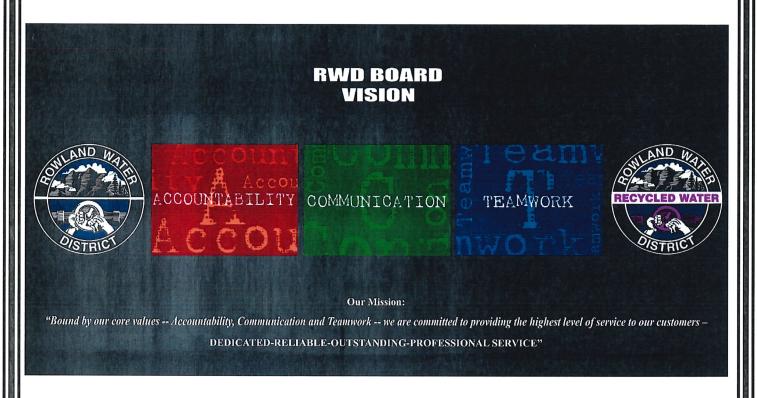
ROWLAND WATER DISTRICT

3021 Fullerton Road Rowland Heights, CA 91748 (562) 697-1726



Board of Directors Regular Meeting
April 14, 2020
6:00 p.m.



AGENDA Special Meeting of the Board of Directors April 14, 2020 -- 4:00 PM

Pursuant to the provisions of Executive Order N-25-20 Issued by Governor Gavin Newsom on March 12, 2020, any Director, and any member of the public who desires to participate in the open session items of this meeting, may Login into https://zoom.us/j/8759899861, Meeting ID: 875 989 9861 or call into the Rowland Water District meeting using the call-in number (669) 900-6833 -- Passcode: 8759899861# without otherwise complying with the Brown Act's teleconference requirements. Any member of the public wishing to make any comments to the Board of Directors may do so by calling in to the call-in number referenced above and being acknowledged by the chair at the appropriate time in the meeting prior to making his or her comment. Materials related to items on this Agenda are available for public review at www.rowlandwater.com/agendas-minutes/.

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL OF DIRECTORS

Robert W. Lewis, President Teresa P. Rios, Vice President Anthony J. Lima Szu Pei Lu-Yang John Bellah

ADDITION(S) TO THE AGENDA - PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Board of Directors regarding items not on the Agenda within the subject matter jurisdiction of the Board should do so at this time. With respect to items on the agenda, the Board will receive public comments at the time the item is opened for discussion, prior to any vote or other Board action. A three-minute time limit on remarks is requested.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Rose Perea, Secretary to the Board at (562) 697-1726, or writing to Rowland Water District, at 3021 Fullerton Road, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included, so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.

Any member of the public wishing to participate in the meeting, who requires a translator to understand or communicate in English, should arrange to bring a translator with them to the meeting. Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office, located at 3021 Fullerton Road, Rowland Heights, CA 91748.

Tab 1 CONSENT CALENDAR

All items under the Consent Calendar are considered to be routine matters, status reports, or documents covering previous Board instruction. The items listed on the Consent Calendar will be enacted by one motion, unless separate discussion is requested.

1.1 Approval of the Minutes of Regular Board Meeting held on March 10, 2020

Recommendation: The Board of Directors approve the Minutes as presented.

1.2 Demands on General Fund Account for February 2020

Recommendation: The Board of Directors approve the demands on the general fund account as presented.

1.3 Investment Report for February 2020

Recommendation: The Board of Directors approve the Investment Report as presented.

1.4 Water Purchases for February 2020

For information purposes only.

Next Special Board Meeting:

April 28, 2020, 6:00 p.m.

Next Regular Board Meeting:

May 12, 2020, 6:00 p.m.

Tab 2 ACTION ITEMS

This portion of the Agenda is for items where staff presentations and Board discussions are needed prior to formal Board action.

2.1 Review and Approve Directors' Meeting Reimbursements for March 2020

Recommendation: The Board of Directors approve the Meeting Reimbursements as presented.

2.2 Review and Approve "Draft" RWD Financial Audit Report for Fiscal Year 2018-2019 Prepared by White Nelson Diehl Evans LLP

Recommendation: The Board of Directors approve the Draft Financial Audit report as presented.

2.3 Review and Approve Resolution No. 4-2020 Adopting A Methodology for Imposing Capacity Fees on Certain Qualifying Accessory Dwelling Units, Adopting A Policy for Providing Water to Accessory Dwelling Units, and Taking Certain Other Actions Relating Thereto

Recommendation: The Board of Directors approve Resolution 4-2020 as presented.

2.4 Review and Approve Policy Regarding Water Service to be Provided to Accessory Dwelling Units

Recommendation: The Board of Directors approve the Policy as presented.

2.5 Review and Approve Resolution No. 4.1-2020 Authorizing the General Manager to Take All Actions Necessary in Response to the COVID-19 Pandemic

Recommendation: The Board of Directors approve Resolution 4.1-2020 as presented.

- 2.6 Review and Approve Resolution No. 4.2-2020 of the Board of Directors To Tax Defer Member Paid Contributions—IRC 414(h)(2) Employer Pick-up Recommendation: The Board of Directors approve Resolution 4.2-2020 as presented.
- 2.7 Review and Approve Resolution No. 4.3-2020 For The Affirmation and Implementation of the Provisions of Section 414(h)(2) of the Internal Revenue Code to Tax Defer Employee Retirement Contributions to CalPERS

 Recommendation: The Board of Directors approve Resolution 4.3-2020 as presented.
- 2.8 Review and Approve FMLA Leave Expansion and Emergency Paid Sick Leave Policy (Coronavirus)

Recommendation: The Board of Directors approve the Policy as presented.

- 2.9 Review and Approve Changing Regular Board Meeting Time to 4:00 PM During COVID-19 Safer-At-Home Stay Order.

 Recommendation: The Board of Directors approve as presented.
- 2.10 Public Relations (Rose Perea)
 - Communications Outreach (CV Strategies)
 - Education Update

For information purposes only.

- 2.11 Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)
 - None

Tab 3 LEGISLATIVE INFORMATION

3.1 Updates on Legislative Issues *Intentionally left blank*.

Tab 4 REVIEW OF CORRESPONDENCE

Intentionally left blank.

There are no tabs for the remainder of the meeting.

Tab 5 COMMITTEE REPORTS

- 5.1 **Joint Powers Insurance Authority** (Director Lewis/Mr. Coleman)
- 5.2 Three Valleys Municipal Water District (Directors Lu-Yang/Lima)
- 5.3 Association of California Water Agencies (Directors Lewis/Bellah)
- 5.4 Puente Basin Water Agency (Directors Lima/Lewis)
- 5.5 Project Ad-Hoc Committee (Directors Lima/Lu-Yang)
- **Regional Chamber of Commerce-Government Affairs Committee** (Directors Lewis/Bellah)
- 5.7 **PWR Joint Water Line Commission** (Directors Lima/Rios)
- 5.8 Sheriff's Community Advisory Council (Directors Lu-Yang/Rios)

5.9 Rowland Heights Community Coordinating Council (Directors Lu-Yang/Bellah)

5.10 Hacienda Heights Improvement Association (Director Lima)

Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

- **6.1** Finance Report (Mr. Coleman)
- 6.2 Operations Report (Mr. Moisio)
- 6.3 Personnel Report (Mr. Coleman)

Tab 7 ATTORNEY'S REPORT (Mr. Joseph Byrne)

Tab 8 CLOSED SESSION

a. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
Paragraph (1) of subdivision (d) of Government Code Section 54956.9. Name of Case: Rowland
Water District vs. La Habra Heights County Water District, Case No. KC070088.

b. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8

Property: 189

18938 Granby Place, Rowland Heights, CA 91748

District Negotiator:

Tom Coleman, General Manager

Negotiating Parties:

Mark I. Chen Revocable Living Trust dated 9-8-17

Under Negotiation:

Price and Terms

c. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8

Property:

Portion of Property Located at

804 S. Azusa Ave., City of Industry, CA

District Negotiator:

Tom Coleman, General Manager

Negotiating Parties:

City of Industry

Under Negotiation:

Price and Terms

General Manager's and Directors' Comments

Future Agenda Items

Late Business

No action shall be taken on any items not appearing on the posted agenda, except upon a determination by a majority of the Board that an emergency situation exists, or that the need to take action arose after the posting of the agenda.

ADJOURNMENT

President ROBERT W. LEWIS, Presiding



Minutes of the Regular Meeting of the Board of Directors of the Rowland Water District March 10, 2020 – 6:00 p.m.

Location: District Office

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Robert W. Lewis Vice President Teresa P. Rios Director Anthony J. Lima Director Szu Pei Lu-Yang Director John Bellah

ABSENT:

None.

OTHERS PRESENT:

Joseph P. Byrne, Legal Counsel, Best Best & Krieger Erin LaCombe Gilhuly, CV Strategies Denise Jackman, Director, Three Valleys Municipal Water District Jody Roberto, Director, Three Valleys Municipal Water District Matt Litchfield, Three Valleys Municipal Water District Ed Chavez, Director, Upper San Gabriel Valley MWD

ROWLAND WATER DISTRICT STAFF

Tom Coleman, General Manager Dave Warren, Assistant General Manager Rose Perea, Director of Administrative Services Dusty Moisio, Director of Operations

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEM

Director, Denise Jackman, distributed an invitation to the "Initial Meeting for the Formation of a New San Gabriel Valley Chapter of CSDA" to be held at Three Valleys MWD, on March 18, 2020, at 11:30 a.m.

TAB 1 - CONSENT CALENDAR

Upon motion by Director LuYang, seconded by Director Bellah, the Consent Calendar was approved as follows:

Ayes:

Directors Lewis, Rios, Lima, Lu-Yang and Bellah

Noes: Abstain:

None None

Absent:

None

The approval of the Consent Calendar included:

1.1

Approval of the Minutes of Regular Board Meeting Held on February 11, 2020

1.2

Approval of the Minutes of Special Board Meeting Held on February 25, 2020

1.3

Demands on General Fund Account for January 2020

1.4

Investment Report for January 2020

1.5

Water Purchases for January 2020

Next Special Board Meeting Next Regular Board Meeting March 24, 2020, 6:00 p.m. April 14, 2020, 6:00 p.m.

Tab 2 - ACTION ITEMS

2.1

Review and Approve Directors' Meeting Reimbursements for February 2020

Upon Motion by Director Lima, seconded by Director Rios, the Directors' Meeting Reimbursement Report was approved as follows:

Ayes:

Directors Lewis, Rios, Lima, Lu-Yang and Bellah

Noes:

None

Abstain:

None

Absent:

None

2.2

Approve Change of Regular Board Meeting Date from June 9, 2020, to June 16, 2020

After Discussion by the Board a motion was made by Director Lu-Yang, seconded by Director Lima, and unanimously carried to change Regular Board Meeting date to June 16, 2020.

Ayes:

Directors Lewis, Rios, Lu-Yang, Lima and Bellah

Noes:

None

Abstain:

None

Absent:

None

2.3

Review and Approve Resolution No. 3-2020 Making Findings that the Radio Tower Project is Exempt from the California Environmental Quality Act and Approving the Project

After discussion a motion was made by Director Lu-Yang, seconded by Director Rios, to approve Resolution No. 3-2020. The motion was approved by the following roll-call vote:

Ayes:

Directors Lewis, Rios, Lima, Lu-Yang and Bellah

Noes:

None

Abstain:

None

Absent:

None

Motion passed by a vote of 5-0.

2.4

Discuss CSDA Board of Directors Call for Nominations Seat C

No action taken.

2.5

Public Relations (Rose Perea)

Rose Perea reported the essays for the "Scholar Program" were judged and Wilson High School will be awarded a \$1,500.00 scholarship paid directly to the college or institution they will be attending. The Mini Solar Cup challenge races were held on February 27, 2020 and the written reports are in the process of being judged. Brittnie will be presenting the awards in April or May either in the classrooms or at a school assembly. The posters for the MWD poster contest are due March 26, 2020 and will be ready for judging at the April 14, 2020 Board meeting. The awards will be presented at the May 12, 2020 Board meeting. "Fix-a-Leak Week will be held March 16-20, 2020 and conservation items will be distributed to customers who come into the office during this time. A landscape class will be held here at the District on March 25, 2020, 5:00-8:00 p.m.; thus far, there Are 50 people signed up to attend.

Communications Outreach (CV Strategies)

Erin LaCombe Gilhuly, CV Strategies, provided a copy of the CSDA article on the District's succession planning which was included in the CSDA Magazine, January-February 2020 issue. She also advised that the District's "Water Footprint Conservation Campaign" was included in ACWA's Home News page. The *China Press* posted the press release and pictures on the Mini Solar Cup Challenge. CV Strategies is working on the CCR, the Accessory Dwelling Unit (ADU) customer information handout and is finalizing the AMI videos on "How to Read Your Meter". The press release on Fix-A-Leak Week is being finalized.

Education Update

Provided for information purposes only.

2.6

Discussion of Upcoming Conferences, Workshops, or Events (including items that may have arisen after the posting of the Agenda)

• San Gabriel Valley Water Forum, April 16, 2020, 8:00 a.m. to 1:30 p.m., Hilton Los Angeles/San Gabriel, 225 Valley Boulevard, San Gabriel, CA Staff was asked to make reservations for the following Directors: Directors Lewis, Rios and Bellah. A motion was made by Director Lima, seconded by Director Lu-Yang, and unanimously carried, to approve the payment of *per diem* compensation to Directors Lewis, Rios and Bellah for attendance at the Water Forum.

 Special Districts Legislative Days, May 19-20, 2020, Sheraton Grand Sacramento Hotel, 1230 J Street, Sacramento, CA

Staff was asked to make reservations for Director Lewis.

A motion was made by Director Lu-Yang, seconded by Director Rios, and unanimously carried, to approve the payment of *per diem* compensation to Director Lewis for his attendance at the conference.

TAB 3 LEGISLATIVE INFORMATION

3.1

Updates on Legislative Issues

General Manager, Tom Coleman, advised the Board that the District had sent in letters of support for Senate Bill 1099 (Emergency Backup Generators: Critical Facilities: Exemption) and for Assembly Bill 2182 Emergency Backup Generators: Water and Wastewater Facilities: Exemption).

TAB 4 REVIEW OF CORRESPONDENCE

• "Thank You" Letter from Julie Mitchell, Superintendent Rowland Unified School District For information purposes only.

TAB 5 COMMITTEE REPORTS

5.1

Joint Powers Insurance Authority

Nothing to report.

5.2

Three Valleys Municipal Water District

Director Lima reported on his attendance at the February 19, 2020 Regular Board meeting and advised that the Board approved the Miragrand Groundwater Well Project, Phase 1. Director, Denise Jackman, was nominated to fill the CSDA Board of Directors Vacancy, Seat B Southern District, 2020-2022 term. Director Lu-Yang reported on her attendance at the March 4, 2020, Board meeting and advised that Mr. Jayson Schmitt from Chandler Asset Management provided an annual update of TVMWD's Investment Portfolio. Director Lima reported that the standby charge collected for the fiscal year will increase from \$19.23 to \$20.62 per EDU. MWD's untreated water rate is increasing \$25/AF (3%). MWD's treated tier 1 water is increasing \$53/AF (5%). These changes result in an overall increase in the treated water rate of 5%.

5.3

Association of California Water Agencies

Nothing to report.

5.4

Puente Basin Water Agency

Director Lima advised that the next meeting will be held on April 2, 2020.

5.5

Project Ad-Hoc Committee

Nothing to report.

5.6

Regional Chamber of Commerce

Director Lewis reported on his attendance at the Government Affairs Committee meeting held on March 9, 2020 and advised that Matt Buck, Vice President of Public Affairs, California Apartment Association, made a presentation "Proposition 10 – California Local Rent Control Initiative". The committee took action to oppose AB2043 and COVID 19 flyers with frequently asked questions were handed out.

5.7

PWR Joint Waterline Commission

Director Lima reported on his attendance at the February 13, 2020 meeting and advised that Darron Paulson, Utilities Director, City of Pomona has retired and Robert DeLoach is acting Utilities Director. Scarlett Kwong is the new Chair of PWR.

5.8

Sheriff's Community Advisory Council

Director Lu-Yang advised that the next meeting will be held on March 31, 2020, 6:30 p.m., at the Fullerton and Colima Sheriff's Substation.

5.9

Rowland Heights Community Coordinating Council

Nothing to report.

5.10

Hacienda Heights Improvement Association

Nothing to report.

TAB 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

6.1

Finance Report

General Manager, Tom Coleman, presented a year-to-date Revenue and Expense Report by Category and Consumption by Class through January 31, 2019.

6.2

Operations Report

Director of Operations, Dusty Moisio, provided updates on the following projects:

- Reservoir 10 Recoating: J. Colon Coatings, was awarded the project to recoat the interior and exterior of the tank and update safety equipment. Projected start date March 30, 2020.
- AMI Meter Replacement: To date, 3,832 meters have been replaced.

6.3

Personnel Report

General Manager, Tom Coleman, advised that the recruitment period for the Director of Finance position is now closed. Oral interviews will be conducted on March 23, 2020.

TAB 7 ATTORNEY'S REPORT

Nothing to report.

TAB 8 CLOSED SESSION

Legal Counsel, Joseph Byrne, adjourned the meeting to closed session at 7:11 p.m. and announced that the purpose of the closed session, and the provisions of the Brown Act authorizing the closed session were listed in the agenda.

- a. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
 Pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9.
 Name of Case: Rowland Water District vs. La Habra Heights County Water District, Case No. KC070088
- b. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8

Property:

18938 Granby Place, Rowland Heights, CA 91748

District Negotiator:

Tom Coleman, General Manager

Negotiating Parties:

Mark I. Chen Revocable Living Trust dated 9-8-17

Under Negotiation:

Price and Terms

c. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8

Property:

Portion of Property Located at

804 S. Azusa Ave., City of Industry, CA

District Negotiator:

Tom Coleman, General Manager

Negotiating Parties:

City of Industry

Under Negotiation: Price and Terms

The closed session was adjourned, and the Board resumed the meeting in open session at 7:19 p.m.

Upon returning to open session, legal counsel reported that the Board took no reportable action in connection with these matters.

General Manager's and Directors' Comments

General Manager, Tom Coleman, advised the Board that staff has been working on updating the five-year Capital Improvement Plan projections. Director Bellah provided information on his attendance at the Urban Water Conference held in Palm Springs, April 19-21, 2020.

Future Agenda Items

None.

Late Business

None.

A motion was made by Director Lima, seconded by Director Rios, and unanimously carried to adjourn the meeting. The meeting was adjourned at 7:30 p.m.

	Attest:
ROBERT W. LEWIS	TOM COLEMAN
Board President	Board Secretary

ROWLAND WATER DISTRICT

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Page: 1 Mar 03, 2020 08:21AM

Report Criteria:

Report type: GL detail

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27175						242.00
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Т	otal 27175:					312.20
27176						E 040.00
02/20	02/07/2020	27176		AKM CONSULTING ENGINEERS	RES 8 SCADA & RMS BUILDING	5,910.00
02/20	02/07/2020	27176		AKM CONSULTING ENGINEERS	ULTIMATE FUTURE 3 SYSTEM RC WATER	1,080.00
02/20	02/07/2020	27176		AKM CONSULTING ENGINEERS	FULLERTON BOOSTER STATION	4,955.00
02/20	02/07/2020	27176	62622	AKM CONSULTING ENGINEERS	JOINT FACILITIES-ELECTRIC SERVICE	810.00
Т	otal 27176:					12,755.00
27177					AN ELOS DEMONDOMENT	98.60
02/20	02/07/2020	27177		ALEXANDRO ZARAGOZA	MILEAGE REIMBURSMENT	90.00
02/20	02/07/2020	27177		ALEXANDRO ZARAGOZA	TOTAL EXPENSES-T3 RENEWAL	226.26
02/20	02/07/2020	27177	62704	ALEXANDRO ZARAGOZA	TOTAL EXPENSES-BOOT ALLOWANCE	
T	otal 27177:					414.86
27178					TOTAL EXPENSES SOURCE FALL 2010	177.00
02/20	02/07/2020	27178	62121	ANDREW J ANTUNEZ	TOTAL EXPENSES-SCHOOL FALL 2019	
7	Total 27178:					177.00
27179					AOU DI ANIED LIIOU ELOW	10,577.16
02/20		27179		BOBCAT COMPANY	18" PLANER, HIGH FLOW	2,504.20
02/20		27179		BOBCAT COMPANY	DRUM 18" FASTCUT FREIGHT CHARGES	319.00
02/20		27179 27179		BOBCAT COMPANY BOBCAT COMPANY	SALES TAX	1,220.82
	Γotal 27179:					14,621.18
27180	00/07/0000	27100	62524	BRITTNIE VAN DE CAR	MILEAGE REIMBURSEMENT	31.57
02/20 02/20				BRITTNIE VAN DE CAR	TOTAL EXPENSES-OFFICE SUPPLIES	19.82
•	Total 27180:					51.39
27181						
02/20	02/07/2020	27181	62071	CALIFORNIA LIVING INC	INTERIOR PLANT MAINTENANCE	430.00
						430.00

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To	otal 27182:					991.40
27183 02/20	02/07/2020	27183	1900	CLINICAL LAB OF S B	WATER SAMPLES	2,925.25
	otal 27183:	_,,,,,				2,925.25
	Mai 27 105.					
27184	00/07/0000	27184	62705	COMP	PHYSICAL EXAM-D CASTRO	65.00
02/20	02/07/2020			COMP	LIFT TEST-D CASTRO	45.00
02/20	02/07/2020	27184			QUICK TEST-D CASTRO	55.00
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02/20	02/07/2020	27184		COMP	LIFT TEST-R TAYLOR	55.00
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02/20	02/07/2020	27184	62705	COMP	PHYSICAL EXAM-R TAYLOR	65.00
02/20	02/07/2020	27184	62705	COMP	BREATH TEST	35.00
Т	otal 27184:					600.00
27185 02/20	02/07/2020	27185	62652	DAVID TAPIA	TOTAL EXPENSES-SCHOOL FALL SEMESTER 2019	177.00
т	otal 27185:					177.00
27186 02/20	02/07/2020	27186	33	DUSTIN T MOISIO	TOTAL EXPENSES-GAS	344.93
		2, 100				344.93
	otal 27186:					34411
27187 02/20	02/07/2020	27187	2550	FRONTIER	PHONE SERVICE	342.32
Т	otal 27187:					342.32
27188						
02/20	02/07/2020	27188	330	FUEL PRO INC	DRAIN FOR SPILL BUCKET	1,697.84
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27189						
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				GENSLER	FURNITURE COORDINATION	640.00-
02/20	02/10/2020			GENSLER	FURNITURE COORDINATION	19.77
02/20 02/20				GENSLER	FURNITURE COORDINATION	19.77-
						.00
!	Fotal 27189:					40
27190	02/07/2020	27190	370	HIGHROAD INFORMATION TECHNOL	27 INCH MONITOR, KEYBOARD, MOUSE, ADAPTER	620.83
02/20						

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02/20	02/07/2020	27191	2724	HOME DEPOT CREDIT SERVICES	MAINTENANCE & OPERATION	16.26
02/20	02/07/2020	27191		HOME DEPOT CREDIT SERVICES	SUPPLIES FOR HYDRANTS	147.73
02/20	02/07/2020	27191		HOME DEPOT CREDIT SERVICES	SUPPLIES FOR RES	43.50 29.70
02/20	02/07/2020	27191	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR WATER QUALITY STATION	29.70
т	otal 27191:					753.65
27192	00/07/0000	07400	244	INFOSEND INC	BILLING SERVICE	3,357.60
02/20	02/07/2020	27192	244	HALOSEIAD HAC	SILLING SERVICE	3,357.60
Т	otal 27192:					0,001.00
27193 02/20	02/07/2020	27193	62226	INLAND DESERT SECURITY	ANSWERING SERVICE	427.80
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27194						250.00
02/20	02/07/2020	27194	62748	JOEL DOUGLASS	TOTAL EXPENSES-BOOT ALLOWANCE	250.00
Т	otal 27194:					250.00
27195					REPAIR ROOF LEAK IN REAR OFFICE OF MAIN BUI	525.00
02/20	02/07/2020	27195		LYONS CONSTRUCTION	REPLACE DOOR IN WAREHOUSE BREAK ROOM	1,700.00
02/20	02/07/2020	27195		LYONS CONSTRUCTION LYONS CONSTRUCTION	INSTALL WALL-PACK (LED) ON EXTERIOR OF MAIN	1,350.00
02/20	02/07/2020	27195	62691	LTONS CONSTRUCTION		
7	otal 27195:					3,575.00
27196	00/07/0000	07400	60664	M & J TREE SERVICE	CLEAN UP AND HAUL-WHITTIER BOOSTER STATIO	1,500.00
02/20	02/07/2020	27196	62004	W & J TREE SERVICE		
٦	Total 27196:					1,500.00
27197 02/20	02/07/2020	27197	233	MCCALL'S METER SALES & SVC	REPAIR FLOWCOM REGISTER	375.00
		21191	200			375.00
	Total 27197:					
27198 02/20	02/07/2020	27198	62078	MCKINNEY CONSTRUCTION CO INC	VALVE REPLACEMENT PHASE 1	133,247.00
	Fotal 27198:					133,247.00
27199						
02/20	02/07/2020	27199	257	MCMASTER-CARR SUPPLY CO	SUPPLIES FOR WATER QUALITY STATION	52.15
02/20			257	MCMASTER-CARR SUPPLY CO	SUPPLIES FOR RCS BUILDING	80.30
02/20	02/07/2020	27199		MCMASTER-CARR SUPPLY CO	SUPPLIES FOR WATER QUALITY STATION	151.17 1,027.07
02/20				MCMASTER-CARR SUPPLY CO	EQUIPMENT FOR BOBCAT TRAILER SUPPLIES FOR COI	59.35
02/20	02/07/2020	27199	257	MCMASTER-CARR SUPPLY CO	OUTPLIED FOR OOI	23.00

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T	otal 27199:					1,370.04
27200						
02/20	02/07/2020	27200		MUTUAL OF OMAHA	LIFE INSURANCE	512.53
02/20	02/07/2020	27200 27200		MUTUAL OF OMAHA MUTUAL OF OMAHA	SHORT/LONG TERM DISABILITY DIRECTORS LIFE INSURANCE	1,290.71 72.20
02/20	02/07/2020	2/200	02/30	WOTOAL OF OWATIA	BIREGIONG EN E INGGIONIGE	200000000
Т	otal 27200:					1,875.44
27201					ON WITTO MITH MONT NOV 2040	294.00
02/20	02/07/2020	27201	5000	PUENTE BASIN WATER AGENCY	CIVILTEC WELL MGMT-NOV 2019	45.00
02/20	02/07/2020	27201		PUENTE BASIN WATER AGENCY	Legal-Nov 2019 WVWD ADMIN COSTS JULY-OCT	1,739.60
02/20	02/07/2020	27201		PUENTE BASIN WATER AGENCY	WVWD ADMIN COSTS JULY-OCT WVWD PROJECT REIMBURSMENT	57.02
02/20	02/07/2020	27201		PUENTE BASIN WATER AGENCY		1,069.50
02/20	02/07/2020	27201	5000		Auto & Gen Liability 19/20	1,020.00
02/20	02/07/2020	27201	5000	PUENTE BASIN WATER AGENCY	DAVIS FARR AUDIT FY 6/30/19	614.38
02/20	02/07/2020	27201	5000		Legal-Dec 2019	1,666.67
02/20	02/07/2020	27201	5000	PUENTE BASIN WATER AGENCY	REEB-FEB 2020 BANK OF AMERICA-OCT-DEC 2019	170.55
02/20	02/07/2020	27201	5000	PUENTE BASIN WATER AGENCY	BANK OF AMERICA-OUT-DEG 2010	
Т	otal 27201:					6,676.72
2 7202 02/20	02/07/2020	27202	5100	PUENTE READY MIX INC	CRUSHER BASE & WASH CON SAND	1,671.76
	otal 27202:					1,671.76
'	O(a) 21202.					
27203 02/20	02/07/2020	27203	62062	ROBERT LEAMY	MILEAGE REIMBURSEMENT	92.00
02/20	02/07/2020	27203		ROBERT LEAMY	TOTAL EXPENSES-BOOT ALLOWANCE	396.89
Т	otal 27203:					488.89
27204						
02/20	02/07/2020	27204	62767	ROBERT TAYLOR	TOTAL EXPENSE-BOOT ALLOWANCE	140.16
Т	otal 27204:					140.16
27205					2020 MEMBERSHIP PENEWAL (0)	225.00
02/20	02/07/2020	27205	339	SCWUA	2020 MEMBERSHIP RENEWAL (9)	17010-7
7	Total 27205:					225.00
27206	00/07/222	07000	00750	SCOTT FOLLIDMENT	BOBCAT TRAILER	11,301.37
02/20	02/07/2020			SCOTT EQUIPMENT	TAX	1,073.63
02/20 02/20	02/07/2020 02/07/2020			SCOTT EQUIPMENT SCOTT EQUIPMENT	DMV	125.00
7	Fotal 27206:					12,500.00
27207 02/20	02/07/2020	27207	62743	SOCAL SCADA SOLUTIONS LLC	SCADA ON CALL SERVICES	3,420.00
-	Fotal 27207:					3,420.00

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27208 02/20	02/07/2020	27208	62030	STUMP FENCE CO	REPAIR EXISTING CHAIN LINK FENCE & MEND FE	850.00	
To	otal 27208:					850.00	
27209 02/20 02/20	02/07/2020 02/07/2020	27209 27209		TRAVIS NOELTE TRAVIS NOELTE	MILEAGE REIMURSEMENT TOTAL EXPENSES-SCHOOL FALL SEMESTER 2019	128.80 177.00	
T	otal 27209:					305.80	
27210 02/20	02/07/2020	27210	62521	TRIPEPI SMITH & ASSOCIATES	MONTHLY WEBSITE MAINTENANCE	375.00	
Т	otal 27210:					375.00	
27211 02/20	02/07/2020	27211	62353	VERIZON	CONFERENCE CALLS	23.86	
Т	otal 27211:					23.86	
27212 02/20	02/07/2020	27212	62665	VERIZON	SCADA ALARM MODEM	22.28	
Т	otal 27212:					22.28	
27213 02/20	02/07/2020	27213	2900	VULCAN MATERIAL COMPANY	COLD MIX	1,706.61	
T	otal 27213:					1,706.61	
27214 02/20 02/20	02/07/2020 02/07/2020	27214 27214		WARREN GRAPHICS WARREN GRAPHICS	ENVELOPES & LABELS BILL STUFFER-SHUT OFF NOTICE	415.15 1,337.58	
T	otal 27214:					1,752.73	•
27215 02/20	02/07/2020	27215	62432	WASTE MANAGEMENT COMPANY	HAUL DIRT	1,767.20	
٦	Total 27215:					1,767.20	
27216 02/20	02/07/2020	27216	7800	WATER EDUCATION FOUNDATION	MEMBERSHIP 2020	6,000.00	
1	Fotal 27216:					6,000.00	
27217 02/20 02/20				WESTERLY METER SERVICE CO	METER TESTING METER TESTING	1,400.00 4,200.00	
-	Гotal 27217:					5,600.00	
27218 02/20	02/07/2020	27218	334	YO FIRE SUPPLY	SUPPLIES FOR COI	144.62	

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T	otal 27218:					144.62		
27219								
02/20 02/20	02/10/2020 02/10/2020	27219 27219		GENSLER GENSLER	FURNITURE COORDINATION FURNITURE COORDINATION	640.00 259.77		
т	otal 27219:					899.77		
27220								
02/20	02/11/2020 02/11/2020	27220 27220		ANTHONY J. LIMA ANTHONY J. LIMA	MILEAGE REIMBURSEMENT TOTAL EXPENSES-CIE FUTURE CITY COMPETITIO	78.20 13.12		
т	otal 27220:					91.32		
27221 02/20	02/11/2020	27221	62045	SZU-PEI LU-YANG	MILEAGE REIMBURSEMENT	26.45		
Т	otal 27221:					26.45		
27222								
02/20	02/13/2020	27222	4750	PWR JT WATER LINE COMMISSION	PM 15 Water Use	297,725.38		
02/20	02/13/2020	27222	4750	PWR JT WATER LINE COMMISSION	PM 21 Water Use	88,617.25		
02/20	02/13/2020	27222		PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	5,919.61		
02/20	02/13/2020	27222	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,123.92		
02/20	02/13/2020	27222	4750		TVMWD WATER USE CHARGE	1,706.86 1,389.00		
02/20	02/13/2020	27222			PWR Depreciation Charge	1,910.00		
02/20	02/13/2020	27222		PWR JT WATER LINE COMMISSION PWR JT WATER LINE COMMISSION	PWR Replacement Charge BUDGET ASSESSMENT	8,066.67		
02/20	02/13/2020	27222	4750	PWK JI WATER LINE COMMISSION	BUDGET ACCESSIVENT	406,458.69		
T	otal 27222:							
27223 02/20	02/13/2020	27223	117	ACE PELIZON PLUMBING INC	CRYSTAL LIGHTING PLUMBING REPAIR AFTER SE	380.00		
Т	otal 27223:					380.00		
27224						45.040.00		
02/20	02/13/2020	27224	1050	ACWA JOINT POWERS INSURANCE A	WORKERS' COMP QUARTERLY PREMIUM	15,613.33		
٦	Total 27224:					15,613.33		
27225					WELLER CHILDREN OVOTEN DEOVOLED WATER	1,615.00		
02/20	02/13/2020	27225		AKM CONSULTING ENGINEERS	ULTIMATE FUTURE 3 SYSTEM RECYCLED WATER	540.00		
02/20 02/20		27225 27225		AKM CONSULTING ENGINEERS AKM CONSULTING ENGINEERS	MAINTENANCE BUILDING OVERHANG & STORAGE RESERVOIR 8 SCADA & RMS BUILDING	1,620.00		
	Total 27225:	£, ££0	02022			3,775.00		
27226					UNIFORM RENTAL	3,862.41		

RWD FUEL STORAGE

Total 27226:

02/20 02/13/2020 27227

330 FUEL PRO INC

27227

3,862.41

99,523.23

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To	otal 27227:					99,523.23	
27228							
02/20 02/20	02/13/2020 02/13/2020	27228 27228		HASA INC HASA INC	CHEMICALS FOR RCS CHEMICALS FOR RCS	1,067.07 152.23	
To	otal 27228:					1,219.30	
27229							
02/20	02/13/2020	27229	27211	HILL BROS CHEMICAL CO HILL BROS CHEMICAL CO	CHEMICAL FOR RES CHEMICAL FOR PBWA	1,145.27 1,405.23	
02/20	02/13/2020	27229	2/211	HILL BROS CHEWICAL CO	CHEMICALTONT		
To	otal 27229:					2,550.50	
27230	00/40/0000	07020	244	INFOSEND INC	BILLING SERVICE	34.83	
02/20 02/20	02/13/2020 02/13/2020	27230 27230		INFOSEND INC	BILLING SERVICE	279.73	
Т	otal 27230:					314.56	
27231	00/40/0000	07004	60066	IAMITODIAI SVSTEMS	WINDOW CLEANING INSIDE & OUT	300.00	
02/20	02/13/2020	27231	62066	JANITORIAL SYSTEMS	WINDOW GLEANING INGIDE & GOT	300.00	
10	otal 27231:						
27232 02/20	02/13/2020	27232	62709	KEEN WRAPS	TAILGATE WRAPS-13 VEHICLES	4,520.00	
To	otal 27232:					4,520.00	
27233					MAIN DACIN ANALYCIC	30.00	
02/20	02/13/2020	27233	3300	LAGERLOF LLP	MAIN BASIN ANALYSIS		
T	otal 27233:					30.00	
27234		07004	057	MOMACTED CARD CURRING	SUPPLIES FOR METERS	66.23	
02/20 02/20	02/13/2020 02/13/2020	27234 27234		MCMASTER-CARR SUPPLY CO MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	92.96	
T	otal 27234:					159.19	
27235					MAINTENANCE TOUCK 4 5	2,340.86	
02/20	02/13/2020	27235	62660	PUENTE HILLS FORD	MAINTENANCE TRUCK 4, 5	2,340.86	
1	otal 27235:						
27236 02/20	02/13/2020	27236	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR VALVES	91.72	
Т	otal 27236:					91.72	
27237					OAO HITH ITY DU I	303.48	
02/20	02/13/2020	27237	5900	SOCALGAS	GAS UTILITY BILL		
Т	otal 27237:					303.48	

