80-9000 | Depreciation Expense | 14,200,000 | 14,300,000 |
| Total Other Expenses | | \$ 14,545,000 | \$ 14,660,000 |
| Total Expenses | | \$ 141,095,380 | \$ 152,131,720 |

Calleguas Municipal Water District Administration

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|------------------------------|----------------------------|----------------------------|
| Personnel Costs | | | |
| 7100 | Salaries | \$ 1,492,940 | \$ 1,497,950 |
| 7110 | Overtime | 16,000 | 16,000 |
| 7111 | Janitorial Overtime | 70,000 | 70,000 |
| 7150 | Benefits | 684,220 | 712,260 |
| | Total Personnel | \$ 2,263,160 | \$ 2,296,210 |
| Operating Costs | | | |
| 7200 | Travel/Training | \$ 64,500 | \$ 98,300 |
| 7250 | Memberships Dues & Subscrip | 49,950 | 51,000 |
| 7260 | Sponsorships | 16,500 | 25,400 |
| 7450 | Small Furniture & Equip | 7,500 | 7,000 |
| 7480 | Office Supplies & Postage | 25,500 | 25,500 |
| 7500 | Consulting | 777,500 | 427,500 |
| 7560 | Legal | 605,000 | 655,000 |
| 7590 | Outside Services | 2,500 | 2,500 |
| 7600 | Elections | 225,000 | - |
| 7220 | Board Meeting Expense | 6,000 | 6,000 |
| | Total Operating Costs | \$ 1,779,950 | \$ 1,298,200 |
| | Total Administration | \$ 4,043,110 | \$ 3,594,410 |

Calleguas Municipal Water District Administration - General Manager

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|------------------------------|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-1-10-7100 | Salaries | \$ 1,350,340 | \$ 1,332,350 |
| 10-1-10-7110 | Overtime | 16,000 | 16,000 |
| 10-1-10-7111 | Janitorial Overtime | 70,000 | 70,000 |
| 10-1-10-7150 | Benefits | 607,850 | 620,220 |
| | Total Personnel | \$ 2,044,190 | \$ 2,038,570 |
| Operating Costs | | | |
| 10-1-10-7200 | Travel/Training | \$ 21,000 | \$ 38,300 |
| 10-1-10-7250 | Memberships Dues & Subscrip | 49,950 | 51,000 |
| 10-1-10-7260 | Sponsorships | 16,500 | 25,400 |
| 10-1-10-7450 | Small Furniture & Equip | 7,500 | 7,000 |
| 10-1-10-7480 | Office Supplies & Postage | 25,500 | 25,500 |
| 10-1-10-7500 | Consulting | 777,500 | 427,500 |
| 10-1-10-7560 | Legal | 605,000 | 655,000 |
| 10-1-10-7590 | Outside Services | 2,500 | 2,500 |
| 10-1-10-7600 | Elections | 225,000 | - |
| | Total Operating Costs | \$ 1,730,450 | \$ 1,232,200 |
| | Total Administration | \$ 3,774,640 | \$ 3,270,770 |

Calleguas Municipal Water District Administration - Board

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-1-11-7100 | Salaries | \$ 142,600 | \$ 165,600 |
| 10-1-11-7150 | Benefits | 76,370 | 92,040 |
| | Total Personnel | \$ 218,970 | \$ 257,640 |
| Operating Costs | | | |
| 10-1-11-7201 | Travel/Training District 1 (Avila) | \$ 10,300 | \$ 11,700 |
| 10-1-11-7202 | Travel/Training District 2 (Quady) | 10,800 | 13,200 |
| 10-1-11-7203 | Travel/Training District 3 (Pakala/Waters) | 6,800 | 11,700 |
| 10-1-11-7204 | Travel/Training District 4 (Robert) | 7,800 | 11,700 |
| 10-1-11-7205 | Travel/Training District 5 (McMillan) | 7,800 | 11,700 |
| 10-1-11-7220 | Board Meeting Expense | 6,000 | 6,000 |
| | Total Operating Costs | \$ 49,500 | \$ 66,000 |
| | Total Board | \$ 268,470 | \$ 323,640 |

Calleguas Municipal Water District External Affairs

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|-------------------------------|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-1-12-7100 | Salaries | \$ 335,040 | \$ 358,880 |
| 10-1-12-7110 | Overtime | 6,000 | 6,000 |
| 10-1-12-7150 | Benefits | 116,990 | 125,340 |
| | Total Personnel | \$ 458,030 | \$ 490,220 |
| Operating Costs | | | |
| 10-1-12-7200 | Travel/Training | \$ 22,300 | \$ 29,700 |
| 10-1-12-7250 | Memberships Dues & Subscrip | 1,500 | 1,500 |
| 10-1-12-7450 | Small Furniture & Equip | 1,000 | - |
| 10-1-12-7480 | Office Supplies & Postage | - | 1,000 |
| 10-1-12-7500 | Consulting | - | 3,000 |
| 10-1-12-7590 | Outside Services | 5,000 | 6,000 |
| | Total Operating Costs | \$ 29,800 | \$ 41,200 |
| | Total External Affairs | \$ 487,830 | \$ 531,420 |

Calleguas Municipal Water District Finance

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|------------------------------|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-2-10-7100 | Salaries | \$ 765,540 | \$ 795,650 |
| 10-2-10-7110 | Overtime | 1,500 | 1,500 |
| 10-2-10-7150 | Benefits | 342,240 | 352,710 |
| | Total Personnel | \$ 1,109,280 | \$ 1,149,860 |
| Operating Costs | | | |
| 10-2-10-7200 | Travel/Training | \$ 20,500 | \$ 21,000 |
| 10-2-10-7250 | Memberships Dues & Subscrip | 800 | 900 |
| 10-2-10-7420 | Supplies and Materials | 500 | 500 |
| 10-2-10-7450 | Small Furniture & Equip | 1,500 | 1,500 |
| 10-2-10-7480 | Office Supplies & Postage | 1,000 | 1,000 |
| 10-2-10-7500 | Consulting | 34,500 | 156,500 |
| 10-2-10-7510 | Software License/Maintenance | 53,500 | 55,000 |
| 10-2-10-7570 | Audit | 30,000 | 34,000 |
| 10-2-10-7590 | Outside Services | 21,400 | 22,000 |
| 10-2-10-7690 | Miscellaneous Expenses | 2,500 | 2,500 |
| | Total Operating | \$ 166,200 | \$ 294,900 |
| | Total Finance | \$ 1,275,480 | \$ 1,444,760 |

Calleguas Municipal Water District Human Resources & Risk Management

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-3-10-7100 | Salaries | \$ 892,840 | \$ 688,150 |
| 10-3-10-7110 | Overtime | 2,500 | 3,500 |
| 10-3-10-7150 | Benefits | 428,740 | 397,300 |
| | Total Personnel | \$ 1,324,080 | \$ 1,088,950 |
| Operating Costs | | | |
| 10-3-10-7200 | Travel/Training | \$ 56,750 | \$ 61,150 |
| 10-3-10-7250 | Memberships Dues & Subscrip | 4,430 | 7,930 |
| 10-3-10-7420 | Supplies and Materials | 16,800 | 23,500 |
| 10-3-10-7425 | Safety | 97,439 | 72,200 |
| 10-3-10-7450 | Small Furniture & Equip | - | 221,300 |
| 10-3-10-7480 | Office Supplies & Postage | - | 300 |
| 10-3-10-7500 | Consulting | 82,000 | 103,000 |
| 10-3-10-7510 | Software License/Maintenance | 34,500 | 34,500 |
| 10-3-10-7550 | Insurance | 410,000 | 495,000 |
| 10-3-10-7590 | Outside Services | 31,900 | 91,900 |
| 10-3-10-7750 | Permits/Fees | 91,950 | 99,700 |
| | Total Operating | \$ 825,769 | \$ 1,210,480 |
| | Total Human Resources & Risk Management | \$ 2,149,849 | \$ 2,299,430 |
| Capital Equipment (> \$5,000) | | | |
| 10-3-10-9130 | Equipment Other | \$ - | \$ 18,000 |
| | Subtotal Capital Equipment (> \$5,000) | \$ - | \$ 18,000 |

