

October 2019. The resolutions in support of the recommendations below are attached as Exhibits “D”, “E” and “F”.

IDs 112/212:

There are three separate developments contributing to IDs 112/212: the City of Irvine / Great Park, the FivePoint Communities Great Park Neighborhoods, and the County of Orange’s 100-acre parcel. Connection fees for these developments will be set separately.

City of Irvine / Great Park

The recycled water connection fee of \$28.85 million for the Great Park, per agreement with the City, was approved at the June 12, 2017 Board meeting. The City made the first recycled water connection fee payment of \$9.9 million in September 2017. The remainder will be paid as the parcels are put into service. The Great Park will pay 100% of the planned recycled capital expenditures versus the previous assumption of a 50/50 cost sharing with the property owner. Staff recommends no change in connection fees.

FivePoint Communities – Great Park Neighborhoods

The Great Park Neighborhoods is the FivePoint Communities development within ID 112/212. Staff recommends increasing connection fees by 3.0% due primarily due to increases associated with the water and sewer regional splits. The consolidated water and sewer connection fee will increase from \$5,004 to \$5,155 per unit. Staff recommends reducing the current consolidated tax rate of \$0.7500 to \$0.6420 per \$100 of land assessed value in order to meet debt requirements and maintain the 50/50 split.

County of Orange 100-acre Parcel (ID 112/212a)

Staff recommends applying the same 3.0% increase to the connection fees for the reason discussed above for the 100-acre development site owned by the County of Orange, which has no tax base. The consolidated water and sewer connection fee will increase from \$9,208 to \$9,485 per unit. The property tax rate will remain at zero as long as the property is owned by the County.

| Improvement Districts | Connection Fees | | Property Tax | |
|------------------------------------|-----------------|----------|--------------|----------|
| | Current | Proposed | Current | Proposed |
| 112/212 (Great Park Neighborhood) | \$5,004 | \$5,155 | \$0.0750 | \$0.0642 |
| 112a/212a (County 100-acre Parcel) | \$9,208 | \$9,485 | \$0.0000 | \$0.0000 |

IDs 113/213 – Tustin Base:

Staff recommends increasing connection fees by 3.0% due to increases associated with the regional splits. This will increase the water and sewer connection fee by \$259, from \$8,629 to \$8,888 per unit. Staff recommends maintaining the current consolidated tax rate of \$0.09900 per \$100 of land assessed value in order to maintain the 50/50 split.

| Improvement Districts | Connection Fees | | Property Tax | |
|-----------------------|-----------------|----------|--------------|----------|
| | Current | Proposed | Current | Proposed |
| 113/213 | \$8,629 | \$8,888 | \$0.0990 | \$0.0990 |

IDs 185/285 – Lake Forest Opportunity Study Area, Excluding Portola:

Staff recommends no increase to connection fees, consistent with ENR. The consolidated water and sewer connection fee will remain at \$5,014 per unit. Staff recommends reducing the current consolidated tax rate of \$0.0535 to \$0.0218 per \$100 of land-assessed value in order to meet debt requirements and maintain the 50/50 split.

| Improvement Districts | Connection Fees | | Property Tax | |
|-----------------------------|-----------------|----------|--------------|----------|
| | Current | Proposed | Current | Proposed |
| 185/285 (Opportunity Study) | \$5,014 | \$5,014 | \$0.0535 | \$0.0218 |

IDs 188/288 – Portola – Portion of Opportunity Study Area:

Staff recommends a 0.5% increase in the current rates due to changes associated with the regional splits. The consolidated water and sewer connection fee will increase by \$22, increasing the water and sewer connection fee from \$4,396 to \$4,418 per residential unit. Staff also recommends reducing the current consolidated tax rate of \$0.0835 to \$0.0394 per \$100 of land assessed value in order to meet debt requirements and maintain the 50/50 split.

| Improvement Districts | Connection Fees | | Property Tax | |
|-----------------------------|-----------------|----------|--------------|----------|
| | Current | Proposed | Current | Proposed |
| 188/288 (Opportunity Study) | \$4,396 | \$4,418 | \$0.0835 | \$0.0394 |

IDs 153/253 – Developing IDs:

IRWD and the Irvine Company established future usage and related revenue from the sale of native water from Irvine Lake. A portion of the revenue produced by native water sales is applied to connection fees for the developing IDs 153/253. The amended Irvine Lake agreement, executed in July 2019, ensures that the Irvine Company pays its fair share of capital infrastructure (without overpaying), recognizing that future sales of native water will reduce the amount of connection fees. The native water assumption includes 3,800 acre-feet (AF) per year at a rate of \$327 per AF in FY 2020-21 with the cost of water escalating annually at 3% thereafter. The agreement will also provide for a reconciliation every five years between the assumed and the actual native water revenue. The final reconciliation will occur at the end of 20 years in 2038.

Staff recommends decreasing the consolidated water and sewer connection fee from \$3,213 to \$2,828 (a net reduction of \$385 or 12%) per residential unit. This is due primarily to decreases associated with the regional splits. Staff recommends reducing the current consolidated tax rate of \$0.0410 to \$0.220 per \$100 of land assessed value in order to meet debt requirements and maintain the 50/50 split.

| Improvement Districts | Connection Fees | | Property Tax | |
|--------------------------|-----------------|----------|--------------|----------|
| | Current | Proposed | Current | Proposed |
| 153/253 (Undeveloped ID) | \$3,213 | \$2,828 | \$0.0410 | \$0.0220 |

ID 256 – Orange Park Acres (OPA) Sewer:

Staff recommends a 0.5% increase in the current rates due to changes associated with the regional splits. The consolidated sewer connection fee will increase by \$31, increasing the connection fee from \$6,259 to \$6,290 per residential unit. There is no bonding authority for this ID so there are no property taxes.

| Improvement Districts | Connection Fees | | Property Tax | |
|--------------------------|-----------------|----------|--------------|----------|
| | Current | Proposed | Current | Proposed |
| 156/256 (Undeveloped ID) | \$6,259 | \$6,290 | \$0.0000 | \$0.0000 |

All Other IDs:

Other areas experienced no significant changes in funding requirements. The recommendation for these IDs is no change to connection fees or property taxes.

| Improvement Districts | Connection Fees | | Property Tax | |
|---|-----------------|----------|--------------|----------|
| | Current | Proposed | Current | Proposed |
| 125/225(Developed) | \$5,975 | \$5,975 | \$0.028 | \$0.028 |
| 125/240(Developed) | \$6,818 | \$6,818 | \$0.028 | \$0.028 |
| 111/222 (Developed, no GO Authority) ¹ | \$9,914 | \$9,914 | NA | NA |

¹ Identifies the consolidated connection fee for a density between 5.9 to 10.8 dwelling units (DU) per acre.

FISCAL IMPACTS:

Total connection fees discussed above are included in the FY 2020-21 Non-operating budget. Section 3 of the IRWD Rates and Charges for FY 2020-21 has been revised to reflect the recommended changes to connection fees, and this revised section is attached (in redline format) as Exhibit “G”.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on July 7, 2020.

RECOMMENDATION:

THAT THE BOARD ADOPT THE FOLLOWING RESOLUTIONS BY TITLE EFFECTIVE AUGUST 1, 2020:

RESOLUTION NO. 2020 –

RESOLUTION OF THE BOARD OF DIRECTORS OF IRVINE RANCH
WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
ADOPTING CHANGES TO CONNECTION FEES AS SET FORTH IN THE
SCHEDULE OF RATES AND CHARGES IN EXHIBIT “B” OF
THE RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT
FOR WATER, SEWER, RECYCLED WATER, AND NATURAL TREATMENT SYSTEM
SERVICE AND ADOPT THE FOLLOWING RESOLUTIONS BY TITLE:

RESOLUTION NO. 2020 –

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY, CALIFORNIA
ESTABLISHING *AD VALOREM* TAX REVENUES FOR
FISCAL YEAR 2020-21

RESOLUTION NO. 2020 –

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT AMENDING
ALLOCATION OF *AD VALOREM* PROPERTY
TAXES TO DEBT SERVICE, SUBJECT TO PLEDGE

LIST OF EXHIBITS:

Exhibit “A” – Proposed Connection Fees and Property Tax Rates

Exhibit “B” – Analysis of Changes within IDs

Exhibit “C” – Summary of the Regional Capital Cost Allocations Splits

Exhibit “D” – Resolution Adopting Changes to Rates and Charges

Exhibit “E” – Resolution Adopting Ad Valorem Property Tax Rates

Exhibit “F” – Resolution Amending Allocation of Ad Valorem Property Taxes to Debt Service

Exhibit “G” – Rates and Charges

Note: This page is intentionally left blank.