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27238 02/20	02/13/2020	27238	62481	STAPLES BUSINESS CREDIT	OFFICE SUPPLIES	1,792.37	
Т	otal 27238:					1,792.37	
27239 02/20	02/13/2020	27239	62626	TRI COUNTY PUMP COMPANY	INDUSTRY PSI PUMP 3 REBUILD	32,121.81	
т	otal 27239:					32,121.81	
27240 02/20	02/13/2020	27240	382	W A RASIC CONSTRUCTION CO INC	JOB 19TC50-R&R 3 VALVES	21,681.00	
Т	otal 27240:					21,681.00	
27241 02/20 02/20	02/13/2020 02/13/2020	27241 27241		YO FIRE SUPPLY YO FIRE SUPPLY	SEE ATTACHED QUOTE TAX	5,380.18 511.12	
02/20	02/13/2020	27241		YO FIRE SUPPLY	SUPPLIES FOR METERS	31.76	
02/20	02/13/2020	27241		YO FIRE SUPPLY	SUPPLIES FOR SERVICES	413.91	
02/20	02/13/2020	27241	334	YO FIRE SUPPLY	SUPPLIES FOR SERVICES	678.46	
02/20	02/13/2020	27241	334	YO FIRE SUPPLY	SUPPLIES FOR METERS	1,036.53	
02/20	02/13/2020	27241	334	YO FIRE SUPPLY	SUPPLIES FOR METERS	354.07	
02/20	02/13/2020	27241	334	YO FIRE SUPPLY	SUPPLIES FOR METERS	1,148.44	
T	otal 27241:					9,554.47	
27250 02/20	02/18/2020	27250	4600	AIRGAS USA LLC	OXY/ACETYLENE FOR TANK	94.56	
7	otal 27250:					94.56	
27251							
02/20	02/18/2020	27251	62622	AKM CONSULTING ENGINEERS	INSTALLATION OF A POTABLE WATER SYSTEM	810.00	
02/20	02/18/2020	27251	62622	AKM CONSULTING ENGINEERS	GRANBY PLACE LOT LINE ADJUSTMENT	270.00	
02/20	02/18/2020	27251	62622	AKM CONSULTING ENGINEERS	ON-SITE RC WATER SERVICE RETROFIT-PARALLA	135.00	
02/20	02/18/2020	27251	62622	AKM CONSULTING ENGINEERS	ANTENNA TOWERS	405.00	
7	Fotal 27251:					1,620.00	
27252 02/20	02/18/2020	27252	3850	ATHENS SERVICES (MODERN SVC)	TRASH SERVICE	327.66	
-	Fotal 27252:					327.66	
27253 02/20	02/18/2020	27253	62739	BABCOK LABORATORIES, INC	PFOA & PFOS SAMPLING AT CONNECTIONS	1,500.00	
•	Total 27253:					1,500.00	
27254	0014 010000) 27254	400	2 BOOMERANG BLUEPRINT	COLOR SCANNING	92.53	
02/20		. 21204	, 402	DOGINETORIO DESERVINO		92.53	
	Total 27254:						
27255 02/20	02/18/2020	27255	5 403	3 CASELLE INC	CONTRACT SUPPORT CHARGES	1,884.00	

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To	otal 27255:					1,884.00
27256 02/20	02/18/2020	27256	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	6,572.00
T	otal 27256:					6,572.00
27257 02/20	02/18/2020	27257	1270	CORELOGIC SOLUTIONS LLC	PROPERTY DATA INFO	100.00
T	otal 27257:					100.00
27258 02/20	02/18/2020	27258	62439	CVSTRATEGIES	COMMUNICATION SERVICES	14,715.51
Т	otal 27258:					14,715.51
27259 02/20	02/18/2020	27259	62505	D & H WATER SYSTEMS	98-01021 MEMBRANE CAP, REPLACEMENT, M48 2	1,057.00
т	otal 27259:					1,057.00
27260 02/20	02/18/2020	27260	62729	DIG SAFE BOARD	CA STATE FEE	100.15
Т	otal 27260:					100.15
27261 02/20	02/18/2020	27261	22541	DOTY BROS CONSTRUCTION CO	JOB 1300-19034-17247 COLIMA	2,339.51
Т	otal 27261:					2,339.51
27262 02/20 02/20	02/18/2020 02/18/2020	27262 27262		DUKE'S LANDSCAPING INC DUKE'S LANDSCAPING INC	GARDENING SERVICE SPRINKLER REPAIR	2,415.00 1,618.00
т	otal 27262:					4,033.00
27263 02/20	02/18/2020	27263	62039	FAST EDDIE'S TRUCKING	HAUL DIRT	960.00
Т	otal 27263:					960.00
27264 02/20	02/18/2020	27264	2550	FRONTIER	INTERNET ACCESS	803.00
T	otal 27264:					803.00
27265 02/20	02/18/2020	27265	62730	GENSLER	FURNITURE COORDINATION	720.00
7	otal 27265:					720.00
27266 02/20	02/18/2020	27266	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	91.11

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To	otal 27266:					91.11
2 7267 02/20	02/18/2020	27267	2630	HADDICK'S TOWING INC	TOWING CHARGE-TRUCK #5	80.00
To	otal 27267:					80.00
7160						
7 268 02/20	02/18/2020	27268	62624	HASA INC	CHEMICALS FOR RCS	144.98
02/20	02/18/2020	27268		HASA INC	CHEMICALS FOR RCS	159.48
02/20	02/18/2020	27268		HASA INC	CHEMICALS FOR RCS	369.70
02/20	02/18/2020	27268		HASA INC	CHEMICALS FOR RCS	224.72
T	otal 27268:					898.88
7260						
7269	00/40/0000	27269	270	HIGHROAD INFORMATION TECHNOL	MANANGED SERVICES	4,416.67
02/20	02/18/2020	27269		HIGHROAD INFORMATION TECHNOL	DATA CENTER	2,557.00
02/20	02/18/2020			HIGHROAD INFORMATION TECHNOL	MICROSOFT OFFICE365	1,200.00
02/20 02/20	02/18/2020 02/18/2020	27269 27269	379 379	HIGHROAD INFORMATION TECHNOL	TWO 5 PORT SWITCHES	343.50
Т	otal 27269:					8,517.17
27270						
02/20	02/18/2020	27270	62226	INLAND DESERT SECURITY	ANSWERING SERVICE	325.00
Т	otal 27270:					325.00
27271						
02/20	02/18/2020	27271	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	660.00
Т	otal 27271:					660.00
27272					THE STATE OF THE S	4.4.400.00
02/20	02/18/2020	27272	62608	JOHN ROBINSON CONSULTING, INC	SCHEDULING AND SITE ASSESSMENT-PARALLAX	14,400.00
Т	otal 27272:					14,400.00
27273				ANALIA GONOTRIJOTION	RELOCATE MAIN EXTERIOR LIGHTING	1,250.00
02/20 02/20	02/18/2020 02/18/2020			LYONS CONSTRUCTION LYONS CONSTRUCTION	INSTALL 2 DECORATIVE PARKING LOT LIGHT POL	9,084.00
7	Fotal 27273:					10,334.00
27274	001101			MANAGED MOBILE INC	SERVICE TRUCK 31	85.61
02/20 02/20				MANAGED MOBILE INC	SAFETY INSPECTION ZIEMAN TRAILER	216.49
7	Гotal 27274:					302.10
07075						
27275	00110155			MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	69.23
02/20				MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	46.69
02/20					TOOLS & SUPPLIES	174.36
02/20					SUPPLIES FOR RC	231.43
02/20	02/18/2020	27275	257	MCMASTER-CARR SUPPLY CO	OS. I ELEO I OTTIVO	

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Te	otal 27275:					521.71	
27276 02/20	02/18/2020	27276	62525	MORROW-MEADOWS CORPORATION	INSTALL ANALYZER	1,602.72	
To	otal 27276:					1,602.72	
27277							
02/20	02/18/2020	27277	189	NOBEL SYSTEMS	PROVIDE 8 IOT DEVICES TO MONITOR PRESSURE	12,160.00	
02/20	02/18/2020	27277	189	NOBEL SYSTEMS	INTERNET OF THINGS (IoT) SUBSCRIPTION	5,560.00	
02/20	02/18/2020	27277	189	NOBEL SYSTEMS	GEOVIEWER MOBILE FOR IPAD SUBSCRIPTION	19,920.00	
02/20	02/18/2020	27277	189	NOBEL SYSTEMS	GEOVIEWER WORK ORDER SYSTEM SUBSCRIPTI	9,800.00	
02/20	02/18/2020	27277	189	NOBEL SYSTEMS	INTERNET OF THINGS (IoT) SUBSCRIPTION	3,475.00	
Т	otal 27277:					50,915.00	
27278					PAINTING FIRE HYDRANTS	3,126.40	
02/20	02/18/2020	27278	62649	OPARC	PAINTING FIRE HYDRANTS		
Т	otal 27278:					3,126.40	
27279 02/20	02/18/2020	27279	62630	PEP BOYS	AUTO SUPPLIES	188.99	
Т	otal 27279:					188.99	
27280							
02/20	02/18/2020	27280	5100	PUENTE READY MIX INC	CONCRETE SAND & CRUSH BASE	1,655.03	
Т	otal 27280:					1,655.03	
27281					SUPERDING SERVICE	109.36	
02/20	02/18/2020	27281	62534	SHRED IT USA	SHREDDING SERVICE		
Т	otal 27281:					109.36	
27282					OFFICE & PUMPING POWER	23,008.96	
02/20 02/20	02/18/2020 02/18/2020			SO CALIFORNIA EDISON SO CALIFORNIA EDISON	OFFICE & PUMPING POWER OFFICE & PUMPING POWER	2,556.55	
T	Total 27282:					25,565.51	
27283							
02/20	02/18/2020	27283	62766	THUNDER CREEK EQUIPMENT	MTT4660 GEN 3 MOBILE DIESEL TRAILER UNIT	18,947.72	
7	Fotal 27283:					18,947.72	
27284 02/20	02/18/2020	27284	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	300.40	
	Total 27284:					300.40	
27285 02/20	02/18/2020	27285	62476	VERIZON CONNECT NWF INC	MONTHLY SERVICE	416.90	

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To	otal 27285:				-	416.90
27286 02/20	02/18/2020	27286	7700	WALNUT VALLEY WATER DISTRICT	RECYCLED WATER	621.26
To	otal 27286:					621.26
27287						
02/20	02/18/2020	27287	334	YO FIRE SUPPLY	SUPPLIES FOR SERVICES	2,034.77
02/20	02/18/2020	27287	334	YO FIRE SUPPLY	SUPPLIES FOR SERVICES	104.79
02/20	02/18/2020	27287	334	YO FIRE SUPPLY	SUPPLIES FOR METERS	386.05
02/20	02/18/2020	27287	334	YO FIRE SUPPLY	SUPPLIES FOR VALVES	174.43
02/20	02/18/2020	27287	334	YO FIRE SUPPLY	SUPPLIES FOR VALVES	1,098.03
02/20	02/18/2020	27287	334	YO FIRE SUPPLY	SEE ATTACHED QUOTE	2,913.55
02/20	02/18/2020	27287	334	YO FIRE SUPPLY	SUPPLIES FOR PBWA	2,084.88
02/20	02/18/2020	27287	334	YO FIRE SUPPLY	6" WILKINS 375-AST RP NRS	3,227.11
T	otal 27287:					12,023.61
27288						66 261 11
02/20	02/14/2020	27288		CADWAY INC (CAL DOMESTIC WATER	WATER CHARGE	66,261.11 619.66
02/20	02/14/2020	27288	62493	CADWAY INC (CAL DOMESTIC WATER	RTC CHARGE	019.00
Т	otal 27288:					66,880.77
27289 02/20	02/26/2020	27289	62531	KEN GRODY FORD	2019 F550 UTILITY TRUCK	122,510.43
т	otal 27289:					122,510.43
	otal El Eoo.					
27290 02/20	02/26/2020	27290	339	SCWUA	RESERVATION (4)	120.00
Ţ	otal 27290:					120.00
203202 02/20	0 02/03/2020	203202	58002	SO CALIFORNIA EDISON	MTR & SERVICE CHANGE-21889 BUCKSKIN DR	6,116.44
Т	otal 2032020:	:				6,116.44
213202	0					
02/20	02/13/2020	213202	62558	PUENTE BASIN WATER AGENCY	PM-22/PM-9 Connection	138,424.00
02/20	02/13/2020		62558	PUENTE BASIN WATER AGENCY	TVMWD Connection Capacity	1,393.29
02/20			62558	PUENTE BASIN WATER AGENCY	TVMWD Equivalent Small Meter	1,893.97
02/20			62558	PUENTE BASIN WATER AGENCY	TVMWD Water Use Charge	2,106.78
02/20	02/13/2020	213202	62558	PUENTE BASIN WATER AGENCY	MWD Capacity Charge	6,394.97
02/20	02/13/2020	213202		PUENTE BASIN WATER AGENCY	MWD LRP Credit	2,465.00-
02/20	02/13/2020	213202	62558	PUENTE BASIN WATER AGENCY	Adjustment for Cal Domestic Production - December 2	103,351.04
7	Fotal 2132020	:				251,099.05
203202					UNITADI OVACENT INCUDANCE	1,116.34
02/20	02/03/2020	203202	6300	STATE OF CALIFORNIA-EDD	UNEMPLOYMENT INSURANCE	,
	Total 2032020	1:				1,116.34

ROWLAND WATER DISTRICT				-	Check Register - GL DETAILW/DESCRIPTION Check Issue Dates: 2/1/2020 - 2/29/2020		
GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount	
G	Grand Totals:					1,539,678.53	

Summary by General Ledger Account Number

11185-0 11505-0	122,510.43	00	
11505-0		.00	122,510.43
	293,533.01	.00	293,533.01
222100	3,124.77	1,542,803.30-	1,539,678.53-
51110-0	66,261.11	.00	66,261.11
51310-0	628,117.67	2,465.00-	625,652.67
51410-1	3,813.64	.00	3,813.64
51410-2	2,517.21	.00	2,517.21
51410-3	1,893.97	.00	1,893.97
51410-5	12,314.58	.00	12,314.58
51510-0	7,193.26	.00	7,193.26
51610-0	619.66	.00	619.66
51810-0	11,365.67	.00	11,365.67
51910-0	6,017.34	.00	6,017.34
52210-0	3,288.55	.00	3,288.55
52310-0	23,008.96	.00	23,008.96
54209-0	231.43	.00	231.43
54211-0	5,379.13	.00	5,379.13
54212-0	8,623.08	.00	8,623.08
54213-0	7,216.94	.00	7,216.94
		.00	28,936.48
		.00	3,274.13
		.00	21,140.00
		.00	4,668.68
		.00	33,317.18
		.00	3,584.88
		.00	7,776.88
		.00	1,812.19
		.00	6,225.00
		.00	1,845.26
	455.62	.00	455.62
	30.00	.00.	30.00
	659.38	.00	659.38
	4,379.15	.00	4,379.15
	9,391.83	.00	9,391.83
	14,715.51	.00	14,715.51
56226-0	34,395.00	.00	34,395.00
56311-0	15,613.33	.00	15,613.33
56312-0	16,521.03	.00	16,521.03
56320-0	651.00	.00	651.00
	39,249.30	.00	39,249.30
	2,435.86	.00	2,435.86
	1,116.34	.00	1,116.34
	590.70	.00	590.70
56416-0	512.53	.00	512.53
56417-0	14,834.79	.00	14,834.79
56418-0	1,290.71	.00	1,290.71
56419-0	56.54	.00	56.54
56421-0	10,667.07	.00	10,667.07
56510-0	100.15	.00	100.15
	51410-1 51410-2 51410-3 51410-5 51510-0 51610-0 51810-0 52210-0 52210-0 52210-0 54213-0 54213-0 54214-0 54215-0 54216-0 54217-0 54218-0 56210-0 56214-0 56216-0 56216-0 56216-0 56216-0 56216-0 56216-0 56217-0 56218-0 56218-0 56218-1 56219-0 56218-0	51410-1 3,813.64 51410-2 2,517.21 51410-3 1,893.97 51410-5 12,314.58 51510-0 7,193.26 51610-0 619.66 51810-0 11,365.67 51910-0 6,017.34 52210-0 3,288.55 52310-0 23,008.96 54209-0 231.43 54211-0 5,379.13 54212-0 8,623.08 54213-0 7,216.94 54214-0 28,936.48 54215-0 3,274.13 54216-0 21,140.00 54217-0 4,668.68 54218-0 33,317.18 54219-0 3,584.88 56210-0 7,776.88 56214-0 1,812.19 56215-0 6,225.00 56216-0 1,845.26 56217-0 4,379.15 56220-0 9,391.83 56219-0 4,379.15 56226-0 34,395.00 56311-0 15,613.33	51410-1 3,813.64 .00 51410-2 2,517.21 .00 51410-3 1,893.97 .00 51410-5 12,314.58 .00 51510-0 7,193.26 .00 51610-0 619.66 .00 51810-0 11,365.67 .00 51910-0 6,017.34 .00 52210-0 3,288.55 .00 52310-0 23,008.96 .00 54209-0 231.43 .00 54212-0 8,623.08 .00 54212-0 8,623.08 .00 54213-0 7,216.94 .00 54214-0 28,936.48 .00 54215-0 3,274.13 .00 54216-0 21,140.00 .00 54217-0 4,668.68 .00 54218-0 33,317.18 .00 56216-0 7,776.88 .00 56215-0 6,225.00 .00 56216-0 1,845.26 .00 56218-0

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Check Register - GL DETAILW/DESCRIPTION Check Issue Dates: 2/1/2020 - 2/29/2020

Page: 14 Mar 03, 2020 08:21AM

Proof	Credit	Debit	ccount	GL Accoun
28,555.01	.00	28,555.01	56710-0	
2,646.20	659.77-	3,305.97	56812-0	
13,295.00	.00	13,295.00	57310-0	
899.70	.00	899.70	57312-0	
5,691.26	.00	5,691.26	57314-0	
2,925.25	.00	2,925.25	57315-0	
90.00	.00	90.00	57320-0	
3,888.95	.00	3,888.95	57321-0	
.00	1,545,928.07-	1,545,928.07		Grand Totals:

Report Criteria:

Report type: GL detail

		D1-1-1-6
Rowland	vvater	DISTRICT

Check Register - Detail Report Dates: 2/1/2020-2/29/2020

Page: 1 Mar 03, 2020 08:54AM

			Report Dates. 2/1/2020-2/28	772020		ui 00, 2020 00
port Criteria: Detail Repo	ort				ANT TAN	
eck Number	Check Issu	ue Date	Payee			
25574	02/2	27/2020 XIAO	HONG ZHANG			
	Sequence	Source	Description	GL Account	Amount	Check Amoun
	1	121908-85	Void - DEPOSIT REFUND	22810-0	118.86-	118.86
27154	02/0	06/2020 DUKI	E LI ZHU			
	Sequence	Source	Description	GL Account	Amount	Check Amoun
	1	666223-29	Void - CREDIT REFUND-2350 SONGBIRD LN	15210-0	27.58-	27.58
27242	02/	18/2020 ROM	AN MARTIN JR			
	Sequence	Source	Description	GL Account	Amount	Check Amoun
	1	CLAIM FOR	LEAK INSPECTION REIMBURSEMENT	56812-0	200.00	200.00
27243	02/	18/2020 STEF	PHEN SHOU			
	Sequence	Source	Description	GL Account	Amount	Check Amour
	1		PROJECT REFUND-595 YORBITA	24110-0	90.50	90.5
27244	02/	18/2020 PAD	AYA TRADING INC			
	Sequence	Source	Description	GL Account	Amount	Check Amou
	1		PROJECT REFUND-575 YORBITA	24110-0	90.50	90.5
27245	5 02/	/18/2020 STE	VEN LIN			
	Sequence	Source	Description	GL Account	Amount	Check Amou
	1		PROJECT REFUND-525 YORBITA	24110-0	90.50	90.5
27246	3 02	/18/2020 SBZ	INDUSTRY INVESTMENT INC			
	Sequence	Source	Description	GL Account	Amount	Check Amou
	1		PROJECT REFUND-4141 NOGALES	24110-0	293.73	293.7
2724	7 02	/18/2020 MAF	RIO GONZALEZ			
2724	7 02 Sequence	/18/2020 MAF Source	RIO GONZALEZ Description	GL Account	Amount	Check Amou

lowland Water	District		Check Register - Report Dates: 2/1/2020	Page: Mar 03, 2020 08:54A			
neck Number	Check Issu	neck Issue Date Payee					
27248	02/1	8/2020 AAR	RON YANG				
	Sequence Source		Description	GL Account	Amount	Check Amount	
	1		PROJECT REFUND-18225 VALLEY	24110-0	90.50	90.50	
27249	02/1 Sequence	8/2020 KH I Source	FOOD INC Description	GL Account	Amount	Check Amount	
	1		PROJECT REFUND-585 YORBITA	24110-0	79.01	79.01	
			Grand Totals:			878.80	

Detail Report

1 3



Profit & Loss Analysis and Variance Report

- 1. **Operating Revenue** begins the section of revenues attributable to District operations.
- 2. **Water Sales** Volumetric water sales revenue from all customer types including residential, commercial, public, industrial, recycled, and construction. YTD is on track at 67%.
- 3. **Meter Charges** Fixed monthly base rate charged to water customers each month (includes all customer types). YTD is at 80% due to conservative budgeting.
- 4. Customer Fees Various fees conditionally charged to customers for things such as penalties, new service connections, reconnections, backflow administration, cross connections, connections, and recycled water checks/inspections. These types of fees are unpredictable in nature and can often trend over / under expected budget. The District will experience decreased fees in the coming months due to COVID-19 circumstances. YTD is at 63%.
- Contract Income Contains revenues from tower lease contracts, PWR treasurer fees and contracts
 with the City of Industry. YTD is at 79% due to \$20K received in July from cellphone provider for early
 completion of the updated lease agreement (\$10K for the expedite fee, \$10K for the conditional signing
 bonus).
- 6. **Construction Invoices** Includes water sold on construction invoices as well as Rowland labor sales and reimbursements. The frequency and amounts of these revenues are unknown and can occasionally trend over / under budget due to their unpredictable nature. YTD has exceeded budget due to labor reimbursements on the Alameda East Corridor project.
- 7. **Capacity Fees** Fees imposed on any property or person requesting a new, additional, or larger connection to the District's potable water system (fees vary by meter size). These receipts are uncertain and can trend over / under budget due to their unpredictable nature. YTD is at 74% due to fees assessed for the connection projects on three properties on Colima Road.
- 8. **Flow Tests** Fire flow tests performed by District personnel to measure the volume of water available at a specific hydrant (\$350 per test). YTD has exceeded budget due to a higher volume of tests than anticipated.
- 9. **Acreage Supply Fee** A one-time fee (\$1750 / acre) assessed to customers when service is requested to properties without previous water service provided by the District. This fee is being phased out by the Potable Water Capacity fees discussed in line 7, and little to none of these acreage supply fees are anticipated in the future.
- 10. **Return Check Fees** Customers are charged a fee when the District is paid with insufficient funds checks and checks are returned by the bank. YTD is at 89%.
- 11. **Total Operating Revenue** Outlines the total revenues earned from District operations. YTD is at 72%.
- 12. Non-Operating Revenue Outlines the section of revenues attributable to non-operating activities.
- 13. **Property Taxes** Includes tax contributions from the County of Los Angeles. YTD is at 85% due to the timing of tax receipts. The bulk of contributions are received between December and May each year.



Profit & Loss Analysis and Variance Report

- 14. **Shared Services** Rowland Water District is paid for extending Executive Director services to Bellflower-Somerset Mutual Water Company (provided by the General Manager of Rowland). These activities were not considered in the 2019-20 adopted budget.
- 15. **Interest Income** Includes interest and dividends received on District investments. YTD is at 95% due to conservative budgeting and higher than anticipated interest rates in the first half of the fiscal year.
- 16. **Miscellaneous Income** Includes income from various sources such as recycling, refunds or credits. Other activity such as earnings on the District PARS Trust investment account and unrealized gains / losses on all other District investment accounts are included in this category. Investment earnings on the PARS Trust account were not considered in the budget and will cause YTD to trend over budget.
- 17. **Total Non-Operating Revenue** Outlines the total revenues earned from non-operating activities. YTD has exceeded budget.
- 18. **Total Revenues** Displays total Operating and Non-Operating Revenues combined. YTD is at 74%.
- 19. **Operating Expenses** Outlines the section of expenses attributable to District Operations.
- 20. Source of Supply Outlines the section of operating expenses attributable to District water sold.
- 21. Water Purchases Includes variable costs of potable water from Three Valleys Municipal Water District & Cal. Domestic Water in addition to Recycled water purchased from City of Industry & Walnut Valley Water District. YTD is at 63%.
- 22. **Pumping Power** The cost of electricity used for pumping water. YTD is at 61%.
- 23. **Fixed Charges** Includes fixed charges from Three Valleys Municipal Water District and Cal. Domestic Water Company. YTD is at 62%.
- 24. Chemicals The cost of chemicals used to treat water sold to customers. YTD is at 52%.
- 25. **Total Source of Supply** Summarizes the total expenses related to District Source of Supply.
- 26. **Maintenance of Water System** The costs of repairs and maintenance on elements of the District water system such as main lines, services, meters, reservoirs, valves, hydrants, and telemetry system. YTD is at 76%.
- 27. Water Supply Plan & Development Includes budget for supplies, engineering and legal costs related to exploring new potential water supply sources.
- 28. **Service Contracts** Includes costs for services such as billing printing & mailing, bulk paper shredding, copier leasing and services, landscaping, janitorial, uniforms, Caselle maintenance and support, etc. YTD is at 76%.
- 29. **Assessments** Operating costs billed to Rowland for their share of the Pomona-Walnut-Rowland Joint Water Line Commission (billed quarterly) and the Puente Basin Water Agency (billed monthly). YTD can trend over/under budget due to the timing of billing. YTD is currently at 26%.
- 30. **Vehicle Expense** Includes repair and maintenance costs for District vehicles as well as the cost of fuel. YTD is at 92% due to maintenance on truck 28 (\$5K) and increased fuel purchases (\$20K in February).
- 31. **Tools & Supplies** Small tools and supplies used in the field. YTD is at 44%.



Profit & Loss Analysis and Variance Report

- 32. **Equipment Expense** Various costs incurred related to District equipment. YTD is over budget due to the purchase of a new trailer in January 2020.
- 33. **Maintenance & Operations** Various costs incurred for District maintenance and operations not directly related to the water system. YTD is over budget due to \$10K in tree removal services, \$9K for sound dampening and drywall/insulation in the office, and \$5K for a gate contact installation.
- 34. **Engineering** General engineering costs related to District operations. YTD is at 67%.
- 35. Water Tests Laboratory testing and sampling of District water. YTD is at 52%.
- 36. **Conservation** Costs related to conservation efforts and programs. YTD is at 97% due to plumbing services (\$11.2K) for water bottle filling stations at Rowland and Blandford Elementary Schools.
- 37. **Community Outreach** Costs related to public relations and community outreach. YTD is over budget due to increased efforts to connect with the community.
- 38. **Total Operating Expenses** Summarizes the total expenses related to District Operating activities. YTD is at 63% of budget.
- 39. Administrative Expenses Begins the section of expenses attributable to Administrative costs.
- 40. **Liability Insurance** Coverage through ACWA JPIA for the District insurance package. YTD is at 88% due to insurance policy renewal in October.
- 41. **IT Support Services** Information technology support services. YTD is at 86% due to additional services required to combat data breach and maintain IT security.
- 42. **IT Licensing** Includes costs for various software licenses. YTD is at 60%.
- 43. **Director Expense** Costs for director compensation and benefits. YTD is at 69%.
- 44. **Bank / Management Fees** Includes various banking fees, Paymentus fees (for processing customer payments) and investment administrative fees. YTD is at 84%.
- 45. **Legal Fees** Legal costs related to Rowland Water District, Puente Basin Water Agency, and PWAG. YTD is at 49%.
- 46. **Compliance** Includes costs for State Water Resources Control Board (SWRCB) compliance, LA county property taxes, various employee certifications, District permits, and maintenance costs for equipment compliance. YTD is at 98% due to annual SWRCB fees paid in December.
- 47. **Auditing and Accounting** The District performs an audit annually at the end of each fiscal year to prepare and assure District financial reporting. YTD is over budget due to increased accounting services necessary to prepare for the FY 2018-19 audit and maintain day-to-day operations with the vacant finance officer position.
- 48. **Utility Services** Costs related to office electricity, office phones, gas, and district cell phones. YTD is at 59%.
- 49. **Dues & Memberships** Includes costs for various district memberships, dues, and subscriptions to agencies such as the Water Education Foundation, Association of California Water Agencies, Urban Water Institute, California Special Districts Association, American Water Works Association, and the California Utility Executive Management Association. YTD is at 88% due to timing of annual payments.



Profit & Loss Analysis and Variance Report

- 50. Conference & Meetings Conference attendance and meeting expenses. YTD is at 52%.
- 51. **Office Expenses** Costs for office supplies and postage/printing/stationery. YTD is at 50%.
- 52. **Seminars/Training** Employee seminars and training. YTD is at 61%.
- 53. **Uncollectable** The District analyzes the amount of outstanding customer receivables at the end of each year and recognizes an expense equal to the estimated amount of money that will not be collected. Uncollectable expense will be zero until assessed at year-end.
- 54. **Miscellaneous Expense** Includes travel, books & subscriptions, and miscellaneous general expenses. YTD is at 104% of budget.
- 55. **Total Administrative Expenses** Summarizes the total expenses related to administrative activities. YTD is trending at 77%.
- 56. **Personnel Expenses** –Begins the section of expenses attributable to personnel.
- 57. Wages Begins the sections of expenses attributable to employee wages.
- 58. **Operations** The amount of wages (regular, standby, OT) attributable to Operations. YTD is at 59%.
- 59. **Distribution** The amount of wages (regular, standby, OT) attributable to Distribution. YTD is at 59%
- 60. Administration The amount of wages (regular) attributable to Administration. YTD is at 63%.
- 61. Total Wages Summarizes the total amount of wages paid to employees. YTD is at 61%.
- 62. Payroll Taxes The amount of payroll taxes on employee wages paid by the District. YTD is at 54%.
- 63. **Workers Compensation** The District is billed quarterly for workers compensation insurance which can occasionally cause this line to trend over / under expected budget. YTD is at 59%.
- 64. **Unemployment** State unemployment insurance is paid quarterly which can cause this line to occasionally trend over / under expected budget. YTD is at 61%.
- 65. **CalPERS** Includes retirement costs for employee pension plans through the California Public Employee Retirement System. Contributions are made on a monthly basis and an annual payment is generally made at the beginning of each fiscal year for the plan's unfunded accrued liability. YTD is at 94% due to the timing of the unfunded payment (\$295.5K paid in July 2019).
- 66. **EE & Retiree Health Insurance** Includes the cost of health, dental, vision, life and disability insurance for current employees as well as health insurance for retired employees. YTD is at 62%.
- 67. **Total Personnel Expenses** Summarizes total District expenses attributable to personnel. YTD is at 65%.
- 68. **Total Expenses** Summarizes total District Expenses. YTD is at 65%.
- 69. **Net Income / (Loss) Before Debt Service & Capital Expenditures** Summarizes the District net operating income or loss before accounting for debt service and capital expenses. Financially, the District has performed better than expected through February 2020.
- 70. Less: Total Debt Service Includes interest and principal payments on outstanding District debt as well as related administrative expenses. YTD is at 71% due to interest and principal payments made on the 2014A Revenue Refunding and 2012 Series Revenue bonds in December 2019.



Profit & Loss Analysis and Variance Report

- 71. **Less: Capital Expenses (Current-Year)** Includes expenses related to current-year district projects and capital assets, excluding projects funded by bond proceeds (debt). YTD is at 33%.
- 72. **Cash Increase / (Decrease)** Summarizes the increase or decrease to cash after debt service and capital expenses.



ROWLAND WATER DISTRICT PROFIT & LOSS



			Feb-20	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD
1	OPERATING REVENUE							
2	Water Sales	\$	914,987	\$ 9,641,105	\$ 14,370,000	\$ 4,728,895	67%	\$ 8,600,430
3	Meter Charges		814,662	7,428,189	9,300,000	1,871,811	80%	5,607,000
4	Customer Fees		28,871	223,542	355,000	131,458	63%	244,314
5	Contract Income		10,285	126,823	160,000	33,177	79%	92,807
6	Construction Invoices		10,829	65,432	50,000	(15,432)	131%	14,195
7	Capacity Fees		-	44,217	60,000	15,783	74%	29,479
8	Flow Tests		700	14,000	10,000	(4,000)	140%	11,550
9	Acreage Supply Fee		-	-	10,000	10,000	0%	-
10	Return Check Fees		840	4,440	5,000	560	89%	3,969
11	TOTAL OPERATING REVENUE		1,781,175	17,547,748	24,320,000	6,772,252	72 %	14,603,744
12	NON-OPERATING REVENUE							
13	Property Taxes		27,659	277,593	325,000	47,407	85%	221,256
14	Shared Services		1,960	18,303	-	(18,303)	0%	2,820
15	Interest Income		19,917	285,134	300,000	14,866	95%	209,982
16	Miscellaneous Income		(93,069)	245,841	25,000	(220,841)	983%	117,448
17	TOTAL NON-OPERATING REVENUE		(43,533)	826,871	650,000	(176,871)	127%	551,506
18	TOTAL REVENUES		1,737,641	18,374,619	24,970,000	6,595,381	74%	15,155,250
19	OPERATING EXPENSES							
20	Source of Supply							
21	Water Purchases		707,683	6,802,467	10,820,000	4,017,533	63%	6,575,890
22	Pumping Power		18,936	228,087	375,000	146,913	61%	209,015
23	Fixed Charges		22,854	171,113	275,000	103,887	62%	177,469
24	Chemicals		3,212	46,488	90,000	43,512	52%	44,338
25	Total Source of Supply		752,684	7,248,156	11,560,000	4,311,844	63%	7,006,710
26	Maintenance of Water System		85,541	449,390	595,000	145,610	76%	1,605,535
27	Water Supply Plan & Development		1,973	1,973	100,000	98,027	2%	15,668
28	Service Contracts		17,643	189,476	250,000	60,524	76%	171,632
29	Assessments		7,730	84,463	330,000	245,537	26%	135,073
30	Vehicle Expense		29,463	73,600	80,000	6,400	92%	63,699
31	Tools & Supplies		1,728	13,220	30,000	16,780	44%	36,449
32	Equipment Expense		95	39,787	30,000	(9,787)	133%	35,299
33	Maintenance & Operations		23,422	50,477	30,000	(20,477)	168%	31,534
34	Engineering		14,278	67,271	100,000	32,729	67%	5,515
35	Water Tests		2,495	12,952	25,000	12,048	52%	13,810
36	Conservation		305	24,364	25,000	636	97%	14,580
37	Community Outreach		15,352	147,559	130,000	(17,559)	114%	119,333
38	TOTAL OPERATING EXPENSES		952,710	8,402,689	13,285,000	4,882,311	63%	9,254,838
39	ADMINISTRATIVE EXPENSES			12 2 20 1000			green.	
40	Liability Insurance		-	132,475	150,000	17,525	88%	116,198
41	IT Support Services		8,454	129,700	150,000	20,300	86%	119,530
42	IT Licensing		1,200	48,362	80,000	31,638	60%	62,720



ROWLAND WATER DISTRICT PROFIT & LOSS



February 2020

		Feb-20	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD
43	Director Expense	12,887	110,014	160,000	49,986	69%	107,927
44	Bank / Management Fees	14,259	100,288	120,000	19,712	84%	84,722
45	Legal Fees	32,124	82,722	170,000	87,278	49%	124,523
46	Compliance	2,555	117,325	120,000	2,675	98%	81,297
47	Auditing & Accounting	33,654	89,057	35,000	(54,057)	254%	25,125
48	Utility Services	7,170	70,300	120,000	49,700	59%	77,926
49	Dues & Memberships	250	44,148	50,000	5,852	88%	44,003
50	Conference & Meetings	1,048	30,959	60,000	29,041	52%	26,895
51	Office Expenses	1,283	14,910	30,000	15,090	50%	16,961
52	Seminars/Training	4,314	42,399	70,000	27,601	61%	16,357
53	Uncollectable	-	-	30,000	30,000	0%	-
54	Miscellaneous Expense	5,549	72,733	70,000	(2,733)	104%	50,911
55	TOTAL ADMINISTRATIVE EXPENSES	124,748	1,085,392	1,415,000	329,608	77%	955,094
56 57	PERSONNEL EXPENSES Wages						
58	Operations	70,845	532,128	895,000	362,872	59%	430,229
59	Distribution	81,386	597,798	1,005,000	407,202	59%	531,536
60	Administration	95,667	881,968	1,400,000	518,032	63%	822,709
61	Total Wages	247,898	2,011,894	3,300,000	1,288,106	61%	1,784,474
62	Payroll Taxes	18,942	134,548	250,000	115,452	54%	121,301
63	Workers Compensation	-	29,401	50,000	20,599	59%	26,785
64	Unemployment	-	9,178	15,000	5,822	61%	1,699
65	CalPERS	35,836	587,246	650,000	62,754	94%	520,616
66	EE & Retiree Health Insurance	59,899	442,792	716,000	273,208	62%	439,025
67	TOTAL PERSONNEL EXPENSES	362,575	3,215,059	4,981,000	1,765,941	65%	2,893,900
68	TOTAL EXPENSES	1,440,032	12,703,139	19,681,000	6,977,861	65%	13,103,832
69	NET INCOME / (LOSS) - BEFORE DEBT SERVICE & CAPITAL EXPENDITURES	297,610	5,671,480	5,289,000	(382,480)	107%	2,051,418
70	Less: Total Debt Service	(2,672)	(1,740,635)	(2,450,000)	(709,365)	71%	(745,172)
71	Less: Capital Expenses (Current Year)	1,250,447	-	(4,715,700)	(4,715,700)	0%	
72	CASH INCREASE / (DECREASE)	\$ 1,545,384	\$ 3,930,844	\$ (1,876,700)	\$ (5,807,544)	-209%	\$ 1,306,246

^{*}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.

