Audit Services Contract

SAWPA
Recommendation

• That the Commission award the contract for Audit Services for FYE 2018, 2019, and 2020, to Teaman, Ramirez & Smith, Inc. with an option for 2 additional years.
SAWPA’s practice has been to rotate Auditors every 3 to 5 years

Current Auditor, White Nelson Diehl Evans LLP, has been under contract for 5 years

Staff issued an RFP for Audit Services on February 20, 2018

Sent RFP to 15 firms

Received 9 Proposals

FYE 2019 Budget for Audit Services - $36,500
<table>
<thead>
<tr>
<th>Firm</th>
<th>FYE 2018</th>
<th>FYE 2019</th>
<th>FYE 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown Armstrong CPA</td>
<td>$24,000</td>
<td>$24,000</td>
<td>$24,000</td>
</tr>
<tr>
<td>Teaman, Ramirez &amp; Smith, Inc.</td>
<td><strong>26,500</strong></td>
<td><strong>26,500</strong></td>
<td><strong>26,500</strong></td>
</tr>
<tr>
<td>Fedak &amp; Brown LLP</td>
<td>26,660</td>
<td>27,460</td>
<td>28,278</td>
</tr>
<tr>
<td>Lance, Soll &amp; Lunghard, LLP</td>
<td>28,680</td>
<td>28,680</td>
<td>28,680</td>
</tr>
<tr>
<td>White Nelson Diehl Evans LLP</td>
<td>28,820</td>
<td>29,690</td>
<td>30,580</td>
</tr>
<tr>
<td>Eadie &amp; Payne</td>
<td>29,500</td>
<td>30,425</td>
<td>31,350</td>
</tr>
<tr>
<td>The Pun Group</td>
<td>30,000</td>
<td>30,600</td>
<td>31,212</td>
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<tr>
<td>Van Lant &amp; Fankhanel, LLP</td>
<td>32,400</td>
<td>32,400</td>
<td>32,400</td>
</tr>
<tr>
<td>Rogers, Anderson, Malody &amp; Scott</td>
<td>33,800</td>
<td>33,800</td>
<td>35,100</td>
</tr>
</tbody>
</table>

Cost above does not include LESJWA’s Audit
### SAWPA Auditor History

<table>
<thead>
<tr>
<th>Firm</th>
<th># Years</th>
<th>FYE’s</th>
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<tbody>
<tr>
<td>McGladrey &amp; Pullen</td>
<td>4</td>
<td>1998 - 2001</td>
</tr>
<tr>
<td>Rogers, Anderson, Malody &amp; Scott LLP</td>
<td>4</td>
<td>2002 - 2005</td>
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<tr>
<td>Teaman, Ramirez &amp; Smith, Inc.</td>
<td>5</td>
<td>2006 – 2010</td>
</tr>
<tr>
<td>Charles Z. Fedak</td>
<td>2</td>
<td>2011 – 2012</td>
</tr>
<tr>
<td>White Nelson Diehl Evans LLP</td>
<td>5</td>
<td>2013 - 2017</td>
</tr>
</tbody>
</table>
Recommendation

• That the Commission award the contract for Audit Services for FYE 2018, 2019, and 2020, to Teaman, Ramirez & Smith, Inc. with an option for 2 additional years.
Questions?
REQUEST FOR PROPOSALS

INFORMATION TECHNOLOGY SERVICES
RECOMMENDATION

- It is recommended that the Commission authorize the issuance of a Request for Proposals (RFP) for Information Technology (IT) services commencing in fiscal year 2018-2019.
BACKGROUND

- Accent Computer Solutions – IT support provider since 2009
- Last RFP and selection occurred in 2016 (Accent)
- SAWPA IT Team consists of an IT Manager, Network Analyst and GIS Manager.
IT SERVICES

• 24 x 7 Support including Desktop support - SAWPA business hours
• Network and Server Infrastructure
• Security
• Office 365 / Exchange
• Server Monitoring
• Onsite and Offsite Backups
• WordPress Expertise / Audio Video Experience
• Hardware Acquisition Experience / State Procurement Contracts / NASPO
RECOMMENDATION

