Cabazon Water District
14618 Broadway Street • P.O. Box 297
Cabazon, California 92230

FINANCE & AUDIT COMMITTEE MEETING

AGENDA

Meeting Location:
Cabazon Water District Office
14618 Broadway Street
Cabazon, California 92230

Teleconference:
Dial-in #: 978-990-5321
Access Code: 117188

Meeting Date:
Tuesday, November 17, 2020 – 5:00 PM

CALL TO ORDER,
PLEDGE OF ALLEGIANCE,
ROLL CALL
FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report
   - Balance Sheet
   - Profit and Loss Budget Comparison
2. Finance & Audit Committee District Payables Review and Approval/Signing

PUBLIC COMMENT

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. **Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))**

ADJOURNMENT

ADA Compliance Issues

In compliance with the Americans with Disabilities Act & Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 849-4442. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.

3/133

Cabazon Water District
14618 Broadway Street • P.O. Box 297
Cabazon, California 92230

REGULAR BOARD MEETING

AGENDA

Meeting Location:

Teleconference:
Dial-in #: 978-990-5321
Access Code: 117188
Email: info@cabazonwater.org

Meeting Date:
Tuesday, November 17, 2020 – 6:00 PM

CALL TO ORDER
PLEDGE OF ALLEGIANCE
REMEMBRANCE OF OUR SERVICE MEN AND WOMEN
ROLL CALL
CONSENT CALENDAR

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There will be no separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

1. **Approval of:**
    a. Finance and Audit Committee Meeting Minutes and Warrants approved by the committee on October 20, 2020
    b. Regular Board Meeting Minutes and Warrants of October 20, 2020
2. **Warrants – None**
3. **Awards of Contracts –**
    a. **Well No. 1 Rehabilitation & Re-equipping Project – Legend Pump and Well Service Inc. (per the October 20, 2020 Board Meeting)**
    b. **Tank No. 1 Rehabilitation & Re-equipping Project – Simpson Sandblasting and Special Coatings Inc. (per the October 20, 2020 Board Meeting)**

UPDATES

1. **Update:** **San Gorgonio Pass Regional Water Alliance Update (by Director Israel / Director Morris)**

2. **Update:** **Manager's Operations Report (by GM Louie)**

NEW BUSINESS

1. **Discussion/Action:** **Customer Concern: Elizabeth Miffleton, Development Project on Hattie Ave.** (by AGM)

2. **Discussion/Action:** **CalMutuals JPRIMA Ballot Selection for Jim Byerrum (only candidate running) -** (by GM)

3. **Discussion/Action:** **Thetford Web Development -** (by GM)

OLD BUSINESS

1. **Discussion/Action:** **NBS Water Rate Study and Adoption of Rates (Adoption of adjusted monthly meter charges and tiered water rates). -** (by AGM)

2. **Discussion/Action:** **CUSI UMS Billing System Software Quote to Upgrade -** (by AGM)

3. **Discussion/Action:** **Name the Water Dinosaur contest -** (by GM and Director Wargo)

PUBLIC COMMENTS

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District that is not listed on the agenda; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))

GENERAL MANAGER/BOARD COMMENTS

1. **Future Agenda Items**

   The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

   - **Suggested agenda items from the Public.**
   - **Suggested agenda items from Management.**
   - **Suggested agenda items from Board Members.**

2. **Management Comments**

   Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

3. **Board Member Comments**

   Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

MISCELLANEOUS

1. **Future Board Items/Next Board Meeting Date(s)**

   a. **Finance & Audit Workshop – Tuesday – December 15, 2020, 5:00 pm**
   b. **Regular Board Meeting – Tuesday – December 15, 2020, 6:00 pm**
   c. **Personnel Committee – None**
   d. **San Gorgonio Pass Regional Water Alliance – Alliance Meeting – Wednesday – Nov. 25, 2020**

ADJOURNMENT

ADA Compliance Issues

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GM 1/18

Manager's Report – Regular Board Meeting – 11/17/2020 rev. 11/12/20

Manager's Report

UPDATES

1. **Update:** **Manager's Operations Report (by GM Louie)**

    a. **Edison – Public Safety Power Shut-off**

    - **10/24/20 to 10/27/20 – County of Riverside, Emergency Management Department (EMD)** in coordination with **Southern California Edison (SCE)** issued Flash Reports providing updates to a **Public Safety Power Shutdown (PSPS)**.

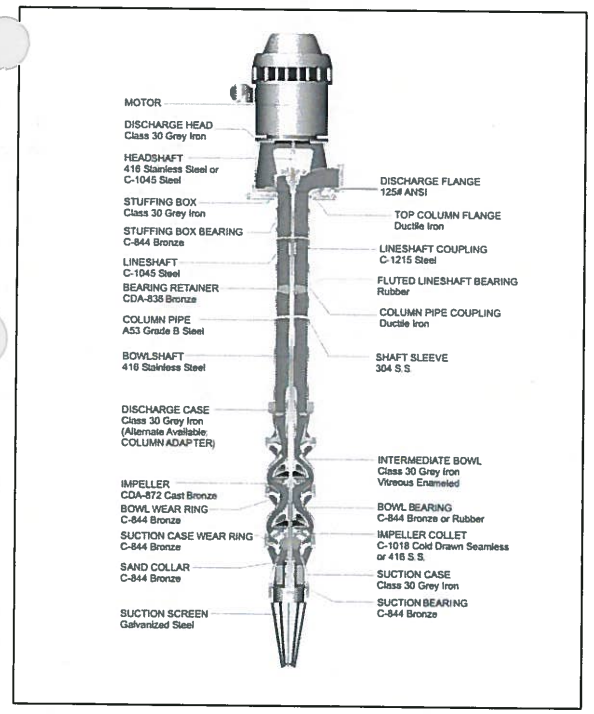
    Santa Ana winds were predicted to reach its top speed beginning Monday (10/26/20) through Tuesday (10/27/20) triggering a **SCE PSPS** to monitor and potentially circuit power shutoff.

    The GM responded to Cabazon during the late evening to early morning to be physically present to take corrective action for the water production and distribution system. One major concern is to ensure the 250 hp. electric pump motor shaft does not *back spin* should **SCE** re-energize the circuit.

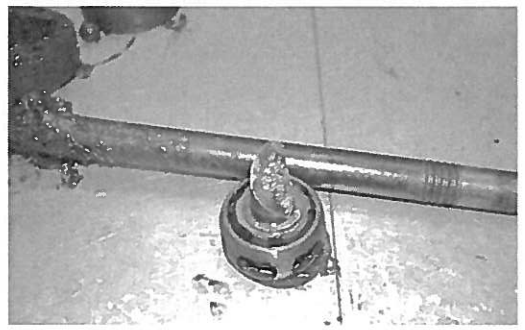
    As a reminder, the 250 hp. electric pump motor spins a shaft that runs between 700 feet to 1200 feet below the surface of the ground.

    When the electric pump motor receives no power, the shaft will spin backwards. Should **SCE** re-energize, there is a possibility of the electric pump motor spinning the shaft in the other direction.

    This damaging function is referred as *back spinning,* causing severe damage to the shaft, impellers, bowls,



GM 2/18



Pump shaft back spinning damage.

casing, or other components. Past history, the District had an incident of *back spinning* at production well #1. A portion of the shaft shot up through the pump motor and roof hatch.

Some of the precautions that have been installed are as follows:

1. Power interruption, whether it is a surge or PSPS event, each production well facility must have a certified water operator manually inspect all electric connections to ensure they are in order and that the water pump shaft is **not spinning**.
2. Then the certified water operator shall open up the control panel to ensure all electric sub-breakers are in the OFF position.
3. Once accomplished and if there is no visual evidence of damage, the MAIN breaker will be reset with the sub-breakers switched back ON in the reverse order it was switched OFF.

b. 11/12/20 – Engie representatives Amelia Cottrel, Business Development Associate and Ashu Jain, Senior Manager updated District management on the current solar project.

The newly acquired parcel earmarked for the District yard will not have an effective comparison, since there is no electric power usage history attached to that parcel. So this site is disqualified. But all other existing facilities do qualify.

Information will be disseminated at the regular board meeting scheduled for Tuesday, 11/17/20, at 6:00 PM.

This is due to the fact the Feasibility Assessment data was shared on Thursday (11/12/20) at 9:00 AM which conflicts with distribution of Board package.

c. 11/08/20 – Preconstruction Meeting – The GM and Field Crew Lead, along with the District's engineering firm, K&S, Chuck Krieger, Travis Romeyn, Mike Kruse, and Lorna Ewing met with Keith Collier from Legend Pump & Wells. Inc. and Ryan Simpson of Simpson Sandblasting and Special Coating, Inc.

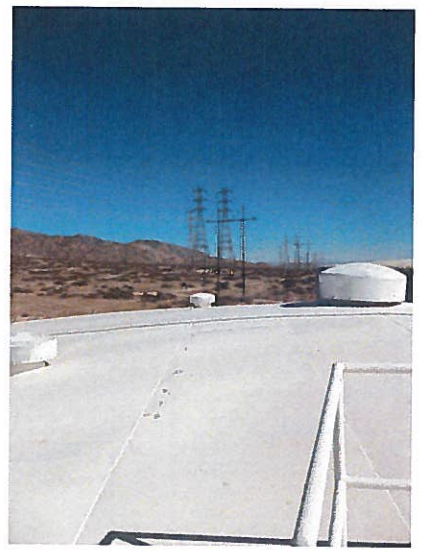
GM 3/18

The following procedures were established in the preconstruction conference agenda.

- Both Contracts were awarded on 10/20/20.
- Both Contracts were executed by the District on 11/09/20.
- Legend has 140 calendar days after the date of Notice to Proceed, earmarked for 11/10/20)
- Simpson has 60 calendar days after the date of Notice to Proceed, earmarked for 11/10/20)
- Legend and Simpson's kick-off date will be on Monday, 11/16/20.
- Liquidation Damages is $1,000 per day.
- This is a prevailing wage project.
- Guarantee on Completed Work is one (1) year after the date of final acceptance. Each Contractor has specific terms of the guarantee in the individual Contract.
- Each Contractor will submit a construction schedule with specific topics.
- Working hours shall be an eight (8.0) hour day, between 7:00 AM and 4:00 PM, Monday through Friday, except Holidays recognized by the District. The GM will cover Fridays (District is normally closed) and certain Holidays with previous arrangements. Alternative work hours must be approved by the District.
- Both Contractors will cooperate and coordinate their activities as they will be performing their job on the same work site.
- Both Contractors shall be solely and completely responsible for job-site safety.
- Both Contractors will coordinate their activities with the K&S On-site Inspector so inspections can be efficiently scheduled.
- K&S On-site Inspector will inspect the work for compliance with the Contract Documents and prepare daily reports
- Procedure of Rendering Partial Payments – All progressive payments will be submitted to the K&S Project Manager and On-site Inspector. Any discrepancies will be discussed with the Contractor. Once it has been approved by K&S authorized personnel, the invoice will be submitted to the District. Payment will be made by the 30th day of the following month.
- Change Orders – Contractor will submit proposals on a Change Order Proposal (COP) to authorized K&S

GM 4/18

Tank #2



personnel. The K&S Project Manager or On-site Inspector do not have the authority to approve extra work. K&S will review extra work requests with the District prior to approval.

- Change Order – The District will be requesting Simpson to preform extra work at reservoir tank 2 (T2). Spot repair the roof. It should be noted that water tank T2, T3, and T4 has been 3-5 years since it has been inspected by divers and repairs performed. The GM will provide reports to the Board at the December regular meeting.
- Progress meeting via telephonic updates, date and time to be established.
- Job site security shall be sole responsibility of the Contractor. All security arrangement is to be approved by the District.

d. Corona Virus – The District will continue to execute the following actions in regards to COVID-19.

- Management continues to take the following preventive and protective measures:

  Encouraging Board and this Community's Water Team members to reassure any concerned residents and water customers may have about the safety of tap water. The transmission of COVID-19 through tap water is 99.9% untrue. The measured dose of sodium hypochlorite (chlorine) kills most bacteria and viruses.

  The lobby continues to be **closed** to the public until further direction from the State and County Health officials.

  Management will continue to protect the health of District employees. Face masks are now **required** when District personnel are interacting with or in the public. The exemption with the face mask is when there is a barrier between District staff and the public, such as a community member or vendor in the lobby conversing through the transaction window.

  The current confirmed COVID-19 cases in the Community of Cabazon is **70**, **Deaths – 1**, and **Recovered – 65** as of **11/11/20** on the **Riverside County Public Health** website: https://www.rivcoph.org/coronavirus

GM 5|18

This Community's water district will continue to work with water customers that are experiencing hardships in paying their water bills.

Our Customer Accounts Department will continue to handle checks, money orders, and cash by wearing nitrile gloves when handling these transactions.

Management has updated what other local water districts and companies actions in response to COVID-19 as of 11/10/20.

- ✓ **City of Banning -** City Hall is now open for over-the-counter payments; however, face coverings are required to enter the building. All customers are expected to comply with the social distancing guidelines set in place. As we move forward in the current situation, we strongly encourage customers to use one of our alternative payment methods as of 11/10/20.

- ✓ **Coachella Valley Water District** – Offices are closed to the public due to COVID-19 as of 11/10/20

- ✓ **Mission Springs Water District** – Offices are closed to the public due to COVID-19 as of 10/13/20.

- ✓ **South Mesa Water Company** – Hours or services may vary to the public due to COVID-19 as of 11/10/20.

- ✓ **Beaumont Cherry Valley Water District** – Offices are closed to the public due to COVID-19 as of 11/10/20.

- ✓ **High Valley Water District** – Hours vary due to COVID-19 as of 11/10/20.

e. **Weather, Tesla, and SCADA Failure** – On Saturday (11/07/20 thru Monday (11/09/20), the GM handled several issues.

- ✓ CWSA recommended the District to Tesla who received a grant from the State of California regarding no cost Tesla back-up batteries. The GM

GM 6/18

acquired photos of possibly eligible production well sites.

- ✓ Based on adverse weather forecast, the GM switched service vehicles.

- ✓ There was a SCADA communications failure between the SCADA server and Tank #2. This required the GM and other certified water operators to physically monitor and activate production wells manually. The GM stayed overnight in town while coordinating other certified water operators to provide hands-on assistance for the electrician and SCADA engineer.

  Any questions after reviewing the memorandum titled **Weather, Tesla, and SCADA Failure**, dated **11/10/20**.

f. Public Educational Video – SCADA Alert Response

The General Manager has produced a Public Educational Video titled SCADA Alert Response. Some speed bumps have been encountered. The details of these challenges will be discussed in detail under Thetford

g. 52396 Esperanza Ave. – Property Owner Hazel Pasillas – Waiver has been executed and her payment plans have been initiated. Ms. Pasillas requested that Management express her gratitude to this Board.

The next few issues are Majestic Properties transferring to new property owners (in escrow at this time). This are the four (4) units located at the corner of Maxine Ave., Date Ave., and Lemon St.

The GM has been working with the property owner of an undeveloped lot on the north side of Dolores Ave., between Broadway St. and Cabazon St. The District is working with Beale, the engineer with K&S on designing and approving the location of the fire hydrants (minimum 2 and maximum 3) to be installed along Dolores Ave. The property owner will not only pay for the new water connection, but may contribute to a portion of the cost to install the fire hydrant(s).

GM 7/18

h. Pecan St./Main St. (Hadley Ice-house) property (50100 Main St., Cabazon)

- ✓ On Tuesday, 11/03/20, the GM met Vincent Yzaguirre from the County of Riverside Facilities Management. He met the District's Field Crew Lead and the GM at the Main Street yard to direct the District what the County expects.
- ✓ County of Riverside, Department of Building and Safety, Permit Application OAPT2004809; called and emailed on 09/29/20 Joseph Feliciano. On 09/29/20, GM left a message and emailed Feliciano with negative results. GM will continue to attempt. GM may go pay a personal visit to his office, if allowed. The GM plans on arranging an appointment at the County office.
- ✓ The District earmarks on or before the end of March 2021 to be relocated at the new Pecan/Main District yard.

i. Chick-fil-A & Esperanza project

- ✓ Chuck Krieger is our K&S contact.
- ✓ Jim Beale, engineer with K&S has completed comments on the plans from Chick-fil-Am reviewed by District personnel, and the GM has emailed it to Chick-fil-A engineering for them to review.

j. Enterprise License for Host Server – Accent Computer Solutions, Inc. – On 11/01 & 11/02 2020 there was a power failure here in Cabazon.

The General Manager's Work Log Data, (an activities log where his entries are organized on an **Excel spreadsheet** by **date**, **time**, **location**, and a **brief description** of the GM's daily activities), shows the following.

"Monday, November 2, 2020 - 0:00 AM - 11/2/2020 - 1:45 AM - CWD Work - Remotely update on GM time sheet; water production & distribution data, ***failed to remotely access due to power outage****."*

During that period of time, I was telephonic notified by *Ian, System Technician, Accent Computer Solutions, Inc.* that the 24hr. monitoring the District computer system has alerted a *server downtime on the night of 11/1 and morning of 11/2.*

GM 8/18

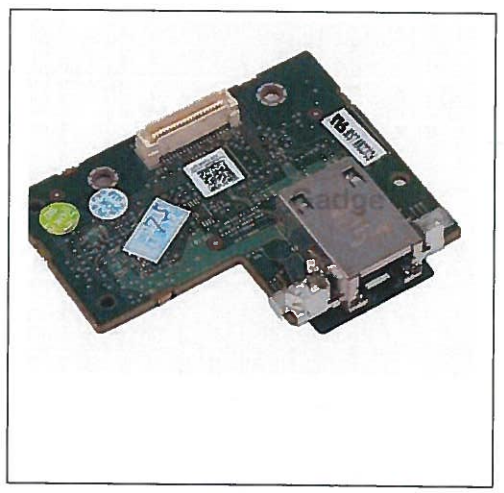
As with public utility, water in our case, technology also has personnel monitoring computer systems 24 hours, 7 days a week. This is one of the services which is included with the current IT contract.

Ian inquired if a District personnel could meet an *Accent Technician* or a response later (Monday) at the beginning of the District's regular work hours.

Based on the water production *trends*, coupled with the temporary *demand* (*water usage*) due to the I-10 resurfacing project, the following facts were considered prior to notifying *Ian* an *Accent Technician* responding to the District during regular work hours was acceptable.

a. The District offices are opened Monday through Friday, 8 AM to 4:30 PM, closed Friday through Sunday, and Holidays.
b. The District first staff member reports for work at 5 AM, Monday thru Thursday.
c. Based on recent historic *demand* (*water usage*) and water production.
d. Reliability of the production wells versus no SCE PSPS alerts, planned de-energizing circuits for maintenance, and call from the alarm monitoring service reporting no communications due to back-up batteries power has depleted. This is one indication that the production wells electric pump motors are receiving power to operate as pre-programmed.

What is iDRAC? Integrated Dell Remote Access Controller



The **iDRAC** is a piece of hardware that sits on the server motherboard that allows Systems Administrators to update and manage Dell systems, even when the server is turned off. The **iDRAC** also provides both a web interface and command line interface that allows administrators to perform remote management tasks.

The District's main server is a Dell. The following facts were considered prior to approving this $437.29 purchase.

a. There are occasions where the District's back-up battery to the main server depletes. Management is researching the financial resources for a longer

GM 9/18

lasting back-up power. (Solar and back-up batteries currently is in the study phase by Engie.)

b. Extended SCE de-energizing PSPS events and maintenance periods.
c. The cost of having a District personnel respond to the administration facility. (Management – cost of fuel and operating the District service vehicle. Employee in the bargaining unit (Union) – minimum three (3.0) hour pay and mileage to and from the employees destination.) These potential additional operational and payroll cost can be reduced for routine and minor troubleshooting without relying on physical responses for hands on-site.

NEW BUSINESS

1. **Discussion/Action:** **Customer Concern: Elizabeth Miffleton, Development Project on Hattie Ave.** (by AGM)
2. **Discussion/Action:** **CalMutuals JPRIMA Ballot Selection for Jim Byerrum (only candidate running) -** (by GM)
3. **Discussion/Action:** **Thetford Web Development -** (by GM)

Management is recommending that the District begin the process of bidding or seeking out another vendor for the website contract. Thetford has recently been non-responsive, failed to perform when promised, or delayed in following through with updates. Recently, was embedding or linking the Public Educational Videos.

The failure to perform was publicizing the RFP (Request for Proposal) which included posting the RFP on the District's website.

The GM's challenges was the Thursday, prior to the RFP due date (09/19/20), the GM emailed and ultimately spoke to a Thetford staff member. She assured she would relocated an item from the production well bid requirements to the interior recoating of Tank #1. This was never accomplished.

Copy of a portion of the email to the AGM from the GM, sent on 10/26/20, at 7:11 AM, "*On 09/17/20, I emailed and contacted their staff, spoke to them personally on updating the District's website on a revised Addendum No. 1 that was placed under Well #1 instead of Tank #1. The female representative stated she would addressed that immediately. She failed to do so. This was a request from Sabrina prior to her departure from K&S.*"

On 10/12/20, a week before the October 2020, Regular Board meeting, the GM assigned the AGM to upload the Public Educational Video, titled "*CWD 1 SCADA Alert Response 100620.mp4"*

Two (2) days later (10/14/20), TWD Support (Thetford Website Developer) responded they would look into it and provide information.

Now, twelve (12) days later, after the AGM email Thetford a respectful push on 10/22/20.
On 10/26/20, Thetford responded. Within their email, they craftily replied, "*So sorry you did not receive our response.*" This appears to the GM, Thetford is passively implying that they had sent a timely reply and the

GM 10/18

District may have missed it. But it also leaves Thetford enough wiggle room to side crab if confronted with the GM's opinion they becoming *lackadaisically* and *practicing poor customer service*.

On 10/29/20, the GM advised not to pursue Thetford's recommendation to upload the videos on the YouTube website until further research was conducted by the GM.

The GM emailed the AGM on 11/04/20 that based on the District's general counsel (Steve Anderson), the GM's research of YouTube public comments can be disable. However, whether this function (public comments) was purposely or inadvertently activated, it could be a potential 1st Amendment violation if the District was to disable or delete public comments.

The AGM emailed Thetford on 11/04/20 to proceed with uploading the video and further videos onto YouTube, reiterating "*Public comments MUST be DISABLED via YouTube though.*" Five days (5) later, the AGM again emailed another push on 11/09/20, as Thetford has failed to respond in a timely manner.

Some vendors in the past can become **comfortable** or **confident** with the District when they (the Vendor) provides the contracted services to the District, then Management **negative** communication is non-existent.

Twenty-eight (28) days have passed. Thetford has responded the AGM's email dated 11/09/20, "*I was wondering what the status was on the email directly below? I have not heard from anyone.*"

Management is requesting the Board to approve Management to reach out to the other vendors to provide quotes to potentially replace Thetford.

OLD BUSINESS

1. **Discussion/Action:** **NBS Water Rate Study and Adoption of Rates (Adoption of adjusted monthly meter charges and tiered water rates). -** (by AGM)

2. **Discussion/Action:** **CUSI UMS Billing System Software Quote to Upgrade -** (by AGM)

As recommended by Chairman Lynk, the GM contacted Chris Kercher, Regional Sales Manager of SmartPhone Meter Reading (SPMR) a subsidiary of Datamatic, Inc.

Management does not recommend the District continues to pursue this product based on the following facts.

To the best of his recollection, he stated the initial set-up fees is $2,100 and with less than 900 water meters to be read. He thought there would be an annual cost of $2,000 with two (2) persons reading the water meters. He also stated that the District iPhones 6 Plus were compatible with his firm's software.

CUSI contract requires a monthly fees for two (2) smartphone water meter reading software are $150 per month. Based on this, it would be an annual cost of $1,800.

Kercher did make mention the $2,000 (couple thousands is what he said), included support and maintenance whereas CUSI annual charges are $1,202 and a On-Premise Implementation Services of $8,920 with two (2) discounts (2020 CBSW to UMS Software and Services Discount of $2,876.50 and Turnkey Merchant Services Discount of $2,000) totaling $4,876.50.

The total CUSI cost for the package is $10,858, which includes the software for two (2) District cellphones to read water meters and is the current utility software the District currently uses. If the District did not want to upgrade the CUSI billing system, but only wanted the Meter reading technology, it would cost approximately

GM 11/18

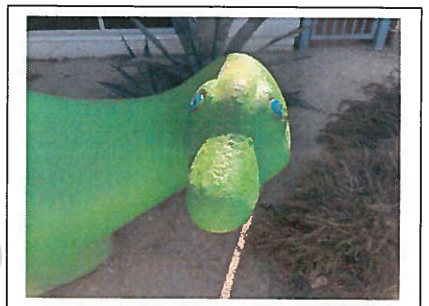
$1,462.50 plus $2,000, totaling $3,462.50, with an additional charge of $150 per month for the two meter reading applications that can be installed on two District work phones.

Kercher did state his product had no utility's billing software. They would require, in the District's case, CUSI disclose the compatible format in which the data was to be exported. Kercher also said the work order feature was seldom used by his current utility's customer base. SPMR does have a few major cities to a small mutual water companies in their clientele.

If we were to transition to SPMR, the estimated cost, based on Kercher's unofficial estimate is $4,100 for the first year. This includes the $2,100 set-up charge. The District would still be required to rely on CUSI or another water billing software.

3. **Discussion/Action:** **Name the Water Dinosaur contest -** (by GM and Director Wargo)

On 10/15/20, GM Louie received from In-N-Out Burgers eight (8) Valued Guest Meal Cards ($9.00 each).



GM Louie also has developed the contact information form to be printed on the back of the coloring contest entries.

Director Wargo said she would follow up with Dollar General for donations.

Management recommends the Board decides on a date for the contest.

David Wolny, the District Field Crew Lead I, at his own initiative, researched, purchased, and installed the unnamed water dinosaur's eyes.

GM 12/18

MEMORANDUM

DATE: November 12, 2020

TO: Board of Directors

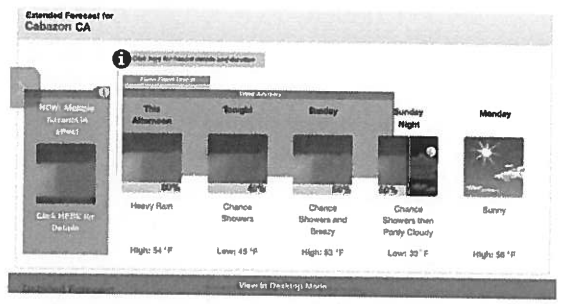
FROM: C. Louie – General Manager

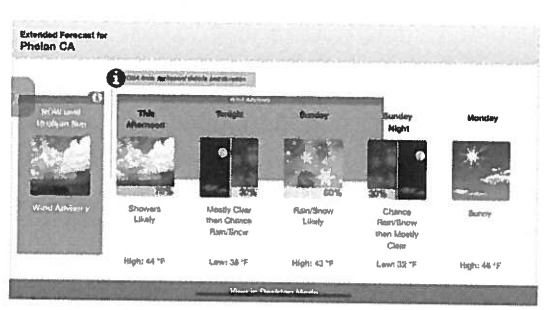
SUBJ: RE:

cc: Lemus

SUMMARY

Attached are the weather forecast for Cabazon and the High Desert for the weekend of **Saturday (11/07/20)** thru **Monday (11/09/20)**. When there is an adverse weather forecast and the GM has activities requiring a **service truck** and/or 4X4 capabilities, the GM will be operating service vehicle unit #001, instead of unit #004, a low riding two-wheel drive vehicle.





To reiterate the prominence of having a raised body and 4X4 capability is to prevent being impairment when a deep rut, mud, snow, or other unknown road conditions exist.

Scheduled for **Monday, 11/09/20**, at **10:00 AM**, a pre-construction meeting with Chuck Krieger, District staff, and the vendors that the water board awarded the well rehab and interior water coating projects. Reliable transportation is imperative.

On **Saturday, 11/07/20**, I responded to Cabazon to obtain photos of production well #1 & #2 from a **Tesla** referral from the **Community Water System Alliance (CWSA)**.

This Community's water district is a founding member of the **CWSA**. The State has provided a grant to **Tesla** to reach out to small water systems to provide a no cost battery backups. I checked to ensure the Tesla batteries are compatible with recharging the District's current solar power

GM 13/18

system vendor, **Engie**. This is also another "no to minimum cost" program with the full support of the Board (as recommended by Director Wargo and Director Morris.)

Tesla representative Ryan Glanville emailed the GM over the weekend that photos should be obtained by **Monday (11/09/20)** morning for their engineers to conduct a study.

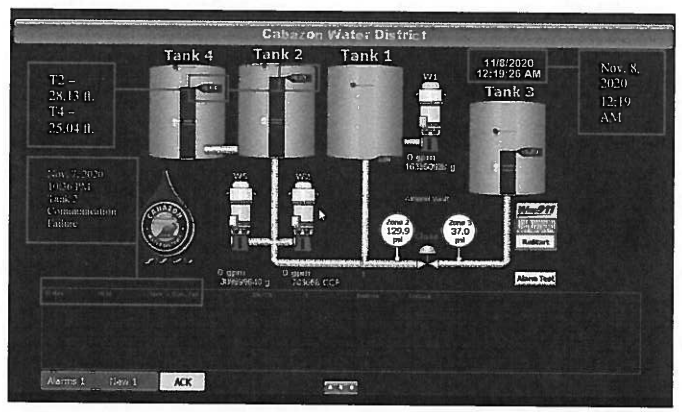
AGM Lemus has released District's SCE energy consumption to **Tesla** for the study. The program ends December 2020. This is the reason for the urgency of providing data to **Tesla**.

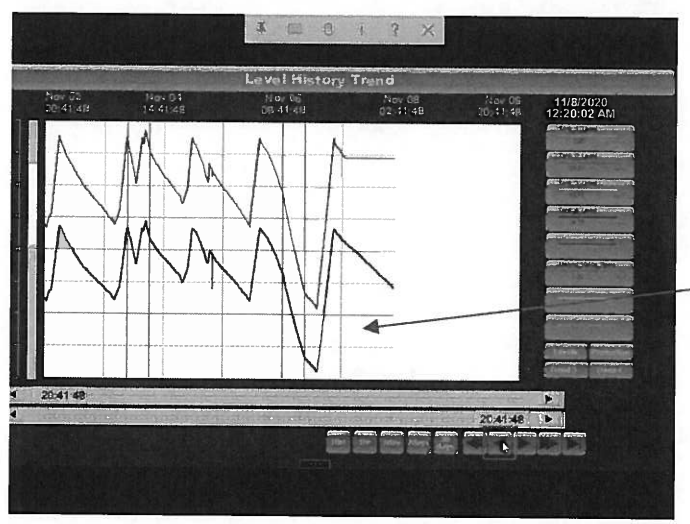
Then, **Saturday (11/07/20)** evening, the GM had to respond to Cabazon due to a **failed SCADA program** to remotely activate production well #2 (W2 is located in the Robertson Readi-Mix Cement Cabazon plant) and production well #5 (W5 is located on the south side of Desert Hills on Seminole Dr.)

STATEMENT OF FACTS

On **Saturday (11/07/20)** at approximately **10:30 PM**, the GM notice that neither W2 nor W5 activated at **10:00 PM**, as pre-programmed.

How to interpret SCADA screens and graphs.





Irregular water levels with no I-10 resurfacing project.

GM 14/18

The GM noticed that water tank #2 (T2) and water tank #4 (T4) water levels on the SCADA (System Control and Data Acquisition) were very off. T2 was showing 28.13 feet and T4 showed 25.04 feet.

Background info: *After the GM worked with the District's legal, engineering, and Simon Properties (owner & property management of Desert Hills Premium Outlets (the "Center")) in the acquisition of the Center's water production and distribution system, the inter-connection of the Center and this Community's water district (the "District") infrastructure began. During the assessment of the Center's one (1) million gallon (MG) water tank (T4) and T2, belonging to the District, it was determined there was only a one (1) foot difference in the elevation between the two (2) reservoirs.*

Both the SCADA screen and physical water level scale mounted on the outside wall of each water tanks would display a one (1) foot difference. The above SCADA screen displayed an approximately three (3.0) foot difference.

Upon my arrival **Sunday (11/08/20)** morning at approximately 12:15 AM, the physical scale mounted on the outside walls of T2 showed a water level of 26.0 feet, and T4 had level of 25.0 feet. A one (1.0) foot difference.

Based on the above evidence, coupled with the SCADA screen **Alarm 1**, the GM formulated the opinion that a possible failure of the *transducer* installed at the bottom of T2. The water level of T2 triggers W2 and W5 when to **START** and **STOP** filling both water tanks.

What is a *transducer*?

The *transducer* is installed at the bottom of the water tank. The water tank is often referred to as a *stand pipe*. Pressure at a certain depth within a liquid is directly proportional to the column of liquid above it, measured as water column, or WC. By measuring liquid density, liquid height can be accurately measured (*water tank level*).

The data is then transmitted to the appropriate receiver to remotely control water pumps and pressure reduction valves (PRV). The raw data that is converted to manage information should not be an arduous manual task. Management information systems should be designed to automatically transform raw data into meaningful and useful management information.

In the past, the GM has had the *transducer* replaced several times. On one occasion, the GM on a Friday afternoon during the *Orange Crush traffic* drove to Anaheim, CA to pick-up a *transducer* to be replaced at T2 and T4.

I suspect the failure is the same and have confirmed spare *transducers* are available, if that is the cause for the failure.

Based on the water tank level (T2 – 26.0 feet and T4 – 25.0 feet), each foot equates to approximately 32,258 gallons of water, and the **STOP** signal is when these two water tanks reach 29.0 feet, coupled with the fact the Interstate 10 (I-10) resurfacing project

GM 15/18

was temporarily terminated due the forecasted adverse weather of rain and snow in the Cabazon area (the Pass). The current weather condition was *rain* and *light snow* while I was driving to Cabazon.

I conducted the following calculations.

The **High Water Level (HWL)** is 31.0 feet (overflow), which is one (1) million gallons of water. Presetting the **STOP** at 29.0 feet provides the GM or the other responding certified water operator up to a two (2.0) hours buffer to respond in the event of a failure of the SCADA program remotely deactivating (turning off) one or both production wells (W2 and W5).

This is based on the fact that with both production wells (W2 and W5) running simultaneously, one (1.0) foot of water is actually two (2.0) feet of water when two (2) water tanks being replenished takes approximately one and a half (1.5) hours.