Proposed Connection Fees and Property Tax Rates Fiscal Year 2020-21

CONNECTION FEES

| Improvement District | Current FY 2019-20 | | | Proposed FY 2020-21 | | | Change ⁽¹⁾ | |
|---|--------------------|---------|---------|---------------------|---------|---------|-----------------------|--------|
| | Water | Sewer | Total | Water | Sewer | Total | \$ | % |
| | | | | | | | | |
| 111/222 | \$3,551 | \$6,363 | \$9,914 | \$3,551 | \$6,363 | \$9,914 | \$0 | 0.0% |
| 112/212 | \$1,386 | \$3,618 | \$5,004 | \$1,428 | \$3,727 | \$5,155 | \$151 | 3.0% |
| 112a/212a No Tax Authority (100% Connection Fee) | \$2,551 | \$6,657 | \$9,208 | \$2,628 | \$6,857 | \$9,485 | \$277 | 3.0% |
| 113/213 | \$3,138 | \$5,491 | \$8,629 | \$3,232 | \$5,656 | \$8,888 | \$259 | 3.0% |
| 125/240 | \$2,873 | \$3,945 | \$6,818 | \$2,873 | \$3,945 | \$6,818 | \$0 | 0.0% |
| 125/225 | \$2,873 | \$3,102 | \$5,975 | \$2,873 | \$3,102 | \$5,975 | \$0 | 0.0% |
| 153/253 | \$1,486 | \$1,727 | \$3,213 | \$1,308 | \$1,520 | \$2,828 | (\$385) | -12.0% |
| 153/253 PA 30 | \$3,943 | \$4,115 | \$8,058 | \$3,943 | \$4,115 | \$8,058 | \$0 | 0.0% |
| 256 OPA | | \$6,259 | \$6,259 | | \$6,290 | \$6,290 | \$31 | 0.5% |
| 185/285 | \$1,800 | \$3,214 | \$5,014 | \$1,800 | \$3,214 | \$5,014 | \$0 | 0.0% |
| 188/288 | \$1,619 | \$2,777 | \$4,396 | \$1,627 | \$2,791 | \$4,418 | \$22 | 0.5% |

PROPERTY TAX RATES ⁽²⁾

| Improvement District | Current | | | Proposed | | |
|----------------------|----------|----------|----------|----------|----------|----------|
| | Water | Sewer | Total | Water | Sewer | Total |
| 112/212 | \$0.0300 | \$0.0450 | \$0.0750 | \$0.0156 | \$0.0486 | \$0.0642 |
| 113/213 | \$0.0400 | \$0.0590 | \$0.0990 | \$0.0400 | \$0.0590 | \$0.0990 |
| 125/225/240 | \$0.0130 | \$0.0150 | \$0.0280 | \$0.0130 | \$0.0150 | \$0.0280 |
| 153/253 | \$0.0200 | \$0.0210 | \$0.0410 | \$0.0090 | \$0.0130 | \$0.0220 |
| 185/285 | \$0.0230 | \$0.0305 | \$0.0535 | \$0.0081 | \$0.0137 | \$0.0218 |
| 188/288 | \$0.0735 | \$0.0100 | \$0.0835 | \$0.0309 | \$0.0085 | \$0.0394 |

(1) ENR for June 2019 through June 2020 is (0.4%).

(2) Based on \$100 of land assessed value.

Note: This page is intentionally left blank.

IRVINE RANCH WATER DISTRICT

Analysis of Changes within IDs

(in millions)

Improvement District:

111/222

To Date:

| | Water | Sewer | Total |
|-----------------------------|--------|-----------|-----------|
| Expenditures ⁽¹⁾ | \$ 2.5 | \$ (27.2) | \$ (24.7) |
| Fund Balance (4/30/2020) | \$ 2.5 | \$ (26.9) | \$ (24.4) |

Future Projection:**Revenue:**

| | | | |
|-------------------------------|-----------------|-----------------|-----------------|
| Interest Income on Balance | \$ (1.1) | \$ (12.2) | \$ (13.4) |
| Other Revenues ⁽²⁾ | - | 2.3 | \$ 2.3 |
| 1% and Enhancement | 126.1 | 101.9 | \$ 227.9 |
| Bond Sales | 58.8 | 26.7 | 85.5 |
| Connection Fees | 2.7 | 4.9 | 7.7 |
| GO Property Taxes | - | - | - |
| Total Revenue | \$ 186.5 | \$ 123.5 | \$ 310.0 |

Expenditures:

| | | | |
|----------------------------------|-------------------|------------------|-------------------|
| Capital | \$ (94.2) | \$ (54.2) | \$ (148.4) |
| Debt | (90.6) | (39.0) | (129.6) |
| Total Expenditures | \$ (184.8) | \$ (93.2) | \$ (277.9) |
| Fund Balance (FY 2051-52) | \$ 4.2 | \$ 3.5 | \$ 7.7 |

(1) Expenditures includes both capital infrastructure and general plant

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

112/212

To Date:

| | Water | Sewer | Total |
|---------------------------------|---------------|---------------|---------------|
| Expenditures ⁽¹⁾ | \$ (18.2) | \$ (59.8) | \$ (78.0) |
| Connection Fees | \$ 4.7 | \$ 20.9 | 25.5 |
| GO Property Taxes | 3.8 | 9.0 | 12.8 |
| Previous Bond Sales | 8.1 | 26.0 | 34.1 |
| Other ⁽²⁾ | 4.6 | 5.2 | 9.8 |
| Fund Balance (4/30/2020) | \$ 3.0 | \$ 1.3 | \$ 4.3 |

Future Projection:

Revenue:

| | | | |
|-------------------------------|----------------|-----------------|-----------------|
| Interest Income on Balance | \$ (0.3) | \$ 8.5 | \$ 8.1 |
| Other Revenues ⁽²⁾ | (1.7) | 2.3 | 0.7 |
| 1% and Enhancement | - | - | |
| Bond Sales | 8.9 | 16.6 | 25.5 |
| Connection Fees | 12.4 | 31.7 | 44.1 |
| GO Property Taxes | 15.2 | 42.8 | 58.1 |
| Total Revenue | \$ 34.5 | \$ 101.9 | \$ 136.4 |

Expenditures:

| | | | |
|---------------------------|------------------|------------------|-------------------|
| Capital | \$ (17.5) | \$ (32.7) | \$ (50.2) |
| Debt | (24.5) | (63.0) | (87.5) |
| Total Expenditures | \$ (42.0) | \$ (95.7) | \$ (137.7) |

Fund Balance (FY 2051-52)

| | | |
|-----------------|---------------|---------------|
| \$ (4.5) | \$ 7.4 | \$ 3.0 |
|-----------------|---------------|---------------|

Change

Connection Fees:

| | | | |
|----------|-------|--------|--------|
| Previous | \$4.7 | \$20.9 | \$25.5 |
| Future | 12.4 | 31.7 | 44.1 |

Total Connection Fees \$17.1 \$52.5 \$69.6 50%

| Current | Propose | \$ | % |
|---------|---------|-------|------|
| \$5,004 | \$5,155 | \$151 | 3.0% |

GO Property Taxes:

| | | | |
|-----------------------|-------|-------|--------|
| Previous | \$3.8 | \$9.0 | \$12.8 |
| Underlay (ID 125/225) | 0.0 | 0.0 | 0.0 |
| Future | 15.2 | 42.8 | 58.1 |

Total GO Property Taxes \$19.1 \$51.8 \$70.9 50%

\$0.0750 \$0.0642 (\$0.0108) -14.4%

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

113/213

To Date:

| | Water | Sewer | Total |
|---------------------------------|---------------|---------------|---------------|
| Expenditures ⁽¹⁾ | \$ (20.0) | \$ (34.3) | \$ (54.3) |
| Connection Fees | 4.1 | 7.8 | 12.0 |
| GO Property Taxes | 1.7 | 2.6 | 4.3 |
| Previous Bond Sales | 16.3 | 28.6 | 44.9 |
| Other ⁽²⁾ | 1.2 | 0.1 | 1.4 |
| Fund Balance (4/30/2020) | \$ 3.4 | \$ 4.9 | \$ 8.3 |

Future Projection:

Revenue:

| | | | |
|-------------------------------|----------------|----------------|-----------------|
| Interest Income on Balance | \$ 13.5 | \$ 1.0 | \$ 14.5 |
| Other Revenues ⁽²⁾ | 1.3 | 1.0 | 2.4 |
| 1% and Enhancement | - | - | - |
| Bond Sales | 8.8 | 13.5 | 22.3 |
| Connection Fees | 10.9 | 16.5 | 27.4 |
| GO Property Taxes | 20.6 | 14.3 | 34.9 |
| Total Revenue | \$ 55.1 | \$ 46.4 | \$ 101.5 |