• It is recommended that the Commission authorize the issuance of a Request for Proposals (RFP) for Information Technology (IT) services commencing in fiscal year 2018-2019.
Recommendation to Commission:

- Adopt Resolution No. 2018-04 approving Form Cal OES 130 designating the General Manager as the SAWPA authorized representative to accept Disaster Recovery funds under Public Law 93-228.
Project Location

Prado Basin

- Prado Contour 505
- Prado Contour 510
- Brine Line Maintenance Access Structure
- Brine Line
## Project Costs

<table>
<thead>
<tr>
<th>Concept</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>$6,861.50</td>
</tr>
<tr>
<td>Equipment</td>
<td>$4,372.50</td>
</tr>
<tr>
<td>Materials</td>
<td>$3,597.99</td>
</tr>
<tr>
<td>Equipment (rental)</td>
<td>$4,823.29</td>
</tr>
<tr>
<td>Contractual expenses</td>
<td>$2,295.96</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$21,951.24</td>
</tr>
<tr>
<td>TOTAL Reimbursed</td>
<td>$20,991.00</td>
</tr>
</tbody>
</table>
Recommendation to Commission:

- Adopt Resolution No. 2018-04 approving Form Cal OES 130 designating the General Manager as the SAWPA authorized representative to accept Disaster Recovery funds under Public Law 93-228.
QUESTIONS??
Inland Empire Brine Line

FY18-19 Rates
May 15, 2018
Recommendation

- Adopt resolution 2018-05 establishing the new Inland Empire Brine Line rates to be effective July 1, 2018.
Brine Line Proposed Rates

- BOD & TSS are OCSD pass through charges
- Proposed FY18-19 rates based on FCS financial model
- Raftelis financial model to be used for FY19-20 rates
- OCSD Proposed increases for FY18-19:
  - BOD – 2%
  - TSS – 5.5%
  - Flow – 7%
- OCSD Proposed increases for FY19-20:
  - BOD – 6%
  - TSS – 5.5%
  - Flow – 6%
Indirect Dischargers

- Current charges based on a 4 tier system:
  - Brine ( < 100 mg/L)
  - Tier 1 (100 – 999 mg/L)
  - Tier 2 (1,000 – 2,499 mg/L)
  - Tier 3 ( > 2,500 mg/L)
- Recommend simplifying into a 2 tier system:
  - Brine ( < 100 mg/L)
  - Non-Brine ( > 100 mg/L)
# Direct Dischargers

## Proposed Rates FY18-19

<table>
<thead>
<tr>
<th>FY</th>
<th>Flow/ MGD</th>
<th>BOD/1000 lbs</th>
<th>TSS/1000 lbs</th>
<th>Fixed Pipe (MGD)</th>
<th>Fixed T&amp;D (MGD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>17-18</td>
<td>$901</td>
<td>$307</td>
<td>$429</td>
<td>$5,921</td>
<td>$12,007</td>
</tr>
<tr>
<td>18-19</td>
<td>$946</td>
<td>$307</td>
<td>$429</td>
<td>$6,217</td>
<td>$12,607</td>
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<tr>
<td>19-20*</td>
<td>$979</td>
<td>$316</td>
<td>$442</td>
<td>$6,398</td>
<td>$12,985</td>
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</table>

*Rate for planning purposes only
Indirect Dischargers
Proposed Rates FY18-19

<table>
<thead>
<tr>
<th>Strength</th>
<th>Current</th>
<th>FY18-19</th>
<th>FY19-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brine (&lt; 100 mg/L)</td>
<td>$0.012</td>
<td>$0.015</td>
<td>$0.015</td>
</tr>
<tr>
<td>Tier 1 (100 – 999 mg/L)</td>
<td>$0.017</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Tier 2 (1,000 – 2,499 mg/L)</td>
<td>$0.035</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Tier 3 (&gt; 2,500 mg/L)</td>
<td>See below</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Tier 3 to charged at $0.0029 per gallon, $0.729/lb of BOD, $0.695/lb of TSS</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PROPOSED TIERS/RATES FOR INDIRECT DISCHARGERS