These performances by W2 and W5 is based on limited *demand* (water usage) from the community. During these late night and early mornings, most businesses are closed and residents are asleep.

However, I must include the I-10 resurfacing project which increases the *demand* as the contractor (*Coffman Specialties*) has rented several construction water meters from the District for producing the resurfacing material and dust control.

ACTION TAKEN

After reviewing the current weather conditions, *Coffman Specialties* non-operating the I-10 resurfacing project, and the volume of water available estimated at 10 feet X 2 equates to 20 feet x 32,258 equals to approximately 645,160 gallons of water available to meet **Sunday's** *demand*.

At 25.0 feet, only 10 feet of water in each water tank was calculated to maintain 15.0 feet of water in each water tank for fire protection; specifically this was one of the terms the Center deeded their private water production and distribution system to the District. This was one of the requirements set forth by the County of Riverside Fire and Planning Department for approving the Center's 100 million dollar expansion to have a one (1) million gallon of surplus water for fire protection.

At 15.0 feet X 2 water tanks X 32,258 = 967,740 gallons of surplus water for fire protection. The District **must** dedicate this amount of surplus water for the Center and its neighboring residents.

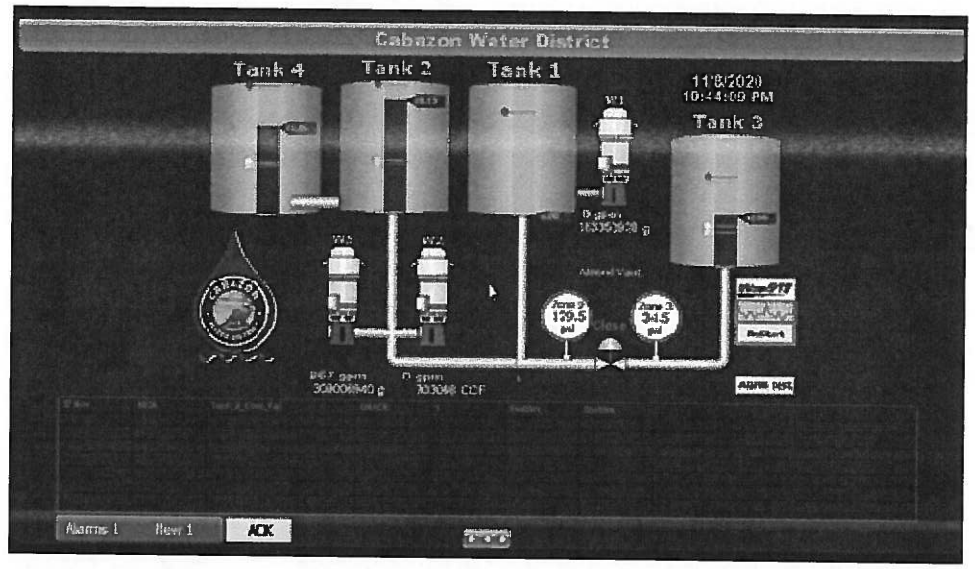
FOLLOW UP ACTION TAKEN

Anticipating the SCADA failure at T2 remotely activating W2 and W5, I notified Wolny at **4:36 PM** that I would be manually activating W2 and W5 **Sunday (11/08/20)** evening

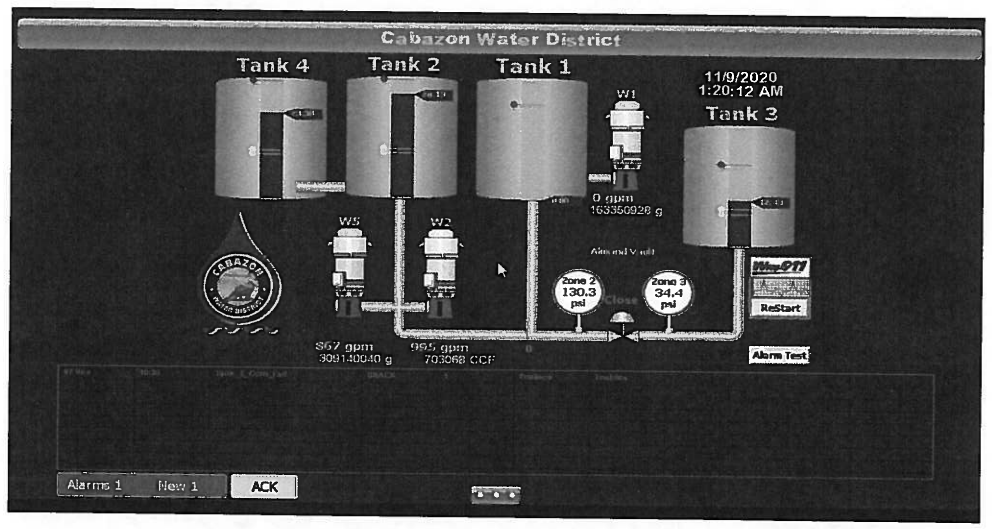
GM 16/18

beginning at **10:00 PM** and physically monitoring the water tank levels to ensure T2 and T4 does not overflow.

Sunday (11/08/20), at approximately **10:30 PM**, T2 physical water level was 23.0 feet and T4, 22.0 feet. Production well #5 (W5) was manually activated at **10:44 PM**.



Monday (11/09/20), at approximately 12:30 AM, T2 physical water level was 25.0 feet and T4, 24.0 feet. Production well #2 (W2) was manually activated at **12:45 AM**. At **1:20 AM** shows SCADA screen is not accurately showing W2 pumping correctly. No **GREEN** and generally W2 pumps over 1000 gallons per minute (**gpm**) not 995 **gpm**. White indicates the pump motor is not running. I visually verified W2 is pumping.



Monday (11/09/20) at approximately **3:49 AM**, T2 was at 27.0 feet and T4 at 26.0 feet. I manually deactivated W2. The SCADA screen corrected itself and it showed W2 pumping at 1026 **gpm**.

GM 17/18

Wolny manually deactivated W5 pump motor at **5:00 AM**. Wolny reported tank water levels were T2 was 28.0 feet and T4 at 27.0 feet.

UPDATED PROGRESS

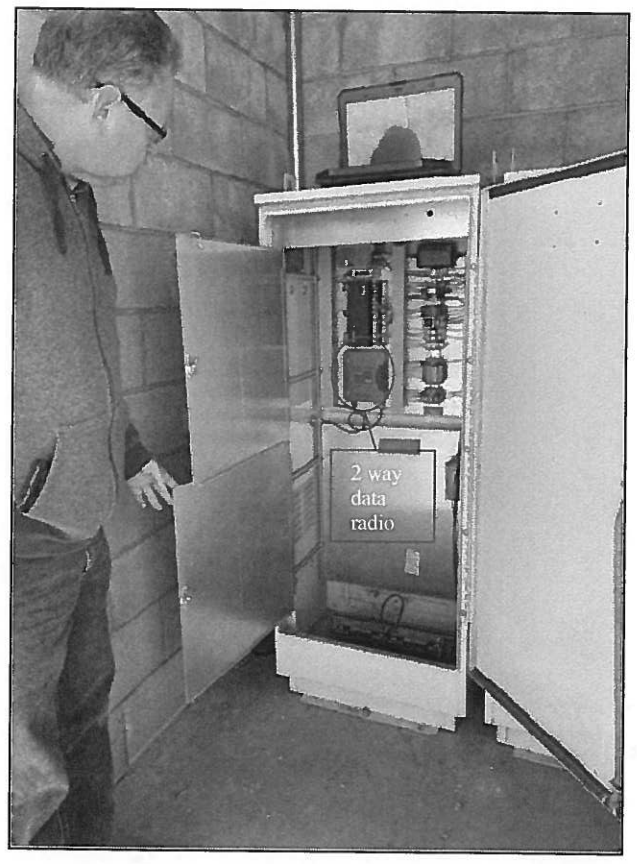
Production Well #5 - Tuesday (11/10/20), Greg Beebe arrived at production well #5. When the GM attempted to manually activate W5 the entire well pumping facility experienced a complete power failure. The GM attempted to reset the Main and sub-breakers and was met with negative results.

Beebe determined a high breaking capacity (HBC) fuse and replaced it.

Water Tank #2 (T2) – Wednesday (11/11/20) – John May, SCADA Engineer from Byrd Electronics met the GM at T2 at approximately 9:30 AM. May's investigation proved the two-way data radio did not reset due to an electric power surge or failure.

Power surge is a form of **electrical power disturbance**, usually lasting millionths of a second. **Power failures** is the **loss of the electrical power network supply** to an end user.

Per John, if the radio continues to require manually resetting due to a surge or temporary loss of electric powers, a replacement two-way data radio is recommended as they are designed to automatically to self-check and reset.



GM 18/18

Between **10:00 PM (11/11/20)** and **2:30 AM (11/12/20)**, the GM responded to visually confirm the production wells were actually pumping when the SCADA screen showing the pump motors were running and confirming T2 & T4 water levels.

COMMENTS

These late night and early morning tasks, defined as non-business hour activities are not just **water related emergency calls**.

Other occurrences include, but are not limited to SCADA failures, burglary alarms with the Sheriff's Department requesting a water district representative to respond, water production mechanical calamities, IT requiring a District employee to be present at the office to physically operate computer hardware, and other issues requiring District personnel to be present in town.

The GM and District certified water operators ensures the community has "reliable & safe" drinking water.

Cabazon Water District
14618 Broadway Street • P.O. Box 297
Cabazon, California 92230

FINANCE & AUDIT COMMITTEE MEETING

MINUTES

Meeting Location:
Cabazon Water District Office
14618 Broadway Street
Cabazon, California 92230

Teleconference:
Dial-in #: 978-990-5321
Access Code: 117188

Meeting Date:
Tuesday, October 20, 2020 – 5:00 PM

CALL TO ORDER,
PLEDGE OF ALLEGIANCE,
ROLL CALL

Director Wargo - Present
Director Sanderson - Present

Calvin Louie (General Manager) - Absent
Elizabeth Lemus, Board Secretary - Present
Cindy Byerrum, Financial Consultant - Absent

***Note: This meeting was recorded by the District -**

FINANCE & AUDIT COMMITTEE

1. Discussion: Finance & Audit Committee Report

   - Balance Sheet
   - Profit and Loss Budget Comparison

Main Reports:

• Balance Sheet – depicts what the District owns and what the District owes.

• Profit & Loss – shows monthly revenue and expenses.
• Profit & Loss Budget Performance – shows how the District is performing against the budget, and the condition of the District fiscal year to date.

Balance Sheet:
The District's combined Cash with Chase and LAIF balance was $1,248,627 at month end.
The District's total liabilities were approximately $901,003 at month end.

Profit and Loss: - Year to date is 25% of the year
4. Commodity Sales: This is the variable income from charges linked to the consumption of water. YTD is trending above budget at 41% due to higher consumption in the summer months.
9. New Account Fees: These are the opening fees for new utility accounts. These fees are currently at $20 for residential accounts and $65 for construction accounts. These fees are hard to predict and can trend under or over budget during the year.
46. Engineering Services: Includes engineering costs for District activities. YTD trending over at 32% due an unexpected amount of new development and the tank recoating project.
64. Air Conditioning Servicing: Includes monthly air conditioning service for the District office. YTD is trending on target at 25%.
85. Equipment Rental: Includes equipment rental expenses incurred by the district. YTD is at 73% due to traffic control equipment rentals related to a water line emergency repair in July
92. DHPO Interest Expense: Interest expense on the DHPO loan. YTD is at 55% due to bi-annual timing of interest payments.
As of September 30th, the fiscal year-to-date net income is $106,839.

2. Finance & Audit Committee District Payables Review and Approval/Signing

PUBLIC COMMENT

Any person may address the Board of Directors at this time on any matter within the subject matter jurisdiction of the Cabazon Water District; however, any matter that requires action will be referred to staff for investigation and reported at a subsequent Board of Directors meeting. The Board of Directors is prohibited by law from discussing or taking immediate action on items during this public comment period. To comment on specific agenda items, please advise the Board secretary prior to the meeting. **Each public comment will be limited to three (3) minutes. Individuals may not give their time away to another spokesperson. After two (2) minutes, the speaker will be notified that he/she has one (1) minute remaining. AB 1234 ORAL REPORTS (Gov. Code Sec. 53232.3(d))**

ADJOURNMENT

Motion to adjourn at 17:16 hr. made by Director Wargo and 2nd by Director Sanderson.

Director Wargo - Aye
Director Sanderson - Aye

Meeting adjourned at 17:16 hr. on Tuesday, October 20, 2020

Robert Lynk, Board Chair
Board of Directors
Cabazon Water District

Elizabeth Lemus, Secretary
Board of Directors
Cabazon Water District

ADA Compliance Issues

In compliance with the Americans with Disabilities Act & Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact the Clerk of the Board at (951) 849-4442. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.

Cabazon Water District
14618 Broadway Street • P.O. Box 297
Cabazon, California 92230

REGULAR BOARD MEETING

MINUTES

Meeting Location:

Teleconference:
Dial-in #: 978-990-5321
Access Code: 117188
Email: info@cabazonwater.org

Meeting Date:
Tuesday, October 20, 2020 – 6:00 PM

CALL TO ORDER
PLEDGE OF ALLEGIANCE
REMEMBRANCE OF OUR SERVICE MEN AND WOMEN
ROLL CALL

Director Martin Sanderson - Present
Director Diana Morris - Present
Director Sarah Wargo - Present
Director Maxine Israel - Present
Director Robert Lynk – Present

Calvin Louie, General Manager - Present
Elizabeth Lemus, Board Secretary - Present
Cindy Byerrum, Financial Consultant - Absent
Steve Anderson, Best Best & Krieger Law Firm - Absent
Joseph Ortiz, Best Best & Krieger Law Firm - Absent

Note: This meeting was recorded by the District -

CONSENT CALENDAR

All matters in this category are considered to be consistent with the Board/District goals, District Policies and Regulations adopted and/or approved by the Board of Directors, and will be enacted in one motion. There will be no separate discussion of these items. If discussion is required, items may be removed from the consent calendar and will be considered separately.

1. **Approval of:**
   a. Finance and Audit Committee Meeting Minutes and Warrants approved by the committee on September 15, 2020
   b. Regular Board Meeting Minutes and Warrants of September 15, 2020

Motion to approve following consent calendar item(s) (a.) Finance and Audit Committee Meeting Minutes/Warrants of September 15, 2020, **and (b.) Regular Board Meeting Minutes/ Warrants of** September 15, 2020, **made by Director Israel and 2nd by Director Wargo.**

Director Sanderson - Aye
Director Morris - Aye
Director Wargo - Aye
Director Israel - Aye
Director Lynk - Aye

2. **Warrants – None**
3. **Awards of Contracts – None**

***Note: The Board skipped to Old Business Item #2 so that the Customer Hazel Pasillas would not have to wait for her item to be called. After her item was discussed, the meeting resumed as normal, starting at the Updates:**

UPDATES

1. **Update:** **San Gorgonio Pass Regional Water Alliance Update (by Director Israel / Director Morris)**

   No meeting until November.

2. **Update:** **Manager's Operations Report (by GM Louie)**

   - **SCE PSPS Events (power outages may affect well pumping)**
   - **Engie Alternative Energy Review (Solar, backup batteries, and generator inquiries)**
   - **COVID-19 precautions at District Office (sanitizing, etc.)**
   - **Name the Dinosaur Event temporarily on hold.**
   - **Public Education Videos – GM to begin compiling/uploading to website.**
   - **Pecan/Main St. update – waiting on County to approve electrical.**
   - **Chick-Fil-A proposed development on Seminole. GM to coordinate between developers and engineering.**
   - **FCW I Job Description/vacancy – recruitment to begin Jan/Feb 2021.**
   - **SGP GSA Working Group Mtg. – AGM Lemus briefed the Board that the group was currently discussing a DMS data collection system required for State reporting. The group decided to stick with the basic essentials.**

NEW BUSINESS

1. **Discussion/Action:** **Award of Contract for Well No. 1 Rehabilitation and Re-equipping Project; one bid received from Legend Pump and Well Service Inc.**

Motion to Award the contract for Well No. 1 Rehabilitation and Re-equipping Project to Legend Pump and Well Service Inc. for their proposed bid amount of $306,493.50 made by Director Sanderson and 2nd by Director Wargo.

Director Sanderson - Aye
Director Morris - Aye
Director Wargo - Aye
Director Israel - Aye
Director Lynk - Aye

2. **Discussion/Action:** **Award of Contract for Tank No. 1 Rehabilitation and Re-equipping Project; two bids received from (a) Simpson Sandblasting and Special Coatings Inc. and (b) J. Colon Coatings Inc.**

Motion to Award the contract for Tank No. 1 Rehabilitation and Re-equipping Project to Simpson Sandblasting and Special Coatings In. for their proposed bid amount of $229,770.00 made by Director Sanderson and 2nd by Director Morris.

Director Sanderson - Aye
Director Morris - Aye
Director Wargo - Aye
Director Israel - Aye
Director Lynk - Aye

3. **Discussion/Action:** **CUSI UMS Billing System Software Quote to Upgrade**

- It was explained that one of the District's two meter reading machines (called Psions) are no longer working, and the equipment is becoming obsolete and unrepairable. Meter reading technology is moving towards an app that is downloaded and paid for monthly on smartphones. The CUSI quote for this technology is $75 per phone, per month.
- It was also explained that the District's current CUSI system will eventually need an upgrade, as it is also becoming outdated and obsolete. If the District purchased the upgrade sooner than later, CUSI would give the District approx. $2,000 discount on the upgrade. If the District requests the upgrade after a certain time period (not specified), the discount may no longer be offered.
- The Board was made aware that ultimately, the meter reading technology is the priority in this case, but that District staff wanted the Board to be aware of the system upgrade will be imminent at some point.
- The Board understood the situation, and requested a second quote regarding meter reading technology be obtained. Cyclops Meter Reading was one company that was brought up during the meeting.

***Note: There was no motion and roll call vote made, but it was the consensus of the Board to table this item until a second quote regarding the meter reading technology could be obtained. No objections were voices by either the Board or the public.**

Motion to approve / _____ made by Director _____ and 2nd by Director _____.

Director Sanderson - _____ (yes / no / abstain)
Director Morris - _____ (yes / no / abstain)
Director Wargo - _____ (yes / no / abstain)
Director Israel - _____ (yes / no / abstain)
Director Lynk - _____ (yes / no / abstain)

***Note: There was no motion and roll call vote made, but it was the consensus of the Board to table this item until a second quote regarding the meter reading technology could be obtained. No objections were voices by either the Board or the public.**

OLD BUSINESS

1. **Discussion:** **NBS Water Rate Study and Adoption of Rates (Adoption of adjusted monthly meter charges and tiered water rates) – Discussion only, as this item will be formally decided during the Nov. 17, 2020 Board Meeting.**

   - No public was present to discuss, although the public was invited to attend this meeting.
   - Some of the Board members brought up the fact that under the proposed NBS Water Rate Study and Adoption of Rates, which will be discussed further and most likely voted on during the November Regular Board Meeting, there would be a large shift in bill amounts for the higher water users (it would be more expensive), while more conservative users would see lower monthly bills.

*No vote was made, as this was a discussion item only. The Board is to vote on this item during the November 17, 2020 Regular Board meeting.

2. **Discussion/Action:** **52396 Esperanza Ave. – Property Owner Hazel Pasillas – New water connection (by GM Louie)**

   - The General Manager recommended that Ms. Pasillas sign the waiver, and Ms. Pasillas affirmed verbally that she did not have any issues signing the waiver.
   - The GM also informed the board that he believed looping the system would improve the pressure in that area.
   - The GM recommended that this item be tabled until the November Board Meeting when he could ask legal to draft a waiver in preparation of the meeting. Ms. Pasillas agreed with this.

*Note: there were no objections voiced by either Board or Public. There was no official roll call vote made, but it was the consensus to table this item until the November regular Board meeting.

Motion to table this item until the November board meeting made by Director _____ and 2nd by Director _____.

Director Sanderson - _____ (yes / no / abstain)
Director Morris - _____ (yes / no / abstain)
Director Wargo - _____ (yes / no / abstain)
Director Israel - _____ (yes / no / abstain)
Director Lynk - _____ (yes / no / abstain)

*Note: there were no objections voiced by either Board or Public. There was no official roll call vote made, but it was the consensus to table this item until the November regular Board meeting.

***Note: The Board skipped from the General Manager report to Old Business Item #2 so that the Customer Hazel Pasillas would not have to wait for her item to be called. After her item was discussed, the meeting resumed as normal, starting at the Management Updates.**

3. **Discussion/Action:** **Name the Water Dinosaur contest (by Director Wargo and GM Louie)**

   - It was the consensus of the Board and GM, with no objections voiced by either Board or public, to table this item until donation prizes could be sought and obtained. Likely this item would continue after the holidays.

*Note: no roll call vote was made, but it was the consensus of the Board to table this item. No objections were voiced by either Board or public.

Motion to approve / _____ made by Director _____ and 2nd by Director _____.

Director Sanderson - _____ (yes / no / abstain)
Director Morris - _____ (yes / no / abstain)
Director Wargo - _____ (yes / no / abstain)
Director Israel - _____ (yes / no / abstain)
Director Lynk - _____ (yes / no / abstain)

*Note: no roll call vote was made, but it was the consensus of the Board to table this item. No objections were voiced by either Board or public.

PUBLIC COMMENTS

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GENERAL MANAGER/BOARD COMMENTS

1. Future Agenda Items

   The Board Chair or the majority of the Board may direct staff to investigate and report back to an individual(s) and the Board on matters suggested or direct the General Manager/Board Secretary to place the matter on a future Board meeting.

   - Suggested agenda items from the Public.
   - Suggested agenda items from Management.
   - Suggested agenda items from Board Members.
     - Whether to reimburse Directors for COVID testing expenses incurred as a result of performing Board duties (by Director Sanderson and Director Israel).

2. Management Comments

   Staff members may speak on items of information not requiring comment or discussion to the Board and public. Topics which may be included on a future meeting agenda may be presented but cannot be discussed. (3 minutes)

3. Board Member Comments

   Board members may speak on items of information not requiring comment or discussion to the Board and public. (3 minutes)

   - Director Wargo commented that she attended a "Meet the Candidate" conference for SGPWA, and Mickey Valdevia was the only candidate she heard that clearly expressed support for the SGPWA pipeline to reach Cabazon.
   - There is a political sign at the District's Pecan/Main St. property that needs to be removed (since the District cannot endorse any political candidates).

MISCELLANEOUS

1. Future Board Items/Next Board Meeting Date(s)

   a. Finance & Audit Workshop – Tuesday – November 17, 2020, 5:00 pm
   b. Regular Board Meeting – Tuesday – November 17, 2020, 6:00 pm
   c. Personnel Committee – None
   d. San Gorgonio Pass Regional Water Alliance – Alliance Meeting – 3rd Wednesday of the month – Nov. 18, 2020, 5:00 pm.

ADJOURNMENT

Motion to adjourn at 19:14 hr. made by Director Sanderson and 2nd by Director Israel.

Director Sanderson - Aye
Director Morris - Aye
Director Wargo - Aye

Director Israel - Aye
Director Lynk - Aye

Meeting adjourned at 19:14 hr. on Tuesday, October 20, 2020

Robert Lynk, Board Chair
Board of Directors
Cabazon Water District

Elizabeth Lemus, Secretary
Board of Directors
Cabazon Water District

ADA Compliance Issues

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Cabazon Water District
Profit & Loss
July - October 31, 2020

		Oct-20	Current YTD	FY 20/21 Budget	YTD (33%)
1	**REVENUES**				
2	**OPERATING INCOME**				
3	Base Rate - Water Bills	$ 76,744	$ 304,762	$ 939,800	32%
4	Commodity Sales	41,475	175,240	329,700	53%
5	DHPO Contract	15,576	68,130	168,000	41%
6	Fire Sales - Water Bills	461	1,844	5,900	31%
7	Fire Flow Income	285	1,710	-	0%
8	Penalty Fees - Water Bills	1,232	2,102	31,000	7%
9	New Account Fees - Water Bills	185	910	1,600	57%
10	Returned Check Fees	-	60	500	12%
11	Basic Facilities Fee	-	13,384	-	0%
12	Stand By Fees - Tax Revenue	-	-	113,600	0%
13	**TOTAL OPERATING INCOME**	135,957	568,141	1,590,100	36%
14	**NON-OPERATING INCOME**				
15	Property Taxes	787	787	60,900	1%
16	Cell Tower Lease Income	4,258	10,645	25,600	42%
17	Miscellaneous Non-Operating Income	-	-	7,300	0%
18	Interest Income	1,525	1,525	19,600	8%
19	**TOTAL NON-OPERATING INCOME**	6,570	12,957	113,400	11%
20	**TOTAL REVENUES**	142,527	581,098	1,703,500	34%
21	**EXPENSES**				
22	**PAYROLL & BENEFITS**				
23	Directors Fees	800	3,700	15,000	25%
24	Management & Customer Service				
25	Customer Accounts	4,082	18,524	54,800	34%
26	Business Admin Manager	5,896	26,447	77,700	34%
27	Office Assistant	621	2,985	7,800	38%
28	General Manager	6,862	30,880	89,200	35%
29	Total Management & Customer Service	17,462	80,013	229,500	35%
30	Field Workers	9,508	44,202	123,000	36%
31	Employee Benefits Expense				
32	Workers Compensation	927	3,708	6,200	60%
33	Employee Health Care	5,029	29,574	94,800	31%
34	Pension	5,226	23,867	77,400	31%
35	Total Employee Benefits Expense	11,182	57,150	178,400	32%
36	Payroll Taxes	2,114	10,355	33,200	31%
37	**TOTAL PAYROLL & BENEFITS**	41,066	195,420	579,100	34%

Cabazon Water District
Profit & Loss
July - October 31, 2020

	Oct-20	Current YTD	FY 20/21 Budget	YTD (33%)
OPERATIONAL EXPENSES				
Facilities, Wells, T&D				
Lab Fees	221	1,653	8,900	19%
Meters	-	50	4,800	1%
Utilities - Wells	14,946	34,828	96,600	36%
Line R&M Materials	71	4,353	72,500	6%
Well Maintenance	848	2,149	37,800	6%
Security	1,503	6,415	24,800	26%
Engineering Services	7,454	25,228	56,300	45%
Facilities, Wells, T&D - Other	75	1,359	12,200	11%
Total Facilities, Wells, T&D	25,118	76,035	313,900	24%
Utilities - Office				
Electricity	2,170	6,819	15,800	43%
Gas	20	76	1,100	7%
Telephone	842	3,388	10,200	33%
Trash Pickup & Office Cleaning	774	1,896	4,600	41%
Total Utilities - Office	3,807	12,179	31,700	38%
Office Expenses				
Water Billing System	177	709	2,100	34%
Supplies & Equipment	59	957	10,100	9%
Copier Lease & Printing Supplies	147	1,208	5,000	24%
Dues & Subscriptions	-	-	1,300	0%
Postage	782	2,739	8,100	34%
Printing & Publications	-	292	6,300	5%
Computer Services	4,844	14,674	36,800	40%
Office Storage	500	2,500	6,200	40%
Air Conditioning Servicing	418	1,672	5,100	33%
CA Water Systems Alliance	-	208	2,500	8%
Office Expenses - Other	-	136	2,100	6%
Total Office Expenses	6,928	25,095	85,600	29%
Support Services				
Temporary Labor	1,931	10,563	12,600	84%
Financial Audit	-	2,630	23,000	11%
Accounting	3,000	12,000	35,000	34%
Legal Services	-	10,214	71,000	14%
Bank/Payroll Service	392	1,683	5,200	32%
Website Support	-	150	900	17%
General Liability Insurance	2,075	8,299	26,100	32%
Total Support Services	7,398	45,539	173,800	26%

Cabazon Water District
Profit & Loss
July - October 31, 2020

		Oct-20	Current YTD	FY 20/21 Budget	YTD (33%)
77	Training/Travel	157	271	4,500	6%
78	Other Fees/SWRCB	-	1,556	8,900	17%
79	Service Tools & Equipment				
80	Shop Supplies and Small Tools	33	2,121	9,300	23%
81	Vehicle Fuel	2,247	3,644	16,300	22%
82	Employee Uniforms	-	-	1,800	0%
83	Safety	-	-	500	0%
84	Tractor Expenses	-	-	3,700	0%
85	Equipment Rental	-	1,450	2,000	73%
86	Service Trucks - R&M	233	2,396	14,500	17%
87	Water Ops Phone & Internet	293	880	4,800	18%
88	Total Service Tools & Equipment	2,806	10,491	52,900	20%
89	**NON-OPERATING EXPENSES**				
90	Grant & Loan Processing Fee	1,325	1,325	1,400	95%
91	DWR Interest Expense	4,121	4,121	7,900	52%
92	DHPO Interest Expense	-	3,167	5,800	55%
93	Bad Debt Expense	-	-	1,200	0%
94	Miscellaneous	1,144	1,559	1,100	142%
95	**TOTAL NON-OPERATING EXPENSES**	6,591	10,173	17,400	58%
96	**TOTAL EXPENSES**	93,870	376,759	1,267,800	30%
97	**TOTAL INCOME BEFORE CAPITAL & GSA**	**48,657**	**204,340**	**435,700**	**47%**
98	DHPO Capacity Credit	(1,750)	(7,000)	(21,000)	33%
99	**CAPITAL PROJECTS**				
100	Main Street Improvements (Icehouse Imp.)	-	(4,834)	(20,000)	24%
101	Meter Replacements & Other Capital	(60,967)	(60,967)	(35,000)	174%
102	Well & Tank Repairs	-	-	(465,000)	0%
103	**TOTAL CAPITAL PROJECTS**	(60,967)	(65,801)	(520,000)	13%
104	**DEBT - PRINCIPAL**				
105	Debt Service Principal - DWR	(20,224)	(20,224)	(40,800)	50%
106	Debt Service Principal - DHPO (Zion)	-	(41,436)	(82,900)	50%
107	**TOTAL DEBT - PRINCIPAL**	(20,224)	(61,660)	(123,700)	50%
108	**SGMA / GSA**	(993)	(3,462)	(35,000)	10%
109	**NET INCOME / (LOSS)**	**$ (35,277)**	**$ 66,417**	**$ (264,000)**	

No assurance is provided on these financial statements.
The financial statements do not include a statement of cash flows.
Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

Cabazon Water District
Balance Sheet
October 31, 2020

		Oct 31, 20
1	**ASSETS**	
2	Current Assets	
3	Checking/Savings	
4	General Bank Account-Chase	$ 146,568
5	Payroll Bank Account-Chase	168,652
6	Trust Account-Chase (Cust. Deposits)	5,162
7	Local Petty Cash	100
8	Total Checking/Savings	320,498
9	Accounts Receivable	220,886
10	LAIF	843,648
11	Bank of NY Trustee Accounts	58,197
12	Prepaid Expenses	20,458
13	Inventory	94,015
14	Total Current Assets	1,560,828
15	Fixed Assets	
16	Total Fixed Assets	13,130,969
17	Accumulated Depreciation	(5,993,048)
18	Net Fixed Assets	7,137,921
19	**TOTAL ASSETS**	**$ 8,703,944**
20	**LIABILITIES & EQUITY**	
21	Liabilities	
22	Current Liabilities	
23	Accounts Payable	$ 10,220
24	Other Current Liabilities	
25	Misc Short Term Liability	10,000
26	Customer Deposits - Co 1	6,500
27	Customer Deposits - Co 2	4,336
28	Total Customer Deposits	10,836
29	Accrued Vacation Pay	9,437
30	DWR-HS Payable - Current	40,763
31	Current Portion Zion's Bank Ln	82,872
32	Accrued Payroll	11,311
33	Accrued Payroll Taxes	838
34	Accrued Interest	3,647
35	Accrued Expenses	3,000
36	Total Current Liabilities	183,369
37	Long Term Liabilities	
38	DWR-H Loan Payable (Payoff '26)	238,187
39	Zion's Bank Long Term (2023)	172,026
40	RCEDA Loan Payable	300,000
41	Total Long Term Liabilities	710,213
42	Total Liabilities	893,582
43	Total Equity	7,810,362
44	**TOTAL LIABILITIES & EQUITY**	**$ 8,703,944**

New Business

1. Discussion/Action Item:

Customer Concern: Elizabeth Miffleton, Re:
Development Project on Hattie Ave.

21/133

Cost Estimate

Cabazon Water District
14618 Broadway Street
PO Box 297
Cabazon, CA 92230
(951) 849-4442 Office, (951) 849-2519 Fax

STATEMENT NO.
DATE June 16, 2020
WATER ACCT. #

BILL TO: Ms. Elizabeth Miffleton, Miffleton Real Estate

(951) 202-0167

COMMENTS: Cost Estimate for Line Extension, Materials, Labor, and Engineering Deposit, with associated expenses relating to the project of extending the main line on Hattie Ave. and setting a 3/4" meter at APN 528-092-025.

DUE DATE:

DATE	DESCRIPTION	AMOUNT	BALANCE
	Engineering Deposit Amount	$ 31,200.00	$ 31,200.00
	Minus $5,000 check submitted	$ (5,000.00)	$ 26,200.00
	Estimated Labor expenses to extend line/set meter	$ 8,618.40	$ 34,818.40
	Estimated Materials expenses	$ 10,073.44	$ 44,891.84
	3/4" Meter Charge	$ 13,384.00	$ 58,275.84
	Estimated Legal Contract Writing (reimbursement agreement)	$ 750.00	$ 59,025.84
	Other Estimated Expenses relating to line extension (lab testing, concrete truck rental, etc.)	$ 1,369.00	$ 60,394.84

CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	AMOUNT DUE
$60,394.84					**$60,394.84**

Please remit payment to the Cabazon Water District address as listed above. Thank you!

I wanted an opportunity to speak with the board today to try and get a better understanding of how they decide billing for new construction.

I'm a fairly new investor, have been investing in flips for the last 5 years and this year I took on two new projects here in the city of Cabazon.

Both projects involved putting brand new mobile homes on land. One of the properties had utilities already and one didn't. The one I'm focusing on today is the one that doesn't yet have utilities, which is APN 528-092-025

I researched the approximate cost of putting utilities on this property, the cost of permits, the cost of the mobile home and I acquired a construction loan for the total amount that I anticipated spending on this project. On Tuesday May 12th, Elizabeth Lemus the Assistant General Manager informed me that the water line reached the corner of Elm and Hattie and it would cost approximately $15-20k to get that project completed. I felt this was a reasonable amount and one that I could proceed with. I made a deposit of $5,000 in order to begin the process.