Expenditures:

| | | | |
|---------------------------|------------------|------------------|------------------|
| Capital | \$ (9.5) | \$ (12.8) | \$ (22.3) |
| Debt | (31.5) | (45.3) | (76.9) |
| Total Expenditures | \$ (41.1) | \$ (58.1) | \$ (99.2) |

Fund Balance (FY 2051-52)

\$ 17.4 \$ (6.9) \$ 10.6

Change

Connection Fees:

| | Current | Propose | \$ | % |
|------------------------------|---------------|---------------|---------------|------------|
| Previous | \$4.1 | \$7.8 | \$12.0 | |
| Future | 10.9 | 16.5 | 27.4 | |
| Total Connection Fees | \$15.0 | \$24.4 | \$39.4 | 50% |

| | | | |
|---------|---------|-------|------|
| \$8,629 | \$8,888 | \$259 | 3.0% |
|---------|---------|-------|------|

GO Property Taxes:

| | | | | |
|--------------------------------|---------------|---------------|---------------|------------|
| Previous | \$1.7 | \$2.6 | \$4.3 | |
| Underlay (ID 125/225) | 0.0 | 0.0 | 0.0 | |
| Future | 20.6 | 14.3 | 34.9 | |
| Total GO Property Taxes | \$22.3 | \$16.9 | \$39.2 | 50% |

| | | | |
|----------|----------|----------|------|
| \$0.0990 | \$0.0990 | \$0.0000 | 0.0% |
|----------|----------|----------|------|

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT

Analysis of Changes within IDs

(in millions)

Improvement District:

| |
|----------------|
| 125/225 |
|----------------|

To Date:

| | Water | Sewer | Total |
|-----------------------------|----------|-----------|----------|
| Expenditures ⁽¹⁾ | \$ 153.4 | \$ (16.1) | \$ 137.2 |
| Fund Balance (4/30/2020) | \$ 153.4 | \$ (16.1) | \$ 137.2 |

Future Projection:

Revenue:

| | | | |
|-------------------------------|-----------------|-----------------|-----------------|
| Interest Income on Balance | \$ 144.5 | \$ (96.6) | \$ 47.9 |
| Other Revenues ⁽²⁾ | 33.2 | 17.9 | \$ 51.0 |
| 1% and Enhancement | 46.0 | 214.9 | \$ 260.9 |
| Bond Sales | 59.1 | 96.7 | 155.8 |
| Connection Fees | 1.1 | 1.2 | 2.3 |
| GO Property Taxes | 203.0 | 239.4 | 442.4 |
| Total Revenue | \$ 486.8 | \$ 473.5 | \$ 960.3 |

Expenditures:

| | | | |
|----------------------------------|-------------------|-------------------|---------------------|
| Capital | \$ (110.5) | \$ (108.2) | \$ (218.8) |
| Debt | (350.5) | (524.2) | (874.7) |
| Total Expenditures | \$ (461.1) | \$ (632.4) | \$ (1,093.5) |
| Fund Balance (FY 2051-52) | \$ 179.1 | \$ (175.0) | \$ 4.1 |

(1) Expenditures includes both capital infrastructure and general plant

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District

153/253 (Undeveloped)

To Date:

| | Water | Sewer | Total |
|---------------------------------|----------------|---------------|----------------|
| Expenditures ⁽¹⁾ | \$ (8.0) | \$ (38.6) | \$ (46.6) |
| Connection Fees | 14.74 | 17.39 | 32.13 |
| GO Property Taxes | 2.10 | 2.39 | 4.49 |
| Previous Bond Sales | 7.60 | 11.90 | 19.50 |
| Other ⁽²⁾ | 7.31 | 7.50 | 14.81 |
| Fund Balance (4/30/2020) | \$ 23.7 | \$ 0.6 | \$ 24.3 |
| Underlay | \$ 5.0 | \$ 2.7 | \$7.7 |

Future Projection:

Revenue:

| | | | |
|-------------------------------|----------------|----------------|-----------------|
| Interest Income on Balance | \$ 7.7 | \$ (11.6) | \$ (4.0) |
| Other Revenues ⁽²⁾ | 31.9 | 60.5 | 92.4 |
| 1% and Enhancement | - | - | |
| Bond Sales | 9.2 | 7.3 | 16.5 |
| Connection Fees | 6.6 | 7.7 | 14.3 |
| GO Property Taxes | 1.6 | 2.2 | 3.8 |
| Total Revenue | \$ 56.9 | \$ 66.1 | \$ 123.0 |

Expenditures:

| | | | |
|---------------------------|------------------|------------------|-------------------|
| Capital | \$ (40.4) | \$ (41.0) | \$ (81.4) |
| Debt | (27.7) | (32.8) | (60.5) |
| Total Expenditures | \$ (68.1) | \$ (73.8) | \$ (141.9) |

Fund Balance (FY 2051-52)

| | | |
|----------------|-----------------|---------------|
| \$ 12.5 | \$ (7.1) | \$ 5.4 |
|----------------|-----------------|---------------|

Change

Connection Fees:

| | Current | Propose | \$ | % |
|------------------------------|-------------|-------------|---------------|------------|
| Previous | \$14.7 | \$17.4 | \$32.1 | |
| Future | \$6.6 | \$7.7 | \$14.3 | |
| Total Connection Fees | \$21 | \$25 | \$46.4 | 50% |

\$3,213 \$2,828 (\$385) -12%

GO Property Taxes:

| | | | | |
|--------------------------------|-------------|-------------|---------------|------------|
| Previous | \$7.1 | \$5.1 | \$12.2 | |
| Underlay (ID 125/225) | \$14.2 | \$16.4 | \$30.6 | |
| Future | \$1.6 | \$2.2 | \$3.8 | |
| Total GO Property Taxes | \$23 | \$24 | \$46.6 | 50% |

\$0.0410 \$0.0220 (\$0.0190) -46%

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other Revenues include native water and golf course revenue for 153/253, buy-in costs, and estimated grant revenue.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

185/285

To Date:

| | Water | Sewer | Total |
|---------------------------------|---------------|---------------|---------------|
| Expenditures ⁽¹⁾ | \$ (1.1) | \$ (2.1) | \$ (3.2) |
| Connection Fees | \$ 2.0 | \$ 3.0 | 5.1 |
| GO Property Taxes | \$ 0.6 | \$ 0.9 | 1.5 |
| Previous Bond Sales | \$ 1.5 | \$ 1.8 | 3.3 |
| Other ⁽²⁾ | \$ 0.4 | \$ 2.8 | 3.2 |
| Fund Balance (4/30/2020) | \$ 3.5 | \$ 6.4 | \$ 9.9 |

Future Projection:

Revenue:

| | | | |
|-------------------------------|---------------|----------------|----------------|
| Interest Income on Balance | \$ 2.8 | \$ 6.9 | \$ 9.7 |
| Other Revenues ⁽²⁾ | 0.2 | 0.2 | 0.4 |
| 1% and Enhancement | - | - | |
| Bond Sales | 2.9 | 4.1 | 7.0 |
| Connection Fees | 0.9 | 1.6 | 2.5 |
| GO Property Taxes | 0.6 | 1.0 | 1.5 |
| Total Revenue | \$ 7.4 | \$ 13.8 | \$ 21.2 |

Expenditures:

| | | | |
|---------------------------|------------------|------------------|------------------|
| Capital | \$ (3.5) | \$ (5.7) | \$ (9.3) |
| Debt | (7.0) | (9.3) | (16.3) |
| Total Expenditures | \$ (10.6) | \$ (15.1) | \$ (25.6) |

| | | | |
|----------------------------------|---------------|---------------|---------------|
| Fund Balance (FY 2051-52) | \$ 0.4 | \$ 5.1 | \$ 5.5 |
|----------------------------------|---------------|---------------|---------------|

Connection Fees:

| | | | |
|----------|-------|-------|-------|
| Previous | \$2.0 | \$3.0 | \$5.1 |
| Future | \$0.9 | \$1.6 | \$2.5 |

| | | | | |
|------------------------------|------------|------------|--------------|------------|
| Total Connection Fees | \$3 | \$5 | \$7.6 | 50% |
|------------------------------|------------|------------|--------------|------------|

Change

| Current | Propose | \$ | % |
|---------|---------|-----|------|
| \$5,014 | \$5,014 | \$0 | 0.0% |

GO Property Taxes:

| | | | |
|-----------------------|-------|-------|-------|
| Previous | \$0.6 | \$0.9 | \$1.5 |
| Underlay (ID 125/225) | \$4.7 | \$0.0 | \$4.7 |
| Future | \$0.6 | \$1.0 | \$1.5 |

| | | | | |
|--------------------------------|------------|------------|--------------|------------|
| Total GO Property Taxes | \$6 | \$2 | \$7.7 | 50% |
|--------------------------------|------------|------------|--------------|------------|

| | | | |
|----------|----------|------------|--------|
| \$0.0535 | \$0.0218 | (\$0.0318) | -59.3% |
|----------|----------|------------|--------|