<table>
<thead>
<tr>
<th>Strength</th>
<th>Current</th>
<th>FY18-19 (per gal)</th>
<th>FY19-20 (per gal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brine (&lt; 100 mg/L)</td>
<td>N/A</td>
<td>$0.015</td>
<td>$0.015</td>
</tr>
<tr>
<td>Non Brine (&gt; 100 mg/L)</td>
<td>N/A</td>
<td>$0.015 + BOD/TSS lbs</td>
<td>$0.015 + BOD/TSS lbs</td>
</tr>
<tr>
<td>BOD</td>
<td></td>
<td>$0.75 / lb</td>
<td>-</td>
</tr>
<tr>
<td>TSS</td>
<td></td>
<td>$0.716 / lb</td>
<td>-</td>
</tr>
</tbody>
</table>
## Proposed Permit Fees

<table>
<thead>
<tr>
<th>Type of Permit</th>
<th>FY17-18 Fee</th>
<th>Proposed FY18-19 Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Discharger</td>
<td>$550</td>
<td>$600</td>
</tr>
<tr>
<td>Indirect Discharger</td>
<td>$250</td>
<td>$300</td>
</tr>
<tr>
<td>Emergency Permits</td>
<td>$1,000</td>
<td>$1,100</td>
</tr>
<tr>
<td>Liquid Waste Hauler</td>
<td>$225</td>
<td>$250</td>
</tr>
</tbody>
</table>
4. A sampling surcharge shall be applied to all BOD and TSS dischargers to account for the actual cost of necessary sampling and shall be assessed to all dischargers. Increased sampling is defined as any and all costs in excess of one sample per month. Increased sampling shall be determined solely by SAWPA and billed monthly. High BOD, TSS, or high variability dischargers will be sampled weekly or more frequently as required, and low BOD/TSS or low variability dischargers will be sampled monthly or quarterly as required to obtain reliable data.
Introductions

- Raftelis Financial Consultants, Inc. (Raftelis)
  - Sanjay Gaur, Project Manager
    - E: sgaur@raftelis.com / P: 213-262-9304
  - Khanh Phan, Assistant Project Manager
    - E: kphan@raftelis.com / P: 626-233-6762
  - Charles Diamond, Lead Analyst
    - E: cdiamond@raftelis.com / P: 213-817-8677
Financial Policies
SAWPA Reserves

1. **Brine Line Operating Reserve**: used to cover temporary Brine Line Enterprise cash flow deficiencies
2. **Pipeline Replacement Reserve**: used to provide capital replacement funding for pipeline infrastructure
3. **OCSD Rehabilitation Reserve**: used to fund share of capital costs for portion of the Brine Line maintained by OCSD
4. **Debt Retirement Reserve**: used for debt service payments for SRF loans required to build the Brine Line system
5. **Self Insurance Reserve**: used to cover out-of-pocket insurance losses
6. **Flow Imbalance Reserve**: used to refund dischargers in event of meter error resulting in over-billing
## Overview of SAWPA Reserves

<table>
<thead>
<tr>
<th>Reserve</th>
<th>Current Minimum Reserve Target</th>
<th>Raftelis Recommended Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brine Line Operating Reserve</td>
<td>90 days</td>
<td></td>
</tr>
<tr>
<td>Pipeline Replacement Reserve</td>
<td>$10M</td>
<td>Min: 3.9% of RC of pipeline assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Max: 10% of RC Pipeline</td>
</tr>
<tr>
<td>OCSD Rehabilitation Reserve</td>
<td>$1.75M</td>
<td></td>
</tr>
<tr>
<td>Debt Retirement Reserve</td>
<td>100% annual debt</td>
<td></td>
</tr>
<tr>
<td>Self Insurance Reserve</td>
<td>2% of depreciable capital assets + insurance deductibles</td>
<td></td>
</tr>
<tr>
<td>Flow Imbalance Reserve</td>
<td>$50K</td>
<td></td>
</tr>
</tbody>
</table>
Financial Plan Model
Purpose of Financial Plan Model