Calleguas Municipal Water District Engineering

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|-------------------------------|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-4-10-7100 | Salaries | \$ 1,892,340 | \$ 1,995,220 |
| 10-4-10-7110 | Overtime | 55,000 | 65,000 |
| 10-4-10-7150 | Benefits | 854,880 | 943,260 |
| 10-4-10-7140 | Salaries - Project Allocation | (740,000) | (740,000) |
| 10-4-10-7190 | Benefits - Project Allocation | (358,900) | (366,300) |
| | Total Personnel | \$ 1,703,320 | \$ 1,897,180 |
| Operating Costs | | | |
| 10-4-10-7200 | Travel/Training | \$ 11,800 | \$ 10,320 |
| 10-4-10-7250 | Memberships Dues & Subscrip | 3,910 | 4,580 |
| 10-4-10-7420 | Supplies and Materials | 1,500 | 1,500 |
| 10-4-10-7440 | Light Tools/Equip | 500 | 500 |
| 10-4-10-7450 | Small Furniture & Equip | 165,878 | 57,400 |
| 10-4-10-7480 | Office Supplies & Postage | 500 | 500 |
| 10-4-10-7500 | Consulting | 270,000 | 380,000 |
| 10-4-10-7510 | Software License/Maintenance | 20,600 | 20,000 |
| | Total Operating | \$ 474,688 | \$ 474,800 |
| | Total Engineering | \$ 2,652,696 | \$ 2,371,980 |

Calleguas Municipal Water District Water Resources

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---------------------------|-----------------------------------|----------------------------|----------------------------|
| Personnel Expenses | | | |
| 10-5-10-7100 | Salaries | \$ 534,400 | \$ 601,880 |
| 10-5-10-7110 | Overtime | 6,000 | 6,000 |
| 10-5-10-7150 | Benefits | 216,020 | 203,750 |
| | Total Personnel | \$ 756,420 | \$ 811,630 |
| Operating Expenses | | | |
| 10-5-10-7200 | Travel/Training | \$ 10,700 | \$ 16,200 |
| 10-5-10-7250 | Memberships Dues & Subscrip | 12,550 | 12,900 |
| 10-5-10-7255 | LAFCO Expenses | 120,000 | 120,000 |
| 10-5-10-7450 | Small Furniture & Equip | 2,800 | 2,300 |
| 10-5-10-7480 | Office Supplies & Postage | 500 | 500 |
| 10-5-10-7500 | Consulting | 135,000 | 120,000 |
| 10-5-10-7530 | Public Education/Promotion | 156,500 | 160,000 |
| 10-5-10-7540 | Water Use Efficiency/Conservation | 375,000 | 375,000 |
| 10-5-10-7590 | Outside Services | 81,000 | 34,500 |
| | Total Operating | \$ 894,050 | \$ 841,400 |
| | Total Water Resources | \$ 1,650,470 | \$ 1,653,030 |

Calleguas Municipal Water District Information Technology

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-7-10-7100 | Salaries | \$ 545,530 | \$ 677,080 |
| 10-7-10-7110 | Overtime | 2,000 | 2,000 |
| 10-7-10-7150 | Benefits | 267,400 | 336,850 |
| 10-7-10-7140 | Salaries - Project Allocation | (20,000) | (20,000) |
| 10-7-10-7190 | Benefits - Project Allocation | (9,700) | (9,900) |
| | Total Personnel | \$ 785,230 | \$ 986,030 |
| Operating Costs | | | |
| 10-7-10-7200 | Travel/Training | \$ 12,000 | \$ 31,300 |
| 10-7-10-7250 | Memberships Dues & Subscrip | 2,300 | 3,300 |
| 10-7-10-7355 | Signal Channels | 215,000 | 270,000 |
| 10-7-10-7420 | Supplies and Materials | 1,000 | 1,000 |
| 10-7-10-7450 | Small Furniture & Equip | 113,048 | 173,000 |
| 10-7-10-7480 | Office Supplies & Postage | 500 | 500 |
| 10-7-10-7500 | Consulting | 12,000 | 15,000 |
| 10-7-10-7510 | Software License/Maintenance | 324,281 | 309,500 |
| 10-7-10-7590 | Outside Services | 825,006 | 610,000 |
| | Total Operating | \$ 1,505,135 | \$ 1,413,600 |
| | Total Information Technology | \$ 2,290,365 | \$ 2,399,630 |
| Capital Equipment (> \$5,000) | | | |
| 10-7-10-9100 | Furniture & Office Equip | \$ 230,000 | \$ 240,000 |
| | Subtotal Capital Equipment (> \$5,000) | \$ 230,000 | \$ 240,000 |

Calleguas Municipal Water District Operations & Maintenance

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 7100 | Salaries | \$ 6,064,560 | \$ 6,301,270 |
| 7110 | Overtime | 231,000 | 297,000 |
| 7150 | Benefits | 3,263,460 | 3,427,270 |
| 7140 | Salaries - Project Allocation | (60,000) | (60,000) |
| 7190 | Benefits - Project Allocation | (29,100) | (29,710) |
| | Total Personnel | \$ 9,469,920 | \$ 9,935,830 |
| Operating Costs | | | |
| 7200 | Travel/Training | \$ 48,000 | \$ 75,800 |
| 7250 | Memberships Dues & Subscrip | 8,100 | 11,600 |
| 7300 | Utilities | 140,000 | 160,000 |
| 7400 | Fuel Expense | 175,000 | 220,000 |
| 7410 | Vehicle Maint Exp | 112,254 | 150,000 |
| 7411 | Vehicle Exp - Proj Allocation | (50,000) | (50,000) |
| 7420 | Supplies and Materials | 1,165,928 | 1,198,500 |
| 7430 | Rental Equipment | 15,000 | 25,000 |
| 7440 | Light Tools/Equip | 37,341 | 40,200 |
| 7480 | Office Supplies & Postage | 5,000 | 8,000 |
| 7500 | Consulting | 522,000 | 309,000 |
| 7510 | Software License/Maintenance | 57,500 | 57,500 |
| 7520 | Water Treatment/Lab Cost | 656,400 | 761,400 |
| 7580 | Building Maintenance | 110,000 | 120,000 |
| 7590 | Outside Services | 1,159,777 | 1,363,000 |
| 7650 | Leases | 200 | 300 |
| 7700 | State Reports | 24,500 | 25,000 |
| 7750 | Permits/Fees | 233,500 | 242,500 |
| | Total Operating | \$ 4,420,500 | \$ 4,717,800 |
| | Total Operations & Maintenance | \$ 13,890,420 | \$ 14,653,630 |
| Capital Equipment (> \$5,000) | | | |
| 9110 | Cars & Trucks | \$ 536,153 | \$ 351,000 |
| 9130 | Equipment Other | 104,000 | 120,500 |
| | Subtotal Capital Equipment (> \$5,000) | \$ 640,153 | \$ 471,500 |

Calleguas Municipal Water District O&M Administration

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-6-10-7100 | Salaries | \$ 326,200 | \$ 381,000 |
| 10-6-10-7150 | Benefits | 155,610 | 144,060 |
| | Total Personnel | \$ 392,710 | \$ 525,060 |
| Operating Costs | | | |
| 10-6-10-7200 | Travel/Training | \$ 45,500 | \$ 72,000 |
| 10-6-10-7250 | Memberships Dues & Subscrip | 8,100 | 7,600 |
| 10-6-10-7300 | Utilities | 140,000 | 160,000 |
| 10-6-10-7400 | Fuel Expense | 175,000 | 220,000 |
| 10-6-10-7410 | Vehicle Maint Exp | 112,254 | 150,000 |
| 10-6-10-7411 | Vehicle Exp - Proj Allocation | (50,000) | (50,000) |
| 10-6-10-7420 | Supplies and Materials | 54,000 | 64,000 |
| 10-6-10-7480 | Office Supplies & Postage | 5,000 | 8,000 |
| 10-6-10-7500 | Consulting | 507,000 | 182,000 |
| 10-6-10-7510 | Software License/Maintenance | 57,500 | 57,500 |
| 10-6-10-7580 | Building Maintenance | 35,000 | 45,000 |
| 10-6-10-7590 | Outside Services | 148,500 | 166,000 |
| 10-6-10-7650 | Leases | 200 | 300 |
| 10-6-10-7750 | Permits/Fees | 10,000 | 12,000 |
| | Total Operating | \$ 1,248,054 | \$ 1,094,400 |
| | Total O&M Administration | \$ 1,640,764 | \$ 1,619,460 |
| Capital Equipment (> \$5,000) | | | |
| 10-6-10-9110 | Cars & Trucks | \$ 536,153 | \$ 351,000 |
| 10-6-10-9130 | Equipment Other | 50,000 | 30,000 |
| | Subtotal Capital Equipment (> \$5,000) | \$ 586,153 | \$ 381,000 |