After spending money on the initial permits with Riverside Country, having the new mobile home delivered and staying in communication with Elizabeth Lemus at the water district there began to be changes in the pricing. It seemed that every time we spoke the quote went up by $10,000. Here are the dates and pricing I was given:

May 12 =$15-20K

August 12 = $20-25K

August 24 = $35K

September 24 = $43K

September 29 = $60,394.84

These price increases were all prior to breaking ground, and $30K was for an engineer to draw a straight line from the end of Hattie to my lot.

I'm and investor and a Realtor that sells a lot of property in Cabazon. I know that unexpected expenses are not unusual when working on a new project. However, to me it seemed like the Cabazon Water District was trying to find the "magic number" that they would quote me to discourage me from developing that land, and it appears they found it at $60k.

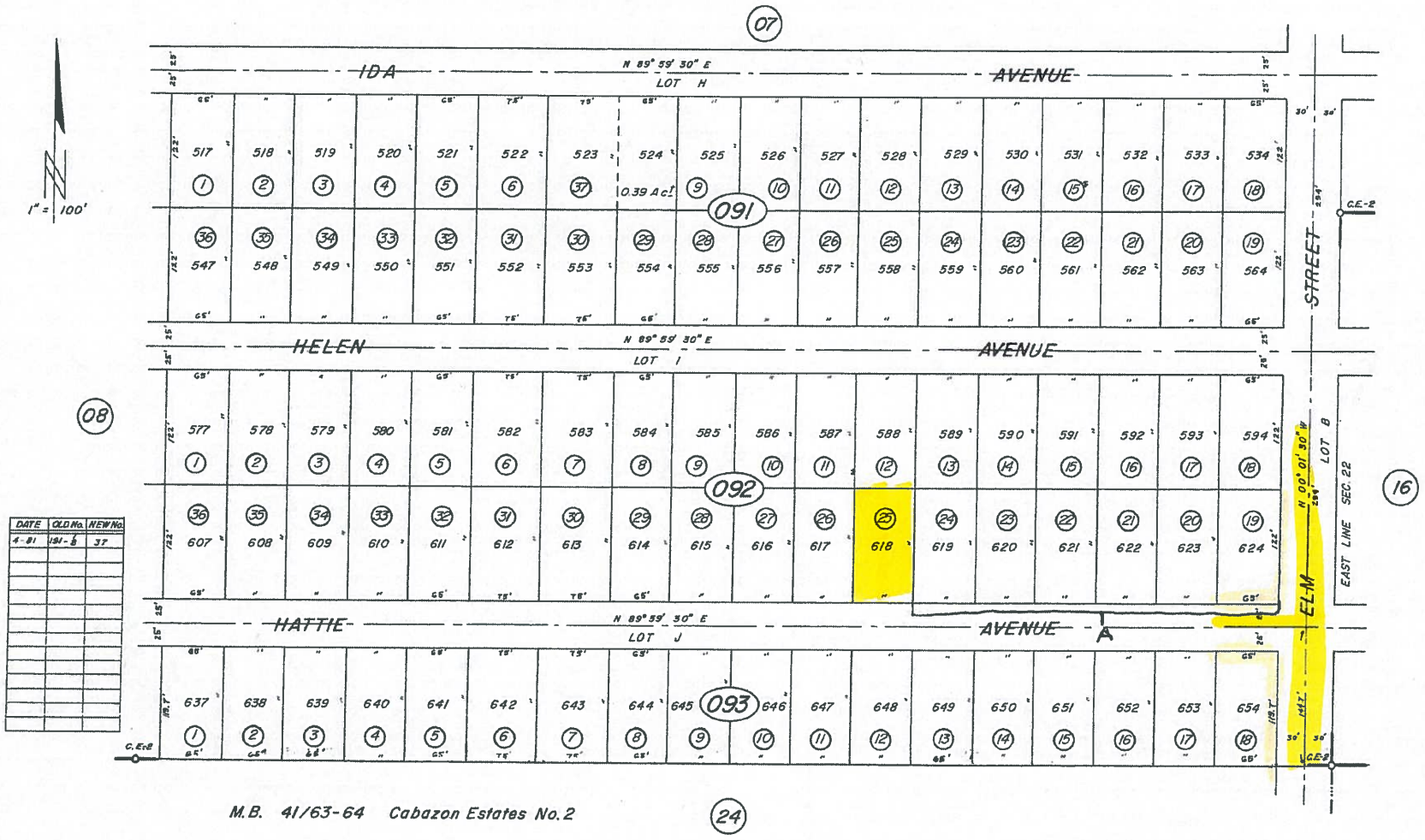
So I would like to know a few things:

1.) Why is the cost to install water a mere 390' from where the water line ends so expensive.
2.) Is the Cabazon Water District wanting to discourage investors from developing land in Cabazon, if so why?
3.) If they are not trying to discourage development then what does Cabazon Water District plan to do to help investors develop more land in Cabazon?
4.) Do you agree that Cabazon Water District would benefit from more residents using and paying for water services instead of discouraging any kind of development?

24-29-10

528-09 T.C.A. 5544

POR. NE 1/4 SEC. 22, T.3S., R.2E.



DATE	OLD No.	NEW No.
4-81	191-5	37

M.B. 41/63-64 Cabazon Estates No. 2

24

APRIL 1969

ASSESSOR'S MAP BK. 528 PG. 09
RIVERSIDE COUNTY, CALIF.
JB

A = 390' feet

24/133

New Business

2. Discussion/Action Item:

CalMutuals JPRIMA Ballot Selection for Jim Byerrum (only candidate running)

26/133

CalMutuals
JPRIMA
Joint Powers Risk and Insurance Management Authority

BALLOT FOR THE
2020 ANNUAL MEETING OF THE
CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES
JOINT POWERS RISK AND INSURANCE MANAGEMENT AUTHORITY

NOVEMBER 17, 2020

CABAZON WATER DISTRICT [insert name of member company or district] hereby submits its written ballot for the 2020 Annual Meeting of the California Association of Mutual Water Companies, marked as follows:

For Director, for a two-year term:

James Byerrum

For: ☑

Against: ☐

Quorum Only: ☐

Dated: 11/05/2020, 2020

Name of Member Company or District: CABAZON WATER DISTRICT

By _____
[signature]

CALVIN LOUIE
[printed name]

Its: GENERAL MANAGER
[position title]

CalMutuals JPRIMA
Joint Powers Risk and Insurance Management Authority

NOTICE OF ANNUAL MEETING
To be held November 17, 2020

To the Members of California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (CalMutuals JPRIMA):

NOTICE IS HEREBY GIVEN that the Annual Meeting of the California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority will be held remotely through Zoom on Tuesday, November 17, 2020 from 1:00 – 3:00 PM.

The purpose of the Annual Meeting is to consider and act upon the following:

The election of Directors, with the nominee as put forth by the Authority's Nominating Committee for the stated term, as follows:

James "Jim" Byerrum – *two year term, or until his successor is duly elected and qualified;*

Jim has played a leadership role in the formation of the Authority and has been an integral part of its development. He has served on CalMutuals JPRIMA Board of Directors as its Chair and President from 2016-2020. Jim recently retired as President of California Domestic Water Company after 35 years of service. In April of this year Jim was elected to the Board of Directors of the Hi-Desert Water Agency in Yucca Valley, CA. Throughout his career he has shared his time and talent in leadership positions with Main San Gabriel Basin Watermaster and Water Quality Authority, the San Gabriel Valley Water Association and CalMutuals JPRIMA's sister association CalMutuals.

Another nominee may be put forth as a nomination from the floor during the meeting.

Such other items as may properly come before the Authority's membership.

The meeting will coincide with the Annual meeting of the California Association of Mutual Water Companies and a workshop focused on *California Wildfires: Best Practices for Preparation, Navigation and Recovery.*

The Company's ballot for the annual meeting is submitted herewith.

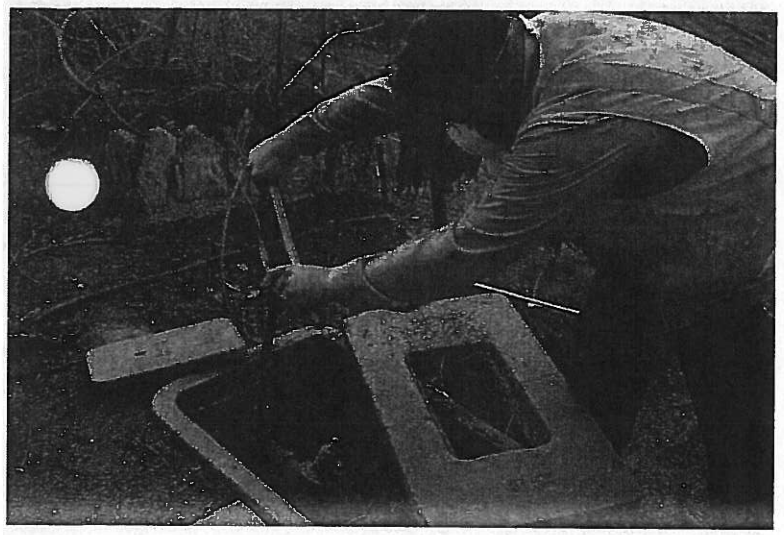
By order of the Board of Directors,

Susan Allen, Managing Director

* * * * * * * * * * * * * *

IMPORTANT

YOU ARE URGED TO COMPLETE, SIGN AND PROMPTLY RETURN YOUR BALLOT SO THAT YOUR VOTE WILL BE COUNTED AND SO THAT THE PRESENCE OF A QUORUM MAY BE ASSURED. A POSTAGE-PAID RETURN ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE IN RETURNING YOUR BALLOT. BALLOTS MAY ALSO BE RETURNED BY FAX AT 714-398-8819 OR EMAIL AT SUSAN@CALMUTUALS.ORG



CalMutuals JPRIMA
Joint Powers Risk and Insurance Management Authority

CalMutuals
Voice of Small Water Systems

CalMutuals JPRIMA and CalMutuals Annual Meeting 2020

Tuesday, November 17th, 2020, 1-3 PM via Zoom

Join us for

- **Updates on the state of the Authority and the Association**
- **Board of Directors Elections**
- **Panel Discussion: *Preparation, Navigation, and Recovery from Wildfires***
  - David Pedersen, CalMutuals JPRIMA Board of Directors Member & General Manager, Las Virgenes Municipal Water District
  - Bart Koch, Emergency Preparedness Consultant
  - Paul Fuller, CalMutuals JPRIMA Insurance Administrator & CEO Allied Public Risk
  - Build Strong California

Register online at https://caomwc.wildapricot.org/event-4023447
or by email to susan@calmutuals.org

Don't forget to Vote!
Please vote for CalMutuals JPRIMA and CalMutuals Board of Directors using the ballot (CalMutuals JPRIMA) and proxy (CalMutuals) provided.

New Business

3. Discussion/Action Item:

Thetford Web Development

Old Business

1. Discussion/Action Item:

NBS Water Rate Study and Adoption of Rates
(Adoption of adjusted monthly meter charges
and tiered water rates)

NOTICE OF PUBLIC HEARING AND WORKSHOP ON PROPOSED ADJUSTMENTS AND INCREASES TO CABAZON WATER DISTRICT WATER SERVICE CHARGES

The Cabazon Water District invites the public to attend a public hearing to be held on **Tuesday, November 17, 2020, at 6:00 p.m.,** to consider the adoption of a 5-year schedule of water rates. The public hearing will be held at the District offices located at **14618 Broadway Street, Cabazon, CA 92230**. The purpose of the public hearing is to consider all oral testimony and written protests to, and the adoption of, the proposed rates. If adopted, the new water rates will go into effect for services provided on and after January 1, 2021, and will be adjusted each January 1 thereafter beginning January 1, 2021, and through and including, January 1, 2025.

REASONS FOR THE RATE ADJUSTMENTS AND INCREASES

The District is committed to providing the highest quality water at the lowest possible rates for our customers. To meet this commitment, over the last five years the District has worked to manage operations and maintenance costs and maintain lower water rate increases. Despite these efforts, there are costs that continue to increase that cannot be avoided. The District engaged NBS consultants (NBS) to perform an independent water rate study and evaluate the infrastructure, programs, and operations and maintenance costs of the District's water services and the rates necessary to recover the costs of those services for the next five years. A cost of service and rate study demonstrates what it costs the District to provide water service and the appropriate rates to fairly and appropriately allocate the costs of providing water to our customers. The cost of providing water includes not only the water the District pumps, but the infrastructure that treats and delivers the water to ensure that there is safe and reliable water to meet the demands of all of our water customers twenty-four hours a day, seven days a week.

Based on NBS's evaluation, it has been determined that rate adjustments and increases are necessary for the District's water service charges to enable the District to:

- recover current and long-term projected costs of operating and maintaining the water system;
- fund capital infrastructure improvements needed to repair and update the District's aging water system;
- maintain the operational and financial stability of the water utility;
- comply with State mandated drinking and groundwater water regulatory requirements; and
- avoid operational deficits and depletion of reserves.

PROPOSED RATES AND HOW THE RATES ARE CALCULATED

The proposed rates are calculated to recover the costs of providing water services and to proportionately allocate those costs on a parcel basis among the District's customers. The proposed water rate structure has two customer classes—Single Family Residential (SFR), Non-Single Family Residential (Non-SFR). The District also provides water to one customer pursuant to a contract. The proposed rate structure has three components—a Service Charge, a Volume Charge, and a Fire Service Charge. The proposed rates are described in more detail below.

The proposed Service Charge is a fixed monthly charge calculated to recover a portion of the District's fixed costs, such as meter reading, billings and collections. The proposed rates for the Service Charge are established on the basis of the size of the meter (in inches) serving a property to recover the incremental costs of sizing facilities to sufficiently deliver water to properties served by larger meters. The Volume Charge is a variable charge imposed per unit of delivered water, with one unit equal to one hundred cubic feet (HCF), or 748 gallons, and is calculated to recover a portion of the District's fixed costs

and its variable costs of providing water service. The Fire Service Charge is imposed on Single Family Residential, Non-Single Family Residential, or Commercial customers who are required as a condition of extending or initiating water service to install a private fire suppression system on their property, or where the customer or property owner has requested the delivery of water to the property for the purpose of fire service protection. The Fire Service Charge recovers that District's fixed costs of operating and maintaining infrastructure for private fire service.

For Single Family Residential customers the current rate structure for the Volume Charge has four tiers which impose higher rates as the level of consumption increases. Under the proposed rates, for Single Family Residential customers the Volume Charge will consist of three tiers. The tiers are designed to recover the incremental costs to the District of serving more water to those who place higher demands and greater burdens on the District's water system and resources. These costs include, for example, sizing, operating and maintaining water pipes, reservoirs, pump stations and other related facilities to meet this additional demand. Due to the varying consumption needs among Non-Single Family Residential customers and the contract customer, and the relatively small number of these customers, the Volume Charge is a uniform rate per HCF of water delivered during a billing period.

The amount of the Service Charge and the Fire Service Charge imposed is the same each month. The amount of the Volume Charge imposed varies each month depending on the number of units of water each customer uses during the billing period. The current rates and the proposed maximum rates and effective dates for the Service Charges, Fire Service Charges, and Volume Charges are set forth in the tables below.

CURRENT AND PROPOSED RATES FOR MONTHLY FIXED SERVICE CHARGE ($/METER SIZE)

Meter Size	Current Rates as of 12/1/2020	Proposed Rates and Effective Dates				
		1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
5/8 inch	$68.10	$25.29	$26.05	$26.83	$27.64	$28.47
3/4 inch	$98.24	$35.20	$36.25	$37.34	$38.46	$39.62
1 inch	$158.51	$55.00	$56.65	$58.35	$60.10	$61.91
1.5 inch	$309.21	$104.52	$107.66	$110.89	$114.21	$117.64
2 inch	$490.04	$163.94	$168.86	$173.92	$179.14	$184.52
3 inch	$972.27	$322.39	$332.06	$342.03	$352.29	$362.86
4 inch	$1514.77	$500.65	$515.67	$531.14	$547.08	$563.49
Contract (10 inch)	$2233.06	$2300.05	$2369.05	$4418.51	$4551.07	$4687.60
Construction Meters (3 inch)	$286.73	$344.40	$354.73	$365.38	$376.34	$387.63

CURRENT AND PROPOSED RATES FOR MONTHLY FIXED FIRE SERVICE CHARGE ($/METER SIZE)

Meter Size	Current Rates	Proposed Rates and Effective Dates				
		1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
4 inch	$61.54	$34.05	$35.08	$36.13	$37.21	$38.33
6 inch	$130.62	$70.78	$72.91	$75.09	$77.35	$79.67
8 inch	$212.11	$119.76	$123.35	$127.05	$130.86	$134.79

CURRENT AND PROPOSED RATES FOR MONTHLY COMMODITY CHARGE ($/HCF)							
Customer Class	**Current Rates**	**Proposed Rates and Effective Dates**					
		1/1/2021	**1/1/2022**	**1/1/2023**	**1/1/2024**	**1/1/2025**
Non-SFR	$2.96	$7.20	$7.41	$5.53	$5.69	$5.87
Contract Customer	$3.83	$3.94	$4.06	N/A	N/A	N/A
SFR						
Current Tiers						
Tier 1: 0-7 HCF	$1.53	$1.98	$2.03	$2.10	$2.16	$2.22
Tier 2: 8-14 HCF	$3.35	$8.31	$8.55	$8.81	$9.08	$9.35
Tier 3: 14+ HCF	$5.12	$15.65	$16.12	$16.61	$17.11	$17.62

PUBLIC HEARING AND PROTESTS

Any record owner of a parcel upon which the water service charges are proposed to be imposed and any tenant directly liable for the payment of water service charges (i.e., a customer of record who is not a property owner) may submit a written protest to the proposed rate adjustments and increases to the District's water service charges; however, only one protest will be counted per identified parcel. Any written protest must: (1) state that the identified property owner or tenant is opposed to the proposed water rate adjustments and increases; (2) provide the location of the identified parcel (by street address, assessor's parcel number, or customer account number); and (3) include the name and signature of the property owner or tenant submitting the protest. Written protests may be submitted to the Clerk of the Board by mail or in person at 14618 Broadway Street, PO Box 297, Cabazon, CA 92230, or at the public hearing (date, time, and location noted above). All written protests must be received prior to the close of the public comment portion of the public hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a valid written protest. Please indicate on the outside of any envelope mailed to the District Attn: Rate Hearing.

The Board of Directors will accept and consider all written protests and will hear and consider all oral comments to the proposed rate adjustments and increases at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the public hearing, the Board of Directors will consider adoption of the proposed rate increases as described in this notice. If written protests against the proposed rates are not presented by a majority of the property owners or tenants of the identified parcels subject to the proposed rate increases, the Board of Directors will be authorized to adopt the rate increases.

Board of Director's Meeting
September 15, 2020

Cabazon Water District
Water Rate Study

NBS
helping communities
fund tomorrow

Overview of the Rate Study

Components of a Rate Study

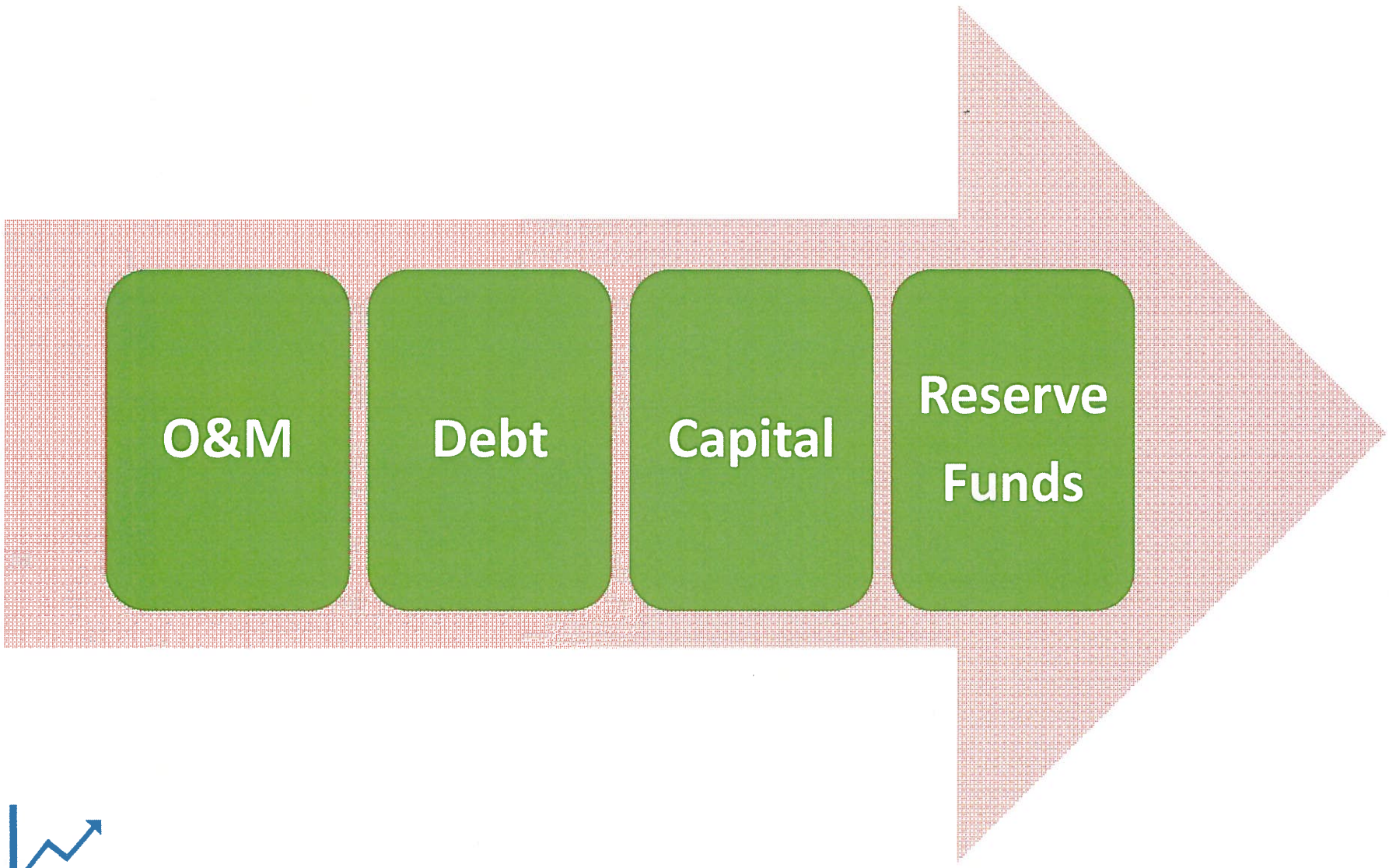
1 FINANCIAL PLAN

2 COST-OF-SERVICE ANALYSIS

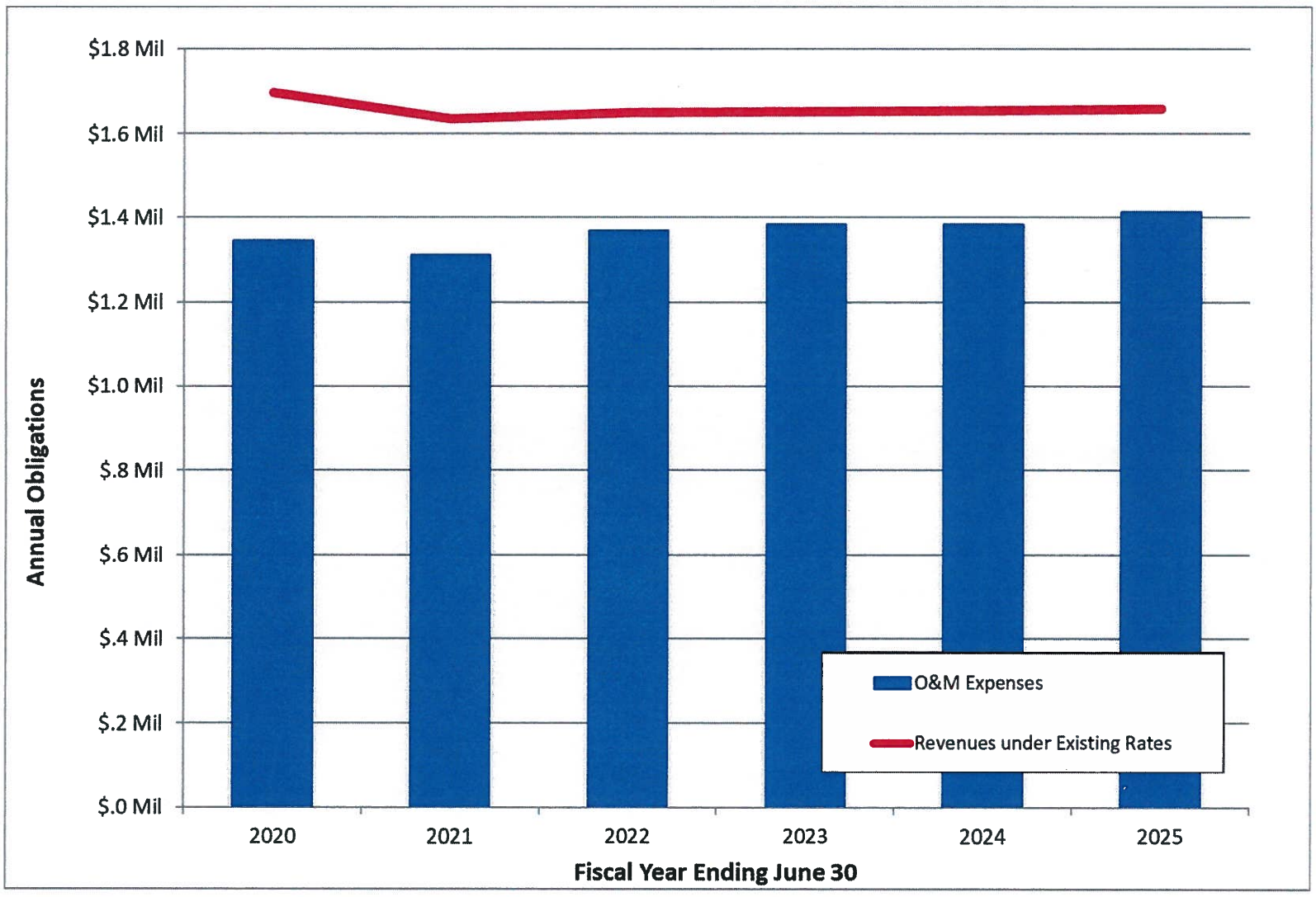
3 RATE DESIGN

Financial Plan

Financial Plan Funding Priorities



Operations & Maintenance

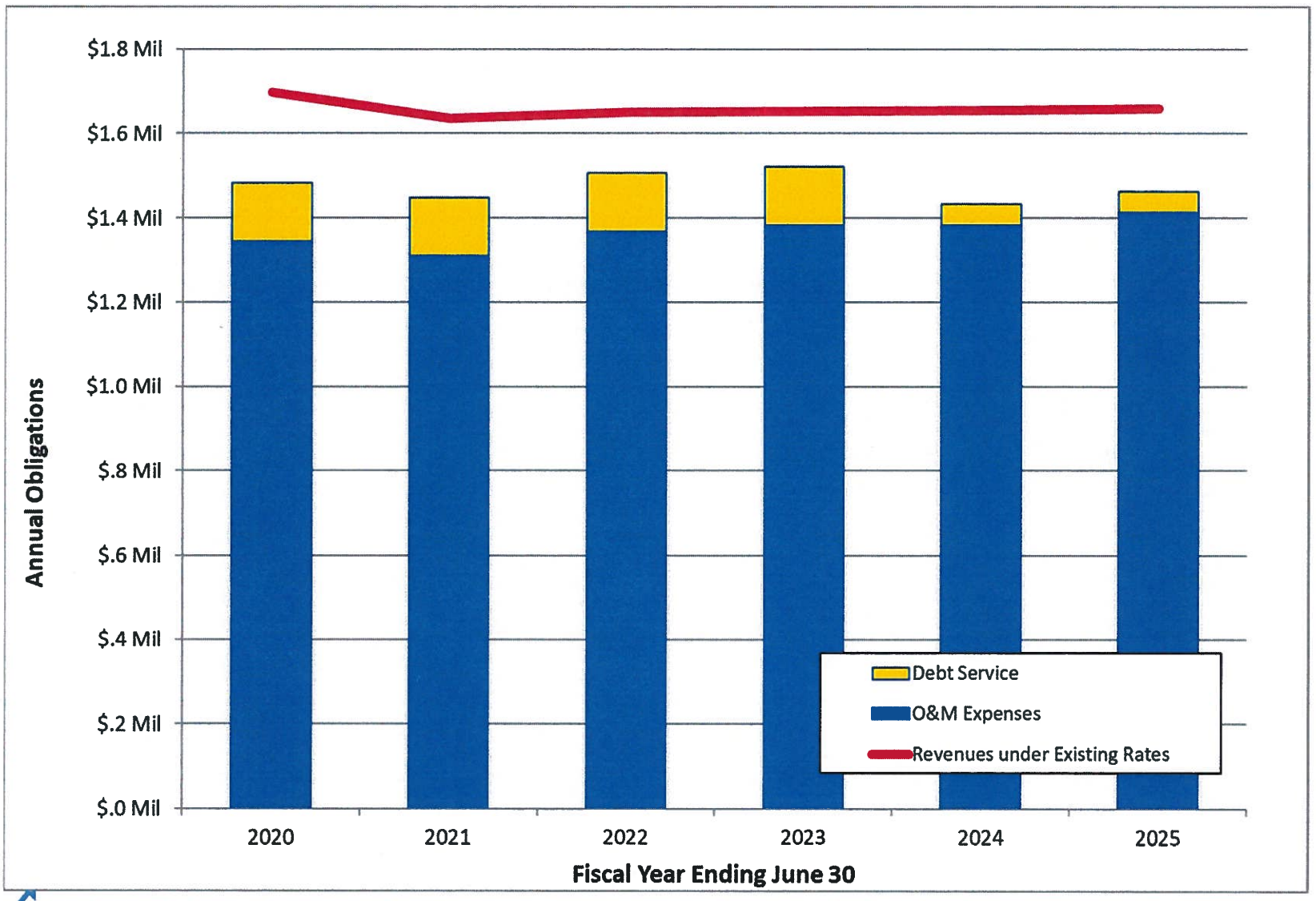


Debt Service

Debt	Time Frame	Annual Amount
DWR Loan	Through FY 2026/27[1]	$48,691
Zion First National	Through FY 2022/23	$88,703

1. Final payment for DWR Loan is $15,754 in 2026/27.

Debt Service

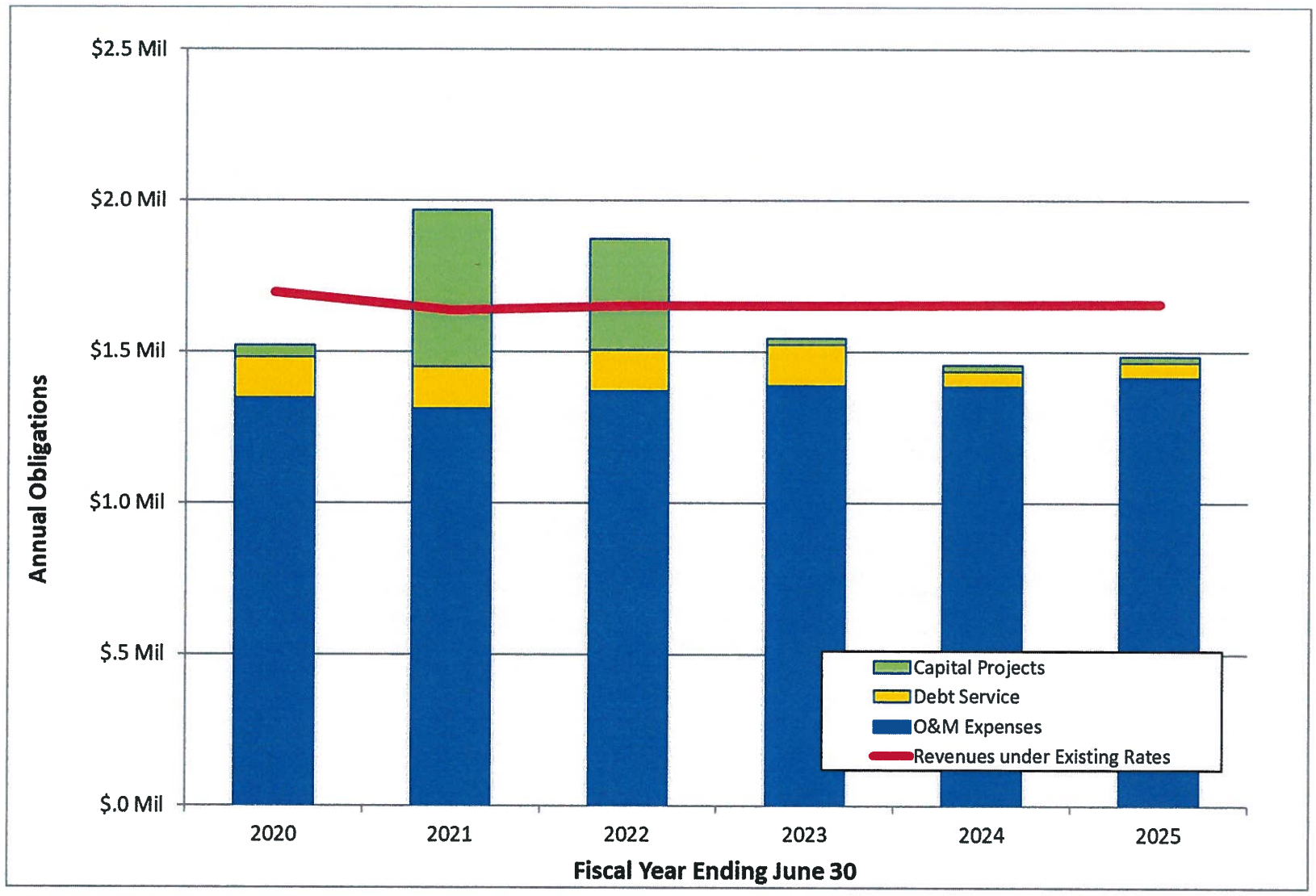


Capital Improvement Program

Project Description	2021	2022	2023	2024	2025
Main Street Property (Icehouse-Impts)	$ 20,000	$ 51,500	$ -	$ -	$ -
Relocate Fire Hydrant at Circle K	15,000	-	-	-	-
Water Meter Replacements	20,000	20,600	21,218	21,855	22,510
Detach Section Land Locked by Tribe	-	30,900	-	-	-
Service Utility Truck	-	108,150	-	-	-
Production We11 #1 Rehab	240,000	-	-	-	-
Tank #1 Rehab	150,000	-	-	-	-
Connection & Transfer Box to W1 & W5 for portable generator	75,000	-	-	-	-
Bonita Vault Rehab	-	154,500	-	-	-
Total: CIP Program Costs[1]	**$ 520,000**	**$ 365,650**	**$ 21,218**	**$ 21,855**	**$ 22,510**