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

IRVINE RANCH WATER DISTRICT
Analysis of Changes within IDs
(in millions)

Improvement District:

188/288

To Date:

| | Water | Sewer | Total |
|---------------------------------|---------------|---------------|---------------|
| Expenditures ⁽¹⁾ | \$ (9.5) | \$ (8.2) | \$ (17.7) |
| Connection Fees | 0.6 | 1.0 | 1.6 |
| GO Property Taxes | 2.4 | 0.3 | 2.7 |
| Previous Bond Sales | 4.6 | 0.4 | 5.0 |
| Other ⁽²⁾ | 2.6 | 6.7 | 9.3 |
| Fund Balance (4/30/2020) | \$ 0.7 | \$ 0.1 | \$ 0.9 |

Future Projection:

Revenue:

| | | | |
|-------------------------------|---------------|---------------|---------------|
| Interest Income on Balance | \$ 0.2 | \$ 2.7 | \$ 2.8 |
| Other Revenues ⁽²⁾ | 0.2 | 0.3 | 0.5 |
| 1% and Enhancement | - | - | - |
| Bond Sales | 0.6 | 0.1 | 0.7 |
| Connection Fees | 0.8 | 1.4 | 2.3 |
| GO Property Taxes | 1.0 | 0.3 | 1.3 |
| Total Revenue | \$ 2.8 | \$ 4.8 | \$ 7.6 |

Expenditures:

| | | | |
|---------------------------|-----------------|-----------------|-----------------|
| Capital | \$ (1.2) | \$ (0.4) | \$ (1.6) |
| Debt | (3.5) | (0.8) | (4.3) |
| Total Expenditures | \$ (4.7) | \$ (1.2) | \$ (5.8) |

Fund Balance (FY 2051-52)

| | | |
|-----------------|---------------|---------------|
| \$ (1.1) | \$ 3.7 | \$ 2.6 |
|-----------------|---------------|---------------|

Change

Connection Fees:

| | | | |
|----------|-------|-------|-------|
| Previous | \$0.6 | \$1.0 | \$1.6 |
| Future | \$0.8 | \$1.4 | \$2.3 |

Total Connection Fees \$1.5 \$2.4 \$3.9 50%

| Current | Propose | \$ | % |
|---------|---------|----|---|
|---------|---------|----|---|

| | | | |
|---------|---------|------|------|
| \$4,396 | \$4,418 | \$22 | 0.5% |
|---------|---------|------|------|

GO Property Taxes:

| | | | |
|-----------------------|-------|-------|-------|
| Previous | \$2.4 | \$0.3 | \$2.7 |
| Underlay (ID 125/225) | \$0.0 | \$0.0 | \$0.0 |
| Future | \$1.0 | \$0.3 | \$1.3 |

Total GO Property Taxes \$3.4 \$0.5 \$3.9 50%

| | | | |
|----------|----------|------------|--------|
| \$0.0835 | \$0.0394 | (\$0.0441) | -52.8% |
|----------|----------|------------|--------|

(1) Expenditures includes both capital infrastructure and general plant expenditures.

(2) Other includes Grants, AMP, LRP, LPP, and any other revenue sources that were used to offset capital.

Note: This page is intentionally left blank.

EXHIBIT "C"

IRVINE RANCH WATER DISTRICT
Summary of the Regional Capital Cost Allocation Splits
Approved October 28, 2019

| Improvement District | Old Allocation | | New Allocation | |
|---------------------------|-----------------|---------------|-----------------|---------------|
| | Demand (cfs) | Splits | Demand (cfs) | Splits |
| Potable Water | | | | |
| 111 | 37.51 | 32.6% | 39.93 | 35.1% |
| 112 | 3.83 | 3.3% | 5.51 | 4.8% |
| 113 | 3.45 | 3.0% | 3.92 | 3.4% |
| 125 | 54.56 | 47.5% | 52.80 | 46.4% |
| 153 | 12.72 | 11.1% | 8.89 | 7.8% |
| 154 | 0.51 | 0.4% | 0.47 | 0.4% |
| 185 | 1.85 | 1.6% | 1.78 | 1.6% |
| 188 | 0.53 | 0.5% | 0.53 | 0.5% |
| Total for Water | 114.96 | 100.0% | 113.83 | 100.0% |
| Sewer | | | | |
| 212 | 1.55 | 3.4% | 2.42 | 5.4% |
| 213 | 1.55 | 3.4% | 1.66 | 3.7% |
| 222 | 15.08 | 33.1% | 15.76 | 35.3% |
| 225 | 22.08 | 48.6% | 20.09 | 45.1% |
| 240 | - | 0.0% | - | 0.0% |
| 253 | 4.38 | 9.6% | 3.53 | 7.9% |
| 256 | 0.15 | 0.3% | 0.17 | 0.4% |
| 285 | 0.60 | 1.3% | 0.80 | 1.8% |
| 288 | 0.15 | 0.3% | 0.18 | 0.4% |
| Total for Sewer | 45.54 | 100.0% | 44.61 | 100.0% |
| Recycled | | | | |
| 212 | 4.38 | 10.7% | 3.49 | 8.8% |
| 213 | 1.67 | 4.1% | 1.65 | 4.2% |
| 222 | 5.95 | 14.6% | 6.04 | 15.2% |
| 225 | 20.77 | 51.1% | 19.50 | 49.3% |
| 240 | 3.14 | 7.7% | 3.14 | 7.9% |
| 253 | 4.22 | 10.3% | 5.20 | 13.1% |
| 256 | - | 0.0% | - | 0.0% |
| 285 | 0.62 | 1.5% | 0.60 | 1.5% |
| 288 | - | 0.0% | - | 0.0% |
| Total for Recycled | 40.75 | 100.0% | 39.62 | 100.0% |

Note: This page is intentionally left blank.

EXHIBIT “D”

RESOLUTION NO. 2020-

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
ADOPTING CHANGES TO CONNECTION FEES AS SET FORTH IN
THE SCHEDULE OF RATES AND CHARGES IN EXHIBIT “B” TO THE
RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT
FOR WATER, SEWER, RECYCLED WATER, AND NATURAL
TREATMENT SYSTEM SERVICE
(EFFECTIVE AUGUST 1, 2020)

The Irvine Ranch Water District (“IRWD”) is a California Water District organized and existing under the California Water District Law, and all of the lands within the boundaries of said District are located in the County of Orange, State of California.

California Water Code Sections 35423, 35470, and 35501 empower the District to establish, print and distribute equitable rules and regulations and prescribe and collect rates or other charges for water and sewer service, which includes connection fees for connection and service capacity.

The Board of Directors of IRWD, by adoption of Resolution No. 2019-32 approved and adopted amended “Rules and Regulations of Irvine Ranch Water District for Water, Sewer, Recycled Water, and Natural Treatment System Service effective December 16, 2019 (“Rules and Regulations”).

Exhibit “B” of the Rules and Regulations sets forth rates and charges, which may be changed from time to time by adoption of changes to any of the rates and charges or establishing any new rates and charges.

Public Resources Code Section 21080(b) (8) provides that the establishment, modification, structuring, restructuring or approval of rates, tolls, fares, or other charges by public agencies are exempt from the requirements of the California Environmental Quality Act if certain findings are made specifying the basis for the claim of exemption.

Article XIII B of the Constitution of the State of California, limiting local agencies’ appropriations of proceeds of taxes, excludes user charges or fees or regulatory fees from the definition of proceeds of taxes, as long as such fees and charges do not produce revenue exceeding the costs reasonably borne in providing the regulation, product or service, and further excludes appropriations for debt service and appropriations for qualified capital outlay projects from appropriations subject to limitation.

The Board of Directors of IRWD deems it advisable and finds that it would be in the best interest of the District to amend or establish connection fees, consistent with applicable constitutional and statutory requirements.

The proposed revisions to the connection fees, as set forth in Exhibit “A” to this resolution, do not modify or establish any property-related fees or charges subject to the notice and hearing procedures of Article XIID of the Constitution of the State of California.

The Board of Directors of IRWD therefore resolves as follows:

Section 1. It is hereby found and determined that the proposed changes to the Schedule of Rates and Charges are within the purposes set forth in Section 21080(b) of the Public Resources Code including but not by way of limitation, the purposes of (1) obtaining funds for capital projects necessary to maintain service within existing areas, and (2) meeting financial reserve needs, and therefore, that such changes are exempt from CEQA.