Calleguas Municipal Water District O&M System Maintenance

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-6-61-7100 | Salaries | \$ 1,813,490 | \$ 1,800,430 |
| 10-6-61-7110 | Overtime | 30,000 | 45,000 |
| 10-6-61-7150 | Benefits | 1,066,860 | 1,100,940 |
| 10-6-61-7140 | Salaries - Project Allocation | (10,000) | (15,000) |
| 10-6-61-7190 | Benefits - Project Allocation | (4,850) | (7,430) |
| | Total Personnel | \$ 2,895,500 | \$ 2,923,940 |
| Operating Costs | | | |
| 10-6-61-7200 | Travel/Training | \$ 200 | \$ 1,000 |
| 10-6-61-7420 | Supplies and Materials | 253,881 | 273,000 |
| 10-6-61-7430 | Rental Equipment | 15,000 | 25,000 |
| 10-6-61-7440 | Light Tools/Equip | 9,383 | 3,200 |
| 10-6-61-7580 | Building Maintenance | 75,000 | 75,000 |
| 10-6-61-7590 | Outside Services | 365,105 | 399,000 |
| 10-6-61-7750 | Permits/Fees | - | - |
| | Total Operating | \$ 718,569 | \$ 776,200 |
| | Total O&M System Maintenance | \$ 3,614,069 | \$ 3,700,140 |
| Capital Equipment (> \$5,000) | | | |
| 10-6-61-9130 | Equipment Other | \$ - | \$ 12,500 |
| | Subtotal Capital Equipment (> \$5,000) | \$ - | \$ 12,500 |

Calleguas Municipal Water District O&M Distribution Maintenance

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-6-62-7100 | Salaries | \$ 1,262,840 | \$ 1,313,180 |
| 10-6-62-7110 | Overtime | 29,000 | 45,000 |
| 10-6-62-7150 | Benefits | 723,470 | 753,820 |
| 10-6-62-7140 | Salaries - Project Allocation | (20,000) | (50,000) |
| 10-6-62-7190 | Benefits - Project Allocation | (9,700) | (24,750) |
| | Total Personnel | \$ 1,985,610 | \$ 2,037,250 |
| Operating Costs | | | |
| 10-6-62-7200 | Travel/Training | \$ 1,000 | \$ 1,000 |
| 10-6-62-7420 | Supplies and Materials | 262,000 | 263,000 |
| 10-6-62-7440 | Light Tools/Equip | 8,958 | 11,000 |
| 10-6-62-7590 | Outside Services | 333,120 | 324,000 |
| | Total Operating | \$ 605,078 | \$ 599,000 |
| | Total O&M Distribution Maintenance | \$ 2,590,688 | \$ 2,636,250 |
| Capital Equipment (> \$5,000) | | | |
| 10-6-62-9130 | Equipment Other | \$ 18,000 | \$ 18,000 |
| | Subtotal Capital Equipment (> \$5,000) | \$ 18,000 | \$ 18,000 |

Calleguas Municipal Water District O&M Control Systems

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-6-63-7100 | Salaries | \$ 838,000 | \$ 859,740 |
| 10-6-63-7110 | Overtime | 40,000 | 42,000 |
| 10-6-63-7150 | Benefits | 438,820 | 457,250 |
| 10-6-63-7140 | Salaries - Project Allocation | (4,000) | (29,000) |
| 10-6-63-7190 | Benefits - Project Allocation | (1,940) | (14,360) |
| | Total Personnel | \$ 1,310,880 | \$ 1,315,630 |
| Operating Costs | | | |
| 10-6-63-7200 | Travel/Training | \$ 300 | \$ 300 |
| 10-6-63-7420 | Supplies and Materials | 259,500 | 215,000 |
| 10-6-63-7440 | Light Tools/Equip | 18,000 | 18,000 |
| 10-6-63-7520 | Water Treatment/Lab Cost | 65,000 | 75,000 |
| 10-6-63-7590 | Outside Services | 65,000 | 151,000 |
| 10-6-63-7700 | State Reports | 17,000 | 17,000 |
| | Total Operating | \$ 424,800 | \$ 476,300 |
| | Total O&M Control System | \$ 1,735,680 | \$ 1,791,930 |
| Capital Equipment (> \$5,000) | | | |
| 10-6-63-9130 | Equipment Other | \$ - | \$ 15,000 |
| | Subtotal Capital Equipment (> \$5,000) | \$ - | \$ 15,000 |

Calleguas Municipal Water District O&M Operations

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|---------------------------------|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-6-64-7100 | Salaries | \$ 1,036,560 | \$ 1,083,820 |
| 10-6-64-7110 | Overtime | 127,000 | 160,000 |
| 10-6-64-7150 | Benefits | 527,540 | 543,340 |
| 10-6-64-7140 | Salaries - Project Allocation | - | - |
| 10-6-64-7190 | Benefits - Project Allocation | - | - |
| | Total Personnel | \$ 1,691,100 | \$ 1,787,160 |
| Operating Costs | | | |
| 10-6-64-7200 | Travel/Training | \$ 500 | \$ 500 |
| 10-6-64-7440 | Light Tools/Equip | 500 | |
| | Total Operating | \$ 1,000 | \$ 500 |
| | Total O&M Operations | \$ 1,692,100 | \$ 1,787,660 |

Calleguas Municipal Water District O&M Regulatory Compliance

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|--|----------------------------|----------------------------|
| Personnel Costs | | | |
| 10-6-65-7100 | Salaries | \$ 448,050 | \$ 485,830 |
| 10-6-65-7110 | Overtime | 3,000 | 3,000 |
| 10-6-65-7150 | Benefits | 209,860 | 253,100 |
| | Total Personnel | \$ 660,910 | \$ 741,930 |
| Operating Costs | | | |
| 10-6-65-7200 | Travel/Training | \$ 300 | \$ 800 |
| 10-6-65-7250 | Memberships Dues & Subscrip | - | 4,000 |
| 10-6-65-7420 | Supplies and Materials | 2,000 | 14,000 |
| 10-6-65-7440 | Light Tools/Equip | 500 | 8,000 |
| 10-6-65-7500 | Consulting | - | 2,000 |
| 10-6-65-7520 | Water Treatment/Lab Cost | 111,400 | 121,400 |
| 10-6-65-7590 | Outside Services | - | 70,000 |
| 10-6-65-7700 | State Reports | 7,500 | 8,000 |
| 10-6-65-7750 | Permits/Fees | 90,000 | 96,000 |
| | Total Operating | \$ 211,700 | \$ 324,200 |
| | Total O&M Regulatory Compliance | \$ 872,610 | \$ 1,066,130 |

**Calleguas Municipal Water District
O&M General Services**

FY 25/26 Adopted Budget

| Account # | | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|--|---------------------------------------|----------------------------|----------------------------|
| Personnel Costs | | | | |
| 10-6-68-7100 | | Salaries | \$ 339,420 | \$ 377,270 |
| 10-6-68-7110 | | Overtime | 2,000 | 2,000 |
| 10-6-68-7150 | | Benefits | 141,300 | 174,760 |
| | | Total Personnel | \$ 482,720 | \$ 554,030 |
| Operating Costs | | | | |
| 10-6-68-7200 | | Travel/Training | \$ 200 | \$ 200 |
| 10-6-68-7480 | | Office Supplies & Postage | - | - |
| 10-6-68-7500 | | Consulting | - | - |
| | | Total Operating | \$ 200 | \$ 200 |
| | | Total O&M General Services | \$ 482,920 | \$ 554,230 |

**Calleguas Municipal Water District
O&M Lake Bard Water Filtration Plant**

FY 25/26 Adopted Budget

| Account # | | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|--|--------------------------|----------------------------|----------------------------|
| Operating Costs | | | | |
| 10-6-66-7420 | | Supplies and Materials | \$ 130,047 | \$ 185,000 |
| 10-6-66-7500 | | Consulting | - | 40,000 |
| 10-6-66-7520 | | Water Treatment/Lab Cost | 215,000 | 300,000 |
| 10-6-66-7590 | | Outside Services | 90,000 | 100,000 |
| Total Operating | | | \$ 435,047 | \$ 625,000 |
| Total O&M LBWFP | | | \$ 435,047 | \$ 625,000 |

