



California Domestic Water Company

FISCAL YEAR 2023/2024 ANNUAL REVIEW

**La Habra City Council Meeting
Monday, May 20, 2024**

**Presented By:
Lynda Noriega, President**

Summary and Highlights – Fiscal Year 2023/2024

- **California Domestic Water Company**
 - 2020 Strategic Plan – Update on Strategic Initiatives
 - Water Supply
 - Main San Gabriel Basin – Groundwater Hydrologic Conditions
- **City of La Habra**
 - California Domestic Water Company Operations
 - Projected Water Purchases
 - Projected Cost of Water Purchases



2020 Strategic Plan – Community. Collaboration. Commitment.

Initiative: Recruit Senior Water Utility Worker

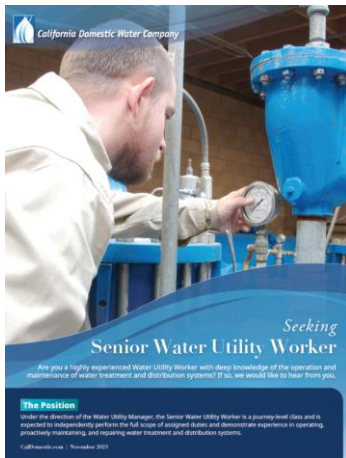


Succession Planning:

Understand and take advantage of opportunities to recruit for key positions that may assist the Company with succession planning efforts.

Milestones

- **September 2022** – Water Utility Service Worker II separated from the Company.
- **July 2023** – Developed plan for conducting proactive and focused recruitment.
- **October – November 2023** – Developed recruitment brochure and organized the State Water Resources Control Board certified operator list to identify potential candidates.
- **December 2023** – Recorded interviews with management and shot clips of the employees for a recruitment video to be placed on the Company's website.
- **February 2024** – Launched Senior Water Utility Worker recruitment and mailed brochures to targeted operators.
- **April 2024** – Conducted interviews of qualified applicants.
- **May 2024** – Extended an offer of employment and hired Senior Water Utility Worker.



2020 Strategic Plan – Community. Collaboration. Commitment.

Initiative: Retail Shareholder Engagement Campaign



Water System & Operations:

Consider opportunities and processes to achieve 100% wholesale operations

Milestones

- **July 2023** – Developed and mailed the “Simplifying Service for Retail Shareholders” informational flier with the monthly utility bill. The flier also included an individual rate comparison for the service address.
- **December 2023** – Developed a door hanger summarizing the “Simplifying Service for Retail Shareholders” campaign and delivered them to the service address.
- **February 2023** – Resent the informational flier with the monthly utility bill.
- **May 2023** – Delivered another door hanger to the service address.

Simplifying Service for Retail Shareholders

Over the last 25 years, Cal Domestic has been taking steps to become a 100% wholesale water provider. Being that Cal Domestic's retail shareholders own a controlling interest in their water utilities, the Company aims to maximize operations and resources to better serve its shareholders and their customers.

About 170 residential properties are Cal Domestic shareholders. Cal Domestic no longer maintains any retail water facilities, which means these shareholders are serviced through the City of La Habra and Suburban Water Systems. These systems depend on the services to those shareholders, and the Company has fully transferred all of the Company's retail shareholder accounts to the appropriate water provider and billing. Cal Domestic is offering to buy back shares from retail shareholders and return those accounts to the appropriate water provider.

Why Move Retail Shareholders to Other Water Providers?

Although the Company was originally established to deliver water to both wholesale and retail shareholders, Cal Domestic is now more effectively designed to serve our wholesale customers through our extensive infrastructure of transmission pipelines stretching more than 25 miles from the City of El Monte to the City of Brea.

Handling and distribution to the appropriate retail water provider will provide them with conveniences and efficiencies not currently offered by the Company.

Shareholder Benefits

New customers of City of La Habra or Suburban Water Systems would benefit from greater convenience in bill paying, as these water providers have thousands of retail customers and offer electronic payment options in their billing systems.

Cal Domestic's rates for retail shareholders are typically higher than what retail water providers charge. These utility providers that serve thousands of retail properties can extend to their customers the cost advantages of economies of scale. Cal Domestic's low number of retail shareholders contributes to higher costs. See separate flier for comprehensive rate comparison based on your household water consumption.

Retail shareholders with historic connections of other City of La Habra or Suburban Water Systems would receive water from the same source that they receive now.

Aside to water conservation incentives, such as rebates and water conservation promotional items offered by the City of La Habra and Suburban Water Systems.