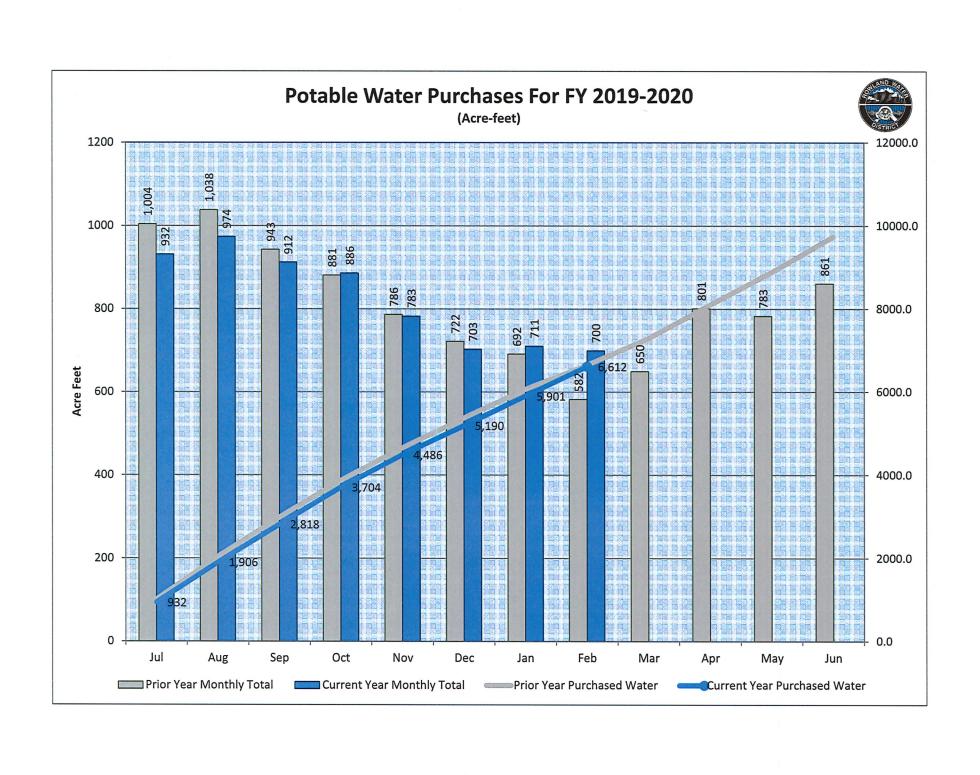


ROWLAND WATER DISTRICT CASH & INVESTMENTS



As of February 29, 2020

		Shares /	Purchase	Current	Maturity	Current			% of
Description / Type	Term	Units Held	Price	Price	Date	Yield	Cı	urrent Value	Portfolio
Cash									
Citizens Business Bank							\$	3,083,207	
Comerica Bank MMIA							\$	28,609	
Total Cash							\$	3,111,815	
Comerica Securities CD Placement	Various					2.31%	\$	1,273,226	8.42%
Local Agency Investment Fund (LAIF)	N/A					2.10%	\$	3,581,087	23.68%
Citizens Trust Investments (Union Bank Custodian)									
US Treasury Note - 8UV0	5 Year	250,000	99.0472	99.9750	3/31/2020	1.13%	\$	249,937.50	1.65%
US Treasury Note - 8K58	5 Year	250,000	99.0160	99.9880	4/30/2020	1.38%	\$	249,970.00	1.65%
US Treasury Note - 8P87	5 Year	250,000	99.6331	100.0270	2/28/2021	1.12%	\$	250,067.50	1.65%
US Treasury Note - 8S76	5 Year	250,000	100.1839	100.1880	7/31/2021	1.12%	\$	250,470.00	1.66%
US Treasury Note - 82F6	5 Year	250,000	99.0589	100.2110	8/31/2021	1.12%	\$	250,527.50	1.66%
US Treasury Note - 82P4	5 Year	250,000	100.3750	102.3520	7/31/2022	1.83%	\$	255,880.00	1.69%
Fed'l Home Loan Bank - 8P80	1 Year	100,000	99.6000	100.0010	1/19/2021	1.40%	\$	100,001.00	0.66%
Fed'l Home Loan Mtg. Corp ARB2	3 Year	240,000	97.7000	100.0770	10/27/2021	1.60%	\$	240,184.80	1.59%
Fed'l Home Loan Bank - UXG0	2 Year	200,000	100.0000	100.0020	12/3/2021	1.75%	\$	200,004.00	1.32%
Fed'l Home Loan Bank - 8WG2	4 Year	100,000	99.5286	103.1020	3/11/2022	2.42%	\$	103,102.00	0.68%
Fed'l National Mtg. Assn 0T45	5 Year	250,000	100.5354	101.9120	4/5/2022	1.84%	\$	254,780.00	1.69%
Fed'l National Mtg. Assn UWX4 Fed'l Home Loan Mtg. Corp UU81	3 Year 3 Year	100,000	100.0000 100.0000	100.0060 100.0710	9/5/2023 9/5/2023	1.90% 2.00%	\$	100,006.00 200,142.00	0.66% 1.32%
Fed'l Home Loan Mtg. Corp UZX1	5 Year	200,000 200,000	100.0000	100.0710	12/23/2024	2.00%	\$	200,142.00	1.32%
Fed'l Home Loan Mtg. Corp UR36	5 Year	200,000	100.0000	100.0470	1/13/2025	2.02%	\$	200,464.00	1.32%
Paccar Financial Corp RN85	2 Year	200,000	98.9960	100.2520	11/13/2020	2.04%	\$	200,902.00	1.33%
United Parcel Service - 2BC9	4 Year	100,000	97.0770	102.0540	5/16/2022	2.30%	\$	102,054.00	0.67%
Bank of New York Mellon Corp RAE7	5 Year	250,000	99.8060	103.8620	1/29/2023	2.84%	\$	259,655.00	1.72%
Paccar Financial Corp RP59	3 Year	170,000	105.0550	106.2230	8/9/2023	3.20%	\$	180,579.10	1.19%
US Bancorp Mtns HHV5	5 Year	200,000	102.1370	107.1240	2/5/2024	3.15%	\$	214,248.00	1.42%
Apple Inc 3CG3	5 Year	200,000	101.2390	106.0110	2/9/2024	2.83%	\$	212,022.00	1.40%
Apple Inc 3CU2	5 Year	150,000	103.6730	105.5700	2/9/2024	2.70%	\$	158,355.00	1.05%
Cash Reserve Account						1.24%	\$	411,010.75	2.72%
Total Citizens Trust Investments							.\$	4,844,456	32.04%
Wells Fargo Advisors Investments (Union Bank Cus	todian)								
Fed'l National Mtg. Assn 0T60	2 Year	250,000	99.4158	100.1480	7/30/2020	1.50%	\$	250,370.00	1.66%
Fed'l Home Loan Mtg. Corp AEK1	2 Year	500,000	99.4532	100.4830	11/17/2020	1.87%	\$	502,415.00	3.32%
Fed'l Home Loan Bank - D4X7	2 Year	250,000	99.7862	100.6040	12/11/2020	1.99%	\$	251,510.00	1.66%
Fed'l Home Loan Mtg. Corp AEC9	3 Year	255,000	96.0775	100.2260	8/12/2021	1.12%	\$	255,576.30	1.69%
Fed'l National Mtg. Assn 0089	4 Year	250,000	100.1410	100.6310	10/7/2021	1.37%	\$	251,577.50	1.66%
Fed'l Home Loan Bank - ABG2	4 Year	750,000	99.4438	101.6240	11/29/2021		\$	762,180.00	5.04%
Fed'l National Mtg. Assn 0S38	5 Year	300,000	101.6139	101.8950	1/5/2022	1.96%	\$	305,685.00	2.02%
Fed'l National Mtg. Assn 0T45	5 Year	375,000	101.6620	101.9120	4/5/2022	1.84%	\$	382,170.00	2.53%
Fed'l Home Loan Bank - 7R49	5 Year	200,000	99.3337	101.0200	4/13/2022	1.47%	\$	202,040.00	1.34%
Fed'l Home Loan Bank - 0GJ0	5 Year	250,000	102.0745	102.6660	9/9/2022	1.95%	\$	256,665.00	1.70%
Fed'l National Mtg. Assn 1BR5	5 Year	125,000	101.0674	102.5200	12/9/2022	1.83%	\$	128,150.00	0.85%
Fed'l Home Loan Bank - 0T94	5 Year	505,000	99.2492	104.1030	1/19/2023	2.28%	\$	525,720.15	3.48%
Fed'l National Mtg. Assn DRG9	5 Year	250,000	100.8232	105.3440	3/10/2023	2.61%	\$	263,360.00	1.74%
Fed'l National Mtg. Assn 0U43	5 Year	250,000	99.6518	106.7000	9/12/2023	2.69%	\$	266,750.00	1.76%
Cash Reserve Account						1.24%	\$	817,509.80	5.41%
Total Wells Fargo Advisors Investments							\$	5,421,679	35.86%
Total Investments							\$	15,120,447	100.00%
Total Cash & Investments							\$	18,232,263	
, c.a. caon & mrodinand							7	. O/LOZ/LOO	



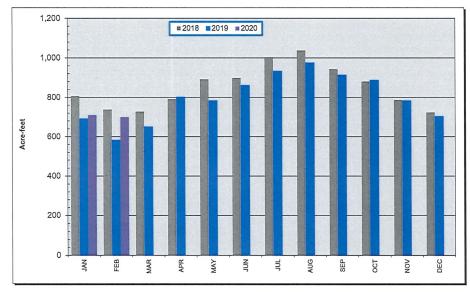


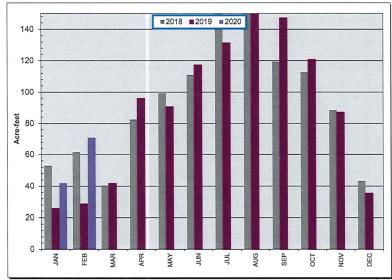
Water Purchases for CY 2020 (Acre-feet)



	POTABLE SYSTEM						
	WBS	LHH	PM-9	PM-22		JWL	
ADM SOME	****	L	1 101 0	1 101 22	PM-15	Miramar	TOTAL
JAN	177.6	0.0	0.0	166.8	328.8	37.8	711.0
FEB	160.3	0.0	0.0	202.1	229.9	107.6	699.9
MAR							0.0
APR							0.0
MAY							0.0
JUN							0.0
JUL							0.0
AUG							0.0
SEP							0.0
OCT							0.0
NOV							0.0
DEC							0.0
TOTAL	337.9	0.0	0.0	368.9	558.7	145.4	1,410.9

RECYCLED SYSTEM							
Well 1	Wet Well	WVWD	Industry	Potable Make-up	TOTAL		
0.0	16.4	1.0	24.8	0.0	42.2		
0.0	8.4	1.0	61.5	0.0	70.9		
7					0.0		
	*				0.0		
				1	0.0		
					0.0		
					0.0		
					0.0		
					0.0		
					0.0		
					0.0		
		*		0.0	0.0		
0.0	24.8	2.0	86.3	0.0	113.1		





Prepared By Roy Frausto



MARCH 2020-DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments (Submit expense report if claiming mileage and/or meal reimbursement)
Anthony J. Lima					
	3/4/2020	Three Valleys Meeting	\$185.00		Mileage
	3/10/2020	RWD Board Meeting	\$185.00		
	3/18/2020	Three Valleys Meeting	\$185.00		Mileage
	3/24/2020	Project Ad-Hoc Committee Meeting	\$185.00		
		TOTAL PAYMENT	\$740.00		
John Bellah	2/2/222				
	3/9/2020	SGV Chamber Gov Affairs	\$185.00		
	3/10/2020	RWD Board Meeting	\$185.00		
		TOTAL PAYMENT	\$370.00		
Robert W. Lewis					
	3/9/2020	SGV Chamber Gov Affairs	\$185.00		
	3/10/2020	RWD Board Meeting	\$185.00		
	3/12/2020	ACWA Legislative Day	\$185.00		Mileage & Shuttle
		TOTAL PAYMENT	\$555.00		
Szu Pei Lu-Yang	2/4/2222		4407.77		
ļ	3/4/2020	Three Valleys Meeting	\$185.00		Mileage
ļ	3/10/2020	RWD Board Meeting	\$185.00		
ļ	3/18/2020	Three Valleys Meeting	\$185.00		
	3/24/2020	Project Ad-Hoc Committee Meeting	\$185.00		
Torona Pias		TOTAL PAYMENT	\$740.00		
Teresa Rios	3/4/2020	RWD Board Meeting	\$185.00		
		TOTAL PAYMENT	\$185.00		

APPROVED FOR PAYMENT:

Tom Coleman



Board of Directors Rowland Water District Rowland Heights, California

We have audited the financial statements of the Rowland Water District (the District) as of and for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 17, 2019 and in our planning communication letter to you also dated September 3, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new significant accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

The most sensitive estimates affecting the District's financial statements were:

- a. When available, management's estimate of the fair value of investments is based on quoted prices in active markets. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the District's asset manager from a third-party service provider.
- b. Management's estimate of useful lives of capital assets used for depreciation purposes is based on industry standards.
- c. The annual required contributions, pension expense, net pension liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.
- d. The actuarially determined contribution, OPEB expense, net OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District's OPEB plan are based on actuarial valuation provided by a third party.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reported in Note 10 regarding the District's defined benefit pension plans, and Note 11 regarding the District's other post-employment benefit plan.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit other than the delay in the closing of the District's books.

Significant Audit Findings (Continued)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 23, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions for the defined benefit pension plan, the schedule of changes in the net OPEB liability and related ratios, the schedule of contributions for the OPEB plan, and the other post-employment benefit plan's annual money-weighted rate of return on investments, which are Required Supplementary Information (RSI) that supplement the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Irvine, California March 23, 2020

White Nelson Diehl Tuans UP

FINANCIAL STATEMENTS

WITH REPORT ON AUDIT BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

FOR THE YEAR ENDED JUNE 30, 2019

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2019 Table of Contents

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INDEPENDENT AUDITORS' REPORT

Board of Directors Rowland Water District Rowland Heights, California

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Rowland Water District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rowland Water District as of June 30, 2019, and the respective changes in its financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions for the defined benefit pension plan, the schedule of changes in the net OPEB liability and related ratios, the schedule of contributions for the OPEB plan, and the other post-employment benefit plan's annual money-weighted rate of return on investments, identified as required supplementary information in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of other operating expenses and schedule of general and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

White Nelson Diehl Grans UP

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Irvine, California

March 23, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

This section of the District's annual financial report presents our analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Fiscal Year 2019

- The District's total net position increased \$3,728,047 or 6.28%.
- During the year the District's total revenues increased by \$1,038,950 or 4.17%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the Financial Statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past two years and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of the statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as how cash is generated, what was cash used for, and cash balance changes during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

Our analysis of the District begins on page 18 of the Financial Statements. The Statement of Net Position reports the District's financial health as of June 30, 2019. The Statement of Revenues, Expenses and Changes in Net Position report the details regarding any change in net position that occurred during the reporting period. You can think of the District's net position, or the difference between assets and liabilities, as an indicator of the District's financial health. Over time, increases or decreases in the District's net position will indicate whether financial health is improving or deteriorating. However, other nonfinancial factors should be considered such as changes in economic conditions, population growth, and changes in government legislation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

NET POSITION

To begin our analysis, a summary of the District's Net Position is presented in Table 1.

TABLE 1

Condensed Statement of Net Position

	Fiscal	Fiscal	
	Year	Year	
	2019	2018	Change
Assets:			
Current, restricted and noncurrent	\$ 48,134,237	\$ 46,587,443	\$ 1,546,794
Capital assets	60,958,883	59,428,484	1,530,399
Total Assets	109,093,120	106,015,927	3,077,193
Deferred outflows of resources	4,863,849	5,145,319	(281,470)
Liabilities:			
Current liabilities	5,184,239	4,829,915	354,324
Noncurrent liabilities	44,307,446	45,598,796	(1,291,350)
Total Liabilities	49,491,685	50,428,711	(937,026)
Deferred inflows of resources	1,335,954	1,331,252	4,702
Net Position:			
Net investment in capital assets	42,270,714	38,135,541	4,135,173
Unrestricted	20,858,616	21,265,742	(381,051)
Total Net Position	\$ 63,129,330	\$ 59,401,283	\$ 3,728,047

As displayed in Table 1, total assets and deferred outflows of resources increased \$2,795,723 from fiscal year 2018 to 2019. Total Net Position increased \$3,728,047 or 6.28% from the previous fiscal year.

A further review shows total liabilities and deferred inflows of resources decreased by \$932,324 from fiscal year 2018 to 2019. The decrease mainly resulted from payments towards the 2014A refunding bonds payable and installment purchase contract payable. Additionally, the District has also experienced reductions in the Net OPEB liability and Net pension liability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

NET POSITION (CONTINUED)

Large projects completed during fiscal year 2019 include the following:

Sentous Valve 3 Replacement:

The Sentous Vault is a vital part of the District's water supply system. The facility is used to control and deliver between 60% to 90% of the purchased water brought into the distribution system. Rowland Water District determined through inspections that the control valves, appurtenances and electrical components were at the end of their lifecycles and would require replacement. The project consisted of replacing the three (3) 12" flow control valves, all associated piping and fittings, six (6) isolation valves, the exhaust fan, and upgrading the lighting to LED fixtures for energy conservation.

Emergency Generator Purchase:

Loss of electrical power through an actual emergency, or Southern California Edison's Public Safety Power Shutoff program, can have a devastating impact on a water system. Rowland Water District determined the need to expand its portable generator fleet to better meet the water supply needs during these emergency situations. The District purchased another emergency generator to provide temporary power to its facilities, including pump stations and buildings. The new MultiQuip 192 kw, 1600-amp generator is equipped with a 300-gallon diesel fuel tank, which will provide roughly 24 hours of runtime. This trailered unit can be moved to any District facility to provide power in the event of a power outage.

Mainline Replacement on Valley Boulevard:

The Valley Boulevard mainline is a large diameter (16") pipeline that was installed in the early 1960s. The pipeline doubles as a transmission and service pipeline for a large portion of the District's Zone 1 pressure zone. It is important to keep this pipeline in service for our customers and for water supply needs. After thoroughly investigating failure rates, pipeline age and type of pipe material used, the District determined that replacement of this infrastructure was needed. As part of a four-phase mainline project on Valley Boulevard, the District replaced 3000 ft. of the existing 16" steel mainline with new 16" ductile iron pipeline. The project also included the installation of new service laterals, fire hydrants and isolation valves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

NET POSITION (CONTINUED)

TABLE 2

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2019	Fiscal Year 2018	Dollar Change
Revenues:			A (110 TOO)
Operating revenues	\$ 24,083,354	\$ 24,195,942	\$ (112,588)
Nonoperating revenues	1,846,095	694,557	1,151,538
Total Revenues	25,929,449	24,890,499	1,038,950
Expenses:			
Operating expenses	20,705,159	20,601,457	103,702
Nonoperating expenses	1,496,243	1,739,952	(243,709)
Total Expenses	22,201,402	22,341,409	(140,007)
Change in Net Position	3,728,047	2,549,090	1,178,957
Beginning Net Position	59,401,283	56,852,193	2,549,090
Ending Net Position	\$ 63,129,330	\$ 59,401,283	\$ 3,728,047

The Statement of Revenues, Expenses, and Changes in Net Position provide detailed answers as to the nature and source of changes in net position. As seen in Table 2, an increase in ending net position of \$3,728,047 occurred during fiscal year 2019.

A closer examination of the sources of changes in Net Position reveals that the District's total revenues increased by \$1,038,950 or 4.17% during fiscal year 2019. Operating revenues decreased by \$112,588 or 0.47% and its non-operating revenues increased by \$1,151,538 or 165.79% when comparing 2019 to 2018. The main factor attributing to the decrease in operating revenues were decreases in residential and business water sales and an increase in water service charges. The major factors in the nonoperating revenue increase were the experienced gains on investments in joint ventures and realized and unrealized gains on investments, net. During 2018 the District experienced a combined loss of \$377,826 in these categories but a combined gain of \$645,784 during 2019. On the other hand, total expenses decreased by \$140,007 or 0.63%. While the District saw operating expenses increase by \$103,702 from fiscal year 2018, non-operating expenses decreased by \$243,709. The combined factors mentioned above resulted in a change in net position of \$3,728,047 for fiscal year 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

NET POSITION (CONTINUED)

BUDGETARY HIGHLIGHTS

TABLE 3
Budget vs. Actual

	Fiscal Year 2019				
	Actual	Budget	Variance		
Revenues:					
Operating revenues	\$ 24,083,354	\$ 22,325,000	\$ 1,758,354		
Nonoperating revenues	1,846,095	700,000	1,146,095		
Total Revenues	25,929,449	23,025,000	2,904,449		
Expenses:		•			
Operating Expenses:					
Source of supply	10,184,643	10,935,000	750,357		
Pumping and power	992,677	1,280,000	287,323		
Transmission and distribution	1,411,347	1,455,000	43,653		
Customer services	121,818	160,000	38,182		
Depreciation expense	2,735,479	-	(2,735,479)		
Other operating expenses	260,152	395,000	134,848		
General and administrative expenses	4,999,043	4,996,000	(3,043)		
Total Operating Expenses	20,705,159	19,221,000	(1,484,159)		
Nonoperating expenses	1,496,243	1,480,000	(15,972)		
Total Expenses	22,201,402	20,701,000	(1,500,402)		
Change in Net Position	\$ 3,728,047	\$ 2,324,000	\$ 1,404,047		

In reviewing Table 3, Budget vs. Actual, the difference in change in net position over budgeted change in net position is \$1,404,047. Total Revenues shows a positive variance of \$2,904,449. Total operating expenses saw a positive variance of \$1,251,320 when depreciation is not included. Depreciation is not a direct expense to the District and funds are collected through rates and charges to fund it. Nonoperating expenses saw a negative variance of \$15,972.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

CAPITAL ASSETS & DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2019, the District had invested \$60,958,883 in a broad range of Infrastructure as shown in Table 4.

TABLE 4
Capital Assets

	Fiscal Year	Fiscal Year	
	2019	2018	Change
Capital assets, not being			
depreciated:			
Land	\$ 261,340	\$ 261,340	\$ -
Water rights	5,000	5,000	-
Construction in progress	4,431,908	2,681,207	1,750,701
Total capital assets,			
not being depreciated	4,698,248	2,947,547	1,750,701
Capital assets, being depreciated:			
Intangible plant	1,022,551	1,022,551	-
Sources of supply plant	2,158,269	2,109,253	49,016
Pumping plant	10,692,550	10,667,579	24,971
Transmission and			
distribution plant	69,908,935	68,297,317	1,611,618
Telemetry equipment	1,404,137	1,540,618	(136,481)
General plant	536,155	584,639	(48,484)
Office building and equipment	6,837,070	6,472,790	364,280
Transportation equipment	1,050,736	985,914	64,822
Communication equipment	18,847	27,979	(9,132)
Total capital assets,			
being depreciated	93,629,250	91,708,640	1,920,610
Less accumulated depreciation	(37,368,615)	(35,227,703)	(2,140,912)
Total capital assets,			
being depreciated, net	56,260,635	56,480,937	(220,302)
Total capital assets, net	\$60,958,883	\$59,428,484	\$ 1,530,399

Additional information on the District's capital assets can be found in Note 4 of the notes to basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At the end of fiscal year 2019, the District had noncurrent liabilities totaling \$45,114,257 as shown in Table 5.

TABLE 5
Noncurrent Liabilities

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change
Refunding Bond Series 2014A	\$ 18,876,284	\$ 19,468,198	\$ (591,914)
Installment purchase contract			
payable	18,629,198	19,126,537	(497,339)
Compensated absences	341,103	296,416	44,687
Net pension liability	4,527,220	4,607,714	(80,494)
Net OPEB obligation	2,933,641	3,069,931	(136,290)
	\$ 45,307,446	\$ 46,568,796	\$ (1,261,350)

The District currently has five sources of Noncurrent Liabilities in 2019. The Refunding Bond series 2014A is a refunding of the Certificate of Participation (COP) issued January 2009 that was used for the expansion of the District's Recycled Water System. The goal is to lower the dependence on imported water by producing recycled water at a lower cost. Recycled water can be used for irrigation at schools, parks, industrial buildings, etc. In November 2012, the District entered into an installment purchase contract with Puente Basin Water Agency in order to finance the acquisition of certain water system improvements. The liability is payable over the next thirty years. Net pension liability is the amount by which the total pension liability exceeds the pension plan's net asset available for paying benefits. This amount decreased in fiscal year 2019 to \$4,527,220 a decrease of \$80,494 from fiscal year 2018. The District's pension plan is administered by CalPERS. The net OPEB liability refers to Other Post-Employment Benefits that would be owed to employees upon retirement after meeting certain criteria. This is an actuarially determined amount. The net OPEB liability for fiscal year 2019 was \$2,933,641.

Additional information on the District's noncurrent liabilities can be found in Notes 6 - 8 and 10 - 11 of the notes to basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors when setting the fiscal year 2020, user fees, and charges. A projection is made on the acre feet of water that will be purchased and sold. The District also looks at the increased cost of the Source of Supply. Since the District heavily relies on import water, the costs are directly passed through by Metropolitan Water District and Three Valleys Municipal Water District. Some are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as vehicle expenses and insurance coverages. The District's customer base has not changed significantly; therefore, revenue and costs are more easily projected. Questions concerning the information about the economic analysis, revenue and expense assumptions, and other budgetary process parameters utilized in the annual budget preparation can be obtained from the District's Finance Officer.

REQUEST FOR INFORMATION

This financial report is designed to provide our customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Finance Officer, 3021 South Fullerton Rd, Rowland Heights, CA 91748.

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BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2019

ASSETS:	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 5,851,298
Investments	11,420,936
Accounts receivable, net of allowance for doubtful	
accounts of \$61,681	3,059,722
Interest receivable	108,413
Other receivables	91,964
Supply inventories	263,489
Water in storage	3,659,407
Prepaid items	81,763
TOTAL CURRENT ASSETS	24,536,992
RESTRICTED ASSETS:	
Cash and cash equivalents	1,191,250
Investments	4,878,462
TOTAL RESTRICTED ASSETS	6,069,712
CAPITAL ASSETS:	
Capital assets, not being depreciated	4,698,248
Capital assets, being depreciated, net	56,260,635
TOTAL CAPITAL ASSETS, NET	60,958,883
OTHER NONCURRENT ASSETS:	
Investments in joint ventures	17,527,533
TOTAL ACCITION	100 002 120
TOTAL ASSETS	109,093,120
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amounts from OPEB plans	615,926
Deferred amounts from pension plans	1,195,990
Deferred amounts on refunding	3,051,933
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,863,849
	(Continued)

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2019

LIABILITIES: CURRENT LIABILITIES (PAYABLE FROM UNRESTRICTED ASSETS): Accounts payable	\$ 2,877,207
Interest payable	115,782
Current portion of compensated absences	85,276
Current portion of installment purchase contract payable	460,000
Current portion of 2014A refunding bonds payable	540,000
Canoni potuon or 201 in 1 101 among control p-/	
	4,078,265
CURRENT LIABILITIES (PAYABLE FROM	
RESTRICTED ASSETS):	
Unearned revenue	4,191
Refundable customer deposits	145,314
Unearned construction advances	1,041,745
	1,191,250
TOTAL CURRENT LIABILITIES	5,269,515
NONCURRENT LIABILITIES:	
Compensated absences	255,827
Installment purchase contract payable	18,169,198
2014A refunding bonds payable	18,336,284
Net OPEB liability	2,933,641
Net pension liability	4,527,220
TOTAL NONCURRENT LIABILITIES	44,222,170
TOTAL LIABILITIES	49,491,685
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts from OPEB	1,035,056
Deferred amounts from pension plans	300,898
TOTAL DEFERRED INFLOWS OF RESOURCES	1,335,954
NET POSITION:	
Net investment in capital assets	42,270,714
Unrestricted	20,858,616
TOTAL NET POSITION	\$ 63,129,330

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OPERATING REVENUES:	
Water sales:	
Residential	\$ 7,029,513
Business	5,335,071
Public entities	273,155
Industrial	15,146
Reclaimed water	641,341
Other	38,305
Total water sales	13,332,531
Water services:	
Water service charges	10,163,250
Nonrefundable new service fees	61,329
New service connection fees	93,667
Reconnection fees	42,769
Customer penalties	278,313
Other	111,495
m . 1	10.750.922
Total water services	10,750,823
TOTAL OPERATING REVENUES	24,083,354
OPERATING EXPENSES:	
Source of supply	10,184,643
Pumping and power	992,677
Transmission and distribution	1,411,347
Customer services	121,818
Depreciation expense	2,735,479
Other operating expenses	260,152
General and administrative expenses	4,999,043
TOTAL OPERATING EXPENSES	20,705,159
OPERATING INCOME	3,378,195
	(Continued)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

NONOPERATING REVENUES (EXPENSES):	
Investment income:	
Interest and dividend income	\$ 518,783
Realized and unrealized gains (losses) on investments, net	247,159
Property tax revenues	371,014
Loss on disposition of assets	(271)
Miscellaneous income	143,362
Rental and contract income	167,152
Interest expense	(1,467,380)
Amortization of debt premium/(discount)	(28,592)
Gain on investments in joint ventures	398,625
TOTAL NONOPERATING	
REVENUES (EXPENSES)	 349,852
CHANGE IN NET POSITION	3,728,047
NET POSITION - BEGINNING OF YEAR	 59,401,283
NET POSITION - END OF YEAR	 63,129,330

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 24,385,864
Cash payments to suppliers for goods and services	(15,021,900)
Cash payments to employees for services	(2,877,318)
NET CASH PROVIDED BY	
OPERATING ACTIVITIES	6,486,646
CASH FLOWS FROM NONCAPITAL	
FINANCING ACTIVITIES:	
Proceeds from property taxes	371,014
Other receipts	143,362
NET CASH PROVIDED BY	
NONCAPITAL FINANCING ACTIVITIES	514,376
CASH FLOWS FROM CAPITAL AND	
RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(4,265,878)
Proceeds from sale of capital assets	(271)
Principal payments on debt	(970,000)
Interest paid	(1,475,793)
Rental income	167,152
NET CASH USED FOR CAPITAL	
AND RELATED FINANCING ACTIVITIES	(6,544,790)
AND RELATED FINANCING ACTIVITIES	(0,344,770)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Contributions to joint ventures	(1,875,672)
Purchases of investments	(6,908,369)
Proceeds from sale of investments	9,710,313
Investment income	483,263
NET CASH PROVIDED BY	
INVESTING ACTIVITIES	1,409,535
NET INCREASE IN CASH	
AND CASH EQUIVALENTS	1,865,767
AND CASH EQUIVALENTS	1,000,707
CASH AND CASH EQUIVALENTS -	
BEGINNING OF YEAR	5,091,505
CASH AND CASH EQUIVALENTS - END OF YEAR	6,957,272_
CUBIT VIAN CUBIT EXOLATERARS - PIAN OL. LEVIK	0,731,212
	(Continued)

STATEMENTS OF CASH FLOWS (CONTINUED)

RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$	3,378,195
Adjustments to reconcile operating income to		
net cash provided by operating activities:		
Depreciation		2,735,479
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable		277,473
(Increase) decrease in other receivables		(91,964)
(Increase) decrease in water in storage		10,354
(Increase) decrease in prepaid items		(36,582)
(Increase) decrease deferred outflows of resources from OPEB		(16,774)
(Increase) decrease in deferred outflows of resources from pension plans		150,399
Increase (decrease) in accounts payables		307,700
Increase (decrease) in deferred revenue		4,191
Increase (decrease) in refundable customer deposits		(41,380)
Increase (decrease) in compensated absences		(40,589)
Increase (decrease) in unearned construction advances		62,226
Increase (decrease) in net OPEB liability		(136,290)
Increase (decrease) in net pension liability		(80,494)
Increase (decrease) in deferred inflows of resources from OPEB		(151,804)
Increase (decrease) in deferred inflows of resources from pension plans		156,506
NET CASH PROVIDED BY		
OPERATING ACTIVITIES	American Control of the Control of t	6,486,646
NONCASH CAPITAL AND RELATED		
FINANCING ACTIVITIES:		
Amortization of debt premiums discounts and deferred amount on refunding		28,592
NONCASH INVESTING ACTIVITIES:		
Gain from investment in joint ventures	\$\$	398,625
•		

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FIDUCIARY FUND FINANCIAL STATEMENTS

ROWLAND WATER DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2019

		Other
	Post-	Employment
	Ben	efit (OPEB)
	T	rust Fund
ASSETS:		
Investments		4,290,343
TOTAL ASSETS		4,290,343
NET POSITION:		
Held in trust for OPEB benefits		4,290,343
TOTAL NET POSITION	_ \$	4,290,343

ROWLAND WATER DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2019

		Other
	Post-	Employment
	Ben	efit (OPEB)
	T	rust Fund
ADDITIONS:		
Employer contributions	\$	420,000
Investment income		276,232
TOTAL ADDITIONS		696,232
DEDUCTIONS:		
Administrative expense		11,806
TOTAL DEDUCTIONS		11,806
	•	
CHANGE IN NET POSITION		684,426
NET POSITION - BEGINNING OF YEAR		3,605,917
	2000413	
NET POSITION - END OF YEAR	\$	4,290,343

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NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Organization

The Rowland Water District (the District) was formed by the voters on March 3, 1953 under the County Water District Law, Division 12 Water Code, State of California, to provide a safe and reliable water source to allow the community to transform from a cattle raising and farming area into the large urban and industrial area it serves today. The District encompasses a 17.2 square mile area in Southeastern Los Angeles County, which services portions of Rowland Heights, La Puente, Hacienda Heights, City of Industry, and City of West Covina. The service area's population is approximately 60,000.

b. Basis of Presentation

The District's activities, other than those that are fiduciary in nature, are accounted for in an enterprise fund. An enterprise fund is a proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District's fiduciary activities related to its other post-employment benefit (OPEB) plan are accounted for in a fiduciary fund.

c. Measurement Focus and Basis of Accounting

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying proprietary fund financial statements are reported using the "economic resources measurement focus" and the "accrual basis of accounting." Under the economic measurement focus all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fiduciary Funds

The fiduciary fund financial statements are accounted for using the economic resources measurement focus and accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with these activities are included on the statement of fiduciary net position. The statement of changes in fiduciary net position presents increases (additions) and decreases (deductions) in total fiduciary net position. Under the accrual basis of accounting, additions are reported when earned and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows.

d. New Accounting Pronouncements

GASB Current Year Standards

GASB 83 - Certain Asset Retirement Obligations, effective for periods beginning after June 15, 2018. This standard did not impact the District.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, effective for periods beginning after June 15, 2018. This standard did not significantly impact the District.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period, effective for periods beginning after December 15, 2019, was early implemented. This standard allows the District to no longer capitalize interest costs incurred on future construction projects.