- Provide 10-year financial forecast
- Determine SAWPA’s revenue requirements
- Evaluate annual revenue adjustments needed to meet cashflow needs and satisfy financial policies under various scenarios:
  - Varying levels of future CIP
  - Varying levels of debt and grant funding for CIP
  - Varying levels of billed flows in Brine Line
Differences from Previous Model

- Includes model dashboard that visually represents key financial information
- Scenario analysis driven by adjustment of key inputs in dashboard
- Multi-Year Cost Allocation to determine rates
  - As opposed to single year cost allocation, in which rates in subsequent years are simply multiplied by revenue adjustments
Model Overview / Structure

**Inputs**
- Budget Inputs
- Inflationary Assumptions
- Discharger Flow & Strength
- Dashboard Key Variables
  - Revenue Adjustments
  - New Debt
  - CIP & Flow Scenario Selectors
  - Grant Funding for CIP
  - Financial Policies
  - Other Key Variables

**Model Engine**
- Processes inputs to be used in the Model
- Calculates and compiles data into Proforma

**Outputs / Results**
- Dashboard
  - Graphical Results
- Proforma
  - Numerical Proforma for Brine Line Enterprise Fund
- Debt Coverage Calculations
CIP Scenarios

Santa Ana Watershed Project Authority
CIP Scenario Summary

<table>
<thead>
<tr>
<th>Inflation Capital</th>
<th>0%</th>
<th>0%</th>
<th>3%</th>
<th>3%</th>
<th>3%</th>
<th>3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Escalation</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>103%</td>
<td>106%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>#</th>
<th>CIP Scenario Name</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Budget CIP</td>
<td>$6,537,738</td>
<td>$9,112,516</td>
<td>$15,714,532</td>
<td>$7,986,032</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2</td>
<td>Low</td>
<td>$6,537,738</td>
<td>$9,112,516</td>
<td>$15,714,532</td>
<td>$7,986,032</td>
<td>$1,748,677</td>
<td>$1,801,138</td>
</tr>
<tr>
<td>3</td>
<td>Medium</td>
<td>$6,537,738</td>
<td>$9,112,516</td>
<td>$15,714,532</td>
<td>$7,986,032</td>
<td>$2,778,677</td>
<td>$2,862,038</td>
</tr>
<tr>
<td>4</td>
<td>High</td>
<td>$6,537,738</td>
<td>$9,112,516</td>
<td>$15,714,532</td>
<td>$7,986,032</td>
<td>$4,838,677</td>
<td>$4,983,838</td>
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<tr>
<td></td>
<td>Selected</td>
<td>$6,537,738</td>
<td>$9,112,516</td>
<td>$15,714,532</td>
<td>$7,986,032</td>
<td>$2,778,677</td>
<td>$2,862,038</td>
</tr>
</tbody>
</table>

- CIP schedule provided through FY 2019
- After FY 2019, level of CIP varies based on selected scenario
  - Future CIP is based on historical average
- 4 scenarios: Budget CIP, Low, Medium, High
## Model Dashboard Overview
(for Illustrative Purposes Only)

<table>
<thead>
<tr>
<th>Effective Months</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>0.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>8.0%</td>
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<tr>
<td>Total CIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant Funding for CIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
</tr>
<tr>
<td>Existing SRF Loan Proceeds for CIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>$7,500,000</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New SRF Loan for CIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Repayment Start Month / Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Oct</td>
<td>FY 2021</td>
<td>FY 2022</td>
<td>FY 2022</td>
<td>FY 2023</td>
<td>FY 2024</td>
<td>FY 2025</td>
<td>FY 2026</td>
<td>FY 2027</td>
<td>FY 2028</td>
</tr>
</tbody>
</table>

### Brine Line Revenue Adjustments & Debt Coverage
- Revenue Adjustments (Left)
- Aggregate Debt Coverage (Right)
- Target Coverage (Right - 1.10x)
- Alert Coverage (Right)

### Brine Line Reserves Balances
- Existing Balances
- Reserve Min
- Reserve Target
- Alert Balances

### Brine Line Operating Financial Plan
- OCSO Charges
- Personnel Exp
- Other O&M
- Debt Service
- Reserve Funding
- Current Revenue
- Proposed Revenue