1. Includes inflation of 3% per year applied to original cost estimates (per ENR Construction Cost Inflation Index).

Capital Improvement Program

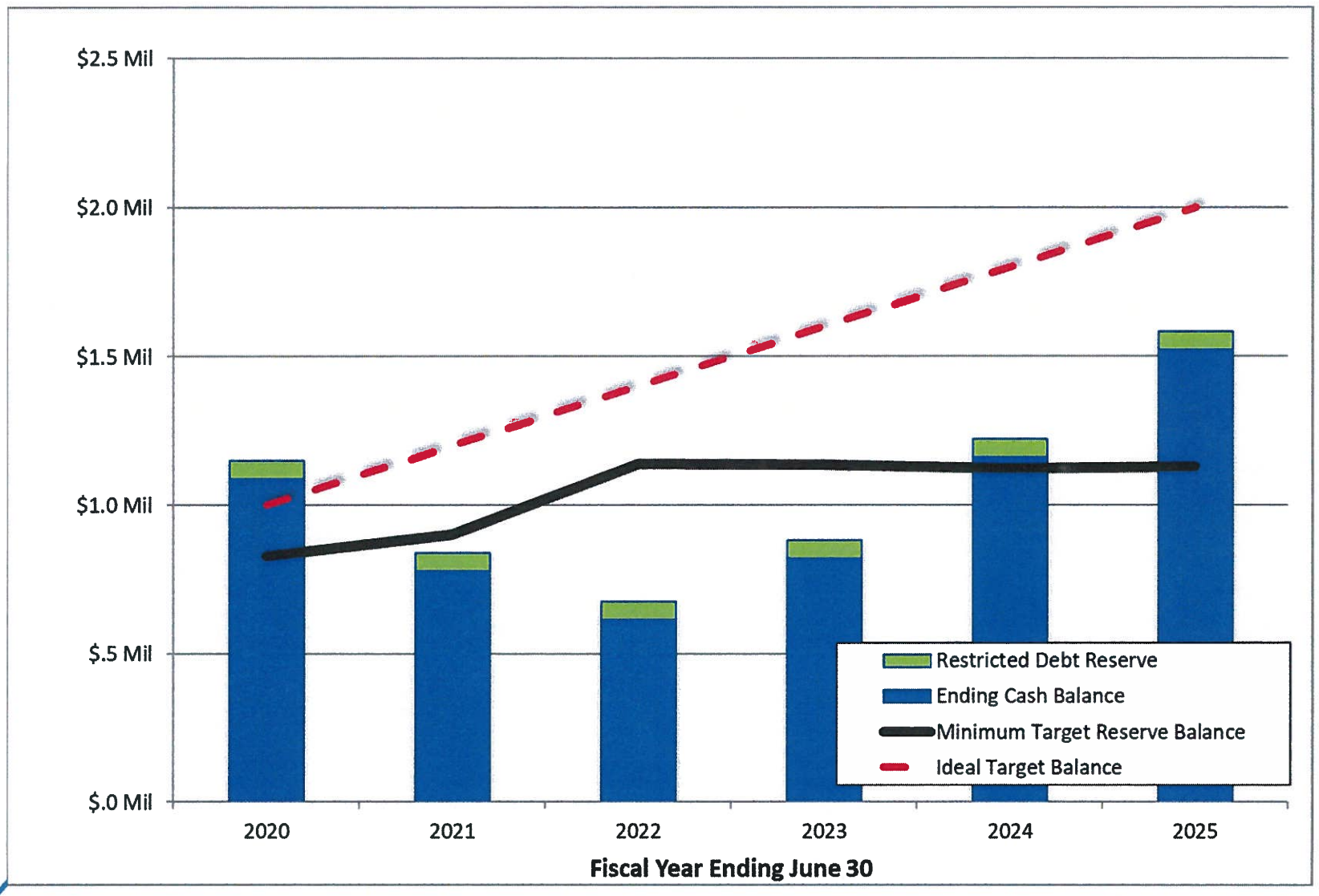


Reserve Funds

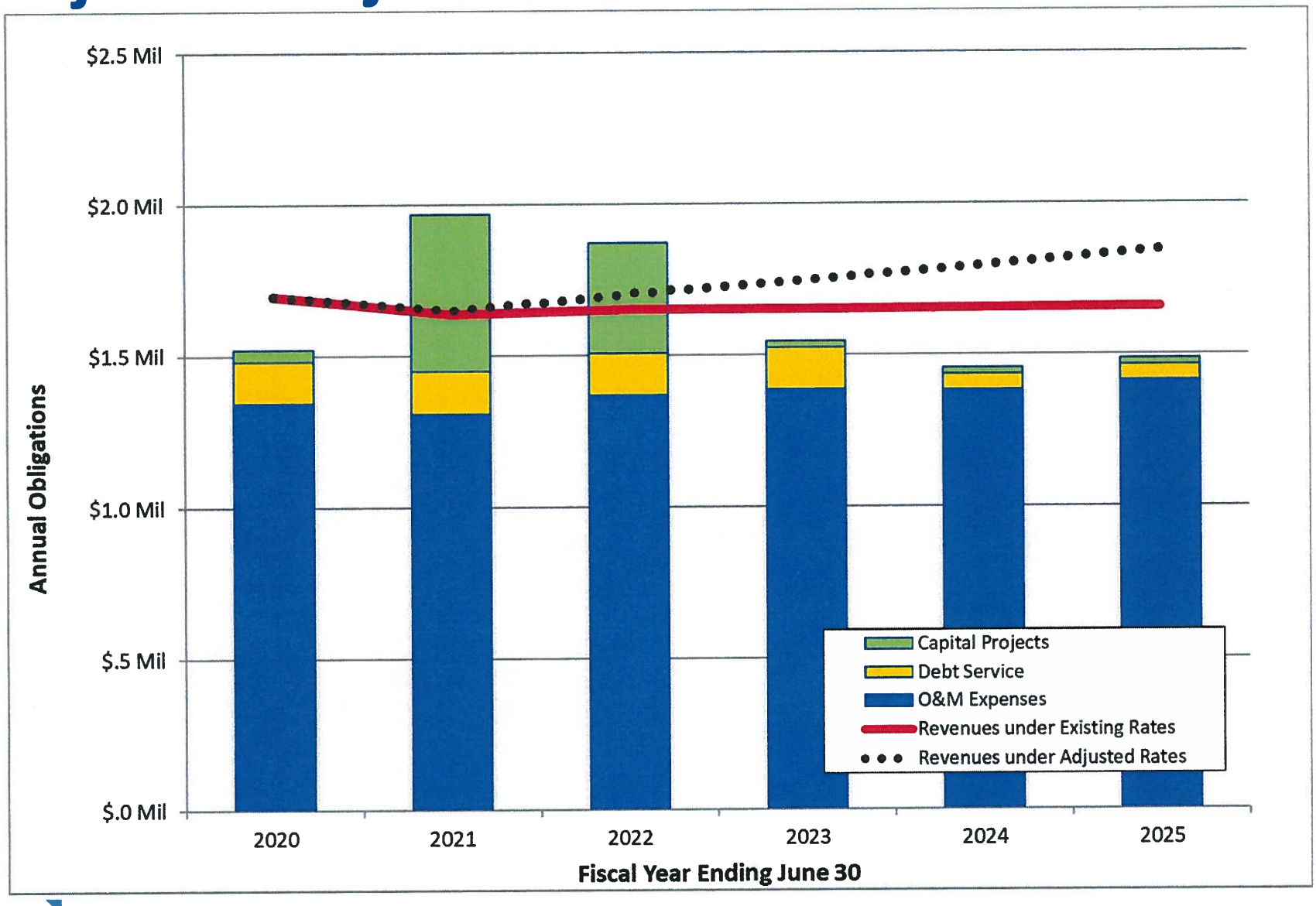
Reserve Fund	Target
Operating Reserve	180 days of O&M Expenses
Capital Rehab & Replacement	6% of net assets

Projected Cash Balance vs. Reserve Target

Under Adjusted Rates



Projected Adjustments to Rate Revenue



Cost of Service Analysis

Functionalization and Classification

Revenue Requirements

Fixed

Variable

Capacity Costs

Customer Costs

Fire Protection Costs

Commodity Costs

Functionalization and Classification, cont.

Category	Percentage
Capacity Costs	73.2%
Customer Costs	5.0%
Fire Protection	0.4%
Commodity Costs	21.4%

Fixed	**78.6%**
Variable	21.4%

Customer Classes

1. Single Family Residential (SFR)
2. Commercial/Non-SFR
3. Contract
4. Construction

Rate Design

Rate Design Components

Rate Design Components	Basis for Cabazon Water District
# of Customer Classes	Four: SFR, Comm/Non-SFR, Construction & Contract
Allocation of Fixed vs. Variable Charges	3 Alternative Fixed/Variable Rate %'s
Fixed Rate Structure	Meter Hydraulic Capacity
Variable Rate Structure	Flat/Uniform and Tiered

Rate Design Alternatives

Functional Category	*Rate Alternative A* Adjusted Net Revenue Requirements (2020-21) 50% Fixed / 50% Variable		*Rate Alternative B* Adjusted Net Revenue Requirements (2020-21) 40% Fixed / 60% Variable		*Rate Alternative C* Adjusted Net Revenue Requirements (2020-21) 30% Fixed / 70% Variable	
Commodity - Related Costs	$ 259,786	*21.4%*	$ 259,786	*21.4%*	$ 259,786	*21.4%*
Capacity - Related Costs (volumetric share)	$ 346,751	*28.6%*	$ 468,058	*38.6%*	$ 589,365	*48.6%*
Capacity - Related Costs (fixed share)	$ 541,057	*44.6%*	$ 419,750	*34.6%*	$ 298,443	*24.6%*
Customer - Related Costs	$ 60,386	*5.0%*	$ 60,386	*5.0%*	$ 60,386	*5.0%*
Fire Protection - Related Costs	$ 5,093	*0.4%*	$ 5,093	*0.4%*	$ 5,093	*0.4%*
Total	**$ 1,213,074**	*100%*	**$ 1,213,074**	*100%*	**$ 1,213,074**	*100%*
Revenue from Contract Rates	**$ 203,176**		**$ 203,176**		**$ 203,176**	
Net Revenue Requirement	$ 1,416,250		$ 1,416,250		$ 1,416,250	

Variable Rate

Customer Class	Variable Rate
Single Family Residential	Tiered Tier 1: 7 hcf Tier 2: 14 hcf Tier 3: 15+ hcf
Commercial / Non-SFR / Construction	Uniform
Contract	Uniform

Proposed Rates – (50% Fixed / 50% Variable)

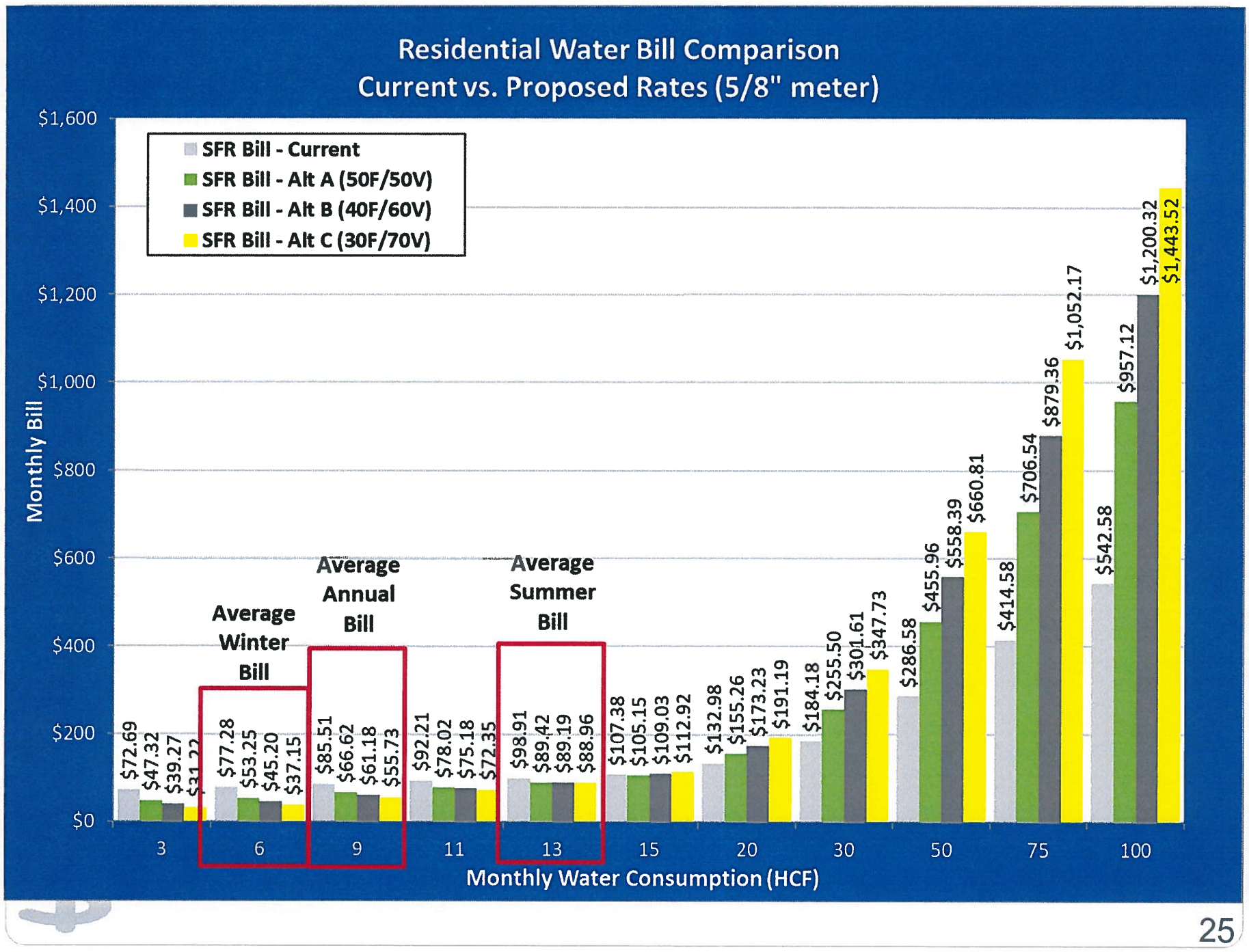
Water Rate Schedule		Current Rates	Proposed Rates FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fixed Meter Charges							
Monthly Fixed Service Charges:							
5/8 inch		$68.10	$41.40	$42.64	$43.92	$45.23	$46.59
3/4 inch		$98.24	$59.35	$61.13	$62.96	$64.85	$66.80
1 inch		$158.51	$95.26	$98.12	$101.06	$104.09	$107.21
1.5 inch		$309.21	$185.03	$190.58	$196.30	$202.19	$208.25
2 inch		$490.04	$292.75	$301.53	$310.58	$319.90	$329.50
3 inch		$972.27	$580.02	$597.42	$615.34	$633.80	$652.81
4 inch		$1,514.77	$903.19	$930.29	$958.19	$986.94	$1,016.55
Contract (10 inch)		$2,233.06	$2,300.05	$2,369.05	$8,005.75	$8,245.92	$8,493.30
Construction Meters (3 inch)		$286.73	$602.03	$620.09	$638.69	$657.85	$677.58
Monthly Fire Service Charges:							
4 inch		$61.54	$34.05	$35.08	$36.13	$37.21	$38.33
6 inch		$130.62	$70.78	$72.91	$75.09	$77.35	$79.67
8 inch		$212.11	$119.76	$123.35	$127.05	$130.86	$134.79
Commodity Charges							
Rate per hcf of Water Consumed:							
Uniform Rate (Non-SFR + Construction)		$2.96	$5.05	$5.20	$4.59	$4.73	$4.87
Contract Rate		$3.83	$3.94	$4.06	N/A	N/A	N/A
Tiered Rate (SFR Customers):							
	Proposed Break						
Tier 1	0-7 hcf	$1.53	$1.98	$2.03	$2.10	$2.16	$2.22
Tier 2	8-14 hcf	$3.35	$5.70	$5.87	$6.05	$6.23	$6.42
Tier 3	14+ hcf	$5.12	$10.02	$10.32	$10.63	$10.95	$11.28

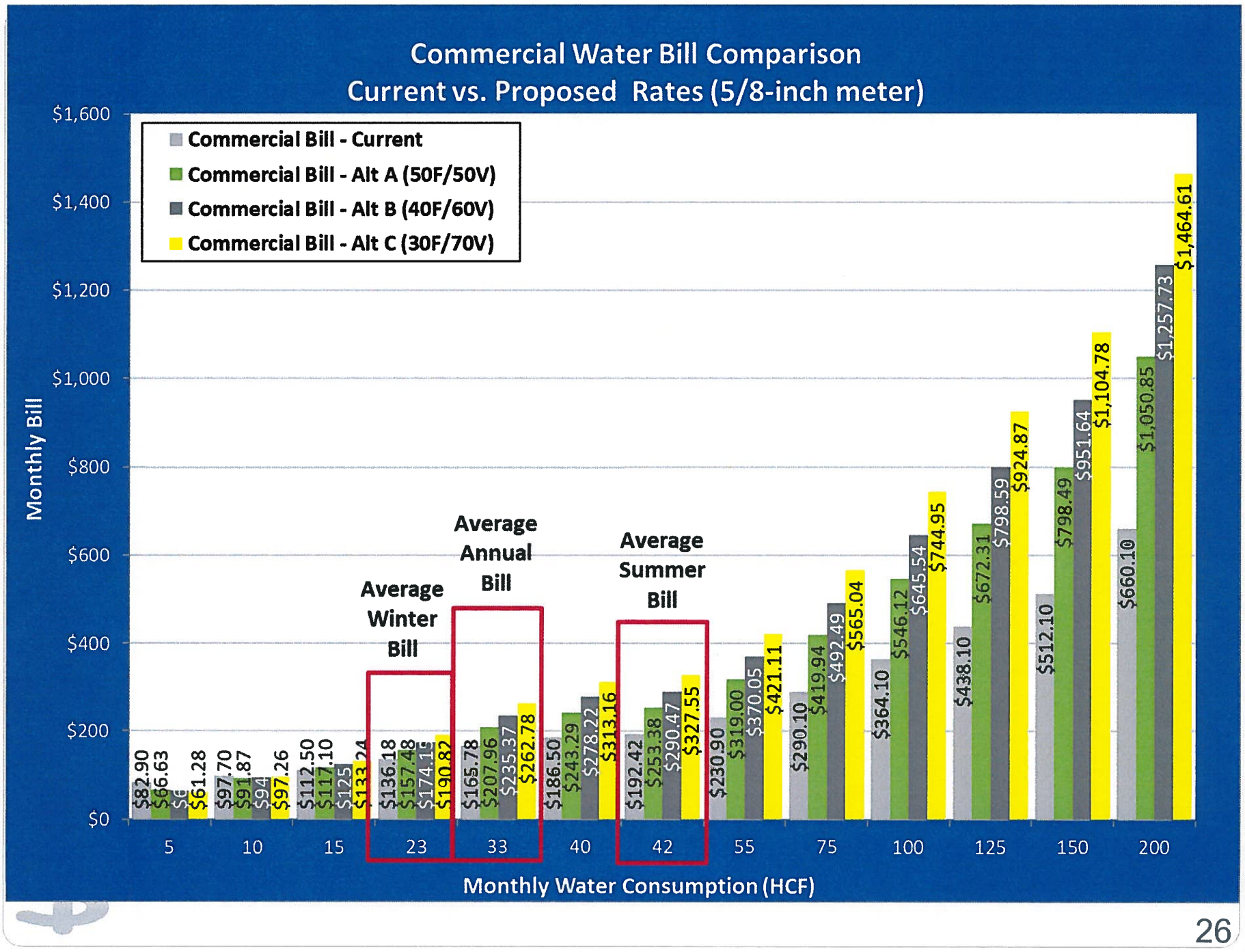
Proposed Rates – (40% Fixed / 60% Variable)

Water Rate Schedule		Current Rates	Proposed Rates FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fixed Meter Charges							
Monthly Fixed Service Charges:							
5/8 inch		$68.10	$33.34	$34.35	$35.38	$36.44	$37.53
3/4 inch		$98.24	$47.27	$48.69	$50.15	$51.66	$53.21
1 inch		$158.51	$75.13	$77.38	$79.71	$82.10	$84.56
1.5 inch		$309.21	$144.77	$149.12	$153.59	$158.20	$162.94
2 inch		$490.04	$228.35	$235.20	$242.25	$249.52	$257.01
3 inch		$972.27	$451.20	$464.74	$478.68	$493.04	$507.84
4 inch		$1,514.77	$701.92	$722.98	$744.67	$767.01	$790.02
Contract (10 inch)		$2,233.06	$2,300.05	$2,369.05	$6,212.13	$6,398.49	$6,590.45
Construction Meters (3 inch)		$286.73	$473.21	$487.41	$502.03	$517.09	$532.61
Monthly Fire Service Charges:							
4 inch		$61.54	$34.05	$35.08	$36.13	$37.21	$38.33
6 inch		$130.62	$70.78	$72.91	$75.09	$77.35	$79.67
8 inch		$212.11	$119.76	$123.35	$127.05	$130.86	$134.79
Commodity Charges							
Rate per hcf of Water Consumed:							
Uniform Rate (Non-SFR + Construction)		$2.96	$6.12	$6.31	$5.06	$5.21	$5.37
Contract Rate		$3.83	$3.94	$4.06	N/A	N/A	N/A
Tiered Rate (SFR Customers):							
	Proposed Break						
Tier 1	0-7 hcf	$1.53	$1.98	$2.03	$2.10	$2.16	$2.22
Tier 2	8-14 hcf	$3.35	$7.00	$7.21	$7.43	$7.65	$7.88
Tier 3	14+ hcf	$5.12	$12.84	$13.22	$13.62	$14.03	$14.45

Proposed Rates – (30% Fixed / 70% Variable)

Water Rate Schedule	Current Rates	Proposed Rates FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fixed Meter Charges						
Monthly Fixed Service Charges:						
5/8 inch	$68.10	$25.29	$26.05	$26.83	$27.64	$28.47
3/4 inch	$98.24	$35.20	$36.25	$37.34	$38.46	$39.62
1 inch	$158.51	$55.00	$56.65	$58.35	$60.10	$61.91
1.5 inch	$309.21	$104.52	$107.66	$110.89	$114.21	$117.64
2 inch	$490.04	$163.94	$168.86	$173.92	$179.14	$184.52
3 inch	$972.27	$322.39	$332.06	$342.03	$352.29	$362.86
4 inch	$1,514.77	$500.65	$515.67	$531.14	$547.08	$563.49
Contract (10 inch)	$2,233.06	$2,300.05	$2,369.05	$4,418.51	$4,551.07	$4,687.60
Construction Meters (3 inch)	$286.73	$344.40	$354.73	$365.38	$376.34	$387.63
Monthly Fire Service Charges:						
4 inch	$61.54	$34.05	$35.08	$36.13	$37.21	$38.33
6 inch	$130.62	$70.78	$72.91	$75.09	$77.35	$79.67
8 inch	$212.11	$119.76	$123.35	$127.05	$130.86	$134.79
Commodity Charges						
Rate per hcf of Water Consumed:						
Uniform Rate (Non-SFR + Construction)	$2.96	$7.20	$7.41	$5.53	$5.69	$5.87
Contract Rate	$3.83	$3.94	$4.06	N/A	N/A	N/A
Tiered Rate (SFR Customers):						
	Proposed Break					
Tier 1	0-7 hcf	$1.53	$1.98	$2.03	$2.10	$2.16	$2.22
Tier 2	8-14 hcf	$3.35	$8.31	$8.55	$8.81	$9.08	$9.35
Tier 3	14+ hcf	$5.12	$15.65	$16.12	$16.61	$17.11	$17.62


Residential Water Bill Comparison
Current vs. Proposed Rates (5/8" meter)
SFR Bill - Current
SFR Bill - Alt A (50F/50V)
SFR Bill - Alt B (40F/60V)
SFR Bill - Alt C (30F/70V)
Monthly Bill
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Average Winter Bill
Average Annual Bill
Average Summer Bill
$72.69 $47.32 $39.27 $31.22
$77.28 $53.25 $45.20 $37.15
$85.51 $66.62 $61.18 $55.73
$92.21 $78.02 $75.18 $72.35
$98.91 $89.42 $89.19 $88.96
$107.38 $105.15 $109.03 $112.92
$132.98 $155.26 $173.23 $191.19
$184.18 $255.50 $301.61 $347.73
$286.58 $455.96 $558.39 $660.81
$414.58 $706.54 $879.36 $1,052.17
$542.58 $957.12 $1,200.32 $1,443.52
3
6
9
11
13
15
20
30
50
75
100
Monthly Water Consumption (HCF)


Commercial Water Bill Comparison
Current vs. Proposed Rates (5/8-inch meter)
Commercial Bill - Current
Commercial Bill - Alt A (50F/50V)
Commercial Bill - Alt B (40F/60V)
Commercial Bill - Alt C (30F/70V)
Monthly Bill
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Average Winter Bill
Average Annual Bill
Average Summer Bill
5
10
15
23
33
40
42
55
75
100
125
150
200
Monthly Water Consumption (HCF)
$82.90
$66.63
$61.28
$97.70
$91.87
$97.26
$112.50
$117.10
$136.18
$157.48
$190.82
$165.78
$207.96
$235.37
$262.78
$186.50
$243.29
$278.22
$313.16
$192.42
$253.38
$290.47
$327.55
$230.90
$319.00
$370.05
$421.11
$290.10
$419.94
$492.49
$565.04
$364.10
$546.12
$645.54
$438.10
$672.31
$798.59
$924.87
$512.10
$798.49
$951.64
$1,104.78
$660.10
$1,050.85
$1,257.73
$1,464.61

Single Family Residential Bill Comparisons

Rate Alternative	Water Consumption					
	3	6	9	11	13	15
Current	$72.69	$77.28	$85.51	$92.21	$98.91	$107.38
Alt A - 50% Fixed / 50% Variable	$47.32	$53.25	$66.62	$78.02	$89.42	$105.15
Alt B - 40% Fixed / 60% Variable	$39.27	$45.20	$61.18	$75.18	$89.19	$109.03
Alt C - 30% Fixed / 70% Variable	$31.22	$37.15	$55.73	$72.35	$88.96	$112.92

Rate Alternative	Water Consumption				
	20	30	50	75	100
Current	$132.98	$184.18	$286.58	$414.58	$542.58
Alt A - 50% Fixed / 50% Variable	$155.26	$255.50	$455.96	$706.54	$957.12
Alt B - 40% Fixed / 60% Variable	$173.23	$301.61	$558.39	$879.36	$1,200.32
Alt C - 30% Fixed / 70% Variable	$191.19	$347.73	$660.81	$1,052.17	$1,443.52

Non-Residential Bill Comparisons

Rate Alternative	Water Consumption						
	5	10	15	23	33	40	42
Current	$82.90	$97.70	$112.50	$136.18	$165.78	$186.50	$192.42
Alt A - 50% Fixed / 50% Variable	$66.63	$91.87	$117.10	$157.48	$207.96	$243.29	$253.38
Alt B - 40% Fixed / 60% Variable	$63.95	$94.56	$125.17	$174.15	$235.37	$278.22	$290.47
Alt C - 30% Fixed / 70% Variable	$61.28	$97.26	$133.24	$190.82	$262.78	$313.16	$327.55

Rate Alternative	Water Consumption					
	55	75	100	125	150	200
Current	$230.90	$290.10	$364.10	$438.10	$512.10	$660.10
Alt A - 50% Fixed / 50% Variable	$319.00	$419.94	$546.12	$672.31	$798.49	$1,050.85
Alt B - 40% Fixed / 60% Variable	$370.05	$492.49	$645.54	$798.59	$951.64	$1,257.73
Alt C - 30% Fixed / 70% Variable	$421.11	$565.04	$744.95	$924.87	$1,104.78	$1,464.61

Questions

Supplementary Material

Inflation Factors

Cost Type	Inflation Factor
Customer Growth	0%
General Cost Inflation	2%
Salary Inflation	3%
Benefits Inflation	6%
Electricity	3.5%
Fuel	3%
Chemicals	3%
Cell Tower Lease	2%
Capital Cost Inflation	3%

Hydraulic Capacity

Meter Size	Capacity Standard Meters	Capacity Fire Meters
5/8 Inch	20 gpm	20 gpm
3/4 Inch	30 gpm	30 gpm
1 Inch	50 gpm	50 gpm
1.5 Inch	100 gpm	100 gpm
2 Inch	160 gpm	160 gpm
3 Inch	320 gpm	350 gpm
4 Inch	500 gpm	700 gpm
6 Inch	1,000 gpm	1,600 gpm
8 Inch	2,800 gpm	2,800 gpm
10 Inch	4,200 gpm	4,400 gpm

Water Consumption by Customer Class

Customer Class	Volume (hcf) [1]	Percent of Total Volume
Single Family Residential	93,915	**53.4%**
Other Non-SFR/Commercial	35,660	**20.3%**
Contract	44,507	**25.3%**
Construction	1,934	**1.1%**
Total	**176,016**	**100%**

1. Consumption is from 2019. CWD bills monthly.

   Source files: Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx

SFR Tiered Water Consumption

Consumption by Tier			
Tier	Monthly Breakpoint [1]	Expected Consumption [2]	Percentage of Total SFR Consumption
Tier 1	7 hcf	53,666	57%
Tier 2	14 hcf	21,430	23%
Tier 3	--	18,819	20%
Total		**93,915**	**100%**

1. Tier 1 break point set to average winter consumption, an estimate of average indoor consumption in Cabazon.
   Tier 2 break point set to 14 hcf which is average summer consumption.
2. Consumption data is based on the CWD 2019 customer data.
   Source files: *Cabazon_FINAN ACCTS SUMMARY_CO1CO2.xlsx and Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx*

Peaking by Customer Class

Customer Class	Average Monthly Use (hcf)	Peak Monthly Use (hcf) [1]	Peak Monthly Factor	Max Month Capacity Factor
Single Family Residential	7,826	11,521	**1.47**	**51.9%**
Other Non-SFR/Commercial	2,972	5,034	**1.69**	**22.7%**
Construction	161	719	**4.46**	**3.2%**
Contract	3,709	4,921	**1.33**	**22.2%**
Total	**14,668**	**22,195**		**100%**

1. Based on peak monthly data (peak day data not available).

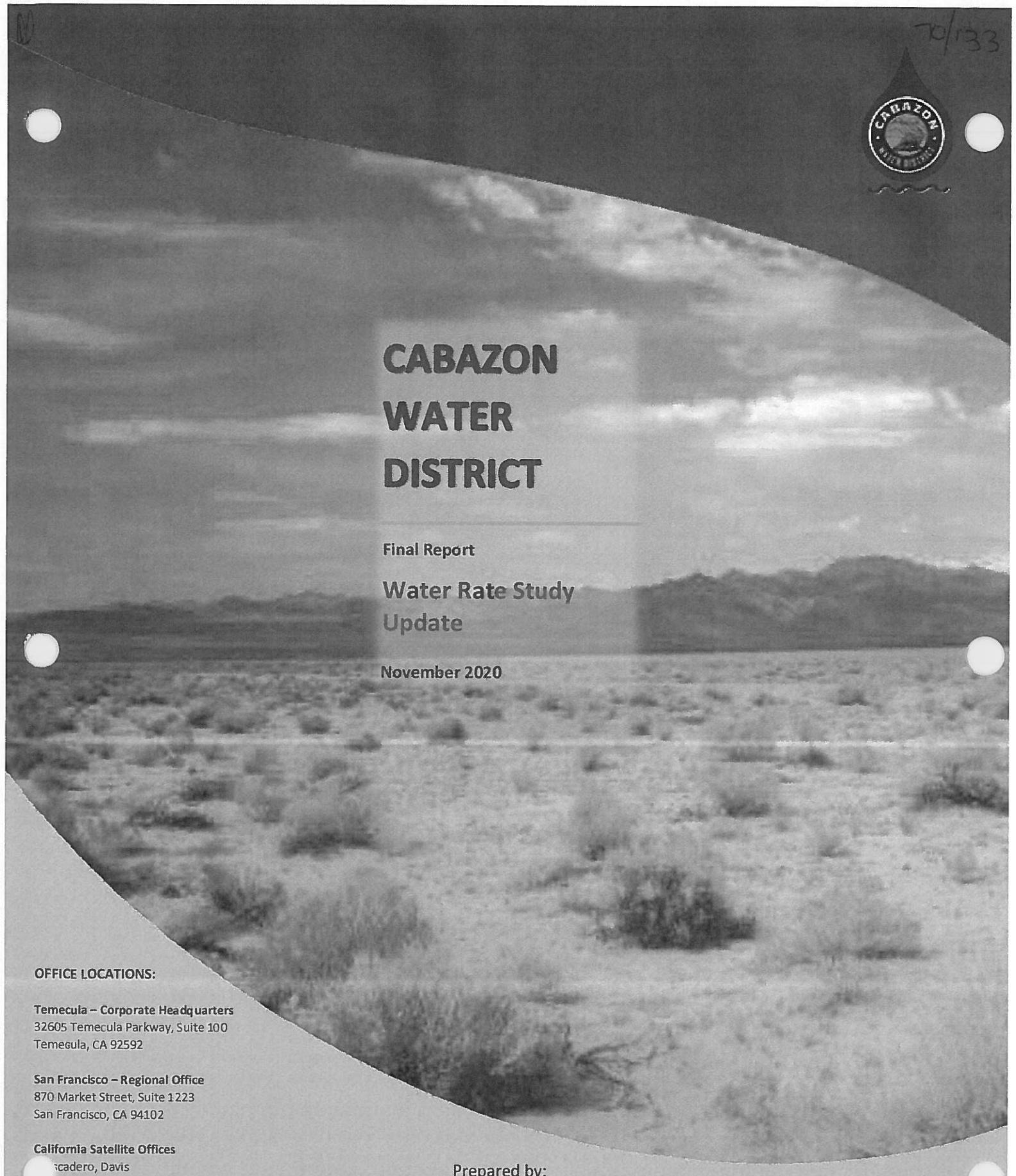
Number of Customers by Class

Customer Class	Number of Meters [1]	Percent of Total
Single Family Residential	854	**93.0%**
Other Non-SFR/Commercial	52	**5.7%**
Fire Service Meters	5	**0.5%**
Construction	6	**0.7%**
Contract	1	**0.1%**
Total	**918**	**100.0%**

1. Meter Count is from December 2019. CWD bills monthly.

   Source files: Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx

70/133



CABAZON WATER DISTRICT

Final Report

Water Rate Study Update

November 2020

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TABLE OF CONTENTS

TABLE OF FIGURES

Section 1. PURPOSE AND OVERVIEW OF THE STUDY

A. Purpose

Cabazon Water District (District, CWD) retained NBS to conduct an update of the 2017 water rate study for a number of reasons, including meeting revenue requirements and updating the water rate structure. The rates resulting from this study were developed in a manner that is consistent with industry standard cost of service principles. In addition to documenting the rate study methodology, this report is provided with the intent of assisting the District to maintain transparent communications with its residents and businesses.