Pending Accounting Standards

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future:

- GASB 84 Fiduciary Activities, effective for periods beginning after December 15, 2018.
- GASB 87 Leases, effective for periods beginning after December 15, 2019.
- GASB 90 Majority Equity Interests an amendment of GASB No. 14 and No. 61, effective for periods beginning after December 15, 2018.
- GASB 91 Conduit Debt Obligations, effective for periods beginning after December 15, 2020.

e. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to the pension and OPEB plans equal to employer contributions made after the measurement date of the net pension and OPEB liabilities.
- Deferred outflow related to the pension and OPEB plans for annual differences between actual and
 expected experiences. Each annual amount is amortized over a closed period equal to the average of
 the expected remaining service lives of all employees that are provided with pensions or OPEB
 through the plans.
- Deferred outflow related to the pension plans resulting from the annual differences in projected and actual earnings on investments of the pension plan fiduciary net position. Each annual amount is amortized over five years.
- Deferred amount on refunding. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the life of the refunding debt, which is 26 years.
- Deferred outflow from pensions resulting from annual changes in assumptions. Each annual amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflow related to the pension and OPEB plans for annual differences between actual and
 expected experiences. Each annual amount is amortized over a closed period equal to the average of
 the expected remaining service lives of all employees that are provided with pensions or OPEB
 through the plans.
- Deferred inflow from the pension and OPEB plans resulting from annual changes in assumptions. Each annual amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions or OPEB through the plans.

- e. Deferred Outflows/Inflows of Resources (Continued)
 - Deferred inflow related to the pension plans for annual changes in employer's proportion and differences between employer contributions and the proportionate share of contributions. Each annual amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
 - Deferred inflow related to OPEB resulting from the net differences in projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

f. Net Position

Net position of the District can be classified into three components - net investment in capital assets, restricted net position, and unrestricted net position. These classifications are defined as follows:

- Net investment in capital assets This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then use unrestricted resources as they are needed.

g. Uniform System of Accounts for Water Utility Districts

The District follows the procedures and policies described by the Controller of the State of California for uniform system of accounts for nonprofit water utility districts.

h. Operating Revenues and Expenses

Operating revenues, such as water sales and services, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

i. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents have been defined as unrestricted demand deposits and highly liquid investments with maturity of three months or less at date of purchase.

i. Investments

Investments are reported at the fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

k. Restricted Assets

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

Accounts Receivable

The District grants unsecured credit to its customers. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past-due accounts.

m. Inventories and Water in Storage

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

n. Capital Assets and Depreciation

Capital assets are stated at cost, net of accumulated depreciation. District policy has set the capitalization threshold for reporting capital assets at \$2,500. Depreciation is recorded on the straight-line basis over the estimated useful lives as follows 5 years for computers, vehicles, office equipment, and furniture; 10 years for forklifts; 15 years for hydrants; 20 years for meters; and 75 years for mains. Maintenance and repairs are charged to expense as incurred. Significant renewals and betterments are capitalized.

o. Restricted Liabilities

Certain liabilities that are currently payable have been classified as current liabilities payable from restricted assets and assets have been restricted for their payment.

ROWLAND WATER DISTRICT Notes to Basic Financial Statements June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Unearned Construction Advances and Capital Contributions

Construction advances from developers are unearned during the period of construction. When a project is completed, the applicable revenues earned are allocated to the contributed capital. Also, capital contributions represent cash and utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment.

q. Property Taxes

Property tax in California is levied in accordance with Article 13A of the State Constitution at 1% of county-wide assessed valuations. This 1% is allocated pursuant to state law to the appropriate units of local government. The property tax calendar is as follows:

Lien Date:

January 1

Levy Date:

July 1

Due Date:

First Installment - November 10

Second Installment - February 10

Delinquent Date:

First Installment - December 10

Second Installment - April 10

r. Compensated Absences

Vested or accumulated vacation and sick leave are recorded as an expense and liability as benefits accrue to employees.

s. Claims and Judgments

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage under its participation in the Joint Power Insurance Authority program. At June 30, 2019, in the opinion of the District's legal counsel, the District had no material claims that would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenses when paid.

t. Pensions

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

u. OPEB Plan

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

v. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash and Investments

Cash and investments as of June 30, 2019, are reported in the accompanying statement of net position as follows:

	Government	Fiduciary	
	Wide	Fund	
	Statement of	Statement of	
	Net Position	Net Position	Total
Financial Statement Classification:			
Unrestricted:			
Cash and cash equivalents	\$ 5,851,298	\$ -	\$ 5,851,298
Investments	11,420,936	4,290,343	15,711,279
Restricted:			
Cash and cash equivalents	1,191,250	-	1,191,250
Investments	4,878,462		4,878,462
Total Cash and Investments	\$ 23,341,946	\$ 4,290,343	\$ 27,632,289

Cash and Investments (Continued)

Cash and investments as of June 30, 2019, consist of the following:

	District		OPEB				
		Funds		Trust	Total		
Cash on hand	\$	400	\$	-	\$	400	
Demand deposits		2,039,835		-		2,039,835	
Investments		21,301,711		4,290,343		25,592,054	
Total Cash and Investments	\$	23,341,946		4,290,343	\$_	27,632,289	

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District or the investment of funds within the OPEB Trust that are governed by the agreement between the District and the Trustee, rather than the general provisions of the California Government Code or the District's investment policy.

Investments Authorized by the California Government Code and the District's Investment Policy (Continued)

		Percentage	Maximum
	Maximum	of	Investment
Authorized Investment Type	Maturity	Portfolio	in One Issuer
US Treasury Obligations	5 years	None	None
US Government Sponsored Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5 years	30%	5%
CD Placement Service	5 years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1 year	None	None
Commercial Paper	270 days	25%	10%
Medium-Term Notes	5 years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Bank/Time Deposits	5 years	None	None

^{*} Excluding amounts held by bond trustee that are not subject to California Government Code restrictions. N/A - Not Applicable

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of risk.

		Maximum	Maximum
	Maximum	Percentage	Investment
Authorized Investment Type	Maturity	Allowed	in One Issuer
US Treasury Obligations	None	None	None
US Government Sponsored Agency Securities:			
Federal Home Loan Bank (FHLB)	None	None	None
Federal Home Loan Mortgage Corporation (FHLMC)	None	None	None
Federal National Mortgage Association (FNMA)	None	None	None
Federal Farm Credit Bank (FFCB)	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	l year	None	None
Medium-Term Notes	3 years	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2019.

	Remaining Maturity (in Years)									
	Les	Less Than 1 to 2 2 to 3		2 to 3	3 to 5		Fair Value			
Investment Type	1	Year		Years		Years		Years		Total
District Investments:										
US Treasury Notes	\$	746,028	\$	247,177	\$	493,457	\$	251,123	\$	1,737,785
US Government Sponsored										
Agency Securities:										
FFCB		339,481		-		-		_		339,481
FMFM		-		-		789,290		300,390		1,089,680
FHLMC		549,104		499,845		251,373		-		1,300,322
FNMA		-		248,753		924,759		775,301		1,948,813
FHLB		249,315		450,377		1,251,770		382,566		2,334,028
Negotiable CD		634,406		492,633		126,946		-		1,253,985
Medium-Term Notes		-		396,238		100,603		671,089		1,167,930
LAIF	5	5,002,313		-		-		-		5,002,313
Money Market Mutual Funds		248,914		-		-		-		248,914
Held by Trustee:										
US Government Sponsored										
Agency Securities:										
FHLB	1	,507,965		-		-		-		1,507,965
Money Market Mutual Funds	3	,370,495		_		-		-		3,370,495
OPEB Trust Investments:										
PARS Trust Pool		,290,343		-		-				4,290,343
	\$ 16	5,938,364	_\$_	2,335,023	_\$_	3,938,198	_\$_	2,380,469	_\$_	25,592,054

Disclosures Relating to Credit Risk (Continued)

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are Standard & Poor's credit ratings for the District's investments as of June 30, 2019. US Treasury notes and bills are not required to be rated and therefore have been excluded from the tables below.

Investment	Minimum Legal Rating	Total as of June 30, 2019	AAA	AA+	A	Not Rated
District Investments:	Rating	June 30, 2019		AA!		140t Rated
US Government						
Sponsored Agency Securities:						
FFCB	N/A	\$ 339,481	\$ -	\$ 339,481	\$ -	s -
FMFM	N/A	1,089,680	•	1,089,680	_	-
FHLMC	N/A	1,300,322	_	1,300,322	_	_
FNMA	N/A	1,948,813	_	1,948,813	_	_
FHLB	N/A	2,334,028		2,334,028	_	_
	N/A		1,253,985	2,334,020	_	
Negotiable CD		1,253,985	1,233,963	715 410	452 520	-
Medium-Term Notes	Α	1,167,930	-	715,410	452,520	-
LAIF	N/A	5,002,313	-	-	-	5,002,313
Money Market Mutual Funds	A	248,914	248,914	-	-	-
Held by Trustee:						
US Government						
Sponsored Agency Securities:						
FHLB	N/A	1,507,965	-	1,507,965	-	-
Money Market Mutual Funds	Α	3,370,495	3,370,495	-	_	-
OPEB Trust Investments:						
PARS Trust Pool	N/A	4,290,343			**	4,290,343
		\$ 23,854,269	\$ 4,873,394	\$ 9,235,699	\$ 452,520	\$ 9,292,656

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total District investments are as follows:

Issuer	Investment Type	
Federal Home Loan	US Government Sponsored	
Mortgage Corporation	Agency Securities	\$ 1,300,322
Federal National Mortgage Association	US Government Sponsored Agency Securities	\$ 1,948,812
Federal Home Loan Bank	US Government Sponsored Agency Securities	\$ 3,841,993

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investments - Other Post-Employment Benefit (OPEB) Trust

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's other post-employment benefit (OPEB) health plan. The OPEB trust's specific cash and investments are managed by a third-party portfolio manager and invested under a pool arrangement using certain investment guidelines offered by PARS and approved by the District.

Those investment guidelines approved by the District are as follows:

Risk Tolerance:

Time Horizon:

Income or Liquidity Needs:

Account of Trust Restrictions:

Unique Needs and Circumstances:

Investment Objective:

Strategic Ranges:

Moderate

Long Term

As Requested

None

None

Moderate Index Plus

0% - 20% Cash

40% - 60% Fixed Income

40% - 60% Equity

Investments - Other Post-Employment Benefit (OPEB) Trust (Continued)

Acceptable Investments

The following is a list of acceptable investments:

Equity Securities:

Domestic
American Depository Receipts (ADRs)

Equity Mutual Funds:

Large-Cap Growth and Value

Mid-Cap Core

Small-Cap Growth and Value

International and Emerging Markets

REITs

Exchange Traded Funds (ETFs)

Fixed Income Securities:

Government/Agencies Mortgage-Backed Bonds Corporate Bonds and Notes

Unit Trusts

Fixed Income Mutual Funds:

Corporate
Government
High Yield

International and Emerging Market

Convertible Preferred

Closed End Funds

Cash and Cash Equivalents:

Money Market Mutual Funds

Commercial Paper

CDs and Banker's Acceptance

Fixed Income Guidelines

The fixed income guidelines consist of (a) the long-term fixed income investments (greater than seven years in maturity) shall constitute no more than 20%, and as little as 0% of the total Plan assets, (b) the intermediate-term fixed income investments (between three and seven years in maturity) shall constitute no more than 60%, nor less than 20% of the total Plan assets, (c) the high-yield portion of the Plan shall constitute no more than 10%, and as little as 0% of the total Plan assets, (d) the convertible bond exposure shall constitute no more than 10%, and as little as 0% of the total Plan assets, and (e) the short-term fixed income investments (between one and three years in maturity) shall constitute no more than 20%, and as little as 0% of the total Plan assets.

Equity Guidelines

The equity guidelines consist of (a) the domestic large capitalization equity investments of the Plan shall constitute no more than 50%, nor less than 20% of the total Plan assets, (b) the domestic mid-capitalization equity investments of the Plan shall constitute no more than 20%, and as little as 0% of the total Plan assets, (c) the domestic small capitalization equity investments of the Plan shall constitute no more than 20%, nor less than 0% of the total Plan assets, (d) the international equity investments of the Plan shall constitute no more than 20%, and as little as 0% of the total Plan assets, and (e) the real estate investments of the Plan shall constitute no more than 10%, and as little as 0% of the total Plan assets.

Investments - Other Post-Employment Benefit (OPEB) Trust (Continued)

Fair Value Measurements

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

The District has the following recurring fair value measurements as of June 30, 2019:

	P	rices evel 1	Observable Inputs Level 2	Unobse Inp Leve	uts	Total
US Treasury Notes	\$	-	\$ 1,737,785	\$	_	\$ 1,737,785
US Government Sponsored	Ψ		Ψ 1,757,765	Ψ		4 2,107,100
Agency Securities:						
FFCB		_	339,481			339,481
FMFM		_	1,089,680		_	1,089,680
FHLMC		_	1,300,322			1,300,322
FNMA		_	1,948,813		_	1,948,813
FHLB		=	2,334,028		_	2,334,028
Negotiable CD			1,253,985		_	1,253,985
Medium-term Notes		_	1,167,930		_	1,167,930
Held by Trustee:			,			, ,
US Government Sponsored						
Agency Securities:						
FHLB		-	1,507,965		_	1,507,965

Total Investments	\$		\$ 12,679,989	\$	-	12,679,989
				-		
Investments not subject to hierarchy:						
LAIF						5,002,313
Money Market Mutual Funds						248,914
Held by Trustee:						
Money Market Mutual Funds						3,370,495
OPEB Trust:						
PARS Trust Pool						4,290,343
Total Investments						\$ 25,592,054

3. RESTRICTED ASSETS

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use	June 30, 2	ne 30, 2019	
Deposits from customers	Security deposits for payment of utility bills	\$ 145,	314	
Customer advances	Construction	1,041,	,745	
Customers	Operations	4.	,191	
Bond proceeds	Construction projects	4,878,	462	
		\$ 6,069,	712	

4. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2019, are as follows:

	Balance		Retirements/	Balance	
	July 1, 2018	Additions	Transfers	June 30, 2019	
Capital assets, not being depreciated:					
Land	\$ 261,340	\$ -	\$ -	\$ 261,340	
Water rights	5,000	-	· -	5,000	
Construction in progress	2,681,207	3,946,427	(2,195,726)	4,431,908	
Total capital assets, not					
being depreciated	2,947,547	3 046 427	(2.105.726)	4,698,248	
being depreciated	2,947,347	3,946,427	(2,195,726)	4,090,240	
Capital assets, being depreciated:					
Intangible plant	1,022,551	-	-	1,022,551	
Sources of supply plant	2,109,253	49,016	-	2,158,269	
Pumping plant	10,667,579	61,626	(36,655)	10,692,550	
Transmission and distribution plant	68,297,317	1,715,485	(103,867)	69,908,935	
Telemetry equipment	1,540,618	-	(136,481)	1,404,137	
General plant	584,639	-	(48,484)	536,155	
Office building and equipment	6,472,790	561,884	(197,604)	6,837,070	
Transportation equipment	985,914	127,166	(62,344)	1,050,736	
Communication equipment	27,979		(9,132)	18,847	
Total aggital aggets					
Total capital assets,	01 709 640	2515177	(504 567)	93,629,250	
being depreciated	91,708,640	2,515,177	(594,567)	93,029,230	
Less accumulated depreciation	(35,227,703)	(2,735,479)	594,567	(37,368,615)	
Total capital assets,					
being depreciated, net	56,480,937	(220,302)	-	56,260,635	
Total Capital Assets, Net	\$ 59,428,484	\$ 3,726,125	\$ (2,195,726)	\$ 60,958,883	

5. INVESTMENT IN JOINT VENTURES

Puente Basin Water Agency

The Puente Basin Water Agency (the Agency) was created in 1971 by the execution of a Joint Powers Agreement (the Agreement) between the Rowland Water District and the Walnut Valley Water District. The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The Agency was organized for the purpose of protection and utilization of the local, imported, and reclaimed water supply within the Puente Basin. The Agency is governed by a four-member-appointed Board of Commissioners. Each District appoints two members to this board.

Upon dissolution of the Agency, the assets in the possession of the Agency shall be distributed to the members as their interest may appear on the books of the Agency and pursuant to the provisions of Section 6512 of the California Government Code. Complete financial statements for the Agency can be obtained by written request at 271 South Brea Canyon Road, Walnut, California.

The District records its investment in the Puente Basin Water Agency as an other noncurrent asset, investment in joint ventures. The changes in its investment in Puente Basin Water Agency consist of the following as of June 30, 2019:

End of year	\$ 16,642,575_
Share of income	376,971
Contributions	1,875,672
Beginning of year	\$ 14,389,932

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2019, including the participants' approximate percentage shares:

		Walnut	
		Valley	Rowland
		Water	Water
	Amount	District	District
Total assets	\$ 71,926,080	50.0%	50.0%
Total liabilities	\$ 38,640,931	50.0%	50.0%
Total equity	\$ 33,285,149	50.0%	50.0%
Billings to participants	\$ 16,396,978		

Pomona-Walnut-Rowland Joint Water Line Commission

The District is a member of the Pomona-Walnut-Rowland Joint Water Line Commission (the Commission). The Commission was formed under the Joint Powers Agreement (the JPA) of 1956 between the City of Pomona, the Walnut Valley Water District, and the Rowland Water District. The JPA's purpose is to acquire, construct, maintain, repair, manage, and operate a water transmission pipeline for the benefit of the members' water supplies. The Commission is governed by a three-member board composed of one appointee from each member agency.

5. INVESTMENT IN JOINT VENTURES (CONTINUED)

Pomona-Walnut-Rowland Joint Water Line Commission (Continued)

Each year, every member agency is charged an assessment for their share of the general and administrative costs of the Commission, which is allocated to each agency on a one-third basis. A budget assessment is collected each fiscal year and each agency pays one-third of the amount of the assessment. In addition, a capital surcharge is assessed for the future replacement of the pipeline. For the year ended June 30, 2019, the District remitted assessments totaling \$46,822 for their share of general and administrative costs and future replacement costs. Also, the District purchased water totaling \$4,724,723 for the Commission during the year ended June 30, 2019.

Upon dissolution of the Commission, the net position will be divided in proportion to the contribution each agency made to the maintenance and operation account during the last prior 12-month period. The District, consequently, has an ongoing financial responsibility in the activities of the Commission. However, the JPA does not explicitly require the measurement of the District's equity interest in the Commission. Complete financial statements for the Commission can be obtained by written request at P.O. Box 508, Walnut, California.

The District records its investment in the Commission as an other noncurrent asset, investment in joint ventures, primarily capital assets. The changes in its investment in the Commission consisted of the following:

Beginning of year	\$ 863,304
Share in income	21,654
End of Year	\$ 884,958

The following is condensed financial information of the investment in Pomona-Walnut-Rowland Joint Water Line Commission as of and for the year ended June 30, 2019, including the participants' approximate percentage shares:

			Walnut	
			Valley	Rowland
		City of	Water	Water
	 Amount	Pomona	District	District
Total assets	\$ 6,371,405	25.8%	45.1%	29.1%
Total liabilities	\$ 3,330,312	25.8%	45.1%	29.1%
Total equity	\$ 3,041,093	25.8%	45.1%	29.1%
Water billings to participants	\$ 17,870,990			

6. WATER REVENUE REFUNDING BONDS, SERIES 2014A

Water Revenue Refunding Bonds, Series 2014A were issued on September 18, 2014, in the amount of \$20,060,000 to refund \$19,105,000 of outstanding balance on the 2008 Certificates of Participation. The prior obligations were issued to finance certain improvements.

6. WATER REVENUE REFUNDING BONDS, SERIES 2014A (CONTINUED)

These bonds mature in various amounts through December 1, 2039. The balance outstanding as of June 30, 2019, is \$17,495,000. The bonds were issued at a premium of \$1,686,785, which is being amortized over the life of the debt on a straight-line basis. The unamortized premium outstanding as of June 30, 2019, is \$1,381,284.

Interest is payable semiannually on December 1 and June 1 at rates ranging from 2.00% to 5.00%. The installment payments on these bonds are secured by a first priority lien on the net revenues of the District. The following is a summary of the changes in Water Revenue Refunding Bonds, Series 2014A for the year ended June 30, 2019:

	Balance at					Balance at	Dι	ue Within
	June 30, 2018	Ad	ditions	R	eductions	June 30, 2019	O	ne Year
Water Revenue								
Refunding Bonds,								
Series 2014A	\$ 18,020,000	\$	-	\$	(525,000)	\$ 17,495,000	\$	540,000
Add: Unamortized								
Premium	1,448,198		-		(66,914)	1,381,284		-
Total	\$ 19,468,198	\$	-	_\$_	(591,914)	\$ 18,876,284	\$	540,000

Maturities of the Water Revenue Refunding Bonds, Series 2014A and interest payments subsequent to June 30, 2019, are as follows:

Year Ending	Principal		Principal			Interest		Total
2020	\$	540,000	\$	749,244	\$	1,289,244		
2021		560,000		729,944		1,289,944		
2022		585,000		707,044		1,292,044		
2023		610,000		683,144		1,293,144		
2024		630,000		658,344		1,288,344		
2024 - 2028		2,795,000		2,378,875		5,173,875		
2029 - 2033		4,105,000		2,388,284		6,493,284		
2034 - 2038		5,195,000		1,293,875		6,488,875		
2039 - 2040		2,475,000		125,375		2,600,375		
Total	\$	17,495,000	_\$_	9,714,129	_\$	27,209,129		

7. INSTALLMENT PURCHASE CONTRACT PAYABLE

On November 1, 2012, the Puente Basin Water Agency issued \$19,835,000 in Water Revenue Bonds, 2012 Series A in order to finance the acquisition of certain water system improvements of the District. Proceeds of the bonds, including \$1,570,182 of bond premium, were loaned to the District pursuant to an installment purchase contract entered into concurrently with the bonds' issuance.

7. INSTALLMENT PURCHASE CONTRACT PAYABLE (CONTINUED)

The bond premium is being amortized and recognized as interest expense over the life of the debt on a straight-line basis. The installment purchase contract payments mirror the debt service payments on the Water Revenue Bonds, 2012 Series A. Interest is payable semiannually on December 1 and June 1 at rates ranging from 2.00% to 5.00%.

The District's obligation to make installment payments is a special obligation of the District payable solely from the net revenues of the District. The following is a summary of the installment purchase contract for the year ended June 30, 2019:

	Balance at			Balance at	Due Within
	June 30, 2018	Additions	Reductions	June 30, 2019	One Year
Installment purchase					
Contract	\$ 17,840,000	\$ -	\$ (445,000)	\$ 17,395,000	\$ 460,000
Add: Unamortized					
premium	1,286,537		(52,339)	1,234,198	
Total	\$ 19,126,537		\$ (497,339)	\$ 18,629,198	\$ 460,000

Maturities of the installment purchase contract and interest payments subsequent to June 30, 2019, are as follows:

Year Ending	Principal		Principal Interest		Total	
2020	\$	460,000	\$	694,700	\$	1,154,700
2021		475,000		676,000		1,151,000
2022		495,000		656,600		1,151,600
2023		515,000		636,400		1,151,400
2024		540,000		615,300		1,155,300
2025 - 2028		2,365,000		2,245,075		4,610,075
2029 - 2033		3,405,000		2,359,456		5,764,456
2034 - 2038		4,035,000		1,736,719		5,771,719
2039 - 2043		5,105,000		663,625		5,768,625
Total	\$	17,395,000	\$	10,283,875	\$	27,678,875

8. COMPENSATED ABSENCES

In accordance with the District's policy, employees may accrue up to 240 hours of vacation. For the year ended June 30, 2019, the total accrued vacation liability for all employees totaled \$167,114. Also, in accordance with the District's policy, employees may accrue unlimited sick time. Upon attaining 352 hours, the employee may exercise a one-time option to exchange sick leave hours for cash or vacation time. Upon separation, retirement, or death, an employee shall receive, as an additional retirement benefit, an amount equal to 50% of accrued hours for unused sick leave pay for up to 352 hours or 176 hours.

8. COMPENSATED ABSENCES (CONTINUED)

The District has modified the Employment Agreement in regard to the General Manager's sick leave benefits. The General Manager shall receive the same sick leave benefits, upon the same terms and conditions, as provided to all other District employees. For the year ended June 30, 2019, the total accrued sick leave liability for all employees totaled \$173,989.

9. DEFERRED COMPENSATION PLAN

The District has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all District employees, permits them to defer a portion of their salary until future years. The funds are not available to employees until termination, retirement, death, or an unforeseeable emergency. Employees may contribute to the plan up to 25% of their annual compensation, not to exceed limits established in the Internal Revenue Code. The District does not make any contributions to this plan. Deferred compensation plan assets are not included in the financial statements, as the plan assets are held in trust to protect them from general creditors of the District.

10. DEFINED BENEFIT PENSION PLANS

a. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

a. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, the measurement date, are summarized as follows:

	Miscellaneous				
]	PEPRA	
	P	rior to	Or	n or After	
Hire date	Janua	ry 1, 2013	_ Janu	ary 1, 2013	
Benefit formula	2.5	%@55	2%@62		
Benefit vesting schedule	5 years	s of service	5 years of service		
Benefit payments	month	nly for life	mon	thly for life	
Retirement age	5	0 - 63	52 - 67		
Monthly benefits, as a % of eligible					
compensation	1.426%	to 2.418%	1.0°	% to 2.5%	
Required employee contribution rates		8%		6.25%	
Required employer contribution rates:					
Normal cost rate	10	10.11%		6.533%	
Payment of unfunded liability	\$	199,494	\$	164	

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the net pension liability of all Plans as follows:

	Proportionate Share of
	Net Pension Liability
Miscellaneous	\$ 4,527,220

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

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for all Plans as of the measurement dates June 30, 2017 and 2018, is as follows:

i e	Miscellaneous
Proportion - June 30, 2017	0.11689%
Proportion - June 30, 2018	0.12013%
Change - Increase (Decrease)	0.00324%

For the year ended June 30, 2019, the District recognized pension expense of \$710,202. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred		Deferred	
	Outflows]	Inflows
	of]	Resources	of l	Resources
Pension contributions subsequent to measurement date	\$	483,791	\$	-
Differences between actual and expected experience		173,702		(59,110)
Changes in assumptions		516,116		(126,490)
Changes in employer's proportion and differences				
between the employer's contributions and the				
employer's proportionate share of contributions		-		(115,298)
Net differences between projected and actual				
earnings on plan investments		22,381		
Total	\$	1,195,990		(300,898)

ROWLAND WATER DISTRICT Notes to Basic Financial Statements June 30, 2019

10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

An amount of \$483,791 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Year	
Ending	
June 30,	Amount
2020	\$ 389,403
2021	217,526
2022	(154,911)
2023	(40,717)
2024	-
Thereafter	
Total	¢ 411.201
2023 2024	(40,717) -

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

Actuarial Assumptions

The total pension liability at June 30, 2018, the measurement date, was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. The total pension liability was based on the following assumptions:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal
	Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post-Retirement Benefit Increase	(3)

- (1) Varies by age, service, and type of employment.
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERSdemographic data from 1997 to 2015) that can be found on the CalPERS website.
- (3) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Long-term Expected Rate of Return

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

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

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

Long-term Expected Rate of Return (Continued)

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
- (b) An expected inflation of 2.0% used for this period
- (c) An expected inflation of 2.92% used for this period

Discount Rate

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

Subsequent Events

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous		
1% Decrease		6.15%	
Net Pension Liability	\$	7,057,960	
Current Discount Rate		7.15%	
Net Pension Liability	\$	4,527,220	
1% Increase		8.15%	
Net Pension Liability	\$	2,438,136	

Pension Plans Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

c. Payable to the Pension Plans

At June 30, 2019, the District had no outstanding amount of contributions to the pension plans due for the year ended June 30, 2019.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

a. Plan Description

The District has an agent multiple-employer other post-employment benefit plan that provides medical, dental, and vision coverage to 24 active employees, 10 retired employees, and 7 covered dependents of retirees through the ACWA health program as of the measurement date, June 30, 2018. At retirement, the District provides a contribution for the continuation of these coverage's for eligible retirees. Eligibility for a District contribution requires retirement from the District and under CalPERS on or after age 50 with at least 15 years of continuous service. The District provides 100% of the cost of coverage for the retiree and any covered spouse. Employees hired on or after July 1, 2012, are eligible for a District contribution if retiring from the District and under CalPERS on or after age 62 with at least 15 years of continuous District service. The District provides 100% of the cost of coverage for the retiree only and covered spouse.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

a. Plan Description (Continued)

An employee may also be eligible for retiree medical, dental, and vision benefits if, at the time of retirement from the District, the employee has at least twenty five (25) years of service in the water utility industry, has been employed by the District for a minimum continuous period of five (5) years, and has attained a minimum age of fifty (50) years. For purposes of this benefit, "retirement from the District" means the employee's effective retirement date is within 120 days of separation from employment with the District and the employee receives either a service or disability retirement allowance from CalPERS resulting from his or her service to the District.

b. Funding Policy

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

c. Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District.

For fiscal year ended June 30, 2018, the measurement period, the District's contributions totaling \$599,152 included \$420,000 placed in its PARS OPEB Trust, \$160,068 in current year premium payments, and an implied subsidy of \$19,084.

d. Accounting for the Plan

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

e. Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date.

Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

f. Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	6.50%
Long-Term Expected	
Rate of Return on Investments	6.50%
Inflation	2.26%
Payroll increases	3.25%
Healthcare Trend Rates	Pre-65 - 8.00% trending down 0.25% annually to
	5.0% by 2031 and later
	Post-65 - 5.50% trending down 0.25% annually
	to 5.0% by 2021 and later
Morbidity	CalPERS 2013 Study
Mortality	CalPERS 2014 Study
Disability	Not valued
Detinount	2014 CalPERS Public Agency Miscellaneous
Retirement	experience study;
	2.5%@55 and 2% @62
Percent Married	80% of future retirees would enroll a spouse

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

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

f. Total OPEB Liability (Continued)

Actuarial Assumptions (Continued)

		Long-Term
		Expected Real
Asset Class	Target Allocation	Rate of Return
PARS Moderate Investment Policy:		-
Equity	48.25%	5.65%
Fixed Income	45.00%	1.39%
REITs	1.75%	5.06%
Cash	5.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

g. Changes in the Total OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)						
	Total			Plan		Net	
	OPEB		Fiduciary		OPEB		
	Liability		Net Position		Liability (Asset)		
Balance at June 30, 2017							
(Measurement Date)	\$	6,062,220	\$	2,992,289	\$	3,069,931	
Changes in the Year:							
Service cost		99,230		-		99,230	
Interest on the total OPEB liability		394,763		-		394,763	
Differences between actual and						-	
expected experience		11,333		-		11,333	
Changes in benefit terms		151,163		-		151,163	
Contributions - employer		-		599,152		(599,152)	
Net investment income		-		203,849		(203,849)	
Benefit payments		(179,152)		(179, 152)		-	
Administrative expenses				(10,222)		10,222	
Net Changes		477,337		613,627		(136,290)	
Balance at June 30, 2018							
(Measurement Date)	_\$	6,539,557	\$	3,605,916	\$	2,933,641	

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

g. Changes in the Total OPEB Liability (Continued)

Changes of Assumptions

In fiscal year 2017-18, the measurement period, there were no changes to the actuarial assumptions.

Change of Benefit Terms

In fiscal year 2017-18, the measurement period, the plan was amended to provide coverage to spouses for future retirees hired on or after July 1, 2009 if they have 25 years of service, effective 2017-18. This amendment increased the District's liability by \$151,163.

Subsequent Events

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

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current discount rate:

	1	% Decrease	Γ	Discount Rate	1	% Increase
		(5.50%)		(6.50%)		(7.50%)
Net OPEB Liability	\$	4,051,109	\$	2,933,641	\$	2,041,768

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

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

	7.009	7.00% Decreasing to 4.00%		% Decreasing	9.00% Decreasing			
	1			to 5.00%	to 6.00%			
Net OPEB Liability	\$	1,976,509	\$	2,933,641	\$	4,154,300		

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$300,904. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred
Inflows
s of Resources
76 \$ -
50 (562,469)
- (416,852)
- (55,735)
26 \$ (1,035,056)

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

h. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The differences between projected and actual earnings on plan investments is amortized over five years.

\$605,776 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year		
Ending		
June 30,	Amount	
2020	\$ (146,867	7)
2021	(146,867	7)
2022	(146,868	3)
2023	(127,289)
2024	(128,039)
Thereafter	(328,976	6)

i. Payable to the OPEB Plan

At June 30, 2019, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

12. RISK MANAGEMENT

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

At June 30, 2019, the District participated in the self-insurance programs of the Insurance Authority as follows:

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

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

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

12. RISK MANAGEMENT (CONTINUED)

<u>Public Officials' Liability</u> - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

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

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

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

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

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

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

13. UNRESTRICTED NET POSITION

The District has adopted a policy to designate reserves of unrestricted net position. Total reserves are designated as follows as of June 30, 2019:

Designated reserves for:	
Operations	\$ 3,458,178
Rate stabilization	6,000,000
Capital funding including expansion of	
facilities and future repairs and maintenance	 4,526,377
Total Designated Reserves	13,984,555
Undesignated net position	6,900,136
Total Unrestricted Net Position	\$ 20,884,691

ROWLAND WATER DISTRICT Notes to Basic Financial Statements June 30, 2019

14. COMMITMENTS AND CONTINGENCIES

The District is party to a water production and delivery agreement dated May 12, 2012, with the La Habra Heights County Water District ("La Habra Heights") for the purpose of assisting the District to access water rights in the Central Groundwater Basin of Los Angeles County ("Central Basin"). The District has acquired pumping rights in the Central Basin but has no facilities to produce water from Central Basin. La Habra Heights has facilities to produce water from the Central Basin and is able to assist the District to produce water, pursuant to the District's water rights, and deliver the water to the District's water distribution system.

Subject to certain limitations as specified in the agreement, La Habra Heights will convey to the District groundwater from the Central Basin. La Habra Heights will bill the District on a monthly basis for water delivery costs. The District will pay La Habra Heights for transporting water, La Habra Height's direct cost of production, energy costs associated with the delivery of the water to the delivery point, and any other variable cost of production. The District will pay a wheeling charge that is \$50 per acre-foot until the District has amortized its capital costs. After the District has fully amortized its capital cost, the wheeling charge is \$75 per acre-foot. In addition, La Habra Heights will share the cost savings that the District realizes as a result of La Habra Heights pumping and delivering water to the District from the Central Basin instead of the District purchasing water from other sources. This agreement is currently in dispute.

15. SUBSEQUENT EVENTS

Events occurring after June 30, 2019, have been evaluated for possible adjustments to the financial statements or disclosure as of March 23, 2020, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

Fiscal year ended	_Ju	ne 30, 2019	_Ju	ne 30, 2018	_Ju	ne 30, 2017	_Ju	ne 30, 2016	_Ju	ne 30, 2015
Measurement period	Ju	ne 30, 2018	Ju	ne 30, 2017	Ju	ne 30, 2016	Ju	ne 30, 2015	Ju	ne 30, 2014
Plan's proportion of the net pension liability		0.04698%		0.04646%		0.04547%		0.04441%		0.03764%
Plan's proportionate share of the net pension liability	\$	4,527,220	\$	4,607,714	\$	3,934,518	\$	3,048,469	\$	2,341,881
Plan's covered payroil	\$	2,279,335	\$	2,167,973	\$	2,099,673	\$	2,161,937	\$	2,163,227
Plan's proportionate share of the net pension liability as percentage of its covered payroll		198.62%		212.54%		187.39%		141.01%		108.26%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability		75.26%		73.31%		74.06%		78.40%		83.35%
Plan's proportionate share of aggregate employer contributions	\$	540,185	\$	508,571	\$	444,368	\$	399,898	\$	690,855

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

^{*}Fiscal year 2015 was the first year of implementation; therefore, only five years are shown.

