

***CRITERIA FOR EVALUATING A POTENTIAL CHANGE IN UTILITY ORGANIZATION FOR  
THE CITY OF SAN JUAN CAPISTRANO TO A NEW PROVIDER***

1. **Reliability of Supply:** Provider should develop a study showing a measurable increase in water supply reliability during periods of drought and/or physical disruption in supply. New Provider's water study may depict the capability to meet water needs of new growth in demand by customers in the San Juan Capistrano service area (the City).
2. **Cost/Rate Impact:** Provider should project how current water and wastewater rates, charges, and fees for the City and its customers may stabilize. Any adjustments in those rates would ideally be comparable to rate changes of other customers in all service areas of the Provider.
3. **Ownership of Facilities and Assets:** Provider will assume responsibility and ownership for all City water and/or wastewater assets, including drinking water facilities, non-potable water facilities, the GWRP plant and related facilities, and/or wastewater facilities. Provider assumes all financial, operational, and regulatory liabilities associated with operating those assets.
4. **Water and Capacity Rights:** City will transfer all of its groundwater pumping rights, storage capacity rights, pipeline capacity rights, and/or wastewater treatment capacity rights to the Provider. As necessary, the City will assign those rights to the provider so that the provider can perform its obligations associated with the contemplated change in utility organization.
5. **Financial Structure:** Provider will develop a financial study showing it is capable of meeting all the financial obligations related to the operation of the drinking water, non-potable water, GWRP plant, and/or wastewater assets. These obligations include an industry "best practices" program of on-going maintenance and capital improvements for all the assets included in the potential change in the utility organization.
6. **Provider Experience:** Provider would ideally currently own and operate wells, drinking water treatment plants, as well as recycled water facilities for non-potable water use. Provider should demonstrate proven ability to maximize the productivity of these assets acquired from the City, and in particular, the City's GWRP.
7. **OCLAFCO:** Provider and its staff to demonstrate experience with acquisition, formation, or annexation of existing drinking and/or wastewater systems and assets.
8. **Customer Service:** Provider should provide a level of customer service that meets or exceeds best industry practices and may have a local office accessible to wastewater and water customers for billing, service requirements including quick response to drinking water and wastewater system asset failures or disruptions.
9. **Governance:** San Juan Capistrano water service and wastewater service customers will have the right to vote for a member or members of the provider's governing board.
10. **Employee Salary and Benefits:** Provider will assess the feasibility of maintaining the existing City staff until such time as each employee terminates employment or retires. Salary and benefits would be contingent on what is allowed for under the law, a collective bargaining agreement, and/or local agency rules and policies of any new provider.
11. **Provider Location:** It would be desirable for the Provider's service area to be adjacent to that of the City of San Juan Capistrano.