Sell Your Share to Get \$16,180

Each shareholder present for their address in Cal Domestic will be able to sell their shares to the City of La Habra or Suburban Water Systems. The handling and distribution of the shares will be done by the City of La Habra or Suburban Water Systems. Customers should be able to sell their shares to the City of La Habra or Suburban Water Systems. See separate flier for comprehensive rate comparison based on your household water consumption.

Cal Domestic Water Company
1500 Wilshire Boulevard, Whittier, CA 90601
Telephone: (562) 947-3811 • Fax: (562) 947-3811 • Website: www.cal-domestic.com • Cal Domestic.com

Your Water Utility Rate Comparison

Cal Domestic Water Company
CITY OF LA HABRA

Month	City of La Habra	City of Brea	City of El Monte
Jan-22	\$ 28.76	\$ 30.10	\$ 28.10
Feb-22	\$ 28.76	\$ 30.10	\$ 28.10
Mar-22	\$ 28.76	\$ 30.10	\$ 28.10
Apr-22	\$ 28.76	\$ 30.10	\$ 28.10
May-22	\$ 28.76	\$ 30.10	\$ 28.10
Jun-22	\$ 28.76	\$ 30.10	\$ 28.10
Jul-22	\$ 28.76	\$ 30.10	\$ 28.10
Aug-22	\$ 28.76	\$ 30.10	\$ 28.10
Sep-22	\$ 28.76	\$ 30.10	\$ 28.10
Oct-22	\$ 28.76	\$ 30.10	\$ 28.10
Nov-22	\$ 28.76	\$ 30.10	\$ 28.10
Dec-22	\$ 28.76	\$ 30.10	\$ 28.10
Total Annual Water Utility Cost	\$ 345.12	\$ 361.20	\$ 337.20
Total Annual Difference	\$ 16.92	\$ 24.00	\$ 8.92

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Simplifying Service for Retail Shareholders

About 170 residential properties are Cal Domestic Shareholders. Cal Domestic no longer maintains any retail water facilities, which means these Shareholders are serviced through the City of La Habra and Suburban Water Systems. These systems depend on the services to those shareholders, and the Company has fully transferred all of the Company's retail shareholder accounts to the appropriate water provider and billing. Cal Domestic is offering to buy back shares from retail shareholders and return those accounts to the appropriate water provider.

Why the transition?

Through the Company was originally established to deliver water to both wholesale and retail shareholders, Cal Domestic is now more effectively designed to serve our wholesale Shareholders with reliable groundwater through transmission pipelines stretching more than 25 miles from the City of El Monte to the City of Brea.

Transitioning retail shareholders to their appropriate retail water provider will provide them with conveniences and efficiencies not currently offered by the Company.

Phone: (562) 947-3811 • Fax: (562) 947-3811 • Website: www.cal-domestic.com • Cal Domestic.com

Sell Your Share to Get \$16,180

The process is simple:

1. Present stock certificate to Cal Domestic if certificate cannot be located, our team can provide an affidavit of lost certificate.
2. Transitioning retail customers sign up as new customers with City of La Habra or Suburban Water Systems, depending on location.
3. Retail shareholders sell back their shares of Common Stock, valued at \$16,180 each.

Benefits:

- Save on your monthly water bill
- Same water source and quality
- Electronic bill pay options
- Access to water conservation rebates and promotions

For more information, call us at 562-947-3811

Cal Domestic Water Company

These efforts resulted in the Company purchasing 19 shares of common stock from retail shareholders and transferring 24 customers to their appropriate water utility provider. There are 151 remaining retail shareholder accounts.

2020 Strategic Plan – Community. Collaboration. Commitment.

Initiative – Update Bylaws and Corporate Policy Manuals



Governance:

Evaluate qualifications for Board members and establish succession criteria framework



Governance:

Review and update Corporate By-Laws and formalize Corporate Policy Manuals to reflect current organizational values and strategic initiatives



- **January 2024** – Presented proposed amendments to the Bylaws to the Company’s Administrative Committee. Opened the shareholder administrative review period on January 29, 2024.
- **March 2024** – Closed shareholder administrative review period and received comments and suggested revisions.
- **April 2024** – Met with shareholder management teams to discuss and obtain feedback on the proposed amendments.
- **May 2024** – Distributed final draft of the Bylaws to shareholders. Presented final drafts to the Company’s Administrative Committee on Friday, May 17, 2024.
- **June 2024** – Scheduled presentation of the Bylaws final draft to the Board of Directors to consider adoption.