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN

Last Ten Fiscal Years*

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 483,791	\$ 414,273	\$ 371,209	\$ 337,455	\$ 334,790
Contributions in relation to the actuarially determined contributions	(483,791)	(414,273)	(371,209)	(337,455)	(334,790)
Contribution deficiency (excess)	<u>s</u> -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,398,551	\$ 2,279,335	\$ 2,167,973	\$ 2,099,673	\$ 2,161,937
Contributions as a percentage of covered payroll	20.17%	18.18%	17.12%	16.07%	15.49%
Notes to Schedule:					
Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates: Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation Salary increases	2.75%	2.75%	2.75%	2.75%	2.75% (2)
Investment rate of return Retirement age	7.375% (3) (4)	7.50% (3) (4)	7.50% (3) (4)	7.50% (3) (4)	7.50% (3) (4)
Mortality	(5)	(5)	(5)	(5)	(5)

⁽¹⁾ Level percentage of payroll, closed

⁽²⁾ Depending on age, service, and type of employment

⁽³⁾ Net of pension plan investment expense, including inflation

^{(4) 50} years (2%@55 and 2%@60), 52 years (2%@62)
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

^{*} Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year ended	Jur	ne 30, 2019	_Ju	ne 30, 2018
Measurement date (MD)	Jun	ne 30, 2018	_Ju	ne 30, 2017
Total OPEB Liability:				
Service cost	\$	99,230	\$	121,597
Interest on total OPEB liability		394,763		450,304
Change of benefit terms		151,163		-
Differences between expected and actual experience		11,333		(710,721)
Changes of assumptions		-		(526,713)
Benefit payments, including refunds				
and the implied subsidy benefit payments		(179,152)		(154,372)
Net Change in Total OPEB Liability		477,337		(819,905)
Total OPEB Liability - Beginning of Year		6,062,220		6,882,125
Total OPEB Liability - End of Year (a)		6,539,557		6,062,220
Plan Fiduciary Net Position:				
Contributions - employer		599,152		574,372
Net investment income		203,849		261,561
Administrative expenses		(10,222)		(850)
Benefit payments, including refunds				
and the implied subsidy benefit payments		(179,152)		(154,372)
Net Change in Plan Fiduciary Net Position		613,627		680,711
Plan Fiduciary Net Position - Beginning of Year		2,992,289		2,311,578
Plan Fiduciary Net Position - End of Year (b)		3,605,916		2,992,289
Net OPEB Liability - Ending (a)-(b)	\$	2,933,641		3,069,931
Plan fiduciary net position as a percentage of the total OPEB liability		55.14%		49.36%
Covered-employee payroll	\$	2,285,510	\$	2,174,023
Net OPEB liability as percentage of covered-employee payroll		128.36%		141.21%

Notes to Schedule:

Benefit Changes:

MD 06-30-17 - There were no changes in benefits.

MD 06-30-18 - Coverage expanded to spouses for future retirees hired on or after July 1, 2009 if they have 25 years of service, effective fiscal year 17-18.

Changes in Assumptions:

MD 06-30-17 - Average per capita claims cost was updated to reflect actual 2017 premiums, health care cost trend rate was updated to reflect 2018 industry survey data, and mortality table was updated to reflect most recent CalPERS studies.

MD 06-30-18 - There were no changes in actuarial assumptions.

^{*} Fiscal year 2018 was the first year of implementation; therefore, only two years are shown.

SCHEDULE OF CONTRIBUTIONS - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

Last Ten Fiscal Years*

Fiscal year ended		Ju	ne 30, 2019	Ju	ne 30, 2018
Actuarially determined contribu	ition	\$	354,481	\$	343,260
Contributions in relation to the a	actuarially determined contributions		(605,776)		(599,152)
Contribution deficiency (excess)		(251,295)		(255,892)
Covered payroll		\$	2,404,726	\$	2,285,510
Contributions as a percentage of	f covered payroll		25.19%	1	26.22%
Notes to Schedule:					
Valuation Date			6/30/2017		6/30/2017
Methods and Assumptions Used	to Determine Contribution Rates:				
Actuarial cost method	Entry age normal		Entry Age		Entry Age
Amortization method	Closed period, level percent of pay		(1)		(1)
Amortization period			20 years		21 years
Asset valuation method		M	larket Value	M	larket Value
Discount rate			6.50%		6.50%
Inflation			2.26%		2.26%
Payroll increases			3.25%		3.25%
Mortality			(2)		(2)
Morbidity			(3)		(3)
Disability		1	Not Valued	1	Not Valued
Retirement			(4)		(4)
Percent Married			80%		80%
Healthcare trend rates			(5)		(5)

- (1) Closed period, level percent of pay
- (2) CalPERS 2014 Study
- (3) CalPERS 2013 Study
- (4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62
- (5) Pre-65 8.00% trending down 0.25% annually to 5.00% in 2031 and later Post-65 5.50% trending down 0.25% annually to 5.00% in 2021 and later
- * Fiscal year 2018 was the first year of implementation; therefore, only two years are shown.

REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULE OF ANNUAL MONEY-WEIGHTED RETURN ON INVESTMENTS

Fiscal Year	Annual Money-Weighted Rate of Return,
Ended	Net of Investment Expense
6/30/17	10.74%
6/30/18	6.42%
6/30/19	7.29%

^{*} Fiscal year 2018 was the first year of implementation; only three years of information is available.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF OTHER OPERATING EXPENSES

For the year ended June 30, 2019

Certification, fees, and permits	\$ 92,510
Water supply planning and development	27,915
Engineering	17,990
Maintenance and operations	57,790
Small tools and supplies	43,087
Water tests	 20,860
TOTAL OTHER OPERATING EXPENSES	\$ 260,152

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended June 30, 2019

Salaries and wages	\$ 1,253,628
Insurance	623,876
Pension plan expense	890,927
Other post-employment benefits expense	274,982
Professional services	441,549
Payroll taxes	190,425
Office supplies and expenses	202,546
Directors' fees and expenses	155,321
Miscellaneous	186,355
Public relations	209,385
Utilities	107,010
Service charges	133,639
Automobile expenses	88,509
Seminars and training	36,159
Conferences and travel	49,877
Membership fees and dues	33,256
Conservation rebate program expenses	20,254
Repairs and maintenance	46,435
Uncollecțable accounts	45,007
Taxes, permits, and fees	 9,903
TOTAL GENERAL AND	
ADMINISTRATIVE EXPENSES	\$ 4,999,043

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

Board of Directors Rowland Water District Rowland Heights, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rowland Water District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 23, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain other matters that we have reported to management and the Board of Directors in a separate letter dated March 23, 2020.

Purpose of This Report

White Nelson Diehl Grans UP

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

Irvine, California March 23, 2020



RESOLUTION NO. 4-2020

ROWLAND WATER DISTRICT RESOLUTION OF THE BOARD OF DIRECTORS ADOPTING A METHODOLOGY FOR IMPOSING CAPACITY FEES ON CERTAIN QUALIFYING ACCESSORY DWELLING UNITS, ADOPTING A POLICY FOR PROVIDING WATER TO ACCESSORY DWELLING UNITS, AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

WHEREAS, the Rowland Water District ("District") is organized and operates pursuant to the County Water District Law, commencing with Section 30000 of the California Water Code (the "County Water District Law"); and

WHEREAS, pursuant to California Government Code section 66013, the District is authorized to impose capacity charges for public facilities in existence at the time the charge is imposed or for new facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the District involving capital expense relating to its use of existing or new public facilities; and

WHEREAS, the District has made significant investments in its potable water system, and will be making additional in the future to ensure there is sufficient capacity in its system to serve all customers connected to its potable water system; and

WHEREAS, pursuant to Resolution No. 5.1-2017, adopted by the District's Board of Directors on the District on May 16, 2017, the District previously adopted a schedule of capacity charges (the "Capacity Charges") in compliance with Government Code section 66013; and

WHEREAS, since the adoption of the Capacity Charges, new legislation has been adopted that creates additional requirements and limitations on the District's ability to impose the Capacity Charges on certain qualifying accessory dwelling units ("ADUs"); and

WHEREAS, specifically, Government Code section 65852.2 provides that the District may not impose the Capacity Charge on ADUs that: (i) are within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure and may include an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure; (ii) have exterior access from the proposed or existing single-family dwelling; (iii) have side and rear setbacks that are sufficient for fire and safety, and additionally may not impose a Capacity Charge on a junior accessory dwelling unit that complies with the requirements of Government Code section 65852.22; and

WHEREAS, for any other ADU that does not meet the limitations described above, the District may impose a Capacity Charge that is proportionate to the burden of the proposed ADU, based

upon either its square feet or the number of its water supply fixture units ("WSFU"), as defined in the Uniform Plumbing Code (UPC) adopted and published by the International Association of Plumbing and Mechanical Officials, upon the water or sewer system, so long as the Capacity Charge does not exceed the reasonable cost of providing this service; and

WHEREAS, in order to comply with such new legislation, the District previously provided a memorandum analyzing the costs of providing capacity to an ADU based on WSFU (attached hereto as Exhibit "A"); and

WHEREAS, the District now wishes to adopt a Policy Regarding Water Service to be Provided to Accessory Dwelling Units (the "Policy", attached as Exhibit "B"), and further to adopt a schedule of Capacity Charges for ADUs in compliance with Government Code section 65852.2; and

WHEREAS, the Policy and the adoption of this Resolution will not increase or create any new fees or charges of the District; rather, this Resolution provides a separate methodology for imposing existing Capacity Charges on ADUs, which will result in a lower Capacity Charge for such properties.

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

- Section 1. The matters set forth in the recitals to this Resolution are true and correct statements and by this reference incorporated herein and made findings and determinations of the Board of Directors.
- Section 2. (a) The District, as lead agency under the California Environmental Quality Act ("CEQA"), has evaluated the potential environmental impacts of the proposed Capacity Charge. As the decision making body for the District, the Board of Directors has reviewed and considered the information contained in the administrative record for the adoption of the proposed rates for the Capacity Charge.
 - (b) The Board of Directors finds that the proposed Capacity Charges are intended to fund capital improvement projects related to the District's need to finance capital improvements necessary to serve a new development and to provide equity between new development and existing customers. The proposed Capacity Charges do not commit the District to approve any particular project, program, or capital improvement, but will be placed in a separate fund for potential future projects. The proposed Capacity Charges are in response to the District's projected need for additional facilities and infrastructure to provide services to new development, and designed to comply with new laws relating to ADUs. Any activities, including infrastructure improvements, to be funded by Capacity Charge will be subject to future environmental review under CEQA, as applicable, prior to District approval.

- The Board of Directors therefore finds the proposed Capacity (c) Charges are not subject to environmental review under CEOA. First, the proposed Capacity Charges, in and of themselves, do not have potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment and therefore are not considered a "project" under CEQA. (Pub. Resources Code, § 21065, 14 Cal. Code Regs., § 15378, subd. (a).) Second, the Capacity Charges are covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment; here, there is no possibility that the proposed Capacity Charges, in and of themselves, may have a significant effect on the environment. (14 Cal. Code Regs., § 15061, subd. (b)(3).) And third, the proposed Capacity Charges are considered a government funding mechanism that does not involve any commitment on behalf of the District to any specific project which may result in a potentially significant physical impact on the environment. (14 Cal. Code Regs., § 15378, subd. (b)(4).
- (d) The determination that the proposed Capacity Charges are not subject to CEQA review reflects the Board of Directors' independent judgment and analysis.
- (e) The documents and materials that constitute the record of proceedings on which these findings have been based are located at the offices of the District, 3021 Fullerton Road, Rowland Heights, California. The custodian for these records is the Secretary of the Board of Directors of the District.
- Section 3. From the effective date of this Resolution, the Board of Directors hereby determines that the Capacity Charge for an ADU subject to such charge, shall be calculated in accordance with the number of WSFU in such ADU, specifically by using Table A 103.1 and Chart A 103.1(2) of Appendix A of the UPC, shown as Table 3 and Chart 1 in Exhibit A, respectfully, to determine and convert the number of WSFU to an equivalent gpm flow as further described in Exhibit "A" and Exhibit "B" herein.
- Section 4. The District further adopts the Policy attached hereto as Exhibit "B" and incorporated herein by this reference. Whether an ADU is subject to the Capacity Charges described in Section 3 above will be determined in accordance with such Policy.
- Section 5. On January 1, 2021, and each January 1 thereafter, the rates for the Capacity Charge set forth in Section 3 above may be adjusted for inflation each year using the Handy-Whitman Index for that year.

- Section 6. The Capacity Charges established herein shall apply only to ADUs as determined in accordance with the Policy. The potable water capacity fee adopted pursuant to Resolution No. 5.1-2017 shall remain in effect with respect to all other property of the District except as explicitly described herein and in the Policy. Nothing contained herein is intended to otherwise rescind, supersede, or otherwise interfere with any other fee or charge of the District, including pre-existing potable water capacity fees, except as specifically described herein and in the Policy.
- Section 7. If any section, subsection, clause or phrase in this Resolution or the application thereof to any person or circumstances is for any reason held invalid, the validity of the remainder of this Resolution or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.
- Section 8. The General Manager of the District is authorized and directed to take all actions necessary to implement the new rates for the Capacity Charges for ADUs effective immediately, and to file a Notice of Exemption for the Capacity Charges with the County Clerk for the County of Los Angeles within five working days of the date of the adoption of this Resolution.
- Section 9. This Resolution shall take effect immediately.

ADOPTED at a regular meeting of the Board of Directors of the Rowland Water District held on April 14, 2020, by the following vote, to wit:

ROBERT W. LEWIS Board President

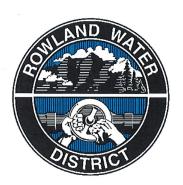


Exhibit "A"

MEMORANDUM

Accessory Dwelling Unit (ADU) - Capacity Charge & Separate Service Policy

ADU Summary

An Accessory Dwelling Unit (ADU) is a secondary dwelling unit with complete independent living facilities for one or more persons and generally takes three forms:

- Detached: The unit is separated from the primary structure
- Attached: The unit is attached to the primary structure
- Repurposed Existing Space: Space (e.g., master bedroom, garage, etc.) within the primary residence is converted into an independent living unit
 - o Junior Accessory Dwelling Units: Similar to repurposed space with various streamlining measures

AB 881 - Capacity Fees

AB 881 provides that ADUs shall not be considered new residential uses for the purpose of calculating utility connection fees or capacity charges, including water and sewer service. The bill prohibits a local agency from requiring an ADU applicant to install a new or separate utility connection or impose a related connection fee or capacity charge for ADUs that are contained within an existing residence or accessory structure. For attached and detached ADUs, this fee or charge must be proportionate to the burden of the unit on the water or sewer system and may not exceed the reasonable cost of providing the service.

Resources and References

Referencing the California Department of Housing and Community Development - Accessory Dwelling Unit Memorandum (enclosed herein as **Enclosure 1**), dated December 2018, under the Frequently Asked Questions section, several questions with answers on Pg. 11 of the document highlight how a utility, such as our District, can impose capacity fees and require separate utility connections between the primary dwelling and the ADU. In summary, special districts and noncity and county service districts must account for a lesser impact related to an ADU and should base fees on unit size or number of *plumbing fixtures*. Rowland Water District (RWD) should

consider a proportionate or sliding scale fee structure that addresses the smaller size and lesser impact of ADUs to promote the development of ADUs.

With that being said, Government Code Section 65852.2 (enclosed herein as **Enclosure 2**), under paragraph (4) of subdivision (f), the language reads "For an accessory dwelling unit that is not described in subparagraph (A) of paragraph (1) of subdivision (e), a local agency, special district, or water corporation may require a new or separate utility connection directly between the accessory dwelling unit and the utility. Consistent with Section 66013, the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed accessory dwelling unit, based upon either its square feet or the number of its *drainage fixture unit (DFU)* values, as defined in the Uniform Plumbing Code adopted and published by the International Association of Plumbing and Mechanical Officials, upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service."

Provided the foregoing, there is inconsistency with respect to the recommended method in calculating a proportional capacity charge for an ADU. Published reference material refers to using number of *plumbing fixtures* and Government Code Section 65852.2 refers to *drainage fixture units*. A DFU methodology was explored with the intent to develop a proportional cost calculation for ADU's; however, it was quickly determined that a DFU methodology would result in a higher cost capacity charge since drainage fixture units allow for higher flows of water vs. plumbing fixtures. Acknowledging that the intent of the legislation is to develop a *lower* proportional cost capacity fee for ADU's, it was determined that a plumbing fixture (vs. DFUs) methodology would result in a lower proportional cost capacity fee for ADU's.

To correlate a proportional capacity fee, RWD will use its 2017 Capacity Fee Study and Construction Rate Analysis Report (2017 Capacity Fee Report) and the 2018 Uniform Plumbing Code published by the International Association of Plumbing and Mechanical Officials (2018 UPC) as its basis for methodology in calculating capacity fees that are proportionate to the impact of the ADU.

Calculating Capacity Fees for an ADU

As previously stated, special districts and non-city and county service districts must account for the lesser impact related to an ADU and should base fees on unit size or number of plumbing fixtures. Currently, RWD uses its 2017 Capacity Fee Report as its basis for determining capacity fees for new connections. The methodology used in the report consists of a combination of the value of the existing (historical) system assets and the value of planned future improvements as its basis for establishing the capacity fees. Meter equivalencies are used as a proxy for the potential demand that each customer can place on the water system, therefore the capacity fee for a new connection is proportional to the service's meter equivalence. **Table 1** below displays the meter equivalence for each respective meter size and its maximum flow in gallons per minute (gpm).

Table 1 – Meter Equivalence

	Meter Equivalence		Equivalence		
Meter Size (inch)	Existing Potable Water Meters (1)	Maximum Flow (gpm) (2)	Capacity Factor for 5/8 inch Base Meter (3)	Potable Water Meter Equivalent Units	
5/8	10,926	20	1	10,926	
3/4	98	30	1	98	
1	929	50	1	929	
1.5	535	100	5	2,675	
2	599	160	8	4,792	
3	17	320	16	272	
4	13	500	25	325	
6	. 11	1,000	50	550	
8	6	1,600	80	480	
10	2	4,200	210	420	
12	-	5,300	265	-	
Total	13,136			21,467	

^{1.} Per District utility billing data, as of the July-August 2016 billing period. Exclude fire, recycled and construction meters

Meters are considered equivalent to a 5/8-inch meter.

Provided that the state of California now requires fire suppression systems in all new single-family home construction, the minimum meter size going forward is a 1-inch meter. Consequently, the District has chosen to treat 3/4 and 1-inch meters as equivalent to 5/8-inch meters. However, ADUs are not required to provide fire sprinklers if they are not or were not required of the primary residence. Translating meter equivalencies to capacity fee dollar amounts, **Table 2** below displays the Potable Water Capacity Fees for each respective meter 1-inch and greater.

^{2.} Source: AWWA M1, Table B-1. Assumes displacement meters for 5/8" through 2" meters. Compound Class I for 3" through 8" and Turbine Class II for 10" through 12" meters.

^{3.} Due to building code requirements. 1-inch meters will be the minimum size going forward, therefore existing ¾ and 1-inch

Table 2 – Potable Water Capacity Fees

Meter Size (inch)	Equivalency Factor			3.6		Maximum
	Maximum Continuous Flow (gpm) (1)	Equivalency to Base Meter Size	Maximum Unit Cost (\$/5/8-inch meter)			Potable apacity Fee Per Meter
1	50	1	\$	3,685.00	\$	3,685.00
1.5	100	5	\$	3,685.00	\$	18,424.00
2	160	8	\$	3,685.00	\$	29,478.00
3	320	16	\$	3,685.00	\$	58,956.00
4	500	25	\$	3,685.00	\$	92,118.00
6	1,000	50	\$	3,685.00	\$	184,237.00
8	1,600	80	\$	3,685.00	\$	294,779.00
10	4,200	210	\$	3,685.00	\$	773,794.00
12	5,300	265	\$	3,685.00	\$	976,455.00

^{1.} Source: AWWA M1, Table B-1. Assumes displacement meters for 1" through 2" Compound Class I for 3" through 8" and Turbine Class II for 10" through 12" meters.

Acknowledging the current water capacity fees adopted by RWD, Appendix A of the 2018 UPC will be used to proportionally calculate capacity fees for an ADU.

Table A 103.1 of Appendix A of the 2018 UPC, shown as **Table 3** herein, shows how each type of plumbing fixture is assigned a specific number of fixture units that reflects the instantaneous flow requirement of the fixture. Using this chart as the basis of determining the number of fixture counts for an ADU, Chart A 103.1(2) of Appendix A of the 2018 UPC, shown as **Chart 1** herein, can then be used to convert the number of fixture units to an equivalent gpm flow. In the event that a fixture being used on a proposed ADU is not listed in **Chart 1**, RWD will determine a fixture unit value that is similar to a fixture listed in **Chart 1**. Specifically, only fixture values on the Private column will be used since all ADUs fall under the private use definition, as defined in the 2018 UPC, "applies to plumbing fixtures in residences and apartments, to private bathrooms in hotels and hospitals, and to restrooms in commercial establishments where the fixtures are intended for the use of a family or an individual."

Table 3 – Water Supply Fixture Units (WSFU) and Minimum Fixture Branch Pipe Sizes

APPLIANCES, APPURTENANCES, OR FIXTURES	MINIMUM FIXTURE BRANCH PIPE SIZE (inches)	Private	Public	ASSEMBLY
Bathtub or Combination Bath/Shower (fill)	1/2	4	4	-
³ / ₄ inch Bathtub Fill Valve	3/4	10	10	-
Bidet	1/2	1	-	-
Clothes Washer	1/2	4	4	
Dental Unit, cuspidor	1/2	-	1	-
Dishwasher, domestic	1/2	1.5	1.5	-
Drinking Fountain or Water Cooler	1/2	0.5	0.5	0.75
Hose Bibb	1/2	2.5	2.5	-
Hose Bibb, each additional ⁷	1/2	1	1	-
Lavatory	1/2	1	1	1
Lawn Sprinkler, each head ⁵	-	1	1	-
Mobile Home, each (minimum)	-	12	-	-
Sinks	-	-	-	-
Bar	1/2	1	2	-
Clinical Faucet	1/2	-	3	-
Clinical Flushometer Valve with or without faucet	1	-	8	-
Kitchen, domestic	1/2	1.5	1.5	-
Laundry	1/2	1.5	1.5	-
Service or Mop Basin	1/2	1.5	3	-
Washup, each set of faucets	1/2	, -	2	-
Shower per head	1/2	2	2	-
Urinal, 1.0 GPF Flushometer Valve	3/4	3	4	5
Urinal, greater than 1.0 GPF Flushometer Valve	3/4	4	5	6
Urinal, flush tank	1/2	2	2	3
Wash Fountain, circular spray	3/4	-	4	-
Water Closet, 1.6 GPF Gravity Tank	1/2	2.5	2.5	3.5
Water Closet, 1.6 GPF Flushometer Tank	1/2	2.5	2.5	3.5
Water Closet, 1.6 GPF Flushometer Valve	1	5	5	8
Water Closet, > than 1.6 GPF Gravity Tank	1/2	3	5.5	7
Water Closet, greater than 1.6 GPF Flushometer Valve	1	7	8	10

Using a 50 gpm flow (1-inch meter) as a single point on **Chart 1** as the basis to determine the number of fixture units that a 1-inch meter can accommodate, since the minimum meter size going forward for RWD is a 1-inch meter, the chart indicates a value of 130 fixture units. Using 130 fixture units as the full cost of a 1-inch meter capacity charge, we can then determine a proportional capacity fee based on the number of fixture units for each proposed ADU.



Chart 1 – Enlarged Estimate Curves for Demand Load

As an example of the proportional fee calculation, see Example 1 below:

Example 1: A 500 ft² proposed ADU has the following fixtures:

- Bath/Shower Combo
- Clothes Washer
- Dishwasher
- One Hose Bib
- Kitchen Sink
- Laundry Sink

Using **Table 3** to identify the fixture count for each respective fixture, a bath/shower combo consist of 4 fixture units, 4 fixture units for clothes washer, 1.5 fixture units for a dishwasher, 2.5 fixture units for a hose bib, 1.5 fixture units for a kitchen sink, and 1.5 fixture units for a laundry sink. Summing all the fixture counts, it is determined that the total fixture unit count is 15 for this ADU. Using the 130 fixture unit allocation that is allowed for a 1-inch meter (50 gpm), the 15 fixture units equates to 11.5 percent of the capacity of a 1-inch meter. Converting this percentage to a dollar amount, the capacity charge fee for the ADU would be \$423.73 (\$3,685 x .115).

Using this methodology provides a practical and equitable approach to proportionally scale capacity fees based on the number of plumbing fixtures of an ADU.

Determining if New Service is Required

AB 881 prohibits a local agency from requiring an ADU applicant to install a new or separate utility connection for ADUs that are contained within an existing residence or accessory structure. Using this information as the basis in determining if an ADU will require a separate service from RWD, **Figure 1** below can be used to determine if a proposed ADU will require a separate service.

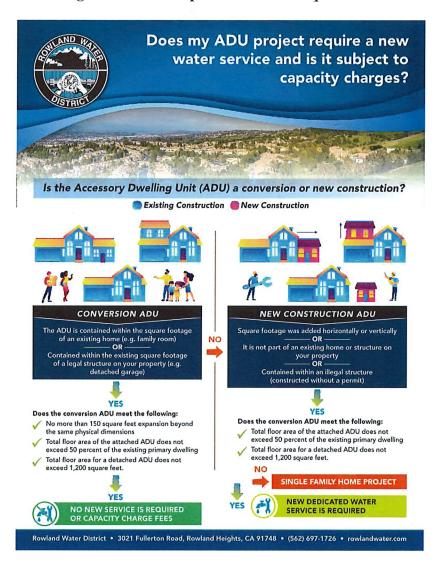


Figure 1 – ADU Separate Service Requirement

Note that for either a conversion ADU or new construction ADU, if there is an existing primary dwelling, the total floor area of an attached ADU shall not exceed 50 percent of the existing primary dwelling and the total floor area for a detached ADU shall not exceed 1,200 square feet.

Summary

AB 881 provides that ADUs shall not be considered new residential uses for the purpose of calculating utility connection fees or capacity charges, including water and sewer service. For attached and detached ADUs, this fee or charge must be proportionate to the burden of the unit on the water or sewer system and may not exceed the reasonable cost of providing the service.

RWD has used its 2017 Capacity Fee Report and the 2018 UPC to develop a methodology that provides a practical and equitable approach to proportionally scale capacity fees based on the number of plumbing fixtures of an ADU. In addition, AB 881 prohibits a local agency from requiring an ADU applicant to install a new or separate utility connection for ADUs that are contained within an existing residence or accessory structure. RWD has developed an infographic that provides information to determine when a new service is required for an ADU.

If there are any questions regarding the context of this memorandum, please feel free to contact me.

Sincerely,

Roy Frausto Engineering & Compliance Manager Rowland Water District

Enclosures:

Enclosure 1: California Department of Housing and Community Development

- Accessory Dwelling Unit Memorandum

Enclosure 2: Government Code Section 65852.2



California Department of Housing and Community Development Where Foundations Begin

Accessory Dwelling Unit Memorandum

December 2018



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Understanding Accessory Dwelling Units and Their Importance



California's housing production is not keeping pace with demand. In the last decade less than half of the needed housing was built. This lack of housing is impacting affordability with average housing costs in California exceeding the rest of the nation. As affordability becomes more problematic, people drive longer distances between a home that is affordable and where they work, or double up to share space, both of which reduces quality of life and produces negative environmental impacts.

Beyond traditional market-rate construction and government subsidized production and preservation there

are alternative housing models and emerging trends that can contribute to addressing home supply and affordability in California.

One such example gaining popularity are Accessory Dwelling Units (ADUs) (also referred to as second units, inlaw units, or granny flats).

What is an ADU

An ADU is a secondary dwelling unit with complete independent living facilities for one or more persons and generally takes three forms:

- Detached: The unit is separated from the primary structure
- Attached: The unit is attached to the primary structure
- Repurposed Existing Space: Space (e.g., master bedroom) within the primary residence is converted into an independent living unit
- Junior Accessory Dwelling Units: Similar to repurposed space with various streamlining measures

ADUs are an affordable type of home to construct in California because they do not require paying for land, major new infrastructure, structured parking, or elevators. ADUs are built with cost-effective one- or two-story wood frame construction, which is significantly less costly than homes in new multifamily infill buildings. ADUs can provide as much living space as the new apartments and condominiums being built in new infill buildings and serve very well for couples, small families, friends, young people, and seniors.

ADUs are a different form of housing that can help California meet its diverse housing needs. Young professionals and students desire to live in areas close to jobs, amenities, and schools. The problem with high-opportunity areas is that space is limited. There is a shortage of affordable units and the units that are available can be out of reach for many people. To address the needs of individuals or small families seeking living quarters in high opportunity areas, homeowners can construct an ADU on their lot or convert an underutilized part of their home like a garage

into a junior ADU. This flexibility benefits not just people renting the space, but the homeowner as well, who can receive an extra monthly rent income.

ADUs give homeowners the flexibility to share independent living areas with family members and others, allowing seniors to age in place as they require more care and helping extended families to be near one another while maintaining privacy.

Relaxed regulations and the cost to build an ADU make it a very feasible affordable housing option. A UC Berkeley study noted that one unit of affordable housing in the Bay Area costs about \$500,000 to develop whereas an ADU can range anywhere up to \$200,000 on the expensive end in high housing cost areas.

ADUs are a critical form of infill-development that can be affordable and offer important housing choices within existing neighborhoods. ADUs are a powerful type of housing unit because they allow for different uses, and serve different populations ranging from students and young professionals to young families, people with disabilities and senior citizens. By design, ADUs are more affordable and can provide additional income to homeowners. Local governments can encourage the development of ADUs and improve access to jobs, education and services for many Californians.

Summary of Recent Changes to ADU Laws



The California legislature found and declared that, among other things, allowing accessory dwelling units (ADUs) in zones allowing single family and multifamily use provides additional rental housing and are an essential component in addressing housing needs in California. Over the years, ADU law has been revised to improve its effectiveness such as recent changes in 2003 to require ministerial approval. In 2017, changes to ADU laws will further reduce barriers, better streamline approval and expand capacity to accommodate the development of ADUs.

ADUs are a unique opportunity to address a variety of housing needs and provide affordable housing options for family members, friends, students, the

elderly, in-home health care providers, the disabled, and others. Further, ADUs offer an opportunity to maximize and integrate housing choices within existing neighborhoods.

Within this context, the Department has prepared this guidance to assist local governments in encouraging the development of ADUs. Please see Attachment 1 for the complete statutory changes. The following is a brief summary of the changes for each bill.

SB 1069 (Wieckowski)

S.B. 1069 (Chapter 720, Statutes of 2016) made several changes to address barriers to the development of ADUs and expanded capacity for their development. The following is a brief summary of provisions that go into effect January 1, 2017.

Parking

SB 1069 reduces parking requirements to one space per bedroom or unit. The legislation authorizes off street parking to be tandem or in setback areas unless specific findings such as fire and life safety conditions are made. SB 1069 also prohibits parking requirements if the ADU meets any of the following:

- Is within a half mile from public transit.
- · Is within an architecturally and historically significant historic district.
- Is part of an existing primary residence or an existing accessory structure.
- Is in an area where on-street parking permits are required, but not offered to the occupant of the ADU.
- Is located within one block of a car share area.

Fees

SB 1069 provides that ADUs shall not be considered new residential uses for the purpose of calculating utility connection fees or capacity charges, including water and sewer service. The bill prohibits a local agency from requiring an ADU applicant to install a new or separate utility connection or impose a related connection fee or capacity charge for ADUs that are contained within an existing residence or accessory structure. For attached and detached ADUs, this fee or charge must be proportionate to the burden of the unit on the water or sewer system and may not exceed the reasonable cost of providing the service.

Fire Requirements

SB 1069 provides that fire sprinklers shall not be required in an accessory unit if they are not required in the primary residence.

ADUs within Existing Space

Local governments must ministerially approve an application to create within a single family residential zone one ADU per single family lot if the unit is:

- · contained within an existing residence or accessory structure.
- · has independent exterior access from the existing residence.
- · has side and rear setbacks that are sufficient for fire safety.

These provisions apply within all single family residential zones and ADUs within existing space must be allowed in all of these zones. No additional parking or other development standards can be applied except for building code requirements.

No Total Prohibition

SB 1069 prohibits a local government from adopting an ordinance that precludes ADUs.

AB 2299 (Bloom)

Generally, AB 2299 (Chapter 735, Statutes of 2016) requires a local government (beginning January 1, 2017) to ministerially approve ADUs if the unit complies with certain parking requirements, the maximum allowable size of an attached ADU, and setback requirements, as follows:

- The unit is not intended for sale separate from the primary residence and may be rented.
- The lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.
- The unit is either attached to an existing dwelling or located within the living area of the existing dwelling or detached and on the same lot.
- The increased floor area of the unit does not exceed 50% of the existing living area, with a maximum increase in floor area of 1,200 square feet.
- The total area of floorspace for a detached accessory dwelling unit does not exceed 1,200 square feet.
- No passageway can be required.
- No setback can be required from an existing garage that is converted to an ADU.

- Compliance with local building code requirements.
- Approval by the local health officer where private sewage disposal system is being used.

Impact on Existing Accessory Dwelling Unit Ordinances

AB 2299 provides that any existing ADU ordinance that does not meet the bill's requirements is null and void upon the date the bill becomes effective. In such cases, a jurisdiction must approve accessory dwelling units based on Government Code Section 65852.2 until the jurisdiction adopts a compliant ordinance.

AB 2406 (Thurmond)

AB 2406 (Chapter 755, Statutes of 2016) creates more flexibility for housing options by authorizing local governments to permit junior accessory dwelling units (JADU) through an ordinance. The bill defines JADUs to be a unit that cannot exceed 500 square feet and must be completely contained within the space of an existing residential structure. In addition, the bill requires specified components for a local JADU ordinance. Adoption of a JADU ordinance is optional.

Required Components

The ordinance authorized by AB 2406 must include the following requirements:

- Limit to one JADU per residential lot zoned for single-family residences with a single-family residence already built on the lot.
- The single-family residence in which the JADU is created or JADU must be occupied by the owner of the residence.
- The owner must record a deed restriction stating that the JADU cannot be sold separately from the singlefamily residence and restricting the JADU to the size limitations and other requirements of the JADU ordinance.
- The JADU must be located entirely within the existing structure of the single-family residence and JADU have its own separate entrance.
- The JADU must include an efficiency kitchen which includes a sink, cooking appliance, counter surface, and storage cabinets that meet minimum building code standards. No gas or 220V circuits are allowed.
- · The JADU may share a bath with the primary residence or have its own bath.

Prohibited Components

This bill prohibits a local JADU ordinance from requiring:

- Additional parking as a condition to grant a permit.
- Applying additional water, sewer and power connection fees. No connections are needed as these utilities
 have already been accounted for in the original permit for the home.

Fire Safety Requirements

AB 2406 clarifies that a JADU is to be considered part of the single-family residence for the purposes of fire and life protections ordinances and regulations, such as sprinklers and smoke alarms. The bill also requires life and protection ordinances that affect single-family residences to be applied uniformly to all single-family residences, regardless of the presence of a JADU.

JADUs and the RHNA

As part of the housing element portion of their general plan, local governments are required to identify sites with appropriate zoning that will accommodate projected housing needs in their regional housing need allocation (RHNA) and report on their progress pursuant to Government Code Section 65400. To credit a JADU toward the RHNA, HCD and the Department of Finance (DOF) utilize the census definition of a housing unit which is fairly flexible. Local government count units as part of reporting to DOF. JADUs meet these definitions and this bill would allow cities and counties to earn credit toward meeting their RHNA allocations by permitting residents to create less costly accessory units. See additional discussion under JADU frequently asked questions.

Frequently Asked Questions: Accessory Dwelling Units

Should an Ordinance Encourage the Development of ADUs?