Section 2. It is hereby found and determined that relative to Article XIII B of the Constitution of the State of California, the charges or fees or regulatory fees established or increased hereby do not produce revenues exceeding the costs reasonably borne in providing the regulation, product or service and/or are used for debt service or qualified capital outlay projects and accordingly do not constitute proceeds of taxes, the appropriation of which is limited under Article XIII B, and that the documentation used in making such determinations has been on file in the office of IRWD for not less than 15 days prior to the date hereof, pursuant to Section 7910 of the Government Code of the State of California. It is hereby further found and determined that relative to the requirements of Sections 66013 and 66016 of the Government Code of the State of California, the availability of such documentation also satisfies the requirement to make publicly available the data indicating the estimated cost and revenue sources to provide the service for which the fee is imposed at least 10 days prior to the meeting at which this resolution is adopted, and that the connection fees established or increased hereby do not exceed the estimated reasonable cost of providing the service for which they are imposed.

Section 3. The new and/or revised connection fees as set forth in Exhibit “A” attached to this resolution and by this reference incorporated herein are hereby adopted, and the corresponding rate(s), fee(s) or charge(s), if any, as set forth in Rules and Regulations Exhibit “B” currently in effect, are hereby superseded. Staff is directed to incorporate the hereby adopted new and/or revised connection fee(s) into Exhibit “B” to the Rules and Regulations.

Section 4. That the provisions of this Resolution shall be effective August 1, 2020.

Section 5. That the Secretary is hereby ordered and directed to post a certified copy of this Resolution in a public place within the Irvine Ranch Water District.

ADOPTED, SIGNED and APPROVED on July 13, 2020.

President, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

Secretary, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

APPROVED AS TO FORM:

Hanson Bridgett LLP

By: _____
District Counsel

Note: This page is intentionally left blank.

EXHIBIT "E"

RESOLUTION NO. 2020-

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
ESTABLISHING AD VALOREM TAX REVENUES FOR
FISCAL YEAR 2020-

The Board of Directors of the Irvine Ranch Water District (IRWD) has duly considered the financial needs of IRWD and its Improvement District Nos. 112, 113, 125, 153, 185, 188, 212, 213, 225, 240, 253, 285, and 288, for the fiscal year 2020-21 and the funds available and established to become available for meeting said financial needs.

Pursuant to Water Code Section 37206, the Board of Directors annually shall furnish to the Board of Supervisors of Orange County and to the County Auditor, an estimate in writing of the amount of money needed to be raised by the District during the fiscal year for the payment of its proportion of the amount required for the purposes of the District.

Article XIII B of the Constitution of the State of California provides that the appropriations of local agencies will be limited each year to those of the previous year with specified adjustments permitted.

Section 9(a) of Article XIII B specifically excludes appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979, or on bonded indebtedness thereafter approved according to law by a vote of electors.

The ad valorem tax revenues established by IRWD are used entirely for debt service and are therefore exempt from the appropriations formula established by Article XIII B.

The ad valorem tax revenues received by IRWD pursuant to this Resolution will provide a portion of the funds needed to pay principal and interest with respect to the General Obligation Bonds referenced below, and this Board wishes to specify the sources of the remainder of the amounts needed therefor in the current year.

The Board of Directors of IRWD therefore resolves as follows:

Section 1. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 153 of IRWD for fiscal year 2020-21 is .00900 percent (.0000900) of full value.

Section 2. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 253 of IRWD for fiscal year 2020-21 is .01300 percent (.0001300) of full value.

Section 3. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 225 of IRWD for fiscal year 2020-21 is .01500 percent (.0001500) of full value.

Section 4. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 240 of IRWD for fiscal year 2020-21 is .01500 percent (.0001500) of full value.

Section 5. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 125 of IRWD for fiscal year 2020-21 is .01300 percent (.0001300) of full value.

Section 6. That the tax to be levied for servicing Improvement District No. 252's just proportion of liability determined pursuant to Resolution No. 2005-41, for the General Obligation Bonds of Improvement District No. 225 of IRWD for fiscal year 2020-21 is .00001 percent (.0000001) of full value.

Section 7. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 188 of IRWD for fiscal year 2020-21 is .03090 percent (.0003090) of full value.

Section 8. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 288 of IRWD for fiscal year 2020-21 is .00850 percent (.0000850) of full value.

Section 9. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 113 of IRWD for fiscal year 2020-21 is .04000 percent (.0004000) of full value.

Section 10. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 213 of IRWD for fiscal year 2020-21 is .05900 percent (.000590) of full value.

Section 11. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 112 of IRWD for fiscal year 2020-21 is .01560 percent (.00015600) of full value.

Section 12. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 212 of IRWD for fiscal year 2020-21 is .04860 percent (.0004860) of full value.

Section 13. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 185 of IRWD for fiscal year 2020-21 is .00810 percent (.0000810) of full value.

Section 14. That the tax to be levied for servicing the General Obligation Bonds of Improvement District No. 285 of IRWD for fiscal year 2020-21 is .01370 percent (.0001370) of full value.

Section 15. The taxes levied pursuant to Sections 1 and 2 of this Resolution are for bonds approved before January 1, 1989. The taxes levied pursuant to Sections 7 through 14 are for bonds approved after January 1, 1989. The taxes levied pursuant to Sections 3 through 6 are for bonds approved before January 1, 1989 and bonds approved after January 1, 1989.

Section 16. That the Secretary and Treasurer of the District are hereby directed to furnish a certified copy of this resolution to the Auditor of the County of Orange.

Section 17. That the ad valorem tax revenues established by IRWD hereby for the fiscal year 2020-21 are in compliance with the provisions of Article XIII B of the constitution of the State of California.

Section 18. That principal and interest with respect to the General Obligation Bonds of IRWD shall be paid from (1) the ad valorem assessments received by IRWD pursuant to this Resolution; (2) any amounts held in bona fide debt service funds; (3) other monies, if any, required to be applied to the payment of debt service by the applicable indenture or resolution of issuance; (4) tax revenues applied pursuant to Resolution No. 2002-10 and to certain parity obligations as described in the Indenture of Trust, dated April 1, 2011, as amended and supplemented, relating to the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1 (pledge of the 1% levy), as such application may be modified by resolution amending the allocation of tax revenues; and (5) to the extent additional amounts are necessary for such purpose, revenues which are received by IRWD within twelve months of being applied to the payment of debt service and which are legally available therefor, including income from the investment of such revenues where both the investment income and the revenues on which it is earned are received by IRWD within twelve months of being applied to the payment of debt service.

ADOPTED, SIGNED and APPROVED on July 13, 2020.

President, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

Secretary, IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

APPROVED AS TO FORM:
Hanson Bridgett LLP

By: _____
District Counsel

Note: This page is intentionally left blank.

EXHIBIT “F”

RESOLUTION NO. 2020-

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT
AMENDING ALLOCATION OF *AD VALOREM* PROPERTY
TAXES TO DEBT SERVICE, SUBJECT TO PLEDGE

The Board of Directors of the Irvine Ranch Water District (“IRWD”) has adopted Resolution Nos. 1992-48 and 2002-10, relating to IRWD’s appropriation and pledge of revenues from the general 1% *ad valorem* property tax.

Those resolutions authorized and directed the Treasurer to annually allocate the general 1% *ad valorem* property tax revenues received by IRWD among the debt service requirements of the issues of bonds specified in those resolutions (“Secured Bonds”) in accordance with a formula set forth therein, with the 2002 pledge formula to be applied in lieu of the 1992 pledge formula to the extent provided in Resolution No. 2002-10.

No Secured Bonds that received a pledge of general 1% *ad valorem* property tax revenues under Resolution Nos. 1992-48 or 2002-10 currently remain outstanding, except for the Series 1993 bonds.

IRWD’s revenues from the general 1% *ad valorem* property tax, to the extent not applied to pay principal and interest on the Secured Bonds, have been pledged by IRWD to certain parity obligations (the “Parity Obligations”) identified by the Indenture of Trust, dated April 1, 2011, as amended and supplemented (the “2011 Indenture”), relating to the Bonds of Irvine Ranch Water District, Refunding Series 2011A-1.

On November 11, 2013, pursuant to Water Code Section 36454 *et seq.*, the Board of Directors adopted Resolution No. 2013-43, ordering the consolidation of Improvement District Nos. 102, 105, 106, 121, 130, 135, 140, 161, 182, 184 and 186, as modified by certain annexations and detachments ordered by the Board, into a single improvement district designated “Improvement District No. 125” and the consolidation of Improvement District Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286, as modified by certain annexations and detachments ordered by the Board, into a single improvement district designated “Improvement District No. 225”.