Calleguas Municipal Water District O&M Wellfield

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|---|--|----------------------------|----------------------------|
| Operating Costs | | | |
| 10-6-67-7420 | Supplies and Materials | \$ 195,000 | \$ 175,000 |
| 10-6-67-7500 | Consulting | - | 85,000 |
| 10-6-67-7520 | Water Treatment/Lab Cost | 35,000 | 35,000 |
| 10-6-67-7590 | Outside Services | 128,052 | 123,000 |
| 10-6-67-7750 | Permits/Fees | 7,500 | 7,500 |
| | Total Operating | \$ 365,552 | \$ 425,500 |
| | Total O&M Wellfield | \$ 365,552 | \$ 425,500 |
| Capital Equipment (> \$5,000) | | | |
| 10-6-67-9130 | Equipment Other | 36,000 | \$ 45,000 |
| | Subtotal Capital Equipment (> \$5,000) | \$ 36,000 | \$ 45,000 |

Calleguas Municipal Water District O&M Salinity Management Pipeline

FY 25/26 Adopted Budget

| Account # | Account Description | FY 24/25 Current Budget | FY 25/26 Adopted Budget |
|------------------------|-------------------------------|----------------------------|----------------------------|
| Personnel Costs | | | |
| 30-6-90-7140 | Salaries - Project Allocation | \$ 34,000 | \$ 34,000 |
| 30-6-90-7190 | Benefits - Project Allocation | 16,490 | 16,830 |
| | Total Personnel | 50,490 | 50,830 |
| Operating Costs | | | |
| 30-6-90-7420 | Supplies and Materials | \$ 9,500 | \$ 9,500 |
| 30-6-90-7500 | Consulting | 15,000 | - |
| 30-6-90-7520 | Water Treatment/Lab Cost | 230,000 | 230,000 |
| 30-6-90-7590 | Outside Services | 30,000 | 30,000 |
| 30-6-90-7750 | Permits/Fees | 126,000 | 127,000 |
| | Total Operating | \$ 410,500 | \$ 396,500 |
| | Total O&M SMP | \$ 460,990 | \$ 447,330 |

| Proj # | Project Name | Board Approved Project Budget | Budget Requests | Total spent thru 04/30/25 | Remaining Budget |
|--------|--|-------------------------------|-----------------|---------------------------|---------------------|
| | <i>Salinity Management Pipeline</i> | | | | |
| 536 | SMP Phase 3 | 4,241,000 | | 836,460 | 3,404,540 |
| 561 | SMP Phase 4 | 513,000 | | 376,597 | 136,403 |
| 607 | Somis Housing SMP Discharge Station | 130,000 | | 113,602 | 16,398 |
| 625 | Marz Farms SMP Discharge Station | 51,000 | | 3,367 | 47,633 |
| | Total | \$4,935,000 | \$0 | \$1,330,025 | \$3,604,976 |
| | <i>Emergency Water Supply Reliability</i> | | | | |
| 450 | LVMWD-CMWD Interconnection | 37,252,779 | | 35,893,024 | 1,359,755 |
| 562 | Calleguas-Ventura Interconnection | 4,420,000 | | 1,813,699 | 2,606,301 |
| 569 | Smith Rd. Tank | 5,761,000 | | 1,339,440 | 4,421,560 |
| 585 | Crestview Well #8 | 2,100,000 | | 890,294 | 1,209,706 |
| 587 | Lake Bard Pump Station | 1,502,000 | | 1,122,777 | 379,223 |
| 589 | Fairview Well Rehabilitation | 827,000 | | 741,284 | 85,716 |
| | Total | \$51,862,779 | \$0 | \$41,800,520 | \$10,062,259 |
| | <i>Improvements to Existing Facilities</i> | | | | |
| 582 | Oxnard -SR Fdr & Santa Rosa Hydro Improvements | \$860,000 | | \$471,977 | \$388,023 |
| 603 | Crew Building Improvements | \$21,654,000 | | \$2,011,532 | \$19,642,468 |
| 613 | Wellfield No. 2 Solar System | \$15,000 | | \$15,000 | \$0 |
| 620 | Network Center Relo & Admin Storage Improvements | \$5,040,000 | | \$200,605 | \$4,839,395 |
| 621 | LBWFP Buildings Roof Replacements | \$40,000 | | \$26,231 | \$13,769 |
| 622 | Crew Building Expansion - Civil & Electrical Work | \$286,000 | | \$15,630 | \$270,370 |
| | Total | \$27,895,000 | \$0 | \$2,740,975 | \$25,154,025 |
| | <i>Rehabilitation, Replacement & Relocation</i> | | | | |
| 480 | Conejo Pump Station Rehabilitation | \$1,740,000 | | \$1,608,437 | \$131,563 |
| 590 | TOD Pump Station Rehabilitation | 8,430,000 | | 8,170,934 | 259,066 |
| 591 | Lake Sherwood Pump Station Rehabilitation | 6,100,000 | | 5,741,322 | 358,678 |
| 592 | Lindero Pump Station Rehabilitation | 28,310,000 | | 1,819,109 | 26,490,891 |
| 598 | Broken Back Rehab, Phase 4 | 581,000 | | 563,529 | 17,471 |
| 614 | CCSB Strengthening for Metrolink Improvements | 260,000 | | 171,417 | 88,583 |
| | Total | \$45,421,000 | \$0 | \$18,074,748 | \$27,346,252 |

| Proj # | Project Name | Board Approved Project Budget | Budget Requests | Total spent thru 04/30/25 | Remaining Budget |
|--------|--|-------------------------------|-----------------|---------------------------|------------------|
| | <i>Unplanned System Repairs</i> | | | | |
| 623 | Unplanned System Repair 2024-25 | 1,460,000 | | - | |
| 624 | Unplanned Pump, Hydro & Well Repairs 24-25 | 300,000 | | 156,309 | 143,691 |
| 626 | Mesa Feeder AirVac Repair Sta 55+12 | 40,000 | | 26,820 | 13,180 |
| | Unplanned Distribution System Repairs 2025-26 | | 1,500,000 | - | 1,500,000 |
| | Unplanned Pump, Hydro & Well Repairs FY 2025-26 | | 300,000 | - | 300,000 |
| | Washwater Basin (Railing Install & Pipe Extension) | | 100,000 | - | 100,000 |
| | Total | \$1,800,000 | \$1,900,000 | \$183,129 | \$2,056,871 |
| | Grand Total | \$131,913,779 | \$1,900,000 | \$64,129,397 | \$68,224,382 |
| | | | | | |

Calleguas Municipal Water District

Capital Projects Descriptions

Salinity Management Pipeline

SMP Phase 3 (536). Approximately 26,400 linear feet (LF) of 24-inch PVC or HDPE pipe from the intersection of Upland and Lewis Roads in Camarillo to Santa Rosa and Hill Canyon Roads in the Santa Rosa Valley to serve Las Virgenes Municipal Water District (LVMWD) and Triunfo Water and Sanitation District's PureWater Project and a planned Camrosa desalter.

SMP Phase 4 (561). Approximately 48,800 LF of 12- to 18-inch PVC or HDPE pipe from the intersection of Santa Rosa and Hill Canyon Rds. in the Santa Rosa Valley to the intersection of Tierra Rejada and Madera Rds. in Simi Valley to serve potential additional future dischargers.

Somis Housing SMP Discharge Station (607). Discharge station to meter and sample the discharge of recycled water from the developer's wastewater treatment plant to the SMP.

Marz Farm SMP Discharge Station (625). Discharge station to meter and sample the discharge of brine from the growers' reverse osmosis groundwater treatment system to the SMP.

Outage Water Supply Reliability

LVMWD-CMWD Interconnection (450). Pump Station/pressure reducing station, approximately 6,100 LF of 30-inch welded steel pipeline, turnout relocation, and reverse flow valve to enable the delivery of potable water between Calleguas's and Las Virgenes MWD's systems.

Calleguas-Ventura Interconnection (562). Approximately 18,670 LF of 30-inch WSP and pressure regulating and meter station to enable the delivery of potable water between Calleguas's and the City of Ventura's systems.