Yes, ADU law and recent changes intend to address barriers, streamline approval and expand potential capacity for ADUs recognizing their unique importance in addressing California's housing needs. The preparation, adoption, amendment and implementation of local ADU ordinances must be carried out consistent with Government Code Section 65852.150:

- (a) The Legislature finds and declares all of the following:
- (1) Accessory dwelling units are a valuable form of housing in California.
- (2) Accessory dwelling units provide housing for family members, students, the elderly, in-home health care providers, the disabled, and others, at below market prices within existing neighborhoods.
- (3) Homeowners who create accessory dwelling units benefit from added income, and an increased sense of security.
- (4) Allowing accessory dwelling units in single-family or multifamily residential zones provides additional rental housing stock in California.
- (5) California faces a severe housing crisis.
- (6) The state is falling far short of meeting current and future housing demand with serious consequences for the state's economy, our ability to build green infill consistent with state greenhouse gas reduction goals, and the well-being of our citizens, particularly lower and middle-income earners.
- (7) Accessory dwelling units offer lower cost housing to meet the needs of existing and future residents within existing neighborhoods, while respecting architectural character.
- (8) Accessory dwelling units are, therefore, an essential component of California's housing supply.
- (b) It is the intent of the Legislature that an accessory dwelling unit ordinance adopted by a local agency has the effect of providing for the creation of accessory dwelling units and that provisions in this ordinance relating to matters including unit size, parking, fees, and other requirements, are not so arbitrary, excessive, or burdensome so as to unreasonably restrict the ability of homeowners to create accessory dwelling units in zones in which they are authorized by local ordinance.

Are Existing Ordinances Null and Void?



Yes, any local ordinance adopted prior to January 1, 2017 that is not in compliance with the changes to ADU law will be null and void. Until an ordinance is adopted, local governments must apply "state standards" (See Attachment 4 for State Standards checklist). In the absence of a local ordinance complying with ADU law, local review must be limited to "state standards" and cannot include additional requirements such as those in an existing ordinance.

Are Local Governments Required to Adopt an Ordinance?

No, a local government **is not required** to adopt an ordinance. ADUs built within a jurisdiction that lacks a local ordinance must comply with state standards (See Attachment 4). Adopting an ordinance can occur through different forms such as a new ordinance, amendment to an existing ordinance, separate section or special regulations within the zoning code or integrated into the zoning code by district. However, the ordinance should be established legislatively through a public process and meeting and not through internal administrative actions such as memos or zoning interpretations.

Can a Local Government Preclude ADUs?

No local government cannot preclude ADUs.

Can a Local Government Apply Development Standards and Designate Areas?

Yes, local governments may apply development standards and may designate where ADUs are permitted (GC Sections 65852.2(a)(1)(A) and (B)). However, ADUs within existing structures must be allowed in all single family residential zones.

For ADUs that require an addition or a new accessory structure, development standards such as parking, height, lot coverage, lot size and maximum unit size can be established with certain limitations. ADUs can be avoided or allowed through an ancillary and separate discretionary process in areas with health and safety risks such as high fire hazard areas. However, standards and allowable areas must not be designed or applied in a manner that burdens the development of ADUs and should maximize the potential for ADU development. Designating areas where ADUs are allowed should be approached primarily on health and safety issues including water, sewer, traffic flow and public safety. Utilizing approaches such as restrictive overlays, limiting ADUs to larger lot sizes, burdensome lot coverage and setbacks and particularly concentration or distance requirements (e.g., no less than 500 feet between ADUs) may unreasonably restrict the ability of the homeowners to create ADUs, contrary to the intent of the Legislature.

Requiring large minimum lot sizes and not allowing smaller lot sizes for ADUs can severely restrict their potential development. For example, large minimum lot sizes for ADUs may constrict capacity throughout most of the community. Minimum lot sizes cannot be applied to ADUs within existing structures and could be considered relative to health and safety concerns such as areas on septic systems. While larger lot sizes might be targeted for various reasons such as ease of compatibility, many tools are available (e.g., maximum unit size, maximum lot coverage, minimum setbacks, architectural and landscape requirements) that allows ADUs to fit well within the built environment.

Can a Local Government Adopt Less Restrictive Requirements?

Yes, ADU law is a minimum requirement and its purpose is to encourage the development of ADUs. Local governments can take a variety of actions beyond the statute that promote ADUs such as reductions in fees, less restrictive parking or unit sizes or amending general plan policies.

Santa Cruz has confronted a shortage of housing for many years, considering its growth in population from incoming students at UC Santa Cruz and its proximity to Silicon Valley. The city promoted the development of ADUs as critical infill-housing opportunity through various strategies such as creating a manual to promote ADUs. The manual showcases prototypes of ADUs and outlines city zoning laws and requirements to make it more convenient for homeowners to get information. The City found that homeowners will take time to develop an ADU only if information is easy to find, the process is simple, and there is sufficient guidance on what options they have in regards to design and planning.

The city set the minimum lot size requirement at 4,500 sq. ft. to develop an ADU in order to encourage more homes to build an ADU. This allowed for a majority of single-family homes in Santa Cruz to develop an ADU. For more information, see http://www.cityofsantacruz.com/departments/planning-and-community-development/programs/accessory-dwelling-unit-development-program.

Can Local Governments Establish Minimum and Maximum Unit Sizes?

Yes, a local government may establish minimum and maximum unit sizes (GC Section 65852.2(c). However, like all development standards (e.g., height, lot coverage, lot size), unit sizes should not burden the development of ADUs. For example, setting a minimum unit size that substantially increases costs or a maximum unit size that unreasonably restricts opportunities would be inconsistent with the intent of the statute. Typical maximum unit sizes range from 800 square feet to 1,200 square feet. Minimum unit size must at least allow for an efficiency unit as defined in Health and Safety Code Section 17958.1.

ADU law requires local government approval if meeting various requirements (GC Section 65852.2(a)(1)(D)), including unit size requirements. Specifically, attached ADUs shall not exceed 50 percent of the existing living area or 1,200 square feet and detached ADUs shall not exceed 1,200 square feet. A local government may choose a maximum unit size less than 1,200 square feet as long as the requirement is not burdensome on the creation of ADUs.

Can ADUs Exceed General Plan and Zoning Densities?

An ADU is an accessory use for the purposes of calculating allowable density under the general plan and zoning. For example, if a zoning district allows one unit per 7,500 square feet, then an ADU would not be counted as an additional unit. Minimum lot sizes must not be doubled (e.g., 15,000 square feet) to account for an ADU. Further, local governments could elect to allow more than one ADU on a lot.

New developments can increase the total number of affordable units in their project plans by integrating ADUs. Aside from increasing the total number of affordable units, integrating ADUs also promotes housing choices within a development. One such example is the Cannery project in Davis, CA. The Cannery project includes 547 residential units with up to 60 integrated ADUs. ADUs within the Cannery blend in with surrounding architecture, maintaining compatibility with neighborhoods and enhancing community character. ADUs are constructed at the same time as the primary single-family unit to ensure the affordable rental unit is available in the housing supply concurrent with the availability of market rate housing.

How Are Fees Charged to ADUs?

All impact fees, including water, sewer, park and traffic fees must be charged in accordance with the Fee Mitigation Act, which requires fees to be proportional to the actual impact (e.g., significantly less than a single family home).

Fees on ADUs, must proportionately account for impact on services based on the size of the ADU or number of plumbing fixtures. For example, a 700 square foot new ADU with one bathroom that results in less landscaping should be charged much less than a 2,000 square foot home with three bathrooms and an entirely new landscaped parcel which must be irrigated. Fees for ADUs should be significantly less and should account for a lesser impact such as lower sewer or traffic impacts.

What Utility Fee Requirements Apply to ADUs?

Cities and counties cannot consider ADUs as new residential uses when calculating connection fees and capacity charges.

Where ADUs are being created within an existing structure (primary or accessory), the city or county cannot require a new or separate utility connections for the ADU and cannot charge any connection fee or capacity charge.

For other ADUs, a local agency may require separate utility connections between the primary dwelling and the ADU, but any connection fee or capacity charge must be proportionate to the impact of the ADU based on either its size or the number of plumbing fixtures.

What Utility Fee Requirements Apply to Non-City and County Service Districts?

All local agencies must charge impact fees in accordance with the Mitigation Fee Act (commencing with Government Code Section 66000), including in particular Section 66013, which requires the connection fees and capacity charges to be proportionate to the burden posed by the ADU. Special districts and non-city and county service districts must account for the lesser impact related to an ADU and should base fees on unit size or number of plumbing fixtures. Providers should consider a proportionate or sliding scale fee structures that address the smaller size and lesser impact of ADUs (e.g., fees per square foot or fees per fixture). Fee waivers or deferrals could be considered to better promote the development of ADUs.

Do Utility Fee Requirements Apply to ADUs within Existing Space?

No, where ADUs are being created within an existing structure (primary or accessory), new or separate utility connections and fees (connection and capacity) must not be required.

Does "Public Transit" Include within One-half Mile of a Bus Stop and Train Station?

Yes, "public transit" may include a bus stop, train station and paratransit if appropriate for the applicant. "Public transit" includes areas where transit is available and can be considered regardless of tighter headways (e.g., 15 minute intervals). Local governments could consider a broader definition of "public transit" such as distance to a bus route.

Can Parking Be Required Where a Car Share Is Available?

No, ADU law does not allow parking to be required when there is a car share located within a block of the ADU. A car share location includes a designated pick up and drop off location. Local governments can measure a block from a pick up and drop off location and can decide to adopt broader distance requirements such as two to three blocks.

Is Off Street Parking Permitted in Setback Areas or through Tandem Parking?

Yes, ADU law deliberately reduces parking requirements. Local governments may make specific findings that tandem parking and parking in setbacks are infeasible based on specific site, regional topographical or fire and life safety conditions or that tandem parking or parking in setbacks is not permitted anywhere else in the jurisdiction. However, these determinations should be applied in a manner that does not unnecessarily restrict the creation of ADUs.

Local governments must provide reasonable accommodation to persons with disabilities to promote equal access housing and comply with fair housing laws and housing element law. The reasonable accommodation procedure must provide exception to zoning and land use regulations which includes an ADU ordinance. Potential exceptions are not limited and may include development standards such as setbacks and parking requirements and permitted uses that further the housing opportunities of individuals with disabilities.

Is Covered Parking Required?

No, off street parking must be permitted through tandem parking on an existing driveway, unless specific findings are made.

Is Replacement Parking Required When the Parking Area for the Primary Structure Is Used for an ADU?

Yes, but only if the local government requires off-street parking to be replaced in which case flexible arrangements such as tandem, including existing driveways and uncovered parking are allowed. Local governments have an opportunity to be flexible and promote ADUs that are being created on existing parking space and can consider not requiring replacement parking.

Are Setbacks Required When an Existing Garage Is Converted to an ADU?

No, setbacks must not be required when a garage is converted or when existing space (e.g., game room or office) above a garage is converted. Rear and side yard setbacks of no more than five feet are required when new space is added above a garage for an ADU. In this case, the setbacks only apply to the added space above the garage, not the existing garage and the ADU can be constructed wholly or partly above the garage, including extending beyond the garage walls.

Also, when a garage, carport or covered parking structure is demolished or where the parking area ceases to exist so an ADU can be created, the replacement parking must be allowed in any "configuration" on the lot, "…including, but not limited to, covered spaces, uncovered spaces, or tandem spaces, or…." Configuration can be applied in a flexible manner to not burden the creation of ADUs. For example, spatial configurations like tandem on existing driveways in setback areas or not requiring excessive distances from the street would be appropriate.

Are ADUs Permitted in Existing Residence or Accessory Space?

Yes, ADUs located in single family residential zones and existing space of a single family residence or accessory structure must be approved regardless of zoning standards (Section 65852.2(a)(1)(B)) for ADUs, including locational requirements (Section 65852.2(a)(1)(A)), subject to usual non-appealable ministerial building permit requirements. For example, ADUs in existing space does not necessitate a zoning clearance and must not be limited to certain zones or areas or subject to height, lot size, lot coverage, unit size, architectural review, landscape or parking requirements. Simply, where a single family residence or accessory structure exists in any single family residential zone, so can an ADU. The purpose is to streamline and expand potential for ADUs where impact is minimal and the existing footprint is not being increased.

Zoning requirements are not a basis for denying a ministerial building permit for an ADU, including non-conforming lots or structures. The phrase, "within the existing space" includes areas within a primary home or within an attached or detached accessory structure such as a garage, a carriage house, a pool house, a rear yard studio and similar enclosed structures.

Are Owner Occupants Required?

No, however, a local government can require an applicant to be an owner occupant. The owner may reside in the primary or accessory structure. Local governments can also require the ADU to not be used for short term rentals (terms lesser than 30 days). Both owner occupant use and prohibition on short term rentals can be required on the same property. Local agencies which impose this requirement should require recordation of a deed restriction regarding owner occupancy to comply with GC Section 27281.5

Are Fire Sprinklers Required for ADUs?

Depends, ADUs shall not be required to provide fire sprinklers if they are not or were not required of the primary residence. However, sprinklers can be required for an ADU if required in the primary structure. For example, if the primary residence has sprinklers as a result of an existing ordinance, then sprinklers could be required in the ADU. Alternative methods for fire protection could be provided.

If the ADU is detached from the main structure or new space above a detached garage, applicants can be encouraged to contact the local fire jurisdiction for information regarding fire sprinklers. Since ADUs are a unique opportunity to address a variety of housing needs and provide affordable housing options for family members, students, the elderly, in-home health care providers, the disabled, and others, the fire departments want to ensure the safety of these populations as well as the safety of those living in the primary structure. Fire Departments can help educate property owners on the benefits of sprinklers, potential resources and how they can be installed cost effectively. For example, insurance rates are typically 5 to 10 percent lower where the unit is sprinklered. Finally, other methods exist to provide additional fire protection. Some options may include additional exits, emergency escape and rescue openings, 1 hour or greater fire-rated assemblies, roofing materials and setbacks from property lines or other structures.

Is Manufactured Housing Permitted as an ADU?

Yes, an ADU is any residential dwelling unit with independent facilities and permanent provisions for living, sleeping, eating, cooking and sanitation. An ADU includes an efficiency unit (Health and Safety Code Section 17958.1) and a manufactured home (Health and Safety Code Section 18007).

Health and Safety Code Section 18007(a) "Manufactured home," for the purposes of this part, means a structure that was constructed on or after June 15, 1976, is transportable in one or more sections, is eight body feet or more in width, or 40 body feet or more in length, in the traveling mode, or, when erected on site, is 320 or more square feet, is built on a permanent chassis and designed to be used as a single-family dwelling with or without a foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. "Manufactured home" includes any structure that meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification and complies with the standards established under the National Manufactured Housing Construction and Safety Act of 1974 (42 U.S.C., Sec. 5401, and following).

Can an Efficiency Unit Be Smaller than 220 Square Feet?

Yes, an efficiency unit for occupancy by no more than two persons, by statute (Health and Safety Code Section 17958.1), can have a minimum floor area of 150 square feet and can also have partial kitchen or bathroom facilities, as specified by ordinance or can have the same meaning specified in the Uniform Building Code, referenced in the Title 24 of the California Code of Regulations.

The 2015 International Residential Code adopted by reference into the 2016 California Residential Code (CRC) allows residential dwelling units to be built considerably smaller than an Efficiency Dwelling Unit (EDU). Prior to this code change an EDU was required to have a minimum floor area not less than 220 sq. ft unless modified by local ordinance in accordance with the California Health and Safety Code which could allow an EDU to be built no less than 150 sq. ft. For more information, see HCD's Information Bulletin at http://www.hcd.ca.gov/codes/manufactured-housing/docs/ib2016-06.pdf.

Does ADU Law Apply to Charter Cities and Counties?

Yes. ADU law explicitly applies to "local agencies" which are defined as a city, county, or city and county whether general law or chartered (Section 65852.2(i)(2)).

Do ADUs Count toward the Regional Housing Need Allocation?

Yes, local governments may report ADUs as progress toward Regional Housing Need Allocation pursuant to Government Code Section 65400 based on the actual or anticipated affordability. See below frequently asked questions for JADUs for additional discussion.

Must ADU Ordinances Be Submitted to the Department of Housing and Community Development?

Yes, ADU ordinances must be submitted to the State Department of Housing and Community Development within 60 days after adoption, including amendments to existing ordinances. However, upon submittal, the ordinance is not subject to a Department review and findings process similar to housing element law (GC Section 65585)

Frequently Asked Questions: Junior Accessory Dwelling Units

Is There a Difference between ADU and JADU?



Yes, AB 2406 added Government Code Section 65852.22, providing a unique option for Junior ADUs. The bill allows local governments to adopt ordinances for JADUs, which are no more than 500 square feet and are typically bedrooms in a single-family home that have an entrance into the unit from the main home and an entrance to the outside from the JADU. The JADU must have cooking facilities, including a sink, but is not required to have a private bathroom. Current law does not prohibit local governments from adopting an ordinance for a JADU, and this bill explicitly allows, not requires, a local agency to do so. If the ordinance requires a permit, the local agency shall not require additional parking or charge a fee for a water or sewer connection as a condition of granting a permit for a JADU. For more information, see below.

ADUs and JADUs

REQUIREMENTS	ADU	JADU
Maximum Unit Size	Yes, generally up to 1,200 Square Feet or 50% of living area	Yes, 500 Square Foot Maximum
Kitchen	Yes	Yes
Bathroom	Yes	No, Common Sanitation is Allowed
Separate Entrance	Depends	Yes
Parking	Depends, Parking May Be Eliminated and Cannot Be Required Under Specified Conditions	No, Parking Cannot Be Required
Owner Occupancy	Depends, Owner Occupancy <i>May</i> Be Required	Yes, Owner Occupancy Is Required
Ministerial Approval Process	Yes	Yes
Prohibition on Sale of ADU	Yes	Yes

Why Adopt a JADU Ordinance?

JADUs offer the simplest and most affordable housing option. They bridge the gap between a roommate and a tenant by offering an interior connection between the unit and main living area. The doors between the two spaces can be secured from both sides, allowing them to be easily privatized or incorporated back into the main living area. These units share central systems, require no fire separation, and have a basic kitchen, utilizing small plug in appliances, reducing development costs. This provides flexibility and an insurance policy in homes in case additional income or housing is needed. They present no additional stress on utility services or infrastructure because they simply repurpose spare bedrooms that do not expand the homes planned occupancy. No additional address is required on the property because an interior connection remains. By adopting a JADU ordinance, local governments can offer homeowners additional options to take advantage of underutilized space and better address its housing needs.

Can JADUs Count towards the RHNA?

Yes, as part of the housing element portion of their general plan, local governments are required to identify sites with appropriate zoning that will accommodate projected housing needs in their regional housing need allocation (RHNA) and report on their progress pursuant to Government Code Section 65400. To credit a unit toward the RHNA, HCD and the Department of Finance (DOF) utilize the census definition of a housing unit. Generally, a JADU, including with shared sanitation facilities, that meets the census definition and is reported to the Department of Finance as part of the DOF annual City and County Housing Unit Change Survey can be credited toward the RHNA based on the appropriate income level. Local governments can track actual or anticipated affordability to assure the JADU is counted to the appropriate income category. For example, some local governments request and track information such as anticipated affordability as part of the building permit application.

A housing unit is a house, an apartment, a mobile home or trailer, a group of rooms, or a single room that is occupied, or, if vacant, is intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other persons in the building and which have direct access from the outside of the building or through a common hall.

Can the JADU Be Sold Independent of the Primary Dwelling?

No, the JADU cannot be sold separate from the primary dwelling.

Are JADUs Subject to Connection and Capacity Fees?

No, JADUs shall not be considered a separate or new dwelling unit for the purposes of fees and as a result should not be charged a fee for providing water, sewer or power, including a connection fee. These requirements apply to all providers of water, sewer and power, including non-municipal providers.

Local governments may adopt requirements for fees related to parking, other service or connection for water, sewer or power, however, these requirements must be uniform for all single family residences and JADUs are not considered a new or separate unit.

Are There Requirements for Fire Separation and Fire Sprinklers?

Yes, a local government may adopt requirements related to fire and life protection requirements. However, a JADU shall not be considered a new or separate unit. In other words, if the primary unit is not subject to fire or life protection requirements, then the JADU must be treated the same.

Resources



Attachment 1: Statutory Changes (Strikeout/Underline)

Government Code Section 65852.2

- (a) (1) A local agency may, by ordinance, provide for the creation of accessory dwelling units in single-family and multifamily residential zones. areas zoned to allow single-family or multifamily use. The ordinance shall do all of the following:
- (A) Designate areas within the jurisdiction of the local agency where accessory dwelling units may be permitted. The designation of areas may be based on criteria, criteria that may include, but are not limited to, the adequacy of water and sewer services and the impact of accessory dwelling units on traffic flow and public safety.
- (B) (i) Impose standards on accessory dwelling units that include, but are not limited to, parking, height, setback, lot coverage, landscape, architectural review, maximum size of a unit, and standards that prevent adverse impacts on any real property that is listed in the California Register of Historic Places.
- (ii) Notwithstanding clause (i), a local agency may reduce or eliminate parking requirements for any accessory dwelling unit located within its jurisdiction.
- (C) Provide that accessory dwelling units do not exceed the allowable density for the lot upon which the accessory dwelling unit is located, and that accessory dwelling units are a residential use that is consistent with the existing general plan and zoning designation for the lot.
- (D) Require the accessory dwelling units to comply with all of the following:
- (i) The unit is not intended for sale may be rented separate from the primary residence and residence, buy may be rented not be sold or otherwise conveyed separate from the primary residence.
- (ii) The lot is zoned for to allow single-family or multifamily use and contains an existing, includes a proposed or existing single-family dwelling.
- (iii) The accessory dwelling unit is either attached to the existing dwelling or located within the living area of the proposed or existing primary dwelling or detached from the proposed or existing primary dwelling and located on the same lot as the proposed or existing primary dwelling.
- (iv) The increased floor total area of floorspace of an attached accessory dwelling unit shall not exceed 50 percent of the existing living area, with a maximum increase in floor area of proposed or existing primary dwelling living area or 1,200 square feet.
- (v) The total area of floorspace for a detached accessory dwelling unit shall not exceed 1,200 square feet.
- (vi) No passageway shall be required in conjunction with the construction of an accessory dwelling unit.
- (vii) No setback shall be required for an existing garage that is converted to an accessory dwelling unit or to a portion of an accessory dwelling unit, and a setback of no more than five feet from the side and rear lot lines shall be required for an accessory dwelling unit that is constructed above a garage.
- (viii) Local building code requirements that apply to detached dwellings, as appropriate.
- (ix) Approval by the local health officer where a private sewage disposal system is being used, if required.
- (x) (I) Parking requirements for accessory dwelling units shall not exceed one parking space per unit or per bedroom, whichever is less. These spaces may be provided as tandem parking on an existing- a driveway.
- (II) Offstreet parking shall be permitted in setback areas in locations determined by the local agency or through tandem parking, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site or regional topographical or fire and life safety conditions, or that it is not permitted anywhere else in the jurisdiction.

- (III) This clause shall not apply to a unit that is described in subdivision (d).
- (xi) When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an accessory dwelling unit or converted to an accessory dwelling unit, and the local agency requires that those offstreet parking spaces be replaced, the replacement spaces may be located in any configuration on the same lot as the accessory dwelling unit, including, but not limited to, as covered spaces, uncovered spaces, or tandem spaces, or by the use of mechanical automobile parking lifts. This clause shall not apply to a unit that is described in subdivision (d).
- (2) The ordinance shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.
- (3) When a local agency receives its first application on or after July 1, 2003, for a permit pursuant to this subdivision, the application shall be considered ministerially without discretionary review or a hearing, notwithstanding Section 65901 or 65906 or any local ordinance regulating the issuance of variances or special use permits, within 120 days after receiving the application. A local agency may charge a fee to reimburse it for costs that it incurs as a result of amendments to this paragraph enacted during the 2001–02 Regular Session of the Legislature, including the costs of adopting or amending any ordinance that provides for the creation of an accessory dwelling unit.
- (4) An existing ordinance governing the creation of an accessory dwelling unit by a local agency or an accessory dwelling ordinance adopted by a local agency subsequent to the effective date of the act adding this paragraph shall provide an approval process that includes only ministerial provisions for the approval of accessory dwelling units and shall not include any discretionary processes, provisions, or requirements for those units, except as otherwise provided in this subdivision. In the event that a local agency has an existing accessory dwelling unit ordinance that fails to meet the requirements of this subdivision, that ordinance shall be null and void upon the effective date of the act adding this paragraph and that agency shall thereafter apply the standards established in this subdivision for the approval of accessory dwelling units, unless and until the agency adopts an ordinance that complies with this section.
- (5) No other local ordinance, policy, or regulation shall be the basis for the denial of a building permit or a use permit under this subdivision.
- (6) This subdivision establishes the maximum standards that local agencies shall use to evaluate a proposed accessory dwelling unit on a lot zoned for residential use that contains an includes a proposed or existing single-family dwelling. No additional standards, other than those provided in this subdivision, shall be utilized or imposed, except that a local agency may require an applicant for a permit issued pursuant to this subdivision to be an owner-occupant or that the property be used for rentals of terms longer than 30 days.
- (7) A local agency may amend its zoning ordinance or general plan to incorporate the policies, procedures, or other provisions applicable to the creation of an accessory dwelling unit if these provisions are consistent with the limitations of this subdivision.
- (8) An accessory dwelling unit that conforms to this subdivision shall be deemed to be an accessory use or an accessory building and shall not be considered to exceed the allowable density for the lot upon which it is located, and shall be deemed to be a residential use that is consistent with the existing general plan and zoning designations for the lot. The accessory dwelling unit shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.
- (b) When a local agency that has not adopted an ordinance governing accessory dwelling units in accordance with subdivision (a) receives its first application on or after July 1, 1983, an application for a permit to create an accessory dwelling unit pursuant to this subdivision, the local agency shall accept the application and approve or disapprove the application ministerially without discretionary review pursuant to subdivision (a) within 120 days after receiving the application.
- (c) A local agency may establish minimum and maximum unit size requirements for both attached and detached accessory dwelling units. No minimum or maximum size for an accessory dwelling unit, or size based upon a percentage of the *proposed or* existing *primary* dwelling, shall be established by ordinance for either attached or detached dwellings that does not permit at least an efficiency unit to be constructed in compliance with local development standards. Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence.

- (d) Notwithstanding any other law, a local agency, whether or not it has adopted an ordinance governing accessory dwelling units in accordance with subdivision (a), shall not impose parking standards for an accessory dwelling unit in any of the following instances:
- (1) The accessory dwelling unit is located within one-half mile of public transit.
- (2) The accessory dwelling unit is located within an architecturally and historically significant historic district.
- (3) The accessory dwelling unit is part of the *proposed or* existing primary residence or an existing accessory structure.
- (4) When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit.
- (5) When there is a car share vehicle located within one block of the accessory dwelling unit.
- (e) Notwithstanding subdivisions (a) to (d), inclusive, a local agency shall ministerially approve an application for a building permit to create within a single-family residential zone zone for single-family use one accessory dwelling unit per single-family lot if the unit is contained within the existing space of a single-family residence or accessory structure, including, but not limited to, a studio, pool house, or other similar structure, has independent exterior access from the existing residence, and the side and rear setbacks are sufficient for fire safety. Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence. A city may require owner occupancy for either the primary or the accessory dwelling unit created through this process.
- (f) (1) Fees charged for the construction of accessory dwelling units shall be determined in accordance with Chapter 5 (commencing with Section 66000) and Chapter 7 (commencing with Section 66012).
- (2) Accessory dwelling units shall not be considered new residential uses by a local agency, special district, or water corporation to be a new residential use for the purposes of calculating local agency connection fees or capacity charges for utilities, including water and sewer service.
- (A) For an accessory dwelling unit described in subdivision (e), a local agency, special district, or water corporation shall not require the applicant to install a new or separate utility connection directly between the accessory dwelling unit and the utility or impose a related connection fee or capacity charge.
- (B) For an accessory dwelling unit that is not described in subdivision (e), a local agency, special district, or water corporation may require a new or separate utility connection directly between the accessory dwelling unit and the utility. Consistent with Section 66013, the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed accessory dwelling unit, based upon either its size or the number of its plumbing fixtures, upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.
- (g) This section does not limit the authority of local agencies to adopt less restrictive requirements for the creation of an accessory dwelling unit.
- (h) Local agencies shall submit a copy of the ordinance adopted pursuant to subdivision (a) to the Department of Housing and Community Development within 60 days after adoption. *The department may review and comment on this submitted ordinance.*
- (i) As used in this section, the following terms mean:
- (1) "Living area" means the interior habitable area of a dwelling unit including basements and attics but does not include a garage or any accessory structure.
- (2) "Local agency" means a city, county, or city and county, whether general law or chartered.
- (3) For purposes of this section, "neighborhood" has the same meaning as set forth in Section 65589.5.
- (4) "Accessory dwelling unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling unit also includes the following:

- (A) An efficiency unit, as defined in Section 17958.1 of the Health and Safety Code.
- (B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.
- (5) "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the accessory dwelling unit.
- (6) "Tandem parking" means that two or more automobiles are parked on a driveway or in any other location on a lot, lined up behind one another.
- (j) Nothing in this section shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code), except that the local government shall not be required to hold public hearings for coastal development permit applications for accessory dwelling units.

Government Code Section 65852.22.

- (a) Notwithstanding Section 65852.2, a local agency may, by ordinance, provide for the creation of junior accessory dwelling units in single-family residential zones. The ordinance may require a permit to be obtained for the creation of a junior accessory dwelling unit, and shall do all of the following:
- (1) Limit the number of junior accessory dwelling units to one per residential lot zoned for single-family residences with a single-family residence already built on the lot.
- (2) Require owner-occupancy in the single-family residence in which the junior accessory dwelling unit will be permitted. The owner may reside in either the remaining portion of the structure or the newly created junior accessory dwelling unit. Owner-occupancy shall not be required if the owner is another governmental agency, land trust, or housing organization.
- (3) Require the recordation of a deed restriction, which shall run with the land, shall be filed with the permitting agency, and shall include both of the following:
- (A) A prohibition on the sale of the junior accessory dwelling unit separate from the sale of the single-family residence, including a statement that the deed restriction may be enforced against future purchasers.
- (B) A restriction on the size and attributes of the junior accessory dwelling unit that conforms with this section.
- (4) Require a permitted junior accessory dwelling unit to be constructed within the existing walls of the structure, and require the inclusion of an existing bedroom.
- (5) Require a permitted junior accessory dwelling to include a separate entrance from the main entrance to the structure, with an interior entry to the main living area. A permitted junior accessory dwelling may include a second interior doorway for sound attenuation.
- (6) Require the permitted junior accessory dwelling unit to include an efficiency kitchen, which shall include all of the following:
- (A) A sink with a maximum waste line diameter of 1.5 inches.
- (B) A cooking facility with appliances that do not require electrical service greater than 120 volts, or natural or propane gas.
- (C) A food preparation counter and storage cabinets that are of reasonable size in relation to the size of the junior accessory dwelling unit.
- (b) (1) An ordinance shall not require additional parking as a condition to grant a permit.

- (2) This subdivision shall not be interpreted to prohibit the requirement of an inspection, including the imposition of a fee for that inspection, to determine whether the junior accessory dwelling unit is in compliance with applicable building standards.
- (c) An application for a permit pursuant to this section shall, notwithstanding Section 65901 or 65906 or any local ordinance regulating the issuance of variances or special use permits, be considered ministerially, without discretionary review or a hearing. A permit shall be issued within 120 days of submission of an application for a permit pursuant to this section. A local agency may charge a fee to reimburse the local agency for costs incurred in connection with the issuance of a permit pursuant to this section.
- (d) For the purposes of any fire or life protection ordinance or regulation, a junior accessory dwelling unit shall not be considered a separate or new dwelling unit. This section shall not be construed to prohibit a city, county, city and county, or other local public entity from adopting an ordinance or regulation relating to fire and life protection requirements within a single-family residence that contains a junior accessory dwelling unit so long as the ordinance or regulation applies uniformly to all single-family residences within the zone regardless of whether the single-family residence includes a junior accessory dwelling unit or not.
- (e) For the purposes of providing service for water, sewer, or power, including a connection fee, a junior accessory dwelling unit shall not be considered a separate or new dwelling unit.
- (f) This section shall not be construed to prohibit a local agency from adopting an ordinance or regulation, related to parking or a service or a connection fee for water, sewer, or power, that applies to a single-family residence that contains a junior accessory dwelling unit, so long as that ordinance or regulation applies uniformly to all single-family residences regardless of whether the single-family residence includes a junior accessory dwelling unit.
- (g) For purposes of this section, the following terms have the following meanings:
- (1) "Junior accessory dwelling unit" means a unit that is no more than 500 square feet in size and contained entirely within an existing single-family structure. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure.
- (2) "Local agency" means a city, county, or city and county, whether general law or chartered.

Attachment 2: Sample ADU Ordinance

Section XXX1XXX: Purpose

This Chapter provides for accessory dwelling units on lots developed or proposed to be developed with single-family dwellings. Such accessory dwellings contribute needed housing to the community's housing stock. Thus, accessory dwelling units are a residential use which is consistent with the General Plan objectives and zoning regulations and which enhances housing opportunities, including near transit on single family lots.

Section XXX2XXX: Applicability

The provisions of this Chapter apply to all lots that are occupied with a single family dwelling unit and zoned residential. Accessory dwelling units do exceed the allowable density for the lot upon which the accessory dwelling unit is located, and are a residential use that is consistent with the existing general plan and zoning designation for the lot.

Section XXX3XXX: Development Standards

Accessory Structures within Existing Space

An accessory dwelling unit within an existing space including the primary structure, attached or detached garage or other accessory structure shall be permitted ministerially with a building permit regardless of all other standards within the Chapter if complying with:

- 1. Building and safety codes
- 2. Independent exterior access from the existing residence
- 3. Sufficient side and rear setbacks for fire safety.

Accessory Structures (Attached and Detached)

General:

- 1. The unit is not intended for sale separate from the primary residence and may be rented.
- 2. The lot is zoned for residential and contains an existing, single-family dwelling.
- The accessory dwelling unit is either attached to the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.
- 4. The increased floor area of an attached accessory dwelling unit shall not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet.
- 5. The total area of floor space for a detached accessory dwelling unit shall not exceed 1,200 square feet.
- 6. Local building code requirements that apply to detached dwellings, as appropriate.
- 7. No passageway shall be required in conjunction with the construction of an accessory dwelling unit.
- 8. No setback shall be required for an existing garage that is converted to a accessory dwelling unit, and a setback of no more than five feet from the side and rear lot lines shall be required for an accessory dwelling unit that is constructed above a garage.
- 9. Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence and may employ alternative methods for fire protection.

Parking:

- 1. Parking requirements for accessory dwelling units shall not exceed one parking space per unit or per bedroom. These spaces may be provided as tandem parking, including on an existing driveway or in setback areas, excluding the non-driveway front yard setback.
- 2. Parking is not required in the following instances:
 - The accessory dwelling unit is located within one-half mile of public transit, including transit stations and bus stations.

- The accessory dwelling unit is located in the WWWW Downtown, XXX Area, YYY Corridor and ZZZ Opportunity Area.
- The accessory dwelling unit is located within an architecturally and historically significant historic district.
- When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit.
- When there is a car share vehicle located within one block of the accessory dwelling unit.
- 3. Replacement Parking: When a garage, carport, or covered parking structure is demolished or converted in conjunction with the construction of an accessory dwelling unit, replacement parking shall not be required and may be located in any configuration on the same lot as the accessory dwelling unit.

Section XXX4XXX: Permit Requirements

ADUs shall be permitted ministerially, in compliance with this Chapter within 120 days of application. The Community Development Director shall issue a building permit or zoning certificate to establish an accessory dwelling unit in compliance with this Chapter if all applicable requirements are met in Section XXX3XXXXX, as appropriate. The Community Development Director may approve an accessory dwelling unit that is not in compliance with Section XXX3XXXX as set forth in Section XXX5XXXX. The XXXX Health Officer shall approve an application in conformance with XXXXXX where a private sewage disposal system is being used.

Section XXX5XXX: Review Process for Accessory Structure Not Complying with Development Standards

An accessory dwelling unit that does not comply with standards in Section XXX3XX may permitted with a zoning certificate or an administrative use permit at the discretion of the Community Development Director subject to findings in Section XXX6XX

Section XXX6XXX: Findings

- A. In order to deny an administrative use permit under Section XXX5XXX, the Community Development Director shall find that the Accessory Dwelling Unit would be detrimental to the public health and safety or would introduce unreasonable privacy impacts to the immediate neighbors.
- B. In order to approve an administrative use permit under Section XXX5XXX to waive required accessory dwelling unit parking, the Community Development Director shall find that additional or new on-site parking would be detrimental, and that granting the waiver will meet the purposes of this Chapter.

Section XXX7XXX: Definitions

- (1) "Living area means the interior habitable area of a dwelling unit including basements and attics but does not include a garage or any accessory structure.
- (2) "Accessory dwelling unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling unit also includes the following:
- (A) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.
- (B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.
- (3) "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the accessory dwelling unit.