### Brine Line Capital Financing Plan
- Borrowing CIP
- MRF Bonded CIP
- PAYGO CIP
- $15.7M
- $8.0M
- $1.7M
- $1.8M
- $1.9M
- $2.0M
- $2.0M
- $2.1M
- $2.2M

---

<table>
<thead>
<tr>
<th>Zero Selected Value</th>
<th>Rev Adjustments</th>
<th>Total CIP</th>
<th>Grant Funding for CIP</th>
<th>Existing SRF Loan Proceeds for CIP</th>
<th>New SRF Loan for CIP</th>
<th>Repayment Start Month / Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Dashboard: Key Variables
(for Illustrative Purposes Only)

#### Key Variables:
- Revenue Adjustments
- Grant Funding for CIP
- New Debt Issues

#### Summary Info:
- Billed Flows, Rate Revenue
- Financial Policy: Reserve & Debt Coverage Targets
- Selection of CIP & Flow Scenarios

<table>
<thead>
<tr>
<th>Effective Months</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CIP</td>
<td>Low</td>
<td>$15,714,532</td>
<td>$7,986,032</td>
<td>$1,748,677</td>
<td>$1,801,138</td>
<td>$1,855,172</td>
<td>$1,910,827</td>
<td>$1,968,152</td>
<td>$2,027,196</td>
<td>$2,088,012</td>
</tr>
<tr>
<td>Grant Funding for CIP</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Existing SRF Loan Proceeds for CIP</td>
<td>$7,500,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New SRF Loan for CIP</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Repayment Start Month / Year</td>
<td>Oct FY 2021 FY 2021 FY 2022 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026 FY 2027 FY 2028</td>
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</tbody>
</table>

#### Financial Policy
- Target CIP: $15,714,532
- Grant Funding for CIP: $0
- Existing SRF Loan Proceeds for CIP: $7,500,000

#### CIP Options
- Select CIP Scenario: Low
- Inflating CIP?: TRUE
- Billed WW Flow Scenario: Conservative (minimal increase)
- Years Shown: 10

#### Financial Policy Min Target CIP Options
- Brine Line Operating Reserve: 25% 25% % of Operating Exp (excludes OCSD)
- Pipeline Replacement Reserve: 3.9% 10% % of RC Pipeline Asset Values
- OCSD Rehab Reserves: $1,750,000 $1,750,000 Target Level Based on Reserve Policy
- OCSD Future Capacity: 0% 0% No Target
- Capacity Management Reserve: 0% 0% No Target
- Flow Imbalance Reserve: $50,000 $50,000 Target Level Based on Reserve Policy
- Self Insurance Reserve: 2% 2% % of RC Depreciable Asset Values
- Debt Retirement Reserve: 100% 100% % of Annual Debt Service

#### Debt Retirement Reserve
- Required / Target Debt Coverage: 120% 100%
Dashboard: Graphical Results
(for Illustrative Purposes Only)

- Orange Bars show revenue adjustments
- Green Line shows debt coverage
- Red Line shows required debt coverage

- Green Line shows revenue at proposed levels
- Red Line shows revenue at current rates
- Stacked bars show revenue requirements
Dashboard: Graphical Results
(for Illustrative Purposes Only)

- **Blue Bars** show ending balances (all Brine Line reserves combined)
- **Green Line** shows combined reserve maximum target
- **Red Line** shows combined reserve minimum target

**Brine Line Reserves Balances**

- **Millions**
- FY 2018 - FY 2027
- Ending Balances, Reserve Min, Reserve Target, Alert Balances

**Brine Line Capital Financing Plan**

- **Millions**
- $15.7M, $8.0M, $1.7M, $1.8M, $1.9M, $1.9M, $2.0M, $2.0M, $2.1M, $2.2M
- FY 2018 - FY 2027
- Grant Funded CIP, SRF Funded CIP, PAYGO CIP
Brine Line Proforma
(for Illustrative Purposes Only)