Water Supply

Per- and Polyfluoroalkyl Substances (PFAS)

Well 8 Ion Exchange Treatment Facility
Construction Completed: March 2024

PROJECT DETAILS:

- Treats 3,000 gallons per minute
- Total Capital Investment: \$4,600,000
- Grant Funding Received: \$2,600,000
- Projected Annual O&M Expense: \$450,000



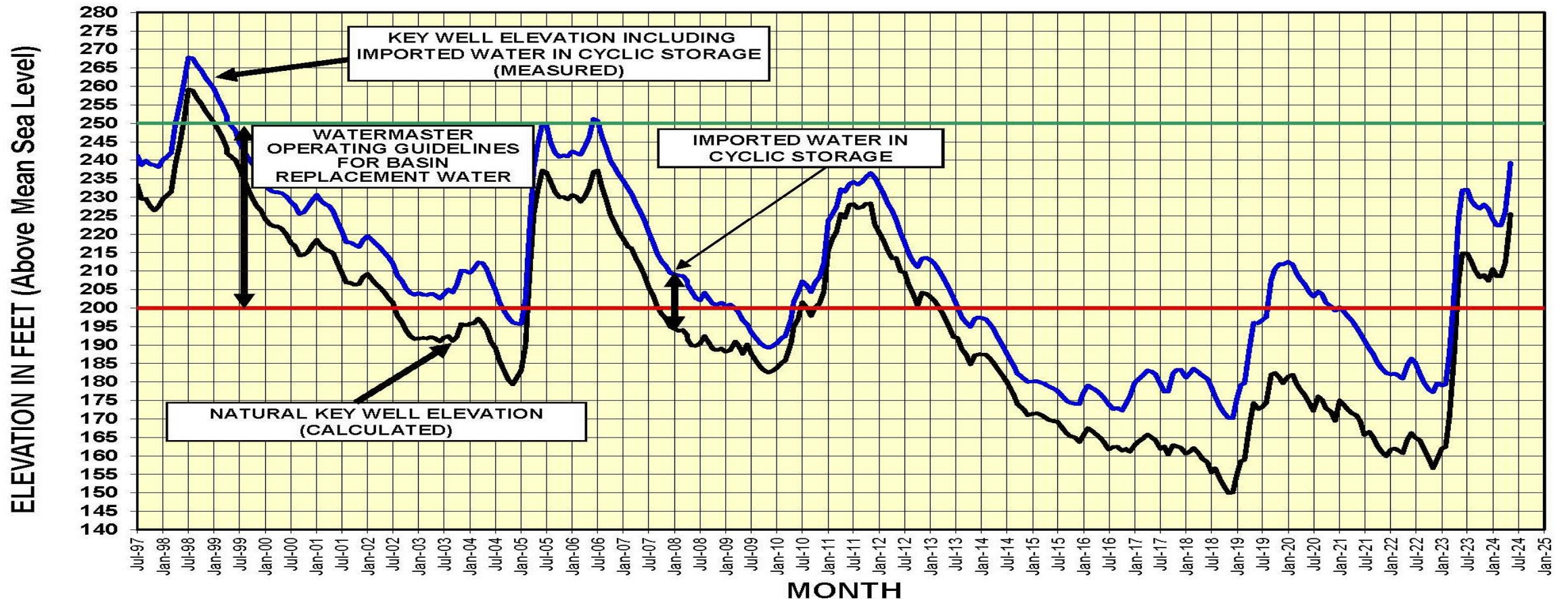
NATIONWIDE MULTI-DISTRICT PFAS LITIGATION:

- **November 2023** – Company opted to participate in the class action settlements.
- **Ongoing** – Management team working with legal counsel to prepare and file the necessary claim forms and supporting documentation.