(4) (1) "Existing Structure" for the purposes of defining an allowable space that can be converted to an ADU means within the four walls and roofline of any structure existing on or after January 1, 2017 that can be made safely habitable under local building codes at the determination of the building official regardless of any non-compliance with zoning standards.

Attachment 3: Sample JADU Ordinance

Draft Junior Accessory Dwelling Units (JADU) - Flexible Housing

Findings:

- 1. Causation: Critical need for housing for lower income families and individuals given the high cost of living and low supply of affordable homes for rent or purchase, and the difficulty, given the current social and economic environment, in building more affordable housing
- 2. Mitigation: Create a simple and inexpensive permitting track for the development of junior accessory dwelling units that allows spare bedrooms in homes to serve as a flexible form of infill housing
- 3. Endangerment: Provisions currently required under agency ordinances are so arbitrary, excessive, or burdensome as to restrict the ability of homeowners to legally develop these units therefore encouraging homeowners to bypass safety standards and procedures that make the creation of these units a benefit to the whole of the community
- 4. Co-Benefits: Homeowners (particularly retired seniors and young families, groups that tend to have the lowest incomes) generating extra revenue, allowing people facing unexpected financial obstacles to remain in their homes, housing parents, children or caregivers; Homebuyers providing rental income which aids in mortgage qualification under new government guidelines; Renters creating more low-cost housing options in the community where they work, go to school or have family, also reducing commute time and expenses; Municipalities helping to meet RHNA goals, increasing property and sales tax revenue, insuring safety standard code compliance, providing an abundant source of affordable housing with no additional infrastructure needed; Community housing vital workers, decreasing traffic, creating economic growth both in the remodeling sector and new customers for local businesses; Planet reducing carbon emissions, using resources more efficiently;
- 5. Benefits of Junior ADUs: offer a more affordable housing option to both homeowners and renters, creating economically healthy, diverse, multi-generational communities;

Therefore, the following ordinance is hereby enacted:

This Section provides standards for the establishment of junior accessory dwelling units, an alternative to the standard accessory dwelling unit, permitted as set forth under State Law AB 1866 (Chapter 1062, Statutes of 2002) Sections 65852.150 and 65852.2 and subject to different provisions under fire safety codes based on the fact that junior accessory dwelling units do not qualify as "complete independent living facilities" given that the interior connection from the junior accessory dwelling unit to the main living area remains, therefore not redefining the single-family home status of the dwelling unit.

- A) Development Standards. Junior accessory dwelling units shall comply with the following standards, including the standards in Table below:
 - 1) Number of Units Allowed. Only one accessory dwelling unit or, junior accessory dwelling unit, may be located on any residentially zoned lot that permits a single-family dwelling except as otherwise regulated or restricted by an adopted Master Plan or Precise Development Plan. A junior accessory dwelling unit may only be located on a lot which already contains one legal single-family dwelling.
 - 2) Owner Occupancy: The owner of a parcel proposed for a junior accessory dwelling unit shall occupy as a principal residence either the primary dwelling or the accessory dwelling, except when the home is held by an agency such as a land trust or housing organization in an effort to create affordable housing.
 - 3) Sale Prohibited: A junior accessory dwelling unit shall not be sold independently of the primary dwelling on the parcel.

- 4) Deed Restriction: A deed restriction shall be completed and recorded, in compliance with Section B below.
- 5) Location of Junior Accessory Dwelling Unit: A junior accessory dwelling unit must be created within the existing walls of an existing primary dwelling, and must include conversion of an existing bedroom.
- 6) Separate Entry Required: A separate exterior entry shall be provided to serve a junior accessory dwelling unit.
- 7) Interior Entry Remains: The interior connection to the main living area must be maintained, but a second door may be added for sound attenuation.
- 8) Kitchen Requirements: The junior accessory dwelling unit shall include an efficiency kitchen, requiring and limited to the following components:
 - a) A sink with a maximum waste line diameter of one-and-a-half (1.5) inches,
 - b) A cooking facility with appliance which do not require electrical service greater than one-hundred-and-twenty (120) volts or natural or propane gas, and
 - c) A food preparation counter and storage cabinets that are reasonable to size of the unit.
- 9) Parking: No additional parking is required beyond that required when the existing primary dwelling was constructed.

Development Standards for Junior Accessory Dwelling Units

SITE OR DESIGN FEATURE	SITE AND DESIGN STANDARDS
Maximum unit size	500 square feet
Setbacks	As required for the primary dwelling unit
Parking	No additional parking required

- B) Deed Restriction: Prior to obtaining a building permit for a junior accessory dwelling unit, a deed restriction, approved by the City Attorney, shall be recorded with the County Recorder's office, which shall include the pertinent restrictions and limitations of a junior accessory dwelling unit identified in this Section. Said deed restriction shall run with the land, and shall be binding upon any future owners, heirs, or assigns. A copy of the recorded deed restriction shall be filed with the Department stating that:
 - The junior accessory dwelling unit shall not be sold separately from the primary dwelling unit;
 - 2) The junior accessory dwelling unit is restricted to the maximum size allowed per the development standards;
 - 3) The junior accessory dwelling unit shall be considered legal only so long as either the primary residence, or the accessory dwelling unit, is occupied by the owner of record of the property, except when the home is owned by an agency such as a land trust or housing organization in an effort to create affordable housing;
 - 4) The restrictions shall be binding upon any successor in ownership of the property and lack of compliance with this provision may result in legal action against the property owner, including revocation of any right to maintain a junior accessory dwelling unit on the property.
- C) No Water Connection Fees: No agency should require a water connection fee for the development of a junior accessory dwelling unit. An inspection fee to confirm that the dwelling unit complies with development standard may be assessed.

- D) No Sewer Connection Fees: No agency should require a sewer connection fee for the development of a junior accessory dwelling unit. An inspection fee to confirm that the dwelling unit complies with development standard may be assessed.
- E) No Fire Sprinklers and Fire Attenuation: No agency should require fire sprinkler or fire attenuation specifications for the development of a junior accessory dwelling unit. An inspection fee to confirm that the dwelling unit complies with development standard may be assessed.

Definitions of Specialized Terms and Phrases.

"Accessory dwelling unit" means an attached or a detached residential dwelling unit which provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling_unit also includes the following:

- (1) An efficiency unit, as defined in Section 17958.1 of Health and Safety Code.
- (2) A manufactured home, as defined in Section 18007 of the Health and Safety Code.

"Junior accessory dwelling unit" means a unit that is no more than 500 square feet in size and contained entirely within an existing single-family structure. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure.

Attachment 4: State Standards Checklist (As of January 1, 2017)

YES/NO	STATE STANDARD*	GOVERNMENT CODE SECTION
	Unit is not intended for sale separate from the primary residence and may be rented.	65852.2(a)(1)(D)(i)
	Lot is zoned for single-family or multifamily use and contains an existing, single-family dwelling.	65852.2(a)(1)(D))ii)
	Accessory dwelling unit is either attached to the existing dwelling or located within the living area of the existing dwelling or detached from the existing dwelling and located on the same lot as the existing dwelling.	65852.2(a)(1)(D)(iii)
	Increased floor area of an attached accessory dwelling unit does not exceed 50 percent of the existing living area, with a maximum increase in floor area of 1,200 square feet.	65852.2(a)(1)(D)(iv)
	Total area of floor space for a detached accessory dwelling unit dies not exceed 1,200 square feet.	65852.2(a)(1)(D)(v)
	Passageways are not required in conjunction with the construction of an accessory dwelling unit.	65852.2(a)(1)(D)(vi)
	Setbacks are not required for an existing garage that is converted to an accessory dwelling unit, and a setback of no more than five feet from the side and rear lot lines are not required for an accessory dwelling unit that is constructed above a garage.	65852.2(a)(1)(D)(vi i)
	(Local building code requirements that apply to detached dwellings are met, as appropriate.	65852.2(a)(1)(D)(vi ii)
	Local health officer approval where a private sewage disposal system is being used, if required.	65852.2(a)(1)(D)(ix
	Parking requirements do not exceed one parking space per unit or per bedroom. These spaces may be provided as tandem parking on an existing driveway.	65852.2(a)(1)(D)(x)

^{*} Other requirements may apply. See Government Code Section 65852.2

Attachment 5: Bibliography

Reports

ACCESSORY DWELLING UNITS: CASE STUDY (26 pp.)

By United States Department of Housing and Urban Development, Office of Policy Development and Research. (2008)

Introduction: Accessory dwelling units (ADUs) — also referred to as accessory apartments, ADUs, or granny flats — are additional living quarters on single-family lots that are independent of the primary dwelling unit. The separate living spaces are equipped with kitchen and bathroom facilities, and can be either attached or detached from the main residence. This case study explores how the adoption of ordinances, with reduced regulatory restrictions to encourage ADUs, can be advantageous for communities. Following an explanation of the various types of ADUs and their benefits, this case study provides examples of municipalities with successful ADU legislation and programs. Section titles include: History of ADUs; Types of Accessory Dwelling Units; Benefits of Accessory Dwelling Units; and Examples of ADU Ordinances and Programs.

THE MACRO VIEW ON MICRO UNITS (46 pp.)

By Bill Whitlow, et al. – Urban Land Institute (2014) Library Call #: H43 4.21 M33 2014

The Urban Land Institute Multifamily Housing Councils were awarded a ULI Foundation research grant in fall 2013 to evaluate from multiple perspectives the market performance and market acceptance of micro and small units.

RESPONDING TO CHANGING HOUSEHOLDS: Regulatory Challenges for Micro-units and Accessory Dwelling Units (76 pp.)

By Vicki Been, Benjamin Gross, and John Infranca (2014) New York University: Furman Center for Real Estate & Urban Policy Library Call # D55 3 I47 2014

This White Paper fills two gaps in the discussion regarding compact units. First, we provide a detailed analysis of the regulatory and other challenges to developing both ADUs and micro-units, focusing on five cities: New York; Washington, DC; Austin; Denver; and Seattle. That analysis will be helpful not only to the specific jurisdictions we study, but also can serve as a model for those who what to catalogue regulations that might get in the way of the development of compact units in their own jurisdictions. Second, as more local governments permit or encourage compact units, researchers will need to evaluate how well the units built serve the goals proponents claim they will.

SCALING UP SECONDARY UNIT PRODUCTION IN THE EAST BAY: Impacts and Policy Implications (25 pp.)

By Jake Webmann, Alison Nemirow, and Karen Chapple (2012) UC Berkeley: Institute of Urban and Regional Development (IURD) Library Call # H44 1.1 S33 2012

This paper begins by analyzing how many secondary units of one particular type, detached backyard cottages, might be built in the East Bay, focusing on the Flatlands portions of Berkeley, El Cerrito, and Oakland. We then investigate the potential impacts of scaling up the strategy with regard to housing affordability, smart growth, alternative transportation, the economy, and city budgets. A final section details policy recommendations, focusing on regulatory reforms and other actions cities can take to encourage secondary unit construction, such as promoting carsharing programs, educating residents, and providing access to finance.

SECONDARY UNITS AND URBAN INFILL: A literature Review (12 pp.)

By Jake Wegmann and Alison Nemirow (2011)

UC Berkeley: IURD

Library Call # D44 4.21 S43 2011

This literature review examines the research on both infill development in general, and secondary units in particular, with an eye towards understanding the similarities and differences between infill as it is more traditionally understood – i.e., the development or redevelopment of entire parcels of land in an already urbanized area – and the incremental type of infill that secondary unit development constitutes.

YES, BUT WILL THEY LET US BUILD? The Feasibility of Secondary Units in the East Bay (17 pp.)

By Alison Nemirow and Karen Chapple (2012)

UC Berkeley: IURD

Library Call # H44.5 1.1 Y47 2012

This paper begins with a discussion of how to determine the development potential for secondary units, and then provides an overview of how many secondary units can be built in the East Bay of San Francisco Bay Area under current regulations. The next two sections examine key regulatory barriers in detail for the five cities in the study (Albany, Berkeley, El Cerrito, Oakland, and Richmond), looking at lot size, setbacks, parking requirements, and procedural barriers. A sensitivity analysis then determines how many units could be built were the regulations to be relaxed.

YES IN MY BACKYARD: Mobilizing the Market for Secondary Units (20 pp.)

By Karen Chapple, J. Weigmann, A. Nemirow, and C. Dentel-Post (2011)

UC Berkeley: Center for Community Innovation.

Library Call # B92 1.1 Y47 2011

This study examines two puzzles that must be solved in order to scale up a secondary unit strategy: first, how can city regulations best enable their construction? And second, what is the market for secondary units? Because parking is such an important issue, we also examine the potential for secondary unit residents to rely on alternative transportation modes, particular car share programs. The study looks at five adjacent cities in the East Bay of the San Francisco Bay Area (Figure 1) -- Oakland, Berkeley, Albany, El Cerrito, and Richmond -- focusing on the areas within ½ mile of five Bay Area Rapid Transit (BART) stations.

Journal Articles and Working Papers:

BACKYARD HOMES LA (17 pp.)

By Dana Cuff, Tim Higgins, and Per-Johan Dahl, Eds. (2010) Regents of the University of California, Los Angeles. City Lab Project Book.

DEVELOPING PRIVATE ACCESSORY DWELLINGS (6 pp.)

By William P. Macht. Urbanland online. (June 26, 2015)

Library Location: Urbanland 74 (3/4) March/April 2015, pp. 154-161.

GRANNY FLATS GAINING GROUND (2 pp.)

By Brian Barth. Planning Magazine: pp. 16-17. (April 2016)

Library Location: Serials

"HIDDEN" DENSITY: THE POTENTIAL OF SMALL-SCALE INFILL DEVELOPMENT (2 pp.)

By Karen Chapple (2011)

UC Berkeley: IURD Policy Brief. Library Call # D44 1.2 H53 2011

California's implementation of SB 375, the Sustainable Communities and Climate Protection Act of 2008, is putting new pressure on communities to support infill development. As metropolitan planning organizations struggle to communicate the need for density, they should take note of strategies that make increasing density an attractive choice for neighborhoods and regions.

HIDDEN DENSITY IN SINGLE-FAMILY NEIGHBORHOODS: Backyard cottages as an equitable smart growth strategy (22 pp.)

By Jake Wegmann and Karen Chapple. Journal of Urbanism 7(3): pp. 307-329. (2014)

Abstract (not available in full text): Secondary units, or separate small dwellings embedded within single-family residential properties, constitute a frequently overlooked strategy for urban infill in high-cost metropolitan areas in the United States. This study, which is situated within California's San Francisco Bay Area, draws upon data collected from a homeowners' survey and a Rental Market Analysis to provide evidence that a scaled-up strategy emphasizing one type of secondary unit – the backyard cottage – could yield substantial infill growth with minimal public subsidy. In addition, it is found that this strategy compares favorably in terms of affordability with infill of the sort traditionally favored in the 'smart growth' literature, i.e. the construction of dense multifamily housing developments.

RETHINKING PRIVATE ACCESSORY DWELLINGS (5 pp.)

By William P. Macht. Urbanland online. (March 6, 2015)

Library Location: Urbanland 74 (1/2) January/February 2015, pp. 87-91.

ADUS AND LOS ANGELES' BROKEN PLANNING SYSTEM (4 pp.)

By CARLYLE W. Hall. The Planning Report. (April 26, 2016).

Land-use attorney Carlyle W. Hall comments on building permits for accessory dwelling units.

News:

HOW ONE COLORADO CITY INSTANTLY CREATED AFFORDABLE HOUSING

By Anthony Flint. The Atlantic-CityLab. (May 17, 2016).

In Durango, Colorado, zoning rules were changed to allow, for instance, non-family members as residents in already-existing accessory dwelling units.

NEW HAMPSHIRE WINS PROTECTIONS FOR ACCESSORY DWELLING UNITS (1 p.)

NLIHC (March 28, 2016)

Affordable housing advocates in New Hampshire celebrated a significant victory this month when Governor Maggie Hassan (D) signed Senate Bill 146, legislation that allows single-family homeowners to add an accessory

dwelling unit as a matter of right through a conditional use permit or by special exception as determined by their municipalities. The bill removes a significant regulatory barrier to increasing rental homes at no cost to taxpayers.

NEW IN-LAW SUITE RULES BOOST AFFORDABLE HOUSING IN SAN FRANCISCO. (3 pp.)

By Rob Poole. Shareable. (June 10, 2014).

The San Francisco Board of Supervisors recently approved two significant pieces of legislation that support accessory dwelling units (ADUs), also known as "in-law" or secondary units, in the city...

USING ACCESSORY DWELLING UNITS TO BOLSTER AFFORDABLE HOUSING (3 pp.)

By Michael Ryan. Smart Growth America. (December 12, 2014).

ENCLOSURE 2



GOVERNMENT CODE - GOV

TITLE 7. PLANNING AND LAND USE [65000 - 66499.58] (Heading of Title 7 amended by Stats. 1974, Ch. 1536.)

DIVISION 1. PLANNING AND ZONING [65000 - 66301] (Heading of Division 1 added by Stats. 1974, Ch. 1536.)

CHAPTER 4. Zoning Regulations [65800 - 65912] (Chapter 4 repealed and added by Stats. 1965, Ch. 1880.)

ARTICLE 2. Adoption of Regulations [65850 - 65863.13] (Article 2 added by Stats. 1965, Ch. 1880.)

- (a) (1) A local agency may, by ordinance, provide for the creation of accessory dwelling units in areas zoned to allow single-family or multifamily dwelling residential use. The ordinance shall do all of the following:
- (A) Designate areas within the jurisdiction of the local agency where accessory dwelling units may be permitted. The designation of areas may be based on the adequacy of water and sewer services and the impact of accessory dwelling units on traffic flow and public safety. A local agency that does not provide water or sewer services shall consult with the local water or sewer service provider regarding the adequacy of water and sewer services before designating an area where accessory dwelling units may be permitted.
- (B) (i) Impose standards on accessory dwelling units that include, but are not limited to, parking, height, setback, landscape, architectural review, maximum size of a unit, and standards that prevent adverse impacts on any real property that is listed in the California Register of Historic Resources. These standards shall not include requirements on minimum lot size.
- (ii) Notwithstanding clause (i), a local agency may reduce or eliminate parking requirements for any accessory dwelling unit located within its jurisdiction.
- (C) Provide that accessory dwelling units do not exceed the allowable density for the lot upon which the accessory dwelling unit is located, and that accessory dwelling units are a residential use that is consistent with the existing general plan and zoning designation for the lot.
- (D) Require the accessory dwelling units to comply with all of the following:
- (i) The accessory dwelling unit may be rented separate from the primary residence, but may not be sold or otherwise conveyed separate from the primary residence.
- (ii) The lot is zoned to allow single-family or multifamily dwelling residential use and includes a proposed or existing dwelling.
- (iii) The accessory dwelling unit is either attached to, or located within, the proposed or existing primary dwelling, including attached garages, storage areas or similar uses, or an accessory structure or detached from the proposed or existing primary dwelling and located on the same lot as the proposed or existing primary dwelling.

- (iv) If there is an existing primary dwelling, the total floor area of an attached accessory dwelling unit shall not exceed 50 percent of the existing primary dwelling.
- (v) The total floor area for a detached accessory dwelling unit shall not exceed 1,200 square feet.
- (vi) No passageway shall be required in conjunction with the construction of an accessory dwelling unit.
- (vii) No setback shall be required for an existing living area or accessory structure or a structure constructed in the same location and to the same dimensions as an existing structure that is converted to an accessory dwelling unit or to a portion of an accessory dwelling unit, and a setback of no more than four feet from the side and rear lot lines shall be required for an accessory dwelling unit that is not converted from an existing structure or a new structure constructed in the same location and to the same dimensions as an existing structure.
- (viii) Local building code requirements that apply to detached dwellings, as appropriate.
- (ix) Approval by the local health officer where a private sewage disposal system is being used, if required.
- (x) (I) Parking requirements for accessory dwelling units shall not exceed one parking space per accessory dwelling unit or per bedroom, whichever is less. These spaces may be provided as tandem parking on a driveway.
- (II) Offstreet parking shall be permitted in setback areas in locations determined by the local agency or through tandem parking, unless specific findings are made that parking in setback areas or tandem parking is not feasible based upon specific site or regional topographical or fire and life safety conditions.
- (III) This clause shall not apply to an accessory dwelling unit that is described in subdivision (d).
- (xi) When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an accessory dwelling unit or converted to an accessory dwelling unit, the local agency shall not require that those offstreet parking spaces be replaced.
- (xii) Accessory dwelling units shall not be required to provide fire sprinklers if they are not required for the primary residence.
- (2) The ordinance shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.
- (3) A permit application for an accessory dwelling unit or a junior accessory dwelling unit shall be considered and approved ministerially without discretionary review or a hearing, notwithstanding Section 65901 or 65906 or any local ordinance regulating the issuance of variances or special use permits. The permitting agency shall act on the application to create an accessory dwelling unit or a junior accessory dwelling unit within 60 days from the date the local agency receives a completed application if there is an existing single-family or multifamily dwelling on the lot. If the permit application to create an accessory dwelling unit or a junior accessory dwelling unit is submitted with a permit application to create a new single-family dwelling on the lot, the permitting agency may delay acting on the permit application for the accessory dwelling unit or the junior accessory dwelling unit until the permitting agency acts on the permit application to create the new single-family dwelling, but the application to create the accessory dwelling unit or junior accessory dwelling unit shall be considered without discretionary review or hearing. If the applicant requests a delay, the 60-day time period shall be tolled for the period of the delay. A local agency may charge a fee to reimburse it for costs incurred to implement this paragraph, including the costs of adopting or amending any ordinance that provides for the creation of an accessory dwelling unit.
- (4) An existing ordinance governing the creation of an accessory dwelling unit by a local agency or an accessory dwelling ordinance adopted by a local agency shall provide an approval process that includes only ministerial provisions for the approval of accessory dwelling units and shall not include any discretionary processes, provisions, or

requirements for those units, except as otherwise provided in this subdivision. If a local agency has an existing accessory dwelling unit ordinance that fails to meet the requirements of this subdivision, that ordinance shall be null and void and that agency shall thereafter apply the standards established in this subdivision for the approval of accessory dwelling units, unless and until the agency adopts an ordinance that complies with this section.

- (5) No other local ordinance, policy, or regulation shall be the basis for the delay or denial of a building permit or a use permit under this subdivision.
- (6) This subdivision establishes the maximum standards that local agencies shall use to evaluate a proposed accessory dwelling unit on a lot that includes a proposed or existing single-family dwelling. No additional standards, other than those provided in this subdivision, shall be used or imposed, including any owner-occupant requirement, except that a local agency may require that the property be used for rentals of terms longer than 30 days.
- (7) A local agency may amend its zoning ordinance or general plan to incorporate the policies, procedures, or other provisions applicable to the creation of an accessory dwelling unit if these provisions are consistent with the limitations of this subdivision.
- (8) An accessory dwelling unit that conforms to this subdivision shall be deemed to be an accessory use or an accessory building and shall not be considered to exceed the allowable density for the lot upon which it is located, and shall be deemed to be a residential use that is consistent with the existing general plan and zoning designations for the lot. The accessory dwelling unit shall not be considered in the application of any local ordinance, policy, or program to limit residential growth.
- (b) When a local agency that has not adopted an ordinance governing accessory dwelling units in accordance with subdivision (a) receives an application for a permit to create an accessory dwelling unit pursuant to this subdivision, the local agency shall approve or disapprove the application ministerially without discretionary review pursuant to subdivision (a). The permitting agency shall act on the application to create an accessory dwelling unit or a junior accessory dwelling unit within 60 days from the date the local agency receives a completed application if there is an existing single-family or multifamily dwelling on the lot. If the permit application to create an accessory dwelling unit or a junior accessory dwelling unit is submitted with a permit application to create a new single-family dwelling on the lot, the permitting agency may delay acting on the permit application for the accessory dwelling unit or the junior accessory dwelling unit until the permitting agency acts on the permit application to create the new single-family dwelling, but the application to create the accessory dwelling unit or junior accessory dwelling unit shall still be considered ministerially without discretionary review or a hearing. If the applicant requests a delay, the 60-day time period shall be tolled for the period of the delay. If the local agency has not acted upon the completed application within 60 days, the application shall be deemed approved.
- (c) (1) Subject to paragraph (2), a local agency may establish minimum and maximum unit size requirements for both attached and detached accessory dwelling units.
- (2) Notwithstanding paragraph (1), a local agency shall not establish by ordinance any of the following:
- (A) A minimum square footage requirement for either an attached or detached accessory dwelling unit that prohibits an efficiency unit.
- (B) A maximum square footage requirement for either an attached or detached accessory dwelling unit that is less than either of the following:
- (i) 850 square feet.
- (ii) 1,000 square feet for an accessory dwelling unit that provides more than one bedroom.

- (C) Any other minimum or maximum size for an accessory dwelling unit, size based upon a percentage of the proposed or existing primary dwelling, or limits on lot coverage, floor area ratio, open space, and minimum lot size, for either attached or detached dwellings that does not permit at least an 800 square foot accessory dwelling unit that is at least 16 feet in height with four-foot side and rear yard setbacks to be constructed in compliance with all other local development standards.
- (d) Notwithstanding any other law, a local agency, whether or not it has adopted an ordinance governing accessory dwelling units in accordance with subdivision (a), shall not impose parking standards for an accessory dwelling unit in any of the following instances:
- (1) The accessory dwelling unit is located within one-half mile walking distance of public transit.
- (2) The accessory dwelling unit is located within an architecturally and historically significant historic district.
- (3) The accessory dwelling unit is part of the proposed or existing primary residence or an accessory structure.
- (4) When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit.
- (5) When there is a car share vehicle located within one block of the accessory dwelling unit.
- (e) (1) Notwithstanding subdivisions (a) to (d), inclusive, a local agency shall ministerially approve an application for a building permit within a residential or mixed-use zone to create any of the following:
- (A) One accessory dwelling unit or junior accessory dwelling unit per lot with a proposed or existing single-family dwelling if all of the following apply:
- (i) The accessory dwelling unit or junior accessory dwelling unit is within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure and may include an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure. An expansion beyond the physical dimensions of the existing accessory structure shall be limited to accommodating ingress and egress.
- (ii) The space has exterior access from the proposed or existing single-family dwelling.
- (iii) The side and rear setbacks are sufficient for fire and safety.
- (iv) The junior accessory dwelling unit complies with the requirements of Section 65852.22.
- (B) One detached, new construction, accessory dwelling unit that does not exceed four-foot side and rear yard setbacks for a lot with a proposed or existing single-family dwelling. The accessory dwelling unit may be combined with a junior accessory dwelling unit described in subparagraph (A). A local agency may impose the following conditions on the accessory dwelling unit:
- (i) A total floor area limitation of not more than 800 square feet.
- (ii) A height limitation of 16 feet.
- (C) (i) Multiple accessory dwelling units within the portions of existing multifamily dwelling structures that are not used as livable space, including, but not limited to, storage rooms, boiler rooms, passageways, attics, basements, or garages, if each unit complies with state building standards for dwellings.
- (ii) A local agency shall allow at least one accessory dwelling unit within an existing multifamily dwelling and shall allow up to 25 percent of the existing multifamily dwelling units.
- (D) Not more than two accessory dwelling units that are located on a lot that has an existing multifamily dwelling, but are detached from that multifamily dwelling and are subject to a height limit of 16 feet and four-foot rear yard and side setbacks.

- (2) A local agency shall not require, as a condition for ministerial approval of a permit application for the creation of an accessory dwelling unit or a junior accessory dwelling unit, the correction of nonconforming zoning conditions.
- (3) The installation of fire sprinklers shall not be required in an accessory dwelling unit if sprinklers are not required for the primary residence.
- (4) A local agency shall require that a rental of the accessory dwelling unit created pursuant to this subdivision be for a term longer than 30 days.
- (5) A local agency may require, as part of the application for a permit to create an accessory dwelling unit connected to an onsite water treatment system, a percolation test completed within the last five years, or, if the percolation test has been recertified, within the last 10 years.
- (6) Notwithstanding subdivision (c) and paragraph (1) a local agency that has adopted an ordinance by July 1, 2018, providing for the approval of accessory dwelling units in multifamily dwelling structures shall ministerially consider a permit application to construct an accessory dwelling unit that is described in paragraph (1), and may impose standards including, but not limited to, design, development, and historic standards on said accessory dwelling units. These standards shall not include requirements on minimum lot size.
- (f) (1) Fees charged for the construction of accessory dwelling units shall be determined in accordance with Chapter 5 (commencing with Section 66000) and Chapter 7 (commencing with Section 66012).
- (2) An accessory dwelling unit shall not be considered by a local agency, special district, or water corporation to be a new residential use for purposes of calculating connection fees or capacity charges for utilities, including water and sewer service, unless the accessory dwelling unit was constructed with a new single-family dwelling.
- (3) (A) A local agency, special district, or water corporation shall not impose any impact fee upon the development of an accessory dwelling unit less than 750 square feet. Any impact fees charged for an accessory dwelling unit of 750 square feet or more shall be charged proportionately in relation to the square footage of the primary dwelling unit.
- (B) For purposes of this paragraph, "impact fee" has the same meaning as the term "fee" is defined in subdivision (b) of Section 66000, except that it also includes fees specified in Section 66477. "Impact fee" does not include any connection fee or capacity charge charged by a local agency, special district, or water corporation.
- (4) For an accessory dwelling unit described in subparagraph (A) of paragraph (1) of subdivision (e), a local agency, special district, or water corporation shall not require the applicant to install a new or separate utility connection directly between the accessory dwelling unit and the utility or impose a related connection fee or capacity charge, unless the accessory dwelling unit was constructed with a new single-family home.
- (5) For an accessory dwelling unit that is not described in subparagraph (A) of paragraph (1) of subdivision (e), a local agency, special district, or water corporation may require a new or separate utility connection directly between the accessory dwelling unit and the utility. Consistent with Section 66013, the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed accessory dwelling unit, based upon either its square feet or the number of its drainage fixture unit (DFU) values, as defined in the Uniform Plumbing Code adopted and published by the International Association of Plumbing and Mechanical Officials, upon the water or sewer system. This fee or charge shall not exceed the reasonable cost of providing this service.
- (g) This section does not limit the authority of local agencies to adopt less restrictive requirements for the creation of an accessory dwelling unit.

- (h) (1) A local agency shall submit a copy of the ordinance adopted pursuant to subdivision (a) to the Department of Housing and Community Development within 60 days after adoption. After adoption of an ordinance, the department may submit written findings to the local agency as to whether the ordinance complies with this section.
- (2) (A) If the department finds that the local agency's ordinance does not comply with this section, the department shall notify the local agency and shall provide the local agency with a reasonable time, no longer than 30 days, to respond to the findings before taking any other action authorized by this section.
- (B) The local agency shall consider the findings made by the department pursuant to subparagraph (A) and shall do one of the following:
- (i) Amend the ordinance to comply with this section.
- (ii) Adopt the ordinance without changes. The local agency shall include findings in its resolution adopting the ordinance that explain the reasons the local agency believes that the ordinance complies with this section despite the findings of the department.
- (3) (A) If the local agency does not amend its ordinance in response to the department's findings or does not adopt a resolution with findings explaining the reason the ordinance complies with this section and addressing the department's findings, the department shall notify the local agency and may notify the Attorney General that the local agency is in violation of state law.
- (B) Before notifying the Attorney General that the local agency is in violation of state law, the department may consider whether a local agency adopted an ordinance in compliance with this section between January 1, 2017, and January 1, 2020.
- (i) The department may review, adopt, amend, or repeal guidelines to implement uniform standards or criteria that supplement or clarify the terms, references, and standards set forth in this section. The guidelines adopted pursuant to this subdivision are not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2.
- (j) As used in this section, the following terms mean:
- (1) "Accessory dwelling unit" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated. An accessory dwelling unit also includes the following:
- (A) An efficiency unit.
- (B) A manufactured home, as defined in Section 18007 of the Health and Safety Code.
- (2) "Accessory structure" means a structure that is accessory and incidental to a dwelling located on the same lot.
- (3) "Efficiency unit" has the same meaning as defined in Section 17958.1 of the Health and Safety Code.
- (4) "Living area" means the interior habitable area of a dwelling unit, including basements and attics, but does not include a garage or any accessory structure.
- (5) "Local agency" means a city, county, or city and county, whether general law or chartered.
- (6) "Neighborhood" has the same meaning as set forth in Section 65589.5.
- (7) "Nonconforming zoning condition" means a physical improvement on a property that does not conform with current zoning standards.

- (8) "Passageway" means a pathway that is unobstructed clear to the sky and extends from a street to one entrance of the accessory dwelling unit.
- (9) "Proposed dwelling" means a dwelling that is the subject of a permit application and that meets the requirements for permitting.
- (10) "Public transit" means a location, including, but not limited to, a bus stop or train station, where the public may access buses, trains, subways, and other forms of transportation that charge set fares, run on fixed routes, and are available to the public.
- (11) "Tandem parking" means that two or more automobiles are parked on a driveway or in any other location on a lot, lined up behind one another.
- (k) A local agency shall not issue a certificate of occupancy for an accessory dwelling unit before the local agency issues a certificate of occupancy for the primary dwelling.
- (1) Nothing in this section shall be construed to supersede or in any way alter or lessen the effect or application of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code), except that the local government shall not be required to hold public hearings for coastal development permit applications for accessory dwelling units.
- (m) A local agency may count an accessory dwelling unit for purposes of identifying adequate sites for housing, as specified in subdivision (a) of Section 65583.1, subject to authorization by the department and compliance with this division.
- (n) In enforcing building standards pursuant to Article 1 (commencing with Section 17960) of Chapter 5 of Part 1.5 of Division 13 of the Health and Safety Code for an accessory dwelling unit described in paragraph (1) or (2) below, a local agency, upon request of an owner of an accessory dwelling unit for a delay in enforcement, shall delay enforcement of a building standard, subject to compliance with Section 17980.12 of the Health and Safety Code:
- (1) The accessory dwelling unit was built before January 1, 2020.
- (2) The accessory dwelling unit was built on or after January 1, 2020, in a local jurisdiction that, at the time the accessory dwelling unit was built, had a noncompliant accessory dwelling unit ordinance, but the ordinance is compliant at the time the request is made.
- (o) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

(Amended by Stats. 2019, Ch. 659, Sec. 1.5. (AB 881) Effective January 1, 2020. Repealed as of January 1, 2025, by its own provisions. See later operative version added by Sec. 2.5 of Stats. 2019, Ch. 659.)



EXHIBIT "B"

APPROVED BY	POLICY TITLE	EFFECTIVE DATE
	DOLLOW DECARDANCE WATER	April 14, 2020
Board of Directors	POLICY REGARDING WATER	Page 1 of 4
	SERVICE TO BE PROVIDED TO	×
	ACCESSORY DWELLING UNITS	

WHEREAS, California is experiencing a shortage of affordable housing; and

WHEREAS, to address the shortage of affordable housing, the California Legislature has enacted statutes to facilitate the construction of accessory dwelling units ("ADUs"), including SB 13 (Wieckowski) and AB 881 (Bloom) enacted in 2019; and

WHEREAS, the Rowland Water District ("District") desires to adopt certain policy principles with respect to water service to be provided to ADUs within its jurisdiction to ensure compliance with applicable law,

NOW, THEREFORE, the Board of Directors of the Rowland Water District hereby adopts this policy concerning the District's provision of water service to ADUs, as follows.

1. Definitions:

- A. "Accessory Dwelling Unit" or "ADU" shall mean an attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated.
- B. "Accessory structure" shall mean a structure that is accessory and incidental to a dwelling located on the same lot.
- C. "Junior accessory dwelling unit" or "junior ADU" means a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A junior accessory dwelling unit may include separate sanitation facilities or may share sanitation facilities with the existing structure.