The consolidation is one of several actions taken by IRWD based upon its comprehensive evaluation and study of its long-term financial requirements, including: a detailed planning, engineering and financial assessment of the total costs of existing and future facilities in the water and wastewater systems; available bond authorization and other revenue sources to finance facilities to serve future development, system reliability necessary to meet upgraded regulatory requirements for both existing and future demands and replacement and refurbishment to the existing systems; debt service; simplification of the improvement district structure; and assurance of equitable and fair sharing of regional and local cost between existing and future users and among the areas that have comprised the various existing improvement districts and other geographic areas served by the system; and

Pursuant to Water Code Section 36454.1 , the included amounts and/or included percentages of each series of the Secured Bonds or Parity Obligations that constituted the general obligation of one or more of Improvement District Nos. 105, 121, 130, 135, 140, 161, 182, 184 and 186 were assumed by and became the liability of Improvement District No. 125, and the included amounts and/or included percentages of the respective series of the Secured Bonds or Parity Obligations that constituted the general obligation of one or more of Improvement District Nos. 221, 230, 235, 250, 261, 282, 284 and 286 were assumed by and became the liability of Improvement District No. 225.

The Board deems it to be appropriate, in the interest of IRWD and consistent with the pledges contained in Resolution No. 2002-10 and the 2011 Indenture (collectively, the “Pledges”), to modify the allocation of the revenues from the general 1% *ad valorem* property tax received during the 2020-21 fiscal year (the “Fiscal Year”), subject to the availability of other revenues for debt service on Secured Bonds and Parity Obligations in such year.

The proposed modifications consist of substitution of an allocation of 1% *ad valorem* tax revenues among debt service obligations that is different from the allocation that would be calculated under the formulas specified in the Pledges; in addition, by separate resolution adopting the capital budget, this Board has allocated a portion of the 1% *ad valorem* tax revenues for the Fiscal Year to one or both of IRWD’s Replacement Fund or Enhancement Fund.

Article XIII B of the Constitution of the State of California provides that the appropriations of local agencies will be limited each year to those of the previous year, adjusted for changes in population, cost of living and transfers in sources of funding.

Section 9 of Article XIII B excludes from the appropriations subject to limitation appropriations for debt service and appropriations for all qualified capital outlay projects; a qualified capital outlay project is defined by statute as an appropriation for a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds one hundred thousand dollars (\$100,000).

The Board of Directors of the Irvine Ranch Water District therefore resolves as follows:

Section 1. Subject in all respects to the Pledges, the Treasurer is hereby authorized and directed to implement a modified allocation of the pledged amounts (as defined in the Pledges) of the general 1% *ad valorem* property tax revenues for the Fiscal Year 2020-21 in the manner set forth as follows:

- (a) the amount to be allocated to the Replacement Fund shall be as specified in the resolution adopting the capital budget for the Fiscal Year;
- (b) the amount to be allocated to the Enhancement Fund shall be as specified in the resolution adopting the capital budget for the Fiscal Year;
- (c) the amount to be allocated to the sharing of regional and local cost by existing and future users of the areas known as 111 and 222 shall be as set forth in Attachment “A,” which is attached to this resolution and by this reference made a part hereof;

- (d) the allocation among the Improvement Districts' debt service obligations shall be as set forth in Attachment "A," subject to adjustments as may be necessary to reflect actual tax revenues received by IRWD;
- (e) the amount allocated to each Improvement District or combination of Improvement Districts specified in Attachment "A" shall be further allocated by the Treasurer among the various outstanding bond issues based upon their debt service requirements and/or other criteria as he deems appropriate; and
- (f) the amounts to be allocated pursuant to paragraphs (d) and (e) from the pledged amount of the general 1% *ad valorem* property tax revenues received by IRWD shall be held unallocated until such allocations are made, and each such amount shall be deposited into the appropriate debt service fund or account for the respective bond issue as and when determined by the Treasurer.

The applications described in this section shall be made only if and to the extent there is not a deficiency at the time of application in the amounts available to pay debt service for any Secured Bonds or Parity Obligations.

Section 2. Nothing contained in this resolution is intended to impair or modify in any way the pledge of the general 1% *ad valorem* property tax revenues as stated in the Pledges. Nothing contained in this resolution is intended to create any entitlement with respect to the use of general 1% *ad valorem* property tax revenues for any particular purpose, it being intended that such revenues are unrestricted except by such Pledges and are subject to application as determined in the discretion of the Board of Directors from time to time.

Section 3. It is hereby found and determined that relative to appropriations subject to limitation under Article XIII B of the Constitution of the State of California, the applications of revenues described in this resolution are for debt service, and accordingly do not constitute proceeds of taxes the appropriation of which is limited under Article XIII B, and that the documentation used in making such determinations has been on file in the office of IRWD for not less than 15 days prior to the date hereof, pursuant to Section 7910 of the Government Code of the State of California

Section 4. The President, Secretary, Treasurer and each other officer of IRWD, acting singly, be and hereby is authorized and directed to execute and deliver any and all documents or instruments and to do and perform any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution.

ADOPTED, SIGNED AND APPROVED on July 13, 2020.

President/Vice President
IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

Secretary/Assistant Secretary
IRVINE RANCH WATER DISTRICT
and of the Board of Directors thereof

APPROVED AS TO FORM:
Hanson Bridgett LLP

By _____
District Counsel

ATTACHMENT A

| ID or Area (Water) | 2002 Pledge Formula Allocation of 1% General Tax Revenue ^a | 2020-21 Allocation of 1% General Tax Revenue | ID or Area (Sewer) | 2002 Pledge Formula Allocation of 1% General Tax Revenue ^a | 2020-21 Allocation of 1% General Tax Revenue |
|-----------------------|---|---|-----------------------|---|---|
| 112 | 0 | 0 | 212 | 0 | 0 |
| 113 | 0 | 0 | 213 | 0 | 0 |
| 125 ^{b c} | 17% | 17% | 225 ^{d e} | 23% | 27% |
| 153 | 0 | 0 | 240 | 3% | 9% |
| 154 | 0 | 0 | 252 | 0 | 0 |
| 185 | 0 | 0 | 253 | 0 | 0 |
| 188 | 0 | 0 | 288 | 0 | 0 |
| 111 | 0 | 9% | 222 | 0 | 8% |

| Fund | Allocation of 1% Revenue, Per 2020-21 Capital Budget Resolution |
|------------------|--|
| Replacement Fund | 30% |
| Enhancement Fund | 0 |

^a No Secured Bonds that received a pledge of 1% general tax levy revenues under Resolution No. 1992-48 remain outstanding. The pledge made by Resolution No. 2002-10 secured the outstanding Consolidated Series 1993 Bonds (consisting of the included percentages of Improvement District Nos. 105 (14.67%), 140 (15.20%), 240 (43.73%) and 250 (26.40%))

^b Improvement District No. 125 assumed the liability for the included amounts and/or included percentages of debt service for each series of the Secured Bonds or Parity Obligations that constituted the general obligation of one or more of the improvement districts consolidated as Improvement District No. 125: Nos. 105, 121, 130, 135, 140, 161, 182, 184 and 186.

^c After the formation of Improvement District No. 125, with respect to the Series 1993 Bonds, the aggregated included percentages of Improvement District Nos. 105 and 140 (36.87%) were assumed by Improvement District No. 125.

^d Improvement District No. 225 assumed the liability for the included amounts and/or included percentages of debt service for each series of the Secured Bonds or Parity Obligations that constituted the general obligation of one or more of the improvement districts consolidated as Improvement District No. 225: Nos. 2(202), 206, 221, 230, 235, 250, 261, 282, 284 and 286.

^e After the formation of Improvement District No. 225, with respect to the Series 1993 Bonds, the included percentage of Improvement District No. 250 (26.40%) was assumed by Improvement District No. 225.

Note: This page is intentionally left blank.