Smith Road Tank (569). Construct a 3.5 million gallon aboveground steel tank located at Smith and Kuehner Roads in Simi Valley and connected to both Calleguas Conduit North Branch (CCNB) and Calleguas Conduit South Branch (CCSB) enabling Calleguas to meet demands in the Simi Valley Region during a short-term outage of imported water.

Crestview Well #8 (585). Joint effort between Crestview Mutual Water Company and Calleguas to construct an additional Crestview well to provide additional water supply in an outage

Lake Bard Pump Station, Lake Bard Water Filtration Plant Flow Meter, and Lake Bard Outlet Tower Improvements (587). Installation of three 350 hp pumps to enable ~2,988 AF of Lake Bard water that cannot currently be treated by the Lake Bard Water Filtration Plant (LBWFP) due to insufficient hydraulic head to be pumped through the treatment process, addition of a 60-inch flowmeter upstream of the LBWFP, and replacement of the five 48-inch butterfly valves at the Lake Bard Outlet Tower

Fairview ASR Well Rehabilitation (589). Perform well rehabilitation and system upgrades to enable the existing Fairview Well (which was originally an aquifer storage and recovery well but has not been operated since 1998) to supply groundwater to VCWWD1, which is largely dependent on imported water from Calleguas.

Calleguas Municipal Water District

Capital Projects Descriptions

Improvements to Existing Facilities

Oxnard-Santa Rosa Feeder & Santa Rosa Hydro Improvements (582). Various rehabilitation, replacement, and upgrade improvements to address surge concerns, improve operability and reliability, and prevent failure of aging components.

Crew Building Improvements (603). Modifications to and expansion of existing Crew Building to provide sufficient space for existing and future O&M staff. Also includes provision of an appropriately sized and equipped Emergency Operations Center and meeting room.

Wellfield No. 2 Solar System (613). Construction of a 400 kilowatt solar system to generate electrical power under the Net Energy Metering 2.0 Tariff.

Network Center Relocation & Admin Storage Improvements (620). Construction of a new free standing 300 sqft CMU Building to host the relocated Networking Center, construction of a 200 sqft storage room addition to the Administration Building, relocation of the Networking Center from the Conejo Pump Station to the new Networking Center Building, and installation of Electric Vehicle Chargers at the Administration Building and Control Room.

LBWFP Buildings Roof Replacement (621). Roof replacements of LBWFP buildings, including the Pre-Ozone Contactor, Control, Ozone Generator, and Chemical Buildings

Crew Building Expansion Civil & Voltage Electrical Work (622). Civil and mechanical improvements in support of the Crew Building Expansion, including improvements to dry and wet utilities, replacement of the hydropneumatic pump station, grading and retaining wall installation, new parking stalls and medium voltage electrical work at the diesel standby generators.

Rehabilitation, Replacement & Relocation

Conejo Pump Station Rehabilitation (480). Replacement of pumps, motors, electrical systems, and piping to improve operability and reliability and prevent failure of aging components

TOD Pump Station Rehabilitation (590). Replacement of pump controls, check valves and electrical systems to improve operability and reliability and prevent failure of aging components.

Lake Sherwood Pump Station Rehabilitation (591). Replacement of a variable frequency drive and electrical systems to improve operability and reliability and prevent failure of aging components. The project also includes the addition of a surge tank and a fourth larger pump to improve the ability to fill Lake Sherwood Reservoir under high demand conditions

Lindero Pump Station Rehabilitation (592). Replacement of pumps, motors, electrical systems, and piping to improve operability and reliability and prevent failure of aging components

CCNB Broken Back Rehabilitation, Phase 4 (598). Rehabilitate and/or strengthen segments of CCNB that are vulnerable to "broken back" failures. Phase 4 will rehabilitate five locations on CCNB located between the intersections of Madera Road and Country Club Drive and Cochran and First Streets.

CCSB Liner at Metrolink Sta Crossing (614). Strengthen approximately 160 LF of CCSB, a 51-inch prestressed concrete cylinder pipe, with carbon fiber reinforced polymer liner to meet the structural requirements of Metrolink's current railroad right-of-way utility crossing standard and accommodate the addition of a second railroad track in Simi Valley

Calleguas Municipal Water District Capital Projects Descriptions

Unplanned System Repairs

Emergency Distribution System Repairs (623). Although the need for specific emergency repair projects cannot be identified, it is anticipated that emergency repairs will periodically be required. This serves as a placeholder for future projects which have not yet been identified.

Pump, Hydroelectric Generators & Well Repairs (624). Although the need for specific pump and well repair projects cannot be identified, it is anticipated that these repairs will periodically be required during the fiscal year. Due to the nature and cost of these repairs, these items will need to be capitalized per the District's fixed asset policy. This serves as a placeholder for future projects which have not yet been identified.

Mesa Feeder AirVac Repair Station 55+12 (626). Repair and replace a 6-inch diameter airvac pipe damaged by a vehicle.

Calleguas Municipal Water District

Reserve Analysis

FY 25/26

| | Operating Reserve Calc | Capital Reserve Calc | SMP Operating Reserve Calc |
|--|---------------------------|-------------------------|-------------------------------|
| Invested in capital assets, Bond Funds | \$0 | \$0 | \$0 |
| Unrestricted, Unreserved | 30,559,723 | 148,834,339 | (1,575,987) |
| Total Reserves at 06/30/24 | \$30,559,723 | \$148,834,339 | (\$1,575,987) |
| Budgeted Operating Income FY 24/25 | (\$711,855) | \$16,656,140 | \$215,610 |
| Bond Cash | | \$0 | |
| FY Capital Project Spending Through Apr-2025 | | (6,567,428) | |
| Projected Capital Project Spending May-Jun 2025 | | (2,562,572) | |
| Projected Reserves FY 24/25 | \$29,847,868 | \$156,360,479 | (\$1,360,377) |
| Adopted Revenues/Expenses 25/26 | | | |
| Water Revenue | \$137,622,500 | \$29,746,590 | \$638,980 |
| Cost of Water | (120,989,180) | (2,443,880) | 0 |
| Operating Expenses | (28,500,960) | 0 | (447,330) |
| Other Income/(Expense) | 13,737,580 | 5,135,000 | 0 |
| Equipment Purchase | (729,500) | 0 | 0 |
| Debt Service | 0 | (14,274,160) | 0 |
| Operating Income FY 2025/26 | \$1,140,440 | \$18,163,550 | \$191,650 |
| Projected Reserves before Capital Outlay | \$30,988,308 | \$174,524,029 | (\$1,168,727) |
| Unused Budgeted CIP | 0 | (65,661,811) | 0 |
| Projected Reserves 06/30/26 | \$30,988,308 | \$108,862,218 | (\$1,168,727) |
| Emergency Reserve (estimated for 1/1/26) | \$23,906,645 | \$23,310,280 | |
| Capital Reserve | | \$85,551,938 | |
| Unreserved | \$7,081,663 | | (\$1,168,727) |

Appendix D

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT FOR PROFESSIONAL SERVICES ("Agreement") is entered, and made effective as of the latest date of the signatures on this Agreement (the "Effective Date"), between CALLEGUAS MUNICIPAL WATER DISTRICT ("the District") and _____, ("the Consultant").

RECITALS

A. The District desires to retain the services of the Consultant on an ongoing basis to perform various services, including, but not limited to, consulting, surveying, preparing reports and making investigations and recommendations. The Consultant represents that it has the experience and is qualified to furnish the services described under this Agreement, and the District desires to engage the Consultant to provide these services by reason of the Consultant's qualifications and experience for performing such services. The Consultant has offered to provide the required services on the terms and in the manner set forth herein.

B. This Agreement shall be applicable to all Tasks (as defined in this Agreement) for which the Consultant's services are retained by the District.

With reference to the foregoing recitals, and in consideration of their mutual promises, obligations, and covenants contained in this Agreement, the District and the Consultant herein agree to the terms set forth below:

1. SCOPE OF SERVICES AND COMPENSATION

1.1 The parties understand and agree that prior to performance of any work under this Agreement, the Consultant shall prepare and submit to the District a proposal signed by the Consultant that contains each of the following three elements:

1.1.1 A description of the work to be performed and the time for completion, if applicable (the "Task");

1.1.2 A "not to exceed" cost estimate for performance of the Task; and

1.1.3 The direct labor rates to be billed in performance of the Task.

1.2 The signature of an authorized representative of the District on a letter approving that proposal will constitute authorization to the Consultant to perform the Task and acceptance of the cost estimate. The proposal signed by the Consultant and the authorization letter signed by the District will automatically become exhibits to this Agreement and made a part hereof.