- Presents key financial info for each reserve within the Brine Line Enterprise

Financial summary of Brine Line Enterprise:

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>TOTAL REVENUES</td>
<td>$11,761,300</td>
<td>$11,620,523</td>
<td>$11,608,385</td>
<td>$11,995,344</td>
<td>$12,838,618</td>
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<td>TOTAL O&amp;M EXPENSES</td>
<td>$6,802,861</td>
<td>$7,361,139</td>
<td>$7,593,614</td>
<td>$7,925,696</td>
<td>$8,267,657</td>
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<td>NET REVENUES</td>
<td>$4,958,439</td>
<td>$4,259,384</td>
<td>$4,014,771</td>
<td>$4,069,648</td>
<td>$4,570,961</td>
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<td>TOTAL DEBT SERVICE</td>
<td>$3,060,725</td>
<td>$3,191,277</td>
<td>$2,835,027</td>
<td>$2,835,027</td>
<td>$2,607,713</td>
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<td>TOTAL PROCEEDS FROM SRF LOAN</td>
<td>$7,500,000</td>
<td>$0</td>
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<tr>
<td>TOTAL CAPITAL EXPENDITURES</td>
<td>$15,714,532</td>
<td>$7,986,032</td>
<td>$1,748,677</td>
<td>$1,801,138</td>
<td>$1,855,172</td>
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<td>NET CASH CHANGES</td>
<td>($6,316,818)</td>
<td>($6,917,925)</td>
<td>($568,934)</td>
<td>($566,517)</td>
<td>$108,077</td>
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<td>Beginning Brine Line Enterprise Fund Balances</td>
<td>$44,621,991</td>
<td>$38,011,737</td>
<td>$31,093,812</td>
<td>$30,524,878</td>
<td>$29,958,361</td>
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<td>Ending Brine Line Enterprise Fund Balances</td>
<td>$38,305,174</td>
<td>$31,093,812</td>
<td>$30,524,878</td>
<td>$29,958,361</td>
<td>$30,066,438</td>
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<td>Minimum Target Reserve Balances</td>
<td>$21,253,343</td>
<td>$21,463,337</td>
<td>$21,573,974</td>
<td>$22,108,211</td>
<td>$22,431,139</td>
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<td>Maximum Target Reserve Balances</td>
<td>$36,747,539</td>
<td>$36,957,533</td>
<td>$37,532,996</td>
<td>$38,546,004</td>
<td>$39,362,066</td>
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</table>

Debt Coverage Calculations

Projected Debt Coverage (Aggregate) | 1.57x | 1.18x | 1.42x | 1.44x | 1.75x |
Target Debt Coverage (Aggregate)    | 1.10x | 1.10x | 1.10x | 1.10x | 1.10x |
Recommendations

- Assess the replacement cost of the Brine Line
  - Enhance development of appropriate Pipeline Replacement Reserve levels
- Conduct an asset criticality assessment
  - Assist in determining minimum and target Pipeline Replacement Reserve levels
- Evaluate costs associated with issuing permit fees
  - Permit fees for infrequent small users may not recover administrative costs
Thank you!

Contact: Sanjay Gaur
213 262 9308 / sgaur@raftelis.com
Recommendation

- Adopt resolution 2018-05 establishing the new Inland Empire Brine Line rates to be effective July 1, 2018.
Questions??
Santa Ana Sucker Habitat Protection and Beneficial Use Enhancement Project

May 15, 2018

Notice Inviting Bids

Ian Achimore
Senior Watershed Manager
Project Location & Major Activities

- 15 foot groin
- Four large boulders
- Access road widening

Construction Activities

- Van Buren Blvd
- Access Road
- Staging Area
- Santa Ana River
- In-Stream Work Area
Schedule and Cost Estimate

- **Schedule**
  - Notice Inviting Bids: May 2018
  - Receive Bids: June 2018
  - Recommendation to Award: July 2018
  - Construction Duration: Sep 2018; 20 days

- **Engineer’s Estimate**
  - $118,000
Recomendation

– Authorize the GM to issue a Notice Inviting Bids for the Project.