Section 3: Developer Services

Water Connection Fees

1. Residential

| | Improvement District | 0-5.8 DUs/acre | 5.9-10.8 DUs/acre | 10.9-25.8 DUs/acre | 25.9+ DUs/acre |
|--|-------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Connection Fees Per Dwelling Unit | 111* | \$4,027 | \$3,551 | \$3,010 | \$2,541 |
| | 112 | \$1,428 \$1,386 | \$1,428 \$1,386 | \$1,428 \$1,386 | \$1,428 \$1,386 |
| | 112a (tax exempt) | \$2,628 \$2,554 | \$2,628 \$2,554 | \$2,628 \$2,554 | \$2,628 \$2,554 |
| | 113 | \$3,232 \$3,138 | \$3,232 \$3,138 | \$3,232 \$3,138 | \$3,232 \$3,138 |
| Development shall be gross acres excluding private parks. | 125 | \$2,873 | \$2,873 | \$2,873 | \$2,873 |
| | 153 | \$1,308 \$1,486 | \$1,308 \$1,486 | \$1,308 \$1,486 | \$1,308 \$1,486 |
| | 153 PA 30 | \$3,943 | \$3,943 | \$3,943 | \$3,943 |
| | 185 | \$1,800 | \$1,800 | \$1,800 | \$1,800 |
| | 188 | \$1,627 \$1,619 | \$1,627 \$1,619 | \$1,627 \$1,619 | \$1,627 \$1,619 |
| | *All others | | | | |

2. Commercial, industrial and public authority

| | Improvement District | Commercial | Industrial | Public Authority |
|--------------------------------|-------------------------|---|---|---|
| Connection Fees Per Gross Acre | 111* | \$22,345 | \$34,033 | \$22,345 |
| | 112 | \$9,279 \$9,009 | \$9,279 \$9,009 | \$9,279 \$9,009 |
| | 112a (tax exempt) | \$17,074 \$16,577 | \$17,074 \$16,577 | \$17,074 \$16,577 |
| | 113 | \$23,614 \$22,926 | \$0 \$0 | \$23,614 \$22,926 |
| | 125 | \$14,249 | \$20,227 | \$14,249 |
| | 153 | \$6,869 \$7,806 | \$9,750 \$11,079 | \$6,869 \$7,806 |
| | PA 30 | \$19,563 | \$27,770 | \$19,563 |
| | 185 | \$8,411 | \$8,411 | \$8,411 |
| | 188 | \$6,424 \$6,392 | \$6,424 \$6,392 | \$6,424 \$6,392 |
| | *All others | | | |

3. Parks and churches

| | Improvement District | Indoor Water Use | Outdoor ⁽¹⁾ Water Use |
|------------------------------------|-------------------------|---------------------------------------|---|
| Connection Fees Per Fixture Unit | 111* | \$69.98 | \$246.27 |
| | 125 | \$47.36 | \$165.99 |
| (1) Calculated per Uniform Code | 153 | \$22.86 \$25.98 | \$80.12 \$94.04 |
| | PA 30 | \$65.07 | \$228.05 |
| | 185 | \$48.39 | \$169.94 |
| | 188 | \$32.10 \$31.94 | \$112.92 \$112.35 |
| | *All others | | |

4. Schools (public and private)

| | Improvement District | Indoor Primary &/or Intermediate | Secondary | Outdoor Primary Intermediate & Secondary |
|---|-------------------------|--|---------------------------------------|--|
| | 111* | \$5,515 | \$7,395 | \$237 |
| | 125 | \$3,724 | \$5,001 | \$167 |
| Connection Fees Per 100 Students Based on Max Daily Attendance | 153 | \$1,798 \$2,043 | \$2,413 \$2,742 | \$80 \$94 |
| | PA 30 | \$5,117 | \$6,870 | \$229 |
| | 185 | \$3,648 | \$5,118 | \$165 |
| | 188 | \$2,936 \$2,924 | \$3,929 \$3,909 | \$127 \$126 |
| | *All others | | | |

Other Water Connection Charges

1. High volume user – Non-Residential

This section shall apply to all commercial, industrial, and public authority applicants in addition to standard connection fees in all improvement districts.

| | | |
|-----------------------------------|--|--|
| Connection Fee Formula | Additional High Volume Water User Connection Fee = <u>[Est. Gallons per Day use – (no. acres x use factor*)] x \$1,258,514/cfs</u> 646,320 gal/day/cfs | |
| *Non-Residential Water Use Factor | <u>Land Use Category</u> | <u>Water Use Factors (Gal/Acre x /Day)</u> |
| | Commercial | 2,000.00 |
| | Industrial | 4,000.00 |
| | UCI | Special Contract |

| | |
|-------------|---|
| Definitions | <u>Commercial</u> : Commercial development includes but is not limited to the following uses: Hotels, retail and offices. <u>Industrial</u> : Industrial development includes but is not limited to the following uses: Manufacturing, research and development, and distribution. |
|-------------|---|

Methodology for calculating redevelopment connection fees

Redevelopment connection fees will be calculated using the following methodology, effective January 1, 2014:

- 1) Calculate water and sewer connection fee based on redevelopment plans utilizing current rates and charges;
- 2) Provide a credit based on the existing project (to be redeveloped) by calculating a connection fee using current rates and charges; and
- 3) The redevelopment connection fee calculation is the difference between the new development connection fee and the connection fee credit. No refunds will be given if the credit is greater than connection fee.

2. Service installations by District

Customers may request the District to install, relocate or abandon domestic water, recycled water and fire protection service lines. To request an action listed above, the customer must submit a Quote Request for Service or Meter Modifications which can be obtained by contacting Development Services. District staff will prepare a cost estimate for the requestor. When payment is received, a work order will be issued to District staff to begin coordination and installation.

The District reserves the right to decline a customer's request for service installations by District for any reason. In the event the District declines to perform service installations, the requester will need to submit design plans for review and approval through Development Services. For further information, see Development Services Procedural Guidelines and General Design Requirements document which can be found at www.irwd.com.

3. Meter installations by District

Customers may request the District to install or replace (downsize or upsize) domestic water or recycled water meters. To request an action listed above, the customer must submit a Quote Request for Service or Meter Modifications which can be obtained by contacting the District's Development Services. The District may require OCFA approval documents prior to the installation of certain meter sizes. District staff will prepare a cost estimate for the requestor. When payment is received, a work order will be issued to District staff to begin coordination and installation.

a. Meter Costs

| <u>Meter size</u> | <u>Cost</u> | <u>Meter size</u> | <u>Cost</u> |
|-------------------|-------------|-------------------|-------------|
| 5/8" | \$ 110.00 | 2" Disc | \$ 750.00 |
| 3/4" | 170.00 | 2" Turbo | 2,680.00 |
| 1" | 240.00 | 3" Turbo – H2 | 1,900.00 |
| 1 1/2" | 580.00 | 3" Turbo – T2 | 3,340.00 |
| | | 4" Turbo | 6,490.00 |

- b. The customer shall pay for the cost of additional parts and labor needed for the installation or replacement. For example, the cost to convert from 5/8" or 3/4" to a 1" meter is \$2,000. This price is in addition to the cost for a 1" meter.
- c. The customer will be responsible for any plumbing modifications downstream of the water meter.
- d. Costs for meters larger than 4-inches will be determined by the District's Purchasing Department at the time of request.
- e. Meter cost includes strainer.

4. Upsizing and downsizing meter request requirements

- a. It is the customer's responsibility to ensure that any upsizing or downsizing of the meter will not have any adverse effects to the customer's system as it relates to water pressure, fire protection or ability to successfully serve the demand of the home or business. The District may require OCFA approval of any modifications and/or a signed Request & Authorization to Change Meter Size form.
- b. Any private-side (downstream of the water meter) modifications or repairs are the sole responsibility of the customer.
- c. If for any reason the customer chooses to change back to the original size meter, all installation costs would once again apply.

A quote request for service or meter modifications can be obtained at the District's Development Services counter.

5. Domestic water, recycled water and Natural Treatment System (NTS) plan check and inspection fees

Plan check and inspection fees for water systems shall be calculated as 10% of the bondable cost for the off-site, public, potable or recycled water system or a fixed fee as described below. Plan check and inspection fees for Natural Treatment System (NTS) shall be calculated as 5% of the bondable cost or a minimum of \$30,000.00. Residential or Natural Treatment Systems plans require a non-refundable deposit of 5% of the estimated cost. Non-residential plans require a nonrefundable \$100 deposit. The deposit shall be submitted when submitting for first plan check. Any remaining fees shall be paid prior to final approval of the plans.

| | |
|---|------------|
| Installation of a 1" or 2 " service | \$1,000.00 |
| Removal of a 1" or 2" service | 1,000.00 |
| Installation of Fire DCBA or fire hydrants | 1,000.00 |
| Installation of recycled water hydrants or temporary construction connections | 1,000.00 |

The overtime inspection rate is \$175.00/hr.

6. Interim water service charge – new development

Builders and developers will be charged \$43.15 per connection for water service directly related to the vertical construction process of homes. The charge applies only in a new tract and/or development for the period of time after in-tract pipelines, service mains and sewer pipelines have been connected to the District's water system. Once connections to the District pipelines are made and housing phases are released for occupancy, water used through the occupants metered house connection will be billed to the developer or resident as appropriate. Connection methods and appropriate use of water is at the sole discretion of the District.

Examples of permitted uses may include construction of living structures, lot soft-scape, exterior of the home stucco/ plaster, drywall, interior stonework, interior finishing work and clean-up. Examples of unpermitted uses may include, but are not limited to, connections to sales/construction trailers, flat work, hardscaping, retaining and other walls, lot or pad soaking, streetscape, water trucks/ buffaloes or any connection practice that could pose a risk to public health resulting from a backflow condition. Unpermitted connections require a temporary construction meter. Failure to properly connect to the District's Distribution System will subject the builder/developer to non-compliance charges.