1.3 Each not to exceed cost estimate will include all necessary and incidental labor, material, supplies, facilities, equipment and transportation which may be required for furnishing services described in a given Task.

1.4 At the request of the District, the Consultant will reasonably cooperate with all other professionals, contractors, and personnel enlisted by the District with regard to the project.

1.5 All services will be performed in a manner consistent with the standard of care specified in paragraph 24.1 of this Agreement.

1.6 Each month, the Consultant will submit to the District an invoice for the services completed during the previous month.

1.6.1 If the Consultant submits an invoice within the first ten (10) calendar days of the month, the District will pay the invoice within thirty (30) days, otherwise, the District will pay the invoice within sixty (60) days.

1.7 Each invoice will state the name of the Task, the amount invoiced, the number of hours spent by personnel at different hourly rates, and will reference the contract/project by specification number or name where applicable.

1.8 Consultant will also submit with each monthly invoice a brief description of the services, if any, performed in the immediately preceding calendar month.

1.9 The District will pay the Consultant the amount invoiced as described in Paragraph 1.6.1 except in either of the following two cases:

1.9.1 The District objects to all or any portion of the invoice, in which case the District will so notify the Consultant, identify the cause of disagreement, and pay when due that portion of the invoice not in dispute. The parties will use reasonable efforts to settle the disputed portion of the invoice.

1.9.2 The Consultant has not submitted current insurance certificates and/or an additional insured endorsement as required in Paragraph 18 of this Agreement, in which case the District will so notify the Consultant, and pay when the insurance certificates and endorsement have been properly submitted.

1.10 Payment of such invoices will be payment in full for all services and authorized costs covered by that invoice.

2. TERM

2.1 The term of this Agreement shall commence on the Effective Date and shall continue until terminated as provided in paragraph 21 or 22 of this Agreement. The services to be performed under each Task shall commence on the date the District signs the authorization letter for that Task, as provided in paragraph 1.2 of this Agreement.

3. PERSONNEL

3.1 The Consultant represents that it employs, or will employ, at its own expense, all personnel required to perform the services under this Agreement.

3.2 The Consultant will not subcontract any services to be performed by it under this Agreement without prior written approval of the District.

3.3 All of the services required hereunder will be performed solely by the Consultant or by sub-consultants approved by the District. The Consultant, all sub-consultants and sub-contractors, and all personnel engaged in the work, shall be fully qualified and licensed, authorized and permitted as required under applicable State and local law to perform such services and shall be subject to approval by the District.

3.4 In connection with performance of services under this Agreement, Consultant shall not discriminate against any employee or qualified applicant for employment based on race, color, religion, ancestry, national origin, sex, age, sexual orientation, physical disability, veteran's status, medical condition (as defined in Section 12926 of the California Government Code, as amended from time to time) or marital status.

4. CHANGE ORDERS

4.1 No payment for extra services caused by a change in scope of work or complexity of work, or for any other reason, shall be made unless and until such extra services and a price therefor have been previously authorized in writing and approved by the District as a written change order. The change order shall set forth the changes of work and extension of time for preparation and adjustment of the fee to be paid by the District to the Consultant.

5. DISTRICT'S RESPONSIBILITY

5.1 The District shall cooperate with the Consultant as may be reasonably necessary for the Consultant to perform its services, and the District will give any required decisions as promptly as practical so as to avoid unreasonable delay in the progress of the Consultant's services.

6. INDEPENDENT CONTRACTOR

6.1 The Consultant acknowledges and agrees that in performing services under this Agreement, the Consultant is, and at all times shall be, an independent contractor, and is not an agent or employee of the District. Except as required under this Agreement, the Consultant shall furnish such services in its own manner and method, and has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons employed by the Consultant in the performance of the services hereunder. The Consultant shall be solely responsible for all matters relating to the payment of its employees, including compliance with social security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever.

6.2 The Consultant acknowledges that the Consultant, and any sub-consultants, agents or employees of the Consultant, shall not, under any circumstances, be considered employees of the District, and that they shall not be entitled to any of the benefits or rights afforded employees of the District, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits.

6.3 The Consultant acknowledges that Consultant performs services that are outside the usual course of District's business, and Consultant is engaged in an independently established trade, occupation or business of the same nature as the services performed for District.

7. CONSULTANT NOT AGENT

7.1 The Consultant and its sub-consultants shall have no authority, express or implied, to act on behalf of or bind the District in any capacity whatsoever as agents or otherwise.

8. OWNERSHIP OF WORK

8.1 Unless otherwise specified in a proposal for a Task that has been accepted by the District, all reports, drawings, plans, specifications, computer tapes, CD-ROMs, floppy disks and printouts, studies, memoranda, computation sheets and other documents prepared by the Consultant in furtherance of the work shall be the sole property of the District and shall be delivered to the District promptly upon termination of this Agreement for any reason, and at such other times as may be requested by the District during the Term. The Consultant shall keep such documents and materials on file and available for audit by the District for at least three (3) years after completion or earlier termination of this Agreement. The Consultant may make duplicate copies of such materials and documents for its own files or for such other purposes as may be authorized in writing by the District.

8.2 Any reports, information, data, or other material given or otherwise provided to the Consultant by the District, if any, under this Agreement, shall be the property of the District and shall not be made available to any individual or organization by the Consultant or its sub-consultants, if any, without the prior written approval of the District. Such files and materials shall be maintained as described in Paragraph 8.1 above.

8.3 Consultant represents and warrants to the District that no document, design, drawing, method, process, product, or deliverable supplied by Consultant to the District for use by the District pursuant to this Agreement shall infringe upon any patent, copyright, trademark, trade secret, or other proprietary right of any person or entity. Consultant agrees to defend and indemnify District in accordance with section 17 of this Agreement for any alleged infringement in violation of this section..

9. CORRECTION OF WORK

9.1 The Consultant shall promptly correct any defective, inaccurate or incomplete tasks, deliverables, goods, services and other work, without additional cost to the District. The performance or acceptance of services furnished by the Consultant shall not relieve the Consultant from the obligation to correct subsequently discovered defects, inaccuracy or incompleteness resulting from the Consultant's intentional or negligent acts, errors and/or omissions.

10. WAIVER

10.1 The waiver of any term, condition, breach or default of this Agreement shall not be considered to be a waiver of any other term, condition, default or breach, nor of a subsequent breach of the one waived.

11. SUCCESSORS

11.1 This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective heirs, successors and/or permitted assigns.

12. NO ASSIGNMENT

12.1 Neither party may assign or transfer this Agreement or any rights hereunder without the prior written consent of the other party. Such unauthorized assignment or transfer shall be null and void and shall constitute a material breach by the party making such assignment or transfer.

12.2 This Agreement between the District and the Consultant shall pertain only to the benefit of the parties hereto, and no third party shall have any rights hereunder.

13. LAWS, REGULATIONS, AND PERMITS

13.1 The Consultant will give all notices required by law and will comply with all laws, ordinances, rules and regulations pertaining to the conduct of the work. The Consultant will be liable for, and will bear all costs of all violations of the law in connection with work furnished by the Consultant.

13.2 The Consultant agrees to observe all applicable prevailing wage and Labor Code requirements as set forth by the State of California, the County of Ventura, and the city or cities in which work is performed.

13.3 The Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee, or applicant for employment because of race, color, religion, sex, sexual preference, sexual identity, pregnancy, national origin, ancestry, citizenship, age, marital status, physical disability, mental disability, medical condition, military status or any other characteristic protected by federal or state law or local ordinance.. 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.

14. TIME OF THE ESSENCE

14.1 Time is strictly of the essence under this Agreement and each and every covenant, term and provision hereof.

15. AUTHORITY OF PARTIES

15.1 Each party hereby represents and warrants to the other party that it has the right, power, legal capacity and authority to enter into and perform its obligations under this Agreement, and its execution of this Agreement has been duly authorized.