In developing new water rates, NBS worked cooperatively with District staff and the District's Board of Directors (Board) in selecting appropriate rate alternatives. Based on input from District staff and the Board, the proposed water rates are summarized in this report.

B. Overview of the Study

Comprehensive rate studies such as this one typically include the following three components, as outlined in **Figure 1**:

1. Preparation of a **Financial Plan**, which identifies the net revenue requirements for the utility.
2. **Cost of Service Analysis,** which determines the cost of providing water service to each customer class.
3. **Rate Design Analysis,** which evaluates different rate design alternatives.

Figure 1. Primary Components of a Rate Study

These steps are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges[1], also referred to as the M1 Manual. They also address requirements under Proposition 218 that rates not exceed the cost of providing the service, and that they be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, these three steps represent the

1 Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017.

order they were performed. Detailed tables and figures documenting the development of the proposed rates are provided in the Appendix.

FINANCIAL PLAN

As a part of this rate study, NBS projected revenues and expenditures on a cash flow basis for the next five years. The amount of rate revenue required that will allow capital projects to be funded and reserves to be maintained at the approved levels, is known as the *net revenue requirement*. Although current rate revenue covers all the net revenue requirements, rate adjustments -- or more accurately, adjustments in the total revenue collected from water rates -- are recommended in order to fund planned capital improvement projects and keep reserve funds at healthy levels. This report presents an overview of the methodologies, assumptions, and data used, along with the financial plans and proposed rates developed in this study[2].

RATE DESIGN ANALYSIS

Rate Design is typically the stage in the study where NBS, staff and the Board must work closely together, to develop rate alternatives that will meet the District's objectives. It is important for the District to send proper price signals to its customers about the actual cost of their water usage. This objective is typically addressed through both the magnitude of the rates, and the rate structure design. In other words, both the amount of revenue collected and the way in which the revenue is collected from customers are important to consider.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been documented in several rate-setting manuals, such as the AWWA Manual M1. The foundation for evaluating rate structures is generally credited to James C. Bonbright in the *Principles of Public Utility Rates*[3] which outlines pricing policies, theories, and economic concepts along with various rate designs. The following is a simplified list of the attributes of a sound structure:

- Rates should be easy to understand from the customer's perspective.
- Rates should be easy to administer from the utility's perspective.
- Rates should promote the efficient allocation of the resource.
- Rates should be equitable and non-discriminating (that is, cost based).
- There should be continuity in the ratemaking philosophy over time.
- Rates should address other utility policies (for example, encouraging conservation & economic development).
- Rates should provide month-to-month and year-to-year revenue stability.

The following are the basic rate design criteria that were considered in this study:

Rate Structure Basics –The vast majority of water rate structures contain a fixed or minimum charge in combination with a volumetric charge. The revenue requirements for each customer class are collected from both fixed monthly meter charges and variable commodity charges. Based on direction from the Board of Directors, the rates proposed in this report are designed to collect 30 percent of rate revenue from the

2 The complete financial plan is set forth in the Appendix.
3 James C. Bonbright; Albert L. Danielsen and David R. Kamerschen, Principles of Public Utility Rates, (Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988), p. 383-384.

fixed meter charges and 70 percent from the variable commodity charges, which is the opposite of the District's current rate structure.

Fixed Charges – Fixed charges can be called base charges, minimum monthly charges, customer charges, fixed meter charges, etc. Fixed charges for water utilities typically increase by meter size based on meter equivalent capacity factors.

Volumetric (Consumption-Based) Charges – In contrast to fixed charges, variable costs such as purchased water, the cost of electricity used in pumping water, and the cost of chemicals for treatment tend to change with the quantity of water produced. For a water utility, variable charges are generally based on metered consumption and charged on a dollar-per-unit cost (for example, per 100 cubic feet, or hcf).

Uniform (Single-Tier) Water Rates – There are significant variations in the basic philosophy of variable charge rate structure alternatives. Under a uniform (single tier) rate structure, the cost per unit does not change with consumption, and provides a simple and straightforward approach from the perspective of customers regarding their understanding of the rates, and for the utility's administration and billing of the rates.

Multi-Tiered Water Rates – In contrast to a uniform tier, an inclining block rate structure attempts to send a price signal to customers that their consumption costs are greater as more water is consumed. Tiered water rates are intended to represent the higher costs for customers that contribute more to peak summertime usage and place greater demands on the system. The types of higher costs reflected, for example, in the *highest* tier of the rate structure may include:

- Conservation program costs: intended to encourage customers to eliminate inefficient and wasteful water use, and otherwise reduce consumption during peak periods.
- Replacement Water costs: when consumption exceeds the amount of the District's allocated water rights, the agency incurs additional costs for replacement water in order to meet that increased demand. That replacement water comes at a higher cost.
- Energy costs: during summer months, the District may pay more in electric charges to pump, treat and deliver water, and have a higher percentage of its energy bill in higher electricity "tiers".
- Higher maintenance costs: peak periods tend to have higher numbers of service calls, capacity costs, and system maintenance issues when the water system is running at peak demand.

Section 2. WATER RATE STUDY

A. Key Water Rate Study Issues

The District's water rate analysis was undertaken with a few specific objectives, including:

- Avoiding operational deficits and further depletion of reserves.
- Generating additional revenue needed to meet projected funding requirements.
- Adjusting the rate structure to collect a greater share of revenue from variable charges and less revenue from fixed charges.
- Continuing to encourage water conservation with a tiered rate structure.

NBS developed various water rate alternatives as requested by District staff over the course of this study. All rate structure alternatives relied on industry standards and cost-of-service principles. The rate alternative that will be implemented, is ultimately the decision of the Board. The fixed and volume-based charges were calculated based on the net revenue requirements, number of customer accounts, water consumption, and other District-provided information.

B. Financial Plan

It is important for municipal utilities to maintain reasonable reserves in order to handle emergencies, fund working capital, maintain a good credit rating, and generally follow healthy financial management practices. Rate adjustments are governed by the need to meet operating and capital costs, maintain adequate debt coverage, and build reasonable reserve funds. The current state of the District, with regard to these objectives, is as follows:

- **Meeting Net Revenue Requirements:** For FY 2020/21 through FY 2024/25, the projected net revenue requirement (that is, total annual expenses plus debt service and rate-funded capital costs, less non-rate revenues) for the District is approximately $1.3 million, annually on average. If no rate adjustments are implemented, the District is projected to see a $280,000 deficit in fiscal year 2020/21.
- **Building and Maintaining Reserve Funds:** Reserve funds provide a basis for a utility to cope with fiscal emergencies such as revenue shortfalls, asset failure, and natural disasters, among other events. Reserve policies provide guidelines for sound financial management, with an overall long-range perspective to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs, and emergencies. The District plans to accumulate approximately $1,500,000 in reserves by the end of FY 2024/25. These reserve funds for the Utility are considered unrestricted reserves and consist of the following:
    - **The Operating Reserve** should equal approximately 180 days of operating expenses, which is $707,000 at the end of FY 2024/25. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures. Fluctuations in revenue can be caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue streams (such as volumetric charges), and – particularly in periods of economic distress – changes or trends in age of receivables.

  - **The Capital Rehabilitation and Replacement Reserve** should equal at least 6 percent of net capital assets which is approximately $422,000 in FY 2024/25, which is set aside to address long-term capital system replacement and rehabilitation needs.
- **Funding Capital Improvement Projects:** The District must also be able to fund necessary capital improvements in order to maintain current service levels. District staff has identified roughly $935,000 (current year dollars) in expected capital expenditures for FY 2020/21 through 2024/25. With the recommended rate adjustments, these expenditures can be funded.
- **Inflation and Growth Projections –** Assumptions regarding cost inflation were made in order to project future revenues and expenses for the study period. The following inflation factors were used in the analysis:
  - No Customer growth is expected over the 5-year rate period.
  - Electricity cost inflation is 3.5% annually.
  - General cost inflation is 2% annually.
  - Salary cost inflation is 3% annually.
  - Field Salary cost inflation is 2% annually.
  - Benefits cost inflation is 6%annually.
  - Fuel and Chemicals cost inflation is 3% annually.
  - Cell Tower Lease revenue inflation is 2% annually.
- **Maintaining Adequate Bond Coverage:** The District is required by its bond covenants to maintain a debt service coverage ratio of at least 1.2. Rate adjustments proposed in this study will allow the district to continue to exceed this ratio. The benefit of exceeding the minimum debt coverage ratio is that it strengthens District's credit rating, which can help lower the interest rates for debt-funded capital projects in the future.
- **Impact of Annual Rate Adjustment Date:** In each year of the rate plan, the financial plan modeling assumes that rate adjustments occur starting on the March bill of each year. This means that only five months of the planned revenue to be collected from the rate adjustment listed for one fiscal year will be collected in that year. For example, there is a 3 percent adjustment in rate revenue planned for FY 2020/21; meaning, the rates are developed to recover $1.42 million, which is a 3 percent adjustment over the expected $1.38 million that would be collected without a rate adjustment. However, because of the timing for when the rates will go into effect, the Financial Plan results in only $1.39 million in rate revenue for FY 2020/21.

Rate adjustments of 3 percent annually in FY 2020/21 through FY 2024/25, will be needed in order to fully fund all operating expenses, planned capital projects, debt service obligations and build reserves to the recommended targets by the end of FY 2024/25[4]. **Figure 2** summarizes the sources and uses of funds, net revenue requirements, and the recommended annual percent adjustments in total rate revenue recommended for the next 5 years for the District.

4 Because of the mid-year adjustment to the rates, the full impact of each year's adjustment does not affect revenue until the following year.

Figure 2. Summary of Water Revenue Requirements

Summary of Sources and Uses of Funds and Net Revenue Requirements	5-Year Prop 218 Rate Period				
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Water Funds					
Rate Revenue Under Prevailing Rates	$ 1,375,000	$ 1,375,000	$ 1,375,000	$ 1,375,000	$ 1,375,000
Additional Revenue from Rate Increases [1]	*13,750*	*55,413*	*98,325*	*142,525*	*188,050*
Non-Rate Revenues	240,500	255,800	257,200	258,600	263,600
Interest Earnings	19,600	19,600	19,600	19,600	19,600
Total Sources of Funds	**$ 1,648,850**	**$ 1,705,813**	**$ 1,750,125**	**$ 1,795,725**	**$ 1,846,250**
Uses of Water Funds					
Operating Expenses	$ 1,310,100	$ 1,368,100	$ 1,384,600	$ 1,384,000	$ 1,413,700
Debt Service	137,394	137,394	137,394	48,739	48,691
Rate-Funded Capital Expenses	467,004	365,650	21,218	9,955	-
Total Use of Funds	**$ 1,914,498**	**$ 1,871,144**	**$ 1,543,212**	**$ 1,442,693**	**$ 1,462,391**
Surplus (Deficiency) after Rate Increase	**$ (265,648)**	**$ (165,332)**	**$ 206,912**	**$ 353,032**	**$ 383,859**
Projected Annual Rate Increase	***3.00%***	***3.00%***	***3.00%***	***3.00%***	***3.00%***
Cumulative Rate Increases	*3.00%*	*6.09%*	*9.27%*	*12.55%*	*15.93%*
Surplus (Deficiency) before Rate Increase	**$ (279,398)**	**$ (220,744)**	**$ 108,588**	**$ 210,507**	**$ 195,809**
Net Revenue Requirement [2]	**$ 1,654,398**	**$ 1,595,744**	**$ 1,266,412**	**$ 1,164,493**	**$ 1,179,191**

1. Revenue from rate increases assume an implementation date of March 1, 2021 and then March 1st, 2022 through 2025.
2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from water rates.

Figure 3 summarizes the projected reserve fund balances and reserve targets. A summary of the utility's proposed 5-year financial plan is included in Tables 1 and 2 of the Appendix. The appendix tables include revenue requirements, reserve funds, revenue sources, proposed rate adjustments, and the District's capital improvement program. As can be seen in Figure 3, given proposed rate adjustments, reserves meet the minimum target by FY 2023/24.

Figure 3. Summary of Reserve Funds

Beginning Reserve Fund Balances and Recommended Reserve Targets	5-Year Prop 218 Rate Period				
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Operating Reserve					
Ending Balance	$ 334,352	$ 169,020	$ 375,932	$ 692,000	$ 706,850
Recommended Minimum Target	*458,535*	*684,050*	*692,300*	*692,000*	*706,850*
Capital Rehabilitation & Replacement Reserve					
Ending Balance	$ 443,800	$ 443,800	$ 443,800	$ 468,864	$ 815,363
Recommended Minimum Target	*443,800*	*453,300*	*442,400*	*431,900*	*421,800*
Debt Reserve					
Ending Balance	$ 60,928	$ 60,928	$ 60,928	$ 60,928	$ 60,928
Recommended Minimum Target	-	-	-	-	-
Total Ending Balance	**$ 839,080**	**$ 673,748**	**$ 880,660**	**$ 1,221,792**	**$ 1,583,141**
Total Recommended Minimum Target	***$ 902,335***	***$ 1,137,350***	***$ 1,134,700***	***$ 1,123,900***	***$ 1,128,650***

CONTRACT CUSTOMER CHARGES

In January of 2012, the District entered into a contract agreement which set the initial rates and defined the methodology of future rate adjustments for the Desert Hills Premium Outlets (DHPO). As defined by the

terms of the contract, rates can only be adjusted by increasing the current rates (both the fixed meter charge and usage rate) by the percentage adjustment imposed on residential and commercial customers[5]. To account for this restriction, the revenue projected from the contract customer through FY 2021/22 is calculated and netted from the cost of service analysis. The contracted rates end December 31, 2022, in which this customer will switch to the commercial 10-inch meter rates. The calculation through FY 2021/22 is shown in **Figure 4**. The rates for the 10-inch meter past FY 2021/22 will be shown in later sections of this report.

Figure 4. Contract Charges and Projected Revenue

Contract	Current [1]	Proposed Rates	
	FY 2019/20	FY 2020/21	FY 2021/22
Projected Increase in Rate Revenue per Financial Plan:		*3.00%*	*3.00%*
Fixed Rate	$2,233.06	$2,300.05	$2,369.05
Variable Rate	$3.83	$3.94	$4.06
Estimated Consumption (hcf)	44,507	44,507	44,507
Estimated Fixed Revenue	$ 26,797	$ 27,601	$ 28,429
Estimated Variable Revenue	170,462	175,576	180,843
Estimated Rate Revenue from Contract Customer	**$ 197,259**	**$ 203,176**	**$ 209,272**
Remaining Rate Revenue	**$1,177,741**	**$1,213,074**	**$ 1,249,466**

1. Current rates found in source file: *10_Cabazon Water District Water Rate Study (4.13.17) Final.pdf, Page 50.*
Contract rates end December 31, 2022 in which this customer then switches to 10 inch billing for commercial users.

C. Cost of Service Analysis

Once the net revenue requirements are determined, the cost of service analysis proportionately distributes the revenue requirements to each customer class. The cost of service analysis consists of two major components: (1) the classification of expenses, and (2) the allocation of costs to customer classes. Costs were classified corresponding to the function they serve. All costs in the District's budget are allocated to each component of the rate structure in proportion to the level of service required by customers. The levels of service are related to volumes of peak and non-peak demand, infrastructure capacity, and customer service. These are based on allocation factors, such as water consumption, peaking factors, and number of accounts by meter size. Ultimately, a cost-of-service analysis is intended to result in rates that are proportional to the cost of providing service to each customer.

CLASSIFICATION OF COSTS

Most costs are not typically allocated 100 percent to fixed or variable categories and, therefore, are allocated to multiple functions of water service. Costs were classified using the commodity-demand method which is found in the AWWA M1 Manual[6]. In accordance with this method, budgeted costs were "classified" into four categories: commodity, capacity, customer and fire protection. The classification process provides

5 Per Section 5c(i) and (ii).

6 Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017, p. 83.

the basis for allocating costs to various customer classes based on the cost causation (classification) components described below:

- **Commodity related costs** are those that change as the volume of water produced and delivered changes. These commonly include the costs of chemicals used in the treatment process, energy related to pumping for transmission and distribution, and source of supply.
- **Capacity related costs** are associated with sizing facilities to meet the maximum, or peak demand. This includes both operating costs and capital infrastructure costs incurred to accommodate peak system capacity events.
- **Customer related costs** are associated with having a customer on the water system, such as meter reading, postage and billing.
- **Fire Protection related costs** are associated with providing sufficient capacity in the system for fire meters and other operations and maintenance costs of providing water to properties for private fire service protection.

The District's budgeted costs were reviewed and allocated to these cost causation components which are used as the basis for establishing new water rates and translate to fixed and variable charges. Tables 16 through 20 in the Appendix show how the District's expenses were classified and allocated to these cost causation components. Additionally, each cost causation component is considered fixed or variable, as summarized in **Figure 5.**

Figure 5. Cost Classification Summary

Ideally, utilities should recover all of their fixed costs from fixed charges and all of their variable costs from volumetric charges. When this is the case, fluctuations in water sales revenues would be directly offset by reductions or increases in variable expenses. When rates are set in this manner, they provide greater revenue stability for the utility. However, other factors are often considered when designing water rates such as community values, water conservation goals, ease of understanding, and ease of administration.

Based on the District's projected costs, the Cost of Service Analysis (COSA) resulted in a distribution that is approximately 79 percent fixed and 21 percent variable. The District's current rate structure collects approximately 64 percent of revenue from fixed charges and 36 percent from variable charges. The Board of Directors has chosen to move forward with a rate structure that will collect approximately 30 percent of revenue from fixed charges and 70 percent from variable rates. However, a share of the District's capacity costs will need to be collected from the variable rates in order to reach this rate structure. Thus, capacity related costs (which are normally considered fixed) will be collected from both fixed and variable rates.

Figure 6 summarizes the allocation of the net revenue requirements to each cost causation component. The projected revenue from the contract customer, as shown in Figure 4, is included Figure 6.

Figure 6. Allocation of Water Revenue Requirements

Functional Category	*COSA Results* Unadjusted Net Revenue Requirements (2020-21) 79% Fixed / 21% Variable		*Proposed Rates* Adjusted Net Revenue Requirements (2020-21) 30% Fixed / 70% Variable	
Commodity - Related Costs	$ 259,786	*21.4%*	$ 259,786	*21.4%*
Capacity - Related Costs (volumetric share)	$ -	*0.0%*	$ 589,365	*48.6%*
Volumetric Subtotal	$ 259,786	*21.4%*	$ 849,152	*70.0%*
Capacity - Related Costs (fixed share)	$ 887,808	*73.2%*	$ 298,443	*24.6%*
Customer - Related Costs	$ 60,386	*5.0%*	$ 60,386	*5.0%*
Fire Protection - Related Costs	$ 5,093	*0.4%*	$ 5,093	*0.4%*
Fixed Subtotal	$ 953,288	*78.6%*	$ 363,922	*30.0%*
Total	**$ 1,213,074**	*100%*	**$ 1,213,074**	*100%*
Revenue from Contract Rates	**$ 203,176**		**$ 203,176**	
Net Revenue Requirement	**$ 1,416,250**		**$ 1,416,250**	

CUSTOMER CLASSES

Customer classes are determined by combining customers with similar demand characteristics, types of use and, in this case, the constraints of a contract into categories that reflect the cost differentials to serve each type of customer. This process is limited by the desire to not overcomplicate the District's rate structure.

For Cabazon Water District, four customer classes were analyzed: single-family residential, non-single family residential[7], private fire and the contract customer[8]. All non-SFR customers (excluding the contract customer) were placed in one customer class because these customers include a wide range of usage characteristics:

1. They are using more water on average per account.
2. They generally have higher peaking factors than single-family residential users.
3. Their water usage varies greatly among these customers based on the specific type of customer and meter size.
4. There are an insufficient number of customers of each specific type to determine general class characteristics.

The amount of consumption, the peaking factors and the number of meters by size are used in the cost-of-service analysis to allocate costs to customer classes and determine the appropriate rate structures for each. The District's most recent consumption is summarized in **Figure 7**, peaking factors in **Figure 8** and **Figure 9**, and number of customers by customer class is shown in **Figure 10**.

Commodity related costs are costs associated with the total annual consumption of water by customer class, as shown in Figure 7.

7 Non-SFR class consists of multi-family, government, commercial, construction, industrial and irrigation customers.
8 The development of rates for the contract customer is described in Section 2-B of this report.

Figure 7. Water Consumption by Customer Class

Customer Class	Volume (hcf) [1]	Percent of Total Volume
Single Family Residential	93,915	71.4%
Non-SFR	1,338	1.0%
Government Meters	2,201	1.7%
Commercial Meters	11,562	8.8%
Industrial Meters	-	0.0%
Irrigation Meters	20,531	15.6%
Fire Service Meters	28	0.0%
Construction	1,934	1.5%
Total	**131,509**	**100%**
Contract	44,507	

1. Consumption is from 2019. CWD bills monthly.

Peaking factors for each customer class are shown in Figure 8. A "peaking factor" is the relationship of each customer class' average water use to peak (generally summer) water use.

Figure 8. Peaking Factors by Customer Class

Customer Class	Average Monthly Use (hcf)	Peak Monthly Use (hcf) [1]	Peak Monthly Factor	Max Month Capacity Factor
Single Family Residential	7,826	11,521	1.47	66.7%
Multi-Family Residential	112	158	1.42	0.9%
Government Meters	183	320	1.74	1.9%
Commercial Meters	964	1,209	1.25	7.0%
Industrial Meters	0	0	N/A	0.0%
Irrigation Meters	1,711	3,338	1.95	19.3%
Fire Service Meters	2	9	3.86	0.1%
Construction	161	719	4.46	4.2%
Total	**10,959**	**17,274**		**100%**
Contract	3,709	4,921	1.33	

1. Based on peak monthly data (peak day data not available).

Additional capacity factors within the single-family residential class are shown in **Figure 9**. The "additional capacity factor" represents the cumulative peak consumption in each tier. No additional capacity factor is assigned to Tier 1 water use, as this represents a base level of consumption by customers in the lowest tier, therefore no additional capacity costs would be incurred if all customers stayed within the Tier 1 threshold.

Figure 9. Single-Family Residential Peak Capacity Allocation Factors

Tier	Tier Breakpoint [1]	Expected Consumption [2] (hcf)	Percentage of Total SFR Consumption
Tier 1	7 hcf	53,666	57%
Tier 2	14 hcf	21,430	23%
Tier 3	--	18,819	20%
Total		**93,915**	**100%**

1. Tier 1 break point set to average winter consumption, an estimate of average indoor water consumption in Cabazon. The Tier 2 break point is set to 14 hcf which is average summer consumption.
2. Consumption data is based on the CWD 2019 customer data.

The number of customers for each customer class (also known as customer allocation factors) is shown in Figure 10.

Figure 10. Number of Meters by Customer Class

Customer Class	Number of Meters [1]	Percent of Total
Single Family Residential	854	93.0%
Private Fire	5	0.5%
All Other Meters	59	6.4%
Total	**918**	**100.0%**

1. Meter Count for December 2019. CWD bills monthly.

COSTS ALLOCATED TO CUSTOMER CLASSES

Costs are allocated to each customer class based on the customer characteristics of each class in order to reflect the cost differentials to serve each type of customer. **Figure 11** summarizes how the costs for each cost causation component from Figure 6 are allocated to each customer class.

Figure 11. Cost Allocation Methodology

Capacity Related Costs (fixed share)	•Allocated based on the hydraulic capacity of each meter size
Customer Related Costs	•Allocated based on the total number of meters
Fire Protection Related Costs	•Allocated based on the hydraulic capacity of fire meters
Commodity Related Costs	•Allocated based on water consumption by customer class
Capacity Related Costs (volumetric share)	•Allocated based on peak consumption by customer class

The costs allocated to each causation component are assigned to each customer class using the cost allocation methodology described in Figure 11. This process is shown in the following sections, in Figure 12 through Figure 16.

Capacity Related Costs

The capacity related costs (fixed share) allocation is summarized in **Figure 12**. Capacity related costs are those costs associated with constructing and operating the water system to ensure there is enough capacity in the system to meet the demand of each meter connected. Larger meters have the potential to use more of the system's capacity, compared to smaller meters. The potential capacity demanded is proportional to the maximum safe meter capacity each meter size as established by the AWWA[9]. The meter capacity factors used in this study are shown in the second column of Figure 12.

A "hydraulic capacity factor" (column *a* in Figure 12) is calculated by dividing the maximum capacity or flow of large meters by the capacity of the base meter size, which is typically the most common residential meter size (in this case a 5/8-inch meter). For example, Figure 12 shows the hydraulic capacity of a two-inch meter is 8 times that of a 5/8-inch meter and therefore, the capacity component of the fixed meter charge is 8 times that of the 5/8 inch meter.

The actual number of meters by size (column *b* in Figure 12) is multiplied by the corresponding capacity ratios to calculate the total number of equivalent meters (column *c* in Figure 12). The number of equivalent meters is used as a proxy for the potential demand that each customer can place on the water system and the percentage of capacity related costs (fixed share) distributed to each meter size by the Percent of Total Hydraulic Capacity.

Figure 12. Capacity Related Costs (fixed share) Allocation

Meter Size	Meter Capacity (gpm) [1]	Hydraulic Capacity Factor	Number of Meters	Total Equivalent Meters	Percent of Total Hydraulic Capacity	Allocated Costs
		a	*b*	*c=a*b*		
Standard Meters						
5/8 inch	20	1.00	845	845	67%	$200,839
3/4 inch	30	1.50	21	32	3%	$7,487
1 inch	50	2.50	13	33	3%	$7,725
1.5 inch	100	5.00	5	25	2%	$5,942
2 inch	160	8.00	17	136	11%	$32,324
3 inch	320	16.00	10	160	13%	$38,029
4 inch	500	25.00	1	25	2%	$5,942
Total			**912**	**1,255**	**100%**	**$298,287**

1. Per the Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1 AWWA, 7th edition, 2017, page 338.

9 Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017, p. 338.

Customer Related Costs

The customer related cost allocation is summarized in **Figure 13**. Customer related costs are comprised of those costs relating to reading and maintaining meters, customer billing and collection, and other customer service related costs. The customer service costs do not differ among the various meter sizes, therefore, these costs are spread equally among all meters. Each customer class is allocated customer related costs based upon the percentage of total meters that are in that class.

Figure 13. Customer Related Cost Allocation

Customer Class	Number of Meters [1]	Percent of Total	Allocated Costs
Standard Meters			
5/8 inch	845	92.1%	$55,645
3/4 inch	21	2.3%	$1,383
1 inch	13	1.4%	$856
1.5 inch	5	0.5%	$329
2 inch	17	1.9%	$1,119
3 inch	10	1.1%	$659
4 inch	1	0.1%	$66
Fire Protection			
6 inch	3	0.3%	$198
8 inch	2	0.2%	$132
Total	**917**	**100%**	**$60,386**

1. Meter Count as of December 2019.

Fire Protection Related Costs

The fire protection cost allocation is summarized in **Figure 14.** Only Fire Protection meters are allocated this cost component. A direct allocation is made in the functionalization and classification step in the cost of service analysis to represent their share of system capacity and other related operations and maintenance costs. This cost is spread over the fire meters using the same methodology as used in Figure 12.

Figure 14. Fire Protection Cost Allocation

Meter Size	Meter Capacity (gpm) [1]	Hydraulic Capacity Factor	Number of Meters	Total Equivalent Meters	Percent of Total Hydraulic Capacity	Allocated Costs
		a	*b*	*c=a*b*		
Fire Protection	*Fire Service Type I & II*					
6 inch	1,600	80.00	3	240	46%	$2,351
8 inch	2,800	140.00	2	280	54%	$2,742
Total			**5**	**520**	**100%**	**$5,093**

1. Per the Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1 AWWA, 7th edition, 2017, page 338.

Commodity Related Costs

The commodity related cost allocation is summarized in **Figure 15**. Commodity related costs are those costs related to the amount of water sold and commonly include the costs of chemicals used in the treatment process, energy related to pumping for transmission and distribution, and source of supply. Each customer class is allocated commodity related costs based upon the percentage of total consumption by that class.

Figure 15. Commodity Related Costs Allocation

Customer Class	Volume (hcf) [1]	Percent of Total Volume	Allocated Costs
Single Family Residential	93,915	**71.4%**	$185,522
Other Non-SFR/Commercial	37,594	**28.6%**	$74,264
Total	**131,509**	**100%**	**$259,786**

1. Consumption is from 2019. CWD bills monthly.

Capacity Related Costs (variable share)

The capacity related costs allocated to variable rates for each customer class are shown in **Figure 16**. Capacity related costs collected from the volumetric rate are allocated to each customer class based upon their percentage of peak monthly use.

Figure 16. Capacity Related Costs (variable share)

Customer Class	Average Monthly Use (hcf)	Peak Monthly Use (hcf) [1]	Percent of Total	Allocated Costs
Single Family Residential	7,826	11,521	**67%**	$393,081
Other Non-SFR/Commercial	3,133	5,753	**33%**	$196,285
Total	**10,959**	**17,274**	**100%**	**$589,365**

1. Based on peak monthly data (peak day data not available).

D. Rate Design Analysis

NBS discussed several water rate alternatives and methodologies with District Staff over the course of this study, such as the percentage of revenue collected from fixed vs. variable charges and differentiating rates by customer class. Based on input provided by District staff and the Board of Directors, the proposed rates were developed. The following sections describe this process.

The rates proposed in this study make the following modifications to the water rate structure:

1. Update monthly fixed meter charges to collect 30% of the revenue requirement and update volumetric charges to reflect collecting 70% of revenue.
2. Maintain the volumetric rates for Single Family Residential customers as follows:
    a. Keep three tier rate structure
    b. Keep current tier breakpoints
3. Keep all other customers on a uniform volumetric rate, and impose a single charge for all water consumed

FIXED CHARGES

The fixed meter charge recognizes that the District incurs fixed costs regardless of whether customers use water. There are two components that comprise the fixed meter charge: the customer component and the capacity component, as described in the previous section. Using the costs allocated to each meter size from Figure 12 through Figure 14; **Figure 17** calculates the monthly charge for each meter size.

Figure 17. Fixed Meter Charges FY 2020/21

Customer Class	Number of Meters[1]	Allocated Capacity Costs	Allocated Customer Costs	Allocated Fire Protection Costs	Total Costs	Monthly Charge
	a	*b*	*c*	*d*	*e = b+c+d*	*f=e/a/12*
Standard Meters						
5/8 inch	845	$200,839	$55,645	$0	$256,484	$25.29
3/4 inch	21	$7,487	$1,383	$0	$8,870	$35.20
1 inch	13	$7,725	$856	$0	$8,581	$55.00
1.5 inch	5	$5,942	$329	$0	$6,271	$104.52
2 inch	17	$32,324	$1,119	$0	$33,444	$163.94
3 inch	10	$38,029	$659	$0	$38,687	$322.39
4 inch	1	$5,942	$66	$0	$6,008	$500.65
Fire Protection						
6 inch	3	$0	$198	$2,351	$2,548	$70.78
8 inch	2	$0	$132	$2,742	$2,874	$119.76
Total	**917**	**$298,287**	**$60,386**	**$ 5,093**	**$ 363,767**	

1. Meter Count as of December 2019.

VARIABLE CHARGES

The District currently has a three-tiered volumetric rate for single family residential customers, and one uniform rate for non-SFR customers.

Tier breakpoints remain the same as current and were set in the last rate study in 2017. The goals when setting the tier breakpoints were twofold:

1. The breakpoint for the first tier was set to the 7 hcf[10], which is the average winter consumption for a typical single-family residential customer. Given the limited irrigation that occurs in the winter, this approximates average indoor use.
2. The breakpoint for the second tier was set to 14 hcf, which is equal to average summer consumption for a single-family residential customer. Average summer consumption is when water consumption is highest for a two-month billing period.
3. The third tier includes anything above 14 hcf.

10 HCF is one hundred cubic feet of water.

The commodity costs (from Figure 15) within the single-family residential class are further allocated to the expected consumption by tier, in **Figure 18**.

Figure 18. Single Family Residential Commodity Related Costs

Tier	Tier Breakpoint [1]	Expected Consumption [2] (hcf)	Percentage of Total SFR Consumption	Allocated Costs
Tier 1	7 hcf	53,666	57%	$106,013
Tier 2	14 hcf	21,430	23%	$42,333
Tier 3	--	18,819	20%	$37,176
Total		**93,915**	**100%**	**$185,522**

1. Tier 1 break point set to average winter consumption, an estimate of average indoor water consumption in Cabazon. The Tier 2 break point is set to 14 hcf which is average summer consumption.
2. Consumption data is based on the CWD 2019 customer data.

The Capacity Related Costs (variable share) (from Figure 16) within the single-family residential class are further allocated to expected consumption by tier as shown in **Figure 19.** The "additional capacity required" represents the cumulative peak consumption in each tier. No additional capacity factor is assigned to Tier 1 water use, as this represents a base level of consumption by customers in the lowest tier, therefore no additional supply costs would be incurred if all customers stayed within the Tier 1 threshold.