EXHIBIT "B"

APPROVED BY	POLICY TITLE	EFFECTIVE DATE
Board of Directors	POLICY REGARDING WATER	April 14, 2020 Page 2 of 4
Board of Birectors	SERVICE TO BE PROVIDED TO	1 age 2 01 4
	ACCESSORY DWELLING UNITS	,
*	5	

2. <u>Application Process</u>:

- A. When a property owner determines to construct an ADU on the property owner's property, the property owner shall submit a copy of approved engineering drawings and a water supply fixture unit (WSFU) worksheet to determine the total WSFUs to be included in the ADU and, where feasible, the estimated additional water demand resulting from the ADU.
- B. District staff shall review the ADU drawings and water supply fixture unit worksheet to determine if the ADU requires a new water service and if it is subject to a capacity charge fee and consult with the applicable planning agency concerning the proposed ADU plans and the adequacy of water service to be provided by the District [Government Code Section 65852.2(a)(1)(A)].
- C. When District staff determines that the said ADU requires a new water service and is subject to capacity charge fees, District staff shall then provide a written estimated cost proposal to the property owner for water capacity fees and new water service installation fees along with a new service installation agreement and new water service application request form.
- D. No fire sprinklers may be required in an ADU if they are not required in the primary residence [Government Code Section 65852.2(a)(1)(D)(xii)].
- E. The District's provision of water service to ADUs is subject to the statutory limitations specified in Section 3, below.

3. <u>Incorporation of Statutory Provisions:</u>

A. <u>Not New Residential Service</u>: An ADU shall not be considered to be a new residential use for purposes of calculating District connection fees or capacity charges, unless the ADU was constructed with a new single-family dwelling. [Government Code Section 65852.2(f)(2)].



EXHIBIT "B"

APPROVED BY	POLICY TITLE	EFFECTIVE DATE
Board of Directors	POLICY REGARDING WATER SERVICE TO BE PROVIDED TO ACCESSORY DWELLING UNITS	April 14, 2020 Page 3 of 4

B. New Meters/Connections and Connection Fees or Capacity Charges:

- (i) For an ADU or junior ADU:
 - (a) that is within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure and includes an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure,
 - (b) has exterior access from the proposed or existing single-family dwelling,
 - (c) has side and rear setbacks that are sufficient for fire and safety, and
 - (d) if the unit is a junior ADU, the junior ADU complies with Government Code Section 65852.22,

then the District will not require the property owner to install a new or separate water connection directly between the ADU or junior ADU and the District's water system. For an ADU or junior ADU that meets the criteria of items (a) through (d), as applicable, the District shall not impose on the ADU or junior ADU a connection fee or capacity charge, unless the ADU or junior ADU was constructed with a new single-family dwelling. [Government Code Section 65852.2(f)(4), with cross-reference to subdivision (e)].

(ii) For an ADU or junior ADU that does not meet the criteria set forth in items (a) through (d) of subdivision (i), above, then the District may require a new or separate water connection directly between the ADU or junior ADU and the District's water system. For those ADUs or junior ADUs that do not meet all of those criteria, the District may



EXHIBIT "B"

APPROVED BY	POLICY TITLE	EFFECTIVE DATE
Board of Directors	POLICY REGARDING WATER	April 14, 2020
Board of Directors	SERVICE TO BE PROVIDED TO	Page 4 of 4
	ACCESSORY DWELLING UNITS	

impose a connection fee or capacity charge, which must be proportionate to the burden of the ADU or junior ADU upon the District's water system, based upon either its square feet or the number

of its water supply fixture units, as defined in the Uniform Plumbing Code. Any such connection fee or capacity charge shall not exceed the reasonable cost the District incurs in providing the service to the ADU or junior ADU. [Government Code Section 65852.2(f)(5)].

4. District staff is directed to take all steps necessary to implement the foregoing policy and shall recommend any changes to other District's policies, rules and regulations necessary to implement these principles.



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
Board of Directors	POLICY REGARDING WATER	April 14, 2020 Page 1 of 4
Board of Directors	SERVICE TO BE PROVIDED TO	1 age 1 01 4
	ACCESSORY DWELLING UNITS	

WHEREAS, California is experiencing a shortage of affordable housing; and

WHEREAS, to address the shortage of affordable housing, the California Legislature has enacted statutes to facilitate the construction of accessory dwelling units ("ADUs"), including SB 13 (Wieckowski) and AB 881 (Bloom) enacted in 2019; and

WHEREAS, the Rowland Water District ("District") desires to adopt certain policy principles with respect to water service to be provided to ADUs within its jurisdiction to ensure compliance with applicable law,

NOW, THEREFORE, the Board of Directors of the Rowland Water District hereby adopts this policy concerning the District's provision of water service to ADUs, as follows.

1. Definitions:

- A. "Accessory Dwelling Unit" or "ADU" shall mean an attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons. It shall include permanent provisions for living, sleeping, eating, cooking and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated.
- B. "Accessory structure" shall mean a structure that is accessory and incidental to a dwelling located on the same lot.
- C. "Junior accessory dwelling unit" or "junior ADU" means a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A junior accessory dwelling unit may include separate sanitation facilities or may share sanitation facilities with the existing structure.



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
Board of Directors	POLICY REGARDING WATER SERVICE TO BE PROVIDED TO ACCESSORY DWELLING UNITS	April 14, 2020 Page 2 of 4

2. <u>Application Process</u>:

- A. When a property owner determines to construct an ADU on the property owner's property, the property owner shall submit a copy of approved engineering drawings and a water supply fixture unit (WSFU) worksheet to determine the total WSFUs to be included in the ADU and, where feasible, the estimated additional water demand resulting from the ADU.
- B. District staff shall review the ADU drawings and water supply fixture unit worksheet to determine if the ADU requires a new water service and if it is subject to a capacity charge fee and consult with the applicable planning agency concerning the proposed ADU plans and the adequacy of water service to be provided by the District [Government Code Section 65852.2(a)(1)(A)].
- C. When District staff determines that the said ADU requires a new water service and is subject to capacity charge fees, District staff shall then provide a written estimated cost proposal to the property owner for water capacity fees and new water service installation fees along with a new service installation agreement and new water service application request form.
- D. No fire sprinklers may be required in an ADU if they are not required in the primary residence [Government Code Section 65852.2(a)(1)(D)(xii)].
- E. The District's provision of water service to ADUs is subject to the statutory limitations specified in Section 3, below.

3. <u>Incorporation of Statutory Provisions</u>:

A. <u>Not New Residential Service</u>: An ADU shall not be considered to be a new residential use for purposes of calculating District connection fees or capacity charges, unless the ADU was constructed with a new single-family dwelling. [Government Code Section 65852.2(f)(2)].



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
Board of Directors	POLICY REGARDING WATER SERVICE TO BE PROVIDED TO ACCESSORY DWELLING UNITS	April 14, 2020 Page 3 of 4

- B. New Meters/Connections and Connection Fees or Capacity Charges:
 - (i) For an ADU or junior ADU:
 - (a) that is within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure and includes an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure,
 - (b) has exterior access from the proposed or existing single-family dwelling,
 - (c) has side and rear setbacks that are sufficient for fire and safety, and
 - (d) if the unit is a junior ADU, the junior ADU complies with Government Code Section 65852.22,

then the District will not require the property owner to install a new or separate water connection directly between the ADU or junior ADU and the District's water system. For an ADU or junior ADU that meets the criteria of items (a) through (d), as applicable, the District shall not impose on the ADU or junior ADU a connection fee or capacity charge, unless the ADU or junior ADU was constructed with a new single-family dwelling. [Government Code Section 65852.2(f)(4), with cross-reference to subdivision (e)].

(ii) For an ADU or junior ADU that does not meet the criteria set forth in items (a) through (d) of subdivision (i), above, then the District may require a new or separate water connection directly between the ADU or junior ADU and the District's water system. For those ADUs or junior ADUs that do not meet all of those criteria, the District may impose a connection fee or capacity charge, which must be proportionate to the burden of the ADU or junior ADU upon the District's water system, based upon either its square feet or the number



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
Board of Directors	POLICY REGARDING WATER SERVICE TO BE PROVIDED TO ACCESSORY DWELLING UNITS	April 14, 2020 Page 4 of 4

of its water supply fixture units, as defined in the Uniform Plumbing Code. Any such connection fee or capacity charge shall not exceed the reasonable cost the District incurs in providing the service to the ADU or junior ADU. [Government Code Section 65852.2(f)(5)].

4. District staff is directed to take all steps necessary to implement the foregoing policy and shall recommend any changes to other District's policies, rules and regulations necessary to implement these principles.



RESOLUTION NO. 4.1-2020

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ROWLAND WATER DISTIRCT AUTHORIZING THE GENERAL MANAGER TO TAKE ALL ACTIONS NECESSARY IN RESPONSE TO THE COVID-19 PANDEMIC

WHEREAS, on March 4, 2020, the Governor of California declared a State of Emergency due to the outbreak and spread of the SARS-CoV-2 virus which causes the disease named "coronavirus disease 2019" (abbreviated "COVID-19"); and,

WHEREAS, on March 11, 2020, the World Health Organization (WHO) characterized COVID-19 as a pandemic; and,

WHEREAS, on March 11, 2020, the California Department of Public Health (CDPH) issued an updated policy relating to the postpone or cancellation of large and small gatherings across the state of California to protect public health and slow the rate of transmission of COVID-19; and,

WHEREAS, on March 12, 2020, the Governor of California issued Executive Order N-25-20 enhancing state and local government's ability to respond to the COVID-19 pandemic; and,

WHEREAS, it is imperative that the District prepare for and implement measures to respond to the potential spread of COVID-19; and,

WHEREAS, it is imperative that the General Manager have the tools to ensure the health and safety of staff, families, and the public at District facilities and to ensure operations continue if business and meetings need to be conducted from alternate locations or within virtual meeting environments; and,

WHEREAS, it is imperative that District employees be allowed to take a leave of absence due to being quarantined or staying home after recently returning from Level 3 countries or sick from COVID-19 or illnesses with similar symptoms (e.g., cough, fever, shortness of breath) without suffering pay loss; and,

WHEREAS, the protection of the health and safety and preservation of the lives and property of the peoples of the State from the effects of natural emergencies such as COVID-19 which may result in conditions of disaster or in extreme peril to life, property, and resources is of paramount State importance requiring the responsible efforts of public and private agencies and individual citizens, and all public employees required to serve as disaster service workers subject to such disaster service activities as may be assigned to them by their superiors or by law under Government Code Section 3100; and,

WHEREAS, Section 1102 of the Public Contract Code and Section 21060.3 of the Public Resources Code defines "emergency" as a "sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss of impairment of life, health, property, or essential public services," and California Environmental Quality Act (CEQA) Guidelines 14 CCR Section 15269(c) sets forth emergency projects exempt from the requirements of CEQA,

NOW, THEREFORE, the District's Board of Directors hereby resolves as follows:

- 1. The General Manager is authorized to take any and all actions necessary to ensure the health and safety of staff, families, and the public at District facilities and to ensure operations continue if business and meetings need to be conducted from alternate locations or within virtual meeting environments, including but not limited to the following as it relates to COVID-19: implementing policies and procedures in compliance with directives and Executive Orders issued by the United States President, the Governor of California, the California Department of Public Health (CDPH), the California Division of Occupational Safety and Health (CalOSHA), and the Centers for Disease Control and Prevention (CDC); implementing provisions of leaves of absence to employees with pay due to quarantine or recently returning from Level 3 countries or sick from COVID-19 or illnesses with similar symptoms (cough, fever, shortness of breath) or co-habitants of any individuals without any impact to their benefit time; paid leave for any employee will include those employees who are told to go home but are not able to work from home; directing staff to serve as disaster service workers pursuant to Government Code Section 3100; and, make alterations, repairs or improvements to District property and/or facilities.
- 2. The leave provided in this policy shall be counted toward the satisfaction of any mandated paid leave required by law in response to the Major Natural Disaster. Legal mandates shall supersede this policy.
- 3. The General Manager is authorized to establish an COVID-19 Emergency Response Plan.
- 4. The General Manager is authorized to establish a temporary work from home program for certain staff
- 5. The General Manager is authorized to develop protocols to conduct teleconference or videoconference meetings
- 6. The General Manager is authorized to take all actions necessary to maintain the District's water service activities.

Resolution No. 4.1-2020 Page 3

7. of Directors.	The General Manager shall provide periodic s	status updates to the District's Board
	TED at a regular meeting of the Board of Dir 14, 2020, by the following vote, to wit:	rectors of the Rowland Water District
AYES: NOES: ABSTA ABSEI	: AIN:	
ATTEST:		
TOM (COLEMAN	ROBERT W. LEWIS
Board	Secretary	Board President



RESOLUTION NO. 4.2-2020

RESOLUTION OF THE BOARD OF DIRECTORS TO TAX DEFER MEMBER PAID CONTRIBUTIONS – IRC 414(H)(2) EMPLOYER PICK-UP

CalPERS ID: 5656301445

WHEREAS, the ROWLAND WATER DISTRICT has the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the Board of Administration of the California Public Employees' Retirement System (CalPERS) adopted its resolution re section 414(h)(2) IRC on September 18, 1985; and

WHEREAS, the Internal Revenue Service has stated in December 1985, that the implementation of the provisions of section 414(h)(2) IRC pursuant to the Resolution of the Board of Administration would satisfy the legal requirements of section 414(h)(2) IRC; and

WHEREAS, the ROWLAND WATER DISTRICT has determined that even though the implementation of the provisions of section 414(h)(2) IRC is not required by law, the tax benefit offered by section 414(h)(2) IRC should be provided to its employees who are members of the CalPERS:

NOW, THEREFORE, BE IT RESOLVED:

- I. That the ROWLAND WATER DISTRICT will implement the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code Section 20691 to the CalPERS on behalf of all its employees or all its employees in a recognized group or class of employment who are members of CalPERS. "Employee contributions" shall mean those contributions to CalPERS which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.
- II. That the contributions made by the ROWLAND WATER DISTRICT to CalPERS, although designated as employee contributions, are being paid by the ROWLAND WATER DISTRICT in lieu of contributions by the employees who are members of CalPERS.

- III. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the ROWLAND WATER DISTRICT to CalPERS.
- IV. The ROWLAND WATER DISTRICT shall pay to CalPERS the contributions designated as employee contributions from the same source of funds as used in paying salary.
- V. That the amount of the contributions designated as employee contributions and paid by the ROWLAND WATER DISTRICT to CalPERS on behalf of an employee shall be the entire contribution required of the employee by CalPERS (California Government Code sections 20000, et seq.).
- VI. That the contributions designated as employee contributions made by ROWLAND WATER DISTRICT to CalPERS shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by CalPERS.

ADOPTED AT A REGULAR MEETING OF THE ROWLAND WATER DISTRICT HELD April 14, 2020, by the following roll call vote:

AYES: NOES: ABSTAIN: ABSENT:		
	ROBERT W. LEWIS, President	

I certify that the forgoing Resolution is a true and correct copy of the Resolution of the Board of Directors of the Rowland Water District adopted on April 14, 2020.

TOM COLEMAN
General Manager/Board Secretary



RESOLUTION NO. 4.3-2020

RESOLUTION OF THE BOARD OF DIRECTORS OF ROWLAND WATER DISTRICT FOR THE AFFIRMATION AND IMPLEMENTATION OF THE PROVISIONS OF SECTION 414(h)(2) OF THE INTERNAL REVENUE CODE TO TAX DEFER EMPLOYEE RETIREMENT CONTRIBUTIONS TO CALPERS

WHEREAS, the Board of Directors of Rowland Water District ("<u>District</u>") has the authority to implement the provisions of Section 414(h)(2) of the Internal Revenue Code ("<u>IRC</u>") whereby any amount contributed to a public employer pension plan, which is designated as an employee contribution, may be picked up on a pre-tax basis by the public employer and excluded from an employee's gross income if the employer specifies that the contributions, although designated as employee contributions to the plan, are being paid by the employer in lieu of contributions by the employee, and the employee cannot choose to receive the amounts directly instead of having them paid into the plan; and

WHEREAS, the Board of Directors of District ("<u>Board</u>") adopted Resolution 4.2-2020 ("Resolution") on April 14, 2020 to implement an employer paid member contribution as permitted by Government Code Section 20691 ("<u>EPMC</u>"); and

WHEREAS, Resolution No. 4.2-2020 was based on a template resolution which the California Public Employees' Retirement System ("<u>CalPERS</u>") has represented is in compliance with the requirements of IRC Section 414(h)(2) when considered in conjunction with a resolution adopted by the CalPERS Board of Administration on September 18, 1985 as confirmed by the Internal Revenue Service in Private Letter Ruling 8609084; and

WHEREAS, the Board of Directors has determined that even though the implementation of the provisions of IRC Section 414(h)(2) is not required by law, the tax benefit offered by IRC Section 414(h)(2) in reducing taxable employee gross income should be provided to all District employees who are members of CalPERS; and

WHEREAS, Internal Revenue Service Revenue Ruling 2006-43 requires an employer take contemporaneous action evidencing an intent to establish a proper pick-up under IRC Section 414(h)(2); and

WHEREAS, concurrently with the adoption of this Resolution, the Board will adopt a resolution which CalPERS requires in order to tax-defer normal member contributions paid by employees pursuant to salary reduction but which fails to make the distinction between said contributions and the EPMC; and

WHEREAS, out of an abundance of caution, the Board has determined it is prudent to adopt this Resolution to distinguish between normal member contributions paid pursuant to employee salary reductions and the EPMC.

NOW, THEREFORE, be it resolved, determined and ordered by the Board of Directors of Rowland Water District as follows:

- (a) Pursuant to IRC Section 414(h)(2), the Board hereby elects to reaffirm its implementation an employer pick-up pursuant to the Resolution 4.1-2020, and to implement an employer pick-up pursuant to this Resolution, of employee retirement contributions on behalf of District employees who are members of CalPERS. "Employee retirement contributions" shall mean both those contributions paid by salary reduction and credited to individual employee's account as normal member contributions and normal member contributions paid directly by an employer pursuant to Government Code Section 20691. This provision will apply to all employees of the District that are members of CalPERS.
- (b) Picked up contributions, although designated as employee contributions to CalPERS, will be picked up on a pre-tax basis, whether paid pursuant to salary reduction or directly by the District pursuant to Government Code Section 20691, in lieu of employee contributions so that such contributions are treated as employer contributions.
- (c) Employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the District to CalPERS.
- (d) Amounts picked up by the District shall be paid from the same sources of funds as used in paying salary.
- (e) Amounts picked up by the District shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by CalPERS. This treatment shall apply to all employees of the District.
- (f) If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

April 14, 2020, by the following roll	call vote:
AYES: NOES: ABSTAIN: ABSENT:	
	ROBERT W. LEWIS, President
I certify that the forgoing Resolution Directors of the Rowland Water Dist	is a true and correct copy of the Resolution of the Board of rict adopted on April 14, 2020.
	TOM COLEMAN General Manager/Board Secretary

ADOPTED AT A REGULAR MEETING OF THE ROWLAND WATER DISTRICT HELD



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
		April 14, 2020
Board of Directors	FMLA Leave Expansion and Emergency Paid	Page 1 of 6
	Sick Leave Policy (Coronavirus)	
	-	

PURPOSE

The purpose of this temporary policy is to comply with the Families First Coronavirus Response Act (FFCRA) and to assist employees affected by the COVID-19 outbreak with job-protected leave and emergency paid sick leave. This policy will be in effect from April 1, 2020 until December 31, 2020. The rights and entitlements provided in this policy will sunset as of December 31, 2020.

The FFCRA contains both the Emergency Family and Medical Leave Expansion Act, providing an additional reason for leave under the FMLA and making related changes, and the Emergency Paid Sick Leave Act, creating a new paid leave entitlement. The existing FMLA leave policy still applies to all other reasons for leave outside of this policy, as well as other applicable leave policies. At this time, the Department of Labor (DOL) is expected to issue regulations to provide additional guidance on implementing the FFCRA. Therefore, this policy may be updated based on additional guidance from the DOL.

POLICY

I. FMLA Leave Expansion for Childcare Issues Arising From School Closures

Employee Eligibility

All employees who have been employed with Rowland Water District for at least 30 calendar days excepting those designated as "emergency responders."

Public works personnel are "emergency responders" and are exempt from this childcare absence entitlement. The Department of Labor defines "emergency responders" to include public works personnel "who have training in operating specialized equipment or other skills needed to provide aid in a declared emergency as well as individuals who work for such facilities . . ."

Given its size, the District considers <u>all</u> employees as necessary for the support of essential operations. Therefore, all employees are currently designated as emergency responders who are exempt from this childcare leave entitlement.

Contact Human Resources if you have questions about this designation.



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
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Board of Directors	FMLA Leave Expansion and Emergency Paid	Page 2 of 6
	Sick Leave Policy (Coronavirus)	_
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Qualifying Reason for Leave

Eligible employees who are unable to work (or telework) due to a need to care for a child who is under 18 years of age because the school or place of care has been closed, or the regular childcare provider is unavailable due to a public health emergency with respect to COVID-19.

"Child" means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis.

"Childcare provider" means a provider who receives compensation for providing childcare services on a regular basis, including:

- a center-based childcare provider
- a group home childcare provider
- a family childcare provider (one individual who provides childcare services for fewer than 24 hours per day, as the sole caregiver, and in a private residence)
- other licensed provider of childcare services for compensation
- a childcare provider that is 18 years of age or older who provides childcare services to children who are either the grandchild, great grandchild, sibling (if such provider lives in a separate residence), niece, or nephew of such provider, at the direction of the parent.
- "School" means an elementary or secondary school.

Duration of Leave

Employees will have up to 12 weeks of leave to use from April 1, 2020 through December 31, 2020, for a qualifying reason for leave, stated above. This entitlement to leave is an additional qualifying reason for leave and not an additional leave entitlement. Therefore, employees will be entitled to a total of 12 weeks in a 12-month period (as measured in the established FMLA Policy) for all qualifying reasons.

For example, if an employee has already taken 6 weeks of FMLA leave, that employee would be eligible for the remaining 6 weeks of FMLA leave for a qualifying reason, including to care for a child under this policy.



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
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Board of Directors	FMLA Leave Expansion and Emergency Paid	Page 3 of 6
	Sick Leave Policy (Coronavirus)	
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Pay During Leave

Leave will be unpaid for the first 10 days of leave; however, employees may use any accrued paid vacation, sick or personal leave during this time. The employee may also elect to use the paid leave provided under the Emergency Paid Sick Leave Act, as further explained below. After the first 10 days, leave will be paid at two-thirds (2/3) of an employee's regular rate of pay for the number of hours the employee would otherwise be scheduled to work. Pay will not exceed \$200 per day, and \$10,000 in total.

For part-time employees with varying hours to such an extent that the hours worked cannot be determined with certainty, one of two methods for computing the number of hours paid will be used:

- The average number of hours that the employee was scheduled per day over the 6-month period ending on the date on which the employee takes leave, including hours for which the employee took leave of any type; or,
- If the employee has worked less than 6 months, the expected number of hours to be scheduled per day at the time of hire.

Employee Status and Benefits During Leave

While an employee is on leave, the Agency will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work. While on paid leave, the employer will continue to make payroll deductions to collect the employee's share of the premium (if any). During any unpaid portions of leave, the employee must continue to make this payment per instructions from the HR department. These provisions are the same as for all other FMLA leave, as described in the current FMLA Policy.

Procedure for Requesting Leave

All employees requesting FMLA leave must provide written notice, where possible, of the need for leave to HR as soon as practicable. Verbal notice will otherwise be accepted until written notice can be provided. Within five business days after the employee has provided this notice, HR will complete and provide the employee with any Department of Labor (DOL) required notices.



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
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	Sick Leave Policy (Coronavirus)	
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The notice the employee provides should include a brief statement as to the reason for leave and, if possible, the expected duration.

On a basis that does not discriminate against employees on FMLA leave, [AGENCY] may require an employee on FMLA leave to report periodically on the employee's status and intent to return to work.

Employee Status After Leave

Generally, an employee who takes FMLA leave will be able to return to the same position or a position with equivalent status, pay, benefits and other employment terms. An employer with fewer than 25 employees may be exempted from this obligation if the employer has made a good faith effort to try and place the employee but failed. RWD will make good faith efforts to return the employee to a similar or equivalent position.

Please contact the HR department with any questions.

II <u>Emergency Paid Sick Leave</u>

Emergency Paid Sick Leave, is an entitlement *above and beyond* an employee's normal sick leave entitlement. It shall be available first for the reasons set forth herein. As described below will be available for use beginning April 1, 2020.

Eligibility

All full-time and part-time employees unable to work (or telework) due to one of the following reasons for leave:

- 1. The employee is subject to a federal, state or local quarantine or isolation order related to COVID-19.
- 2. The employee has been advised by a health care provider to self-quarantine due to concerns related to COVID–19.
- 3. The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
- 4. The employee is caring for an individual who is subject to either number 1 or 2 above.
- 5. The employee is caring for his or her child under 18 years of age if the school or place of care of the child has been closed, or the childcare provider of such child is unavailable, due to COVID–19 precautions.



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6. The employee is experiencing any other substantially similar condition specified by the secretary of health and human services in consultation with the secretary of the treasury and the secretary of labor.

"Child" means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing *in loco parentis* ("as if" the employee was the parent).

Amount of Paid Sick Leave

All eligible full-time employees will have up to 80 hours of paid sick leave available to use for the qualifying reasons above. Eligible part-time employees will have the number of hours worked, on average, over a two-week period, of paid sick leave available to use for the qualifying reasons above.

For part-time employees with varying hours, to such an extent that the hours worked cannot be determined with certainty, one of two methods for computing the number of hours paid will be used:

- The average number of hours that the employee was scheduled per day over the 6-month period ending on the date on which the employee takes leave, including hours for which the employee took leave of any type; or,
- If the employee has worked less than 6 months, the expected number of hours to be scheduled per day at the time of hire.

Rate of Pay

Paid emergency sick leave will be paid at the employee's regular rate of pay, for leave taken for reasons 1-3 above. Employees taking leave for reasons 4-6 will be compensated at two-thirds their regular rate of pay.

Pay will not exceed:

- \$511 per day and \$5,110 in total for leave taken for reasons 1-3 above;
- \$200 per day and \$2,000 in total for leave taken for reasons 4-6 above.

Interaction with Other Paid Leave

The employee may use emergency paid sick leave under this policy before using any other accrued paid time off for the qualifying reasons stated above.

Employees on expanded FMLA leave under this policy may use emergency paid sick leave during the first 10 days of normally unpaid FMLA leave.



APPROVED BY	POLICY TITLE	EFFECTIVE DATE
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Procedure for Requesting Emergency Paid Sick Leave

Employees must notify their department manager or HR of the need and specific reason for leave under this policy. A form will be provided to all employees for certifying the leave request. Verbal notification will be accepted until practicable to provide written notice.

Once emergency paid sick leave has begun, the employee and his or her manager must determine reasonable procedures for the employee to report periodically on the employee's status and intent to continue to receive paid sick time.

Employees may be requested to provide medical certification or a medical note supporting the need for leave under appropriate circumstances but will not be required when not practicable to obtain.

Carryover

Paid emergency sick leave under this policy will not be provided beyond December 31, 2020. Any unused emergency paid sick leave will not carry over to the next year or be paid out to employees.

Job Protections

No employee who appropriately utilizes emergency paid sick leave under this policy will be discharged, disciplined or discriminated against for use of leave under the policy or any request to use leave under this policy.

Please contact the HR department with any questions.

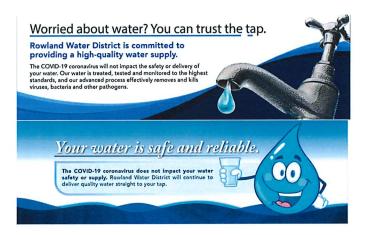
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Rowland Water District Communication Strategies Update April 14, 2020

• COVID - 19 Communications

Sliders
Opinion Piece – English and Mandarin
Web Content and Iframe/ASDWA Website
Board Talking Points
Earned & Social Media



- Conservation Campaign What's Your Water Footprint
 - o Coverage continues through earned and social media
- Consumer Confidence Report
 - Begin designing document and compiling content for June release
 - Developing language on COVID19

Strategic Communications
Public Engagement

PALM DESERT LOS ANGELES SACRAMENTO

cvstrategies.com info@cvstrat.com 760.776.1766

• Meter Conversion

- Videos in development
 - o How to read your meter (standard)
 - o How to read your meter (AMI)
 - o AMI Conversion

• Capacity Fees/Additional Dwelling Units

- Direct Mail Piece finalized

Board Message Decks

- New carry cards to be distributed to Board of Directors
- Added "Where Does Your Dollar Go"

• Additional Releases

- New Hire - Roy Frausto

Miscellaneous

- Video
- Website (sliders and text updated as needed)
- On-Hold Messages

Press Releases

5/24/18	Santiago Internship MOU	******	******	******
6/27/19	FY 2019/2020 Budget	******	******	******
6/30/19	CCR Availability	******	*****	******
7/1/19	Succession Planning	******	******	******
7/1/19	New Website	******	******	******
8/23/19	Buckboard Days	******	******	******
9/20/19	Capital Improvement	******	******	
	Updates			
9/30/19	Water Quality / PFAS	******	******	******
9/30/19	CSDA Article	******	*****	******
10/24/19	FORUS Event	******	******	******
11/1/19	Mini Solar Cup	******	******	Feb. 2020
12/15/19	AMI	******	******	video
12/15/19	Future City Competition	******	******	social
12/16/19	Joe Ruzicka Statement	******	******	******
12/17/19	SB 998	******	******	
12/17/19	New Hire	******	******	******
1/30/20	Filling Station	******	******	******
1/31/20	EduBucks	******	*****	******
2/3/20	Conservation Campaign	******	*****	******
3/18/20	COVID 19	******	******	******
3/18/20	Shut Offs	******	******	******
3/18/20	Hours	******	******	******

China Press - April 2020



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州严格的管理规定确保安全优质供水



世界正面对2019新冠病毒病大疫情带来的奇怪、我们不熟悉的现实,有数不清 的未知事项。还好,继续提供安全清洁的供水不在此列。

供水不仅是一项基本服务,也是一项安全可靠的服务,这要归功于加州严格的供水质量管理规定。对Rowland供水区来说,这意味着多级过滤和杀菌消毒过程,去除和杀死细菌、病原体和病毒,包括2019新冠病毒病等冠状病毒。

美国疾病预防控制中心指出,供水不是2019新冠病毒病的来源,在任何饮用水 供应中不曾发现该病毒。对供水的风险很低,因为该病毒在已经在用的杀菌消毒 过程中会被杀死。

人们很少谈起供水处理,在遇到我们目前经历的突发情况时才会谈起。

Rowland供水区等公共供水系统接受州水资源控制委员会下属饮用水部制定的规则的管理。除了健康方面的供水质量标准,处理供水的设施必须确保整个系统持续发挥最高性能,这样至少99.99%的病毒都被杀死。可能通过去除流程的极微量的病毒,在氯气杀菌消毒过程中迅速失去活力。

加州所有公共供水系统定期检测细菌和其他物质,通过每年7月1日发布的年度 消费者信心报告,向州管理者和客户报告结果。在Rowland供水区,我们每年 开展1,000多次水质量测试,确保提供给您的供水满足和超过州和联邦标准。

Rowland供水区主要依靠来自科罗拉多河和来自加州北部的进口饮用水供应,这些由我们的批发商Metropolitan Water District of Southern California和Three

Valleys Municipal Water District提供。我们也从Main San Gabriel Groundwater
Basin地下水盆地获取当地地下水。除了这些水源,Rowland供水区与邻近的供水供应公司订有备用计划,确保发生突发情况时能继续供水。我们接收的所有供水在进入我们的系统前进行处理。

作为一项维系生命的服务,我们将每周7天、每天24小时持续运行,确保我们日复一日持续提供安全优质的饮用水。

我们不认为因为2019新冠病毒病大瘟疫会出现任何供应短缺或服务中断,我们邻近的供水局也不认为会出现这种情况。

Rowland供水区持续致力于服务客户已经超过65年,在Industry市、West Covina市、Hacinenda Heights、La Puente和 Rowland Heights等地区现有约58,000家客户。



我们将继续坚守对社区的责任,即便在目前不确定的情形下。Rowland供水区致力于为您服好务,安全供水,不辜负您的希望。

Tom Celeman
Tom Coleman, 总经理

Tom Coleman, 总经分

Rowland Water District • 3021 Fullerton Road, Rowland Heights, CA 91748 • (562) 697-1726 • rowlandwater.com



Memorandum

To:

Board of Directors

From:

Brittnie Van De Car

Public Affairs Representative

Date:

April 14, 2020

Re:

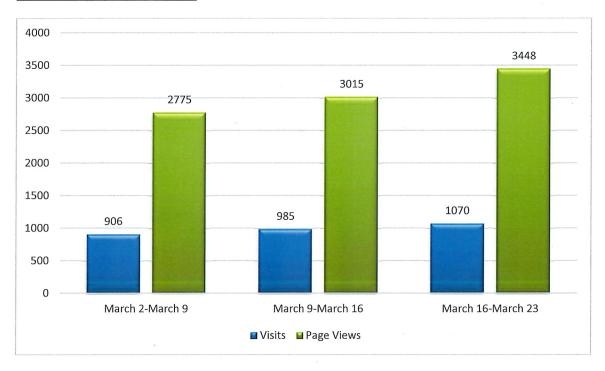
Community Affairs & Education Update

Classroom Presentations:

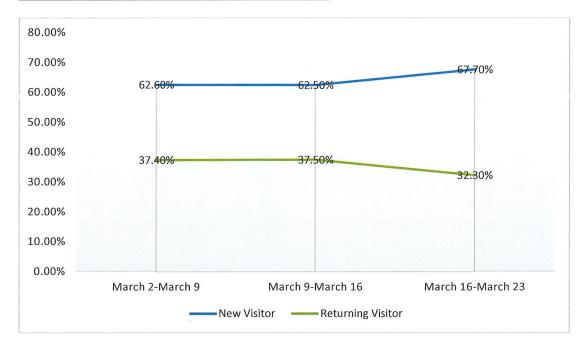
- All presentations have been cancelled for the school year
- The March 25th California Friendly Landscape Class and May 6th Turf Removal Class have been postponed.
- Wilson High School senior student won 1st place in the WEWAC Scholar Program and will be awarded \$1,500 addressed to their college they will attend in Fall.
- I have delivered over 1000 sheets of paper to schools for our Water Awareness Poster Contest
 - Poster contest is on hold for now. We are waiting to hear from MWD on a decision with this program
- Water Bottle Filling Station Program
 - Have already had Telesis Academy, Jellick Elementary and Alvarado reach out to me to participate in the program
- Mini Solar Challenge Program
 - Will work with teachers to check how we can still award all of the students
- EduBucks will be discussed at an upcoming WEWAC meeting on how we plan to move forward with the funds and how they were utilized in the classrooms.
- Conservation Campaign top 100 letters will remain being distributed to our top 100 residential users.
 The letters will be sent out at the beginning of each month.
- Printing appropriate promotional material and placing it at the Customer Service Counter for distribution to customers
- Attending bi-monthly webinars on upcoming promotional items and programs put on by the Environmental Protection Agency (EPA) WaterSense program
- Updating the Lobby TV on a daily/weekly/monthly basis
- Monitoring the District's social media pages Daily
 - Use the same hashtag on all our posts #DiscoverRWD and #RWDeducation for all educational posts
- Maintain and view District website daily

March 2020 Website Google Analytics

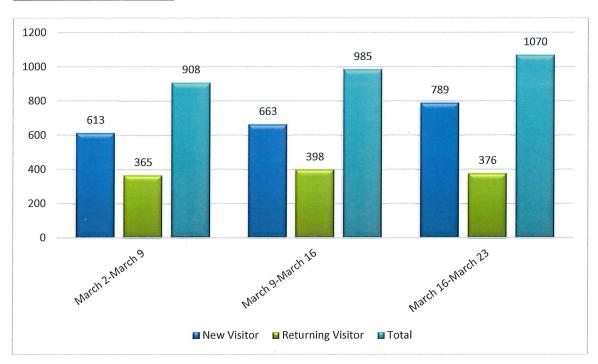
Website Visits and Pageviews



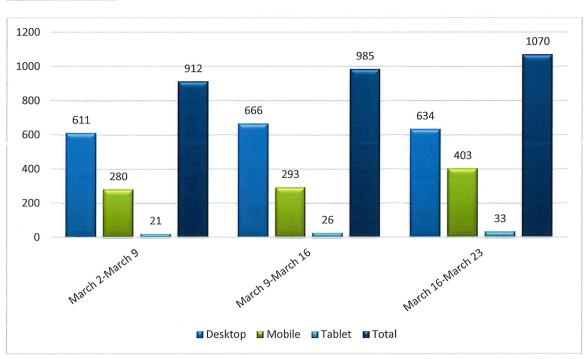
Percentage of Website Viewers-New vs. Returning



New vs. Returning Visitors



Source of Viewing



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