16. ATTORNEYS' FEES

16.1 If any legal action is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled.

17. INDEMNITY

17.1 Intent. If any term, provision, clause, or application of the indemnity provided for herein is found by a court of competent jurisdiction to be invalid, in violation of public policy, or unenforceable to any extent, such finding shall not invalidate any other term, provision or portion of this indemnity which shall continue in full force and effect. If there is determined to be any conflict between the terms of this indemnity and the applicable provisions of California Civil Code Section 2782 or 2782.8, the broadest indemnity protection for the District that is permitted by law shall be provided by Consultant.

17.2 Indemnity.

(a) Indemnity for Design Professional Services. As used herein, "design professional" has the same meaning as set forth in California Civil Code Section 2782.8. In addition to all other rights and remedies available to the District under this Agreement and applicable law, the Consultant shall fully indemnify and hold harmless the District, its directors, officers, employees, agents,

and designated volunteers, and each of them, (collectively the "Indemnatee"), from and against any and all losses, liabilities, damages, judgments, settlements, penalties, attorney's fees, costs and expenses, of every kind and nature whatsoever, incurred by the Indemnatee, or any of them, for, but not limited to, injury to or death of any person, damages to or destruction of property of any person or entity, or violation of any law or regulation (compliance with which is the responsibility of the Consultant), (collectively "Losses") to the extent such Losses arise out of or relate to:

(1) Negligent acts, errors, or omissions of the Consultant, its shareholders, officers, directors, employees, and agents (collectively "Indemnitor"); or

(2) Recklessness or willful misconduct by Indemnitor, or any of them.

(b) **Indemnity for All Other Claims.** For any claim other than claims arising out of Consultant's performance of design professional services under this Agreement, Consultant shall fully indemnify and hold harmless the District, its directors, officers, employees, agents, and designated volunteers, and each of them, (collectively the "Indemnatee"), from and against any and all Losses (as defined above) to the extent such Losses arise out of or relate to the performance of services pursuant to this Agreement by Consultant, its employees, subcontractors and agents, excepting only those Losses arising from the negligence or willful misconduct of Indemnatee.

(c) Any assertion or finding of negligence, breach, or violation of law by Indemnatee, or any of them, shall not relieve the Consultant from its obligation to indemnify, as provided herein, except that the Consultant shall not be obligated to indemnify Indemnatee for that portion of any Losses that are determined by the trier of fact to have been caused by the negligence or willful misconduct of Indemnatee.

17.3 **Duty to Defend.** Upon the District's request, the Consultant shall defend, at the Consultant's own cost, expense and risk, any and all allegations, claims, demands, suits, and all other legal proceedings of every kind that may be brought or instituted against Indemnatee, or any of them, arising from or relating to the Consultant's negligence, recklessness or willful misconduct. The District shall have the right, but not the obligation, to approve any counsel retained by the Consultant under this paragraph 17.3, such approval not to be unreasonably withheld. Without limiting the Consultant's obligations under this paragraph 17.3, the Consultant agrees that the District shall have the right to participate in the defense of any matters that relate to Indemnatee, or any of them, and that no action, claim, or suit shall be settled without the District's consent, such consent not to be unreasonably withheld. If, at any time, the District makes a good faith determination that a conflict exists with respect to the interests of the Consultant and any Indemnatee, then the District may retain independent counsel of its own choosing whose reasonable fees shall be paid by the Consultant.

17.4 **No Waiver.** Nothing in this Agreement shall constitute a waiver or limitation of any rights that Indemnatee may have under applicable law, including any right to implied indemnity. The Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Indemnatee, or any of them.

18. INSURANCE

18.1 **Liability Insurance.** The Consultant shall, at Consultant's sole cost and expense, obtain and maintain at all times during the performance of the Task(s), services and/or activities required by this Agreement, commercial general liability, professional liability and automobile liability insurance as follows:

18.1.1 Coverage shall be at least as broad as the following:

(a) Coverage for Professional Liability appropriate to the Consultant's profession covering liabilities arising from the Consultant's acts, errors or omissions for services, activities, Tasks and /or the Scope of Work rendered or that should have been rendered to and/or on behalf of the District. The retroactive date (if any) is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least five (5) years after the completion of all work performed under 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.

(b) Coverage for Commercial General Liability as provided under Insurance Services Office (ISO) Occurrence Form CG 0001 (or a substitute form that provides equivalent coverage satisfactory to the District) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

(c) Coverage for Commercial Automobile Liability, specifying coverage as "Symbol 1" (any auto) under ISO Form Number CA 0001 (or a substitute form that provides equivalent coverage satisfactory to the District). If not otherwise included, the policy shall be endorsed in order to provide contractual liability coverage equivalent to that provided in the 1990 and later editions of CA 00 01. The insurance required hereunder shall cover liability arising out of any auto (including owned, hired, and non-owned autos).

18.1.2 The Consultant shall at all times maintain the following minimum insurance coverage limits:

(a) Professional Liability. Three Million Dollars (\$2,000,000) per claim with an annual aggregate of Three Million Dollars (\$2,000,000).

(b) Commercial General and Umbrella Liability. One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage with a minimum annual policy limit aggregate of Two Million Dollars (\$2,000,000).

(c) Business Automobile and Umbrella Liability. A combined single limit of One Million Dollars (\$1,000,000) per accident and applicable to both bodily injury and property damage. There shall be no endorsements forming part of the policy which in any manner whatsoever restrict coverage as it pertains to the District, its directors, officers, employees, agents and/or volunteers.

18.1.3 The District, its directors, officers, employees, agents and volunteers are to be covered as additional insureds (collectively, "District Additional Insureds") under Consultant's Commercial General Liability Policy (using ISO additional insured endorsement CG 20 10 or a substitute endorsement satisfactory to the District that provides equivalent coverage) and under the Commercial Umbrella policy, if any. For any claims, including any litigation, related to the project(s), Tasks, services or an activity which is/are the subject of this Agreement, the Consultant's insurance shall be deemed primary insurance with respect to any other insurance afforded to the District Additional Insureds.

18.1.4 In the event any change is made under any of the policies specified within this Agreement, including, but not limited to, the insurance carrier providing coverage, to the scope of any of the coverage provided thereunder and/or, to the dates for which any of the required policies are in force,

as specified under this Agreement, the Consultant shall file insurance certificates and endorsements reflecting these changes in accordance with the requirements of Sections 18.1.3 and 18.5 herein within seven (7) days of the change being implemented. In the event any change is made under any of the policies specified within this Agreement with respect to Consultant's professional liability coverage, to the retroactive date, the Consultant shall notify the District within seven (7) days of the change being implemented.

18.2 Workers' Compensation and Employer's Liability Insurance. The Consultant and all of its sub-consultants shall cover and insure all of their employees employed directly by them or through sub-consultants in carrying out the Tasks and Scope of Work contemplated under this Agreement, in accordance with all applicable laws relating to workers' compensation insurance, including without limitation the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California, as such laws may be amended from time to time. The Consultant shall provide employer's liability insurance in the amount of at least One Million Dollars (\$1,000,000) per accident for bodily injury and disease.

18.3 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared by the Consultant to the District prior to the execution of this Agreement, and approved by the District in writing.

18.4 Acceptability of Policies and Insurers. All insurance policies and coverage required under this Agreement shall be provided on policy forms satisfactory to the District and subject to the District's approval. All insurance policies required by the Agreement are to be underwritten by insurers having a current financial strength/financial size rating with A.M. Best's of no less than A-:VII, unless otherwise approved by the District, in writing, in advance of the execution of this Agreement.

18.5 Evidence of Insurance/Certificates of Insurance. Prior to execution of this Agreement, the Consultant shall file with the District a certificate or certificates of insurance (ACORD 25 or equivalent) signed by an authorized representative of the issuing insurer, confirming that each of the policies and coverages required under this Agreement, including the required endorsements to form part thereof, are in full force and effect. The Consultant will, upon demand by the District, deliver to the District within fifteen (15) business days accurate and complete copies of all policies or any policy of insurance required under this paragraph, including all endorsements, and the receipts for proof of payment of premiums thereon. At the District's option, Consultant may also be required to submit proof of satisfactory insurance coverage in force for sub-consultants retained by the Consultant.

18.6 Sub-Consultants. In the event that the Consultant employs other consultants (sub-consultants) with respect to any services covered by this Agreement, the Consultant will require and confirm to the District in writing that each sub-consultant meets the minimum insurance requirements specified above, unless lesser insurance requirements are approved by the District at the time the District approves the use of the sub-consultant.