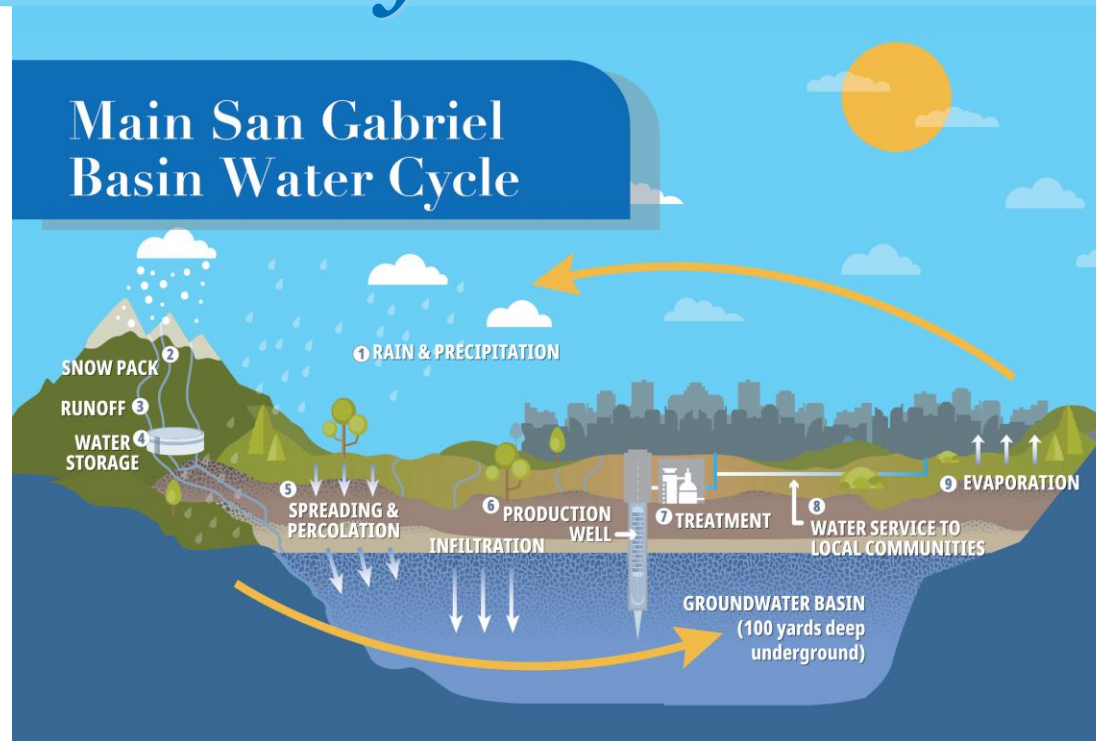
Main San Gabriel Basin *Groundwater Hydrologic Conditions*

Basin Groundwater Elevation - Baldwin Park Key Well

HIGH: 07/20/83 - 295.3 ft | **LOW: 11/21/18 - 169.4 ft** | **CURRENT: 05/03/24 - 239.3 ft**



Main San Gabriel Basin Groundwater Cycle and Basin Operation



Rainfall

Annual Average 07/01 – 06/30
18.10 inches

07/01/22 – 06/30/23 28.06 inches **155% of avg**

07/01/23 – 04/23/24 23.87 inches **136% of avg**

Runoff

Annual Average 07/01 – 06/30
110,000 acre-feet (AF)

07/01/22 – 06/30/23 281,500 AF **256% of avg**

07/01/23 – 04/30/24* 65,700 AF **60% of avg**

Preliminary projections show total replenishment will exceed 100,000 AF.

California Domestic Water Company - Operations

Proudly Serving the Communities of:



2023/2024
Projected Water Sales
20,600 Acre-Feet
(6,700,000,000 Gallons)

2023/2024
Projected Water Sales
Revenues
\$14,120,300

City of La Habra – 2023/2024 Projected Water Purchases

• Common Stock Entitlement Water (1.45 AF/Share)	3,810.24	AF
• Preferred A Stock Entitlement Water	692.83	AF
• Excess Entitlement Water	1,184.07	AF

2023/2024 Projected Water Purchases	5,687.14	AF
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ANNUAL COMPARATIVES

2022/2023 Actual Water Purchases	5,813.23	AF
2021/2022 Actual Water Purchases	5,864.38	AF

City of La Habra – 2023/2024 Projected Cost of Water Purchases

California Domestic Water Company

• Projected Purchase (AF)	5,687
• Projected Purchase Cost	\$4,176,449
• Projected Cost / AF	\$734

MWDOC

• Projected Purchase (AF)	5,687
• Projected Purchase Cost	\$6,995,074
• Projected Cost / AF*	\$1,230

** Average Cost / AF does not include other fixed costs assessed by MWDOC for water deliveries.*

2023/2024 Benefits and Savings to City of La Habra = \$496/AF or \$2,818,625

The image shows a large industrial facility, likely a water treatment plant, with several tall, blue cylindrical tanks and grey motor housings. The equipment is connected by pipes and valves. The background is a brick wall with overhead fluorescent lighting. A blue banner with white text is overlaid on the bottom right of the image.

Thank you!

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