Figure 19. Single Family Residential Capacity Related Costs (variable share)

Tier	Description	Monthly Consumption (hcf) [1]	Additional Capacity Required (hcf) [4]	Percent of Total	Allocated Costs
Tier 1	Max Tier 1 Capacity [2]	5,978	0	**0.0%**	**$0**
Tier 2	Peak up to Tier 2 [3]	7,891	1,913	**34.5%**	**$135,660**
Tier 3	Peak up to Tier 3 [3]	11,521	3,630	**65.5%**	**$257,421**
Total			**5,543**	**100.0%**	**$393,081**

1. Consumption data is based on the CWD 2019 customer data.
   Source files: *Cabazon_FINAN ACCTS SUMMARY_CO1CO2.xlsx and Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx*
2. Capacity allocated to the first tier represents the tier break multiplied by the number of customers.
3. This is the cumulative peak consumption up to the tier break; it represents capacity required to provide service to a given tier.
4. This is the additional cumulative capacity to meet peak consumption at each tier.

Due to the varying consumption characteristics of non-SFR customers will maintain a uniform volumetric rate, because it best represents their cost-of-service. Using the costs allocated to each customer class in Figure 15 – 16 and Figure 18 – 19, **Figure 20** calculates the per unit volumetric charge for each customer class and tier.

Figure 20. Calculated Variable Charges for FY 2020/21

Customer Class	Expected Consumption (hcf)	Allocated Commodity Costs	Allocated Capacity Costs	Total Costs	Charge per Unit Sold ($/hcf)
	a	*b*	*c*	*d = b+c*	*e=d/a*
Single Family Residential					
Tier 1	53,666	$ 106,013	$ -	$ 106,013	$1.98
Tier 2	21,430	$ 42,333	$ 135,660	$ 177,993	$8.31
Tier 3	18,819	$ 37,176	$ 257,421	$ 294,596	$15.65
All Other Customers	37,594	$ 74,264	$ 196,285	$ 270,549	$7.20
Total	**131,509**	**$ 259,786**	**$ 589,365**	**$ 849,152**	

CONSTRUCTION METER FEES

NBS also analyzed the District's construction rates and updated the meter deposit fee, admin fee and the recalibration fee on top of the monthly meter and water charges. **Figure 21** shows the updated construction meter fees. The meter deposit fee is based on the actual cost of the meter. The admin fee was calculated from labor hours needed for application processing, account opening and delivery of the construction meter. Lastly, the meter recalibration fee was also calculated based on labor hours needed to travel and repair the construction meter. These fees are all inflated 3% annually after 2020/21.

Figure 21. Updated Fee Schedule for Construction Customers

Updated Construction Customer Fee Schedule	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	Explanation of Fee
One-Time Fees						
Construction Meter Deposit	$1,965.14	$2,024.09	$2,084.82	$2,147.36	$2,211.78	[1]
Administrative Fee	*$152.50*	*$157.08*	*$161.79*	*$166.64*	*$171.64*	[2]
Meter Recalibration Fee	*$244.00*	*$251.32*	*$258.86*	*$266.63*	*$274.62*	[3]
Monthly Fees shown in Current & Proposed Rates						

Explanation of Fee:

[1] Based on cost of replacing the meter in the current year, if it is not returned.

[2] Based on labor time and cost for: processing application, opening account and installing meter. Assumes 3% inflation per year.

[3] Based on labor time and cost for repairing a malfunctioning meter. Assumes 3% inflation per year.

E. Current and Proposed Water Rates

The Cost of Service analysis is used to establish the rates for FY 2020/21. In the subsequent four years of the rate study, proposed charges are simply adjusted by the proposed adjustment in total rate revenue needed, to meet projected revenue requirements. **Figure** provides a comparison of the current and prosed rates for FY 2020/21 through FY 2024/25. More detailed tables on the developed of the proposed charges are documented in the Appendix. It is notable to mention that after the Contract rates are over in 2022, this customer will then switch to the 10-inch fixed meter charge and the uniform commodity rate. Since the Contract customer uses a large amount of water, the proportion of the variable rate will decrease when this customer joins the other non-SFR customers in FY 2022/23.

Figure 22. Current and Proposed Water Rates

Water Rate Schedule		Current Rates	Proposed Rates				
			FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fixed Meter Charges							
Monthly Fixed Service Charges:							
5/8 inch		$68.10	$25.29	$26.05	$26.83	$27.64	$28.47
3/4 inch		$98.24	$35.20	$36.25	$37.34	$38.46	$39.62
1 inch		$158.51	$55.00	$56.65	$58.35	$60.10	$61.91
1.5 inch		$309.21	$104.52	$107.66	$110.89	$114.21	$117.64
2 inch		$490.04	$163.94	$168.86	$173.92	$179.14	$184.52
3 inch		$972.27	$322.39	$332.06	$342.03	$352.29	$362.86
4 inch		$1,514.77	$500.65	$515.67	$531.14	$547.08	$563.49
Contract (10 inch)		$2,233.06	$2,300.05	$2,369.05	$4,418.51	$4,551.07	$4,687.60
Construction Meters (3 inch)		$286.73	$344.40	$354.73	$365.38	$376.34	$387.63
Monthly Fire Service Charges:							
4 inch		$61.54	$34.05	$35.08	$36.13	$37.21	$38.33
6 inch		$130.62	$70.78	$72.91	$75.09	$77.35	$79.67
8 inch		$212.11	$119.76	$123.35	$127.05	$130.86	$134.79
Commodity Charges							
Rate per hcf of Water Consumed:							
Uniform Rate (Non-SFR + Construction)		$2.96	$7.20	$7.41	$5.53	$5.69	$5.87
Contract Rate		$3.83	$3.94	$4.06	N/A	N/A	N/A
Tiered Rate (SFR Customers):							
	Proposed Break						
Tier 1	0-7 hcf	$1.53	$1.98	$2.03	$2.10	$2.16	$2.22
Tier 2	8-14 hcf	$3.35	$8.31	$8.55	$8.81	$9.08	$9.35
Tier 3	14+ hcf	$5.12	$15.65	$16.12	$16.61	$17.11	$17.62

F. Comparison of Current and Proposed Water Bills

Figure 3 and **Figure 4** compare a range of monthly water bills for the current and proposed water rates as a result of the initial rate adjustment for single-family residential customers (with a 5/8-inch meter) and non-single family residential customers (the bill comparison for a commercial customer also with a 5/8-inch meter). These monthly bills are based on typical meter sizes at various consumption levels.

Figure 23. Monthly Bill Comparison for Single Family Customers

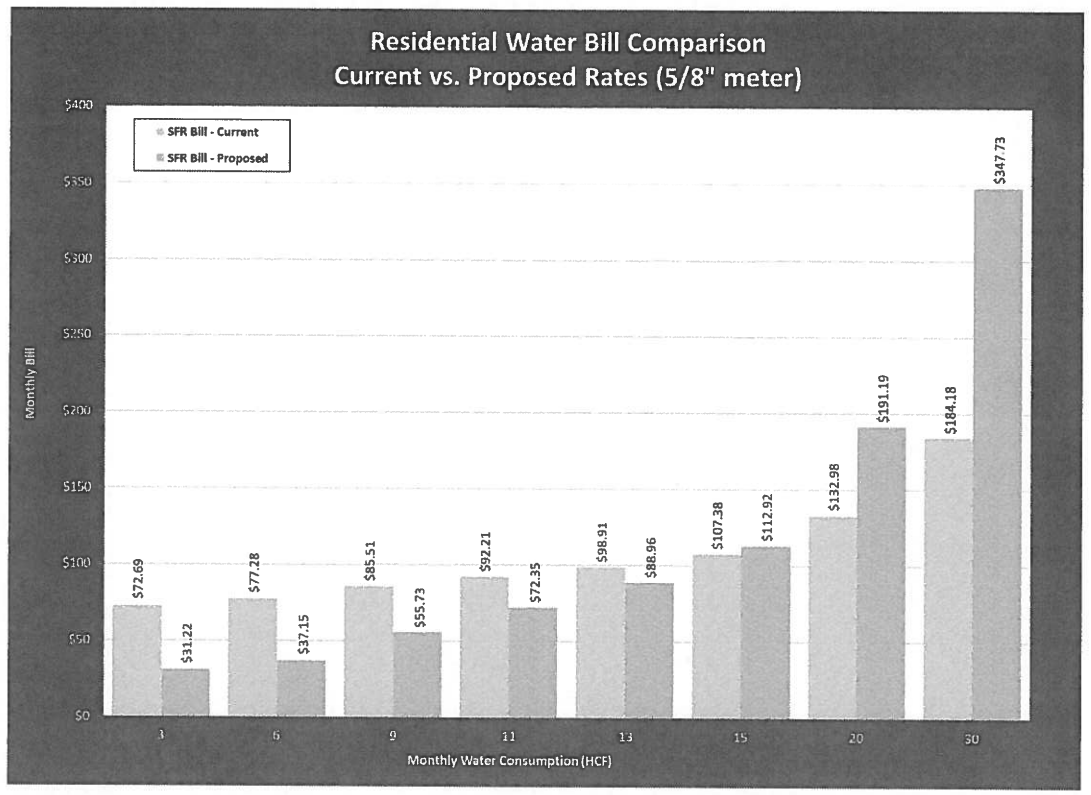
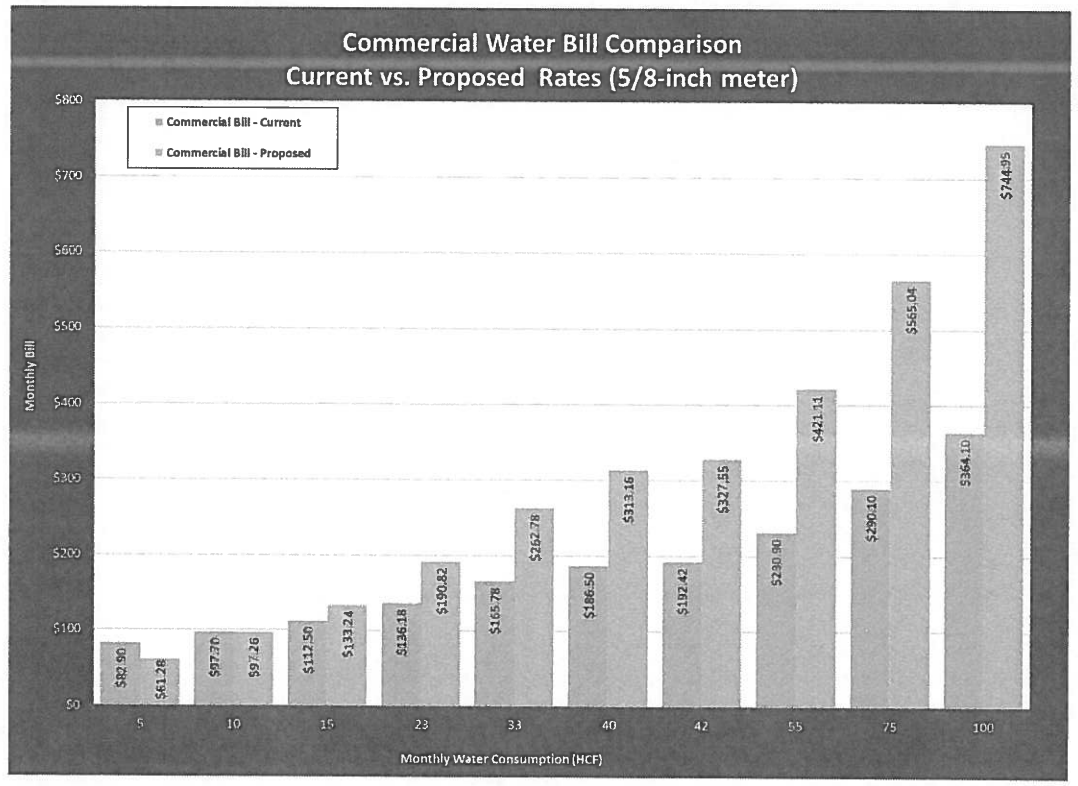


Figure 24. Monthly Water Bill Comparison for Commercial Customers



Section 3. RECOMMENDATIONS AND NEXT STEPS

A. Consultant Recommendations

NBS recommends District take the following actions:

Approve and accept this Study: NBS recommends the District Board formally approve and adopt this Study and its recommendations and proceed with the steps required to implement the proposed rates. This will provide documentation of the rate study analyses and the basis for analyzing potential changes to future rates.

Implement Recommended Levels of Rate Adjustments and Proposed Rates: Based on successfully meeting the Proposition 218 procedural requirements, the District should proceed with implementing the 5-year schedule of proposed rates and rate adjustments previously shown in Figure 22. This will help ensure the continued financial health of District's water utility.

B. Next Steps

Annually Review Rates and Revenue – Any time an agency adopts new utility rates or rate structures, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements—particularly those related to environmental regulations that can significantly affect capital improvements and repair and replacement costs.

Note: The attached Technical Appendix provides more detailed information on the analysis of the water revenue requirements, cost-of-service analysis and cost allocations, and the rate design analyses that have been summarized in this report.

C. NBS' Principal Assumptions and Considerations

In preparing this report and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, conditions, and events that may occur in the future. This information and these assumptions, including District's budgets, capital improvement costs, and information from District staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

Appendix: Detailed Water Rate Study Tables and Figures

TABLE 1 : FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS **5-Year Rate Period**

RATE REVENUE REQUIREMENTS SUMMARY [1]	Budget	Projected			
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Water Funds					
Rate Revenue:					
Water Sales Revenue Under Current Rates	$ 1,375,000	$ 1,375,000	$ 1,375,000	$ 1,375,000	$ 1,375,000
Revenue from Rate Increases [2]	*13,750*	*55,413*	*98,325*	*142,525*	*188,050*
Subtotal: Rate Revenue After Rate Increases	1,388,750	1,430,413	1,473,325	1,517,525	1,563,050
Non-Rate Revenue:					
Fee Revenue	$ 146,700	$ 161,500	$ 162,400	$ 163,300	$ 166,600
Miscellaneous Revenue	93,800	94,300	94,800	95,300	97,000
Interest Income [3]	19,600	19,600	19,600	19,600	19,600
Subtotal: Non-Rate Revenue	260,100	275,400	276,800	278,200	283,200
Total Sources of Funds	**$ 1,648,850**	**$ 1,705,813**	**$ 1,750,125**	**$ 1,795,725**	**$ 1,846,250**
Uses of Water Funds					
Operating Expenses [4]					
Payroll Expenses	$ 579,100	$ 622,700	$ 638,300	$ 654,500	$ 670,900
Facilities, Wells, Transmission, Distribution	313,900	320,100	326,400	332,900	339,600
Utilities - Office	31,700	32,600	33,500	34,400	35,300
Office Expenses	85,600	86,700	79,400	81,300	82,400
Support Expenses	173,800	177,300	187,600	170,800	174,200
Training / Travel	4,500	4,600	4,700	4,800	4,900
Other Fees	8,900	9,000	9,100	9,200	9,300
Service Tools & Equipment	52,900	55,400	56,400	57,400	58,400
Non-Operating Expenses	59,700	59,700	49,200	38,700	38,700
Subtotal: Operating Expenses:	$ 1,310,100	$ 1,368,100	$ 1,384,600	$ 1,384,000	$ 1,413,700
Other Expenditures:					
Existing Debt Service	$ 137,394	$ 137,394	$ 137,394	$ 48,739	$ 48,691
New Debt Service	-	-	-	-	-
Rate-Funded Capital Expenses	467,004	365,650	21,218	9,955	-
Subtotal: Other Expenditures	$ 604,398	$ 503,044	$ 158,612	$ 58,693	$ 48,691
Total Uses of Water Funds	**$ 1,914,498**	**$ 1,871,144**	**$ 1,543,212**	**$ 1,442,693**	**$ 1,462,391**
Annual Surplus/(Deficit)	**$ (265,648)**	**$ (165,332)**	**$ 206,912**	**$ 353,032**	**$ 383,859**
Net Revenue Req't. *(Total Uses less Non-Rate Revenue)*	**$ 1,654,398**	**$ 1,595,744**	**$ 1,266,412**	**$ 1,164,493**	**$ 1,179,191**
Projected Annual Rate Revenue Adjustment	***3.00%***	***3.00%***	***3.00%***	***3.00%***	***3.00%***
Cumulative Increase from Annual Revenue Increases	*3.00%*	*6.09%*	*9.27%*	*12.55%*	*15.93%*
Debt Coverage After Rate Increase	*2.47*	*2.46*	*2.66*	*8.45*	*8.88*

1. Revenue and expenses for FY 2019/20 through FY 2020/21 are from source files: *FY 20-21 Adopted Cabazon Budget.xlsx, Cab BudgetFY20 tab.*
   FY 2018/19 revenue and expenses are the projected year end figures from file: *16_Budgets_V23 FY 19-20 Cabazon Budget to Board 6.18.19.APPROVED.PDF.*
2. Rate increases assume an implementation date of July 1st each year.
3. Interest earnings for FY 2016/17 through FY 2019/20 from District budgets. For all other years, it is calculated based on historical LAIF returns.
4. The FY 2016/17 through FY 2019/20 operating expenses are from the budget. Inflationary factors are applied to these expenses to project costs in FY 2020/21 and beyond.
5. Under current covenants, Cabazon Water District must maintain a debt coverage ratio of 1.2. Source: *Zions Bank_Installment Sale Agreement.pdf, page 12*
   Conditional formatting has been applied to highlight years where a 1.20 debt coverage ratio is not met.

TABLE 2 : RESERVE FUND SUMMARY — **5-Year Rate Period**

SUMMARY OF CASH ACTIVITY UN-RESTRICTED RESERVES	Budget FY 2020/21	Projected FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Beginning Cash [1, 2, 3]	**$ 1,096,796**				
Operating Reserve					
Beginning Reserve Balance [1]	$ 600,000	$ 334,352	$ 169,020	$ 375,932	$ 692,000
Plus: Net Cash Flow (After Rate Increases)	(265,648)	(165,332)	206,912	353,032	383,859
Plus: Transfer of Debt Reserve Surplus	-	-	-	-	-
Less: Transfer Out to Capital Replacement Reserve	-	-	-	(36,964)	(369,009)
Ending Operating Reserve Balance	***$ 334,352***	***$ 169,020***	***$ 375,932***	***$ 692,000***	***$ 706,850***
Target Ending Balance (transition to 180-days of O&M) [4]	*$ 458,535*	*$ 684,050*	*$ 692,300*	*$ 692,000*	*$ 706,850*
Capital Rehabilitation & Replacement Reserve					
Beginning Reserve Balance	$ 496,796	$ 443,800	$ 443,800	$ 443,800	$ 468,864
Plus: Transfer of Operating Reserve Surplus	-	-	-	36,964	369,009
Less: Use of Reserves for Capital Projects	(52,996)	-	-	(11,900)	(22,510)
Ending Capital Rehab & Replacement Reserve Balance	***$ 443,800***	***$ 443,800***	***$ 443,800***	***$ 468,864***	***$ 815,363***
Capital R&R Reserve (6% of Net Assets)	*$ 443,800*	*$ 453,300*	*$ 442,400*	*$ 431,900*	*$ 421,800*
Ending Balance	**$ 778,152**	**$ 612,820**	**$ 819,732**	**$ 1,160,864**	**$ 1,522,213**
Minimum Target Ending Balance	**$ 902,335**	**$ 1,137,350**	**$ 1,134,700**	**$ 1,123,900**	**$ 1,128,650**
Ending Surplus/(Deficit) Compared to Reserve Targets	***$ (124,183)***	***$ (524,530)***	***$ (314,968)***	***$ 36,964***	***$ 393,563***
Restricted Reserves:					
Debt Reserve					
Beginning Reserve Balance [2]	$ 60,928	$ 60,928	$ 60,928	$ 60,928	$ 60,928
Plus: Reserve Funding from New Debt Obligations	-	-	-	-	-
Less: Transfer of Surplus to Operating Reserve	-	-	-	-	-
Ending Debt Reserve Balance	***$ 60,928***	***$ 60,928***	***$ 60,928***	***$ 60,928***	***$ 60,928***
Target Ending Balance	*$ -*	*$ -*	*$ -*	*$ -*	*$*
Connection Fee Reserve (provided for informational purposes only)					
Beginning Reserve Balance [3]	$ -	$ -	$ -	$ -	$ -
Plus: Capacity Fee Revenue	-	-	-	-	-
Less: Use of Reserves for Capital Projects	-	-	-	-	-
Ending Connection Fee Fund Balance	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***
Annual Interest Earnings Rate [5]	*0.20%*	*0.20%*	*0.20%*	*0.20%*	*0.20%*

1. Beginning cash for FY 2019/20 and FY2020/21 per District, source files: *FY 2018-2019 Audited Financial Statements.pdf, page 11, & 6.30.20 updated cash balance.xlsx*
2. No reserve requirement currently assumed, however, CAFR states these funds are held by the bond trustee.
3. No restricted fund for connection fees currently.
4. Operating Reserve Target increasing from 90 days of O&M expenses to 180 days of O&M expenses by FY 2021/22 at the recommendation of staff.
5. Interest earning rates per District budget file: *FY 20-21 Cabazon Budget for Rate Study V6.xlsx, Assumptions tab.*

CHART 1

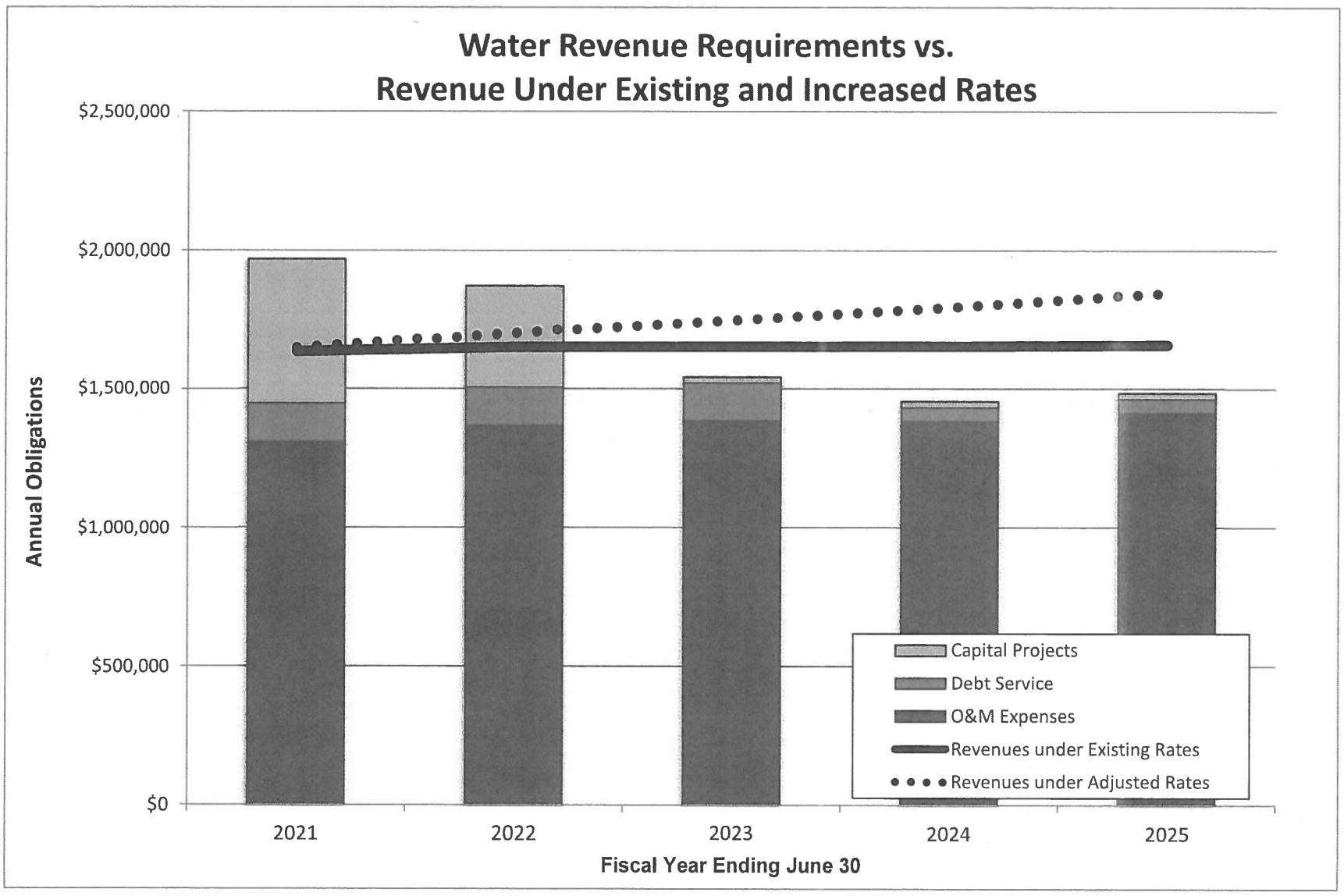

Water Revenue Requirements vs.
Revenue Under Existing and Increased Rates
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
Annual Obligations
2021
2022
2023
2024
2025
Fiscal Year Ending June 30
Capital Projects
Debt Service
O&M Expenses
Revenues under Existing Rates
Revenues under Adjusted Rates

CHART 2

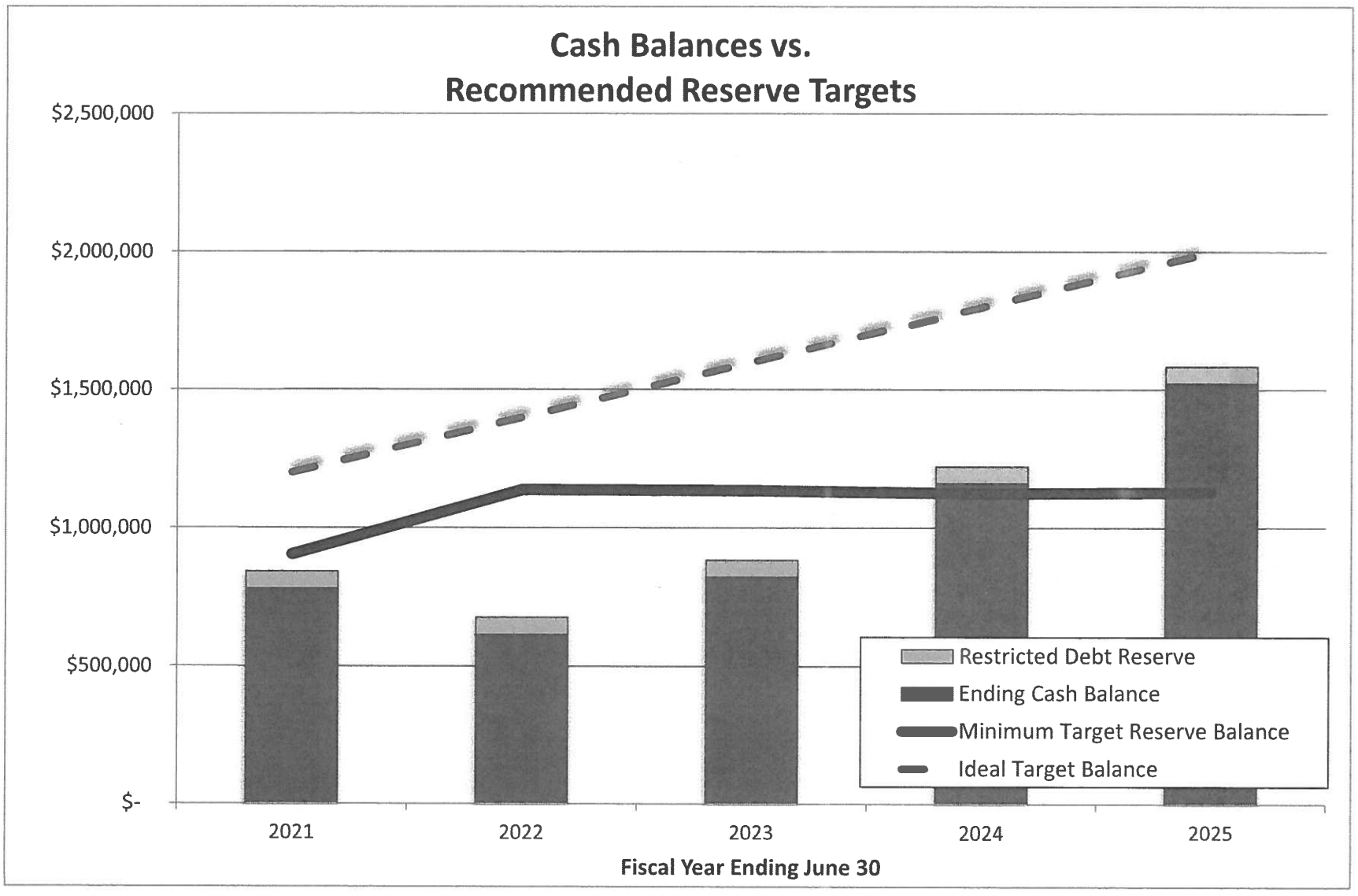
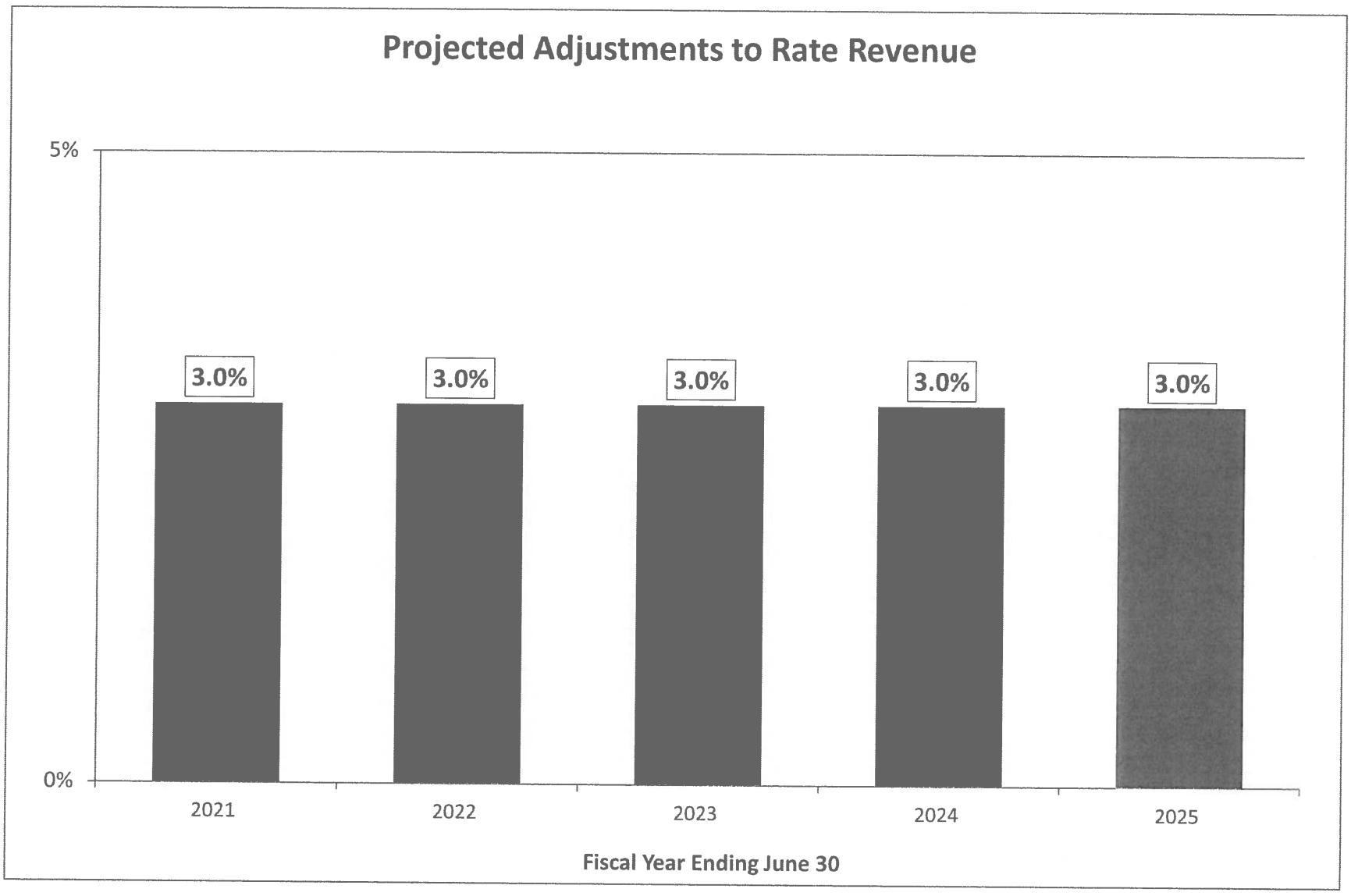

Cash Balances vs.
Recommended Reserve Targets
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
2021
2022
2023
2024
2025
Fiscal Year Ending June 30
Restricted Debt Reserve
Ending Cash Balance
Minimum Target Reserve Balance
Ideal Target Balance

CHART 3


Projected Adjustments to Rate Revenue
5%
0%
3.0%
3.0%
3.0%
3.0%
3.0%
2021
2022
2023
2024
2025
Fiscal Year Ending June 30

CABAZON WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

TABLE 3 : REVENUE FORECAST [1]

DESCRIPTION	Inflation Basis	Budget 2021	Prop 218 Rate Period 2022	2023	2024	2025
Water Rate Revenue						
Base Rate Water Bills	1	$ 895,100	$ 895,100	$ 895,100	$ 895,100	$ 895,100
Commodity Sales	1	314,000	314,000	314,000	314,000	314,000
DPHO Contract	1	160,000	160,000	160,000	160,000	160,000
Fire Sales - Water Bills	1	5,900	5,900	5,900	5,900	5,900
Fee Revenue						
Penalty Fees - Water Bills	1	$ 31,000	$ 45,800	$ 46,700	$ 47,600	$ 48,600
New Account Fees - Water Bill	1	1,600	1,600	1,600	1,600	1,600
Returned Check Fees	1	500	500	500	500	500
Basic Facilities Fee (New Service)	1	-	-	-	-	-
Stand By Fees - Tax Revenue	5	113,600	113,600	113,600	113,600	115,900
Miscellaneous Revenue						
Ad Valorem - Tax Revenue	5	$ 50,700	$ 50,700	$ 50,700	$ 50,700	$ 51,700
Teeter Settlement Income	1	10,200	10,200	10,200	10,200	10,400
Cell Tower Lease Income	1	25,600	26,100	26,600	27,100	27,600
Miscellaneous Non-Operating Income	1	7,300	7,300	7,300	7,300	7,300
Interest Income						
Interest Income LAIF	Cal'd	$ 15,800	$ 15,800	$ 15,800	$ 15,800	$ 15,800
Interest Income Water Bills	Cal'd	3,100	3,100	3,100	3,100	3,100
Interest Income - DWR	Cal'd	700	700	700	700	700
TOTAL: REVENUE		**$ 1,635,100**	**$ 1,650,400**	**$ 1,651,800**	**$ 1,653,200**	**$ 1,658,200**