18.7 Term of Insurance Policies and Coverages. All insurance policies and coverage required under this Agreement shall remain in full force and effect at all times through completion of all Tasks, services, and/or activities required by this Agreement.

19. SAFETY

19.1 The Consultant shall execute and maintain the Consultant's work so as to avoid injury or damage to any person or property.

19.2 The Consultant shall at all times 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. The Consultant will further comply at all times with all federal, state and local statutory and regulatory requirements applicable to the work, including without limitation, State of California, Division of Industrial Safety (Cal/OSHA) regulations and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act. Safety precautions as applicable shall include instructions in accident prevention for all employees such as safe walkways, scaffolds, fall protection, ladders, bridges, gang planks, confined space entry procedures, trenching and shoring, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries. Consultant shall provide all necessary safety equipment for Consultant's employees, including but not limited to gas monitors, hard hats, safety shoes, and traffic vests, and shall ensure that its subconsultants provide the same.

20. NOTICES

20.1 Any notice or demand to be given by one party to the other shall be given in writing and by personal delivery, sent by certified mail, postage prepaid/return receipt requested, by overnight delivery or by facsimile, addressed as follows:

If to the District: General Manager
Calleguas Municipal Water District
2100 Olsen Road
Thousand Oaks, CA 91360-6800
Fax: (805) 522-5730

If to the Consultant: _____

Any such notice shall be deemed to have been given and received on the earlier of personal delivery, or if mailed, on the expiration of forty-eight (48) hours after being delivered in the United States Mail or on the delivery date or attempted delivery date shown on the return receipt, air bill, or facsimile.

21. TERMINATION FOR CONVENIENCE (Without Cause)

21.1 This Agreement may immediately terminate on the mutual written consent of the District and the Consultant. Further, either party may terminate this Agreement at any time, with or without cause, upon thirty (30) calendar days' written notice to other party. If this Agreement is thus terminated by the District for reasons other than the Consultant's failure to perform its obligations, the District shall pay the Consultant for services satisfactorily completed prior to the effective date of termination. Such payment shall be the Consultant's exclusive remedy for termination without cause.

22. DEFAULT

22.1 In the event either party materially defaults in its obligations hereunder, the other party may declare a default and terminate this Agreement by written notice to the defaulting party. The notice shall specify the basis for the default. This Agreement shall terminate unless such default is cured before the effective date of termination stated in such notice, which date shall be no sooner than ten (10) days after the date of the notice.

22.2 Termination for cause shall relieve the terminating party of further liability or responsibility under this Agreement, including the payment of money, except for payment for services satisfactorily and timely performed prior to the service of the notice of termination, and except for the Consultant's obligation to promptly reimburse the District for (1) any payments made by the District for services not subsequently performed in a timely and satisfactory manner, and (2) costs incurred by the District in obtaining substitute performance. Notwithstanding the foregoing, if the District terminates this Agreement for cause, the District will have the right to withhold monies otherwise payable to the Consultant until the Task is completed. If the District incurs additional costs, expense, or other damages in connection with such termination for cause, the District may deduct such amounts from the amounts otherwise payable to the Consultant. Should the amounts withheld exceed the amounts deductible hereunder, the District shall remit the balance to the Consultant upon completion of the Task. Should the additional costs, expenses, or other damages exceed the amounts withheld, the Consultant shall be liable for, and shall promptly remit to the District, the difference.

22.3 The provisions of paragraphs 21 and 22 shall not relieve the Consultant of its ongoing obligations under this Agreement, including but not limited to paragraph 8, Ownership of Work; paragraph 9, Correction of Work; paragraph 13, Laws, Regulations, and Permits; paragraph 16, Resolution of Disputes/Attorneys' Fees; paragraph 17, Indemnity; paragraph 18, Insurance; paragraph 19, Safety; paragraph 20, Notices; and paragraph 23, Maintenance and Inspection of Records.

23. MAINTENANCE AND INSPECTION OF RECORDS

23.1 The District or its authorized representatives shall have access to and the right to audit and reproduce any of the Consultant's records to the extent the District is properly entitled under this Agreement or for other purposes relating to this Agreement.

23.2 The Consultant shall maintain and preserve all such records for a period of at least three (3) years after termination of this Agreement.

23.3 If the Consultant does not maintain all such records in Ventura County, the Consultant shall, upon request, promptly deliver the records to the District or reimburse the District for all reasonable and extra costs incurred in conducting the audit at a location other than the District, including, but not limited to, such additional expenses for personnel, salaries, private auditors, travel, lodging, meals and overhead.

24. STANDARD OF CARE

24.1 Subject to paragraph 24.2, below, the Consultant's performance of all services, obligations, and responsibilities under this Agreement will be in a manner that is consistent with that degree of care and skill ordinarily exercised by members of the Consultant's profession currently practicing under similar circumstances.

24.2 Design work which is performed pursuant to this Agreement is subject to the District's required standard of care for final designs (ready-to-bid plans and specifications); that is, the District shall require reimbursement from the Consultant for the value of change orders due to design error, plus fifteen percent of the value of change orders due to design omissions, when the sum of these two figures exceeds 2% of the original construction contract. (Formula: $[\text{Cost of Design Error Change Orders}] + [\text{Cost of Design Omission Change Orders} \times .15] - [\text{Original Contract Amount} \times .02] = \text{Required Reimbursement}$). This formula covers all necessary change orders during construction, and additionally applies to any necessary modifications that are discovered up to one year after the date of the notice of completion, or up to one year after the date of beneficial occupation (whichever is earlier).

25. CERTIFICATION OF NO CONFLICT

25.1 The Consultant hereby represents, warrants and certifies to the District that no member, officer or employee of the Consultant is a director, officer, employee or board member of the District.

26. INTERPRETATION

26.1 Applicable Law; Venue. This Agreement and the rights and duties of the parties hereunder (both procedural and substantive), shall be governed by and construed according to the laws of the State of California. The parties further agree that this Agreement is entered into in the City of Thousand Oaks, California, and that all claims or controversies arising out of or related to performance under this Agreement shall be submitted to and resolved in the appropriate forum within Ventura County, California at a place to be determined by the rules of the forum.

26.2 Entire Agreement. This Agreement, including each signed proposal, signed authorization letter, and any Exhibits attached hereto, constitutes the entire agreement and understanding between the parties regarding its subject matter and supersedes all prior or contemporaneous negotiations, representations, understandings, correspondence, documentation and agreements (written or oral).

26.3 Written Amendment. This Agreement may only be changed by written amendment signed by the Consultant and an authorized representative of the District. Any oral representations or modifications concerning this Agreement shall be of no force or effect.

26.4 Severability. If any provision in this Agreement is held by any court of competent jurisdiction to be invalid, illegal, void, or unenforceable, such portion shall be deemed severed from this Agreement, and the remaining provisions shall nevertheless continue in full force and effect as fully as though such invalid, illegal, or unenforceable portion had never been part of this Agreement.

26.5 Order of Precedence. In case of conflict between the terms of this Agreement and the terms contained in any document attached as an Exhibit or otherwise incorporated by reference, the terms of this Agreement shall strictly prevail.

26.6 No Prejudice to Drafting Party(ies). In construing this Agreement, none of the Parties shall have any term or provision construed against them solely by reason of such Party having drafted the same. In addition, in the event of any dispute, words utilized in this Agreement are to be interpreted in accordance with their most common construction and usage in accordance with the most current Webster's English dictionary definition and meaning in effect at the time of the signing of this Agreement. Punctuation and/or capitalization are not intended to alter such meanings or to attach any special significance to terms utilized in this Agreement.

26.7 Duplicate Originals. There shall be two (2) fully signed copies of this Agreement, each of which shall be deemed an original.

(Signature Page Follows)

CONSULTANT

By _____
(Signature)

Date

(Print Name)

Its _____
(Print Title)

(If the CONSULTANT is a corporation, the Agreement shall be signed above by one of the following: Chairman of the Board, President or any Vice President)

By _____
(Signature)

Date

(Print Name)

Its _____
(Print Title)

(If the CONSULTANT is a corporation, the Agreement shall also be signed above by one of the following: Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer)

CALLEGUAS MUNICIPAL WATER DISTRICT

Kristine McCaffrey, General manager

Date