Unmetered water service is not permitted for custom lots. Developers for custom lots will be required to apply for a domestic water construction meter prior to starting construction.

Sewer Connection Fees

1. Residential

| | Improvement District | 0-5.8 DUs/acre | 5.9-10.8 DUs/acre | 10.9-25.8 DUs/acre | 25.9+ DUs/acre |
|-----------------------------------|-------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Connection Fees Per Dwelling Unit | 1 (222)* | \$7,150 | \$6,363 | \$5,238 | \$4,132 |
| | 212 | \$3,727 \$3,618 | \$3,727 \$3,618 | \$3,727 \$3,618 | \$3,727 \$3,618 |
| | 212a (tax exempt) | \$6,857 \$6,657 | \$6,857 \$6,657 | \$6,857 \$6,657 | \$6,857 \$6,657 |
| | 213 | \$5,656 \$5,491 | \$5,656 \$5,491 | \$5,656 \$5,491 | \$5,656 \$5,491 |
| Total acreage for any given | 240 | \$3,945 | \$3,945 | \$3,945 | \$3,945 |
| development shall be gross | 225 | \$3,102 | \$3,102 | \$3,102 | \$3,102 |
| acres excluding private parks. | 253 | \$1,520 \$1,727 | \$1,520 \$1,727 | \$1,520 \$1,727 | \$1,520 \$1,727 |
| Parks. | 253 PA 30 | \$4,115 | \$4,115 | \$4,115 | \$4,115 |
| | 256 | \$6,290 \$6,259 | \$6,290 \$6,259 | \$6,290 \$6,259 | \$6,290 \$6,259 |
| | 285 | \$3,214 | \$3,214 | \$3,214 | \$3,214 |
| | 288 | \$2,791 \$2,777 | \$2,791 \$2,777 | \$2,791 \$2,777 | \$2,791 \$2,777 |
| | OPA1 (Ridgeline) | \$6,447 \$6,259 | \$6,447 \$6,259 | \$6,447 \$6,259 | \$6,447 \$6,259 |
| | *All others | | | | |

2. Commercial, industrial and public authority

| | Improvement District | Commercial | Industrial | Public Authority |
|--------------------------------|-------------------------|---|---|---|
| Connection Fees Per Gross Acre | 1 (222)* | \$40,073 | \$69,916 | \$40,073 |
| | 212 | \$22,248 \$21,600 | \$22,248 \$21,600 | \$22,248 \$21,600 |
| | 212a (tax exempt) | \$40,938 \$39,746 | \$40,938 \$39,746 | \$40,938 \$39,746 |
| | 213 | \$33,699 \$32,717 | \$0 \$0 | \$33,699 \$32,717 |
| | 240 | \$18,015 | \$0 | \$18,015 |
| | 225 | \$15,168 | \$17,943 | \$15,168 |
| | 253 | \$6,972 \$7,923 | \$11,569 \$13,147 | \$6,972 \$7,923 |
| | 253 PA 30 | \$18,346 | \$30,443 | \$18,346 |
| | 285 | \$6,422 | \$6,422 | \$6,422 |
| | 288 | \$11,014 \$10,959 | \$11,014 \$10,959 | \$11,014 \$10,959 |
| | *All others | | | |

3. Parks and churches

| | Improvement District | Fee |
|----------------------------------|-------------------------|---------------------------------------|
| Connection Fees Per Fixture Unit | 1 (222)* | \$443.37 |
| | 240 | \$268.02 |
| | 225 | \$237.73 |
| | 253 | \$124.18 109.28 |
| | 253 PA 30 | \$287.54 |
| | 288 | \$72.72 73.08 |
| | *All others | |

4. Schools (public and private)

| | Improvement District | Primary &/or Intermediate | Secondary |
|----------------------------------|-------------------------|---------------------------------------|---------------------------------------|
| Connection Fees Per 100 Students | 1 (222)* | \$21,009 | \$28,016 |
| | 240 | \$12,667 | \$16,892 |
| | 225 | \$11,169 | \$14,893 |
| Based on Max Daily Attendance | 253 | \$5,134 \$5,834 | \$6,846 \$7,779 |
| | 253 PA 30 | \$13,510 | \$18,013 |
| | 288 | \$3,518 \$3,501 | \$4,689 \$4,665 |
| | *All others | | |

Other Sewer Connection Charges

1. Sewer lateral installations by District

The District does not install sewer laterals.

2. Irvine Business Complex (IBC) – non-residential

| | -----Commercial/Industrial----- | | |
|---------------------------------------|---------------------------------|-----------------------|--------------------|
| | <u>Low Demand</u> | <u>Average Demand</u> | <u>High Demand</u> |
| Connection Fees Per 1,000 Square Feet | \$276 | \$1,704 | \$4,039 |

- a. Low Demand connections are the following categories of users: Nurseries, Warehouses, Parking Structures, RV Storage, Churches, Truck Terminals, RV Parks, Lumber/Construction Yards, and other discharge whose flow is similar in volume to these listed categories.
- b. Average Demand connections other than listed in Low or High Demand categories.
- c. High Demand connections are the following categories of users: Restaurants, Supermarkets, Car Washes, Coin Laundries, Amusement Parks, Shopping Centers with Restaurants, Food Processing Facilities, Textile Manufacturers, and other discharges whose flow is similar in volume to these listed categories.

3. High volume user – Non-Residential

This section shall apply to commercial, industrial and public authority applicants in addition to standard connection fees in all improvement districts.

Connection Fee Formula Additional High Volume Sewer User Connection Fee =

* Sewer GPD = 90% of water GPD [Est. GPD use * – (no. acres x use factor**)] x \$18.29/Gal. of Sewer Flow

| **Non-Residential Sewage Flow Generators (Use Factors) | <u>Land Use Category</u> | <u>Average Flows</u> |
|--|--------------------------|----------------------|
| | Commercial | 1,300.00 |
| | Industrial | 2,600.00 |
| | UCI | Special Contract |

Definitions Commercial: Commercial development includes but is not limited to the following uses: Hotels, retail and offices.
Industrial: Industrial development includes but is not limited to the following uses: Manufacturing, research and development, and distribution.

Methodology for calculating redevelopment connection fees

Redevelopment connection fees will be calculated using the following methodology, effective January 1, 2014:

- 1) Calculate water and sewer connection fee based on redevelopment plans utilizing current rates and charges;
- 2) Provide a credit based on the existing project (to be redeveloped) by calculating a connection fee using current rates and charges; and
- 3) The redevelopment connection fee calculation is the difference between the new development connection fee and the connection fee credit. No refunds will be given if the credit is greater than connection fee.

4. Sanitary sewer plan check and inspection fees

The plan check and inspection fee for public sewer systems will be calculated as 10% of the bondable cost for the off-site public sewer system. Residential plans require a non-refundable deposit of 5% of the estimated cost. Non-residential plans require a non-refundable \$100 deposit. The deposit shall be submitted when submitting for first plan check. Any remaining fees shall be paid prior to final approval of the plans. The overtime inspection rate is \$175.00/hr.

District closed circuit television inspection charges

a. Initial TV inspection fee

A fee of \$0.85 per linear foot as measured from the center line of manholes will be charged for all 6-inch and larger sewer lines to be inspected by a closed circuit television camera. The District will furnish the special camera equipment and manpower to fulfill this inspection requirement. This fee is to be paid along with the other connection, meter, and inspection fees prior to the District signing developer's tract utility plans.

b. Reinspection

Fees will be assessed for reinspection by District TV Crew after corrective work is completed. Those portions of the pipeline system that have been corrected must be retelevised.

- 1) District fees for retelevising corrective work will be a flat set-up fee of two hundred fifty dollars (\$250.00) plus \$0.85 per linear foot of sewer line reinspected measured centerline to centerline of manholes.
- 2) Payment for retelevising estimated inspection fees must be received by the Development and Inspection Services prior to scheduling the reinspection. Retelevising will not be done until the fees are paid.

c. Cancellation of District's TV inspection

If it is determined by either the Contractor or Developer that the job site will not be ready or accessible for the television inspection on the scheduled date, as notified, the Contractor shall notify the District Inspection Division of the necessary cancellation at least 24 hours in advance of the scheduled inspection to avoid being charged a cancellation fee.

- 1) If the District's television crew arrives at the job site and the work is not ready or accessible, the Contractor and owner will be billed for the cancellation fee of two hundred fifty dollars (\$250.00), payable to the District prior to the date of the rescheduled television inspection.
- 2) A rescheduled inspection is to be made through the District's project inspection division.

d. Optional developer TV inspection

If the Contractor or Owner desires to have a portion of, or the entire job, TV inspected for convenience, they will be charged a fee of one hundred fifty dollars (\$150.00) plus \$0.85 per linear foot of sewer line inspected measured centerline to centerline of manholes.