TABLE 4 : REVENUE SUMMARY

		Budget 2021	Prop 218 Rate Period 2022	2023	2024	2025
RATE REVENUE:						
Water Rate Revenue		$ 1,375,000	$ 1,375,000	$ 1,375,000	$ 1,375,000	$ 1,375,000
OTHER REVENUE:						
Fee Revenue		$ 146,700	$ 161,500	$ 162,400	$ 163,300	$ 166,600
Miscellaneous Revenue		93,800	94,300	94,800	95,300	97,000
Interest Income		19,600	19,600	19,600	19,600	19,600
TOTAL: REVENUE		**$ 1,635,100**	**$ 1,650,400**	**$ 1,651,800**	**$ 1,653,200**	**$ 1,658,200**

TABLE 5 : OPERATING EXPENSE FORECAST [1]

DESCRIPTION	Inflation Basis	Prop 218 Rate Period: Budget 2021	2022	2023	2024	2025
Payroll Expenses						
Directors Fees	6	$ 15,000	$ 15,300	$ 15,600	$ 15,900	$ 16,200
Management & Customers Service						
Customer Accounts	6	$ 54,800	$ 54,800	$ 56,400	$ 58,100	$ 59,800
Assistant General Manager	6	77,700	77,700	80,000	82,400	84,900
Temp. Admin Assistant	3	7,800	8,000	8,200	8,400	8,600
General Manager	6	89,200	89,200	91,900	94,700	97,500
Field Operations						
Field Workers	7	$ 123,000	$ 160,200	$ 163,400	$ 166,700	$ 170,000
Employee Benefits Expense						
Workers Comp.	8	$ 6,200	$ 6,300	$ 6,400	$ 6,500	$ 6,600
Employee Health Care	8	94,800	100,500	102,500	104,600	106,700
Pension	8	77,400	77,400	79,700	82,100	84,600
Payroll Expense - Taxes, etc.						
FICA and Medicare	8	$ 29,800	$ 29,800	$ 30,600	$ 31,400	$ 32,200
SUI and ETT	8	2,600	2,700	2,800	2,900	3,000
Medical Testing	8	800	800	800	800	800
Facilities, Wells, Transmission, Distribution						
Lab Fees	4	$ 8,900	$ 9,100	$ 9,300	$ 9,500	$ 9,700
Meters	4	4,800	4,900	5,000	5,100	5,200
Utilities - Wells	4	96,600	98,500	100,500	102,500	104,600
Line Mtn & Repair Contractor						
Line Maint & Repair Materials	4	$ 72,500	$ 74,000	$ 75,500	$ 77,000	$ 78,500
Well Maintenance						
Chemicals	10	$ 6,600	$ 6,700	$ 6,800	$ 6,900	$ 7,000
Well Maintenance - Other	4	31,200	31,800	32,400	33,000	33,700
Security						
Crime Prevention	4	$ 20,900	$ 21,300	$ 21,700	$ 22,100	$ 22,500
Alarms Phones	4	1,100	1,100	1,100	1,100	1,100
Alarms - Other	4	2,800	2,900	3,000	3,100	3,200
Miscellaneous Fac, Wells, Trans & Distribution						
Engineering Services	4	$ 56,300	$ 57,400	$ 58,500	$ 59,700	$ 60,900
Other	4	12,200	12,400	12,600	12,900	13,200
Sub-Total		**$ 893,000**	**$ 942,800**	**$ 964,700**	**$ 987,400**	**$ 1,010,500**

CABAZON WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

TABLE 6

DESCRIPTION	Inflation Basis	Budget 2021	Prop 218 Rate Period 2022	2023	2024	2025
Utilities - Office						
Electricity	3	$ 15,800	$ 16,400	$ 17,000	$ 17,600	$ 18,200
Gas	9	1,100	1,100	1,100	1,100	1,100
Telephone	4	10,200	10,400	10,600	10,800	11,000
Trash Pickup / Office Cleaning	4	4,600	4,700	4,800	4,900	5,000
Office Expenses						
Fire Alarm System Servicing	4	$ -	$ -	$ -	$ -	$ -
Water Billing System	4	2,100	2,100	2,100	2,100	2,100
Supplies & Equipment	4	10,100	10,300	10,500	10,700	10,900
Copier and Supplies	4	5,000	5,100	5,200	5,300	5,400
Dues & Subscriptions	4	1,300	900	900	1,300	900
Postage	4	8,100	8,300	8,500	8,700	8,900
Printing & publications	4	6,300	6,400	6,500	6,600	6,700
Computer Services	4	36,800	37,500	38,300	39,100	39,900
Office Storage	4	6,200	6,300	-	-	-
Air Conditioning Servicing	4	5,100	5,200	5,300	5,400	5,500
CA Water Systems Alliance (CWSA)	4	2,500	2,500	-	-	-
Office Expenses - Other	4	2,100	2,100	2,100	2,100	2,100
Support Expenses						
Temporary Labor	7	$ 12,600	$ 12,900	$ 20,000	$ -	$ -
Financial Audit	7	23,000	23,500	24,000	24,500	25,000
Accounting	7	35,000	35,700	36,400	37,100	37,800
Legal						
Legal - General	4	$ 50,400	$ 51,400	$ 52,400	$ 53,400	$ 54,500
Legal - Water	4	10,800	11,000	11,200	11,400	11,600
Legal - Personnel	4	8,700	8,900	9,100	9,300	9,500
Legal - Fees & Charges	4	1,100	1,100	1,100	1,100	1,100
Miscellaneous Support						
Bank Service Charges	4	$ -	$ -	$ -	$ -	$ -
Payroll Service	4	5,200	5,300	5,400	5,500	5,600
Website Support	4	900	900	900	900	900
General Liability Insurance	4	26,100	26,600	27,100	27,600	28,200
Training / Travel						
Seminars / Training	4	$ 3,500	$ 3,600	$ 3,700	$ 3,800	$ 3,900
Travel Meals	4	1,000	1,000	1,000	1,000	1,000
Other Fees						
County Lien Release Fees	4	$ -	$ -	$ -	$ -	$ -
Riverside County Fees	4	5,900	6,000	6,100	6,200	6,300
State Water fees	4	2,100	2,100	2,100	2,100	2,100
Other Fees - Other	4	900	900	900	900	900
Sub-Total		**$ 304,500**	**$ 310,200**	**$ 314,300**	**$ 300,500**	**$ 306,100**

CABAZON WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

TABLE 7

DESCRIPTION	Inflation Basis	Prop 218 Rate Period Budget 2021	2022	2023	2024	2025
Service Tools & Equipment						
Shop Supplies & Small Tools	4	$ 9,300	$ 9,500	$ 9,700	$ 9,900	$ 10,100
Vehicle Fuel	9	16,300	16,600	16,900	17,200	17,500
Employee Uniforms	4	1,800	1,800	1,800	1,800	1,800
Safety	4	500	2,000	2,000	2,000	2,000
Tractor Expenses	4	3,700	3,800	3,900	4,000	4,100
Equipment Rental	4	2,000	2,000	2,000	2,000	2,000
Service Trucks - Repair & Mtn	4	14,500	14,800	15,100	15,400	15,700
Water Ops Cell Phone / Internet	4	4,800	4,900	5,000	5,100	5,200
Communications	4	-	-	-	-	-
Non-Operating Expenses						
DWR Loan Processing Fee	13	$ 1,400	$ 1,400	$ 1,400	$ 1,400	$ 1,400
Bad Debt Expense	13	1,200	1,200	1,200	1,200	1,200
Miscellaneous	13	1,100	1,100	1,100	1,100	1,100
DHPO Payback [2]	Cal'd	21,000	21,000	10,500	-	-
GSA / SGMA	13	35,000	35,000	35,000	35,000	35,000
Sub-Total		**$ 112,600**	**$ 115,100**	**$ 105,600**	**$ 96,100**	**$ 97,100**
GRAND TOTAL: OPERATING EXPENSES		**$ 1,250,400**	**$ 1,308,400**	**$ 1,335,400**	**$ 1,345,300**	**$ 1,375,000**
GRAND TOTAL: OPERATING & NON-OPERATING EXP.		**$ 1,310,100**	**$ 1,368,100**	**$ 1,384,600**	**$ 1,384,000**	**$ 1,413,700**

TABLE 8 : ITEMS EXCLUDED FROM ABOVE (SHOWN IN EXHIBIT 3)

DESCRIPTION	Inflation Basis	2021	2022	2023	2024	2025
DWR Interest Expense	Cal'd	$ 7,900	$ 7,900	$ 6,700	$ 5,500	$ 4,200
DHPO Interest Expense	Cal'd	5,800	5,800	3,800	1,600	-
DEPRECIATION	Cal'd	-	-	--	--	--
Total		**$ 1,323,800**	**$ 1,381,800**	**$ 1,395,100**	**$ 1,391,100**	**$ 1,417,900**

CABAZON WATER DISTRICT
WATER RATE STUDY
Operating Revenue and Expenses
TABLE 9 : FORECASTING ASSUMPTIONS

EXHIBIT 1

INFLATION FACTORS [3]	Inflation Basis	2021	2022	2023	2024	2025
Water Sales	1	0.00%	0.00%	0.00%	0.00%	0.00%
New Water Rates	2	5.00%	3.00%	3.00%	3.00%	3.00%
Electricity	3	3.50%	3.50%	3.50%	3.50%	3.50%
General Inflation	4	2.00%	2.00%	2.00%	2.00%	2.00%
Property Tax Revenues	5	0.00%	0.00%	0.00%	0.00%	2.00%
Salaries	6	3.00%	3.00%	3.00%	3.00%	3.00%
Field Salaries	7	2.00%	2.00%	2.00%	2.00%	2.00%
Benefits allocations	8	6.00%	6.00%	6.00%	6.00%	6.00%
Fuel	9	3.00%	3.00%	3.00%	3.00%	3.00%
Chemicals	10	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Income	11	0.20%	0.20%	0.20%	0.20%	0.20%
Cell Tower Lease	12	2.00%	2.00%	2.00%	2.00%	2.00%
No Escalation	13	0.00%	0.00%	0.00%	0.00%	0.00%

1. Revenue and expenses for FY 2019/20 through FY 2020/21 are from source files: *FY 20-21 Adopted Cabazon Budget.xlsx, Cab BudgetFY20 tab.*
   FY 2018/19 revenue and expenses are the projected year end figures from file: *16_Budgets_V23 FY 19-20 Cabazon Budget to Board 6.18.19.APPROVED.PDF.*
2. DHPO payback due to additional capacity provided when DHPO connected to the system. Last credit will be applied on December 31, 2022.
3. Inflation values provided by staff from source file: *FY 20-21 Adopted Cabazon Budget.xlsx, Assumptions tab.*

EXHIBIT 2

TABLE 10 : CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Budget	Projected			
Funding Sources:	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Grants	$ -	$ -	$ -	$ -	$ -
Use of Capacity Fee Reserves	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-
Use of New Revenue Bond Proceeds	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	52,996	-	-	11,900	22,510
Rate Revenue	467,004	365,650	21,218	9,955	-
Total Sources of Capital Funds	**$ 520,000**	**$ 365,650**	**$ 21,218**	**$ 21,855**	**$ 22,510**
Uses of Capital Funds:					
Total Project Costs	$ 520,000	$ 365,650	$ 21,218	$ 21,855	$ 22,510
Capital Funding Surplus (Deficiency)	$ -	$ -	$ -	$ -	$ -
Bank Loan	$ -	$ -	$ -	$ -	$ -
New Revenue Bond Proceeds	$ -	$ -	$ -	$ -	$ -

CABAZON WATER DISTRICT **EXHIBIT 2**
WATER RATE STUDY
Capital Improvement Plan Expenditures

CAPITAL IMPROVEMENT PROGRAM

TABLE 11 : CAPITAL IMPROVEMENT PROGRAM COSTS (IN CURRENT-YEAR DOLLARS) [1]

Project Description	2021	2022	2023	2024	2025
Main Street Property (Icehouse-Impts)	$ 20,000	$ 50,000	$ -	$ -	$ -
Relocate Fire Hydrant at Circle K	15,000	-	-	-	-
Water Meter Replacements	20,000	20,000	20,000	20,000	20,000
Detach Section Land Locked by Tribe	-	30,000	-	-	-
Service Utility Truck	-	105,000	-	-	-
Production We11 #1 Rehab	240,000	-	-	-	-
Tank #1 Rehab	150,000	-	-	-	-
Connection & Transfer Box to W1 & W5 for portable generator	75,000	-	-	-	-
Bonita Vault Rehab	-	150,000	-	-	-
Future CIP Costs (Estimated 2021-2026) Average	-	-	-	-	-
Total: CIP Program Costs *(Current-Year Dollars)*	**$ 520,000**	**$ 355,000**	**$ 20,000**	**$ 20,000**	**$ 20,000**

TABLE 12 : CAPITAL IMPROVEMENT PROGRAM COSTS (IN FUTURE-YEAR DOLLARS) [1]

Project Description	2021	2022	2023	2024	2025
Main Street Property (Icehouse-Impts)	$ 20,000	$ 51,500	$ -	$ -	$ -
Relocate Fire Hydrant at Circle K	15,000	-	-	-	-
Water Meter Replacements	20,000	20,600	21,218	21,855	22,510
Detach Section Land Locked by Tribe	-	30,900	-	-	-
Service Utility Truck	-	108,150	-	-	-
Production We11 #1 Rehab	240,000	-	-	-	-
Tank #1 Rehab	150,000	-	-	-	-
Connection & Transfer Box to W1 & W5 for portable generator	75,000	-	-	-	-
Bonita Vault Rehab	-	154,500	-	-	-
Future CIP Costs (Estimated 2021-2026) Average	-	-	-	-	-
Total: CIP Program Costs *(Future-Year Dollars)*	**$ 520,000**	**$ 365,650**	**$ 21,218**	**$ 21,855**	**$ 22,510**

TABLE 13 : FORECASTING ASSUMPTIONS

Economic Variables	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record [2]	*0.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
Cumulative Construction Cost Multiplier from 2020	*1.00*	*1.03*	*1.06*	*1.09*	*1.13*

1. Estimated capital improvement project costs found in source files: *FY 20-21 Adopted Cabazon Budget.xlsx, 5-Year CIP tab (for 2020/21-2025/26)* and *Cab Budget FY 20 tab (for 2019/20).*
2. Construction inflator is based on the most current 10 year average of the Engineering News-Record Construction Cost Index. Source: *www.enr.com/economics*

TABLE 14

ASSESSMENT DISTRICT DEBT OBLIGATIONS					
Annual Repayment Schedules:	**FY 2020/21**	**FY 2021/22**	**FY 2022/23**	**FY 2023/24**	**FY 2024/25**
DWR Loan No E58416 [1]					
Principal Payment	$ 40,763	$ 41,959	$ 43,208	$ 44,534	$ 45,825
Interest Payment	7,928	6,732	5,483	4,204	2,866
Subtotal: Annual Debt Service	**$ 48,691**	**$ 48,691**	**$ 48,691**	**$ 48,739**	**$ 48,691**
Coverage Requirement ($-Amnt above annual payment) [2]	120%	120%	120%	120%	120%
Reserve Requirement (total fund balance) [3]	$ -	$ -	$ -	$ -	$ -
Zion First National Installment Sale Agreement [4]					
Principal Payment	$ 82,872	$ 84,949	$ 87,077	$ -	$ -
Interest Payment	5,831	3,755	1,626	-	-
Subtotal: Annual Debt Service	**$ 88,703**	**$ 88,703**	**$ 88,703**	**$ -**	**$ -**
Coverage Requirement ($-Amnt above annual payment) [2]	120%	120%	120%	0%	0%
Reserve Requirement (total fund balance) [3]	$ -	$ -	$ -	$ -	$ -

1. Client provided Source File: *DWR Debt Schedule-REVISED.pdf*
2. Coverage requirement set by Zion Bank Installment Agreement and includes all Parity obligations. Source File: *Zions Bank_Installment Sale Agreement.pdf*
3. No reserve requirements for existing debt confirmed by staff 12/15/16.
4. Client provided Source File: *Zions Bank_Installment Sale Agreement.pdf*

TABLE 15 : EXISTING ANNUAL DEBT OBLIGATIONS TO BE SATISFIED BY WATER RATES

Existing Annual Debt Service	***$ 137,394***	***$ 137,394***	***$ 137,394***	***$ 48,739***	***$ 48,691***
Existing Annual Coverage Requirement	***120%***	***120%***	***120%***	***120%***	***120%***
Existing Debt Reserve Target	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***

CABAZON WATER DISTRICT
WATER RATE STUDY
Cost of Service Analysis

TABLE 16

Classification of Expenses									
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Fire Protection	Basis of Classification			
	FY 2020/21	(COM)	(CAP)	(CA)	(FP)	(COM)	(CAP)	(CA)	(FP)
Payroll Expenses									
Directors Fees	$ 15,000	$ 1,500	$ 11,892	$ 1,500	$ 108	10.0%	79.3%	10.0%	0.7%
Management & Customers Service									
Customer Accounts	$ 54,800	$ -	$ -	$ 54,407	$ 393	0.0%	0.0%	99.3%	0.7%
Admin Assistant	$ -	$ -	$ -	$ -	$ -	0.0%	89.3%	10.0%	0.7%
Assistant General Manager	$ 77,700	$ -	$ 69,372	$ 7,770	$ 558	0.0%	89.3%	10.0%	0.7%
Temp. Admin Assistant	$ 7,800	$ -	$ 6,964	$ 780	$ 56	0.0%	89.3%	10.0%	0.7%
General Manager	$ 89,200	$ -	$ 79,640	$ 8,920	$ 640	0.0%	89.3%	10.0%	0.7%
Water Operations									
Meter Reader	$ -	$ -	$ -	$ -	$ -	0.0%	0.0%	100.0%	0.0%
Field Operations									
Field Workers	$ 123,000	$ 36,900	$ 85,217	$ -	$ 883	30.0%	69.3%	0.0%	0.7%
Employee Benefits Expense									
Workers Comp.	$ 6,200	$ 1,860	$ 4,295	$ -	$ 45	30.0%	69.3%	0.0%	0.7%
Employee Health Care	$ 94,800	$ 28,440	$ 65,679	$ -	$ 681	30.0%	69.3%	0.0%	0.7%
Pension	$ 77,400	$ 23,220	$ 53,624	$ -	$ 556	30.0%	69.3%	0.0%	0.7%
Payroll Expense - Taxes, etc.									
FICA and Medicare	$ 29,800	$ 8,940	$ 20,646	$ -	$ 214	30.0%	69.3%	0.0%	0.7%
SUI and ETT	$ 2,600	$ 780	$ 1,801	$ -	$ 19	30.0%	69.3%	0.0%	0.7%
Medical Testing	$ 800	$ 240	$ 554	$ -	$ 6	30.0%	69.3%	0.0%	0.7%
Facilities, Wells, Transmission, Distribution									
Lab Fees	$ 8,900	$ 2,670	$ 6,166	$ -	$ 64	30.0%	69.3%	0.0%	0.7%
Site Landscaping & Maintenance	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Meters	$ 4,800	$ 1,440	$ 3,326	$ -	$ 34	30.0%	69.3%	0.0%	0.7%
Generator Service Contractor	$ -	$ -	$ -	$ -	$ -	100.0%	0.0%	0.0%	0.0%
Median Landscape & Maintenance	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Utilities - Wells	$ 96,600	$ 96,600	$ -	$ -	$ -	100.0%	0.0%	0.0%	0.0%
SCADA	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Line Mtn & Repair Contractor									
Line Mtn & Repair Construction	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Line Mtn & Repair Rent	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Line Mtn & Repair Construction Emergency	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Line Mtn & Repair Rent Emergency	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Line Maint & Repair Materials	$ 72,500	$ 21,750	$ 50,229	$ -	$ 521	30.0%	69.3%	0.0%	0.7%
Well Maintenance									
Chemicals	$ 6,600	$ 6,600	$ -	$ -	$ -	100.0%	0.0%	0.0%	0.0%
Well Maintenance - Other	$ 31,200	$ 9,360	$ 21,616	$ -	$ 224	30.0%	69.3%	0.0%	0.7%
Sub-Total	**$ 799,700**	**$ 240,300**	**$ 481,023**	**$ 73,377**	**$ 5,001**	**30.0%**	**60.2%**	**9.2%**	**0.6%**

TABLE 17

Classification of Expenses, continued									
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Fire Protection	Basis of Classification			
	FY 2020/21	(COM)	(CAP)	(CA)	(FP)	(COM)	(CAP)	(CA)	(FP)
Security									
Crime Prevention	$ 20,900	$ 6,270	$ 14,480	$ -	$ 150	30.0%	69.3%	0.0%	0.7%
Alarms Phones	$ 1,100	$ 330	$ 762	$ -	$ 8	30.0%	69.3%	0.0%	0.7%
Alarms - Other	$ 2,800	$ 840	$ 1,940	$ -	$ 20	30.0%	69.3%	0.0%	0.7%
Training / Equipment	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Materials	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Audio Alarm	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Video Equip Lease	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Miscellaneous Fac, Wells, Trans & Distribution									
Engineering Services	$ 56,300	$ 16,890	$ 39,006	$ -	$ 404	30.0%	69.3%	0.0%	0.7%
Chlorinators	$ -	$ -	$ -	$ -	$ -	100.0%	0.0%	0.0%	0.0%
Other	$ 12,200	$ 12,200	$ -	$ -	$ -	100.0%	0.0%	0.0%	0.0%
Utilities - Office									
Electricity	$ 15,800	$ 4,740	$ 9,367	$ 1,580	$ 113	30.0%	59.3%	10.0%	0.7%
Gas	$ 1,100	$ 330	$ 652	$ 110	$ 8	30.0%	59.3%	10.0%	0.7%
Telephone	$ 10,200	$ 3,060	$ 6,047	$ 1,020	$ 73	30.0%	59.3%	10.0%	0.7%
Trash Pickup / Office Cleaning	$ 4,600	$ 1,380	$ 2,727	$ 460	$ 33	30.0%	59.3%	10.0%	0.7%
Office Expenses									
Fire Alarm System Servicing	$ -	$ -	$ -	$ -	$ -	30.0%	59.3%	10.0%	0.7%
Water Billing System	$ 2,100	$ -	$ -	$ 2,100	$ -	0.0%	0.0%	100.0%	0.0%
Supplies & Equipment	$ 10,100	$ 3,030	$ 5,987	$ 1,010	$ 73	30.0%	59.3%	10.0%	0.7%
Copier and Supplies	$ 5,000	$ 1,500	$ 2,964	$ 500	$ 36	30.0%	59.3%	10.0%	0.7%
Dues & Subscriptions	$ 1,300	$ 390	$ 771	$ 130	$ 9	30.0%	59.3%	10.0%	0.7%
Postage	$ 8,100	$ 2,430	$ 4,802	$ 810	$ 58	30.0%	59.3%	10.0%	0.7%
Printing & publications	$ 6,300	$ 1,890	$ 3,735	$ 630	$ 45	30.0%	59.3%	10.0%	0.7%
Leases & Rents	$ -	$ -	$ -	$ -	$ -	30.0%	59.3%	10.0%	0.7%
Computer Services	$ 36,800	$ 11,040	$ 21,816	$ 3,680	$ 264	30.0%	59.3%	10.0%	0.7%
Office / Road	$ -	$ -	$ -	$ -	$ -	30.0%	59.3%	10.0%	0.7%
Office Storage	$ 6,200	$ 1,860	$ 3,675	$ 620	$ 45	30.0%	59.3%	10.0%	0.7%
Air Conditioning Servicing	$ 5,100	$ 1,530	$ 3,023	$ 510	$ 37	30.0%	59.3%	10.0%	0.7%
CA Water Systems Alliance (CWSA)	$ 2,500	$ 750	$ 1,482	$ 250	$ 18	30.0%	59.3%	10.0%	0.7%
Office Expenses - Other	$ 2,100	$ 630	$ 1,245	$ 210	$ 15	30.0%	59.3%	10.0%	0.7%
Support Expenses									
Temporary Labor	$ 12,600	$ 3,780	$ 7,470	$ 1,260	$ 90	30.0%	59.3%	10.0%	0.7%
Financial Audit	$ 23,000	$ 6,900	$ 13,635	$ 2,300	$ 165	30.0%	59.3%	10.0%	0.7%
Accounting	$ 35,000	$ 10,500	$ 20,749	$ 3,500	$ 251	30.0%	59.3%	10.0%	0.7%
Sub-Total	**$ 281,200**	**$ 92,270**	**$ 166,334**	**$ 20,680**	**$ 1,916**	**32.8%**	**59.2%**	**7.4%**	**0.7%**

TABLE 18

Classification of Expenses, continued									
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Fire Protection	Basis of Classification			
	FY 2020/21	(COM)	(CAP)	(CA)	(FP)	(COM)	(CAP)	(CA)	(FP)
Legal									
Legal - General	$ 50,400	$ 15,120	$ 35,280	$ -	$ -	30.0%	70.0%	0.0%	0.0%
Legal - Water	$ 10,800	$ 10,800	$ -	$ -	$ -	100.0%	0.0%	0.0%	0.0%
Legal - Brown Act, Public Record	$ -	$ -	$ -	$ -	$ -	30.0%	70.0%	0.0%	0.0%
Legal - Personnel	$ 8,700	$ 2,610	$ 6,090	$ -	$ -	30.0%	70.0%	0.0%	0.0%
Legal - Grant / Loan Funding	$ -	$ -	$ -	$ -	$ -	30.0%	70.0%	0.0%	0.0%
Legal - Fees & Charges	$ 1,100	$ 330	$ 715	$ 55	$ -	30.0%	65.0%	5.0%	0.0%
Miscellaneous Support									
Bank Service Charges	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Payroll Service	$ 5,200	$ 1,560	$ 3,603	$ -	$ 37	30.0%	69.3%	0.0%	0.7%
Website Support	$ 900	$ 270	$ 624	$ -	$ 6	30.0%	69.3%	0.0%	0.7%
General Liability Insurance	$ 26,100	$ 7,830	$ 18,083	$ -	$ 187	30.0%	69.3%	0.0%	0.7%
Training / Travel	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Seminars / Training	$ 3,500	$ 1,050	$ 2,425	$ -	$ 25	30.0%	69.3%	0.0%	0.7%
Travel Meals	$ 1,000	$ 300	$ 693	$ -	$ 7	30.0%	69.3%	0.0%	0.7%
Other Fees									
County Lien Release Fees	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Riverside County Fees	$ 5,900	$ 1,770	$ 4,088	$ -	$ 42	30.0%	69.3%	0.0%	0.7%
State Water fees	$ 2,100	$ 2,100	$ -	$ -	$ -	100.0%	0.0%	0.0%	0.0%
Other Fees - Other	$ 900	$ 270	$ 624	$ -	$ 6	30.0%	69.3%	0.0%	0.7%
Service Tools & Equipment									
Shop Supplies & Small Tools	$ 9,300	$ 2,790	$ 6,443	$ -	$ 67	30.0%	69.3%	0.0%	0.7%
Vehicle Fuel	$ 16,300	$ 4,890	$ 11,293	$ -	$ 117	30.0%	69.3%	0.0%	0.7%
Employee Uniforms	$ 1,800	$ 540	$ 1,247	$ -	$ 13	30.0%	69.3%	0.0%	0.7%
Safety	$ 500	$ 150	$ 346	$ -	$ 4	30.0%	69.3%	0.0%	0.7%
Tractor Expenses	$ 3,700	$ 1,110	$ 2,563	$ -	$ 27	30.0%	69.3%	0.0%	0.7%
Backhoe Fuel	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Equipment Rental	$ 2,000	$ 600	$ 1,386	$ -	$ 14	30.0%	69.3%	0.0%	0.7%
Service Trucks - Repair & Mtn	$ 14,500	$ 4,350	$ 10,046	$ -	$ 104	30.0%	69.3%	0.0%	0.7%
Water Ops Cell Phone / Internet	$ 4,800	$ 1,440	$ 3,326	$ -	$ 34	30.0%	69.3%	0.0%	0.7%
Water Ops Computer Internet	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Communications	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Service Tools & Equipment - Other	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
Non-Operating Expenses									
Returned Checks	$ -	$ -	$ -	$ -	$ -	0.0%	0.0%	99.3%	0.7%
DWR Loan Processing Fee	$ 1,400	$ 420	$ 970	$ -	$ 10	30.0%	69.3%	0.0%	0.7%
Bad Debt Expense	$ 1,200	$ -	$ -	$ 1,191	$ 9	0.0%	0.0%	99.3%	0.7%
Miscellaneous	$ 1,100	$ 330	$ 762	$ -	$ 8	30.0%	69.3%	0.0%	0.7%
Website Support	$ -	$ -	$ -	$ -	$ -	30.0%	59.3%	10.0%	0.7%
Image Consultant	$ -	$ -	$ -	$ -	$ -	30.0%	69.3%	0.0%	0.7%
DHPO Payback 2	$ 21,000	$ 6,300	$ 14,549	$ -	$ 151	30.0%	69.3%	0.0%	0.7%
GSA / SGMA	$ 35,000	$ 10,500	$ 24,249	$ -	$ 251	30.0%	69.3%	0.0%	0.7%
Sub-Total	**$ 229,200**	**$ 77,430**	**$ 149,403**	**$ 1,246**	**$ 1,121**	**33.8%**	**65.2%**	**0.5%**	**0.5%**
Total Operating Expense	**$ 1,310,100**	**$ 410,000**	**$ 796,759**	**$ 95,303**	**$ 8,038**	**31.3%**	**60.8%**	**7.3%**	**0.6%**

TABLE 19

Classification of Expenses, continued									
Budget Categories	Total Revenue Requirements	Commodity	Capacity	Customer	Fire Protection	Basis of Classification			
	FY 2020/21	(COM)	(CAP)	(CA)	(FP)	(COM)	(CAP)	(CA)	(FP)
Debt Service Payments									
DWR Loan No E58416	$ 48,691	$ -	$ 48,691	$ -	$ -	0.0%	100.0%	0.0%	0.0%
Zion First National Installment Sale Agreement	$ 88,703	$ -	$ 88,703	$ -	$ -	0.0%	100.0%	0.0%	0.0%
Future Debt Service	$ -	$ -	$ -	$ -	$ -	0.0%	100.0%	0.0%	0.0%
Total Debt Service Payments	**$ 137,394**	**$ -**	**$ 137,394**	**$ -**	**$ -**	**0.0%**	**100.0%**	**0.0%**	**0.0%**
Capital Expenditures									
Rate Funded Capital Expenses	$ 467,004	$ -	$ 467,004	$ -	$ -	0.0%	100.0%	0.0%	0.0%
TOTAL REVENUE REQUIREMENTS	**$ 1,914,498**	**$ 410,000**	**$ 1,401,157**	**$ 95,303**	**$ 8,038**	**21.4%**	**73.2%**	**5.0%**	**0.4%**
Less: Non-Rate Revenues									
Water Rate Revenue									
Base Rate Water Bills									
Commodity Sales									
DPHO Contract									
Fire Sales - Water Bills									
Fee Revenue									
Fire Flow Income	$ -	$ -	$ -	$ -	$ -	21.4%	73.2%	5.0%	0.4%
Meter Install & Removal	$ -	$ -	$ -	$ -	$ -	21.4%	73.2%	5.0%	0.4%
Penalty Fees - Water Bills	$ (31,000)	$ (6,639)	$ (22,688)	$ (1,543)	$ (130)	21.4%	73.2%	5.0%	0.4%
Lien Reinstatement Fees	$ -	$ -	$ -	$ -	$ -	21.4%	73.2%	5.0%	0.4%
New Account Fees - Water Bill	$ (1,600)	$ (343)	$ (1,171)	$ (80)	$ (7)	21.4%	73.2%	5.0%	0.4%
Incident Fee - Water Bills	$ -	$ -	$ -	$ -	$ -	21.4%	73.2%	5.0%	0.4%
Returned Check Fees	$ (500)	$ (107)	$ (366)	$ (25)	$ (2)	21.4%	73.2%	5.0%	0.4%
Basic Facilities Fee (New Service)	$ -	$ -	$ -	$ -	$ -	21.4%	73.2%	5.0%	0.4%
Stand By Fees - Tax Revenue	$ (113,600)	$ (24,328)	$ (83,140)	$ (5,655)	$ (477)	21.4%	73.2%	5.0%	0.4%
Miscellaneous Revenue									
Ad Valorem - Tax Revenue	$ (50,700)	$ (10,858)	$ (37,106)	$ (2,524)	$ (213)	21.4%	73.2%	5.0%	0.4%
Teeter Settlement Income	$ (10,200)	$ (2,184)	$ (7,465)	$ (508)	$ (43)	21.4%	73.2%	5.0%	0.4%
Cell Tower Lease Income	$ (25,600)	$ (5,482)	$ (18,736)	$ (1,274)	$ (107)	21.4%	73.2%	5.0%	0.4%
Miscellaneous Non-Operating Income	$ (7,300)	$ (1,563)	$ (5,343)	$ (363)	$ (31)	21.4%	73.2%	5.0%	0.4%
Interest Income	$ (19,600)	$ (4,197)	$ (14,345)	$ (976)	$ (82)	21.4%	73.2%	5.0%	0.4%
NET REVENUE REQUIREMENTS	$ 1,654,398	$ 354,298	$ 1,210,799	$ 82,355	$ 6,946				
Allocation of Revenue Requirements	100.0%	21.4%	73.2%	5.0%	0.4%				
Net Revenue Req't. Check from Financial Plan	$ -								

TABLE 20

Classification of Expenses, continued Adjustments to Classification of Expenses					
Adjustment for Current Rate Level:	Total	(COM)	(CAP)	(CA)	(FP)
FY 2020/21 Target Rate Rev. After Rate Increases	$ 1,416,250				
Projected Rate Revenue at Current Rates	$ 1,375,000				
FY 2020/21 Projected Rate Increase	3.0%				
Adjusted Net Revenue Req'ts	**$ 1,416,250**	**$ 303,297**	**$ 1,036,506**	**$ 70,500**	**$ 5,946**
Percent of Revenue	*100.0%*	*21.4%*	*73.2%*	*5.0%*	*0.4%*

TABLE 21

Development of the COMMODITY Allocation Factor		
Customer Class	Volume (hcf) [1]	Percent of Total Volume
Single Family Residential	93,915	71.4%
Multi-Family Residential	1,338	1.0%
Government Meters	2,201	1.7%
Commercial Meters	11,562	8.8%
Industrial Meters	-	0.0%
Irrigation Meters	20,531	15.6%
Fire Service Meters	28	0.0%
Construction [2]	1,934	1.5%
Total	**131,509**	**100%**
Contract [3]	44,507	

1. Consumption is from 2019. CWD bills monthly.
   Source files: *Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx*
2. Construction customers have a monthly meter rental fee set in another exhibit.
3. Contract customer excluded as rate design is set by contract.

Commodity Related Costs: *These costs are associated with the total consumption (flow) of water over a specified period of time (e.g. annual).*

TABLE 22

Development of the CAPACITY (MAX MONTH) Allocation Factor				
Customer Class	Average Monthly Use (hcf)	Peak Monthly Use (hcf) [1]	Peak Monthly Factor	Max Month Capacity Factor
Single Family Residential	7,826	11,521	**1.47**	**66.7%**
Multi-Family Residential	112	158	**1.42**	**0.9%**
Government Meters	183	320	**1.74**	**1.9%**
Commercial Meters	964	1,209	**1.25**	**7.0%**
Industrial Meters	0	0	**N/A**	**0.0%**
Irrigation Meters	1,711	3,338	**1.95**	**19.3%**
Fire Service Meters	2	9	**3.86**	**0.1%**
Construction	161	719	**4.46**	**4.2%**
Total	**10,959**	**17,274**		**100%**
Contract	3,709	4,921	**1.33**	

1. Based on peak monthly data (peak day data not available).

Capacity Related Costs: *Costs associated with the maximum demand required at one point in the maximum size of facilities required to meet this demand.*

112/211

TABLE 23

Development of the CUSTOMER Allocation Factor		
Customer Class	Number of Meters [1]	Percent of Total
Single Family Residential	854	93.1%
Multi-Family Residential	4	0.4%
Government Meters	7	0.8%
Commercial Meters	29	3.2%
Industrial Meters	1	0.1%
Irrigation Meters	11	1.2%
Fire Service Meters	5	0.5%
Construction	6	0.7%
Total	**917**	**100.0%**
Contract	1	
Total	**918**	

1. Meter Count is from December 2019. CWD bills monthly.
Source files: *Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx*

Customer Related Costs *: Costs associated with having a customer on the water system. These costs vary with the addition or deletion of customers on the system. Examples: Meter-reading, Postage and billing.*

CABAZON WATER DISTRICT
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design

DEVELOPMENT OF ADDITIONAL CAPACITY FACTORS FOR SINGLE FAMILY RESIDENTIAL CUSTOMERS FY 2020/21

TABLE 24

Consumption by Tier			
Tier	Monthly Breakpoint [1]	Expected Consumption [2]	Percentage of Total SFR Consumption
Tier 1	7 hcf	53,666	57%
Tier 2	14 hcf	21,430	23%
Tier 3	--	18,819	20%
Total		**93,915**	**100%**

1. Tier 1 break point set to average winter consumption, an estimate of average indoor consumption in Cabazon.
   Tier 2 break point set to 14 hcf which is average summer consumption.
2. Consumption data is based on the CWD 2019 customer data.
   Source files: *Cabazon_FINAN ACCTS SUMMARY_CO1CO2.xlsx and Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx*

TABLE 25

Development of the Single Family Residential PEAK CAPACITY (MAX MONTH) Allocation Factors				
Tier	Description	Monthly Consumption (hcf) [1]	Additional Capacity Required (hcf) [4]	Percent of Total
Tier 1	Max Tier 1 Capacity [2]	5,978	0	**0.0%**
Tier 2	Peak up to Tier 2 [3]	7,891	1,913	**34.5%**
Tier 3	Peak up to Tier 3 [3]	11,521	3,630	**65.5%**
Total			**5,543**	**100.0%**

1. Consumption data is based on the CWD 2019 customer data.
   Source files: *Cabazon_FINAN ACCTS SUMMARY_CO1CO2.xlsx and Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx*
2. Capacity allocated to the first tier represents the tier break multiplied by the number of customers.
3. This is the cumulative peak consumption up to the tier break; it represents capacity required to provide service to a given tier.
4. This is the additional cumulative capacity to meet peak consumption at each tier.

CABAZON WATER DISTRICT
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design

DEVELOPMENT OF CONTRACT RATES:

TABLE 26

Contract	Current [1]	Proposed Rates	
	FY 2019/20	FY 2020/21	FY 2021/22
Projected Increase in Rate Revenue per Financial Plan:		*3.00%*	*3.00%*
Fixed Rate	$2,233.06	$2,300.05	$2,369.05
Variable Rate	$3.83	$3.94	$4.06
Estimated Consumption (hcf)	44,507	44,507	44,507
Estimated Fixed Revenue	$ 26,797	$ 27,601	$ 28,429
Estimated Variable Revenue	170,462	175,576	180,843
Estimated Rate Revenue from Contract Customer	**$ 197,259**	**$ 203,176**	**$ 209,272**
Remaining Rate Revenue	**$1,177,741**	**$1,213,074**	**$ 1,249,466**

1. Current rates found in source file: *10_Cabazon Water District Water Rate Study (4.13.17) Final.pdf, Page 50.*

Contract rates end December 31, 2022 in which this customer then switches to 10 inch billing for commercial users. See Proposed Fixed Charges and Current & Proposed Rates tabs.

TABLE 27: DEVELOPMENT OF METER ADMINISTRATIVE FEE

Administrative Fee for New Customers	Labor Hours	Labor Cost per hour[1]	Charge to Customer
Application Processing	0.50	$122.00	$61.00
Opening Account	0.25	$122.00	$30.50
Construction Meter Delivery to Main Office	0.50	$122.00	$61.00
Total Administrative Fee			**$152.50**

1. Per District's source file: *1_NBS Fee Study Cabazon_Final Report_1_14_20_APPROVED (2).pdf, for 'Metered Account Set up Fee'.*

TABLE 28: DEVELOPMENT OF METER RECALIBRATION FEE

Meter Recalibration Fee	Labor Hours	Labor Cost per hour[1]	Charge to Customer
Staff time for travel and meter repair	1.00	$122.00	$122.00
Staff time for meter repair	1.00	$122.00	$122.00
Total Meter Recalibration Fee			**$244.00**

1. Per District's source file: *1_NBS Fee Study Cabazon_Final Report_1_14_20_APPROVED (2).pdf, for 'Metered Account Set up Fee'.*

TABLE 29: UPDATED FEE SCHEDULE FOR CONSTRUCTION CUSTOMERS

Updated Construction Customer Fee Schedule	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	Explanation of Fee
One-Time Fees						
Construction Meter Deposit	$1,965.14	$2,024.09	$2,084.82	$2,147.36	$2,211.78	[1]
Administrative Fee	*$152.50*	*$157.08*	*$161.79*	*$166.64*	*$171.64*	[2]
Meter Recalibration Fee	*$244.00*	*$251.32*	*$258.86*	*$266.63*	*$274.62*	[3]
Monthly Fees shown in Current & Proposed Rates						

Explanation of Fee:

[1] Based on cost of replacing the meter in the current year, if it is not returned.

[2] Based on labor time and cost for: processing application, opening account and installing meter. Assumes 3% inflation per year.

[3] Based on labor time and cost for repairing a malfunctioning meter. Assumes 3% inflation per year.

321 / 411

TABLE 30

Meter Size	Standard Meters [1]		Fire Service Meters [2]	
	Meter Capacity (gpm)	Equivalency to 5/8- inch	Meter Capacity (gpm)	Equivalency to 5/8- inch
	Displacement Meters		*Displacement Meters*	
5/8 inch	20	1.00	20	1.00
3/4 inch	30	1.50	30	1.50
1 inch	50	2.50	50	2.50
1.5 inch	100	5.00	100	5.00
2 inch	160	8.00	160	8.00
	Compound Class I Meters		*Fire Service Type I & II*	
3 inch	320	16.00	350	17.50
4 inch	500	25.00	700	35.00
6 inch	1,000	50.00	1,600	80.00
	Turbine Class II Meters			
8 inch	2,800	140.00	2,800	140.00
10 inch	4,200	210.00	4,400	220.00

1. Meter flow rates are from *AWWA M-1* Table B-1.
2. Fire Service meter flow rates are from AWWA M-6 Table 5-3.

TABLE 31 : ALLOCATION OF WATER REVENUE REQUIREMENTS

Functional Category	*COSA Results* Unadjusted Net Revenue Requirements (2020-21) 79% Fixed / 21% Variable		*Proposed Rates* Adjusted Net Revenue Requirements (2020-21) 30% Fixed / 70% Variable	
Commodity - Related Costs	$ 259,786	*21.4%*	$ 259,786	*21.4%*
Capacity - Related Costs (volumetric share)	$ -	*0.0%*	$ 589,365	*48.6%*
Capacity - Related Costs (fixed share)	$ 887,808	*73.2%*	$ 298,443	*24.6%*
Customer - Related Costs	$ 60,386	*5.0%*	$ 60,386	*5.0%*
Fire Protection - Related Costs	$ 5,093	*0.4%*	$ 5,093	*0.4%*
Total	**$ 1,213,074**	*100%*	**$ 1,213,074**	*100%*
Revenue from Contract Rates	**$ 203,176**		**$ 203,176**	
Net Revenue Requirement	**$ 1,416,250**		**$ 1,416,250**	

TABLE 32 : ALLOCATION OF ADJUSTED NET REVENUE REQUIREMENTS - FY 2020/21

Proposed Rates- Net Revenue Requirements (30% Fixed / 70% Variable)

Customer Classes	Classification Components					Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	Commodity-Related Costs	Capacity-Related Costs *Volumetric Share*	Capacity-Related Costs *Fixed Share*	Customer-Related Costs	Fire Protection-Related Costs		
Single Family Residential	$ 185,522	$ 393,081	$ 199,048	$ 56,238	$ -	$ 833,889	*68.7%*
Multi-Family Residential	2,643	5,391	2,730	263	-	11,027	*0.9%*
Government Meters	4,348	10,918	5,529	461	-	21,255	*1.8%*
Commercial Meters	22,840	41,249	20,888	1,910	-	86,887	*7.2%*
Industrial Meters	-	-	-	66	-	66	*0.0%*
Irrigation Meters	40,557	113,888	57,671	724	-	212,840	*17.5%*
Fire Service Meters	55	307	155	329	5,093	5,940	*0.5%*
Contract	-	-	-	-	-	-	*0.0%*
Construction	3,820	24,531	12,422	395	-	41,169	*3.4%*
Total Net Revenue Requirement	**$ 259,786**	**$ 589,365**	**$ 298,443**	**$ 60,386**	**$ 5,093**	**$ 1,213,074**	**100%**
	21%	*49%*	*25%*	*5%*	*0%*	*100.0%*	

TABLE 33 : COST-OF-SERVICE SUMMARY OF REVENUE REQUIREMENTS

Customer Class	Rate Revenue - 2019		Proposed Rates		% of 2019 vs. 2020/21
	Rate Revenue	% of Revenue	COS Rev. Req't	% of COS Rev. Req't.	
Single Family Residential	$ 878,377	64.7%	$ 833,889	68.7%	*4.0%*
Multi-Family Residential	$ 7,888	0.6%	$ 11,027	0.9%	*0.3%*
Government Meters	$ 28,311	2.1%	$ 21,255	1.8%	*-0.3%*
Commercial Meters	$ 116,637	8.6%	$ 86,887	7.2%	*-1.4%*
Industrial Meters	$ 16,487	1.2%	$ 66	0.0%	*-1.2%*
Irrigation Meters	$ 99,164	7.3%	$ 212,840	17.5%	*10.2%*
Fire Service Meters	$ 12,098	0.9%	$ 5,940	0.5%	*-0.4%*
Contract	$ 181,525	13.4%	$ -	0.0%	*-13.4%*
Construction	$ 16,814	1.2%	$ 41,169	3.4%	*2.2%*
Total	**$ 1,357,301**	**100.0%**	**$ 1,213,074**	**100%**	***0.0%***

TABLE 34 : CALCULATION OF MONTHLY FIXED METER SERVICE CHARGES FOR FY 2020/21

Proposed Rates- Net Revenue Requirements (30% Fixed / 70% Variable)

Number of Meters by Class and Size [1]	5/8 inch	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	10 inch	Total
Single Family Residential	825	20	7	1	-	1	-	-	854
Multi-Family Residential	3	-	1	-	-	-	-	-	4
Government Meters	2	-	1	-	3	1	-	-	7
Commercial Meters	13	1	3	3	7	2	-	-	29
Industrial Meters	-	-	-	-	-	-	1	-	1
Irrigation Meters	2	-	1	1	7	-	-	-	11
Construction	-	-	-	-	-	6	-	-	6
Total Meters/Accounts	**845**	**21**	**13**	**5**	**17**	**10**	**1**	**-**	**912**
Hydraulic Capacity Factor [2]	*1.00*	*1.50*	*2.50*	*5.00*	*8.00*	*16.00*	*25.00*	*210.00*	
Total Equivalent Meters	**845**	**32**	**33**	**25**	**136**	**160**	**25**	**-**	**1,255**
Monthly Fixed Service Charges									
Customer Costs ($/Acct/month) [3]	$5.49	$5.49	$5.49	$5.49	$5.49	$5.49	$5.49	$5.49	
Capacity Costs ($/Acct/month) [4]	$19.81	$29.71	$49.52	$99.03	$158.45	$316.91	$495.16	$4,159.38	
Total Monthly Meter Charge	**$25.29**	**$35.20**	**$55.00**	**$104.52**	**$163.94**	**$322.39**	**$500.65**	**$4,164.87**	
Annual Fixed Costs Allocated to Monthly Meter Charges									
Customer Costs	$ 60,057								
Capacity Costs	298,287								
Total Fixed Meter Costs	$ 358,344								
Annual Revenue from Monthly Meter Charges									
Customer Charges	$ 55,645	$ 1,383	$ 856	$ 329	$ 1,119	$ 659	$ 66	$ -	**$ 60,057**
Capacity Charges	200,839	7,487	7,725	5,942	32,324	38,029	5,942	-	**$ 298,287**
Total Revenue from Monthly Meter Charges	**$ 256,484**	**$ 8,870**	**$ 8,581**	**$ 6,271**	**$ 33,444**	**$ 38,687**	**$ 6,008**	**$ -**	**$ 358,344**

1. Number of meters by size and customer class for December 2019. CWD bills monthly.
   Source files: *Cabazon_FINAN ACCTS SUMMARY_CO1CO2.xlsx and Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx*
2. Source file: *AWWA Manual M1, "Principles of Water Rates, Fees, and Charges",* Table B-1.
3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

TABLE 35 : CALCULATION OF MONTHLY FIRE METER SERVICE CHARGES FOR FY 2020/21

Proposed Rates- Net Revenue Requirements (30% Fixed / 70% Variable)

Number of Meters by Class and Size [1]	4 inch	6 inch	8 inch	Total
Fire Protection - Related Costs	-	3	2	5
Total Meters/Accounts	**-**	**3**	**2**	**5**
Hydraulic Capacity Factor [2]	*35.00*	*80.00*	*140.00*	
Total Equivalent Meters	**-**	**240**	**280**	**520**
Monthly Fixed Service Charges				
Customer Costs ($/Acct/month) [3]	$5.49	$5.49	$5.49	
Capacity Costs ($/Acct/month) [4]	$28.57	$65.30	$114.27	
Total Monthly Meter Charge	**$34.05**	**$70.78**	**$119.76**	
Annual Fixed Costs Allocated to Monthly Meter Charges				
Customer Costs	$ 329			
Capacity & Fire Protection Costs	5,093			
Total Fixed Meter Costs	$ 5,422			
Annual Revenue from Monthly Meter Charges				
Customer Charges	$ -	$ 198	$ 132	**$ 329**
Capacity Charges	-	2,351	2,742	**5,093**
Total Revenue from Monthly Meter Charges	**$ -**	**$ 2,548**	**$ 2,874**	**$ 5,422**

1. Number of meters by size and customer class for December 2019. CWD bills monthly.
   Source files: *Cabazon_FINAN ACCTS SUMMARY_CO1CO2.xlsx and Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx*
2. Source file: *AWWA Manual M6, "Water Meters - Selection, Installation, Testing and Maintenance",* Table 5-3.
3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

PROPOSED VOLUMETRIC CHARGES FOR FY 2020/21

TABLE 36

Proposed Rates- Net Revenue Requirements (30% Fixed / 70% Variable)

Customer Classes	Number of Meters [1]	Water Consumption (hcf/yr.) [2]	Commodity Assigned Costs	Capacity Assigned Costs	Target Rev. Req't from Vol. Charges	% of Total Rate Revenue	Uniform Commodity Rates ($/hcf)	*Proposed Rate Structure*
Single Family Residential	854	93,915	$ 185,522	$ 393,081	$ 578,603	47.7%	$6.16	*Tiered*
Multi-Family Residential	4	1,338	2,643	5,391	8,034	0.7%		*Uniform*
Government Meters	7	2,201	4,348	10,918	15,266	1.3%		*Uniform*
Commercial Meters	29	11,562	22,840	41,249	64,089	5.3%		*Uniform*
Industrial Meters	1	0	-	-	-	0.0%	$7.20	*Uniform*
Irrigation Meters	11	20,531	40,557	113,888	154,445	12.7%		*Uniform*
Fire Service Meters	5	28	55	307	362	0.0%		*Uniform*
Construction	6	1,934	3,820	24,531	28,352	2.3%		*Uniform*
Total	**917**	**131,509**	**$ 259,786**	**$ 589,365**	**$ 849,152**	**70%**		

1. Number of meters by size and customer class for December 2019. CWD bills monthly.
2. Consumption data is based on the CWD 2019 customer data which are monthly bills.

Source files: Cabazon_FINAN ACCTS SUMMARY_CO1CO2.xlsx and Cabazon_USAGEREPORT_CO1CO2_Manipulated.xlsx

TABLE 37

Proposed Rates- Net Revenue Requirements (30% Fixed / 70% Variable)

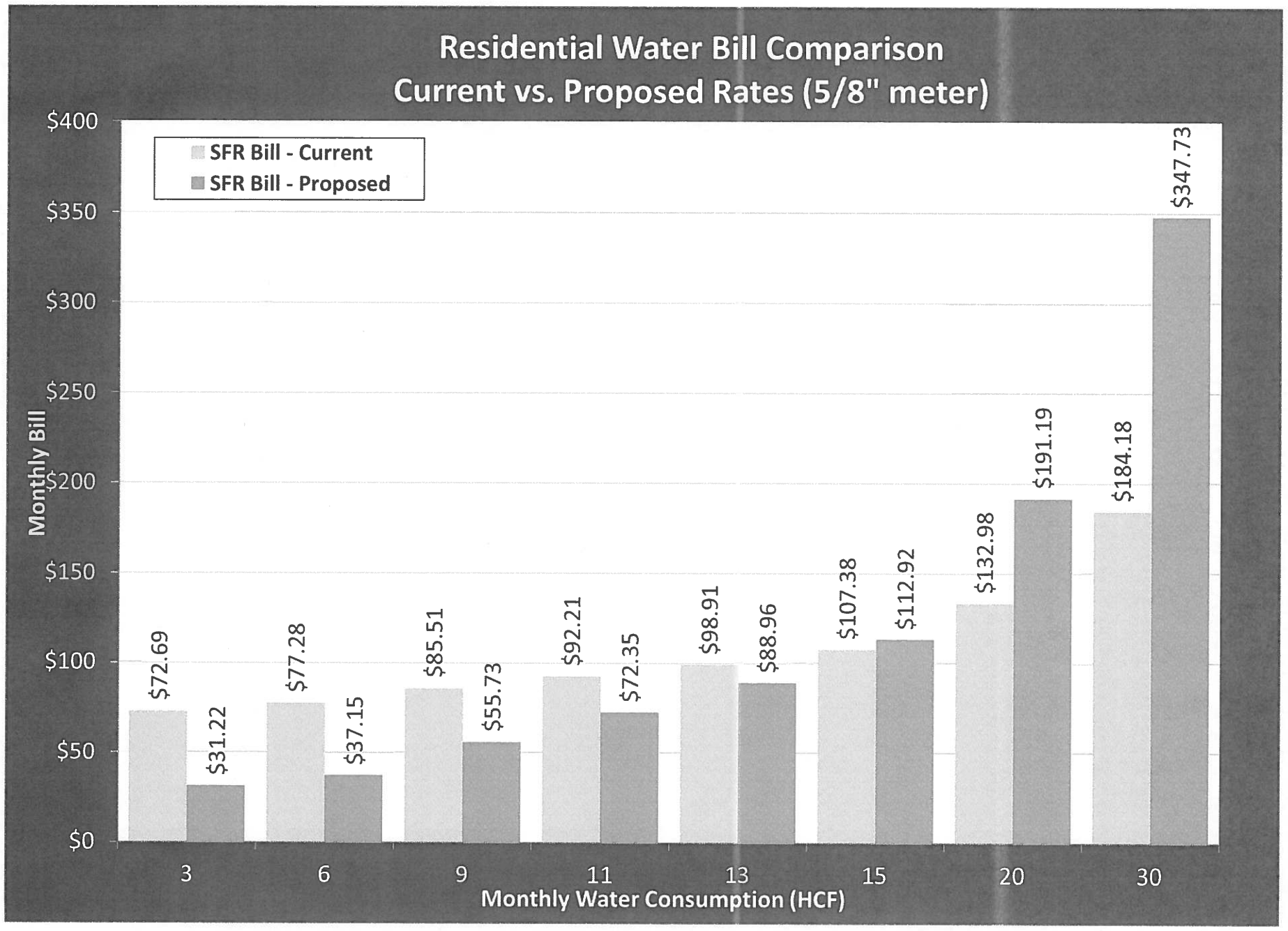
Single-Family Residential Tiered Rates	Tier Break	Water Consumption (hcf/yr.) [2]	Commodity Assigned Costs	Capacity Assigned Costs	Total Target Rev. Req't from Vol. Charges	% of Total Volumetric Rate Revenue	Tiered Rates ($/hcf)
Tier 1	7	53,666	$ 106,013	$ -	$ 106,013	12.5%	$1.98
Tier 2	14	21,430	42,333	135,660	177,993	21.0%	$8.31
Tier 3	--	18,819	37,176	257,421	294,596	34.7%	$15.65
Total		**93,915**	**$ 185,522**	**$ 393,081**	**$ 578,603**	**68%**	**$6.16**

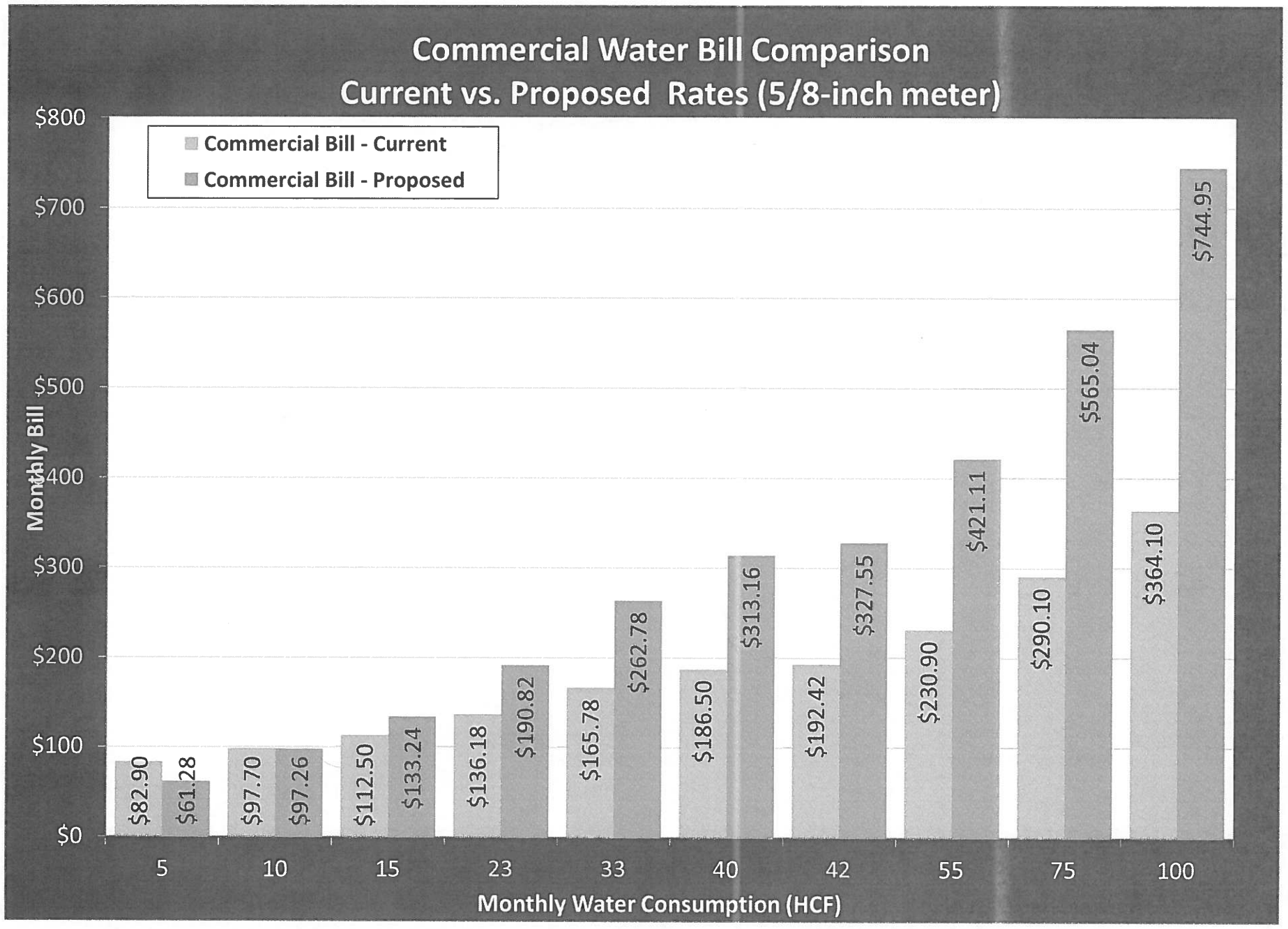
CURRENT VS. PROPOSED WATER RATES:

TABLE 38

Proposed Rates- Net Revenue Requirements (30% Fixed / 70% Variable)

Water Rate Schedule		Current Rates	Proposed Rates				
			FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fixed Meter Charges							
Monthly Fixed Service Charges:							
5/8 inch		$68.10	$25.29	$26.05	$26.83	$27.64	$28.47
3/4 inch		$98.24	$35.20	$36.25	$37.34	$38.46	$39.62
1 inch		$158.51	$55.00	$56.65	$58.35	$60.10	$61.91
1.5 inch		$309.21	$104.52	$107.66	$110.89	$114.21	$117.64
2 inch		$490.04	$163.94	$168.86	$173.92	$179.14	$184.52
3 inch		$972.27	$322.39	$332.06	$342.03	$352.29	$362.86
4 inch		$1,514.77	$500.65	$515.67	$531.14	$547.08	$563.49
Contract (10 inch)		$2,233.06	$2,300.05	$2,369.05	$4,418.51	$4,551.07	$4,687.60
Construction Meters (3 inch)		$286.73	$344.40	$354.73	$365.38	$376.34	$387.63
Monthly Fire Service Charges:							
4 inch		$61.54	$34.05	$35.08	$36.13	$37.21	$38.33
6 inch		$130.62	$70.78	$72.91	$75.09	$77.35	$79.67
8 inch		$212.11	$119.76	$123.35	$127.05	$130.86	$134.79
Commodity Charges							
Rate per hcf of Water Consumed:							
Uniform Rate (Non-SFR + Construction)		$2.96	$7.20	$7.41	$5.53	$5.69	$5.87
Contract Rate		$3.83	$3.94	$4.06	N/A	N/A	N/A
Tiered Rate (SFR Customers):							
	Proposed Break						
Tier 1	0-7 hcf	$1.53	$1.98	$2.03	$2.10	$2.16	$2.22
Tier 2	8-14 hcf	$3.35	$8.31	$8.55	$8.81	$9.08	$9.35
Tier 3	14+ hcf	$5.12	$15.65	$16.12	$16.61	$17.11	$17.62


Residential Water Bill Comparison
Current vs. Proposed Rates (5/8" meter)
SFR Bill - Current
SFR Bill - Proposed
Monthly Bill
$400
$350
$300
$250
$200
$150
$100
$50
$0
$72.69
$31.22
$77.28
$37.15
$85.51
$55.73
$92.21
$72.35
$98.91
$88.96
$107.38
$112.92
$132.98
$191.19
$184.18
$347.73
3
6
9
11
13
15
20
30
Monthly Water Consumption (HCF)


Commercial Water Bill Comparison
Current vs. Proposed Rates (5/8-inch meter)
Commercial Bill - Current
Commercial Bill - Proposed
Monthly Bill
$800
$700
$600
$500
$400
$300
$200
$100
$0
$82.90
$61.28
$97.70
$97.26
$112.50
$133.24
$136.18
$190.82
$165.78
$262.78
$186.50
$313.16
$192.42
$327.55
$230.90
$421.11
$290.10
$565.04
$364.10
$744.95
5
10
15
23
33
40
42
55
75
100
Monthly Water Consumption (HCF)

Old Business

2. Discussion/Action Item:

CUSI UMS Billing System Software Quote to Upgrade

CUSI
CONTINENTAL UTILITY SOLUTIONS, INC.

Sales Representative: Lane Ricardo
P. O. Box 1515
Jonesboro, AR 72403
www.cusi.com
(870) 336-2239
Quote #: lr200929141257

Sales Agreement

September 29, 2020

Cabazon County Water
14618 Broadway Ave
Cabazon, CA
92230

Ellie Lemus
(951) 849-4442
elemus@cabazonwater.org

Economic Summary

Utility Billing Software - Monthly Fees	$150.00
Utility Billing Solution	$10,708.00
Total	**$10,858.00**

Billing and Payment Terms

15 Days From Date of Invoice. Unused CBSW TSM will be netted on the first of the month following UMS Go Live.

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	UMS On-Premise Utility Billing Software		
975	Service Location Licenses	$1.50	$1,462.50
4	Named User Licenses	$500.00	$2,000.00
	UMS On-Premise Utility Billing Software Core Modules		
1	ACH Bank Draft (First Layout Included)		*Included*
1	Secure Ebill Module		*Included*
	Add-On Modules		
1	Electronic Payment Module	$1,000.00	$1,000.00
	Add-On Interfaces		
1	Website Interface to CUSI Customer Web Portal	$1,000.00	$1,000.00
	Technical Support & Maintenance - Annual Service		
	Annual Technical Support & Maintenance: 800 Line Voice, Online, Email Support, Client Services Website, Application Updates	22%	$1,202.00
	Add-On Online Services		
2	Handheld Meter Reading Service - Monthly Fees	$75.00	$150.00

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UMS On-Premise Implementation Services

1	Advanced Data Conversion Package for up to 960 Locations Includes 1 year data conversion of customers, locations, usages, readings, deposits, meter information, owner records and backflow data. *Complete data must be provided in a ASCII, delimited, or SQL format. Data extraction and data cleanup will be invoiced based upon time and effort at CUSI current services rate. CUSI will invoice client the greater of the number of service locations provided in this Sales Agreement or the actual number of service locations converted.	$2.00	$1,920.00
1	CUSI Certified Implementation Includes Business Requirements Gathering, Application Implementation, Installation, Setup, Formatting, Testing, Transition Support, & Project Management	$4,200.00	$4,200.00
2	Days of CUSI Certified Training Includes Application Training for All Users as Contracted	$1,400.00	$2,800.00

Travel expenses for on-site work will be billed separately.

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Economic Summary

UMS On-Premise Utility Billing Software	$5,462.50
Technical Support & Maintenance - Annual Service	$1,202.00
Handheld Meter Reading Service - Monthly Fees	$150.00
UMS On-Premise Implementation Services	$8,920.00
2020 CBSW to UMS Software and Services Discount	-$2,876.50
Turnkey Merchant Services Discount	-$2,000.00
Total	**$10,858.00**

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Terms of Sale

Company has ordered and agrees to purchase from CUSI the products and services defined under this Sales Agreement at the listed quantities and rates. Upon receipt of an executed Sales Agreement CUSI shall ship all products to the Company address and contact defined above and services shall be scheduled and initiated. Company acknowledges that CUSI's products and services are subject to the terms and conditions of a separate Software License Agreement between Company and CUSI located at www.cusi.com/legal. Any service requiring CUSI or third parties to travel will incur corresponding expenses that will be billed actual as incurred unless otherwise noted. Travel requiring more than 5 hours of travel time will be billed an additional charge equal to 50% of the daily rate. If Company is not tax exempt or does not provide exemption documentation, CUSI shall invoice for such applicable taxes on each invoice. In the event the tax exemption documentation provided by the Company is disallowed or deemed invalid, Company agrees to pay in full all such taxes, including any applicable interest or penalties.

Tax Exempt Status

Initial where appropriate:

_____ This entity **IS EXEMPT** from sales tax and will provide or has provided our exemption certificate

_____ This entity **IS NOT EXEMPT** from sales tax

Quotation Terms

This quote is valid until 10/29/2020. Quote was created using Sales Agreement Version: 2020.09.22

Execution Instructions

Execute, date, and email all pages to sales representative.

CUSI
CONTINENTAL UTILITY SOLUTIONS, INC.

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92230

Ellie Lemus
(951) 849-4442
elemus@cabazonwater.org

Purchaser Authorization
I certify that as the person signing this form I have purchasing authority for Cabazon County Water.

Print Name: _____

Title: _____

Authorized Signature: _____

Date: _____

Old Business

3. Discussion/Action Item:

Name the Water Dinosaur Contest